

2012-13 FINAL BUDGET PRESENTATION



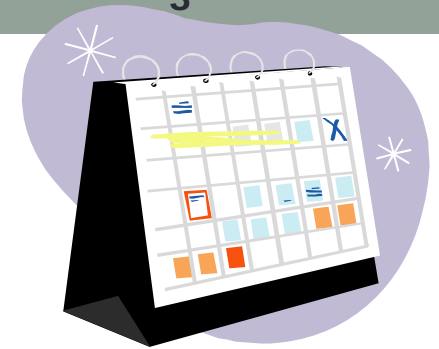
INDEPENDENT SCHOOL
DISTRICT NO. 273
December 10, 2012

Topics Of Discussion

- Budget Calendar & Process
- Budget and Funding History
- 2012-13 Budget Assumptions
- 2012-13 Budget Graphs
- Next steps



Budget Calendar



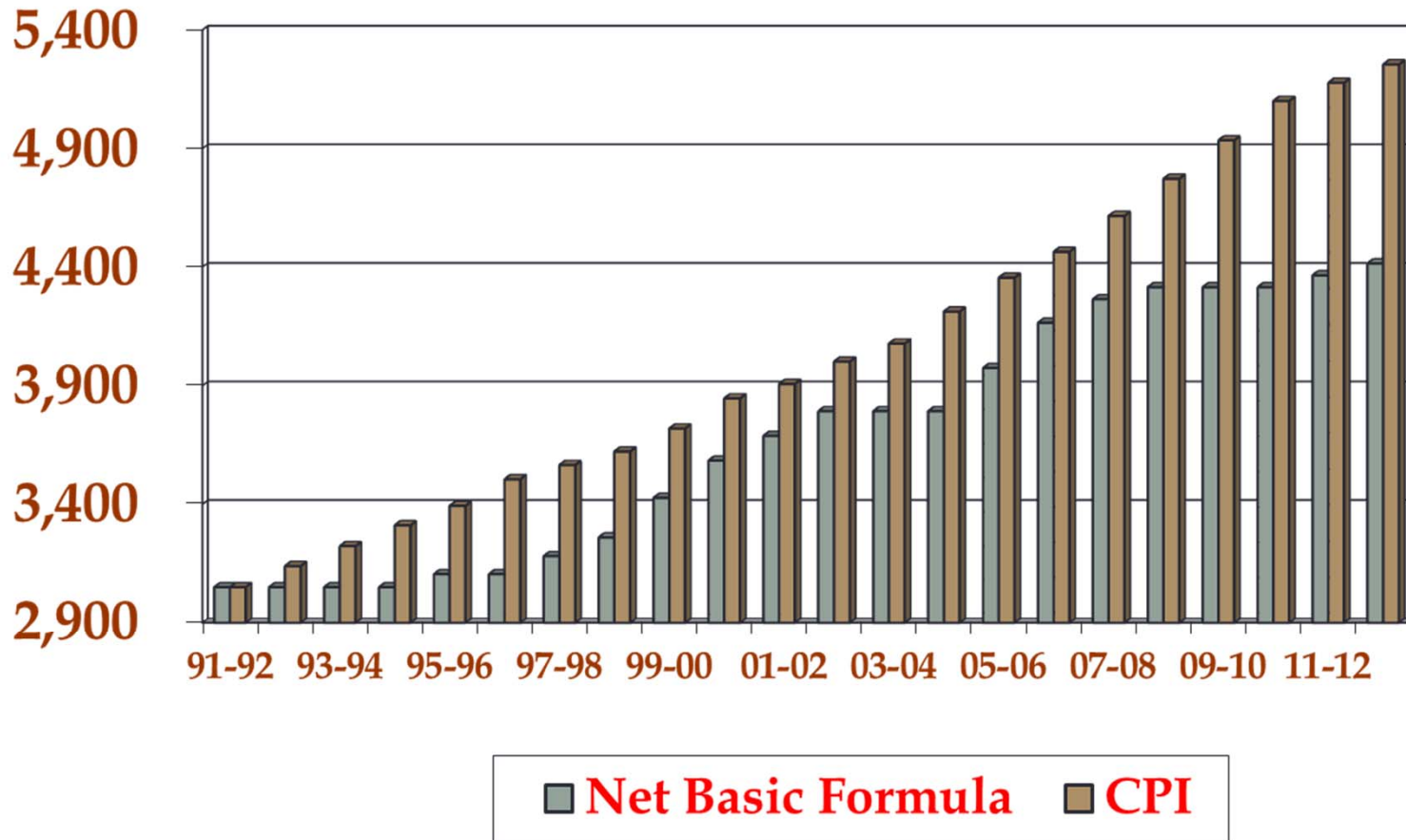
- Long Range Plan Update-January
- Board Approval of 2012-13 Budget Parameters-February
- Board Approval of 2012-13 Capital Projects
- Develop Budget Resource Allocation Requests – January thru February
- Administration & Staff Prepare Detailed Budgets to include FTE/staffing – February and March
- Administration to Review the Resource Allocation Requests – March
- Business Office processing/reconciliation of budget information in finance system – April and May
- Spring Budget Adjustments – May
- Preliminary budget approval-June
- Final budget approval-December

Budget Process Refinements

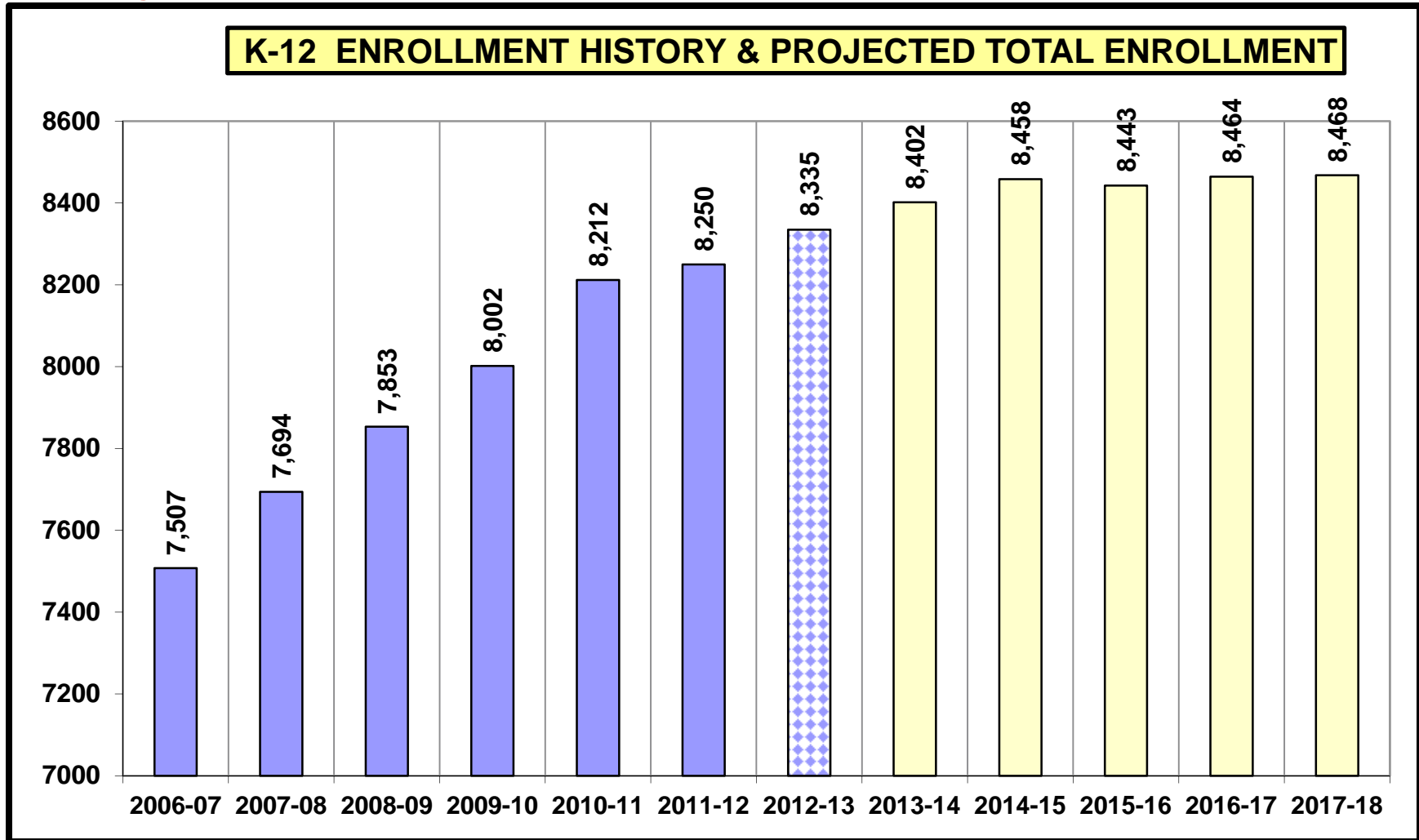
- Capital Project Approval Calendar
- Staffing, Supply and Equipment Allocations based on Average Daily Membership (ADM)
- Adjusting Allocations for Changes from Previous Years ADM
- Equitable Distribution of Resources Through Realignment

General Education Funding Formula

History Comparison if net formula had increased at the same rate as the CPI percent change



Average Daily Members/Enrollment K-12 Projections



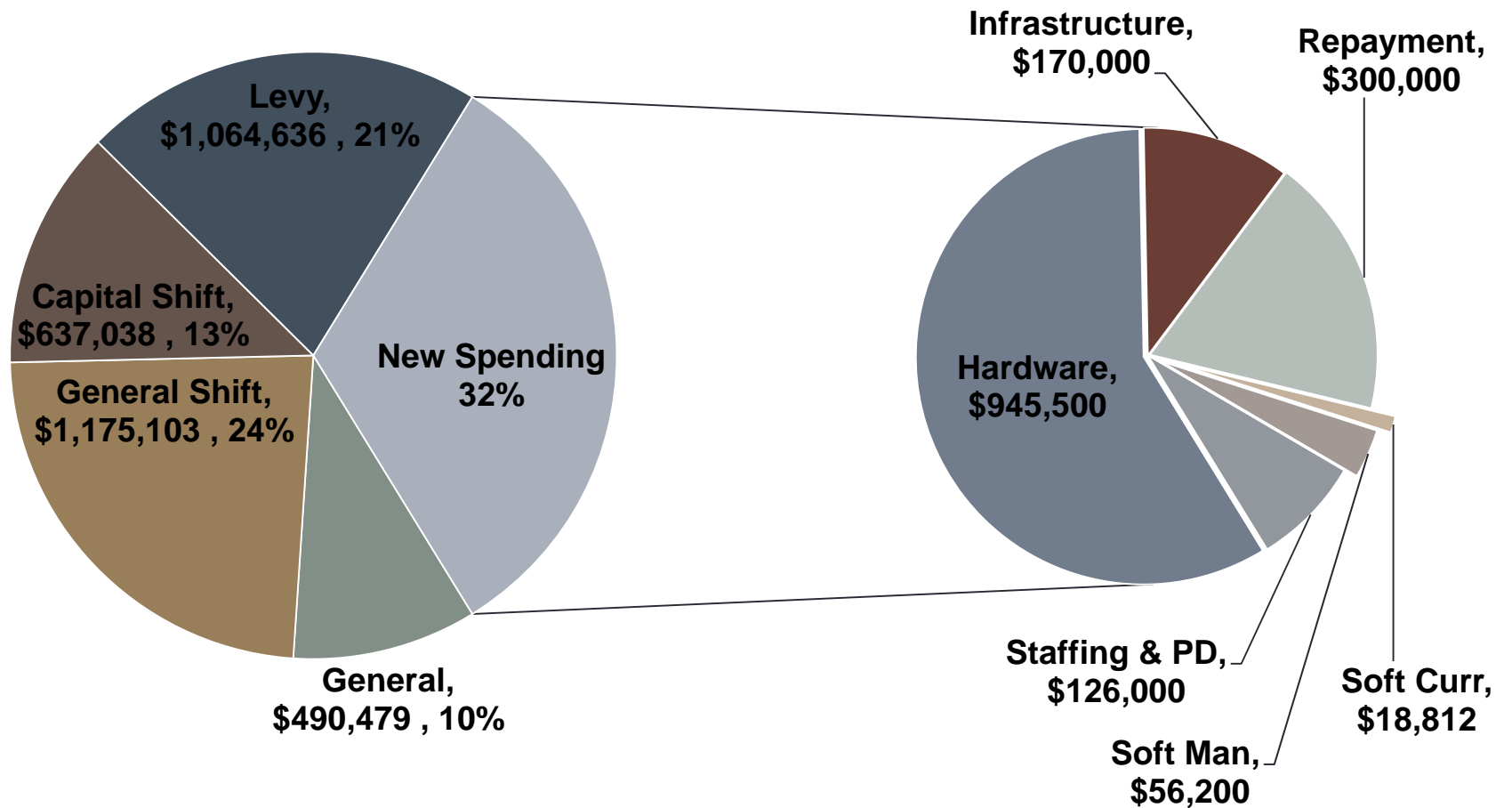
2012-13 Budget Assumptions

- **Revenue Assumptions**
 - \$5,224 per pupil unit or a 1% basic formula increase
 - Kindergarten projection 539
 - 8,388 average daily membership
 - 9,724 pupil units
 - Special education
 - Regular special ed 88% and excess special ed 60% proration
 - Interest and other local revenues
 - Literacy Incentive Aid
- **Expenditure Assumptions**
 - Staffing adjustments for average daily membership changes
 - Supply allocation increase 2%
 - Increased interest expense due to cash flow borrowing
 - Reduction of 11-12 contingency items
 - Shift of technology expenditures to capital technology funds
 - Lane Changes
 - TRA & PERA rate increases
 - Health Insurance
 - Property Liability & Workers Compensation Renewal
 - Special Education Transportation
 - Enhancements-June & November

2012-13 Updates since June 2012

- Revenue Changes
 - Slight decrease in pupil units (student) projections
 - Increase in local revenues i.e. fees, rentals, miscellaneous
 - Increase in categorical revenues i.e. literacy, integration transportation and special education
- Expense Changes
 - Enhancements approved Nov 2012
 - New hire salary updates
 - Addition of carryovers from 11-12 for sites, staff development and capital
 - Increase in integration transportation
 - Increase in special education transportation
 - Capital & Health and Safety project updates

2012-2013 Technology Budget



\$4,983,768

New Fund Balance Definitions

- “Nonspendable” funds that cannot be spent since they aren't in spendable form or are legally required to be maintained intact. (i.e. inventories, prepaid items)
- “Restricted” formerly “reserved” funds that have legally enforceable constraints placed on their use that are externally imposed by resource providers (i.e. learning & development, basic skills, operating capital, career & technical).
- “Committed” funds used for specific purposes by formal action of the school board (i.e. 2% for cash flow and Federal JOBZ funds)

New Fund Balance Definitions

- “Assigned” formerly “designated” unrestricted funds constrained by the school district’s intent to be used for specific purposes (i.e. site carryover, severance, alternative compensation, integration, area learning center).
- “Unassigned” formerly “unreserved/undesigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Board policy level is 6%.

Summary of Budgets - All Governmental Fund Types (refer to detailed budget document)

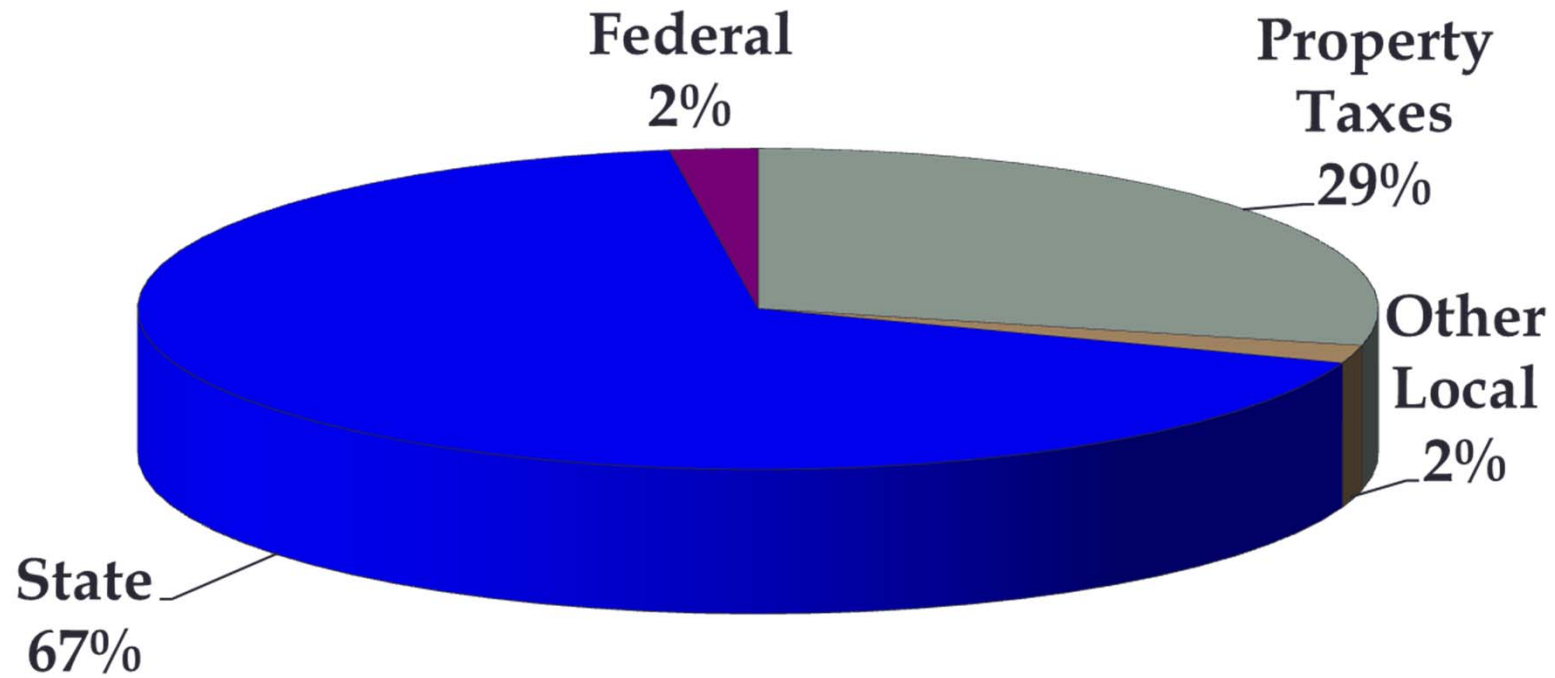
- **Summary of Funds**

- General - Includes general, transportation, operating capital, and special services
- Special Revenue - Includes food service and community service
- Debt Service
- Capital Project

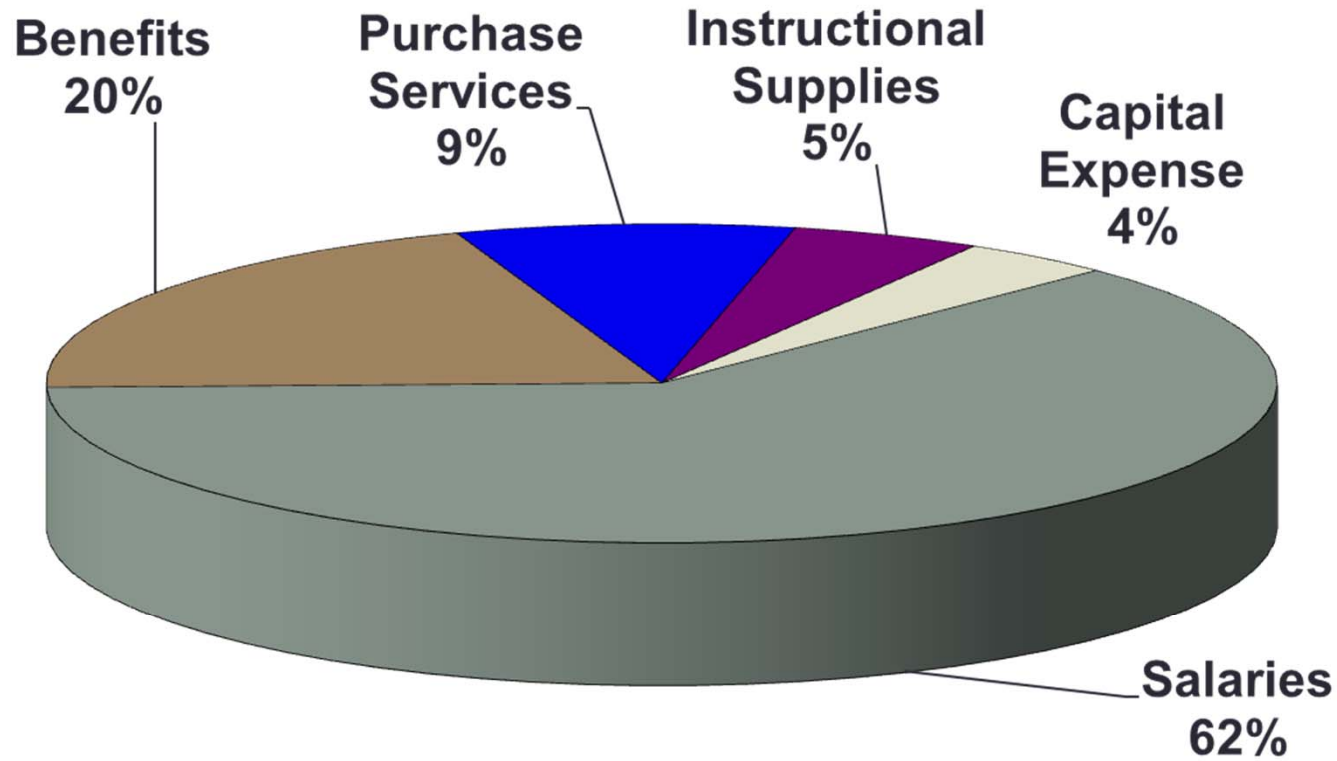
- **Three Sections**

- Revenues
- Expenditures
- Fund Balances

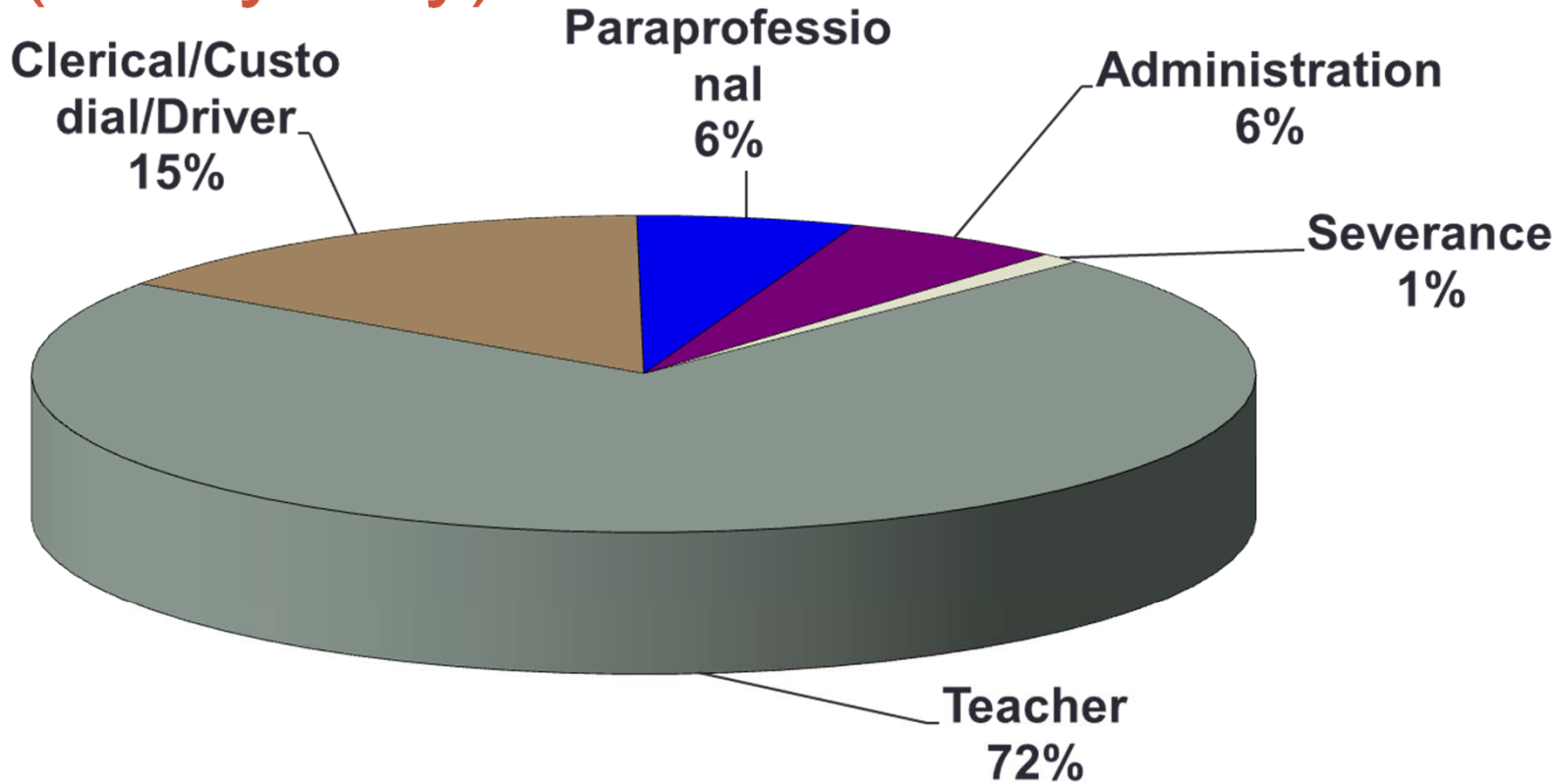
General Fund: Revenue by Source



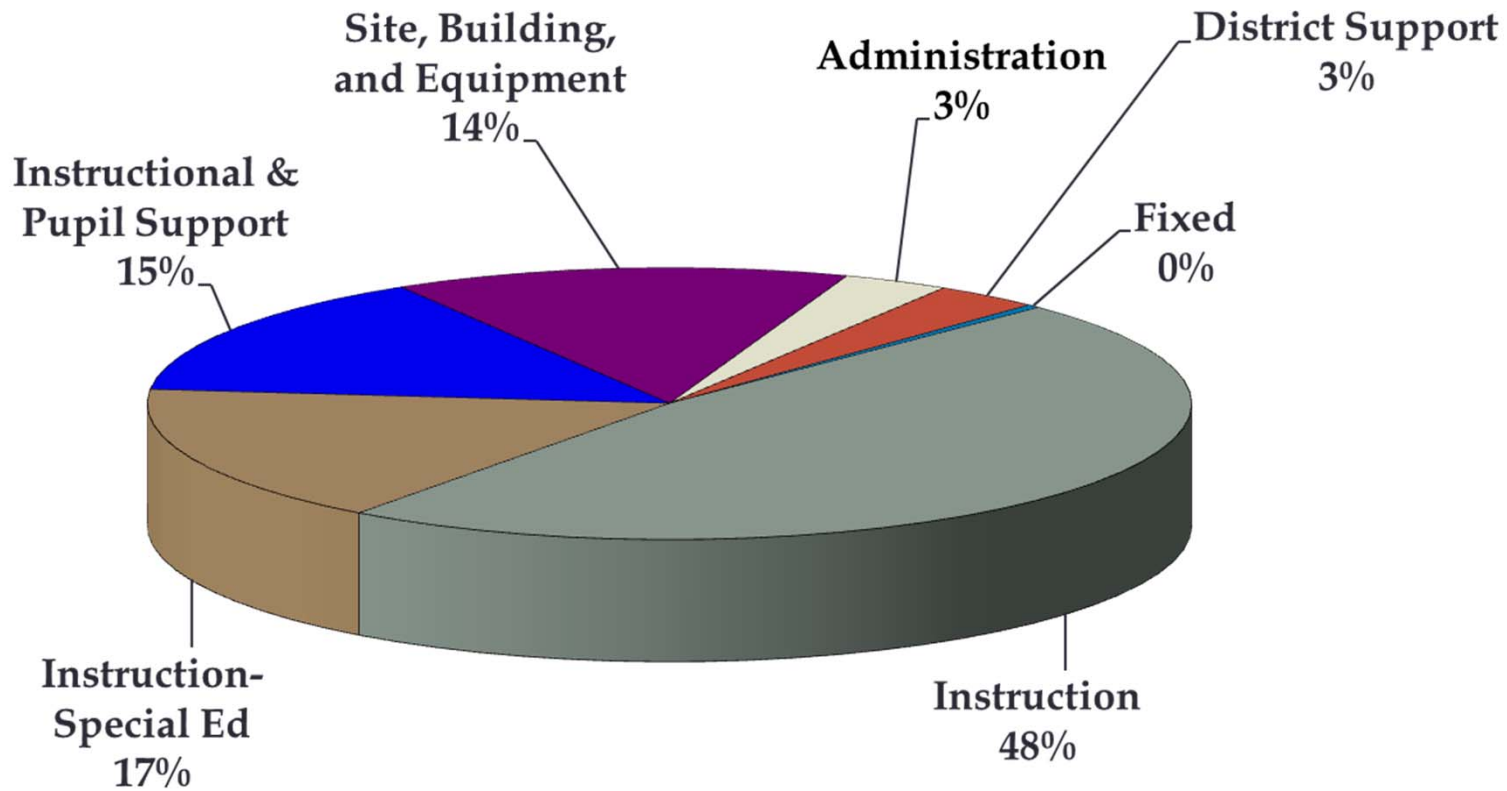
General Fund: Expenditure by Object



General Fund: Expenditure by Object (salary only)

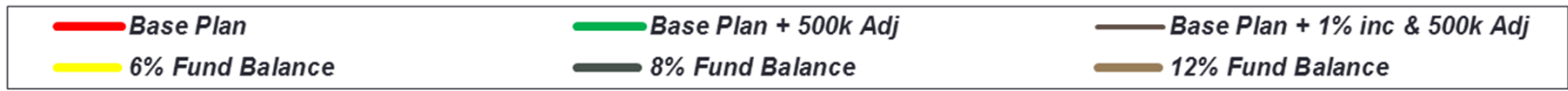
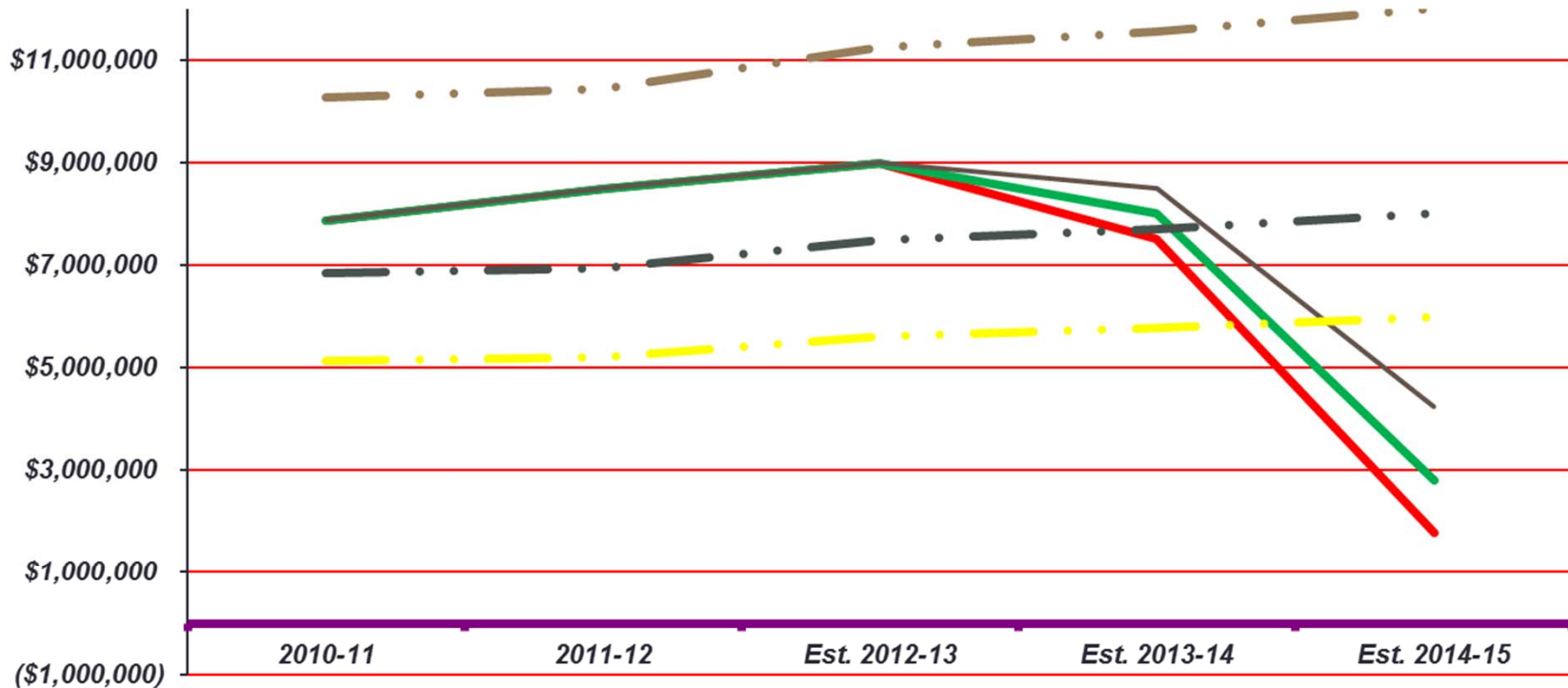


General Fund: Expenditure by Program



Undesignated Unreserved Fund Balance

(includes the 2% committed for cash flow)



Note: 1% change in general ed formula = \$475,000

Why maintain fund balance?

(the District spends \$7.8 million a month in the general fund)

- School Board policy requires a minimum fund balance of 6% with an additional 2% to be held for the following reasons: Innovations, potential tax abatements, legislative shortfall, cash flow and catastrophic need
- Sound fiscal management has a long term positive impact on the success of students
- Validates fiscal credibility with various reporting constituencies (I.e. taxpayers, staff, bond counsel, auditors, legislators, and state and federal agencies)
- Important to the establishment of a good credit rating for the District. Moody's recommends a fund balance between 5% and 10%.

Why is fund balance necessary?

(a 8% fund balance \$7.5 million)

- Necessary for unknown situations
 - Irregular payments of state and local revenues
 - State aid proration, metering of payments, tax shift, and state shut down
 - Provide service to students prior to receiving funding (Special Ed)
 - Mandated but not funded programs
 - Higher utility costs and/or other fixed costs
 - Start Up costs for new buildings
 - Greater than expected inflation
 - Changes in enrollment and state funding
 - Higher than anticipated contract settlements
 - Unanticipated deficits in other operating funds
 - Costs of defending and/or settlement of a lawsuit

Next Steps

- Update long range financial plan-January
- Board Approval of 2012-13 Budget Parameters-February
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Summary

- **This is accomplished by:**
 - Long Range Planning
 - Maintain systems that ensure the fiscal stability and integrity of the District
 - Communicate with Legislators
 - Continue to Balance Revenue to Expenditures
 - Maintain fund balance
 - Provide greater public financial transparency of information
- **The major ways to maintain the District financial position are:**
 - Increased funding from the legislature
 - Voter approved levy referendum
 - Budget adjustments
 - Increased enrollment
 - A combination of all of the above
 - Pursue strategic plan and budget study areas for 2013-14
 - Explore alternative budget approaches to maximize resources

Summary

- The plan is to maintain the District fund balance at the Board policy level so that all available resources are used to provide educational opportunities to students

