



Tiger Pride News and Notes Troy Giest, School Board Treasurer

Financial Planning for the School District

As negotiated agreements with employee groups are settled, the Board's attention will now be focused on revising the budget for the current fiscal year.

The process of revising the budget starts with the review of the proposed budget that was approved in June 2023. The proposed budget is based on projections for enrollment and staffing levels.

Revenues for school districts come from three sources: federal funding, state aid, and local property taxes. The largest portion of funding comes through state aid. State aid is intended to provide basic financial support for K-12 education programming. Since 2003, state aid has not kept pace with inflation. The inadequate funding through state aid significantly limits our opportunities to fund programming for our students.

When developing the proposed budget in June 2023 for this year, our projected enrollment was 2,015. The projected enrollment is based on trend data and estimated numbers of students enrolling in Kindergarten. At the start of the school year, the actual enrollment was 1,980. The decrease was due to families deciding to wait to enroll children in Kindergarten and a number of families who relocated out of the district. The difference of 35 students will result in a decrease of nearly \$350,000 in state aid.

The proposed budget is impacted by enrollment, the economy, and increases in employee wages and benefits. Increases in wages and benefits for non-union employees were completed in June and included in the proposed budget for this year. The tentative agreements recently reached with employee union groups for wages and benefits are higher than the district estimated in June. In addition, as most everyone is aware, costs of supplies and utilities have increased significantly due to inflation.

One of the school board's primary responsibilities is to maintain the fiscal health of the district. A key indicator of the district's fiscal health is the balance of the general fund. It is essential that the district maintains a fund balance to ensure there is money available to make payroll and pay invoices each month. For many years, the district has worked to maintain a balance for about 6 weeks of expenses, or 12%. Our most recent audit indicated the fund balance dropped to 10.5%.

The process for revising the budget has already begun and it is apparent that the district will be deficit spending for the 2023-2024 school year due to decreased enrollment and increased overall expenditures. The district is not in a financial position to carry deficits into the 2024-2025 school year. As a result, it will be necessary for the board to reduce expenses to align with revenues this spring in preparation for developing the proposed budget for 2024-2025. These decisions will be difficult to make, however, they will be necessary in order to ensure the financial health and future of the district.

Go Tigers!