

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #118 (2006-2007)

November 13, 2006

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: TREASURER'S REPORT/FINANCIAL RECAP:
September 30, 2006

ASD Goal: Ensure public accountability through continued preparation and publication of the Profile of Performance, budget basics, and budget and bond summaries; effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities; effective communication with students, staff, parents, community and government at all levels.

PERTINENT FACTS:

The attached report consists of three parts: the Graphic Overview, the Treasurer's Report and the Financial Recap. The Graphic Overview is presented on a quarterly basis and the Treasurer's Report and the Financial Recap are presented on a monthly basis. The Treasurer's report and Financial Recap are year-to-date information as of September 30, 2006.

I. GRAPHIC OVERVIEW

District investments are primarily made through the Municipality of Anchorage. Overnight repurchase agreements are made through the District's banking services, whereas, the Student Activities Fund investments are made by individual schools in insured accounts. The Anchorage School District requires direct investments, in excess of any insured amount, to be collateralized at all times with United States Government guaranteed securities having a market value, plus accrued interest, which equals or exceeds the collateralized amount of the investment. The Municipality invests directly in United States Government guaranteed securities or through collateralized investments that meet District requirements.

Included on page 1 of the report is a graph representing the types of investment instruments held by the District as of September 30, 2006, except for the Student Activities Fund. In addition, a monthly comparison of cumulative interest earnings for fiscal year 2005-2006 and fiscal year 2006-2007 is presented on page 2. The cumulative interest earnings for the three-month period ended September 30, 2006 were \$2,026,397 as compared to \$923,245 for the same period of time in the prior year. As of September 30, 2006, the District had invested \$43.328 million in commercial paper, \$43.704 million in repurchase agreements and \$77.9 million invested in U.S. government securities. The combination of higher interest rates from market fluctuations, higher yielding instruments and additional funds available for investing from the \$48.495 million in general obligation bonds the District sold in August of 2006 contributed to the drastic increase in interest earnings over the prior year earnings.

The graph on page 3 is titled Weighted Average Interest Rate for Investments Purchased. This graph compares the weighted monthly average yield on investments acquired in the current year with the figures for the fiscal year 2005-2006.

II. TREASURER'S REPORT

The Anchorage School District Treasurer's Report includes a summary of the total demand deposits and investments, which are on hand as of September 30, 2006, and a summary of the investment transactions completed September 1 through September 30, 2006.

The demand deposits in the General Fund as of September 30, 2006 reported negative funds available of (\$1,047,571). The District's banking services contract includes the investment of the bank float that provides additional interest revenue to the District. The total amount of investments on hand at September 30, 2006 was \$164,931,511 and the combined total of these liquid assets consisting of the demand deposits and investments were \$163,883,940. A schedule of investments is presented on pages 5 and 6.

The District transacted 80 investments during the month of September. The specific investments purchased are presented commencing with page 7 of the Treasurer's Report. The anticipated earnings for these new investments are \$335,057, which will be recorded in the General, Capital Projects, Internal Service, and Debt Service Funds. The interest earnings on investments made by the District are recorded upon receipt of the actual interest earnings on the

various dates of maturity. The interest earnings on investments made by the Municipality of Anchorage on behalf of the District are accrued monthly.

In summary, the District's investment performance for fiscal year 2006-2007 year-to-date is shown by the following three-portfolio yield calculations:

- 1) The Annualized End-of-Month Portfolio Yield, noted on page 10, represents the weighted average yield on investments outstanding with the District on September 30, 2006. The Annualized End-of-Month Portfolio Yield was 5.14 percent.
- 2) The Weighted Average Interest Rate for investments purchased during September was 5.06 percent and is noted on page 10.
- 3) The Year-to-Date Cumulative Yield, noted on page 10, represents the weighted average yield of all investments purchased by the District since July 1, 2006. On September 30, the Year-to-Date Cumulative Yield was 5.22 percent.

III. FINANCIAL RECAP

The Financial Recap is a summary of revenues, expenditures and encumbrances for the current fiscal year through September 30, 2006. The funds presented are the General Fund; Debt Service Fund; Food Service and Local/State/Federal Projects Special Revenue Funds; and Capital Projects Fund. The expenditures are on generally accepted accounting principles (GAAP) basis. This means the amount in expenditures include payments on encumbrances from the prior year. For example, the working budget on expenditures for the General Fund includes the current year's revised budget plus the encumbrances from prior year of approximately \$16.021 million. Year-to-Date (YTD) expenditures therefore reflect expenditures from the current fiscal year and expenditures from prior years' encumbrances that were carried forward. The appropriations from the prior years for these encumbrances were also carried forward.

The General Fund revised budget for fiscal year 2006-2007 totals \$473.433 million which includes approximately \$6.5 million increase approved by the School Board (ASD Memorandum #317) and the Anchorage Assembly (AR No. 2006-140) on May 22, 2006 and June 20, 2006, respectively. This budget increase was mainly a result of the passage of House Bill 13, which provided for an increase in the Alaska Public School Funding Program and a one year school improvement allocation. In addition, the local tax appropriation increased approximately \$350,000 from an increase in new construction for 2005. House Bill 13 increased

the base student allocation used in the Alaska Public School Funding formula an additional \$28 above the \$5,352 amount used in the District's original calculations in developing the budget. The base student allocation increased from \$4,919 in fiscal year 2005-2006 to \$5,380 in fiscal year 2006-2007 for an overall increase of \$461 per ADM. In addition, House Bill 13 appropriated a one time school improvement allocation of \$81 per ADM totaling approximately \$3.99 million for fiscal year 2006-2007. This \$473.433 million is compared to the revised budget of \$433.004 million for the prior year. The cumulative actual GAAP expenditures and encumbrances for the three-month period ended September 30, 2006 were \$79.861 million or 16.3 percent of the \$489.454 million working budget (revised budget plus encumbrance budget).

On page 32 the Cumulative Expenditures by Month for Four Fiscal Years begins which provides information concerning the actual and projected expenditures for fiscal year 2006-2007 compared to the actual cumulative expenditures by month for the prior three years. In addition, a Comparative Ratio of Monthly Expenditures to Total Expenditures is presented beginning on page 33 to provide the actual expenditures and relative percentages by month for the current and three prior fiscal years for comparative purposes. Actual expenditures are aligned with projections for the three-month period ended September 30, 2006.

Summary and detailed budget reports are available for each school, department, and other budgetary unit on IFAS on-line with current up-to-date data. This information is available to assist in daily operations.

CC/JS/CS
Attachment

Prepared by: Chad Stiteler, Controller
Approved by: Janet Stokesbary, Chief Financial Officer