



GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10

DATE OF MEETING: June 18, 2013

**TITLE: Study and Approval of the Proposed Expenditure Budget for Fiscal Year 2013-2014
Revised (6-12-2013)**

BACKGROUND:

The State of Arizona requires governing boards to formally approve and adopt a proposed operating budget for the school district. The Arizona Department of Education recently released budget forms for the 2013-2014 fiscal year. These forms assume no changes to the funding formulas. However, modification of the forms was made assuming that the Legislature will fund the inflation increase required by Proposition 301. This budget assumes no cuts to the Unrestricted or Soft Capital budgets.

In addition, 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 140 (1%) students to 13,759.

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

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Tax Rates

The property tax rates have increased to reflect the decline in property values. The exact impact to individual property owners will be determined by how their property values changed relative to the state average. Property that held its value better than the state average could see slight increases in their property taxes. Overall, any changes to property tax bills should be small. However, the Legislature is still in session and additional changes are still possible.

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The Career Ladder budget is reduced by 1/3 as the phase out continues. The 2014-2015 fiscal year will be the final year for this program.

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A slight increase to Proposition 301 revenues is projected. This budget anticipates collection of \$5,208,000 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 and Soft Capital budgets assume full funding of the formula. However, it is likely that the legislature will make permanent some of the one-time reductions that they have made annually since fiscal year 2008-2009. Together these will now be called "District Assistance Fund."

The Unrestricted Capital budget assumes that all of the Capital Outlay Revenue Limit (CORL) will be transferred to the Maintenance and Operations fund. This change is also reflected on page 7 of 8.

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The Building Renewal budget reflects zero funding from the Legislature. In fact, this budget is now essentially permanently gone.

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The Federal Grants budget has been lowered to reflect decreased budget carry forwards and decreased allocations as a result of Sequestration.

The Building Renewal Grant amount has been increased to reflect the potential funding of the CDO Cooling Tower replacement project by the School Facilities Board.

The Adjacent Ways Fund (Other Funds – Line 28) will continue the \$324,000 levy implanted 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 because any levy to Adjacent Ways requires this hearing. The Truth in Taxation Notice is scheduled to appear in the Arizona Daily Star on June 20 and the Truth in Taxation Hearing will be prior to the Budget Adoption on July 2nd.

RECOMMENDATION:

It is the recommendation of the Administration that the Governing Board approve 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 2, 2013.

INITIATED BY:

Scott Little

Scott Little, Chief Financial Officer

Date: June 17, 2013

Patrick Nelson

Patrick Nelson, Superintendent