

Submitted by: Chairman of the Assembly
at the request of the
School Board
Prepared by: Anchorage School District
For Reading: March 8, 2005

ANCHORAGE, ALASKA
AO NO. 2005-20

AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT
OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL
DISTRICT FOR ITS FISCAL YEAR 2005-2006 AND DETERMINING AND
APPROPRIATING THE PORTION OF THE ASSEMBLY APPROVED BUDGET
AMOUNT TO BE MADE AVAILABLE FROM LOCAL SOURCES

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. That the FY 2005-2006 Proposed Anchorage School District
Financial Plan in the amount of \$569,588,806 has been approved by the Anchorage
Assembly and that, of said amount, the amount of \$178,947,834 is the amount of
money to be contributed from local property taxes or other local sources and is
hereby appropriated for school purposes to fund the School District for its
2005-2006 fiscal year.

Section 2. That this ordinance is effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly, this _____ day of
_____ 2005.

Chair of the Assembly

ATTEST

Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 73-2005

Meeting Date: March 8, 2005

1 FROM: ANCHORAGE SCHOOL DISTRICT

2
3 SUBJECT: AO 2005-20 ANCHORAGE SCHOOL DISTRICT
4 FY 2005-2006 FINANCIAL PLAN
5

6 **PROPOSED FINANCIAL PLAN**

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8 The Anchorage School Board has approved the Proposed Financial Plan for
9 FY 2005-2006 in the amount of \$569,588,806. This includes individual fund
10 budgets currently projected as follows:

	Proposed FY 2005-2006 <u>Financial Plan</u>
11 General Fund	\$ 430,213,291
12 Food Service Fund	14,515,771
13 Debt Service Fund	76,859,744
14 Local/State/Federal Projects Fund	<u>48,000,000</u>
15 Total - All Funds	<u>\$ 569,588,806</u>

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21 It is requested that the Anchorage Assembly approve local property taxes in the
22 amount of \$178,947,834 and the upper limit spending authorization of
23 \$569,588,806 for FY 2005-2006.

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25 **THE BUDGETING PHILOSOPHY**

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27 The budget provides a blueprint for the Anchorage School District's educational
28 goals. When developing the budget, the Anchorage School District has an
29 obligation to its many stakeholders—the students, parents, employees, and
30 community members—to consider each group's priorities and balance them
31 with the District's stated mission of "educating all students for success in life".
32 The FY 2005-2006 budget projections reflects the District's on-going efforts to
33 achieve this balance, maximize performance and contain costs. The budget
34 development process is mindful of the District's Six-Year Instructional Plan with

1 the responsibility of designating financial and human resources within
2 projected revenues.

3 Over the last couple of months the Administration presented the FY 2005-2006
4 Preliminary Financial Plan to the School Board and the public at First and
5 Second Readings of the District's FY 2005-2006 Financial Plan. At the end of the
6 Second Reading on February 2, 2005, the School Board approved the Proposed
7 FY 2005-2006 Financial Plan of \$569,588,806, by unanimous vote. Attached
8 Exhibit 1 is a copy of ASD Memorandum #162 (2004-2005) that outlines the
9 budgeting process for all funds taken by the School Board and Administration
10 for FY 2005-2006.

11 **GENERAL FUND**

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14 With direction from the School Board, the Administration developed the
15 General Fund budget using the Governor's student base allocation of \$4,880 in
16 the Alaska Public School Funding formula and \$6.5 million of undesignated
17 fund balance as a funding source for one-time expenditures. Even with the
18 increased revenue and the use of fund balance, the District faced a fiscal gap.
19 Page 13 of Exhibit 1 outlines the major expenditure reductions made to bring
20 the budget in balance. Exhibit 1 also details all of the revenue and expenditure
21 categories and the assumptions taken in preparing the FY 2005-2006 Financial
22 Plan. Exhibit 1 and the attachments primarily focus on the General Fund as this
23 is the fund supporting the educational needs of our students. Attachments to
24 Exhibit 1 include:

- 25
- 26 • One-Time Expenditure Identification Plan for \$6.5 M (Attachment A)
- 27 • Revenue and Expenditures schedules at the time of School Board approval
- 28 (Attachment B)
- 29 • Summary of Major Budgeted Revenue Increases and Decreases
- 30 (Attachment C)
- 31 • Summary of Major Budgeted Expenditure Increases and Decreases
- 32 (Attachment D)
- 33

34 Subsequent to School Board approval, the District was notified of changes to the
35 Consumer Price Index (CPI) and the 5-year Anchorage population change, both
36 of which are components of the property tax cap calculation. This resulted in a
37 net increase of \$13,291 which has been incorporated into the requested amount
38 for Assembly approval. This adjustment does not include any updated
39 information on 2005 new construction and property improvement that may
40 adjust the local tax amount allowed under the tax cap limitation. This amount
41 will not be available until later in March. If the new construction and property
42 improvement adjustment is known before the Assembly takes action on the
43 School District's FY 2005-2006 Financial Plan, the District will submit an "S"

1 version to the corresponding ordinance AO No. 2005-20. **Projected local**
2 **property tax revenue for FY 2005-2006 is based on requesting the full amount**
3 **of taxes available under the local property tax limitation.**

4 The largest single revenue source to the District comes from the Alaska Public
5 School Funding Program. The School Board and the Administration appreciate
6 the Governor's recognition of the need for increased K-12 education funding, and
7 the additional need to mitigate the extraordinary increases in Public Employees
8 Retirement System (PERS) and Teachers Retirement System (TRS) employer
9 contributions. The School Board and Administration continue to advocate for
10 additional increases in revenues supporting public education. This is to ensure
11 that solid education programs continue which are very important in increasing
12 student achievement and performance, and to help reinstate expenditure items
13 that were cut due to the fiscal gap. Hopefully, the Legislature will continue to
14 advocate for early funding and an increase above the Governor's base student
15 allocation for all of the students in our communities. If additional funding is
16 approved, the first reinstatement priorities will be to reduce class size in all grade
17 levels by the .25 FTE increase taken (20 FTE teacher positions) and to add back
18 the 10 percent reduction in the student supply and equipment allocation. All
19 adjustments will need to be approved by the School Board as well as any
20 increases to the upper limit spending authority would require approval by the
21 Assembly.

22 23 **OTHER FUNDS**

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25 **Food Service Fund**— This fund is used to budget and account for operations of
26 the Student Nutrition Program. The budget for this fund covers both the direct
27 and indirect cost of providing meals to students and is self-supporting. These
28 projections reflect a 10-cent increase in elementary and middle school breakfast
29 and lunch full price meals.

30
31 **Debt Service Fund**— This fund is used to budget and account for principal and
32 interest payments on existing school bonds as well as the revenues necessary to
33 fund these expenditures. These projections include a proposed future bond sale
34 in April 2005, of \$63.85 million of authorized unsold bonds. The District is also
35 in the process of refinancing outstanding bonds at more favorable interest rates.
36 District bond proposals will not be included in the April 2005 Municipal
37 Election.

38
39 **Local/State/Federal Projects Fund**— Expenditures in the Local/State/Federal
40 Projects Fund are offset by matching revenues. Due to successful grant receipts
41 in the past, an additional \$3.5 million is projected for FY 2005-2006.

42 43 **FISCAL YEAR BUDGET COMPARISON**

The following schedule compares by fund the FY 2005-2006 projected revenue/expenditures with those currently approved for FY 2004-2005. At this time, unknowns still remain such as mandated services that may require funding and legislative action.

REVENUE/EXPENDITURE BUDGETS

<u>Fund</u>	<u>Revised Budget FY 2004-2005</u>	<u>Proposed Budget FY 2005-2006</u>	<u>Percent Over Prior Year</u>
General	\$398,107,237	\$430,213,291	8.06%
Food Service	13,785,312	14,515,771	5.30%
Debt Service	69,568,617	76,859,744	10.48%
Local/State/Federal Projects	<u>44,500,000</u>	<u>48,000,000</u>	7.87%
All Funds	<u>\$525,961,166</u>	<u>\$569,588,806</u>	8.29%

TAXES

	<u>Revised FY 2004-2005</u>	<u>Proposed Budget FY 2005-2006</u>	<u>Increase</u>
General Fund	\$133,412,722	\$144,182,745	\$10,770,023
Debt Service	<u>30,090,600</u>	<u>34,765,089</u>	<u>4,674,489</u>
All Funds	<u>\$163,503,322</u>	<u>\$178,947,834</u>	<u>\$15,444,512</u>

STUDENT ENROLLMENT PROJECTIONS

	<u>FY 2004-2005 Actuals Sept. 30, 2004</u>	<u>FY 2005-2006 Projected Sept. 30, 2005</u>	<u>Change Over Prior Year's Actual</u>
Enrollment	49,454	49,289	(165)
Full Time Equivalent (FTE)	49,239	49,071	(168)

SUMMARY

The Anchorage School District requests your full support for this budget. Our students deserve an excellent education, which can only be achieved if we have adequate resources to continue our programs and to attract and retain our quality employees. The FY 2005-2006 Proposed Financial Plan is consistent with the School Board's continuing commitment to providing the best possible

1 educational program for **all** students within available resources. It has been
2 prepared with special attention to programs that help students achieve the high
3 educational standards set by the community, the State of Alaska High School
4 Graduation Qualifying Exam (HSGQE) and the Federal Individuals with
5 Disabilities Education Act (IDEA) and No Child Left Behind (NCLB) mandates.

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7 Respectfully submitted,

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11 Carol Comeau
12 Superintendent

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15 Attachments

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17 CC/JS/MSL