

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

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SCHOOL BOARD COMMUNICATION

Title: FY13 Budget Revision

Date: July 2, 2012

Item Number: 10b.

Administrator: Dave Jones, Assistant Superintendent *Dave Jones*

Attachments:

Action Needed For Discussion Information Other: _____

BACKGROUND INFORMATION

Changes to anticipated revenues and expenditures after Board approval of the preliminary FY13 Budget in April 2012 necessitates a revision of the FY13 Budget.

General Fund Revenue Budget

The Alaska Legislature revised the method of calculating assessed property values, which increased state support by \$2,681,708. The legislature also added a component of Career and Technical Education (CTE) for grades 7 and 8, which increased the amount the district will receive from the state through the foundation formula by \$413,613. An increase in the amount anticipated from the Quality Schools Grant of \$1,165 and one-time funding of \$1,752,986, bring the total increase in state funding to \$4,849,472.

Subsequent to the changes at the state level, the Kenai Peninsula Borough Assembly reduced the FY13 In-Kind Budget to \$9,193,414 and Appropriation to \$33,806,161 for a total decrease in local contribution of \$1,500,000.

An increase in the use of fund balance in the amount of \$280,677 brings the total use of fund balance in FY13 to \$2,762,120. The total change to revenue budgets and use of fund balance is \$3,630,149, which brings the FY13 General Fund revenue budget to \$146,637,793.

General Fund Expenditure Budget

The district is in the process of negotiations with multiple employee groups. The increase in salary and benefit commitments currently offered by the district within negotiations totals \$2,991,536.

Expenditures in Food Service for FY12 exceeded expected costs slightly. With this information and with knowledge of the new federal regulations, the district estimates the need for additional funds in this area, so an additional transfer in the amount of \$225,000 is budgeted from the General Fund. This brings the total transfer for FY13 to \$525,000, which is less than the transfer for FY12.

Addition of grades 7 and 8 to the Career and Technical Education component of the Foundation Formula resulted in \$413,613 of additional funding from the state. The preliminary budget for that program will include \$180,613 for salaries and benefits, as well as \$233,000 for supplies, equipment and some possible remodeling to accommodate the new programs. We will expect to see revisions to this budget as the year progresses and plans are finalized.

Total changes to the expenditure and transfer budgets of \$3,630,149 bring the FY13 General Fund expenditure budget to a total of \$146,637,793.

FY13 GENERAL FUND BUDGET REVISION SUMMARY:

General Fund Revenue Budget

FY13 General Fund Revenue Budget - passed by the board in April 2012	\$ 140,526,201
FY13 Anticipated use of Fund Balance	2,481,443
Total General Fund Revenue, Transfers and Use of Fund Balance	<u>143,007,644</u>

Changes

Increase in State Foundation from Assessed Value Changes	2,681,708
Increase in State Foundation for 7th & 8th Career & Technical Education	413,613
Increase in Quality Schools Grant	1,165
State One-Time funding	<u>1,752,986</u>
Total State Funding Increase to General Fund	4,849,472

Decrease in Borough In-Kind	(190,839)
Decrease in Borough Appropriation	<u>(1,309,161)</u>
Total Local Funding Decrease to General Fund	(1,500,000)

Increase in Use of Fund Balance	<u>280,677</u>
Total General Fund Revenue Budget Changes	3,630,149

Revised FY13 General Fund Revenue Budget	<u><u>\$ 146,637,793</u></u>
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General Fund Expenditure Budget

FY13 General Fund Expenditure Budget - passed by the board in April 2012	\$ 142,682,644
Transfers to Food Service and Community Theater	<u>325,000</u>
Total General Fund Expenditures and Transfers	143,007,644

Changes

Obligated for Negotiations (Salaries and Benefits)	2,991,536
Salaries and Benefits for 7th & 8th Career & Technical Education (CTE)	180,613
Supplies for 7th & 8th CTE	147,500
Equipment for 7th & 8th CTE	<u>85,500</u>
Total General Fund Expenditure Budget for 7th & 8th CTE	413,613

Increase Transfer to Food Service	<u>225,000</u>
Total General Fund Expenditure Budget Changes	3,630,149

Revised FY13 General Fund Expenditure Budget	<u><u>\$ 146,637,793</u></u>
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Pupil Transportation Fund Budget Changes

The legislature's actions also increased funding for Pupil Transportation, resulting in associated FY13 Revenue and Expenditure budget revisions for the Pupil Transportation Fund. The original state funding for FY13 of \$5,425,650 plus the expected increase of \$2,165,050, brings the total Pupil Transportation revenue budget to \$7,590,700. The increase will allow the district to offer the same routes for home-to-school transportation as it offered in FY12 without a transfer from the General Fund.

The expenditure budget has been revised as well, with the increase in funding expected to be used for increases to the contracted services rates for the home-to-school bus routes.

FY13 PUPIL TRANSPORTATION FUND BUDGET REVISION SUMMARY:

Pupil Transportation Revenue Budget

FY13 Revenue Budget - passed by the board in April 2012 \$ 5,425,650

Changes

Increase in State Funding 2,165,050

Total Pupil Transportation Revenue Budget Changes 2,165,050

Revised FY13 Pupil Transportation Revenue Budget \$ 7,590,700

Expenditure Budget

FY13 Expenditure Budget - passed by the board in April 2012 \$ 5,403,936

FY13 Unallocated Expenditures 21,714

Total Pupil Transportation Expenditure Budget 5,425,650

Changes

Increase in Home-to-School Contract 2,165,050

Total Pupil Transportation Expenditure Budget Changes 2,165,050

Revised FY13 Pupil Transportation Expenditure Budget \$ 7,590,700

ADMINISTRATIVE RECOMMENDATION

The Administration recommends approval of the FY13 General Fund and Pupil Transportation Fund Budget Revisions. Additional revisions will be brought to the board as necessary during the fiscal year.