

SCHOOL BUDGET REVIEW COMMITTEE
Summary of Action
January 18, 2012

The School Budget Review Committee (SBRC) met in regular session on Wednesday, January 18, 2012, at the Department of Education, ICN Room, Second Floor, Grimes State Office Building, 400 E. 14th St., Des Moines, Iowa 50319-0146. The following members were present: Director Jason Glass, Department of Education, Director Dave Roederer, Department of Management, and public committee members Jane Babcock, Gina Primmer, Brian Thilges, and Leland Tack. No member was absent. Votes were unanimous except where noted. Member Jane Babcock recused herself for a portion of hearings due to a conflict of interest.

All decisions by the Committee shall be made in accordance with reasonable and uniform policies which shall be consistent with chapter 257. The Committee shall take into account the intent of chapter 257 to equalize educational opportunity, to provide a good education for all the children of Iowa, to provide property tax relief, to decrease the percentage of school costs paid from property taxes, and to provide reasonable control of school costs. The Committee shall also take into account the amount of funds available (257.31(10)). The SBRC shall review a school district's unexpended fund balance prior to any decision regarding unusual finance circumstances. The SBRC shall review a school district's unspent balance prior to any decision to increase modified allowable growth under subsection 257.31(5).

1. Committee Informational Items

8:30

Board Minutes. As requested by the SBRC at its October hearings, board minutes were sent by districts on that agenda.

Financial Condition Warning Letters. As requested by the SBRC, the Department has projected those districts that may incur a negative unspent balance within the next two years if they continue on their current financial trend. This is the fifth year of this initiative, and it appears to have been successful at reducing the number of districts that ultimately incur a negative unspent balance.

Unexpended and Unspent Balance Review. Reviewed the preliminary list of the General Fund ending balance, unexpended fund balance, and unspent balance.

Negative Unspent Balance. Reviewed the Negative Unspent Balance history.

Cash Reserve Levy Limit List. Reviewed a preliminary list of maximum cash reserve levies permitted according to Administrative Rules and HF2030. The preliminary list is posted on the Department of Management's website:

<http://www.dom.state.ia.us/local/schools/index.html>

School Business Alert Newsletter Article. Reviewed and edited a draft article that the SBRC requested be prepared addressing the concerns of the SBRC regarding districts requesting modified allowable growth or use of secretary's balance for new construction.

Corrective Action Plans for Late Filers of CAR-COAs. As in the past, some districts were not required to personally appear for today's hearings if their plans were so well written that the Department felt it could represent the district in its stead. The SBRC had directed the Department not to use as the criteria being only a few days late. The criteria used to determine the districts that could be represented by the department were that each district:

- Took personal responsibility for its situation.
- Clearly articulated what caused its lateness and specifically addressed that issue in its plan. Although several districts had unexpected and even tragic events that happened just before the due date, the actual issue was that the districts had not managed their time earlier in the process. For example, frequently districts referred to the GASB statement 54 requirements regarding fund balances causing delays in September 2011. That GASB statement was effective for financial statements for periods beginning after June 15, 2010, so was in effect for the entire 2010-2011 school year. Districts are required to follow GAAP and UFA and should have been preparing for implementation at least by July 2010.
- Provided multiple, sequential steps with timelines of future practices the district will follow, and those steps reflect best practice.
- Provided an assurance of its intent.
- Has not been required to provide a previous plan to the SBRC and assurance which it did not follow, or if the district has previously provided a plan, the cause of its lateness was so unusual or unique that there is no reason to think it would be repeated.

Seven districts are in that category:

1. Belmond-Klemme
2. Oskaloosa
3. Washington
4. Anthon-Oto
5. Maple Valley
6. Fort Dodge
7. Northeast Hamilton

2. Supplementary Weighting. Certified to the Department of Management the supplementary weightings, subject to further Department review. Member Babcock recused.

3. Transportation Assistance Grants-in-Aid. Directed the Department to distribute the transportation assistance aid to the eligible districts on an equitable basis.

4. Special Education Balances. Approved modified allowable growth for the special education deficit for eligible districts that have made requests, certified the positive and negative balances of funds for each school district to the Department of Management, and directed the Director of the Department of Management to make the payments to school districts as outlined in Iowa Code subsection 257.31(14)“b”. Member Babcock recused.

The spreadsheet, called Special Education Deficit Modified Allowable Growth and Reversions (FY2011) may be found here:

http://educateiowa.gov/index.php?option=com_content&task=view&id=604&Itemid=1598

5. Special Education Weightings. Accepted the recommendation of the Director of the Department of Education relating to the special education weighting plan, which is to make no changes to the weightings.

6. AEA Special Education Support Services Balances. Certified to the Department of Management that no deduction is required from school district budgets for excess special education support services assigned and unassigned June 30, 2011, fund balances in any AEA.

7. West Des Moines Community School District. Approved modified allowable growth for the 2011-2012 school year in the amount of \$209,191 for the actual costs of asbestos abatement and abatement of environmental hazardous material.

8. Lu Verne Community School District. Denied modified allowable growth for the 2011-2012 school year in the amount of \$30,024 as part of its corrective action plan and received and accepted the district's corrective action plan. Directed the district to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request. If the district still would like to request modified allowable growth for the 2011-2012 school year, recommended that the district request another hearing and provide a corrective action plan that is more closely tied to its financial situation and would result in ending the year with a positive unspent balance.

9. Exira Community School District. Denied modified allowable growth for the 2011-2012 school year in the amount of \$131,054 as part of its corrective action plan, and recommended to the Department of Education that the Department implement a phase II on-site visit to conduct a fiscal review. (*Note: A Phase II visit includes both accreditation and finance.*)

10. Clay Central-Everyly Community School District. Tabled the request for modified allowable growth for the 2011-2012 school year as part of the corrective action plan until the resolution based on the investigation by the Office of the Auditor of State is completed, and received the district's corrective action plan.

The Committee decided to take group action for agenda items 11 through 17.

11. Belmond-Klemme Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

12. Oskaloosa Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

13. Washington Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

14. Anthon-Oto Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

15. Maple Valley Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

16. Fort Dodge Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

17. Northeast Hamilton Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

18. Waukee Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

19. Colo-Nesco Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15

following the close of the fiscal year. Also approved modified allowable growth for the 2011-2012 school year in the amount of \$304,476 and authorized transfers in the same amount due to unusual circumstances for which the district has no other viable recourse.

20. Southern Cal Community School District. Tabled the request for modified allowable growth of \$52,301 for the 2011-2012 school year as part of its corrective action plan and directed the district to resubmit a complete corrective actual plan at the next regular scheduled hearing session that shows the district will end the current fiscal year with a positive unspent balance. The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

21. Woden-Crystal Lake Community School District. Denied modified allowable growth for the 2011-2012 school year in the amount of \$30,602 and directed the district to resubmit a complete corrective action at the next regular scheduled hearing session, and directed the district to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

22. Western Dubuque Community School District. Approved modified allowable growth for the 2011-2012 school year in the amount of \$331,531 for initial staffing costs of a new school building. This decision was 3-2: Aye: Tack, Primmer, Roederer; Nay: Babcock, Thilges.

23. Cal Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

24. Central City Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

25. Clinton Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

26. Council Bluffs Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual

circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

27. Decorah Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

28. East Greene Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

29. Iowa Valley Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

30. Lewis Central Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

31. East Mills (Nishna Valley) Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

32. Sheldon Community School District. Accepted the district's plan to ensure timely filing of financial reports and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

33. Starmont Community School District. Accepted the plan for late filing provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year. Also directed the district to resubmit at the next regularly scheduled hearing session a corrective action plan for its negative unspent balance that is balanced and shows sufficient changes to ensure that the district will complete the

fiscal year with a positive unspent balance. Directed the district to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

34. Waverly-Shell Rock Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

35. On Time Funding for Increased Enrollment Applications. Approved on-time funding modified allowable growth for the 2011-2012 school year for increased enrollment for all eligible districts making requests, pending further Department review. The spreadsheet is posted on the website.

36. Open Enrollment Out Applications. Approved modified allowable growth for the 2011-2012 school year for tuition costs incurred for open enrollment out students not included on the previous year's certified enrollment report for eligible districts making requests, pending further Department review. Member Babcock recused. The spreadsheet is posted on the website.

37. Limited English Proficiency Applications. Approved modified allowable growth for the 2011-2012 school year for the costs of providing instructional services to limited English proficient students being served beyond the four years of weightings for eligible districts making requests, pending further Department review. The spreadsheet is posted on the website.

38. SBRC Rule Amendments. Discussed and tabled, due to time, action to adopt amendments for 289 chapter 6 and notice amendments for 289 chapter 1.