



Multi-year approach to budgeting requires fund balance

February 3, 2010

Projections indicate Mounds View Public Schools will have an unreserved fund balance of \$15.8 million in June 2010.

Where did this money come from?

- We were projecting an ending fund balance of \$8.8 million when the FY 09-10 budget was adopted (8% of our general fund expenditures).
- The final audit of the FY 08-09 school year was completed and verified prudent financial management for the year.
 - Conservative budgeting for special education revenues - \$700,000
 - Conservative budgeting for energy costs - \$1,000,000
 - Conservative budgeting for enrollment projections - \$500,000
 - Conservative budgeting for retiree costs - \$1,000,000
- Planning for the FY 09-10 budget included utilizing funding tools provided by the legislature.
 - Allowing District to issue bonds to pay for retiree health care costs allowed those costs to be removed from the general fund – these savings help to offset inflation cost increases
 - The state eliminated a required reserve for severance, which allowed us to shift those reserves to the general fund - \$3,500,000
 - Inflationary language on operating referendum – this increase helped to offset the reduction because of declining enrollment
 - Utilizing federal stimulus funding effectively
- Combining all of these factors resulted in an updated ending fund balance of \$15.8 million for the FY 09-10 (15% of our general fund expenditures)
 - Financial auditors recommend that school districts maintain a minimum of a 5-15% fund balance reserve to provide for financial instability within the context of long-term forecasting.
 - Historically, Mounds View school boards have not sacrificed educational programming to maintain the recommended fund balance range.

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