



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

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**DATE OF MEETING: June 21, 2011**

**TITLE: Study and Approval of the Proposed Expenditure Budget for Fiscal Year 2011-2012 (Updated)**

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**BACKGROUND:**

The Arizona Department of Education recently released budget forms for the 2011-2012 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:

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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 5% to 4%. Special Education has been maintained as a result of increased student counts and the maintenance of effort requirements of the Federal Grants. Overall reductions to the Maintenance and Operations fund are 2%. The estimated reduction to the budget as a result of the State Retirement System shift is \$412,284.

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Expenditures will decrease in the Classroom Site Funds as a result of decreased Proposition 301 sales tax revenues. The reductions to these funds average 20.6%.

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The current estimate of legislative reductions to the Unrestricted Capital budget is 46.7%. This estimate will be revised at a later date by the Arizona Department of Education. The normal funding formula should provide \$3,643,267. The estimated legislative reduction is \$1,701,809.

The current estimate of legislative reductions to Soft Capital budget is 97.5%. This estimate will be revised at a later date by the Arizona Department of Education. The normal funding formula should provide \$3,127,597. The estimated legislative reduction is \$3,049,405. The non-staffing reductions from the prior year will remain in place for 2011-2012.

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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 \$17,000,000. 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.

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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 phase down of funding in the TIF Grant. All State Grants budgets were lowered to reflect the reductions and elimination of funding from the Legislature.

The Adjacent Ways Fund (Other Funds – Line 28) will continue the \$324,000 levy implanted last 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 22 and the Truth in Taxation Hearing will be prior to the Budget Adoption on July 5th.

#### 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. It is anticipated that the total Primary Valuation will drop by 5.2% and the Secondary Valuation will drop by 7.9%. In addition, we have legislative changes from both last session and this session that can impact the tax bills. Additional information will be shared on this subject as it becomes available.

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#### 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 5, 2011.

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#### INITIATED BY:

*Scott Little*

Scott Little, Chief Financial Officer

Date: June 13, 2011

*Vicki Balentine*

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Vicki Balentine, Ph.D., Superintendent