

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

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SCHOOL BOARD COMMUNICATION

Title: FY14 Budget (REVISED)

Date: March 26, 2013

Item Number: 11b.

Administrator: Dave Jones, Assistant Superintendent
Steve Atwater, Superintendent

Dave Jones
Steve Atwater

Attachments: FY14 Preliminary Budget

Action Needed **For Discussion** **Information** **Other:** _____

BACKGROUND INFORMATION

The FY14 Preliminary Budget Document has been presented for review by all interested parties. Since January, we have increased revenues in the amount of \$1,741,904 based on the Governor's budget for one-time State funds and an increase to expenditures in the amount of \$541,849 for salaries/benefits due to negotiations. The Board is required to approve a balanced budget (where the revenue budget equals the expenditure budget) with Board action scheduled for the April 1, 2013 meeting. The following information was provided to help facilitate understanding of the FY14 General Fund Budget.

Enrollment Projection

The process used to project the FY14 enrollment is based on a straight-line method for most schools as of October 26, 2012. The steps involved in arriving at the projection of 8,873 included:

- Students at school sites were moved ahead one grade level, with some variance based on principal input.
- Charter school enrollment projections are in concert with the contractual agreement between each charter school and the District.
- Staffing for Homer Flex, Kenai Alternative and Marathon School locations according to amounts stated in Board AR 6183c.
- Kindergarten enrollment was based on the average actual enrollment for FY11, FY12 and FY13, with some modifications based on additional information from administrators.
- Sites affected by feeder schools were adjusted according to anticipated student movement.

The District was required to submit the FY14 enrollment projection to the State Department of Education and Early Development by November 5, 2012.

Revenue Budget

After the inclusion of the \$1,741,904 in one-time funding in the Governor's Budget, the Preliminary General Fund forecasted revenue budget totals \$145,115,204. We are planning on utilizing \$1,710,000 in Fund Balance Designated for Health Care. This leaves a remaining deficit of \$2,556,720 if we are going to balance to the total expenditure and transfer budget amount of \$149,391,924. The Board has previously stated it would use a maximum of \$1,000,000 in Unassigned Fund Balance. Such usage would leave a remaining deficit of \$1,556,720.

The remaining deficit of \$1,556,720 could possibly be addressed by additional Borough funding, additional State funding, increased usage of Unassigned Fund Balance, or cuts to the expenditure budget. Additional State and Borough funding will not be known until the close of their budget processes. Due to the requirement for the Board to pass a balanced budget, we are recommending that the budget be passed with the remaining deficit of \$1,556,720 being taken from Unassigned Fund Balance. Once the State and the Borough have finished their budget processes the Board can then determine the needed action.

Expenditure Budget

The Preliminary General Fund expenditure budget of \$149,391,564 is based on the enrollment projection and other considerations noted below. This includes expenditures of \$148,616,564 and transfers of \$775,000.

- Staff FTEs have been adjusted to reflect staffing according to existing staffing formulas, using the FY14 projected enrollment of 8,873.
- Programmatic staffing that was implemented in FY09 is still included in the FY14 preliminary budget.
- Additional \$541,489 has been included in salaries/benefits due to negotiations.
- Employer-paid retirement benefits were calculated on the projected salaries, including 22% of gross wages for PERS-eligible positions and 12.56% of gross wages for TRS-eligible positions.
- Employer-paid share of health care was increased based on anticipated increased cost and is estimated at \$16,200 per employee.
- Schools are staffed based on staffing formulas that fit their size and configuration.
- Supply and copy budgets have been adjusted based on student enrollment projections.
- Utility budgets have been rolled forward with adjustments as needed.
- Budgets for property, liability and stop-loss insurance and worker’s compensation costs, which are received as In-Kind Services from the Kenai Peninsula Borough, are budgeted at FY13 amounts.
- Fund transfers have been included for the Student Nutrition program in the amount of \$750,000 and the Community Theater program in the amount of \$25,000.

Other

This budget proposal meets the State of Alaska requirement of at least 70% of total General Fund expenditures dedicated to instructional activities. This proposal dedicates over 75% to instruction and less than 25% to instructional support.

Budget Forums

Opportunities for review and discussion of the FY14 budget were held around the borough. Dates and information about the budget cycle that has been/will be used in formulating the final FY14 budget are as follows:

November 8, 2012	Community Budget Development Committee Meeting
January 14, 2013	Preliminary FY14 Budget Information to Board
February 4, 2013	Budget Work Session to Review Detailed FY14 Budget Information
February 12, 2013	Joint Work Session with Board and Borough Assembly
February 19, 2013	Public Budget Forum, Seward High School Library, 6:00 p.m.
February 20, 2013	Public Budget Forum, Skyview High School Library, 6:00 p.m.
February 28, 2013	Public Budget Forum, Homer High School Library, 6:00 p.m.
March 4, 2013	Board Meeting – Continuing Review of FY14 Preliminary Budget
April 1, 2013	Board Meeting – Present FY14 Budget for Approval
April 16, 2013	Assembly Meeting – Present Final FY14 Budget Information

ADMINISTRATIVE RECOMMENDATION

Information is presented for information and discussion, approval of FY14 Budget requested.

KPBSD FY14 BUDGET

	1/14/2013	Adjustments 4/1/2013	Adjusted Totals 4/1/2013
Revenue	\$ 143,373,300	\$ 1,741,904 *	\$ 145,115,204
Expenditures & Transfers	\$ <u>148,850,075</u>	\$ 541,849 **	\$ <u>149,391,924</u>
Deficit	\$ (5,476,775)		\$ (4,276,720)
Use of Fund Balance - Health Care	\$ 1,710,000		\$ 1,710,000
Remaining Deficit	\$ (3,766,775)		\$ (2,566,720)

* Revenue increase comes from the addition of the \$1,741,904 one-time money in State revenue included in the Governor's budget.

** An expenditure increase of \$541,849 has been added to reflect the estimate of salaries and benefits related to negotiations.