



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

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SCHOOL BOARD COMMUNICATION

Title: FY17 Budget

Date: June 30, 2016

Item Number: Work Session and
10c.

Administrator: Dave Jones, Assistant Superintendent

A handwritten signature in cursive script, appearing to read "Dave Jones".

Attachments: FY17 Preliminary Budget Document

Action Needed **For Discussion** **Information** **Other:** _____

BACKGROUND INFORMATION

General Fund

As discussed at the June 6, 2016 board work session, this revision includes final updates to the FY17 Budget after actions by the Alaska State Legislature, the Governor and the Kenai Peninsula Borough Assembly.

Revenue Budget

On May 30, 2016, the Conference Committee of the legislature completed work on an operating budget that reconciled the differences between the house and senate versions. The conference committee fully funded the Base Student Allocation (BSA) which includes the \$50 increase to the BSA, which would bring the BSA to \$5,930.

On June 29, 2016, Governor Walker made cuts to education funding which reduced an amount equal to the \$50 increase to the BSA, \$1,099,844. This reduction is scheduled to be divided between Foundation funding (\$444,812) and Pupil Transportation revenue (\$655,072). The \$444,812 reduction to the \$80,346,795 amount of Foundation funding previously anticipated, drops it to \$79,901,983. The Quality Schools funding of \$283,640 and On-Behalf funding of \$8,247,847 remain the same, for a total State contribution to General Fund Revenue of \$88,433,470.

Prior to the changes at the state level, on June 6, 2016 the Kenai Peninsula Borough authorized local funding for FY17 at the FY16 level of \$48,238,432. This amount is a reduction of \$782,622 to the borough revenue included in the budget passed by the school board on April 4, 2016.

The breakdown between appropriation and In-Kind Services listed in the ordinance caused a change to the expenditure budget as well as the revenue budget because the amount budgeted for In-Kind Services decreased. The decrease to In-Kind Services of \$124,502 and reduction of \$658,120 in the appropriation reduce the total Borough revenue by \$782,622. Since the In-Kind changes affect both revenue and expenditures, the additional use of fund balance is required only to offset the loss in appropriation of \$658,120.

The reduction of the Borough appropriation in the amount of \$658,120 and the Governor's budget vetoes of \$1,099,844 will result in increased use of fund balance in the amount of \$1,758,044 for a total use of fund balance of \$1,967,428 required for a balanced budget.

Changes to In-Kind Services totaled a decrease of \$124,502 and are detailed in the following table:

	Board Approved FY17 Budget Local Effort	Changes per Ordinance 2016-19	Difference
In-Kind Services			
Audit	\$ 62,415	\$ 63,700	\$ 1,285
Custodial	112,430	117,645	5,215
Maintenance	7,752,814	7,841,201	88,387
Utilities	87,600	89,900	2,300
Insurance	2,764,258	2,542,569	(221,689)
Total In-Kind	10,779,517	10,655,015	(124,502)
Appropriation	\$ 38,241,537	\$ 37,583,417	\$ (658,120)
Total Local Effort	\$ 49,021,054	\$ 48,238,432	\$ (782,622)

With these adjustments, FY17 Revenues of \$138,051,902 and use of fund balance in the amount of \$1,967,428 bring the total of FY17 General Fund Revenues and Use of Fund Balance to \$140,019,330.

Expenditure Budget

There are changes to the In-Kind expenditure budget approved at the April 4, 2016 meeting. As stated previously, the decrease of \$124,502 in the Local Effort In-Kind Services Expenditure budget reduces the previous amount of \$10,779,517 to a total of In-Kind Expenditures of \$10,655,015.

In addition, there will be an increase in transfers with a transfer from the General Fund to the Pupil Transportation fund in the amount of \$655,072, to offset the reduction in State revenue.

The net change due to the reduction of In-Kind Expenditures is a reduction of \$124,502, for total General Fund Expenditures of \$138,164,258. The anticipated transfer to the Food Service fund remains the same, budgeted at \$1,200,000. The transfer to Pupil Transportation of \$655,072 increases the total transfers to \$1,855,072 and brings the FY17 General Fund Expenditure and Transfer Budget to \$140,019,330.

Information is presented for discussion; approval of the FY17 Original Budget as revised is recommended.