LINN-MAR COMMUNITY SCHOOL DISTRICT
FY2023 PRELIMINARY BUDGET DISCUSSION

LINN-MAR Community School District

Purposes of Certified Budget:

1. Establish a maximum tax rate
2. Establish an estimate of budget year expenditures

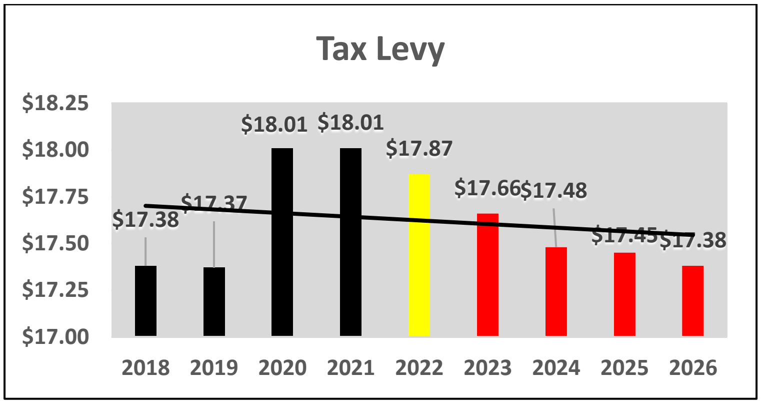
Tentative Process/Timeline:

January 24, 2022	Report known budget variables and assumptions to Board
February – March 2022	Development of budget; monitor legislative progress
March 7, 2022	Budget Presentation and establishment of proposed budget hearing
March 28, 2022	Publish proposed budget in The Gazette
April 11, 2022	Public hearing, budget presentation, and board adoption of certified budget
By April 15, 2022	File budget with the Iowa Department of Management and County Auditor

Budget Variables and Assumptions:

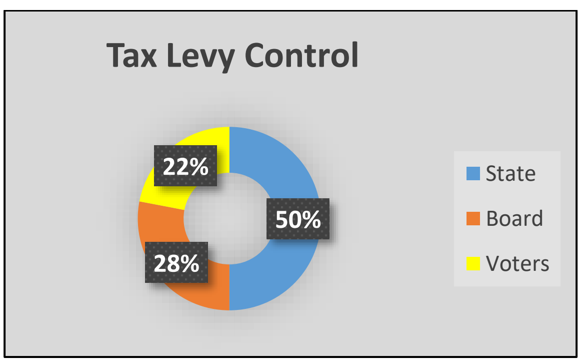
1. ***The District will be mindful of the property tax rate and the amount of tax support being asked from community patrons to support District programming.***

The past ten years the District's tax levy has fluctuated from a high of $18.01 (in 2020 & 2021) to a low of $17.00 (in 2015). In fiscal years 2020 and 2021 the overall tax levy increased to $18.01 per $1,000 of valuation due to the passage of a $55 million general obligation bond in the Fall of 2018. At that time, a 5-year tax levy projection target (see graphic below) was presented. Many significant factors have changed (e.g. COVID pandemic) since these projections were generated, but the District will still continue to use these targets as guiding objectives.



Statewide, the highest district tax rate for FY2022 is $19.98 (Perry) and the lowest is $7.87 (Lu Verne). Note that approximately 85% of school districts in the State use some sort of income surtax, which reduces their overall tax levy. Linn-Mar does <u>not</u> apply an income surtax to its patrons.

The total tax levy is comprised of several different funds; General, Management, PPEL, PERL, and Debt Service. Although some people may assume that the Board has sole control of whether or not the tax levy increases or decreases, the reality is that this is not true. For example, the General Fund levy is primarily formula driven, which is controlled by the State of Iowa. Other levies such as PPEL and PERL were authorized by voters within the District. For FY2022 the tax levy control can be broken down as follows:



2. ***The District's property tax base continues to grow, but the District is still considered a "property poor" school district in Iowa.***

The FY2023 budget taxable valuations are based upon January 2021 assessments. For FY2023 the total growth in valuation was 3.64%. This compares to the 5-year average total annual growth rate of 4.80%.

For FY2023 the Non-TIF taxable valuation growth is 3.29% and the TIF valuation growth is 10.09%. This compares to 5-year average growth rates of 4.45% and 13.32% respectively. The chart below summarizes the FY2023 valuations:

Budget Year	Non-TIF Taxable Valuation	TIF Valuation	Total Value
FY2022	$2,368,908,433	$129,903,264	$2,498,811,697
FY2023	$2,446,727,937	$143,005,035	$2,589,732,972
% Change	***3.29%***	***10.09%***	***3.64%***

Taxable valuation growth for FY2023 increased due to steady residential (3.88%), multi-residential (17.85%), and commercial (1.54%) development and reassessment within the District. FY2023 rollback factors for each class of property are as follows:

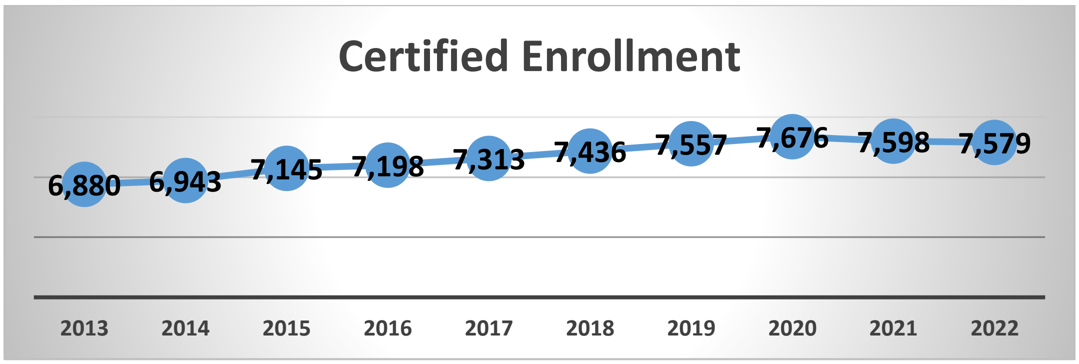
- Residential = 54.13% (decrease of 4.0%)
- Commercial = 90.0% (no change)
- Multiresidential = 63.75% (decrease of 5.5%)
- Agriculture = 84.03% (increase of 5.96%)

Over the last several years enacted tax increment financing property within the District has expanded. **The impact of the $143 million TIF property on the District's overall tax levy is estimated at $0.30 to $0.40 per $1,000 of valuation.**

For FY2022 Linn-Mar ranks 15th in the state for overall taxable valuation. However, on a per pupil basis we rank 279th in the state (out of 327) with a valuation per pupil of $311,785. The state average for taxable valuation per student is $392,206. Because Linn-Mar is considered a property poor district, its general fund levy tends to be higher than average because it has to "work harder" to generate the same amount of funding as compared to a property rich district.

3. ***The Iowa school aid formula for K-12 schools primarily pupil driven. As a result, accurate annual enrollment projections are vital to the budgeting process.***

   Linn-Mar has been fortunate to be known as growing district for the past several years. However, the COVID pandemic has had a significant impact on student enrollment on the State and Linn-Mar. Last year, Linn-Mar's enrollment declined by approximately 78 students, which was the first time the District had experienced a decline in enrollment in at least 30 years. For the second consecutive year Linn-Mar's enrollment declined by approximately 19 students in October 2021 (FY2023 budget year). The chart below shows that over the last 10 years certified enrollment has grown by about 700 students.



   The District uses resources such as the Iowa Department of Education and RSP Associates, a demographer, to assist in predicting future enrollment. Although these resources have been helpful to a certain extent, Linn-Mar's enrollment has proven to be difficult to predict accurately. COVID has made this process even more difficult. Prior to COVID the district projected annual growth of 100 students, so the decline in enrollment for the past two consecutive years has and will have a significant impact on funding to the tune of approximately $1.3 million less in FY2022 and $2.2 million less in FY2023. It not yet known whether this declining enrollment trend will continue, or whether the district enrollment numbers will rebound. In order to prepare a five-year budget projection, it will be assumed that certified enrollment will grow steadily by 50 students next year and then rebound to 100 students thereafter as follows:

Budget Year	**2023**	**2024**	**2025**	**2026**	**2027**
Certified Enrollment	7,579	7,629	7,729	7,829	7,929

4. ***Supplemental state aid (formerly allowable growth) is legislatively set each year and is the primary source of revenue the District requires to deliver the educational program.***

Growth in the District Regular Program District Cost, which is a function of student enrollment growth and state percent of growth, is a significant funding stream within the General Fund. The State Legislature is tasked with setting supplemental state aid each year. For the FY2022 budget year SSA was established at 2.40%.

Recently the Iowa Legislative Services Agency released a preliminary summary of the Governor's FY2023 Budget Recommendations. This document specifies a 2.5% growth rate for FY2023. It should be noted that state growth rate has averaged 1.77% over the last five years, which are some of the lowest growth rates on record since the school aid formula was introduced over 45 years ago.

With an enrollment decline of 19 students any supplemental state aid scenario 1.3% or less would push the District into a budget guarantee situation. Budget guarantee is a one-year budget adjustment that allows a district's regular program budget to increase 1%. If this were to come to fruition, the board would need to pass a resolution to approve the one-time budget adjustment. Note the following increase (also called "new money") in Regular Program District Cost can be projected depending on where the Legislature sets the state percent of growth:

State % of Growth	Linn-Mar Growth (%)	Linn-Mar Growth ($)
0%	1.0%	$ 549,100
1%	1.0%	$ 549,100
2%	1.8%	$ 964,577
2.5%	2.3%	$1,237,431
3%	2.8%	$ 1,510,286
4%	3.7%	$ 2,055,996

The Governor's recommendation is a starting point for the state percent of growth. There is cautious optimism that SSA% for FY2023 will be set within 30 days of the Governor's recommended budget. For the purpose of projecting the 5-year budget, the following parameters will be assumed:

Fiscal Year	2023	2024	2025	2026	2027
Supplemental State Aid %	2.50%	2.25%	2.25%	2.25%	2.25%

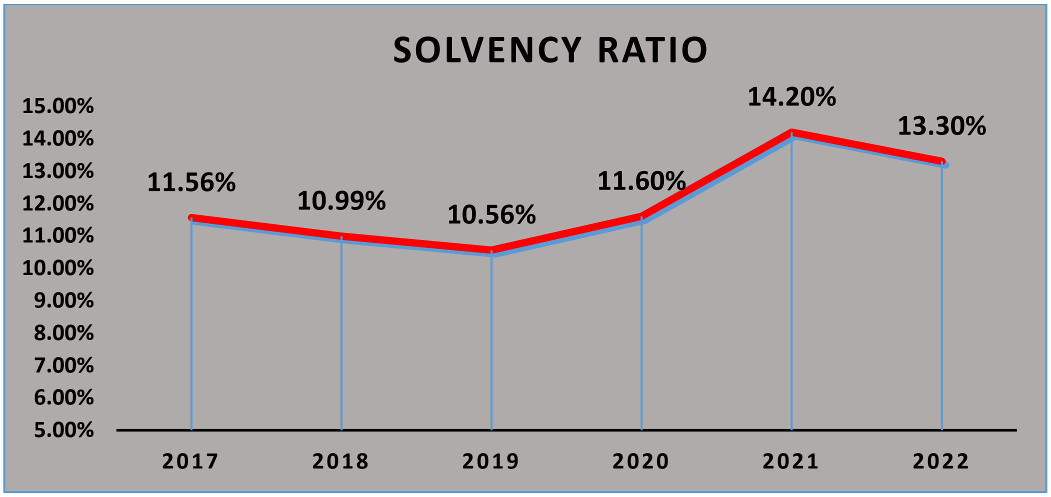
5. ***The cash reserve levy will be used to backfill resources expended for certain unfunded mandates, under-funded mandates, and board approved allowable growth items. The cash reserve levy will also be used to ensure that General Fund cash reserves are equal to or exceed the financial metrics as stated in Board policy 801.4.***

The cash reserve levy, of which the Board controls, is divided into two parts. First, the SBRC cash reserve levy portion includes items that the Board has requested modified allowable growth (additional spending authority) and that the School Budget Review Committee has subsequently approved. Examples of these items include the special education deficit, ELL deficit, and on-time funding for enrollment growth. The table below shows the FY2022 SBRC cash reserve levy compared to the tentative FY2023 SBRC cash reserve levy:

	2022	2023	Difference
Special Education Deficit	$ 3,731,135	$ 3,049,575	$ (681,560)
ELL Deficit	$ 345,872	$ 334,038	$ (11,834)
Increasing Enrollment Growth	$ 0	$ 0	$ 0
Open Enrollment Out Growth	$ 1,248,720	$ 1,064,953	$ (183,767)
Limited English Proficiency Growth	$ 21,708	$ 23,488	$ 1,780
New Buildings Initial Staffing Cost	$ **1,302,565***	$ **538,278***	$ (764,287)
Total SBRC Cash Levy	$ 6,650,000	$ 5,010,332	$ (1,639,668)

*With the addition of Boulder Peak and Hazel Point, the District requested one-time additional spending authority from the SBRC for qualified initial staffing costs related to the opening of these buildings. The SBRC approved $1,840,843 of these costs. Of this amount, $1,302,565 was levied for in FY2022 and the remaining $538,278 is expected to be levied for in FY2023.

The other portion of the cash reserve levy is referred to as the regular or other cash reserve levy. This part of the levy is used to ensure the District's has an adequate cash reserve balance and helps to maintain an appropriate solvency ratio. Iowa Association of School Boards recommends a target solvency ratio of 5% - 15%. Our Board policy sets forth that the solvency ratio will not fall below 7%. The District's financial solvency ratio for the last five years is as follows:



The FY2022 solvency ratio is projected to be 13.30%, which is a decrease from the previous year. Prior to FY2020, the district solvency ratio trend was gradually declining. However, due to COVID and the derecho the District has not been operating as "normal" since the Spring of 2020 and as a result certain staffing and other operating costs decreased. This phenomenon coupled with one-time federal stimulus dollars reversed the negative solvency trend for the short term. With the two new intermediate buildings fully online and all other operations closer to normal in FY2022, it is expected that the solvency ratio will level off and decline slightly. Future enrollment and SSA growth levels will be a significant factor on whether or not the solvency ratio remains stable or declines rapidly.

6. ***Expenditure categories within the General Fund are influenced by many factors including student growth pressure and market based inflationary trends.***

As is the case for any school district in Iowa, salaries and benefits costs are the single largest expense in the General Fund. Approximately 81-82% of the costs in our General Fund can be attributed to personnel. Such items that impact personnel costs are IPERS contribution rates, medical and other insurance renewal rates, additional staffing due to enrollment growth, and inflationary rates.

The Midwest Consumer Price Index (CPI) is an inflationary measure used to help determine future staffing costs. Currently CPI is over 7% and at its highest level in 40 years, which is causing a volatile labor market in both private and public sectors. Also, most employers, including school districts, are finding labor shortages in many of their job categories. This combination of labor factors will likely result in larger than usual increases in future staffing costs and put significant pressure on the already limited resources public schools receive. In past years the District projected staffing costs increases similar to the percentage of "new money" the District received each year and/or to the supplemental state aid growth percent for the applicable year. However, due to the CPI index it expected that increases in staffing and other costs will be no less than 3% in the foreseeable future.

7. *Other District Tax Supported Funds:*

- **<u>Physical Plant and Equipment Levy (PPEL)</u>:**
  On April 1, 2014 voters extended the voted PPEL 10-years (expires June 30, 2025). This $1.34 levy combined with the board approved $.33 PPEL levy ($1.67 total) is expected to generate approximately $4.3 million in FY2023.

  Major expenditures from this fund in FY2023 include bus replacement purchases, preventative maintenance, PPEL notes (from high school renovation) payment, capital improvements (e.g. Excelsior Parking Lot), and other equipment costs.

  Also note that the derecho damage insurance proceeds and associated repairs are being accounted for in the PPEL fund.

- **<u>Public Education and Recreation Levy (PERL):</u>**
  This $.135 levy is expected to generate approximately $330,000 in FY2023. Expenditures from this fund are expected to include playgrounds maintenance, a portion of Community Education staffing costs, and other grounds related costs.

- **<u>Sales Tax (LOST) Fund</u>**
  Based on the District's current certified enrollment of 7,579 and an estimate of $1,116 per student the projected revenue for FY2023 is $8.4 million. Approximately $5.3 million of these funds are committed to principal and interest payments of outstanding revenue bonds, $1.4 million committed toward the District technology plan, and any remaining for capital projects.

- **<u>Debt Service Fund</u>**
  It is anticipated that the District will have $67 million of outstanding general obligation debt as of June 30, 2022. For FY2023, it is projected that the District will need approximately $5.6 million in taxes to service this amount. The debt service levy for FY2023 is expected to be approximately $2.18 per $1,000 of valuation.

- **<u>Management Fund</u>**
  Primary expenditures from the Management Fund include property/liability insurance, workers compensation, unemployment costs, and early separation. Due to the derecho and other factors within the insurance market, it is expected that property/liability insurance premiums will increase a minimum of 15%-20%. The District also anticipates offering early separation incentives in FY2023. As a result of these increased costs it is expected that the management fund tax levy to increase in FY2023.

Important Definitions:

- ✓ *Maximum spending authority* – the maximum amount authorized under the school funding formula for a school district to spend on its general fund budget for a fiscal year. It includes the sum of the combined district cost, pre-school funding, instructional support levy, educational improvement funds, miscellaneous income, modified allowable growth and prior year unspent balance. **Iowa Code §257.7.**

- ✓ Combined district cost – the major element of a school district's authorized spending authority. Primarily, it is determined by multiplying the district cost per pupil by the number of pupils in the school district, plus the special weightings for the district. It is funded by state foundation aid, the uniform levy, the additional levy, and supplemental state aid. It is often referred to as controlled budget. **Iowa Code§257.1,.4.**

- ✓ Unspent balance (also known as unspent authorized budget) – the amount of the maximum spending authority (maximum authorized budget) not expended during the fiscal year. This includes previous year's accumulation of unexpended total spending authority. It is a measure created by statute to determine if a school district has exceeded its total spending authority in a given fiscal year. It is an element of total maximum spending authority. **Iowa Code §257.7(1).**

- ✓ Solvency ratio – provides a picture at fiscal year-end of the financial health of a school district and represents the percent of the district's available funding. It is calculated by dividing the unassigned and assigned general fund balance by the general fund actual/total revenue of the school district for the fiscal year less the district's AEA flow-through funding.

Exhibit 402.2

Linn-Mar CSD Budget 2022-23

Certified Budget, Financial Projections, and Other Information

Certified Budget Process:

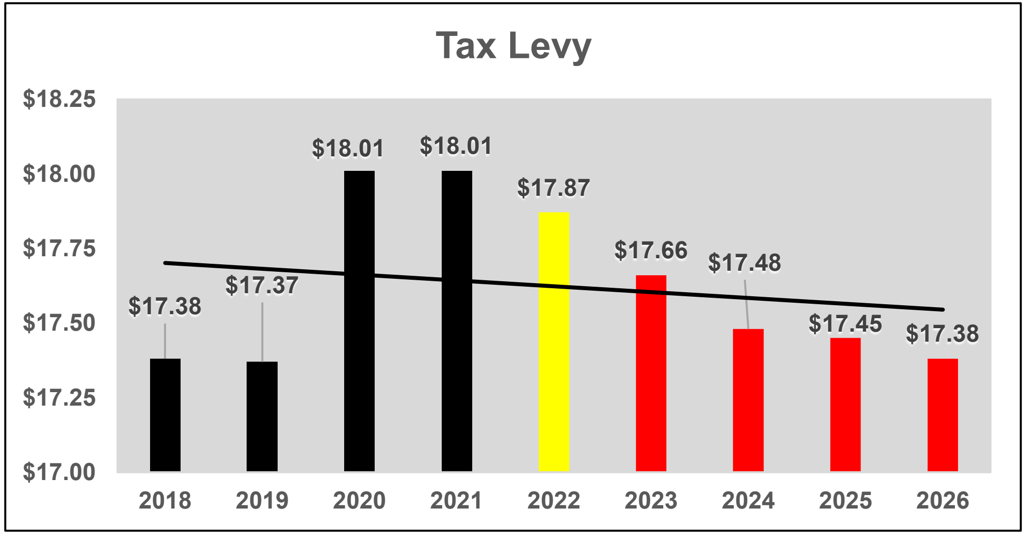
- **Purposes of Certified Budget:**
  1. Establish a maximum tax rate
  2. Establish an estimate of budget year expenditures for <u>all</u> funds

OVERVIEW OF FUNDS

FUND:	General Fund	Management Fund	PERL Fund	PPEL Fund	Debt Service Fund	SAVE/Capital Projects	Student Activity Fund	Nutrition Fund	Other Enterprise
REVENUES:	-Property Taxes -State Aid -Misc. Income	-Property Taxes	-Property Taxes	-Property Taxes	-Property Taxes -Transfers	-Sales Tax -Bond Proceeds	-Admissions - Fundraising -Student Dues	-Meal Sales -Fed./State Reimburse	-School Store -Community Pool
EXPENSES:	-Salaries -Benefits -Materials -Utilities	-Liability Ins. -Property Ins. -Early Retirement	-Playgrounds -Rec. Spaces	-Building Construct. -Vehicles -Equip > $500	-Debt Principal & Interest	-Capital Projects -Technology	-Support Co-Curricular Activities	-Food Services	-Enterprise Costs

PROPERTY TAX LEVYING FUNDS

The District will be mindful of the property tax rate and the amount of tax support being asked from community patrons to support District programming.



- Current levy is controlled **50%** formula (State), **28%** Board, and **22%** Voters

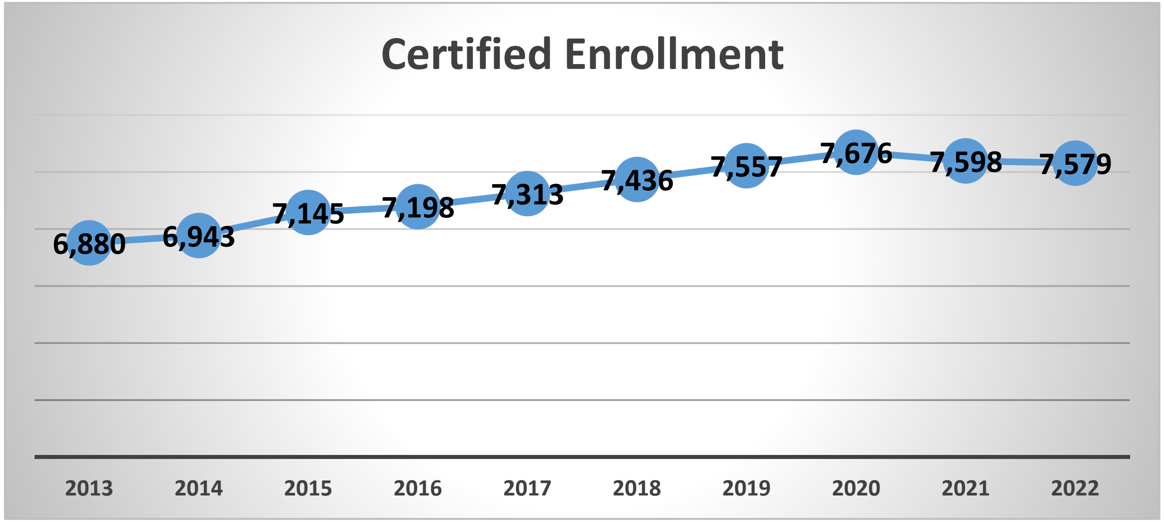
The District's property tax base continues to grow, but the District is still considered a "property poor" school district in Iowa.

- Taxable Valuations (based on 1-1-2021 assessments):

Budget Year	Non-TIF Taxable Valuation	TIF Valuation	Total Value
FY2022	$2,368,908,433	$129,903,264	$2,498,811,697
FY2023	$2,446,727,937	$143,005,035	$2,589,732,972
% Change	3.29%	10.09%	3.64%

- Linn-Mar ranks 15th for overall taxable valuation, but 279th (out of 327) in valuation per pupil:
  - Linn-Mar = $311,785 per pupil
  - State Average = $392,206 per pupil

The Iowa school aid formula for K-12 schools primarily pupil driven. As a result, accurate annual enrollment projections are vital to the budgeting process.



- Linn-Mar enrollment declined by 19 students
    - **Two years in a row of declining enrollment; see next slide for funding impact**

Enrollment Decline Funding Impact

Assumptions:
- FY2022-25 Annual Enrollment increase of 100 students
- FY2023-25 DCCP increase 2.25%

Assumptions:
- FY2024 Enrollment increase of 50 students and FY2025 increase 100
- FY2023-25 DCCP increase 2.25%

PRE-PANDEMIC PROJECTIONS				PANDEMIC IMPACTED PROJECTIONS				
Fiscal Year	Cert. Enrollment	District Cost Per Pupil	Reg. Program Funding	Fiscal Year	Cert. Enrollment	District Cost Per Pupil	Reg. Program Funding	Funding Difference
2020	7556.7	$ 6,880	$ 51,990,096	2020	7556.7	$ 6,880	$ 51,990,096	$0
2021	7675.5	$ 7,048	$ 54,096,924	2021	7675.5	$ 7,048	$ 54,096,924	$0
2022	7775.5	$ 7,227	$ 56,193,539	2022	7597.9	$ 7,227	$ 54,910,023	($1,283,515)
2023	7875.5	$ 7,390	$ 58,196,854	2023	7578.33	$ 7,390	$ 56,000,884	($2,195,970)
2024	7975.5	$ 7,556	$ 60,261,870	2024	7628.33	$ 7,556	$ 57,638,698	($2,623,173)
2025	8075.5	$ 7,726	$ 62,390,351	2025	7728.33	$ 7,726	$ 59,708,157	($2,682,194)

RESULTS:
1. 4-year accumulative enrollment difference = **1,169.11 students**
2. 4-year accumulative funding difference = **$8,784,852**

Supplemental state aid (formerly allowable growth) is legislatively set each year and is the primary source of revenue the District requires to deliver the educational program.

- Last five years of SSA:

Fiscal Year	State Aid Growth	Cost Per Pupil
2018	1.11%	$6,665
2019	1.00%	$6,736
2020	2.06%	$6,880
2021	2.30%	$7,048
2022	2.40%	$7,227

- Governor's Proposal for FY2023 = **2.50%**

***If approved SSA% is 1.3% or less, Linn-Mar will qualify for budget guarantee and a board resolution will need to be passed.*

The cash reserve levy will be used to backfill resources expended for certain unfunded mandates, under-funded mandates, and board approved allowable growth items. The cash reserve levy will also be used to ensure that General Fund cash reserves are equal to or exceed the financial metrics as stated in Board policy 801.4.

- **SBRC Cash Levy Components:**

1.	Special Education Deficit =	$3,049,575
2.	ELL Deficit =	$334,038
3.	OE Out Growth =	$1,064,953
4.	LEP Growth =	$23,488
5.	New Buildings Initial Staffing =	$538,278 (remaining from PY)
	TOTAL	$5,010,332

Linn-Mar
Financials Past, Present, and Future

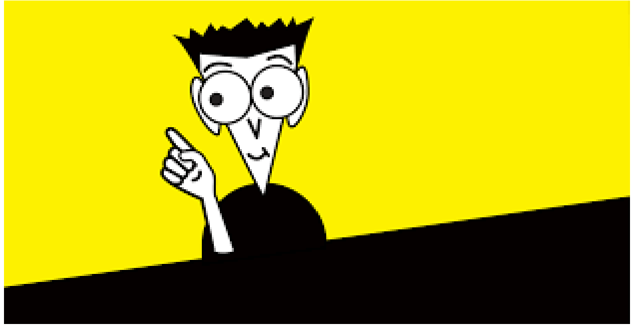
School District must account for two things within the General Fund:

1. Fund Balance (cash)

2. Spending Authority
    - *Think of this concept as like a credit card limit, or if you are into sports like a salary cap*

What you should know about spending authority (the short version)?

- It’s the law...go negative and a district is in trouble
- Calculation is a series of programmatic building blocks. Supplemental State Aid and enrollment are the most important variables.
- More important than cash because you can borrow cash--can’t borrow spending authority
- Unspent authority budget ratio is the #1 financial health indicator for Iowa Schools (Our policy states this ratio cannot fall under 7%)



Historical General Fund Financials

Fund/Cash Balance:

	Actual			Estimated
	FY2019	FY2020	FY2021	FY2022
Beginning Fund Balance	$9,971,656	$9,860,137	$11,059,393	$13,955,156
Revenues	$86,598,385	$88,965,473	$96,748,466	$98,329,875
Expenditures	$86,709,904	$87,766,217	$93,852,703	$98,965,268
Surplus/(Deficit)	($111,519)	$1,199,256	$2,895,763	($635,393)
Ending Fund Balance	$9,860,137	$11,059,393	$13,955,156	$13,319,763
Solvency Ratio	10.56%	11.60%	14.20%	13.30%

Historical General Fund Financials (cont'd)

Spending Authority:

	Actual			Estimated
	FY2019	FY2020	FY2021	FY2022
Beginning Fund Balance	$12,836,587	$12,720,841	$14,040,602	$17,019,194
Revenues	$86,594,158	$89,085,978	$96,831,295	$96,462,678
Expenditures	$86,709,904	$87,766,217	$93,852,703	$98,965,268
Surplus/(Deficit)	($115,746)	$1,319,761	$2,978,592	($2,502,590)
Ending Authority Balance	$12,720,841	$14,040,602	$17,019,194	$14,516,604
UAB Ratio	12.8%	13.8%	15.4%	12.8%

FY 2021 Federal Relief Funds

Expenditures

Technology Hardware	$283,500
Virtual Learning	$1,314,594
Staff COVID Leave	$420,885
Substitute Costs	$327,166
PPE/Cleaning Supplies	$330,903
Trsfr to NF and AQC	$173,035
Other COVID Costs	$ 14,311
TOTAL	**$2,864,394**

Revenues

ESSER I	$429,706
ESSER II	$2,082,899
ESSER III	$5,389
GEERF I	$346,400
TOTAL	**$2,864,394**

FY 2022 & FY2023 ESSER III Budget

Description	Year 1 FY2022	Year 2 FY2023	TOTAL
12.0 FTE Building Strategist Positions	$ 1,005,000	$ 1,035,000	$ 2,040,000
1.5 FTE Counseling Positions	$ 126,000	$ 136,000	$ 262,000
1.0 FTE Technology Position	$ 65,000	$ 67,000	$ 132,000
1.0 FTE Human Resources Position	$ 65,000	$ 67,000	$ 132,000
Summer School Programming	$ 50,000	$ 50,000	$ 100,000
Before/After School Mentoring Program	$ 50,000	$ 50,000	$ 100,000
Additional Curriculum Materials	$ 200,000	$ 200,000	$ 400,000
Virtual Learning Platform	$ 475,000	$ -	$ 475,000
Costs Necessary to Maintain Continuity of Services			$ -
(e.g. substitute costs, COVID supplies, other ope	$ 500,000	$ 540,000	$ 1,040,000
	$ 2,536,000	**$ 2,145,000**	**$ 4,681,000**
Remaining Available ESSER III Funds			**$ 4,681,000**

Looking to FY2023 and Beyond...

General Fund Projection Assumptions

Fixed Assumptions For All Scenarios

1. District operations "normal."
2. **One-time** federal relief funds available for FY2021, FY2022, and FY2023.
3. District will levy cash for all spending authority items (e.g. SPED, ELL, new buildings).
4. Overall District tax rate consistent from 2018 bond projections.
5. Salary/Benefit increase minimum of 3%
6. Building strategist positions paid for by ESSER are not continued beyond FY2023.
7. Early separation offered for retirees at end of FY2023.
8. No additional FTE's added to budget.

Variable Assumptions

1. Supplemental State Aid (SSA) growth %.
2. Enrollment projections.

General Fund 5-Year Projections

Fund/Cash Balance:

	Current	5-YEAR PROJECTION				
	FY2022	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
Beginning Fund Balance	$13,955,156	$13,319,763	$12,231,956	$9,577,317	$7,081,974	$5,785,611
Revenues	$98,329,875	$100,294,635	$100,613,097	$104,017,453	$108,108,532	$111,977,364
Expenditures	$98,965,268	$101,382,442	$103,267,736	$106,512,796	$109,404,895	$112,709,326
Surplus/(Deficit)	($635,393)	($1,087,807)	($2,654,639)	($2,495,343)	($1,296,363)	($731,962)
Ending Fund Balance	$13,319,763	$12,231,956	$9,577,317	$7,081,974	$5,785,611	$5,053,649
Solvency Ratio	**13.30%**	**11.91%**	**9.14%**	**6.35%**	**4.86%**	**4.01%**

General Fund 5-Year Projections (cont'd)

Spending Authority:

	Current	5-YEAR PROJECTION				
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Beginning Fund Balance	$17,019,194	$14,516,604	$12,514,979	$9,272,956	$5,054,812	$2,913,225
Revenues	$96,462,678	$99,380,817	$100,025,713	$102,294,652	$107,263,308	$111,023,706
Expenditures	$98,965,268	$101,382,442	$103,267,736	$106,512,796	$109,404,895	$112,709,326
Surplus/(Deficit)	($2,502,590)	($2,001,625)	($3,242,023)	($4,218,144)	($2,141,587)	($1,685,620)
Ending Authority Balance	$14,516,604	$12,514,979	$9,272,956	$5,054,812	$2,913,225	$1,227,605
UAB Ratio	**12.80%**	**11.00%**	**8.20%**	**4.50%**	**2.60%**	**1.10%**

Factors “Squeezing” the General Fund:

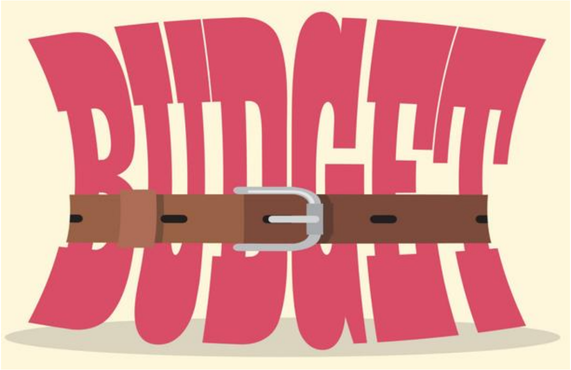
Consecutive years of declining enrollment

Loss of Federal Relief Funding

Volatile Labor Market: Inflation and shortages

Additional Operational Costs (e.g. Boulder Peak and Hazel Point)

Inadequate Funding (e.g. low SSA%)



Final Thought on General Fund...

Once a district's annual spending authority trends negative it is extremely difficult to reverse due to the accumulation of recurring costs (81-82% of the budget is staffing). The aforementioned factors will put pressure on the already limited resources the District receives. Although Linn-Mar's current financial reserves are in a strong position, it may be necessary for budget reduction actions to be taken as soon as FY2024 to stabilize the general fund.

QUESTIONS??