

# Lake Ridge Schools

*Mission Statement: Transforming Education, Inspiring Lives, Empowering All*

## Office of the Superintendent

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June 26, 2023

Distressed Unit Appeal Board  
Peter Miller, Executive Director  
100 N. Senate Avenue  
IGCN, 10<sup>th</sup> Floor  
Indianapolis, IN 46204

Indiana Department of Education  
Office of School Finance  
Melissa Ambre, Director  
100 N. Senate Avenue  
IGCN, 9<sup>th</sup> Floor  
Indianapolis, IN 46204

Dear Ms. Ambre and Mr. Miller:

Lake Ridge Schools is in receipt of the March 31, 2023, notice from the Indiana Department of Education (IDOE) Office of School Finance that Lake Ridge Schools transferred more than fifteen percent of total Education Fund revenue in calendar year 2022, exceeding the fund transfer target percentage established in Indiana Code 20-40-2-9. As provided in statute, the Lake Ridge School Board of Trustees, in its capacity as the school governing body, acknowledged receipt of the notice at their April 10, 2023 meeting and the IDOE notice was published on the Lake Ridge Schools corporation website on April 24, 2023.

According to the provisions of Indiana Code 20-40-2-10(b)(1), Lake Ridge Schools is directed to prepare and submit explanatory documentation to IDOE and the Fiscal and Qualitative Indicators Committee (FQIC) addressing two factors. One, how and why it believes the school corporation failed to meet the education fund transfer target percentage. Two, the steps it is planning or actively taking to budget and spend during the next calendar year to meet the education fund transfer target percentage.

To address the first factor, Lake Ridge Schools believes that the severe impact of property tax circuit breaker loss has created an environment where it is impossible to operate without exceeding the education fund transfer target percentage. In 2022, of the \$3,612,171 Operations Fund certified levy, circuit breaker credits of \$2,369,513.94 (65.6% of the certified levy) left Lake Ridge Schools with an Operational Fund working levy of only \$1,156,057.61. With license excise tax, commercial vehicle excise tax and other miscellaneous receivables

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### **SUPERINTENDENT**

Sharon Johnson Shirley, Ed.D.

### **ASSISTANT SUPERINTENDENT**

Cynthia Mose-Trevino

### **BUSINESS MANAGER**

Adrian Wilkerson

### **BOARD OF SCHOOL TRUSTEES**

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Ms. Kimberly Osteen, President

Mr. Samuel Roberts

to fund improvements to Calumet New Tech High School facilities that will include a package of guaranteed energy savings projects that will provide relief to both utility expenditures and deferred maintenance expenditures at that building. Lake Ridge has also already outsourced most of its transportation department. In order to preserve transportation service levels, Lake Ridge had begun to explore the option of pursuing another Operations Fund referendum in the next few years. Previously, the district had anticipated that the expiration of the Lake County circuit breaker exemption in 2020 would lead to operational revenue shortfalls and attempted an operations fund referendum in 2018, asking for \$3 million per year for seven years. That referendum failed by a 35 percent to 65 percent margin. The district currently feels that attempting another Operations Fund referendum is futile given the combination of low assessed property value in unincorporated Calumet Township, the already highest property tax rate in Lake County (\$2.9507 per \$1000 assessed), and references to double digit tax increases necessitated by legislative changes to the form of the operating referendum question (through House Enrolled Act 1271-2021). The district does understand that if cash reserves fall below a certain level (3-4 months operating expenses or \$1.5-\$2 million per fund), the district may have no choice but to attempt another referendum as early as 2024. If Lake Ridge Schools cannot secure additional revenue through referenda, circuit breaker relief, or some other form of state provided aid, the School Board of Trustees has passed a resolution to terminate transportation services, except where those services are required by law. This will have a severe negative effect on district enrollment, considering that the Lake Ridge School district does not have sidewalks or adequate street lighting to facilitate pedestrian traffic. Based on the technical assistance already provided by the Office of School Efficiency, Lake Ridge has begun to examine all its vendor contracts and will engage in an open competitive bidding process to determine if it can find more cost-effective services in the areas of transportation, food service, casualty and property insurance, health insurance, and eventually, custodial and maintenance services. As required by Indiana Code, this information and the attendant discussion has been presented to the School Board of Trustees at their regular June 26, 2023, meeting and a copy of this response will be posted to the Lake Ridge Schools' website within 30 days.

In conclusion, it is the continuing position of Lake Ridge Schools that it is the extreme lack of revenue brought on by its circuit breaker loss (one of the highest in the state of Indiana by percentage of levy lost) and not the modest level of operational expenditures that has led it to exceed the fund transfer target percentage. Lake Ridge Schools has made \$6.7 million in expenditure reductions in the last 11 years. Despite a 9.1% year over year general inflation rate in 2022, Lake Ridge operational expenses remained constant. The district has outsourced most of its operational functions and does only what is absolutely essential to keep mission critical buildings at minimally serviceable levels. Any further reductions will be devastating, dangerous and detrimental to the educational experience of approximately 1550 high need, at-risk

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(rental income, disposal of property), the total Operations Fund revenue without transfers would only equal \$1,543,135.51. With the maximum fifteen percent transfer from the Education Fund, Lake Ridge Schools would have a working Operations Fund budget of only \$3,807,926.64. This would have left the Operations Fund short of meeting 2022 expenditures by \$1,912,086.64. Fully aware that doing so would likely place the corporation in the position of appearing on the excessive fund transfer list on multiple occasions, to maintain current operations, the Board passed a resolution permitting transfers of up to \$4,000,000 from the Education Fund to the Operations Fund in September 2018, shortly before the General Fund was to be divided between the Education Fund and Operations Fund by which it is known presently. The Board has taken this action every subsequent budget year.

At the suggestion of the IDOE, Lake Ridge Schools undertook an analysis of expenditures in the Operations Fund to examine what, if any, reductions can be made. As the enclosed categorial analysis shows, the largest expenditure amounts are found in the Operations & Maintenance (58% or \$3,297,424.01) and Transportation (23% or \$1,327,415.78) accounts. Additionally, when analyzing expenditures on an object code level, over half (61.7% or \$3,528,030.34) of expenditures are for custodial, maintenance, repair, and transportation services. Basic operational necessities like utilities and insurance comprise another 20% or \$1,142,151.58 of the Operations Fund budget. Administrative salary and benefits only account for 15.5% or \$884,266.89 of all Operations Fund expenditures. These positions comprise the staff of the Superintendent's Office, Business Office, Transportation Department and two Technology Managers .

The second factor asks the steps that Lake Ridge Schools is planning or actively taking to budget and spend during the next calendar year to meet the education fund transfer target percentage. Without additional revenue, Lake Ridge Schools will continue to be hard pressed to operate without large Education Fund transfers. Aging school facilities (five buildings that have far exceeded their useful life), coupled with urgent repair needs arising from deferred maintenance issues, will continue to have a major impact on the Operations Fund budget in subsequent years. Lake Ridge Schools has already outsourced its custodial and maintenance services and will continue to work with its contract vendor to maximize efficiency and engage in only critical infrastructure repairs. Further, Lake Ridge Schools has engaged the services of a firm that will analyze current custodial operations to right-size staffing and determine if automation investments can provide cost savings in the future. To the extent allowable under law, Lake Ridge will fund any infrastructure improvements relating to air quality and health/safety issues to the collection of federal aid colloquially known as the CARES Act or ESSER Funds. Additionally, Lake Ridge has secured a \$22.7 million debt service bond issuance

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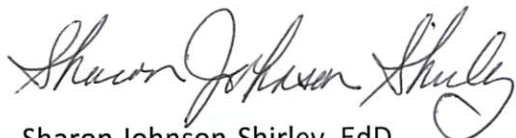
# Lake Ridge Schools

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## Office of the Superintendent

students. The district will gladly accept any guidance or assistance provided by either the FQIC or IDOE. Thank you for your consideration.

Sincerely,



Sharon Johnson-Shirley, EdD

Superintendent



Adrian Wilkerson

Business Manager/Chief Financial Officer

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Account Number	Account Name	Object Name	Object Number	Expenditure
17000-17999	Joint Services	Salaries	100-199	\$0.00
		Benefits	200-299	\$0.00
		Services	300-444, 490-510, 512-559, 580-599	\$0.00
		Supplies	600-699	\$0.00
		Other		\$0.00
		Total		\$0.00
23000-23999	General Administration	Salaries	100-199	\$269,170.82
		Benefits	200-299	\$104,094.03
		Services	300-444, 490-510, 512-559, 580-599	\$33,053.05
		Supplies	600-699	\$9,571.69
		Other		\$12,084.41
		Total		\$427,974.00
25000-25999	Central Office Support Services	Salaries	100-199	\$341,071.44
		Benefits	200-299	\$102,656.34
		Services	300-444, 490-510, 512-559, 580-599	\$104,333.60
		Supplies	600-699	\$100,630.52
		Other		\$14,804.44
		Total		\$663,496.34
26000-26999	Operations and Maintenance	Salaries	100-199	\$0.00
		Benefits	200-299	\$93,124.98
		Services	300-444, 490-510, 512-559, 580-599	\$2,285,986.33
		Supplies	600-699	\$918,312.70
		Other		\$0.00
		Total		\$3,297,424.01
27000-27999	Transportation	Salaries	100-199	\$51,442.23
		Benefits	200-299	\$15,832.03
		Services	300-444, 490-510, 512-559, 580-599	\$1,242,044.01
		Supplies	600-699	\$18,097.51
		Other		\$0.00
		Total		\$1,327,415.78
31000-31999	Food Service	Salaries	100-199	\$0.00
		Benefits	200-299	\$0.00
		Services	300-444, 490-510, 512-559, 580-599	\$0.00
		Supplies	600-699	\$0.00
		Other		\$0.00
		Total		\$0.00
33000-33999	Community Services, Coaching	Salaries	100-199	\$0.00
		Benefits	200-299	\$0.00
		Services	300-444, 490-510, 512-559, 580-599	\$0.00
		Supplies	600-699	\$0.00
		Other		\$0.00
		Total		\$0.00
40000-45999; 49000-499999	Facilities Acquisition & Construction	Salaries	100-199	\$0.00
		Benefits	200-299	\$0.00
		Services	300-444, 490-510, 512-559, 580-599	\$3,703.15
		Supplies	600-699	\$0.00
		Other		\$0.00
		Total		\$3,703.15
46000-47999	Purchase of Equipment	Salaries	100-199	\$0.00
		Benefits	200-299	\$0.00

		Services	300-444, 490-510, 512-559, 580-599	\$0.00
		Supplies	600-699	\$0.00
		Other		\$0.00
		Total		\$0.00
51000-59999	Debt Payments/Lease Rental	Salaries	100-199	\$0.00
		Benefits	200-299	\$0.00
		Services	300-444, 490-510, 512-559, 580-599	\$0.00
		Supplies	600-699	\$0.00
		Other		\$0.00
		Total		\$0.00
<b>Total Operational Expenditures</b>				<b>\$5,720,013.28</b>

