

## MEMORANDUM

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**TO:** NWABSD Board of Education Members

**DATE:** April 11, 2023

**NUMBER:** 23-096

**FR:** Office of the Superintendent

**SUBJECT:** Approval of FY23 District Operating Fund Budget Revision #3

### **ABSTRACT:**

The School Board shall establish and maintain a balanced budget.

### **ISSUE:**

At issue is the approval of the FY23 District Operating Fund Budget Revision #3

### **BACKGROUND AND/OR PERTINENT INFORMATION:**

The FY23 District Operating Fund Budget was approved and adopted at the April 26<sup>th</sup>, 2022 Regular School Board meeting with expenditures in the amount of \$60,807,518. Budget Revision #1 was approved in June with expenditures in the amount of \$62,991,793, and Budget Revision #2 was approved in January with expenditures in the amount of \$64,401,543.

Presented to you is Budget Revision #3 for the FY23 Operating Fund Budget.

Revision #3 is based on a review of revenues and expenditures. In summary Revision #3 includes:

Revenues: \$59,993,182

Expenditures: \$61,588,388

Transfer in from Other Funds: \$0

Transfers out to Other Funds: \$500,000

The revision includes a decrease to salary expenditures by roughly \$2.8 million. This is after a review of open positions and releasing the encumbrance on one half of a year's salary for those open positions and increasing the budget for temporary positions.

The revision includes a decrease in revenue by roughly \$2 million. This decrease is based off of State projections, an increased contribution from the Borough, and reducing the budgeted Impact Aid to what has been received this year.

Overall, I am projecting a decrease in fund balance of approximately \$2 million.

I expect that we will have another revision to the FY23 budget in June to true up accounts before the FY23 year-end closeout to have a better estimate of year end fund balance going in to FY24.

### **ALTERNATIVES:**

1. Approve Revision #3 of the FY23 District Operating Fund Budget as presented;

2. Disapprove Revision #3 of the FY23 District Operating Fund Budget as presented;
3. Take no action.

**ADMINISTRATION'S RECOMMENDATION:**

The administration recommends the Board approve Revision #3 of the FY23 District Operating Fund Budget as presented.

**Northwest Arctic Borough School District  
FY23 Budget**

	FY23	FY23	Changes	NOTES
	<u>Current Budget</u>	<u>Revised Budget</u>		
<b>REVENUE</b>				
Other Local Revenue	\$450,000	\$450,000	\$0	
Earnings on Investments	\$230,000	\$230,000	\$0	
Donations/Contributions	\$0	\$0	\$0	
Borough Appropriation	\$6,540,579	\$8,540,579	\$2,000,000	Borough's additional contribution
E-rate Program	\$7,456,903	\$7,456,903	\$0	
State Foundation	\$38,969,601	\$37,679,925	(\$1,289,676)	Based on State's 5 year end calculations
Quality Schools	\$108,384	\$108,384	\$0	
TRS On-behalf - 12.06%	\$1,789,996	\$1,789,996	\$0	
PERS On-behalf - 2.79%	\$222,108	\$222,108	\$0	
Revenue - Other State Sources	\$11,157	\$1,525,156	\$1,513,999	One time State funding & PFD raffle
Impact Aid Program	\$6,216,361	\$1,990,131	(\$4,226,230)	Reduced to received to date
<b>TOTAL REVENUES</b>	<b>\$61,995,089</b>	<b>\$59,993,182</b>	<b>(\$2,001,907)</b>	
<b>TRANSFERS IN</b>				
District Technology Fund				
Locally Funded Maintenance CIP Fund	\$0	\$0	\$0	
Teacher housing CIP Fund				
Kivalina District Contribution				
NW Magnet School Expansion				
Magnet School Dormitory				
ATC Capital Reserve				
CIP Reserved Local Share				
<b>TOTAL TRANSFERS IN</b>	<b>\$0</b>	<b>\$0</b>		
<b>EXPENSES</b>				
Certificated Salaries	\$15,519,124	\$13,275,479	(\$2,243,644)	Due to encumbrance of unfilled positions
Non-Certificated Salaries	\$8,986,020	\$8,416,510	(\$569,510)	Due to encumbrance of unfilled positions
Leave Pay Out	\$206,510	\$206,510	\$0	
Board Stipends	\$79,000	\$79,000	\$0	
Employee Benefits	\$11,490,062	\$11,490,062	\$0	
TRS On-behalf	\$1,789,996	\$1,789,996	\$0	
PERS On-behalf	\$222,108	\$222,108	\$0	
<b>SUBTOTAL: Personnel</b>	<b>\$38,292,821</b>	<b>\$35,479,667</b>	<b>(\$2,813,154)</b>	
Professional & Technical Services	\$3,564,671	\$3,564,671	\$0	
Staff Travel	\$569,565	\$569,565	\$0	
Board Travel	\$89,379	\$89,379	\$0	
Student Travel	\$1,133,275	\$1,133,275	\$0	
Utility Services	\$8,970,476	\$8,970,476	\$0	
Energy-includes electricity & fuel	\$4,754,978	\$4,754,978	\$0	
Other Purchased Services	\$4,492,906	\$4,492,906	\$0	
Property & Liability Insurance	\$1,002,689	\$1,002,689	\$0	
Supplies, Materials & Media	\$1,633,932	\$1,633,932	\$0	
Tuition	\$10,620	\$10,620	\$0	
Dues & Fees	\$134,637	\$134,637	\$0	
Inventoried Equipment	\$51,593	\$51,593	\$0	
Indirect Cost Recovery	(\$300,000)	(\$300,000)	\$0	
<b>SUBTOTAL: Non-Personnel</b>	<b>\$26,108,721</b>	<b>\$26,108,721</b>	<b>\$0</b>	
<b>TOTAL EXPENSES</b>	<b>\$64,401,543</b>	<b>\$61,588,388</b>		
<b>TRANSFERS OUT</b>				
Food Service Fund	\$0	\$0	\$0	
ATC	\$0	\$0	\$0	
Star of the Northwest - Magnet School	\$0	\$0	\$0	
Teacher Housing Fund	\$350,000	\$350,000	\$0	
Special Revenue Fund - Student Transport	\$150,000	\$150,000	\$0	
<b>TOTAL TRANSFERS OUT</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$0</b>	
<b>INCREASE (DECREASE)-UNRESERVED FB</b>	<b>(\$2,906,453)</b>	<b>(\$2,095,206)</b>		
<b>FY22 Unreserved Fund Balance</b>	<b>\$7,541,586</b>	<b>\$7,541,586</b>		
<b>Projected Decrease in Fund Balance</b>	<b>\$4,635,133</b>	<b>\$5,446,380</b>		