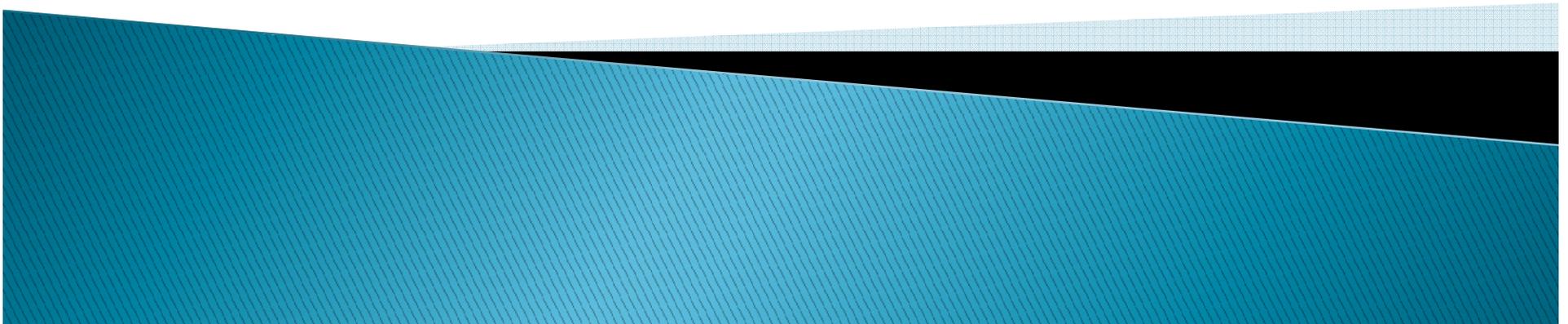


Lake Forest School District

School Finance

Public Budget Workshop
Christine daCosta
Business Manager



Agenda

- ▶ Types and Rules of Funds
 - ▶ Unit Funding Regulations
 - ▶ Financial Accountability
 - ▶ Budget Information and Issues
 - ▶ District's Focus & What's Next
- 
- ▶ Building the Budget

State Funds

- ▶ Some state funding is restricted.
 - Division I funding (state salaries)
- ▶ Some state funding affords limited flexibility.
 - Division II funding (energy, voc-ed, etc)
- ▶ Some state funding affords programmatic flexibility.
 - Professional and Curriculum Development
- ▶ Some state funding allows total flexibility.
 - Division III (Equalization)



Local Funds

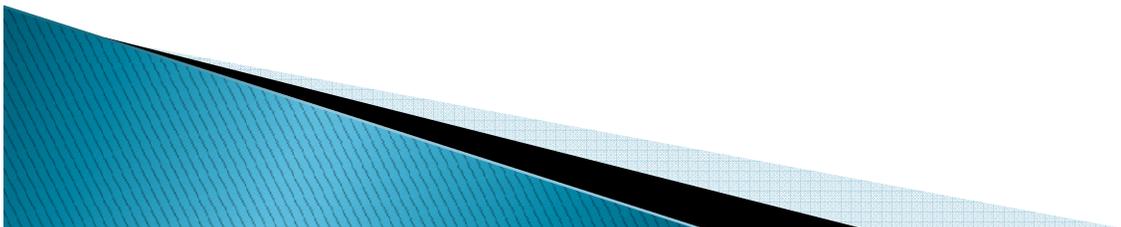
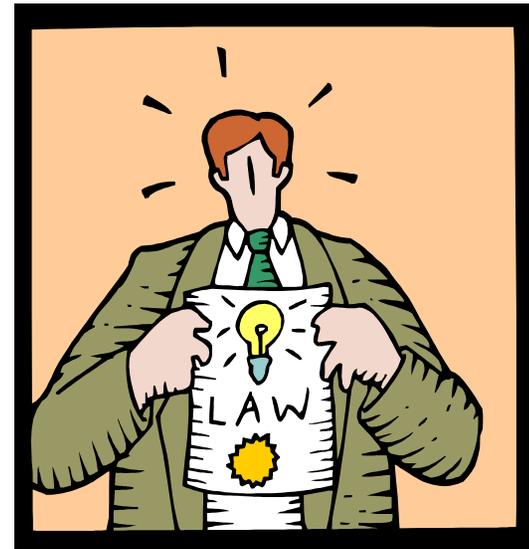
- ▶ Raised by the school district through local tax levies.

- ▶ Four categories:
 - Current Expense – funds general operations.
 - Tuition – funds special needs students in identified programs (not special education).
 - In district; in other school districts; in private placements
 - Match – funds state programs that authorize a local match.
 - Minor cap 60/40; technology maintenance and block grant; extra time 70/30; Reading Resource teachers 70/30; Math Specialist 70/30.
 - Debt Service – funds the principal and interest payments on local bonds.

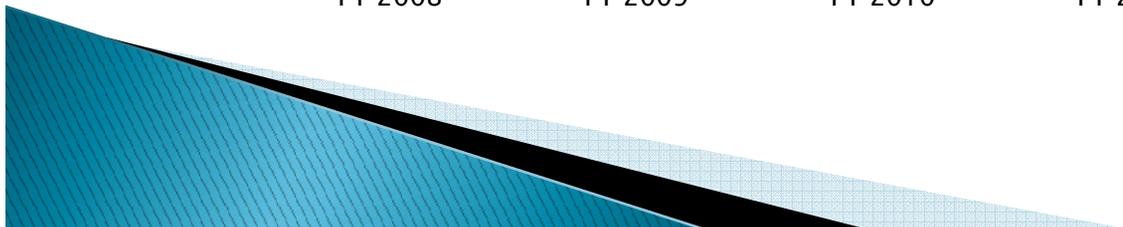
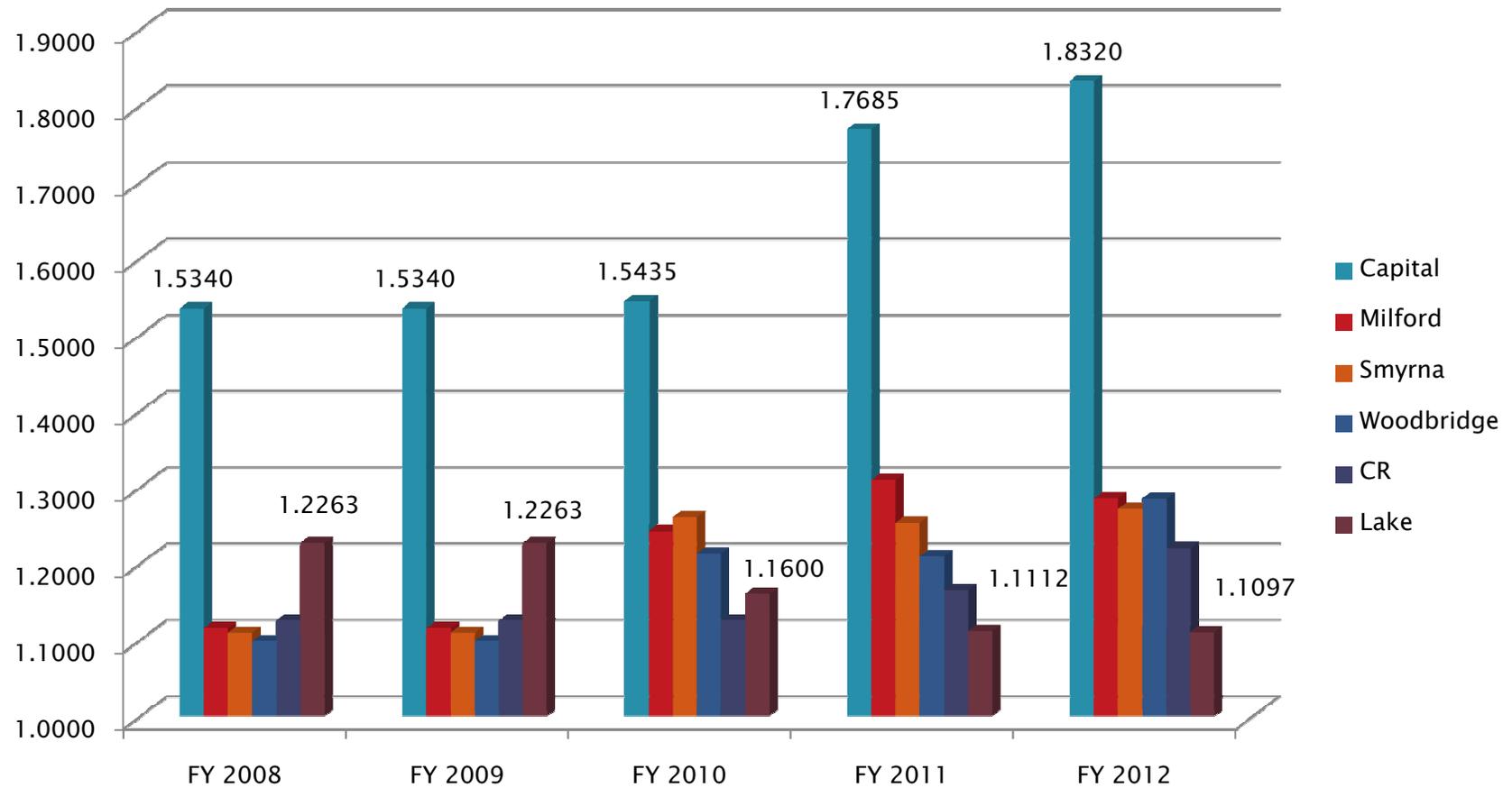


Basic Rules of Local Funds

- ▶ Funds are kept separate.
- ▶ Two rates are limited by referendum
 - Current Expense and Debt Service
- ▶ Two rates are limited by Board Action
 - Tuition and Match

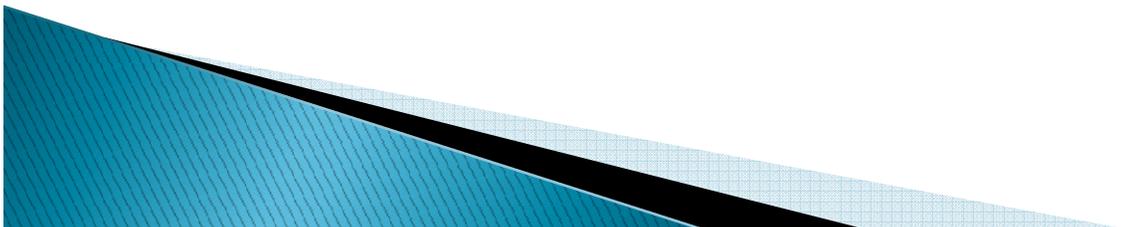


Lake Forest Tax Rates



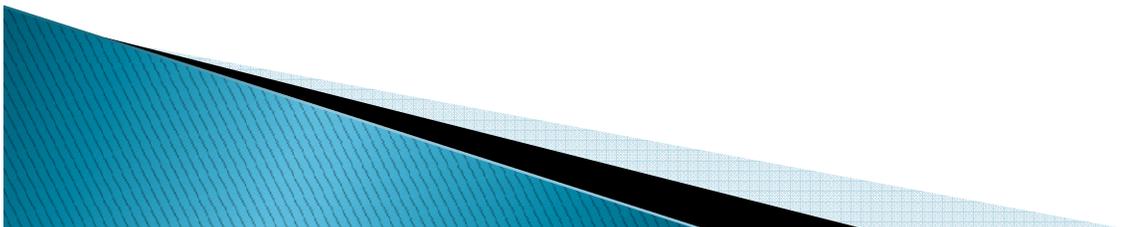
Federal Funds

- ▶ Federal funds are always restricted by purpose and time period
- ▶ State approves application and grants funds to districts as “sub grantee” of state
- ▶ Examples: Title I, Title II, Perkins, IDEA B, Preschool, Ed Jobs, RTTT



Major Capital Funding

- ▶ State funds between 60% and 80% of approved new construction and building renovations projects.
- ▶ State support comes either through bond proceeds or general funds
- ▶ Funds are typically appropriated based on a projects cash flow need
- ▶ Process allows for the movement of funds between projects to meet cash flow demands or project needs



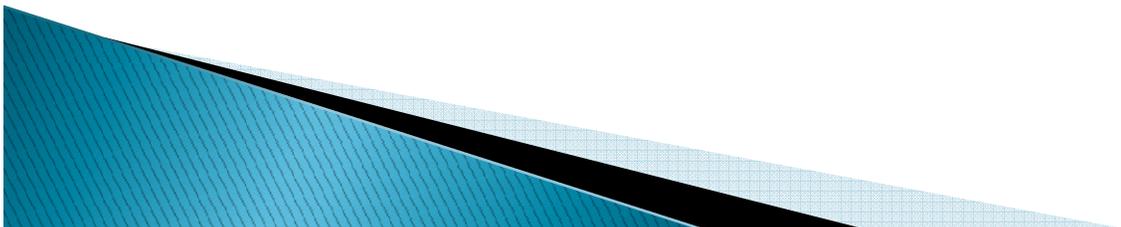
Needs Based Funding Formulas

- K-3

■ Regular Ed Unit	1:16.2
■ Intensive Unit	1:6.0
■ Complex Unit	1:2.6

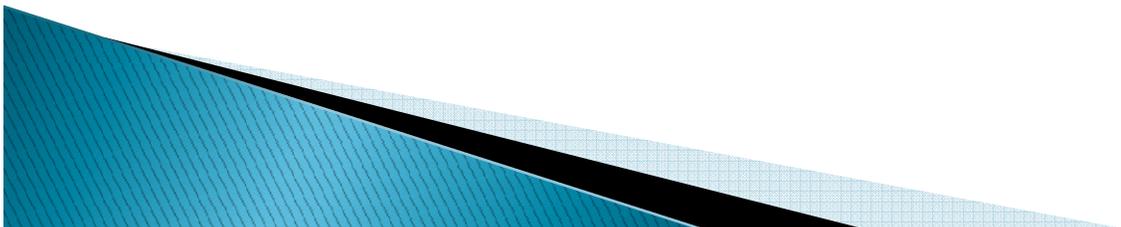
- 4-12

■ Regular Ed Unit	1:20.0
■ Basic Unit	1:8.4
■ Intensive Unit	1:6.0
■ Complex Unit	1:2.6



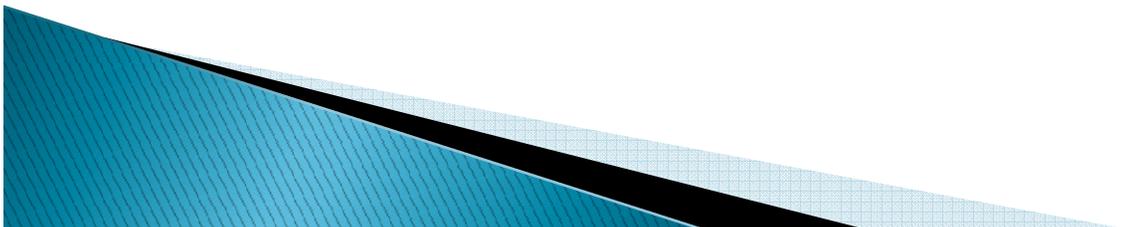
Division I Unit Requirements

- With few exceptions, units must be used to staff positions as authorized – teachers, secretaries, custodians, etc.
- State law requires a student-instructor ratio of 22:1 at the K-3 level.
- Requirement is at the classroom and can be waived by through local board action.
- Units are generated district-wide but 98% must be allocated to schools that “earn” them. This requirement may also be waived through local board action.



Division III Unit Funding Equalization

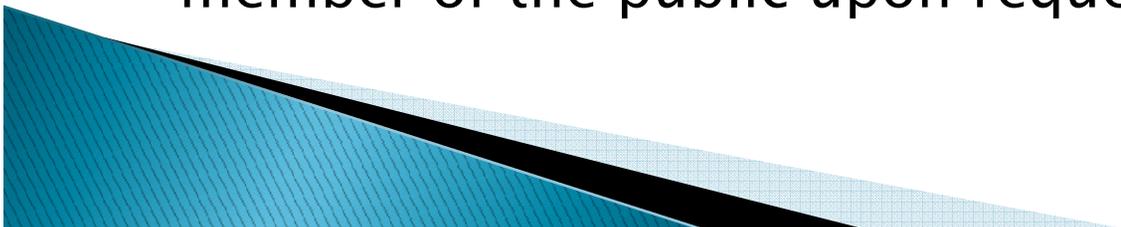
- Goal is to alleviate local funding disparities between property rich and property poor districts
- Inversely related to district ability to tax itself
(full value of property/units)
- Proportionately related to district's effort in taxing itself
(taxes collectable/full value of property)
- Division III funding can be used for any local purpose – usually used to offset a portion of the local share of salaries



Board of Education

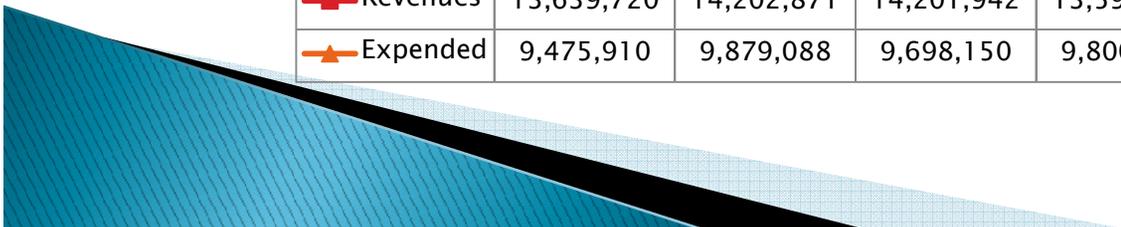
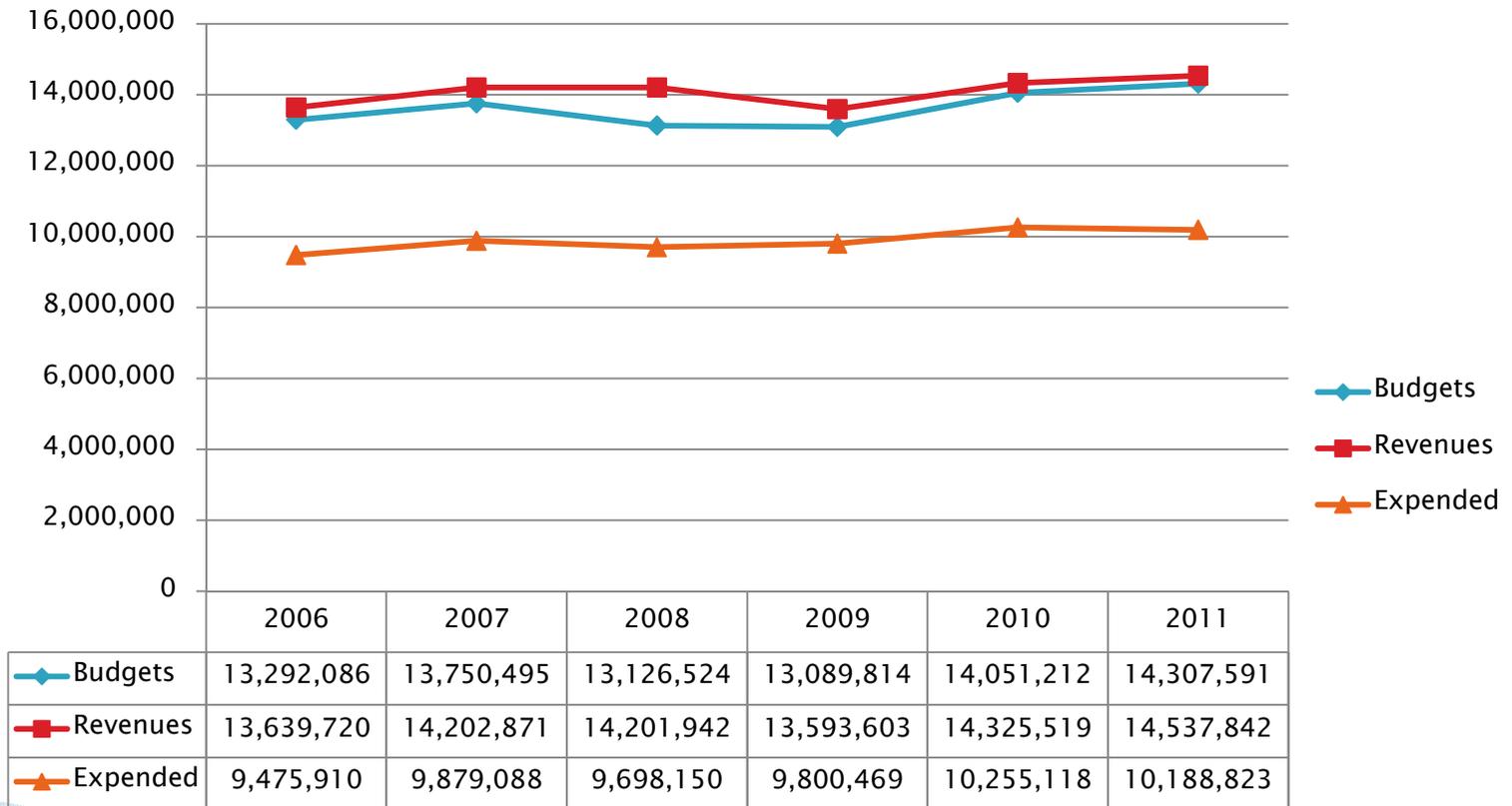
Financial Accountability Policies

- Balanced budget meaning current year budgeted revenues equal budgeted expenditures.
- Budgetary estimates and financial projections are based on a moderately conservative approach to funds projections.
- The district shall maintain a local reserve account.
- Monthly revenue and expenditure reports shall be prepared and submitted to the Board of Education for review and approval.
- All district audit reports shall be shared and reviewed with the Board of Education and shall be made available to any member of the public upon request.



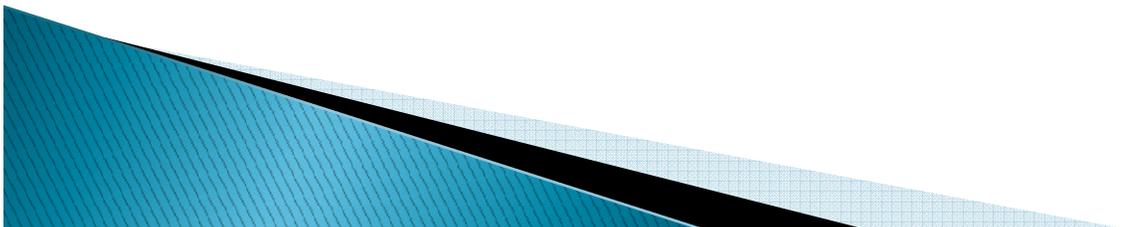
Budgets vs. Expenditures 2008-2011

LFSD Budget/Revenue/Expenses



FY 2012 and Future Budget Issues

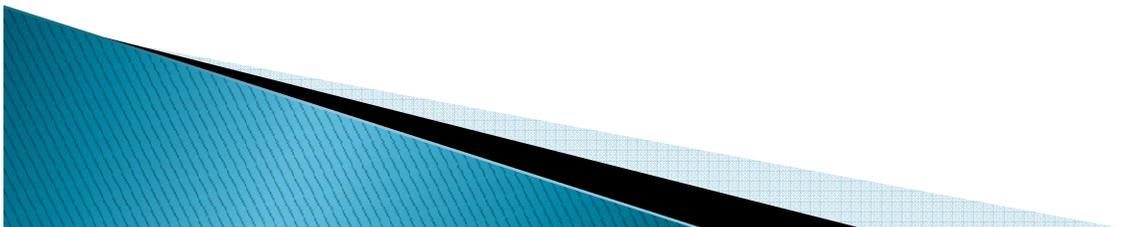
- ▶ **27th Pay** (FY 2012 only)
- ▶ **Transportation legislation** (10% cost increase to local)
- ▶ **Increased Operational Costs** (increase in Pension OEC, materials, fuel)
- ▶ **Maintain Competitive Salaries/Benefits**
- ▶ **Increasing Costs of Maintaining Technology**
- ▶ **Energy Costs** (currently doing very well here)
- ▶ **Federal and State Funding Reductions** (Loss of Stimulus Funding SFSF, Tax Relief Funds, ARRA and Ed Flex Block Grant)
- ▶ **Projected Reduction in Discretionary Local Revenue** (Interest, CSCRP, Indirect Costs)
- ▶ **All While Trying to Minimize Tax Rate Increases**



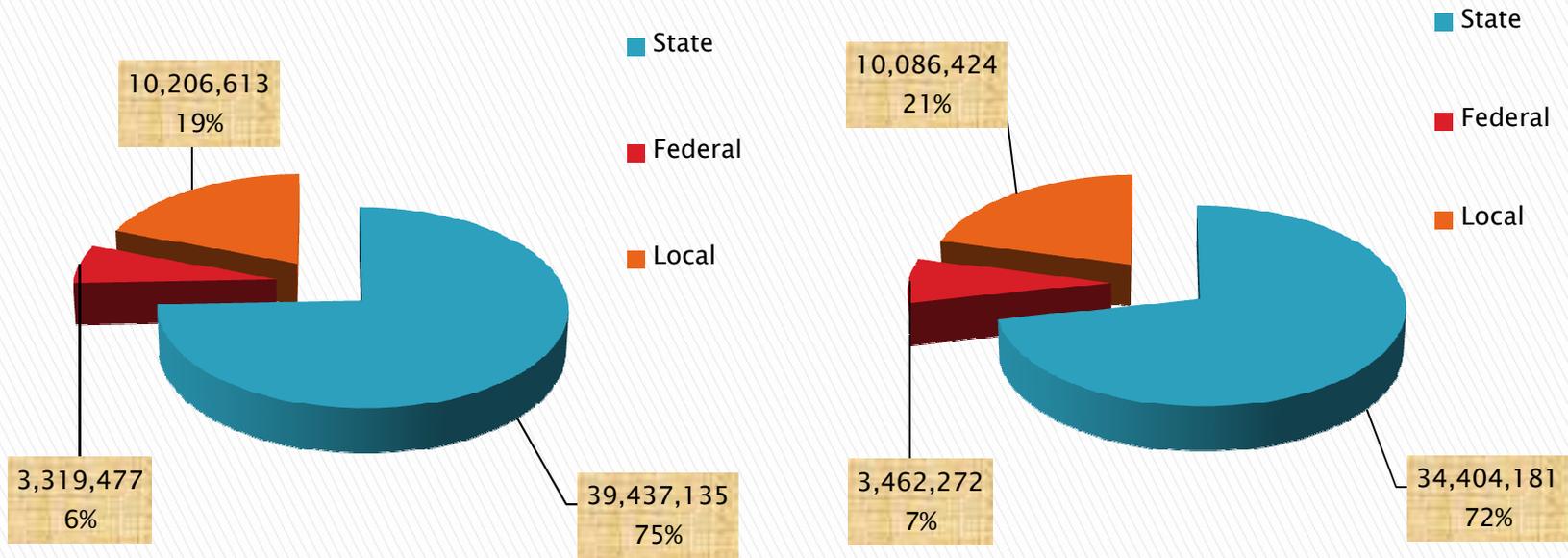
State Funding Eliminations Since 2008

- ▶ Extra Time/Tutoring \$312,703
- ▶ Discipline \$160,000
- ▶ LEP/ELL \$26,665
- ▶ Academic Excellence BG \$137,348
- ▶ Technology BG \$45,425
- ▶ Tuition Reimbursement \$33,890
- ▶ Tax Relief \$412,230
- ▶ Teacher Cadre \$19,600

- ▶ Total \$1,147,861



Funding Percentages



FY 2008

FY 2011

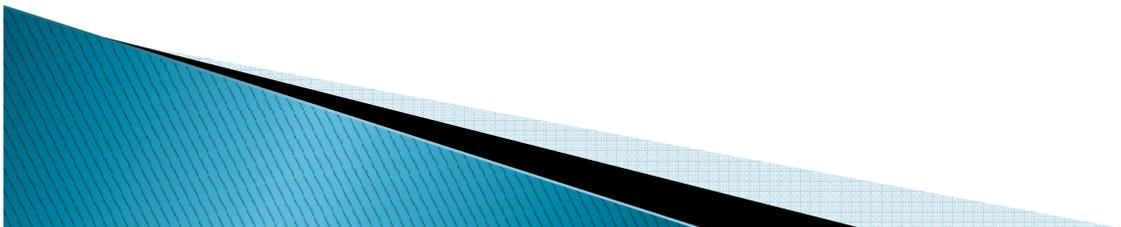
District's Focus

- ▶ Student Success
- ▶ K-3 Class Size
- ▶ 98% Allocation
- ▶ Staff at sustainable levels
- ▶ Positioned for enrollment changes
- ▶ Race to the Top Funds
- ▶ Energy saving initiatives
- ▶ Priority programs
- ▶ Contract Negotiations
- ▶ Maintaining level of current services



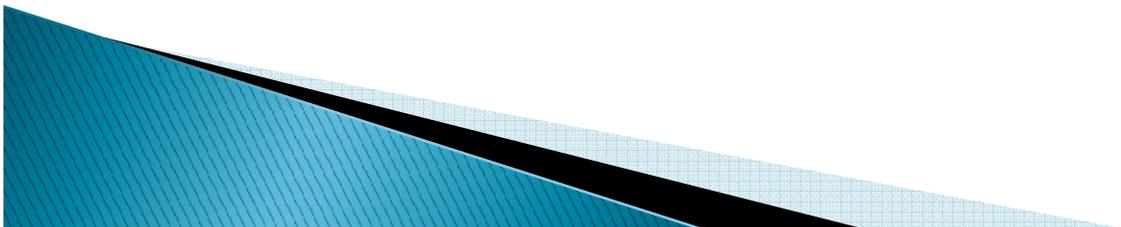
The Challenge

- ▶ Districts are facing the prospects of shrinking revenue sources and maintaining the same levels of service
- ▶ Keeping a 5% reserve of all funding
 - (like a savings account for emergencies)
- ▶ Balancing the budget



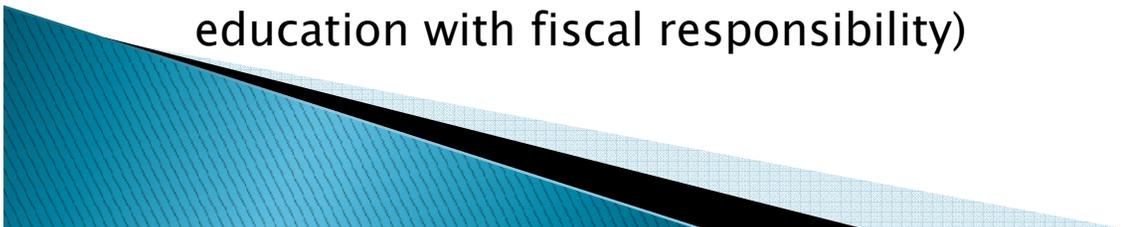
The Solution

- ▶ Work Together with all Stakeholders
- ▶ Continue to Grow a Fiscally Responsible Reserve Account
- ▶ Have Honest and Open Discussions
- ▶ Hold Open Public Workshops



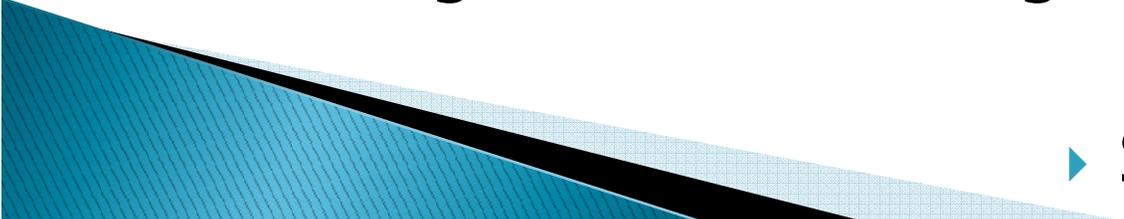
If we continue to be financially stable, who Benefits?

- ▶ **The students** (continued educational services, state of the art technology, updated textbooks, continuation of extra curricular activities and education by Highly Qualified Staff)
- ▶ **The staff** (salary and benefits equity with competing schools and the ability to retain HQ staff)
- ▶ **The community** (infusion of well educated and well rounded members into our community)
- ▶ **The tax payers** (confidence in the district and the board of education with fiscal responsibility)



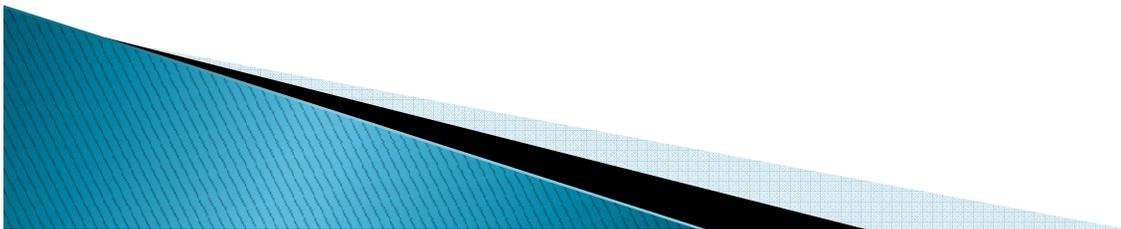
Building the Budget

- ▶ Budget discussions with cost center managers
- ▶ Projecting revenue
- ▶ Projecting expenditures
- ▶ Meeting with Stake Holders
- ▶ Building a Balanced Budget



▶ So Let's Get Started

Thank You for
Your Continued
Support!



Let's Get Started!

