

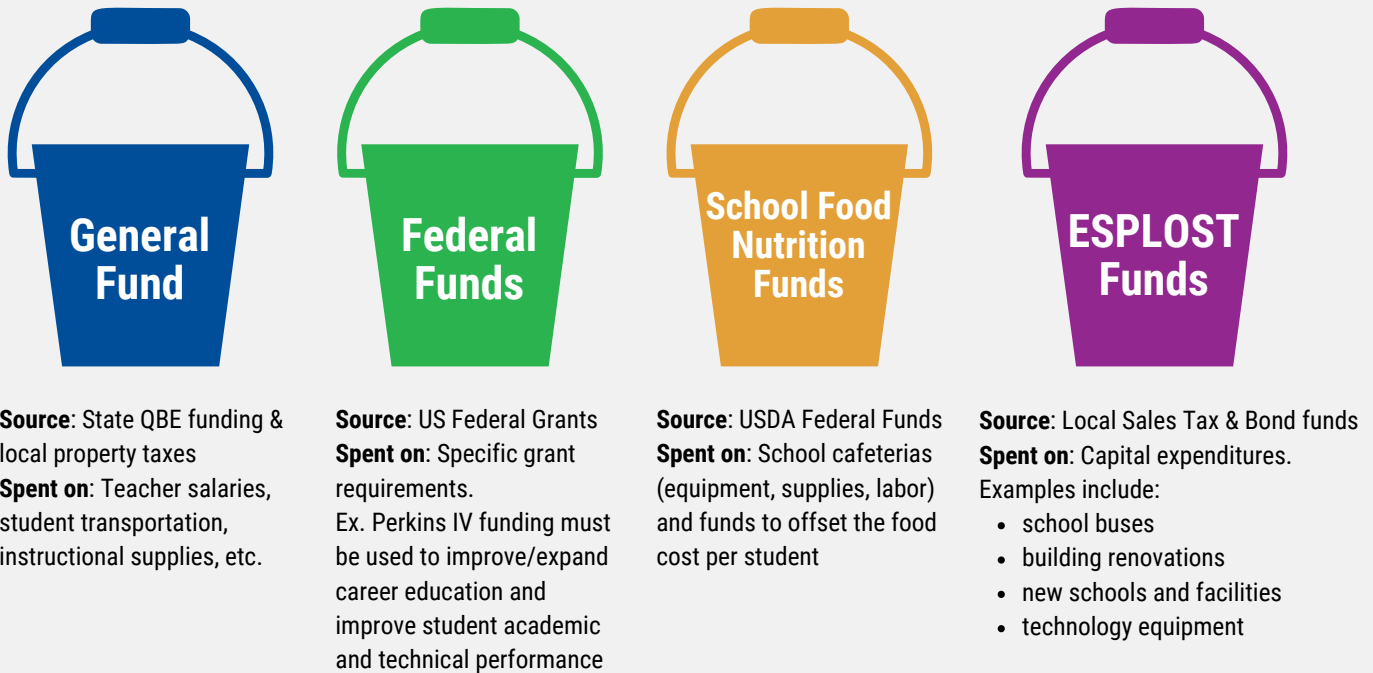


BCSS Finance: Dollars & Sense

This article helps to make sense of how school finance works.

School systems receive funding that is required to be used in specific ways. We like to think of those funds as "buckets." Each bucket can pay for certain expenses, as you can see in Figure 1 below.

Figure 1



Fund Balance

When talking about ESPLOST funds, one important bucket to understand is the Fund Balance. The school system's Fund Balance is similar to a family's savings account. You save money over time so that you can withdraw money when you need to make a big purchase, like a new car. Some years, you might have a lot of money saved up in your account. When you buy a new car, then your savings account balance will be lower that year.

It's the same for a school system's ESPLOST or capital project funds. Revenue from ESPLOST is received monthly. Bond proceeds are received as needed and approved by the Board of Education. That money is saved in our Fund Balance bucket. When the bucket is full enough to pay for a capital project, like a new school bus, then the balance will be lower afterward.

Figure 2 on the next pages shows how the Fund Balance bucket fills and empties over time.

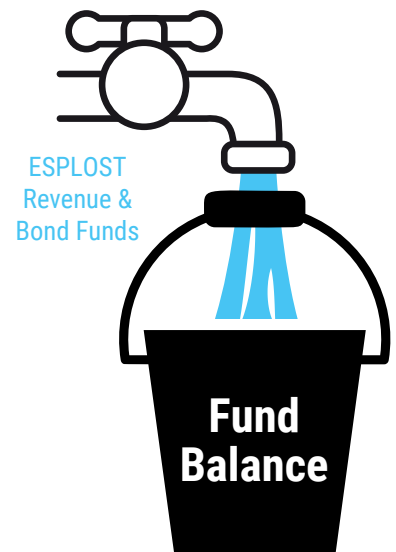
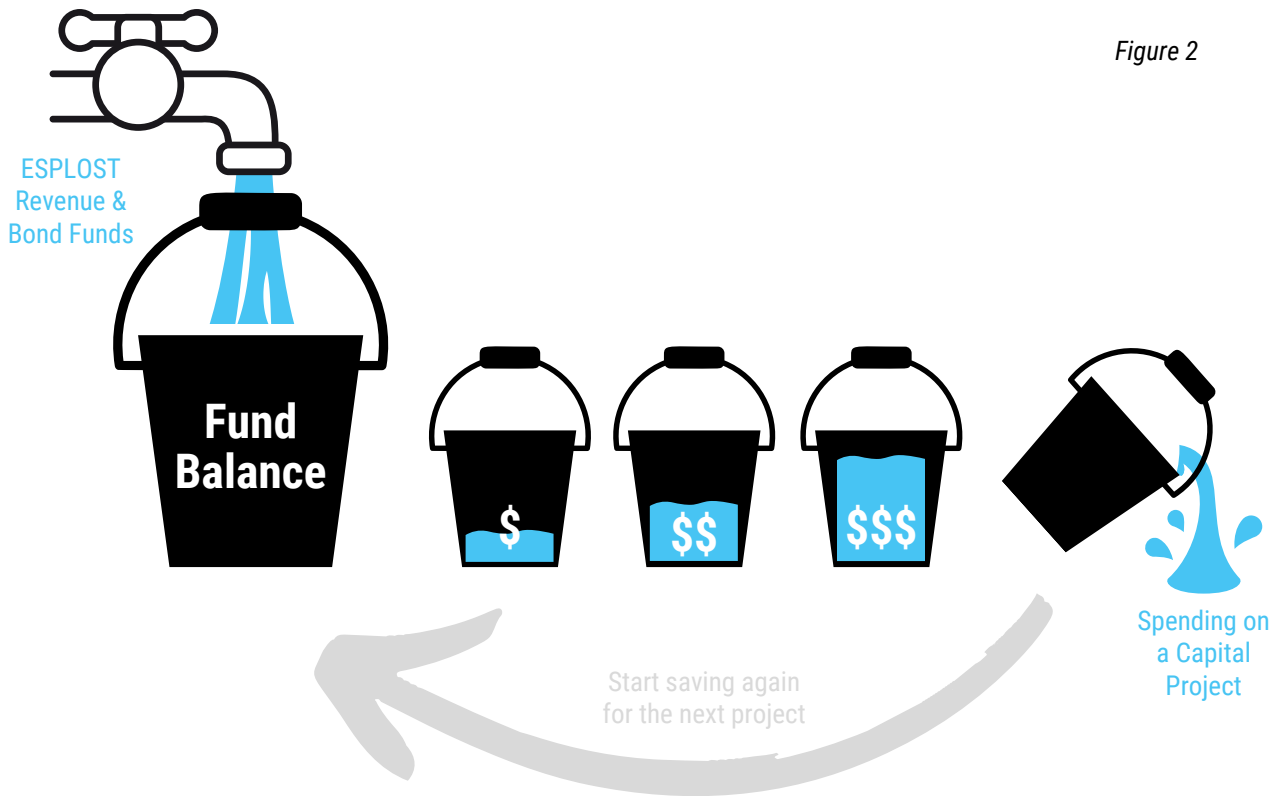


Figure 2



The school system sometimes borrows money to help pay for large projects, like building a new school. Twice a year, we pay the principal and interest owed on those debts. Debt service payments are also made from the Fund Balance.

To review, the Fund Balance is like the school system's savings account. Large capital projects are paid from the Fund Balance savings account. The amount of money in the Fund Balance bucket varies from year to year since we are saving money some years and spending it other years. The income and expenditures per year are never equal.

Reporting from GADOE and BCSS

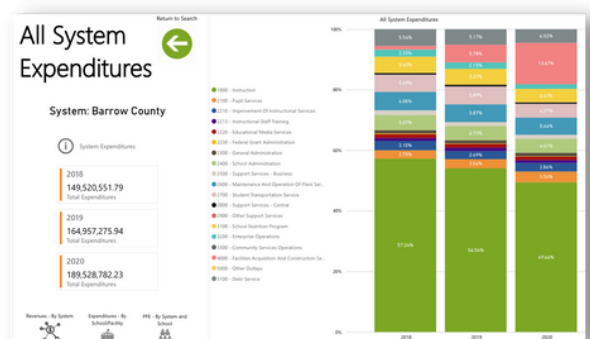
The Georgia Department of Education (GADOE) requires that school system financial information be displayed on our website, which you can find [here](#). GADOE also posts information on their website. Sometimes, the reports shared by BCSS and GADOE don't match because they include different data. To look at an example, let's examine what BCSS spent on instruction the past few years.

On [GADOE's School System Financial Information webpage](#), you can see the system expenditures (or expenses) for each school district. To see our data, select Barrow in the "System Name" dropdown and then click on "All Expenditures - By System." You'll see the chart included to the right and on the next page.

The chart includes all expenditures, including those paid from the BCSS Fund Balance, which pays for capital project expenses.

As we explained earlier, the Fund Balance saving account "bucket" can vary drastically from year to year, depending on how much we've been saving or if we just made a large purchase, such as a school bus.

Chart 1



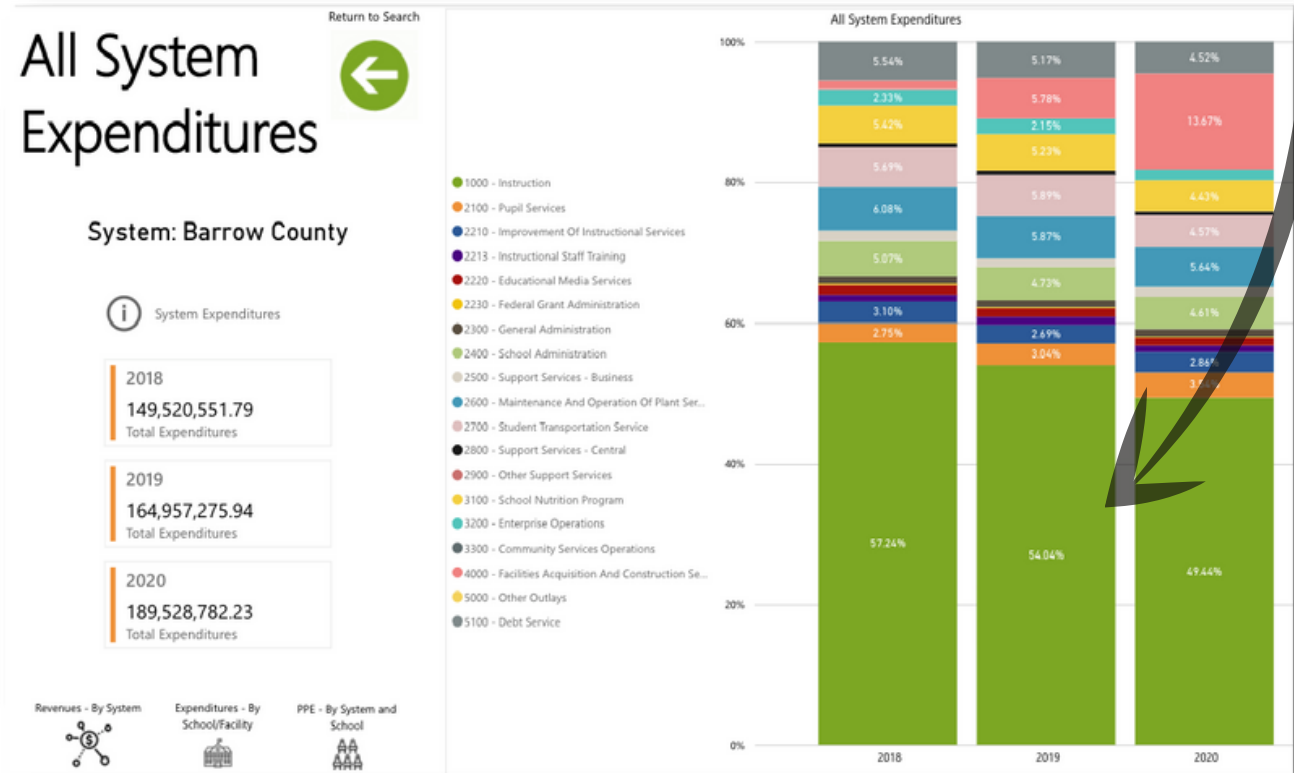


To get an accurate account of what BCSS spends on instruction annually, you need to remove expenditures for debt service and capital projects, since those fluctuate annually. Let's look at the past three years. (Amounts are rounded to the millions.)

In Chart 2 below, you can see that BCSS consistently spends over 60% annually on instruction. This calculated spend does not match the GADOE report. Expenditures were just shared differently.

Chart 2	GADOE Reported Expenditures	−	Capital Projects	−	Debt Service	=	BCSS Expenditures	% Spent on Instruction
2018	\$149.5M		\$3.5M		\$8.0M		\$129.8M	67%
2019	\$164.9M		\$14.0M		\$8.3M		\$134.0M	67%
2020	\$189.5M		\$29.3M		\$8.3M		\$143.5M	65%

Chart 1



Another way to get the same information is by visiting the [GADOE Finance webpage here](#). Select the fiscal year, school system, and report name.

For example, if you select 2020, Barrow, School System Expenditures, you'll get the following data. Divide the total expenditures by instruction and that will result in the percent spent on instruction for that year.

$$\frac{90,298,492.84 \text{ (instruction)}}{138,474,888.24 \text{ (expenditures)}} \times 100 \text{ (to convert to a percentage)} = 65.2\%$$

We hope you found this information useful. Please feel free to reach out to our Finance Department if you have any further questions.