

## OSF Review of LEA Original Budgets

Each June, the WVDE Office of School Finance (OSF) reviews the original proposed budgets of each LEA and makes a recommendation of approval to the State Superintendent once each LEA’s budget passes the OSF inspection process. Details of the inspection process utilized for review of the FY19 budgets are outlined below. Please note that the process is subject to change annually, including the allowable tolerance levels.

**Vehicle Supplies Analysis:** OSF compared the amount budgeted to **Object Code 66X** to the amount expended two fiscal years prior (ex: the amount budgeted for FY19 was compared to the amount actually expended in FY17).

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11 & 12	75%	-5%
MCVCs	Fund 13	1200%	-100%

**Utility Analysis:** OSF compared the amount budgeted to **Object Codes 41X and 62X** to the amount expended two fiscal years prior (ex: the amount budgeted for FY19 was compared to the amount actually expended in FY17).

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11 & 12	50%	-10%
MCVCs	Fund 13	100%	-5%

**Property Tax Revenues:** OSF compared the amounts budgeted for the levy types listed below to the amounts included on each county board of education’s Levy Order and Rate Sheet. The only discrepancies allowed were for minor rounding differences. This comparison is performed for county boards of education only since MCVCs are not levying bodies.

- Regular Levy (Fund 11, Revenue Source 01111)
- Excess Levy (Funds 11 & 12, Revenue Source 01112)
- Bond Levy (Fund 2X, Revenue Source 01111)
- Permanent Improvement Levy (Fund 41, Revenue Source 01111)

Note that an adjustment was made to the Levy Order and Rate sheets for any negative allowance for doubtful account percentages to bring those allowances to zero. This applied to a few county boards of education for their Bond Levies due to having significant amounts on deposit with the Municipal Bond Commission.

**PEIA Revenue:** OSF compared the amount budgeted for PEIA revenue (**Revenue Source 03918**) to the amount included on the PEIA Preliminary Allocation 19 Final Comps schedule. For County Boards, the comparison is made in Fund 11 and for MCVCs, the comparison is made in fund 13. The only

discrepancies allowed were for minor rounding differences. As part of this analysis, OSF also reviewed to see if counties with variances have simply used the old object code of 03181 instead of 03918. The variances were also sometimes due to a county utilizing the preliminary PEIA schedule from December instead of the one updated for the final state aid computations.

**PEIA Expense:** OSF compared the amounts budgeted in **Object Code 21X** to the amount included on the PEIA Preliminary Allocation 19 Final Comps schedule as a general guideline to ensure sufficient PEIA expenses are budgeted.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11, 12 & 61	\$10 million	\$0
MCVCs	Fund 13	\$100,000	\$0

**Retirement Revenue:** OSF compared the amounts budgeted in **Revenue Source 03911** to the amount indicated in the Retirement – Budget- Final 19 schedule. No comparisons were performed for MCVCs. The only discrepancies allowed were for minor rounding issues.

**Retirement Expense:** OSF compared the amounts budgeted to **Object Code 23X** to the amount indicated in the Retirement – Budget- Final 19 schedule.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11, 12 & 61	\$10 million	\$0
MCVCs	N/A	N/A	N/A

**Professional Educator Salary Expense –** OSF compared the amount budgeted to **Object Code 11X** to the amount projected for professional salaries. The amount projected was based on the number of professional personnel employed per the FY19 comps (adjusted for MCVC employees) multiplied by the county’s FY18 average contracted salary for professional educators.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11 & 12	\$10 million, 25%	-\$100,000, -0.75%
MCVCs	N/A	N/A	N/A

**Service Personnel Salary Expense -** OSF compared the amount budgeted to **Object Code 12X** to the amount projected for service salaries. The amount projected was based on the number of service personnel employed per the FY19 comps (adjusted to regular FTE instead of extended FTE and adjusted for MCVC employees) multiplied by the county’s FY18 average contracted salary for service personnel.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11, 12 & 61	\$3 million, 25%	-\$50,000, -3.0%
MCVCs	N/A	N/A	N/A

**State Aid Unrestricted Revenues** - OSF compared the amount budgeted to **Revenue Source 03111** to the amount of unrestricted state aid indicated in the PBNSA 19 schedule. The only discrepancies allowed were for minor rounding differences.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11 & 61	\$0	\$0
MCVCs	Funds 13 & 63	\$0	\$0

Note: Funds 61 & 63 were included in the analysis since some counties opt to budget for Academic Classroom Curriculum Trips and Staff Development Councils directly in those funds using their unrestricted state aid dollars instead of doing a transfer.

**State Aid Restricted Revenues** - OSF compared the amounts budgeted using **Revenue Source 03211** for the various types of restricted state aid below to the amounts included on the PBNSA 19 schedule. The only discrepancies allowed were for minor rounding differences. This comparison was performed for county boards of education, but only the faculty senate comparison was applicable for MCVCs.

- Step 7a – Project 019XX
- Bus Replacement – Project 0893X
- Faculty Senate – Project 0894X
- Advanced Placement (Step 7c) – Project 0896X
- Step 7b – Project 0898X

**Staff Development Councils and Academic Curriculum Trips** - OSF compared the revenues budgeted (using either Revenue Source 03111 or 05211) in the projects listed below to the amounts included on the PBNSA 19 schedule. The only discrepancies allowed were for minor rounding differences.

- Professional Personnel Staff Development Councils – Project 0891X
- Service Personnel Staff Development Councils – Project 0892X
- Academic Classroom Curriculum Trips – Project 0895X

If a county utilized the revenue source code of 03211, restricted state aid, it was an error and correction was required.

**FICA Expenditures** – OSF compared the amount budgeted for FICA expenses in **Object Code 22X** to the estimated taxable salary amount budgeted. The estimated taxable salary amount budgeted assumes that approximately 87.5% of the total amount of salaries budgeted to Objects 11X, 12X, 13X and 14X will be subject to FICA tax. OSF had previously utilized 90% of salaries, but with higher PEIA premiums typically being withheld net of tax, we felt the 87.5% would be more representative of expectations for the 2018-19 year.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11, 12, 61	50%	-2%
MCVCs	Funds 13	50%	-5%

**Transfers** – OSF compared the transfers between funds to ensure that the amounts were appropriately balanced within the overall budget. The following transfers were reviewed:

- From Funds 11/12 (1X..761XX.911) to Other Funds (XX.XXXXX.05211.009)
- From Fund 61 (61.XXXXX.76111.911) to Other Funds (XX..05261.009)
- From Fund 13 (13..76161.911) to Fund 63 (63.XXXXX.05211.009)
- From Fund 63 (63.XXXXX.76111.911) to Fund 13 (13..05261.009)

All county boards of education were given budget comments on any transfers that did not balance From Fund 11/12 to Other Funds. Only county boards of education on the OSF Financial Watch List were given budget review comments if the transfers from Fund 61 to Fund 11/12 (typically for indirect costs) did not match. Those county boards were deemed a higher risk for reflecting a source of general fund revenue that wasn't specifically identified in the special projects fund. MCVCs were given review comments if the transfers did not balance from Fund 13 to Fund 63 but no comments were necessary for transfers from Fund 63 to Fund 13.

County boards need to be careful to use Object 911 for their Transfers Out. Some county boards were found to be using an invalid code that is not listed in the LEA Chart of Accounts – Object 912.