

Advantages and Disadvantages to Changing the School District Fiscal Year

	ADVANTAGES TO SET THE FISCAL YEAR TO JUNE 30	DISADVANTAGES TO SET THE FISCAL YEAR TO JUNE 30
1	Align the fiscal and academic year	The certified tax roll is not due to the school district by law until June 15 (for a June 30 FYE) therefore taxable values are estimations. However, most school budgets are developed in the Spring using estimated data.
2	Current financial statements present financial information which spans two academic years and one fiscal period. Changing the fiscal year end would align both fiscal and academic	Districts will have to work with the Chief Appraiser closely to make sure the estimated values will not have drastic changes due to pending lawsuits, property value appeals for which they have no knowledge.
3	Campuses will have funds available from the new budget to order supplies for the new year, starting July 1. This will raise employee morale by having funds available at the same time that they need them.	The Debt Service fund will show a dramatic jump in fund balance due to the majority of the tax collections will be up to June 30, but another payment is due on August 1.
4	Districts can recruit teachers based upon salary and benefits which are a part of the adopted budget.	PEIMS reporting for the first year will have to be adjusted to reflect 12 months of data in order to be comparable.
5	Recruits will know their salary before signing a contract. (Teacher contract dates would not change)	Current financial statements present financial information which spans two academic years and one fiscal period.
6	Improve campus involvement in the budget process	The fiscal year change should not be used as a method to balance the budget. The adopted tax rate must support 12 months of normal maintenance and operations.
7	Startup expenditures for new programs will occur from the appropriate budget.	Audit test work for the first year (10 months) - everything becomes an exception when comparing data to the previous year -and must be explained.
8	Align the majority of federal programs with the fiscal year. Major federal awards begin July 1 of each year.	Major legislative changes may affect state funding.
9	Can adopt the budget by June 30 and then amend the budget in July or August, when the state funding is known.	Difficult in budgeting and managing state dedicated funds since you are in a new fiscal year and still have two months of activities remaining. However, for teachers and aides, they have "earned" all of their pay and benefits by May 31, so payroll accruals would correct the majority of these problems.
10	Greater flexibility with external audit staff (auditor has more time)	Estimating tax revenue is done earlier, so may not be as accurate
11	Forty-five states operate with a June 30th fiscal year - Texas will be more comparable on a federal level	May have to post another advertisement and have another meeting in August if the District intends on adopting a tax rate that is higher than they published back in May/June. (Would be mainly due to the Debt Service rate, since the M & O rate is at the cap of \$1.50)
12	Current legislative proposals notwithstanding, the fiscal year change will not change the flow of state funds which are distributed beginning in September of each year	Would have to start the budget process sooner and be complete by June 30.
13	Districts should adopt a 10 month budget, but tax rate would be based upon a 12 month year	The audit would have to be complete by five months after the fiscal year end (Nov. 30).
14	Program coordinators are no longer required to maintain grant records in two fiscal years for most federal funds	

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15		<p>The State of Texas still uses a Sept. 1 to Aug. 31 fiscal year. Therefore, when adopting an I&S tax rate, the "bond payments" entered into the Excel template to estimate state funding should be based upon Sept. 1 to Aug. 31, and the estimated I&S tax rate to be adopted should be using the Sept. 1 to Aug. 31 estimated payments needed. I.E. There is no change in this calculation just because the fiscal year end has changed.</p>
16	Work closely with the Tax Office to be sure to use accurate property values.	I have found the need to exclude any property values that are under appeal, because we lose a lot of value in this area.
	Work closely with the software vendor, 6-12 months in advance, to properly plan for the transition.	