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November 5, 2018

City of Cordova Council
601 1st Street, PO Box 1210
Cordova, AK 99574

Dear Cordova City Council Members,

Each year, the Cordova School District is asked to provide the City with financial needs related to the education of our students. Following is information we believe the Council will find useful as it builds its 2019 Budget and considers the City's local contribution to the school district.

FY19 Cordova School District Budget

Over the past two fiscal years, the school district has engaged in a strategic planning process to identify the changing needs of our students in order to better help prepare them for the future. This process has included various stages of input from students, staff, and community members, as a whole. These groups have identified areas where the district is currently doing well in its operations and programming and should continue, as well as areas of need in order to grow greater opportunities for Cordova's students.

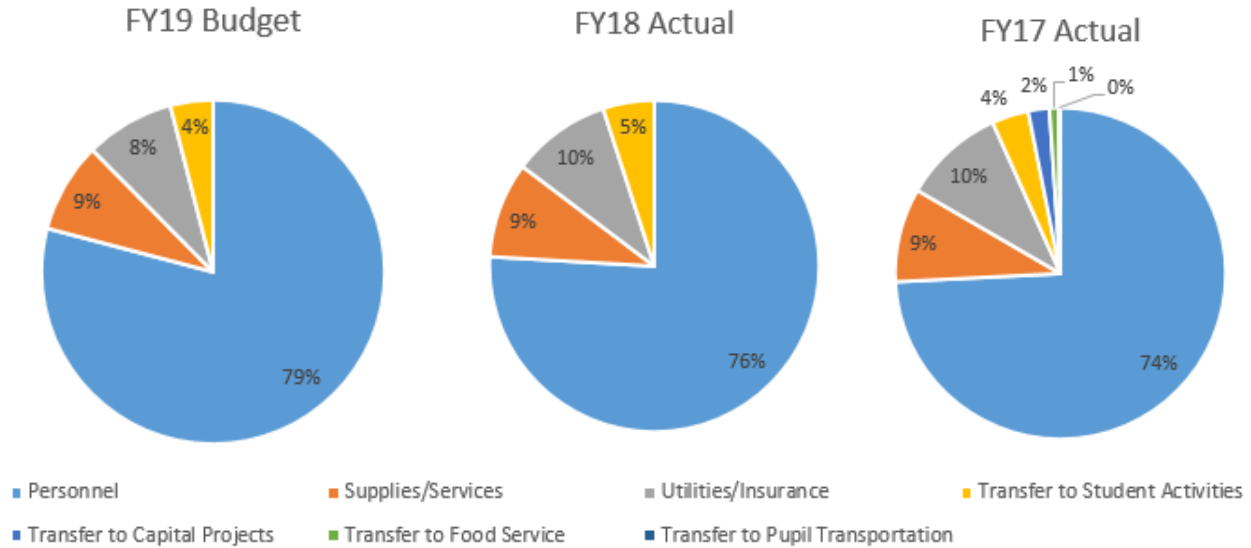
Based on stakeholder feedback and goals established by the School Board, we have begun to initiate new programs and course offerings, including STEM (Science Technology Engineering and Math) and Social Emotional Learning (SEL) competencies that build on students' capacities to integrate skills, attitudes, and behaviors to more effectively deal with daily tasks and challenges. Additionally, enhancing current programs, with a slight twist that engages our community in sharing its areas of expertise with our students (Wednesday classes), has also been an area of development. Naturally, each of these opportunities comes with a cost to our operations.

To demonstrate our commitment in addressing the needs of our students, and as encouraged by individual Council Members over time, the FY19 Cordova School District budget was adopted with the drawing down of over \$440,000 from our General Operating Fund Balance. As you can imagine, drawing down the Fund Balance by more than 60% is not a sustainable practice that supports the innovation, growth, and development of programs our students deserve.

At this time, the District is expecting a \$63,000 one-time grant from the State of Alaska to assist with our General Operating expenditures. However, this still leaves the district allocating \$370,000 from its Fund Balance during the 2018-19 Fiscal Year to sustain necessary programs for the students of Cordova. The Base Student Allocation, used to determine the amount of funding allocated to each of Alaska's school districts, has remained unchanged at \$5,930 since 2017, while costs related to personnel, health care, and contracted services continue to increase. Additional support from the City in 2019 will provide needed resources to keep our learners on track.

Attached, you will find our FY19 Adopted Budget as well as a document outlining the FY19 Basic Need Calculation which includes a section related to Local Effort (the city contribution). For the FY19 Fiscal Year, the City of Cordova may contribute up to a maximum of \$2,041,061 for its city schools.

Following is a summary over the last three fiscal years of our General Fund operations. Here you can see that human capital is our greatest asset, as we spend 79% of our total budget on staffing our schools with highly qualified teachers, para-professionals, and support personnel for our students; 9% on supplies and services; 8% on utilities and insurance; and continued support of extra-curricular programs with 4% of the budget.



Food Service Program

Over the past several years, the Food Service Program has taken financial losses which were made up for by transfers from the General Fund. These transfers also allowed us to build a small fund balance within the Food Service Fund. Beginning in FY18, the Food Service Program has been relying on its own fund balance, which we expect to be depleted by the end of the current fiscal year.

During the FY19 Fiscal Year, Cordova School District was awarded the Community Eligibility Provision from the United States Department of Agriculture. This was great news as it means that all K-12 students receive breakfast and lunch at no charge, which the District believes helps many Cordova families. In order for the district to break-even with funds from this program, we need to see an increase in student participation. In other words, we need more students to eat school breakfast and lunch so that our reimbursement from the national breakfast and lunch program is higher. Unfortunately, this is not occurring at the rate we expected at this point in the school year, and certainly not at a rate which makes sense for the District to apply for CEP status in the future.

FY20 Cordova School District Budget

As we look ahead to our next fiscal year, we believe our high school staffing will remain unchanged, but see a potential need to increase staffing at the elementary due to larger enrollment in the primary grades. With the increased number of students, we also expect an increase in state funding. Our hope is that through increased state and local funding, we will be better poised to serve Cordova students with strategically-focused programs.

Attached you will also find our FY20 Basic Need Calculation, which includes a section related to Local Effort (the city contribution). Since not all of the data is currently available for this calculation, such as 2019 Property Tax Values, we are using estimates based on the 2018 information.

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Historic City of Cordova Direct and In-Kind Contributions

The following is an historic view of the City of Cordova’s contributions to the school district. Current allocations are well below what we have received in over six years. Up until FY18, the City contribution kept us from needing to significantly utilize our Fund Balance for operations, and also allowed us to support other programs such as Food Service, Pupil Transportation, and several capital projects to enhance the learning environment.

City Contributions	FY19 Budget	FY18 Actual	FY17 Actual	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	FY12 Actual
Direct	1,500,000	1,500,000	1,786,000	1,700,375	1,653,583	1,550,591	1,662,390	1,750,000
In-Kind	104,000	102,052	93,270	92,204	93,875	104,136	40,940	40,940

As the Council is likely aware, the school district’s budget cycle overlaps with that of the City’s. Therefore, when considering the school district’s request for FY19, the impact will be to the City’s January – June 2019 cash flow. Subsequently, the district’s FY20 request will impact your July – December 2019 and/or January – June 2020 cash flow.

2019 City of Cordova Budget (January – December)	
2018-19 CSD Budget (July – June)	2019-20 CSD Budget (July – June)

What We Need

For the remainder of FY19 and looking to the beginning of the FY20 School Year, the district is requesting an additional \$400,000 to support academic, activities, and food service programs. We ask that the City Council consider utilizing a portion of the Timber Receipts received, allocated by the Secure Rural Schools Act, for this purpose.

Respectfully submitted for your consideration,

Alex Russin, Superintendent

Cordova School District

Fiscal Year Beginning July 1, 2018

Basic Need Calculation

Base		ADM
High School		160.00
Elementary		166.00
Total		326.00
<i>SpEd Intensive</i>		<i>9.00</i>

School Size Adjustment		Notes	ADM
High School		150 - 250 Students	228.90
Elementary		150 - 250 Students	235.38
Total			464.28

Other Factor Adjustments		Factor	ADM
+ Hold Harmless	<i>Year 3 of 3 : 25%</i>	10.345	474.63
x District Cost Factor		1.234	585.69
x Special Needs Factor		1.200	702.82
x Vocational/Technical Factor		1.015	713.37
+ Correspondence 90%		0.000	713.37
+ Intensive Services Factor		117.000	830.37

Total Adjusted ADM	830.37
Base Student Allocation	5,930

Funding		
Base Need Total		4,924,077
- Required Local Effort		905,380
- Deductible Impact		26,509
+ Quality Schools		13,666
Projected State Entitlement		4,005,854

Local Effort Calculation

2018 Full Value Determination	\$341,652,860
Prior Year Basic Need	4,776,022
Projected Basic Need	4,924,077

Full Value x 0.00265		905,380
45% Prior Year Basic Need	<i>Whichever value is lesser.</i>	2,149,210
Minimum Required Local Contribution		905,380

Full Value x 0.00200		683,306
23% of Projected Basic Need + Quality Schools	<i>Whichever value is greater.</i>	1,135,681
Additional Allowable Local Contribution		1,135,681

Maximum Allowable Local Contribution	<i>Minimum + Additional Allowable</i>	2,041,061
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Estimate updated 10/29/2018

**Alaska Department of Education and Early Development - School Finance
FY2019 School Operating Fund Budget Summary**

Cordova School District
District Name

Beginning Fund Balance: July 1, 2018 (Subject to 10% Limit per AS 14.17.505(a))	<u>\$590,000</u>
(Excluded from the 10% Limit)	<u>\$160,000</u>
Total Beginning Fund Balance	<u>\$750,000</u>

Revenue

010 City/Borough Appropriations	(1) <u>\$1,604,000</u>	
030 Earnings on Investments	(2) <u>0</u>	
040 Other Local Revenues	(3) <u>3,000</u>	
041 Tuition from Students	(4) <u>15,000</u>	
042 Tuition - Other Districts	(5) <u>0</u>	
047 E-Rate Program	(6) <u>124,704</u>	
050 State Sources	(7) <u>4,452,969</u>	
100 Federal Sources - Direct	(8) <u>46,000</u>	
150 Federal Sources - Through the State	(9) <u>0</u>	
190 Federal Sources - Other Agencies	(10) <u>0</u>	
250 Transfers From Other Funds	(11) <u>0</u>	
Total Revenue		<u>\$6,245,673</u>

Expenditures

100 Instruction	(12) <u>\$2,887,401</u>	
200 Special Education Instruction	(13) <u>682,811</u>	
220 Special Education Support Services	(14) <u>50,144</u>	
300 Support Services - Students	(15) <u>124,945</u>	
350 Support Services - Instruction	(16) <u>593,107</u>	
400 School Administration	(17) <u>297,876</u>	
450 School Administration Support Services	(18) <u>187,548</u>	
510 District Administration	(19) <u>273,228</u>	
550 District Administration Support Services	(20) <u>336,549</u>	
600 Operations and Maintenance of Plant	(21) <u>891,408</u>	
700 Student Activities	(22) <u>94,988</u>	
780 Community Services	(23) <u>0</u>	
900 Other Financing Uses	(24) <u>269,242</u>	
Total Expenditures		<u>\$6,689,247</u>

Ending Fund Balance: June 30, 2019 (Subject to 10% Limit per AS 14.17.505(a))	<u>\$146,426</u> **
(Excluded from the 10% Limit)	<u>\$160,000</u>
Total Ending Fund Balance	<u>\$306,426</u>

** Must be greater than or equal to zero

Cordova School District

Fiscal Year Beginning July 1, 2019

Basic Need Calculation			
Base			ADM
High School			160.00
Elementary			190.00
Total			350.00
<i>SpEd Intensive</i>			<i>11.00</i>
School Size Adjustment	Notes		ADM
High School	150 - 250 Students		228.90
Elementary	150 - 250 Students		261.30
Total			490.20
Other Factor Adjustments		Factor	ADM
+ Hold Harmless	<i>No longer applicable</i>	0.000	490.20
x District Cost Factor		1.234	604.91
x Special Needs Factor		1.200	725.89
x Vocational/Technical Factor		1.015	736.78
+ Correspondence 90%		2.700	739.21
+ Intensive Services Factor		143.000	882.21
Total Adjusted ADM			882.21
Base Student Allocation			5,930
Funding			
Base Need Total			5,231,484
- Required Local Effort			905,380
- Deductible Impact	Estimate same as FY19		26,509
+ Quality Schools	Estimate same as FY19		13,666
Projected State Entitlement			4,313,261

Local Effort Calculation		
2018 Full Value Determination	*Will update in Fall 2019	\$341,652,860
Prior Year Basic Need		4,776,022
Projected Basic Need		5,231,484
Full Value x 0.00265		905,380
45% Prior Year Basic Need	Whichever value is lesser.	2,149,210
Minimum Required Local Contribution		905,380
Full Value x 0.00200		683,306
23% of Projected Basic Need + Quality Schools	Whichever value is greater.	1,206,385
Additional Allowable Local Contribution		1,206,385
Maximum Allowable Local Contribution	Minimum + Additional Allowable	2,111,765

Estimate updated 10/29/2018