TO: Mary Wegner, Superintendent  
School Board Members

FROM: Cassee Olin, Business Manager

DATE: January 6, 2015

RE: FY2015 First Revision

The attached FY2015 Operating Fund Summary Page illustrates the original budget and the proposed first revision. District revenues were positively and significantly impacted in this revision with a forecasted increase of $854,811 over the original budget, leaving total revenues anticipated to end the year at $20,119,264 before transfers. Total expenditures are expected to end the year at $20,559,242 or $854,811 higher than the original budget. Based on these forecasts the district is anticipating a net operating budget loss of $439,978. In order to balance the FY15 budget, the approved $400,000 Operating Fund Transfer, the approved $19,000 transfer from the Pupil Transportation Fund, and the approved $20,978 from the Recycling Fund, these transfers were all approved from the original adoption of the FY2015 budget.

Revenues:
- **City/Borough Appropriation, Misc. Local Revenue** – All are anticipated to remain unchanged.
- **Erate** – This is being increased by $35,865 due to funding changes that are happening currently with the Erate program. This is due to our discount rate increasing.
- **Foundation and Quality Schools** – There are a number of factors that caused the $861,457 increase in Foundation and $1,195 increase in Quality Schools:
  - Approximately $378,950 was due to the intensive enrollment count being 42 instead of the 37, or 5 students higher than was budgeted. This budget does show only 42 intensives due to a letter received from the Alaska Dept. of Education, stating that one of our new intensive students being claimed is in further review.
  - Overall student enrollment was forecasted to be at 1,300 students but the October count enrollment numbers ended up at 1314.525. This equated to a $482,507 increase which is due to the new changes to foundation formula from HB278. The noticeable of these changes is the $150 to the Base Student Allocation, and the other change that affect our funding was the increase for the correspondence students which went from 0.8 factor to a 0.9 factor.
- **HB 266 Allocation** – Removed from the budget due to HB278 legislation.
- **SB 139 Allocation** – Removed from the budget due to HB278 legislation.
- **HB 278 One-Time Funding** - Beside the changes mentioned above in the Foundation and Quality Schools section, HB 278 also authorized one-time funding for school districts. The district’s portion of this is estimated to be $494,616, which is based off of our AADM.
- **Impact Aid** – There is currently no change with impact aid funding.
- **Secure Rural Schools** – There is currently no change with Secure Rural Schools, and it has not currently been re-authorized.

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Transfers from Other Funds and Operating Fund Balance:
- **Transfer from Operating Fund Balance** – $400,000 is still anticipated to balance the FY15 budget.
- **Transfer from Pupil Transportation Fund** - $19,000 is still anticipated to balance the FY15 budget.
- **Transfer from Recycling Fund** - $20,978 is still anticipated to balance the FY15 budget.

Expenditures:
- **Salaries and Wages** – The majority of the $275,321 increase in salaries and wages was from:
  - Hiring of 6 new paraprofessionals positions to cover the increased intensive need students ($226,904).
  - Increased $12,610 due to changes in personnel with outgoing teachers and incoming new teachers’ salary placement.
  - The remaining $35,807 deals with changes for administrators working with grants or community schools, and also extra duty contracts for staff in regards to coaching and also other items such as teacher evaluations, curriculum evaluation.
- **Benefits** – The increase of $229,810 is mainly due to changes in health insurance selection with new employees and also in reviewing all employees to make necessary changes to their insurance selection from FY14 first revision. Insurance changes happen throughout the year due to such items as adoption, marriage, births, or other dependent children aging off of our insurance plan. Health insurance makes up $149,418 of the increase. The remaining $80,392 is directly related to the increases in Salaries and Wages for the following benefits: PERS/TRS, FICA/MED, Worker’s Compensation, SBS, and Unemployment.
- **Maintenance** – There is an increase of $53,751 for the maintenance line item. The majority of this increase is for $55,020 for increase cost of using more heating fuel due to Sitka High School and Blatchley Middle School running on our diesel fueled boilers for 3-4 months while completion of the Blue Dam Project was underway. The remaining $1,449 is the increase costs for our property insurance.
- **Schools and Programs** – The $10,000 is a combined result of:
  - Individual school discretionary budgets recognizing their carryover from FY2014
- **District Administration** – The $289,075 increase in expenditures is a result of:
  - Travel – This increased by $7,685 for FEMA training, ALICE training, and other professional development training for teacher evaluation and new standards training.
  - Communications – The $63,108 is for bringing Erate in line with our discounts and also increasing our bandwidth to 150MB. This amount is also being offset by the revenue line of Erate above.
  - District-Wide Programming – This is the most significant portion of the increase at $212,000 which is for the purchase of our Math Curriculum materials and professional development along with the Math Implementation Coach. As you recall, the school board approved to pay for these purchases out of our reserves back in June 2013, but currently as it stands, the district can keep costs not previously covered within the current operating budget.
  - Liability Insurance and Bonding – This increased by $8,282 for increased costs to our premium renewal.
  - Audit – This line item was adjusted down by $2,000 for actual costs for our FY14 audit.

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• **Professional/Technical/Contract Services** – This line item decreased by $13,400.
  • $1,600 increase for Cold Water Survival training costs
  • $15,000 decrease for Learning Management System, which is currently being budgeted out of the technology budget.

• **School Board** –
  • Travel - $5,000 decrease to leave a remaining balance of $30,000 for legislative travel and the National School Board Association travel
  • Student Travel - $4,000 increase for students to travel to AASB conference
  • Other Purchased Services - $5,000 added for legislative video and brochures
  • Professional/Technical Services - $3,000 increase for AASB assistance and televised board meetings

• **Student Activities**
  • Dues and Fees increase of $2,255 for membership fees for FY15 to ASAA

**Fund Balance:**

- **Final Total Fund Balance July 1, 2014** – The final FY2014 Total Fund Balance was:

<table>
<thead>
<tr>
<th>Non-Spendable</th>
<th>Restricted</th>
<th>Committed</th>
<th>Assigned</th>
<th>Unassigned</th>
<th>Total Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$109,933</td>
<td>0</td>
<td>$400,000</td>
<td>0</td>
<td>$1,457,725</td>
<td>$1,967,658</td>
</tr>
</tbody>
</table>

  • Non-Spendable represents leave and insurance liabilities that the district carries and the funds cannot be spent for other purposes. The balance in Committed represented what the board had allocated for use in balancing the FY2015 adopted budget. Unassigned is available for use by the Board to cover expenditures as they deem necessary.

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## FY2015 Original Budget vs FY15 First Revision Budget
### Summary Page

<table>
<thead>
<tr>
<th>Title</th>
<th>FY2015 Original Budget</th>
<th>2015 First Revision Budget</th>
<th>Difference From Original</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>% Of Budget</td>
<td>First</td>
</tr>
<tr>
<td>City/Borough Appropriation</td>
<td>5,283,762</td>
<td>25.70%</td>
<td>5,283,762</td>
</tr>
<tr>
<td>Misc Local Revenue</td>
<td>30,000</td>
<td>0.15%</td>
<td>30,000</td>
</tr>
<tr>
<td>E-Rate</td>
<td>83,000</td>
<td>0.40%</td>
<td>118,865</td>
</tr>
<tr>
<td>Quality Schools</td>
<td>44,646</td>
<td>0.22%</td>
<td>45,841</td>
</tr>
<tr>
<td>Foundation</td>
<td>12,754,723</td>
<td>62.04%</td>
<td>13,616,180</td>
</tr>
<tr>
<td>HB266 Allocation</td>
<td>292,328</td>
<td>1.42%</td>
<td>0</td>
</tr>
<tr>
<td>SB 139 Allocation</td>
<td>245,994</td>
<td>1.20%</td>
<td>0</td>
</tr>
<tr>
<td>HB 278 One-Time Funding</td>
<td>0</td>
<td>0.00%</td>
<td>494,616</td>
</tr>
<tr>
<td>Impact Aid</td>
<td>30,000</td>
<td>0.15%</td>
<td>30,000</td>
</tr>
<tr>
<td>Other Direct Fed. Rev (Secure Rural Schools)</td>
<td>500,000</td>
<td>2.43%</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Revenue Before FB Transfer</strong></td>
<td><strong>19,264,453</strong></td>
<td></td>
<td><strong>20,119,264</strong></td>
</tr>
<tr>
<td>Transfer from Operating Fund Balance</td>
<td>400,000</td>
<td>1.95%</td>
<td>400,000</td>
</tr>
<tr>
<td>Transfer from Transportation Fund</td>
<td>19,000</td>
<td>0.09%</td>
<td>19,000</td>
</tr>
<tr>
<td>Transfer from Recycling Fund</td>
<td>20,978</td>
<td>0.10%</td>
<td>20,978</td>
</tr>
<tr>
<td><strong>Total Revenue and FB Transfer</strong></td>
<td><strong>19,704,431</strong></td>
<td></td>
<td><strong>20,559,242</strong></td>
</tr>
</tbody>
</table>

### Expense
- Salaries and Wages: 11,372,358 (55.32%) vs 11,647,678 (56.65%) - 275,321
- Maintenance: 1,719,543 (8.36%) vs 1,773,294 (8.63%) - 53,751
- Supplies: 139,000 vs 139,000 (0)
- Utilities: 986,410 vs 1,041,430 - 55,020
- Property Insurance: 135,603 vs 139,579 - 3,976
- Custodial Contract: 458,630 vs 453,285 - 5,345
- Schools & Programs: 772,123 (3.76%) vs 782,123 (3.80%) - 10,000
- District Administration: 438,500 (2.13%) vs 727,575 (3.54%) - 289,075
- Travel: 132,805 vs 140,490 - 7,685
- Communications: 135,000 vs 198,108 - 63,108
- Insurance and Bonding: 48,862 vs 57,144 - 8,282
- Audit & Legal Fees: 66,828 vs 64,828 - 2,000
- Health Services: 7,805 vs 7,805 (0)
- Districtwide Programming: 117,200 vs 329,200 - 212,000
- Indirect Costs: -70,000 vs -70,000 (0)

### Technology
- 427,200 (2.08%) vs 427,200 (2.08%) (0)
- Prof/Tech/Contract Services: 145,400 (0.71%) vs 132,000 (0.64%) - 13,400
- School Board: 57,100 (0.28%) vs 65,100 (0.32%) - 8,000
- Student Activities: 117,582 (0.57%) vs 119,837 (0.58%) - 2,255
- Transfers: 0 (0.00%) vs 0 (0.00%) (0)

**Total Before On Behalf**: 19,704,431 vs 20,559,242 - 854,811

### Revenue (w/o tsfrs) vs. Expenditure
- 0 vs 0 (Revenue w/ FB tsfr vs Expenditure)

### Fund Balances
- **Final Total Fund Balance July 1, 2014**: 1,625,751 vs 1,967,658
- **Estimated Total Fund Balance July 1, 2015**: 1,226,751 vs 1,567,658
- **Non-Spendable Fund Balance**: (222,806) vs (109,933) - 122,873
- **Unassigned Fund Balance**: 1,002,945 vs 1,457,725
- **On Behalf TRS & PERS**: 5,211,804 vs 6,087,334
- **Final Expense Total**: 24,916,235 vs 26,646,576