



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Finance

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MEMORANDUM

TO: Board of Education

THROUGH: Dr. Donna Peterson, Superintendent

FROM: Melody Douglas, CFO

SUBJECT: FY09 Budget Revision

BACKGROUND:

The FY09 Budget was approved by the Board of Education during the April 14, 2008 Board meeting. At that time, there were several pending situations of impact to the FY09 budget, including the Health Care Cost Committee setting the employee contribution rate, the In-Kind costs set by the Kenai Peninsula Borough, and budget allocations approved in the final FY08 budget revision that need to be carried forward into FY09.

In addition, the Public Employee's Retirement System and Teacher Retirement System on-behalf payment budgeted amount will need to be increased once information is received from the Division of Retirement and Benefits. This information for FY08 was released late this year; I anticipate similar timing for this information next year.

RECOMMENDATION:

The administration recommends the Board of Education approve expenditure budget changes to the FY09 budget as outlined. The general fund budget remains at \$120,209,256 with special revenue funds totaling \$16,888,975 for a total FY09 budget for all funds of \$137,098,231.

PERTINENT INFORMATION:

In-Kind Budget Allocation: The FY09 approved In-Kind budget allocations were based on the FY08 amounts. Local effort, which includes in-kind activities, has been set at \$40,886,886, representing at-the-cap local funding. Kenai Peninsula Borough Ordinance 2008-19 reflects the following in-kind amounts:

Local Effort:

	<u>Approved FY09 Budget</u>	<u>Revised FY09 Budget</u>	<u>Budget Change</u>
Maintenance	\$5,936,415	\$6,182,830	\$246,415
Utilities	63,745	63,745	0
Insurance	2,019,515	2,038,234	18,719
Audit	27,500	42,000	14,500
Custodial Services	<u>106,765</u>	<u>103,813</u>	<u>(2,952)</u>
	<u>8,153,940</u>	<u>8,430,622</u>	<u>276,682</u>
Direct Appropriation	<u>32,732,946</u>	<u>32,456,264</u>	<u>(276,682)</u>
	<u>\$40,886,886</u>	<u>\$40,886,886</u>	<u>\$ 0</u>

Charter School Adjustments: The FY09 approved charter school budgets were developed on Governor Palin's proposed education funding plan that included a base student allocation (BSA) increase of \$200. Education funding was ultimately set to include a \$100 BSA increase resulting in the following charter school adjustments. These changes may require some charter schools to use fund balance for FY09 operations.

Charter Schools:

	<u>Approved FY09 Budget</u>	<u>Revised FY09 Budget</u>	<u>Budget Change</u>
Aurora Borealis	\$2,101,287	\$1,797,482	(\$303,805)
Fireweed	776,498	675,232	(101,266)
Kaleidoscope	2,491,640	2,254,710	(236,930)
Soldotna Montessori	<u>1,818,920</u>	<u>1,657,989</u>	<u>(160,931)</u>
	<u>\$7,188,345</u>	<u>\$6,385,413</u>	<u>(\$802,932)</u>

Health Care Cost Increase: The Health Care Cost Committee met May 12, 2008 to set the FY09 co-payment rate as noted in the collective bargaining agreements. The District and employee rates were each increased \$50 to address expected FY09 health care costs. The District's contribution will be \$925 and the employee contribution will be \$175 on a per month, per employee basis. The District and employee annual amounts are \$11,000 and \$2,100 respectively, for a total estimated health care cost of \$13,200 per employee for FY09. The total general fund full time equivalency (FTE) is 1006 x \$50 = \$603,600 estimated increase in health care costs.

Wellness Program: As noted in the FY08 budget revision approved May 5, 2008, funds need to be allocated to cover the FY09 wellness program; estimated costs are \$36,888. This program was implemented January 2008 which was after the FY09 preliminary budget was developed.

Background Checks: As noted in the FY08 budget revision approved May 5, 2008, funds need to be allocated to cover FY09 background checks; estimated costs are \$20,000. This program has been implemented to mitigate risks to student safety.

Energy Consultant: Continued use of consulting services is planned to contain utility costs. Implementation of Utility Direct software is being used to monitor utility usage and cost, and a school incentive program has been implemented district-wide targeting employee awareness. Consulting services are estimated at \$50,000. Given the recent increases in fuel prices it may be necessary to increase FY09 utility budgets at a later date.

Emergency Fund: It is recommended that the remaining amount of \$92,444 be set aside to address unanticipated and emergency purchases, such as replacing snow blowers and fax machines.

FY09 GENERAL FUND EXPENDITURE BUDGET REVISION:

Approved FY09 Budget		<u>\$120,209,256</u>
Local Effort Adjustment	\$ 0	
Charter School Adjustment	(802,932)	
Health Care Cost Adjustment	603,600	
Wellness Program Allocation	36,888	
Background Check Allocation	20,000	
Energy Consultant Contract	50,000	
Emergency Fund Allocation	<u>92,444</u>	
Net Change	\$ <u>0</u>	
FY09 Revised Budget		<u>\$120,209,256</u>