

Salida Schools

2024

Strategic Financial Plan



Executive Summary

The goal of this Strategic Financial Plan is to define financial assumptions and guiding principles. These principles can be used to assess and prioritize needs going forward within the Salida School District. The District has strategically and intentionally reduced the General Fund balance by investing both in our staff, who are the heart of Salida Schools, and in added programming the community has prioritized.

Previously, the District maintained more money in the general fund balance, which allowed offsets to the budget when expenditures were higher than annual revenue. The fiscal year 23/24 budget plan, for example, culminated with expenditures at 111% of anticipated revenues, which in previous years would have been covered by a higher general fund balance. In addition, the budget plan is based on worst case scenarios, which will not all be realized in actual expenditures. For example, the 23/24 actuals will not end at 111%. Also, one-time expenditures are included in the 111% budgeted expenditures.

At this time, the unassigned fund balance is no longer an available resource to offset budgeting in this way. There is a need to renew budgeting assumptions that the School Board now, and in the future, can use to help guide decision making and strategic planning. This will allow for budgeting consistency year to year, and clear communication about how public dollars are allocated.

Guiding Community Values and Strategy

It's understood the Community has high expectations of the District reflected in the following Guiding Principles:

1. Quality instruction for all students
 - a. Recruitment and retention of excellent staff
 - b. Small class size
 - c. Social and emotional supports
 - d. Programming that goes beyond tested areas
2. Quality upkeep and care of facilities
3. Maintain financial stability

Budgeting Assumptions and Definitions

In 2023 the Board of Education, Administrators, community partners, and the Collaborative Bargaining Team all had input on the following assumptions. These ranges allow for a budget plan that is in total between 98-110% of anticipated revenue, depending on unassigned reserves:

1. These budgeting principles are focused on the General Fund.
2. The principle, that to spend a dollar on something is also a decision to not spend that dollar on something else, will be considered when making any decision to expand or reduce expenditures.
3. The budget will be built using the term 'Conservative Budgeting', which assumes that all positions are filled, all quotes are budgeted at the top of the not-to-exceed price, and inflation is projected into overhead. This does allow the District to budget over 100%, because it's understood that not all conservative assumptions, or worst-case scenarios, will be realized. This assumption is supported by an analysis of past audits, actuals have usually been less than budgeted.
4. The original budget recommendation will be built on 98-110% of the projected revenue, depending on unexpected revenue.
5. In order to budget expenditures above revenues, the Board should identify an equal unexpected revenue.
6. Using the Uniform Budget Summary, District expenditures are separated into three broad categories of Staffing, Overhead, and Future Needs. A list of CDE standard account codes can be utilized to break down those categories further. This allows for comparison with other districts, as well as year to year within the Salida School District.
7. Salaries should be at the average, or above, similar districts doing similar work.
8. Each year operating dollars should be transferred for future needs, held in restricted reserve accounts. These transfers are in addition to the operating reserves of 3%, required by TABOR, and 12%, required by BOE policy.

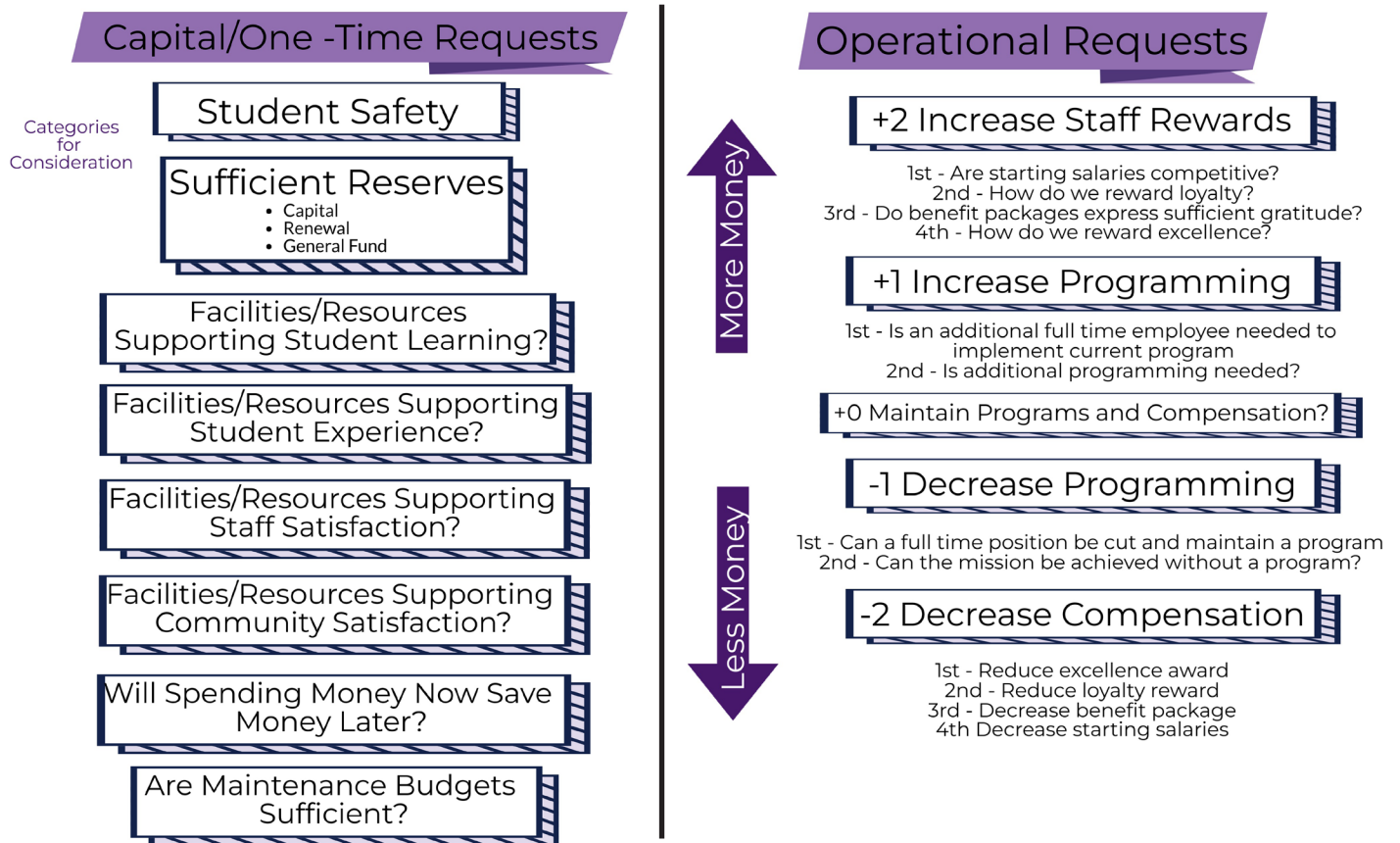
These assumptions helped create the following margins that will be used by the Business Office to build a budget each year:

Budgeting Expenditure Category	Percentage of Annual Revenue
Staffing	80-85%
Yearly Overhead	15-18%
One-time capital Project Overhead	1-3%
Savings for Future Needs	2-4%
Total	98-110%

Salida School District Budget Process

Step 1 - Gather and Prioritize Requests for New Money

Each year the process to develop the next year's budget begins with a review of requests from principals and managers. School and District Accountability Committees and staff building leadership teams clarify these building asks. Requests will be considered by the Board in two different blocks, one for capital, or one-time requests, and one for operational requests. Capital requests will be considered by how their funding would impact the District based on the categories outlined in the graphic below. Operational requests are evaluated based on if the anticipated revenue will be more or less than the previous year. It costs more each year to maintain the current operations. Then, depending on the revenue prediction, appropriate program and salary adjustments can be made. The District will continually seek stakeholder input in the budget making process in order to create a budget that is within community approved acceptable margins of variance from the final audited financials. The goal is to include all voices in the process of considering new expenditures.



Step 2 - Identify Salary and Benefit Changes

Each year the District engages the Collaborative Bargaining Team members, comprised of teachers, administrators, support staff, and teacher union membership. The staff insurance committee is also engaged for input. **The goal** is to pay all staff at the average, or better, compared to other school districts of similar size and community profile. Every other year the District will complete an analysis of pay for reference for CBT and the Board to review.

Step 3 - Evaluate Overhead Costs and Mitigate Inflation

Each year the business office will seek to reduce, maintain, partner, and innovate ways to keep general overhead costs as low as possible. The District has two solar solutions in places as ways to reduce utility costs. **The goal** is to spend dollars as close to the daily student experience as possible.

Step 4 - Prioritize Capital Projects

The staff will recommend one-time or capital projects to the Board. The District has employed industry standard models to determine the life cycle of facilities and infrastructure. That model allows the goal of having a multi-year capital project plan. **The goal** is to spend less than \$500,000 a year in one time projects. These projects may be funded out of the unassigned fund balance.

Step 5 - Evaluate Transfers for the Future

The budget needs to ensure predictable transfers are made out of the general fund each year to meet the needs of maintaining great facilities. The current models predict between double or triple what the Board is setting aside. **The goal** is to find a balance between the urgent needs of today and the needs of future uses without robbing from either experience. The current budgeting assumption is to find that balance at 2-4% transfers of the total general fund annual revenues.

Step 6 - Audit to Evaluate Past Year's Budget

At the end of the Fiscal Year the district engages with a third-party auditor who reviews all the financial practices of the District. The auditors review transactions before finalizing their public findings. **The goal** for the District should always be to have a clean audit that reveals a reasonable variance between budget and actuals, and all accounting methods used were accurate and in line with best practice. The public findings empower the Board to review how well their previous budget plan matched reality. The audit then guides the financial decision making of the District in subsequent years.

Yearly Budgeting Milestones and Timelines

Milestone	Date	Deliverables
Capital Wish lists are prepared by Department	February	<input type="checkbox"/> Departments meet to present a hierarchy of needs to administration
Operation Wish lists are prepared by Department	March	<input type="checkbox"/> Departments meet to present a hierarchy of needs to administration <input type="checkbox"/> This includes initial discussion with all stakeholders including managers, building administrators, and CBT
Initial Budgets are developed based on previous year and wish lists	April	<input type="checkbox"/> Business office presents a comprehensive budget to the BOE for discussion
Final proposed Budget is Discussed by the BOE	May	<input type="checkbox"/> Discussions, changes, and community input is all expected at this time
Final Budget is Adopted by the BOE	June	<input type="checkbox"/> Budget is posted for transparency
Audit of previous year	July/August	<input type="checkbox"/> Prepare all documents for the audit <input type="checkbox"/> Meet with auditors
Unplanned expenditures and revenues are presented to the BOE	Sept. / Oct.	<input type="checkbox"/> Business office closely monitors legislation as well as CDE changes
Audit is presented to the BOE and Approved	Nov.	<input type="checkbox"/> Scheduled presentation with audit company
Amended Budget is presented to the BOE and Adopted and Mills are certified	Dec. / Jan.	<input type="checkbox"/> Posted online

Cash Flow - Timing of Property Taxes

Regardless of the budget plan, or the evaluation of actuals, the District is currently funded mostly through local property taxes. These dollars do not show up until late in the fiscal year which means the revenue is not available, for things like payroll for example, until nine to eleven months after the budget year has begun. The District participates, along with other districts in the state, in a 0% loan program through the Colorado State Treasurer's office. That loan is paid off each year when local property tax dollars are collected.



Please don't hesitate to reach out for more information. We are always happy to answer any questions.

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