

Karnes City ISD

Accounting Manual

Introduction

This Budget Manual has been prepared to provide general information about the budgeting process at Karnes City ISD. Additional information may be available within the district's Board Policies, Administrative Procedures, or other resources such as TEA's Financial Accountability System Resource Guide (FASRG).

If assistance is needed in any area of our business operations, please contact any of the staff members listed below.

Karnes City ISD Business Division:

Chief Financial Officer	Bettinae Kaiser
Business Manager	Miguel Ortiz
Business Clerk	Freedom Gutierrez
Tax Collector	Matt Sommer
Tax Office Clerk	Patricia Toothman

Budget Overview

What is a Budget?

- A process of allocating resources to prioritized needs of a campus and/or district
- A product of the campus and district planning process
- A valuable tool in the planning and evaluation process
- The link between instruction and financial planning

Legal Requirements

- State Law – Texas Education Code (TEC) 44.002 through 44.006
 - Superintendent (or designee) shall prepare budget
 - President of Board must call public hearing
 - Notice of the public hearing must be published in a daily, weekly or bi-weekly newspaper published in the district (not earlier than 30th day or later than the 10th day before the date of the hearing)
 - No funds must be expended until adoption of the budget
 - Budget must be prepared in accordance with GAAP (accounting practices)
 - Budget must be adopted before the tax rate
 - Public funds of a district may not be spent in any manner other than as provided for in the budget adopted by the board, but the board may amend a budget or adopt a supplementary emergency budget to cover necessary unforeseen expenses.

- State Law – TEC 29.081(b-1)
 - A district that is required to provide accelerated instruction under TEC 29.081 (b-1) shall separately budget sufficient funds, including funds under Education Code 42.152, for that purpose.
 - A district may not budget funds received under Education Code 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction. *Education Code 29.081(b-2)*
- State Law – TEC 44.0041
 - The district shall post a summary of the proposed budget on the school district’s Internet website or, if the district has not Internet website, in the district’s central administrative office.
- State Law – TEC 44.0051
 - On final approval of the budget by the Board, the district shall post on the district’s Internet website a copy of the budget adopted by the Board. (Note. The budget must remain posted on the website until the 3rd anniversary of the date the budget was adopted.
- State Law – Local Government Code 140.0045
 - The proposed budget of a district must include a line item indicating expenditures for notices required by law to be published in a newspaper by the district or a representative of the district that allows as clear a comparison as practicable between those expenditures in the proposed budget and actual expenditures for the same purpose in the preceding year.
- TEA Requirements
 - Budget must be adopted by Board by June 30th
 - Minutes must reflect all Budget adjustments
 - At a minimum, the General Fund, Food Service Fund and Debt Service Fund must be adopted
 - Budget must be filed with TEA through PEIMS
 - Budget must be amended before exceeding any function

Local Policy Requirements

- School Board Policy CE Local

The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the District’s approved purchasing procedures. The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget.

What Time Period Does the Budget Cover?

- State law (TEC 44.0011) allows school districts to select one of two fiscal years: September 1st – August 31st or July 1st – June 30th
- The Karnes City ISD Fiscal Year is noted below:
 - **July 1 to June 30**

Type of budget method used at Karnes City ISD

- Site-based budgeting
 - Each campus and department receive an allocation for the upcoming budget year
 - Allows campus and department administrators to make budgetary decisions for their own campus or department
 - Budget development usually accomplished through site-based committee and other stakeholders

Budget Process Overview

- Three major phases: planning, preparation, and evaluation
- Planning defines the goals and objectives of the campuses
- Budgetary resource allocations are the preparation phase of the budget
- Evaluation typically involves an examination of:
 - How the funds were expended
 - What outcomes resulted from the expenditure of funds
 - To what degree these outcomes achieved the objectives stated in the planning process
 - The evaluation process determines the following year's budgetary allocations
- The budget process is part of a continuous cycle of planning and evaluation to achieve campus and district goals
- The district's mission statement and goals should be the foundation to budget planning, preparation and evaluations.

Roles and Responsibilities in the Budgeting Process

- District-wide
 - Must comply with federal/state laws and local board policies
 - Must ensure that all resources are reflected in the District/Campus Improvement Plans
 - Must ensure that all students are served
 - Must ensure that all students in special programs are served in accordance with TEC
- Campus Principal
 - Acts as budget manager for the school
 - Reviews preliminary budget prepared by site-based committee
 - Evaluates staffing needs based upon enrollment projections
 - Finalizes the campus budget and submits to the Superintendent
- Central Office Administrators
 - Review of staffing needs (Human Resources & Chief Financial Officer)
 - Review of special program compliance (Special Program Coordinator)

- Review of Campus Plan and budgets to ensure compliance with District Plan (Director of Curriculum & Instruction)
- Review of budgets to ensure fiscal compliance (Chief Financial Officer)

- Superintendent
 - Conducts final review of campus and department budgets
 - Submits proposed budgets to the School Board
- School Board
 - Reviews campus and department budgets for compliance with district goals
 - Conducts budget public hearings
 - Adopts the official budget

Revenue Sources

The district receives revenue from three (3) major sources: Local, State and Federal. Generally, the least restrictive revenue sources are Local and the most restrictive are Federal funds.

Local	State	Federal
Interest Income Property Taxes	Foundation School Program (Student Average Daily Attendance)	
Miscellaneous revenue	Other State revenues	Grants

Local funding should be used to serve ALL students. State and Federal revenue sources are generally supplemental in nature. For example, the Special Program Allotments (part of the FSP funding) are for a specific population of students.

The State and Federal Grants Manual contains additional information regarding the estimation, budgeting and monitoring of Special Program Allotments.

Expenditure Categories

There are several expenditure categories, the largest of which is the Compensation (salaries and benefits) portion. The Compensation portion of the budget is typically the second largest budget section after the recapture payment to the state. The non-compensation categories are referred to as “discretionary” funds. The allocation for each campus and department include only discretionary funds. The account codes for these expenditure categories will be explored in the Financial Accountability System Resource Guide (FASRG) section.

- Compensation – Salaries and Benefits
- Contracted Services
- Supplies and Non-Capitalized Equipment
- Travel and Other Miscellaneous Costs
- Capitalized Equipment, Furniture and Other Assets
- Other Uses, such as Transfers to Other Funds

The Compensation portion of the budget shall be driven by the number of staff positions authorized by the Board and managed using a Position Control System and the Compensation Plan. The Compensation Plan includes all pay scales, benefits and incentive programs. The district shall strive to ensure that the Compensation Plan supports the district goals for hiring and retaining highly qualified employees. The Compensation Plan shall be affordable and sustainable within the annual adopted budget.

Some of the expenditures are further categorized as fixed cost or recurring costs. Most fixed costs vary from year-to-year due to consumption or other factors. Fixed costs typically refer to recurring costs due to long-term commitments or contracts. Some of the fixed costs typically included in an annual budget include:

- Utilities such as electricity, gas, garbage disposal, water, and telephone.
- Internet access
- Copier maintenance support contracts
- Education Service Center commitments
- Heating/AC, fire and other equipment maintenance contracts
- Special Education Shared Service Arrangement
- Business and student software management systems
- Technology infrastructure and network management contracts

Long-term Budget Planning

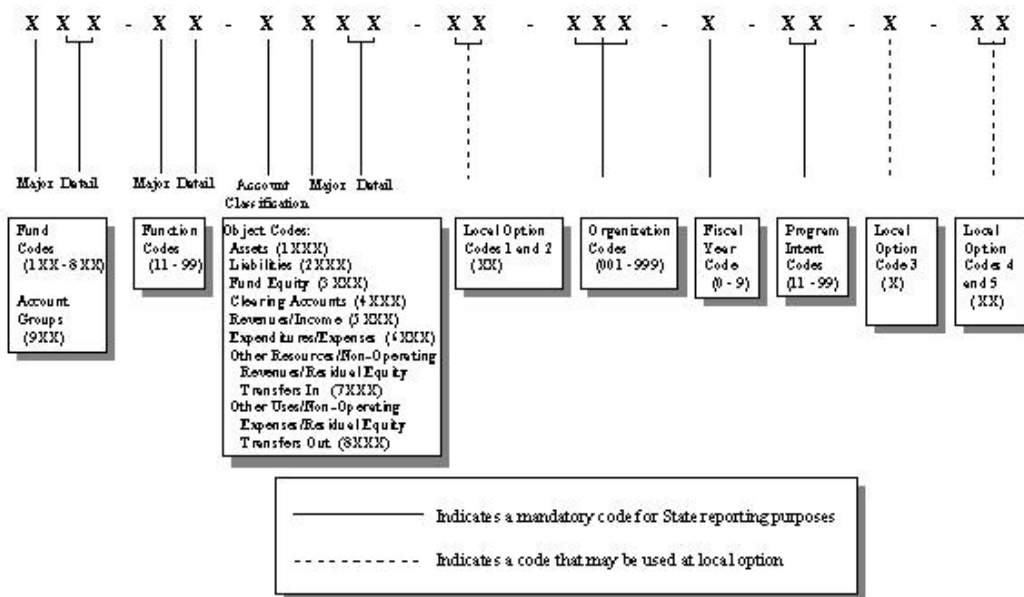
A long-term budget for capital expenses shall be developed and submitted for review by the Chief Financial Officer and Superintendent on an annual basis. Long-term budgets shall include the following capital expenditures (defined as equipment with a per unit cost in excess of \$5,000).

- Vehicles, including buses, passenger vehicles and electric carts
- Food Service equipment such as ovens, freezers, etc.
- Rooftop air conditioner units
- Heating and cooling units such as boilers, water heaters, chillers, etc.
- Network servers and other technology-related infrastructure
- Telephone equipment and software system
- Maintenance and yard equipment such as forklift, riding lawn mower, etc.

Financial Accountability System Resource Guide, or FASRG

- Created by TEA
- 9 Modules that directly apply to KCISD: FAR (Financial Accounting & Reporting), Budgeting, Purchasing, Auditing, Accountability, Data Collection, Management
- FAR - Contains all account codes
- Account codes are uniform throughout the state, except for locally defined codes
- Chart of Accounts for Karnes City I.S.D.

The Code Structure



Account Code Determination

- Fund** How the expenditure is financed?
- Function** Why the expenditure was made – the purpose?
- Object** What was purchased?
- Sub-Object** Optional use for greater detail accounting
- Organization** Where is the beneficiary of the expenditure located?
- Fiscal year** In which fiscal year did the transaction occur?
- PIC** What is the intent of the program provided to students?
- Optional Codes** Three-digit code – optional use for greater detail

Common Fund Codes

- General Fund 199
- Title I, Regular 211
- Title II 255
- Title IV 289
- Title V 270
- IMA Allotment 410
- **Helpful Hint:**
 - 1xx – General Funds
 - 2xx – Federal Funds/Grants
 - 3xx-4xx – State Funds/Grants

Function Codes - Campus & Department

- Instruction 11
- Library & Media Services 12
- Staff Development 13
- Instructional Administration 21
- Campus Administration 23
- Counseling Services 31
- Health Services 33
- Transportation 34
- Food Service 35
- Co/Extra-curricular 36
- Central Administration 41
- Maintenance/Custodial 51
- Safety and Security 52
- Data Processing 53
- Parental Involvement 61
- Facilities/Construction 81
- Contracted Services 91
- JJAEP 95

Object Codes

- Salaries - 6100's
 - 6112 Substitute Teachers (not aides)
 - 6118 Extra Duty Pay for Professional Staff*
 - 6119 Professional Staff Salaries
 - 6121 Extra duty/Overtime, Support Staff
 - 6122 Substitutes, Support Staff
 - 6129 Salaries, Support Staff
- Contracted Services - 6200's
 - 6219 Professional Services (Per Govt Code: Architects, Engineers, etc.)
 - 6223 Student tuition, other than public education
 - 6249 Repairs
 - 6239 Education Service Centers

- 6269 Rentals
- 6291 Consultants (Best Practices, Strategic Planning, etc.)
- 6299 Other Contracted Services
- Supplies - 6300's
 - 6321 Textbooks
 - 6329 Reading Materials, Library Books
 - 6339 Testing Materials
 - 6399 Supplies & Equipment less than \$1,000 per unit
- Travel & Misc. Expenditures - 6400's
 - 6411 Staff Travel
 - 6412 Student Travel
 - 6419 Non-employee Travel (Parents & School Board)
 - 6491 Required Publications
 - 6495 Membership Dues
 - 6499 Misc. Expenses (Awards, refreshments, etc.)
- Equipment - 6600's
 - 6631 Vehicles (> \$5,000)
 - 6639 Equipment with unit cost > \$5000
 - 6641 Vehicles (less than \$5,000)

Organization Codes

- Campuses
 - 001 High School
 - 041 Junior High
 - 105 Elementary
 - 107 Primary
- Departments
 - 7XX through 9XX

Program Intent Codes

- 11 Basic Program
- 21 Gifted and Talented
- 22 Career & Technology
- 23 Special Education
- 25 Bilingual & ESL
- 24 Compensatory Education
- 28 DAEP Basic Services (Compensatory Education)
- 31 High School Allotment
- 32 Prekindergarten
- 33 Prekindergarten – Special Education
- 34 Prekindergarten – Compensatory Education
- 35 Prekindergarten – Bilingual

- 36 Early Education
- 37 Dyslexia
- 38 CCMR
- 91 Athletics & Related Activities
- 99 Undistributed

Meeting the Needs of Special Populations

State Program allotments are estimated and paid to school districts through a Summary of Finance template created by the Texas Education Agency.

A percentage of each state allotment must be spent on “direct” expenditures for the given special program. The current percentages and program intent code (PIC) are noted below by program:

- | | |
|--------------------------------------|--------------------------------|
| ▪ Special Education | PIC 23 & 33 |
| ▪ Career & Technical Education | PIC 22 |
| ▪ State Compensatory Education (SCE) | PIC 24-30 & 34 (except 25& 27) |
| ▪ Bilingual/ESL Education | PIC 25 & 35 |
| ▪ CCMR | PIC 38 |
| ▪ Early Education | PIC 36 |
| ▪ Dyslexia | PIC 37 |

Preparing Budget

- Review the Budget Timeline – schedule budget training and site-based committee meetings as needed to meet all deadlines
- Determine if any program and/or master schedule changes will be implemented during the next school year
- Determine the staffing needs for the upcoming school year – submit requests for new staff positions to the Superintendent
- Obtain the campus or department allocation from the Superintendent
- Complete the budget request forms and submit to the Superintendent
- Budget for fixed costs such as copier rentals/leases, contractual obligations, ESC commitments, etc.

- Prepare and submit a prioritized list of major projects – to include costs associated with proposed new programs, buildings renovations, fixed assets (equipment with a unit cost > \$5000), and technology projects
- **Ensure that all Staff FTE's and expenditures, for at least the State Compensatory Education (SCE) program, are clearly indicated on the campus plan**

Monitoring and Amending the Budget

Monitoring the Budget

- Financial reports are available via the accounting system on a real-time basis
- Campus and department staff are authorized to view their respective budgets subject to the “masked” accounts in the user profile
- Budget resources should be realigned as the need arises due to changes in the instructional program and/or campus plan
- The purchasing deadlines should be adhered to

Amending the Budget

- Budget amendments are mandated by the state when funds are moved from one functional area to another – these amendments require Board approval. Adequate planning is required since the School Board meets once per month.
- The Final Amended Budget shall be approved the School Board prior to June 30th for the current fiscal year

APPENDIX A – PURCHASING DEADLINES

Karnes City ISD Purchasing Deadlines 2021-2022

The following deadlines apply to instructional supplies.

Special Revenue Funds (Fund 211)

All supplies and equipment (6300's and 6600's) April 1st

All services and travel/misc. expenses (6200's and 6400's) June 1st

All other funds (Such as Fund 199, 240 etc.)

All supplies and equipment (6300's and 6600's) April 1st

All services and travel/misc. expenses (6200's and 6400's) June 1st

Karnes City ISD

Accounts Payable Procedures

Accounts payable checks should be processed on a weekly basis, unless schedule does not permit.

General Instructions:

- All purchases must have a approved purchase order or approved open purchase order.
- All invoices shall be entered separately into the finance system by invoice number, amount, and date. Note: The invoice number is a "key" record. If entered correctly, the system will not allow a duplicate payment to a vendor.
- Payments shall not be made from statements.
- Upon receipt of an invoice from a vendor, it should be matched with a approved purchase order [accounts payable copy], and receiving copy [signed campus/department]. **Note: This constitutes a 3-way match.**
- If no discrepancies exist, the check payment should be entered into the finance system.
- If a discount is offered by the vendor for early payment, the payment should be processed within the allotted time if the goods have been received and their receipt has been verified by the originating campus or department.
- All invoices should be checked to ensure that appropriate discounts, bid/quote pricing, terms of shipment, tax exemption, and extensions are correct.
- All contracts for an extended period of time (such as a year or multi-years) for services or subscriptions must be approved by the Superintendent and an purchase order opened.
- All invoices that do not exceed the purchase order amount by more than 10% may be entered into the finance system for payment without authorization from an authorized person. If funds do not exist in the encumbered account(s), the campus or department shall initiate a Budget Transfer for the excess payment or an authorized person approve the overdraw of the account.
- All invoices that exceed the purchase order amount by more than 10% should be approved by an authorized person.
- All pre-approved travel documents and emergency pre-approved purchases should be paid via a payment authorization.
- An authorized person should approve all payment authorizations.
- All check payments should be posted to the general ledger as soon as possible.

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- Checks shall not be issued to "Cash" or "Bearer".
 - An authorized person shall pre-approve all "emergency" checks.
 - Statements from vendors should be reconciled with check payments on file, discrepancies should be researched and resolved.
 - Partial shipments should be monitored to ensure that the full shipment is received within a reasonable time period.
 - Disputed invoices shall be resolved with the vendor as soon as possible.

Verification of Check Transactions:

- o The Business Office shall verify that all check transactions meet the following guidelines:
 - All required approvals are noted on the PO
 - A 3-way match exists (PO, invoice & receiving)
 - Verify of receiving - signature, electronic signature or verbal
 - All items have been received and/or cancelled
 - Partial payment , if allowed, is recorded or tracked
 - The "reason" or "description on the payment is appropriate for the expense
 - Invoices # entered correctly

 - Vendor remittance address is correct

 - Discounts, if any, have been taken, or a reason why they were not taken

 - Credits, if any, have been taken, or **a reason why they were not taken**
 - Freight charges are allowable (refer to Bid or Co-Op purchase terms) on PO
 - Bid or Co-Op prices have not been exceeded on the invoice

 - Invoices or payment request attached
 - Late fees, interest charges, etc. have not been charged, unless they have been researched and are valid
 - Invoices for all contracted services include details regarding the service provided and the date(s) of service

Travel Payments:

- o All travel authorizations and settlements should be approved by an authorized person.

- Lodging payments do not include non-allowable charges such as taxes, entertainment, room service, etc.
- Travel reimbursements reconciled to allowable travel rate.
- Travel cannot exceed the federal, state, or local maximum rates, whichever is less

Construction Payments:

- All construction payments to general contractors shall be approved by an authorized person.
- All construction payment (for projects funded with federal funds) must have a Davis Bacon Certification.

Credit Card Payments:

- All credit card purchases require an approval from an authorized person.
- All detailed credit card transactions shall be posted to the general ledger (required for state and federal grant fund expenditures)
 - All credit card charges must be supported with receipts
 - All credit card transactions shall be net of all credits and discounts

Control Environment:

- o The Business Office shall ensure that all check stock shall be maintained in a locked cabinet or room.
- o An authorized person shall notify the depository bank when new signature cards are necessary due to a change in authorized signers.
- o Checks and Statements shall be filed throughout the fiscal year and filed at year end according to the Records Retention Schedule.
- o All "stop payments" shall be authorized by an authorized person.
- o All "void" checks shall be approved by an authorized person.
- o All vendor refunds shall be deposited to the original expense account via a journal form.
- o The Business office staff shall monitor pending invoices and purchase orders work files to ensure that unmatched document are resolved on a timely basis.