

# Public School Finance Unit

## Budget Planning & Preparation Part I

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## Goal of Training

- How to develop a more communicative & strategy driven budget process with BOE, Staff, & Community.

# Budget Planning & Preparation - Role

## Finance Professional Budgeting Primary Roles:

- Source of creditable accurate financial information & stewardship
- Resource the organization in a responsible way.
- Ensure District statutory compliance
- Knowledge of Resources & Events

# Budget Planning & Preparation - Purpose

## Purpose of a Budget

A budget provides a plan of financial operation embodying an ***ESTIMATE*** of proposed Revenues and Expenditures

- Detailed budget planning allows a district to **reflect** educational values and needs, aligning with the **district's strategic plan**.
- The structure and format provided by a well-designed budget **promotes rational decision-making** regarding the importance of various district services.
- Staff and the board are assisted in educational planning as well as in the prioritization and planning of all district operations through the allocation of resources.

# Process, Planning, Philosophy, and Guiding Principles.

# Budget Planning & Preparation - Who Needs to be Involved

- **Board of Education**
- **District Staff & Leadership**
- **Community**
  - School Accountability Committee SAC 22-11-402(1)(a)  
Each school's committee recommends to the school principal its priorities. The principal considers the committee's recommendations and takes them into account in formulating budget requests and creating the school budget. The committee sends a copy of its recommended spending priorities to the school district accountability committee and to the board.

# Budget Planning & Preparation

## Who Needs to be Involved 2

- **Community-Continued**
  - District Accountability Committee DAC 22-11-302(1)(a)  
The committee recommends to the board the priorities for spending district moneys. Whenever the committee recommends spending priorities, it makes reasonable efforts to consult in a substantive manner with the district's school accountability committees. The board considers the committee's recommendations in adopting the district budget.
- **Other stakeholder meetings/survey**
  - Staff
  - Students

# Budget Planning & Preparation - Components

## Budget Development Components

- Develop Timeline of deliverables for BOE, Staff, Community
- Develop Guiding Principles
- Develop a Priority list of needs
- Develop Changes in Revenue Forecasts
  - Total Program grows by CPI, roughly. What is Count Trend?
- Develop Changes in Expense Forecasts
  - Forecast Compensation Scenarios & Forecast Positions & FTE
  - Communicate with Vendors (health & liability insurance, utilities, supplies, purchased services, etc) to gauge cost increases
  - Current program reviews & replacement schedules
  - New programs (Recurring vs. Non-Recurring)

# Timeline

# Timeline - Overview

- **Include dates:**
  - BOE meetings
  - SAC & DAC meetings
  - Negotiations dates, if applicable
  - Priority List development
    - *Does Capital need early approval for Summer Work?*
  - Expected Information from Legislature
  - Other district specific deadlines

# Timeline - Nov-Jan

## **November-January (*Revenue picture is Blurry*)**

- FY26 Governor's budget released in November
  - Glimpse at CPI & BSF movement
- Legislature convenes early January
- FY24 Revised Budget
  - Ending Fund Balance, Total Program, other property tax, staffing, surprises since June 2025.
  - *Review current programs audited Actual to Budget variances to determine "wasted" resources*
    - Fund Balance Growing every year?
    - What is the Revenue variance (+/- 1% to 3%)
    - What is the Expense variance (+/- 3% to 5%)
- **Development of Guiding Principles & Timeline**

# Timeline - Jan-Feb

## **January-February (*Revenue picture is Blurry for FY25*)**

- **Present** Timeline & Guiding Principles to BOE, DAC, SAC, Staff, Community.
- Prepare Preliminary Revenue forecasts, especially Count.
- Prepare Preliminary Compensation forecasts for current and proposed new staff.
  - Licensed and Classified Scattergrams samples on PFSU [website](#).
- Prepare Preliminary other expense forecasts
  - Property/Liability Insurance, Utilities, Fuel, Food Costs, Technology/ Internet, Legal, Audit, Contractors, Health Insurance, PERA, other large vendors, etc.
- **Development of Priority list & “known” changes.**

# Timeline - Mar-Apr

- **March-April (*Revenue picture is getting clearer for FY26*)**
- Present a prioritized list of options to BOE(then others):
  - short vs long term
  - Recurring and Non-Recurring
  - Provide cost estimates and implementation issues
- March Economic Forecast, followed by State's "*Long Bill*" is best revenue forecast until the Introduced School Finance Act for FY26.
  - District should do Pupil Count Projection instead of relying on State estimate.
  - Fine tune expense forecast as information comes in.
- Consider presenting a "Preliminary Budget" - a one-page summary of new resources and how you might spend them.

# Timeline - May Jun

- **May-June (*Picture is clearest-until October Student Count & January Per Pupil Funding “true-up”*)**
  - Final School Finance Act from Legislature provides best estimate of Per Pupil Funding & other changes to funding. *District Student count is better than State’s.*
- A **proposed budget** for fiscal year 2025-26 was submitted to the board by May 31, 2025. 22-44-108(1)(c)-**POST TO WEBSITE**
- **Notice** was made in accordance with law that the **proposed budget** is available for public inspection. 22-44-109
  - Normal BOE meeting process after the Proposed Budget is presented to BOE.
- The budget for fiscal year 2025-26 was adopted by the board by June 30, 2025. 22-44-110(4)

# Guiding Principles

# Guiding Principles - Overview

## Should:

- Provide a broad **philosophy** that encompass the core values & vision of the organization as reflected in the district strategic plan
- Guides organization throughout its life in all circumstances, irrespective of changes in its goals, strategies, type of work or the top management
- Influence decision-making
  - Process to decide the going to do vs NOT going to do.
- 5-6 principles at the most, mix of Program and Fiscal

## ***Fiscal Goals***

- **Follow Strong Fiscal Responsible Practices for a Public Entity. *This can mean different things to different stakeholders.***
  - *Achieve a balanced budget(revenue = expenses)*
    - *Adjust spending as Actuals become clear, so Actual revenue = expense.*
  - *if spending fund balance, need a clear plan on how it won't lead to ongoing deficits. **Recurring vs Non-Recurring.***
    - *A plan to spend on recurring, say a new position, could be Year 1 100% Fund Balance, Year 2 50% FB & 50% Operating, Year 3 100% Operating.*

# Guiding Principles - Examples 2

## ***Resources Allocation for new or existing***

- **Needed and wanted resources will outweigh resources available**
  - *Achieve a balance between compensation and program enhancements*
  - *Immediate Needs compared to Building for Future*
  - *What are the Strategic Goals?*
  - *What are the State and Federal mandates?*
  - *What are the Improvement Plans?*

# Prep Work



# Popular Budgeting Strategies

- **Incremental Change-What is Changing**
  - JUST the changes
- **Zero Based-Justify everything**
  - Helpful if there are major changes, but rarely is a district starting at zero every year
- **Student Based**
  - Mostly utilized by larger districts with multiple schools at all levels in order to ensure equitable distribution of FTE and Resources.
  - Also delegates more budget authority to schools.

# Preliminary Budget



# Preliminary Budget - Summary

## General Fund

### Preliminary Budget Development Assumptions

FY23/24

Assumed Changes For FY23/24				
	Inflation Factor		8.01%	
	Estimated \$ Increase in Per-Pupil Funding (PPF)		\$750	
	Estimated Per-Pupil Funding FY 22/23		\$9,267	
	Estimated Per-Pupil Funding FY 23/24		\$10,017	
	Estimated MLO/Pupil Funding		\$885	
	Change in Enrollment/FPC		59.0	
		Enrollment PY 22/23	628.0	628.0
		Enrollment	687.0	687.0
			Recurring	Non-Recurring
			\$0	\$2,000,000
				Total
				\$2,000,000
<b>Projected Beginning balances 7/1/23:</b>				
Item#	<b>Resources</b>			
1	Total Program Funding- School Finance Formula		1,062,018	0
2	Mill Levy Override Funding		52,215	0
3	Interest Income		10,536	0
4	Student Fees Increase (\$10)		6,870	0
5	Nurse Workforce Grant		0	86,854
6	Grant Indirect Revenues		0	4,603
	<b>Net Resource Change</b>		<b>\$1,131,639</b>	<b>\$91,457</b>
	<b>Uses:</b>	FTE		
7	Employee Compensation - Staff		283,784	0
				283,784

# Preliminary Budget - Expenditure Request

## Colorado Springs School District 11

### BUDGET MODIFICATION FORM

For Fiscal Year: 2023-24

Please select the box next to your request type:

Incremental Budget Request (IBR):  June Modification:  Mid-Year Modification:

Department or School: \_\_\_\_\_

Division: Superintendent

Total Amount Requested: \$ \_\_\_\_\_

Non-Recurring or Recurring **Funds?**: Non-recurring  or Recurring

Additional FTE Requirement: (Attach Request for FTE Authorization Form)

- Administrators \_\_\_\_\_
- Teachers \_\_\_\_\_
- ESP \_\_\_\_\_

Fund	Dept. ID	SRE	Program	Account	Project	Dollar Amount

Description and intended purpose for these funds:

\_\_\_\_\_

Quantification by Need:

1) *When did this need arise?*

\_\_\_\_\_

2) *What district need will this purchase address?*

\_\_\_\_\_

3) *What evidence is there of the level of that need?*

\_\_\_\_\_

4) *What would the results be if the funds were not allocated?*

\_\_\_\_\_

5) *What are the alternative means of achieving the same goal?*

\_\_\_\_\_

Quantification by Funding:

1) *What portion of your current budget (or that of your division) would you be prepared to redirect to this request? Does request require superintendent approval under current year's fiscal directives? If so, please attach approval.*



# Preliminary Budget - FTE Authorization

## Colorado Springs School District 11 REQUEST FOR FTE AUTHORIZATION

Requestor/Budget Manager: \_\_\_\_\_ Date: \_\_\_\_\_

Program/Location: \_\_\_\_\_ Phone No. \_\_\_\_\_

Check Source of Funds:	General Fund Contingency:	<input checked="" type="checkbox"/>
	From Funds that I Manage:	<input type="checkbox"/>
	Incremental Budget Request (IBR):	<input type="checkbox"/>

If the source is from funds that you manage, please provide the account number that will be used to support this request:

Fund	Dept ID	SRE	Program	Account	Project

Account number to be charged:

Fund	Dept ID	SRE	Program	Account	Project

No. of Additional FTE: \_\_\_\_\_

Type of position (teacher, administrator, professional, ESP, etc.) [Click here for FTE type.](#)

Number of work hours in a day: \_\_\_\_\_ Number of days in a work year: \_\_\_\_\_

Permanent or Temporary? \_\_\_\_\_ If temporary, when will position end? \_\_\_\_\_

Est. annual salary cost: \$ \_\_\_\_\_ Est. annual benefit cost: \$ \_\_\_\_\_

Description of and justification for position:

--

Description of alignment with the [District's](#) strategic plan:

--

Requestor's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Division Head's Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Superintendent's Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Budget Office Approval: \_\_\_\_\_ Date: \_\_\_\_\_

### Budget Department Use Only

Previously approved FTE:	_____
Requested new FTE:	_____
Revised Total FTE:	_____

Board of Education Approval Date \_\_\_\_\_



# Budget Best Practices - 1

## Planning and Preparation

Start early (ideally 8-10 months before the fiscal year begins on July 1) to incorporate forecasts and community input. Colorado law requires budgets to include major educational objectives, but exceeding this builds trust and compliance.

Align with strategic goals - Develop specific, measurable goals tied to student outcomes (e.g., literacy rates, graduation goals). Use these as the "North Star" for resource allocation. Review district strategic plans and board objectives in January, as in D11's process. Reference GFOA's emphasis on research-backed instructional priorities.

Forecast revenues and enrollment - Project pupil counts (based on October 1 counts), state aid, and local taxes. Account for declining enrollment by using multi-year averages (2-4 years). | Use CDE's District Funding Calculation Worksheet for 2025-26 projections under new/expiring formulas. Include factors like at-risk (12.5% boost for free/reduced lunch students) and English learner funding.

Engage stakeholders - Solicit input from board, staff, parents, and community via surveys or meetings. | Hold formal input sessions in February (e.g., D11 model) and multiple public hearings. CASB recommends transparency portals for drafts.

Identify gaps between goals and current performance to prioritize spending - Use CDE's pupil count audits and transportation funding reviews for accuracy.



# Budget Best Practices - 2

## Budget Development

Budgets must be submitted by May 30 with at least one public hearing, and adopted by June 30. Emphasize conservative estimates to avoid deficits, especially with the Budget Stabilization Factor (formerly negative factor) potentially reducing state aid.

Prioritize instructional spending - Allocate 60-70% to personnel (teachers, aides) and direct student support; limit admin to under 10%. Follow CDE's personnel costs factor (varies by district, e.g., higher in rural areas). Boost for high-cost districts via size and cost-of-living adjustments (up to 1.650 factor).

Build multi-year projections - Create 5-year budgets to plan for enrollment changes and formula phase-in. Use CDE's Five-Year Budget Template. Factor in mill levy overrides for extra revenue (voter-approved) and BEST grants for facilities.

Ensure equity and compliance - Distribute resources transparently to high-needs schools; track categorical funds (e.g., READ Act, special education). | Comply with HB 24-1448's new at-risk measure (phased to 2024-25). Carry forward up to 15% of intervention funds.

Incorporate reserves | Maintain 5-15% fund balance for emergencies. CDE advises against over-reliance on one-time funds; reconcile audited balances annually per Handbook.



# Budget Best Practices - 3

## Execution and Monitoring

Use the budget as a management tool, with monthly reconciliations. Colorado requires periodic financial reporting to CDE.

- **\*\*Track variances\*\***: Compare actuals to budget quarterly; adjust for enrollment shifts or state aid changes.
- **\*\*Leverage technology\*\***: Use CDE's financial transparency tools for real-time reporting.
- **\*\*Audit compliance\*\***: Prepare for CDE pupil/transportation audits; follow GASB standards for accounting.

# Budget Best Practices - 4

## Evaluation and Adjustment

Post-year review ensures continuous improvement.

Evaluate outcomes - Assess if spending advanced goals (e.g., via performance metrics). | Tie to state accountability; report to board on student achievement links.

Refine process - Document lessons; update policies for next cycle. Annual Handbook reviews by FPP Advisory Committee; attend CSFP trainings (e.g., June 2025 in La Junta).

Plan for sustainability - Build repeatable processes; seek grants for gaps. Monitor phase-in impacts via CDE worksheets; explore MLO matches for rural districts.

# Budget Best Practices - 5

## Additional Resources

- **CDE School Finance Unit**: Worksheets, audits, and guides at [[cde.state.co.us/cdefinance](https://www.cde.state.co.us/cdefinance)](<https://www.cde.state.co.us/cdefinance>).
- **GFOA Best Practices**: Full framework at [[gfoa.org/best-practices-in-school-budgeting](https://www.gfoa.org/best-practices-in-school-budgeting)](<https://www.gfoa.org/best-practices-in-school-budgeting>).
- **CSFP Trainings**: Strategic budgeting sessions; see [[cosfp.org](https://cosfp.org)](<https://cosfp.org/>).
- **Handbook**: Download at [[cde.state.co.us/cdefinance/coafpphandbook](https://www.cde.state.co.us/cdefinance/coafpphandbook)](<https://www.cde.state.co.us/cdefinance/coafpphandbook>).

For district-specific advice, contact CDE at [schoolfinance@cde.state.co.us](mailto:schoolfinance@cde.state.co.us). These practices promote fiscal health while advancing equity under Colorado's evolving funding model.

# CDE Budget Template

<https://ed.cde.state.co.us/cdefinance>

- Budget Templates
  - Required: **Uniform Budget Summary** (XLS)
  - Optional: **CDE-18 with links to Uniform Budget Summary** (XLS)
  - Optional: **CDE-18 with Salary Schedule Links and Uniform Budget Summary** (XLS)
  - **Budget Appropriation Resolution** (XLS)
  - **Budget FY26 Template** (XLS)

# Budget Mechanics

- A comprehensive budget system ***must*** be integrated with the financial accounting system.
- A layperson should be able to understand the budget document. Consistent with other districts & audit layout.
- FY26 Budget template on PSFU website.
  - Will be “accessible”

# Professional Budget Document - Overview

## Sample

- **BUDGET TEMPLATE ON PFSU WEBSITE-*Bottom left***
- Cover Sheet & Cover sheets for each category listed below
- Executive Summary-Statement of Major Budget Objectives, Key Assumptions, Graphs and Charts of data.
- **3-5 talking points answering “what are the 3 major changes with the budget this year?”**
- All 3 Resolutions, if Applicable.
- Multi Year Budget Document by: Program & Object & Revenues & Expenses per pupil.

# Professional Budget Document - Elements

- FPP Handbook-mandatory components
- Multi Year Budget Document by: Program & Object & Revenues & expenses per pupil.
- [Uniform Budget Summary](#) (located at bottom left under Statutory Compliance and Reporting section)
- Salary Schedules & FTE Summary(staffing rules summary if using school based budgeting)
- Other District Info -District Strategic Plan, Performance Framework, School Calendar, Health Benefit Guide, Bond Schedule, etc

# Budget Template - Cover

**East Otero School District R-1**

**Mid-Yr Budget**

**FY 2025/26**



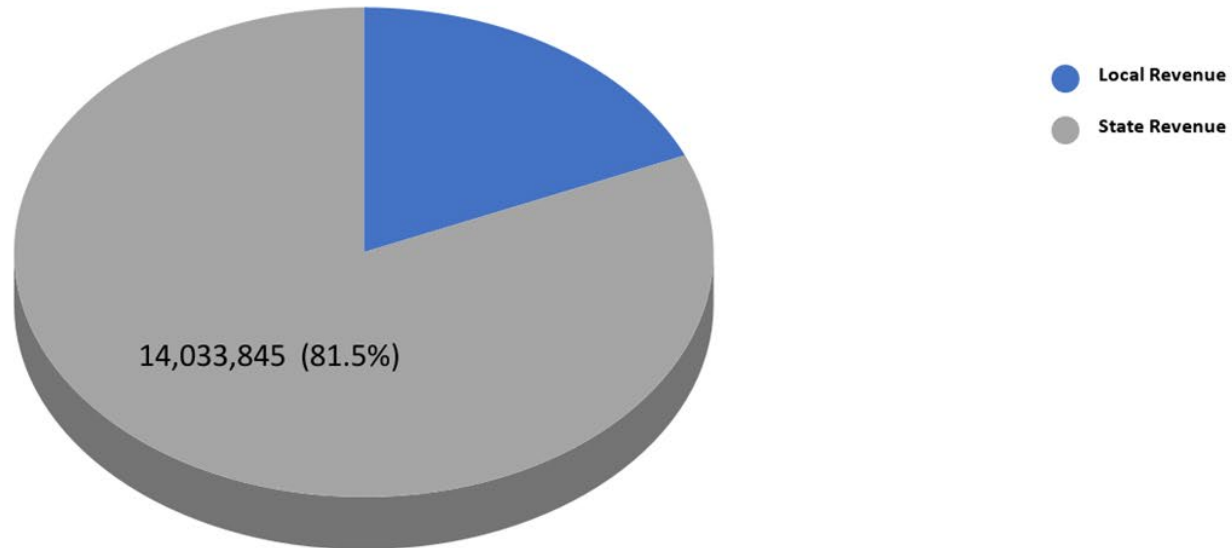
**East Otero School District**

*Home of the Tigers*

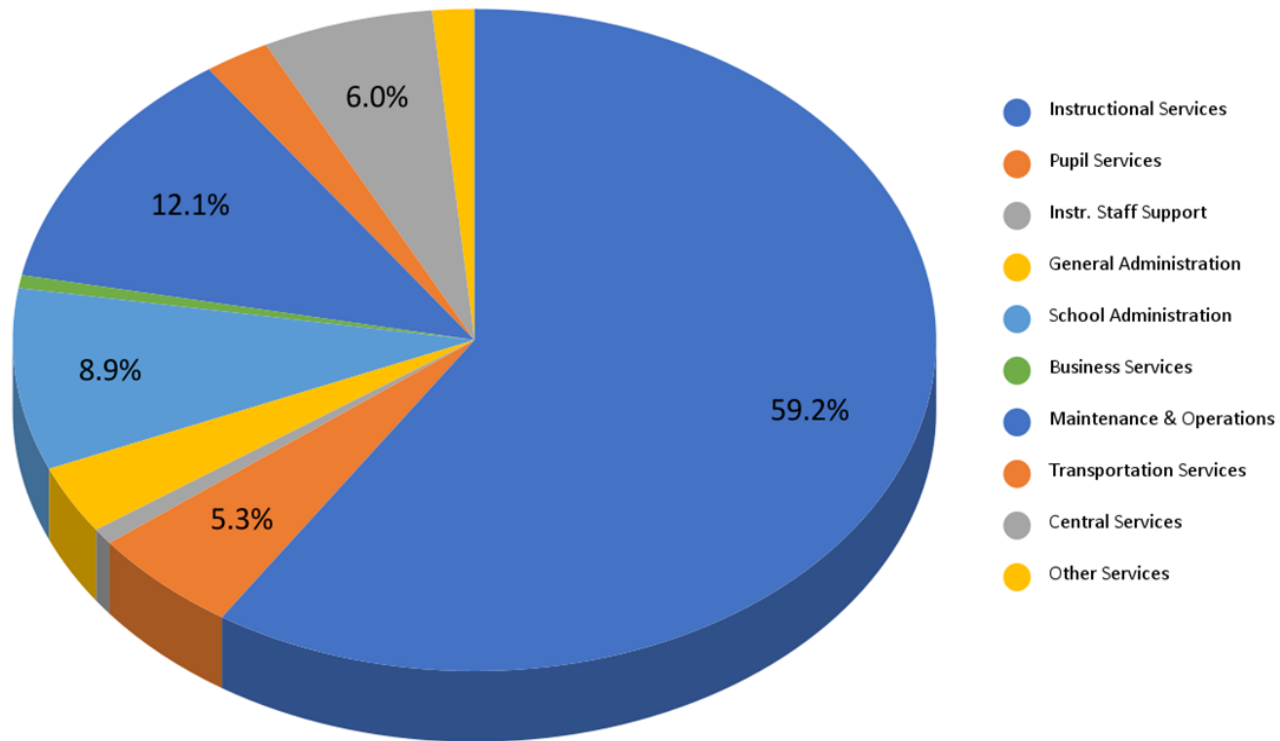


# Budget Template - Revenues

## General Fund Revenues



# Budget Template - Expenditures



# Prep Work-Revenue Changes

- Develop/Know Graph or Chart of Total Revenue
  - Total Program components
    - Local % vs State Equalization % - *Cash Flow Issues?*
  - Local voter-approved Mill Levy Overrides - *Cash Flow?*
  - Other Local & Specific Ownership tax
  - State Revenue excluding State Equalization
  - Federal Revenue
  - Transfers
- Review previous year & current year Audit for budget variances. What is your process?
- What is Recurring?
- What is Non-Recurring?

# Budget Template - GF Summary

East Otero School District R-1						
Mid-Yr Budget						
General Fund						
FY 2025/26						
	Actuals FY 21-22	Actuals FY 22-23	Actuals FY 23-24	Budget FY 25-26	Difference	Mid-Yr Budget FY 25-26
<b>Beginning Fund Balance</b>						
Restricted - TABOR	500,000	515,000	565,140	600,000	(600,000)	
All Other Fund Balance	6,026,654	6,164,526	5,158,820	2,888,506	(2,888,506)	
<b>Total Beginning Fund Balance</b>	6,526,654	6,679,526	5,723,960	3,488,506	(3,488,506)	0
<b>Revenues</b>						
Local Revenue	2,815,037	2,966,988	0	3,471,611	(280,904)	3,190,707
State Revenue	12,418,228	14,057,528	0	13,990,244	43,601	14,033,845
Federal Revenue	0	0	0	0	0	0
Transfers/Allocations	(940,000)	(500,000)	0	(560,037)	560,037	0
<b>Total Revenues</b>	14,293,265	16,524,516	0	16,901,818	322,734	17,224,552
<i>Revenue Per Pupil</i>				13,199		14,499
<b>Total Resources Available</b>	20,819,919	23,204,042	5,723,960	20,390,324	(3,165,772)	17,224,552
<i>Revenue Per Pupil</i>				15,924		14,499
<b>Expenditures</b>						
Instructional Services	8,617,246	11,251,278	0	10,386,655	(333,431)	10,053,224
Pupil Services	304,054	759,848	0	757,727	141,179	898,906
Instr. Staff Support	71,478	85,451	0	139,888	(7,061)	132,827
General Administration	346,452	296,583	0	520,917	48,200	569,117
School Administration	1,196,903	874,747	0	1,471,004	35,690	1,506,694
Business Services	190,216	27,205	0	190,320	(83,269)	107,051
Maintenance & Operations	1,929,296	1,618,877	0	2,082,200	(28,378)	2,053,822
Transportation Services	377,382	365,451	0	487,007	(96,569)	390,438
Central Services	725,906	634,499	0	583,183	433,359	1,016,542
Other Services	381,460	1,204,143	0	274,419	(23,959)	250,460
<b>Total Expenditures</b>	14,140,393	17,118,082	0	16,893,320	85,761	16,979,081
<i>Expenditure Per Pupil</i>				13,193		14,292
<b>Other Financing Uses</b>						
Other Financing Uses/PP Adj	0	(362,000)	0	0	0	0
<b>Total Other Financing Uses</b>	0	(362,000)	0	0	0	0
<b>Surplus/(Deficit)</b>	152,872	(231,566)	0	8,498	236,973	245,471
<b>Fund Balances</b>						
Restricted - TABOR	515,000	565,140	565,140	600,000	(600,000)	
All Other Fund Balance	6,164,526	5,158,820	5,158,820	2,897,004	(2,651,533)	245,471
<b>Total Fund Balance</b>	6,679,526	5,723,960	5,723,960	3,497,004	(3,251,533)	245,471
<b>Total Expenditures, Other Financing Uses &amp; Fund Balance</b>				20,390,324	(3,165,772)	17,224,552



# Prep Work-Expenses Changes

- Develop Graph or Chart of Total Expenses
  - By Object (Salary, Benefits, Purch Services, Supplies, Equipment, Other)
  - By Program (Instruction, Support services (Staff & student) General & School Admin, Business, Operations, Transportation, other)
- Compensation
  - Cost of Step & Cost of 1% to Salary Schedule.
  - Do you have a scattergram? Vacancy Rate?
- Review previous year & current year for budget variances.
- What is Recurring? What is Non-Recurring?
- Develop a process to collect budget information from leaders.

# Budget Planning & Preparation - Forecasts

## Suggestion: Single page summary

### 1. Forecast Revenue Changes from Previous Year

- a. Changes in Total Program-Count & Funding (**CPI & BSF**)
- b. New or Expiring Grants
- c. Changes in Allocation to other Funds (**Food Service Cap. Rsrv.**)
- d.

### 2. Forecast Expenses Changes from Previous Year

#### a. Known or Mandated

- i. Health Insurance ( )
- ii. PERA
- iii. Purchased Services (Liability Ins, Utilities, etc)

#### b. Variable depending upon remaining resources

- i. Program Enhancements (**New Teacher**)
- ii. Compensation (**Cost of Step**) & (**1%**)

### 3. Revenue = Expense, Perfect!! Revenue > Expense, Ok Revenue < Expense, Why and what's the plan?

## **Remember**

- Your job is to resource the District on behalf of students, staff and taxpayers
- You're not a policymaker
- You're not the Superintendent

You don't get a vote

## Final Thoughts

- A plan & knowledge of trends takes out uncertainty.
  - If a trend of growing Fund Balance, be more aggressive in your budgeting.
- Inform/make BOE more comfortable with spending annual resources on that year's students.
  - What is the district saving for?

# Budget Planning & Preparation - Contacts

## Contact for Budget Issues

**Katherine Proctor** School Finance Program Manager

Email: [proctor\\_k@cde.state.co.us](mailto:proctor_k@cde.state.co.us)

Phone 303-957-8377

[gustafson\\_g@cde.state.co.us](mailto:gustafson_g@cde.state.co.us)

Phone: 720-626-0894