

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Assistant Superintendent

Dave Jones

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March 30, 2010

MEMORANDUM

TO: Board of Education

FROM: Dave Jones, Assistant Superintendent

THROUGH: Steve Atwater, Superintendent

SUBJECT: FY11 Budget Approval

BUDGET PROCESS

I am including a calendar below of all the meetings regarding the KPBSD FY11 Budget that have been held to date:

January 7, 2010	Public Budget Forum, Seward High Library
January 12, 2010	Public Budget Forum, Nikiski North Star Library
January 14, 2010	Public Budget Forum, Kenai Central High Library
January 18, 2010	Public Budget Forum, Skyview High Library
January 20, 2010	Public Budget Forum, Homer High Theater
February 1, 2010	Budget Work Session – Board of Education
February 16, 2010	Joint Work Session – Board of Education and Borough Assembly
March 1, 2010	Board Meeting – Presentation of FY11 Draft Budget
March 2, 2010	Public Budget Forum/Hearing – Homer High Library, 5:30 p.m.
March 3, 2010	Public Budget Forum/Hearing – Seward High Library, 5:30 p.m.

The January meetings were held to inform the public about the budget development process used in the District. The intention of the February meetings was to look at the big picture, and the March meetings were intended to provide more detailed information to the School Board and community members.

PERTINENT INFORMATION

The FY11 budget information remains the same as previously presented. I have included three items (Attachments 1, 2 & 3) related to the General Fund FY11 Budget for your review. These budget figures were created with the assumption that all existing FY10 programs and staffing would be carried forward to FY11. No additional programs or staffing beyond the current staffing formulas were added.

Salary increases reached through the negotiations process for FY11 were implemented as per the relevant salary schedules. A two percent increase was assumed for property, casualty and liability insurances received as in-kind services from the Kenai Peninsula Borough. Funding for school building supplies and custodial supplies was increased by ten percent based on an overall expressed need from our school buildings and an extended period of time since they were last increased. State revenues were projected at the FY11 levels indicated in the legislative three year plan. Borough revenues were calculated at the maximum amounts allowed by state statute.

Attachment 1 summarizes the preliminary General Fund FY11 revenue and expenditure information and compares it to the most recent FY10 budget information. As you can see, the result is an overall increase of \$2,613,676 over the FY10 amount which is a 2.07 percent increase. Attachment 2 summarizes the major revenue sources and provides a pie chart illustration of the revenue sources. Attachment 3 summarizes the expenditures into the major expenditure categories and provides a pie chart illustration of those categories as well.

Attachment 4 and Attachment 5 are included to illustrate and include the total revenue and expenditure amounts for the Special Revenue Funds FY11 Budget. Total revenue and expenditures for these funds is estimated to be \$23,092,231 for FY11.

A copy of the FY11 Preliminary Budget was distributed at the March 1, 2010 Board meeting and is included as reference material for your review.

RECOMMENDATION

The General Fund FY11 Budget amounts include local In-Kind funding in the amount of \$9,222,015 and local Appropriation of \$36,029,120. This amounts to a total Borough support of \$45,251,135 which constitutes funding at the cap for FY11. This recommendation also includes an allocation of fund balance usage in the amount of \$2,531,115. Such a large usage of fund balance creates potential future budget challenges if additional revenue does not become available or expenditure reductions are not made.

The administration recommends the Board of Education approve a General Fund FY11 Budget of \$128,983,838 and a Special Revenue Funds FY11 Budget of \$23,092,231 for a total FY11 Budget for all of funds of \$152,076,069.

Kenai Peninsula Borough School District
General Fund Revenue and Expenditure Comparison
FY10 Adjusted Budget with FY11 Preliminary Budget
as of January 25, 2010

<u>Revenue Source</u>	<u>FY10 Revised Budget</u>	<u>FY11 Preliminary Budget</u>	<u>Change</u>	<u>% of Chg</u>
Borough In-Kind	\$ 9,170,034	\$ 9,222,015	\$ 51,981	1
Borough Appropriation	33,813,342	36,029,120	2,215,778	7
Earnings on Investments	420,000	420,000	-	-
E-Rate	646,000	646,000	-	-
Rentals	30,000	30,000	-	-
Other Revenues	50,000	50,000	-	-
Allocation of Fund Balance	4,524,843	2,531,115	(1,993,728)	(44)
Total Local Revenue	48,654,219	48,928,250	274,031	1
Foundation Program	64,087,845	66,422,006	2,334,161	4
TRS On-Behalf Payment	12,116,503	12,116,503	-	-
PERS On-Behalf Payment	811,329	811,329	-	-
Learning Opportunity Grant/Quality Schools	250,266	255,750	5,484	2
Total State Revenue	77,265,943	79,605,588	2,339,645	3
Medicaid	450,000	450,000	-	-
Total Federal Revenue	450,000	450,000	-	-
Total General Fund Revenue	126,370,162	128,983,838	2,613,676	2

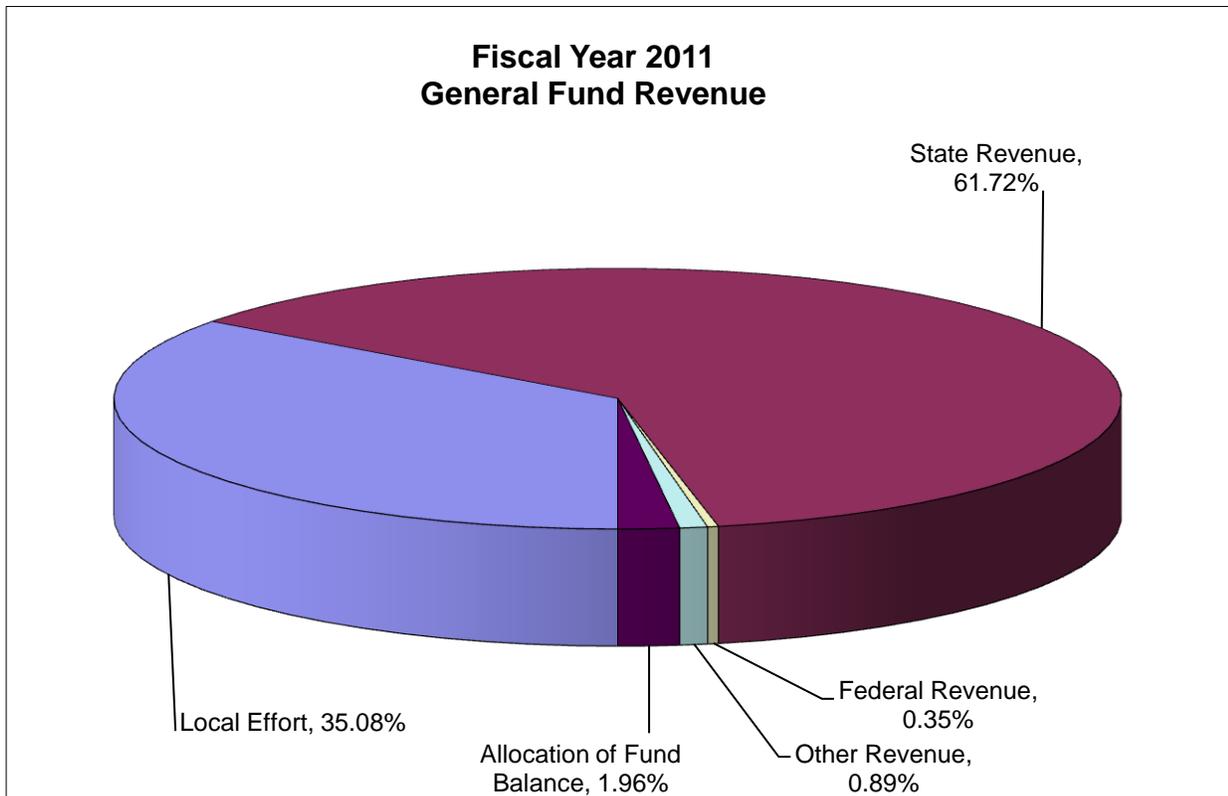
<u>General Fund Expenditures by Object</u>	<u>FY10 Revised Budget</u>	<u>FY11 Preliminary Budget</u>	<u>Change</u>	<u>% of Chg</u>
Certified Salaries	\$ 46,850,911	\$ 48,373,056	\$ 1,522,145	3
Non-Certified Salaries	14,652,758	14,712,896	60,138	0
Employee Benefits (includes Worker's Comp)	38,137,754	38,549,489	411,735	1
Professional/Technical Services	850,771	850,771	-	-
Travel	733,779	733,779	-	-
Utilities (includes In-Kind Utilities)	7,062,786	7,062,786	-	-
Purchased Services	10,387,273	10,420,969	33,696	0
Supplies	4,146,414	4,640,941	494,527	12
Other Expenses	1,895,942	1,895,942	-	-
Equipment	977,678	977,678	-	-
Transfer to Other Funds	674,096	765,531	91,435	14
Total General Fund Expenditures	\$ 126,370,162	\$ 128,983,838	\$ 2,613,676	2

Kenai Peninsula Borough School District Preliminary General Fund FY11 Budget

Revenue

Local Effort	\$ 45,251,135	35.08%
State Revenue	79,605,588	61.72%
Federal Revenue	450,000	0.35%
Other Revenue	1,146,000	0.89%
Allocation of Fund Balance	2,531,115	1.96%
Total Revenue Budget	\$ 128,983,838	100.00%

As this chart illustrates, the primary source of funding for the Kenai Peninsula Borough School District is the state of Alaska, in the form of the base student allocation and district cost factor. The Kenai Peninsula Borough is the next largest contributor and has historically funded the District to the full extent allowed by the state, through a funding appropriation and in-kind services. A small amount comes from the federal government in the form of a Medicare reimbursement. The category of "Other Revenue" includes investment earnings and E-Rate revenue.

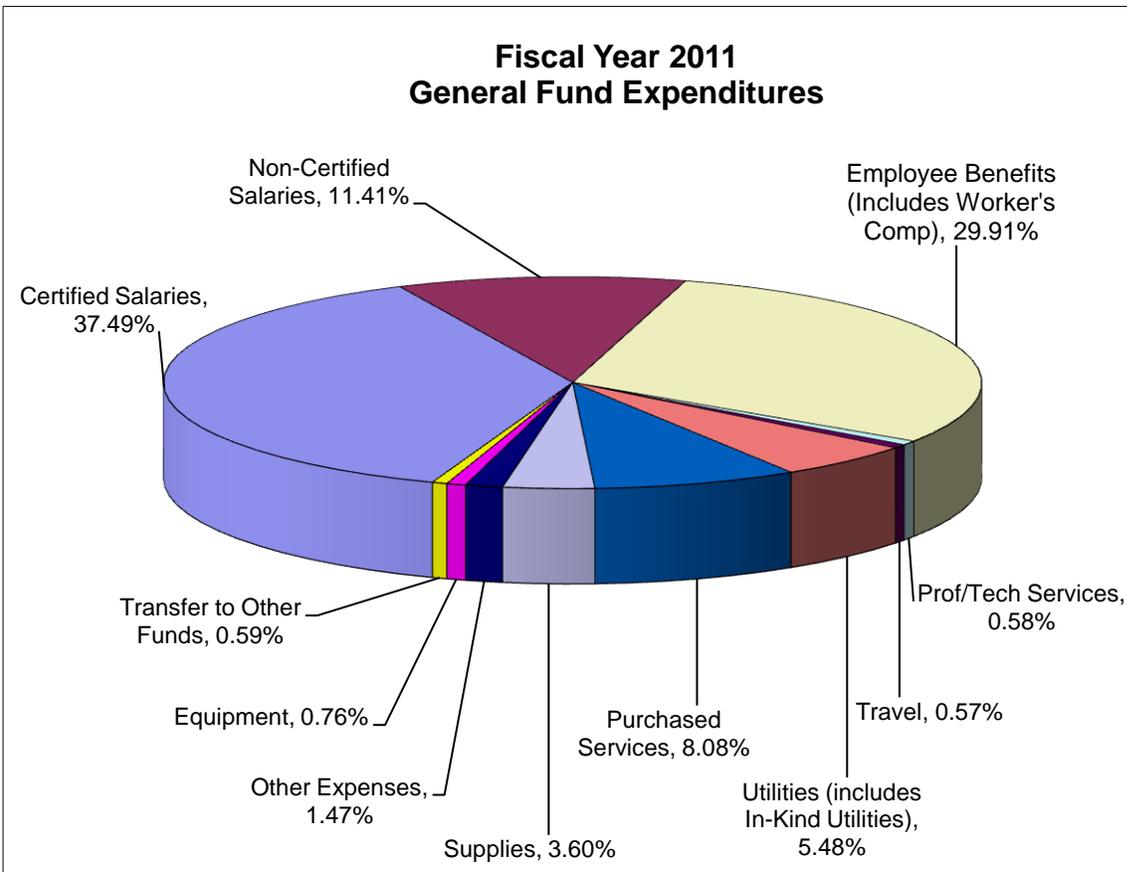


Kenai Peninsula Borough School District

Preliminary General Fund FY11 Budget

Expenditures by Object

Certified Salaries	\$ 48,373,056	37.49%	
Non-Certified Salaries	14,712,896	11.41%	
Employee Benefits (Includes Worker's Comp)	38,549,489	29.89%	78.79%
Professional/Technical Services	850,771	0.66%	
Travel	733,779	0.57%	
Utilities (includes In-Kind Utilities)	7,062,786	5.48%	
Purchased Services	10,420,969	8.08%	14.79%
Supplies	4,640,941	3.60%	
Other Expenses	1,895,942	1.47%	
Equipment	977,678	0.76%	5.83%
Transfer to Other Funds	765,531	0.59%	0.59%
Total Expenditure Budget	\$ 128,983,838	100.00%	100.00%



Attachment 4

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

2010-2011 Budget
All Government Funds - Revenue

2006-07 Actual	2007-08 Actual	2008-09 Actual	Revenue Source	Original 2009-10 Budget	Revised 2009-10 Budget	Preliminary 2010-11 Budget	Change	% of Chg
General Fund Revenue:								
\$ 7,553,047	\$ 7,755,139	\$ 8,198,090	Borough In-Kind	\$ 8,153,940	\$ 9,170,034	\$ 9,222,015	\$ 51,981	1
30,388,629	29,945,978	32,948,855	Borough Appropriation	34,869,043	33,813,342	36,029,120	2,215,778	7
1,067,126	1,746,568	1,563,678	Interest	420,000	420,000	420,000	-	-
657,616	722,224	426,289	E-Rate	646,000	646,000	646,000	-	-
16,600	25,100	33,800	Rentals	30,000	30,000	30,000	-	-
85,620	202,895	139,526	Other Local Revenue	50,000	50,000	50,000	-	-
-	-	-	Allocation of Fund Balance	1,880,156	4,524,843	2,531,115	(1,993,728)	-
<u>39,768,638</u>	<u>40,397,904</u>	<u>43,310,239</u>	Total Local Revenue	<u>46,049,139</u>	<u>48,654,219</u>	<u>48,928,250</u>	<u>274,031</u>	<u>1</u>
State Revenue:								
59,959,314	54,567,210	62,317,926	Foundation Program	63,027,255	64,087,845	66,422,006	2,334,161	4
-	5,955,888	-	1/4 ISER per Governor's Budget Proposal	-	-	-	-	100
-	2,126,596	2,206,037	PERS On-Behalf Payment	1,632,014	811,329	811,329	-	100
-	17,195,551	13,021,958	TRS On-Behalf Payment	13,008,365	12,116,503	12,116,503	-	-
995,531	223,093	245,599	Learning Opportunity Grant/Quality Schools	247,225	250,266	255,750	5,484	2
-	1,517,638	-	School Improvement Grant	-	-	-	-	-
120,577	1,394,329	-	Other State Revenue	-	-	-	-	-
<u>61,075,422</u>	<u>82,980,305</u>	<u>77,791,520</u>	Total State Revenue	<u>77,914,859</u>	<u>77,265,943</u>	<u>79,605,588</u>	<u>2,339,645</u>	<u>3</u>
Federal Revenue:								
492,697	549,023	288,038	Medicaid	450,000	450,000	450,000	-	-
-	233	-	Crude Oil Refund	-	-	-	-	-
-	-	-	Hurricane Katrina	-	-	-	-	-
<u>492,697</u>	<u>549,256</u>	<u>288,038</u>	Total Federal Revenue	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>-</u>
<u>101,336,757</u>	<u>123,927,465</u>	<u>121,389,797</u>	Total General Fund Revenue	<u>124,413,998</u>	<u>126,370,162</u>	<u>128,983,838</u>	<u>2,613,676</u>	<u>2</u>
Special Revenue Funds Revenue and Other Financing Sources								
-	95,616	247,181	Alaska Works	250,000	188,689	200,000	-	-
187,143	140,144	165,376	Carl Perkins Fund	202,715	216,507	216,500	(7)	(0)
39,530	40,921	-	Charter Schools Fund	-	-	-	-	-
41,160	44,810	42,831	Community Theater Fund	60,000	60,000	60,000	-	-
146,707	367,243	335,578	Legislative Grants **	725,000	507,654	-	(507,654)	(100)
2,633,722	2,676,004	2,698,653	Food Service Fund	2,859,000	3,554,121	3,925,531	371,410	10
568,998	382,685	546,497	Miscellaneous Grants Fund	450,000	385,297	450,000	64,703	17
2,957,723	3,715,958	3,440,792	NCLB Fund	3,601,823	5,094,365	4,750,000	(344,365)	(7)
-	-	-	NCLB Fund - ARRA	-	1,776,201	500,000	(1,276,201)	(72)
237,534	455,481	412,343	Principal Coach	417,250	413,000	410,000	(3,000)	(1)
4,542,449	4,445,097	5,335,064	Pupil Transportation Fund	5,771,986	5,771,986	5,484,200	(287,786)	(5)
282,055	365,526	76,622	Statewide Mentorship	77,965	186,436	185,000	(1,436)	(1)
-	-	-	SFSF - ARRA	-	3,787,367	1,500,000	(2,287,367)	(60)
2,276,794	1,856,626	2,060,698	Title VI-B Fund	2,375,465	3,501,752	3,525,500	23,748	1
-	-	-	Title VI-B Fund - ARRA	-	2,547,745	1,250,500	(1,297,245)	(51)
290,474	287,390	306,186	Title VII, Indian Education Fund	310,000	324,099	310,000	(14,099)	(4)
-	-	-	Title II-D - ARRA	-	97,492	-	(97,492)	(100)
111,678	99,638	77,418	Youth First	100,000	99,577	100,000	423	0
213,720	208,785	217,356	Youth In Detention	210,000	220,445	225,000	4,555	2
<u>14,529,687</u>	<u>15,181,924</u>	<u>15,962,595</u>	Total Special Revenue Funds Revenue	<u>17,411,204</u>	<u>28,732,733</u>	<u>23,092,231</u>	<u>(5,651,813)</u>	<u>(20)</u>
Total Revenues and Other Financing Sources								
<u>\$ 115,866,444</u>	<u>\$ 139,109,389</u>	<u>\$ 137,352,392</u>	Total Revenues and Other Financing Sources	<u>\$ 141,825,202</u>	<u>\$ 155,102,895</u>	<u>\$ 152,076,069</u>	<u>\$ (3,038,137)</u>	<u>(2)</u>

** Multi-year Grant Awards

Attachment 5

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

2010-2011 Budget
All Government Funds - Expenditures

2006-07 Actual	2007-08 Actual	2008-09 Actual	Expenditure Summary by Function	Original 2009-10 Budget	Revised 2009-10 Budget	Preliminary 2010-11 Budget	Change	% of Chg
General Fund Expenditures								
\$ 45,362,472	\$ 56,412,077	\$ 56,989,399	Instruction	\$ 60,861,411	\$ 62,373,474	\$ 63,851,927	\$ 1,478,453	2
9,513,798	12,667,079	13,073,838	Special Education - Instruction	13,130,349	13,322,728	13,884,289	561,561	4
3,528,292	4,357,216	4,567,626	Special Education - Student Services	4,802,719	4,859,455	5,018,426	158,971	3
2,854,976	3,561,659	3,568,847	Support Services - Student	3,688,685	3,850,424	3,886,060	35,636	1
2,061,766	2,391,393	2,291,024	Support Services - Instruction	2,463,473	2,435,104	2,530,995	95,891	4
4,712,425	5,636,598	5,478,640	School Administration	5,511,331	5,978,375	6,168,141	189,766	3
3,415,962	3,771,157	3,991,260	School Administration - Support	4,109,130	4,133,472	4,044,216	(89,256)	(2)
826,561	950,172	834,584	District Administration	1,034,876	1,025,518	1,046,190	20,672	2
3,765,948	4,545,472	4,565,726	District Administration - Support	5,267,842	5,746,907	5,810,085	63,178	1
16,142,036	17,687,432	18,529,532	Operation of Plant	20,493,579	20,054,721	20,025,429	(29,292)	-
1,606,325	1,751,011	1,279,690	Pupil Activities	1,702,411	1,915,888	1,952,549	36,661	2
-	-	-	Transfer to Other Funds	674,096	674,096	765,531	91,435	14
93,790,561	113,731,266	115,170,166	Total General Fund Expenditures	123,739,902	126,370,162	128,983,838	2,613,676	2
Special Revenue Funds Expenditures and Other Financing Uses - Transfer to General Fund								
-	95,616	247,181	AK Works	250,000	188,689	200,000	-	-
187,143	140,144	165,376	Carl Perkins Fund	202,715	216,507	216,500	(7)	(0)
39,530	40,921	-	Charter Schools Fund	-	-	-	-	-
56,971	56,027	55,605	Community Theater Fund	60,000	60,000	60,000	-	-
146,707	367,243	335,578	Legislative Grant *	725,000	507,654	-	(507,654)	(100)
2,974,349	2,973,342	3,243,735	Food Service Fund	3,533,096	3,554,121	3,925,531	371,410	10
601,134	470,250	609,814	Miscellaneous Grants Fund	450,000	385,297	450,000	64,703	17
2,957,723	3,715,958	3,440,792	NCLB Fund	3,601,823	5,094,365	4,750,000	(344,365)	(7)
-	-	-	NCLB Fund - ARRA	-	1,776,201	500,000	(1,276,201)	(72)
237,534	455,481	412,343	Principal Coach	417,250	413,000	410,000	(3,000)	(1)
5,147,858	5,405,975	5,601,886	Pupil Transportation Fund	5,771,986	5,771,986	5,484,200	(287,786)	(5)
282,055	365,526	76,622	Statewide Mentorship	77,965	186,436	185,000	(1,436)	(1)
-	-	-	SFSF - ARRA	-	3,787,367	1,500,000	(2,287,367)	(60)
2,276,794	1,856,626	2,060,698	Title VI-B Fund	2,375,465	3,501,752	3,525,500	23,748	1
-	-	-	Title VI-B Fund - ARRA	-	2,547,745	1,250,500	(1,297,245)	(51)
290,474	287,390	306,186	Title VII, Indian Education Fund	310,000	324,099	310,000	(14,099)	(4)
-	-	-	Title II-D - ARRA	-	97,492	-	(97,492)	(100)
111,678	99,638	77,418	Youth First	100,000	99,577	100,000	423	0
213,720	208,785	217,356	Youth In Detention	210,000	220,445	225,000	4,555	2
15,523,670	16,443,306	16,850,590	Total Special Revenue Fund Expenditures	18,085,300	28,732,733	23,092,231	(5,651,813)	(20)
109,314,231	130,174,572	132,020,756	Total Expenditures	141,825,202	155,102,895	152,076,069	(3,038,137)	(2)
6,552,213	8,934,817	5,331,636	Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-
Other Financing Sources (Uses):								
2,722,720	4,293,736	4,451,076	Transfers In	674,096	674,096	765,531	91,435	-
(2,722,720)	(4,293,736)	(4,451,076)	Transfers Out	(674,096)	(674,096)	(765,531)	(91,435)	-
-	-	-	Total Other Financing Sources (Uses)	-	-	-	-	-
6,552,213	8,934,817	5,331,636	Net Change in/Allocation of Fund Balance	1,880,156	4,524,843	2,531,115	(1,993,728)	(44)
9,340,590	15,892,803	24,827,620	Fund Balances, Beginning as Previously Reported	30,159,257	30,159,257	30,159,257	-	-
9,340,590	15,892,803	24,827,620	Adjusted Fund Balance, Beginning of Year	30,159,257	30,159,257	25,634,414	-	-
\$ 15,892,803	\$ 24,827,620	\$ 30,159,256	Fund Balances, End of Year	\$ 28,279,101	\$ 25,634,414	\$ 23,103,299	\$ 1,993,728	8

* Multi-year Grant Awards