

General Fund – Budgeting & Fund Balance

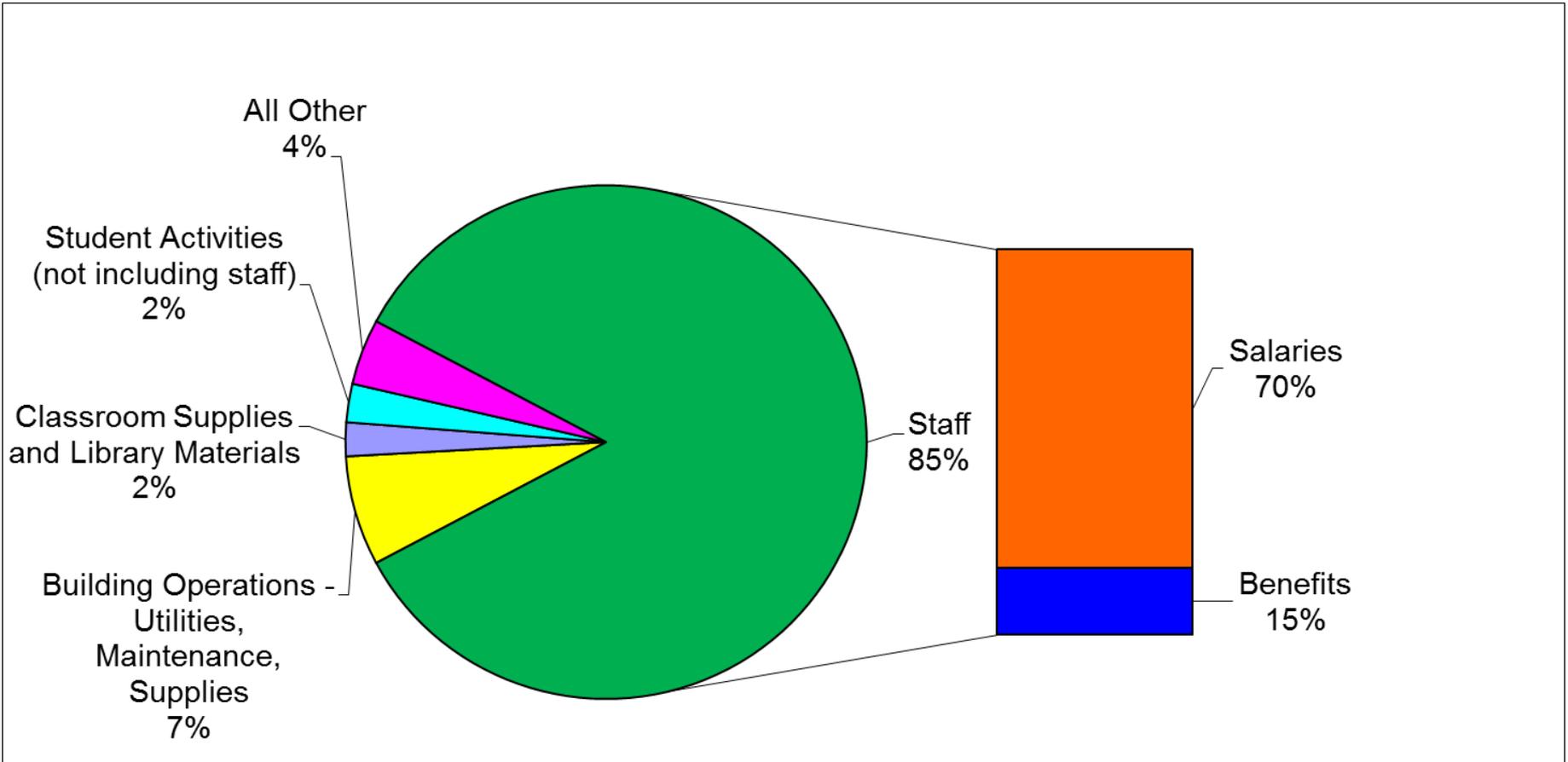
Darla Mayer, Business Manager
Pierre School District

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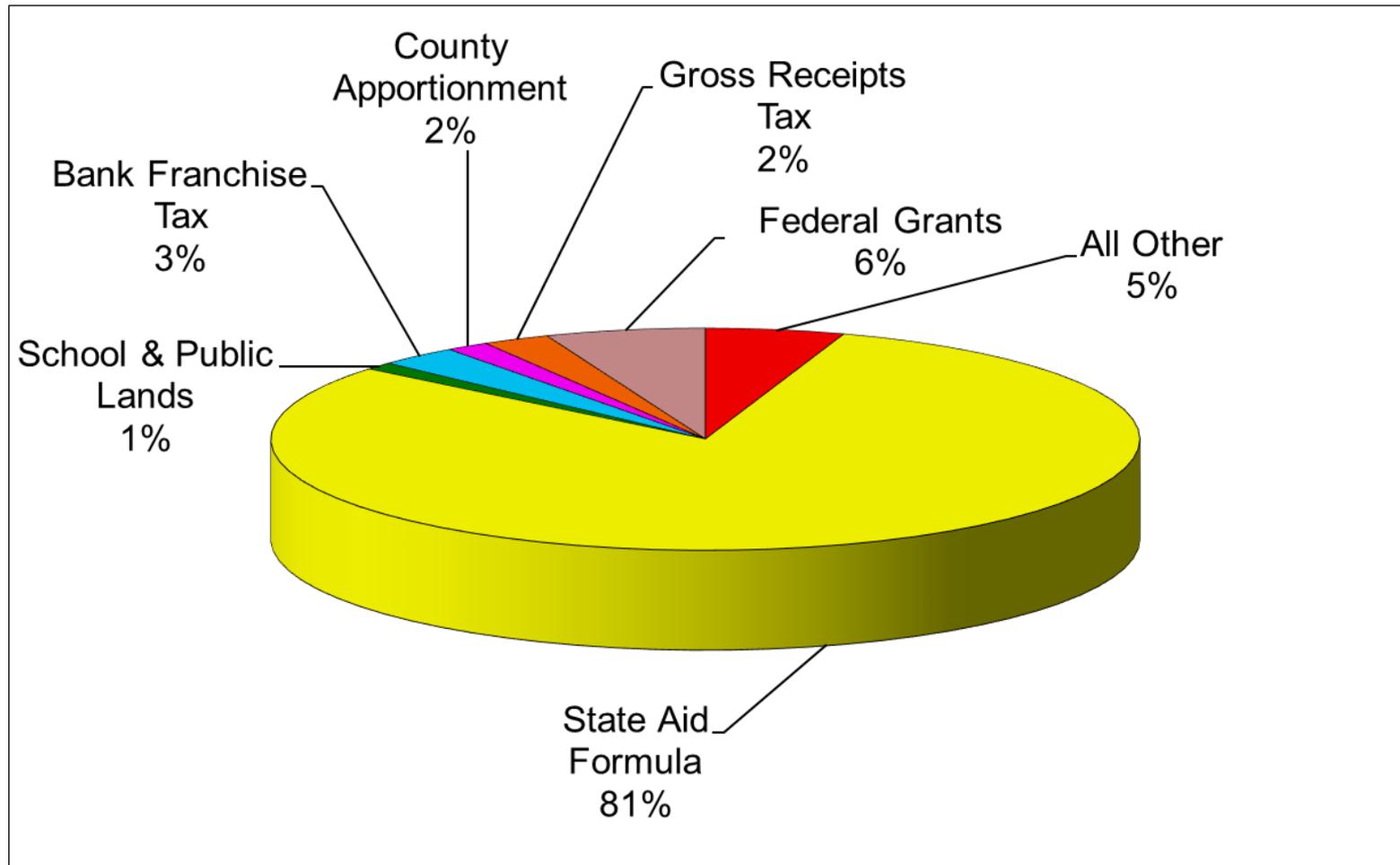
General Fund Expenses

- Instructional costs associated with general education including classroom teachers, aides, supplies
- Administrative costs
- Extra curricular activities
- Counseling, Library Services
- Custodians and Maintenance Staff and supplies, utilities and repairs for buildings and grounds
- Liability and property insurance

Breakdown of General Fund Expenses Pierre School District



Sources of General Fund Revenue Pierre School District



Fund Balance

- Annual Revenue – Annual Expense =
Annual Change in Fund Balance
- Essentially a district's "savings" account
 - Not a practical resource for ongoing expenses
- Fund balance percentage: Year end fund balance as a percentage of annual expenses
- Currently no statutes limit fund balance in the general fund

Budget Process - Revenue

- Estimated revenue drives other decisions – “you can’t spend what you don’t have”
 - State aid – over 80% of \$’s
 - Enrollment is still unknown, generally averaging is most prudent
 - Federal grants
 - State apportionment (school and public lands)
 - Other revenue ?
 - Bank franchise tax
 - Gross receipts tax
 - County fines & fees

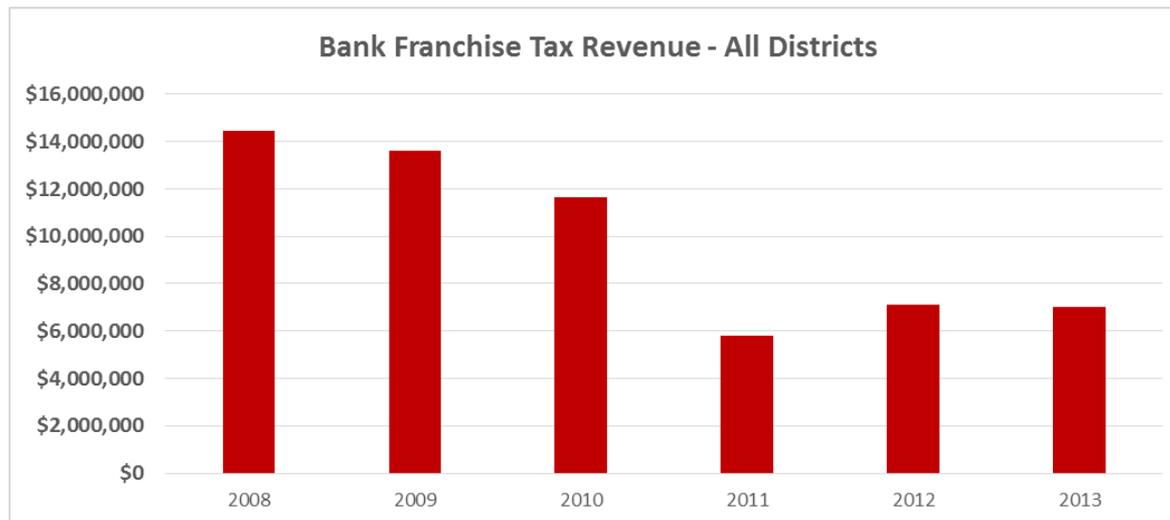
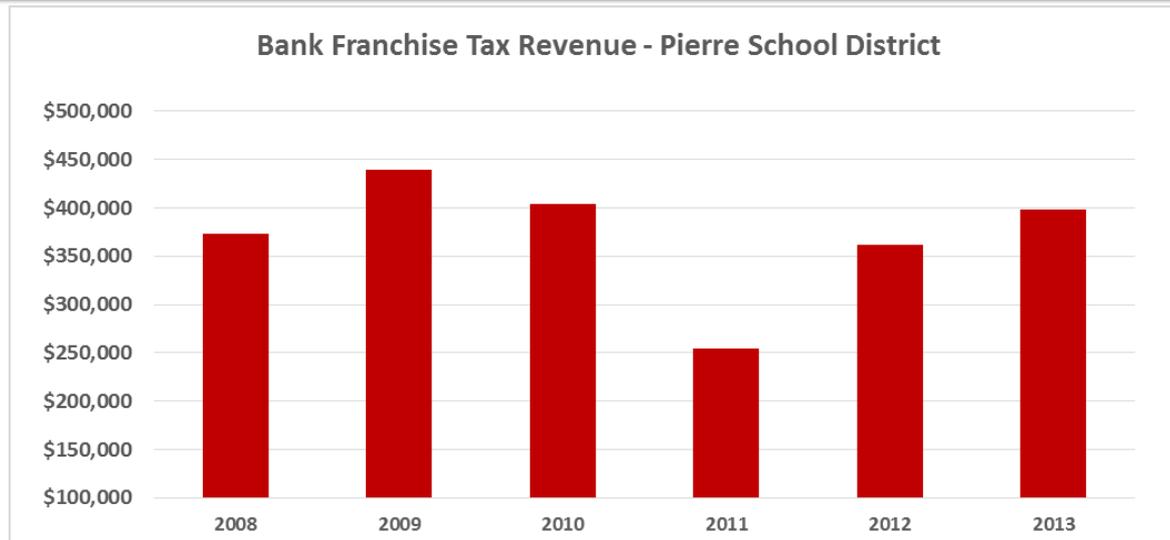
Budget Process - Expenses

- Salary and staffing changes
 - Negotiations process – what ongoing salary increase can the district afford and negotiate
 - Salary changes will impact future expenses
 - Prudent fiscal management requires multi-year projections of revenue and expenses
 - PSD projects five years of revenue and five years of expenses when making decisions that impact ongoing spending
 - Non-renewal of contracts
 - Positions to be eliminated or staff non-renewed for any reason **must be notified by April 15**
 - Increased cost of employee benefits
 - Need for additional staffing for next school year?
- Other cost increases . . . Insurance, utilities, etc.

Why Have Fund Balances Recently Grown?

- Appropriation of one time funds
 - Can be a challenge to responsibly use one time \$'s in a fund where nearly all costs are ongoing
- Increase in enrollment beyond projections
 - Revenue from state aid greater than budgeted
- Staff turnover
- Revenue sources difficult to estimate
 - Bank franchise
 - Gross receipts
 - County fines/fees

Illustration of Unpredictable Revenue: Bank Franchise Tax



Why Have Fund Balances Recently Grown ? (continued)

- Accounting/Statute changes
 - Gross receipts tax law change - 2013
 - One time impact of approximately \$8 million
 - No new money, \$'s just received 3 months sooner
- Capital outlay flexibility
 - Shifting of costs to capital outlay fund
- Staff turnover
- Planned growth
 - Lack of confidence in commitment to funding education due to abandonment of funding statutes
 - Lack of options to reduce expenses or increase revenue when the unexpected occurs

General Fund Revenue Per Student

- On a per student basis, schools statewide had only 3.9% more general fund \$'s available per student in 2013 than in 2007. . .

