


SCHOOL BOARD COMMUNICATION

Title:	FY14 Budget Update		
Date:	May 22, 2013	Item Number:	Worksession
Administrator:	Steve Atwater, Ph.D. Superintendent of Schools		
Attachments:			

Action Needed
 For Discussion
 Information
 Other: _____

BACKGROUND INFORMATION

In April you approved our FY14 budget that included the use of about \$2.5 million of fund balance. The Governor’s recent signing of the state’s operating and capital budgets and the Borough setting our minimum local contribution for FY14 allows us to revise our FY14 budget. This revision will be brought to you at your July meeting. Our projected deficit for FY14 will be \$ 2,066,720 (see attached budget document).

The FY14 State of Alaska Capital Budget included \$1.4 million for KPBSD for school security. After speaking to the Department of Education and Early Development as well as hearing from other superintendents who have House Finance Committee Members in their district, it is clear that this money is not intended to be used for operations. As such, the amount of fund balance that the district will have to use to balance its budget for FY14 is estimated to be greater than the goal of \$1 million that you set last winter. As it stands today, we will need to use about \$2.06 million of fund balance to balance our FY14 budget. Note the approved budget also includes use of \$1.7 million of fund balance from our Health Care fund balance.

Recommendation

I recommend that the District take a conservative approach toward FY14 expenditures and when possible make reductions. We have started this approach by not replacing two of our assistant principals (Skyview .5 FTE, Redoubt/K-Beach 1.0 FTE *[pending]*) who resigned this spring. Although we will use some of the funds budgeted for these two positions to help pay for the Soldotna HS transition and to support our evaluation process, we will reduce expenditures by not replacing this 1.5 FTE. All future vacancies generated by resignations will be closely examined to determine whether we should fill that position.

Another pending expenditure reduction is the energy conversion to gas of our in-town Homer schools. Although it is not yet clear when this will happen, we are hoping that it will occur during the winter break.

The purpose of this worksession is to bring to your attention known FY14 revenue and to ensure that it is understood that we do not plan to expend any of the \$1.4 million that we will receive for school security on operations. Further, I want to ensure that you are aware that our revision that will be brought to you in July will include more than the \$1.0 million in fund balance that was previously set as a target for FY14.

ADMINISTRATIVE RECOMMENDATION

N/A

KPBSD FY14 BUDGET OVERVIEW

	1/14/2013	Adjustments 4/1/2013	Adjusted Totals 4/1/2013	Legislative Action 4/15/2013	Borough Action 5/7/2013	Recommended Adjusted Totals 5/3/2013
Revenue	\$ 143,373,300	\$ 1,741,904 *	\$ 145,115,204	\$ 1,465,836 ***	\$ 500,000 ****	\$ 147,081,040
Expenditures & Transfers	<u>\$ 148,850,075</u>	\$ 541,849 **	<u>\$ 149,391,924</u>	\$ 1,465,836 ***	<u>\$ -</u>	<u>\$ 150,857,760</u>
Deficit	\$ (5,476,775)		\$ (4,276,720)			\$ (3,776,720)
Use of Fund Balance - Health Care	\$ 1,710,000		\$ 1,710,000			\$ 1,710,000
Remaining Deficit	\$ (3,766,775)		\$ (2,566,720)			\$ (2,066,720)

* 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.

*** The Alaska Legislature included this additional amount for KPBSD and earmarked it for security purposes which restricts the District's ability to use these funds to reduce the existing deficit.

**** The Kenai Peninsula Borough increased their support for FY14 by \$500,000 over the FY13 support level.