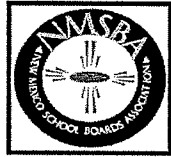


Sat Dec 3, 2011
NM South Ballroom



NEW MEXICO
SCHOOL BOARD ASSOCIATION
ANNUAL CONVENTION
DECEMBER 2-3, 2011

LESLIE SMITH AND CARON SNOW,
PRESENTERS

“Transparency and Accountability in Reporting”

*Sponsored by the New Mexico Association of School
Business Officials*

Management’s Responsibilities

*• “Management is responsible for developing detailed policies,
procedures and practices and insuring that they are an integral
part of the district operations”*

• Internal Control Structure – Five Key Elements

- Control Environment*
- Risk Assessment*
- Control Activities*

Information and Communications

- Monitoring*

(Per NM Manual of Procedures for Public School Accounting and Budgeting, Supplement 2,
Internal Control Structure) – GAO Standards for Internal Control, 1994 Report issued by the
committee of Sponsoring Organizations of the Treadway Commission (COSO).

Internal Control Standards – Key Factors

• **Control Environment**

- Integrity and Ethical Values
 - Sets the Tone
- Commitment to Competence
- Management's Philosophy and Operating Style
- Organizational Structure
- Assignment of Authority and Responsibility
- Human Resource Policies and Practices
- Oversight Groups

Ethics

- *All Districts must make every effort to set an honest and ethical tone that should be demonstrated at every level*
- *Operations should reflect an overall attitude and an awareness that reflect actions of the school board, management and others that support the importance of strict accounting and reporting standards.*

Internal Control Standards – Key Factors

• **Risk Assessment**

- Process to identify, analyze and manage risk, externally and internally

• **Control Activities**

- Each school district shall devise, maintain a written structure of internal administrative and accounting controls pursuant to 6.20.2.11 NMAC.

Internal Control Standards - Key Factors .

• **Information and Communication**

- Pertinent information must be identified, captured and communicated in a form and time frame that enables personnel to carry out their responsibilities.
- Management must:
 - Identify and record all transactions
 - Describe in sufficient detail
 - Record transactions in the proper time period
 - Properly present transactions and related disclosures in the district's financial statements

• **Monitoring**

- Systems require monitoring to assess the quality of the performance over time

Accounting Standards - Reporting

- **Cash Basis for Record Keeping and State Reporting – 6.20.2 NMAC**
- **Financial Statements (Audit) – Full Accrual**
- **Governmental Funds, Budget and Encumbrances**
- **Accurate and Timely Reporting**

Uniform Chart of Accounts (UCOA) and Fund Accounting

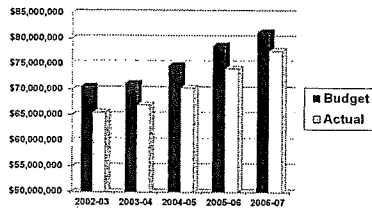
- Assists school districts in the consistent development of budgets and in the consistent posting of district or charter school transactions
- Allows districts to compare the results of data and the analysis of that data to other districts both at the state and federal level.

ABC PUBLIC SCHOOLS

Budget Study Session – A First Look
For the Upcoming Fiscal Year
2008-2009

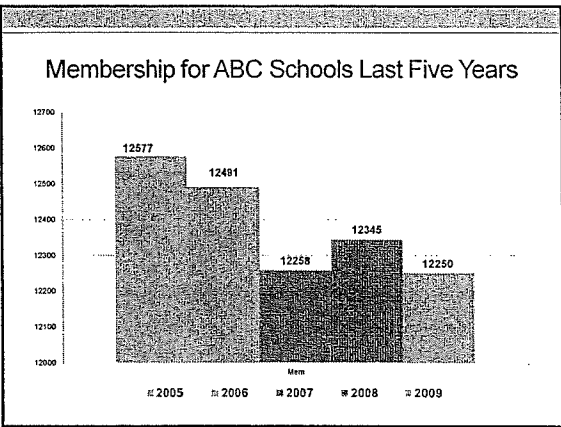


ABC Public Schools Comparison of Budgeted to Actual Operating Spending (Emergency Reserve not included in Budgeted)



ABC Public Schools Comparison of Budgeted to Actual Operating Spending (detail) (Emergency Reserve not included in Budgeted)

	2002-03	2003-04	2004-05	2005-06	2006-07
Budgeted Operating Expenses	71,570,839	72,182,917	75,747,437	78,673,541	82,330,886
Less: Emergency Reserves	950,126	950,126	950,126	950,126	1,000,000
Budget Operating Expenses Adj.	70,620,713	71,232,791	74,797,311	78,723,415	81,330,886
Actual Salaries and Wages	44,099,719	45,231,388	48,749,044	49,789,629	51,905,412
Employee Benefits	11,289,080	12,415,227	13,575,009	14,260,621	15,185,538
Non-Payroll	10,131,187	9,290,582	10,020,105	10,083,790	10,505,835
Actual Operating Expenses	65,519,986	66,937,695	70,344,158	74,114,041	77,596,785
Variance	5,100,727	4,295,096	4,453,153	4,609,374	3,734,101
Percentages					
Variance to Budget Exp. Adj.	7.22%	6.03%	5.95%	5.86%	4.59%
Budgeted Expenses Increase	N/A	0.87%	5.00%	5.25%	3.31%
Actual Expenses Increase	N/A	2.16%	3.68%	5.38%	4.70%



Instructional Materials Fund 14000

Allocation for 2008-2009 \$1,048,748

- Core Basal Instructional Materials-Minimum of 50% to purchase from State adopted list
- Supplemental Instructional Materials
Maximum of 50% to purchase from materials not on the state list
- School Library Allocation - \$66,468
(Carry Over Amounts are available for use in subsequent years)

Distributions are made to the sites based on membership at that site



Estimated Revenues for 2008-2009SY

- Local Revenue
 - Includes local tax, .005 mill, insurance recoveries, and miscellaneous income from prior year. *Estimated @ 2,038,257.*
- State Revenue
 - Includes state equalization guarantee, charter school revenue, state grants, indirect cost. *Estimated @ 78,881,565.*
- Federal Revenue (operational only)
 - Includes federal flow through Indirect Cost, Forest Reserve Income, and other categories. *Estimated @ 131,633.*

Elementary Sites – Staffing and Other Areas

- Based need for staff on the 120 Day Student Enrollment
- Utilized 21:1 ratio for Pupil Teacher Ratio (PTR) – Section 22-10A-20 NMSA 1978.
- Special Education staffing based on the number of students in a particular program
- Discretionary areas such as supplies and materials, student travel, purchased services will generally remain at the same levels as last year.

Estimated Costs for Tier Movers per HB212

Level I to Level II	Level II to Level III
Estimated Cost is	Estimated Cost is
\$193,369	\$558,378
Increase Range	Increase Range
\$4,181 to \$6,306	\$5,938 to \$11,110

(An average of 2% is applied and if mandate is not met, the wage is adjusted to meet minimum requirements).

Estimated Cash Balance

Actual Cash Balance June 30, 2007	\$5,823,026
Less Restricted June Credits, 2007	-135,851
Estimated Expenditures for 2007-2008	-80,444,725
Estimated Revenues for 2007-2008	81,051,455
Emergency Reserve	<u>2,500,000</u>
Estimated Cash Balance for 2008-2009	3,793,905**

**Will be adjusted as actual expenditures and receipts materialize

Challenges Ahead for ABC Schools

- *Address all staff salaries and meet requirements of HB212*
- *Maintain Pupil Teacher Ratio*
- *Maintain program offerings at all sites*
- *Insure the EPSS will continue to flourish at ABC Public Schools*
- *Opening of the new West Side School*
- *Funding for Safety and Security*

- *Administration wishes to extend sincere appreciation for everyone involved in this important process.*

Thank you for your attendance.

Leslie Smith, Retired School Business Official
575-420-6269

Caron B. Snow, Retired School Business Official
575-430-7196



*Sponsored by the New Mexico Association of School
Business Officials (NMA SBO)*
