

2009-10 PRELIMINARY BUDGET PRESENTATION



INDEPENDENT SCHOOL DISTRICT NO. 719

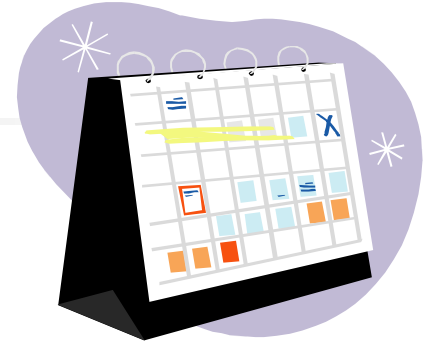
June 8, 2009

Topics Of Discussion

- Budget Calendar & Process
- 2009 Legislative Session Review
- 2008-09 Year to Date Update
- 2009-10 Budget Assumptions
- Reserved Fund Balances
- 2009-10 Budget Graphs



Budget Calendar



- Long Range Plan Update – December
- Budget Development – January to February
 - Cost Center Budget Reduction Proposals
 - Establish building FTE, equipment, and supply allocations
- Public Hearing – March
- Board Approval of Budget Reductions - April
- Preliminary Budget Approval - June
- Proposed Levy Certification – September
- Audit Report – November
- Truth in Taxation and Final Levy Certification – December
- Final Budget Approval – December

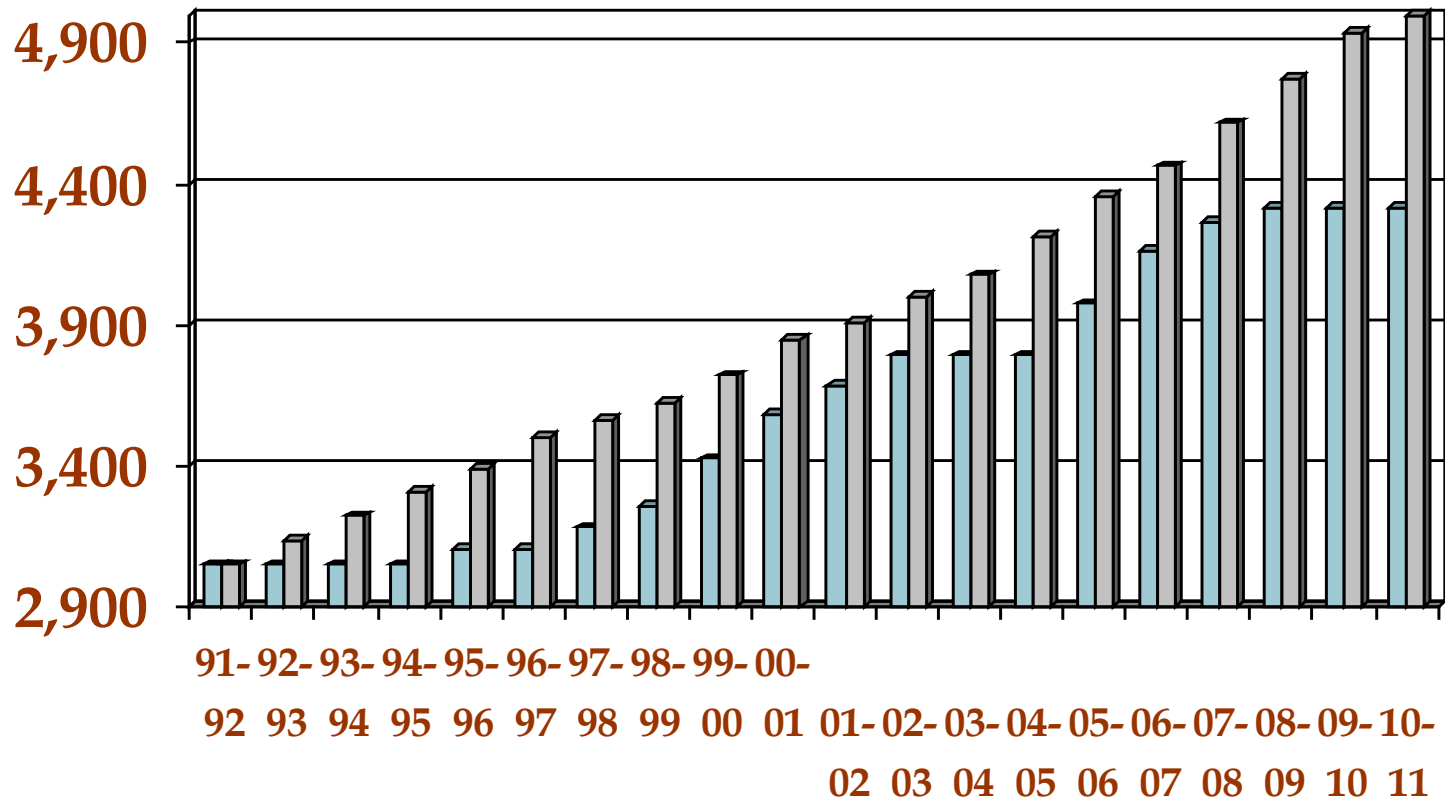


2009 Legislative Session Review

- General ed formula increase
 - Flat funding - \$0 for 2009-10 and 2010-11
 - One year authority to transfer up to \$51 per pupil unit from operating capital to the general fund for another two years.
- Governor reserves the right to unallot
- Suspends 2% staff development set-aside for 2009-10 and 201-11
- New levy for to fund the annual costs of OPEB districts must:
 - Create an actuarial liability
 - Eliminate post-employment benefits from the current contract
 - Apply for levy authority from the Commissioner of Education
 - Funding is capped state wide

General Education Funding Formula

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



■ Net Basic Formula ■ CPI

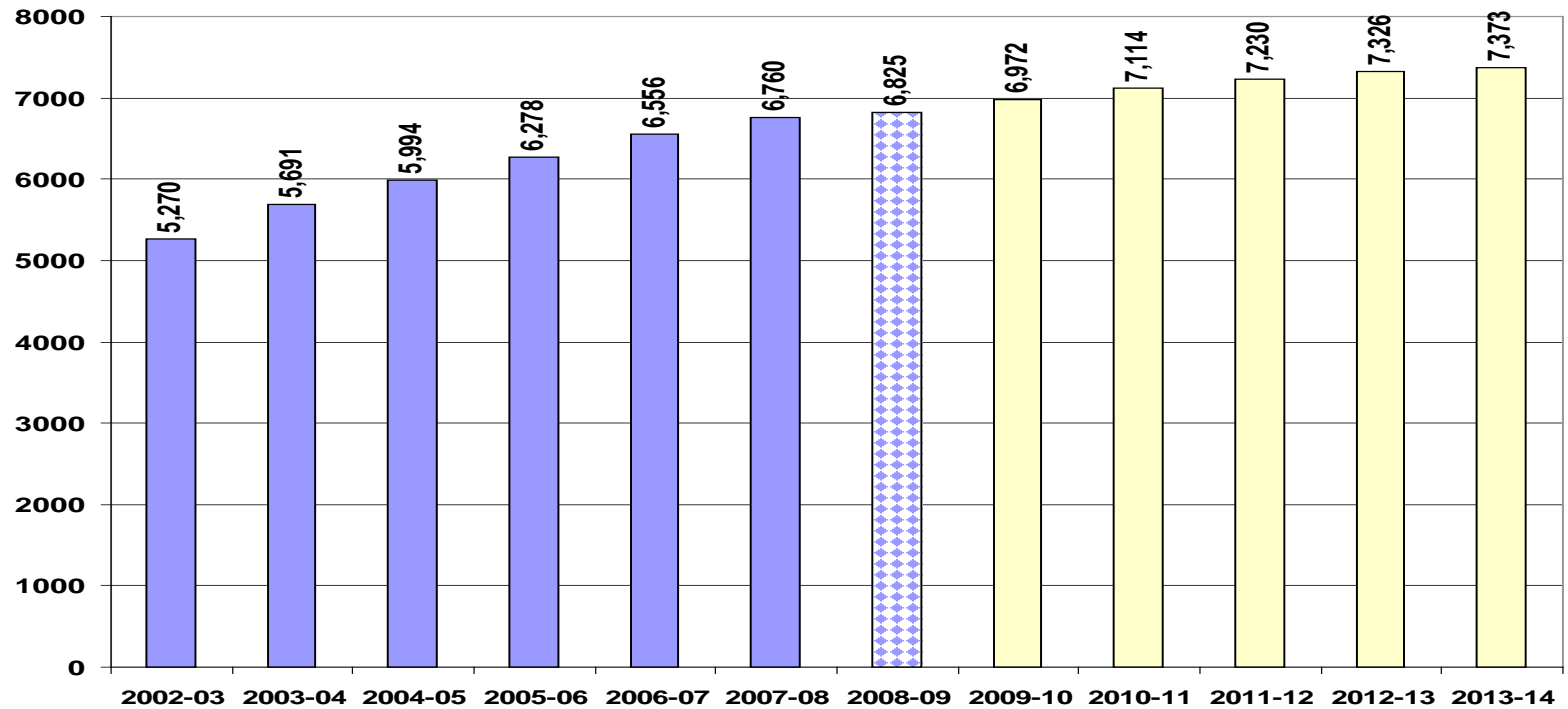


08-09 Estimated Year End

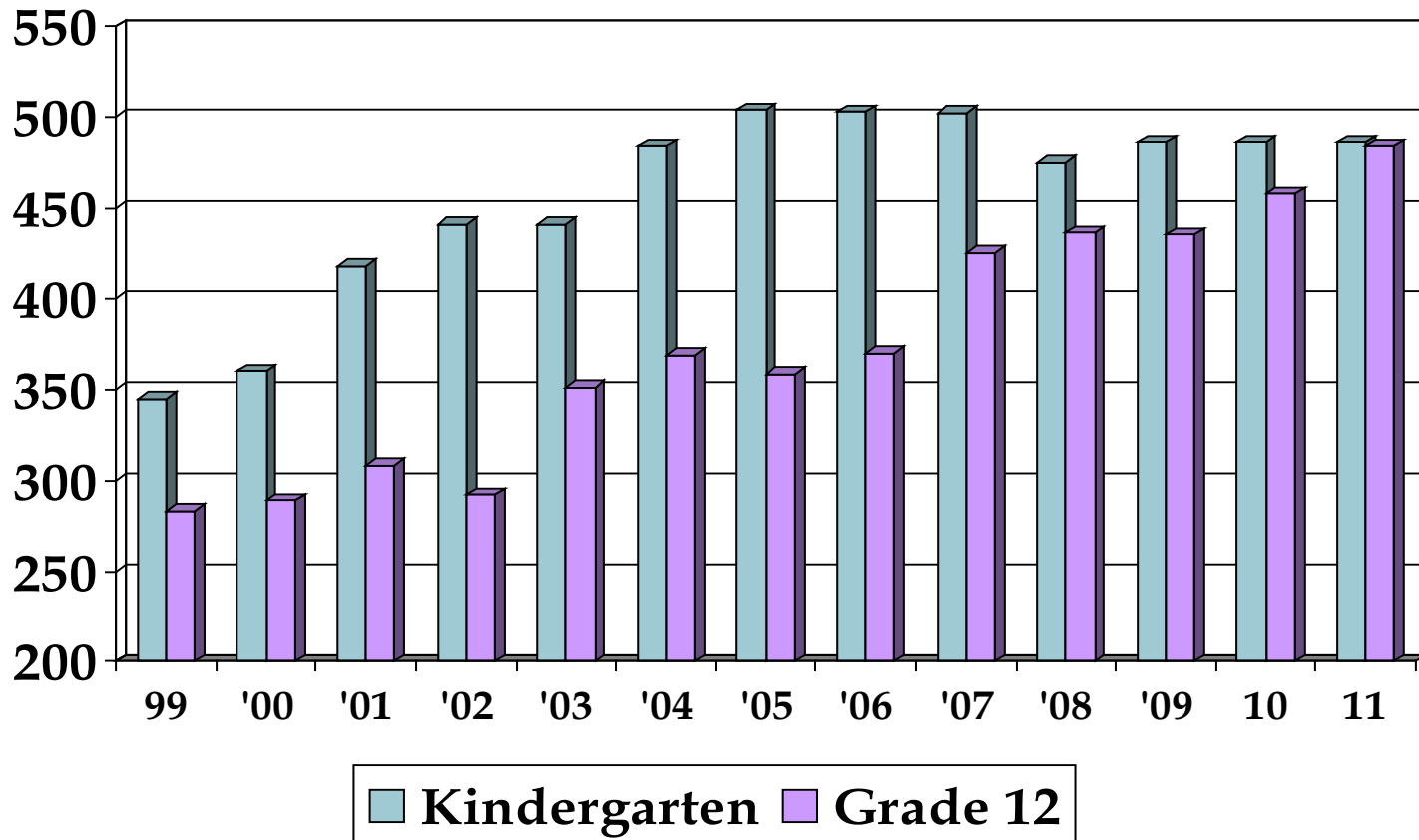
- Revenue Adjustments
 - Current year general ed aid adjustments for pupil units
 - Current year special education aid
 - E-rate, interest, and medical assistance
 - Prior year general ed aid and special ed aid adjustments
- Expenditures Adjustments
 - Special Ed savings in transportation, tuition, MRVSEC & contingency
 - Transportation fuel savings
 - Utilities savings
 - OPEB liability payment
 - Other

Enrollment Projections

K-12 ENROLLMENT HISTORY & PROJECTED TOTAL ENROLLMENT



K Enrollment vs. Grade 12





09-10 Budget Assumptions

■ Revenue Assumptions

- \$5,124 per pupil unit or a 0% basic formula increase
- Kindergarten projection 485
- 7,036 average daily membership
- 8,122 pupil units
- Special education
 - Regular special ed 83% proration
 - Excess special ed 66% proration
- Federal programs – special education stimulus funds
- Interest and other local revenues

■ Expenditure Assumptions

- April 09 Budget plan
 - Cost center reductions \$450,000
- Lane Changes
- Severance estimate 10 retirees
- Instruction Contingency for regular education and special education
- Health Insurance renewal
- Property Liability & Workers Compensation Renewal
- Federal programs – special education stimulus funds and based on entitlements
- OPEB liability payment



Reserved Fund Balances

- Area Learning Center
- Learning & Development
- Gifted and Talented
- Basic Skills - ELL & Compensatory (Remedial)
- Staff Development
- Operating Capital
- Deferred Maintenance
- Safe Schools
- Health & Safety



Summary of Budgets - All Governmental Fund Types

- **Summary of Four 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

Why maintain fund balance?

(the District spends \$5.1 million a month in the general fund)

- 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%.

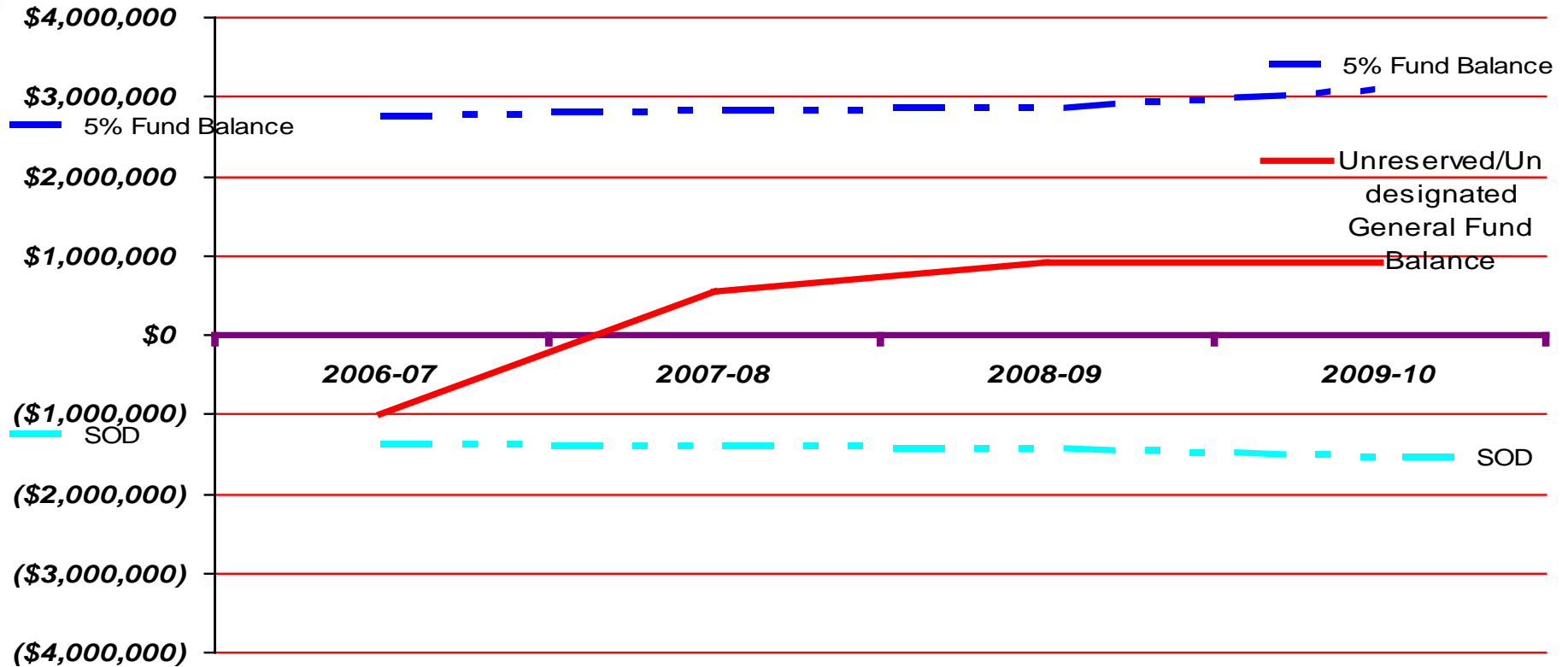


Why is fund balance necessary?

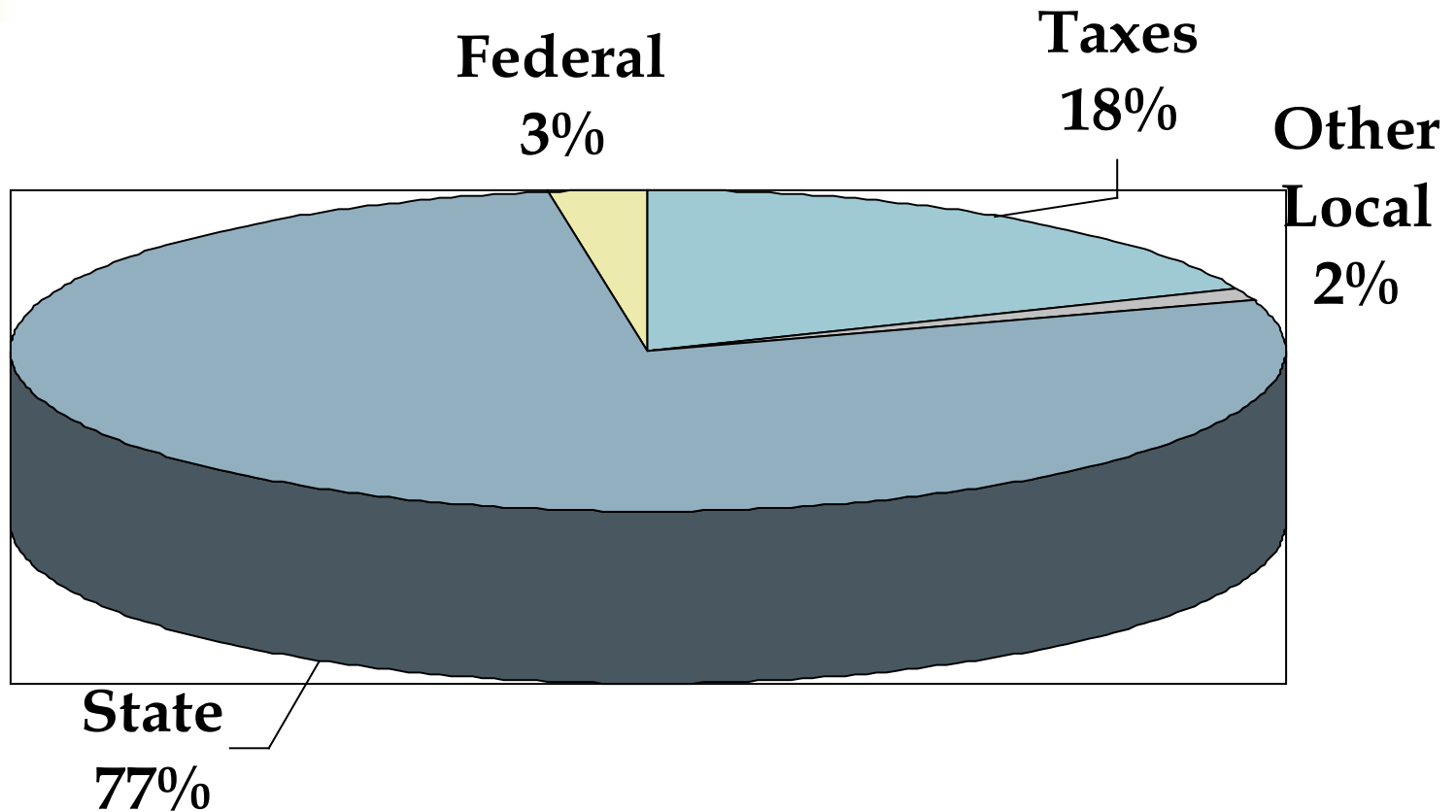
(a 5% fund balance \$3 million)

- Necessary for unknown situations
 - Irregular payments of state and local revenues
 - State aid proration, metering of payments, 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

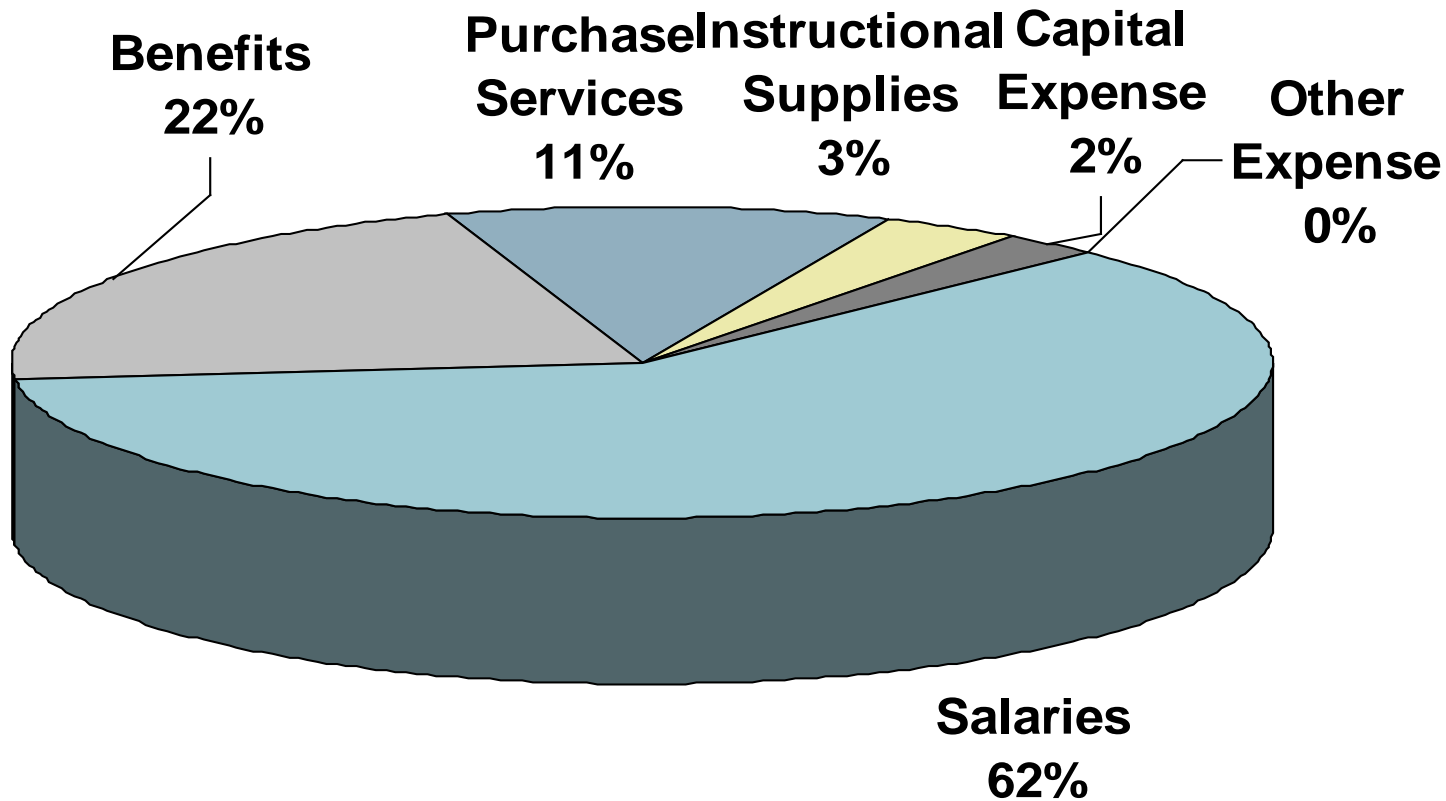
Fund Balance Analysis with 2009-10 Final Budget



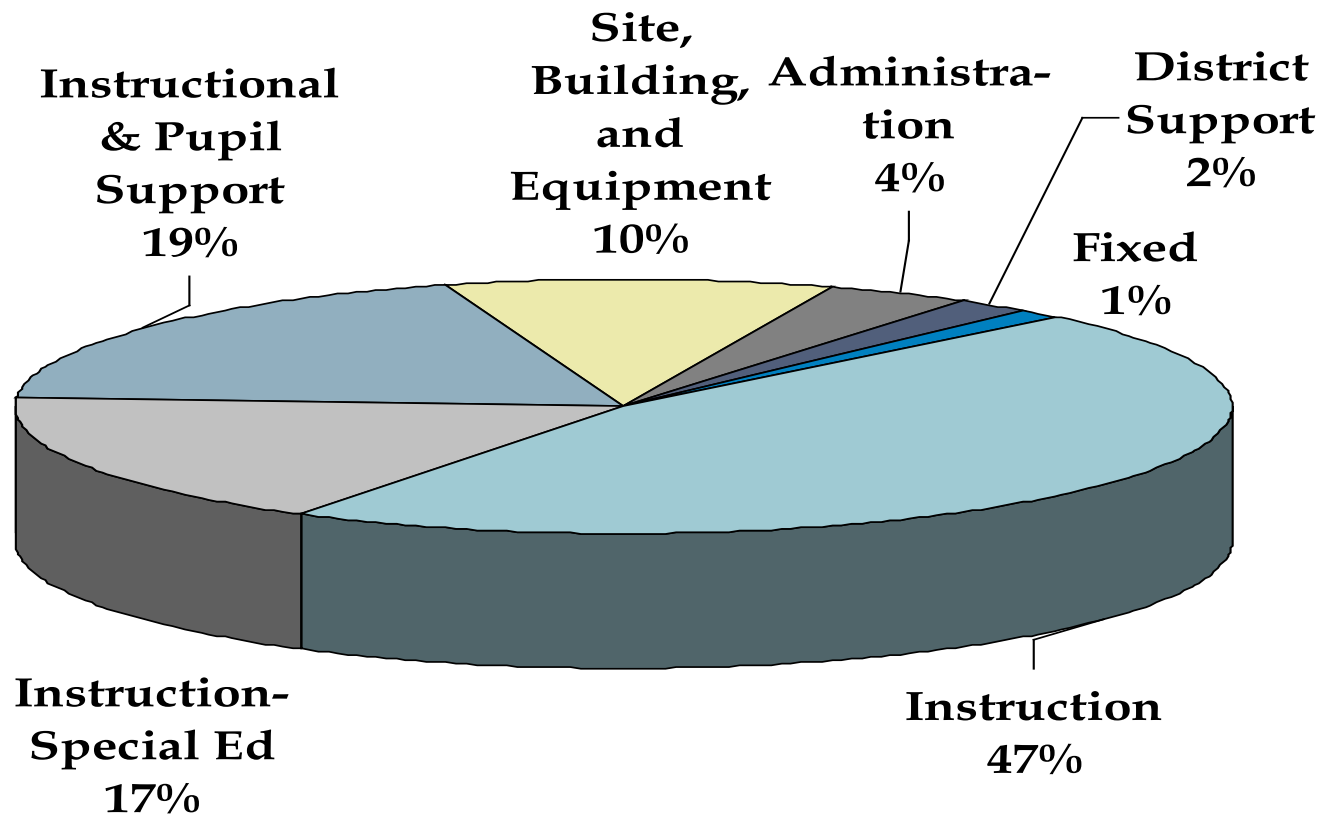
General Fund: Revenue by Source



General Fund: Expenditure by Object

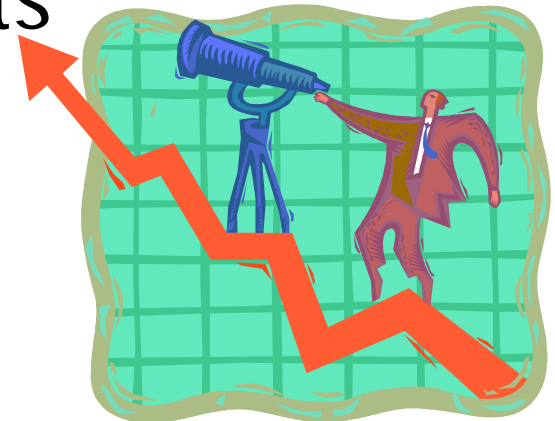


General Fund: Expenditure by Program



Summary

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





Summary (cont.)

- **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
 - Restore and maintain fund balance
- **The major ways to improve the District financial position are:**
 - Increased funding from the legislature
 - Voter approved levy referendum
 - Budget reductions
 - A combination of all of the above