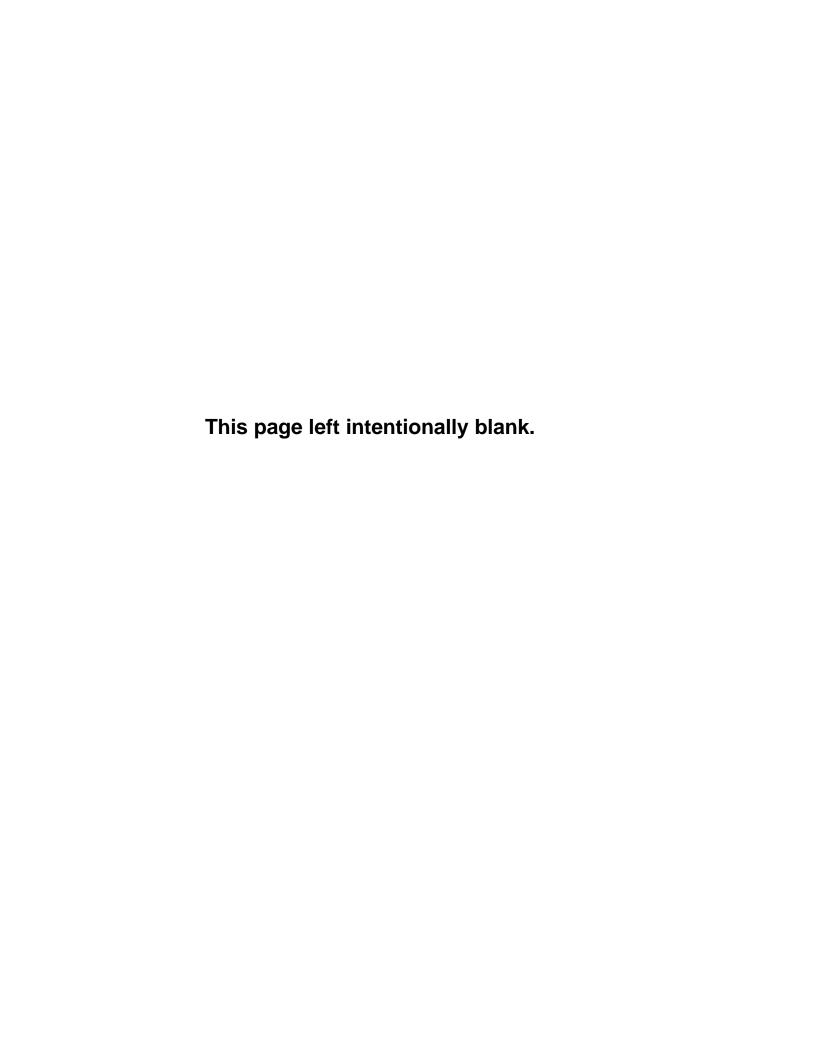
CHAPTER VII: BUDGETING RECEIVABLES

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BUDGETING RECEIVABLES

STATUTORY CITATION: RCW 28A.505.110, WAC 392-123-060 and 392-123-065

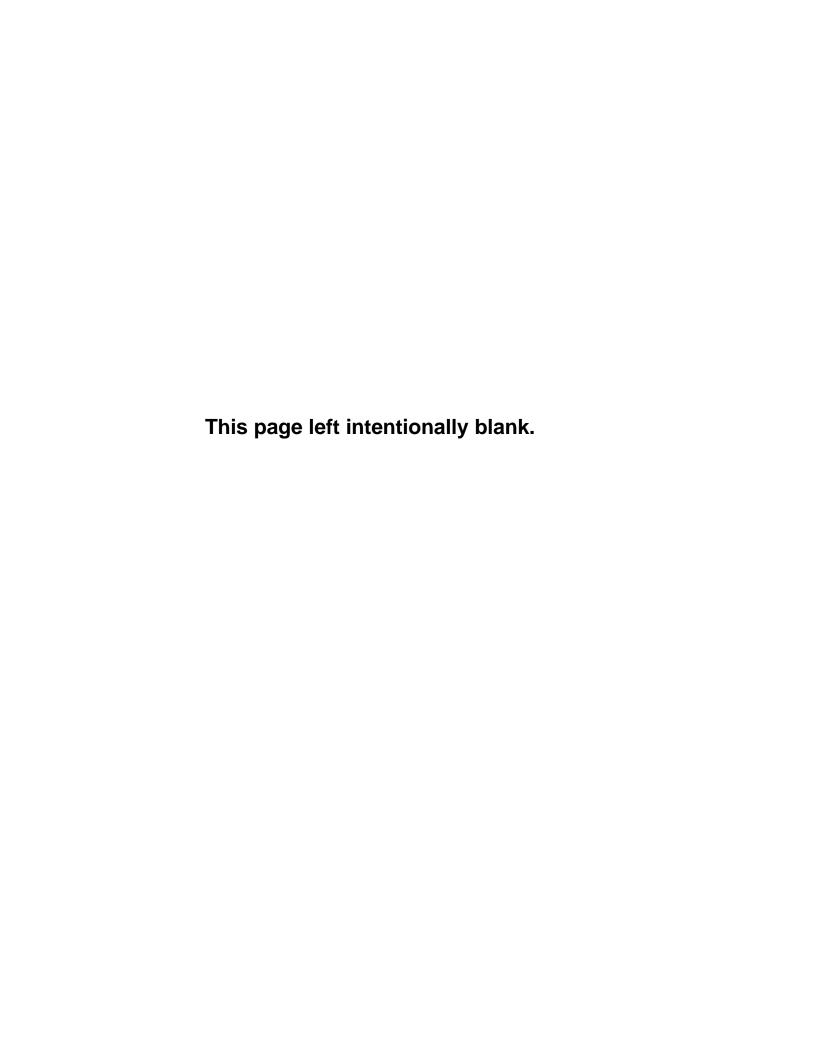
<u>PURPOSE AND BACKGROUND</u>: When a school district is unable to prepare a budget or budget extension in which the estimated revenues for the budgeted fiscal year plus the estimated fund balance at the beginning of the budgeted fiscal year less the ending reserved fund balance for the budgeted fiscal year do not at least equal the estimated expenditures for the budgeted fiscal year, the school district board may petition in writing to OSPI requesting permission to include receivables collectible in future years.

When it becomes necessary for a district to budget receivables, the school district must deliver a petition in writing to OSPI (refer to the sample resolution in Section 1 of this chapter) at least 20 days before the budget or budget extension is scheduled for adoption by the district board of directors.

If the request for budgeting receivables is approved by OSPI, the approval will contain binding conditions placed on the district by OSPI (please see the sample in Section 2 of this chapter) to ensure improvement in the district's financial condition.

If a district fails to comply with the binding conditions, the allocation of state funds for support of the district may be withheld, pending further investigation into the reason(s) for such noncompliance.

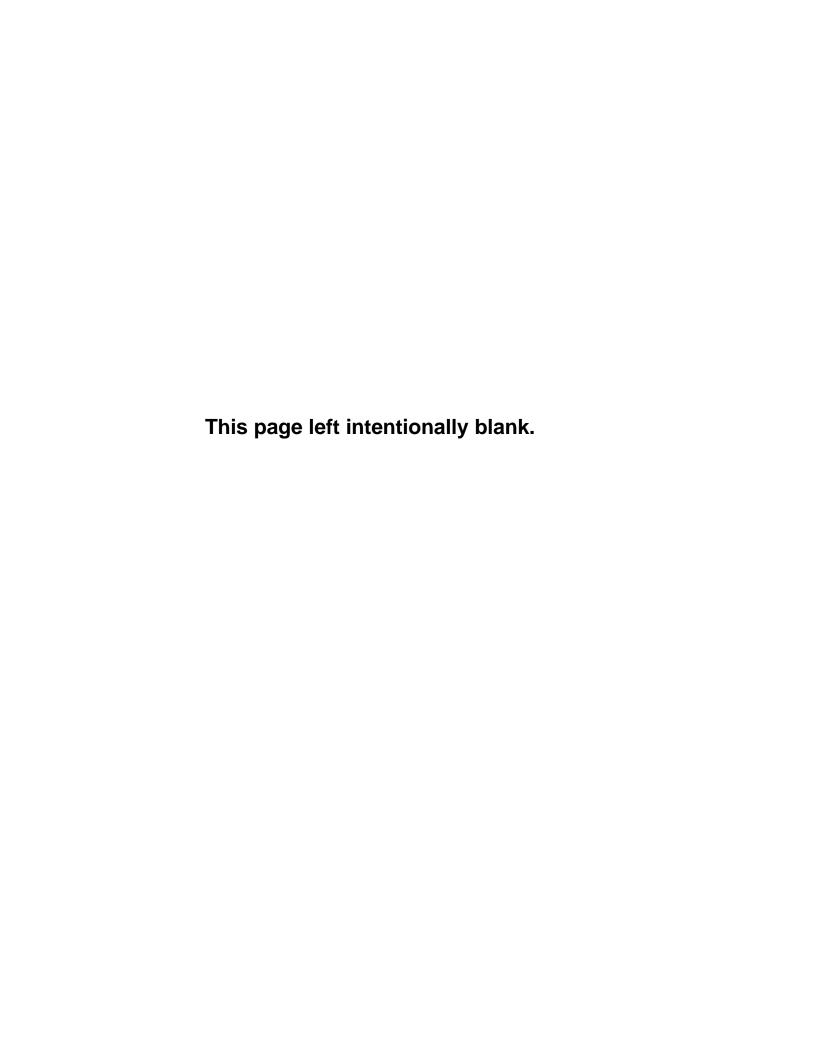
In the continual effort to monitor school districts' financial condition, OSPI School Financial Services (SFS) in cooperation with the ESD fiscal officers encourages and provides for the review and sharing of school district financial operations information.



SAMPLE SCHOOL DISTRICT RESOLUTION

PETITION TO BUDGET RECEIVABLES

WHEREAS,	it will be necessary for budget extension for the				are a general fund
WHEREAS,	WAC 392-123-060 requires the school district to have a balanced budget for the general fund; and				
WHEREAS,	the total resources available for the 200X-0Y fiscal year will be approximately thousand dollars \$ less than the total expenditures for the 200X-0Y fiscal year; and				
WHEREAS,	the School District has receivables collectible in the amount of \$ for the 200X-0Y fiscal year, said receivables being in the form of local taxes approved by voters for the 200X and 200Y calendar years; and				
WHEREAS,	the General Fund budget for ensuing fiscal year 200Y-0Z will be balanced without the use of the receivables; and				
WHEREAS,	Solution WAC 392-123-060 allows the Board of Directors of School District to submit to the Office of Superintendent of Public Instruction a petition requesting permission to include receivables collectible in 200Y-0Z in the 200X-0Y general fund budget extension in order to balance said extension.				
NOW THEREF	ORE BE IT RESOLVED does hereby petition the include the 200X-0Y general f 200X.	ne Office of Su thousand d	perintendent of Publ ollars \$	ic Instruction w of taxes recei	vith the request to vable in 200Y-0Z in
APPROVED by	the Board of Directors County, Washington, i 200X.	of n a special me	eting thereof held or	School Distric	t, day of,
(, Chairperson)			(, Director)
(, Director)			(, Director)
(, Director)		Attest	(, Secretary)
Effective Dat 9/1/02	<u>se Supersedes</u> 9/1/95	<u>Form</u>	<u>Chapter</u> BUD REC	Section 1	<u>Page</u> 1



SAMPLE OSPI RESPONSE

Month Day, 200X Dr./Mr./Ms._____, CGp School District No. _____ _____, Superintendent City, State Zip Dear Dr./Mr./Ms._____ The petition by the School District Board of Directors to include receivables collectible in future periods in the FY 200X-0Y General Fund Budget is hereby approved. The general financial condition of the school district has been reviewed. We view the current financial position of the district as serious. The budgeted expenditures for FY 200X-0Y will exceed the current year's revenues and consume all of the district's fund balance, plus \$_____ of FY 200Y-0Z receivables. When a local school district balances its budget by including receivables from a future year, the district's finances are subject to ongoing scrutiny and binding conditions until the financial difficulties are resolved. Therefore, the responsibility for administering the binding conditions as set forth below are assigned to Mr./Ms. ______, Fiscal Officer, Educational Service District ______. This responsibility will be in place through August 31, 200Y and may be extended should the district fail to adhere to the binding conditions set forth below. As well, if the district should end FY 200X-0Y with a positive fund balance, the binding conditions will be removed. To enforce this authority, if Mr./Ms. of Educational Service District reports to the Office of Superintendent of Public Instruction (OSPI) that the district is not fulfilling any of the below conditions, OSPI reserves the right to withhold apportionment payments until such conditions are satisfactorily addressed. In accordance with RCW 28A.505.110, the following binding conditions are placed upon the School District: Fund Balance: 1. For FY 200X-0Y, the total General Fund fund balance cannot be negative by more than \$ which includes the recorded long-term liability for the previous Superintendent's 2. Fund balance reserves (including the reserve for inventory) are to be maintained at the appropriated amounts. The total amount of actual revenue received from the county treasurer in Revenue Account 3600 - State Forest for the months of July and August 200Y must be classified as a reservation of fund balance, in General Ledger Account 810 - Reserved for Other Items, as reported on the district's Annual Financial Statements at August 31, 200Y. Deferred Revenue: The total amount of actual revenue received from the county treasurer in Revenue Account 3600 -State Forest, for the months of July and August 200Y, must be classified as a General Fund Liability, in the General Ledger Account 750 - Deferred Revenue, as reported on the district's Annual Financial Statements at August 31, 200Y.

Effective Date	<u>Supersedes</u>	<u>Form</u>	<u>Chapter</u>	<u>Section</u>	<u>Page</u>
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 1. 2. 	Sh Management: An emergency advance of apportionment may be requested, if necessary, by school board resolution for fiscal years starting September 1, 200X and September 1, 200Y. The district must manage all finances in such a way as to maintain positive cash balances and not require an emergency advance of apportionment for FY 200X-0Y. The district shall reconcile monthly to the County Treasurer's statement, using the general ledger trial balance, within 7 calendar days of receipt of the statement. The district will not commit any accounts payable, payroll, or other obligations for payment to the County Treasurer without prior ESD approval.
1.	dget Control: The district shall make no interfund loans or equity transfers without prior ESD approval. If the actual student enrollment in September 200X does not equal or exceed the level assumed in the budget, immediate action will be taken to further reduce the expenditures in FY 200X-0Y. Any increases in budgetary authority for FY 200X-XY (as set forth in the General Fund Budget) must be reviewed and approved by Mr./Ms of Educational Service District and incorporated in an approved General Fund Budget Extension. As a reminder, Budget Extensions must be approved by the school board and ESD before incurring expenditures in excess
4. 5.	of the current appropriation level. The district superintendent shall conduct monthly budget meetings with district building administrators and the district finance officer. The district superintendent shall be notified of and approve all budget and financial adjustments.
1.	porting: Financial reports are to be presented to the board of directors and ESD on or before the 15 th of each month. Additional reports must be made to the school board and ESD as may be necessary to fulfill this plan and its stewardship. The district shall provide monthly cash flow statements to the board of directors, ESD and the County Treasurer, immediately accounting for any type of funding arrangements, on or before the 12 th and 25 th of each month. The district shall comply with all timelines for financial and other required reports per laws, rules and regulations.
	rchasing: e district will establish and administer an effective system to control purchasing; to whit:
2.	The district shall use an encumbrance method beginning September 200X for all purchase orders. All purchase orders will be encumbered at the time they are submitted. Based on a submitted purchase order, a determination will be made as to whether or not budget capacity exists and whether the proposed purchase meets the prioritized needs of the district.
1.	affing: The district shall not issue staff contracts, to include hourly personnel and supplemental contracts, without prior board approval and ESD input.

2. Each month the district will produce the Personnel Budget Status Report described in WAC 392-123-125 and provide a copy to the board of directors and also submit one copy to Mr./Ms. _____

3. The district shall use and maintain, during the fiscal year, a payroll encumbrance accounting method,

4. A staffing report by program, name, FTE and total pay shall be provided to ESD _____ no later than

Effective DateSupersedesFormChapterSectionPage9/1/019/1/97BUD REC22

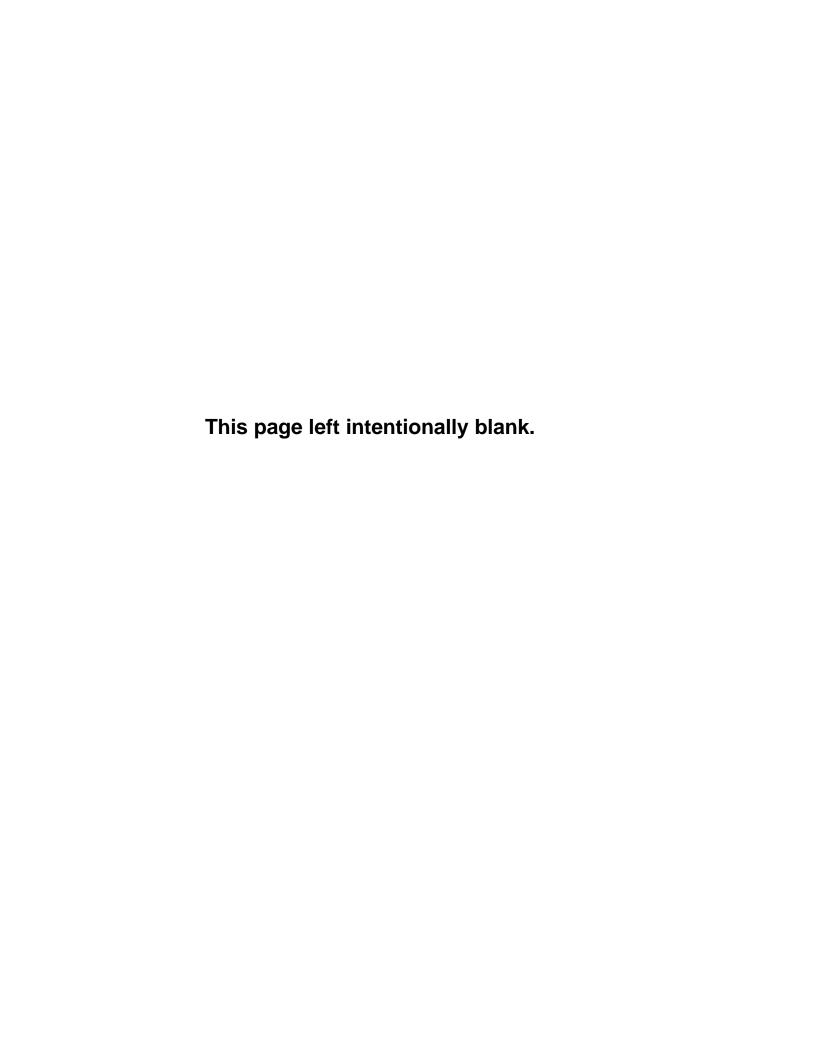
to include contract and non-contract personnel, beginning September 200X.

of Educational Service District

(Month)

, 200X. (Day)

	will eliminate the existing deficion later than	submit a plan to ESD and OSPI which portrays how the district sit fund balance and cash flow problems. This plan shall be submitted, 200X.				
2.	 (Month) (Day) The school district administration and board of directors shall utilize the services and advice of Mr./Ms in administering this plan and implementing any new or revised financial and administrative policies, systems, and procedures that are necessary to fulfill the objectives of this plan. 					
	The district shall participate in and/or OSPI. This sha financial status in conjunction The District shall submit agent	periodic on-site reviews of all accounting and financial records by ESD all include monthly or more frequent meetings to review the district's with at least the district's business manager. das for all board meetings and workshops to ESD in advance of				
5.	the meetings. 5. All questions and interpretations of the terms established in this letter will be made by Mr./Ms. of Educational Service District. Appeals of his/her interpretations will be made in writing to the Director, School Financial Services, OSPI.					
m In ad	ust include a reference to this reclosing, in addition to the binding.	ded with the district's FY 200X-0Y budget and any extensions thereto equest to budget receivables. ng conditions stated above, we would also reiterate that good sential for the district to ensure future financial stability. They should				
 The d publis The d receip The d object busine 	istrict following the Accounting I hed by the Office of Superinten istrict should enter invoices and of in the appropriate month. istrict should review for significat, and if appropriate, a budget re	"commit" all financial activities into the WSIPC computer file upon ant deviations from the original budget plan by program, activity or evision be done immediately. This would require the district's actual expenditures on an ongoing basis and report any variances				
Sincerely,						
	School Financial Services Superintendent of Public Instruc	tion				
	r./Mr./Ms, oard of Directors	Chairperson				
D E	r./Mr./Ms, ducational Service District,	Fiscal Officer				



SAMPLE OSPI RELEASE

Month	Day, 2XXX	
Dr./Mr	./Ms, S School District N	perintendent
Street	Address	··
	State Zip	
Dear [Dr./Mr./Ms	<u></u> :
It appeare the	ears all of the binding condition erefore releasing the district fi	ns placed on the School District have been met and we om the binding conditions as set forth in our letter of Month Day, 2XXX.
conditi and is Educa	ions established to assist the on a course to bring continue	2YYY Annual Financial Report, it appears the district has met the binding district in eliminating the deficit general fund balance, cash flow problems difinancial stability back to the district. Please continue to work with as new issues are identified or current issues change which would requirements on the district.
		aff, community, and ESD are to be commended for your dedication and the district, while maintaining your commitment to student learning.
Sincer	rely,	
	or, School Financial Services of Superintendent of Public II	struction
cc:	Dr./Mr./Ms Board of Directors	, Chairperson
	Dr./Mr./MsEducational Service District	

