

## 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 to be utilized for review of the FY24 budgets are outlined below. Please note that the process is subject to change annually, including the allowable tolerance levels.

**Vehicle Supplies Analysis:** OSF will compare the amount budgeted to **Object Code 66X** to the amount expended two fiscal years prior (ex: the amount budgeted for FY24 will be compared to the amount actually expended in FY22).

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11 & 12	150%	-5%
MCVCs	Fund 13	300%	-100%

**Utility Analysis:** OSF will compare the amount budgeted to **Object Codes 41X and 62X** to the amount expended two fiscal years prior (ex: the amount budgeted for FY24 was compared to the amount actually expended in FY22).

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 will compare 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. Only minor discrepancies are allowed 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 has applied to a few county boards of education for their Bond Levies in the past due to having significant amounts on deposit with the Municipal Bond Commission.

**PEIA Revenue:** OSF will compare the amount budgeted for PEIA revenue (**Revenue Source 03918**) to the amount included on the PEIA Preliminary Allocation 24 Final Comps schedule. For County Boards, the comparison is made in Fund 11 and for MCVCs, the comparison is made in fund 13. Only discrepancies

for minor rounding differences are allowable. Often the variances are due to a county utilizing the preliminary PEIA schedule from December instead of the one updated for the final state aid computations.

**Note: County boards will not break the PEIA revenue out into RHBT revenues (03915) from PEIA revenues (03918) due to the PEIA rate tables showing \$0 for RHBT.**

**PEIA Expense:** OSF will compare the amounts budgeted in **Object Code 21X** to the amount included on the PEIA Preliminary Allocation 24 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	-\$5,000
MVCs	Fund 13	\$200,000	-\$1,000

**Retirement Revenue:** OSF will compare the amounts budgeted in **Revenue Source 03911** to the amount indicated in the Retirement – Budget- Final 24 schedule. Comparisons will be performed for MVCs as well. Only discrepancies for minor rounding differences are allowable.

**Retirement Expense:** OSF will compare the amounts budgeted to **Object Code 23X** to the amount indicated in the Retirement – Budget- Final 24 schedule.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11, 12 & 61	\$10 million	-\$5,000
MVCs	Fund 13	\$200,000	-\$1,000

**Professional Educator Salary Expense –** OSF will compare the amount budgeted to **Object Code 11X** to the amount projected for professional salaries. The amount projected is based on the number of professional personnel employed per the FY24 comps (adjusted for MVC employees) multiplied by the county’s FY23 average contracted salary for professional educators.

Type of LEA	Funds Included in Analysis	Upper Tolerance Level	Lower Tolerance Level
County Boards	Funds 11, 12 & 71	\$10 million, 25%	-\$100,000, -1.0%
MVCs	N/A	N/A	N/A

**Service Personnel Salary Expense -** OSF will compare the amount budgeted to **Object Code 12X** to the amount projected for service salaries. The amount projected is based on the number of service personnel employed per the FY24 comps (adjusted to regular FTE instead of extended FTE and adjusted for MVC employees) multiplied by the county’s FY23 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 & 71	\$5 million, 25%	-\$50,000, -1.0%
MVCs	N/A	N/A	N/A

**State Aid Unrestricted Revenues** - OSF will compare the amount budgeted to **Revenue Source 03111** to the amount of unrestricted state aid indicated in the PBNSA 24 schedule. Only discrepancies for minor rounding differences are allowable.

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: 1. Funds 61 & 63 are included in the analysis since some counties opt to budget for Staff Development Councils directly in those funds using their unrestricted state aid dollars instead of doing a transfer.

**State Aid Restricted Revenues** - OSF will compare the amounts budgeted using **Revenue Source 03211** for the various types of restricted state aid below to the amounts included on the PBNSA 24 schedule. Only discrepancies for minor rounding differences are allowable. This comparison is performed for county boards of education, but only the faculty senate comparison was applicable for MCVCs.

- Faculty Senate – Project 0804X
- Step 7d – Project 08Y7X

**Staff Development Councils and Academic Curriculum Trips** - OSF will compare the revenues budgeted (using either Revenue Source 03111 or 05211) in the projects listed below to the amounts included on the PBNSA 24 schedule. The only discrepancies allowed were for minor rounding differences.

- Professional Personnel Staff Development Councils – Project 0891X
- Service Personnel Staff Development Councils – Project 0892X

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

**FICA Expenditures** – OSF will compare 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.

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 will compare the transfers between funds to ensure that the amounts are 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)
- Intrafund transfers within fund 11 (11..76271.911) to Fund 11 (11.XXXXX.05281.009)

All county boards of education are given budget comments on any transfers that do not balance From Fund 11/12 to Other Funds or if intrafund transfers do not balance. Only county boards of education listed as “Needs Assistance” on the Financial Indicators are given budget review comments if the transfers from Fund 61 to Fund 11/12 (typically for indirect costs) do not match. Those county boards are deemed a higher risk for reflecting a source of general fund revenue that wasn’t specifically identified in the special projects fund. MCVCs are given review comments if the transfers do not balance from Fund 13 to Fund 63 but no comments were necessary for transfers from Fund 63 to Fund 13.

**ACE Advantage** - In accordance with the Superintendent Interpretation dated May 18, 2021, the funds generated under the PSSP for adult enrollment may only be expended for ACE programs and may not be utilized for any other purpose. This amount must be budgeted for ACE activities under Project Code 62Y4X. OSF will review that funds are appropriately budgeted into the project as a part of the review process.

**Public Charter School State Aid On-Behalf** - In accordance with WVC §18-5G et seq. and WVBE Policy 3300, public charter school state aid funding is to be distributed to public charter schools by WVDE on-behalf of county boards of education. County boards of education are required to budget the portion of state aid attributable to public charter schools under Revenue Source Code 03913 – Public Charter School State Aid Allocation, with a corresponding expenditure coded to Object Code 596 – Payments to Charter Schools. Please note that county boards who are not receiving state aid will still need to budget the expenditure even though no revenue is recognized. OSF will review both the revenue and expenditure account to ensure that county boards have appropriately accounted for the on-behalf in the proposed budget.