



Annual Fiscal Transparency Report: District Revenue and Expenditures

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Summary of Presentation

- ODE's Role in Fiscal Transparency
- Data, Scope, & Methodology of Report
- Overview of School District Revenues and Expenditures
- Budget vs Actuals
- Beginning & Ending Fund Balances
- Current Reporting Challenges
- Potential Solutions
- Long-Term Success



The Role of ODE in Fiscal Transparency

Why Fiscal Transparency Matters

Why Fiscal Transparency Matters

- Accountability to taxpayers and the public
- Better decision-making for policymakers and administrators
- Improved financial health of school districts
- Promotes equity & fiscal responsibility
- Ensures continued federal & state compliance
- Empowers school boards & district leaders
- Facilitates inter-district comparisons & benchmarking

How ODE Advances Fiscal Transparency

- **Establishing Reporting Standards**

- ORS 327.511 et seq grants the State Board of Education authority over school district accounting standards
- ODE, in collaboration with Legislative Revenue & Fiscal Officers and DAS, maintains financial reporting guidelines
- Program Budgeting and Accounting Manual (PBAM) ensures consistency across districts

- **Collecting & Analyzing Data**

- ODE compiles district financial reports to provide insights for policymakers & the public
- Supports data-driven decision-making & accountability

- **Providing Training & Technical Assistance**

- Supports districts with limited financial expertise
- Guidance & resources ensure all districts meet transparency requirements

- **Exploring Technological Solutions**

- Modern reporting & dashboard tools reduce administrative burden
- Automated data collection improves timeliness & efficiency

About the Fiscal Transparency Unit

- The Fiscal Transparency Unit began September 2024
- Since September, the unit has:
 - Refined audit reconciliation process with automated tracking systems,
 - Hired 4 new team members to support our mission,
 - Engaged with education and community partners on data dashboard features, and
 - Improved scalability procedures.
- The future:
 - Collaborate with education partners on enhancements to collection processes.
 - Create and adopt data visualizations that aid in understand of education funding.
 - Our partners to ensure equitable access to funding, support student achievement, and promote transparent fiscal reporting.



Summary of Report: Data, Scope, & Methodology

Summary

Data

- Sourced from district audit reports → Ensuring high reliability through external review.
- Uses a budgetary basis, evaluating planned vs. actual performance.
- Emphasizes cash flow and appropriations.

Scope & Methodology

- Focus on governmental funds, analyzed by:
 - Source (State, Federal, Local revenues)
 - Function (Instruction, Support Services, Debt Service)
- Excludes distinguishing between major and non-major fund classifications for consistent aggregation and comparison.

Additional Considerations

- Audited financial statements provide a comprehensive view.
- Readers encouraged to review district-level reports for detailed notes and schedules.

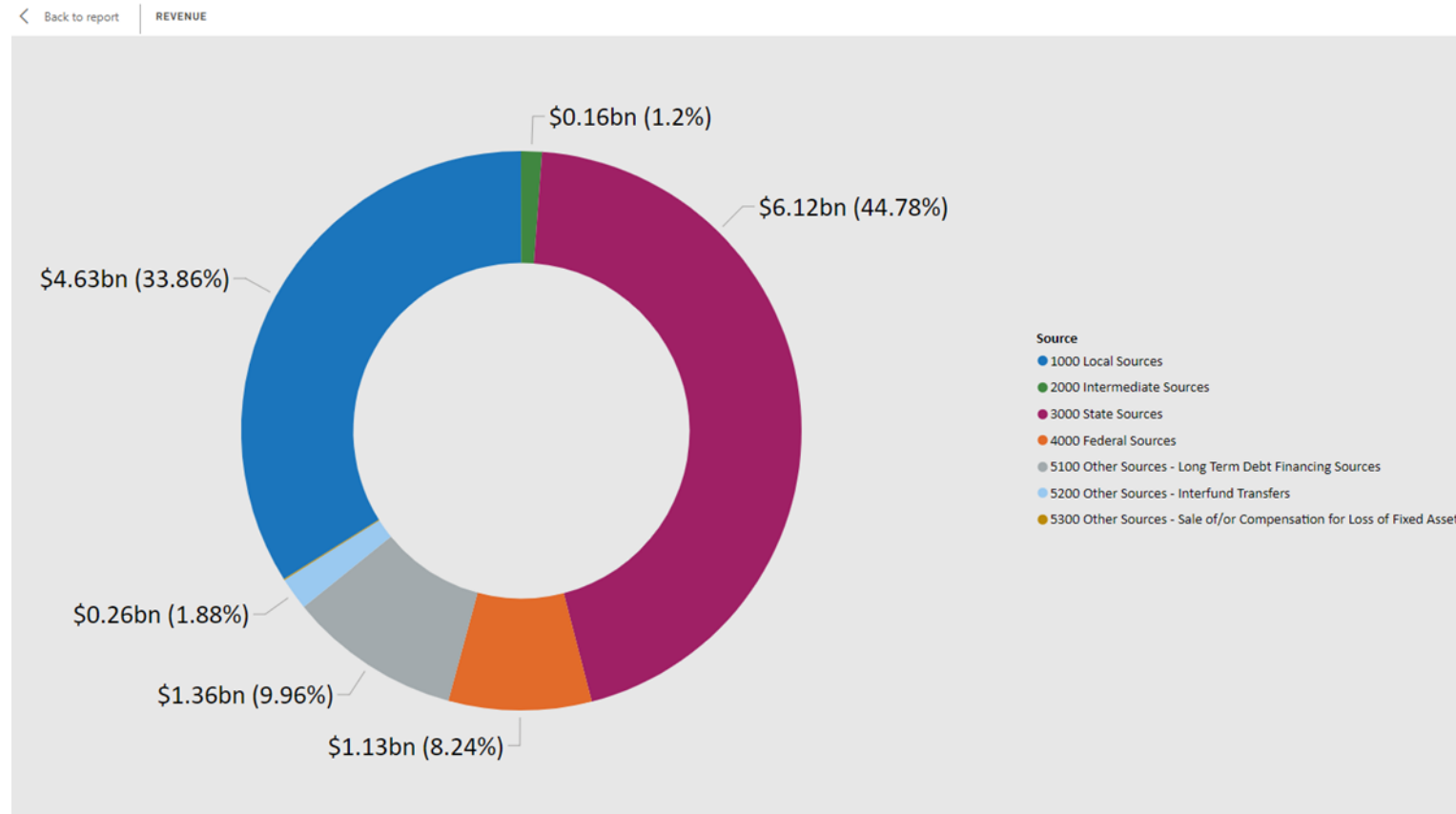
Additional Information

- Two appendices provide detailed financial data by district.

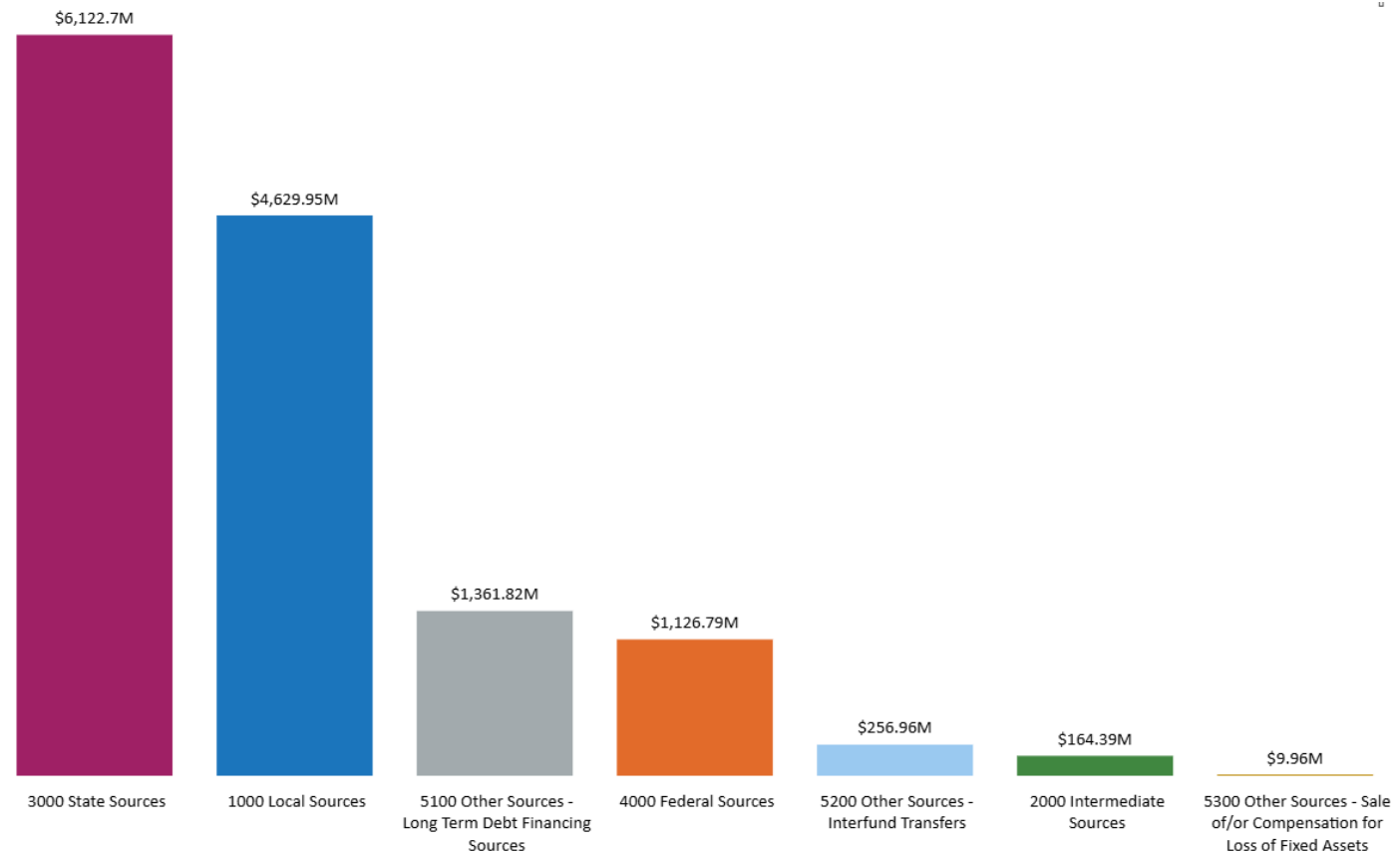


Overview of School District Revenues and Expenditures

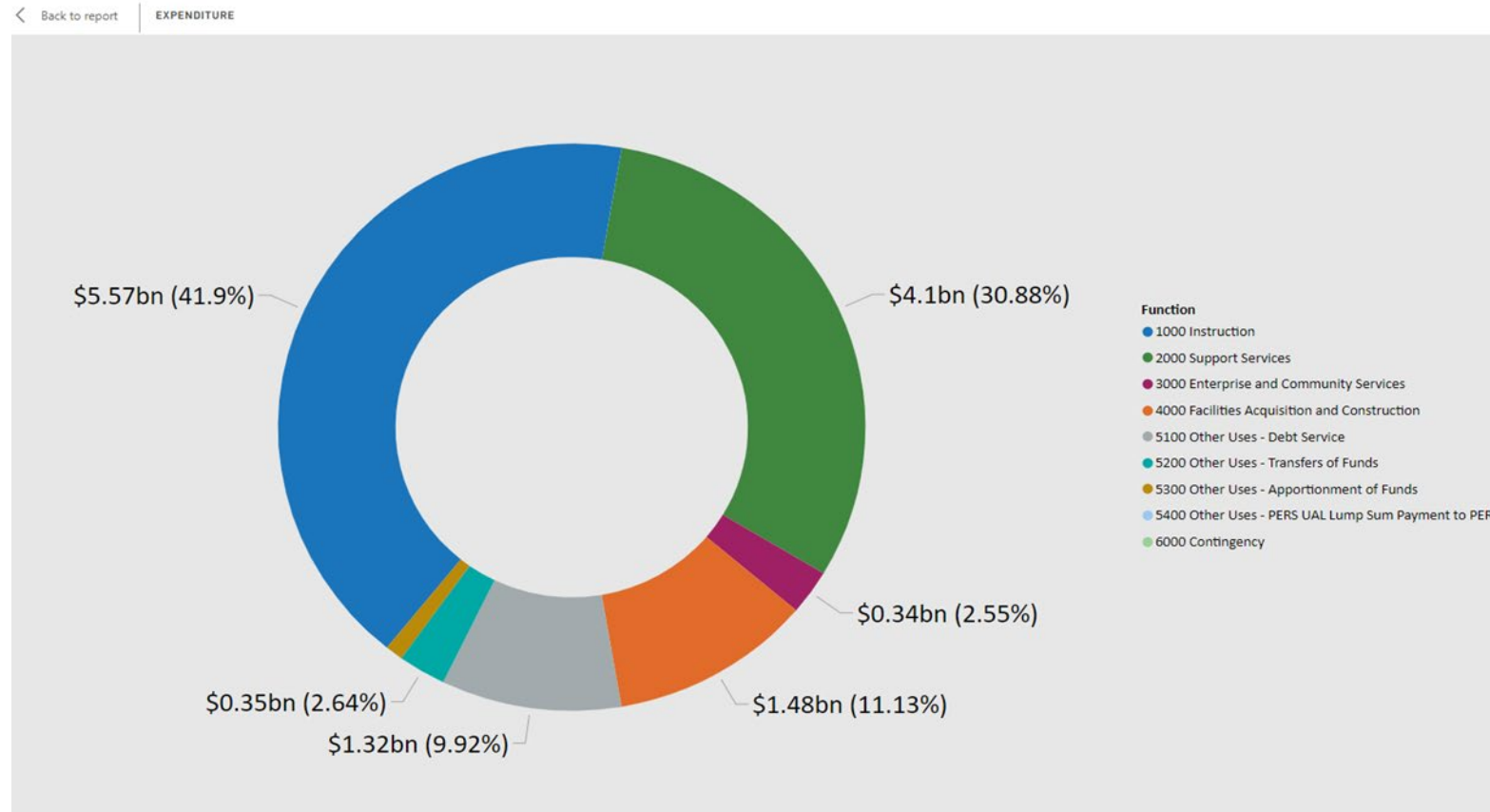
Revenues



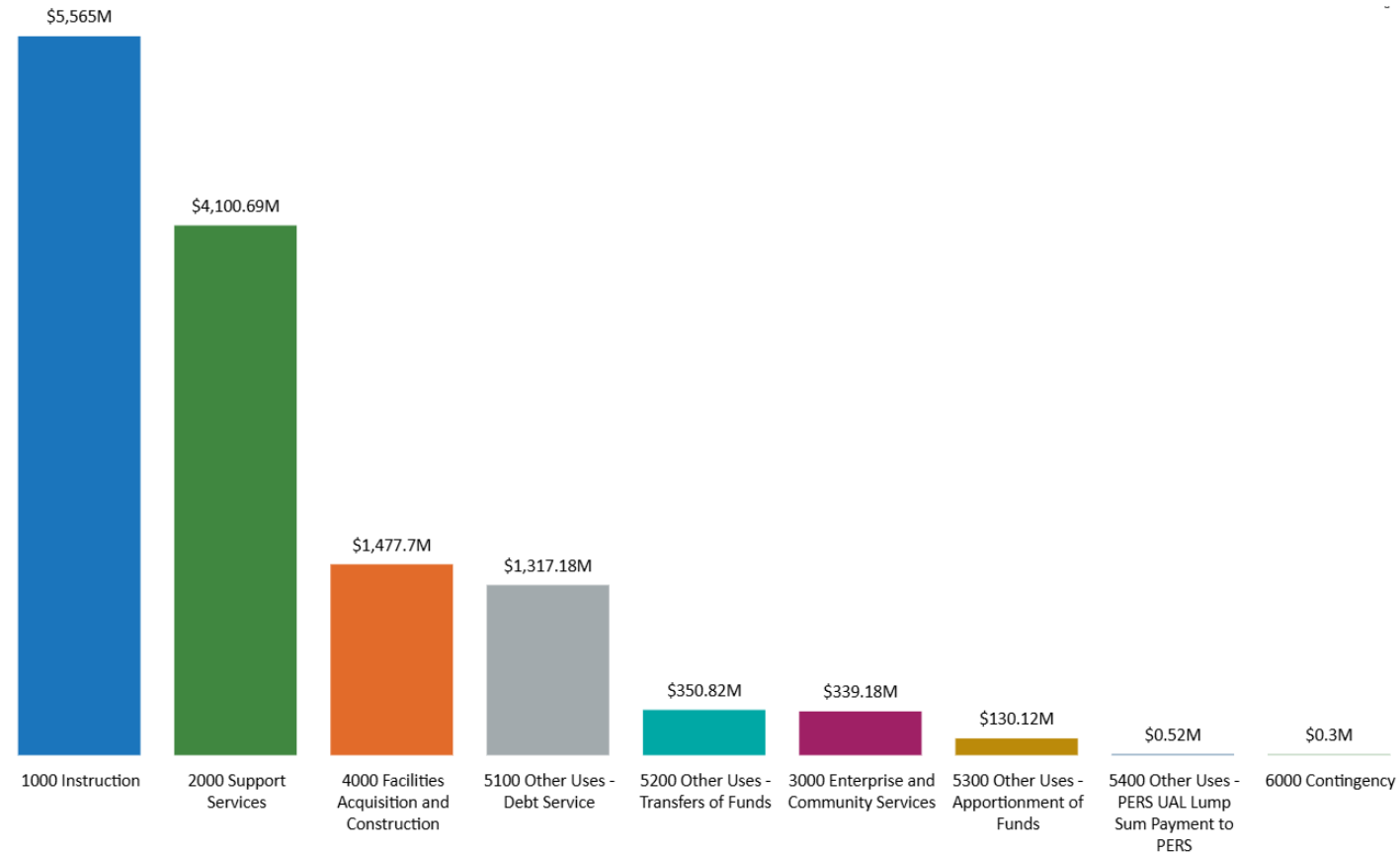
Revenues



Expenditures



Expenditures



Key Findings

Revenues

- State Sources: 45% of district revenues
- Local Sources: 35% of district revenues

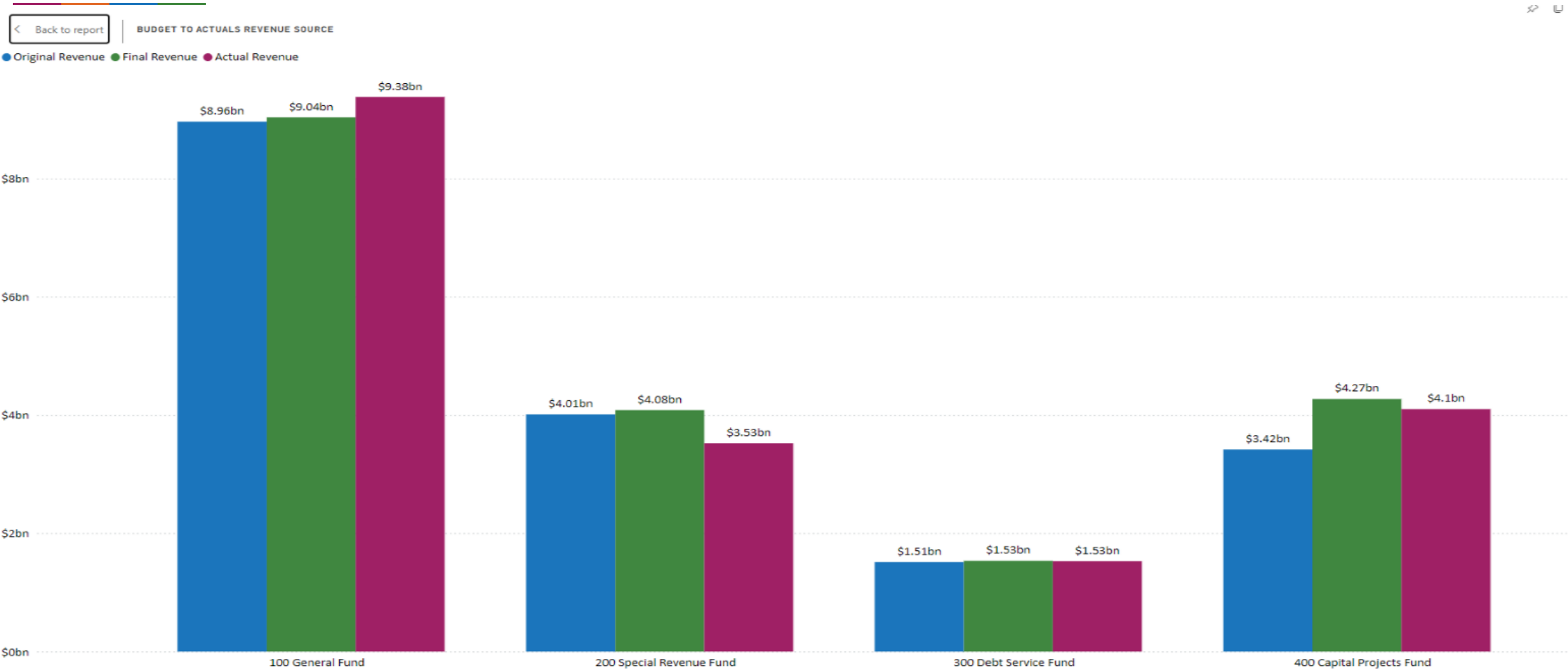
Expenditures

- Instruction: 42% of district expenditures
- Support Services: 31% of district expenditures

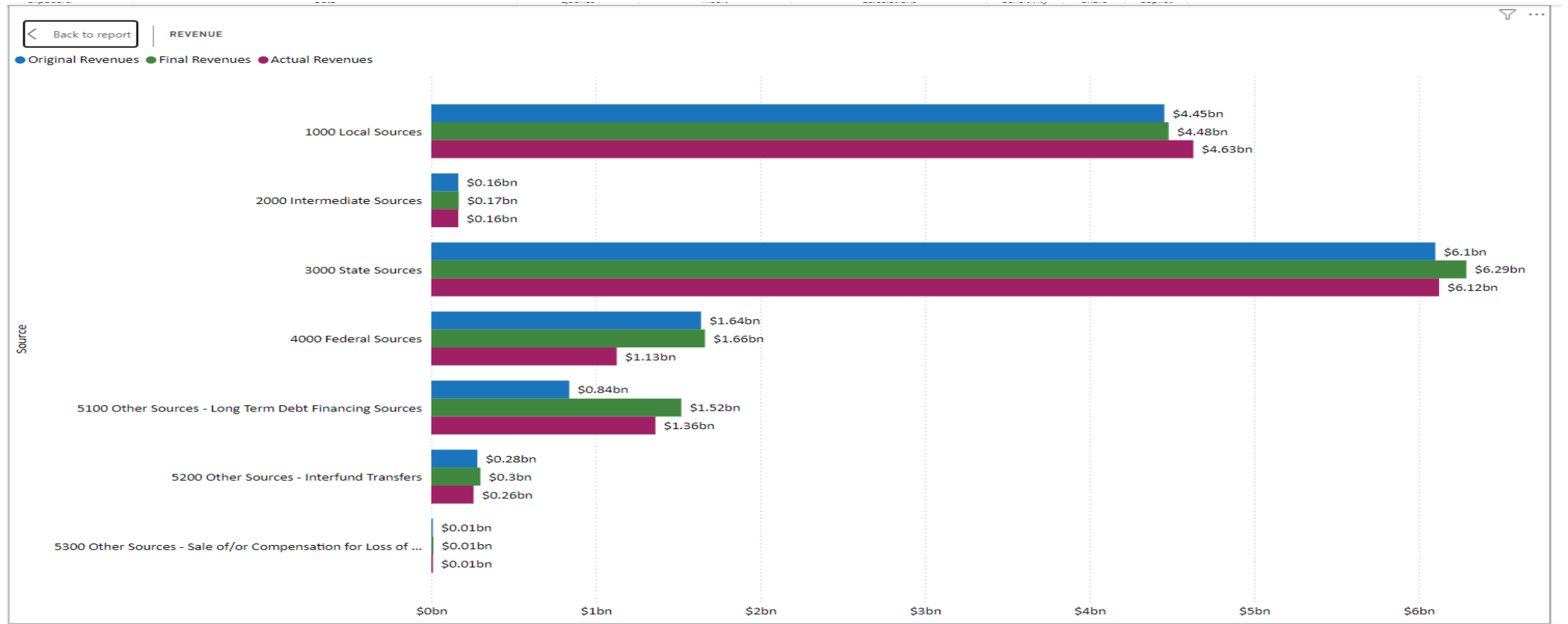


Budgeted vs Actuals

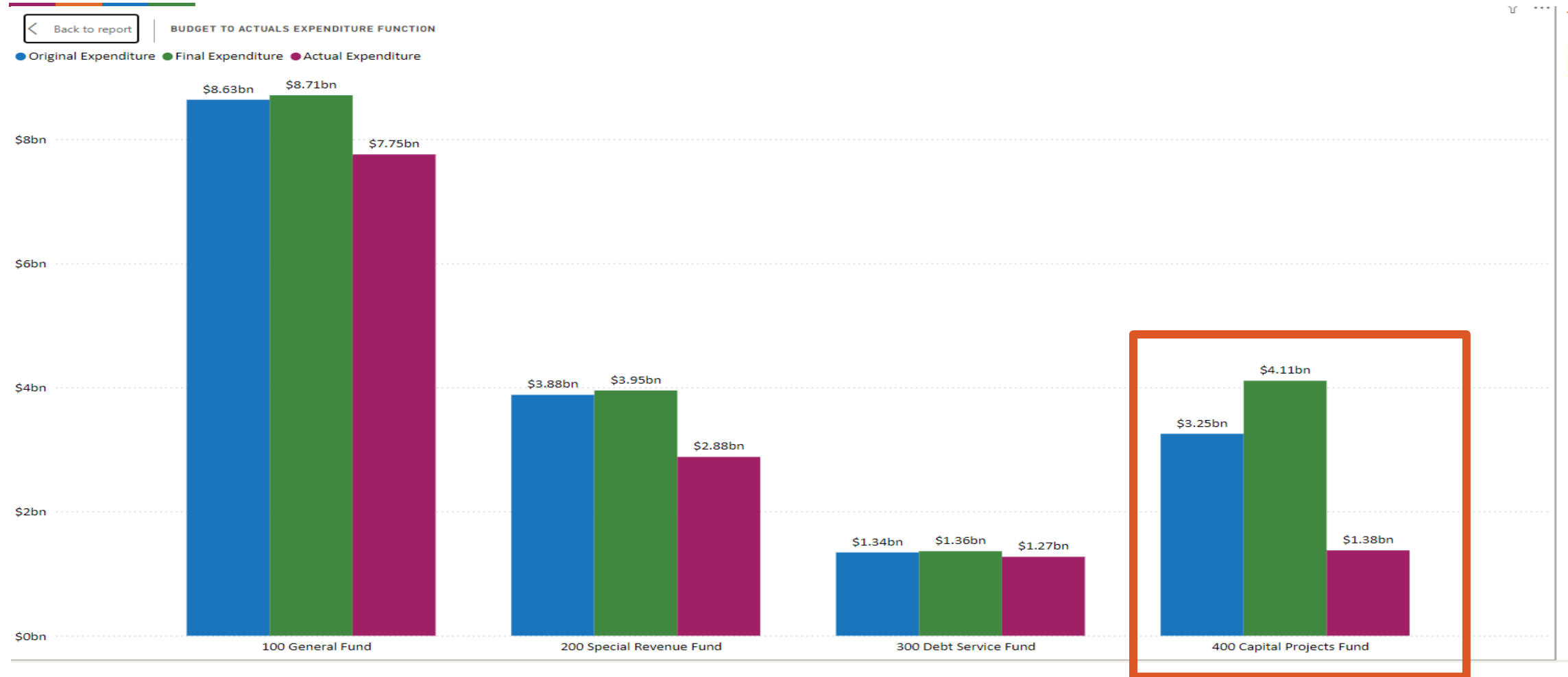
Budgeted Revenues vs Actuals



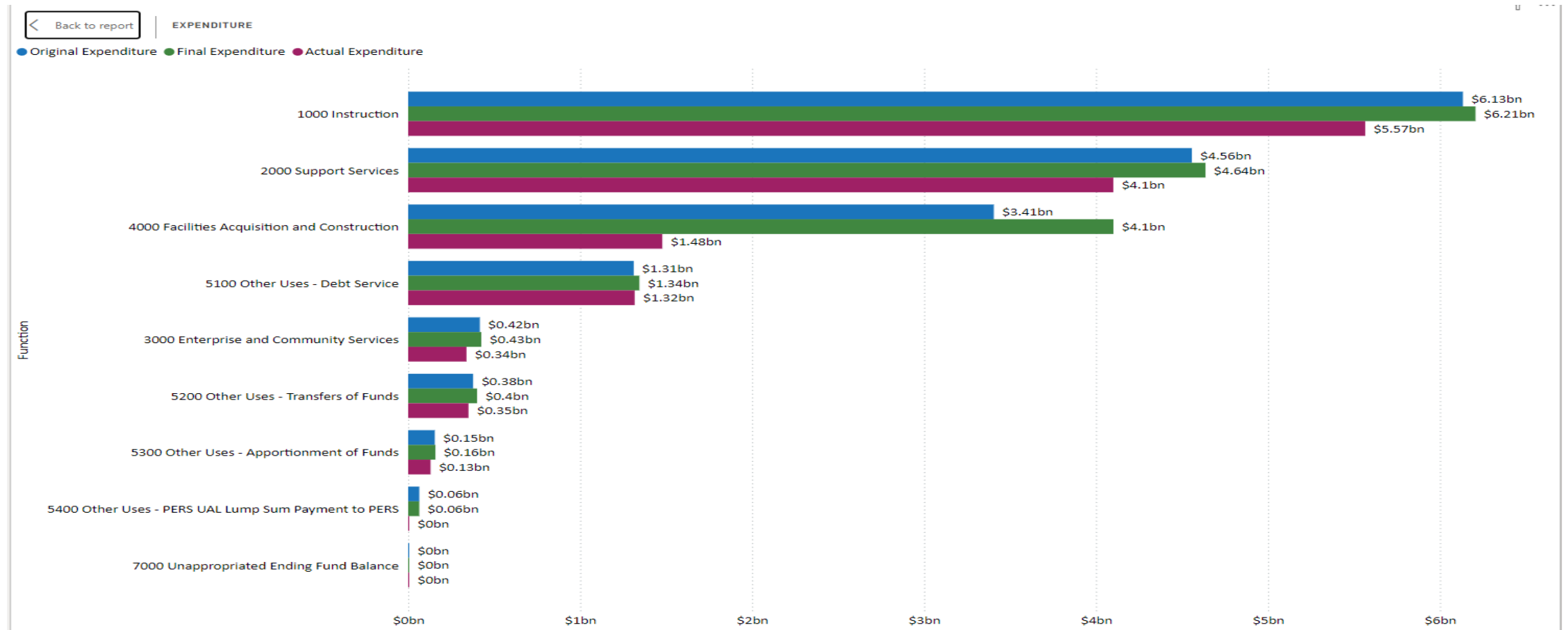
Revenue by Source Fund



Budgeted Expenditures vs Actuals



Expenditure by Source Fund



Key Findings

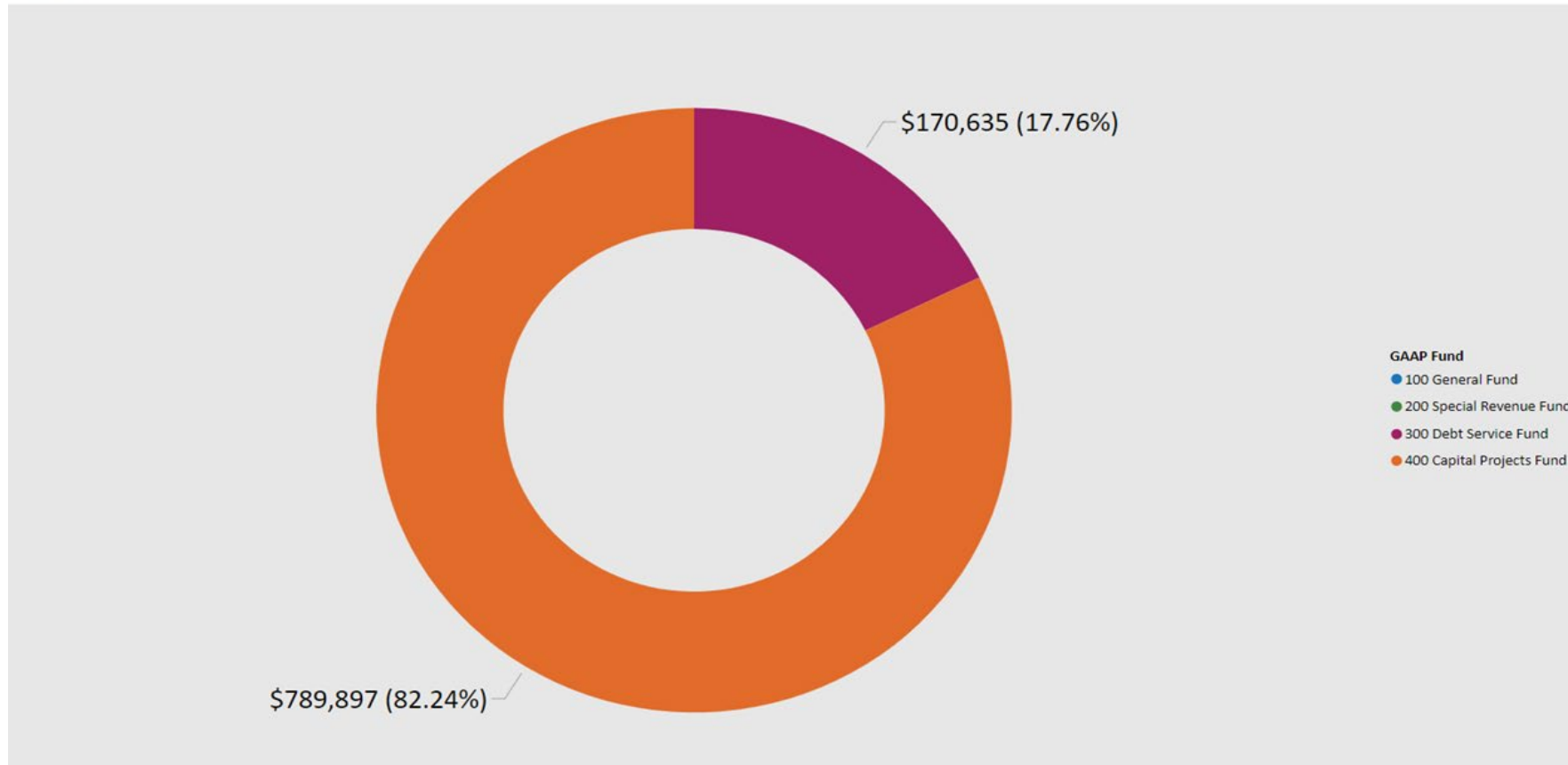
- Strong revenue forecasting → Budgeted vs. Actual Revenues closely aligned
- Capital Project Funds: Underspent by 66% of the final budget



Analysis of Variances

Magnitude of Variances in Original vs Final Budgets by Fund

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Factors Leading to Variances Between Final Budgets and Actuals

Timing of the Legislative Session and Fund Availability:

- The General Fund (GF) allocations for the State School Fund are determined late in the legislative session, often after April. This delay creates a gap between when budgets are planned and when funds are confirmed.

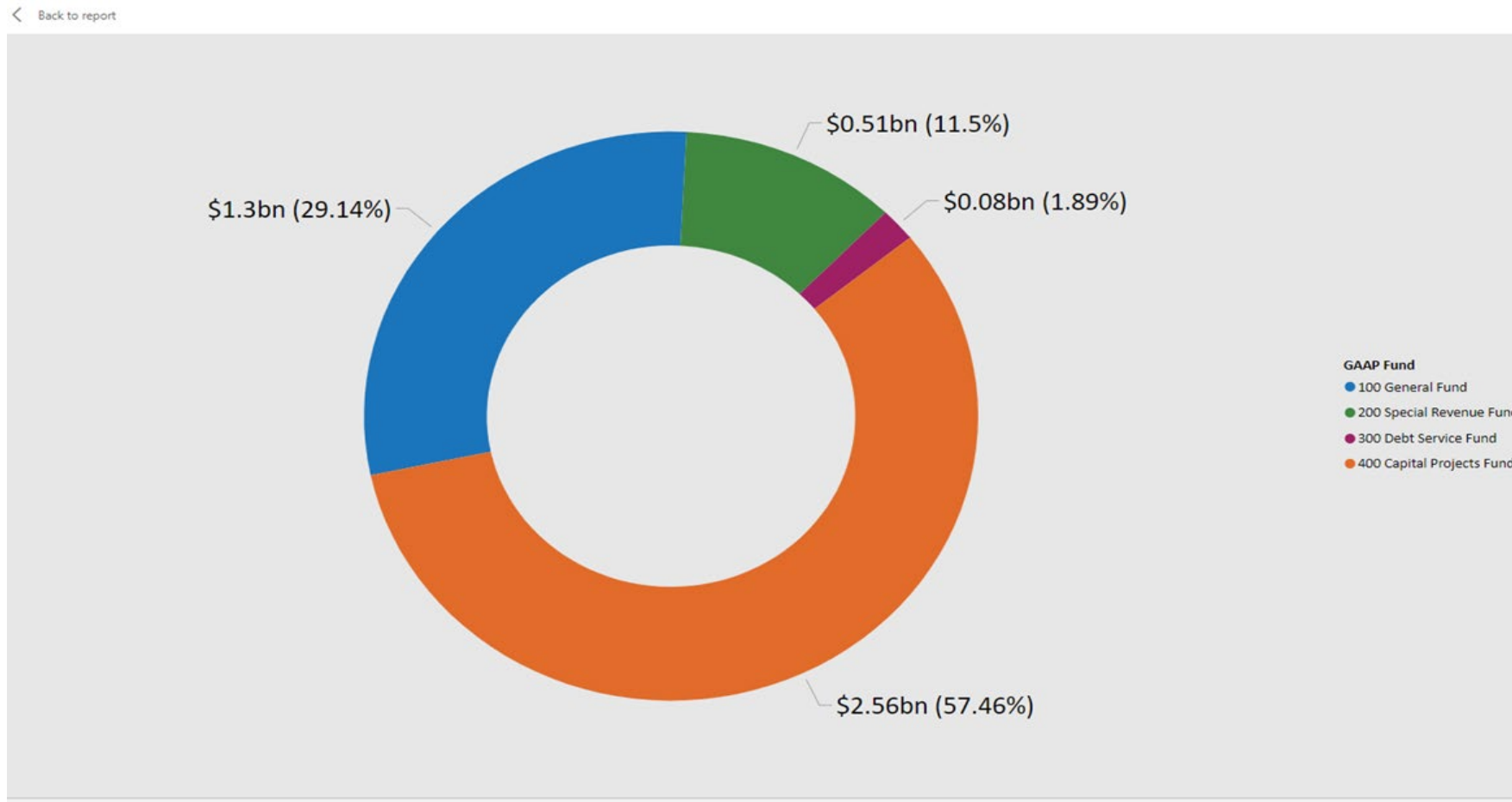
Lack of Supplemental Budgets:

- The absence of an ODE collection of supplemental budget data prevents tracking and explaining changes from the original budget. This limitation in the data that is collected reduces the ability to analyze the changes that occurring throughout the budget lifecycle.

Forecasting Based on Preliminary Numbers:

- Districts often use The Governor's Recommended Budget (GRB) as a forecast baseline for State School Fund planning.

Magnitude of Variances in Final Budgets vs Actuals by Fund



Factors Leading to Variances Between Final Budgets and Actuals

Bond Proceeds and Supplemental Budget Timing:

- Supplemental budgets often account for bond proceeds, which are applied only twice a year. Timing mismatches, such as the March economic forecast determining disbursements for the Student Investment Account, further complicate alignment with the fiscal year.

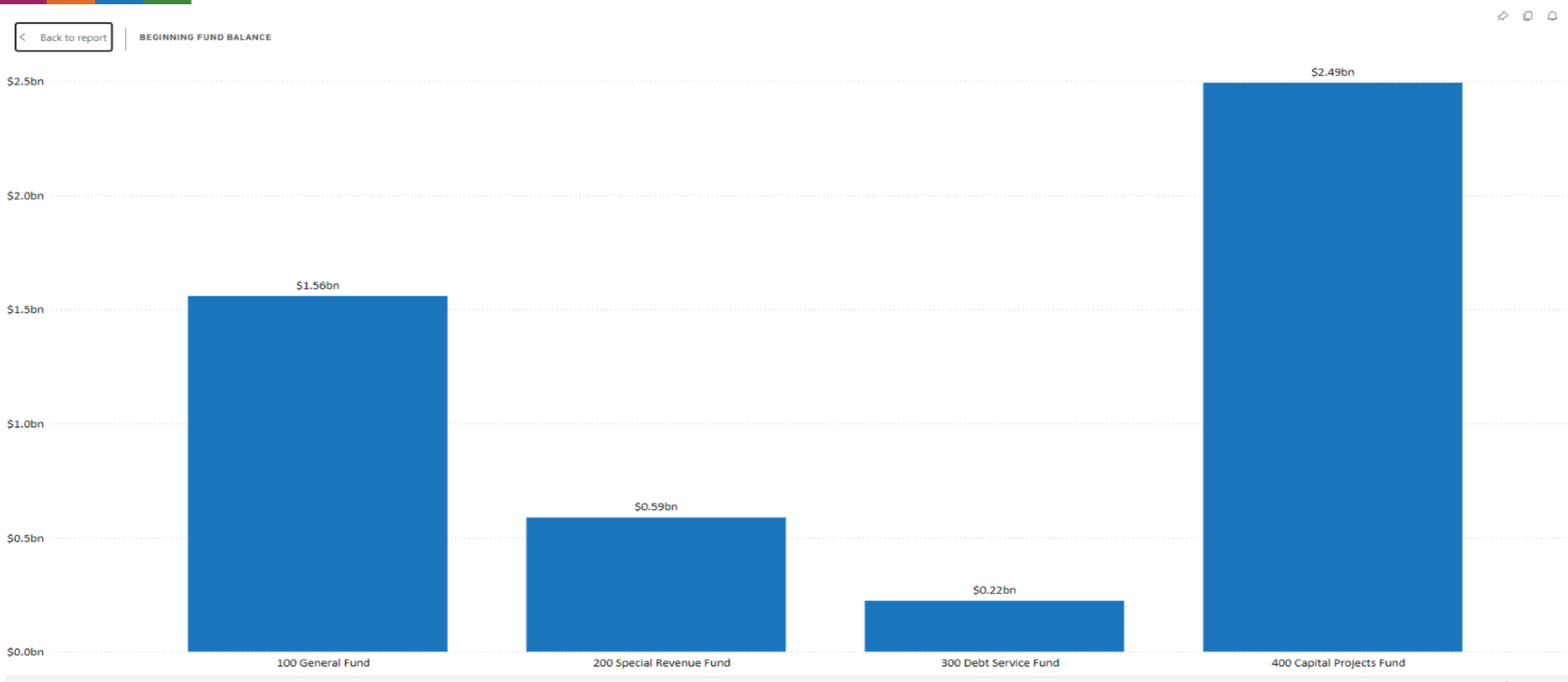
State-Specific Budgeting Practices:

- Other states have access to budget numbers of months or even half a year before their budgeting process. Oregon faces tighter time constraints, making accurate forecasting more challenging.



Beginning & Ending Fund Balances

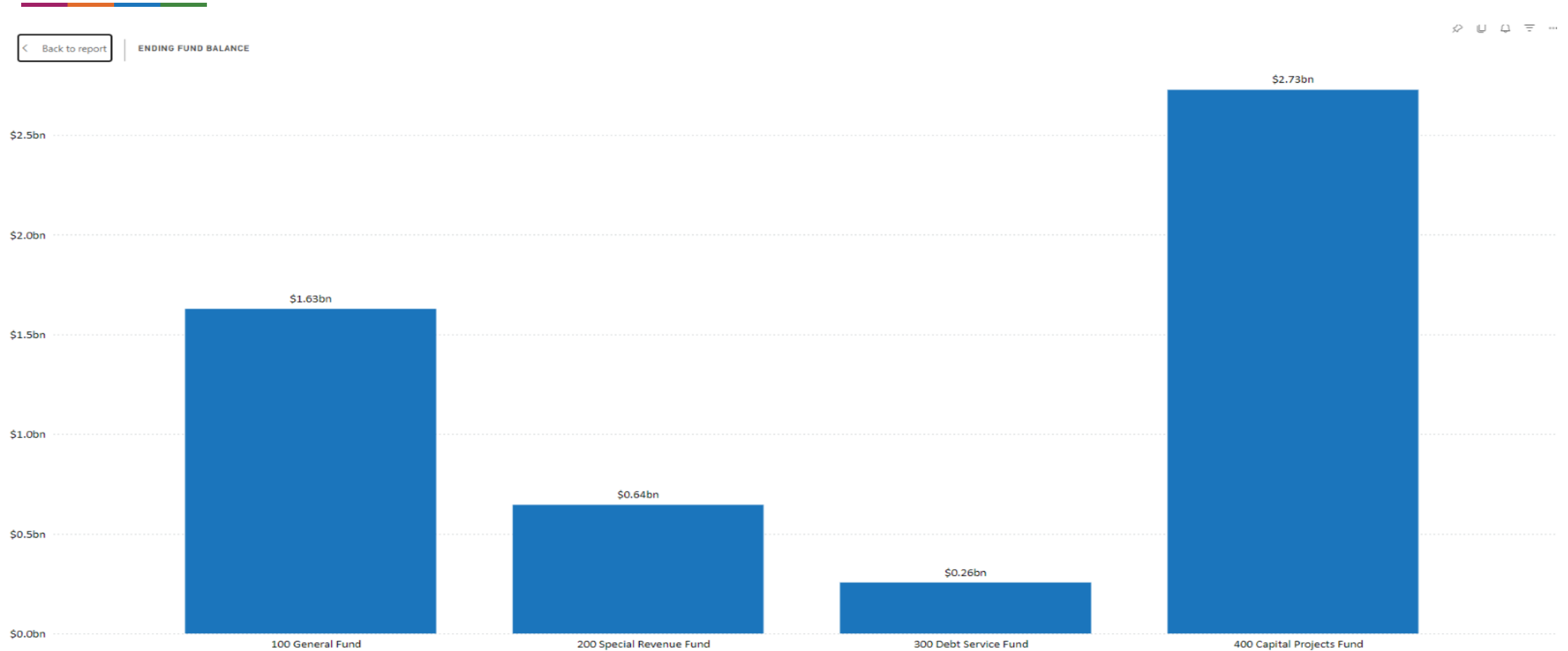
Beginning Fund Balance by Fund



Beginning and Ending Fund Balances

- **Beginning fund balances** are the amount of funds that districts carry to the next fiscal year from the prior fiscal year.
- **Ending fund balances** are the amount of funds that districts carry from the current fiscal year to the next.
- Generally speaking, districts with larger beginning fund balances in specific funds, are positioned to better manage unforeseen financial challenges and invest in strategic initiatives. Whereas, smaller fund balances in certain areas may indicate that districts have limited financial flexibility and a higher risk of fiscal distress.
- The Government Finance Officers Association (GFOA) recommends the practice of retaining 16% of general fund revenues in the ending fund balance.

Ending Fund Balance by Fund



Key Findings

- Ending Fund Balance Insights
- 25% of districts fall below GFOA's recommended 16% revenue reserve

Factors Impacting District Ending Fund Balance

Operational Challenges:

- Districts with low ending balances may struggle with liquidity, risking delays in payments or cuts to essential services.
- Limited reserves reduce the ability to address unexpected expenses, such as facility repairs or enrollment fluctuations.

Budget Prioritization:

- These districts may need to focus on increasing their reserves by prioritizing cost-saving measures and seeking additional funding sources.
- It is critical to assess whether these low balances stem from structural issues, such as declining revenue or increasing costs.

Support for District Ending Fund Balance

Best Practices for Districts with Low General Funding Ending Fund Balances (below 16%):

- Conduct a detailed risk analysis to identify underlying financial challenges.
- Develop long-term financial strategies, focusing on revenue diversification and cost management.
- Consider creating a contingency fund or financial safety net to manage emergencies without disrupting operations.

Partnership and Support:

- The Oregon Department of Education should partner with districts facing financial vulnerability to ensure operational viability.
 - Providing technical assistance or exploring additional funding allocations could help stabilize these financially vulnerable districts.



Current Reporting Challenges

Current State

- Financial data **a year and six months after the end of the fiscal year** does not meet the needs of districts, administrators, or legislators.
 - Timely and accurate reporting is essential for well-rounded decision-making based on financial information.
- ODE reporting burden is **high and unsustainable**.
 - ODE recognizes this concern and is actively working to address it.



Potential Solutions

Paths Forward

- Adopting a New Collection System
- Adding Grant-Level Reporting
- Add Source/Appropriation-Level Reporting
- Continuing to refine ODE's understanding and use of the inbound data from districts
- Increasing accessibility to financial information via development of fiscal transparency data dashboard

Fiscal Transparency Data Dashboard

- Worked with the University of Oregon to canvas all state data dashboard systems and define a system architecture; identified the following data dashboards as notable:
 - Washington OSPI
 - Michigan DOE
 - Indiana DOE
- Worked with Oregon's Kitchen Table to engage educator and community partners
 - Develop understanding of user needs
 - Review salient features of data dashboards identified above, as well as Arizona's
 - Develop recommendations about design features for Oregon's fiscal transparency data dashboard



Long-Term Success

Plan for Building Partnerships

- Collaboration with organizations like OASBO, COSA, OAESD, OSEA, OEA, and OSBA will be critical to ensuring the success of these changes.
 - These entities are best situated for the local context.
 - Training must extend beyond business officials to administrators and board members
 - Comprehensive training curricula can be developed that address current gaps and align with the needs of ODE's partners.
- Continued technical assistance, including resources for training—tailored to varying levels of experience—will ensure that ODE fiscal transparency initiatives continue to grow and prosper.



Thank You