BUDGETING IN A PUBLIC SCHOOL SYSTEM

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Sara Jean McNutt

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BUDGETING IN A PUBLIC SCHOOL SYSTEM

By

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INTRODUCTION

The school district budget is one of the most important parts of administrative planning. The budget is no longer being viewed as a list of probable expenditures and estimated receipts. Instead it is looked upon as a keystone in the transformation of a set of educational aims and objectives into an actual program of instruction.

Many problems are involved in budget development. Aims and objectives must be converted into personnel and supply requirements; enrollments must be anticipated and projected; economic trends must be considered; and the feeling of "tax consciousness" at the local level must be placed in its proper perpective.

Education plays a vital role in our ever changing society. The constant growth in population and compulsory education has had an important bearing on local school problems. The budget is a tool through which good management can strive to attain the most efficient use for the resources available.

In many instances, public school budgeting resembles industrial budgeting. Both require estimating income and expenditures, establishing a line of responsibility, participating in budget preparation, developing a policy for capital outlays and replacements, etc. However, public schools

cannot cut production when expenditures exceed income. They cannot lay-off a portion of their personnel or switch to a different line of production.

The problems involved will vary from district to district--depending on size, locality, standard of living, etc. The community must be educated as to the existing problems and should be given a chance to participate in making the budget.

It is the purpose of this project to present a general overview of the plans and techniques involved in public school budgeting; discuss problems and procedures employed by specific school systems--one district being outlined rather completely; point out the influence of legal requirements; and present the need for uniform laws relating to budgeting, accounting, and auditing in the public schools.

References will be made to Oak Park District Schools, Oak Park 37, Michigan (outlined in detail); Ferndale City Schools, Ferndale 20, Michigan; and Utica Community Schools, Utica, Michigan. The latter is one of several schools in the State experimenting with the accounting system advocated for public school use by the Federal Government. This system attempts to present a uniform classification of accounts for all schools in the United States.

The writer is especially indebted to Professors Lemke, Lawrence, and Ruswinckel for their helpful suggestions in writing this manuscript. Grateful acknowledgment is also

given to Dr. Arthur Matthews, Principal, Oak Park Senior High School and William Jelneck, Business Manager, Utica Community Schools.

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CHAPTER I

PROBLEMS AND PROCEDURES OF PUBLIC SCHOOL BUDGETING

The school budget has social as well as economic implications. Education offers a type of insurance to the community, state and nation as to the future of America.

Budgeting plays an important role in assuring the greatest educational return from every local tax and state aid dollar. We shall begin with attempting to arrive at a definition of a budget and its component parts.

I. THE BUDGET

Most people think and refer to a budget as being a systematized statement which forecasts probable expenditures and anticipated revenues during a specific time period. However, a school budget has more important implications than enumerating expenditures and revenues. The budget is seen as[1]--

1. Indicating to the people of the school district what it costs in dollars and cents to offer a particular type of educational program.
2. Protecting the continuance of this educational program for a specific period of time.
3. Providing information on the educational activities for which public funds are being expended.
4. Indicating where and when changes in the current operation must be made to realize specific objectives.

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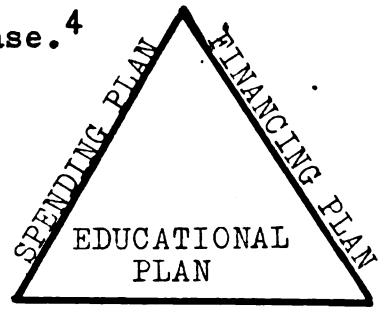
[1]New York State Education Department, Bureau of Field Financial Services, Budget, (New York: The University of the State of New York, 1956), p. 15.

5. Serving as a means of financial control.

6. Providing the board of education with the authority to make expenditures within a pattern established by a predetermined educational program.

7. Serving as a basis for determining the amount of revenue which must be obtained from local taxation.

The ideal school budget is defined as a complete financial forecast of both expenditures and receipts, based on an educational plan. It takes into consideration past experience, present conditions and future needs.[2] ". . . Budgetary procedure should be such that the resulting budget expresses the amount the community is willing to spend in the light of the educational program it wishes to buy."[3] Thus, it becomes necessary to determine an educational philosophy--aims and objectives. At this point them it might be concluded that the ideal school budget consists of three parts: (1) the work plan, (2) the spending plan, and (3) the financing plan. The three parts are very closely integrated and may be symbolized by an equilateral triangle with the educational or work plan forming the base.[4]



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[2]Chris A. DeYoung, Budgeting in Public Schools, (New York: Doubleday, Doran & Company, Inc., 1936), p. 8.

[3]Paul R. Mort and Walter C. Reusser, Public School Finance, (New York: McGraw-Hill Book Company, Inc., 1951), p. 160.

[4]DeYoung, op. cit., p. 7.

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The work plan should show the organization for the ensuing year, number of pupils to be accommodated, the number and kind of personnel to be employed and the duties of each.

The educational program is usually classified according to type of school organization--elementary, junior high, senior high. The program must have the wholehearted support of the community, since it furnishes a considerable portion of the funds. It is recommended that the educational plan include (1) the major objectives of the program of education offered; (2) the manner in which the budget undertakes to fulfill these expectations; (3) the new services, or changes in the present organization, that are being added or undertaken this year to carry out the educational objectives; (4) the limitations to attaining stated goals due to the economic inability to supply all desirable appropriations; and (5) other factors taken into consideration by the administration.

The spending plan is based on the educational plan and proposes expenditures with full consideration toward sound procedures and financial control. The expenditure plan should (1) be based upon some method for classifying the expenditures according to "character," organizational units, object, or function; (2) reveal actual expenditures for prior periods; (3) present variable estimates for some items; (4) refer to supporting data; (5) present an analysis of costs; (6) make comparisons with other districts, if it is appropriate; (7) present a brief description of services

included under general classifications; (8) contain a justification for balances carried from year to year.[5]

In theory the educational program determines the expenditures, which in turn enables the calculation of necessary receipts. However, in most instances, receipts have a very important bearing on the other two parts of the budget. The social intelligence of the taxpayer, his willingness and his ability to pay must be considered in revenue calculations. Valuations, stability of state funds, and the ratio of increasing enrollments and expenditures to anticipated revenues also emphasize the need for careful budgeting. The main sources of income to schools are through (1) state aid; (2) state primary fund; (3) Federal aid; (4) tuition receipts--summer school, nonresident, adult education; (5) tax collections; (6) interest on delinquent taxes; (7) state penal fines collected; (8) short term loans; (9) rentals; (10) opening cash balances; and (11) sale of property.

The complete and accurate evaluation of receipts, when accompanied by an official resolution to the tax-raising body, becomes the basis for supporting the estimated expenditures necessary to achieve the educational program that has been adopted. The three component parts of the budget will be discussed in detail in succeeding chapters.

Once an institution has adopted an educational program and developed an educational philosophy, the budget should

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[5]New York State Education Department, op. cit., pp. 30-31.

provide the ways and means for achieving the objectives and policies that have been established.

The budget is really a financial implementation of the educational objectives that have been developed and accepted by the district. It must be carefully organized and anticipated in the same fashion as the school program. A long range view of monetary needs, as well as specific allocations for the current year, is imperative.[6]

From the foregoing paragraph, we might state that school budgets are of two types: (1) annual and (2) long-term.

The annual budget is derived in part from the long-term financial plan. Estimates are more exacting and attention is focused on the amounts to be allocated to specific items.

Certain expenditure requirements are fixed for the short term and are not susceptible to change, such as payments of interest and amortization of bonds that are to mature, salary increments guaranteed according to schedule, and employer contributions to the retirement system. Other items are controllable within certain limits, such as lights, water, fuel and certain supplies. In the long range plan none of the above items would be fixed.

Some policies that might aid the control of annual budget expenditures are those relating to decorating, replacement of equipment, and textbook changes. For example, it may be the policy of a certain board to replace a specific number of typewriters in the business department each year

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[6]Ibid., p. 26.

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to avoid the large expenditure necessary for the complete turnover of machines in any one fiscal period. The philosophy adopted by the Board also has a bearing on the approval of expenditures. For instance, if a Board believes in training a youngster to earn a living after graduation, they might appropriate money for a cooperative program and a business machines course. However, if they believe that high school is for the purpose of orientation into the various fields and that special training belongs in an institution of higher learning, the expenditure would probably not be approved.

Long-range budgeting is more susceptible to error, but still can be estimated fairly accurately. Budget revisions should be made as the need arises. Some influencing factors might be local conditions, changes in objectives, and changes in legal requirements.

In order to estimate expenditures with a reasonable degree of accuracy, enrollments must be projected for at least five years. Future enrollments are then projected into staff requirements, instructional supplies, equipment and etc. Special services and teacher-pupil ratios must also be evaluated.

The salary schedule and anticipated revisions must be considered in projecting costs. Increments, resignations, and the hiring of new personnel have a definite effect on future appropriations.

A statement of district indebtedness and the schedule of interest and redemption charges as they become due, insurance as adjusted for coverage of new property and changing economic conditions, and contributions to employee retirement plans must also be considered. Planned policies regarding maintenance and replacement help maintain the educational program and control the budget.

On the receipts side of the budget, the revenue from the local taxes on real estate are the main source of revenue. Three important factors are the assessable tax rate, the current tax rate, and the economic outlook for the community. Estimates in state aid are projected on the basis of current legislation and formulas, using the average three year enrollment figure as a basis. This figure is only used however, in planning long-range estimates. In Michigan, the actual amount received from state aid is based on the initial enrollment in September. The three-year average used in computing estimates is designed to stabilize revenue in periods of recession and low enrollments.

Non-resident tuition receipts are somewhat unpredictable, especially where alternate districts are available to the sending district or where reorganization is likely. "Miscellaneous revenues" are also rather difficult to project into the future.

Unless both types of budgets--short and long-term, are included in the financial plan, neither will be effective. As a matter of fact, the long range plan is accomplished

through the medium of annual budgets. Long-term budgeting is universally practiced in one form or another, and is not unique to school budgeting. The student considers the cost of his education and the possible returns from his chosen vocation. Parents buy bonds or purchase endowment insurance policies to provide for the high education of their children. This all involves long-range planning of one form or another. In all cases the current resources are utilized and directed toward achieving desired plans and goals.

II. CRITERIA FOR ESTABLISHING A BUDGET

In 1957, Vosecky made a comprehensive study of school budgetary procedures during the past thirty-five years. He summarizes the following principles for appraising school budgetary practices.[7]

1. Preparation of the budget document is the responsibility of the superintendent.
2. The budget document should be the result of the cooperative efforts of all who are concerned with the educational needs of the children and youth.
3. Budget preparation should be a continuous process--the annual budget being a part of a long-range program.
4. The initial step in the preparation of the school budget should be the formulation of a definite educational plan.
5. The second step should be the spending plan, which is a translation of the educational plan into estimated costs.

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[7]Roe L. Johns and Edgar L. Morphet, Financing the Public Schools, (New Jersey: Prentice-Hall, Inc., 1960), p. 397.

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6. The final step is preparing the financing plan.

7. The responsibility of presenting and interpreting the budget rests with the superintendent.

8. Ample time should be allowed for reviewing and analyzing the budget before adoption. The budget should be approved before the beginning of the fiscal period over which it is to serve.

9. The budget should be accurately and carefully recorded in the official minutes of the body adopting it.

10. Administration of the budget is the responsibility of the superintendent.

11. There should be continuous appraisal of the budget and budgetary procedures.

The Oak Park District School budget specifically states that their budget has been cooperatively developed with the total staff keeping in mind the following principles:

1. The educational budget should be based upon both needs and the ability to pay. Although balance should be the key objective, primary emphasis should be given to need rather than to dollars alone.

2. Budget considerations should start with an appraisal of existing educational conditions or a committment for the improvement over a period of years. It should not start with an assumption of what the community can afford or is willing to pay.

3. The Oak Park financial plan should provide a program for achieving the written educational objectives and policies of the Board of Education and administration. It should not be viewed strictly as a listing of receipts and expenditures and a statement of tax requirements.

4. The budget should provide a guide for satisfying future needs of both the staff and community.

5. The spending program designed to achieve the educational program should be a wise one based upon sound procedures and financial control.

They further state that their budget is a financial interpretation of their educational program. If used wisely,

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the budget can be employed as a means of helping citizens to understand what a good educational system can do for them, for their children, and their way of life. It can be used to show how the educational dollar is spent, the educational returns, and the dollars needed to purchase the kind of educational program essential to scientific life.[8]

The limitations of the school budget are somewhat similar to that of an industrial concern. The budget is just as effective as the executive or administrator makes it. The execution of the budget plan will not occur automatically. It will be effective only if the responsible administrators get behind it and exert continuous effort toward its accomplishment. Budgeting is a tool of management and cannot take the place of administration. At the time of presentation to the board by the superintendent, the budget might be thought of as a plan of attack. Once it is adopted, it becomes the basis for achieving the educational objectives through future financial acts. It is based on estimates and its usefulness should not be underestimated because of the failure of many educational institutions to use it wisely. The board should be informed monthly as to the relation of its financial condition to the budget. This should serve as a basis for approval of budgetary amendments or further expenditures. The budget cannot be substituted for a good

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[8]Dr. James N. Pepper, Superintendent, Oak Park District Schools, Oak Park 37, Michigan, School Budget 1960-61.

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administration and should not be followed blindly. The budget may be regarded as the means and budgetary control the end.

One of the important functions of a budget is that it acts as a facilitating device in educating students. The budget should be regarded as a servant, not a master. It provides the means for accomplishing previously determined objectives. The budget, if used intelligently, ascertains that all possible attainable benefits are derived from the plan as rendered.

The budget presents an overview of the entire educational program and shows the relationship of each part to the total program. It shows estimated receipts, presents a basis for authorizing expenditures, and serves as a device for improving accounting procedures.

The preparation of annual estimates permits a critical evaluation of new activities and a careful scrutiny of extensions of old activities.

Probably one of the most important functions of the budget is the promotion of cooperation within the school. Members of the teaching staff, business personnel, and administration must work together in compiling their budgets and developing standards and specifications for supplies and equipment.

A well planned and detailed budget can also be very forceful in convincing taxpayers and approving agencies that a specific school tax represents actual needs.

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One of the by-products of budgeting may be standardization of supplies and the use of bids in purchasing. This aids the school in securing more value for each dollar expended and facilitates the development of economy and efficiency.

Extensive forecasting involved in budget preparation makes it necessary to project the school into the future. Building programs, a repairs and replacement system, and other educational facilities must be provided for over a period of years.

III. DEVELOPING A BASIS FOR FORMULATING THE BUDGET

Proper organization and policy formulation are prerequisites to successful budgeting. The scope of responsibility and authority delegated to each individual and group and their interrelationship should be clearly defined. This is necessary to prevent duplication of efforts, inefficiency, and confusion in the attempt to achieve the predetermined objectives.

Plans are made and then a course of action is developed as a means of achieving the objectives that have been chosen. The educational program presents the course of action for the ensuing year and should coincide with the long-range educational plans of the community. The parents, patrons, teachers, pupils, school board members, and administrators must attempt to determine the: (1) purpose of education; (2) special community needs; (3) type of school organization to be supported; (4) qualifications of teachers; (5) salary schedules;

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(6) teacher-pupil ratio; (7) in-service training requirements; (8) policy regarding extra-curricula activities; (9) policy relating to furnishing textbooks, supplies and materials to students; and (10) type of plant construction.[9]

The policy regarding the teachers' salary schedule plays a very important role in the budget. Once a salary schedule is adopted and the number of teachers at each level is determined, it becomes an expenditure estimate. The philosophy of the local community involved has a tremendous influence of the type of salary schedule proposed. For instance, if a system is interested in maintaining an experienced staff, special provisions will undoubtedly be made to attract such people to their system. Provisions for special training in certain areas and methods of stimulating professional growth will also have a definite affect on the proposed expenditure for teachers' salaries.

By studying the following salary schedule from Oak Park District Schools, Oak Park 37, Michigan, one can rather clearly determine their philosophy relating to the qualifications desired and promoted within their system.

Years of Experience	Bachelor Degree	Master's Degree
	Beginning	
0	$4,500	$5,000
1	4,750	5,250
2	5,000	5,500

[9] T. H. Briggs, Secondary Education, (New York: The Macmillan Company, 1933), pp. 193-251.

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Years of Experience	Bachelor Degree	Master's Degree
	Advancing	
3	5,300	5,800
4	5,600	6,100
5	5,900	6,400
	Career	
6	6,300	6,800
7	6,700	7,200
8	7,100	7,600
9	7,500	8,000

An additional five percent will be allowed upon completion of thirty hours of college credit beyond the master degree on a planned program approved by the superintendent or upon the completion of all requirements for a specialist degree, and an additional five percent will be allowed upon completion of all requirements for the doctorate degree. A maximum of ten percent will be allowed for training beyond the master degree.

The daily rate for substitute teachers shall be as follows: (1) non-degree $18 per day, (2) degree $22 per day. All substitute teachers must be properly certified prior to employment according to Michigan Certification standards.

Special education teachers whose positions are reimbursable in whole or in part from state funds shall receive one additional increment on the teachers' salary schedule.

The compensation for visiting teachers and diagnosticians shall be set at two additional increments on the schedule. Nurses follow the regular salary schedule.[10]

[10] Revised Teachers' Manual, Oak Park District Schools, 1960-61, p. 18.

The number of extra-curricular activities supported by a school has a definite bearing on expenditures. Many systems provide for extra compensation for special programs. Oak Park stipulates that eligible programs shall be those which require knowledge, training, experience and leadership that may or may not relate to the teaching assignment. Their schedule provides for the following additional compensation:

High School Head Coach	
Football	$500
Basketball	500
Baseball	500
Track	300
Cross Country	300
Tennis	300
Golf	300
Wrestling	300
Assistant Coach	
Major Sports	300
Minor Sports	150
Jr. High School Coaches - Each Sport	300
Jr. High Ass't. Coaches - Each Sport	150
High School Band Director	500

The educational program must clearly define the type of organization that the budget is supporting--6,3,3; 6,2,4; 8,4. These numbering systems refer to the number of grades in elementary, junior and senior high schools respectively. Even though a school system has one type of organization at the present time, doesn't mean that another type would not be more beneficial. For instance, Oak Park District Schools is currently operating under a 6,2,4 plan. However, since they have recently acquired the Carver District and their

own enrollments are increasing, consideration is being given to a 6,3,3 plan. This would relieve some pressure on the senior high school, since a new junior high building was just opened in January 1961.

The organizational chart for Oak Park District Schools is shown on the following page.[11] The line of responsibility and the function of the various administrators and committees are clearly indicated.

Definite policies relating to the responsibility of each individual and group connected with the school must be clearly determined before an adequate budget program can be formulated. This prevents the duplication of efforts and promotes cooperation within the organization. Everyone must assume their specific responsibility and work together in order to accomplish the desired objectives.

The educational objectives of Oak Park District Schools as adopted on January 7, 1960 are:[12]

A. The school shall assume the responsibility for material resources and teaching skills.

   1. To provide an equal opportunity for every child to grow to the limits of his capacities.

      (a) By measuring his capacities with an adequate testing program and professional observation.

      (b) By maintaining cumulative records containing test results, special abilities or disabilities, readily accessible to the classroom teacher.

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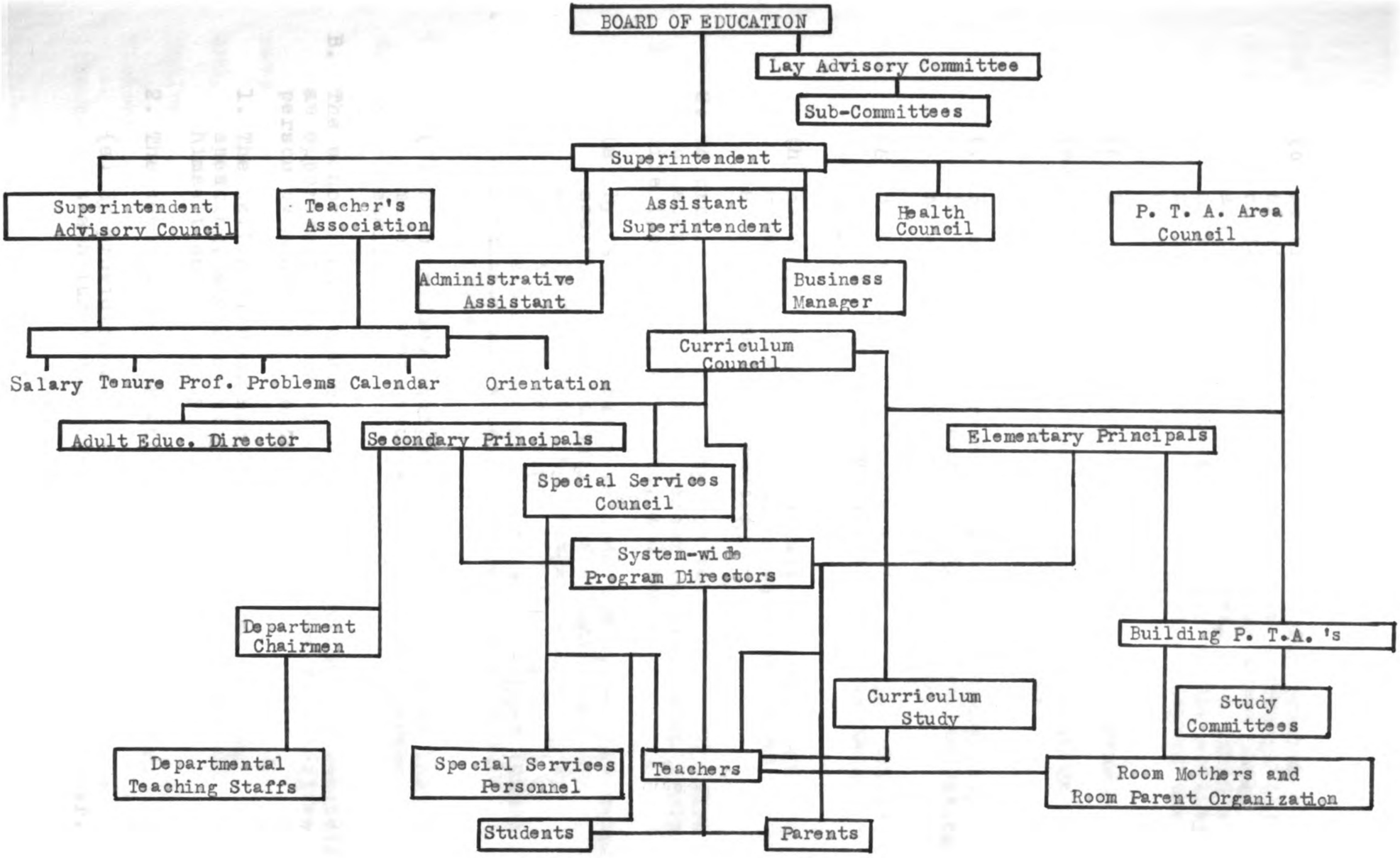
[11] Adopted Policies and Reports of the Board of Education and Staff from 1952-1958, (Michigan: Oak Park Board of Education, p. 5.

[12] Ibid., pp. 4b-4c.


BOARD OF EDUCATION
Lay Advisory Committee
Sub-Committees
Superintendent
Superintendent Advisory Council
Teacher's Association
Assistant Superintendent
Health Council
P. T. A. Area Council
Administrative Assistant
Business Manager
Salary
Tenure
Prof. Problems
Calendar
Orientation
Curriculum Council
Adult Educ. Director
Secondary Principals
Elementary Principals
Special Services Council
System-wide Program Directors
Department Chairmen
Building P. T.A. 's
Curriculum Study
Study Committees
Departmental Teaching Staffs
Special Services Personnel
Teachers
Room Mothers and Room Parent Organization
Students
Parents

(c) By providing an adequate reporting program of student achievement to parents through (1) conferences and (2) report cards where marks are a record of the relationship of a child's achievement to his ability, and to the ability of other children as he progresses beyond the elementary school.

(d) By organizing an adequate guidance program.

(e) By limiting the class size to numbers which permit optimum learning and warm human relations.

(f) By every teacher assuming the responsibility for meeting the needs of children not deviating more than two grades from the normal.

(g) By providing for teachers with special skills to work with children above and below these levels.

(h) By using subject specialists to assist the classroom teacher in an advisory capacity and by direct instruction.

2. To provide an opportunity for every child to learn to become a responsible member of democratic group life (political, economic, and social).

(a) By using democratic methods throughout the school adapted to the maturity of children and the efficient functioning of the school, (1) by including teacher-pupil planning, and (2) by maintaining an orderly and well-planned school situation where security encourages self-discipline.

(b) By providing equipment and organization that make the best democratic processes operate easily.

B. The school shall assume the responsibility for providing an opportunity for every child to become an effective person by mastering the following:

1. The skills of communication--reading, writing, speaking, and listening--to adequately express himself and to enjoy his cultural heritage.

2. The concepts of numbers adequate to his needs.

(a) By providing concrete materials adequate to teach functional concepts in sequential order.

(b) By developing mathematical processes inductively and deductively.

3. The habits of health of mind and body.

(a) By providing a mentally healthy classroom atmosphere.

(b) By understanding the structure and functioning of the human body.

(c) By placing emphasis on moral values.

4. The methods of science.

(a) By developing inquiring minds.

(b) By teaching the skills of problem solving.

(c) By teaching current scientific facts and concepts.

5. Skills that are conducive to aesthetic appreciation of the fine arts and practical arts.

C. The school shall assume the responsibility for stimulation of thinking and performing creatively.

D. The school shall assume the responsibility for a curriculum that:

1. Gives continuity, sequence, and integration to learning experiences.

2. Is balanced, reviewed and revised periodically, and not pressured by tradition or the emotions of the moment.

3. Stimulates continuous learning through life.

E. The school shall assume the responsibility for leadership among the educational influences in the community.

The philosophy followed by the board of education will have a direct affect on the program offered by the school and, as a consequence, on the budget. If a progressive philosophy is supported by the school and community, provisions may be found for the development of special abilities, interests, or talents. Many schools now offer courses which

qualify the student for advanced placement in college. These courses will be found only in schools which believe in developing the abilities of the student to the highest degree and who can financially support the additional teachers and equipment necessary. If the philosophy clearly provides for the education of students of all abilities, provisions should not only be made for the normal and superior student, but also for the mentally deficient. Special education courses require a special teacher and a special program. The teacher-pupil ratio involved is very small and would definitely have a direct affect on the budget.

Oak Park's philosophy of education specifically refers to cooperation between the community and school.[13] Citizens' Committee Meetings, hearings, and various discussion groups interested in phases of the educational program are often invited to present their proposals to the Board. This has a psychological reason--if people are involved in developing a program they will be more willing to live with it and to help support it financially. Gallagher's study of voluntary groups indicates that there is a close relationship between the number of voluntary groups in the community known to the school principals and the quality of education provided.[14]

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[13] Ibid., p. 1.

[14] Ralph P. Gallagher, Some Relationships of Symbiotic Groups to Adaptability in Public Schools and to Other Related Factors, manuscript, (Teachers College Library, Columbia University, 1949).

Oak Park District Schools' official philosophy of education and other general and operational principles having a bearing on the educational program and budget are as follows:

I. Introduction

Education is a cooperative process - it goes on in the school, home and community. It is a continuous process that does not cease with the completion of high school or college requirements. The public school has the responsibility to cooperate with all agents and resources of the community in its program and to do what is necessary to help create favorable school, home and community attitudes.

II. Purposes

A. Preparation of children and youth for social responsibility, family life, effective communication, appreciation of the arts, ethical insight and skills, habits and attitudes.

B. Relating instruction in a more meaningful manner to the democratic way of life.

C. Provision for special interests, abilities and deficiencies of the individual student.

III. General Personnel and Operational Principles

A. The Board of Education hereby gives recognition and approval to the following statements of policy:

1. The duties and responsibilities of all personnel should be properly defined and officially adopted in written form.

2. Teachers shall have the right to (a) seek and use new and improved methods of instruction, (b) lead private lives according to personal standards provided they are not in conflict with community expectations as a teacher.

3. Teachers have a responsibility to exercise a leadership role in the community and have professional obligations to take part in the activities of professional and community groups.

4. Change is inevitable, but change must come gradually after adequate study, and not because special interests dictate it.

5. Efforts should be made to involve, as nearly as possible, all parties who are directly affected by the school program in planning instructional and other school programs. Study committees composed of school administrators, teachers, parents and other lay persons will be recognized as needed. Committees charged with the responsibilities of studying problems involving Board policies must have the approval of the Board of Education, through the superintendent, to be recognized. Lay committees not involving Board policies must have the approval of the official representative of the Board.

6. All channels of communication must be kept open. School administrators and teachers shall have the right to study and debate school policy in accordance with recognized professional and ethical standards. Professional and lay personnel may petition the Board through its superintendent to pursue independent study for the purpose of making recommendations.

7. Orientation programs are needed to help the new teacher get a good start and to help her to understand her obligations and opportunities.

8. Supervisory service is needed to give intelligent help to classroom teachers in discovering and solving their problems and improve their teaching through cooperative planning and action.

9. Effort should be made to provide for classroom conditions suitable for good instruction, adequate lighting, reasonable class size and freedom from unnecessary interruptions.

10. Instructional supplies should be available in adequate amounts with adequate consideration given to the type of experience to be given to children. Teachers should help in the selection of these materials.

11. Parents and the general public should be kept continuously informed of the school program, its needs and problems.

12. Pupil evaluation and promotional procedures should be clearly defined. Methods and procedures used by the school should be mutually understood by parents, teachers and pupils.

13. Parent-teacher conferences in the guidance of children are essential. Worthwhile conferences require co-operative planning of teachers, parents and administrators.

14. A continuous program of in-service training of teachers planned and operated cooperatively by professional personnel is necessary. Conference attendance and workshops, particularly, are recognized as important features of the program.

B. We affirm, further, the following operational principles which are applied in Board of Education-Professional Staff relationships (Adopted January 7, 1960):

1. Status changes of members of the professional staff are made only upon the advice of administrators to whom this responsibility is delegated.

2. The responsibility for evaluation of staff members, educational programs, and teaching methods is delegated to administration through the superintendent.

3. The evaluation of educational programs is based upon study by the professional staff, the objective evidence provided by the testing program, and the criteria developed by educational authorities through recognized, valid research.

4. The responsibility for the recommendation of instructional policies and programs is delegated to the administration through the superintendent. The Board of Education formulates policies pertaining to instruction only after full consultation with the professional staff.

5. The Board of Education, in keeping with its delegated powers, formulates policies but charges the administration with the authority to implement those policies. Direct application of policy is carefully avoided by the Board of Education.

6. The Board of Education encourages full and free expression on the part of the professional staff of ideas and convictions in the area of education and community affairs. As an important aspect of this right, however, is the obligation of the individual to act in a responsible manner and to assume full responsibility for his actions.

7. Educational experimentation is likewise encouraged with responsible consideration.

8. In all relationships with individual members of the staff, full consideration will be given to rights, the personality, and the professional reputation of the individual. Due process procedures will be followed completely and consistently.

The duties of each administrator, assistant, custodian, and all other employees are clearly defined in a manual to provide for clear delegation of responsibility and avoid duplication of efforts. This, of course, is one of the prerequisites of a good budget program.

The educational program serves as a basis for the expenditure and financing programs. It corresponds to the specifications of a building--reflecting the philosophy and policies of education in the community. If it is to be useful in preparing the budget, it must be specific enough in details that essentials can be selected that reflect the educational plan adopted. It should include specific information on these questions.[15]

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[15]Johns and Morphet, op. cit., pp. 402-403.

1. Who should be educated? That is, will educational opportunities be limited to grades 1 to 12, or should the program include kindergarten, a junior college, and adult education opportunities?

2. What will be the probable enrollment in each age group or school program during the next five to ten years?

3. What additional sites, buildings, equipment and personnel will be needed during the next five to ten years?

4. For how many days during the year should the schools be kept open?

5. Should sufficient schools be employed to operate the schools during the summer months for enrichment and recreational purposes?

6. Should the school plants be planned to serve community purposes as well as the regularly organized school program?

7. What should be the pupil load per teacher?

8. What level of qualifications should be possessed by teachers?

9. What provisions should be made for exceptional children?

10. What provisions should be made for clinical and guidance services?

11. What provisions should be made for pupil transportation?

12. Should senior high schools be comprehensive high schools, or should special vocational schools be provided?

13. Should special teachers of art, music, and physical education be provided for elementary schools, or should elementary rooms be self-contained?

14. What variety of educational programs should be provided in junior and senior high school?

15. Should a school lunch program be provided, and what should be its characteristics?

16. What health services should be provided by the school system?

CHAPTER II

ESTIMATING EXPENDITURES--SPENDING PLAN

Theoretically, the educational or working plan determines the spending plan. The budget reflects the legal provisions of the State and is a direct result of the procedures involved in estimating expenditures. It is the purpose of this chapter to discuss the affect of legal provisions, the importance of following good procedures in estimating expenditures and the necessity for standardized records.

I. AFFECT OF LEGAL PROVISIONS

The laws governing the school budgetary process differs from state to state. Some make no provision for local school budgeting, others require detailed or itemized budgets. Michigan is among those states requiring a detailed budget. The state law of Michigan requires a budget to be prepared by each school district "upon forms in such manner as prescribed or approved by the state treasurer. . . Such budget shall clearly indicate the source of all estimated revenues and all expenses for the fiscal period covered."[16] In Michigan the accounting system of a local school may be audited by the Superintendent of Public Instruction when it is deemed necessary. The fiscal year shall begin on July 1, but no provision is made for the date of budget approval.

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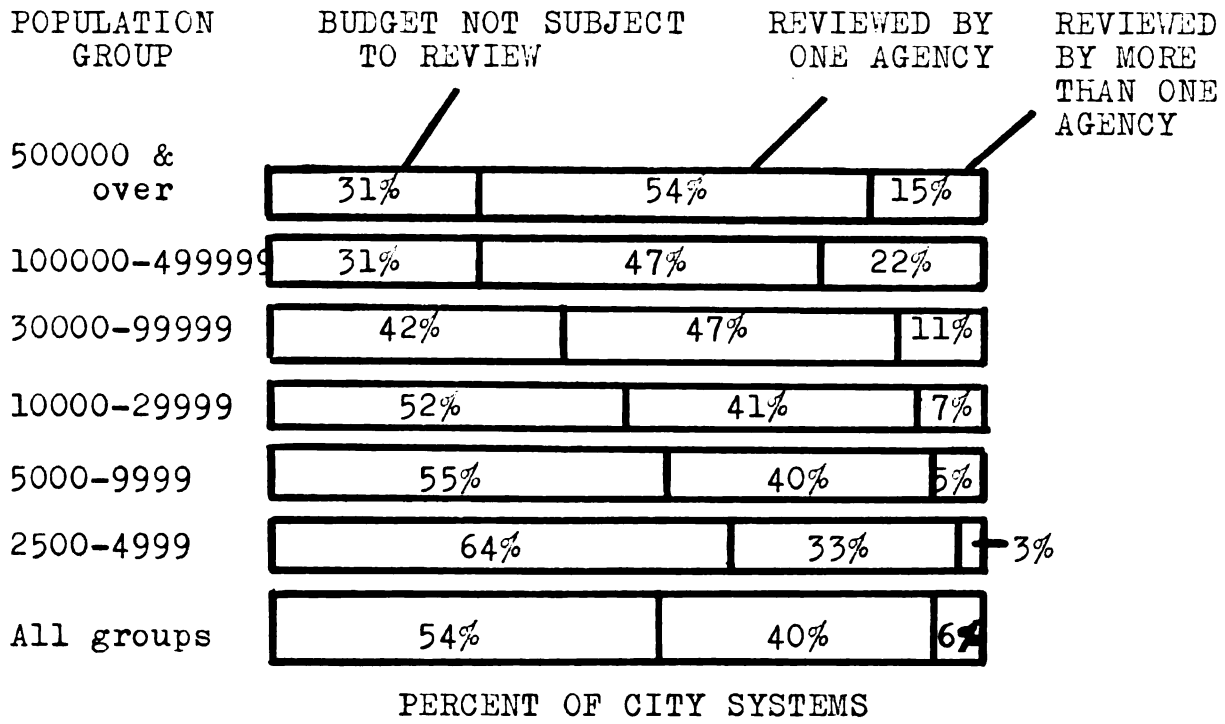
[16] Raymond Guy Compbell, State Supervision and Regulation of Budgetary Procedure in Public Schools Systems, (New York: Bureau of Publications, Teachers College, Columbia University, 1935), pp. 62-63.



Source: National Education Association, Research Division, "Fiscal Authority of City School Boards," Research Bulletin, Washington, D. C.: N. E. A., April 1950, 28:54.

The foregoing illustration indicates the percentage of city school systems which are required to have their budgets reviewed by an outside agency.

New York, for example, has a state salary schedule and Michigan stipulates that the primary fund can be used only for the payment of teachers salaries. Many states have developed state accounting systems and make available to local administrators budget forms accompanied by a manual.

As a general rule, the administrator should check the local city charter and ordinances for local regulations; the State School Code for state requirements; and should have on file the provisions for securing and expending Federal funds.

II. PROCEDURES IN ESTIMATING

Budgeting is often referred to as being a continuous task. To facilitate the preparation of the budget, a budget calendar indicating things to be done, the people who are to perform them, and the deadline for each has proven to be very helpful. The schedule adopted should be evaluated and developed to meet the problems of the local school.

Some schools have a specific calendar date for each task involved in budgeting, while other schools have a more general time schedule. Both Ferndale and Utica use a more or less general time schedule and have no specific printed budget calendar, while Oak Park Schools employ a rather elaborate schedule.

The revised budget procedures for Oak Park, effective September 1959, are as follows:[17]

1. Meeting with Superintendent's Advisory Council and all system directors to initiate budget preparations and distribute forms.	2nd Council meeting in October
2. Meeting of building budget committees to prepare tentative building budgets. Screening, compilation and preparation of building budgets by principals.	October 15 - December 1
3. The original and one carbon copy of tentative budget submitted to the Business Manager. (Budget to include a summary with substantiating data)	December 3
4. Superintendent and Business Manager review tentative budget requests.	December
5. Tentative budget allocations determined by Business Manager upon approval of Superintendent.	2nd Council in January

[17] Revised Teachers' Manual, op. cit., pp. 51-52.

6. Tentative budget allocations reviewed by Superintendent's Advisory Council and/or a Central Committee appointed by the Superintendent.	3rd and 4th meeting
7. Tentative budgets returned for adjustment if necessary and returned to Business Manager and Superintendent within one week.	Returned to Bus. Manager by Feb. 1
8. Adjusted budgets compiled by the Business Manager upon approval of the Superintendent.	
9. Submit orders for 325 (Bid Items).	March 1
10. Total budget presented by the Superintendent and Business Manager with the Superintendent's Advisory Council. (Copies to each member)	March 10
11. Budget submitted to the Board of Education for approval and adoption.	2nd Council in March
12. Budget submitted to the County Allocation Board	April 15
13. After the tax allocations have been determined by the Allocation Board, budgets to be resubmitted to the Superintendent's Advisory Council and/or Central Committee for adjustments, if necessary. All adjustments shall be properly noted in each budget.	
14. Proposed changes in the budget must be of an emergency nature and must be submitted in writing for review by both the Superintendent and Business Manager.	

A suggested school budget calendar which can be altered to meet the needs of a particular district is presented on the following page.[18]

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[18] New York State Education Department, op. cit., pp. 72-74.

1. a. Set up the new budget folders-carry forward notes on desirable items that could not be included in the budget just adopted. b. Revise budget calendar and request forms as experience indicates. c. Make preliminary notes on budget explanation formats that would be helpful another year.	July
2. a. Obtain, while summer repairs are in progress, preliminary estimates of building and major equipment repairs and alterations to be scheduled during the next budget year. b. Obtain preliminary appraisals for replacements to transportation fleet as overhaul work is done. c. Gather preliminary data dealing with potential re-evaluation of salary schedules. d. Outline the questions, having budget implications, that the curriculum and program committees should appraise.	July August
3. a. Following the new school census report or estimation: Review need for extension of transportation routes and additions to fleet that may be necessary another year. Explore need for additional classroom facilities and potential reallocation of children that may also be needed in a year. Bring long-term budget up to date for one year.	August Sept.
4. Advise staff regarding coming role in budgetary process; obtain general suggestions and recommendations.	Sept.
5. Appoint curriculum and program evaluation committees with directions to report needed changes in textbooks, supplies, equipment and staff by January 15. Appoint building needs committees with request to report budgetary implications by Jan. 30. Appoint and commence evaluation procedures of budget advisory groups--staff and lay citizens.	October
6. Budget request forms distributed to staff. Requests for operation and maintenance of plant supplies to be submitted to the central office.	October Nov.
7. Inspection of buildings and building equipment by the board with view to budget needs.	Dec. Jan.

Preliminary reports of curriculum and program committees received and discussed by the board. Final board approval given to format to be used in compiling the budget document. Board review and discussion of salary schedules and emoluments begun.	Dec. Jan.
8. Final reports received by the board from curriculum and program evaluation committees.	Jan.
9. Requests for furniture and equipment additions and replacements to be sent to the central office. Requests for textbooks, workbooks, supplementary reading materials and library books and supplies to be sent to the central office. Requests for instructional supplies and apparatus to be sent to the central office. Requests for staff travel to be submitted to the central office. Requests for new positions to be submitted for board action. Estimates for general control and other central office supervised expenditures to be compiled by central office.	Feb.
10. Final decisions rendered regarding salary schedules and emolument changes. Notices of salary sent to staff and returned. Estimates of income compiled by central office. Coding, analysis and adjustment of budget items done by central office. Preliminary compilation of tentative total budget made. Final reports from budgetary advisory groups made to the board. Preliminary draft of popularized budget developed.	March
11. Budget adopted.	Prior to June 30

Past experience is an important factor in estimating probable future expenditures. Records to substantiate and indicate previous experiences are (1) surveys, (2) child accounting, and (3) cost accounting data.

Local, state, and federal surveys relating to curriculum, teacher training, and school finance may be used as a guide or basis for supporting arguments applying to the school program.

Initial enrollment records should be used to indicate historical growth of enrollments over the years. Census forms, attendance records, enrollment figures, and class schedules represent a source of data for indicating past and future enrollments. Once the estimated enrollment is established, the desired teacher-pupil ratio can be applied to determine building and staff needs.

The projected enrollment figures for Oak Park and their function in determining staff requirements and classroom needs for 1960-1966 are shown below.[19]

Projected Elementary School Enrollments
1960-1966
(pupil-teacher ratio used was 27-1)

	60-61	61-62	62-63	63-64	64-65	65-66
K	787	756	798	738	698	563
1	669	697	666	708	658	608
2	662	669	697	666	708	658
3	654	662	669	697	666	708
4	572	654	662	669	697	666
5	465	572	654	662	669	697
6	435	465	572	654	662	669
Spec. Ed.	24	24	24	24	24	24
	4268	4499	4742	4818	4782	4593
Exist. Rms.	144	144	144	144	144	144
Total Rms. Needed	161	166	176	180	177	170
Yr. Deficit	-17	-22	-32	-36	-33	-26

[19] Population, Program, and Financial Characteristics of the Oak Park District Schools, October 25, 1960, prepared for the Oakland County Board of Education.

Projected Junior High School Enrollments

	60-61	61-62	62-63	63-64	64-65	65-66
7	443	435	465	572	654	662
8	391	443	435	465	572	654
Sp. Ed.	16	17	18	21	25	27
	850	895	918	1058	1251	1343
Exist. Rms.	27	27	27	27	27	27
Total Rms. Needed	27	29	29	34	41	44
Yr. Deficit	0	-2	-2	-7	-14	-17

In school year 1960-61 special education students number about (1) per 50 pupils. This ratio has been used for the 5 year projection.

Projected Senior High School Enrollments

	60-61	61-62	62-63	63-64	64-65	65-66
9	391	391	443	435	465	572
10	290	391	391	443	435	465
11	223	290	391	391	443	435
12	274	223	290	391	391	443
	1178	1295	1515	1660	1734	1915
Exist. Rms.	59	59	59	59	59	59
Total Rms. Needed	59	65	76	83	87	96
Yr. Deficit	0	-6	-17	-24	-28	-37

For the school year 1960-61 the senior high school is using all of its facilities (59) rooms. For an enrollment of 1178, this gives a ratio of 20-1. This means that for every twenty students there is one teacher. This same ratio has been used for the 5 year projection.

Total Projected School Enrollments

	60-61	61-62	62-63	63-64	64-65	65-66
Elem.	4268	4499	4742	4818	4782	4593
Jr. High	850	895	918	1058	1251	1343
Sr. H. S.	1178	1295	1515	1660	1734	1915
	6296	6689	7175	7536	7767	7851
Exist. Rms.	230	230	230	230	230	230
Total Rm. Needs	247	260	281	297	305	310
Yr. Deficit	-17	-30	-51	-67	-75	-80

Projected Staff Needs

Enrollment	6296	6689	7175	7536	7767	7851
No. of Teachers	256	269	293	318	338	353
Spec. Staff	52	59	68	72	75	77
	308	328	361	390	413	430
Total Staff Increase	35	20	33	29	23	27
Admin.	18	20	21	21	22	22

Elem. Teachers (K-6)

Enrollment	4268	4499	4742	4818	4782	4593
Teachers	144	150	160	164	164	164
Increase	8	6	10	4	0	0

The above projections represent an approximate 30-1 pupil-teacher ratio. The number of classrooms available will be a limiting factor until additions are made to existing schools, but additional teachers are provided for special programs which may be added. Classrooms available in 1960-61 will limit the number of new classroom teachers to 5, but an additional 3 teachers are shown which would make it possible to add foreign language to the elementary school program.

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Jr. H. S. Teachers (7-8)

	60-61	61-62	62-63	63-64	64-65	65-66
Enrollment	850	895	918	1058	1251	1343
Teachers	46	48	49	60	70	75
Ratios	19:1	19:1	19:1	18:1	18:1	18:1
Increase	12	2	1	11	10	5

The ratio for the school year 60-61 drops to 19:1 from 21:1 to allow additional teachers for new or expanded programs --foreign language at both grade levels, a full year of science in 8th grade, expansion of remedial programs. Based on actual projections of class size this increase in staff will provide for a decrease in average class size for all required courses from the present 31 to approximately 28.

Senior H. S. Teachers (9-12)

	60-61	61-62	62-63	63-64	64-65	65-66
Enrollment	1178	1295	1515	1590	1734	1915
Teachers	66	73	86	96	104	114
Ratios	18:1	18:1	18:1	17:1	17:1	17:1
Increase	10	7	13	10	8	10

The decrease in ratios from 19:1 to 17:1 provide for 3 factors: lightened teaching loads for teachers involved in new programs such as Beberman Math and M. I. T. Physics, additional time for departmental coordination as staff size increases, and provision for four year course sequences for which the registration may be light for 3rd and 4th years.

Cost analysis provides a means of determining a mathematical basis for forecasting estimated expenditures. The cost of each type of expenditure is ascertained and evaluated in terms of the variable unit related to such costs--for example, costs per pupil in average daily attendance, per pupil in average daily membership, per teacher or classroom, per square feet of floor area, etc. The authenticity of the accounting records, on which this data is based, must be substantiated by an annual audit conducted by an agency outside the school system--external audit.

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Once the enrollment figures have been projected and the desired student-teacher ratio is known, the number of teachers required can easily be determined. Consideration must also be given to any special programs that may be introduced which might tend to lower the pupil-teacher ratio and increase the number of teachers needed. The number of teachers can then be applied to the salary schedule to determine the largest single expenditure in the school budget. Of course, in doing so the experience of the potential teachers must be considered. The summary of Oak Park's salary budget is presented in the appendix. In 1960-61, $2,513,622 was appropriated for salaries out of a total budget of $3,426,857 or approximately 73 per cent. Utica, on the other hand, appropriated approximately $2,419,000 out of $3,059,000 for salaries or about 79 per cent of its total budget. The 6 per cent difference is undoubtedly accounted for by the numerous bus drivers employed by Utica.

Another large expenditure item in the budget is operation of the plant, which includes custodial wages, fuel, gas, water, electricity, telephone, supplies, and other operating expenses.

An analysis of the expenditures for the school systems of Oak Park and Utica is presented on the following page. The amount and per cent of the total budget is indicated for each account. The amount of salaries included in each account is also indicated together with the per cent that it represents of the total budget.

Utica's expenditures for 1960-61 and the individual percentages are presented below:[20]

Account	Amount Approp.	%	To Salaries	%
Administration	$ 92,849	3.0	$ 68,268	2.2
Instruction	2,058,918	67.3	1,953,954	63.9
Health Service	14,349	1.0	11,288	.4
Pupil Transportation	227,565	7.4	157,588	5.1
Operation of Plant	405,205	13.0	211,231	6.9
Maintenance of Plant	33,940	1.1		
Fixed Charges	30,427	1.0		
Food Service	400			
Community Services	32,050	1.0	17,050	.6
Capital Outlay	162,222	5.0		
Outgoing Transfers	870			
	$3,058,795	100.0	$2,419,379	79.1

Oak Park's appropriations for 1960-61 were:[21]

Account	Amount Approp.	%	To Salaries	%
Administration	$ 145,203	4.2	$ 115,703	3.4
Instruction	2,281,856	66.6	2,105,682	61.5
Operation	398,750	11.6	256,000	7.4
Maintenance	32,000	1.0		
Fixed Charges	21,000	1.0		
Auxiliary Services	44,498	1.0	36,238	1.0
Capital Outlay	105,500	3.0		
Supplemental Disburse.	398,050	11.6		
	$3,426,857	100.0	$2,513,623	73.3

It should be noticed that the percentage spent for instruction in each of the school systems is approximately the same--67 per cent. The amount expended for administration is 3 per cent in Utica compared to 4.2 per cent in Oak Park. This is accounted for largely by the fact that Oak Park has more assistants to the superintendent. The operation and maintenance of plant for the two schools compare as follows:

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[20] Utica Community Schools, Preliminary Budget 1961-62.

[21] Dr. James N. Pepper, op. cit., p. 2.

	Utica		Oak Park	
Total Budget	$3,058,795	100.0%	$3,426,857	100.0%
Operation	405,205	13.2	398,750	11.6
Maintenance	33,940	1.1	32,000	.9
	$ 439,145	14.3%	$ 430,750	12.5%

The difference is attributed to the fact that Utica operates nine individual schools and an administration building while in 1960 Oak Park only operated eight buildings plus an administration building.

The percentage allocated for pupil transportation service in Utica (7.4%) exceeds the percentage expended for auxiliary services in Oak Park which includes health, food, transportation, attendance, and student body and community services (3.0%). This is because Utica maintains approximately forty buses to Oak Park's four.

Cost analysis may help in estimating operating expenditures for a new building. One of the most common units of expressing costs of operating public schools is the total current expenditures per pupil in average daily attendance. Caution should be taken when using this unit analysis as a basis for comparison with other districts. Due to the lack of uniformity in accounting systems and the wide range of educational programs, expenditures may be classified differently. The most frequently mentioned chart of cost units was prepared in 1927.[22]

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[22] N. L. Engelhardt and Fred Engelhardt, Public School Business Administration, (New York: Teachers College, Columbia University, 1929), p. 789.

1. Total Educational Cost--per pupil in average daily attendance (ADA)
2. Building Cost--per pupil in ADA
3. Administrative Cost--per pupil in ADA
4. Instructional Cost--per pupil in ADA
5. Supervision Cost--per teacher supervised
6. Attendance Cost--per pupil in ADA
7. Instructional Supply Cost--per pupil in ADA
8. Special Activities--per pupil in ADA
9. Janitorial Supply Cost--square feet of floor space
10. Sanitary Supply Cost--per pupil in ADA
11. Maintenance Cost--square feet of floor area or value
12. Operation Cost (Cleaning)--square feet of floor area or value
13. Auxiliary Services--per pupil in ADA
14. Janitor Service--square feet of floor area
15. Teaching a subject--per pupil-hour or per pupil in ADA

I believe that the unit costs involving the categories of teaching a subject, operation costs, attendance cost, instructional cost and total educational costs should probably be computed on the basis of daily average membership instead of average daily attendance. All of the personnel involved are salaried and would be paid regardless of the number of students present. Tests and supplementary materials are usually duplicated in sufficient quantity to provide for all students registered regardless of their attendance for any particular day. The administrative costs should undoubtedly be computed on a per teacher basis, due to the fact that the administration has little to do with the individual student. Heating costs, which would probably be included under Maintenance in the above classification, should not be considered to vary only on the basis of square feet area. Other factors such as location, boiler efficiency, type of fuel, exposure to prevailing winds, amount of glass, building material, type

of insulation, and other factors affect the amount of heat loss.

The procedure that Ferndale City Schools used in determining a budget estimate for fuel in 1958-59 is explained on the next page. The amount of fuel consumed by each building and the prices paid over a period of 5 years were derived from the accounting records. The unit cost and the quality of fuel purchased was also considered.[23]

Records revealed that #2 oil had increased in cost from 14.4 cents to 15.4 or nearly 7 per cent. Number 5 fuel oil remained at 10 cents per gallon. Coal increased from $11.25 to $11.69 per ton or about 4 per cent. Number 6 fuel oil was currently being sold at about 9 cents per gallon. Since no experience had been had at Ferndale High School (just opened) and since some price increases were probable, it was estimated that not less than $80,000 should be budgeted.

To improve the budgetary process a standard amount of fuel (quantity and price) might be forecasted on the basis of the amount of fuel consumed per square feet in prior years and then adjusted for any predicted volume or price differences.

A file may be kept during the year in which information pertinent to the budget can be placed. This might include unit costs, insurance premiums for next year, references to board minutes that might affect future expenditures, and reasons for exclusion of some items from the budget.

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[23]Lloyd M. Atwood, Assistant Superintendent, Non-Salary Items To Be Considered in 1958-59 Budget, Ferndale City Schools, p. 43.

D E L I V E R I E S

	1952-53	1953-54	1954-55	1955-56	1956-57
#5 Fuel Oil (gals.)	247,[illegible]	284,503	312,494	318,993	334,694
Stoker Coal (tons)	276.51	442.12	479.58	421.00	349.98
Egg Coal (tons)	387.06	427.57	336.20	272.65	[illegible].18
Control Oil (gals.)		6,850	6,030	6,991	6,059

School	1952-53	1953-54	1954-55	1955-56	1956-57
Best*	-------	-------	$ 3,198.12	$ 2,676.35	$ 2,880.86
Central*	$ 1,065.41	$ 1,033.30	891.51	1,002.83	911.36
Coolidge*	3,946.21	4,414.86	3,535.81	4,597.61	5,992.00
Grant*	3,606.67	3,003.11	3,217.02	4,338.80	4,311.65
Harding***	1,288.65	2,178.69	1,667.30	1,295.37	1,645.88**
Jackson*	2,345.15	3,149.54	3,005.67	3,677.85	3,880.88
Jefferson**	1,115.75	493.95****	2,334.98	2,080.93	2,037.94
Lincoln*	8,991.20	9,344.97	9,427.29	14,224.57	14,303.60
Roosevelt*	2,758.70	2,743.78	3,339.41	4,046.35	3,877.60
Taft**	1,773.89	503.24****	2,694.38	2,839.10	1,734.75
Washington***	1,983.47	1,997.89	2,424,37	2,189.60	2,604.91*
Wilson***	2,222.71	2,281.17	2,256.28*	2,917.40	2,032.28*
Total	$31,262.01	$31,493.60	$36,938.14	$47,958.65	$48,112.65

Wilson: Converted to oil in December 1954.
Harding: Converted to stoker in summer of 1956, and to bin fed stoker in 1957.
Washington: Converted to oil in January, 1957.

Fuel Costs: January 1, 1958; #5 Oil 10¢ per gallon, Stoker Coal, $11.69 per ton.

* Oil
** Stoker
*** Hand Fired
**** Used Coal Previously Bought and Stored

	1953-54	1954-55	1955-56	1956-57	To 1-1-58 1957-58	1958-59
Appropriation	$40,000	$42,500	$42,500	$43,000	$51,500	$80,000
Expenditure	31,494	36,938	47,986	48,113	12,651.59	
	December			September		
Enrollment	7,404	7,689	7,863	7,950	8,062	Est. 8,292

Estimated Need	
Stoker Coal, 500 tons @ $11.69	$ 5,845
#5 Fuel Oil, 425,000 gals. @ $.10	42,500
#6 Fuel Oil, 300,000 gals. @ $.09	27,000
#2 Fuel Oil, 6,500 gals. @ $.154	1,001
Total	$76,346

Catalogs from various suppliers should be kept up to date and readily available. Adequate records should also be maintained relating to purchases. This facilitates pricing of items to be resold in the bookstore and provides an accurate allocation per item for use in forecasting future expenditures.

Many school systems use a standard list of supplies which is distributed to teachers or departments in order to obtain requests for the succeeding year.

Utica Community Schools, for instance, has a 13-page list of standard instructional supplies. This form lists the stock number, amount requested, current inventory, amount to order, unit cost, and the total cost. A sample page selected from this list is shown on the following page.

Oak Park District Schools has just initiated the use of a standard supply list. Therefore, it is not as complete as

L No.	Unit	Article	Stock No.	Need	Less Inv.	Amt. to Order	Unit Cost	Total Cost
1		Masters (100 per box)						
2		Short Run						
3	box	Purple	02271				2.25	
4	box	Black	02272				3.65	
5	box	Red	02273				3.65	
6	box	Green	02274				3.65	
7	box	Blue	02275				3.65	
8		Long Run						
9	box	Purple	02276				3.65	
10		Erasers:						
11	each	#100 Pink Pearl	02280				.07	
12	each	#300 Pink Pearl	02281				.04	
13	each	#1 Art Gum	02282				.08	
14	each	#2 Art Gum	02283				.08	
15	each	Round Typewriter Eraser with Brush	02284				.14	
16	each	Stick Style - Typewriter Eraser & Brush	02285				.12	
17		Mimeograph Supplies:						
18		Ink - 1 lb. Tube						
19	tube	Black	02290				1.85	
20	tube	Silver Gray	02291				1.85	

Total Page _____

Utica's and does not contain price or inventory data.

When a standard list of supplies and equipment is used, caution should be taken so that new products which may be more efficient and durable are not overlooked. Adequate inventory records should be maintained either in the main office or storeroom so that particular items are not overstocked or diminished. However, excessive records involving minor or inexpensive supplies may become costly.

To aid the building principals in budget preparation, the central office at Oak Park distributes forms classified according to account number. A description of the items to be included in each account appears on the individual sheets. Some amounts are based on a per pupil allocation while others must be arrived at through cooperative planning. The principals send these sheets to the business manager for formulation into the total planning budget. Since the items are already classified according to account much time is saved.

Oak Park does not permit piece-meal budgeting. That is, once a building's principal has compiled a tentative budget for the entire year and has submitted it to the business manager, additional requests will not be considered. Any late requests must be substantiated in written detail and must be of an extreme emergency nature. Partial requests cannot be properly evaluated and defeats the purpose of budgeting. Once the budget is approved requisitions are submitted dated July 1 for all items needed the following September. Requisitions for items not in the budget are cancelled.

The criteria for evaluating budget requests in Oak Park is determined by the answers to the following questions: (1) Will the inclusion of this request improve or maintain the instructional program? (2) Will its non-inclusion seriously impair the instructional program? (3) Will it materially effect the health or safety of pupils or employees? (4) Will it increase the economy of maintenance or operation? (5) Will it prevent deterioration of school property? (6) Is it necessary but may be accomplished over a several-year period? (7) Is it more economical to replace or repair?

If the request falls into the following categories, it should not be made: (1) desirable but not necessary; (2) impractical; (3) cost exceeds functional value; (4) will add esthetic value only; (5) contrary to policy; (6) it may be postponed without adverse consequences.

BUDGET

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BUDGET RECOMMENDATIONS[24] SCHOOL_____

TEXTBOOKS & REFERENCE MATERIAL

INSTRUCTION 327

Recommended Budget 1961-62_____

Budget Allocation 1960-61_____

Expenditures 1959-60_____

Textbooks & Reference Material: This account includes all textbooks, supplementary texts, and reference materials which are furnished free to students in grades 1-6. This account also includes reference books for the Junior and Senior High School.

Basic Texts Per Pupil	$1.50
Supplementary Texts	2.50
Reference, Encyclopedia, Dictionaries	1.00
Total per pupil	$5.00

Justification: Please include pertinent substantiating information to justify the above requests. Use reverse side of this page or attach additional pages if necessary. Be sure to properly identify each of the above items. Any budgetary increases proposed for next year should be carefully explained.

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[24] Dr. Arthur Matthews, Principal, Oak Park Senior High School, 1961.

BUDGET RECOMMENDATIONS SCHOOL_____

MAINTENANCE OF BUILDINGS

MAINTENANCE 341

Recommended Budget 1961-62_____

District Budget Allocation 1960-61_____

District Expenditures 1959-60_____

MAINTENANCE OF GROUNDS: Please include expenses pertaining to snow removal, drainage repairs, grass seed, fertilizer and shrub replacements.

BUDGET RECOMMENDATIONS SCHOOL_____

MAINTENANCE OF BUILDINGS

MAINTENANCE 342

Recommended Budget 1961-62_____

District Budget Allocation 1960-61_____

District Expenditures 1959-60_____

MAINTENANCE OF BUILDINGS: Please include all repairs and replacements pertaining to carpentry work, plastering, painting, roofing, replacement of glass, cleaning of drapes, building or classroom alterations, and additional hardware.

BUDGET RECOMMENDATIONS SCHOOL_____

MAINTENANCE OF FURNITURE & EQUIPMENT

MAINTENANCE 343

Recommended Budget 1961-62_____

Budget Allocation 1960-61_____

Expenditures 1959-60_____

MAINTENANCE OF FURNITURE & EQUIPMENT: Include cost of replacing, repairing and servicing of the following types of equipment: desks, chairs, typewriters, office equipment, instructional apparatus, musical instruments, phonographs, radios, shop tools and similar items.

Also include electrical, plumbing, lighting, heating, ventilating repairs and repair to time and public address equipment.

If equipment is to be replaced, cost of original equipment will be charged to Maintenance 343, and that cost exceeding the original price of equipment will be charged to Capital Outlay. Example: If a typewriter purchased in 1955 costs $180.00 and the replacement cost is $250.00, $180 will be charged to Maintenance 343 and $70 will be charged to Capital Outlay 373.

Justification: Please include pertinent substantiating information to justify the above requests. Use reverse side of this page or attach additional pages if necessary. Be sure to properly identify each of the above items. Any budgetary increases proposed for next year should be carefully explained.

BUDGET RECOMMENDATIONS SCHOOL_____

CAPITAL OUTLAY - GROUNDS

CAPITAL OUTLAY 371

Recommended Budget 1961-62_____

Budget Allocation 1960-61_____

Expenditures 1959-60_____

GROUNDS: Include improvement of grounds or equipment for grounds. Examples: filling, grading, paving of driveways, seeding lawns, trees, shrubs, sidewalks, fences, flagpoles, etc. These items must refer to an original outlay.

Justification: Please include pertinent substantiating information to justify the above requests. Use reverse side of this page or attach additional pages if necessary. Be sure to properly identify each of the above items. Any budgetary increases proposed for next year should be carefully explained.

BUDGET RECOMMENDATIONS SR. HIGH SCHOOL

CAPITAL OUTLAY - FURNITURE & EQUIPMENT

CAPITAL OUTLAY 373.3

Recommended Budget 1961-62_____

Budget Allocation 1960-61_____

Expenditures 1959-60_____

FURNITURE & EQUIPMENT: Please include articles that are relatively durable in nature and are not physically destroyed in use. Please include such articles with a unit cost of more than $15 and having a normal life of more than five years. Examples: tables, chairs, typewriters, maps, globes, instructional apparatus for chemistry, physical science, equipment for commercial department and home economics.

Please list allocations for Physical Education, Audio-Visual, Instrumental and Vocal Music separately.

Justification: Please include pertinent substantiating information to justify the above requests. Use reverse side of this page or attach additional pages if necessary. Be sure to properly identify each of the above items. Any budgetary increases proposed for next year should be carefully explained.

III. ACCOUNTING RECORDS

One of the purposes of budgeting is to maintain control of funds. In order to achieve this, the accounting records must have the same classification of accounts as the budget. Also, for effective control, the chart of accounts must be set up in terms of managerial responsibility.

Expenses may be classified by character, organizational units, objects, functions, and funds.[25]

Character classification of expenses may be divided into three parts: (1) current expenses, (2) capital outlay, (3) debt service. These may be subdivided as follows:

Current Expenditures	Capital Outlay
General Control	Sites
Instruction	Buildings
Auxiliary Agencies	Building Equipment
Coordinate Activities	Educational Equipment
Operation of Plant	
Maintenance of Plant	
Fixed Charges	

Debt Service
- Interest on loans repaid during the year
- Principal and interest on short-term loans or warrants
- Principal and interest on bonds

This method of classifying expenses is applicable to schools of all sizes and is recommended by the National Education Association and the National Association of Public School Business Officials, and several state departments.

According to statistics published by the United States Office of Education, the percentage distribution of current expenditures in the average school system is as follows:

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[25] DeYoung, op. cit., p. 70.

PERCENTAGE DISTRIBUTION OF CURRENT EXPENDITURES

Source: Ward G. Reeder, School Boards and Superintendents, (New York: The Macmillan Company, 1954), p. 85.

General Control (Administration)	4.8
Instruction	69.4
Operation of School Plant	10.4
Maintenance of School Plant	3.4
Auxiliary Agencies	7.4
Fixed Charges	4.6
Total Percentage	100.0

For Ferndale's non-salary items included in the 1958-59 budget, see the appendix.

It is suggested by Knezevich and Fowlkes that the character classification of accounts is rather vague. They recommend a functional-character classification as being more meaningful by implying that the index of the intrinsic quality (character) can be understood best by examining the kind of expenditure.[26]

Classification according to object entails grouping transactions according to the items purchased--fuel, textbooks, instructional supplies, etc. Because this classification would lead to numerous accounts, subsidiary ledgers could be used along with the character-functional class to indicate the expenditure purpose for cost analysis.

Grouping of accounts by organizational unit refers to classification of expenditures according to the individual schools involved.

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[26] Stephen J. Knezevich and John Guy Fowlkes, Business Management of Local School Systems, (New York: Harper and Brothers, 1960), p. 96.

The following accounts are suggested by the United States Office of Education as the major expenditure accounts under the functional-character classification: Administration, Instruction, Attendance Service, Health Services, Pupil Transportation Services, Operation of Plant, Maintenance of Plant, Fixed Charges, Food Services, Student Body Activities, Community Services, Capital Outlay, Debt Services from Current Funds, and Outgoing Transfer Accounts.[27]

Encumbrance accounting is an aid used to insure the proper disbursement of funds. It is necessary for financial control and represents a commitment of funds prior to the actual disbursement to liquidate a liability.

The absence of adjustments for depreciation, accruals, and deferred items, which are considered necessary in industry to present a true profit and loss statement, tends to simplify school auditing and accounting. Since this is a non-profit organization no emphasis is placed in this area.

Up to this time school systems have more or less voluntarily used the generally accepted character method of classifying expense accounts. However, there is a group of schools in Michigan currently experimenting with a uniform accounting system recommended by the United States Department of Health, Education, and Welfare. Utica Community Schools is a participant in this experiment in an attempt to standardize accounting

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[27] Ibid.

records. The expenditure accounts are classed as follows:[28]

ADMINISTRATION
100 Series

110. Salaries
120. Contracted Services
130. Other Expenses

INSTRUCTION
200 Series

210. Salaries
    211. Principals
    212. Consultants or Super.
    213. Teachers
    215. Sec. & Cler. Ass'ts.
    216. Other Salaries for Inst.
220. Textbooks
230. School Libraries & Audiovisual
240. Teaching Supplies
250. Other Expenses

ATTENDANCE & HEALTH SERVICES
300-400 Series

300. Attendance Services
    310. Salaries
    320. Other Expenses
400. Health Services
    410. Salaries
    420. Other Expenses

PUPIL TRANSPORTATION SERVICES
500 Series

510. Salaries
520. Contracted Ser. & Pub. Carriers
530. Replacements of Vehicles
540. Transportation Insurance
550. Expenditures in Lieu of Trans.
560. Other Expenses

OPERATION OF PLANT
600 Series

610. Salaries
620. Contracted Services
630. Heat for Buildings
640. Utilities, Except Heat
650. Supplies
660. Other Expenses

MAINTENANCE OF PLANT
700 Series

710. Salaries
720. Contracted Services
730. Replacements of Equip.

FIXED CHARGES
800 Series

810. Employee Retirement
820. Insurance & Judgments
830. Rental of Land and Buildings
840. Interest on Current Loans
850. Other Fixed Charges

FOOD SERVICES AND STUDENT-BODY ACTIVITIES
900-1000 Series

900. Food Services
    910. Salaries
    920. Other Expenses
    930. Separate fund or account
1000. Student-Body Activities
    1010. Salaries
    1020. Other Expenses
    1030. Separate fund or account

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[28] United States Department of Health, Education, and Welfare, Financial Accounting for Local and State School Systems, (Washington: United States Government Printing Office, 1957), p. xix.

COMMUNITY SERVICES
1100 Series

1110. Recreation
1120. Civic Activities
1130. Public Libraries
1140. Custodial and Detention Care of Children
1150. Welfare Activities
1160. Nonpublic School Pupils
  1161. Instructional Services
  1162. Attend. & Health Services
  1163. Transportation Services

CAPITAL OUTLAY
1200 Series

1210. Sites
1220. Buildings
1230. Equipment

DEBT SERVICE FROM CURRENT FUNDS
1300 Series

1310. Principal of Debt
1320. Interest on Debt
1330. Paid into Sinking Fund
1340. Schoolhousing Authority
1350. Other Debts Service

OUTGOING TRANSFER ACCOUNTS
1400 Series

1410. Districts in the States
1420. Districts in Another State
1430. Tuition to other than public schools

The Office of Education also publishes a complete handbook concerning this method of accounting. The universal standardization of accounts and terminology will: (1) help insure appropriate initial recording of financial data; (2) improve the school accounting system; (3) improve school budgeting; (4) provide a sound basis for cost accounting; (5) improve the accuracy of local, State, and national summaries; (6) facilitate comparisons of financial information among communities and among States; (7) aid policy determination; (8) improve the accuracy of educational research; and (9) facilitate the improvement of reliable reporting on the condition and progress of education.[29]

There is a distinctive need for a standard accounting system for schools. However, the USOE Handbook discussed

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[29] Ibid., p. xvi.

above is deficient in certain areas. It only outlines expenditure and revenue accounts and makes no provision for encumbrance, net worth, liability, or asset accounts. Although this is a step in the right direction, I believe the handbook must be expanded.

The significant changes that this handbook presents are: (1) accounts are given numbers as well as name; (2) revenue receipts are classified by source rather than a combination of source and method of production; (3) the term ADMINISTRATION is used in place of GENERAL CONTROL; and (4) instead of an account for AUXILIARY SERVICES new accounts have been established for ATTENDANCE AND HEALTH SERVICES, PUPIL TRANSPORTATION, FOOD SERVICES, STUDENT BODY ACTIVITIES, and COMMUNITY SERVICES. The latter, of course, must be a tremendous help in analyzing the cost of various activities.

CHAPTER III

ESTIMATING REVENUE--FINANCING PLAN

Early in the history of public school budgeting, the expenditure program was of paramount importance. Twente in his study of statutory provisions for budgetary procedure revealed that:

> In thirty-four states expenditure estimates are required, whereas in only ten states items pertaining to the estimated income for the fiscal period are designated.[30]

However, today with the tremendous expansion of public schools and the lack of adequate funds, the finance program has become a rather complicated problem. In theory, the educational program serves as a basis for determining expenditures which in turn are used to compute the necessary receipts. Nevertheless, in practice it is frequently found that the finances available determines both the educational and spending programs. Among the factors affecting revenue are predetermined tax rates and the willingness and ability of the community, state, and nation to support public education.

It is the purpose of this chapter to present the more important sources of revenue and some of the factors involved in estimating them for budgetary purposes. Special emphasis will be placed upon trends developing in public school receipts.

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[30]Twente, op. cit., p. 14.

The revenue receipts for public schools during selected years are presented in the table below.

TRENDS IN SOURCES OF SCHOOL REVENUE RECEIPTS BY LEVEL OF GOVERNMENT
(in millions of current dollars)

	1929-30		1939-40		1949-50		1957-58	
	AMT.	%	AMT.	%	AMT.	%	AMT.	%
Federal	$ 7	.3	$ 40	1.8	$ 156	2.9	$ 396	3.6
State	354	17.0	685	30.3	2,166	39.8	4,527	40.6
Local	1,728	82.7	1,536	67.9	3,115	57.3	6,220	55.8
Total	$2,089	100%	$2,261	100%	$5,437	100%	$11,143	100%

Source: Data for 1929-30, 1939-40, and 1949-50 from Biennial Surveys and Statistical Circulars, Office of Education and for 1957-58 from Advanced Estimates of the Public Elementary and Secondary Schools for the Year 1957-58, National Education Association.

An analysis of the preceding table reveals that the per cent of funds provided by the Federal Government increased 3.3 per cent from 1929-30 to 1957-58. The percentage of revenue furnished by local sources has declined, while the percentage of State contributions has increased.

In 1957-58 approximately 53 per cent of the revenue receipts for public schools was derived from property taxes, 42 per cent from non-property taxes and 5 per cent from miscellaneous sources--endowments, gifts, interest earned. These specific percentages vary among the states, depending on the proportion of support provided by the individual state.[31]

Ferndale City Schools state that in 1957-58 about 55 per cent of the money for operation was derived from local taxes; 45 per cent from the State.[32]

[31] Johns and Morphet, op. cit., pp. 116-117.

[32] Lloyd M. Atwood, op. cit., p. A.

The Federal government has provided a very small proportion of the finances for public education. Although the amount has been increasing, this is largely due to the Federal aid for school lunch programs and for assistance to areas unusually affected by Government activities. Other aid has been given in the area of vocational education which includes --home economics, agriculture, and provides for reimbursement of such programs under the Smith-Hughes Act.

The Federal aid to education advocated at the present time presents quite a controversy. First, many consider it unconstitutional to provide such aid to private and parochial schools, while others believe they should be included. Next, if Federal aid is approved should restrictions be placed on the disposal of such funds or should the disposition be left up to the individual states. There is also a fear of intervention and exertion of authority by the Federal government if such an act were passed.

The National Defense Education Act qualifies many schools for partial reimbursement of certain programs by the Federal government. Among these are driver training, adult education, science, mathematics, and foreign language.

State aid to public schools may be classified as: (1) distributive funds and (2) equalization funds.[33]

Most of the state aid prior to 1930 was allotted to all districts alike on the basis of average daily attendance,

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[33]DeYoung, op. cit., p. 134-135.

census enrollment, etc. The state acted as a distributing agent for apportioning the monies to districts regardless of need or ability to support education.

Many states are now supplementing former grants by the "equalization fund." Basically this involves three issues: (1) measuring the need for educational services or the educational task faced by the several communities within the state; (2) determining the minimum program which the state advocates for each child together with the cost involved; and (3) determining the proportion of cost that the state and local units will share in supporting the minimum program.

The amount of state aid that will be paid to districts in any one year cannot always be depended upon. This situation forced many schools in Michigan to secure loans and even defer the payment of teachers' salaries in 1957-58.

Among the taxes whose proceeds are in part or wholly allocated to schools are those on net income, inheritance, general sales, alcoholic beverages, tobacco, motor fuel and motor vehicles, mineral and mineral products, chain stores, corporations, general property, polls, and miscellaneous excise licenses.[34]

The important local revenue is raised largely by property taxes. This type of tax is similar to the income tax and sales tax as far as productiveness in dollars is concerned. The major problem involved, however, is that the assessment must be fair and equitable.

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[34]Mort and Reusser, op. cit., p. 538.

Consideration must be given to delinquent taxes when estimating probable revenue for budgetary purposes. It is important that the data used be obtained from the same source each year in order to have a valid comparison. A sample form that might aid in estimating revenue for the next year is illustrated below:

DELINQUENT TAX RECORD					
Year	Total Levy	Amount Received	Amount Delinquent	Rec'd. from Delinquencies	Total
19__					
19__					
19__					
19__					
19__					
Average					

For schools having non-resident pupils, historical data should be reviewed and comparisons made to determine any trends that may be developing. For example:

TUITION RECEIVED FROM NON-RESIDENT HIGH SCHOOL STUDENTS

Year	No. Students	Amount Due	Amount Rec'd.
1955-56	152	$15,200	$15,100
1956-57	169	16,900	16,900
1957-58	182	18,200	18,200
1958-59	201	20,100	19,100
1959-60	225	22,500	19,100
1960-61	236	23,600	19,000 (est.)

By analyzing the above table it is evident that the number of non-resident students is increasing more than the tuition collected from them. This factor should be investigated and taken into consideration when the amount of revenue received from non-resident students is being estimated for budgeting purposes.

OAK PARK DISTRICT SCHOOLS

General Fund Receipts & Percentages 1950-1960
Showing the Percentages of Local and State Responsibility

YEAR	LOCAL AMOUNT	LOCAL %	REVENUE FROM GRANTS AMOUNT	REVENUE FROM GRANTS %	OTHER REVENUE AMOUNT	OTHER REVENUE %	TOTAL
1950-51	$ 35,877.55	90.4	$ 3,819.16	9.6	$ 90.01	.	$ 39,786.72
1951-52	63,857.96	78.4	17,581.54	21.6			81,439.50
1952-53	87,592.81	68.7	38,798.29	30.4	1,155.72	.9	127,546.82
1953-54	146,424.74	49.0	151,090.73(a)	50.8	456.25	.2	298,790.72
1954-55	307,978.95	47.9	332,564.20(a)	51.8	1,893.78	.3	642,426.95
1955-56	546,291.03	54.3	448,769.09(a)	44.6	10,926.97	1.1	1,005,987.09
1956-57	905,637.38	59.9	589.671.08	39.0	15,636.62	1.1	1,510,945.08
1957-58	1,084,411.18	60.7	685,436.09	38.3	17,866.40	1.0	1,787,713.67
1958-59	1,864,689.51	73.1	670,732.87	26.3	16,490.35	.6	2,551,912.73
1959-60	1,773,022.05	63.7	995,445.82(b)	35.7	16,885.05	.6	2,785,352.92
1960-61	1,880,003.00	61.3	1,168,800.00(b)	38.1	19,000.00	.6	3,067,800.03

(a) The figures 1953-56 include $125,392.55 received in Federal Aid. State Aid figures would normally be lower.

(b) Includes delinquent State Aid due previous school year. Thus, the State Aid percentage for 1958-59 would normally have been higher, and the figure for 1959-60 should have been lower.

II. NON-REVENUE RECEIPTS

Non-revenue receipts to public schools consist largely of loans, bonds, the sale of property and insurance adjustments.

Boards of Education, in most states, are authorized to issue bonds for school construction. The term of the bonds should be considered carefully because the longer the term, the greater the risk. This means that investors would demand a higher interest rate. The typical bond issue matures over a 20-year period.

All states have laws restricting the indebtedness of boards of education. Bond limits are usually indicated as a percentage of assessed valuation. The limits range from 2 per cent in Kentucky and Indiana to 50 per cent in some districts of Minnesota.[35]

It is common practice in the United States that school bond issues must be approved by a vote of the people. Forty-five states specify that the issue must carry by a simple majority in 34 states, by 60 per cent in 4 states, and by approximately two-thirds vote in 7 states. After the bonds have been voted and approved, the common methods of marketing them are: (1) selling them to the state, and (2) selling them to private investment companies.

Serial bonds are usually preferable to straight-term or sinking-fund bonds, since they provide for automatic retirement and relieve the board of having to invest the sinking fund money.

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[35] Johns and Morphet, op. cit., p. 216.

The administration involved in floating a bond issue should check the specific legal provisions for their particular State and employ legal and technical advice with respect to voting and marketing.

Short-term loans are not as formal as bonds. They are usually secured for one to five years directly from a bank, city, or other lending agency. The cost of the loan and other pertinent information should be clearly and accurately revealed and figured in next year's budget. In some instances, it might be more profitable for the school system to obtain funds from borrowing rather than to use its own capital. The interest paid out may be lower than the amount that would be sacrificed if invested capital or a time-deposit were withdrawn.

Other non-revenue receipts might be secured by the sale of real property or equipment used for schools. Land which is being held for a future site might be rented pending the building of the school. Insurance adjustments or money received for loss of school property from fire, theft, or other causes may also produce revenue.

III. FUNDS AVAILABLE FROM PREVIOUS YEARS

It is almost an impossibility to prepare a budget in which expenditures and revenues will balance perfectly at the end of the fiscal year. Therefore, there probably will be either a surplus or deficit to be carried from year to year. However, caution should be taken to prevent too large a

surplus. This may be the result of inadequate budgeting and is just as undesirable as a large deficit.

A form providing for the comparison of actual receipts and expenditures is illustrated below.

AMOUNT OF RECEIPTS, EXPENDITURES, AND
SURPLUS OR DEFICIT

Year	Receipts Total	Expenditures Total	Total	Per Cent	Remarks
19__					
19__					
19__					
19__					
19__					
Average					

The next three pages present the estimated general fund receipts for Oak Park District Schools during 1960-61.

SUMMARY OF GENERAL FUND RECEIPTS 1960-61

	EXPLANATION OF RECEIPTS	ACTUAL RECEIPTS 1958-59	ESTIMATED RECEIPTS 1959-60	ESTIMATED RECEIPTS 1960-61
	General Fund Balance, July 1	15,262.00	284,984.00	410,000.00
	This balance for 1950-60 does not include State Aid estimated at about $100,000			
	REVENUE RECEIPTS			
221	Current Tax Collections	1,832,250.00	1,741,385.00	1,850,003.00

	St. Eq. Valuation	Mills	100% Collection	Less Delinquency
58-59	89,182,675	20.88	1,861,765	30,515
59-60	88,850,511	19.88	1,765,845	24,460
60-61	99,677,817	18.87	1,880,003	30,000

222	Delinquent Tax Collections	32,645.00	27,258.00	30,000.00
	Experience during the past three years shows that an average of 2% of current taxes is delinquent at the close of each fiscal year.			
227	Interest on Delinquent Taxes	794.00	659.00	700.00
	TOTAL RECEIPTS FROM LOCAL SOURCES	$1,864,689.00	$1,769,302.00	$1,880,703.00
231	State Primary Fund	131,376.00	168,277.00	161,400.00
	This figure is based upon school census of each preceding year. The allowance varies some each year. An average of $25 x 6456 was used for the 1960-61 budget. This is deductible from State Aid.			

EXPLANATION OF RECEIPTS	ACTUAL RECEIPTS 1958-59	ESTIMATED RECEIPTS 1959-60	ESTIMATED RECEIPTS 1960-61
232a School State Aid	511,889.00	742,414.00	806,400.00
These figures are based upon the October 1, memberships. For 1960-61 this estimated membership of 6,300 is multiplied by $205 per pupil. The Primary Fund allowance and 3.25 mills times State Equalized Valuation is deducted from the gross membership figure.			
232b Delinquent State Aid		154,141.00	100,000.00
234 Library Fund	5,972.00	4,275.00	5,000.00
From State penal fines collected and distributed on the school census basis			
236 Aid For Exceptional Children	18,258.00	27,284.00	30,000.00
State & County reimbursements for programs for mentally handicapped, speech correction, visiting teachers, and other special programs (salaries, expenses & equipment).			
239 Other Grants	3,238.00	4,000.00	25,000.00
The budget figure for 1960-61 includes estimated receipts from the Federal Government under Title III & V of the National Defense Education Act, driver training and Adult Education reimbursements			
TOTAL ESTIMATED RECEIPTS FROM STATE & FEDERAL SOURCES	670,733.00	1,100,391.00	1,127,800.00
241 Tuition (Summer School & Adult Education)	10,181.00	10,000.00	12,000.00
251 Miscellaneous Revenue (Rentals)	6,309.00	5,000.00	7,000.00
TOTAL REVENUE RECEIPTS (Local & State)	$2,551,912.00	$2,884,693.00	$3,027,503.00

EXPLANATION OF RECEIPTS		ACTUAL RECEIPTS 1958-59	ESTIMATED RECEIPTS 1959-60	ESTIMATED RECEIPTS 1960-61
	NON-REVENUE RECEIPTS			
287	Revolving Fund Receipts	54,475.00	55,000.00	60,000.00
289	Other Non-Revenue & Supplemental Receipts	21,225.00	35,000.00	40,000.00
289	Short Term Loans	650,000.00	300,000.00	300,000.00
	During the past two years State Aid advances have not been possible. As in the past, the General Fund Balance may not be large enough to meet all summer and September payrolls & expenses.			
	TOTAL NON-REVENUE RECEIPTS	$725,700.00	$390,000.00	$400,000.00
	(This figure does not include transfers from other funds as appears in the audit)			
	GRAND TOTAL OF REVENUE RECEIPTS PLUS NON-REVENUE RECEIPTS	$3,277,612.00	$3,274,693.00	$3,427,503.00
	RECEIPTS PLUS BALANCE OF JULY, 1	$3,292,874.00	$3,559,677.00	$3,837,503.00
	ESTIMATED BALANCE JULY 1, 1961			$410,646.00
	Total Receipts of $3,837,503 less Total Disbursements of $3,426,857. (See Disbursements Total).			

CHAPTER IV

PRESENTATION AND ADOPTION OF THE BUDGET

Once the budget is prepared, the last initial procedure before it is put into operation is the presentation to and adoption by the official ratifying body.

This chapter attempts to discuss the budget form, procedures used in presentation to the Board of Education, and steps involved in the formal adoption of the budget.

I. INTEGRATION OF EDUCATIONAL, FINANCIAL, AND SPENDING PLANS

The budget should clearly reflect the educational program supported by the community and enumerate the expenditures and revenues necessary to carry it out.

The introductory portion of the budget document should provide a setting or basis for the appropriations requested. It should include the following:

1. The major objectives of the educational program.
2. The role the budget plays in accomplishing these expectations.
3. The additional services or changes that are being initiated to fulfill objectives.
4. The limitations to attaining stated goals because of the inability to supply all desirable appropriations or other considerations.

Oak Park, for instance, presents their philosophy, and an explanation of expenditure items which are higher than most schools and the anticipated educational returns. They

also list the points considered by the administration in reviewing budget proposals. Their budget is subdivided into sections for revenue receipts, the individual expenditure accounts, and an appendix containing an analysis of debt retirement funds and a summary of estimated budgets and tax-requirements for 1960-65.

The budget should contain four groups of material: (1) the budget message; (2) the general budget summary; (3) the estimates of receipts and expenditures; and (4) the supporting schedules.[36]

The budget message is a written statement explaining and interpreting the material to the Board and the public. It must be written in understandable form void of technical vocabulary. Items that might be included are statements relating to the:

1. Financial condition of the district--amount and explanation.
2. Educational policy of the Board and the effect of anticipated changes.
3. Planned capital expenditure program.
4. Influence of other conditions affecting school costs.

The general budget summary should present probable expenditures and revenues including any beginning balances. A list of expenditures for all purposes should be provided together with the increases or decreases of major items over a period of one or more years.

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[36] Ibid., pp. 170-171.

The supporting schedules that might appear within the budget document may include (1) an analysis of teachers' salary costs--salary schedule, number, and positions; (2) the analysis of other personnel costs; (3) details concerning kinds and quantities of materials and supplies consumed; (4) the bonding program for the system over a future period--schedules for bond retirement and interest payments; and (5) tables showing unit costs--item or building.

A one-page general budget summary used by Utica Community Schools is presented on the following page.[37] Examples of supporting schedules for (1) salary costs and (2) non-salary expenditures presented in Oak Park's budget are presented in the appendix.

II. PRESENTATION TO BOARD OF EDUCATION

Legally, the board of education is responsible for the preparation of the budget. However, the actual task of compiling and organizing the material is usually passed on to the superintendent. It was previously stated that the budget should be the result of cooperative efforts including building administrators, department heads and other staff members.

The superintendent usually makes the individual administrators responsible for their respective buildings. The principal then requests the various departments to submit their budgets for the ensuing year. The principal after

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[37]Utica Community Schools, Preliminary Budget 1961-62, Exhibit A.

UTICA COMMUNITY SCHOOLS
General Fund Revenues and Expenditures
For Years 1959-60, 1960-61 and 1961-62

	Actual Receipts 1959-60	Estimated Receipts 1960-61	Anticipated Receipts 1960-61	Estimated Receipts 1961-62
Fund Balance, July 1	$ 229,337	$ 433,255	$ 433,255	$ 194,565
Revenue:				
Local Sources	1,410,031	1,488,021	1,477,927	1,670,019
Intermediate Sources	18,278	92,055	94,055	94,602
State Sources - Grants	1,111,072	1,249,283	1,229,378	1,453,011
Federal Sources	-0-	-0-	12,000	43,134
Non-revenue Receipts	2,590	3,450	3,450	3,450
Incoming Transfers	3,145	3,875	3,295	2,875
Total Receipts	$2,545,116	$2,836,684	$2,820,105	$3,267,091
Receipts Plus Balance	$2,774,453	$3,269,939	$3,253,360	$3,461,656
	Expenditures 1959-60	Appropriations 1960-61	Expenditures 1960-61	Appropriations 1961-62
Expenditures:				
Administration	$ 77,172	$ 83,760	$ 92,849	$ 88,360
Instruction	1,589,387	2,016,225	2,058,918	2,354,254
Attendance Service	-0-	-0-	-0-	-0-
Health Service	13,202	14,488	14,349	15,171
Pupil Transportation Service	216,577	245,734	227,565	245,290
Operation of Plant	304,080	430,260	405,205	443,501
Maintenance of Plant	16,124	34,600	33,940	43,250
Fixed Charges	27,160	36,890	30,427	33,490
Food Service	689	1,500	400	1,700
Student Body Activities	-0-	-0-	-0-	-0-
Community Services	18,316	28,300	32,050	29,050
Capital Outlay	77,890	183,453	162,222	172,200
Outgoing Transfers	601	1,200	870	800
Total Expenditures	$2,341,198	$3,076,410	$3,058,795	$3,427,066
Fund Balance, June 30	$ 433,255	$ 193,529	$ 194,565	$ 34,590

scrutinizing the requests will combine them to form the estimated budget for his building.

In Oak Park, the superintendent is responsible for the income, salary, and approval of the budget. The business office and assistant to the superintendent in charge of instruction are responsible for the instructional aspect and the business manager for the non-instructional budget items.

The superintendent should present the budget to the board several weeks before the final adoption date. An oral interpretation should be made at this time and copies of the proposed budget made available. They may be either printed or typewritten, employing the use of carbons. However, mimeographed or dittoed budgets are popular because of the ease of producing additional copies.

Usually a letter of transmittal accompanies or is included in the budget at the time it is presented for approval. This aids in calling attention to certain factors and may help justify requests.

Reusser points out that at least four types of budget presentations are outlined in the statutes of the various states: (1) presentation to some person or board for the purpose of making clerical corrections only; (2) presentation to local, county, or state boards or officials who have the authority to increase or decrease allottments; (3) presentation to the electors of the district for their approval and for purposes of levying the necessary local tax; (4) presentation to some county or state official or board for purposes of making the necessary levy after the budget has been

approved by the local board of education.[38] One or more of these provisions may be required. In Michigan the budget must be presented to the County Allocation Board.

As was mentioned in a previous chapter, Oak Park uses the following schedule in presenting the budget. During February, the business manager prepares adjusted budgets upon approval of the superintendent. The total budget is presented by the superintendent and business manager along with the Superintendent's Advisory Council. The budget is approved and adopted at the second meeting of the council in March.

A budgetary document checklist prepared by a committee of schoolmen is presented on the next two pages.[39]

III. ADOPTION BY THE BOARD AND CERTIFICATION TO TAX OFFICIALS OF MONIES NEEDED

The procedure used by the Board of Education in approving and adopting the budget varies. Some schools adopt the budget at the same meeting in which it is presented, others have an interval in between. Many parts of the budget will have been presented to the board for consideration during the year. For example, the salary schedule will have been approved previously and will be used in computing the largest expenditure--salaries.

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[38] Ibid., p. 172.

[39] New York State Education Department, op. cit., pp. 97-98.

FORMAT

1. Does the budget have an adequate cover?

2. Is the school district and period of time the budget covers clearly and adequately indicated on the cover?

3. Is there any possibility of a cover design to show some desirable aspect of the educational and administrative objectives of the schools?

4. Is the document of a size that is easily handled?

5. Does the document cater to the reading and technical level of the group to whom it will be generally distributed?

6. Is the method of reproduction satisfactory from a reading point of view?

7. Is there a table of contents?

8. Is the data organized in sections so that the budget may be viewed quickly for its major aspects and in a more detailed manner by those desiring to do so?

9. Will visible indices to special sections be helpful?

10. Are the pages numbered?

11. Are exhibits and tables clearly identified and appropriately captioned?

12. Are the accounts so coded that they can be readily transferred to the accounting system?

13. Is due credit given to those who participated?

CONTENTS

1. Can a letter of transmittal be effectively included?

2. Has a statement of aims and objectives of the educational program been included after approval by the board?

3. Does the written statement refer to major implementations of the educational program as found in various accounts of the budget?

4. Do the various itemized supporting statements for proposed expenditures show by their organization the coordination of educational planning? (This might apply particularly to textbooks, guidance tests, workbooks, etc.)

5. Are the expenditures shown under the proper codes?

6. Is there a complete summary of receipts and expenditures on one page so that the balanced nature of the budget may be seen at a glance?

7. Is the resolution form indicating the extent to which the budget detail will be proposed for adoption included?

8. Are comparative statistics for recent years shown for budget items? (receipts, expenditures, valuations, tax rates, etc.)

9. Is there information regarding potential enrollments, assessments and other trends included so that the present budget can be viewed with an eye to the future?

10. Is some explanation given as to what types of school operations are covered under the general accounting headings?

11. Is there a schedule of bonded indebtedness and retirement included?

12. Is there a statement included to show the status of reserve funds, if any?

13. Is the estimated tax rate that will be required indicated and is there a definite caution that this rate is tentative and depends on the tax roll to be compiled?

14. Is there a brief explanation included showing the taxpayer how he may compute his potential tax bill?

15. Have the legal mandates for school budgeting been taken care of?

16. If the budget is to be distributed to the public at large, is there space where citizens can make notes for their guidance at hearings or the annual meeting?

17. Is there information included as to whom a person might contact regarding questions and the times during which he might do so?

The budget should be approved before the beginning of the fiscal year so that it will be ready for use at the beginning of the new fiscal period.

Legal provisions again may affect the procedure to be followed in the formal adoption of the budget. In some states the budget must also be submitted to the state board of education or other local authorities for approval.

If the entire board is in harmony, the budget may be accepted unanimously. However, if there is any division a roll-call vote is recommended.

The board minutes should contain a memorandum of the formal adoption of the budget. A brief statement indicating that it was moved and seconded that the proposed budget be adopted and a summary placed in the minutes is sufficient. In districts requiring a public hearing, a more formal adoption is necessary. A summary of the budget may be placed in the minutes or the document may just be filed indicating the date, volume, and page of minutes in which it was adopted.

After the budget has been formally adopted by the board of education, notification should be made to: (1) the school personnel, (2) the public, and (3) the legal authorities.[40]

The principals, department heads, and other personnel must be notified as to the amount of money allotted to their particular unit so that the proper responsibility can be assumed.

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[40] DeYoung, op. cit., p. 311.

The public is usually notified by means of a newspaper article including the resultant tax rates and total estimates.

In the State of Michigan the board minutes contain a statement indicating the authorization to file a copy of the budget with the County Tax Commission and requesting a specific millage for operating expense and debt service. Upon approval of the Tax Allocation Board, notification is sent to the City Clerk along with a copy of the budget.

CHAPTER V

ADMINISTRATION AND APPRAISAL OF PUBLIC SCHOOL BUDGETS

An effective budgetary program must include coordination and control, as well as planning. The administration of the budget should: (1) provide coordination in that the administrators of each unit will work together to fulfill their part of the budget; (2) provide for the accomplishment of the educational program by controlling the expenditures as set forth in the budget; and (3) provide for amendments to the budget to compensate for any obstacles. The board should have authority to use any unanticipated revenues and provide a contingent fund for any account shortages. This chapter shall present some of the techniques used in administering and appraising the public school budget.

I. TRANSFERRING THE BUDGET TO THE ACCOUNTING RECORDS

Once the budget is adopted, it must be referred to constantly in order to keep the administration informed of the conformance or lack of conformance to predetermined plans. However, the budget estimates should serve as a guide rather than a dictator.

The board of education usually passes the responsibility for administering the budget on to the superintendent and his staff. One method used is to immediately transfer the budget estimates to the appropriate columns in the account books. Major expenditures are usually referred to the board of education for approval but the routine disbursements

are more or less authorized by the budget estimate.

Encumbrance accounting should be used in order to have effective budgetary control. As soon as contracts are let or purchase orders signed, the obligations incurred should be charged to the proper accounts an encumbrances. When the bill is paid, the account is credited for the amount of the original encumbrance and charged for the amount actually paid.

The practice of entering the budget estimates at the top of the appropriate columns in the accounting books together with the use of encumbrances facilitates the comparison of actual and encumbered figures with the amount originally appropriated.

Depending upon the individual school systems, building principals may be allocated a certain sum per capita for a particular type of expenditure. The individual principal and faculty have the authority to spend the amount allocated for the items which are most needed and desired, as long as they keep within the specific expenditure classification.

Individual school budgets provide a desirable aid in administering the budget as a whole. They provide a control over the requisitions submitted by the separate units. It also makes administrators conscious of the responsibility for adequate planning and participation in budget building, which in turn promotes economy and efficiency.

The budget should be evaluated periodically and amended if necessary. If the balance at the end of the current fiscal period is considerably less than the previous year, some

adjustment must be made the succeeding year. This indicates that for the current year, expenditures exceeded revenues. To avoid a future deficit, either expenditures must be decreased or revenues increased.

If too much has been budgeted for one purpose and not enough for another, the school board should have the authority to transfer funds. However, some states prohibit such transfers. Three provisions that are frequently made to meet emergency needs are: (1) a contingent fund; (2) additional taxation; and (3) borrowing money on credit.[41]

II. BUDGET APPRAISAL

A check list pertaining to the budget document was presented previously. Some processes that should be evaluated regarding the budgetary processes are:[42]

1. Has there been wide public participation in the study of the purposes of the educational program and the development of the educational plan?
2. Is there wide agreement in the community concerning what the purposes of the educational program should be?
3. Is there wide agreement in the community concerning what the educational plan should be?
4. Have the superintendent and board cooperated fully with all lay and professional groups making bona fide studies of the schools?
5. Have the superintendent and board initiated lay participation in the development of the budget?

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[41] Mort and Reusser, op. cit., p. 179.

[42] Johns and Morphet, op. cit., pp. 411-412.

6. Has adequate publicity been given to the school budget during its development?

7. Has development of the school budget been a continuous process?

8. Has there been long-range planning as well as year-to-year planning?

9. Was a budget calendar prepared and has it been adequate?

10. Was the preliminary budget prepared in time for the board to receive it several weeks before it was adopted?

11. Did the board and the public have the opportunity to study alternate educational plans for different types of educational services and different levels of quality?

12. Did the board adopt the budget prior to the beginning of the fiscal year?

13. Were the budget items entered in the account books?

14. Was encumbrance accounting used for budget control?

15. Were work plans developed to implement the budget and were they developed?

16. Were instructional supplies on hand when needed by the teachers?

17. Were requisitions handled without unnecessary delay in the Central Office?

18. Did the superintendent provide the board with monthly financial reports showing clearly the financial position of the board with respect to its budgets?

19. Were needed amendments made to the budget and were those amendments made in accordance with the law and the policies of the board?

20. Was the budget administered with sufficient flexibility to make reasonable provision for changes in the requirements of educational activities?

21. Did the board avoid an operating deficit during the fiscal period?

22. Were the budget document and the budgetary processes evaluated during the year?

This checklist serves as a basis for evaluating the budget document and processes within a school system. However, as was previously stated, budgeting must be a continuous process. Periodic reports must be compiled showing a comparison of expenditures to date and the amount that was originally appropriated by school and account. Any extreme deviations should be explained.

An audit must be made at least once a year in which the books, accounts, vouchers, etc. are carefully examined to determine their correctness. The examination must be made by an independent accountant with competent training and experience, preferably a C. P. A. The audit report should be published in a newspaper in condensed form--financial statements. Additional copies should be made available to the public upon request as soon after the audit as possible. This helps to create public confidence in the administration.

The purposes served by the audit are (1) to report independently on the financial position and results of operation of the school district; (2) to establish and maintain safeguards for conserving and preserving public property; (3) to detect errors; (4) to detect fraud;[43] and (5) to have an

[43]In regard to Professor Tidwell's point (4), Statement No. 30 on Auditing Procedure, issued by the American Institute of Certified Public Accountants, states: "The ordinary examination incident to the expression of an opinion on financial statements is not primarily or specifically designed, and cannot be relied upon, to disclose defalcations and other similar irregularities, although their discovery may result."

independent accountant act as an adviser and representative of the board.[44]

The auditor's report defines the scope of his investigation and contains an expression of his opinion regarding the accompanying financial statements of a particular school district. Every year a copy of this financial report must be submitted and retained in the Office of the County Superintendent of each county in Michigan.

In 1954, the Superintendent of Public Instruction appointed a committee consisting of certified public accountants, county and local school administrators, school business managers, together with representatives of the Auditor General's Department and the Department of Public Instruction to formulate the necessary rules and regulations for auditing the financial records of school districts. Among the members were John Major, C. P. A., Arthur Anderson & Co., Detroit; William Wittenburg, Auditor General's Department; and Harold R. Brown, Department of Public Instruction. As a result of this committee, a handbook entitled Program for Audit of Financial Records of Michigan School Districts was published.

The audit report should consist of three sections: (1) table of contents; (2) a letter of transmittal; and (3) the financial section.[45]

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[44] Sam B. Tidwell, C. P. A., Public School Fund Accounting, (New York: Harper Brothers Publishers, 1960), p. 209.

[45] Program for Audit of Financial Records of Michigan School Districts, (Lansing: Superintendent of Public Instruction, 1954), p. 3-4.

The table of contents should indicate the page numbers of the letter of transmittal and of each financial statement and schedule.

The letter of transmittal should be addressed to the District Board of Education. At the minimum, it should contain the following information in sequencial order:[46]

1. A statement of the period covered by the audit.

2. A statement of the scope and limitations of the audit, including a statement as to whether or not an examination has been made of the child accounting records of the district. This examination will usually be made by the County Superintendent of Schools.

3. A statement of the findings in the audit, including an explanation of the weakness in the accounting and reporting procedures and system of internal control together with recommendations in connection therewith, and any other special comments which should be directed to the attention of the school board.

4. Auditor's opinion. The form of opinion would, of course, depend upon the scope and limitations of the audit. Generally, this opinion should state whether or not the balance sheet and summary of fund operations for each fund fairly present the financial conditions and operations results of the funds in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial section should contain at least the following financial statements and schedules:

1. A balance sheet for each fund as of the close of the fiscal year.

2. A summary of fund operations for each fund, showing opening and closing fund balances and a breakdown of receipts and expenditures in accordance with the classifications required by the accounting records prescribed by the State Superintendent of Public Instruction.

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[46] Ibid.

3. A summarized statement of the receipts, expenditures and fund balances of the various internal activity and student accounts of the school district.

4. A current tax summary showing amount of taxes levied, collected and returned delinquent. This summary should show the required information separately for each type of tax levied (Operating, debt service, etc.).

5. A schedule of investments showing the school fund which owns the investments, type of securities, dates of maturity, costs, maturity value and market value.

6. A schedule of bonds and notes payable indicating the purpose, dates of issue and maturity, interest rates, amount of issue, amount redeemed previously, amount redeemed during the current audit period, and the balance outstanding at the close of the audit period.

The auditor should be familar with the General School Laws governing the operations of the various school districts. He should have knowledge of the overall activities of the district and information relating to the following:[47]

1. The location and organization of the district and its officers.

2. The authorized salaries or other compensation of the officers and personnel.

3. The names and number of, and the authorized tuition and transportation charges for, children sent to or received from other schools.

4. The extent and kind of student body or other internal school activities, (as well as official district activities) carried on by or in the school; these activities include such things as class dues and functions, school lunch programs, adult education classes, athletic activities, book sales, etc.

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[47] Ibid.

The school board minutes should be reviewed and notations made of any actions taken pertinent to the period covered by the audit. It should also be ascertained as to whether or not the board holds regular meetings, has formal minutes prepared and signed for all meetings showing actions taken, and takes attendance of its members.

Correspondence with the State Department of Public Instruction should be reviewed for any matter pertinent to the audit. Inquiries should also be made to determine if any special audits or investigations have been made that might affect the conduct of the audit.

Upon consultation with R. H. Rosenau, C. P. A., who is associated with Paul V. Engstrom and Co. of Detroit, I find that the procedures outlined in Program for Audit of Financial Records of Michigan School Districts are followed rather closely. This firm is engaged by Oak Park School District to prepare monthly financial reports. An extensive audit is conducted annually. The report is then presented at a public hearing and the financial statements are published in the local newspaper. This same firm audits the books of Utica Community Schools.

All schools districts in Michigan are also required to submit a statistical and financial report to the Superintendent of Public Instruction. A copy of this report is presented on the next page.[48]

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[48]Alexander J. Kloster, Finance Consultant, Department Services Division, Michigan Department of Public Instruction, Lansing.

FORM A AND B 5-3-61-8000

ANNUAL STATISTICAL AND FINANCIAL REPORT

For the school year ended June 30, 1961
(This report must be filed with the County Superintendent of Schools not later than July 15, 1961)

Dist. No. or Name _____ Township _____ County _____

ACT under which district is organized (check): ☐ 1st Class City, ☐ 2nd Class City, ☐ 3rd Class City, ☐ 4th Class District, ☐ Special, ☐ Primary.

PART I—STATISTICAL DATA

	DESCRIPTION	IBM CODE	AMOUNT
1	1. Child Accounting: (To be reported by County School Superintendent or Superintendent of School)		
2	A. Number on School Census May 31, 1961, 5-19 years, inclusive		
3	B. Attendance in Public Schools located within district:		
4	(1) Membership by grades at close of the year:		
5	When school is closed in part indicate by X for grades closed		
6	Kg.		
7	1		
8	2		
9	3		
10	4		
11	5		
12	6		
13	7		
14	8		
15	9		
16	10		
17	11		
18	12		
19	Others		
20	**TOTAL**		
21	**Total Membership From Form D** Elementary (K-6) or (K-8)		
22	(Sept. 30, 1960 Audited membership) Secondary (7 - 12)		
23	**TOTAL**		
24	(2) Number of pupils graduated from public high schools Boys		
25	operated by the district in 1960-61: Girls		
26	**TOTAL**		
27	(3) Average daily attendance for the year:		
28	(A) Elementary (K-6) or (K-8)		
29	(B) Secondary (7 - 12)		
30	(4) Number of non-resident pupils on 9-30-60:		
31	(A) Elementary (K-6) or (K-8)		
32	(B) Secondary (7 - 12)		
33	(5) Average number of pupils transported to another district:		
34	(A) Elementary (K-6) or (K-8)		
35	(B) Secondary (7 - 12)		
36	(6) Number of pupils attending public school in another district:		
37	(A) Elementary (K-6) or (K-8)		
38	(B) Secondary (7 - 12)		
39	(7) Total number of days school was in session in 1960-61.		
40	(8) Total number of days membership was counted in 1960-61.		
41	2. (A) School personnel: Give total number of each type employed by the district:		
42	See instructions for further detail. A. Superintendents		
43	B. Ass't Supts. or Bus. Mgrs.		
44	C. Elementary Principal		
45	D. Secondary Principal		
46	E. Elementary Superv. and Consultants		
47	F. Secondary Superv. and Consultants		
48	G. Librarians		
49	H. Guidance Personnel		
50	I. Psychologists		
51	J. Attendance Officers		
52	K. Nurses		
53	L. Secretaries and Clerks		
54	M. Maintenance Personnel		
55	N. Plant Operation Personnel		
56	O. Transportation Personnel		
57	P. Other Personnel		
58	**TOTAL**		
59	(B) Number of teaching positions Elementary (K-6) or (K-8)		
60	**Reported on Form D Sept. 30, 1960** Secondary (7 - 12)		
61	**TOTAL**		
62	3. Schools and School Buildings in district:		
63	A. Number of children on half day session at close of year due to lack of rooms.		
64	B. Number of public schools: 1. Elementary		
65	2. Junior High		
66	3. *Junior-Senior High		
67	4. Senior High		
68	C. Number of non-public schools: 1. Elementary		
69	2. Junior High		
70	3. *Junior-Senior High		
71	4. Senior High		
72	**A Junior-Senior high school is a secondary school organized on a Junior-Senior basis and ad-**		
73	**ministered as one unit. More than one school may be housed in the same school plant or building**		
74	**as in the case of an elementary school and a Junior-Senior high school.**		
75	D. Number of new buildings completed during year.		
76	E. Number of additions completed during year.		
77	F. Cost of new construction indicated in lines D & E above. (Report in even dollars.)		
78	(1) Sites		$
79	(2) Buildings		
80	(3) Equipment		
81	G. Estimated value of school properties. (Report in even dollars)		
82	(1) Land		$
83	(2) Buildings		
84	(3) Equipment		

_____ Name of School District _____ County

_____ IBM Code

	DESCRIPTION	IBM CODE	AMOUNT
1	H. Insurance coverage:		
2	**Buildings - Fire Term yrs. 19_____ to 19_____		
3	1. *Amount		$
4	2. Annual Premium		
5	3. *Amount of Loss Sustained		
6	4. *Amount of Claim Collected		
7	Contents - Fire Term yrs. 19_____ to 19_____		
8	1. *Amount		$
9	2. Annual Premium		
10	3. *Amount of Loss Sustained		
11	4. *Amount of Claim Collected		
12	Tornado Term yrs. 19_____ to 19_____		
13	1. *Amount		$
14	2. Annual Premium		
15	3. *Amount of Loss Sustained		
16	4. *Amount of Claim Collected		
17	***Other Term yrs. 19_____ to 19_____		
18	1. *Amount		$
19	2. Annual Premium		
20	3. *Amount of Loss Sustained		
21	4. *Amount of Claim Collected		
22	Totals		
23	1. Amount		$
24	2. Annual Premium		
25	3. Amount of Loss Sustained		
26	4. Amount of Claim Collected		
27	*Report in even dollars. **Report buildings and contents under buildings if not kept		
28	separately. ***Explain kind of insurance.		
29			
30	4. Total amount of treasurer's bond for current year		$
31	cost per year		
32	5. District debts		
33	Obligations: 1-A Bonds outstanding-debt orig. before Dec. 8, 1932		$
34	1-B Bonds outstanding-debt orig. after Dec. 8, 1932		
35	1-C Total bonds outstanding		
36	2 Certificate of indebtedness - after Dec. 8, 1932		
37	3 Tax notes - after Dec. 8, 1932		
38	4 Other, including current bills - after Dec. 8, 1932		
39	5 **1C + 2 + 3 + 4 TOTAL**		$
40			
41			
42	6. A. State equalized valuation for 1960 (Report in even dollars)		$
43	B. Tax report - taxes levied and collected		
44	1. A. Voted increase (Mills) General fund		
45	Building and site fund		
46	Debt retirement fund		
47	**TOTAL**		
48	B. For what years: General fund 19_____ to 19_____		
49	Building and site fund 19_____ to 19_____		
50	Debt retirement fund 19_____ to 19_____		
51	C. Mills actually levied General fund		
52	Building and site fund		
53	Debt retirement fund		
54	**TOTAL**		
55	2. Amount of tax levied General fund		$
56	Building and site fund		
57	Debt retirement fund		
58	**TOTAL**		$
59	3. Amount of 1960 tax collected General fund		$
60	Building and site fund		
61	Debt retirement fund		
62	**TOTAL**		$
63	4. Amount of 1960 tax uncollected General fund		$
64	Building and site fund		
65	Debt retirement fund		
66	**TOTAL**		$
67	5. Amount of delinquent tax July 1, 1960 General fund		$
68	Building and site fund		
69	Debt retirement fund		
70	**TOTAL**		$
71	6. Amount of delinquent tax collected General fund		$
72	during year Building and site fund		
73	Debt retirement fund		
74	**TOTAL**		$
75	7. Delinquent tax uncollected General fund		$
76	(4 + 5 - 6) Building and site fund		
77	Debt retirement fund		
78	**TOTAL**		$
79	8. Amount charged off or adjusted General fund		$
80	Building and site fund		
81	Debt retirement fund		
82	**TOTAL**		$
83	9. Total amount delinquent June 30, 1961 General fund		$
84	(7 minus 8) Building and site fund		
85	Debt retirement fund		
86	**TOTAL**		$
87	7. (A) Is library established by vote of the people: Yes ☐ No ☐		
88	(B) Number of volumes added this year		
89	(C) Total volumes in library		
90	8. Are free textbooks furnished to: (a) Indigent children only		
91	(b) All elementary grades		
92	(c) All secondary grades		
93	(d) To none		
94			

_____ Name of School District _____ County

_____ IBM Code

PART II—FINANCIAL REPORT

Part II, Financial Report, is divided into three parts: General fund, Receipts and Expenditures; Building and Site Fund, Receipts and Expenditures; Debt Retirement Fund, Receipts and Expenditures. The General Fund, Receipts and Expenditures are to be filled in by ALL school districts. The Building and Site and Debt Retirement, Receipts and Expenditures, can be omitted unless the district has a Building and Site Fund or Debt Retirement Fund.

	DESCRIPTION	IBM CODE	AMOUNT
1	**200—GENERAL FUND RECEIPTS**		
2			
3	210 General Fund Balance on July 1, 1960		
4	Cash Balances:		
5	211 General Operating Fund		$
6	212 Primary Fund		
7	213 State School Aid Fund		
8	214 Library Fund		
9	217 Revolving Funds		
10	219 Other General Fund Balances		
11			
12	Investments: (Type and Purchase Price)		
13			
14			
15			
16	**Total General Funds Balance on July 1, 1960**	04	$
17			
18	**REVENUE RECEIPTS**		
19			
20	220 Revenues from General Property Tax		
21	221 Current Tax Collections		$
22	222 Delinquent Tax Collections		
23	227 Interest on Delinquent Taxes		
24	**Total General Fund Property Tax Receipts**	06	$
25			
26	230 Revenue from Grants		
27	231 State Primary Fund	08	$
28	232 State School Aid 1960-61	10	
29	233 State School Aid 1959-60	11	
30	234 Library Fund	12	
31	235 Hardship School Aid	14	
32	236 NDEA	15	
33	237 Vocational Education	16	
34	238 School Land Grants	18	
35	239 Other Grants	20	
36			
37	240 Revenue from Services		
38	241 Tuition	22	
39	242 Transportation Fees	24	
40			
41	250 Other Revenue Receipts	25	
42			
43	260 Revenues from Intermediate Sources		
44	261 Receipts from County Special Education Tax	26	
45	262 Other Revenue Intermediate Sources	27	
46			
47	**Total Revenue Receipts**	28	$
48			
49	**NON-REVENUE RECEIPTS**		
50			
51	280 Non-Revenue Receipts		
52	281 Short Term Loans		$
53	282 Sale of Property		
54	283 Collections on Loans to Revolving Funds and Student Activities		
55	285 Transfers from Building and Site Fund, or Debt Retirement Fund		
56	287 Revolving Fund Receipts		
57	289 Other Non-Revenue Receipts		
58	**Total Non-Revenue Receipts**	30	$
59	**GRAND TOTAL OF GENERAL FUND RECEIPTS**	32	$
60			
61	**Total Available Funds** (Line 16 plus Line 59)	33	$
62	**BEGIN GENERAL FUND DISBURSEMENTS ON PAGE 4**		$
63			
64			
65			
66	**GRAND TOTAL - GENERAL FUND DISBURSEMENTS** (From line 79 Page 4)		$
67			
68	210 General Fund Balance on June 30, 1961		
69	Cash Balances:		
70	211 General Operating Fund		$
71	212 Primary Fund		
72	213 State School Aid Fund		
73	214 Library Fund		
74	217 Revolving Funds		
75	219 Other General Fund Balances		
76	Investments: (Type and Purchase Price)		
77			
78			
79			
80	**Total General Fund Balance on June 30, 1961**	62	$
81			
82	**Total General Fund Disbursement plus Balance on June 30, 1961**	63	$
83	(Line 82 should equal Line 61)		
84			
85			
86			
87			

_____ Name of School District _____ County

_____ IBM Code

	300—GENERAL FUND DISBURSEMENTS	IBM CODE	AMOUNT
1	310 Administration		
2	311 Salaries of Board of Education	34	$
3	312 Salaries of Superintendent and Assistants		
4	313 Salaries of Business Administrators		
5	314 Clerical Salaries		
6	315 Administrative Supplies and Expenses		
7	316 Census and Compulsory Attendance		
8	317 Elections		
9	319 Other Administrative Expense		
10	**Total Administration Disbursements**	36	$
11			
12	320 Instruction		
13	321 Salaries of Supervisors		$
14	322 Salaries of Principals		
15	323 Salaries of Teachers	38	
16	324 Clerical Salaries		
17	325 Teaching Supplies and Expenses		
18	326 Tuition Expense	39	
19	327 Textbooks		
20	328 School Library		
21	329 Other Instruction Expense		
22	**Total Instruction Disbursements**	40	$
23			
24	330 Operation of School Plant		
25	331 Wages		$
26	333 Fuel and Utilities		
27	335 Operating Supplies and Expense		
28	339 Other Operating Expense		
29	**Total Operation Disbursements**	42	$
30			
31	340 Maintenance of School Plant		
32	341 Maintenance of Grounds		$
33	342 Maintenance of Buildings		
34	343 Maintenance of Furniture and Equipment		
35	349 Other Maintenance Expense		
36	**Total Maintenance Disbursements**	44	$
37			
38	350 Fixed Charges		
39	351 Rent		$
40	352 Insurance		
41	353 Interest on Short Term Loans		
42	359 Other		
43	**Total Fixed Charges Disbursements**	46	$
44			
45	360 Auxiliary Services		
46	361.1 Transportation Salaries		$
47	361.2 Other Transportation Expense		
48	363 Revolving Fund Deficits		
49	364 Health Service		
50	365 School Recreational Activities		
51	369 Other Auxiliary Expense		
52	**Total Auxiliary Service Disbursements**	48	$
53	**Total Current (Operating) Expenses (sum of items 311 through 369)**	50	$
54			
55	370 Capital Outlay		
56	371 Grounds		$
57	372 Buildings		
58	373 Furniture and Equipment		
59	374 Transportation Equipment		
60	379 Other Capital Outlay		
61	**Total Capital Outlay Disbursements**	52	$
62	**Total Disbursements (311 Through 379)**	54	$
63	Reconciliation To Cash Disbursements **(This item to be omitted by ALL primary districts. Also by other districts if they report only receipts and expenditures received or paid out in the fiscal year.)** Deduct: Items distributed to current year budget expenditures, for which the cash was disbursed in a prior period, and items unpaid at the close of the fiscal school year.		
64	From Inventories		
65	From Prepaid Budget Accounts		
66	From Unpaid Warrants		
67	**TOTAL RECONCILIATION**	56	$
68	**Total Net Disbursements**		$
69			
70	380 Supplemental Disbursements		
71	381 Short Term Loans		$
72	383 Loans To Revolving Funds		
73	385 Transfers To Building and Site Fund, or Debt Retirement Fund		
74	387 Revolving Fund Disbursements		
75	388 Community Services		
76	389 Other Supplemental Disbursements		
77	**Total Supplemental Disbursements**	58	$
78			
79	**GRAND TOTAL - GENERAL FUND DISBURSEMENTS**	60	$
80	Continue General Fund Disbursements on Page 3 Line 66		
81			
82			
83			
84			
85			
86			

_____ Name of School District _____ County

_____ IBM Code

	400—BUILDING AND SITE FUND RECEIPTS	IBM CODE	AMOUNT
1	410 Building and Site Fund Balance on July 1, 1960		
2	Cash Balance:		
3	411 Cash on Deposit		$
4	Investments: (Type and Purchase Price)		
5			
6			
7			
8	**Total Balance on July 1, 1960**	64	$
9	420 Revenue From Building and Site Property Receipts		
10	421 Current Tax		$
11	422 Delinquent Tax		
12	427 Interest on Delinquent Tax		
13	**Total—Building and Site Property Tax Receipts**	66	$
14	430 Grants	68	
15	440 Insurance Settlements	70	
16	450 Sale of District Bonds	72	
17	482 Sale of Property	74	
18	485 Transfers from General Fund or Debt Retirement Fund	76	
19	490 Other Receipts	78	
20	**Total Building and Site Fund Receipts (accts 421 through 490)**	79	$
21	**Total Building and Site Fund Receipts plus Balance on July 1, 1960**	80	$
22			
23	**500—BUILDING AND SITE FUND DISBURSEMENTS**		
24	570 Capital Outlay		
25	571 Grounds		$
26	572 Buildings		
27	573 Furniture and Equipment		
28	579 Other Capital Outlay		
29	**Total—Capital Outlay Disbursements**		$
30	585 Transfers to General Fund or Debt Retirement Fund		
31	590 Other Building and Site Disbursements		
32	**Total Building and Site Fund Disbursements (Sum of Accts. 571 through 590)**	81	
33	410 Building and Site Fund Balance on June 30, 1961		
34	Cash Balance:		
35	411 Cash on Deposit		$
36	Investments: (Type and Purchase Price)		
37			
38			
39			
40	**Total Building and Site Fund Balance on June 30, 1961**	82	$
41	**Total Building and Site Fund Disbursements plus Balance on June 30, 1961**	83	$
42			
43	**600—DEBT RETIREMENT FUND RECEIPTS**		
44	610 Debt Retirement Balance on July 1, 1960		
45	Cash Balance:		
46	611 Cash on Deposit		$
47	Investments: (Type and Purchase Price)		
48			
49			
50			
51	**Total Balance on July 1, 1960**		$
52	**REVENUE RECEIPTS**		
53	620 Revenue from Debt Retirement Property Tax		
54	621 Current Tax Collections		$
55	622 Delinquent Tax Collections		
56	627 Interest on Delinquent Taxes		
57	**Total Revenue from Debt Retirement Property Tax**	86	$
58	640 Revenue from Interest on Investments	88	
59	660 Other Revenue Receipts	90	
60	**Total Revenue Receipts (Sum of accounts 621 through 660)**		$
61	680 Non-Revenue Receipts		
62	685 Transfers from General Fund or Building and Site Fund		$
63	689 Other Non-Revenue Receipts		
64	**Total—Non Revenue Receipts**	92	$
65	**GRAND TOTAL OF DEBT RETIREMENT RECEIPTS**	93	$
66	**Total—Debt Retirement Receipts plus Debt Retirement Cash Balance on July 1, 1960**		$
67			
68	**700—DEBT RETIREMENT FUND DISBURSEMENTS**		
69	720 Debt Retirement		
70	721 Principal on Debts		$
71	722 Interest on Debts		
72	729 Other Debt Retirement Disbursements		
73	**Total—Debt Retirement Disbursements**	94	$
74	780 Supplemental Disbursements		
75	785 Transfers to General Fund or Building and Site Fund		$
76	789 Other Supplemental Disbursements		
77	**Total—Supplemental Disbursements**	96	$
78	**Total Debt Retirements Fund Disbursements (sum acct 721 through 789)**	97	$
79	610 Debt Retirement Balance on June 30, 1961		
80	Cash Balance:		
81	611 Cash on Deposit		$
82	Investments: (Type and Purchase Price)		
83			
84			
85	**Total Debt Retirement Balance June 30, 1961**	98	$
86	**Total Debt Retirement Fund Disbursements plus Balance on June 30, 1961**		$
87	(The sum of accounts 700 series plus June 30, 1961 balance)		

_____ Name of School District _____ County

_____ IBM Code

SECRETARY'S SUMMARY OF FUND BALANCES

Fund Balances as of June 30, 1961	Cash	Investments	Total
General Fund	$	$	$
Building and Site Fund			
Debt Retirement Fund			
Total Fund Balances, June 30, 1961	(1)		

Signed _____
Secretary

TREASURER'S VERIFICATION OF BANK BALANCES

Total Bank Balances (per bank statement) June 30, 1961 ..... $ _____

Deduct total outstanding checks as of June 30, 1961 ..... _____

Net Balance on Hand in Banks—June 30, 1961 ..... $ _____ (2)

Signed _____
Treasurer

Total Cash Balances (1) and Net Balance on hand in Banks (2) should agree.

★ ★ ★ ★ ★ ★ ★ ★

We, the undersigned members of the Board of Education of _____ school district, hereby certify that we have read and are familiar with this statistical and financial report for the year 1960-61 and that the transactions shown herein have been made in accord with formal action authorizing the same.

_____ President	_____ Trustee
_____ Secretary	_____ Trustee
_____ Treasurer	_____ Trustee
_____ Trustee	_____ Trustee

★ ★ ★ ★ ★ ★ ★ ★

BOARD OF EDUCATION ELECTED FOR THE SCHOOL YEAR 1961-62

	Check One	Name (Please Print)	Address	Tel. No.	Term Expires
President	Mr. Mrs. Miss				
Secretary	Mr. Mrs. Miss				
Treasurer	Mr. Mrs. Miss				
Trustee	Mr. Mrs. Miss				
Trustee	Mr. Mrs. Miss				
Trustee	Mr. Mrs. Miss				
Trustee	Mr. Mrs. Miss				

	SPECIAL REPORT	IBM CODE	AMOUNT
1	1. Number of pupils initially enrolled by grades in non-public schools located within district:		
2	(Use Sept. 30, 1960 count date)		
3	Kg.		
4	1		
5	2		
6	3		
7	4		
8	5		
9	6		
10	7		
11	8		
12	9		
13	10		
14	11		
15	12		
16	Other		
17	**TOTAL**		
18			
19	2. Number of teachers in non-public schools located within the district:		
20	Elementary (K-6) or (K-8)		
21	Secondary (7 - 12)		
22	**TOTAL**		
23			

_____ Name of School District _____ County

_____ IBM Code

Besides the reports which are required by law, the school district should prepare periodic statements to ascertain if expenditures are conforming to estimated figures or if there are deviations, how much and why. The budget should not be thought of as an iron clad pattern to be followed but rather as a guide. It is almost an impossibility to anticipate future needs exactly. As a matter of fact, Oak Park had anticipated the need for one additional home economics teacher and one more teacher in the business department and had made provisions for the same in next year's budget. However, the student enrollment in each of these departments did not meet expectations and these additional staff members will not be necessary.

CHAPTER VI

SUMMARY AND CONCLUSIONS

I. SUMMARY

Effective budgeting consists of three phases--planning, coordination, and control. Basic policies and objectives must be determined and a definite type of organization supported. An organizational chart should clearly define the line of authority and specifically indicate responsibility. This chart together with a written list of duties for each member of the organization should be distributed in the form of a manual.

The specific policies and philosophy supported by a school district will be reflected in its educational program which in turn will have a bearing on expenditures. For example, if a school system supports a program for the mentally retarded and at the same time provides advanced classes for the superior student, the number of personnel will be increased and the student-teacher ratio lowered. Districts maintaining such programs require special teachers. If experienced and well qualified teachers are preferred, the salary schedule will probably contain a provision which will encourage personnel to remain in the system.

Approximately seventy-five to eighty per cent of the budget is allocated for salaries--teachers, administrators, custodians, bus drivers, and other personnel. This accounts for the largest item of expenditure in the school's budget.

In the short run, the budget of a school system is for the most part fixed. Instruction accounts for approximately 67 per cent of the total budget, administration 3 per cent, operation and maintenance 14 per cent, and fixed charges 1 per cent. The remainder of the budget goes for capital outlay, health, recreation, insurance, etc. Approximately 75 per cent of the total budget is expended for salaries of one type or another.

The most valuable aid in forecasting expenditures is past experience. In determining teacher requirements and room needs, two factors must be considered--the total number of students and the desired student-teacher ratio. Both teacher requirements and room needs can be computed by dividing the total student population by the desired pupil-teacher ratio.

Once the budget has been approved and adopted by the Board of Education, a copy must be submitted to the County Allocation Board.

Periodic reports should be prepared, preferably monthly, to compare actual expenditures with the amount originally appropriated. All deviations should be explainable.

The State of Michigan requires that each school district must have an annual financial audit by an agency independent of the school. A copy of the audit report must be submitted and retained in the Office of the County Superintendent. Each school district must also file a Statistical and Financial Report with the Superintendent of Public Instruction each year.

II. CONCLUSIONS

For the most part, the expenditures of a school district are fixed in the short run. Instruction, administration, operation and maintenance accounting for approximately 84 per cent of the budget.

The enrollment in the public schools is increasing so rapidly that the local government cannot bear the burden of rising costs. Although the percentage of revenue furnished by the local government is decreasing, the amount dollar wise is increasing. Additional assistance is desperately needed from the state and federal governments. Federal aid with limited control would not impair our present educational system. More buildings and staff will be needed as enrollment increases. Salaries of school personnel must be increased in order to maintain qualified persons. These increased costs cannot be met without some additional aid.

There is a need for a standard accounting system for all schools, which at the present time does not exist. This would improve budgeting, facilitate comparison of financial information among communities and states, improve the reliability of reports to the public, and provide a more sound basis for cost analysis. The accounting handbook published by the United States Office of Education, in an attempt to present a standardized system of accounts and terminology, is deficient in certain areas. It only outlines expenditure and revenue accounts and makes no provision for encumbrance,

net worth, liability, or asset accounts. Although this a step in the right direction, I believe the handbook must be expanded.

The legal requirements for budget filing, auditing and reporting should be consistent throughout the states. This it seems to me would be of extreme importance if Federal aid to education is ever passed.

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A P P E N D I X

PAUL V. ENGSTROM & CO.
Certified Public Accountants
1820 Kales Building
Detroit 26, Michigan

August 7, 1959

To the Honorable President and
Members of the School Board
Utica Community School District
Utica, Michigan

Gentlemen:

We have examined the balance sheets of the General Fund, Building and Site Fund and Debt Retirement Funds as of June 30, 1959 and the related statements of receipts and disbursements of the Utica Community School District of Utica, Michigan.

As a corollary to the foregoing, we have examined the statements of receipts and disbursements of the Auxiliary Funds (Cafeteria and Internal Activities) for the same period.

Except as stated in the following paragraphs our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

An audit of child accounts was made by the Office of the Superintendent, Macomb County Board of Education, pursuant to the provision of Act 312 of the Public Acts of 1957, State of Michigan. Enrollment figures were verified per letter signed by Mr. Harold E. LeFevre, Superintendent of Schools, dated July 24, 1959.

In accordance with the accounting practices followed by school districts the accounts are kept on a cash basis. Allowance has not been made for depreciation of educational plants and the liability on outstanding bond indebtedness is stated as to principal balance only.

In our opinion, the accompanying balance sheets of the General Fund, Building and Site Fund, Debt Retirement Funds and related statements of receipts and disbursements, as well as the statements of receipts and disbursements of the Auxiliary Funds, present fairly the assets and liabilities of the Utica Community School District at June 30, 1959 and its receipts and disbursements on a cash basis for the year then ended, in conformity with accounting procedures for school districts recommended by the Michigan Department of Public Instruction applied on a basis consistent with that of the preceding year.

Respectfully submitted,

School District of the City of Ferndale
Ferndale 20, Michigan

NON-SALARY ITEMS TO BE CONSIDERED IN THE 1958-59 BUDGET

Comparison of Amounts Requested and Appropriations Made

In the 1955-56 budget, all requests of all principals, custodians, and certain others were entered in the budget submitted to the Board for study. That year requests were $573,783 of which $463,909 or about 81% was actually budgeted. Since that year a preliminary screening of all requests has been made by the Administrative Council. That screening of items has resulted in the deletion of many of the original requests and a smaller total.

In 1956-57, requests were $459,769 and appropriations made were $467,271; in 1957-58, requests were $485,828 appropriations, $512,324, but $30,000 of that total was for a boiler contingency, so the comparable total was $482,324.

	1956-57		1957-58		1958-59	
Account	Requests	Appropr.	Requests	Appropr.	Requests	Appropr.
315-1	$ 3,795	$ 3,795	$ 6,310	$ 6,885	$ 7,625	$ 7,625
315-2	4,738	4,738	6,368	5,000	6,650	6,950
315-3	1,200	1,200	1,200	1,200	1,200	1,200
316-1	3,018	3,490	3,300	3,200	3,637	3,495
317	2,000	2,000	2,000	2,500	2,750	2,750
325-1	44,500	45,000	53,176	53,200	55,000	57,200
326-1	11,426	11,426	13,380	13,580	15,192	15,193
326-2	1,786	1,800	3,067	3,067	2,098	2,098
327-1	18,000	20,000	20,000	32,000	31,976	32,000
327-2	6,565	6,565	7,548	7,500	8,500	8,500
329-1	1,000	1,000	1,000	800	800	800
329-2	6,000	6,000	7,000	10,000	10,000	10,300
331-4	New	1,025	1,200	1,600	2,100	2,100
333-1	42,675	43,000	49,000	51,500	80,000	80,000
333-2	4,250	4,250	4,250	4,250	7,500	7,500
333-3	1,200	1,200	1,450	1,450	2,500	2,500
333-4	27,000	27,500	30,000	30,000	50,000	50,000
335	10,414	10,400	10,631	10,400	12,030	12,030
333-5	6,500	6,500	6,500	6,700	9,600	9,600
341	6,380	6,380	7,150	6,425	19,955	19,080
342	53,070	53,070	36,920	38,400	25,110	24,910
343	55,987	56,567	63,920	85,163	67,802	69,362
351	1,425	1,425	1,425	3,000	3,000	3,000
352-1	4,700	4,700	11,313	7,554	17,240	17,475
352-2	1,000	1,000	1,000	1,000	1,000	1,000
361	11,250	11,250	13,710	15,000	28,535	30,035
362	----	----	3,852	3,852	3,852*	2,889
364	13,243	13,243	13,243	13,598	17,000*	17,000*
365	23,915	23,916	26,051	26,140	29,000*	29,000*
371	33,165	33,090	6,460	6,260	4,920	3,770
372	21,980	23,376	21,555	21,855	9,290	8,815
373	37,497	38,365	34,847	37,320	31,227	30,927
374	----	----	----	----	----	----
379	----	----	4,925	1,925	----	----
Totals	$459,769	$467,271	$485,828	$512,324	$567,089	$569,104

*Estimated
Subject to revis

GRAND SUMMARY - GENERAL FUND BUDGET 1960-61

ADMINISTRATION		EXPENDITURES 1958-59	ALLOCATION 1959-60	APPROX. EXPENDITURES 1959-60	TENTATIVE APPROP. 1960-61
311	Board Salaries	3,200.00	3,200.00	3,200.00	3,200.00
312	Supt. & Assts. Salaries	38,250.68	38,250.68	38,877.00	46,320.00
313	Bus. Mgr's. Salary	11,000.00	11,000.00	11,000.00	12,000.00
314	Clerical Salaries	46,158.84	55,306.12	50,403.00	54,183.00
315.1	Office Supplies	3,619.58	4,500.00	4,191.40	4,500.00
315.2	Expenses	6,673.65	6,500.00	11,043.52	9,700.00
315.3	Conferences - Dist. Travel	4,319.96	4,165.00	5,294.95	4,000.00
316	Census	3,166.33	3,200.00	1,717.95	3,500.00
317	Election	2,427.00	2,500.00	1,134.92	2,500.00
319.1	Food Expenses	667.71	800.00	946.23	1,000.00
319.2	District Wide Printed Forms	2,479.31	3,000.00	2,107.31	2,000.00
319.3	Teachers Handbooks	166.79	500.00	237.65	300.00
319.4	Contingency		270.00	12.32	2,000.00
		$122,129.85	$133,191.80	$130,166.25	$145,203.00
INSTRUCTION					
322	Principals & Assts. Salaries	98,371.25	121,925.00	121,760.00	152,880.00
323	Teachers Salaries	1,241,836.79	1,408,750.00	1,374,900.00	1,590,210.00
323.1	Substitute Teachers Salaries	40,141.55	45,000.00	39,800.00	45,000.00
323.2	Directors Salaries	27,082.91	28,288.00	26,442.00	27,600.00
323.3	Counselors Salaries	33,242.13	57,802.00	57,803.00	61,512.00
323.4	Special Service Salaries	69,852.59	87,037.00	80,288.00	85,500.00
324	Clerical Salaries	63,585.81	64,000.00	60,285.00	72,219.00
325.1	Teaching Supplies - Elem.	27,572.69	28,385.00	27,900.54	30,066.00
325.2	Teaching Supplies - Jr. High	7,797.91	5,469.20	5,123.47	6,550.00
325.3	Teaching Supplies - Sr. High	6,760.40	8,532.50	8,904.64	11,929.00
325.4	Teaching Supplies - Audio-Visual	2,534.02	3,748.00	3,760.61	3,034.00
325.5	Teaching Supplies - Music		2,210.00	2,160.43	2,360.00
325.6	Teaching Supplies - Phys. Ed.		2,905.00	2,594.02	3,061.00
325.7	Athletics - Jr. High	4,372.47	2,700.00	2,171.98	2,225.00
325.8	Athletics - Sr. High	3,884.70	4,200.00	3,783.25	5,700.00
327	Texts & Reference Materials	32,201.23	35,000.00	32,752.67	35,000.00
328.1	Librarians Salaries	31,557.44	47,414.50	42,415.00	60,260.00
328.2	Library Books & Expense	14,226.23	30,094.00	25,245.14	31,000.00

(Cont'd)

FIXED CHARGES		EXPENDITURES 1958-59	ALLOCATION 1959-60	APPROX. EXPENDITURES 1959-60	TENTATIVE APPROP. 1960-61
352.1	Interest on Short Term Loans	8,814.91	8,150.00	3,631.25	5,000.00
352.2	Insurance	14,503.91	13,000.00	15,481.06	16,000.00
		$23,318.82	$21,150.00	$19,112.31	$21,000.00
AUXILIARY SERVICES					
361.1	Transportation Salaries	6,797.19	8,800.00	8,950.00	12,438.00
361.2	Transportation Expense	2,806.68	5,000.00	2,675.87	4,000.00
364.1	Health Service Salaries	23,025.00	22,489.00	22,489.00	23,800.00
364.2	Health Service Expense	1,829.71	2,500.00	2,875.79	4,260.00
		$34,458.58	$38,789.00	$36,990.66	$44,498.00
CAPITAL OUTLAY					
371	Grounds	5,210.51	12,500.00	13,261.54	10,000.00
372	Buildings	4,647.49	8,500.00	7,319.36	19,000.00
373.1	Furn. & Equipment--Admin. & Elem.	21,569.22	13,538.00	12,598.21	21,330.00
373.2	Furn. & Equipment--Jr. High	5,728.74	3,028.00	2,738.39	2,500.00
373.3	Furn. & Equipment--Sr. High	6,579.98	5,762.00	6,010.60	12,500.00
373.4	Equipment - Audio-Visual		6,554.00	6,481.09	7,077.00
373.5	Equipment - Music		9,859.00	12,038.00	6,200.00
373.6	Equipment - Physical Education		1,409.00	1,510.60	1,893.00
373.7	National Defense Education Act				15,000.00
373.8	Contingency				5,000.00
374	Transportation Vehicles				5,000.00
		$43,735.94	$61,150.00	$61,957.79	$105,500.00
SUPPLEMENTAL DISBURSEMENTS					
381	Short Term Loans	653,885.00	300,000.00	300,000.00	300,000.00
	Transfer to Other Funds	33,000.00			
387.1	Cafeteria Salaries	29,807.78	7,500.00	16,443.86	30,000.00
387.2	Health Council Salaries	4,420.18	3,500.00	3,600.00	3,500.00
387.3	Jr. & Sr. High Textbooks	14,012.18	16,000.00	37,418.91	25,000.00
387.4	Art Supplies	486.90	750.00	1,696.24	2,800.00
387.5	Industrial Art Supplies	1,573.29	2,000.00	2,355.28	3,200.00

SUPPLEMENTAL DISBURSEMENTS CONT'D		EXPENDITURES 1958-59	ALLOCATION 1959-60	APPROX. EXPENDITURES 1959-60	TENTATIVE APPROP. 1960-61
387.6	Science Supplies		600.00	679.97	1,500.00
387.7	Gym Suits & Gym Towels	2,390.07	3,000.00	1,965.61	2,500.00
387.8	Adult Education Supplies	307.59	500.00	305.30	500.00
387.9	Periodical Subscriptions	1,788.25	2,000.00	1,850.00	2,200.00
387.10	Auditorium Fund				750.00
387.11	Miscellaneous	5,721.83	1,000.00	3,159.14	4,500.00
389.1	Special Education	2,697.62	600.00	645.76	500.00
389.2	National Defense Education Act				14,600.00
389.3	Other Supp. Disbursements	4,395.36	6,500.00	5,649.97	6,500.00
		$754,486.37	$343,950.00	$375,770.04	$396,050.00
TOTALS		$3,041,160.19	$2,987,041.00	$2,943,767.40	$3,426,857.00

SUMMARY OF SALARY BUDGET 1960-61

ACCOUNT NO. & DESCRIPTION		NUMBER OF PERSONNEL 59-60	60-61	EXPENDI-TURES 1958-59	ALLOCATION 1959-60	APPROX. EXPEND. 1959-60	TENTATIVE APPROP. 1960-61	INCREASE OVER 1959-60
311	Board Members			3,200.00	3,200.00	3,200.00	3,200.	
312	Supt. & Assts.	3	3	38,250.68	38,250.68	38,877.00	46,320.	7,443.
313	Bus. Manager	1	1	11,000.00	11,000.00	11,000.00	12,000.	1,000.
314	Admin. Clerical	11	12	46,158.84	55,306.12	50,403.00	54,183.	3,780.
322	Principals & Assts.	12	15	98,371.25	121,925.00	121,760.00	152,880.	31,120.
323	Teachers	234	265	1,241,836.79	1,408,750.00	1,374,900.00	1,590,210.	215,310.
323.1	Sub. Teachers			40,141.55	45,000.00	39,800.00	45,000.	5,200.
323.2	Directors	3	3	27,082.91	28,288.00	26,442.00	27,600.	1,158.
323.3	Counselors	7	7	33,242.13	57,802.00	57,803.00	61,512.	3,709.
323.4	Special Services	11	12	69,852.59	87,037.00	80,288.00	85,500.	5,212.
324	Inst. Clerical	17	20	63,585.81	64,000.00	60,285.00	72,219.	11,934.
328.1	Librarians	7	10	31,557.44	47,414.50	42,415.00	60,260.	17,845.
329.13	Adult Ed. Teachers			8,363.75	8,000.00	9,122.00	10,500.	1,378.
331	Custodians	47	54	205,226.65	220,000.00	227,500.00	256,000.	28,500.
361.1	Transportation	2	3	6,797.19	8,800.00	8,950.00	12,438.	3,488.
364.1	Health Services	3	3	23,025.00	22,489.00	22,489.00	23,800.	1,311.
	TOTALS	358	408	$1,947,692.58	$2,228,062.30	$2,175,234.00	$2,513,622.	$338,388.

SUMMARY OF NON-SALARY EXPENDITURES 1960-61

ACCOUNT NO	& DESCRIPTION	EXPENDITURES 1958-59	ALLOCATION 1959-60	TENTATIVE APPROP. 1960-61	INCREASE OVER 1959-60	DECREASE FROM 1959-60
315-319	Administration	23,520.33	25,435.00	29,500.00	4,065.00	
325-329	Instruction	119,461.60	159,093.70	176,175.00	17,081.30	
333-339	Operation	107,157.13	115,700.00	142,750.00	27,050.00	
341-343	Maintenance	17,151.03	25,000.00	32,000.00	7,000.00	
352	Fixed Charges	23,318.82	21,150.00	21,000.00		150.00
361-364	Aux. Services	4,636.39	7,500.00	8,260.00	760.00	
371-374	Capital Outlay	43,735.94	61,150.00	105,500.00	44,350.00	
381-389	Supplemental Disbursements	754,486.37	343,950.00	398,050.00	54,100.00	
	TOTALS	$1,093,467.61	$758,978.70	$913,235.00	$154,406.30	$150.00