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Desirable budget making procedures for elementary school districts in Marin County having over six hundred A.D.A.

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College of the Pacific
Stockton, Calif.

DESIRABLE BUDGET MAKING PROCEDURES FOR ELEMENTARY
SCHOOL DISTRICTS IN MARIN COUNTY HAVING
OVER SIX HUNDRED A.D.A.

A Thesis
Presented to
the Faculty of the Department of Education
College of the Pacific

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
Harold Rowell DePue
August 1957

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CHAPTER I

INTRODUCTION

Introductory statement. This study represents a survey of the budgetary procedures of selected elementary school districts in Marin County which recorded an average daily attendance over six hundred in the school year 1955-56.

The districts included in this category were Fairfax, Kentfield, Larkspur, Mill Valley, Novato, Reed Union, San Anselmo, San Jose, San Rafael, and Sausalito. These districts all served the elementary grades with the exception of Novato Unified which educated ninth grade students in the district with pupils in the tenth, eleventh, and twelfth being educated by the San Rafael High School District.

A questionnaire was developed in order to ascertain the budgetary procedures which were currently practiced in these selected districts. This provided a point of departure for the study and proved particularly helpful in the development of the Guide to Budgetary Procedures contained in Chapter IV. A detailed explanation of the questionnaire appears in Chapter III, page 30.

The budget-making procedure has become increasingly complicated with the rapid growth experienced by the above districts in the post-war period. The business administration of districts has taken on a new aspect not before

present when the majority of them were composed of one or two schools. Many persons not specifically trained in this specialty have suddenly found themselves confronted with a multitude of problems revolving around their budgetary procedures.

There is increasing demand on the part of the taxpayer in this locality as well as the entire State of California for the wise expenditure of public funds along with a knowledge of how this money is being appropriated and expended. Teacher groups throughout the State have taken a new interest in the budget-making process as it relates to their salaries.

One writer has stated that school financial statistics should be the common property of everyone concerned with the maintenance of good schools.¹ If these statistics are to be made available for teachers and public alike, it behooves the school superintendent to make certain that the budgetary procedures have been in fact based on sound data that can be supported.

It is the intent of this study not only to identify the budgetary procedures that are presently practiced in the

¹California Teachers Association. The School District Budget (San Francisco: California Teachers Association, Research Department, 1955), p. 10.

selected districts but also to set forth those desirable practices which may aid the administrator in producing the final budget document. One of the problems inherent in the smaller district is set forth by Mort and Reusser:

The fact that there are some twenty-six states in which many of the basic school administrative units are so small that they preclude the leadership in education and business management that is necessary for the conduct of these affairs points definitely to the need for a fundamental reorganization of the structure for financial administration. When the structure makes possible the preparation and execution of a school budget in every local unit, a long step will have been taken in the direction of progress.²

The foregoing criticism is directed in part to the basic organization of the unit, but beyond this is the recognition of the business management function as a means of implementing the budget-making process. It seems difficult to pin-point the exact size of the structure which will make this financial administration possible but it can be assumed that a district smaller than six hundred in average daily attendance will not suffice.

The public elementary school administrator in Marin County and throughout the entire State of California is faced with a multitude of problems inherent in his position. It is the intent of this study to set forth a logical guide which will aid him in a logical pursuit of the budget-making process

²Paul R. Mort and Walter C. Reusser, Public School Finance (New York: McGraw-Hill, 1941), p. 129.

with some assurance that the final budget document will be readily received and understood by staff, governing board, and lay public alike.

This study seeks only the basic answers to the budgetary procedure as opposed to an analysis of the amounts of money that might seem justified for any given item in the budget such as the amount of money to be appropriated for consumable instructional supplies or any like item.

Through an analysis of the budgetary procedures presently practiced together with the identification of procedures as set forth in the current literature, it is hoped that this study will serve a need which has been expressed by administrators in Marin County.

I. THE PROBLEM

Statement of the problem. The problem for this study may be stated as a question: What are desirable budgetary procedures for elementary school districts in Marin County having over six hundred average daily attendance. The problem emanates from the pertinent literature in this area which is summarized by the statement appearing in the New York State Budget Handbook wherein it states that budget development is not a simple process. There is the somewhat complicated problem of translating aims and objective into numbers of

personnel and supplies in addition to the pressing problem of the "tax consciousness" at the local level.³

More specifically, the first purpose of the study was to determine the budgetary procedures which were currently practiced by the selected districts. The aforementioned questionnaire was developed which set forth a comprehensive list of desirable procedures as derived from the pertinent literature and consultation with business officials in the county. The tabulation of responses to this questionnaire made possible an evaluation of these procedures in terms of usage which satisfied the second purpose.

This tabulation aided in the third purpose which was to formulate a guide to budgetary procedures for use by the selected districts as well as others in Marin County.

Justification for the study. The justification for the study is found in the need to investigate: (1) whether the districts are presently practicing budgetary procedures that produce a sound budget document; and (2) whether a comprehensive guide can serve to better implement the budgetary procedures used in developing the budget document.

This study was justified on the basis of concern which was registered by members of the Marin County Public School

³School Business Management Handbook - Budget. (New York: State University of New York, 1956), p. 15.

Business Officials' meeting in regular monthly sessions. The majority of the districts selected for this study had encountered rapid growth and in several instances had only recently employed an administrator who was solely responsible for the business management of the district.

Many of the meetings were devoted to the subject of desirable procedures which had been experienced in the districts represented. Several members had indicated the need for a definite guide to aid in the budget making process.

Further evidence of concern in this regard is indicated by the number of persons who have requested copies of the published working budget of the districts by whom the author is employed as assistant superintendent in charge of business affairs. These people were looking for a guide to their budget making procedure.

Source of data. The data for this study were obtained from the following sources: (1) a questionnaire developed by the author which was administered by means of an interview with the school official responsible for budget making in each district, (2) statistical data on file in the Office of the County Superintendent of Schools of the County of Marin, and (3) critical literature in the field.

Procedure. The basic technique used in this study was to identify the budgetary procedures applicable to the

districts studied through reading and consultation with business officials in the County of Marin. An excellent guide was available in the form of a check list on budget format and content contained in Linn.⁴ Once these were set forth, the next step was to formulate a questionnaire which was administered through means of an interview in the office of the superintendent of each of the selected districts. A copy of the questionnaire appears in Chapter III as Figure 1 on page 30.

The questionnaire was tested and developed in cooperation with several of the business officials in the county. Current literature in the field of budget making provided the general areas of interest. These areas were then broken down in terms of the state and county. Sample questions were developed and tested with these business officials and then refined into the final questionnaire.

The author's Chairman, Dr. Rollin Fox, was most helpful in pointing out and suggesting refinements on this questionnaire in the course of its development.

The budget data presented for the selected districts was gathered from the official records in the Office of the County Superintendent of Marin County.

⁴Henry H. Linn, School Business Administration. (New York: The Ronald Press, 1956), p. 168.

II. DEFINITION OF TERMS USED

The definitions of the terms are listed alphabetically in the California School Accounting Manual.⁵ The definitions were selected from this manual as it presented the most concise definition. This manual was developed through the cooperation of members of the California Association of Public School Business Officials meeting on numerous occasions as a committee for the formulation of this manual.

Administration. Those activities having as their purpose the regulation, direction and control of the affairs of the school district as a whole.

Apportionment. 1) The act of apportioning. 2) An item of receipts resulting from the act of apportioning, such as state apportionment.

Apportionment Ledger. A subsidiary ledger containing an account with each appropriation, showing the amount appropriated, the expenditures, the encumbrances, and the unencumbered balance of each appropriation.

Assessed Valuation. A valuation set upon real estate or other property by a governmental unit as a basis for

⁵ California School Accounting Manual (Sacramento: California State Department of Education, 1951), pp. 66-80.

levying taxes.

Auxiliary Services. Those activities and agencies which are employed to aid pupils, and which are not a part of the regular instructional program but are closely related thereto.

Bonded Debt Service. Expenditures incurred for interest and redemption of bonds.

Budget. An estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

Budgetary accounts. Accounts necessary to reflect budget operations and condition, such as estimated revenue, appropriations and encumbrances, as distinct from the proprietary accounts.

Budget Document. The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body.

Capital Outlay. The acquisition of fixed assets or addition to such assets, including land, improvement of grounds, buildings, and equipment, provided such expenditures clearly increase the value of the physical properties of the school district.

Community Services. That group of activities authorized for the general public, which are not primarily for pupils nor directly related to the regular instructional program.

Current Expense. The current operating expenditures of a governmental unit such as a school district. Includes all expenditures except capital outlay and debt service.

Debt Service. The amount of money necessary annually to pay the interest on the outstanding debt and the principal of maturing bonded debt but payable from a sinking fund.

Delinquent Taxes. Taxes remaining unpaid after close of year in which levied.

Fixed Charges. A limited group of current expenses of a generally recurrent nature, usually pertaining to several functions, the distribution of which to the several functions has been found impractical.

Food Service. Those activities necessary to serve meals or to provide supplementary feeding.

General Fund. The fund that is available for any legally authorized purpose.

General Reserve. That portion of the budgeted income provided to meet the cash requirements of the fiscal year subsequent to the budget year, prior to the receipt of the taxes of said subsequent year.

Instruction. Activities entailed in the actual teaching, or aiding in teaching of pupils, or in improving the quality of teaching.

Maintenance of School Plant. Activities required to repair school property, including grounds, building, and equipment, and replacement of school equipment to approximately its original condition of completeness and efficiency.

Operation of School Plant. Those activities necessary to keep the school physical plant in condition for use such as cleaning, disinfecting, heating, lighting; care of lawns, trees, shrubs, and flowers; and all similar work which is repeated somewhat regularly--daily, weekly, monthly, seasonally, or annually.

Payroll register. A document accompanying one or more orders on a school district fund, for the payment of salaries or wages of employees, listing the names of such employees and giving information substantiating such order.

Property Tax Rate. The number of cents per one hundred dollars levied on the assessed valuation of property.

Preliminary Budget. That budget which is presented to the governing board for consideration prior to submission to the county superintendent on July 1.

School Year. In California, identical with the legal fiscal year; the period beginning July 1 and closing June 30.

Tentative Budget. That budget which is presented to the county superintendent on July 1 and which finally becomes the final budget with any modifications following the public hearing of the budget.

Transportation of Pupils. Conveyance of pupils between home and school and on trips for curricular or extra-curricular activities.

Undistributed Reserve. That portion of the current fiscal year's appropriations which is not appropriated for any specific purpose but held subject to intra-budget transfer, that is, transfer to other specific appropriations as needed during the fiscal year.

CHAPTER II

REVIEW OF PERTINENT LITERATURE

Purpose of the chapter. The purpose of this chapter is to present a summary of the pertinent literature which is related to this study.

I. FUNCTION, LIMITATION, AND PURPOSE OF BUDGETING

While there are several books dealing with the general field of business administration, there seems to be a rather limited amount of material that pertains to budgetary procedures and appropriate forms.

Certain basic factors by way of background understanding are clearly defined in several of the books. According to Henry H. Linn¹, the budget has the following functions:

1. The budget is a servant of education. The budget functions as a facilitating device for educating the child. The school does not exist in order to serve a budget; the budget is the servant of education. It is a means, not an end.
2. It gives an overview.
3. It aids in analysis.
4. It develops cooperation within the school.
5. It stimulates confidence among the taxpayers.
6. It estimates the receipts.
7. It determines the tax levy.
8. It authorizes expenditures.
9. It aids in administering the school economically.

¹Henry H. Linn, School Business Administration (New York: The Ronald Press, 1956), p. 140.

10. It improves accounting procedures.
11. It aids in extracurricular activities.
12. It projects the school into the future.

These basic functions must be fully realized and appreciated by the budget-maker to enable him to set forth his budgetary procedures.

Once a thorough understanding of the function of the budget is established another equally important consideration must be a complete awareness of the limitations inherent in any budget. Englehardt and Englehardt² clearly define these limitations as follows:

1. The budget is not the watch dog of the treasury.
2. The budget cannot be substituted for good administration.
3. The budget will be as good as the executive who makes it.
4. The budget improves as administration improves.
5. The budget should not be discarded because of failure to use it advantageously.
6. Responsibility should not be placed in the budget.
7. The budget should not be followed blindly.
8. Judgment should be used. Remember the budget is based on an estimate.
9. The budget should not be allowed to run the school and kill initiative.

It is interesting to note that while the Englehardt writing is now more than thirty years out of publication, several of the later publications by other writers quote from it to this day.

²N. L. Englehardt and Fred Englehardt, Public School Business Administration (New York: Bureau of Publications, Columbia University, 1924), p. 553.

Another basic consideration fundamental to a proper perspective in budget-making is purpose. The purpose of budgeting as set forth by Mort and Reusser³ is to accept the idea that the budget plan be based on an accepted school program coupled with an adequate system of financial accounting. An important point in this regard is further amplified by Mort as follows:

No budget can be built until the program it proposes to carry forward has been accepted wholeheartedly by the community and until financial accounting system has made available the cost of the several elements in such program.⁴

II. CRITERIA FOR BUDGETARY PROCEDURES

The budget-making process to be effective must have a predetermined plan for procedure if it is to assimilate the necessary detail in an orderly manner. The criteria set forth by Chris A. DeYoung⁵ serves as a most useful aid in directing the activities involved with budgetary procedures. He states the criteria in four main categories; inclusiveness, balance, responsibility, and flexibility.

³Paul R. Mort and Walter C. Reusser, Public School Finance (New York: McGraw-Hill, 1941), p. 134.

⁴Loc. cit.

⁵Chris A. De Young, Budgeting in Public Schools (New York: Doubleday Doran Co., 1936), p. 497.

The item of inclusiveness includes 1) proper data on income and expenditures, 2) itemization of estimates, 3) provision for unit costs and other comparable supporting data, and 4) summary sheets including above detailed information.

Under the category of balance is included, 1) the balance between income and expenditure, and 2) a proper balance among the activities represented.

The third item, responsibility, involves consideration for, 1) the individuals responsible for compiling the budget, and 2) the persons or groups responsible for the review and revision of the budget document as it proceeds through the preliminary, tentative, and final forms.

The final item concerning flexibility includes 1) the provision for meeting contingencies and emergencies which cannot be foreseen during the period of budget preparation, and 2) proper provision for short-term borrowing for the period when income is absent.

Once this criteria or some modification of it is accepted by the governing board and administration, the next step is up to the administrator to properly implement it with detailed procedure to enable all staff members to properly participate in the activities of budgeting.

The matter of staff participation is pointed up by C. R. Reynolds when he states:

A budget that grows out of the combined knowledge and experience of the entire staff should be a professionally sound budget.⁶

Further mention of participation by all staff members is made by S. S. Mayo as follows:

Budgeting and accounting are of great concern not only to the principal and administrative staff but also to the teaching staff of each component school. While it is recognized that these activities are directly under the control of the superintendent, wide participation by all staff members is encouraged.⁷

III. THE SUPERINTENDENT AND FINANCIAL RESPONSIBILITY

The school superintendent stands as the one person who is charged with the final responsibility for the research in defining the finance problem. He must secure and present the data to the governing board who then must act to establish salary schedules, maintenance programs, and other spending policies.⁸

In practice the governing board has usually delegated the job of budget preparation to the superintendent. The superintendent in turn will involve other staff members in

⁶C. R. Reynolds, "Staff-Made Budget," National Elementary Principal, 33:16-17, May, 1954.

⁷S. S. Mayo, "School Budget Preparation and Control," American School Board Journal, 130:26, March, 1955.

⁸"School Board-Superintendent Relationships," Thirty-Fourth Yearbook of the American Association School Administrators (Washington, D. C.: American Association School Administrators, 1956), p. 237.

building the budget. His leadership must act as a potent force in making certain that the budget-making process is properly understood and carried through by staff members.

His responsibility is further pointed up in the Thirty-Fourth Yearbook of the American Association of School Administrators wherein it is stated that:

He is expected to have in mind the clearest and most accurate picture of the total budget of anyone in the community.⁹

Closely allied to this budget making responsibility is that of financial accounting and the attendant policy necessary to make for intelligent action on the part of the governing board. Henry H. Linn¹⁰ states that whoever controls finance in the final analysis also controls policy. He implies that finance can actually determine the quality, quantity, and emphasis in a program of instruction. Unlike the prior section which indicated a participation by staff members, this area of financial decision cannot be delegated. It is the superintendent then who must provide the governing board with accurate financial statements to enable them to intelligently meet their responsibilities in the area of classroom instruction.

Another means of implementing this responsibility for

⁹Ibid., p. 60

¹⁰Linn, op. cit., p. 176

financial understanding on the part of governing board and lay public is through the use of a letter of transmittal included in the budget by the superintendent. Linn again states that:

Taxation without explanation at times has led to sharp revolt against the schools. One useful means of elucidation is the letter of transmittal by means of which the budgeteer can approach his audience on a friendly basis and describe significant trends.¹¹

According to J. R. Leevy¹², the superintendent also has a responsibility as do all budget makers of a community, be they school, city, or state officials. This involves cooperation in a constant inventory of all physical, social, and economic changes that have taken place, such as population changes as to age and distribution, land use, industrial development, and physical deterioration of property in the community.

A warning is sounded by DeYoung¹³ when he raises the question of the budget which may be technically balanced but not educationally balanced. The proposed expenditures may equal the estimated receipts so that the budget appears

¹¹Ibid., p. 157

¹²J. R. Leevy, "Community Budget vs. the School Budget," American School Board Journal, 126:35, June, 1953.

¹³DeYoung, op. cit., p. 14

balanced to the certified public accountant, but there exists the possibility that the same budget, containing little or nothing for school supplies and equipment, may be unbalanced from the viewpoint of the child and his welfare.

IV. BUDGETARY TECHNIQUES AND PROCEDURES

The literature contains a number of techniques and procedures which might be applied to most budgetary situations. One of the fundamental considerations is that of the form which the budget might take. In general, Mort and Reusseau¹⁴ suggest that the lists of expenditures and receipts should be sufficiently detailed to enable the governing board to follow up any item of cost. The standard character classification as contained in the California School Accounting Manual¹⁵ for expenditures should be used. All of the accounts should be coded for quick reference.

Linn further amplifies this above statement as follows:

Good organization requires that the material be classified in sufficient detail to denote exactly for what purpose the money is to be spent. Expenditures, even more than receipts, need definite classification so that responsibility can be fixed.¹⁶

¹⁴Mort and Reusseau, op. cit., p. 143.

¹⁵California State Department of Education, California School Accounting Manual (Sacramento: California State Department of Education, 1951), pp. 8-9.

¹⁶Linn, op. cit., p. 151.

It is stated by Linn¹⁷ that ideally one must use the educational base on which to project the spending and financing programs. He indicates that some schoolmen commence with an estimation of receipts and then build the budget to that figure. The local conditions, attitudes of the governing board, and certain limitations for the spending and raising of revenue will dictate which procedure to follow. It is further deduced that in many instances, the amount of receipts will decide both the expenditures and the type of program. The tax rate limit may then dictate the educational program.

According to Reynolds¹⁸, a year around budget procedure is a most desirable plan to follow. This entails budget making lasting from the completion of one budget until the completion of the next one.

As a means of implementing this year around procedure, DeYoung states the need for the preparation of a budget calendar as follows:

To facilitate the preparation of the budget, a calendar of the things to be done, by whom they are to be done, and when they must be done, has been found helpful. Such a procedure cannot be standardized for all school systems, but must be developed for each organization after a careful study of the local problem.¹⁹

¹⁷Ibid., p. 146.

¹⁸Reynolds, op. cit., p. 16.

¹⁹DeYoung, op. cit., p. 16.

Another procedure indicated by DeYoung²⁰, designed to assist the budget maker in gathering current data, is the use of a budget record book or file containing data on unit costs, alterations of certain budget items, and insurance premiums due for the following year. A catalogue file and record of purchases likewise assists in making up standard lists of equipment and supplies.

The need for an adequate reserve or contingent fund is clearly evident when Mort and Reusseau states:

But a lively, adapting school system will have need of funds to buy unforeseen, unthought of materials and services. Every budget should have a considerable contingent fund that can be used without too much red tape to assist this teacher, or this principal, or this administrative officer in carrying forward experimental work.²¹

In California, this fund is established in the account classified as "Undistributed Reserve". Transfers are authorized from this account to any of the ten expenditure classifications as set forth in the California School Accounting Manual.²²

²⁰Ibid., p. 61.

²¹Mort and Reusseau, op. cit., p. 155.

²²California State Department of Education, op. cit., pp. 8-9.

V. PARTS OF THE BUDGET

In order to acquire a proper orientation to the development of the budget, Linn sets forth the concept of the equilateral triangle as depicting three parts of the budget. This idea is stated as follows:

The modern school budget contains three parts: 1) the work plan, which is a definite statement of the educational policies and program; 2) the spending plan which is a translation of the accepted policies into proposed expenditures; and 3) the financing plan, which proposes means for meeting the cost of the educational needs. The educational plan must be well developed, since it should form the basis for the spending and financing programs. The three parts are closely integrated. An equilateral triangle symbolizes the balanced budget, of which the base is the educational plan, and the other two sides are the financing and spending plans.²³

Linn sees this approach as the only logical one to the budgeting process. The educational program which is desired locally must first be determined before the cost of it can be set down.

In many communities this approach is not possible due to statutory tax rates and maximum limits imposed by code provisions. The only means of overcoming this problem is to seek changes in the tax ceilings either locally or at the state level.

Without a change in this tax structure, the financing plan then becomes the base of the triangle instead of the

²³Linn, op. cit., pp. 138-39.

educational plan.

It is further pointed out by Linn²⁴ that the educational plan cannot be carried out ad libitum as it must have practical limits. He feels that communities have in many cases far more ability to pay for education than they have demonstrated in the past.

VI. SUMMARY

Several underlying ideas appear in the literature concerned with budgetary procedure. The foremost idea would appear to be a sound formulation of the basic philosophy behind the execution of the budget document. The budget-maker must have the purpose and function clearly in mind at the outset. The concept that the budget serves as a servant of education and not the master is paramount.

The acceptance of the idea that the school superintendent is the one person charged with the final responsibility is a second point. This responsibility is in most instances delegated by the governing board to the superintendent who in turn involves other members of his staff in the development of the budget document. Some stress was laid on the fact that broad participation by staff members in developing the budget is most desirable.

²⁴Loc. cit.

Once the purpose and responsibility is fixed, the budget-maker must next have a clear understanding of the criteria for budgetary procedures. The four principal areas of concern are: 1) inclusiveness, 2) balance, 3) responsibility, and 4) flexibility. Inclusiveness involves the proper detail for income and expenditures with accompanying data. Balance includes the proper weighing of income and expenditures and the relation among the various activities. Responsibility in this instance as contrasted with responsibility in the preceding paragraph is concerned with a detailed plan of operation for proper review and revision among staff, superintendent and governing board. Finally, flexibility, encompasses the proper provision for emergencies which are unforeseen during the preparation of the budget and recognition of short-term loans when income is in short supply.

The development of adequate budgetary techniques and procedures is fundamental to the implementation of any budget document. This area is concerned with the budget calendar, the classification of accounts, year around budget activity, the means for gathering current budget data, and the provision for reserves.

Finally, the parts of the budget are concerned with the equilateral triangle which is made up of the educational plan, the spending plan, and the financing plan. This idea

provides the budget-maker with a compass, so to speak, in setting the direction for the budget-maker in overall planning for the budget process.

CHAPTER III

PRESENTATION AND INTERPRETATION OF BUDGETARY

PRACTICES AND PROCEDURES

The questionnaire. The questionnaire was used as the principal instrument to aid the author in gathering information on budgetary procedures which were currently practiced in the selected districts. It was further utilized as an evaluation tool in compiling a guide to budgetary procedures.

The topics covered in the questionnaire included the calendar, procedures for submission of budget requests, summarization of receipts and expenditures for the previous year, summarization of tax rates and assessed valuation, determination of the basis for income, current year estimate of expenditures including increases and decreases, provision for capital outlay expenditures, scheduling of bonded indebtedness, submission of financial reports to the governing board and employees, and public information on district financial condition.

The questionnaire in scope covered the period of early preparation of materials to be used in the data gathering process through the actual gathering process and finally the follow-up process once the final document was developed.

The ten principal questions, together with the sub-questions under each, proceeded logically from the ultimate objective contained in the agenda. The content of the questions were derived in part from the current literature and in consultation with business officials in Marin County.

Attention was given in the development of the questions to the inclusion of members of the staff so that this document might encompass the thinking and efforts of all persons concerned with the proper appropriation and expenditure of public funds.

Checks on income and expenditures were treated in other questions so that the document might represent something that would closely approximate the actual experience of the district as it proceeded through its fiscal year.

To further implement the results of this questionnaire, information on income, expenditures, and reserve accounts was secured from the County Superintendent of Schools Office of Marin County. This information was tabulated from the annual required audits of each district instigated in the school year 1953-54 through mandatory legislation. Information was also tabulated from the general ledger expenditure cards maintained for each district by the County Superintendent of Schools Office.

It is possible that more questions under each of the ten principal questions might have been included. It was

felt, however, that the number included would give a representative group of responses and provide leads as to whether these practices were in effect carried out in some measure in the districts studied.

The questionnaire was in short an information gathering device to determine what districts were actually encountering in the area of budgetary practice and procedure on a day to day basis. The questionnaire appears as Figure 1 on page 30.

The interview. Once the final questionnaire was set down, the author then contacted the selected districts and made appointments for an interview with the public school official responsible for the development of the budget document.

At the outset of the interview a copy of the questionnaire was given to the official with the request that he respond to each question with one of three answers: 1) yes, 2) no, or 3) does not apply. The response of the official was then recorded by the author. In instances where the question was not readily understood, an explanation was made. Examples of work which included special reports, budgetary classification systems, request forms, statements of account forms, assessed valuation tables, income and expenditure summaries, budget calendars, and other appropriate material was

BUDGETARY PROCEDURE QUESTIONNAIRE

YES NO DOES NOT
APPLY

(Questions grouped according to order of questions under "Enumeration of Objective.")

QUESTION I "How is the Budget Calendar established?"

- 1 1. Do you follow a stated budget calendar to enable completion by June?
- 2 2. Does the calendar provide for submission of requests from certificated and classified staff members?
- 3 3. Do you use Form J-42 in making up your published budget?

QUESTION II "How are budget requests submitted for inclusion in the budget?"

- 4 1. Do you provide a form for budget requests to be made by individual staff members?
- 5 2. Does this form provide for a priority system so items may be excluded if necessary on a uniform basis?
- 6 3. Are all classes of employees involved in this budget request system?
- 7 4. Do you inform employees of the disposition of their requests?
- 8 5. Do you give employees any limitations in making up their collective requests?

QUESTION III "How are the receipts and expenditures of the previous year summarized?"

- 9 1. Do you summarize receipts as to source showing estimated income and actual receipts?

Figure 1

The Budgetary Procedure Questionnaire

DOES NOT
YES NO APPLY

- 10 2. Do you summarize expenditures as to accounts showing actual and estimated expenditure?
- 11 3. Do you use a system of classification of accounts for both receipts and expenditures?

QUESTION IV "How is Assessed Valuation and tax rate information summarized?"

- 12 1. Do you compute the assessed valuation on the basis of the previous year with an average increase indicated?
- 13 2. Do you compute 90% of the secured roll and leave the remainder for reserve accounts?
- 14 3. Do you summarize tax rates for several years showing your own district as well as comparable districts in the immediate area?
- 15 4. Do the tax rate summaries include all of the tax rates assessed to the district? (General, restricted, local bond, state repayment)

QUESTION V "What is the basis for the determination of types of income?"

- 16 1. Do you use formulas and/or work sheets for computing income estimates?
- 17 2. Do you use an estimated beginning balance figure which is apportioned to next year's budget accounts?
- 18 3. Is the general reserve sufficient to cover necessary expenditures in the month of July prior to receipt of new income?

Figure 1 (continued)

YES NO DOES NOT
APPLY

- 19 4. Do you assume that all budget accounts will be expended in the current fiscal year for purposes of establishing a beginning balance?

QUESTION VI "How is the estimate of expenditures for the current year including increases or decreases presented?"

- 20 1. Is an improved program of services and/or increased pupil population indicated as need for increased expenditures?
- 21 2. Is a long range plan for repair and replacement of buildings and equipment presented?
- 22 3. Is a graphic presentation made showing the need for increased expenditures due to new services, increased maintenance costs, improved salary schedules, etc.?
- 23 4. Are expenditures in the Maintenance (#5 budget account) itemized?

QUESTION VII "How are capital outlay expenditures provided?"

- 24 1. Have you established a minimum list of capital outlay equipment items which are considered mandatory for implementation of the educational program presently in force?
- 25 2. Is a given amount of money per unit of ADA established for a guide in setting expenditures for capital outlay?

Figure 1 (continued)

DOES NOT
YES NO APPLY

- 26 3. Is a priority system established for capital outlay items?
- 27 4. Is a long range plan for capital outlay expenditures provided?
- 28 5. Do you endeavor to include improvements of buildings and grounds in the initial building project so as to keep these expenditures at a minimum in the operating budget?
- 29 6. Are the items included in the capital outlay account (#10 d budget account) closely allied to the instructional program?

QUESTION VIII "How is the schedule of bonded indebtedness presented?"

- 30 1. Do you show each bond redemption schedule separately including principle and interest payments by years?
- 31 2. Do you show a schedule of loans made on each state aid program by projects?
- 32 3. Do you project debt service payments beyond the current year?

QUESTION IX "How are financial reports made to governing boards and employees of the district?"

- 33 1. Are the budget classification accounts subdivided to enable the administration to report income and expenditures as they relate to these accounts?
- 34 2. Is a regular monthly general fund financial report made to the governing board paralleling the framework of the budget?

Figure 1 (continued)

DOES NOT
YES NO APPLY

- 35 3. Do you make a regular monthly report to the governing board on special accounts comprising child care, cafeteria, and student body funds?
- 36 4. Do employees of the district receive periodic financial reports for the accounts which relate to their activity?

QUESTION X "How is the public kept informed of the financial condition of the district?"

- 37 1. Is the preliminary budget material presented to the public prior to final adoption by the governing board in August?
- 38 2. Are periodic reports made to the public concerning the financial condition of the district?
- 39 3. Do you present a long term plan for expenditures of general fund monies to the public?
- 40 4. Do you make special reports on certain aspects of the program to the public from time to time?

on hand during the interview period for purpose of illustration. With this type of material available it is felt that there was little or no error involved so far as interpretation of meaning is concerned.

In each instance, the interview took approximately forty-five minutes to one hour depending upon the time consumed with explanations by both the person interviewed and the author.

Staff responsibility organization chart of selected districts for 1955-56. The organization of staff responsibilities for budgetary matters is found in Table I, page 36. This tabulation of responsibility for budgetary development provides a means of assessing the line of authority as well as the number of persons involved in each instance.

The Table indicates that in four instances the superintendent is directly responsible for all fiscal affairs and budgetary procedures. In six cases the superintendent is responsible for review and approval of the fiscal affairs and budgetary procedures.

Six of the districts indicated that the assistant superintendent was responsible for all fiscal affairs and budgetary procedures under the direction of the superintendent. Six districts reported that the head bookkeeper or accountant was responsible to the assistant superintendent for accounting

TABLE I

STAFF RESPONSIBILITY ORGANIZATION CHART
OF SELECTED DISTRICTS FOR 1955-56

Responsibility	District									
	FAIRFAX	KENFIELD	LARKSPUR	MILL VALLEY	NOVATO	REED UNION	SAN ANSELMO	SAN JOSE	SAN RAFAEL	SAUSALITO
<u>Superintendent</u>										
1. Directly responsible for all fiscal affairs and budgetary procedures.		1			1		1		1	4
2. Responsible for review and approval of fiscal affairs and budgetary procedures.	1	1	1	1		1		1		6
<u>Assistant Superintendent</u>										
1. Responsible for all fiscal affairs and budgetary procedures under direction of Superintendent.	1	1	1	1		1		1		6
<u>Head Bookkeeper or Accountant</u>										
1. Responsible to Asst. Superintendent for accounting and financial reporting.	1	1	1	1		1		1		6
2. Responsible to Superintendent for accounting and financial reporting.			1		1		1		1	4

and financial reporting. In four instances the same person was responsible to the superintendent for this activity.

Average daily attendance. The average daily attendance as reported to the County Superintendent of Schools Office on Form J-24 (The Annual Average Daily Attendance Report) for the school year 1955-56 is found in Table II, page 38. All districts with the exception of the Novato District which became a unified district in 1954-55, serve grades kindergarten through eight. Novato Unified School District maintained only the ninth grade in 1955-56 with the other three grades, tenth through twelfth. Grade students were sent to the San Rafael High School District on a tuition payment basis. It is felt that the inclusion of this unified district does not alter the validity of the results for purposes of determining budgetary procedures, and the practices of evaluation of income computation, expenditure appropriation, and establishment of reserve accounts.

Accounting systems used by selected districts. The districts studied have presently in use one of two types of income and expenditure accounting systems as indicated in Table III, page 39.

The bookkeeping machine appropriation and income ledger card system is one involving a classification of income

TABLE II
AVERAGE DAILY ATTENDANCE REPORTED BY
SELECTED DISTRICTS FOR 1955-56

District	Average Daily Attendance*
Fairfax	755
Kentfield	909
Larkspur	1119
Mill Valley	2396
Novato (Elementary only)	1671
Reed	716
San Anselmo	1807
San Jose	819
San Rafael	2773
Sausalito	1444

* Average daily attendance figures from California Department of Education form J-24 as filed with Marin County Superintendent of Schools for 1955-56.

TABLE III
ACCOUNTING SYSTEMS IN USE BY SELECTED
DISTRICTS FOR 1955-1956

District	Bookkeeping Machine Appropriation & Income Ledger Card System	Hand Entry Appropriation & Income Journal System
Fairfax	1	
Kentfield	1	
Larkspur		1
Mill Valley	1	
Novato	1	
Reed		1
San Anselmo	1	
San Jose		1
San Rafael	1	
Sausalito	<u>1</u>	<u>1</u>
Totals	6	4

and expenditure accounts ranging between one hundred fifty and three hundred separate ledger cards incorporating the feature of appropriation, credits, balances, and encumbrances.

The other system is essentially a hand entry journal system accomplished manually by a bookkeeper. This system does not lend itself to the use of classifications to the extent enjoyed by the employment of the bookkeeping machine system. The total accounts will seldom exceed a figure of one hundred. It provides generally for the major income sources and the ten budget accounts as represented in Figure 11 page 88, setting forth the sources of income and analysis of expenditures.

Interpreting the results. The results of this study are interpreted by studying the tables and making the necessary explanations relative to the presentation of the data.

A table has been developed for each question indicating the number of responses in terms of yes, no, and does not apply. These tables reveal the practice followed by the selected districts. These responses were then treated statistically to provide a percentage figure for each question under the principal question. Table XIV, page 63, sets forth the summarization of the ten principal questions as follows:

Total "Yes" responses	299
Percentage total "Yes" responses	74.75

Total "No" responses	91
Percentage "No" responses	22.75
Total "Does Not Apply" responses	10
Percentage "Does Not Apply"	
responses	2.50

While no standard is available, the above results would seem to indicate a favorable situation exists in regard to the budgetary procedures presently reported by the selected districts.

Responses to establishment of the budget calendar.

Three subquestions comprised this principal question with respect to the establishment of the budget calendar. Subquestion 1 dealt with a stated budget calendar which would assure completion of the tentative budget by June. Eight districts indicated that a stated budget calendar was followed.

Subquestion 2 inquiring as to the submission of requests by certificated and classified employees found eight districts responding in the affirmative with one response in the negative and one indicating the question did not apply.

Subquestion 3 inquiring as to the use made of the State of California Form J-42, a detailed work sheet for estimating proposed expenditures and transfers of the general

fund, showed only four of the reporting districts responding in the affirmative with six districts reporting in the negative.

In the distribution of the responses to the question on budget calendar, Table IV, page 43, 67 per cent of the responses were in the affirmative with 30 per cent of the responses in the negative and less than one per cent did not apply. The lowest number of affirmative responses were registered in subquestion 3. It was found that other more detailed means can be employed as was indicated by several of the reporting districts.

Responses to budget request system. The second principal question included five subquestions inquiring as to the system used in submitting budget requests.

Subquestion 4 inquired as to whether a form was provided for individuals in requesting items to be included in the budget. In this case six districts responded in the affirmative with four districts replying in the negative.

The next item, subquestion 5, sought a priority system to enable the budget-maker to assess each request in terms of its relative importance to the total educational program. In this instance five districts replied yes with three responding negatively and two indicating it did not apply.

TABLE IV

"QUESTION I - 'HOW IS THE BUDGET CALENDAR ESTABLISHED?'"

Subquestion	R E S P O N S E S						
	Yes	No	DNA*	No. Pos- sible	% Yes	% No	% DNA
1. Do you follow a stated budget calendar to enable completion by June?	8	2	0	10	80	20	0
2. Does the calendar provide for submission of requests from certificated and classified staff members?	8	1	1	10	80	10	10
3. Do you use Form J-42 (Rev. 3-56), "Detailed Estimate of Proposed Expenditures and Transfers of the General Fund," in making up your published budget?	4	6	0	10	40	60	0
Totals	20	9	1	30	67	30	3

* Abbreviation for Does Not Apply

The involvement of all classes of employees was the subject of subquestion 6. In this case it was found that nine districts were involving all employees and one district responded negatively.

Subquestion 7 dealt with the problem of informing employees as to the disposition of their individual request. Here all ten districts replied affirmatively.

The final subquestion 8 inquired as to whether employees were held to any limitation in making up their collective requests. Only two districts responded in the affirmative with eight districts indicating in the negative.

The responses to the five subquestions under the principal question, Number II, in Table V, page 45, indicates 64 per cent reporting in the affirmative, 32 per cent in the negative, and 4 per cent of the responses did not apply.

Responses to summary of receipts and expenditures.

The principal question dealt with the summarization of receipts and expenditures for the previous year.

The first subquestion, 9, inquired as to whether receipts were summarized for the previous year indicating estimated income and actual receipts. All ten districts replied in the affirmative.

TABLE V

QUESTION II - "HOW ARE BUDGET REQUESTS SUBMITTED FOR
INCLUSION IN THE BUDGET"

Subquestion	R E S P O N S E S						
	Yes	No	DNA*	No. Pos- sible	% Yes	% No	% DNA
4. Do you provide a form for budget requests to be made by individual staff members?	6	4	0	10	60	40	0
5. Does this form provide for a priority system so items may be excluded if necessary on a uniform basis?	5	3	2	10	50	30	20
6. Are all classes of employees involved in this budget request system?	9	1	0	10	90	10	0
7. Do you inform employees of the disposition of their requests?	10	0	0	10	100	0	0
8. Do you give employees any limitations in making up their collective requests?	2	8	0	10	20	80	0
Totals	32	16	2	50	64	32	4

* Abbreviation for Does Not Apply

The summarization of expenditures as to accounts showing actual and estimated expenditure was the subject of subquestion 10. In this instance all ten reporting districts recorded an affirmative response.

Subquestion 11 inquired as to the use of a system of classification of accounts for both receipts and expenditures. Here the districts indicated nine affirmative responses with one negative report.

Statistically speaking, the total affirmative responses amounted to 97 per cent with 3 per cent in the negative as indicated in Table VI, page 47.

Responses to summarization of assessed valuation and tax rate information. The principal question number IV inquired as to how assessed valuation and tax rate information is summarized.

Subquestion 12 inquired as to whether the district computed the assessed valuation on the basis of the previous year with an average increase indicated. In this instance nine districts reported in the affirmative with one district responding negatively.

The computation of 90 per cent of the secured roll with the remainder left for reserve accounts was the subject of subquestion 13. Six districts responded to this question in the affirmative with four districts recording a negative response.

TABLE VI

QUESTION III - "HOW ARE THE RECEIPTS AND EXPENDITURES OF THE PREVIOUS YEAR SUMMARIZED?"

	R E S P O N S E S							
				No. Pos- sible	% Yes	% No	% DNA	
Subquestion	Yes	No	DNA*					
9. Do you summarize re- ceipts as to source show- ing estimated income and actual receipts?	10	0	0	10	100	0		0
10. Do you summarize ex- penditures as to accounts showing actual and esti- mated expenditures?	10	0	0	10	100	0		0
11. Do you use a system of classification of accounts for both receipts and ex- penditures?	9	1	0	10	90	10		0
Totals	29	1	0	10	97	3		0

* Abbreviation for Does Not Apply

Subquestion 14 inquired as to the summarization of tax rates for several years showing the reporting district as well as comparable districts in the immediate area. Here it was found that six districts completed this summary and six did not.

The final subquestion, 15 asked the reporting districts if the tax rate summaries included all of the tax rates assessed to the district including the general fund, restricted, local bond, and state loan repayment. In this instance seven districts reported affirmatively and three negatively.

Table VII, page 49, sets forth the percentage responses. The affirmative responses amounted to 70 per cent as contrasted with 30 per cent responding in the negative.

Responses to basis for determination of types of income. The principal question, Number V, related to the basis for the determination of types of income.

Under subquestion 16 which inquired as to the use made of formulas and/or work sheets for the computation of estimated income, all ten reporting districts responded in the affirmative.

A similar response was recorded in subquestion 17 which asked the question as to the use of the estimated beginning balance and its apportionment to the following years' accounts. This question seemed pertinent as the author

TABLE VII

QUESTION IV - "HOW IS ASSESSED VALUATION AND TAX RATE
INFORMATION SUMMARIZED?"

Subquestion	R E S P O N S E S							
	Yes	No	DNA*	No. Pos- sible	% Yes	% No	% DNA	
12. Do you compute the as- sessed valuation on the basis of the previous year with an average increase indicated?	9	1	0	10	90	10	0	
13. Do you compute 90% of the secured roll and leave the remainder for reserve accounts?	6	4	0	10	60	40	0	
14. Do you summarize tax rates for several years showing your own district as well as comparable dis- tricts in the immediate area?	6	4	0	10	60	40	0	
15. Do the tax rate sum- maries include all of the tax rates assessed to the district? (General, re- stricted, local bond, & state repayment)	7	3	0	10	70	30	0	
Totals	28	12	0	40	70	30	0	

* Abbreviation for Does Not Apply

had observed the practice of assuming all expenditure accounts at a zero figure for the current year.

The subject of subquestion 18 dealt with the question of allocating sufficient money in the general reserve to cover necessary expenditures in the month of July prior to the receipt of new income. The districts split evenly in their response with five in the affirmative and five in the negative.

The final subquestion, 19, inquired as to whether the district assumed that all budget accounts will be expended in the current fiscal year for purposes of establishing a beginning balance. In this case three districts indicated an affirmative response and seven recorded a negative answer.

The total percentage figure for this principal question indicated 70 per cent in the affirmative and 30 per cent in the negative, as illustrated in Table VIII, page 51.

Responses to estimate of expenditures indicating increases and decreases. The problem of presenting estimated expenditures for the current year including increases and decreases was the subject of principal question number VI.

In assessing this general problem, subquestion 20 inquired as to whether an improved program of services and/or increased pupil population was indicated as the need for increased expenditures. This question recorded ten affirmative responses with none in the negative.

TABLE VIII

QUESTION V - "WHAT IS THE BASIS FOR THE DETERMINATION OF
TYPES OF INCOME?"

Subquestion	R E S P O N S E S						
	Yes	No	DNA*	No. Pos- sible	% Yes	% No	% DNA
16. Do you use formulas and/or work sheets for computing income estimates?	10	0	0	10	100	0	0
17. Do you use an estimated beginning balance figure which is apportioned to next year's accounts?	10	0	0	10	100	0	0
18. Is the general reserve sufficient to cover necessary expenditures in the month of July prior to receipts of new income?	5	5	0	10	50	50	0
19. Do you assume that all budget accounts will be expended in the current fiscal year for purposes of establishing a beginning balance?	3	7	0	10	30	70	0
Totals	28	12	0	40	70	30	0

* Abbreviation for Does Not Apply

Subquestion 21 posed the question as to whether a long range plan for repair and replacement of buildings and equipment was presented. Here it was found that six of the districts had such a plan and four did not.

The next subquestion, 22, probed the making of a graphic presentation showing the need for increased expenditures due to new services, increased maintenance costs, and improved salary schedules. Here it is noted that nine reporting districts followed this practice and one did not.

The final subquestion, 23, made the inquiry as to whether proposed expenditures in the maintenance account were itemized to enable the governing board to properly assess an orderly maintenance program in the district. Nine districts indicated they were following this practice and one was not.

The total figures for this principal question as set forth in Table IX, page 53, reveal a figure of 85 per cent in the affirmative and 15 per cent in the negative.

Responses to provision for capital outlay expenditures.

In principal question VII, the question was raised as to how capital expenditures were provided in the budget. Table X on page 54 sets forth the responses to this question.

The first subquestion, 24, inquired as to whether a minimum list of capital outlay items which are considered mandatory for implementation of the educational program presently

TABLE IX

QUESTION VI - "HOW IS THE ESTIMATE OF EXPENDITURES FOR THE
CURRENT YEAR INCLUDING INCREASES OR DECREASES
PRESENTED?"

	R E S P O N S E S							
				No. Pos- sible	% Yes	% No	% DNA	
Subquestion	Yes	No	DNA*					
20. Is an improved program of services and/or increased pupil population indicated as need for increased expenditures?	10	0	0	10	100	0	0	
21. Is a long range plan for repair and replacement of buildings and equipment presented?	6	4	0	10	60	40	0	
22. Is a graphic presentation made showing the need for increased expenditures due to new services, increased maintenance costs, improved salary schedules, etc.?	9	1	0	10	90	10	0	
23. Are expenditures in the maintenance (#5 Budget Account) itemized?	9	1	0	10	90	10	0	
Totals	34	6	0	40	85	15	0	

* Abbreviation for Does Not Apply

TABLE X

QUESTION VII - "HOW ARE CAPITAL OUTLAY EXPENDITURES PROVIDED?"

Subquestion	R E S P O N S E S							
				No.				
	Yes	No	DNA*	Pos-	sible	% Yes	% No	% DNA
24. Have you established a minimum list of capital outlay equipment items which are considered mandatory for implementation of the educational program presently in force?	5	5	0	10		50	50	0
25. Is a given amount of money per unit of ADA established as a guide in setting expenditures for capital outlay?	2	8	0	10		20	80	0
26. Is a priority system established for capital outlay items?	7	3	0	10		70	30	0
27. Is a long range plan for capital outlay expenditures provided?	6	4	0	10		60	40	0
28. Do you endeavor to include improvements of buildings and grounds in the initial building project so as to keep these expenditures at a minimum in the operating budget?	9	0	1	10		90	0	10
29. Are the items included in the capital outlay account (10d budget account) closely allied to the instructional program?	9	1	0	10		90	10	0
Totals	38	21	1	60		63	35	12

* Abbreviation for Does Not Apply

in force had in fact been provided for the guidance of employees of the district. The responses were divided evenly in this case with five reporting affirmative and five in the negative.

Subquestion 25 queried as to whether a given amount of money per unit of ADA had been established as a guide in setting expenditures for capital outlay. Only two districts responded affirmatively with eight responding in the negative.

The next subquestion, 26, dealt with the establishment of a priority system for capital outlay items to enable the budget-maker to assess properly the necessity and desirability of individual items requested. Seven reported they had such a system and three did not.

The provision of a long range plan for capital outlay expenditures was the subject of subquestion 27. To this question, six reported affirmatively and four negatively.

In order to determine whether districts were making a concerted effort to include improvements of buildings and grounds in the initial building project so as to keep these expenditures at a minimum in the operating budget, subquestion 28 was posed. In this instance it was found that nine were following this practice and one indicated that this did not apply as they were not involved in any building program.

The problem of including items in the capital outlay account that were closely allied to the instructional program was covered in subquestion 29.

To this question, nine districts responded in the affirmative and one in the negative.

The totals for the principal question indicate that 63 per cent were following the practices set forth, 35 per cent were not, and 2 per cent indicated they did not apply.

Responses to presentation of bonded indebtedness schedules. The subject of principal question VIII related to the subject of presentation of bonded indebtedness schedules with the results tabulated in Table XI, page 57.

To enable the governing board to assess properly its long term debt, subquestion 30 inquired as to whether each bond redemption schedule was shown separately including principal and interest payments by years. The responses to this question found eight districts indicating compliance with this practice, one not following the practice, and one indicating it did not apply as they had no bonded indebtedness.

To amplify further the total building program, subquestion 31 inquired as to whether a schedule of loans against each building project under the state aid program was provided for information of the governing board. To this inquiry seven

TABLE XI

QUESTION VIII - "HOW IS THE SCHEDULE OF BONDED
INDEBTEDNESS PRESENTED?"

	R E S P O N S E S							
				No. Pos- sible	% Yes	% No	% DNA	
Subquestion	Yes	No	DNA*					
30. Do you show each bond redemption schedule separately including principal and interest payments by years?	8	1	1	10	80	10	10	
31. Do you show a schedule of loans made on each state aid program by projects?	7	1	2	10	70	10	20	
32. Do you project debt service payments beyond the current year?	8	1	1	10	80	10	10	
Totals	23	3	4	30	77	10	13	

* Abbreviation for Does Not Apply

responded in the affirmative, one in the negative, and two indicated it did not apply as they had not been involved in the program.

The final subquestion, 32, made the inquiry as to the projection of debt service beyond the current year. This question was pertinent in that this practice would enable a district to schedule properly future bond issues and not overburden a district financially in any given year. To this question eight replied in the affirmative, one in the negative, and one indicated it did not apply by reason of the absence of bonded indebtedness.

The tabulation of the totals indicate that 77 per cent were following the practice, 10 per cent were not, and 13 per cent indicated it did not apply.

Responses to financial reporting to governing boards and employees. The question as to how financial reports are made to governing boards and employees of the district was the subject of principal question IX.

Subquestion 33 inquired as to the subdivision of budget classification accounts to enable the administration to report income and expenditures as they relate to these accounts. All ten districts responded in the affirmative to this question.

The next subquestion, 34, queried the districts as to whether a regular monthly general fund financial report was made to the governing board paralleling the framework of the budget. To this question, nine reported in the affirmative with one responding in the negative.

The practice of submitting regular monthly reports to the governing board on special accounts comprising child care, cafeteria, and student body funds, was the subject of subquestion 35. To this question eight districts indicated an affirmative response with two districts reporting in the negative due to the absence of these activities.

Related to the problem of reporting was the submission of periodic financial report for the accounts which relate to the activities of individual employees. Subquestion 36 revealed that eight districts were following this practice and two were not.

In summary of this principal question, it is found that 88 per cent follow the practices, 7 per cent do not, and 5 per cent indicate it does not apply.

Responses to public reporting of district financial condition. Principal question X related to the practice of proper procedure involved in reporting the financial condition of the district to the public. The tabulated results are to be found in Table XIII, page 61.

TABLE XII

QUESTION IX - "HOW ARE FINANCIAL REPORTS MADE TO GOVERNING
BOARDS AND EMPLOYEES OF THE DISTRICT?"

Subquestion	R E S P O N S E S							
	Yes	No	DNA*	No. Pos- sible	% Yes	% No	% DNA	
33. Are the budget classification accounts subdivided to enable the administration to report income and expenditures as they relate to these accounts?	10	0	0	10	100	0	0	
34. Is a regular monthly general fund financial report made to the governing board paralleling the framework of the budget?	9	1	0	10	90	10	0	
35. Do you make a regular monthly report to the governing board on special accounts comprising child care, cafeteria, and student body funds?	8	0	2	10	80	0	20	
36. Do employees of the district receive periodic financial reports for the accounts which relate to their activity?	8	2	0	10	80	20	0	
Totals	35	3	2	40	88	7	5	

* Abbreviation for Does Not Apply

TABLE XIII

QUESTION X - "HOW IS THE PUBLIC KEPT INFORMED OF THE
FINANCIAL CONDITION OF THE DISTRICTS?"

Subquestion	R E S P O N S E S							
				No.				
	Yes	No	DNA*	Pos- sible	% Yes	% No	% DNA	
37. Is the preliminary bud- get material presented to the public prior to final adoption by the governing board in August?	10	0	0	10	100	0	0	
38. Are periodic reports made to the public concern- ing the financial condition of the district?	6	4	0	10	60	40	0	
39. Do you present a long- term plan for expenditures of general fund monies to the public?	6	4	0	10	60	40	0	
40. Do you make special re- ports on certain aspects of the program to the public from time to time?	10	0	0	10	100	0	0	
Totals	40	8	0	40	80	20	0	

* Abbreviation for Does Not Apply

The practice of presenting the preliminary budget to the public prior to the final adoption by the governing board in August was the subject of subquestion 37. To this question all ten districts reported in the affirmative.

The general problem of reporting periodically to the public concerning the financial condition of the district was set forth in subquestion 38. To this question six districts reported in the affirmative with four responding in the negative.

Subquestion 39 dealt with the practice of presenting a long term plan for expenditures of general fund monies to the public. This question reveals six districts following the practice and four districts responding in the negative.

The final subquestion 40 inquired as to whether special reports on certain aspects of the program were made to the public from time to time. To this question all districts replied in the affirmative.

The totals under this principal question indicate that 80 per cent are following the practice indicated with 20 per cent responding in the negative.

Summary. The results of this study are interpreted by studying the tables and making the necessary explanations relative to the presentation of the data.

TABLE XIV
SUMMARY OF ALL QUESTIONNAIRE QUESTIONS

Question	Responses			Number Possible Responses	% Yes	% No	% DNA
	Yes	No	DNA*				
I	20	9	1	30	66.66	30.00	.33
II	32	16	2	50	64.00	32.00	4.00
III	29	1	0	30	96.66	3.33	.00
IV	28	12	0	40	70.00	30.00	.00
V	28	12	0	40	70.00	30.00	.00
VI	34	6	0	40	85.00	15.00	.00
VII	38	21	1	60	63.33	35.00	1.66
VIII	23	3	4	30	76.66	10.00	13.33
IX	35	3	2	40	87.50	7.50	5.00
X	32	8	0	40	80.00	20.00	.00
Totals	299	91	10	400	74.75	22.75	2.50
Range					63.33-	3.33-	.00-
					96.66	35.00	13.33

* Abbreviation for Does Not Apply

The total affirmative responses reported amount to 74.75 per cent with 22.75 per cent indicated in the negative. The does not apply response recorded 2.50 per cent. The ranges on individual questions were for the affirmative 63.33 to 96.66, for the negative 3.33 to 35.00 is reported, and in the does not apply category the range is .00 to 13.33.

As indicated by the ranges tabulated above it can be said that in some instances the selected districts studied are not achieving a maximum potential with respect to the use of desirable budgetary procedure while in other instances they are approaching the potential.

In studying the totals it can be seen that as a group the districts studied are achieving 74.75 per cent of their maximum potential in the use of these desirable procedures.

A more detailed summary appears in Chapter V.

CHAPTER IV

GUIDE TO BUDGETARY PROCEDURE IN THE DEVELOPMENT OF THE BUDGET DOCUMENT

Introduction to guide. The guide to budgetary procedures contained in this chapter proceeded logically from the questions raised in the preceding chapter. This guide sets forth forms and procedures that will lead the budget-maker from the preliminary steps to the final budget document with its related follow-up in an orderly fashion.

The various procedures have been numbered consecutively to enable the budget-maker to proceed through a step by step basis to the final document. Certain variations may be needed according to the dictates of the local situation. However, the application of these procedures should in every instance provide the budget-maker with all of the basic essentials required in the formulation of the budget document.

1. Educational program. In order to make a budget more readily understood, it is important that the educational program be explained in terms of the financial implication. It is not sufficient to list a lump sum for teachers' salaries unless a policy adopted by the governing board is expressed in terms of pupil-teacher ratio. The special teaching services should be described in terms of the on-going program as

conceived and adopted by the governing board.

Likewise, an item in the budget that directly relates to the educational program should be described to enable each board member and interested layman to properly understand the reason for its inclusion in the budget.

The check list in Figure 2, page 67, provides a means of checking the formulation of this statement of educational program which is important to a thorough understanding of the budget expenditures.

2. The budget calendar. The preliminary stage involved in the actual budget-making process is concerned primarily with the budget calendar, the various forms necessary for the gathering procedure, an understanding of the educational program, and a recognition of the compulsory sections of the Education Code - State of California¹ which involve varying amounts of fund expenditures. The understanding and availability of this information is essential to the proper pursuit of the budgeting activity.

The suggested budget calendar as set forth in Figure 3, page 69, is typical of the time schedule which is suggested for use by a district in order to insure an orderly budget

¹Education Code - State of California (Sacramento: Documents Section, Printing Division, 1955)

This check list attempts to set forth the most common occurring personnel services and materials offered by school districts in the implementation of the educational program. It is suggested that this description be of the narrative type under the four general headings offered in the list.

PERSONNEL SERVICES

1. Statement on pupil-teacher ratio.
2. Guidance.
3. Speech correction.
4. Developmental reading.
5. Arts and crafts.
6. Industrial arts.
7. Instrumental music.
8. Vocal music.
9. Dental hygienist.
10. Psychologist.
11. Psychometrist.
12. Child welfare and attendance.
13. Librarian.
14. Audio-visual.
15. Physical education.
16. Supervision of instruction.
17. Testing and research.
18. Supervision of high aptitude potential children.
19. School building secretaries.

INSTRUCTIONAL SERVICES AND MATERIALS

1. Reading materials including basic and supplementary material, reference materials, and recreational reading materials.
2. Audio-visual library materials.
3. Extent of instructional materials available to students including expendable materials, workbooks, and athletic supplies.

CAPITAL OUTLAY FOR INSTRUCTION

1. Musical instruments including pianos.
2. Audio-visual equipment such as: 16 mm projectors, slide projector, tape recorders, record players, opaque projectors, and radios.
3. Maps and globes.

Figure 2

Check List for Description of Educational Program

CHECK LIST (Continued)

4. Equipment for special programs such as home-making, industrial arts, and laboratory science.
5. Equipment related to regular classrooms such as: chart racks, aquariums, pegboards, bookcases, and file cabinets.
6. Pupils' desks and seating including reading tables and chairs.
7. Darkening facility for classrooms.
8. Paved areas for physical education activities.
9. Playground equipment such as: turning bars, swing rings, horizontal bars, baseball backstops, basketball standards, and tether ball poles.
10. Facilities for eating the noon meal either indoors or outdoors.

HEALTH AND SAFETY SERVICES

1. Full-time custodial services.
2. Maintenance personnel to correct safety hazards.
3. Gardener to maintain outdoor play areas in safe condition.

TIMEBUDGETARY PROCEDURE

Third Week Dec. to
Third Week Jan.

Budget forms and instructions to be distributed by person responsible for budget tabulation to principals, special teachers, administrative personnel, health services personnel, custodial personnel, and maintenance directors.

Third week Feb. to
First week March

Budget request forms in duplicate to be returned by the teaching staff to principals for review.

First week March to
Third week March

Instructional budget request forms to be reviewed by person responsible for the program of instruction.

Second week March to
Fourth week March

Budget request forms to be returned to person responsible for tabulation. This person to prepare statement of totals under each classification, together with statement of total funds available. Transmit to superintendent for review and approval.

Fourth week March to
First week April

Budget requests to be returned by superintendent to person responsible for tabulation of preliminary budget.

First week April to
Third week April

Preliminary budget returned to Superintendent by person responsible for preparation.

Third week April to
Fourth week April

Preliminary budget presented by Superintendent to governing board for consideration and approval.

Month of May

Changes in preliminary budget by Superintendent and others. Final preparation of tentative budget.

FIGURE 3

SUGGESTED BUDGET CALENDAR FOR ELEMENTARY
SCHOOL DISTRICTS IN MARIN COUNTY

SUGGESTED BUDGET CALENDAR (Con't)

<u>TIME</u>	<u>BUDGETARY PROCEDURE</u>
Third week June to Fourth week June	Adoption of tentative budget by governing board.
July 1	Tentative budget filed with County Superintendent.
July 15	Tentative budget returned by County Superintendent to governing board.
July 15-20	Period for changes in tentative budget.
July 20	Publication budget filed with county superintendent.
August 1-8	Public hearing on budget and adoption of the "Adopted budget" by the governing board. Adopted budget filed with county superintendent and other county officials

FIGURE 3 (continued)

development. While this calendar indicates a starting point in December, it is understood that staff members will avail themselves of every opportunity to compile data in their own offices from the outset of the school year for the ensuing year.

The number of staff members employed could well make modification of this calendar advisable in order to accommodate local conditions. The section of the calendar beginning with the date of July 1 is taken directly from the State of California Budget Form J-41. This particular section of the calendar must be followed without exception. The timing set forth in this calendar should provide ample time for careful budget preparation in all districts over six hundred average daily attendance in Marin County.

3. The budget request form. The comprehensive form illustrated in Figure 4, page 72, is used by each person making a request for the inclusion of an item or a service in the budget. This form lends itself to adaptation by any district depending on the personnel they might desire to handle the compilation and review of the budget requests.

The detail called for on this form will enable the budget-maker to appraise intelligently each item as it relates to the total budget. The system of priorities will assist where reductions in the budget are necessary.

OFFICIAL BUDGET REQUEST

(To be filled out in ink or typewritten)

SCHOOL _____

(Principal shall fill in)

1. ARTICLE/SERVICE REQUESTED: _____ QUANTITY _____
2. FULL DESCRIPTION _____
3. PURPOSE FOR WHICH ITEM IS TO BE USED: _____
4. Is this a REPLACEMENT? _____ REPAIR? _____ or NEW ITEM? _____
Safety or Health or Education or
5. PRIORITY RATING: (1)Essential _____ (2)Needed _____ (3)Desired _____
(4)Convenience _____
6. What is APPROXIMATE COST of the TOTAL quantity of this request? \$ _____ (Round Dollars)
FROM WHOM do you suggest the purchase be made?
REQUESTED BY _____ Date: _____ 19 _____
7. REQUEST RECOMMENDED with Priority Rating No. _____ Cost
Estimate: \$ _____ Explanation of Any Changes: _____
Principal. _____ Date _____ 19 _____
- PRINCIPAL'S RECOMMENDATION APPROVED with following changes:
Dir. Elem. Instr. _____ Date: _____ 19 _____
8. BUSINESS MANAGER'S COST ESTIMATE, as stated _____ or \$ _____
Bus. Mgr. _____
9. RECOMMENDATION APPROVED AS SUBMITTED _____
Or with following changes: _____
Ass't. Superintendent. Date: _____ 19 _____
10. RECOMMENDED FOR INCLUSION IN PRELIMINARY BUDGET by Supt. _____
Explanation of Changes: _____
11. AMOUNT AUTHORIZED BY BOARD FOR this item in the Budget.
By Bus. Mgr. _____ Budget Classification _____

Form used by San Rafael Elementary & High School Districts.

FIGURE 4

OFFICIAL BUDGET REQUEST FORM

It is recommended that this form be made out in duplicate so that the originator of the request may receive a copy indicating the action that has been taken. Ideally, each classroom teacher should have these forms available to enable her to set forth her requirements for the following year. Likewise, this form will lend itself to use by custodial and maintenance personnel as well as special teachers on the staff.

These forms may be made out as items or services as required for the following year at any time during the course of the school year.

4. Work sheets for income estimates. The principal item of income lending itself to a work sheet formula calculation is the State of California Basic and Equalization Aid accruing to each district annually on the basis of prior years' average daily attendance which represents the base for computation of the formula.

The average daily attendance can be maintained on an accumulated average basis each statistical period which will enable the budget-maker to work out the formula at the end of any given period. Trends may be helpful if this sort of record has been kept for several years prior to the current year. This preliminary budget income figure will usually be computed for the preliminary budget in March and of course

be kept current as the budget continues to be refined as July 1 approaches.

In order to complete the formula, the budget-maker must ascertain the amount of monies involved with the miscellaneous funds and funds received under provisions of Public Law 874. In each instance a computed increment of assessed valuation must be derived to arrive at a total assessed valuation for the district. The form is illustrated on Figure 5 , page 75.

Other income estimates for state apportionment for excess cost of educating physically and mentally retarded minors can best be worked out on the forms supplied by the State for these reimbursement programs. The same situation would obtain for the reimbursement on transportation of regular and physically handicapped minors from home to school. Figure 11, page 88 indicated the reporting forms used in making claim for reimbursement under any of the state financed programs applicable to the elementary grades, kindergarten through eight.

5. Recapitulation and companion supporting data sheets. The illustration of these sheets may be found in Figures 13 and 14, pages 92 and 93. In the preliminary preparation of materials a careful classification of accounts must be formulated to enable the budget-maker to organize his data systematically.

SCHOOL DISTRICT

19__ - __ BUDGET

BASIC AND EQUALIZATION AID WORK SHEET

1. Average daily attendance, 19__ - __ _____
2. Foundation Program (Alternate)
(Item 1 x \$ _____) _____
3. Tax Rate, 19__ - __
 - (a) Eligibility tax rate _____
 - (b) Increment tax rate _____
 - (Employee retirement) _____
 - (Civic Center) _____
 - (Annual Repayment) _____
4. Assessed valuation, 19__ - __
 - (a) Actual for district _____
 - (b) Federal Aid, P.L. 874 (\$ _____ x .0040) _____
 - (c) Miscellaneous funds (\$ _____ x .0075) _____
 - (d) Item 4b plus 4c _____
 - (e) Computed increment to assessed valuation
(Item 4d ÷ 3b) _____
 - (f) Assessed valuation for apportionment
purposes (Item 4a plus 4e) _____
 - (g) Assessed valuation per average daily
attendance. (Item 4f ÷ 1d) _____
5. Basic aid.
(Item 1d x \$ _____ but not less than \$ _____) _____
6. District aid.
 - (a) Regular (.0060 x 4f) _____
 - (b) Alternate (.0080 x 4r) _____
7. Equalization aid. (2 - 5 - 6b)
Note: apply correction factor to Item 7
when known. _____
8. State apportionment. (Item 5 plus Item 7) _____

Form supplied by Marin County Superintendent Schools Office

FIGURE 51

BASIC AND EQUALIZATION AID WORK SHEET

A well developed scheme of classification will greatly enhance not only the budget preparation but also materially assist in accurate cost accounting as expenditures are made from the budget.

An organization of accounts that follows the ten major budget accounts namely: Administration, Instruction, Auxiliary Services, Operation, Maintenance, Fixed Charges, Transportation, Food Services, Community Services, and Capital Outlay, with proper subaccounts will make for a well integrated system paralleling the county and state systems.

6. Pupil accounting data. The data to be presented in this section deals with both a summary of past attendance as well as projected attendance. Inasmuch as state monies are apportioned to the districts on the basis of pupil attendance, it is important that estimates in particular be projected on a realistic basis.

The summary of attendance can be readily compiled from the attendance data entered on the J-18 State of California Attendance Form for previous years. The compilation of the data in tabulated form will aid the governing board in an evaluation of the trends in growth or decrease over the most recent five year period as indicated in Figure 6, page 77.

The estimate of attendance form (Figure 7, page 78) is set forth in three classifications; straight-line projection,

SUMMARY OF ATTENDANCE

TYPE OF ATTENDANCE	AVERAGE DAILY ATTENDANCE				
	19__-19__	19__-19__	19__-19__	19__-19__	19__-19__
<u>Regular</u>					
Kindergarten					
Grade one					
Grade two					
Grade three					
Grade four					
Grade five					
Grade six					
Grade seven					
Grade eight					
<u>Home Instruction</u>					
Grade 1-8					
<u>Mentally Retarded</u>					
Point one program					
Point two program					
<u>Physically Handicapped</u>					
Hard of Hearing					
Partially Sighted					
Speech Correction					
Orthopedic					
Other					
<u>Total</u>					

FIGURE 6

PUPIL ACCOUNTING DATA FOR MOST RECENT
FIVE YEAR PERIOD

TYPE OF ATTENDANCE	STRAIGHT-LINE PROJECTION	AVERAGE PROJECTION	MAXIMUM PROJECTION
<u>Regular</u>			
Kindergarten			
Grade one			
Grade two			
Grade three			
Grade four			
Grade five			
Grade six			
Grade seven			
Grade eight			
<u>Home Instruction</u>			
Grades one-eight			
<u>Mentally Retarded</u>			
Point one program			
Point two program			
<u>Physically Handicapped</u>			
Hard of Hearing			
Partially Sighted			
Speech Correction			
Orthopedic			
Other			
<u>Total</u>			

FIGURE 7

ESTIMATE OF ATTENDANCE - ATTENDANCE
PROJECTIONS FOR CURRENT YEAR

average projection, and maximum projection. This information may be obtained from several sources. One of the most tangible means is by a review of the building permits filed with the cognizant planning authority. Another means is through a knowledge of provisional commitments with financial institutions for subdivision financing. In some instances a population study made by an outside group of consultant will assist the budget-maker in obtaining reliable figures. This estimate will assist the governing board in appraising the growth potential for the current year and will be of invaluable assistance in determining the amount of growth money which will accrue to the district.

The straight-line projection method is accomplished by dropping the highest grade (usually the eighth grade) and moving each existing class ahead one grade. A new kindergarten or first grade, in the event kindergarten is not maintained, of the same size is added. This is merely moving each class ahead and adding a class at the lowest level the same size as the one advanced. This projection takes no account of new pupils entering the district during the summer months.

The average projection would be the straight-line projection with the imposition of new pupils as reflected by vacant homes and houses under construction. A factor can

easily be developed for this projection by dividing the number of homes in the district by the number of pupils in school. A pupil factor will result which can be applied to the number of unoccupied homes or homes under construction.

The maximum projection would result by applying a financing commitment to the average projection product. This will in most cases result in a projection two years hence instead of the immediate year ahead depending on when the projection is made in the prior year.

Other projections are possible by the involvement of a pre-school census which takes into account children from one day of age to those not eligible for the lowest grade maintained.

Pupil drop-outs should be analyzed, particularly if private and parochial schools are admitting pupils from the district who do not offer a kindergarten program.

7. Compulsory expenditures. These compulsory expenditures are indicated in graphic form as a guide to the budget-maker so that he might have a degree of assurance that the budget includes those items and services specifically referred to in the Education Code - State of California.

In most instances it is impossible to assign a given amount of money to the provision as set forth in the Code. The amount will, in most cases, vary according to local conditions.

The information contained in Figure 8 on page 82 will serve as a check list for the budget-maker in making certain that provision has been made in the budget for compliance with the Education Code - State of California.

8. Gathering the budget data. In the gathering process it will be found most helpful if all of the forms have been made up in blank form some time prior to the actual tabulation of the data. Again, local conditions will dictate the precise timing for the form preparation dependent on the time of submission to the governing board.

If a tax increase election is to be undertaken in the hope that the new tax rate will obtain in the succeeding year; the first submission may want to be made sometime in January or February preceding the new fiscal year for which the budget is being prepared.

Another useful aid in collecting the data will be found in the use of folders for unit price figures on items of equipment and supplies. Certainly, the estimates on repairs to grounds and buildings along with capital outlay expenditures for grounds and buildings can be commenced in November and December.

Inquiries can be initiated to ascertain figures for all types of insurance premiums, bus-truck-car replacements, gasoline unit prices, and services for community use of

<u>EDUCATION CODE SECTION</u>	<u>CODE PROVISION</u>	<u>MONETARY EXPENDITURE</u>
355, 14001	The County Superintendent shall appoint janitor for the school building when the governing board fails to appoint.	Dependent on number of employees involved. County Superintendent to reimburse for service out of fund of school district.
1008	District shall pay any judgment for debts, liabilities, or damages out of school funds.	Dependent on each individual instance.
1029	Governing board of district shall insure against liability of district and its members, officers, and agents.	Dependent on number of employees, numbers of buildings in district.
1031	Payment of tuition for pupils outside school district by direction of county board of education.	Actual per pupil expense less all state and federal monies received by district of attendance on account of attendance of said pupil.
1671, 1827, 1915, 2104, 2105, 6358(b)	Expenses of any district election called by the governing board shall be paid from funds of the district.	Dependent on actual expenses incurred for election officials, equipment, printing costs, and publication of notice.
2203	Governing board shall provide for payment of traveling expenses of board representatives when performing services directed by board.	Dependent on actual and allowable expenses as set forth by board policy.

FIGURE 8¹

CHECK LIST OF COMPULSORY EXPENDITURE PROVISIONS
AS PROVIDED BY SECTIONS OF THE EDUCATION CODE
OF THE STATE OF CALIFORNIA

TABLE ON COMPULSORY EXPENDITURES CONT'D

5006	Governing board shall provide for employee honesty position bond.	Dependent on number of employees to be covered.
5010	Annual audit of books and accounts of district.	Dependent on bids offered by accounting firms.
6334	Publication of annual budget.	Not to exceed the rate set by the County Board of Supervisors for official advertising.
6703	Use of state apportionment money for payment of salaries of persons requiring certification or for payment of tuitions (Growth money included.)	Not less than 65% of the foundation program for elementary level.
13032	Employment of principal in each school in the district.	Dependent on salary schedule adopted by district.
13842	Minimum teacher salary	\$3400 annual salary for full-time teacher.
14551, 14559	School district contribution to permanent fund.	\$6.00 per member for permanent fund.
14559.1	School district contribution to retirement annuity fund.	Amount equal to 3% of compensation paid by district as indicated on payroll order each month.

FIGURE 8 (Continued)

TABLE ON COMPULSORY EXPENDITURES CONT'D

18902	County Superintendent shall draw warrant for purchase of appropriate United States flags if governing board neglects to provide same.	Dependent on number of flags required for outside and classroom display.
18921	Governing board shall supply expendable instructional supplies.	Dependent on amount required and cost of same.
24501	Governing Board shall provide first aid kits for field trips.	Dependent on number required by district.

school buildings.

If improved salary schedules are to be considered they should be presented for board consideration early enough to be included in the preliminary budget.

9. Assessed valuation and tax rates. Summaries of assessed valuation for a five year period are most helpful in appraising this financial base in the district. The summarization should break down the total valuation in terms of the secured roll, the public utility roll, and the unsecured roll as indicated in Figure 9 on page 86.

Likewise, the tax rate information should be presented in terms of the general purpose tax and restricted taxes levied by the district.

The summary of tax rate limits as well as assessed valuation per unit of average daily attendance as presented in Figure 10 on page 87 will provide a ready reference for all concerned in determining the per pupil wealth of the district in terms of increases or decreases.

10. Summarization of receipts. The summary of income from all sources including the beginning balances in the several funds is found in Figure 11, page 88 will enable all persons to make a concise review of the estimates for both the previous and current years. The actual receipts for the

_____ SCHOOL DISTRICT

_____ SCHOOL YEAR

Year	Secured Roll	Public Utilities	Unsecured roll	Total % Valu- ation	Inc. over year	Gen. Purp. Tax	R E S T R I C T E D T A X E S							
							CH.		CH	Local	Total	Bonds	Dist. Tax	
							CR	RA	CS	19	1389			
19__														
19__														
19__														
19__														
19__														
19__														

Legend

CR - Contract Retirement
 RA - Retirement Annuity
 CS - Community Services
 CH 19 - Chapter 19 Repayment
 CH 1389 - Chapter 1389 Repayment
 Local Bonds - Bond Redemption & Interest

Figure 9

Assessed Valuation and Tax Rate Data Sheet

Year	Max. Tax Limit	Total Assessed Valuation	ADA	AV/ADA	General Purpose Tax	Restricted Tax	Total Tax
19__							
19__							
19__							
19__							
19__							
19__							

Figure 10

Summary Sheet of Tax Rate Limits and AV/ADA

Income Source	Estimated Previous Yr. ADA	Actual Previous Yr. ADA	% of Total	Estimated Current Yr ADA	% of Total
---------------	----------------------------------	-------------------------------	---------------	--------------------------------	---------------

FEDERAL

Public Law 874
In Lieu taxes
Total FEDERAL

STATE

State School Appt.
(Basic Aid)
State School Appt.
(Equalization Aid)
State School Appt.
(Growth)
Regular Transportation
Allowance
Physically Handicapped
Transportation Allow.
Physically Handicapped
Apportionment
Mentally Retarded Appt.
Total STATE

LOCAL

Secured Taxes
(90% of Assessed Val.
x tax rate _____)
Unsecured Taxes
(Assessed valuation x
tax rate _____)
Delinquent Taxes
Land Sales
Miscellaneous
Contract Retirement
(Classified)
Contract Retirement
(Certificated)
Annual Repayment, Ch. 1389
Annual Repayment, Ch. 19
Community Services
Total LOCAL
Total Income - All Sources

FIGURE II

SHEET FOR ESTIMATED INCOME - ALL SOURCES

<u>Income Source</u>	<u>Estimated</u>	<u>Actual</u>	<u>% of</u>	<u>Estimated</u>	<u>% of</u>
	<u>Previous Yr</u>	<u>Previous Yr</u>	<u>Total</u>	<u>Current Yr</u>	<u>Total</u>

BEGINNING BALANCES

General Fund					
Contract Retirement					
(Classified)					
Contract Retirement					
(Certificated)					
Community Services					
Annual Repayment					
(Chapter 1389)					
Annual Repayment					
(Chapter 19)					
Total BALANCE					

Total FEDERAL-STATE-
LOCAL-BEGINNING BALANCE

FIGURE II (Continued)

previous year will also further assist in making an evaluation of the care with which the estimates have been made in the previous year.

The estimated income sheet includes most of the common sources of income accruing to the elementary districts in Marin County.

This type of summary can be carried back for any number of years for which the budget-maker might wish to make. This comparative data will often be useful when tax increase limits are under consideration.

The column which provides for the percentage of the total income will provide all concerned with a quick appraisal of the percentage accruing from each principal source of income.

The section on beginning balance is usable in computing the amount of money which is required to meet the requirement of the several restricted fund accounts.

11. Analysis of expenditures. This analysis is designed to provide a comparison of expenditures between the previous year and the current year together with the comparison of percentages of accounts one through seven and one through ten as illustrated in Figure 12, page 90. The percentage comparison is of value in assessing the amount devoted to the various classifications from year to year.

J

Budget A Account	Actual Expenditures Previous Yr.	%* Accounts 1-7 1-10	Proposed Expenditures Current Yr.	%* Accounts 1-7 1-10
1. <u>ADMINISTRATION</u>				
Salaries & Wages				
Other expenses				
2. <u>INSTRUCTION</u>				
Certificated salaries				
Other expenses instruction				
Other expenses				
3. <u>AUXILIARY SERVICES</u>				
4. <u>OPERATION OF SCHOOLS</u>				
Salaries & Wages				
Other expenses				
5. <u>MAINTENANCE OF SCHOOLS</u>				
Salaries & Wages				
Other expenses				
6. <u>FIXED CHARGES</u>				
7. <u>TRANSPORTATION</u>				
Salaries of drivers				
Other Expenses				
TOTAL ACCOUNTS 1-7				
8. <u>FOOD SERVICES</u>				
9. <u>COMMUNITY SERVICES</u>				
10. <u>CAPITAL OUTLAY</u>				
Land				
Improvement of grounds				
Buildings & Equipment				
UNDISTRIBUTED RESERVE				
GENERAL RESERVE				
TOTAL BUDGET & RESERVES				
ANNUAL REPAYMENT Chapter 19 & 1389				
GRAND TOTAL				

* Rounded to nearest dollar to obtain percentages

FIGURE 12

SHEET FOR ANALYSIS OF EXPENDITURES

These increases and decreases serve to point out to some extent the initiation of new programs, improved salary schedules and the like.

The percentages of accounts one through seven serve as a further analysis in making comparisons on a state-wide basis with tables supplied annually in the California Schools, a publication of the California State Department of Education.

12. Coded classification of accounts. Combined with the analysis of expenditures set forth in the foregoing section is a system of classification for each of the ten major budget accounts as set forth in the California School Accounting Manual. This classification should appear on the recapitulation sheet of which an example is set forth for the five account, Maintenance, in Figure 13, page 92. This provides an easy access to each account in summary form. Accompanying the recapitulation sheet is the companion classification sheet which sets forth the detail to the former sheet. An example of this is set forth in Figure 14, page 93. With the type of detail called for on this sheet, all persons examining the budget will find the complete information in terms of specific items rather than dollar amounts only.

Summary. The foregoing narrated guide setting forth a step by step procedure presents two principal categories of

MAINTENANCE
CLASSIFICATION # 5

5A SALARIES
5a1 Maintenance
5a2 Sick & bereavement leave
5a3 Overtime
5a4 Part-time help

5B UPKEEP OF GROUNDS
5b1 (Schools listed by name
in alphabetical order)

5C REPAIRS, BUILDINGS
5c1 (Schools listed by name
in alphabetical order)

5D REPAIRS, EQUIPMENT
5d1 (Schools listed by name
in alphabetical order)

GRAND TOTAL #5

FIGURE 13
SHEET FOR RECAPITULATION OF EXPENDITURES

SHEET FOR COMPANION CLASSIFICATION OF EXPENDITURES

MAINTENANCE

CLASSIFICATION #5

5A SALARIES

<u>Employee Name</u>	<u>Schedule</u>	<u>Step</u>	<u>Yearly Salary</u>	<u>Monthly Salary</u>
Example:				
John Jones	Maintenance	4	3600.00	300.00

5B UPKEEP OF GROUNDS

Example: (Each school to show all projects with a sub-total for this account at the foot of the page.)

John Dewey School

1. Oil primary play area.
 2. Repaint picket fence upper grade area.
-

5C REPAIRS, BUILDINGS

Example: (Each school to show all projects with a sub-total for this account at the foot of the page.)

John Swett School

1. Repaint two lavatories.
 2. Repair leaks to sheet metal gutters - Room 7.
-

5D REPAIRS, EQUIPMENT

Example: (Each school to show all projects with a sub-total for this account at the foot of the page.)

Horace Mann School

1. Replace pupil desk tops to twenty desks with formica.
 2. Refinish three classroom pianos.
-

FIGURE 14

SHEET FOR COMPANION CLASSIFICATION OF EXPENDITURES

activity. The first is the preliminary stage in which the educational program is considered in terms of its relation to the budget-making activity. This step must precede all other planning and should serve as a general over-all guide to the budget-maker. The second principal category is that of establishing the budget calendar and then proceeding logically through the data gathering activity.

It is suggested that the preliminary preparation be undertaken early in the school year with forms and detailed explanation distributed to all staff members concerned with the budget request process. Thorough understanding should be reached on all details to eliminate as much error as possible when the request forms are tabulated. It is further recommended that time be taken to secure proper estimates for work to be performed so as to exclude inaccurate estimates which might exceed the appropriation for the requested service.

The proper use of the forms on income estimates, attendance data, summary of receipts, assessed valuation data, tax rate data, and a coded classification of accounts, will allow the budget-maker to make a well documented budget for use by the governing board and staff.

The use of the check list for compulsory expenditures will eliminate any possible oversights in this area which could be a source of embarrassment during the course of the

school year if they had been overlooked.

If the procedures as outlined are followed it may be assumed that the school district will have available the essential information which will enable the governing board to arrive at fundamentally sound conclusions in this phase of their responsibility.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

I. SUMMARY

The problem set forth in the thesis was to determine desirable budget making procedures for elementary school districts having over six hundred average daily attendance in Marin County.

This problem was selected on the basis of a need expressed by business officials in Marin County through their association. The majority of the districts studied had grown rapidly and hence found themselves with not only housing problems but also budgetary problems. This meant that budgetary procedures must be developed which would assure the full use of every dollar expended. Check lists and guides for this procedure seemed to be the only answer.

The districts involved in this study included those serving primarily the kindergarten through grade eight that had over six hundred average daily attendance for the school year 1955-56. Each of the selected districts had more than two school buildings. This breaking point seemed important in terms of the necessity for budgetary procedures where administration was not directly associated with a given building and hence lack of direct daily intimacy with the building

needs.

The questionnaire was then developed on the basis of reading the current literature and eliciting comments from the business officials on the sample questions. The final questionnaire was produced following the above procedure. A personal interview with the person responsible for the budget-making activity in each of the selected districts was arranged in each instance. The information was then tabulated by the author and treated statistically.

The general findings of the questionnaire show that 74-75 per cent of the forty procedures set forth in the questionnaire were presently practiced by the selected districts with 22.75 per cent not presently in use. This is a ratio of better than three procedures used for every one that is not presently used.

Specifically, the responses of the selected districts to the questionnaire reveals a high degree of usage of budgetary procedures in the areas of establishment of the budget calendar, the summarization of receipts and expenditures for the previous year, presentation of the estimate of expenditures including increases and decreases, presentation of bonded indebtedness schedules, financial reporting to governing boards and employees, and finally the dissemination of information to the public regarding the financial

condition of the district.

Areas requiring a more extensive use of budgetary procedures, according to the responses given by the districts, included the submission of budget requests, the summarization of assessed valuation and tax rate information, the determination of income, and the provision for capital outlay expenditures.

These latter areas, while indicating varying degrees of usage by the selected districts, were the areas where the greatest number of negative responses were recorded.

The need indicated in the areas for a more concerted effort in the use of these desirable procedures may well come as more adequate administrative staff is made available to the districts to enable them to give more attention to this phase of the administrative function. As one writer has indicated, the size of the district will in many instances preclude the opportunity for this leadership in the field of business management.

II. CONCLUSIONS

The conclusions of this study are presented below:

1. The survey indicated that three-fourths of the desirable budgetary procedures were currently practiced by the districts included in this study.

2. A more extended use of desirable budgetary procedures is indicated in the areas of 1) submission of budget requests, 2) summarization of assessed valuation and tax rate information, 3) better determination of income, and 4) provision for capital outlay expenditures.

3. Other studies bearing directly on the subject of budgetary procedure were not found in the current literature, indicating that further research should be made in this area of study.

III. RECOMMENDATIONS

The recommendations from this study to determine whether the selected districts were presently practicing desirable budgetary procedures are as follows:

1. There should be further studies to set up qualitative standards for budgetary procedures on all levels of education--the elementary, secondary, junior college, and unified districts.

2. It is recommended that similar studies be conducted in other California counties for the purpose of comparative analysis.

3. It is recommended that studies be conducted evaluating the use of the "Guide to Budgetary Procedures."

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