

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #119 (2007-2008)

December 3, 2007

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: TREASURER'S REPORT/FINANCIAL RECAP:
October 31, 2007

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 two parts: the Treasurer's Report and the Financial Recap. 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 October 31, 2007.

I. 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 October 31, 2007, and a summary of the investment transactions completed October 1 through October 31, 2007.

The demand deposits in the General Fund as of October 31, 2007 reported negative funds available of (\$2,342,084) as listed on page 1. The District's banking services contract includes the investment of the bank float that provides additional interest revenue to the District. In addition to the bank float, additional interest has been earned since September because of the change in banking services contract. With the implementation of the new banking services contract, the District increased the overnight repurchase agreement investment

interest rate by almost 1 percent. Given similar investments, the District anticipates earning over \$200,000 more a year in interest income from the change in banking services contracts.

Effective June 1, 2007 the Anchorage School District and Municipality of Anchorage began investing non-restricted funds into a pooled environment held in trust and managed through two external investment management groups. The external investment managers actively manage investments within the Municipal Investment Pool to maximize performance while ensuring all District and Municipal investments meet the Districts' Board Policy 724.32 and Anchorage Municipal Code 06.50.030 as required.

Funds that are restricted such as bond proceeds, or other funds held in trust or escrow are not included within the Municipal Investment Pool but invested as direct investments through the Municipality of Anchorage or overnight repurchase agreements through the banking services contract. Direct investments purchased through the Municipality are regulated by AMC 06.50.030 and the Districts' Board Policy 724.32 to ensure all investments comply with the District and Municipality collateralization and bidding requirements.

The total amount of investments on hand at October 31, 2007 was \$167,052,461 and the combined total of these liquid assets consisting of the demand deposits and investments were \$164,710,377. A schedule of investments is presented on pages 2 and 3.

The District transacted 117 direct investments during the month of October. The specific direct investments purchased are presented commencing with page 4 of the Treasurer's Report. The anticipated earnings for these new investments is \$353,582, which will be recorded in the General Fund, Capital Projects Fund and Special Revenue Fund. The interest earnings on direct 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.

Funds invested in the Municipal Investment Pool are presented on page 7 of the Treasurer's Report. The beginning market value for the District's funds was \$87,967,840. Deductions occurred in the month for cash flow purposes in the amount of \$10,484,000. The ending market value of \$77,929,137 represents accrued and actual interest and coupon payments as well as the change in market value of all securities held as of the month end. The change in market

value is recorded as a gain or loss along with all other earnings accumulated each month as investment income. The total investment income recorded from the Municipal Investment Pool for the month end was \$445,297. The average daily balance of the District's pooled investments for the month was \$78,415,840.

In summary, the District's investment performance for fiscal year 2007-2008 year-to-date is shown by the following portfolio yield calculations:

- The Weighted Average Interest Rate for investments purchased during October was 4.74 percent and is noted on page 8.
- The Yield to Maturity, as listed on page 8 represents the yield if all investments are held to their maturity date. For the month of October 2007, the Yield to Maturity is 5.02 percent.
- The Year-to-Date Cumulative Yield, noted on page 8, represents the weighted average yield of all investments purchased by the District since July 1, 2007. On October 31st, the Year-to-Date Cumulative Yield was 6.45 percent.

II. FINANCIAL RECAP

The Financial Recap is a summary of revenues, expenditures and encumbrances for the current fiscal year through October 31, 2007. The funds presented are the General Fund; Debt Service Fund; Food Service and Local/State/Federal Grants 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 \$17.958 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 2007-2008 totals \$546.163 million and was approved by the School Board (ASD Memorandum #177) and the Anchorage Assembly (AR No. 2007-91(S)) on February 8, 2007 and May 1, 2007, respectively. The School Board later revised the budget (ASD Memorandum #310) on May 31, 2007. This budget includes increases over the prior year budget mainly as a result of increases in the Alaska State Retirement Systems for teachers and public employees. The Alaska State Legislature and Governor

approved a one-year funding solution that provides a direct payment to the retirement systems on behalf of the member organizations. This funding amounts to \$65.389 million for the Anchorage School District and reduces retirement system rates to lower, more sustainable plan costs, addressing the significant increases the District has endured over the recent years.

Additional funding for the year was also allocated by the legislature in the form of a School Improvement Grant in the amount of \$7.891 million. The local tax appropriation increased approximately \$13.940 million. With the additional funds, the District has been able to add additional instructional programs and budgeted expenditures to further enhance the education of the community's children as a result of the one year state retirement system funding solution, School Improvement Grant and the local tax appropriation. This \$546.163 million is compared to the revised budget of \$473.433 million for the prior year. The cumulative actual GAAP expenditures and encumbrances for the four-month period ended October 31, 2007 were \$136.645 million or 24.22 percent of the \$564.121 million working budget (revised budget plus encumbrance budget).

On page 30 the Cumulative Expenditures by Month for Four Fiscal Years begins which provides information concerning the actual and projected expenditures for fiscal year 2007-2008 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 31 to provide the actual expenditures and relative percentages by month for the current and three prior fiscal years for comparative purposes. Actual expenditures are .3 percent above projections for the four-month period ended October 31, 2007.

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