

SPOTLIGHT ON SUCCESS

MESSAGE FROM THE SUPERINTENDENT REGARDING PLANS TO SHARE A MONTHLY "BUDGET BRIEF" TO KEEP ALL STAKEHOLDERS INFORMED

**SEPTEMBER 2013
LEE COUNTY BOARD OF ED.
MEETING RE-SCHEDULED**

The Lee County Board of Education Regular September meeting previously scheduled for September 10th, has been moved to September 24th at 6:00 p.m. The meeting will be held in the Lee County Board of Education Board Room at 242 Lee Avenue.

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In a continuing effort to keep all Lee County stakeholders informed, beginning with the October 2013 edition of Spotlight On Success, and in each issue thereafter, I will be sharing a monthly school district budget report. The report, which will include monthly revenue and expenditures, may be found in a new section entitled Budget Brief. I hope you will find this addition informative. If at any time you have questions regarding content, please feel free to contact me at the Lee County Board of Education Central Office (606) 464-5000 extension 130.

As a prelude to Budget Brief, I felt it would be important to share information provided by the Kentucky Department of Education regarding the use of funds. Non-profit organizations, such as school districts, use Fund Accounting for the reporting of funds segregated for specific purposes in accordance with laws and regulations or special restrictions or limitations. Within this scope, the Kentucky Department of Education (KDE) establishes requirements and provides guidance for uniform accounting procedures for public school districts throughout the Commonwealth of Kentucky. What follows is a short description of each fund in the chart of accounts for the Lee County School District.

- **GENERAL FUND—(Fund 1) Accounts for all financial transactions except those required to be accounted for in another fund.**

General Fund revenues are generated primarily from local tax revenue (property and motor vehicle) and state SEEK (Support Educational Excellence in Kentucky) funds. Expenditures from the general fund include non-federal salaries and fringe benefits (currently about 85% of the general fund budget), building and grounds maintenance, student transportation, school allocations (SBDM) and any other expenditure not included in other funds.

- **SPECIAL REVENUE FUND -(Fund 2) Ac-**

counts for the proceeds of specific revenue sources (grants, donations or gifts) that are legally restricted to expenditure for specified purposes that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

State, federal, and private grants are included here. Project codes are used to distinguish specific revenue sources and expenditures.

- **CAPITAL PROJECT FUNDS— Are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.**

Capital Outlay Fund - (Fund 310) SEEK capital outlay allotment of \$100/AADA shall be kept in a separate account and be used for projects approved by the commissioner of education as defined in KRS 157.420. Allowable expenditures include the following: direct payment of construction costs, debt service on voted and funding bonds, lease-rental agreements under which the board will eventually acquire ownership of a school plant, retirement of deficit resulting from over expenditure for capital construction, and reserve fund for these purposes to be carried forward in ensuing budgets. Under certain circumstances capital outlay can be used for purchasing land for a new school, modifying an existing school, operating a new school for the first two (2) years, maintenance expenditures, purchasing property insurance, energy conservation measures, current expenses replacement of equipment, purchase of buses, and purchase of modern technology equipment.

Building Fund (5 Cent Levy) - (Fund 320) Facilities Support Program of Kentucky (FSPK Fund— Each district must commit to at least an equivalent tax rate of five cents (\$0.05) as required by KRS 157.440(b) to be placed in a separate fund.

(continued on page 2)

MESSAGE FROM THE SUPERINTENDENT ... (continued from Page 1)

KRS 157.621 allows districts meeting certain criteria to levy additional taxes. These funds are to be used only for debt service, new facilities, major renovations of existing school facilities, purchase of land if approved by the commissioner of education, and energy conservation measures.

Construction Funds (Fund 360) - Fund established to account for the costs arising out of the construction, renovation, or remodeling of any school facilities. The construction fund requires revenue and expenditure account codes to contain a project number since it is a multi-year fund where the budgeted amounts may be received and expended over a period extending beyond one fiscal year. A project number should be assigned to any activity requiring a Project Application Form (BG-1) and should reflect the budget as shown on the Proposed Plan to Finance Application section.

- **DEBT SERVICE FUNDS - (Fund 400) Account for the accumulation of resources for, and the payment of, general long-term debt, principal and interest.**

Revenue for this fund generally will consist of transfers from the Building Fund (320) and/or Capital Outlay Funds (Fund 310).

- **ENTERPRISE FUNDS - Account for operations that are**

financed and operated in a manner similar to private business where the stated intent is that the costs of providing goods or services are financed or recovered primarily through user charges. Enterprise funds are also used to account for operations where the school board or State regulatory agency has decided that periodic determination of revenues earned, expenses incurred, and net income, is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Food service, bookstore operation, athletic stadium and community swimming pool are some examples. Fund 51 is used for Food Service. For most districts this will be the only Enterprise fund.

Food Service Fund - (Fund 51) This fund may be used to account for Food Service activity for which a fee is charged to external users for goods or services. Enterprise funds are required to be used to account for any activity whose principal revenue sources meet any of the following criteria:

Debt backed solely by revenues from fees and charges (thus, not debt that is backed by the full faith and credit of the school district);

Legal requirement to recover costs

through fees and charges; and Policy decision of the governing board of management to recover the costs of providing services through fees or charges.

- **OTHER ENTERPRISE FUND ASSETS - Records the cost of all property, plant and equipment not accounted for in the proprietary (Enterprise) or fiduciary (Trust & Agency) funds. General fixed assets include sites, site improvements, buildings and building improvements, machinery and equipment.**

Governmental Assets Fund - (Fund 8) Records the cost of all property, plant and equipment not accounted for in the proprietary (Enterprise) or fiduciary (Trust & Agency) funds. General fixed assets include sites, site improvements, buildings and building improvements, machinery and equipment.

Food Service Governmental Assets Fund - (Fund 81) Records the cost of all property, plant and equipment not accounted for in the proprietary (Enterprise) or fiduciary (Trust & Agency) funds. General fixed assets include sites, site improvements, buildings and building improvements, machinery and equipment.

LEE COUNTY BOARD OF EDUCATION

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(606) 464-5000 Extension 130**

Congratulations!

LEE COUNTY AUTO STUDENTS WIN 2013 STATE FINAL PLACE 6TH IN THE NATION!

Under the direction of Automotive Technology Instructor John Lucas, Lee County students Corey Lykins and Bradley Creech won the 2013 State Final Ford AAA Student Auto Skills Competition and set a Kentucky record at Nationals by placing sixth; the highest any Kentucky team statewide has ever placed.

The Ford AAA Student Auto Skills Competition consists of two-person teams of 11th and 12th grade automotive technology students attending secondary schools and colleges (serving local high schools) with at least one full-time or part-time automotive instructor. Everyone who registers for the competition gets the opportunity to demonstrate their automotive knowledge and qualify for prizes by taking a written exam. Those students scoring the highest (typically the top ten teams) participate in a "hands-on" competition within their respective state, challenging students to diagnose and fix uniformly "bugged" new Ford vehicles as quickly as possible while ensuring quality workmanship.

The winning two-person team from each state is recognized with scholarships, tools, and awards, and, along with their instructor, are provided an expense-paid trip to the national finals at the Ford Motor Company Headquarters in Michigan. The national finals include a written test and a "hands-on" competition, similar to that at the state level, but with a different, new Ford vehicle. The team with the fewest quality-of-workmanship demerits and the best combined total score of repair time and written exam scores will be the winner.

Corey and Bradley corrected planted (bugs) in a new Ford Fusion in the fastest time with the fewest mistakes to win the state level competition. In fact, the Lee County team had a perfect car.

Lee County finished at the Nationals in 46 minutes.

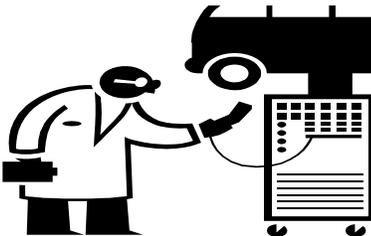
"We had a 1 point demerit which placed us in sixth position behind five "perfect" cars," said Lucas. "We were the first car to repair ALL the intentional faults, and the third car out of 50 states to close the hood and head for the final judging lanes."

Ronnie Thomas at Madison County Ford in Richmond, Kentucky loaned the school a practice vehicle for one week to help the students prepare for competition. Lucas was very appreciative of the practice vehicle provided by Mr. Thomas and emphasized the need for programs such as his to have good relationships with business and industry partners. After all, he said, his students will one day be their workforce. Lykins said he was nervous when he initially found out he would be in the competition. "After we got to practice and I got to know the car better, I started to gain more confidence," he said.

Taking the automotive technology class at the Lee County Area Technology Center (LCATC) was an easy choice for Creech, who says he has been in an auto garage since he was 3 years old. "I would someday like to build motors for race cars, maybe NASCAR," he said. According to Lucas if you challenge students more in the classroom, more often than not, those students step up and meet those challenges. Automotive technicians today have to be able to interpret data from computerized scanning equipment before repairing modern cars. "Once these students learn how to read the data and understand what it means, they are able to determine what is going on in the vehicle, much like a doctor can read an EKG and know more about what is going on with a patient's heart," he said.

The Lee County School District would like to recognize Mr. Lucas, Corey, and Bradley for their great accomplishments at both the state and national level.

"Once these students learn how to read the data and understand what it means, they are able to determine what is going on in the vehicle, much like a doctor can read an EKG and know more about what is going on with a patient's heart," Lucas said.



UNDERSTANDING OUR TAX RATES: The Need for Local Effort

On September 4, 2013, the Lee County Board of Education voted unanimously to adopt a General Fund tax rate of 35.7 cents on real property and 35.7 cents on personal property. Of this rate, 5.7 cents is subject to recall. Ms. Kim Savage, Lee County Court Clerk, PO Box 551, Beattyville, Kentucky 41311, Telephone (606) 464-4115, can provide necessary information about the petition required to initiate recall of the tax rate. The Motor Vehicle tax rate and Utility tax were adopted on August 13, 2013. These rates remain the same as last year with Motor Vehicle at 52.3 and Utility at 3%.

As Superintendent of Lee County Schools, it is my responsibility to make recommendations to our local Board of Education and educate our community on district needs. I have compiled the information below in an effort to communicate the necessity for my recommendation to the Lee County Board of Education to adopt HB 940 and the Recallable Nickel and set the tax rate for 2013-2014 at 35.7 cents. During my analysis of the district budget, I contacted the Kentucky Department of Education and asked for their assessment. Following a review of our budget by the Kentucky Department of Education, the School Facilities Construction Commission and financial auditors, the following were noted as factors and recommendations for the district:

- Fund balance is in a declining trend
- Tax rates are not being maximized Average Daily Membership is in decline
- Consolidation opportunities exist and should be maximized
- Charge indirect costs to federal programs

Description of Tax Rate Options

| | |
|--------------------------------|---|
| Compensating Tax Rate | produces an amount of revenue equal to that produced in the previous year (No Hearing) |
| House Bill 940 Tax Rate | depending on the mix of taxes levied (No Hearing) |
| 4 Percent Tax Rate | will produce 4 percent over the amount of revenue produced by the compensating rate. (Hearing only) |
| Recallable Nickel | 5 cent add on can only be used for facilities (Hearing and Recall with petition) |

2007-08 THROUGH 2012-13 TAX RATE TYPE LEVIED BY LEE COUNTY SCHOOL DISTRICT AS OF 01/09/13

| District | 2012-13 Rate Levied Type | 2011-12 Rate Levied Type | 2010-11 Rate Levied Type | 2009-10 Rate Levied Type | 2008-09 Rate Levied Type | 2007-08 Rate Levied Type |
|----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 321 Lee County | House Bill 940 | Compensating | Compensating | Compensating | Compensating | Compensating |

As you can see by the chart above, by adopting the compensating tax rate for the past several years, Lee County Board of Education members have strived to keep tax rates minimal for our stakeholders. Lee County 's 2012-2013 tax rate of 29.0 was the lowest tax rate of the 174 Kentucky school districts. The adopted 2013-2014 tax rate of 35.7 will still leave us as one of the two lowest districts in the state.

The Recallable Nickel: Why Lee County Schools Need it

| | |
|---|--------------------|
| Current bonding potential is | \$2,980,000 |
| Adding the Nickel Tax would increase bonding by | <u>\$2,135,000</u> |
| Total | \$5,115,000 |

Equalized at 150% from General Assembly would increase our bonding to \$8,380,000 for facility projects district wide.

As superintendent, it is my responsibility to ensure that our district remains financially sound and able to provide quality services for our students today and in the future. Moving forward with Local Effort helps operate 21st Century Schools and provides our students with the education they need and deserve in order to be competitive. If you have questions regarding the information provided herein, please feel free to contact me at the Lee County Board of Education Central Office at (606) 464-5000 extension 130. Additional tax information may be found on our district website at <http://www.lee.kyschools.us/>

LEE COUNTY SCHOOL DISTRICT 2013 STRATEGIC PLAN

Strategic planning is a systemic process for envisioning a desired future. This past spring, students, parents, educators, and community stakeholders came together to develop a new Strategic Plan for the Lee County School District. During a series of meetings, this group identified the district's vision and then translated this vision into broadly defined goals and objectives to achieve them. Listed below are the eight (8) broad goals which make up Lee County School District's current Strategic Plan. To view the complete plan containing goals, strategies to achieve them, and activities for each strategy, please visit the district website at <http://www.lee.kyschools.us/> and click on Downloads & Links at the top right corner. You'll find the 2013 Strategic Plan listed under District Documents. If you are unable to view the document via the website and would like a hard copy, please contact Superintendent Evans or his administrative assistant Sharron Adams at (606) 464-5000 extension 130.

K-PREP ELEMENTARY

Goal 1: Lee County Schools will increase the averaged combined reading and math K-Prep scores for elementary and middle school students from 38.0% in 2012 to 72.0% in 2017 as measured by state delivery targets.

K-PREP LEE COUNTY HIGH SCHOOL

Goal 2: Lee County High School will increase the English II and Algebra II End of Course (EOC) from 41.9% in 2012 to 71.0% in 2017 as measured by state delivery targets.

GAP

Goal 3: By 2017, Lee County School District will increase the average combined reading and math proficiency ratings for all students in the non-duplicated gap groups (free/reduced lunch) from 34.36% to 67.2%.

GRADUATION RATE

Goal 4: Lee County schools will raise the graduation rate as determined by Kentucky Department of Education by a minimum of 2.8% each year for reporting years 2013-2017 and will establish a "No Dropout Zone" in Lee County during this time period.

COLLEGE AND CAREER READINESS

Goal 5: Lee County Schools will increase the percentage of students graduating college and/or career ready from 42.4% to 80% by June of 2017.

CULTURE

Goal 6: District stakeholders will work collaboratively to develop a strong learning culture for students as measured by a decrease in truancy, dropouts, behavior referrals and achievement gaps as well as an increase in the number of proficient and college/career ready students to meet established state goals by May, 2017.

PERSONNEL

Goal 7: The Lee County School District will develop systems/strategies to ensure 100% of administrative and teachers are highly effective as measured by student achievement and TPGES data to meet college and career readiness by 2017.

FINANCE

Goal 8: Each fiscal year, manage district fiscal resources efficiently and effectively, creating a balanced budget with a contingency of 2% or more to meet established District and State goals.

September 2013

Sun Mon Tue Wed Thu Fri Sat

| | | | | | | |
|----|---|--|--|--|--|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | <p>16 <i>Superintendent/Parent Breakfast @ 9:00 a.m. in the Lee Co. Board of Ed. Board Room</i></p> <p><i>LCMS 8th graders take the EXPLORE</i></p> | <p>17 <i>All LCHS sophomores take the PLAN</i></p> <p><i>LCMS 8th graders take the EXPLORE</i></p> | <p>18 <i>LCMS 8th graders take the EXPLORE</i></p> | 19 | <p>20 <i>Southside Elementary SBDM Meeting @ 3:45 p.m.</i></p> | 21 |
| 22 | 23 | <p>24 <i>Lee County Board of Ed Meeting @ 6:00 p.m. in the Lee Co. Board of Ed. Board Room</i></p> | 25 | <p>26 <i>Beattyville Elementary SBDM Meeting @ 4:00 p.m.</i></p> | 27 | 28 |
| 29 | 30 | | | | | |