



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Assistant Superintendent

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MEMORANDUM

TO: Board of Education
THROUGH: Dr. Steve Atwater, Superintendent *Steve Atwater*
FROM: Dave Jones, Assistant Superintendent *Dave Jones*
SUBJECT: FY10 Budget Revision – All Funds

PURPOSE:

The current revised FY10 budget reflects the original budget passed by the Board in April, 2009, and the revisions previously approved at your August, October and January meetings.

RECOMMENDATION:

The administration recommends the Board of Education approve changes to the FY10 general fund and special revenue fund revenue and expenditure budgets as detailed below. The revised general fund budget of \$126,345,205 and special revenue fund budgets of \$38,617,356 total \$164,962,561 in all funds.

PERTINENT INFORMATION – GENERAL FUND:

State Revenue

Final Foundation / State Aid figures from the State of Alaska for FY10 resulted in a slight decline in State Revenue of \$24,957, as illustrated in the chart below:

	<u>FY10</u> <u>Current Budget</u>	<u>FY10</u> <u>Revised Budget</u>	<u>Difference</u>
Foundation	\$ 64,087,845	\$ 64,062,959	\$ (24,886)
Quality Schools	\$ 250,266	\$ 250,195	\$ (71)
Total State	\$ 64,338,111	\$ 64,313,154	\$ (24,957)

The reduction in state revenue reduced the maximum allowable local contribution to \$43,261,194. Actual local contribution from the Kenai Peninsula Borough for FY10 has been set at \$42,983,376 and the district did not request the difference of \$277,818 in additional local effort, so no revision is needed to local revenue.

Expenditure Budget

Adjustments to Charter Schools

With the receipt of final electronic enrollment data / OASIS Adjusted Average Daily Membership information from the State of Alaska, charter school expenditure budgets have been recalculated and will be revised according to the following table:

	<u>FY10</u> <u>Current Budget</u>	<u>FY10</u> <u>Revised Budget</u>	<u>Difference</u>
Aurora Borealis	\$ 1,905,727	\$ 1,881,599	\$ (24,128)
Fireweed Academy	599,391	663,026	63,635
Kaleidoscope	2,412,432	2,412,032	(400)
Soldotna Montessori	<u>1,700,455</u>	<u>\$ 1,700,228</u>	<u>\$ (227)</u>
Total State	<u>\$ 6,618,005</u>	<u>\$ 6,656,885</u>	<u>\$ 38,880</u>

Other Adjustment

A reduction to the unexpended budget for electricity costs will be made to offset the decrease in state revenue and increase in charter school expenditure budgets as noted above.

FY10 GENERAL FUND BUDGET REVISION SUMMARY:

Revenue Budget

Current FY10 Revenue Budget	\$ 126,370,162
Decrease in State Revenue	<u>(24,957)</u>
Net Change	\$ (24,957)
Revised FY10 Revenue Budget	<u>\$ 126,345,205</u>

Expenditure Budget

Current FY10 Expenditure Budget	\$ 126,370,162
Adjustments to Charter Schools	38,880
Reduction in Electricity Budget	<u>(63,837)</u>
Net Change	\$ 24,957
Revised FY10 Expenditure Budget	<u>\$ 126,345,205</u>

PERTINENT INFORMATION – SPECIAL REVENUE FUNDS:

The Alaska Department of Education and Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts (Chart of Accounts) was developed to provide uniformity in school district accounting statewide. Use of the Chart of Accounts helps ensure that all Alaska school districts comply with state and federal statutes and regulations, as well as accounting principles and standards. The objective of the standardization is to provide better information for all stakeholders interested in school finance. Account code structures must be set up with certain required elements – Fund, Function and Object. Location and Program are other optional elements that are allowed so school districts can organize accounts in a manner that provides a necessary amount of detail.

As defined in the Chart of Accounts, a fund is “A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.”

Special Revenue Funds are used by the school district, in accordance with the Chart of Accounts, to account for the proceeds of specific revenue sources and their associated expenditures. These funds are restricted to expenditures for specific purposes and must be accounted for separately from the General (School Operating) Fund. As required by the Chart of Accounts, Special Revenue Funds are differentiated by the use of fund codes in the 200-399 range, while the General Fund is accounted for in the 100 fund.

Revenue Budget

In February 2009, our nation’s lawmakers enacted the American Recovery and Reinvestment Act (ARRA), also known as the federal stimulus act. President Barack Obama called it “the largest investment in education in our nation’s history.” While the intent of this funding is to help save jobs and support States and school districts, it also creates an historic opportunity to advance reforms and improvements that will create long-lasting results for our students and our nation. ARRA provides over \$100 billion for education and early childhood programs and services. In all, Alaska expects to receive approximately \$170 million in stimulus funds for K – 12 education.

The Kenai Peninsula Borough School District has been awarded over \$10 million in stimulus funds which will be received as expenditures are made and reimbursements requested. Grant award amounts by program are:

State Fiscal Stabilization Fund	\$5,652,786
Title I, Part A	\$1,776,201
McKinney-Vento Homeless Grant	\$37,587
Title II, Part D (Education Technology)	\$97,492
Title VI, Part B	\$2,448,443
Preschool Disabled	\$99,302
Student Nutrition Services	\$10,000

The original Special Revenue Fund revenue budget for FY10 was approved by the board in the amount of \$17,411,204. Additional FY10 revenues in the amount of \$13,330,171 bring the total Special Revenue Fund revenue budget total to \$30,741,375.

Expenditure Budget

The original Special Revenue Fund expenditure budget for FY10 was approved by the board in the amount of \$18,085,300. Addition of expenditure budgets for the ARRA funds and the Equipment fund, as well as additions to other special revenue funds have increased the Special Revenue fund expenditure budget by \$20,532,056 to a total of \$38,617,356.

The difference between the Special Revenue Fund revenue and expenditure budgets, in the amount of \$7,875,981, reflects use of program fund balances and a transfer from the General Fund to the Student Nutrition Services program.

FY10 SPECIAL REVENUE FUND BUDGET REVISION SUMMARY:

Revenue Budget	
Original FY10 Special Revenue Budget	\$17,411,204
Increase in Special Revenues	<u>13,330,171</u>
Revised FY10 Special Revenue Budget	<u>\$30,741,375</u>
Transfers and Use of Fund Balance	
Transfer from General Fund	674,096
Use of Special Revenue Fund Balances	<u>7,201,885</u>
Total Transfers and Use of Fund Balance	<u>\$7,875,981</u>
Total Revenue Budget with Transfers and Use of Fund Balance	<u>\$38,617,356</u>
Expenditure Budget	
FY10 Special Revenue Budget	\$18,085,300
Increase in Special Revenue Budget	<u>20,532,056</u>
Revised FY10 Special Revenue Budget	<u>\$38,617,356</u>