



Association of School Business Officials International

11401 North Shore Drive, Reston, VA 20190-4200
Toll Free: 866/682-2729 • Fax: 703/478-0205 • www.asbointl.org

MERITORIOUS BUDGET AWARDS CRITERIA NARRATIVE

This Criteria Narrative enhances and expands the language used in the Meritorious Budget Award (MBA) Checklist. Please use the Criteria Narrative as a guide when completing the MBA Checklist.

The purpose of the MBA Criteria Checklist and this corresponding MBA Criteria Narrative is to ensure applicants have met the requirements of the MBA Program and the reviewers are able to locate examples in the budget document that meet the criteria.

A. GENERAL

1. The cover of the budget must contain:
 - The title "Budget."
 - The full name of the entity, including the city/county, the state/province, and country (or other postal designation) in which the entity is located.
 - The budget year covered.
 - A website address to locate the budget, if available.
2. The document should:
 - Be divided into the four major sections. Sections should be easily identified with tabs or title pages. Do not add any other major section divisions (minor separations with the major sections are okay).
 - Be numbered consecutively.
 - Have a Table of Contents preceding the Introductory Section and should refer to the document pages with exactness.
 - Have a Table of Contents which identifies all major sections.
3. The cover letter should identify any information required by the criteria that is not relevant to the entity and therefore not included in the budget presentation. Applicants should expound on reasons that they are not including certain criteria in the budget document by including examples of the criteria that will not be provided. (For example, for some dependent school districts, assessed and market value of taxable property and tax rates may not be information relevant to their budgets.)
4. A response to the previous review team recommendations must be provided in a separate letter.
5. The use of graphs and charts is encouraged in all sections of the budget document to facilitate the understanding of the presentation and enhance communication. Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.
6. The budget document should be technically well prepared, easy to read, information should flow in a logical sequence, narratives be clear and understandable, and the document be free of spelling or grammatical errors.

B. INTRODUCTORY SECTION

1. The Introductory Section includes an Executive Summary.
 - a. The Executive Summary contains different elements.
 - b. The Executive Summary should be “liftable,” meaning that the Executive Summary presents a comprehensive summary of the required information from each section of the budget and could be presented separately from the budget document and still present a complete picture of the entity.
 - c. The Executive Summary tells the complete budget story in narrative, numeric and graphic form. The use of charts and graphs should be in all components of the Introductory Section.
 - d. The Executive Summary presents in an integrated and summary form the following components of the budget:
 - (A) The Organizational component
 - Major goals and objectives
 - Budget process and timeline
 - Significant changes from the current year in the budget process and/or budget policies and underlying causes of those changes
 - Explanation of allocation of human and financial resources to achieve goals and objectives
 - (B) The Financial component
 - Summary of revenues and expenses/expenditures for all funds
 - Budget comparisons of at least the current year to the budget year for all funds
 - Discussion of significant trends, events, and initiative
 - Explanation of significant financial and demographic changes.
 - (C) The Informational component
 - Budget forecast
 - Student enrollment trends and forecasts
 - Tax base and rate trends
 - Personnel resource changes and reasons for changes
 - Changes in debt of the school entity
 - Performance results tied to expenditure per student in the state/province; “academic efficiency” of dollars spent; federal, national, provincial governmental standards or other measures (e.g., NCLB or provincial averages of similar sized districts.
 - Add footnote or paragraph to show the link between student achievement and the budgeting process using NCLB or another state or provincial measurement as an example.
2. The document should include a copy of the Meritorious Budget Award certificate if received for the prior year.

3. The document should also include a listing of members of the school board and first-level administrative personnel.

C. ORGANIZATIONAL SECTION

1. The document should provide an explanation of the school entity to include the following:
 - The legal autonomy, fiscal independence/dependence
 - The level of education provided
 - The geographic area served
 - The number of students and number of schools
 - The number of funds and fund types and titles (governmental, proprietary, fiduciary)
 - An explanation of the classification of revenues/expenditures
 - A description of the basis of accounting for financial reporting. Include an explanation of any significant difference between this basis and the measurement basis for budgeting.
2. The document should also include a discussion of significant budget and financial policies for:
 - Policies
 - Procedures
 - Regulations which govern the budget process
3. An organizational chart should be included which shows the administrative staff by position or title.
4. A coherent statement of the mission of the school entity.
5. State the major goals and objectives for the school entity. If the cost of a goal or objective is significant and measurable it is suggested that the cost be included.
6. Describe the budget development process, including the capital budget development process.
7. Describe the budget administration and management process.

D. FINANCIAL SECTION

1. The presentation of the budget includes:
 - All governmental funds
 - All proprietary funds
 - Level of detail required by law or adopted by the governing body
 - Revenues by source
 - Expenditures by function and object
 - (Optional) Budget may also be presented by program, location and/or administrative unit.
2. The pyramid approach should be used (summary of all funds, followed with the presentation of individual funds)
 - Include narrative or footnotes to explain the data presented on this section's charts and graphs.
 - Explain of any major shifts from current year.

- (Optional) The presentation may be followed by program, location, and/or administrative unit budgets.
3. The budget presentation also includes:
- Fund balances
 - Revenues
 - Expenditures
 - Other financing sources/uses
 - The current year budget or the estimated current year actual
 - The proposed budget year.

The presentation of three prior years of actual data is preferred in the Financial Section. However, at the option of the preparer/submitter, this information may be presented in the Informational Section in a form and format which is comparable to the current year and proposed budget year.

The presentation of three projected years must be included in the Informational Section, No 5.

4. The document should:
- Describe significant revenue sources and significant expenditure categories
 - Explain underlying assumptions and significant trends for each major revenue source and major expenditure category
 - Describe any significant changes in fund balances
 - If the budget forecast shows declining fund balances, illustrate how the district plans on addressing these negative trends

Some explanation of the state/local funding structure may be necessary as well.

5. The document should:
- Describe budgeted capital expenditures
 - Outline major capital projects for the budget year
 - Indicate the fund that is used to account for capital expenditure projects
 - Describe the total amount of the entity's capital improvement plan and indicate when the plan will start and when it will be completed. Disclose the funding source to address the plan and how it will affect the entity's current budget.

The focus should be on reasonably quantifiable additional costs and savings (direct or indirect) or other service impacts that result from capital spending.

6. The document should:
- Include financial data on current debt obligations
 - Describe the relationship between current debt levels and legal debt limits
 - Explain the effects of existing debt levels on current and future budgets.
7. In addition, the document should disclose:
- If there are any district goals and objectives not included in the budget, the document should disclose these goals and objectives and how they will be funded.
 - The accrued obligation for retiree health insurance (if any) that has been committed by the district.

E. INFORMATIONAL SECTION

In this section the document should:

1. Present the assessed value of taxable property and the market value of taxable property for:
 - A minimum of three years actual
 - The current year budget and/or estimated current year actual
 - The proposed budget year
2. Include property tax rates and collections for:
 - A minimum of three years actual
 - The current year budget and/or estimated current year actual
 - The proposed budget year

Describe whether the tax rate is per \$100 of taxable value or on some other form of rate.

3. Include an analysis of the budget's effect on average taxpayers for:
 - A minimum of three years actual
 - The current year budget and/or estimated current year actual
 - The proposed budget year
4. Provide the following:
 - A five year summary comparison of revenues and expenditures (three prior years actual, current year budget and/or estimated actual, and the proposed budget year. If the three prior years actual data is presented in the Financial Section, this presentation is not required.) All years must be presented in a comparable form and format, whether presented in the Financial or Informational Section.
 - A five-year summary should be presented for all governmental funds. (Presentation of similar data for other funds is optional.)
5. Present a minimum of three years of budget forecasts beyond the proposed budget year, to include:
 - Beginning and ending fund balance.
 - Revenue
 - Expenditures

The three years of budget forecast is for each governmental fund. Forecasts for other funds are optional.

6. The document should present:
 - A minimum of three years of actual student enrollment history by school
 - Current budget and/or estimated current year enrollment
 - Proposed budget year enrollment
 - A minimum of three years of enrollment projections
 - Forecasting methodology and techniques

7. Present personnel resource allocations for:
 - A minimum of three prior years actual
 - The current year budget and/or estimated current year actual
 - The proposed budget year
8. Include the bond amortization schedule(s) of the school entity.
9. Provide the following performance measures for three prior years:
 - Standardized test scores
 - Drop-out rates
 - Accomplishment of goals and objectives
 - Parent/student satisfaction surveys
 - Other performance measures
10. Include other information to help the reader understand the past and future directions of the school entity.
11. Include a glossary of terms.