

From the desk of Mr. Herl . . .

Many of you may already be aware of the budget cuts being handed down from Governor Mark Parkinson; USD #292 is not exempt from these cuts. The district will be cut to a Base State Aid Per Pupil (BSAPP) of \$4012 from the original \$4218 established in July. This is a 9.5% reduction from the 2008-09 BSAPP of \$4433. The expectation of schools, according to state law, was to receive \$4492 after the adoption of the Montoy three-year funding plan. This cut takes the state back to the 2006 spending levels for education in which Gov. Parkinson has expressed he does not want to go below the 2006 spending levels.

The cut of \$206 will reduce the USD #292 general fund dollars by \$54,631. The district is expected to receive \$1.4 million in federal, state and local dollars to operate the district. Of the \$1.4 million in operating cost, 96% is fixed cost that has already been earmarked for salaries, utilities, transportation, etc...

Declining enrollment is another factor the district must take into consideration. In 2003-04 USD #292 Full-time Enrollment (FTE) was 186. Enrollment has steadily declined to 102 FTE for the current year. The reason for the large FTE reduction is declining population, lack of economic development, and parents choosing to send their children out of district. The enrollment should stabilize in the next two years.

Our financial standing for the district is relatively good considering the district's FTE. Currently we have \$148K in Contingency Reserve. With contingency funds, it is to the district's discretion to use the funds for areas in need. Over time the district will have to utilize these funds to help cover costs. Once the economy recovers the district will look into rebuilding the Contingency Reserve.

The district decided not to assess taxes on the patrons for Capital Outlay due to a beginning balance of \$368K in July. Please keep in mind that the Capital Outlay funds are not for instructional use. They are to be used only for operations and maintenance of the district.

Other areas the district has been able to carry over funds include Driver Training, Food Service, Professional Development, Vocational Education, Special Education, and Textbook & Student Material.

Supplemental General or Local Option Budget (LOB) has continued to be increased to help offset cost. The LOB is funded by local ad valorem tax dollars within the district. USD #292 currently has budget authority to collect the state average of 28.06% of the general fund. The district adopted \$295K budget for FY10 which is equivalent to 26.53% of the general fund.

November and December state fund payments were delayed which created a cash flow problem for some districts. The General Fund and/or Supplemental General Fund may show a negative balance at times, but this is not anything to be concerned about as the state payments are expected. Due to the cash balance in the bank, USD #292 has been able to cover all expenditures over the past two months. Once county tax revenue is distributed to the district in January, the Supplemental General will help to eliminate negative balances.

As the year progresses the USD #292 BOE will look into various cost savings for the district. While some of the decisions may be simple and to the point, others could be much harder. Please keep in mind that everyone associated with the district will do all they can to give the children the best education possible.