



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Finance

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May 21, 2007

MEMORANDUM

TO: Board of Education

THROUGH: Dr. Donna Peterson, Superintendent

FROM: Melody Douglas, Chief Financial Officer

SUBJECT: FY07 Final Budget Revision – General Fund

BACKGROUND:

Revenue: The District received the final Foundation Report from the Department of Education and Early Development (EED) indicating the FY07 enrollment is 9,368; two (2) less than the EED estimated enrollment of 9,370 used in revising the budget in December, 2006. This change will result in \$9,373 less revenue to the District.

Expenditures: The language included in the collective bargaining agreements relative to increased health care costs states, “Expenditures in excess of available health care cost account reserves shall be born equally between the District and all eligible employees.”

It was necessary to adjust the health care contribution amounts for both the District and employees by \$10 per month per employee for FY07; this change was effective for the April and May payrolls. This increase resulted in a cost to the District of \$120 per employee for the year, totaling \$116,986, to be funded as an allocation from the contingency budget. The contingency budget remaining after this adjustment would be \$1,116,088 (\$1,242,406 - \$126,318 = \$1,116,088).

RECOMMENDATION:

The administration recommends the Board of Education approve a decrease of \$9,373 to revise the general fund budget from \$100,266,381 to \$100,257,075.

FY07 GENERAL FUND BUDGET REVISION SUMMARY:

General Fund Revenue Budget

Approved Revised FY07 Budget	\$100,266,448
Increased School Improvement Grant	7,742
Decreased State Revenue	(13,881)
Decreased Local Effort from KPB	(3,193)
Decreased Quality Schools (summer school)	(41)
Total Decreased Revenue	<u>(9,373)</u>
Revised FY07 Revenue Budget	<u>\$100,257,075</u>

General Fund Expenditure Budget

Approved Revised FY07 Budget	\$100,266,448
Increased Health Care Costs	116,986
Decreased Summer School Allocation	(41)
Contingency	(126,318)
Total Decreased Expenditures	<u>(9,373)</u>
Revised FY07 Expenditure Budget	<u>\$100,257,075</u>

ADDITIONAL INFORMATION:

Year-to-date utility costs are expected to exceed budgeted amounts and as you are probably aware, HEA raised their rates by approximately 6% effective May, 2007. At this time, all of the May bills have not been received and/or paid, making estimating final 2007 budgets difficult. The current plan is to prepare a budget transfer from the contingency budget for Board consideration after the June bills have been received.

As you know, with the volatility of utility costs, it is difficult to predict what increased fuel costs and other increased utility operational costs will do to our utility budgets. (It's almost as challenging as trying to predict health care actuarial rates.) A concerted effort is underway to connect with all utility providers to elevate the District's need for potential rate change information for planning purposes. To provide better monitoring information for budgeting purposes, the utility module of the School Dude software suite used by the District is being purchased; data is expected to be loaded into the system over the summer.