

SCHOOL DISTRICT BUDGETING

OVERVIEW

SHELBY COUNTY PUBLIC SCHOOLS

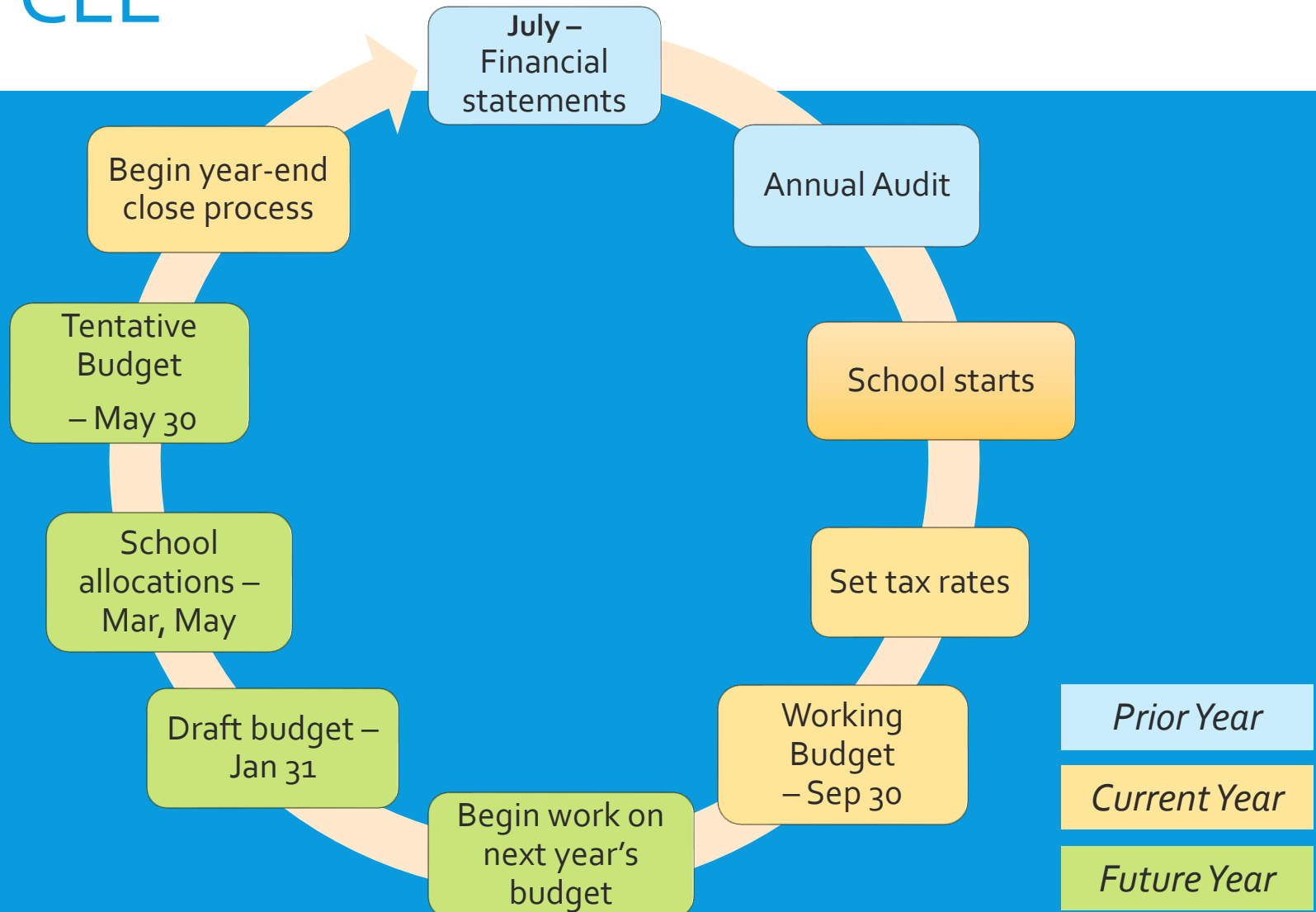
- 11 schools / about 6800 students / about 1000 contracted employees
- Reasonable growth in both enrollment and assessments; recently, a surge in new property
- Responsible financial decision-making by the board of education

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SCHOOL DISTRICT BUSINESS CYCLE



MEASURING RESULTS

- Annual financial statements measure dollars
 - Auditors opine regarding the fair presentation of the dollars
 - Auditors also test compliance with federal grants
- The effectiveness of the dollars spent is measured through continuous monitoring of student progress, outcomes
- Input regarding new initiatives or strategic abandonment is facilitated by the budget committee process in Shelby County

SCHOOL DISTRICT BUDGET CYCLE



ROLES IN THE BUDGETING PROCESS

- **Board of education:** set tax rates, approve staffing ratios, approve the budget; representation on the budget committee
- **Superintendent:** make recommendations to the board regarding tax rates, staffing ratios, budget; strategic planning; lead the budget committee
- **Finance Officer:** provide data and analysis to facilitate decision-making; make recommendations to the superintendent or budget administrators regarding revisions to the budget
- **Budget Administrators (principals, department heads):** evaluate current spending and needs for the future; make recommendations to the superintendent

ROLES IN THE BUDGETING PROCESS

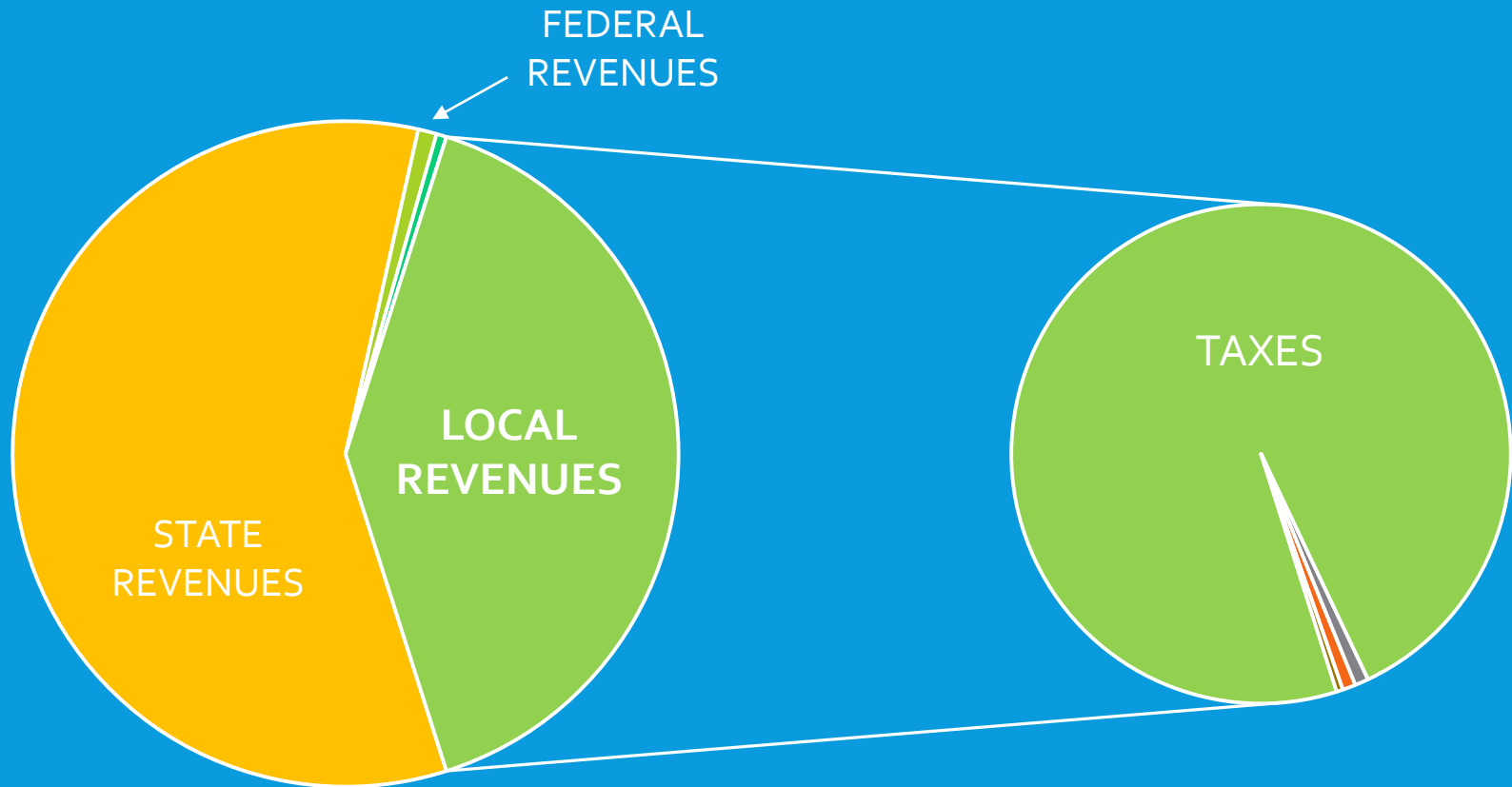
- **SBDM Councils:** Advise regarding staffing decisions after tentative school allocations are received; direct spending of Section 6 & 7 funds
- **Staff:** Provide feedback to leaders regarding the effectiveness of spending and future needs; participate in budget committee

TOTAL DISTRICT BUDGET - FUNDS

- General Fund – unrestricted, board-directed
- Special Revenue – restricted grants
- District Activity – school-directed
- Capital Outlay – SEEK revenue restricted for capital projects
- Building Fund – taxes & SEEK revenue restricted for capital projects
- Construction Fund – restricted for active capital project expenditures (projects with approved BGs)
- Debt Service – conduit for bond payments
- Food Service – restricted



REVENUES – SHELBY COUNTY

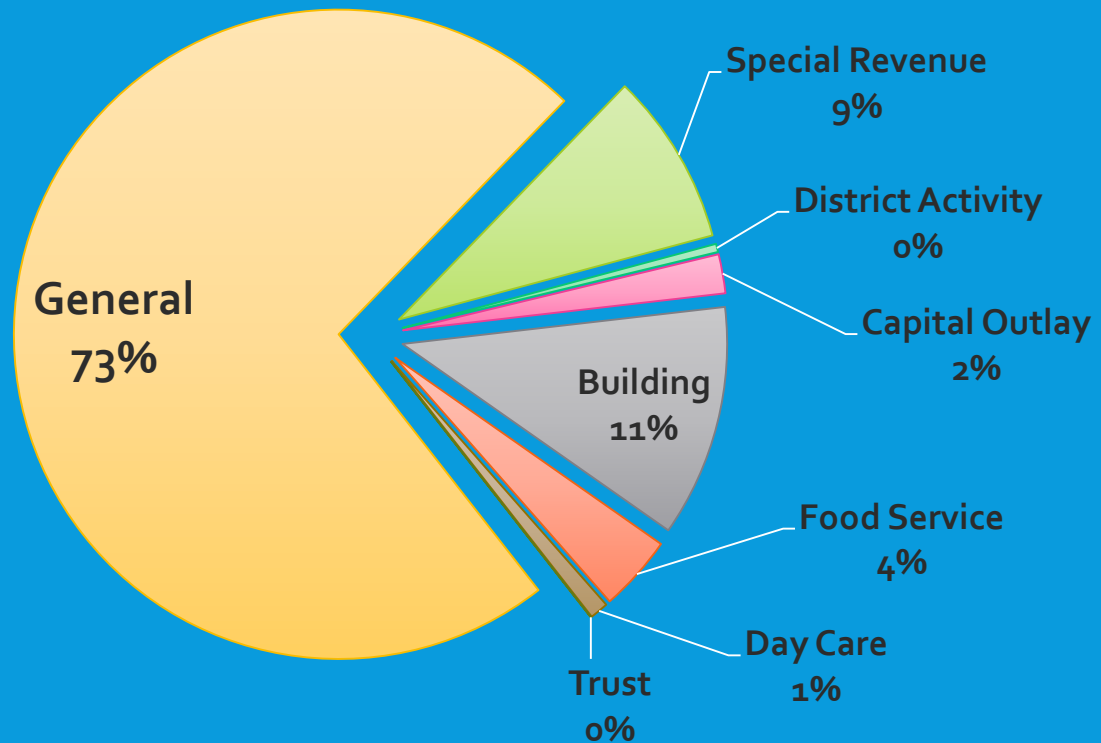


The ratio of state to local revenue increases as assessments decline

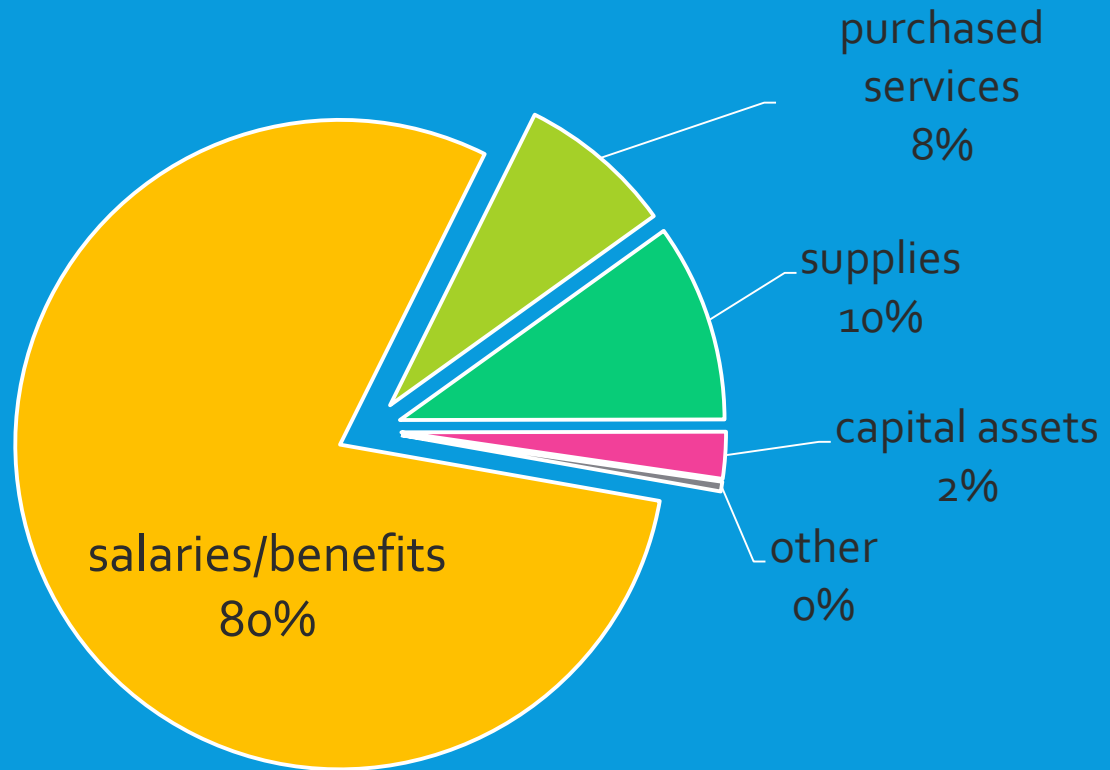
REVENUES – CONSIDERATIONS

- Tax rate increase?
 - Consider whether the increase would be detrimental to taxpayers
 - Compensating rate may be detrimental if assessments have plummeted
- Additional grants?
 - Grants sometimes have costly strings attached

TOTAL DISTRICT BUDGET BY FUND – SHELBY COUNTY



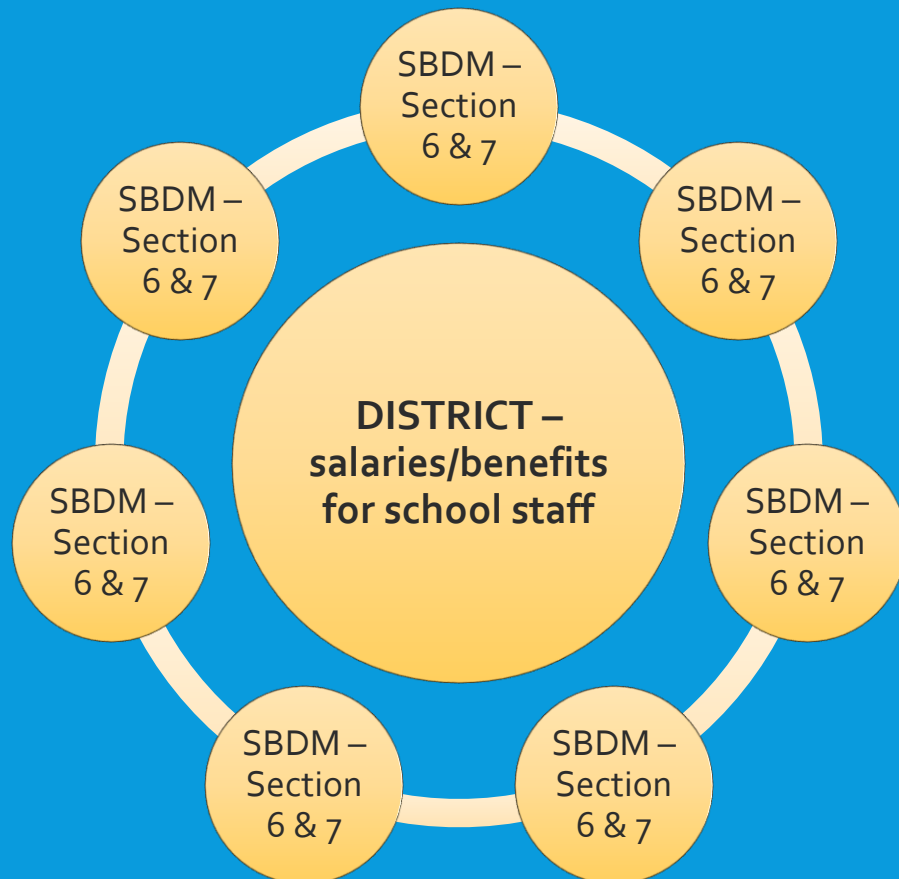
GENERAL FUND EXPENDITURES – SHELBY COUNTY



SBDM COUNCILS

Most school needs are addressed at the district level with input from school staff; salaries for school staff is the largest single cost

Section 6 & 7 funds are allocated to schools to be managed by the SBDM councils



EXPENDITURES - CONSIDERATIONS

- Prioritize
 - Staffing allocation is funded first (about 85% of total budget)
 - Other direct costs of instruction such as instructional materials, transportation, utilities
 - Whatever is left can be used for indirect costs of instruction such as maintenance, payroll, administration

EXPENDITURES - ADMINISTRATION

Analysis of administrative costs presents some challenges:

- Districts interpret the Chart of Accounts differently
- May require a very specific query to mine the desired data
- Smaller districts will have a higher administrative cost ratio simply due to fixed costs required for a school district of any enrollment size

EXPENDITURES - CONSIDERATIONS

- How can we best spend our dollars to achieve the goals of the strategic plan and address student needs?
- Are we getting a good return on our current spending?
- Are we spending efficiently?
- Are we maintaining adequate contingency?
- Is the budget structurally balanced? (revenues exceed expenditures for the budget year)

IMPACT OF THE STATE BUDGET

- Each biennium, district budgets remain in limbo until a budget bill is passed
- Kentucky statute requires tentative budgets for school districts be approved by May 30
- When significant cuts are being considered, multiple district budget scenarios may be developed
- Repeat the expenditure considerations/prioritization process again and again until an acceptable budget can be determined

KEY FINANCIAL INDICATORS

Monitor these indicators each year and trends over time

- Fund balance
- Operating gain/loss
- Contingency
- Local tax revenue/rates
- Bonding capacity
- Average Daily Attendance
- Staffing levels

Respond with appropriate revisions to the budget