



**GOVERNING BOARD AGENDA ITEM  
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

**DATE OF MEETING: June 23, 2015**

**TITLE: Study and Approval of the Proposed Expenditure Budget for Fiscal Year 2015-2016**

**BACKGROUND:**

The State of Arizona requires governing boards to formally approve and adopt a proposed operating budget for the school district. The final enrollment numbers from the Arizona Department of Education have not been issued. The District anticipates that the Average Daily Membership (ADM) will drop by 320 students from 13,494 to 13,174.

Therefore, the proposed budget represents an estimate and the budget may require a revision in September. The significant changes in budget are listed below:

Summary of Funding for 2015-2016

New funding to be received in FY 2016		Funding losses to be felt in FY 2016	
Prop 301 New Inflation	+ \$1,079,000	Increased Cut of District Additional Assistance	- \$1,670,600
One time 301 "back pay"	+ \$979,000	Cut of Student Success Funding	- \$271,000
		Final Cut of Career Ladder	- \$680,000
		Cut of Override Capacity	- \$68,000
<b>Total new funds for next yr.</b>	<b>+ \$2,058,000</b>	Decreased Enrollment	- \$1,418,000
		Increasing Special Ed. Costs	- \$1,350,000
		<b>Total Cuts/Unfunded Costs</b>	<b>-\$5,457,600</b>

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The property tax rates have declined to reflect the increase in property values and the elimination of the Career Ladder program. The exact impact to individual property owners will be determined by how their property values changed relative to the state average. Overall, most tax payers should see a decrease in their property tax bill.

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Overall, the Maintenance and Operations budget has increased by \$289,641. Individual lines changes are the result of many factors.

The first item is staffing changes associated with the staffing reorganization undertaken as part of the Reduction In Force plan. An example includes the elimination of one Assistant Principal at each K-8 school and the replacement of the position with an Instructional Support Assistant. These changes cause an increase in one function code and a decrease in another function code.

Increased wage and benefit costs would have increased each accounting function code by approximately 2% prior to any staffing changes. In addition, increasing leave payouts for retirement and benefit participants have been anticipated in the budget.

The Office of the Auditor General has mandated some accounting code changes for the 2015-2016 school year which will also cause some shifting in expenses between function codes. It is anticipated that additional staff will be identified over the coming months that will need accounting code changes that will require a future budget revision.

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A slight increase to Proposition 301 revenues is projected. This budget anticipates collections of \$4,945,338.49 in 2014-2015 and \$5,149,472 in 2015-2016 which is significantly lower than the peak collection of \$7,754,546 in fiscal year 2007-2008. Hopefully, the sale tax increases will continue into future years.

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The Unrestricted Capital budget assumes a \$5,442,337 budget reduction from the Legislature. The actual number will not be finalized until May of 2016. It is important to note that the Unrestricted Capital funding formula should be \$6,440,635 rather than the \$998,298 available after the Legislative reduction.

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The Federal Grants budget has been lowered to reflect decreased budget carry forwards.

The Building Renewal Grant amount has been increased to reflect the potential funding from the School Facilities Board.

The Adjacent Ways Fund (Other Funds – Line 28) will continue the \$324,000 levy implemented in the 2010-2011 fiscal year. The net impact on the tax bill should be zero. However, this increase requires a Truth in Taxation Notice and Hearing. The Truth in Taxation Notice is scheduled to appear in the Arizona Daily Star on June 25th and the Truth in Taxation Hearing will be prior to the Budget Adoption on July 7th.

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**RECOMMENDATION:**

It is the recommendation of the Administration that the Governing Board approves this proposed budget and directs that a summary of the budget be published. It is also recommended that the Governing Board schedule a public hearing on the proposed budget immediately prior to the adoption at the scheduled board meeting on July 7, 2015.

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**INITIATED BY:**

*Scott Little*

Scott Little, Chief Financial Officer

Date: June 18, 2015

*Patrick Nelson*

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Patrick Nelson, Superintendent