
Arizona School Finance Manual



Arizona
Education
Association

345 East Palm Lane
Phoenix, AZ 85004
www.arizonaea.org

Arizona School Finance

Index

Arizona School Finance Acronyms	3
Budget Calendar	4
Budget Documents	5
Section 1 – Calculating Budget Limits	7
Revenue Control Limit	8
Base Revenue Control Limit	8
Student Count	10
Transportation Limits	11
Capital Outlay Revenue Limit	12
Soft Capital Allocation	13
General Budget Limit	14
Notes	16
Section 2 – Tracking Expenditures	17
Chart of Accounts	18
School District Expenditure Fund Codes	19
Classroom Site Fund	20
Instructional Improvement Fund	21
Full-Day Kindergarten	22
School District Expenditure Program Codes	23
School District Expenditure Function Codes	24
School District Expenditure Object Codes	25
School District Expenditure Unit Codes	28
Sample Code Entry	29
Notes	30
Section 3 – Budget Inquiry	31
Budget Inquiry Areas	32
Notes	35

Arizona School Finance Acronyms

ADE	Arizona Department of Education
ADM	Average Daily Membership
AFR	Annual Financial Report
ARS	Arizona Revised Statutes
BRCL	Base Revenue Control Limit
BSL	Base Support Level
CORL	Capital Outlay Revenue Limit
CSF	Classroom Site Fund
CSFBL	Classroom Site Fund Base Level
DSL	District Support Level
ESEA	Elementary and Secondary Education Act
FDK	Full Day Kindergarten
FTE	Full-Time Equivalent
GBL	General Budget Limit
IIF	Instructional Improvement Fund
IPD	Inflation Price Deflator
LEA	Local Education Agency
M&O	Maintenance and Operations
NCLB	No Child Left Behind
PAV	Primary Assessed Valuation
PL	Public Law [Federal]
PSD	Preschool Programs for Children with Disabilities
QTR	Qualifying Tax Rate
RCL	Revenue Control Limit
SAIS	Student Accountability Information System
SAV	Secondary Assessed Valuation
SCA	Soft Capital Allocation
SCAL	Soft Capital Allocation Limit
TEI	Teacher Experience Index
TRCL	Transportation Revenue Control Limit
TSL	Transportation Support Level
UCBL	Unrestricted Capital Budget Limit
UCO	Unrestricted Capital Outlay
USFR	Uniform System of Financial Reporting

Budget Calendar

July 1	Beginning of Fiscal Year
July 15	Last date for public hearing and adoption of proposed budget NOTE: Proposed budget or summary must be published at least 10 days prior to the hearing.
October 15	Deadline for public hearing and adoption of Oct. 31 budget revision Deadline for submitting the Annual Financial Report for the preceding fiscal year. This report is prepared and distributed with a copy to the County School Superintendent and the Superintendent of Public Instruction.
November 15	Deadline for submitting the Classroom Site Fund report to the Superintendent of Public Instruction on a per school basis that provides an accounting of the expenditures of monies distributed during the previous fiscal year and a summary of the results of district and school programs funded with monies from the Classroom Site Fund. Deadline for submitting report to the Department of Education that provides an accounting of expenditures from the Instructional Improvement Fund during the previous fiscal year
December 15	Deadline for public hearing and adoption of Dec. 15 budget revision
February	District should know 100 th day student count.
March 30	Deadline for Joint Legislative Budget Committee to set Classroom Site Fund base support level for next fiscal year
May 15	Deadline for public hearing and adoption of May 15 budget revision. This budget revision includes increases in revenue due to growth in student enrollment.
June 30	End of Fiscal Year
June 30 – Aug. 31	Encumbrance Period

Note: Other deadlines exist for reporting purposes. These deadlines have the most impact on revenue issues within school districts.

Budget Documents

1. EXPENDITURE BUDGET/PROPOSED BUDGET [July]

The spending plan for the school year – includes budget for current year (last year) and budget for the fiscal year beginning July 1. It is adopted by the governing board by July 15 after a public hearing.

2. BUDGET DEVELOPMENT WORKSHEETS [July]

There are many different worksheets a district may use to determine its general budget limit [GBL] and the other control limits. The assumptions and calculations from the worksheets determine the amount of money available for the district's spending.

3. SUPPLEMENTAL BUDGET/PROPOSED BUDGET [July]

The spending plan for the school year for desegregation, K-3 override, PL-874 Add-on, and Joint Career and Technical Education & Vocational Education Center expenditures – includes budget for current year and proposed spending for the fiscal year. It is adopted by the governing board by July 15 after a public hearing.

4. REVISED BUDGET(S)

The governing board may revise its budget after notice and a public hearing during the school year. **A revised budget replaces the July 15 budget as the district's spending plan.**

5. CHART OF ACCOUNTS

The list of account code numbers that specify fund, program, function, object, and unit. This list is necessary to analyze budget and expenditure reports. Certain numbers are established per the Department of Education and are standard, while others pertain specifically to the district. Codes vary from district to district.

6. ANNUAL FINANCIAL REPORT [October – for previous budget year]

The year-end report of the district's financial activity – includes budgeted and actual revenue and expenditures for the fiscal year. This document is filed with the Department of Education and the county school superintendent.

Budget Documents (continued)

7. NEA/AEA BUDGET ANALYSIS

AEA provides an analysis of budget expenditures for every school district in the state. The analysis tracks multiple year trends and can be obtained by contacting AEA, Bargaining and Research, Doug Stagner, 602-264-1774, ext. 114, 800-352-5411, ext. 114, doug.stagner@arizonaaea.org.

8. EXPENDITURE REPORTS [Monthly, semi-monthly]

Most districts provide expenditure reports which compare expenditures to date to budget. In larger districts, this can be a significant document, over 100 pages in length.

Section 1

Calculating Budget Limits

How is the district's budget limit established?

Revenue Control Limit [§15-947¹]

Base Revenue Control Limit [§15-944]

+ Transportation Revenue Control Limit [§15-945]

- Current year funding
- Rapid decline [§15-942]
- Tuition loss [§15-902.01; §15-954]
- Teacher Experience Index [§15-941]
- Adjustment for growth [§15-948]

$$\text{BRCL} = \text{Actual Student Count} \times \text{Support Level Weights} \times \text{Base Level Amount}$$

Support Level Weights [§15-943]

- District size (1-99, 100-499, 500-599, 600+)
- District type (Isolated, K-8, 9-12)
- PSD-12
- K-8 , 9-12

Weighted Student Count [§15-943]

- Estimated Current Count [ADM]
- Add-ons [Group B Weights]
- Total Weighted Student Count
- Actual 100-Day Count [ADM]

¹ Statutory references are to the applicable section of the Arizona Revised Statutes, which are available at www.azleg.gov

Base Level Amount

- Legislative action [In addition to 2%, or actual IPD, whichever is less for inflation funding]
- With Teacher Compensation [§15-952]
- Career Ladder and Optional Performance Incentives [§15-918, §15-918.04, §15-918.05, §15-919.04]

Student Count

Weighted Student Count

- Pre-school/Handicapped
- K-8
- 9-12
- Support Level Weight

Group B Add-on Weights

- K
- Hearing Impairment
- K-3
- English Language Learners [ELL]
- MD-R, A-R, and SMR-R
- MD-SC, A-SC, and SMR-SC
- Multiple Disabilities Severe Sensory Impairment
- Orthopedic Impairment [Resource]
- Orthopedic Impairment [Self-Contained]
- Preschool-Severe Delayed
- ED, MIMR, SLD, SLI, & OHI
- Emotionally Disabled [Private]
- Visual Impairment

Total Add-on Count

Total Weighted Student Count

Transportation Limits

Transportation Support Level [§15-945]

- Approved Daily Route Miles per Eligible Student
- To and From School Support Level [TFSSL]
- Academic, Vocational, Athletic
- Extended School Year Support for Pupils with Disabilities

Transportation Revenue Control Limit [§15-946]

- Prior-year TRCL
- Difference: Prior-year TSL to Current-year TSL

Capital Outlay Revenue Limit [§15-961]

Base Formula

- Actual Student Count
- Base Support Level - 600+ students

Adjustments

- Growth Factor
- Free Required Textbooks

Capital Outlay Transfer

- No restrictions on amount that can be used for M&O
- May impact supplanting
- May be used as unrestricted capital

Soft Capital Allocation

Restricted Capital – “To Meet Academic Adequacy Standards” [§15-962]

May be used for short-term capital items:

- \$225 per student
- Fund 625
- Technology
- Textbooks
- Library Resources
- Instructional Aids
- Pupil Transportation Vehicles
- Furniture and Equipment

May not be used for M&O purposes

General Budget Limit [§15-947]

Districts may increase their budgets and add to the RCL.

Revenue Control Limit [§15-947]

- Base Revenue Control Limit []
- Transportation Revenue Control Limit []

Capital Outlay Revenue Limit [§15-961]

Override Authorization

- Maintenance and Operations
- Unrestricted Capital Outlay
- Special K-3 Program

Tuition Revenue

State Assistance [§15-976]

Title 8, PL 103-382 Districts

Amounts Authorized for Accommodation Schools

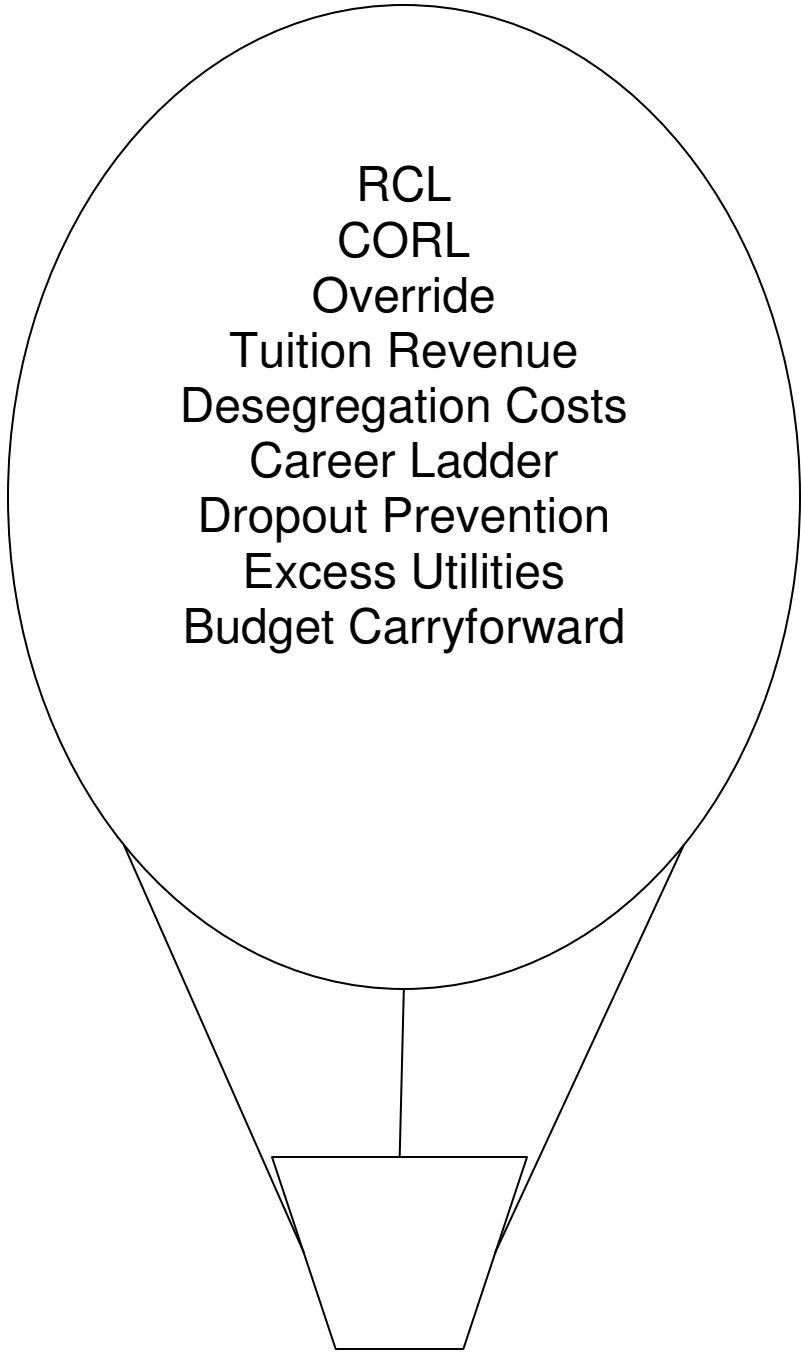
Desegregation Expenses

Budget Balance Carryforward [§15-943.01]

Dropout Prevention Program

Excess Utilities [§15-910]

Career Ladder Budget Carryforward



Notes

Section 2

Tracking Expenditures

Chart of Accounts

School districts must comply with the USFR, which establishes a chart of accounts and expense classifications.

Code Structure

1. Fund
2. Program
3. Function
4. Object
5. Unit

Account “String”

Fund	Program	Function	Object	Unit
XXX	XXX	XXXX	XXXX	XXX

School District Expenditure Fund Codes

Maintenance and Operations – 001

District's general fund, accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – 010-599

Proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

- Federal Projects – 100-399
A separate fund is required for each individual program.
- State Projects – 400-499
- Other – 500-599

Capital Projects Funds – 600-699

Debt Service Funds – 700

Fiduciary Funds – 800

Proprietary Funds - 900

Classroom Site Fund [§15-977]

Administered by Department of Education

- Total is Fund 010
- All monies intended for use at school site
- 20% for teacher base salary increases and employment related expenses [Fund 011]
- 40% for performance-based teacher compensation increases and employment related expenses [Fund 012]
- 40% for “Menu” purposes [Fund 013]:
 1. Class size reduction
 2. Teacher compensation increases
 3. AIMS intervention programs
 4. Teacher development
 5. Dropout prevention programs
 6. Teacher liability insurance premiums
- If used for class size reduction, AIMS intervention, and dropout prevention, shall only be used for instructional purposes (function 1000) and not athletics
- Subject to budget limit [§15-978]
- Set by Joint Legislative Budget Committee based upon estimated statewide weighted student count from current year
- Intended to supplement, not supplant “teacher compensation monies from any other sources”
- Monies are continuously appropriated and exempt from lapsing

Instructional Improvement Fund [§15-979]

- Fund 020
- Up to 50% may be used for teacher compensation and class size reduction as provided in §15-977
- Monies not used for teacher compensation increases or class size reduction shall be used for:
 1. Dropout prevention programs
 2. Instructional improvement programs including programs to develop reading skills by the end of third grade
- May not be used to supplant existing state and local monies
- Cash controlled fund, exempt from lapsing

Full-Day Kindergarten [§15-901.02]

- Fund 060 (M&O)
- Fund 065 (Capital)
- Voluntary – Parents may elect either part-day or full-day
- Funded through additional Group B Add-On weight

School District Expenditure Program Codes

Regular Education - 100

Special Education – 200

Special Education Disability Title 8 PL 103-382 – 300

Pupil Transportation – 400

Programs Requiring Separate Budgets – 500

- Desegregation – 510
- Special K-3 Program Override [§15-482] – 520
- Dropout Prevention Programs – 530
- Joint Career and Technical Education & Vocational Education Center [§15-910.01]

Other Instructional Programs – 600

Adult Continuing Education Programs – 700

Community College Education Programs – 800

Community Services Programs – 900

School District Expenditure Function Codes

Instruction – 1000

Support Services – 2000

- Students – 2100
- Instruction – 2200
- General Administration – 2300
 - Lobbying – 2330
- School Administration – 2400
 - Office of the Principal – 2410
[Principal, assistants, etc.]
 - Other school administration- 2490
- Central Services (Can include chief business official) - 2500
- Operation and Maintenance of Plant – 2600
- Student Transportation – 2700
- Other Support Services – 2900

Operation of Noninstructional Services – 3000

Facilities Acquisition and Construction – 4000

Debt Service – 5000

Other Financing Uses – 6000

School District Expenditure Object Codes

Personal Services -- Salaries – 6100

- Certified Salaries [Must have certificate from Department of Education]
 - Administrators – 6111
 - Teachers – 6112
 - Substitutes – 6113
 - Other – 6114
- Classified Salaries – 6150

Personal Services -- Employee Benefits – 6200

- Insurance – 6210
- Social Security – 6220
- State Retirement – 6230
- Unemployment Insurance – 6250
- Workers' Compensation – 6260
- Health Benefits [other than insurance] – 6270
- Other Employee Benefits – 6290

Purchased Professional & Technical Services – 6300

- Office/Administrative -6310
- Professional – Educational Services – 6320
- Other Professional Services – 6330
- Technical Services – 6340
- Audit Services – 6350

School District Expenditure Object Codes [continued]

Purchased Property Services – 6400

- Utility Services – 6410 [Water and Sewage – 6411]
- Cleaning Services – 6420
- Repairs and Maintenance Services – 6430
- Rentals – 6440
- Construction Services – 6450
- Other – 6490

Other Purchased Services – 6500

- Student Transportation Services – 6510
- Insurance (other than employee benefits) – 6520
- Communications – 6530 [Telephone – 6531]
- Advertising – 6540
- Printing and Binding – 6550
- Tuition – 6560
- Food Service Management – 6570
- Travel – 6580
- Miscellaneous – 6590

Supplies – 6600

- General Supplies -6610
- Energy – 6620
- Food -6630
- Books, Periodicals, and Instructional Aids – 6640

School District Expenditure Object Codes [continued]

Property – 6700 [Equipment – 6730]

Debt Service and Miscellaneous – 6800

Other Financing Uses and Other Items – 6900

School District Expenditure Unit Codes

- **Elementary [K-8] – 100**
- **High School [9-12] – 200**
- **Charter Elementary School – 300**
- **Charter High School – 400**
- **District-Wide – 500**

School District Expenditure Code Entry Sample

- Fund – M&O – 001
- Program – Regular Education – 100
- Function – Instruction – 1000
- Object – Teacher Salary – 6112
- Unit – Elementary – 100

Account “String”

(For a third grade regular education teacher)

Fund	Program	Function	Object	Unit
001	100	1000	6112	100

Notes

Section 3

Budget Inquiry -- Asking the Right Questions

Successful bargaining often depends on asking the right questions to get the information you need about district expenses and revenues.

School District Budget Inquiry Areas

1. General staffing — certified and classified: **Most of your money is in your people – teachers make up the largest portion of the budget, generally followed by classified staff.**
 - A. Staffing formula and master schedule for each work site/school
 - B. Formula/assumptions/"trigger" to increase/decrease staff during school year
 - C. Formula/assumptions for special and/or traveling staff [e.g., special teachers, guidance, and maintenance]
 - D. Projected enrollment for each school
 - E. Formula/assumption for non-school-based staff [e.g., resource teacher, special assignment, district-wide assignment]
2. Social security calculations
 - A. Calculation for OASI [not total payroll]
 - B. Calculation for Medicare [should be separate]
3. Worker's Compensation calculation — rate, calculation base/payroll amount
4. Unemployment premium calculation — rate, calculation base/payroll amount, projected changes
5. Attrition — includes retirement and resignation
 - A. Trends for past five years
 - B. Assumptions for projecting future attrition
 - C. Assumptions for costing net attrition savings — how recaptured
6. Professional growth costs
 - A. Trends for past five years — number of employees moving, actual costs
 - B. Status of current employees' — probability of schedule movement
 - C. Assumptions underlying cost projections
7. Professional development costs
 - A. Number of opportunities available, number of participants
 - B. Total costs vs. costs per participant vs. cost per employee
 - C. Other costs [e.g., salaries, supplies, materials]
8. Total expenditures for athletic activities [include salaries, supplies and equipment, transportation]
 - A. Formula/assumptions for assigning staff/coaches/sponsors
 - B. Revenues generated from high school or middle school fees — amount, where accounted
 - C. Gate receipts from high school or middle school athletic events — amount, where accounted
 - D. Possible reimbursement of transportation expenses [e.g. bus charter]

School District Budget Inquiry Areas [continued]

9. Total expenditures for extra-curricular activities [include salaries, supplies and equipment, transportation]
 - A. Formula/assumptions for assigning staff/coaches/sponsors
 - B. Revenues generated from high school or middle school fees — amount, where accounted
 - C. Ticket receipts from high school or middle school events [e.g., theater, musical performance, and dance] — amount, where accounted
 - D. Possible reimbursement of transportation expenses [e.g., bus charter]
10. Expenditures supporting special programs — part of student day but not mandated curriculum [e.g., fine arts, strings]
 - A. Enrollment — number of students affected
 - B. Cost per student enrolled vs. cost per total enrollment
11. Special education budget
 - A. Enrollment — current and projected [check assumptions]
 - B. Cost per student vs. cost per total enrollment
 - C. Cost implications of mainstreaming/integration/inclusion
12. Gifted education budget
 - A. Enrollment — current and projected [check assumptions]
 - B. Cost per student vs. cost per total enrollment
13. Special curricular programs
 - A. Cooperative education programs [e.g. Vocational Education] — consolidation, rescheduling, and other cooperative arrangement
 - B. Enrichment and/or advanced placement programs — consolidation, rescheduling, other cooperative arrangement
14. Discretionary work site/school funds
 - A. Formula/assumptions for determining amounts
 - B. Expenditures and authorizations
15. Tuition
 - A. Tuition amounts received by district
 - B. Tuition amounts paid by district — services, number of students
16. Food services budget
 - A. How budgeted and funded — amount of M/O funding transferred [if any]
 - B. Use of excess revenue [if any]
 - C. Staffing — funding of salaries, benefits
17. "Turn-key" bond possibilities — moving some personnel costs to capital and/or bond funds
18. Outside consultants
 - A. Purposes and budget areas
 - B. Number contracted, term of contract/retainer, costs, expenses

School District Budget Inquiry Areas [continued]

19. Community education programs
 - A. Actual costs vs. offerings vs. participation/enrollment
 - B. Amount of fees/tuition, possible increases
20. Previous cost-saving measures — basis/assumptions for projections
21. Program changes [reductions]
 - A. Projected impact — personnel, curriculum, other programs, accreditation
 - B. Projected expenditure reductions — compensation [salary and benefits] supplies/materials, transportation, other expenditures
22. Tuition Tax Credits
 - A. Total revenue
 - B. Specified purpose and restrictions
 - C. Move M&O costs to tax credit
23. Classroom Site Fund
 - A. Tracking funds - 011, 012, 013, budget versus actual
 - B. Baseline for supplanting
 - C. Rollover, contingency for unspent money per fund
24. Instructional Improvement Fund
 - A. Tracking funds - 020, Teacher Compensation Increases
 - B. Number of positions for Class Size Reduction
 - C. Number of positions for Dropout Prevention, Instructional Improvement.
 - D. Cash account – monies received
25. English Learner Classroom Personnel Bonus Fund [§15-943.04]
 - A. Up to \$250 per exited student for classroom personnel - who qualifies?
 - B. When/how paid out?
26. Full-Day Kindergarten [§15-901.02 – Fund 060]
 - A. Which teachers are paid from this?
 - B. How much does the district receive?

Notes
