Budget Workshop

Hands-On Budget Exercise

Purpose of this training exercise:

Every spring, the district should plan to visit its current spending pattern for each of their funds. This information will be helpful for the preparation of the next year’s budget. The following material provides you with the prior year’s actuals (FY12-13), the current adopted budget (FY13-14), and the current year-to-date expenditures as of March 31, 2014. We will ask you to fill-in some additional information, yellow highlighted cells on the accompanying Budget Worksheet. You will complete the current year projected activities through June 30, 2014. With this information, you will also complete the proposed budget for next year (FY14-15).

Assumptions:

1. General Assumptions
2. Last Year – FY2012-13 Actuals were pulled from the district’s audit and financial December data pipeline files. This is approved historical data.
3. Current Year – FY2013-14 Budget was adopted by the district prior to June 30, 2013.
4. Current Year – FY2013-14 Year-to-Date (YTD) Actuals were pulled from the district’s internal accounting records as of March 31, 2014. These include the revenues, expenditures, and changes in fund balances identified by the district as of March 31, 2014.
5. Current Year – FY2013-14 Estimated End of Year (EOY) Projections. This will be the district’s estimated projected financial position as of June 30, 2014.
6. Next Year – FY2014-15 Proposed Budget, this is the budget that will be presented to the Board of Education for consideration and adoption prior to June 30, 2014.
7. For this exercise, and in general, the budget should use whole numbers only.
8. On April 15, 2014, your district begins reviewing the FY2013-14 budget, for planning of the FY14-15 budget. The revenue and expenditure data you have is compiled through March 31, 2014. Thus, the current budget year remaining is 3 months or 25%.
9. Benefits, which include insurance, Medicare and PERA, average 35% of salaries for each year.
10. The cost of living adjustment (COLA) only impacts salaries.
11. The following Per Pupil Revenue (PPR) figures were used by CDE to determine the district’s total program for each year. PPR is good to know as the basis for the Property Tax revenues tied to total program, the Specific Ownership Taxes included in the total program, and the State Share (State Equalization), which is provided to the district on their fiscal year funding summary provided by CDE. These figures are being provided as general information only and are not specifically used in this exercise.

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| --- | --- |
| **Fiscal Year** | **Per Pupil Revenue** |
| FY2012-13 | $7,929 |
| FY2013-14 | $8,273 |
| FY2014-15 | $8,786 |
| FY14-15 revised | $8,898 |

1. FY2013-14 Estimated End of Year (EOY) Projection Assumptions
2. The County Assessor’s office predicts 95% of property taxes will be collected this year. Where did the original figure come from? *FY13-14 funding summary*

Two different methods to calculate with a $616 difference between the calculations. Each method is valid.

* Original Property Tax Revenue (GT12), times 98%, less an additional 3%
  + 1,025,278 x 98% = 1,004,773
  + 1,004,773 x 3% = 30,143
  + 1,004,773 – 30,143 = **974,630**
    - ***This is the figure we used in this exercise***
* Or if you wish, original figure times 95%:
  + 1,025,278 x 95% = 974,014 (note the $616 difference)

1. The County Assessor’s office predicts 95% of the projected 120% specific ownership taxes estimated to be collected in FY2013-14. *FY13-14 funding summary*
   * Original Specific Ownership Tax (GT13) times 120%
     + 101,618 x 120% = 121,942
     + 121,942 x 95% = **115,845**
2. The District’s adjusted State Share (State Equalization) equals the amount on the funding summary
   * Original adjusted State Share (GT14)
     + **1,774,634**
3. At the February 2014 board meeting, the School Board approved the purchase of a new school bus for $380,000 after one of the regular route buses had mechanical failure. This was an unexpected expenditure.
4. You have also been provided additional budget figures to assist you.

Scenarios:

1. FY2013-14 Estimated (EOY) Projections
2. A local benefactor, the John Doe Foundation, presented the district with a private grant in the amount of $100,000 at the April 2014 board meeting. The grant is to be used for curriculum next year (FY14-15).
3. Two part question:
   1. At the April 2014 board meeting, the Superintendent and Board of Education (BOE) approved a one-time stipend of $100 for each of the 25 members of the district’s instructional staff for maintaining accreditation status.
   2. The district hired a 3rd Grade Paraprofessional at the beginning of April 2014. Paraprofessional annual salaries are $20,000.
4. The Superintendent hired an administrative assistant at the beginning of April 2014. Annual salary is $24,000.
5. Because salaries changed, benefits tied to those salaries will also change.
6. Two part question:
   1. The local gas station owner, Sam Smith, told the bus drivers he expects fuel costs to rise another 10% in the 4th quarter of this school year. This said, the district should review the impact of this additional expense on their current expenditure pattern.
   2. Many student choice parent reimbursement expenses are submitted for payment in the 4th quarter: $1,500.(For this exercise, considered to be fuel costs)
7. In addition to the TABOR reserve, the School Board would like to commit $125,000 into an appropriated reserve for remodeling in FY15-16.

1. FY2014-15 Proposed Budget
2. Originally, the district estimated a decline of 5.5 Funded Pupil Count (FPC) next year due to families moving as a result of drought conditions. However, a greater number of kids will be leaving the district, an estimate of 50 Full Time Equivalent (FTE). The district contacted the Division of Public School Finance and was provided a revised funding projection for FY2014-15. *See handout*
   1. The District assumes that the 95% collection rate will continue for property taxes
   2. That the original 120% projection rate will return for the Specific Ownership Taxes, and
   3. That State Share will not be adjusted any further at this time.
3. Due to reductions in kids and other cut backs made by the food service program, the Food Service Fund transfer is projected to decrease 20% (of the previous year’s projected transfer).
4. The 3rd Grade Paraprofessional hired in April 2014 at the annual salary of $20,000 will remain on staff next year. No additional one-time stipends planned for FY14-15.
5. The Superintendent’s administrative assistant hired in April, 2014 at the annual salary of $24,000 will remain on the payroll in FY2014-15.
6. The Office of State Budget & Planning (OSPB) and Joint Budget Committee (JBC) economic forecasts predict the cost of living adjustment for FY2014-15 to be approximately 3.2%. However, the School Board is not using this 3.2%, and is instead only considering salary steps (for this exercise this equates to approximately 0.5%, your individual salary schedules may be different) + 2% for cost of living adjustment in the FY2014-15 budget, or a total of 2.5% of all salaries for this exercise.
7. Benefits, which include insurance, Medicare and PERA, continue to average 35% of salaries for FY14-15.
8. At the April 2014 BOCES administrative meeting, the BOCES director stated the district contracts will increase by 10% due to Special Education requirements. For this exercise, the BOCES contracted services are the purchased services within the Business Services Program.
9. The rural electrical and natural gas association estimates that utilities will increase 15% over the FY13-14 projections.
10. The district receives some bids for new plumbing in the high school gymnasium. The bids range from $10,000 to $20,000. For this exercise, we are assuming that the middle bid of $15,000 will be accepted, and that these costs are in addition to the FY13-14 projections.
11. Finalize Budget
12. Is a supplemental budget needed for FY2013-14? If so, fill out the Supplemental Budget Resolution.
13. Is a beginning fund balance resolution needed for FY2013-14? If so, fill out the Beginning Fund Balance resolution.
14. What resolutions are needed for FY2014-15? Fill out the needed resolutions.