


Your District May Be Headed for
an Iceberg


Don't Ignore the Warnings



Presenters


Kay Kennedy, Director kay.kennedy@education.ky.gov
Susan Barkley, Assistant Director susan.barkley@education.ky.gov

Kentucky Department of Education
Division of District Support
502.564.3930



The Warning Signs

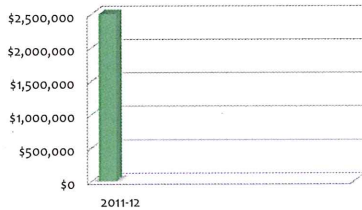
- * Fund Balance
- * Revenues compared to expenditures
- * Enrollment and attendance
- * Staffing levels
- * Tax rates and assessments
- * Bonding capacity
- * Using "Band Aids"
- * Lack of information



Fund Balance

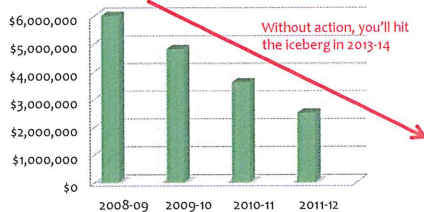
- * General Fund: Committed, Assigned, and Unassigned
 - * Funds over which the Board has control
 - * Amounts remaining after considering current obligations
 - * Includes board-designated funds, outstanding purchase orders
- * Trend data is important

General Fund Available Fund Balance



Gee, that doesn't look so bad...

General Fund Available Fund Balance



... until you look at 2011-12 compared to the three previous years!

Revenues and Expenditures

- * Is the district spending more than is received during the year?
- * Include transfers
- * Watch other funds! (food service, day care, construction)
- * **OVERSPENDING = REDUCTION IN FUND BALANCE**



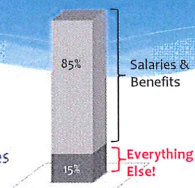
Enrollment/Attendance

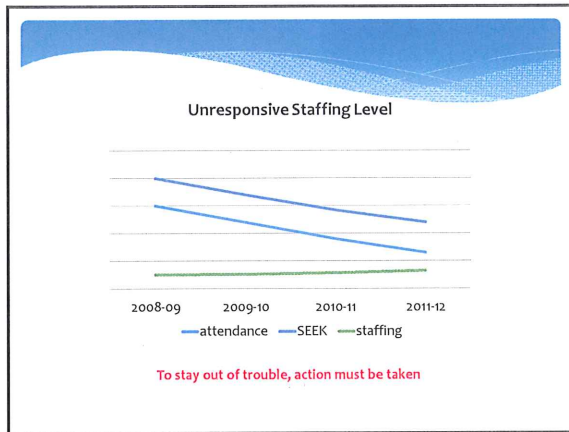
- * SEEK funding is directly related to attendance
- * Attendance ↓ = SEEK ↓
- * What is the trend?



Staffing Levels

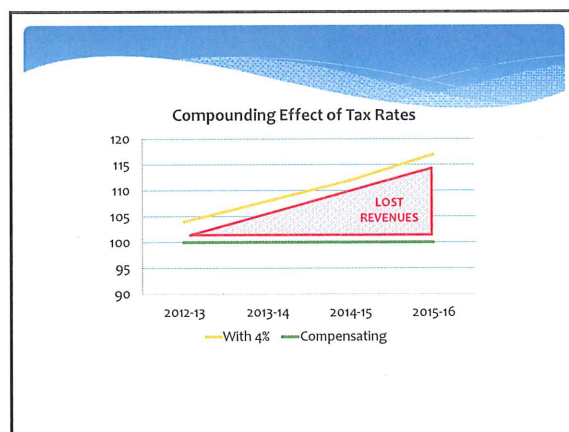
- * Certified and Classified
- * Salaries and benefits are 85% of general fund expenditures (state average)
- * SEEK funding is directly related to attendance
 - * Staffing level should be responsive to attendance level
 - * Or other expenditures must be reduced







Tax Rates/Assessments

- * Tax Rate
- * The rate for this year impacts EVERY future year



Tax Rates/Assessments

When assessments  SEEK 

Maximizing tax rates is even more important when assessments are increasing

The Perfect Storm


- * Increase in assessment 
- * Static tax rates 
- * Decrease in attendance 

You will hit the iceberg!



Bonding Capacity

- * Total principal and interest payments on bonds and leases (including KISTA)
- * Compare debt to fund balance
- * High debt ratio indicates financial weakness




“Band Aids”

- * Capital Funds Requests
 - * Are you using them for recurring expenditures?
 - * Insurance
 - * Utilities
 - * Salaries/benefits
- * Beware of soft money
 - * Capital Funds Requests, ARRA and other short-lived grants
 - * When \$ runs out, cuts must be made if no other funding source



Lack of Information


- * Monthly and annual financial reports
 - * Board, superintendent, other management
- * Bank reconciliations
- * An evolving budget



If this information is unavailable, it is a red flag

Changing Course

Immediate action is necessary



Results take time

Changing Course

- * Look for ways to increase revenues
 - * Tax rates
 - * Additional grants
- * Look for ways to decrease expenditures
 - * Efficiencies
 - * Cut unnecessary spending
 - * Are staffing levels appropriate for the enrollment?

Changing Course

- * Obtain assistance
 - * KDE
 - * Consultants
 - * Other professional organizations

