

LEXINGTON ONE BUDGET PROCESS

1) Principals meet with school leaders



2) CFO and CHRO meet with principals



3) Senior Leadership Team meets



4) Senior Leadership Team briefs Board Members



5) Board Budget Workshop at Special Board Meeting April



6) Presentations to Advisory Councils, others



7) Second Reading Board Meeting May

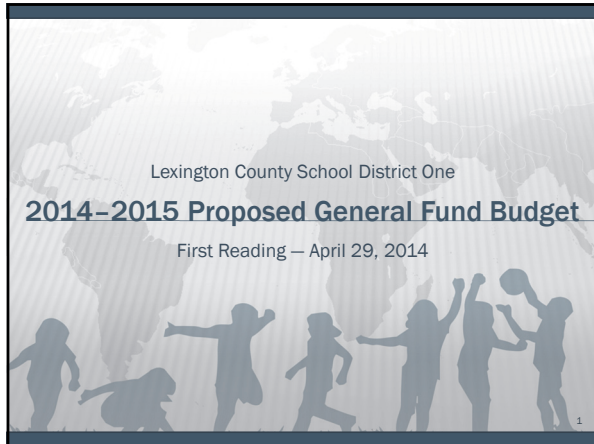


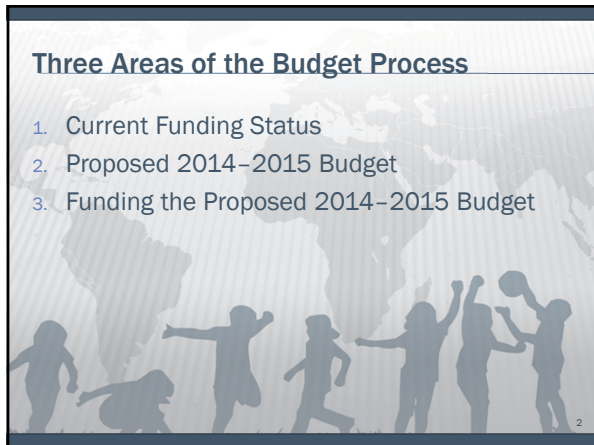
8) Public Hearing and Third Reading Board Meeting June



9) Fourth Reading (if needed) June









135-Day Average Daily Membership

Year	Membership	Increase	Percent
2009-2010	21,756	528	2.5%
2010-2011	22,097	341	1.6%
2011-2012	22,367	270	1.2%
2012-2013	22,935	568	2.5%
2013-2014*	23,364	429	1.9%
2014-2015**	23,937	573	2.5%
*Unaudited			
** Projected			

Average Daily Membership (ADM) is the aggregate number of days in membership (total days that students have been enrolled during a specific time period) divided by the number of days school is in session.
**Pre-K is not included in this number.

4

Total Operating Per Pupil Expenditures FY 2012

District	Per Pupil Expenditures	Rank
Richland 1	\$ 12,357	8
Lexington 3	10,644	14
Lexington 5	10,224	18
Richland 2	9,921	24
Lexington 1	9,266	37
Lexington 2	9,138	41
Lexington 4	8,485	60

Source: FY 2012 In\$ite Data, South Carolina Department of Education
Uses all funds except capital projects and debt service.

5

Additional Money Available With Other Districts' Per Pupil Expenditures

District	Amount
Lexington 1	\$ 0
Lexington 2	(2,862,976)
Lexington 3	30,821,726
Lexington 4	(17,468,627)
Lexington 5	21,427,586
Richland 1	69,136,397
Richland 2	14,650,385

Source: FY 2012 In\$ite Data, South Carolina Department of Education

6

Per Pupil Expenditures for Total Leadership

District	Amount	Rank
Lexington 3	\$ 1,236	8
Richland 1	1,004	20
Richland 2	986	21
Lexington 5	778	48
Lexington 4	754	52
Lexington 2	693	66
Lexington 1	655	73

Source: FY 2012 In\$ite Data, South Carolina Department of Education

7

Per Pupil Expenditures for School Management

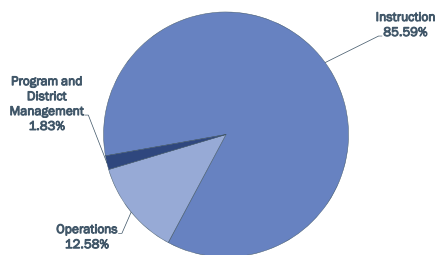
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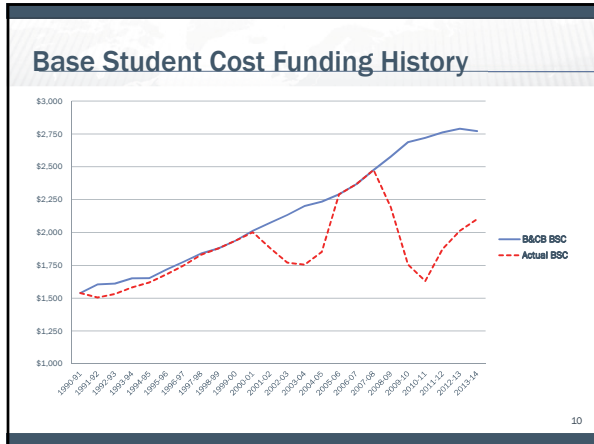
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In\$ite Expenditures Fiscal Year 2011-2012

Legislative Definition of Instruction (State requirement is 70%.)

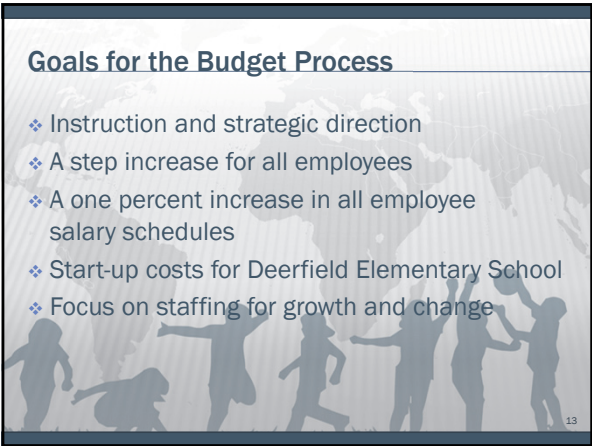


9



Goals for the Budget Process

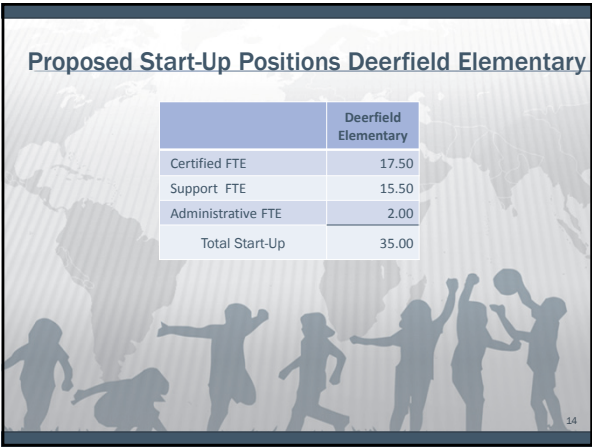
- ❖ Instruction and strategic direction
- ❖ A step increase for all employees
- ❖ A one percent increase in all employee salary schedules
- ❖ Start-up costs for Deerfield Elementary School
- ❖ Focus on staffing for growth and change



13

Proposed Start-Up Positions Deerfield Elementary

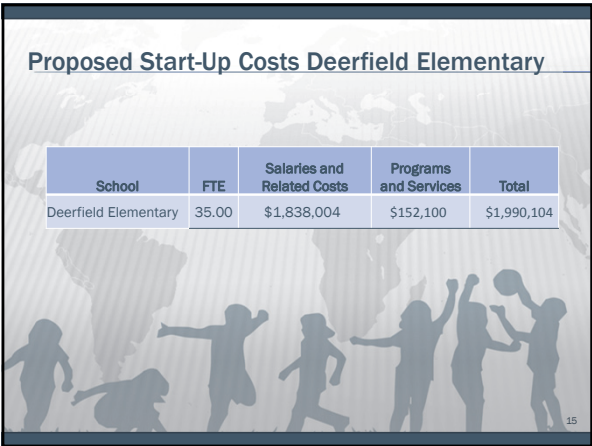
	Deerfield Elementary
Certified FTE	17.50
Support FTE	15.50
Administrative FTE	2.00
Total Start-Up	35.00



14

Proposed Start-Up Costs Deerfield Elementary

School	FTE	Salaries and Related Costs	Programs and Services	Total
Deerfield Elementary	35.00	\$1,838,004	\$152,100	\$1,990,104



15

Other Staffing Changes

Staff	FTE	Salaries and Related Costs
Certified	33.19	\$2,103,775
Support	19.25	785,164
Administrative	5.00	526,846
Total Changes	57.44	\$3,415,785

Total Increases in Expenditures

	Amount
Step Increase, 1% Salary Increase, and Health and Retirement Increases for FY 2015	\$ 7,450,293
Position Transfers from Special Revenue Funds	2,662,292
New Positions for Fiscal Year 2015	5,253,789
Programs and Services Increase	1,958,563
Total	\$17,324,937

1% Salary Increase for All Employees

	Amount
Certified	\$1,060,862
Support	341,206
Administrative	165,081
Total	\$1,567,149

Budget Increases, Decreases Programs and Services	
	Amount
Budget Increases in Programs and Services	
Utilities, Communications and Maintenance	\$ 387,331
School Allocations	70,937
School Safety and Health Supplies	105,077
Transportation	65,000
IT Software Licenses, Supplies and Equipment	342,300
Property and Casualty Insurance Premiums	49,686
Contractual Services for Staffing	185,320
Instructional Supplies and Software	785,888
Food Service Transfer	280,700
Total Increases	2,272,239
Budget Decreases in Programs and Services	
Start-Up Costs Under Prior Year	(313,676)
Total Increase Over Prior Year	\$ 1,958,563



First Reading Projected Revenue Changes	
	Amount
Local — Growth and New Millage	\$ 6,073,003
State — EFA, Act 388 and Fringe Allocation	8,246,328
Transfers — EIA Transfer and Indirect Costs	2,005,606
Fund Balance — Increase Over FY 2014	1,000,000
Total Projected Revenue Increase	\$17,324,937

Five Year Assessment Analysis


	2007	2008	2009	2010	2011	2012	2013
Total Assessments	363,307,030	396,125,180	416,904,810	446,973,880	459,275,367	470,432,040	484,620,410
Legal Residence	169,220,000	178,977,020	198,573,200	215,073,780	224,112,626	234,456,020	240,339,710
Taxable Assessment	194,087,030	217,148,160	218,331,610	231,900,100	235,162,741	235,976,020	244,280,700
Increase In Taxable Assessment		23,061,130	1,183,450	13,568,490	3,262,641	813,279	8,304,680
Percent of Taxable Increase		11.88%	0.54%	6.21%	1.41%	0.35%	3.52%
Increase In Owner-Occupied		9,757,020	19,596,180	16,500,580	9,038,846	10,343,394	5,883,890
Percent Increase In Owner-Occupied		5.77%	10.95%	8.31%	4.20%	4.62%	2.51%

Act 388 Funding Loss

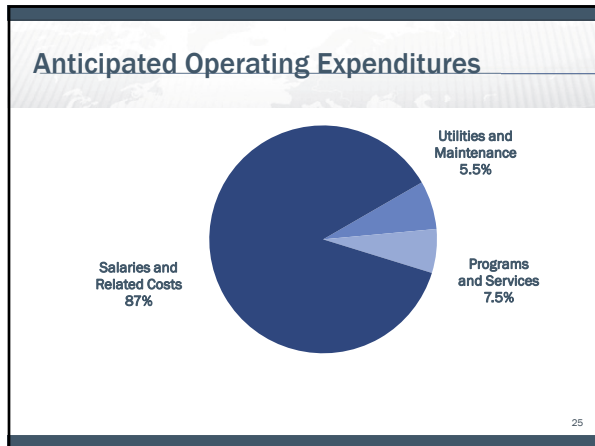
Fiscal Year	Actual Shortfall
2007 – 2008	\$ -
2008 – 2009	(5,975,053)
2009 – 2010	(6,208,128)
2010 – 2011	(11,786,320)
2011 – 2012	(14,372,824)
2012 – 2013	(17,961,319)

Anticipated Operating Expenditures

	Proposed Budget FY 2015	Approved Budget FY 2014	Difference
Salaries and Related Costs	\$ 191,552,974	\$ 176,186,600	\$ 15,366,374
Programs and Services	28,735,864	26,777,301	1,958,563
Total Budget	\$ 220,288,838	\$ 202,963,901	\$ 17,324,937



24



Act 388 Allowable Millage Increase

Calculation of Allowable Millage Increase	
FY 2014 Millage Rate	271.46
x Allowable Percentage Increase	3.58%
FY 2015 Allowable Millage Increase	9.71
x Value of a Mill	\$232,067
Potential Additional Revenue	\$2,253,370

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Calculation of Allowable Millage Increase	
FY 2014 Millage Rate	271.46
x Allowable Percentage Increase	3.58%
FY 2015 Allowable Millage Increase	9.71
FY 2015 Suggested Millage Increase	6.75
x Value of a Mill	\$232,067
Potential Additional Revenue	\$1,566,452

27

Summary

- ❖ Focuses on instruction, strategic direction, and staffing for growth and change
- ❖ Includes a step increase and one percent increase for all employees
- ❖ Adds 35 positions for Deerfield Elementary start-up
- ❖ Transfers allowable costs to capital
- ❖ Budgets an additional \$1 million of fund balance (\$9 million total)
- ❖ Includes 6.75 millage/tax increase on taxable property. Since owner-occupied property is not taxable for school operations, there is no tax increase to homeowners.

28

Questions?



29

Contact: Mary Beth Hill, Chief Communications Officer
Telephone (803) 821-1152, Fax (803) 821-1156, Mobile (803) 609-1955
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NEWS RELEASE — FOR IMMEDIATE RELEASE

Tuesday, April 29, 2014

Lexington One begins 2014–2015 budget process

LEXINGTON, S.C. — On Tuesday, April 29, 2014, at 6 p.m. at a special budget workshop held for the district's Board of Trustees, Lexington County School District One administrators presented a proposal for funding the district's 2014–2015 general fund operating budget.

The district's general fund operating budget provides funding for the day-to-day operations of the district such as paying salaries, insurance and utilities and purchasing supplies, materials and services. The budget, as it appears at the budget workshop/first reading, is merely a projection. The district has made preliminary projections for revenue based on historical data, the House version and Senate Finance Committee version of the state budget, and preliminary local assessment projections from the county.

In the workshop, which serves as first reading, Lexington One administrators recommended a \$220,288,838 general fund budget — about an 8.5 percent increase over Lexington One's current operating budget for 2013–2014 of \$202,963,901. The projected \$220,288,838 in proposed operating expenditures consists of about 87 percent salaries and related costs, 7.5 percent for programs and services, and 5.5 percent for utilities and maintenance.

The proposed budget shows an increase of about \$15 million in employee salaries and related costs (an 8.7% increase) and an increase of about \$2 million in programs and services (a 7.3% increase).

It also adds 92.44 positions (to accommodate student growth across the district and the opening of Deerfield Elementary School); includes a step increase (about \$2.5 million) and a one percent salary increase for all employees (about \$1.6 million); transfers allowable costs to capital funds; and budgets an additional \$1 million from fund balance over last year (\$9 million total).

The state allows districts to increase millage by the Act 388 formula (the percent of growth in school district population and the CPI). For 2014–2015, that formula would allow this district to increase millage by 9.71 mills. However, the district proposes adding 6.75 mills to fund the budget as it currently appears.

(MORE)

Page 2 — Lexington One begins 2014–2015 budget process

Since Act 388, millage is not added to owner-occupied homes but is added to businesses, automobiles, etc. with a 6.75 mill increase, a resident with a business valued at \$100,000 would see taxes increase about \$40.5 ($\$100,000 \times .06$ percent assessment rate \times additional mills). Each mill brings in about \$232,067 in revenue to the district. The district currently levies 271.46 mills for operations.

Lexington One Superintendent, Dr. Karen Woodward, opened the budget workshop by saying, “Although we are encouraged by the moderate increase in revenue for 2014–2015 in the proposals put forth by the legislature so far, districts will continue to be funded below the 2005–2006 school year Base Student Cost.

“We’ve crafted a budget that continues our focus on our employees with a step increase and one percent increase, focuses on staffing for growth and change and provides start-up costs for a new school as we continue to grow.

“We are absolutely committed to providing quality education that is foundational to our students’ futures, essential to the quality of our community and significant in economic development — all of which is necessary for a vibrant Lexington community, good jobs and successful lives.”

Budget Overview

Many things impact a school district’s general fund budget each year — student growth, student to teacher ratios, tax collection rates, property tax relief, changes in other revenue from state and federal government, program needs, mandates like increases in the cost of the district employee health insurance, retirement or other benefits. Here are some of the most significant things affecting this budget.

Growth

Lexington One is the largest school district in Lexington County — geographically and in student enrollment. The district is 360 square miles (much still undeveloped) while Lexington County is 701 square miles.

The district had an average daily membership of 23,364 students (not including 3- and 4-year-olds) on the 135th day of this school year (2013–2014). This is an increase of 429 students (1.9%) over the 2012–2013 school year’s 22,935 average daily membership.

Lexington One remains one of the state’s fastest growing school districts growing 5,135 students over the last 10 years (from 18,229 ADM in 2003–2004.) Administrators anticipate a projected growth of 573 students for the 2014–2015 school year. In fact, the district ranks ninth in the state in enrollment.

(MORE)

Page 3 — Lexington One begins 2014–2015 budget process

Revenue

Districts continue to be funded by the state at lower levels than the Budget and Control Board's formula recommends. South Carolina's main funding mechanism for schools is the "Base Student Cost." The \$2,120 Base Student Cost (below 2005–2006 school year formula) recommended by the legislature this year is no exception. (According to the Budget and Control Board, the Base Student Cost in 2014–2015 should be \$2,771.)

In addition, the district anticipates once again losing the "hold harmless" funding (designed to ensure that no district lost money due to the changes in the calculation of the Index of Taxpaying Ability). This year the district lost \$2 million in funding due to the loss of the hold harmless money and anticipates losing the same amount again next year.

As previously mentioned, millage is no longer added to owner-occupied homes but is added to businesses, automobiles, etc. Lexington County School District One's tax base is made up of about half owner-occupied and half business tax assessments and other taxable assessments. In 2012, since, the owner-occupied portion of the county was the fastest growing (4.62%) versus the .35% growth in business tax assessments and other taxable assessments, this district lost considerable revenue.

Overall business assessments are not increasing as much as they could due to the county's fee-in-lieu of taxes agreements with some of the county's largest corporations. The district does not participate in those negotiations. Neither is the district provided detailed information regarding those agreements. As a result, the district's taxes derived from fee-in-lieu of agreements are budgeted based on historical data.

The 2007 industrial park tax distribution arrangement designed to help offset the cost to districts of the impact on student growth caused by new businesses moving to the county is a positive step. However, although the district has not yet seen any revenue from industrial park development in the county, future revenue is predicted.

Each year the state provides school districts with money in an attempt to reduce the impact created by property tax relief. When first implemented, property tax relief funds replaced dollar for dollar the taxes levied for school operations on an owner-occupied home valued up to \$100,000. Beginning in 2009, property tax relief money was distributed on a per capita basis rather than on a basis that takes into account the actual taxes lost by the county.

This year, the 2014 fiscal year, the district received almost \$18 million less from the state than it would have received before Act 388 for the growth in homes.

(MORE)

Page 4 — Lexington One begins 2014–2015 budget process

Other Budget Funding Sources

For the last few years, Lexington One has asked schools to use frugal innovation to reduce costs wherever they could and to find alternate funding sources such as grants. In order to fund this proposed budget, the district transfers allowable costs to capital funds and budgets some of its fund balance. The \$9 million budgeted from fund balance is \$1 million more than the amount budgeted out of fund balance last year.

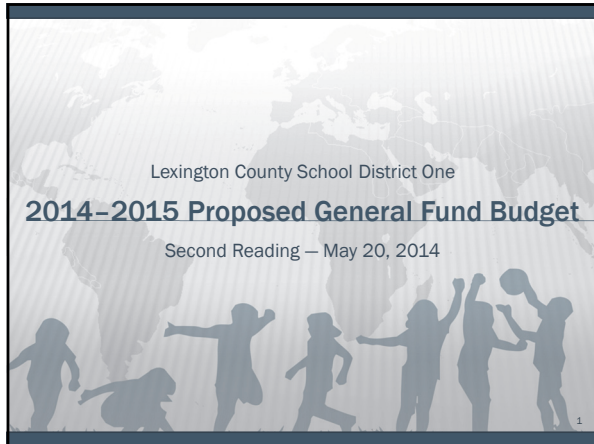
Lexington One's 2013–2014 general fund operating budget was \$202,963,901. Board Policy DB Annual Budget requires the district to maintain no less than seven percent of its total general fund budget as a fund balance from one fiscal year to the next. However, the district usually reserves 10 percent, slightly more than one month of operating expenses.

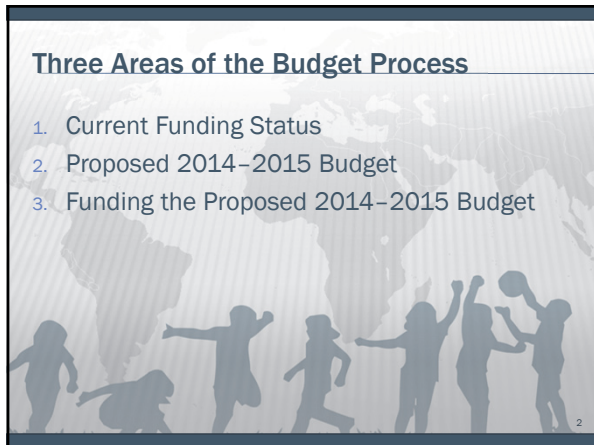
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BUDGET SCHEDULE NOTES:

The second reading of the Lexington County School District One 2014–2015 general fund operating budget takes place on May 20, 2014, at the regular monthly board meeting.

On June 24, 2014 (schedule change from June 17), the board holds a public hearing and hears the third reading of the 2014–2015 general fund operating budget.







135-Day Average Daily Membership

Year	Membership	Increase	Percent
2009–2010	21,756	528	2.5%
2010–2011	22,097	341	1.6%
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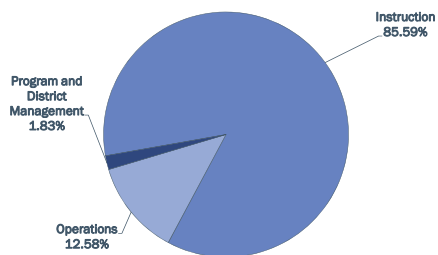
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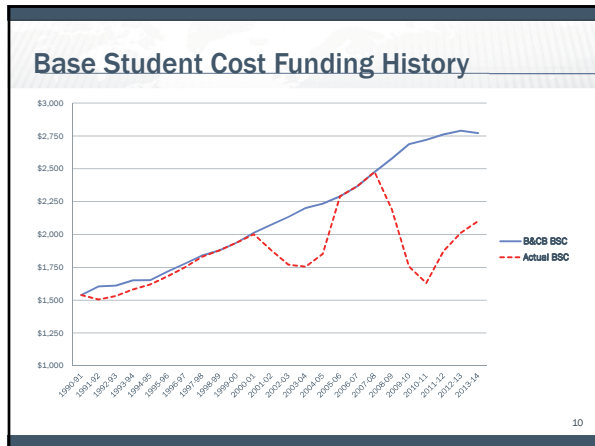
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In\$ite Expenditures Fiscal Year 2011–2012

Legislative Definition of Instruction (State requirement is 70%.)



9



Goals for the Budget Process

- ❖ Instruction and strategic direction
- ❖ A step increase for all employees
- ❖ A one percent increase in all employee salary schedules
- ❖ Start-up costs for Deerfield Elementary School
- ❖ Focus on staffing for growth and change

13

First Reading to Second Reading Changes

Total Budget First Reading	\$220,288,838
Added 1.20 Certified Positions	74,842
Reduced Program Services	(75,600)
Total Budget Second Reading	\$220,288,080

14


Proposed Start-Up Positions Deerfield Elementary

Type of Staff	Number of Staff
Certified Staff FTE	18.50
Support Staff FTE	15.50
Administrative Staff FTE	2.00
Total	36.00

15

Proposed Start-Up Costs Deerfield Elementary


School	FTE	Salaries and Related Costs	Programs and Services	Total
Deerfield Elementary	36.00	\$1,900,376	\$152,100	\$2,052,476



16

Other Staffing Changes


Staff	FTE	Salaries and Related Costs
Certified Staff	33.39	\$2,116,245
Support Staff	19.25	785,164
Administrative Staff	5.00	526,846
Total Changes	57.64	\$3,428,255



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Total Increases in Expenditures

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Position Transfers from Special Revenue Funds	2,662,292
New Positions for Fiscal Year 2015	5,328,631
Programs and Services Increase	1,882,963
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1% Salary Increase for All Employees

	Amount
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Support	341,206
Administrative	165,081
Total	\$1,567,149

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Cost of Additional .5% Salary Increase for All Employees

	Amount
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Administrative	84,655
Total	\$780,812

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Budget Increases, Decreases Programs and Services

	Amount
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Increase in Owner-Occupied		9,757,020	19,596,180	16,500,580	9,038,846	10,343,394	5,883,690
Percent Increase in Owner-Occupied		5.77%	10.95%	8.31%	4.20%	4.62%	2.51%

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Act 388 Funding Loss

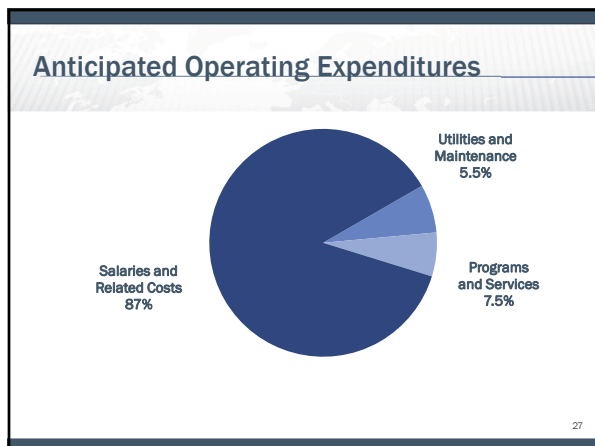
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Anticipated Operating Expenditures

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Programs and Services	28,660,264	26,777,301	1,882,963
Total Budget	\$ 220,288,080	\$ 202,963,901	\$ 17,324,179

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Act 388 Allowable Millage Increase

Calculation of Allowable Millage Increase	
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Summary

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- ❖ Includes a step increase and one percent increase for all employees
- ❖ Adds 36.0 positions for Deerfield Elementary start-up
- ❖ Transfers allowable costs to capital
- ❖ Budgets an additional \$1 million of fund balance (\$9 million total)
- ❖ Includes 6.75 millage/tax increase on taxable property. Since owner-occupied property is not taxable for school operations, there is no tax increase to homeowners.

30



Contact: Mary Beth Hill, Chief Communications Officer
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NEWS RELEASE — FOR IMMEDIATE RELEASE

Tuesday, May 20, 2014

Lexington One continues 2014–2015 budget process with second reading

LEXINGTON, S.C. — Lexington County School District One administrators continued the district's 2014–2015 budget process by presenting a second reading of the proposed 2014–2015 general fund operating budget at its May 20 monthly board meeting.

The district's general fund operating budget provides funding for the day-to-day operations of the district such as paying salaries, insurance and utilities and purchasing supplies, materials and services.

From the first to the second reading, the proposed budget was reduced by \$758 as Lexington One administrators recommended a \$220,288,080 general fund budget — about an 8.5 percent increase (\$17,324,179) over Lexington One's current operating budget for 2013–2014 of \$202,963,901. The projected \$220,288,080 in proposed operating expenditures consists of about 87 percent salaries and related costs, 7.5 percent for programs and services, and 5.5 percent for utilities and maintenance.

The proposed budget shows an increase of about \$15 million in employee salaries and related costs (an 8.7% increase) and an increase of about \$2 million in programs and services (a 7.3% increase). It also adds 93.64 positions (to accommodate student growth across the district and the opening of Deerfield Elementary); includes a step increase (about \$2.5 million) for all employees and a one percent salary increase (about \$1.6 million) for all employees; transfers allowable costs to capital funds; budgets an additional \$1 million from fund balance over last year (\$9 million total) and includes a millage increase.

Act 388 provides a formula for districts to use to increase millage (the percent of growth in school district population and the CPI). For 2014–2015, that formula would allow Lexington One to increase millage by 9.71 mills. However, the district proposes adding only 6.75 mills to fund the budget as it currently appears. Act 388 millage is not added to owner-occupied homes but is added to businesses, automobiles, etc. With a 6.75 mill increase, a resident with a business valued at \$100,000 would see taxes increase about \$40.5 (\$100,000 X .06 percent assessment rate X additional mills). Each mill brings in about \$232,067 in revenue to the district. The district currently levies 271.46 mills for operations.

(MORE)

Budget Overview

Many things impact a school district's general fund budget each year — student growth, student to teacher ratios, tax collection rates, property tax relief, changes in other revenue from state and federal government, program needs, mandates like increases in the cost of the district employee health insurance, retirement or other benefits. Here are some of the most significant things affecting this budget.

Growth

Lexington One is the largest school district in Lexington County — geographically and in student enrollment. The district is 360 square miles (much still undeveloped) while Lexington County is 701 square miles.

The district had an average daily membership of 23,364 students (not including 3- and 4-year-olds) on the 135th day of this school year (2013–2014). This is an increase of 429 students (1.9%) over the 2012–2013 school year's 22,935 average daily membership.

Lexington One remains one of the state's fastest growing school districts growing 5,135 students over the last 10 years (from 18,229 ADM in 2003–2004.) Administrators project a student growth of 573 students for the 2014–2015 school year. The district ranks ninth in the state in enrollment.

Revenue

The district has made preliminary projections for revenue based on historical data, the House version and Senate Finance Committee version of the state budget, and preliminary local assessment projections from the county.

Districts continue to be funded by the state at lower levels than the Budget and Control Board's formula recommends. South Carolina's main funding mechanism for schools is the "Base Student Cost." The \$2,120 Base Student Cost recommended by the legislature this year is no exception. According to the Budget and Control Board, the Base Student Cost in 2014–2015 should be \$2,742. Instead, it is below the Budget and Control Board's 2005–2006 school year formula (\$2,290).

In addition, the district anticipates once again losing the "hold harmless" funding (designed to ensure that no district lost money due to the changes in the calculation of the Index of Taxpaying Ability). This year the district lost \$2 million in funding due to the loss of the hold harmless money and anticipates losing the same amount again next year.

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(MORE)

Overall business assessments are not increasing as much as they could due to the county's fee-in-lieu of taxes agreements with some of the county's largest corporations. The district does not participate in those negotiations. Neither is the district provided detailed information regarding those agreements. As a result, the district's taxes derived from fee-in-lieu of agreements are budgeted based on historical data.

The 2007 industrial park tax distribution arrangement designed to help offset the cost to districts of the impact on student growth caused by new businesses moving to the county is a positive step. Although the district has not yet seen any revenue from industrial park development in the county, future revenue is predicted.

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Lexington One's 2013–2014 general fund operating budget was \$202,963,901. Board Policy DB Annual Budget requires the district to maintain no less than seven percent of its total general fund budget as a fund balance from one fiscal year to the next. However, the district usually reserves 10 percent, slightly more than one month of operating expenses.

#

BUDGET SCHEDULE NOTE:

On June 24, 2014 (schedule change from June 17), the board holds a public hearing and hears the third reading of the 2014–2015 general fund operating budget.

From: [Mary Beth M. Hill](#)
To: [LCSD1AllUsers](#)
Subject: 2014–2015 Budget Update
Date: Wednesday, May 21, 2014 9:35:29 AM

Last night, at the board meeting, we continued the district's 2014–2015 budget process by presenting a second reading of the proposed 2014–2015 general fund operating budget. As you remember, the district's general fund operating budget provides funding for the day-to-day operations of the district such as paying salaries, insurance and utilities and purchasing supplies, materials and services.

From the first to the second reading, the proposed budget was reduced by \$758 as Lexington One administrators recommended a \$220,288,080 general fund budget — about an 8.5 percent increase (\$17,324,179) over Lexington One's current operating budget for 2013–2014 of \$202,963,901. The projected \$220,288,080 in proposed operating expenditures consists of about 87 percent salaries and related costs, 7.5 percent for programs and services, and 5.5 percent for utilities and maintenance.

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As previously mentioned, millage is no longer added to owner-occupied homes but is added to businesses, automobiles, manufacturing, utilities, aircraft, boats and rental properties. Lexington County School District One's tax base is made up of about half owner-occupied and half business tax assessments and other taxable assessments.

Overall business assessments are not increasing as much as they could due to the county's fee-in-lieu of taxes agreements with some of the county's largest corporations. The district does not participate in those negotiations. Neither is the district provided detailed information regarding those agreements. As a result, the district's taxes derived from fee-in-lieu of agreements are budgeted based on historical data.

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capita basis rather than on a basis that takes into account the actual taxes lost by the county. This year, the 2014 fiscal year, the district received almost \$18 million less from the state than it would have received before Act 388 for the growth in homes.

Mary Beth Hill
Chief Communications Officer
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803-609-1955 Mobile
Email mbhill@lexington1.net

Follow Lexington One at www.lexington1.net and on [Facebook](#), [Twitter](#) and [YouTube](#)!

Helpful hint — dates

Always use Arabic figure (0, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, etc.) without st, nd, rd or th.

May 20, 2014 2014–2015 General Fund Budget Millage Information

- Lexington County School District One's tax base is made up of about half owner-occupied and half business tax assessments and other taxable assessments.
- A Lexington One resident with an owner-occupied home valued at \$100,000 pays about \$85.90 a year in school taxes of any kind on that home.
- Since the 2007 tax year (fiscal year 2007–2008), owner-occupied homeowners do not pay school operations taxes. Owner-occupied homeowner's school operations taxes are paid by the state according to a formula outlined in Act 388. Last year, the 2013 fiscal year, the district received about \$18 million less from the state than it would have received before Act 388 for the growth in homes.
- Owner-occupied homeowners do pay school bonds taxes, the addition of which they vote to approve. That millage (71.3 mills) is the same as it was in 2008 when taxpayers approved the last bond referendum. Even then, a portion of those school bonds taxes are not paid by the taxpayer but paid instead by the one-cent sales tax generated by the Lexington County School District Property Tax Relief Act.
- By law, the state would allow Lexington One to raise millage by 9.71 mills for 2014–2015.
- Act 388 provides a formula for districts to use to increase millage (the percent of growth in school district population and the CPI). However, the district proposes adding only 6.75 mills to fund the budget as it currently appears. Act 388 millage is not added to owner-occupied homes but is added to businesses, automobiles, manufacturing, utilities, aircraft, boats and rental properties.
- With a 6.75 mill increase, a resident with a business valued at \$100,000 would see taxes increase about \$40.5 ($\$100,000 \times .06$ percent assessment rate \times additional mills). Each mill brings in about \$232,067 in revenue to the district. The district currently levies 271.46 mills for operations.

- Millage increases for Lexington One over the last five years have been much less than the formula allowed.

FISCAL YEAR	ALLOWABLE MILLAGE	ACTUAL MILLAGE
2010	17.91	0.00
2011	8.47	8.47
2012	10.17	5.00
2013	14.32	0.00
2014	11.56	11.56
Total	62.43	25.03

- South Carolina’s main funding mechanism for schools is the “Base Student Cost.” For the past six years, the BSC has been under funded in the South Carolina budget process because of the recent economic conditions. Districts continue to be funded by the state at lower levels than the Budget and Control Board’s formula recommends. Although the BSC is legislatively required to be funded at \$2,742, the legislature is recommending a \$2,120 BSC for 2014–2015, a difference of \$622. (below the Budget and Control Board’s recommendation for the 2005–2006 school year of \$2,290)
- Lexington County School District One has about 24,000 students. If the Base Student Cost was funded at the legislative required amount of \$2,742, the district would have an additional over \$14 million in allocations. This additional funding would have eliminated the need to raise the millage rate.

THE STATE MEDIA CO., INC.
Columbia, South Carolina
publisher of

The State

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

Personally appeared before me, Emily Fernandez, Sales Operations Manager
of THE STATE, and makes oath that the advertisement,

Notice of Public Hearing The Lexington County School District One Board of Trustees will hold a
public hearing to gather input concerning the district's 2014-2015 General Fund operating budget.
The public hearing takes place on Tuesday, June 24, 2014, at 7 P.M. in the District Office
Auditorium

1075494

was inserted in THE STATE, a daily newspaper of general circulation published in
the City of Columbia, State and County aforesaid, in the issue(s) of

June 5, 2014

Emily Fernandez

Subscribed and sworn to before me

on this day June 5, 2014

Karen L. Book

My commission expires
September 25, 2016.

*"Errors- the liability of the publisher on account of errors in
or omissions from any advertisement will in no way exceed
the amount of the charge for the space occupied by the item in
error, and then only for the first incorrect insertion."*

Notice of Public Hearing

The Lexington County School District One Board of Trustees will hold a public
hearing to gather input concerning the district's 2014-2015 General Fund oper-
ating budget.

The public hearing takes place on Tuesday, June 24, 2014, at 7 P.M. in the
District Office Auditorium located at 100 Tarrar Springs Road in Lexington,
South Carolina.

The district projects a \$220,288,080 General Fund operating budget for next
year.

The projected \$220,288,080 in proposed operating expenditures consists of
about 87 percent salaries and related costs, 7.5 percent for programs and
services, and 5.5 percent for utilities and maintenance.

The projected General Fund operating budget is an increase of \$17,324,179
(8.5 percent) over Lexington One's current operating budget for 2013-2014 of
\$202,963,901.

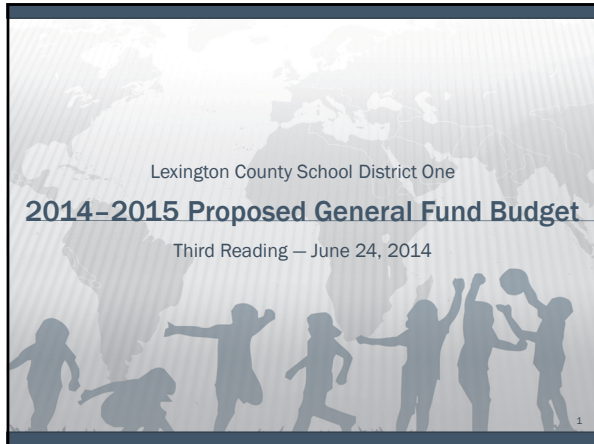
The projected General Fund operating budget includes a 6.75 millage in-
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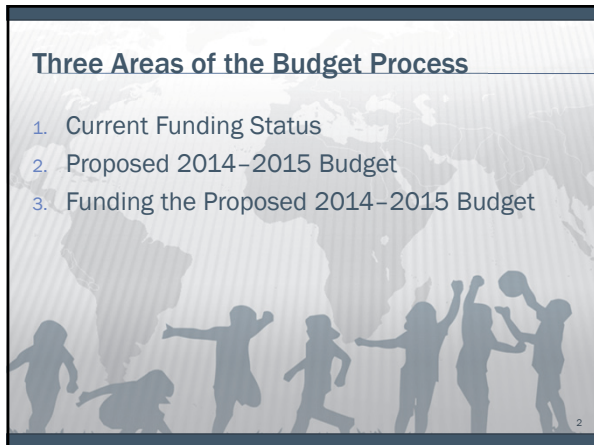
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For more information about Lexington One's proposed 2014-2015 General
Fund operating budget, go to the district's website at www.lexington1.net and
click on the Budget "Quick Link."

1075494

Notary Public







135-Day Average Daily Membership

Year	Membership	Increase	Percent
2009–2010	21,756	528	2.5%
2010–2011	22,097	341	1.6%
2011–2012	22,367	270	1.2%
2012–2013	22,935	568	2.5%
2013–2014*	23,364	429	1.9%
2014–2015**	23,937	573	2.5%
*Unaudited			
** Projected			

Average Daily Membership (ADM) is the aggregate number of days in membership (total days that students have been enrolled during a specific time period) divided by the number of days school is in session.
 **Pre-K is not included in this number.

4

Total Operating Per Pupil Expenditures FY 2012

District	Per Pupil Expenditures	Rank
Richland 1	\$ 12,357	8
Lexington 3	10,644	14
Lexington 5	10,224	18
Richland 2	9,921	24
Lexington 1	9,266	37
Lexington 2	9,138	41
Lexington 4	8,485	60

Source: FY 2012 In\$ite Data, South Carolina Department of Education
 Uses all funds except capital projects and debt service.

5

Additional Money Available With Other Districts' Per Pupil Expenditures

District	Amount
Lexington 1	\$ 0
Lexington 2	(2,862,976)
Lexington 3	30,821,726
Lexington 4	(17,468,627)
Lexington 5	21,427,586
Richland 1	69,136,397
Richland 2	14,650,385

Source: FY 2012 In\$ite Data, South Carolina Department of Education

6

Per Pupil Expenditures for Total Leadership

District	Amount	Rank
Lexington 3	\$ 1,236	8
Richland 1	1,004	20
Richland 2	986	21
Lexington 5	778	48
Lexington 4	754	52
Lexington 2	693	66
Lexington 1	655	73

Source: FY 2012 In\$ite Data, South Carolina Department of Education

7

Per Pupil Expenditures for School Management

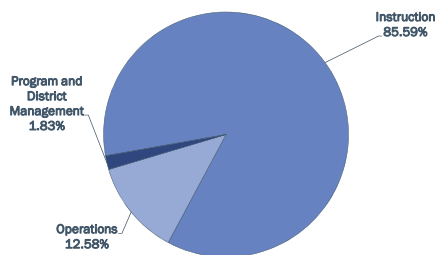
District	Amount	Rank
Richland 2	\$ 706	6
Richland 1	637	15
Lexington 5	594	24
Lexington 2	581	27
Lexington 3	562	33
Lexington 4	528	45
Lexington 1	485	59

Source: FY 2012 In\$ite Data, South Carolina Department of Education

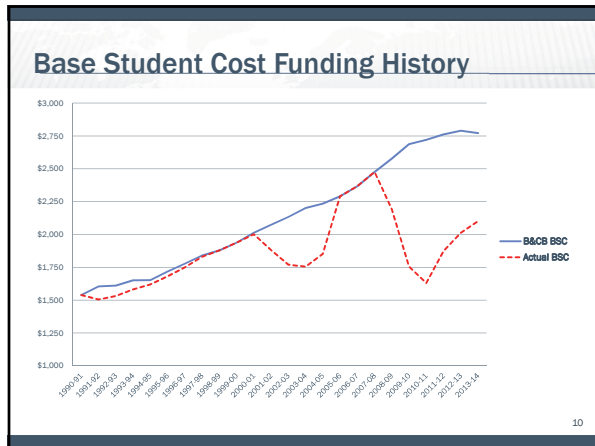
8

In\$ite Expenditures Fiscal Year 2011-2012

Legislative Definition of Instruction (State requirement is 70%.)



9



Goals for the Budget Process

- ❖ Instruction and strategic direction
- ❖ A step increase for all employees
- ❖ A one percent increase in all employee salary schedules
- ❖ Start-up costs for Deerfield Elementary School
- ❖ Focus on staffing for growth and change

13

First Reading to Second Reading Changes

Total Budget First Reading	\$220,288,838
Added 1.20 Certified Positions	74,842
Reduced Program Services	(75,600)
Total Budget Second Reading	\$220,288,080

14

Second Reading to Third Reading Changes

Total Budget Second Reading	\$220,288,080
Added 2.0 Positions	124,736
Extra Days Guidance	13,035
Total Budget Third Reading	\$220,425,851

15

Proposed Start-Up Positions Deerfield Elementary

Type of Staff	Number of Staff
Certified Staff FTE	18.50
Support Staff FTE	15.50
Administrative Staff FTE	2.00
Total	36.00

Proposed Start-Up Costs Deerfield Elementary

School	FTE	Salaries and Related Costs	Programs and Services	Total
Deerfield Elementary	36.00	\$1,900,376	\$152,100	\$2,052,476

Other Staffing Changes

Staff	FTE	Salaries and Related Costs
Certified Staff	34.39	\$2,190,817
Support Staff	19.25	785,164
Administrative Staff	6.00	590,045
Total Changes	59.64	3,566,026

Total Increases in Expenditures

	Amount
Step Increase, 1% Salary Increase, and Health and Retirement Increases for FY 2015	\$7,450,293
Position Transfers from Special Revenue Funds	2,662,292
New Positions for Fiscal Year 2015	5,466,402
Programs and Services Increase	1,882,963
Total	\$17,461,950

1% Salary Increase for All Employees

	Amount
Certified	\$1,060,862
Support	341,206
Administrative	165,081
Total	\$1,567,149

Cost of Additional .5% Salary Increase for All Employees

	Amount
Certified	\$524,099
Support	172,058
Administrative	84,655
Total	\$780,812

Budget Increases, Decreases Programs and Services

	Amount
Budget Increases in Programs and Services	
Utilities, Communications and Maintenance	\$ 387,331
School Allocations	70,937
School Safety and Health Supplies	105,077
Transportation	65,000
IT Software Licenses, Supplies and Equipment	342,300
Property and Casualty Insurance Premiums	49,686
Contractual Services for Staffing	185,320
Instructional Supplies, Assessments and Software	710,288
Food Service Transfer	280,700
Total Increases	2,196,639
Budget Decreases in Programs and Services	
Start-Up Costs Under Prior Year	(313,676)
Total Increase Over Prior Year	\$ 1,882,963



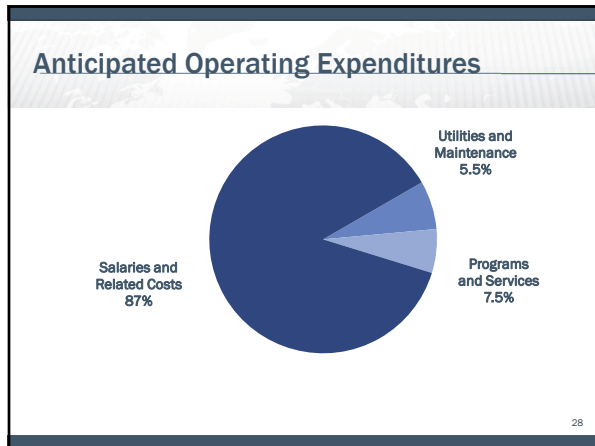
Third Reading Projected Revenue Changes

	Amount
Local — Growth and New Millage	\$ 6,210,016
State — EFA, Act 388 and Fringe Allocation	8,246,328
Transfers — EIA Transfer and Indirect Costs	2,005,606
Fund Balance — Increase Over FY 2014	1,000,000
Total Projected Revenue Increase	\$17,461,950

Act 388 Funding Loss

Anticipated Operating Expenditures

9



Act 388 Allowable Millage Increase

Calculation of Allowable Millage Increase	
FY 2014 Millage Rate	271.46
x Allowable Percentage Increase	3.58%
FY 2015 Allowable Millage Increase	9.71
x Value of a Mill	\$232,067
Potential Additional Revenue	\$2,253,370

29

Act 388 Allowable Millage Increase

Calculation of Allowable Millage Increase	
FY 2014 Millage Rate	271.46
x Allowable Percentage Increase	3.58%
FY 2015 Allowable Millage Increase	9.71
FY 2015 Suggested Millage Increase	6.75
x Value of a Mill	\$232,067
Potential Additional Revenue	\$1,566,452

30

Summary

- ❖ Focuses on instruction, strategic direction, and staffing for growth and change
- ❖ Includes a step increase and one percent increase for all employees
- ❖ Adds 36.0 positions for Deerfield Elementary start-up
- ❖ Transfers allowable costs to capital
- ❖ Budgets an additional \$1 million of fund balance (\$9 million total)
- ❖ Includes 6.75 millage/tax increase on taxable property. Since owner-occupied property is not taxable for school operations, there is no tax increase to homeowners.

31

Questions?



32



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The 2014–2015 Budget Process

Communications

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Educational Foundation
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Tuesday, June 24, 2014 — Board Meeting

Public Hearing and Third Reading of the 2014–2015 Budget

Lexington One board approves 2014–2015 general fund operating budget

Lexington County School District One administrators presented a third reading of the district's 2014–2015 general fund operating budget at a public hearing held at 7 P.M. Tuesday, June 24, 2014.

The Lexington County School District One Board of Trustees approved the district's 2014–2015 general fund operating budget at the board meeting that followed the public hearing.

The district's general fund operating budget provides funding for the day-to-day operations of the district such as paying salaries, insurance and utilities and purchasing supplies, materials and services.

From the second reading to the third reading, the proposed budget was increased by \$137,771 as Lexington One administrators added two new positions and extra days for some Guidance staff to the budget.

The third reading of the budget included a recommended general fund operating budget of \$220,425,851 — about an 8.6 percent increase (\$17,461,951) over Lexington One's current operating budget for 2013–2014 of \$202,963,901. The projected \$220,425,851 in proposed operating expenditures consists of about 87 percent salaries and related costs, 7.5 percent for programs and services, and 5.5 percent for utilities and maintenance.

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- [06-18-2014 Public Notice](#)
- [06-24-2014 Meeting Agenda](#)
- [Chief Financial Officer John Butler's Presentation](#)
- [Lexington One board approves 2014–2015 general fund operating budget](#)
- [Approved fees for 2014–2015](#)

Tuesday, May 20, 2014 — Board Meeting 7:30 P.M.
Second Reading of the 2014–2015 Budget

Lexington One continues 2014–2015 budget process with second reading

Lexington County School District One administrators continued the district's 2014–2015 budget process by presenting a second reading of the proposed 2014–2015 general fund operating budget at its May 20 monthly board meeting.

From the first to the second reading, the proposed budget was reduced by \$758 as Lexington One administrators recommended a \$220,288,080 general fund budget — about an 8.5 percent increase (\$17,324,179) over Lexington One's current operating budget for 2013–2014 of \$202,963,901. The projected

\$220,288,080 in proposed operating expenditures consists of about 87 percent salaries and related costs, 7.5 percent for programs and services, and 5.5 percent for utilities and maintenance.

- [05-13-2014 Public Notice](#)
- [05-20-2014 Meeting Agenda](#)
- [Chief Financial Officer John Butler's Presentation](#)
- [Lexington One continues 2014–2015 budget process with second reading](#)
- [Proposed fees for 2014–2015](#)

Tuesday, April 29, 2014 — Special Board Meeting 6:00 P.M.
Budget Workshop
First Reading of the 2014–2015 Budget

Lexington One begins 2014–2015 budget process

On Tuesday, April 29, 2014, at 6 p.m. at a special budget workshop held for the district's Board of Trustees, Lexington County School District One administrators presented a proposal for funding the district's 2014–2015 general fund operating budget.

The district's general fund operating budget provides funding for the day-to-day operations of the district such as paying salaries, insurance and utilities and purchasing supplies, materials and services. The budget, as it appears at the budget workshop/first reading, is merely a projection. The district has made preliminary projections for revenue based on historical data, the House version and Senate Finance Committee version of the state budget, and preliminary local assessment projections from the county.

In the workshop, which serves as first reading, Lexington One administrators recommended a \$220,288,838 general fund budget — about an 8.5 percent increase over Lexington One's current operating budget for 2013–2014 of \$202,963,901. The projected \$220,288,838 in proposed operating expenditures consists of about 87 percent salaries and related costs, 7.5 percent for programs and services, and 5.5 percent for utilities and maintenance.

The proposed budget shows an increase of about \$15 million in employee salaries and related costs (an 8.7% increase) and an increase of about \$2 million in programs and services (a 7.3% increase).

It also adds 92.44 positions (to accommodate student growth across the district and the opening of Deerfield Elementary School); includes a step increase (about \$2.5 million) and a one percent salary increase for all employees (about \$1.6 million); transfers allowable costs to capital funds; and budgets an additional \$1 million from fund balance over last year (\$9 million total).

Lexington One Superintendent, Dr. Karen Woodward, opened the budget workshop by saying, "Although we are encouraged by the moderate increase in revenue for 2014–2015 in the proposals put forth by the legislature so far, districts will continue to be funded below the 2005–2006 school year Base Student Cost.

"We've crafted a budget that continues our focus on our employees with a step increase and one percent increase, focuses on staffing for growth and change and provides start-up costs for a new school as we continue to grow.

"We are absolutely committed to providing quality education that is foundational to our students' futures, essential to the quality of our community and significant in economic development — all of which is necessary for a vibrant Lexington community, good jobs and successful lives."

- [04-22-2014 Public Notice](#)
- [04-29-2014 Meeting Agenda](#)
- [Chief Financial Officer John Butler's Presentation](#)
- [Lexington One begins 2014–2015 budget process](#)

Other Financial Information

- [What is In\\$ite?](#)
- [SCDOE In\\$ite Data for Fiscal Year 2012 Abbeville–Greenwood 52](#)
- [SCDOE In\\$ite Data for Fiscal Year 2012 Hampton 1–York 4](#)
- [SCDOE Fiscal Year 2012 In\\$ite Data State Totals](#)

Transparency

To comply with Section 1.43 of Part I.B of the Appropriations Act of 2009 (Act 23 of 2009), Lexington County School District One is [posting](#) monthly expenditures.

Funding Flexibility — Joint Resolution 4299/Provisos 1.43, 1.50 and 1A.23

- [2013–2014 Funding Flexibility Report](#)
- [2012–2013 Funding Flexibility Report](#)
- [2011–2012 Funding Flexibility Report](#)
- [2011–2012 Funding Flexibility Report](#)
- [2010–2011 Funding Flexibility Report](#)
- [2009–2010 Funding Flexibility Report](#)
- [2008–2009 Funding Flexibility Report](#)

Administrative Cost Reporting — Appropriations Act H-63 section 1.68

- [2012–2013 Administrative Cost Report](#)

LEXINGTON COUNTY SCHOOL DISTRICT ONE

PROPOSED GENERAL FUND OPERATING BUDGET (2013–2014)

What is the general fund operating budget?

The district's general fund operating budget provides funding for the day-to-day operations of the district such as paying salaries, insurance and utilities and purchasing supplies, materials and services.

Factors influencing the proposed 2013–2014 general fund operating budget

- In the proposals put forth by the legislature so far, school districts will continue to be funded slightly above the 2000–2001 school year Base Student Cost using a more than decade old student funding level.
- The \$2,101 Base Student Cost is almost \$700 less per pupil lower than the state Budget and Control Board's formula recommends.
- According to the Budget and Control Board, the Base Student Cost in 2013–2014 should be \$2,771.
- The district currently serves 23,706 students from prekindergarten through grade 12 and continues to see significant growth in new homes and an influx of new students.
- The district experienced an increase of 568 students (2.5%) this year (2012–2013), and administrators project a growth of 547 students for the 2013–2014 school.
- Lexington One remains one of the state's fastest growing school districts growing 2,477 students over the last five years.

Budget at a glance

In the second reading of the budget, Lexington One administrators recommended a projected \$202,963,901 general fund operating budget for next year based on preliminary projections for revenue based on historical data, the House version and Senate Finance Committee version of the state budget, and preliminary local assessment projections from the county. In the proposals put forth by the legislature so far, districts will continue to be funded slightly above the 2000–2001 school year Base Student Cost using a more than decade old student funding level. The district will base its final budget on the state's final budget.

The projected \$202,963,901 in proposed operating expenditures consists of about 86.8 percent salaries and related costs, 6.3 percent for programs and services, and 6.9 percent for utilities and maintenance.

It is an increase of \$12,743,814 (6.7 percent) over Lexington One's current operating budget for 2012–2013 of \$190,220,087. The majority of the increase is for salary increases and related costs, inflation and startup costs for new schools. The proposed budget shows an increase of about \$6.2 million in employee salaries and related costs (a 6.4% increase) and an increase of about \$2.1 million in programs and services (an 8.5% increase). The district's budget focuses again on instruction with only two percent going toward district leadership and only five percent going toward school leadership.

The proposed budget

- adds 82.75 positions to accommodate 2013–2014 opening of River Bluff High
- adds 2.95 positions to begin staffing for the 2014–2015 opening of Deerfield Elementary
- adds 17 unassigned teaching positions to accommodate student growth across the district
- includes 88.65 positions total (RBHS, DES, unassigned positions and other staffing) (about \$4.4 million)
- includes a step increase for all employees (about \$2.5 million)
- includes health and retirement increases (about \$2 million)
- incorporates an increase in accounts payable to cover increases in utilities, supplies, materials and services (about \$2.1 million)
- focuses on maintaining student to teacher ratios
- transfers allowable costs to capital funds
- expands the district's elementary safety pilot to all elementary schools
- budgets \$8 million from fund balance (\$2 million more than last year)
- includes an 11.56 mill increase (about \$2.6 million)

General Fund Operating Millage

- Since the 2007 tax year (fiscal year 2007–2008), owner-occupied homeowners do not pay school operations taxes. Owner-occupied homeowner's school operations taxes are paid by the state according to a formula outlined in Act 388.
- Owner-occupied homeowners do pay school bonds taxes, which they voted to approve. That millage (71.3 mills) is the same as it was in 2008 when taxpayers approved the last bond referendum. Even then, a portion of those school bonds taxes are not paid by the taxpayer but paid instead by the one-cent sales tax generated by the Lexington County School District Property Tax Relief Act.
- In fact, a Lexington One resident with an owner-occupied home valued at \$100,000 pays about \$90 a year total in school taxes of any kind on that home.
- The district did not raise millage for school operations last year for 2012–2013 and raised millage by 5 mills for school operations the previous year (2011–2012).
- By law, the state would allow Lexington One to raise millage by 31 mills for 2013–2014.
- The district, however, proposes adding 11.56 mills to fund the 2013–2014 general fund operating budget.
- A Lexington One resident with a business valued at \$100,000 would see their taxes increase about \$69.
- Each mill brings in about \$224,000 in revenue to the district.
- The district currently levies 259.9 mills for operations.
- Lexington County's tax base is made up of about half owner-occupied and half business tax assessments and other taxable assessments. In 2012, the owner-occupied portion of the county was the fastest growing (4.62%) versus the .35% growth in business tax assessments and other taxable assessments.
- This year, the 2013 fiscal year, the district received \$11.3 million less from the state than it would have received before Act 388 for the growth in homes.