

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM # 318 (2005-2006)

June 26, 2006

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: BUDGET TRANSFERS FOR FY 2005-2006

ASD Goals: Ensure public accountability through continued preparation of the budget; and effective communications with students, staff, parents, community and government at all levels.

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to process budget transfers from unexpended accounts at year-end, in the amount of \$1,110,000 into various accounts where unanticipated expenditures occurred. It is also recommended that the School Board approve and authorize the Superintendent to process budget transfers in the amount of \$3,624,739 from unexpended accounts into various accounts for one-time expenditure needs. These expenditure requests are outlined below. Since the overall revision will not exceed the approved upper limit of the budget, no approval from the Anchorage Assembly is required.

PERTINENT FACTS:

End-of-Year Budget Review

Budget transfers in excess of \$30,000 require School Board approval. The budget transfers discussed in this memorandum fall within this category. The Business Management Division has reviewed and projected expenditures and encumbrances in the General Fund. The final amount will not be determined until after year-end when all revenues have been received, all expenditures have been recorded, and all accruals have been determined. If it is determined that there are insufficient funds to cover the one-time expenditures, only the most critical requirements will be funded.

Budget Transfers

The major areas projected to be less than budgeted are salaries, fringe benefits, contracted transportation, property insurance, the unallocated account for

Charter Schools and other districtwide accounts with available balances. Salaries and fringe benefits are anticipated to be under spent primarily due to attrition, turnover, temporary vacancies, and the inability to fill certain positions. The unallocated account for Charter Schools is due to under-enrollment. These under spent accounts will provide for the unanticipated expenditures in the amount of \$1,110,000 and the one-time expenditures in the amount of \$3,624,739 listed below in this memorandum. Since the budget transfers are over \$30,000, the School Board must approve them, per budget transfer guidelines.

Fund Balance

The District's undesignated fund balance for the General Fund is a potential one-time source of revenue. Industry standards recommend undesignated fund balances or contingency reserves remain between 3 to 5 percent of the budget. As of June 30, 2006, the undesignated fund balance is projected to be \$28.275 million, which is 5.97 % of the FY 2006-2007 Financial Plan. The undesignated fund balance needs to be maintained to protect against shortfalls in revenue collection, to allow for adequate cash flow management, and to provide the financial ability to meet emergencies. Use of fund balance for these year-end transactions will not be necessary.

Summary

Upon approval of the above recommendations, the following budget transfers will be made:

Budget Transfers Using Existing District-wide Funds

Budget Transfers Where Unanticipated Expenditures Occurred

- Fuel - \$85,000
Increases in fuel costs have far exceeded the budgeted amount.

- Liability Insurance - \$425,000
A significant one-time claim settlement has caused a shortfall in this expenditure account.

- Utilities (Heat and Electricity) - \$600,000
The Heat and Electricity accounts are overspent due to higher rate increases and usage than anticipated.
Heat - The U. S. Army rate increase for heat was 123 percent which is much higher than the budgeted 5 percent increase.
The U.S. Air Force conversion from steam to natural gas and

the switch to Aurora Power as a service provider played a major factor in the deficit of the heat account. Enstar and Aurora Power rate increases as well as usage contributed to the deficit.

Electricity – Chugach Electric, Matanuska Electric, and the U. S. Army all had rate increases due to the rising natural gas prices.

Total Budget Transfers for Unanticipated Expenditures \$1,110,000

Funds will be added to:

<u>Account Name</u>	<u>Account Number</u>	<u>Amount</u>
Fuel	108101-4100	\$ 85,000
Liability Insurance	109901-6070	425,000
Heat for Buildings	1XXXX-3500	230,000
Electricity	1XXXX-3520	370,000
		<u>\$1,110,000</u>

Funds will be subtracted from:

<u>Account Name</u>	<u>Account Number</u>	<u>Amount</u>
Contracted Transportation	108101-3120	\$ 85,000
Property Insurance	109901-6050	245,000
Telephone	Various	225,000
Refuse	Various	85,000
Various Salary Accounts	Various/1000s	360,000
Various Benefits' Accounts	Various/2000s	110,000
		<u>\$1,110,000</u>

Budget Transfers for One-Time Expenditures

- Technology – Student Information System (SIS) \$1,775,639
 Additional funding is necessary to meet the program requirements for this phase of the SIS project. This phase will include infrastructure readiness, system interface designs, fit gap evaluation and core module licensing for secondary student information tracking (demographics, scheduling, grade reporting, attendance, reports, transcripts, discipline, health and classroom management).
- Accounting/Payroll – Document Imaging System 219,000
 Funds are being requested for a document imaging system for the Payroll Department. Payroll produces large reports with each payroll, totaling over 116,000 pages per year. The document imaging system allows on-line storage and

elimination of the paper copies. The amount being requested includes the license fee for the software, scanners, and scanning and indexing of the payroll documents.

- Risk Management - Defibrillators 98,000
The purchase of 55 Automated External Defibrillators (AEDs) will be enough to equip the remaining district schools with one AED. Most of the remaining schools needing AEDs are elementary schools. The AEDs will come with armable wall mounted cases and pediatric electrodes. AEDs are an important life saving tool for any public facility, especially schools, which draw a large segment of the public daily. Having an AED on site allows for a timely and potentially life saving shock to the heart. AEDs are an asset to students, staff and visitors alike. After the purchase is complete, essentially all district facilities will be equipped with an AED.
- Security/Emergency Preparedness - CCTV Systems Improvements 35,000
Funds are being requested to provide minimal CCTV coverage for up to four elementary schools where rubber mulch is being installed.
- Maintenance - Equipment 127,000
This request is for Personal Protective Equipment (PPE) and Confined Space Equipment. Based on Occupational Safety and Health Administration (OSHA) regulations, personal protection equipment is required for all personnel in the Maintenance Department who must work with electrical panels and equipment or those who must work in confined spaces. After the purchase, all electricians will be issued a complete set of equipment and periodic inspections will occur to account for and access the condition of all PPE. In addition, this purchase provides the maintenance staff with the oxygen and atmospheric measuring tools and PPE required to safely enter a confined space.
- Maintenance - Lockdown Hardware 630,000
Additional funds are request to complete the lockdown hardware project at seven schools to include Aquarian, Bayshore, Bear Valley, Northwood, Rabbit Creek, Steller and Turnagain.

- Transportation – Buses and Digital Recorders 300,000

The Transportation Department has requested three new school buses and approximately twenty six (26) digital video recorders to be installed in district school buses. The three buses will replace 1989 model buses that have between 179,000 and 200,000 miles. The digital recorders will replace analog recorders currently in use. Digital recorders have the ability to record and store 5 - 6 days on a hard disk and the driver can bookmark the recording with the touch of a button. The analog recorders now in use record 6 - 8 hours before recording over the VCR tape.

- Elementary Schools – Server Upgrades 31,600

Currently five elementary schools do not have adequate servers for file sharing and directory services. The purchase of new servers for these schools will bring them up to the standard.

- Elementary School Principal Laptop Refresh – 174,500

Elementary principal and assistant principal laptops are four years old and need to be replaced. The cost to repair the laptops is over the 50% margin and A/V Repair can no longer repair them. This amount will support the refresh for the principals and the six support staff at the elementary level. In addition, sixty Mac-minis will be purchased (one per school) to be used as a distributed management server.

- Science 7th/8th Grade Weather and Human Anatomy – 63,000

Funds are being requested for science 7th and 8th grade textbooks on weather and human anatomy to cover grade level expectation areas for which we lack curriculum.

- 21st Century Computers – 26,000

The 21st Century computers and printers were purchased in 2000 with the start up of programs. The computers continue to shut down with the simplest of tasks and will not support updated operating systems. The State of Alaska Department of Education and Early Development 21st CCLC is transitioning to a new data management system for grantees beginning July 1, 2006. The current computers will not support the system. Additionally, access to the Federal Department of Education on-line data reporting system will be much more efficient with the new equipment.

- Alaska State School for the Deaf –Audiology Equipment 112,000
 Analog-based sound field equipment is utilized in the ASSDHH and the ASD Hard of Hearing programs to enhance hearing for students. The equipment currently in use is analog-based. Students are now utilizing digital hearing aids and cochlear implants which are not compatible with the analog equipment.

- Mt. Iliamna – Install New Kitchen 33,000
 When the Mt. Iliamna facility was renovated by the Department of Defense as a preschool facility, the kitchen facilities were dismantled because lunch was not needed for the half-day preschool classes. Reinstallation of the kitchen is needed in order to serve lunch to the elementary students who now attend classes at Mt. Iliamna.

\$3,624,739

Funds will be added to:

<u>Account Name</u>	<u>Account Number</u>	<u>Amount</u>
Technology	103901-Various	\$1,775,639
Accounting	101101-5440	219,000
Risk Management	101301-5440	98,000
Maintenance	106301-5440	127,000
Transportation	108101-5410	300,000
Elementary Unallocated	149913-5410	232,100
Curriculum & Instructional Srvs.	103616-4020	63,000
Alaska State School/Deaf	160301-5410	112,000
Major Maintenance	106401-3080	<u>698,000</u>
		<u>\$3,624,739</u>

Funds will be subtracted from:

<u>Account Name</u>	<u>Account Number</u>	<u>Amount</u>
Contracted Transportation	108101-3120	\$ 300,000
Elementary Unallocated	149901-5440	13,750
Unallocated Charter Schools	159901-3980	976,924
Various Salary Accounts	Various/1000s	900,000
Various Benefits' Accounts	Various/2000s	725,065
Other Accounts	3000/4000/5000/6000	<u>709,000</u>
		<u>\$3,624,739</u>

If it is determined that there are insufficient funds to cover the one-time expenditures when all revenues have been received, all expenditures have been

recorded, and all accruals have been determined, only the most critical requirements will be funded.

CC/JS/MSL

Prepared by: Marie S. Laule, Budget Director

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