



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Finance

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September 29, 2009

MEMORANDUM

TO: Board of Education

THROUGH: Dr. Steve Atwater, Superintendent

FROM: Melody Douglas, CFO

SUBJECT: FY10 Budget Revision – General Fund

PURPOSE:

This FY10 budget revision is presented to request approval of a revised general fund budget plan to include estimated costs associated with the collective bargaining process.

RECOMMENDATION:

The administration recommends the Board of Education approve changes to the FY10 general fund revenue and expenditure budgets as outlined below. This revised FY10 general fund amount is \$125,306,531.

PERTINENT INFORMATION – GENERAL FUND:

Revenue Budget

Fund Balance: Use of fund balance for on-going operations is not a recommended practice. The best use of fund balance is for one-time funding needs because these expenditures don't require on-going financial support. However, planned use of fund balance has been discussed throughout various IBB and FY10 budget meetings. An additional allocation of \$2,379,694 is needed to supplement the FY10 revenue budget. This action would bring the total allocation of fund balance to \$4,524,843 reflecting 3.6% of the budget.

Expenditure Budget

Some estimated increased costs associated with the collective bargaining process over the amounts were originally budgeted in the FY10 Preliminary Budget. The total estimated additional amount for these costs is \$2,379,694 reflecting salary adjustments, related benefits, and increased health care costs. It may be necessary to adjust these budget categories at the conclusion of the bargaining process. It is hoped that the collective bargaining will conclude soon.

FY10 GENERAL FUND BUDGET REVISION SUMMARY:

General Fund - Revenue Budget

Approved FY10 Revenue Budget – August 10, 2009	<u>\$122,926,837</u>
Allocation of Fund Balance	<u>2,379,694</u>
Revised FY10 Revenue Budget	<u>\$125,306,531</u>

General Fund - Expenditure Budget

Approved FY10 Expenditure Budget – August 10, 2009	<u>\$122,926,837</u>
Estimated Salary/Wage Increase	1,396,451
Estimated Employee Benefit Increase	284,843
Estimated Health Care Increase	<u>698,400</u>
Net Change in Expenditures	<u>2,379,694</u>
Revised FY10 Expenditure Budget	<u>\$125,306,531</u>

OTHER INFORMATION

It will be necessary to eventually seek Kenai Peninsula Borough Assembly approval of the District's increased budget per AS 14.14.060. In keeping with past practice, that action is planned after the general fund budget is revised to reflect actual enrollment (after completion of the October 20 day count period) and after special revenue funds are adjusted to reflect receipt of ARRA funds.