

## **SECTION VI--PREPARATION OF BUDGET**

### **BUDGET PREPARATION**

#### **Estimating Costs:**

After enrollments are projected and curriculum determined the anticipated costs can be computed.

The business manager should be the focal point for accumulating the estimated costs. However, the business manager will need input from program directors and other persons responsible for program areas to effectively prepare the estimated costs for the LEA.

The accumulation of estimated costs should be done in an orderly fashion. First, program directors or persons responsible for program areas should be required to list the cost elements which will be needed to carry out a given program whether it be an instructional program, a support service program or some other program. Illustration 1 provides a sample of a form that might be used to accumulate this information.

Based on the information received on the form shown at Illustration 1, costs are then computed by the business manager and listed on a form similar to that shown at Illustration 2. This form includes in addition to the projected budget for the next year, actual expenditures for the prior year and projected expenditures for the current school year. Teachers' contract payments should be included in the school year which their contract covers and not the year they are paid.

You will note Illustration 1 and 2 are concerned only with total program costs, not what fund the costs will be paid from. The funds which the costs will be paid from will be determined in statements developed later in the budget process.

There are a number of comparative statements which might be prepared depending on the size of the school district and the needs of the school administration. It is important the business manager communicate with the school administration so only those statements which are useful to them are prepared.

One of the comparative statements which might be prepared is shown at Illustration 3. This statement shows a comparison of total costs and costs per student by program for each facility operated in an organizational unit. This statement would be useful for those school districts operating more than one elementary, junior high or high school attendance center.

Another comparative statement which might be helpful is shown at Illustration 4. This statement shows a comparison of total costs and percentage by major object grouping for each facility operated in the school district. This statement will be useful to the extent it tells the reader what portion of the budget will be expended in each major object group.

Illustrations 5 and 6 provide formats for accumulating costs by function or program, respectively, by funds. These or similar formats will necessarily be used by most LEAs to accumulate costs by funds. Illustration 5 shows a comparison of prior year expenditures, projected current year expenditures and the budget for the next year. This illustration should be used for the General Fund, Capital Outlay Fund, Special Education Fund, Post Secondary

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Vocational Fund, the Enterprise Funds and the Internal Service Funds. A separate statement is to be prepared for each fund.

Illustration 6 provides a similar format for budgeting by program for the Food Service Fund. Additional information regarding the number of persons served and expected to be served by the school food service is shown on the bottom of this form.

SDCL 13-16-9.2 requires a projection of capital outlay needs at least five years ahead. Such planning is necessary to insure sufficient resources are available when the need arises. Illustration 7 provides a format which might be used to show this information.

At this point sufficient cost information should be accumulated to complete that portion of the proposed or final budget presented by Illustration 12.

### **Determining the Means of Finance:**

A format which might be used to determine the means of finance for the General Fund is presented at Illustration 9 and for the Capital Outlay, Special Education and Post Secondary Vocational Funds is presented at Illustration 10. You will note that the illustrations show a comparison of the prior year revenue, the current year projected to the end of the period and the amount estimated for the budget year by source and type.

The first item on the form to be determined is the estimated fund balance available at June 30, 20\_\_ which will be assigned to finance the new budget. The computation to be used to determine an amount for cash flow and the estimated surplus carryover is as shown at Illustration 8.

A format which may be used to compute the means of finance for each enterprise fund is presented at Illustrations 11 and 12. This form also shows a comparison of prior year revenue, projected revenue for the current year and estimated revenue for the budget year by source and type.

Total means of finance for the budget year should equal the expenditures budgeted.