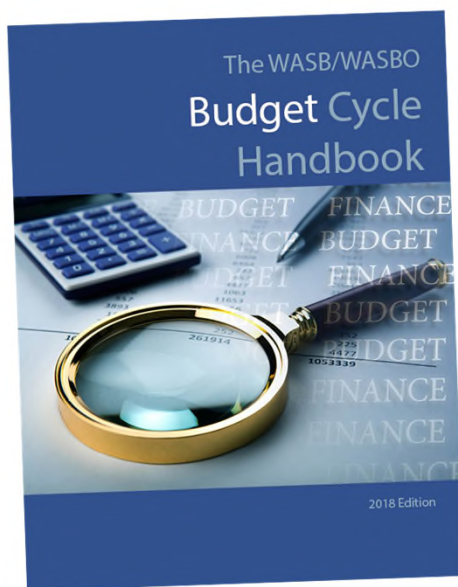


## The School District Budget Cycle

### Presented by:

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The WASB/WASBO Budget Cycle Book serves as a comprehensive, yet easily digestible, reference guide to the school district budgeting process.

The Budget Cycle Book is a comprehensive primer for new board members and administrators, and a great reference manual for all.

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### *The Budget Cycle*

- Chapter 1** - Planning (Strategic Thinking)
- Chapter 2** - Budget Process
- Chapter 3** - Revenues (Resources Available)
- Chapter 4** - Expenditures (Allocating Resources)
- Chapter 5** - Financial Assessment
- Chapter 6** - Budget Deliberation
- Chapter 7** - Administration of the Budget

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## School District Budget Cycle

### Planning (Strategic Thinking)

School leaders should begin with a general understanding of:

1. Where is the district now (discovery)?
2. Where does the district desire to be (vision)?
3. How does the district close the gap between the present and the future? (*strategic plan = aligned with budget*)

***\*Awareness of the state's budget environment***



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## School District Budget Cycle

### Planning (Strategic Thinking)

Board Policies on Budget Development – Review:

1. Annual Operating Budget
  - Committee Policy – Budget Committee
2. Fund Balance
  - Short-Term Borrowing Policy
3. Others – e.g., Fund 80 (Community Service Fund)



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# School District Budget Cycle

## The Budget Process



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**"I warned him not to try and explain an entire school budget in one meeting!"**

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## Budget Process

- How and Where is the Process Defined?

The activities of collecting, analyzing and using critical pieces of information to build and implement a budget.

The process should be:

- Transparent
- Continuous
- Reflective



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## Budget Process

### Items to consider

- Staffing (+80% of expenditures)
- Supplies
- Utilities
- Services
- Facility needs
- Insurances
- Borrowing or cash flow
- Other



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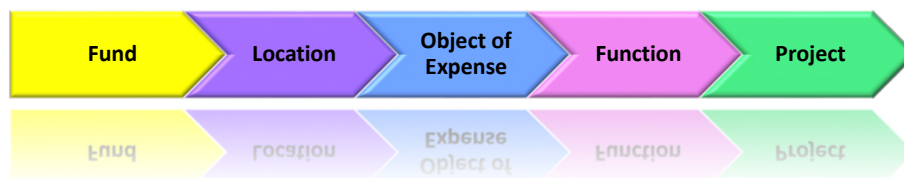
## Budget Process

- Accounting System
  - The **Wisconsin Uniform Financial Accounting Requirements (WUFAR)** published by the DPI, provides school officials with a list and explanation of the accounts, summary accounts, and funds required for school district budgeting and for reporting the financial activities and status of school districts to the state superintendent of public instruction as required by Wisconsin statutes.
  - The **WUFAR** is intended to provide a uniform financial and accounting structure for public elementary and secondary schools in the state of Wisconsin.

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## WUFAR Sequence of Dimensions



This sequence is what you would normally see when looking at an expense report.

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# Budget Process

## Accounting System

### Funds

- 10 – General Fund
- 20 – Special Revenue Funds
- 30 – Debt Service Fund
- 40 – Capital Projects Fund
- 50 – Food Service Fund
- 60 – Custodial Fund
- 70 – Trust Funds
- 80 – Community Service Fund
- 90 – Package and Cooperative Program Fund



# School District Budget Cycle

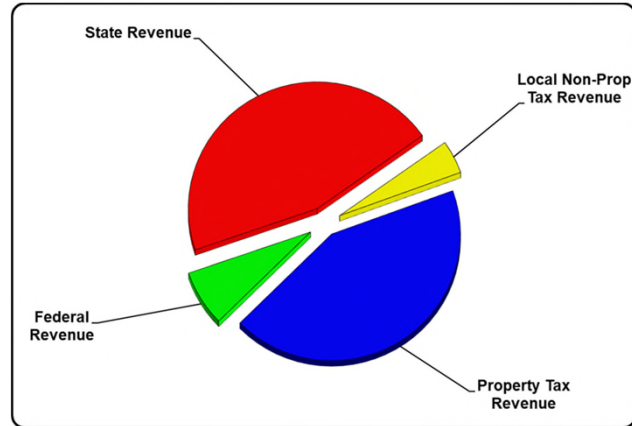
Revenues (Resources Available)



## Revenues (Resources Available)

### Revenue Percentages From Sources Within Your District

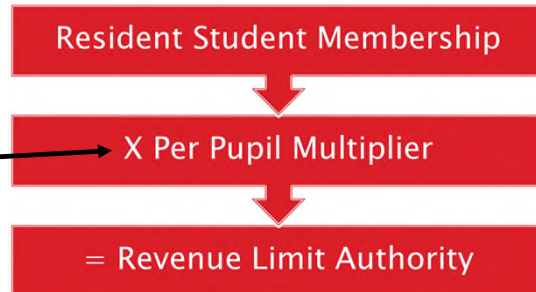
- Local Property Taxes
- State Aid  
(Equalization & Categorical Aids)
- Federal Aid
- Other Sources



## Revenues (Resources Available)



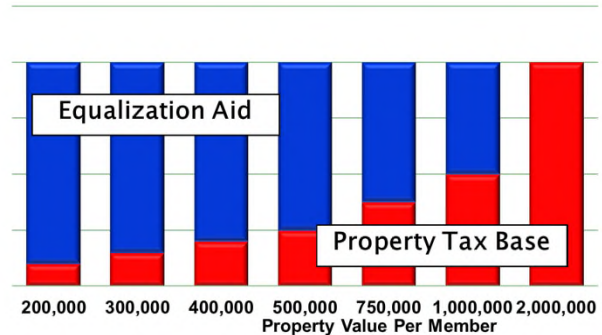
- The Revenue Limit Formula determines the majority of a district's revenues (taxes and general state equalization aid)
  - Affected by changes in membership
  - Actions of state legislature
    - General aid (equalized value/local tax authority)
  - Operating/Capital referendum
  - Other Factors
    - Recurring vs. Non-recurring exemptions



## Revenues (Resources Available)

### Equalization Aid

- Largest state aid appropriation
- Goal is taxpayer equity: those that spend at the same level will tax at the same rate
- Know the equalization aid trend for your district over time



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## Revenues (Resources Available)

### Categorical Aids

- Purpose is to provide additional revenue for programs such as transportation, sparsity, special education, library and other programs
- Recognition that all districts are not the same, therefore categorical aids attempt to provide some further financial equity

\***Per-Pupil Aid** was established in 2013 Wisconsin Act 20 to provide school districts with an additional amount of state aid outside the revenue limit



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## Turn and Talk

How are things shaping up for 2023-2024 and beyond?

- How do future enrollments look?
- What does the school board/community envision for student success?
  - New initiatives and goals?
- What will your ESSER Funds support?
  - **Ends in September 2024!**
- Concerns?



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## School District Budget Cycle

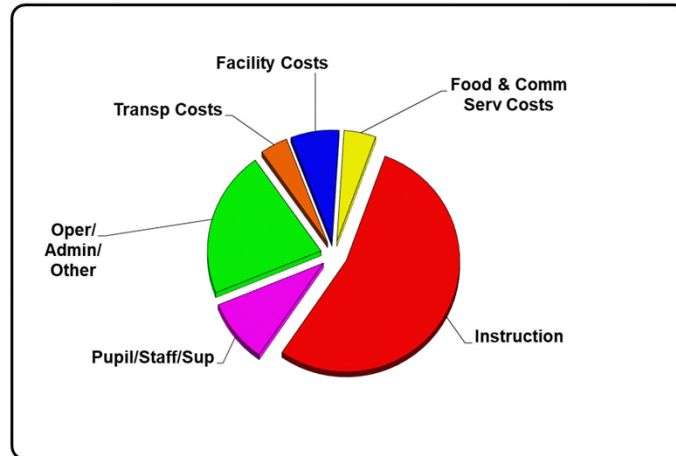
Expenditures (Allocating Resources)



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## Expenditures (Allocating Resources)



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## Expenditures (Allocating Resources)

### Employees

- Staff is the single most important and expensive resource required by schools.
  - Instructional Staff
  - Administrative and Supervisory Staff
  - Instructional Support Staff
  - Custodial, Food Service, Maintenance and Transportation Staff
  - Substitute Staff



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## Expenditures (Allocating Resources)

### Employees Direct Fringe Benefits

- Generally, employee benefit costs are about 25-35% of the district budget.
  - Social security
  - Wisconsin Retirement System (WRS)
  - Health insurance
  - Dental insurance
  - Long-term disability
  - Life insurance
  - Long-term care insurance
  - Vision insurance
  - College credit reimbursement

## Benefits

Benefits provided to  
non-wage compensa  
Examples of these  
employee benefits  
employer-provide  
benefits ca

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## Expenditures (Allocating Resources)

### Operating Expenditures for:

- Purchased Services
- Supplies & Materials
- Furniture and Equipment
- Food Services
- Transportation Services
- Student Activities
- Debt Retirement
- Other Objects

### Long-Term Capital Expenditures

The purchase of land and buildings, construction, and/or remodeling usually requires some form of long-term financing.



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# School District Budget Cycle

Financial Assessment (Solvency Model)

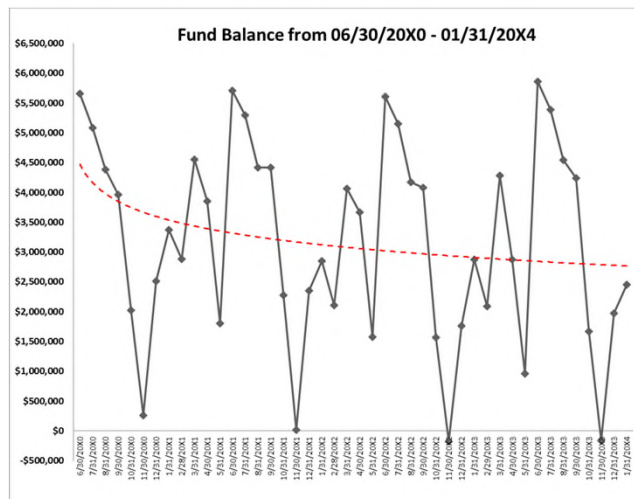


## Financial Assessment (Solvency Model)

### Cash Solvency

#### • Fund Balance

- Purposes for Fund Balance
  - Cash flow
  - Minimize short term borrowing
  - Bond rating



# School District Budget Cycle

## Budget Deliberations



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## Budget Deliberation

### Decision Stage of the Budget Process

- Input from staff, community and administration
- All requested information provided by school business office staff
- Target is a balanced budget:  
*Revenues = Expenditures*
- Impact of budget decisions on educational programming
- Impact of budget decisions on future budgets



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## Budget Deliberation

### Budget Hearing/Annual Meeting

- Board approves proposed budget for budget hearing presentation (*Wisconsin Statute 65.90*)
- Publish notice of annual meeting or budget hearing
- Electors vote a tax levy for operational and debt service purposes
- Board formally adopts the budget and sets the tax levy

### Spending Authority

- State Statute 120.13(33) provides spending authority to the school board to meet immediate expenses of operating & maintaining the public instruction in the district during the period between July 1 and the final adoption of a budget by the school board.

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## School District Budget Cycle

### Administration of the Budget



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## Administration of the Budget

### Fiscal Management Policies

- Annual Operating Budget
- Fund Balance Management/Designation
- Payroll
- Internal Controls
- Receipts/Deposits
- Audits

DOES ANYONE KNOW WHERE WE KEEP THE UNWRITTEN RULES?

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## Administration of the Budget

### Financial Information Board Members Utilize/Receive Regularly

- Monthly financial reports
  - Expense Reports
  - Revenue Reports
  - Check Register
  - Balance Sheet
  - Historical Comparisons/Year-To-Date Reports



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# Questions ?



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