Purpose of Agenda Item

To act on the approval of the financial plan submitted by the Livingston CCSD 4 Board of Education pursuant to Section 1A-8 of the School Code.

Expected Outcome(s) of Agenda Item

Approve the district’s proposed financial plan for 2002-2003 school year.

Background Information

Livingston CCSD 4 – is a certified district pursuant to Section 1A-8 of the School Code that has had their financial plan approved only through June 30, 2002, and requires State Board approval of a continuation financial plan for Fiscal Year 2003. The district was originally certified in 1988 because they had issued Teachers’ Orders as permitted under Section 8-16 of the School Code and for two consecutive years also adopted a budget which expenditures exceeded revenues and reserves.

The Livingston District has managed to reduce its Teachers’ Orders debt each year until they retired them totally in 2000-2001. However, in lieu of the Teachers’ Orders, they have increased their Tax Anticipation Warrant balance, which moves the district away from their original plan for retiring all outstanding short-term debt. The district’s operating fund balances and short-term debt balances for the past decade are presented in Exhibits A and B.

The School Business and Support Services staff have consulted frequently with the interim district Superintendent and have structured a financial plan that will be the basis for future monitoring of the districts budgeted revenues and expenditures.

Analysis and Implications for Policy, Budget, Legislative Action and Communications

Not applicable.
Pros and Cons of Various Actions

The district Board of Education approved the proposed financial plan on April 30, 2002. The district does not expect the proposal to have any adverse impact upon their educational program. Class sizes, curricular offerings and staffing patterns are also not expected to be impacted by the proposed financial plan. However extreme financial control and discipline will be required by the district administration for the next year.

Superintendent’s Recommendation

State Board of Education approval of the proposed Fiscal Year 2003 Financial Plan as submitted and contingent upon rigorous accountability procedures by the district.

The ISBE Regional Financial Consultants will further evaluate the district’s financial progress upon receipt of their Fiscal Year 2002 Annual Financial Report and report back to the State Board on a regular basis.

State Board staff will do the following:

- Monitor the district’s revenues and expenditures on a quarterly basis.
- Provide ongoing technical assistance to the new district Superintendent.
- Recommend rescission of the financial plan if the district’s financial condition/fund balances deteriorate.
- Assist the district in the development of a viable financial plan for FY 2004 which will be required by no later than February 15, 2003.

Next Steps

Monitor the district’s finances on a regular basis and consult frequently with the new District Superintendent.
Demographics for Livingston CCSD #4

- Located in Livingston, Illinois (Madison County)
- Total enrollment of 228 pupils, a 44.2% low-income concentration
- Attendance Rate 93.2%

- Two Attendance Centers/Enrollment:
  A.R. Graiff Elementary (grades PreK – 7)  138 Enrollment
  Livingston High School (grades 8 – 12)      90 Enrollment

- Staff of 21 teachers

- FY 01 Combined Operating Expenditures totaled approximately $1,600,000

- FY 01 Revenues: (Education, Operations & Maintenance, and Transportation only)
  State    $1,017,030
  Local     378,294
  Federal   124,224
  Total    $1,519,548

Sources of Information:
  2001 Illinois School Report Card
  2001 Fall Housing Report
  2001 Annual Financial Report
## Timeline of Activities for Livingston CCSD #4

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<tr>
<td>• Amount of outstanding TAWs doubled</td>
<td>• District consistently improved Fund Balances</td>
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<td>• District Supt. retired – Acting Supt. completing current Fiscal Year</td>
<td>• District consistently paid down the Teachers’ Orders balance</td>
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<th>2002-2003 (Plan)</th>
<th>2000-2001 (Actual)</th>
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<td>• Potential cash flow concerns (e.g. timing of Local/State/Federal Receipts)</td>
<td>• Teachers’ Orders retired</td>
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<tr>
<td>• Short-term borrowing concerns (ability to issue additional TAWs)</td>
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<tr>
<td>• Overestimated FY03 revenue projections</td>
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<td>• Budgeted salaries are the same as previous Fiscal Year / no riffed teacher(s)</td>
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<th>2002-2003 (Plan)</th>
<th>2000-2001 (Actual)</th>
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<tr>
<td>• District hired new Superintendent</td>
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<td>• District indicates strict budgetary controls will be maintained</td>
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