



Budget and Legislative Update

June 13, 2016



The Board Enclosure shares many District Impacts of a Court Shutdown. Some significant financial operation impacts to highlight:



- The busiest time of year is year end (June, July and August)
 - Closing down the financials for year end and establishing next fiscal year records.
 - Preparing for audit of June 30, 2016 financials, which have to be done within a certain time period of fiscal year end.
 - Continue to complete budget preparation and related documents so once court decision is made all things can fall timely into place on what will be an even shorter time frame than what currently exists.
- Concern from Vendors about not getting paid and wanting to cancel orders because they can't afford to lose money with us. Vendors who have pending invoices and orders won't be paid if staff are not working.
- Contractors delayed payments and thus they have to rely on their own business cash flow float to pay sub-contractors. A burden that could be significant.
- Payrolls, tax deposits, annuities, health insurance, and other related payroll costs— 25% of the districts budget is spent in the last 10 days of June with teacher contracts, their balance of contract payment (June, July and August), which is all charged to the budget year end June 30, 2016.

What if we go back to the old funding formula for LOB Equity, which has been ruled constitutional, when fully funded? Impacts?

- Lose the “hold harmless” option allowing districts to use as new money and raise the mill levy to fund the hold harmless funds that would have been Local Option Budget State Aid – approximately \$1,721,096 (equivalent of about 1.7 Mill)
- State Aid to the LOB fund in Lawrence would increase to approximately what it was before the district was cut mid year in 14-15 - \$5,888,130 from current \$4,203,557
- This does not provide new spending authority of \$1,684,573 it would provide property tax relief of approximately 1.6 mill



Multiple funding options have been talked about, in order to get the needed revenues to fund the old LOB Equalization formula.



Two that have a side effect/impact to Lawrence, as a result, are the following:

- **Reduce the Extraordinary fund** – held aside to assist districts that have large enrollment growth or significant assessed valuation decline.
 - Lawrence did not request funds in 15-16; reviewing need for 16-17
- **Reduce Virtual Education Per Pupil Funding Amount**, keep funding at \$5,000 for Full Time students and not increase to \$5,600; keep the planned decrease of Part time students from \$4,045 to \$1,700
 - Lawrence has planned for the net increase from Virtual funding at the higher amount. Approximately \$293,623 (also netted with changes in COLA/General Fund Over Pro-ration)
 - There would instead be a net decrease of approximately (\$218,789)

Cash Flow June General Fund and LOB State Aid

	June 2016	June Paid to Districts in July	Total June State Aid	
2015-2016-Estimate	7,405,606	4,218,772	11,624,378	
2014-2015	6,999,884	4,104,781	11,104,665	<i>Now that the 20 Mill from County goes directly to State and then passes back to districts as State aid, this is a much larger number</i>
2013-2014	1,657,035	2,500,053	4,157,088	



Note: If the State cannot distribute funds to the district after June 30, the June payment paid July, of **\$4.2M**, will not be received to cover outstanding payroll and invoices.

USD497 will have cash in the Bank, reserved for Bond Construction, paying our Bond and Interest Payment (due 9/1), reserves for Health Benefits and Workers Compensation, Capital Outlay, Contingency Reserve. The district will incur a statutory violation to use those other “pots” of money for general operating dollars, but we can cover our bills if allowed to continue to do business and pay our payroll and invoices after June 30.