

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #181 (2011-2012)

February 9, 2012

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

Carol Comeau

SUBJECT: FY 2012-2013 PROPOSED FINANCIAL PLAN
(SECOND READING)

ASD Core Value: *The district will be open, transparent and accountable to the public*

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2012-2013 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules accompanying this memorandum. The total recommended budget by individual fund projected is as follows:

<u>Fund</u>	FY 2012-2013 <u>Financial Plan</u>	<u>Percent of Funding</u>			
		<u>Local</u>		<u>State</u>	<u>Federal</u>
		<u>Taxes</u>	<u>Other</u>		
General	\$ 569,140,060	35	2	58	5
Food Service	18,116,350		27		73
Debt Service	86,085,944	47		53	
Grants	<u>53,500,000</u>		4	2	94
Total – All Funds	<u>\$ 726,842,354</u>				
Percent of Revenue Sources to Total		33	3	52	12

The total of local tax contribution to be requested is \$239,963,319.

PERTINENT FACTS:

First Reading of FY 2012-2013 Proposed Financial Plan (2/1/2012)

The School Board considered the FY 2012-2013 Proposed Financial Plan at a special meeting on February 1, 2012. After a considerable amount of public testimony pertaining to budget reductions and the ongoing discussion pertaining to economic uncertainties still facing the district, the School Board decided to wait until the second reading before making any adjustments. Therefore, the total revenues and expenditures remain unchanged in the General, Food Service, Debt Service and Grant Funds. The Financial Plan for FY 2012-2013 at this time totals \$726,842,354.

Currently legislative bills are being introduced and heard with the Alaska Legislature that if passed and approved by the Governor, would have an impact on the District's proposed financial plan for FY 2012-2013. As updated information becomes available, the administration will re-address the FY 2012-2013 Financial Plan this spring as necessary.

OVERVIEW

The total budget for all funds is reduced \$6.2 million from last year. Inclusive in that reduction are program cuts and eliminations in the General Fund in order to balance expenditures to anticipated revenues. The Grants Fund adjusts services regularly based on available funds. All other funds balance without program cuts.

Anticipated inflation and contractual obligations increase the cost of maintaining services currently provided each year. The FY 2012-2013 budget is no exception. With only modest revenues increases expected, service cuts are required in the General Fund to balance expenditures to revenues. Efficiencies are sought regularly through the District and many have been identified this year in order to minimize budget cuts to instructional programs.

Reductions, program eliminations and efficiencies identified in the General Fund amount to \$22.5 million. The fund has also been reduced \$1.8 million anticipating a drop in enrollment for next year. Therefore, total service reductions amount to \$24.3 million. These adjustments are listed in this memo on Attachment B.

This memo only summarizes but does not re-address the pro forma revenue/expenditure assumptions unless there has been a significant change, either in dollar amount or activity. The changes addressed in this memorandum occurred subsequent to the October 24, 2011 Pro Forma memorandum which provides the detailed information and can be found on the District Budget website as well as linked from the October 24 School Board meeting agenda.

SUMMARY OF PRIOR ASSUMPTIONS

The major assumptions in preparing the FY 2012-2013 budget are based on, but not limited to, the following criteria:

- Balanced budget for presentation to the Anchorage Assembly—expenditures equal revenues
- Local property taxes—AR NO. 2011-296 approved appropriation of 1 percent increase in local property taxes
- Alaska Public School Funding Program—no change in the base student allocation of \$5,680; 20 percent special needs funding factor; 13 times intensive needs, and 1 percent CTE funding
- Quality Schools Grant— \$16 per pupil
- Use of fund balance as a revenue source—use \$7 million of unassigned fund balance to reduce the fiscal gap
- Potential adoption or expansion of programs must be funded within existing resources

There are still uncertainties that face the district pertaining to the FY 2012-2013 Financial Plan.

- School Board goals and projects, and other areas of interest
- Legislative action
- Anchorage Assembly action on ASD financial plan
- General Fund contract negotiations for bus drivers and attendants, and exempt employees
- Rate increase/decrease notifications from outside agencies and oil prices
- Federal Impact Aid subject to annual appropriation

SIGNIFICANT CHANGES

State Retirement System Liability Funds:

Effective with this budget, the district will change the policy regarding State Retirement System Liability Funds and no longer include those funds as a budgeted item. This is different from the upper limit request in November to include a fifth fund; there will be no fifth fund and no retirement system liability funds within the approval of the upper limit. Prior year budgets within the FY 2012-2013 budget documents have also been adjusted to exclude these funds for an accurate comparison.

The purpose for this change in fiscal policy is for the same reasons the Municipality identified a few years ago when it began excluding the funds from Municipal budget documents. The liability funding payments are not cash transactions, have no impact or

cost to local taxpayers and are appropriations of the State, not the District or Municipality. Additionally, these funds vary wildly on a year to year basis which makes effective budgeting difficult.

Since the District and Municipality have historically handled these funds differently, this change should reduce confusion. The District budget will not be inflated with the state's contribution to the retirement system liability, instead it will better reflect the true day to day operating costs of the district.

The Administration recognizes and remains grateful for the State's commitment to fund the retirement system liability. Similarly to the Municipality, this non-budgeted item will be appropriately recorded in all financial statements of the District.

UPDATE BY FUND

Food Service—The Food Service Fund remained the same at \$18,116,350 as projected in the pro forma scenario.

Debt Service—After further review, the state reimbursement amount was adjusted changing the total from \$86,157,856 to \$86,085,944. This resulted from a lower anticipated bond sale from \$12.0 million to \$11.1 million using authorized unissued bonds; the projections do not include debt service on any possible future bond propositions that may be approved by the voters in future years.

Grants— The Grants Fund remained the same at \$53,500,000 as projected in the pro forma scenario.

General Fund – The General Fund has significant adjustments since the October 24, 2011 Pro Forma memorandum. They are described below:

Revenue:

Alaska Public School Funding Program— This funding program has a net decrease of \$16,643. The net change results from additional property tax revenue, elimination of summer school revenues, fewer students projected for the transfer of the Spring Creek Correctional facility, and an increased enrollment projection for Frontier Charter School.

Local property taxes—The local property tax revenue for FY 2012-2013 assumes the Anchorage Assembly's October 25, 2011 approval of AR NO. 2011-296 that increases the District's share of property taxes by 1 percent for a total of \$239,963,319. Of this approved property tax funding, \$199,901,539 is designated for the General Fund and \$40,061,780 is designated for the Debt Service Fund.

Summer school fees— Due to the recommendation to eliminate the expenditures for summer school at all levels, \$286,000 of summer school revenue was eliminated.

E-rate—Due to further review of eligible e-rate expenditures, the e-rate revenue was increased by \$50,000.

Fund balance— Use of \$7 million in fund balance as a revenue source in the budget remains consistent. However an anticipated increase in restricted fund balance for the municipal bond rating will adjust the previous remaining percentages of unallocated fund balance from 3.7 percent to closer to 3 percent. This reallocation would not reduce the overall amount and therefore the administration believes the use of \$7 million of fund balance in this budget remains appropriate.

Expenditures:

The following expenditure budgetary adjustments have been made after months of staff discussions on the Value-Based Budget process, research and analysis, and then compiling the data. The change in the General Fund budget includes approximately \$26.1 million of increases and \$24.3 million in reductions, resulting in a net increase of \$1.8 million.

Budgetary expenditure increases:

Contractual increases	\$15.1 million
Education Jobs Bill positions	7.6 million
Response to Instruction	1.2 million
Equipment Replacement Fund	1.0 million
Additional services	1.2 million

The following positions have been added:

In the Classroom

- Education Jobs Bill (82 FTE)
- Special service teacher for the ACE program (1 FTE)

Direct Classroom Support

- Stem Coordinator (1 FTE)

Budgetary expenditure decreases:

In order to provide a balanced budget, approximately \$24.3 million in service cuts have been proposed in this budget.

Program eliminations include:

Summer school – elementary, middle and high school	(\$2.8 million)
Graduation coaches	(.6 million)
Career guides	(1 million)
Middle level ISS teachers	(.6 million)

Student Support Program Supervisors	(.2 million)
Romig master plan facilitator	(.1 million)

Programs reduced through ratio or service level adjustment include:

Elementary counselors	(.6 million)
Elementary librarians and assistants	(.4 million)
Special Education/Related Services	(2.8 million)
ELL services	(.3 million)
Gifted Education services	(.3 million)
Curriculum & Instructional Support	(.8 million)
Maintenance positions and project funds	(.8 million)
Purchasing/Warehouse positions	(.4 million)
Custodial positions	(.1 million)

Other significant budget adjustments include:

Projected enrollment decrease	(\$1.8 million)
Increase attrition factor based on recent year actual costs	(1.2 million)
One-time cut of bandwidth costs	(.2 million)
One-time cut of utilities based on recent year actual and projected costs	(.4 million)
One-time cut of IT equipment refresh	(2.3 million)
Class-size adjustment – 48.5 FTE (grades 3-12)	(4.6 million)

A comprehensive list of all the reductions are listed on Attachment B. All together, the budget includes a net reduction of approximately 87 full-time equivalent positions.

Class size increase detail:

A discussion regarding the avoidance of increased class size occurred during the October 24th pro forma deliberation where the Administration and School Board all concurred that class size is important to maintain. Unfortunately with the significant program cuts above, a reduction was still required. To meet the required dollar reduction, increasing class size was determined necessary. The following chart indicates the adjustment made for FY 2012-2013.

Grade	Current PTR	Change
Kindergarten (FTE)	20.50 to 1	
Grade 1	21.00 to 1	
Grade 2	24.25 to 1	
Grade 3	24.25 to 1	24.75 to 1
Grades 4-6	27.25 to 1	28.25 to 1
Grades 7-8	26.25 to 1	27.25 to 1
Grades 9-12	27.91 to 1	29.41 to 1
Special Education	Staffing is based upon demonstrated need however several positions were reduced for FY 2012-2013	

WHAT IF ASD RECIEVES ADDITIONAL FUNDING

The above recommended positions and program eliminations were difficult decisions to make; these are important programs and positions. If available funding increases are approved by the State Legislature and Governor, the Administration would recommend adding back the following programs. These are in no particular order.

- Class size grades 3 - 12
- Elementary counselors and librarians
- Middle level ISS teachers
- High school summer school
- Certificated staff that provide direct services to students with disabilities
- Maintenance staff

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2012-2013 projected revenues/expenditures with those currently approved for FY 2011-2012.

REVENUE/EXPENDITURE BUDGETS

	Revised Budget <u>FY 2011-2012</u>	Proposed Budget <u>FY 2012-2013</u>	% Over /Under <u>Prior Year</u>
General Fund	\$ 567,544,376	\$ 569,140,060	.28%
Food Service	18,585,350	18,116,350	(2.52)%
Debt Service	87,664,752	86,085,944	(1.80)%
Grants	51,631,993	53,500,000	3.62%
Education Jobs Bill	<u>7,639,562</u>		(100)%
All Funds	<u>\$ 733,066,033</u>	<u>\$ 726,842,354</u>	(0.85)%

TAXES

	Revised <u>FY 2011-2012</u>	Proposed <u>FY 2012-2013</u>	<u>Increase</u>
General	\$196,307,312	\$199,901,539	\$3,594,227
Debt Service	<u>41,280,133</u>	<u>40,061,780</u>	<u>(1,218,353)</u>
All Funds	<u>\$237,587,445</u>	<u>\$239,963,319</u>	<u>\$2,375,874</u>

Attachments
CC/CS/MSL

Prepared by: Marie S. Laule, Budget Director

Approved by: Chad Stiteler, Chief Financial Officer

Anchorage School District
Fiscal Year 2012-2013

PROJECTED REVENUES AND EXPENDITURES SUMMARY

Fund	Revenues and Fund Balance				2012-2013 Revenue/Source Projections	2012-2013 Expenditure Projections
	Taxes	Local Other	State	Federal		
General	\$ 199,901,539	\$ 14,019,000	\$ 328,369,521	\$ 26,850,000	\$ 569,140,060	\$ 569,140,060
Food Service		4,873,569		13,242,781	18,116,350	18,116,350
Debt Service	40,061,780		45,746,752	277,412	86,085,944	86,085,944
Local, State and Federal Grants		2,045,157	1,305,445	50,149,398	53,500,000	53,500,000
TOTAL	<u>\$ 239,963,319</u>	<u>\$ 20,937,726</u>	<u>\$ 375,421,718</u>	<u>\$ 90,519,591</u>	<u>\$ 726,842,354</u>	<u>\$ 726,842,354</u>
Percentage of Revenue Sources to Total Revenue Projections	33.01%	2.88%	51.65%	12.46%	100.00%	

Computation of Total Taxes
for Calendar Year 2012

		General Fund	Debt Service Fund
Amount required to fund second half of Adopted FY 2011-2012 Budget: January 1, 2012/June 30, 2012	\$ 237,587,445	\$ 98,153,656	\$ 20,640,067
Amount required to fund first half of Adopted FY 2012-2013 Budget: July 1, 2012/December 31, 2012	\$ 239,963,319	99,950,770	20,030,890
TOTAL Taxes for Calendar Year 2012		<u>\$ 198,104,426</u>	<u>\$ 40,670,957</u>
Total Taxes for Calendar Year 2012			
A) <u>Total Taxes 2012</u>	\$ 238,775,383 =7.50 mills	\$ 198,104,426	\$ 40,670,957
Assessed Valuation	\$ 31,623,793,667	\$ 31,623,793,667	\$ 31,623,793,667
		<u>6.20 mills</u>	<u>1.30 mills</u>

A) The 2012 preliminary mill rate is based on a assessed valuation provided by the Municipality of Anchorage Office of Management and Budget. (October 2011)

Anchorage School District
Fiscal Year 2012-2013

**PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2010-2011 TO 2012-2013**

Fund	FY 2010-2011 Revised	FY 2011-2012 Projections	FY 2012-2013 Projections	FY 2012-2013 Change over FY 2011-2012 Revised	
				Amount	Percent
General	\$ 551,041,350	\$ 567,544,376	\$ 569,140,060 (B)	\$ 1,595,684	0.28%
Food Service	17,470,951	18,585,350	18,116,350	(469,000)	(2.52%)
Debt Service	87,423,992	87,664,752	86,085,944	(1,578,808)	(1.80%)
Local/State/ Federal Grants	63,442,840	51,631,993	53,500,000	1,868,007	3.62%
Education Jobs Bill (A)		7,639,562		(7,639,562)	100.00%
TOTAL	\$ 719,379,133 (C)	\$ 733,066,033 (C)	\$ 726,842,354 (C)	\$ (6,223,679)	(0.85%)
Taxes					
General	\$ 193,215,858	\$ 196,307,312	\$ 199,901,539	\$ 3,594,227	1.83%
Debt Service	41,544,114	41,280,133	40,061,780	(1,218,353)	(2.95%)
TOTAL	\$ 234,759,972	\$ 237,587,445	\$ 239,963,319	\$ 2,375,874	1.00%

(A) One-time funds

(B) State funding for FY 2012-2013 provides for a base student allocation of \$5,680, a special education intensive factor of thirteen times, and a career technology factor of 1.01; same as current FY 2011-2012 funding.

(C) Supplemental State funding for the Teachers and Public Employee Retirement Systems is a non-budgeted item but will be recorded as an expenditure. For comparability purposes FY 2010-2011 and FY 2011-2012 have been restated to reflect this change.

**Anchorage School District
REVENUE and FUND BALANCE SUMMARY BY FUND and SOURCE**

	FY 2010-2011 <u>Audited Actual</u>	2010-2011 <u>Revised</u>	2011-2012 <u>Revised</u>	2012-2013 <u>Projections</u>	Inc/(Dec) over FY 2011-2012 <u>Revised Budget</u>
General Fund					
Local Revenue/Fund Balance					
Local Taxes	\$ 193,215,858	\$ 193,215,858	\$ 196,307,312	\$ 199,901,539	\$ 3,594,227
Interest	1,930,596	2,600,000	2,800,000	2,800,000	
Other Local	4,548,763	3,574,000	4,404,310	4,219,000	(185,310)
Fund Balance		<u>1,975,000</u>	<u>5,200,000</u>	<u>7,000,000</u>	<u>1,800,000</u>
	199,695,217	201,364,858	208,711,622	213,920,539	5,208,917
State Revenue					
Alaska Public School Funding Program	310,300,774	312,428,682	311,134,270	308,364,385	(2,769,885)
Pupil Transportation	19,611,320	20,059,326	20,390,000	19,596,652	(793,348)
Supplemental State Funding	<u>408,484</u>	<u>408,484</u>	<u>6,508,484</u>	<u>408,484</u>	<u>(6,100,000)</u>
	330,320,578	332,896,492	338,032,754	328,369,521	(9,663,233)
Federal Revenue					
Federal Impact Aid	23,985,834	15,000,000	20,000,000	26,000,000	6,000,000
Medicaid Reimbursement	220,490	1,000,000			
R.O.T.C.	<u>764,192</u>	<u>780,000</u>	<u>800,000</u>	<u>850,000</u>	<u>50,000</u>
	<u>24,970,516</u>	<u>16,780,000</u>	<u>20,800,000</u>	<u>26,850,000</u>	<u>6,050,000</u>
Total General Fund	554,986,311	551,041,350	567,544,376	569,140,060	1,595,684
Food Service Fund					
Sales	3,981,986	5,284,675	4,562,927	4,082,569	(480,358)
Fund Balance	240,241	600,000	600,000	400,000	(200,000)
Federal Reimbursement	<u>13,376,693</u>	<u>11,586,276</u>	<u>13,422,423</u>	<u>13,633,781</u>	<u>211,358</u>
Total Food Service	17,598,920	17,470,951	18,585,350	18,116,350	(469,000)
Debt Service Fund					
Local Revenue/Fund Balance					
Local Taxes	41,544,114	41,544,114	41,280,133	40,061,780	(1,218,353)
Fund Balance			1,000,000		(1,000,000)
Interest	<u>122</u>				
	41,544,236	41,544,114	42,280,133	40,061,780	(2,218,353)
State Sources					
Debt Service	<u>45,738,902</u>	<u>45,879,878</u>	<u>45,107,207</u>	<u>45,746,752</u>	<u>639,545</u>
	<u>45,738,902</u>	<u>45,879,878</u>	<u>45,107,207</u>	<u>45,746,752</u>	<u>639,545</u>
Federal Sources					
Build America Bonds	<u>287,430</u>		<u>277,412</u>	<u>277,412</u>	
	287,430		277,412	277,412	
Total Debt Service	87,570,568	87,423,992	87,664,752	86,085,944	(1,578,808)
Local/State/Federal Grants					
Local Grants	1,119,683	10,506,430	2,056,784	2,045,157	(11,627)
State Grants	1,978,876	2,581,908	1,307,043	1,305,445	(1,598)
Federal Grants	39,252,220	50,354,502	48,268,166	50,149,398	1,881,232
American Recovery & Reinvestment Act Education Jobs Bill	<u>24,846,015</u>		<u>7,639,562</u>		<u>(7,639,562)</u>
Total Local/State/Federal Grants	67,196,794	63,442,840	59,271,555	53,500,000	(5,771,555)
Total Revenues	\$ 727,352,593	\$ 719,379,133	\$ 733,066,033	\$ 726,842,354	\$ (6,223,679)
Total Expenditures	\$ 715,280,852	\$ 719,379,133	\$ 733,066,033	\$ 726,842,354	\$ (6,223,679)
Total Taxes – Fiscal Year	\$ 234,759,972	\$ 234,759,972	\$ 237,587,445	\$ 239,963,319	\$ 2,375,874

State funding for FY 2012-2013 provides for a base student allocation of \$5,680, a special education intensive factor of thirteen times, and a career technology factor of 1.01; same as FY 2011-2012 funding. Supplemental State funding for the Teachers and Public Employee Retirement Systems is a non-budgeted item but will be recorded as an expenditure. For comparability purposes FY 2010-2011 and FY 2011-2012 have been restated to reflect this change.

Anchorage School District
Fiscal Year 2012-2013

FINANCIAL BUDGETS AND PROJECTIONS ON A BUDGETARY BASIS

AUDITED ACTUAL FY 2010-2011, REVISED FY 2010-2011 AND FY 2011-2012, PROJECTIONS FOR FY 2012-2013 THROUGH FY 2014-2015

	FY 2010-2011 Audited Actual	FY 2010-2011 Revised	FY 2011-2012 Revised (E)	FY 2012-2013 Projections (E)	FY 2013-2014 Projections (E)	FY 2014-2015 Projections (E)
REVENUES						
Local Taxes	\$ 193,215,858	\$ 193,215,858	\$ 196,307,312	\$ 199,901,539	\$ 199,901,539	\$ 199,901,539
Local	6,479,359	6,174,000	7,204,310	7,019,000	6,912,100	7,058,250
Fund Balance		1,975,000	5,200,000	7,000,000		
State	330,320,578	332,896,492	338,032,754 (A)	328,369,521 (A)	330,254,200	332,243,350
Federal	24,970,516	16,780,000	20,800,000	26,850,000	27,550,000	28,266,250
Total General Fund	554,986,311	551,041,350	567,544,376	569,140,060	564,617,839	567,469,389
Food Service Fund	17,598,920	17,470,951	18,585,350	18,116,350	19,272,000	20,500,000
Debt Service Fund	87,570,568	87,423,992	87,664,752	86,085,944 (B)	84,639,131 (B)	83,718,301 (B)
Local, State and Federal Grants	67,196,794	63,442,840	59,271,555	53,500,000	54,575,000	55,666,000
TOTAL REVENUES (G)	\$ 727,352,593	\$ 719,379,133	\$ 733,066,033	\$ 726,842,354	\$ 723,103,970	\$ 727,353,690
EXPENDITURES						
General Fund	\$ 540,964,680	\$ 551,041,350	\$ 567,544,376	\$ 569,140,060	\$ 585,293,616	\$ 580,953,376
General Fund Cuts Required to Balance						
Food Service Fund	17,474,119	17,470,951	18,585,350	18,116,350	19,272,000	20,500,000
Debt Service Fund	89,645,259	87,423,992	87,664,752	86,085,944 (B)	84,639,131 (B)	83,718,301 (B)
Local, State and Federal Grants	67,196,794	63,442,840	59,271,555	53,500,000	54,575,000	55,666,000
TOTAL EXPENDITURES (G)	\$ 715,280,852	\$ 719,379,133	\$ 733,066,033 (C)	\$ 726,842,354 (C)	\$ 743,779,747 (C)	\$ 740,837,677 (C)
FISCAL GAP - Favorable/(Unfavorable)	\$ 12,071,741	\$ -	\$ -	\$ -	\$ (20,675,777)	\$ (13,483,987)
COST PER STUDENT	\$ 14,571	\$ 14,655	\$ 14,901	\$ 14,926	\$ 15,210	\$ 14,971
TAXES						
General Fund	\$ 193,215,858	\$ 193,215,858	\$ 196,307,312 (D)	\$ 199,901,539 (D)	\$ 199,901,539	\$ 199,901,539
Debt Service Fund	41,544,114	41,544,114	41,280,133	40,061,780	39,546,623	38,277,558
TAX LIMITATION	\$ 234,759,972	\$ 234,759,972	\$ 237,587,445	\$ 239,963,319	\$ 239,448,162	\$ 238,179,097
CALENDAR YEAR TAX CONTRIBUTION	\$ 233,853,777	\$ 233,853,777	\$ 236,173,709	\$ 238,775,383	\$ 239,705,741	\$ 238,813,630
FY TAXES PER STUDENT	\$ 4,782	\$ 4,782	\$ 4,829	\$ 4,928	\$ 4,897	\$ 4,813
COST PER STUDENT						
General Fund	\$ 11,020	\$ 11,225	\$ 11,536	\$ 11,687	\$ 11,969	\$ 11,740
Food Service Fund	356	356	378	372	394	414
Debt Service Fund	1,826	1,781	1,782	1,768	1,731	1,692
Local, State and Federal Grants	1,369	1,292	1,205	1,099	1,116	1,125
TOTAL STUDENT COST	\$ 14,571	\$ 14,654	\$ 14,901	\$ 14,926	\$ 15,210	\$ 14,971
TOTAL NUMBER OF STUDENTS (F)	49,091	49,091	49,196	48,698	48,901	49,484
STUDENTS - (FTE) (F)	48,972	48,972	48,923	48,445	48,647	49,227

(A) State funding for FY 2012-2013 provides for a base student allocation of \$5,680, a special education intensive factor of thirteen times, and a career technology factor of 1.01; same as current FY 2011-2012 funding.

(B) These projections include an anticipated \$11.1 million bond sale using authorized unissued bonds. No further projections are included for propositions that may be approved by the voters in future years.

(C) Includes compensation consideration for all settled and unsettled contracts.

(D) Includes School Resource Officers, ASD portion for cost of sending out tax bills/collections, as well as delinquent property taxes, football stadium, trail/facility fees

(F) Actual enrollment September 30th FY 2010-2011; and projected for FY 2011-2012 through FY 2014-2015.

(G) Supplemental State funding for the Teachers and Public Employee Retirement Systems is a non-budgeted item but will be recorded as an expenditure.

For comparability purposes FY 2010-2011 and FY 2011-2012 have been restated to reflect this change.

Anchorage School District
Fiscal Year 2012-2013

SUMMARY OF GENERAL FUND REVENUES

	FY 2010-2011		FY 2010-2011		FY 2011-2012		FY 2012-2013	
	Audited	Percent	Revised	Percent	Revised	Percent	Projections	Percent
	<u>Actual</u>		<u>Revised</u>		<u>Revised</u>		<u>Projections</u>	
Local Sources								
Local Property Taxes	\$ 193,215,858	34.81 %	\$ 193,215,858	35.06 %	\$ 196,307,312	34.59 %	\$ 199,901,539	35.12 %
Other Local	6,479,359	1.17	6,174,000	1.12	7,204,310	1.27	7,019,000	1.23
Fund Balance			1,975,000	0.36	5,200,000	0.92	7,000,000	1.23
State Sources	330,320,578	59.52	332,896,492	60.41	338,032,754	59.56	328,369,521	57.70
Federal Sources	<u>24,970,516</u>	<u>4.50</u>	<u>16,780,000</u>	<u>3.05</u>	<u>20,800,000</u>	<u>3.66</u>	<u>26,850,000</u>	<u>4.72</u>
TOTAL	<u>\$ 554,986,311</u>	<u>100.00 %</u>	<u>\$ 551,041,350</u>	<u>100.00 %</u>	<u>\$ 567,544,376</u>	<u>100.00 %</u>	<u>\$ 569,140,060</u>	<u>100.00 %</u>

Supplemental State funding for the Teachers and Public Employee Retirement Systems is a non-budgeted item but will be recorded as an expenditure.
For comparability purposes FY 2010-2011 and FY 2011-2012 have been restated to reflect this change.

Anchorage School District
Fiscal Year 2012-2013

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE

Local Sources	FY 2010-2011	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual Audited	Revised	Projections	Projections
Municipality of Anchorage Appropriation of Taxes	\$ 191,994,683	\$ 191,994,683	\$ 195,210,311	\$ 199,901,539
Additional tax appropriation allowable for shared services between the Municipality of Anchorage and the ASD (A)	1,221,175	1,221,175	1,097,001	
Other Local				
Career Center Instructional Projects	63,928	71,000	74,000	75,000
Facilities Rentals	770,435	650,000	690,000	775,000
Nonresident Tuition	56,262	15,000	50,000	50,000
Credit Recovery Fees (B)	16,884	60,000	45,000	15,000
On-line Fee for Non-ASD Student (C)			40,000	40,000
Summer School - Elementary (D)	30,800	25,000	50,000	
Summer School - Middle Level (E)	11,855	25,000	29,160	
Summer School - Secondary (F)	200,725	256,000	260,000	
Musical Instrument Usage Fee (G)	29,308	26,000	28,000	30,000
Middle School Activity Fees (H)	247,583	250,500	267,400	260,000
High School Activity Fees (I)	733,813	742,500	850,000	825,000
Baseline Concussion Impact Fees				37,500
High School Parking Fees (K)	192,155	192,500	211,750	200,000
Other Fees (Training Fees, Documents) (L)	95,362	85,000	84,000	94,500
Property Sales, Insurance Proceeds, and Miscellaneous	467,713	175,500	125,000	117,000
Interest Earnings	1,930,596	2,600,000	2,800,000	2,800,000
E-rate (M)	1,631,940	1,000,000	1,600,000	1,700,000
Fund Balance		1,975,000	5,200,000	7,000,000
	<u>6,479,359</u>	<u>8,149,000</u>	<u>12,404,310</u>	<u>14,019,000</u>
TOTAL	<u>\$ 199,695,217</u>	<u>\$ 201,364,858</u>	<u>\$ 208,711,622</u>	<u>\$ 213,920,539</u>

(A) Includes School Resource Officers, ASD portion for cost of sending out tax bills/collections, as well as delinquent property taxes, football stadium, trail/facility fees

(B) Credit Recovery Course Fee - \$90/course

(C) On-line Fees for Non-ASD Student - \$400/course

(D) Summer school has been recommended to be eliminated for FY 2012-2013; \$100 FY 2011-2012; \$85 FY 2010-2011

(E) Summer school has been recommended to be eliminated for FY 2012-2013; \$100 FY 2011-2012; \$85 FY 2010-2011

(F) Summer school has been recommended to be eliminated for FY 2012-2013; \$100 in FY 2011-2012; \$90 in FY 2010-2011

(G) Musical Instrument Usage Fee - \$40 with continuation in FY 2012-2013

(H) Middle Level Activity Fees - \$100 in FY 2012-2013; \$100 in FY 2011-2012, \$85 in FY 2010-2011, Family Cap \$390 (Middle and High combined)

(I) High School Activity Fees - Tiers ranging from \$175 to \$195 in FY 2012-2013/FY 2011-2012, \$165 in FY 2010-2011, Family Cap \$390 (Middle and High combined)

(J) Baseline Concussion Impact Fees

(K) High School Parking Fees - \$55/semester in FY 2012-2013/FY 2011-2012, \$50 in FY 2010-2011

(L) Training Fees - \$25 per course with continuation in FY 2012-2013

(M) E-rate established by Congress to provide funding to K-12 schools for telecommunications, internet access and internal connections (Network Infrastructure).

Anchorage School District
Fiscal Year 2012-2013

COMPUTATION OF MUNICIPAL PROPERTY TAX LIMITATION
Taxes Allowable under the Charter Limit vs. Limited Funding and Transferred Services

		<u>Charter Limit</u>
Taxes Projected—Anchorage School District FY 2011-12		\$ 237,587,445
Less: Prior Year Taxes Required for Debt Service		<u>41,280,133</u>
Net Taxes Approved for General Fund		196,307,312 (A)
<u>Allowable Growth Factors</u>		
Population— 5 year Average	0.7	
CPI—5 average year Anchorage Urban	<u>2.5</u>	
	3.2% As of Oct/2011	<u>6,281,834</u>
Basic Tax Limitation		202,589,146
<u>Plus Exclusions:</u>		
Judgments/Legal Settlements		
Taxes for Operations and Maintenance on New Voter Approved Facilities		
Taxes Requested on New Construction/Property Improvements (B)		<u>2,155,325</u>
Tax Limitation—General Fund		204,744,471
Taxes Requested for Debt Service		<u>40,061,780</u>
TAX LIMITATION FY 2012-2013 (C)		244,806,251
General Fund	199,901,539	
Debt Service Fund (D)	<u>40,061,780</u>	
AR NO 2011-296 APPROVED PROPERTY TAX PROJECTED IN FINANCIAL PLAN—FY 2012-2013		<u>239,963,319</u>
AMOUNT OVER (UNDER) as allowed by the Property Tax Cap Limitation under the MOA Charter		\$ <u>(4,842,932)</u>

- (A) Includes \$3,201,028 of revenues and expenditures previously included in the MOA financials. The expenditures transferred include School Resource Officers, football stadium rental, trails, park shelter rental, and portion of the cost of sending out collections, municipal tax bills and uncollectible portion of delinquent property taxes.
- (B) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.52 mills x \$286,612,342 (2011 construction/property was verified by the Municipality of Anchorage's Office of Management and Budget as of October, 2011) = \$2,155,325.
- (C) An overall 1 percent increase to the local property tax was approved by the Anchorage Assembly (AR No 2011-296) on October 25, 2011.
- (D) The taxes approved for debt service are for sold bonds approved by the qualified voters. These projections include an anticipated \$11.1 M bond sale using authorized unissued bonds. No further projections are included for propositions that may be approved by the voters in future years.

Anchorage School District
Fiscal Year 2012-2013

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES

<u>State Sources</u>		<u>FY 2010-2011 Actual Unaudited</u>	<u>FY 2010-2011 Revised</u>	<u>FY 2011-2012 Projections</u>	<u>FY 2012-2013 Projections</u>
Alaska Public School Funding Program (A)	\$	310,300,774	\$ 312,428,682	\$ 307,534,270	\$ 304,790,927
Career Technology Education (CTE)				3,600,000	3,573,458
Supplemental State Aid Grant (SSAG) (B)				6,100,000	
Pupil Transportation (C)		19,611,320	20,059,326	20,390,000	19,596,652
<u>Supplemental State Funding:</u>					
On-Base Schools (D)		408,484	408,484	408,484	408,484
Retirement systems employer relief (E)					
TOTAL	\$	<u>330,320,578</u>	<u>332,896,492</u>	<u>338,032,754</u>	<u>328,369,521</u>

(A) Alaska Public School Funding Program - FY 2012-2013

Basic Need Equals 73,302.88 Adjusted ADM x \$5,680 Student Allocation and 13 times for intensive students	\$ 416,360,363
Career Technology Education factor of 1.01 equals 629.13 Adjusted ADM x \$5,680 Student Allocation	3,573,458
Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$25.647 billion	(102,589,817)
Minus Deductible Portion of Federal Impact Aid	(10,162,531)
Add \$16/ adjusted ADM for Quality Schools	1,182,912
Total Alaska Public School Funding Program Aid	<u>\$ 308,364,385</u>

(B) HB 108 provided one-time funding as a supplemental state aid grant to help cover inflationary cost increases based on high energy costs.

(C) Pupil Transportation - District operated and contracted transportation reimbursement (\$407).

This amount is then multiplied by the school district's ADM, less the ADM for the district's correspondence program.

(D) State of Alaska supplemental grant to partially fund this program.

(E) Supplemental State funding for the Teachers and Public Employee Retirement Systems is a non-budgeted item but will be recorded as an expenditure.

For comparability purposes FY 2010-2011 and FY 2011-2012 have been restated to reflect this change.

Anchorage School District
Fiscal Year 2012-2013

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES

<u>Federal Sources</u>	FY 2010-2011 Actual <u>Unaudited</u>	FY 2010-2011 Revised	FY 2011-2012 Projections	FY 2012-2013 Projections
Federal Impact Aid (A)	\$ 23,985,834	\$ 15,000,000	\$ 20,000,000	\$ 26,000,000
Medicaid (B)	220,490	1,000,000		
R.O.T.C. (C)	<u>764,192</u>	<u>780,000</u>	<u>800,000</u>	<u>850,000</u>
TOTAL	\$ <u>24,970,516</u>	\$ <u>16,780,000</u>	\$ <u>20,800,000</u>	\$ <u>26,850,000</u>

(A) Federal Impact Aid revenue is received for students living on military land and for other federally-connected students and reflect trend data of revenue receipts.

(B) It is estimated that participation in this program costs more in lost opportunity than it nets in reimbursement. Therefore, Medicare revenue was eliminated and the district is no longer participating in the program.

(C) Revenues for FY 2012-2013 reflect trend data of revenue receipts.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND DECREASES
FY 2011-2012 COMPARED TO FY 2012-2013
SECOND READING

FY 2011-2012 Revised Budget	FTE	\$	567,356,088
Major Expenditure Increases & Decreases:			
<u>Districtwide</u>			
Settled Contracts			14,584,231
Response to Instruction (RTI)			1,200,000
Equipment Replacement Fund			967,987
Indirect Cost			400,000
Property & Liability Insurance			73,500
Increased Municipality of Anchorage charges for School Resource Officers (SROs)			72,056
			<hr/>
Total Districtwide Increases:			17,297,774
Attrition			(1,200,000)
Utilities			(348,563)
			<hr/>
Total Districtwide Decreases:			(1,548,563)
<u>Elementary</u>			
Elementary Teachers - Jobs Bill	42.00		3,912,930
			<hr/>
Total Elementary Increases:	42.00		3,912,930
Class size increase: K-2 no increase,, 3rd grade increase .5, 4th thru 6 increase 1.0	(15.00)		(1,432,113)
Elementary Teachers for lower enrollment	(8.00)		(763,792)
Supply & Equipment allocation due to lower enrollment			(27,900)
Summer School - Elementary			(1,120,705)
Counselors	(6.00)		(572,846)
Librarians	(4.00)		(381,593)
Creating Successful Futures	(1.00)		(95,473)
Library Assistants	(1.75)		(55,730)
Breakfast Program			(25,000)
Battle of the Books			(15,705)
			<hr/>
Total Elementary Decreases:	(35.75)		(4,490,857)
Total Elementary Changes:	6.25		(577,927)
<u>Special Education</u>			
Health Services Coordinator transferred from grants - Health Services	1.00		113,142
Administrative Assistant transferred from grants - Health Services	1.00		74,203
Teacher Assistants - Special Education Middle School	1.75		85,034
Teacher Assistants - Special Education High School	1.75		85,034
Special Service Teacher for Tapestry - ACE Program	1.00		93,002
			<hr/>
Total Special Education Increases:	6.50		450,415
Counselors and Supplies - Secondary Special Education	(9.00)		(856,730)
Resource Teachers - Elementary Special Education	(6.00)		(559,067)
Resource Teacher Assistant - Elementary Special Education	(4.88)		(243,787)
Health Treatment Specialists transferred to grant fund	(2.10)		(173,988)
Teacher Assistants - Speech/Language	(3.40)		(169,950)
Special Service Teacher - Psychology	(1.80)		(167,794)
Special Service Teacher - Special Schools	(1.00)		(93,212)
Teacher Consultant - Elementary Special Education	(1.00)		(93,211)
Special Service Teacher - Elementary Special Education	(1.00)		(93,211)
Preschool Teacher Assistants - Elementary Special Education	(1.63)		(81,301)

Special Education continued...		
Related Services Specialist - Speech/Language	(1.00)	(66,351)
Related Services Technician - OT/PT	(1.00)	(66,229)
Secretary - Special Education Administration	(1.00)	(62,735)
Interpreter for the Deaf	(1.00)	(60,391)
Teacher Assistant - OT/PT	(0.88)	(58,116)
Administrative Assistant - Speech/Language	(1.00)	(58,092)
Teacher Assistant - Psychology	(1.00)	(49,911)
Special Service Teacher - Outreach	(0.50)	(46,570)
Teacher Assistant	(0.88)	(44,570)
BVI	(0.45)	(41,983)
Teaching Supplies & Equipment - Elementary Special Education		(36,000)
Extra Help Certificated - Speech/Language		(30,699)
Added Days - Summer School		(28,723)
Special Service Teacher - OT/PT	(0.30)	(27,941)
IEP Clerical - Special Schools	(0.50)	(16,232)
Contracted Services Instructional - Speech/Language		(14,000)
Total Special Education Decreases:	(41.32)	(3,240,794)
Total Special Education Changes:	(34.82)	(2,790,379)
<u>Gifted Education</u>		
Special Education Teachers	(3.00)	(282,060)
Total Gifted Program Changes:	(3.00)	(282,060)
<u>English Language Learner</u>		
Special Service Teachers	(2.00)	(186,422)
Tutor	(1.00)	(47,119)
Secretary	(0.50)	(31,884)
Language & Cultural Liaison	(0.50)	(30,315)
Total English Language Learner Program Decreases:	(4.00)	(295,740)
<u>Middle Schools</u>		
Middle School Teachers - Jobs Bill	16.00	1,490,640
Total Middle School Increases:	16.00	1,490,640
Class size increase of 1.0	(9.50)	(908,242)
Middle School Teachers for lower enrollment	(2.00)	(191,208)
Supplies & Equipment due to lower enrollment		(7,900)
Career Guides	(10.00)	(956,044)
ISS Teachers	(6.40)	(611,869)
Summer School		(459,791)
College and Career Ready Coordinator	(1.00)	(97,465)
Romig Master Plan Facilitator	(1.00)	(95,950)
Language Acquisition	(1.00)	(95,605)
Response to Instruction (RTI) transferred to support districtwide efforts		(50,000)
Noon Duty Attendants	(2.25)	(37,552)
School Business Partnership addenda		(10,107)
Total Middle School Decreases:	(33.15)	(3,521,733)
Total Middle School Changes:	(17.15)	(2,031,093)
<u>High Schools</u>		
High School Teachers - Jobs Bill	24.00	2,235,960
Spring Creek Correctional Facility transfer to ASD		318,600
Total High School Increases:	24.00	2,554,560

Class size increase of 1.5	(24.00)	(2,300,494)
High School Teachers for lower enrollment	(8.00)	(766,832)
Supplies & Equipment due to lower enrollment		(30,200)
Summer School		(1,188,448)
Graduation Coaches	(7.00)	(641,912)
Student Support Program Supervisor	(1.00)	(95,714)
Student Support Program Supervisor	(1.00)	(89,753)
Student Activities		(53,252)
High School Graduation Qualifying Exam (HSGQE) addenda		(51,010)
College/Career Ready Coordinator addenda		(21,485)
School Business Partnership addenda		(17,132)
Total High School Decreases:	(41.00)	(5,256,232)
Total High School Changes:	(17.00)	(2,701,672)

Instructional Support

STEM Coordinator - Curriculum & Instruction	1.00	101,810
RTI Support - Curriculum & Instruction	1.00	93,575
Library corporation (TLC) Licensing		76,150
Total Instructional Support Increases:	2.00	271,535

K-8 Professional Development and Community Outreach/area of mathematics		(425,000)
Music Districtwide	(1.50)	(156,919)
Educational Technology Teacher	(1.00)	(101,558)
Health & Physical Education Teacher Expert - Curriculum & Instruction	(1.00)	(93,211)
Social Studies/Language Teacher Expert - Curriculum & Instruction	(1.00)	(93,210)
Career Technology Education		(75,000)
Administrative Assistant - Curriculum & Instruction	(1.00)	(58,860)
Added Duty - Curriculum & Instruction		(28,723)
TLC Training - Library Resources		(8,750)
AEA to ACE position conversion - Curriculum & Instruction		(8,605)
Contracted Services - Curriculum & Instruction		(6,000)
Total Instructional Support Decreases:	(5.50)	(1,055,836)
Total Instructional Support Changes:	(3.50)	(784,301)

Training & Professional Development

My Learning Plan - Contracted services transferred from grants		50,000
		50,000
Administrative Assistant - Training & Professional Development	(1.00)	(80,940)
Added Days - Training & Professional Development		(34,468)
Substitute Teachers - Training & Professional Development		(15,737)
Total Training & Professional Development Decreases:	(1.00)	(131,145)
Total Training & Professional Development Changes:	(1.00)	(81,145)

Informational Technology

Secretary - Information Support Center	1.00	54,698
Total Informational Technology Increases:	1.00	54,698

Equipment refresh		(2,320,330)
Bandwidth		(240,000)
Extra Help		(37,950)
Total Informational Technology Decreases:		(2,598,280)
Total Informational Technology Changes:		(2,543,582)

Administration/Support Services/Rentals, Community Resources

License fee for facility condition assessment tool/software		35,000
Total Administration/Support Services/Rentals, Community Resources Increases:		35,000
Six Maintenance - Maintenance	(6.00)	(535,457)
Maintenance Projects		(290,000)
Three Maintenance - Warehouse	(3.00)	(286,421)
Custodians - Operations	(2.50)	(126,258)
Contracted Services & Equipment Repair - Maintenance		(101,547)
One Sr. Administration Clerk - Purchasing	(1.00)	(54,800)
One Administrative Assistant - Human Resources	(1.00)	(69,838)
Contracted Services & Supplies - Communications & Publication Services		(68,921)
Repair Parts - F/M Vehicle Maintenance		(60,000)
Substitute Teachers during training sessions - Human Resources		(55,352)
Transfer Field/Activity Trips - Bus Operations		(50,000)
Super Cargo Vans - Maintenance		(47,497)
Financial Audits - School Board		(45,800)
Travel, legal fees - Superintendent		(20,000)
Supplies, inventory adjustment, self-insured equipment - Warehouse		(13,400)
Arbitration & Recruitment - Human Resources		(12,000)
Crossing Guards, Extra Help, Girdwood Bus - Transportation		(11,820)
Extra Help, supplies - Accounting		(11,768)
Supplies - Maintenance		(8,828)
Security & Emergency Preparedness		(4,900)
Total Administration/Support Services/Rentals, Community Resources Decreases:	(13.50)	(1,874,607)
Total Administration/Support Services/Rentals, Community Resources Changes:	(13.50)	(1,839,607)
Total Major Budgeted Expenditure Increases:	91.50	26,117,552
Total Major Budgeted Expenditure Decreases:	(178.22)	(24,295,847)
Net Change:	(86.72)	1,821,705
Minor Adjustments and Rounding:		(37,733)
<u>FY 2012-2013 PROPOSED EXPENDITURE BUDGET</u>		<u>\$ 569,140,060</u>