

# Northwest Arctic Borough School District

## FISCAL YEAR 2024 BUDGET & INVESTMENT ACCOUNTS OVERVIEW

October 13, 2023



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# Budget Purpose & Preparation



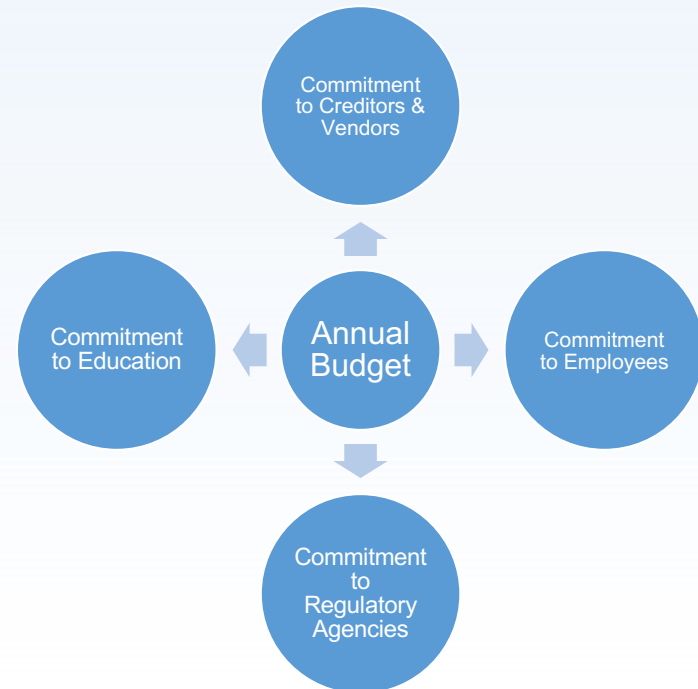
# Budget Purpose

The purpose of a budget is to create a spending plan to organize, track, and improve the District's operations.

Financial Forecasting in a budget is the process of predicting future revenues and expenditures. This forecast is the basis for business decisions and involves financial planning for the following:

- Personnel
- Facilities
- Supplies
- Other – Professional & Technical Services, Student & Staff Travel, Dues & fees

*The Annual Operating Budget evolves, and changes as accurate information is received.*



# Budget Preparation

The objective or goal of the district's budget process is to develop a budget that is “a long-term perspective and not simply an exercise in balancing revenues and expenditures one year at a time” (*National Advisory Council on State and Local Budgeting*).

The strategic plan is the guiding document for time and resource allocation. In addition to its directives, the following objectives are also prioritized:

- Evidence-based budget recommendations (data-driven, realistic, and feasible)
- Transparent, timely and objective budget system
- Participation and awareness from district stakeholders

## **BUDGET PREP PROCESS**

**November-December** - Administrative Services begin preparing budget worksheets for forecasting;

**January - April** (Budget needs approval by **May 1**):

- 1) Administration/Dept Heads work together to develop budget proposal;
- 2) Administrative Team develops district-wide budget for Superintendent Review;
- 3) The Board reviews the budget proposal and makes necessary adjustments at the Budget Worksession;
- 4) School Board holds public hearing to review proposed budget;
- 5) Board votes on budget proposal at regular April meeting;
- 6) Budget Revisions are made throughout the year when accurate information is received.

# Budget Drivers

## What drives our District's General Operating Fund Budget?

- 1. Instruction:** The largest portion of a school district's budget is typically allocated to instructional costs, including teacher salaries, classroom materials, textbooks, and educational technology.
- 2. Personnel Costs:** This category encompasses salaries and benefits for all district employees, including teachers, administrators, support staff, and maintenance personnel.
- 3. Special Education:** Funding for special education services, including special education teachers, therapists, and accommodations for students with disabilities.
- 4. Transportation:** Costs related to operating and maintaining a bus fleet, providing transportation services to students, and fuel expenses.
- 5. Operations and Maintenance:** This includes expenses for maintaining and repairing school buildings and facilities, utilities, and custodial services.
- 6. Student Services:** Student support services like counselors, nurses, psychologists, and social workers fall under this category.
- 7. Administrative Costs:** Funding for district-level administrative functions, including salaries for superintendents, principals, and administrative staff.
- 8. Curriculum and Instructional Support:** Expenses related to curriculum development, instructional materials, technology infrastructure, and teacher training.
- 9. Athletics and Extracurricular Activities:** Costs for sports programs, clubs, and extracurricular activities.
- 10. Pension and Retirement Contributions:** Contributions to employee retirement plans, which can be a significant budgetary consideration.
- 11. Insurance:** Costs for providing health insurance and other employee benefits.
- 12. Contingency and Reserves:** Budgets often include a reserve or contingency fund for unexpected expenses or emergencies.
- 13. Legal and Compliance:** Expenses related to legal services and compliance with state and federal regulations.
- 14. Professional Development:** Funding for teacher and staff training and development programs.

# Student Enrollment, Fund Balance History & FY24 Unserved CIP Fund Balances

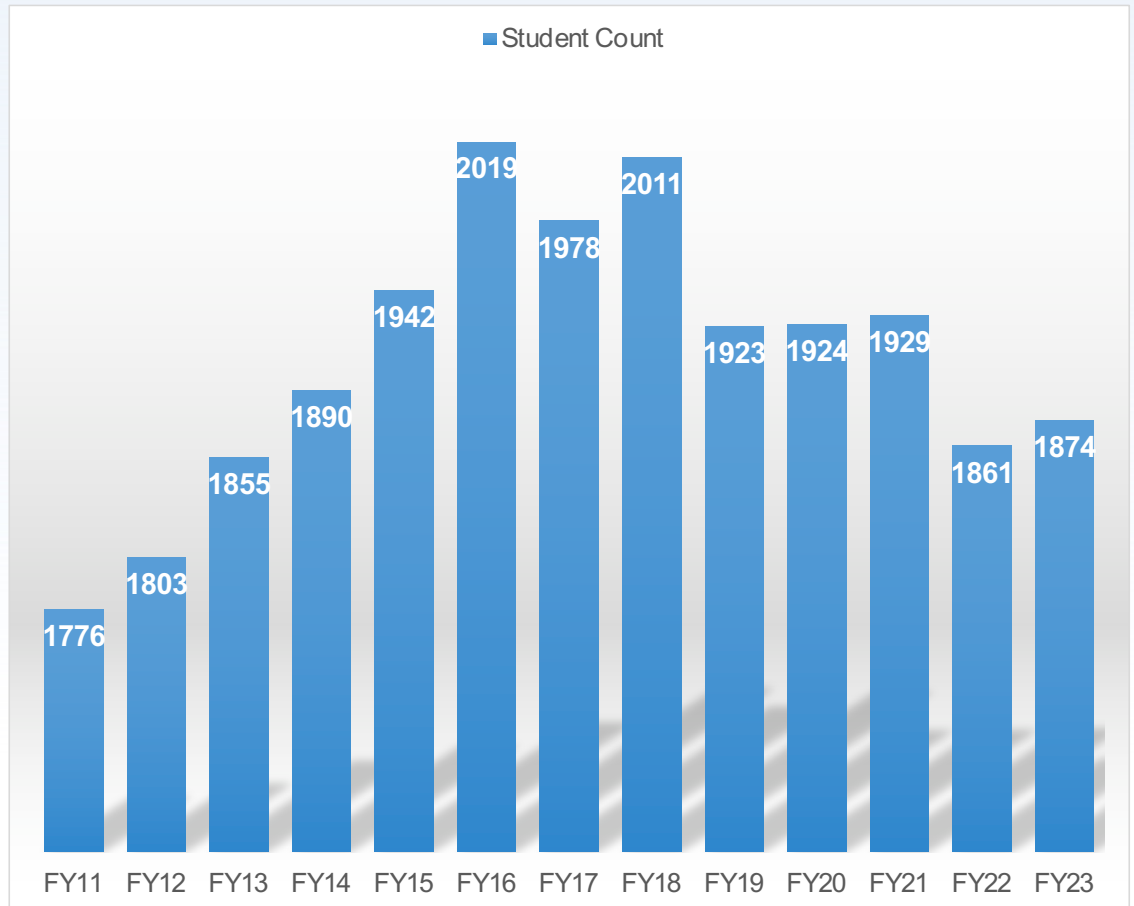


# State Funded Student Enrollment

**Note:**

Basic Need per Student is  $\$5,930 \times 1874 = \$11,112,820$ . The remainder of the State Foundation Funding is built in with other cost factors such as Special Needs (20%), District Correspondence Students, CTE (1.5%) & Other Cost Factors that equate to the approximately \$37 million in foundation revenues.

This count includes Pre-K Students, the District's funding does not.



The **FY24** Budget was built off of a projection of 1880



# Operating Fund Balance FY17 through FY22

|                     | <u>FY17</u>        | <u>FY18</u>        | <u>FY19</u>        | <u>FY20</u>        | <u>FY21</u>        | <u>FY22</u>        |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Fund Balance  | \$12,566,160       | \$8,871,044        | \$14,979,795       | \$13,899,827       | \$9,930,390        | \$7,541,586        |
| Inventory           | \$739,615          | \$871,478          | \$1,311,574        | \$861,383          | \$765,422          | \$718,140          |
| Prepaid Items       | \$20,207           | \$18,978           | \$953,202          | \$1,177,235        | \$25,034           | \$1,117,856        |
| Impact Aid received | \$9,127,574        | \$5,754,438        | \$10,445,660       | \$6,858,607        | \$1,243,036        | \$993,894          |
| Total Unreserved    | <u>\$2,678,764</u> | <u>\$2,226,150</u> | <u>\$2,269,359</u> | <u>\$5,002,602</u> | <u>\$8,687,354</u> | <u>\$4,711,696</u> |

**FY23 Fund Balance will be available after Financial Audit**

# FY24 Unreserved CIP Fund Balances

| <b>FY24 SUMMARY OF FUND BALANCES IN SPECIAL REVENUE FUNDS</b> |                              |                          |   |
|---|------------------------------|--------------------------|---|
|   |                              | <b>FY23 Fund Balance</b> | <b>NOTES</b>  |
| 500   | District Technology          | 1,134,481.00             | Balance is from General Fund transfers and is allowed to be transfer back   |
| 501   | Impact Aid Capital           | 53,386.00                | Restricted; can support CIP project (not AHFC)  |
| 502   | Local Funded Maintenance     | 704,578.00               | Balance is from General Fund transfers and is allowed to be transferred back; desire is to leave, but may not be able to        |
| 510   | CIP Reserved Local Share     | 227,679.00               | Reserved for future CIP Local Share   |
| 544   | Deering K-12 Project         | 30,159.00                | Board Approved allocation of \$125,000 in FY21  |
| 551   | ATC Family Housing           | 17,452.00                | ATC Family Housing Project- reserved for project  |
| 552   | NW Magnet School (expansion) | 673,518.00               | Balance is from General Fund; use part to cover any expenses over revenue in the Magnet School Fund 225; rest to transfer to GF |
| 556   | Selawik Renovation           | (29,681.00)              | Will transfer funds in to cover expenditures until funding source found   |
| 557   | JNES Gym Roof Replacement    | (637,799.00)             | Invoiced to Borough   |
|   |                              | <b>2,173,773.00</b>      |   |

# FY24 General Operating Budget



# FY24 General Fund Budget

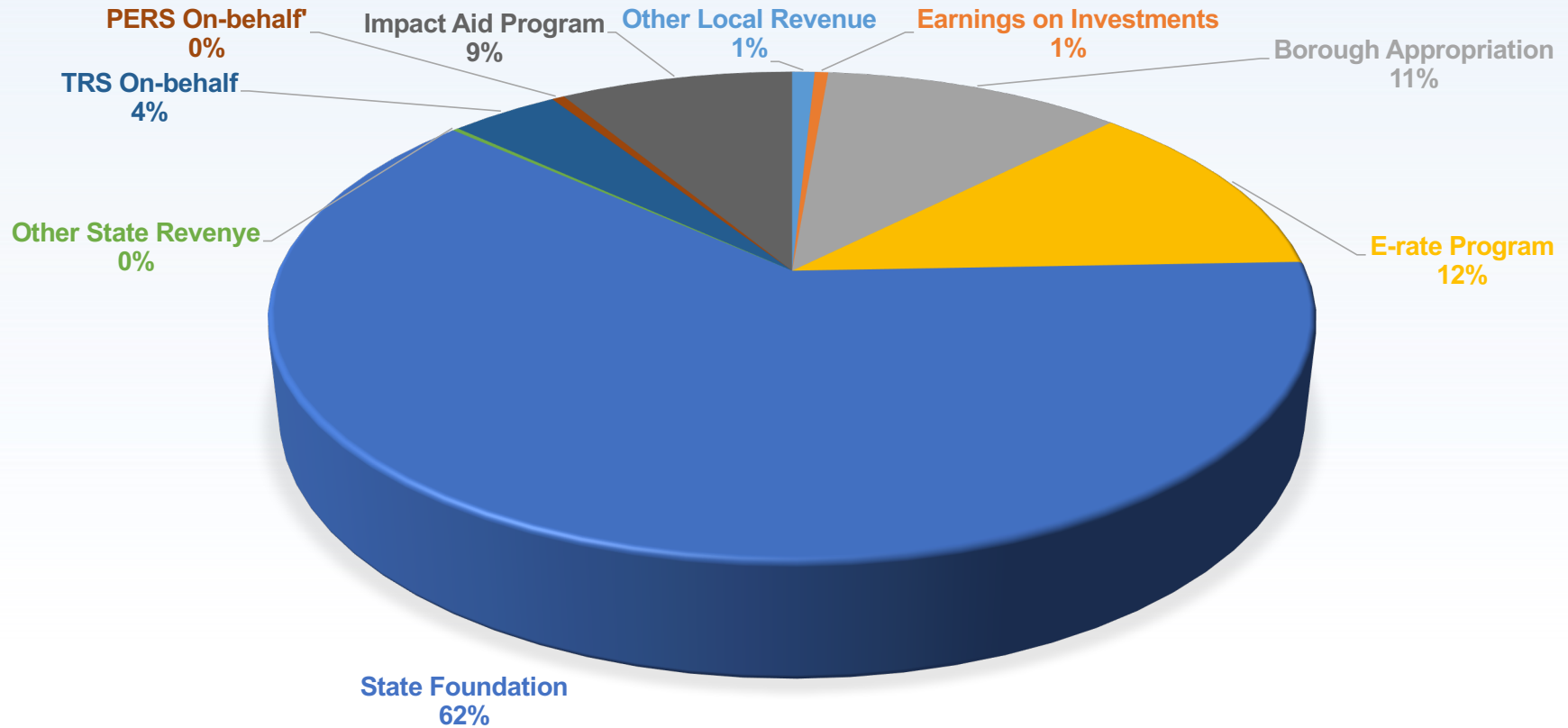
| REVENUE                 |                     |
|-------------------------|---------------------|
| Other Local Revenue     | \$500,000           |
| Earnings on Investments | \$300,000           |
| Borough Appropriation   | \$6,654,111         |
| E-Rate Program          | \$7,205,220         |
| State Foundation        | \$37,434,458        |
| Other State Revenue     | \$124,952           |
| TRS On-Behalf           | \$2,417,663         |
| PERS On-Behalf          | \$278,505           |
| Impact Aid Program      | \$5,178,376         |
| <b>TOTAL:</b>           | <b>\$60,093,285</b> |

| EXPENDITURES                      |                     |
|-----------------------------------|---------------------|
| Salaries & Benefits               | \$38,924,262        |
| Professional & Technical Services | \$3,369,006         |
| Travel                            | \$1,626,554         |
| Utilities                         | \$12,915,839        |
| Other Purchased Services          | \$4,416,906         |
| Property & Liability Insurance    | \$1,000,159         |
| Supplies, Materials & Media       | \$1,415,185         |
| Tuition, Dues & Fees & Equipment  | \$178,494           |
| Indirect Cost Recovery            | (\$315,000)         |
| <b>TOTAL:</b>                     | <b>\$63,531,405</b> |

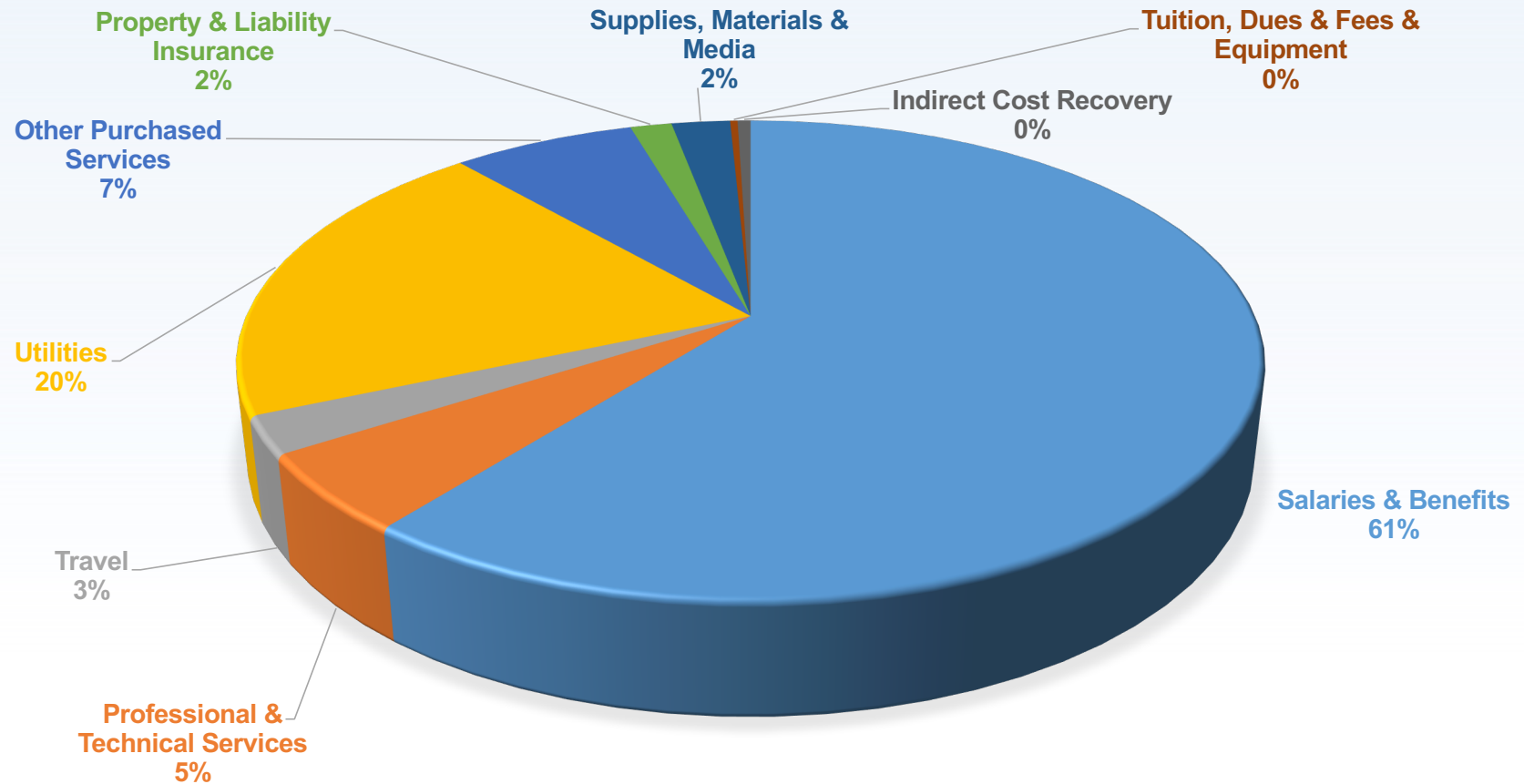
| TRANSFERS OUT                   |                  |
|---------------------------------|------------------|
| Teacher Housing Fund            | \$450,000        |
| Special Rev Fund-transportation | \$150,000        |
| <b>TOTAL:</b>                   | <b>\$600,000</b> |

| EXPENSE OVER REVENUE          |             |
|-------------------------------|-------------|
| Deficit – Use of Fund Balance | \$4,038,121 |

# FY24 General Fund Revenue by Source



# FY24 General Fund Expenditures

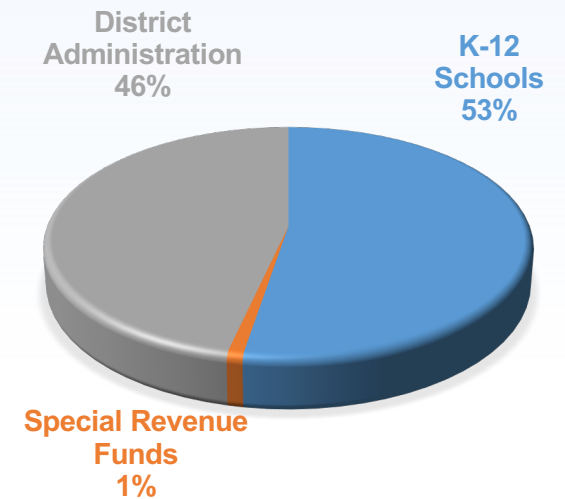


# FY24 Expenditures by Site & District Wide

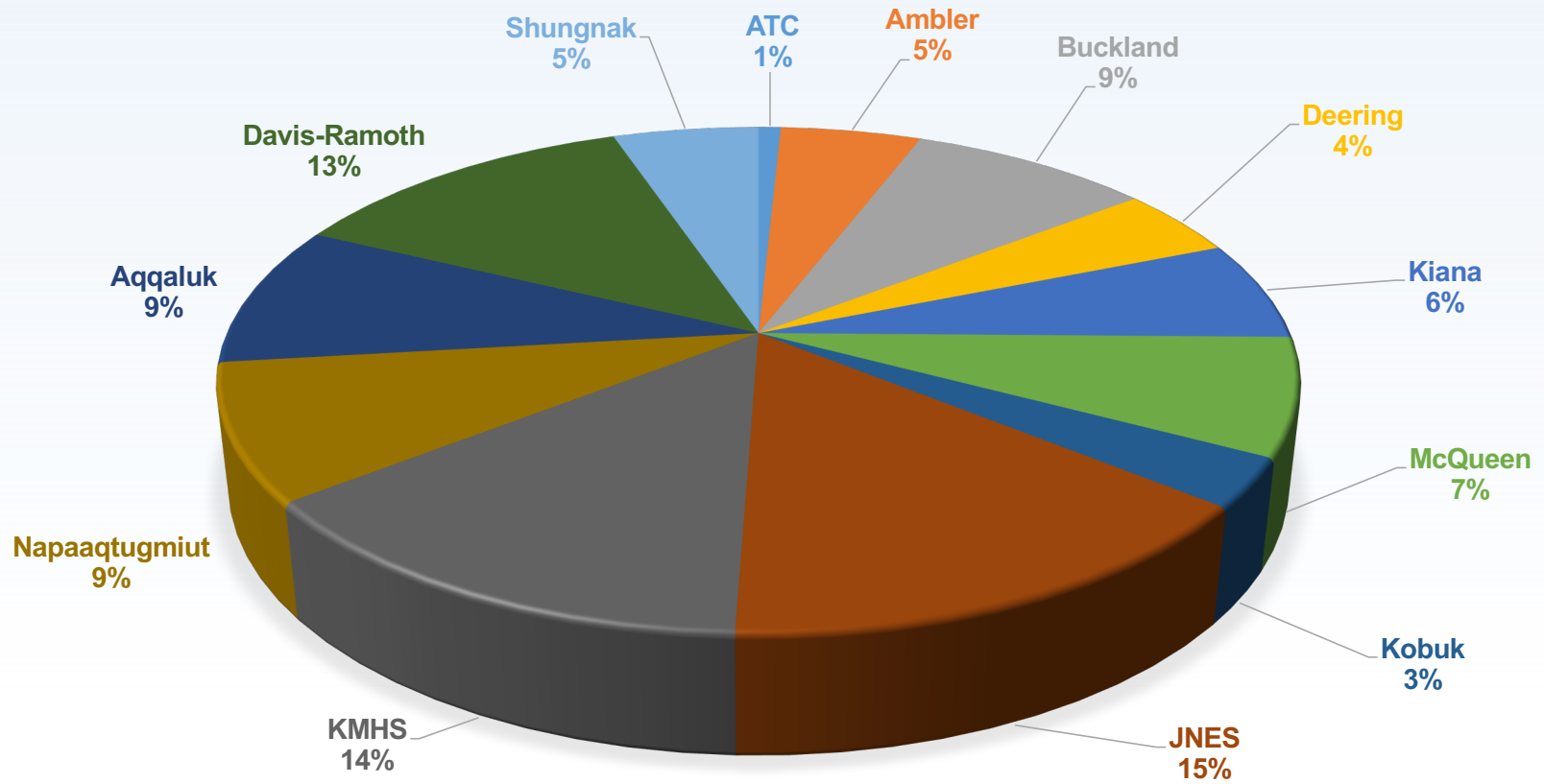
| Schools                               | YTD Enrollment      |             |
|---------------------------------------|---------------------|-------------|
| Alaska Technical Center- GF Utilities | \$267,000           |             |
| Ambler                                | \$1,697,909         | 59          |
| Buckland                              | \$2,922,167         | 195         |
| Deering                               | \$1,489,036         | 53          |
| Kiana                                 | \$2,146,685         | 101         |
| Kivalina                              | \$2,535,442         | 159         |
| Kobuk                                 | \$1,056,645         | 30          |
| JNES                                  | \$4,957,409         | 262         |
| KMHS                                  | \$4,673,698         | 365         |
| Noatak                                | \$2,945,169         | 155         |
| Noorvik                               | \$3,049,016         | 200         |
| Selawik                               | \$4,259,320         | 256         |
| Shungnak                              | \$1,756,869         | 70          |
| <b>TOTAL:</b>                         | <b>\$33,756,365</b> | <b>1905</b> |

| District Wide Programs            |                     |
|-----------------------------------|---------------------|
| Board of Education                | \$577,041           |
| Superintendent's Office           | \$782,558           |
| Student Services                  | \$1,917,692         |
| Curriculum & Instruction          | \$758,530           |
| Dist. Wide Instructors & Supplies | \$3,173,550         |
| Student Activities                | \$1,397,872         |
| Administrative Services           | \$1,652,992         |
| Human Resources                   | \$783,552           |
| Technology                        | \$1,300,738         |
| Technology - Internet             | \$7,715,979         |
| Property Maintenance              | \$5,450,631         |
| Borough Rent                      | \$4,263,906         |
| <b>TOTAL:</b>                     | <b>\$29,775,041</b> |

| Special Revenue Funds            |                  |
|----------------------------------|------------------|
| Special Rev Fund- Transportation | \$150,000        |
| Teacher Housing Fund             | \$450,000        |
| <b>TOTAL:</b>                    | <b>\$600,000</b> |

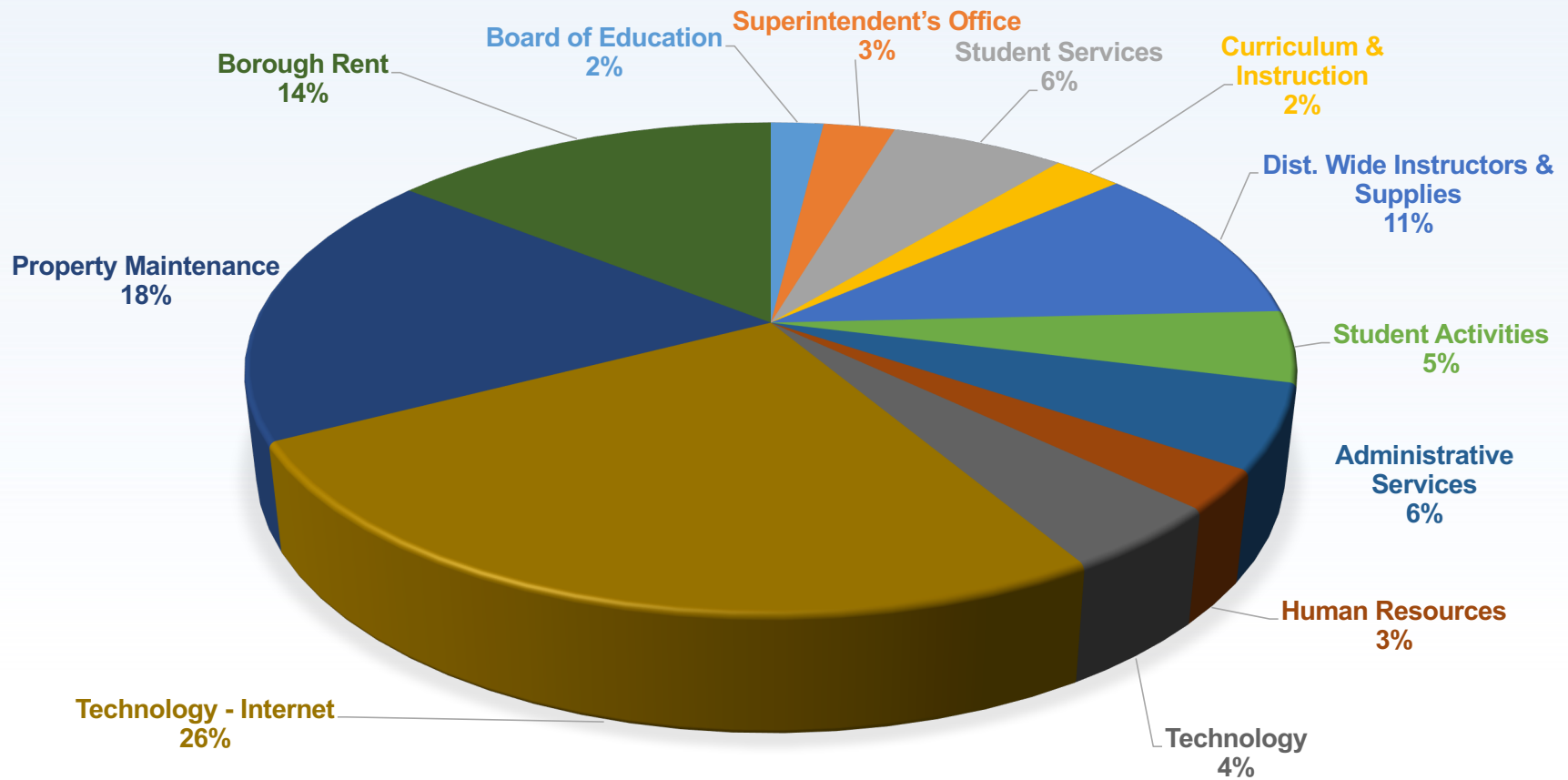


# FY24 School Site Budgets





# FY24 District Wide Programs Budgets



# District Investment Account



# NWABSD Investments

NWABSD currently has one investment account with cash from General fund balance.

In 2018 the District invested \$10 million in General operating funds into AMLIP, which was moved to Wells Fargo in December of 2020 to generate a higher yielding rate of return on investment. The District has earned approximately \$733,000 on this investment.

|   | Fiscal Year | IILD GF Earnings | IILD CIP Earnings | Total Earnings |              |
|---|-------------|------------------|-------------------|----------------|--------------|
| 1 | FY19        | \$ 112,675.74    | \$ -              | \$ 112,675.74  |              |
| 2 | FY20        | \$ 134,699.78    | \$ -              | \$ 134,699.78  |              |
| 3 | FY21        | \$ 1,694.94      | \$ 2,564.11       | \$ 4,259.05    |              |
| 4 | FY22        | \$ 13,734.29     | \$ 12,012.88      | \$ 25,747.17   |              |
| 5 | FY23        | \$ 316,919.38    | \$ 17,754.50      | \$ 334,673.88  |              |
| 6 | FY24        | \$ 153,307.21    | \$ -              | \$ 153,307.21  | Year to date |
|   |             | \$ 733,031.34    | \$ 32,331.49      | \$ 765,362.83  |              |

In October of 2020 the District had invested \$20 million in Capital Improvement funds with Wells Fargo. The account has earned approximately \$32,000 on this investment and the District had to transfer the whole balance of this investment back into the General bank account to spend on the Kivalina Project construction costs. *Any earnings on investment from these funds must be used towards future Capital Improvement projects.*

**Note: I have reached out to Wells Fargo about other investment options**

# Questions/Discussion.....

