



NORTH SLOPE BOROUGH SCHOOL DISTRICT

MEMORANDUM

TO Roxanne Brower, President
Members of the School Board

THROUGH Stewart McDonald, Superintendent

FROM David Nielsen, Director of Financial Services

DATE April 9, 2018

SUBJECT FY2019 Proposed Initial Budget Version No. 2

MEMO#: SB18-176
(Action Item)

2015-20 STRATEGIC PLAN SUMMARY – 2017-18 SCHOOL YEAR

DEVELOPMENT OF THE WHOLE CHILD

- 4 FINANCIAL & OPERATIONAL STEWARDSHIP:** Effectively employ our operational and financial resources to support our strategic goals and long-term stability of the district.

OBJECTIVE

- 4.1 FINANCIAL STEWARDSHIP/MANAGEMENT:** Ensure financial management based on what is best for our students.

AS OF JUNE 2017

Recommendation

The administration recommends that the Board of Education approve the FY2019 Proposed Initial Budget v2, which is a second revised version of the FY2019 Preliminary Proposed Initial Budget.

The FY2019 Preliminary Proposed Initial Budget was submitted to the Borough Assembly and Mayor's Office for consideration in late January 2018. The preliminary proposed initial budget requested that the Borough Assembly approve a \$74,423,903 budget for fiscal year 2018-2019. This request included \$39,997,000 from the North Slope Borough in support of education.

Issue Summary

The district was notified via a letter dated February 15, 2018, that the North Slope Borough Mayor's Office and Department of Administration and Finance was in the process of developing the FY 18-19 Budget. The letter clarified that, "At this time, we have determined that the level of the North Slope Borough's financial support to the North Slope Borough School District for FY 18-19 will be \$35,375,626. This amount reflects no increase to your baseline annual budget from the previous year."

The letter explained that, "Based upon our initial financial forecasts and the drastic reduction in population figures which reduces the Borough's overall operating budget, this is the maximum amount of funding which I will be able to allocate to your organization for the upcoming fiscal year."

Background

In order to balance the FY2019 Proposed Initial Budget v2, given that the additional funding initially requested from the Borough would not be readily forthcoming, all revenue sources and expenditures lines were fully reexamined and adjusted, as deemed appropriate and necessary. While the overall effect on the budget was a decrease in the total amount, some expenditures increased from their original estimates while others decreased, as more reliable information became available.

For FY2019 student enrollment considerations, the Fall 2017 OASIS collection report, which resulted in a student count of 1,852.06 and the FY2019 Student Enrollment Projection of 1,891.00 were utilized for major calculations in revenue in the development of the FY2019 Proposed Initial Budget v2.

This budget assumes no employee within the district will get a wage increase that is not directly tied to a salary schedule step increase salary adjustment. Each position is placed at a salary level on a salary schedule based on the job type and work experience. This budget assumes that the district will honor the salary schedule for all employees; noting that the district is required to honor the salary schedule step increase adjustments governed by prevailing negotiated agreements for some employee work groups. Potential negotiated salary adjustments are predicated on the outcome of any ongoing deliberations and have been conservatively postulated.

The FY2019 Proposed Initial Budget v2 contains approximately \$1,871,367 in increments (\$176,000 included in the supplemental budget request) and \$940,277 in decrements for a net increase of \$931,090. Not included in the current budget under consideration are FTE-related incremental requests in the amount of \$4,063,373; along with a possible \$100,600 FTE-related decrement. It is anticipated that the FTE-related incremental requests will be evaluated further, as the district staffing composition is scrutinized, assessed, and realigned by the superintendent and pertinent staff to more adequately meet the district's staffing needs. Not included in the current budget under review are general incremental requests totaling approximately \$717,400, which will also need to be considered and prioritized should additional funding become available.

The FY2019 Proposed Initial Budget v2 represents a balanced budget – Revenue & Expenditures – in total equal amounts of \$70,261,152. Included in the total expenditures is \$4,001,312 of General Fund transfers to Special Revenue Funds: • Pupil Transportation \$207,445; • Community Schools \$300,000; • Food Service \$2,394,986; and • Employee Housing \$1,098,881.

The NSB Assembly approved Resolution Serial No. 19-2018, A Resolution Informing the School District Board of Monies to be Made Available from "Local Sources" Within the Time Schedule Provided by State Law on March 28, 2018, in the amount of \$35,375,626.

Motion:

"I move that the NSBSD Board of Education approve the FY2019 Proposed Initial Budget Version No. 2 in the amount of \$70,261,152, as presented in Memo SB18-176."

Moved by _____ Seconded by _____

Vote _____