

The background of the slide features a collage of US currency. A prominent \$100 bill is visible, showing the portrait of Benjamin Franklin. Overlaid on this is a Federal Reserve Note with the serial number AB 76010466 B. The text "FEDERAL RESERVE NOTE" and "UNITED STATES FEDERAL RESERVE SYSTEM" are clearly visible on the note. The overall color scheme is a muted green and grey.

School District Budget Development & Monitoring

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Gloversville Enlarged School District

What Is a Budget?

- A logical financial **plan** for the operation of the District.
 - **The plan sets forth proposed expenditures (*appropriations*) and the proposed means of financing (*estimated revenues and appropriated fund balance*).**



Definition of a Successful Budget Process

- ❑ Incorporates a long-term perspective
- ❑ Establishes linkage to broad organizational goals
- ❑ Focuses budget decisions on results and outcomes
- ❑ Involves and promotes effective communication with stakeholders

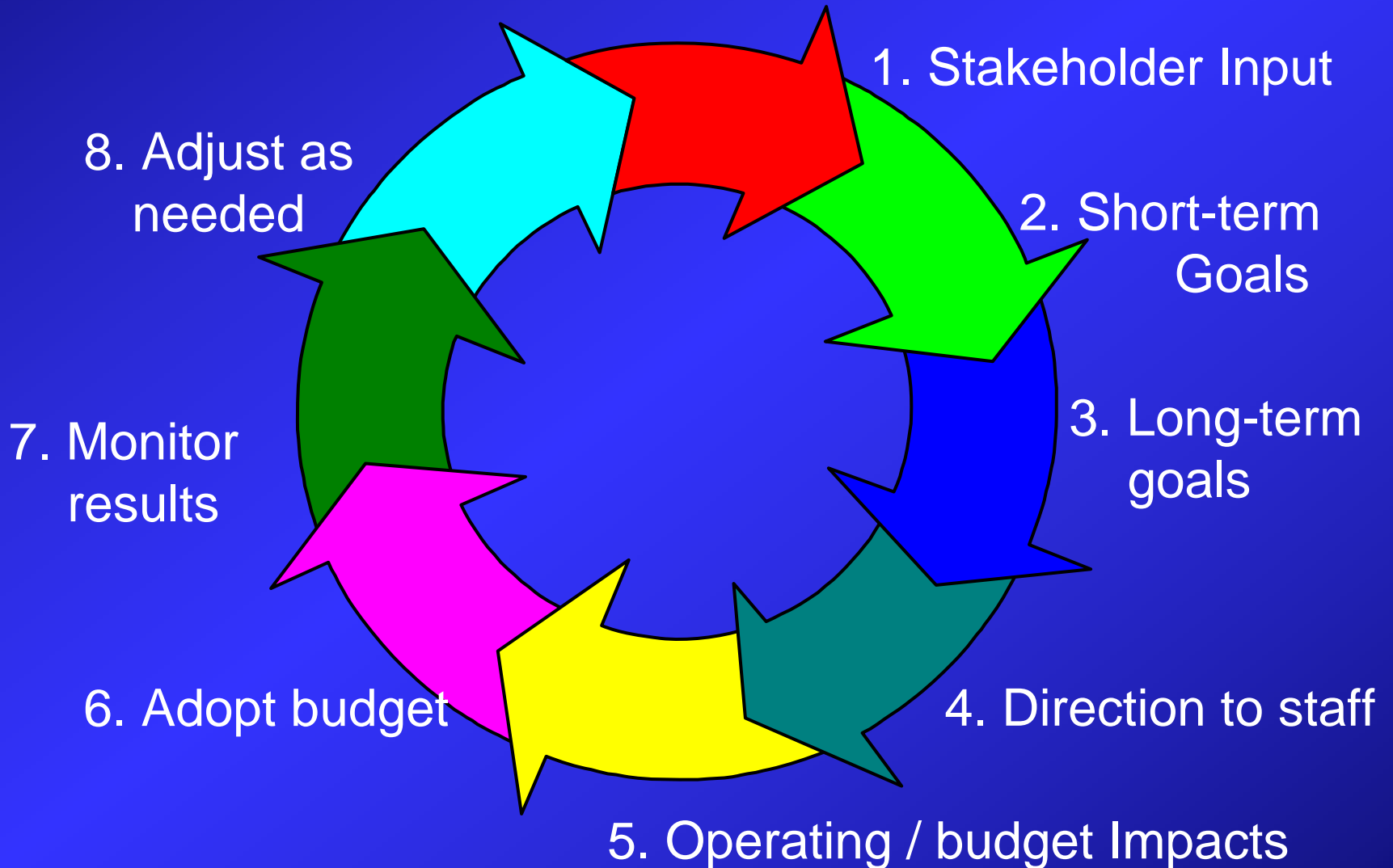
A Successful Budget

- Establishes Educational Priorities**
- Is an Overview of Programs & Services**
- Establishes Guidelines for Spending**
- Assists in Evaluating the Effectiveness, Services and Programs vs. Resources**

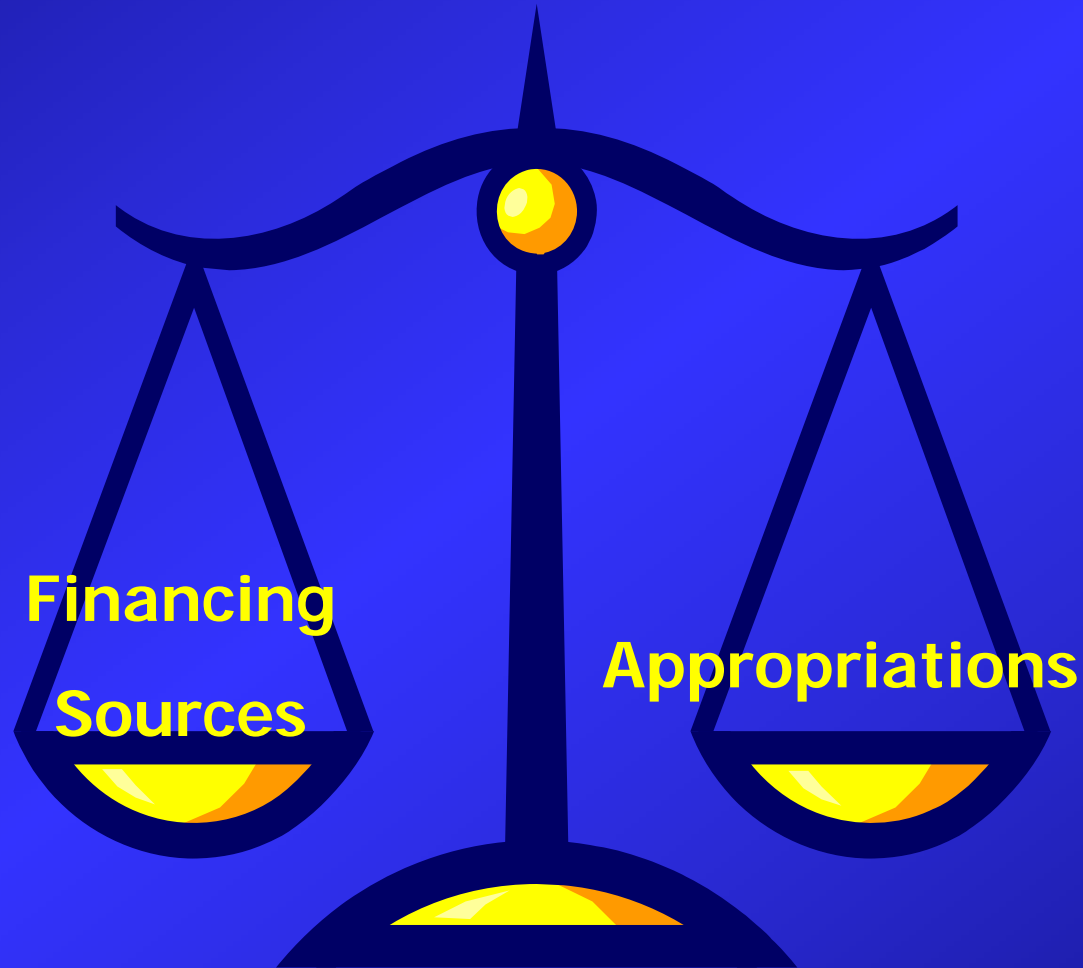
Types of Operating Budgets

- Line Item – revenues & expenditures are related to products and services.
- Performance – revenues & expenditures are related to workload.
- Program – revenues & expenditures are related to public goals.
- Zero-Based – revenues & expenditures are related to a justification process.

The Budget Cycle

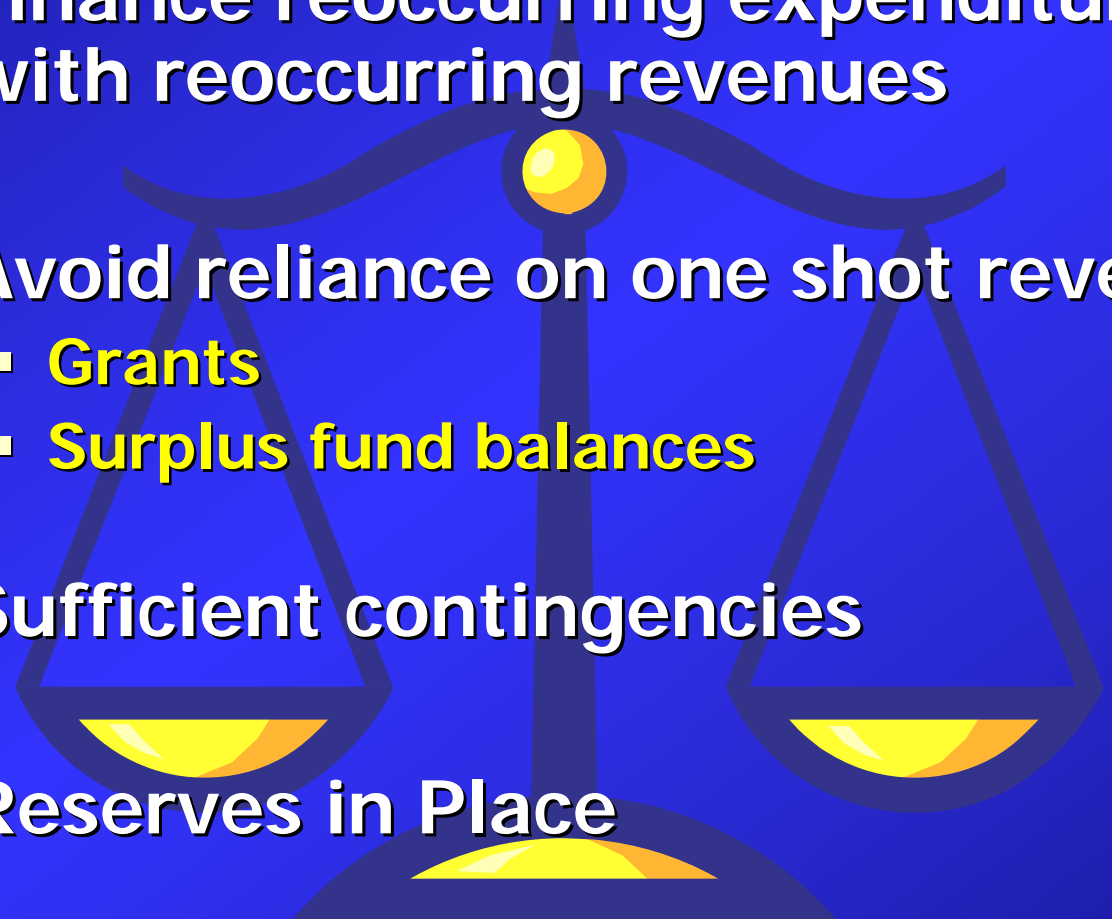


Budget Scale



STRUCTURALLY BALANCED

What is *Structurally Balanced*?

- Finance reoccurring expenditures with reoccurring revenues
 - Avoid reliance on one shot revenues
 - **Grants**
 - **Surplus fund balances**
 - Sufficient contingencies
 - Reserves in Place
- 

Sources of Information

- Estimates from Staff
- Actual results of operations – prior year(s)
- Actual results of operations – current year
- Capital Plan or Capital Activities
- Enrollment Data

More Sources of Information

- Wage/Salary Schedules
 - Including fringe benefits
- Debt Service and other contractual payments (BOCES)
- Insurance
- Legislation
- Changes
 - Interest rates
 - **State Aid**



Other Considerations

- Reserve needs
- Interfund Transfers
- Other
 - Community
 - Changes in utility rates or fuel prices



Sample of Appropriations in an Adopted Budget

<u>Accounts</u>	<u>Code</u>	<u>Actual 2009-10</u>	<u>Budget as amended 2010-11</u>	<u>Tentative Budget 2011-12</u>	<u>Adopted 2011-12</u>
<u>Legislative Board</u>					
BOE P.S.	A1010.1	\$5,000	\$5,000	\$6,000	\$6,000
Equipment	A1010.2	0	0	200	200
Contractual	A1010.4	<u>491</u>	<u>500</u>	<u>500</u>	<u>500</u>
		\$5,491	\$5,500	\$6,700	\$6,700
<u>Staff</u>					
Pers. Serv.	A1420.1	\$10,000	\$10,000	\$10,500	\$10,400
Equipment	A1420.2	1,231	600	0	0
Contractual	A1420.4	<u>3,980</u>	<u>4,000</u>	<u>4,200</u>	<u>4,200</u>
		\$15,211	\$14,600	\$14,700	\$14,600

Levels of Control

A 5 5 1 0 . 4 . 4 1 - 2

Fund – General

**Functional Unit –
Transportation Services**

Object – Contractual Exp.

Subdivision – Office Supplies

Location – Garage

Other Objects

.1 Personal Services

.2 Equipment

.6 Debt principal

.7 Debt Interest

.8 Employee Benefits

.9 Interfund Transfers

Budget Summary Page

<u>Code</u>	<u>Fund</u>	<u>Appropriations</u>	Less: <u>Estimated Revenue</u>	Less: <u>Appropriated Surplus</u>	Amount to be Raised <u>by Tax</u>
A	General	\$500,000	\$100,000	\$50,000	\$350,000
C	Cafeteria	95,000	95,000	0	0
F	Federal	<u>120,000</u>	<u>45,000</u>	<u>0</u>	0
		<u>\$715,000</u>	<u>\$240,000</u>	<u>\$50,000</u>	<u>\$350,000</u>

Computing the Tax Rate

$$\text{Tax Rate} = \frac{\text{Tax Levy}}{\text{Total Taxable Assessed Value}}$$

Example:

Tax Levy = \$ 480,000

Total Taxable Assessed Value = \$ 82,500,000

Tax Rate = \$ 5.82 per
thousand

State Aid Influence

The more reliance on state aid – the greater the Real Property Tax impact of fluctuations!

Budget	\$50,000,000	\$50,000,000
State aid	<u>35,000,000</u>	<u>10,000,000</u>
RPT Levy	15,000,000	40,000,000
State aid	(1,000,000)	(1,000,000)
RPT Incr	1,000,000	1,000,000

Percent 

6.7%

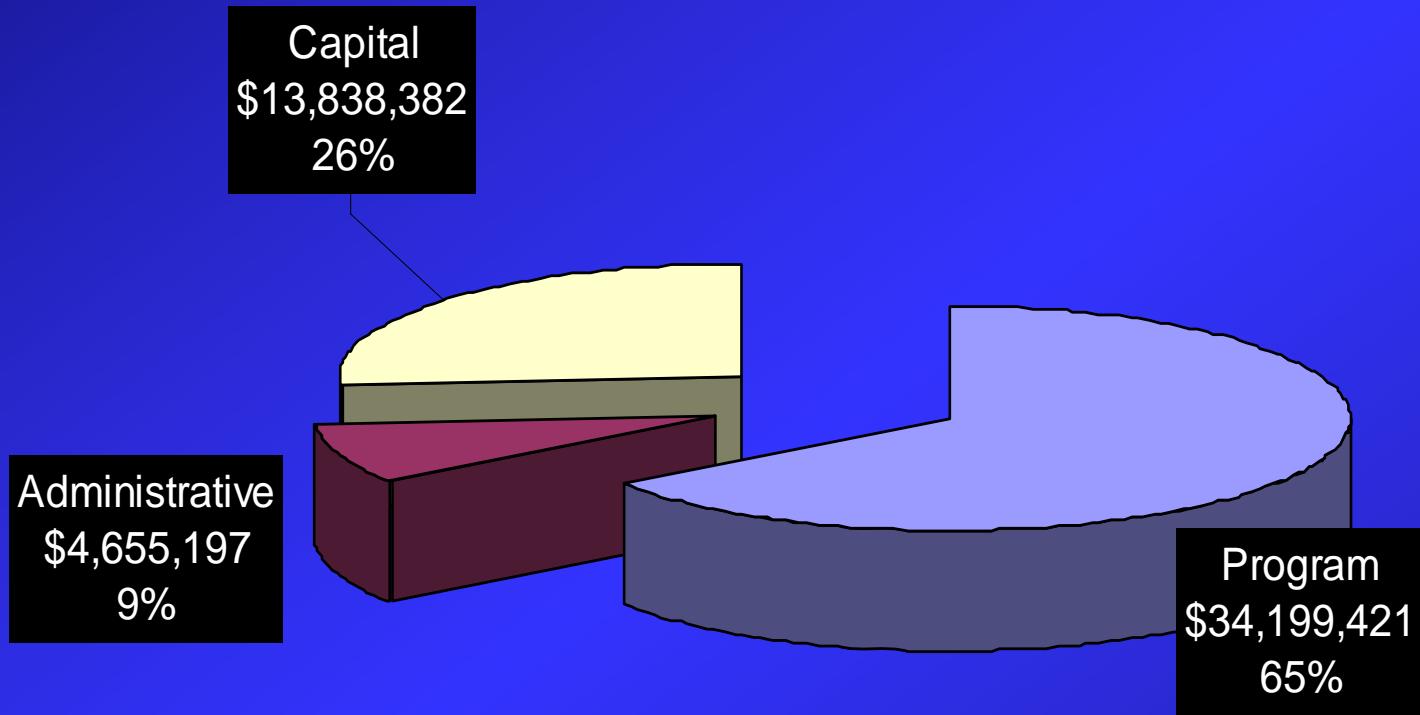
2.5%

The Budget

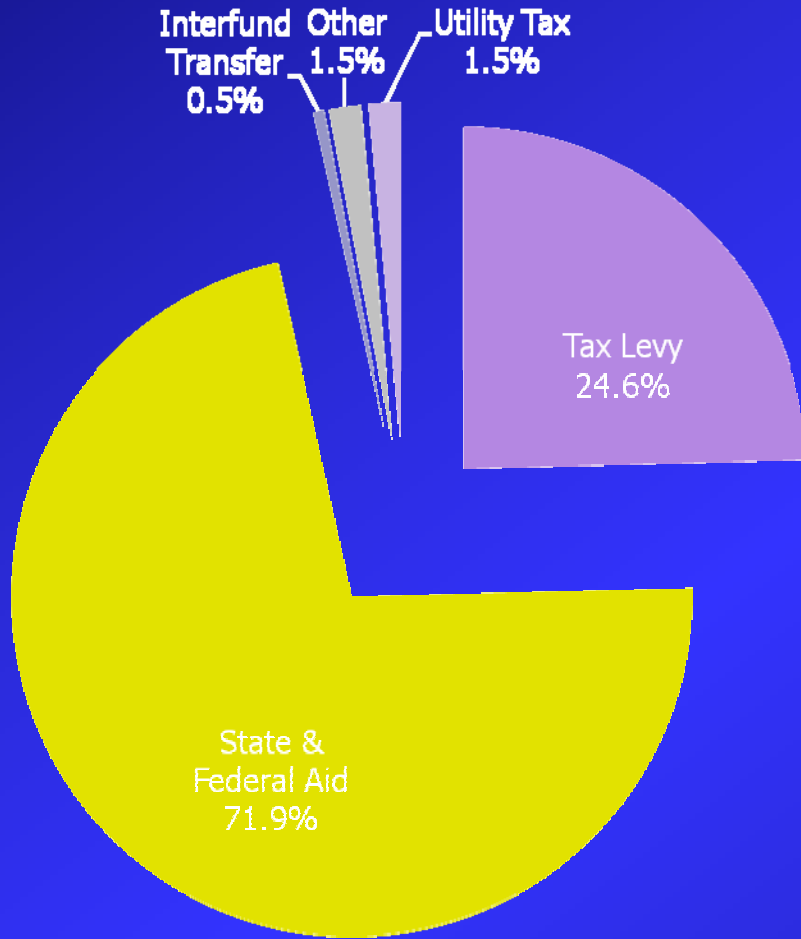
The Three Component Budget:

- ❑ Administrative – BOE, Central Admin., Central Support, Supervision of schools & benefits
- ❑ Program – Salaries & Benefits of instruction and Transportation operating expenses
- ❑ Capital – O & M of facilities, judgments, debt service, custodial salaries & benefits

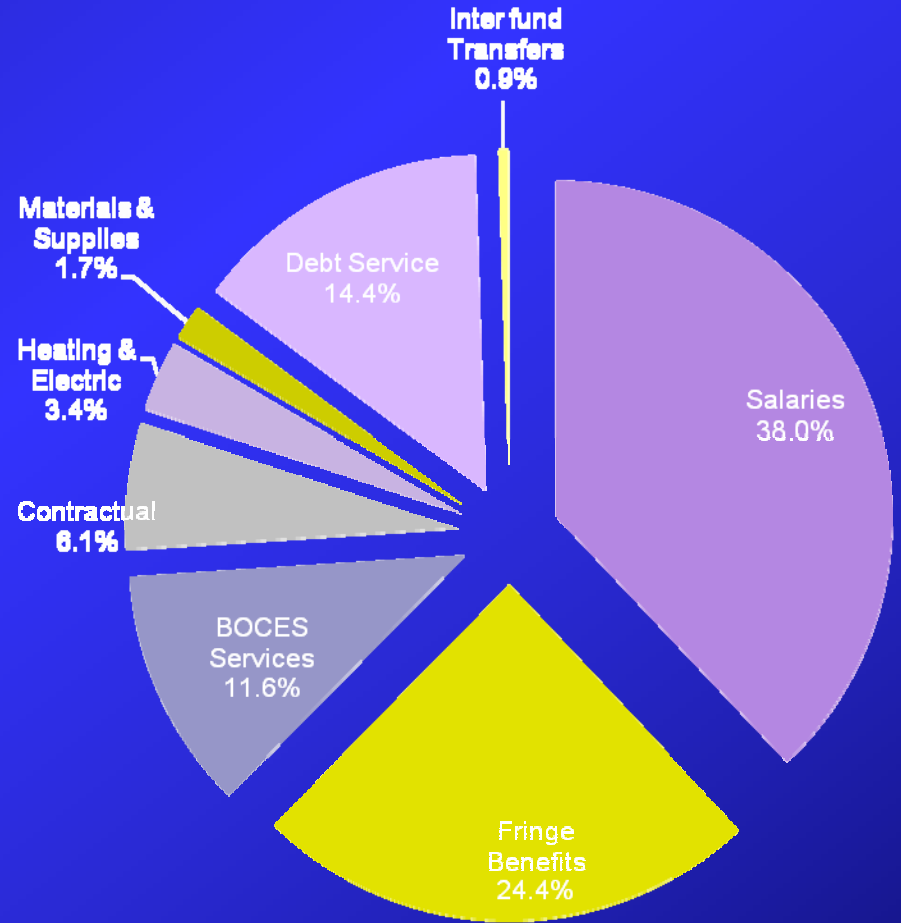
2011-12 Three-part Budget Components



2011-12 Revenues & Expenditures



Revenues



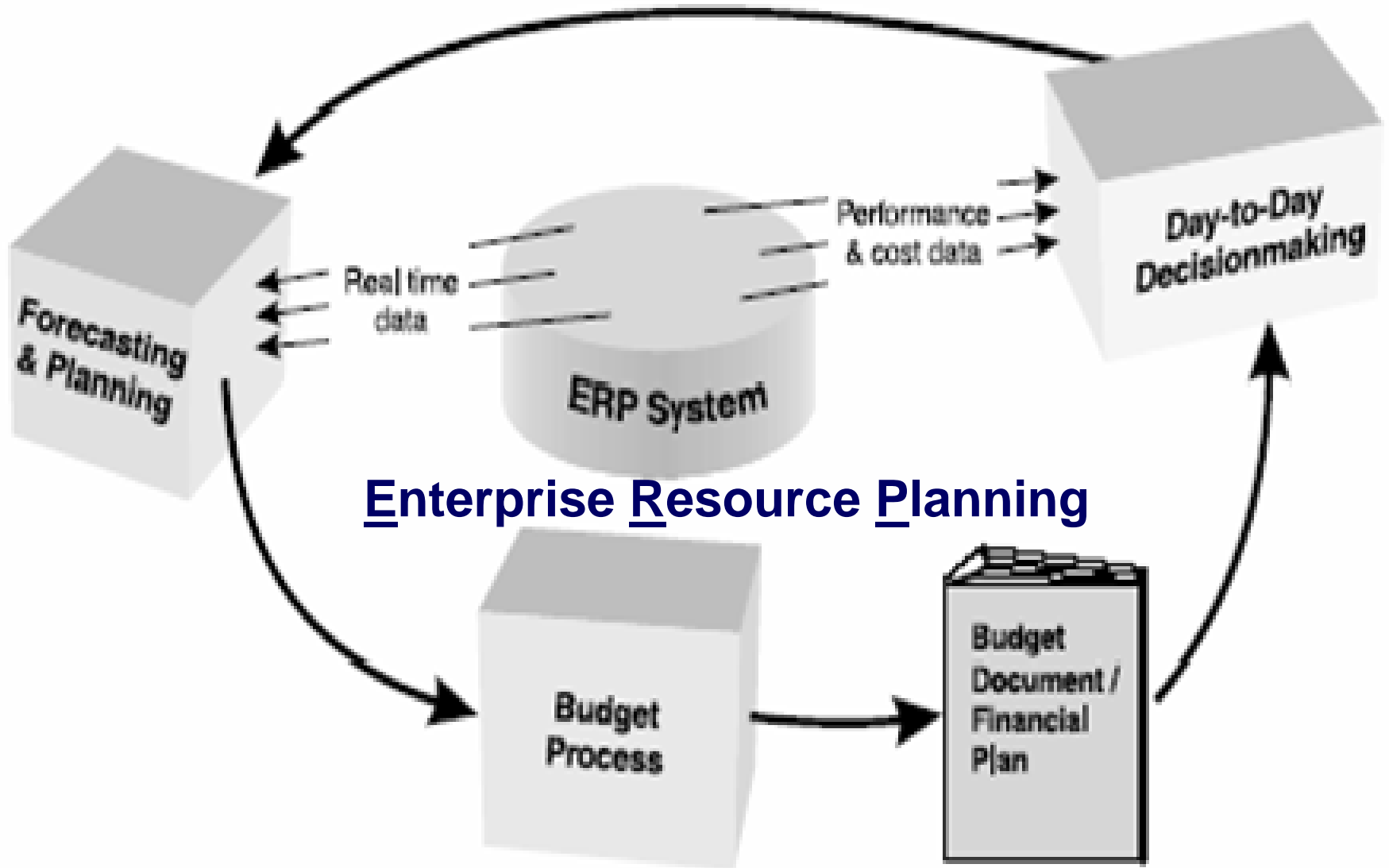
Expenditures



How to Monitor Budgetary Performance

- Accounting System
- Periodic Financial Reports
- Purchase Order System
- Encumbrances
- Amending the Budget

Technology



Purpose

- ❑ **Planning**
- ❑ **Internal Controls**
- ❑ **Monitoring**
- ❑ **Decisions**

The Benefits...

- ❑ Focus Attention on Goals, Needs & Financial Capability
- ❑ Build a Public Consensus for Projects and Improve Awareness
- ❑ Improve Cooperation and Communication
- ❑ Help Ensure Financial Stability

More Benefits...

- ❑ Enables “Informed Decisions”
 - ❑ Budget time
 - ❑ Alternative options
- ❑ Discourages the “Axe” approach to budget cuts



Reserves

Fund Equity that has been segregated for a future specific use and not available for general expenditures



Why Reserve Funds?

- Multi-Year Planning
- Future Contingencies
- Reduce the Need to Borrow

Promoting the Budget

- Newsletters
- TV
- Website
- Presentations
- Mail

Budget Presentations

- Board
- Parents (PTA)
- Community
- Special Interest Groups
- Unions
- Staff
- High School Seniors

Typical Concerns

- Taxes
- Salaries
- “Wasteful Spending”
- “The Lights are on”
- Stipends

What People Want to Know

- Why is the Budget More?
- Where's the Money going?
- What's been done to save \$\$\$?

What People Want to Know

- What's the Tax Levy?
- What's my Tax Rate going to be?
- Budget Increase vs. Tax Increase?

QUESTIONS



Thank You