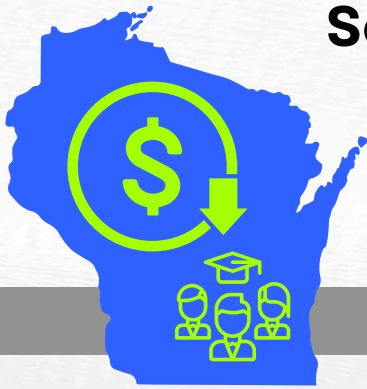


# School Finance & the MTSD Budget Crisis



## FUND BALANCE & FUND 46

For the 23-24 school year, MTSD is carrying a \$1.4 million deficit using Fund Balance and Fund 46. This is not a sustainable option for managing future deficits and cannot be considered a viable solution.

### FUND BALANCE

- Can be thought of as the district's savings, or reserves.
- Provides stability and sustainability in a highly volatile school funding climate.
- Helps cover unexpected expenses such as higher utility bills, unanticipated building maintenance, and one-time costs.
- Serves as a hedge to temporarily offset unplanned student enrollment loss.
- Allows districts to pay bills, including payroll, until uneven state funding is received.
- Helps to offset ordinary budget variances that occur in the normal course of business.
- Provides cash to pay for upfront state and federal grant expenditures (primarily payroll) that are reimbursed after the fact.
- General fund reserves help boost bond ratings and lower related borrowing costs.
- MTSD efforts to maintain Fund Balance at a level of 20%-25%, which is sufficient to:
  - *avoid excessive short term borrowing for cash flow purposes, thereby minimizing associated interest cost;*
  - *cover unforeseen expenditure needs or unrealized revenue sources; and*
  - *demonstrate financial stability to preserve or enhance its bond rating, thereby lowering debt issuance costs.*

***As of June 20, 2023, MTSD's Fund Balance is at 21.27%***

### FUND 46

- Fund 46 is used to fund capital (facilities) improvements for the district.
- The Long-Term Capital Improvement Trust Fund is used to fund capital project needs.
- Fund 46 is funded through a transfer from the district's general fund, Fund 10.
- Most recently, Fund 46 was used to fund necessary safety and security upgrades for the district, including lighting improvements, HVAC systems, the HHS pool project, parking lot maintenance, and improved safety/security measures.



The Launchpad to Success 

It is our goal to equip our school community and stakeholders with the knowledge and information necessary to address this critical situation and find a solution through shared understanding.

**TO LEARN MORE, VISIT US AT: [WWW.MTSD.K12.WI.US/BUDGET-CRISIS](http://WWW.MTSD.K12.WI.US/BUDGET-CRISIS)**