



Home of the Dragons

2010-2011 Budget

Public Hearing and Presentation
June 23, 2010

How is LOCS funded?

- State Formula (Foundation Allowance multiplied by number of students) – 83.4%
 - Directly from State – 72.5%
 - Collected from Local Non-Homestead properties – 10.9%
- PA 18 Funds (County millage for Special Education) – 5.8%
- Other State – 4.1%
- Other Local – 2.3%
- Federal – 4.4%

How does the State fund schools?

- Sales and Use Tax – 41.6%
- Income Tax – 19%
- State Education (Property) Tax – 16.1%
- Federal Funds – 10.6%
- Lottery Profits – 5.7%
- Other – 7%
 - Includes: Tobacco Tax, Liquor Tax and Real Estate Transfer Tax

Impact of ARRA Funds

- Original intent of ARRA (American Recovery and Reinvestment Act of 2009) funds was to keep school budgets flat for 2008-2009, 2009-2010 and 2010-2011
- Majority of ARRA funds were distributed in 2009-2010

Budget Parameters

- Foundation Allowance
- Student Enrollment
- Salaries and Benefits
 - Staffing Levels
 - Retirement Rate

Budget Strategy

- Utilized a three tiered strategy
 - Budget reductions
 - Application of Fund Balance
 - Maintaining a 15% fund balance
 - Salary and benefit
 - Subject to negotiations

Budget Reductions

- The budget includes approximately \$2.1 million of budget reductions
- Includes:
 - Staffing reductions
 - After school activity fee addition
 - Reduction of one police liaison
 - Merger of Community Ed and GAP
 - Food Service indirect cost fee

Foundation Allowance

Year	2004	2005	2006	2007	2008	2009	2010	2011
Amount	\$ 7,759	\$ 7,759	\$ 7,934	\$ 8,144	\$ 8,218	\$ 8,302	\$ 8,302	\$ 8,302
\$ Increase	\$ -	\$ -	\$ 175	\$ 210	\$ 74	\$ 84	\$ -	\$ -
% Increase	0.0%	0.0%	2.3%	2.6%	0.9%	1.0%	0.0%	0.0%

Notes: There was a \$74 mid-year reduction in 2004.

There was a \$165 11(d) categorical reduction in 2010.

The \$165 11(d) categorical reduction is expected in 2011.

Information for 2011 is an estimate.

Enrollment History

Year	Blended	Blended Change	September to February Change	% Change
2004	7,551	158	(12)	-0.2%
2005	7,754	203	(44)	-0.6%
2006	7,835	81	(19)	-0.2%
2007	7,866	31	(39)	-0.5%
2008	7,853	(13)	(41)	-0.5%
2009	7,834	(19)	(17)	-0.2%
2010	7,838	4	(26)	0.1%
2011	7,798	(40)	N/A	N/A



Information for 2011 is an estimate.

Salaries and Benefits

Salaries and Staffing Levels

- Salaries are budgeted flat (no increase or decrease)
 - LOEA contract expires 12/31/10
 - All other contracts expire 6/30/10 and negotiations are ongoing
- A reduction of 18 teachers is included in the budget due to anticipated student enrollment and implementation of the modified block at the High School

Salaries and Benefits

Health Insurance and Retirement Rate

- Health insurance rates are budgeted at an increase of 5%
 - MESSA rates have been received and overall show an increase of 18.8%
 - For LOEA contract, health insurance negotiated by 7/1/10
 - LOEA members will pay the first 2.5% of any increase
 - BCBS rates are set through December
 - A 10% increase is expected at that point
- The retirement rate (MPERS) is increasing by 14.6%
 - Rate is increasing to 19.41% from 16.94%

Retirement Rate History

Year	Retirement Rate	Retirement Amount	Total Expenditures	Retirement as a % of Expenditures
2004	12.99	5,013,235	68,263,120	7.3%
2005	14.87	5,752,370	70,976,606	8.1%
2006	16.34	6,834,177	75,975,985	9.0%
2007	17.74	7,740,484	76,666,402	10.1%
2008	16.72	7,362,084	77,009,100	9.6%
2009	16.54	7,561,608	76,454,936	9.9%
2010	16.94	7,743,087	85,611,755	9.0%
2011	19.41	7,934,341	79,175,600	10.1%

Information (other than the Retirement Rate) for 2010 and 2011 are estimates

Proposed 2010-2011 Budgets

- General Fund
 - Includes Special Education and Athletics
 - Previously were separate funds
 - GASB 54, effective 7/1/10, defined Special Revenue funds and these two funds may no longer be independent
- Special Revenue Funds
 - Community Services
 - Food Service

General Fund Budget

Revenues

Revenue	2009-2010	2010-2011
Local Revenue	11,061,021	9,957,580
State Revenue	56,197,403	58,293,589
Federal Revenue	7,832,819	3,299,197
Medicaid and ISD Sources	4,837,348	4,451,910
Other Revenue	-	100,000
Total Revenue	79,928,591	76,102,276

General Fund Budget Expenditures

Expenditures	2009-2010	2010-2011
Basic Programs	40,269,380	36,367,072
Added Needs	13,222,290	11,470,817
Pupil Support Services	6,346,786	6,187,126
Instruction Improvement	1,057,947	434,594
Educational Media Services	1,470,278	1,253,671
Technology Assisted Instruction	380,818	391,858
Instructional Staff Supervision	887,954	871,163
General Administration	897,944	913,698

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General Fund Budget

Expenditures (Continued)

Expenditures	2009-2010	2010-2011
School Administration	4,444,819	4,434,348
Business Services	1,122,898	1,255,570
Operations and Maintenance	8,180,699	8,129,725
Transportation Services	3,905,413	4,121,010
Human Resources	635,991	612,049
Technology Services	1,187,817	1,201,300
Athletic Activities	1,214,895	1,161,637
Community Services	385,826	369,962
Total Expenditures	85,611,755	79,175,600

General Fund Budget Summary

- Budget projects a \$9.7 million Fund Balance as of 6/30/11
 - As a result of a \$3.1 million deficit for 2010-11
- The target in salary and benefits is \$2.1 million
 - Subject to negotiations

Community Services Fund Budget

Revenue	2009-2010	2010-2011
Community Enrichment	451,125	466,125
Early Childhood	1,092,025	1,091,600
Total Revenue	1,543,150	1,557,725

Expenditures	2009-2010	2010-2011
Salaries	892,550	934,150
Benefits	252,360	309,150
Purchased Services	248,944	221,700
Supplies	39,150	37,650
Capital Outlay and Other	43,005	39,900
Total Expenditures	1,476,009	1,542,550

Food Service Fund Budget

Revenues

Revenue	2009-2010	2010-2011
Local Sources		
Food & Vending Machine Sales	1,680,600	1,680,600
Interest and Rebates	22,740	22,500
Catering Services	25,300	25,500
State Sources	81,146	58,500
Federal Sources	690,000	700,00
Total Revenues	2,499,786	2,487,100

Food Service Fund Budget

Expenditures

Expenditures	2009-2010	2010-2011
Salaries	817,139	814,500
Benefits	347,979	353,726
Purchased Services	53,200	39,700
Supplies	1,153,300	1,177,800
Capital Outlay	80,213	75,000
Other	17,050	19,000
Total Expenditures	2,468,881	2,479,726

Fund Balance

- The District has intentionally added to Fund Balance over the last several years
- Beginning with 2008-2009, the Board began to use those funds to facilitate the balancing of the budget
- The reasons for a Fund Balance have not changed
 - Cash flow
 - Uncertainty of revenues
 - Unanticipated expenditures
 - Allows for proactive approach to programming
 - Auditor recommendation

General Fund - Fund Balance History

Year	Fund Balance	Change	% of Total Expenditures
2003	6,839,148	311,348	10.6%
2004	9,336,160	2,497,012	14.5%
2005	11,680,024	2,343,864	17.4%
2006	12,555,641	875,617	17.5%
2007	14,925,450	2,369,809	20.7%
2008	18,532,625	3,607,175	25.5%
2009	18,494,693	(37,932)	24.2%
2010	12,811,529	(5,683,164)	15.0%
2011	9,738,205	(3,073,324)	12.3%



Information is estimated for 2010 and 2011

Conclusion

- As a State, difficult times are still ahead of us
- ARRA funds will no longer play a significant role in the budget
- Fund Balance will play a limited role in balancing the budget
- In order to align expenditures with revenues, we must continue to address the salary and benefits that make up 85% of the expenditures budget