



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

DATE OF MEETING: June 19, 2012

TITLE: Study and Approval of the Proposed Expenditure Budget for Fiscal Year 2012-2013

BACKGROUND:

The Arizona Department of Education recently released budget forms for the 2012-2013 fiscal year. The final enrollment numbers from the Arizona Department of Education have not been finalized. Therefore, the proposed budget represents an estimate and the budget will require revision in September. The significant changes in budget are listed below:

Page 1 of 8:

The Maintenance and Operations budget is overstated to allow the maximum override amount which will be resolved when the student enrollment numbers are finalized with the Arizona Department of Education. The Classroom Instruction line has been lowered to reflect the staffing formula changes (as a result of enrollment declines) and Career Ladder reduction from 4% to 3%. Special Education has been maintained as a result of increased student counts and the maintenance of effort requirements of the Federal Grants.

Page 3 of 8:

Expenditures will decrease in the Classroom Site Funds as a result of decreased Proposition 301 sales tax revenues. The formula per student is expected to increase by approximately 3.6%. However, drop in enrollment will result in reduced revenues.

Page 4 of 8:

The Unrestricted Capital budget is being proposed based upon full funding (\$3,584,190) and will be revised at a later date when the Arizona Department of Education notifies the district of the final reduction. The current estimate of legislative reductions to the Unrestricted Capital budget is 45%.

The Soft Capital budget is being proposed based upon full funding (\$3,070,683) and will be revised at a later date when the Arizona Department of Education notifies the district of the final reduction. The current estimate of legislative reductions to Soft Capital budget is 100%. The non-staffing reductions from the prior year will remain in place for 2012-2013.

Page 5 of 83:

The Building Renewal Fund has a zero budget. The Building Renewal formula has been subject to many modifications and suspensions since its creation in 1998. Since 1998, the school district has been shorted over \$19,000,000. The suspension of funding for Building

Renewal by the Legislature will require that the district keep uncommitted balances in the Unrestricted Capital and Soft Capital Budgets.

Page 6 of 8:

Individual program budgets have been decreased in the Federal and State Project Funds. Line 1 – Title I & Line 8 – IDEA have been decreased due to one-time ARRA Stimulus Funds received during 2009-2010 & 2010-2011. Line 17 – Other Federal Projects has been decreased to reflect the end of funding in the TIF Grant.

The Adjacent Ways Fund (Other Funds – Line 28) will continue the \$324,000 levy implanted two years ago. 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 22 and the Truth in Taxation Hearing will be prior to the Budget Adoption on July 3th.

Tax Rates

The biggest unknown in this budget is the final impact on property tax rates. The final Assessed Valuation numbers will not be available until early August. The Pima County Assessor recently released the estimated assessed valuations for next fiscal year. This estimate shows the continuing decline in property values. The Assessor's estimate is that Amphitheater's property values are expected to decrease by 6.5%.

The average drop in property values at the state level is closer to 10%. Amphitheater's local property taxes are expected to increase by approximately \$1.8 million as a result of local property values falling less than the state average through the formula for the Qualifying Tax Rate (QTR). This is a repeat of what we experienced during the most recent tax bill cycle.

Recent projections by Pima County indicate that property values are expected to decline through the 2012-2013 fiscal year. I will provide you any additional information as it becomes available.

RECOMMENDATION:

It is the recommendation of the Administration that the Governing Board approves this proposed budget and direct 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 3, 2012.

INITIATED BY:

Scott Little

Scott Little, Chief Financial Officer

Date: June 08, 2012

Vicki Balentine

Vicki Balentine, Ph.D., Superintendent