

Date: May 25, 2017

For ACTION

For INFORMATION

Board Agenda: Yes
No

FROM: Michael R. Herbstman, Chief Financial Officer

THROUGH: Alvin L. Crawley, Ed.D., Superintendent of Schools

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: Motion to Adopt the FY 2018 Final Combined Funds Budget

BACKGROUND: The Alexandria City School Board and ACPS Staff began work on the FY 2018 Combined-Funds Budget during the summer of 2016. By October 2016, initial revenue and expenditure projections were complete and indicated a preliminary budget gap of \$16.2 million in the operating fund.

Between the initial projections and the School Board's adoption of the combined-funds budget on February 23, 2017, every effort was made to thoughtfully reduce the funding shortfall while keeping reductions away from classrooms and maintaining competitive employee compensation. Each central office department was asked to reduce their budget leading to \$1.6 million in overall expenditure cutbacks. Fund balance was utilized to the maximum level allowable by ACPS Fund Balance Policy DAB, jointly written by ACPS and City of Alexandria staff. These efforts left a remaining deficit of \$9.6 million, which ACPS requested as additional City appropriation.

On May 4, 2017, the Alexandria City Council adopted their FY 2018 General Fund Operating Budget including an operating transfer to ACPS of \$214.1 million. This was \$2.1 million short of the amount requested in the School Board Approved Budget.

During a School Board Budget Work Session on May 11, 2017, the Superintendent proposed recommendations for closing the \$2.1 million Operating Fund gap and detailed minor changes to the Grants and Special Projects Fund as well as the School Nutrition Fund.

In a Budget Work Session on May 11, 2017, the School Board discussed several potential changes to the Operating Fund adjustments proposed by the Superintendent. School Board Members further formalized their positions through their submission of Add/Deletes on May 12, 2017 and Co-Sponsorships of Add-Deletes on May 15, 2017.

During the May 18, 2017, School Board Add-Delete session, the School Board discussed and came to a consensus opinion on further proposed adjustments. All of these modifications have been incorporated in the FY 2018 Final Combined Funds Budget for final School Board consideration and approval.

DISCUSSION: The attached motion to adopt the FY 2018 Final Combined Funds Budget reflects all School Board and Superintendent recommended budget adjustments since the FY 2018 Combined Funds Budget adoption on February 23, 2017.

The FY 2018 Final Combined Funds Budget includes the following:

- Total budgeted revenues and other financing sources of \$278,131,434.
- The City Appropriation to schools for FY 2018 totals \$214,061,472.
- Total budgeted expenditures of \$283,997,814.
- A planned use of fund balance totaling \$5,866,380 including \$5,032,932 from the Operating Fund and \$833,448 from the School Nutrition Fund.
- FTEs for FY 2018 total 2,517.93, an increase of 22.67 FTE or 0.91% over FY 2017.

The above numbers include several budget-neutral changes, listed below, which were not previously presented during the May 11, 2017 or May 18, 2017 work sessions.

1. The Operating Fund reflects an additional adjustment to T.C. Williams High School staffing associated with the recent leadership reorganization effective for FY 2018. All changes associated with this reorganization were within \$568 of being budget neutral. To balance the budget, the estimate associated with leveling instructional periods at T.C. Williams was reduced by \$568.
2. In the FY 2018 Operating Fund Budget, one section of Kindergarten (along with the corresponding K-Prep funding) was moved from Matthew Maury to John Adams based on building capacity. This budget adjustment will be reflected as a shift between these two schools.
3. There were minor final adjustments in the Grants and Special Projects Fund and the School Nutrition Fund associated with a recalculation of actual position costs within these funds. The total net change was \$6,238.

No additional changes have been made since the Add-Delete Work Session on May 18, 2017.

RECOMMENDATION: The Superintendent recommends that the School Board adopt the FY 2018 Final Combined Funds Budget as attached.

ATTACHMENTS:

1. Motion to Adopt the FY 2018 Final Combined Funds Budget
2. FY 2018 Final Combined Funds Statement
3. FY 2018 Final Operating Fund Statement
4. FY 2018 Final Adjustments to the Approved Operating Budget
5. FY 2018 Final T.C. Williams Leadership Organization Chart
6. FY 2018 Final Grants and Special Projects Fund Statement
7. FY 2018 Final Adjustments to the Approved Grants and Special Projects Budget
8. FY 2018 Final School Nutrition Fund Statement
9. FY 2018 Final Adjustments to the Approved School Nutrition Budget
10. FY 2018 Final Health Benefits Fund Statement
11. FY 2018 Final Supplemental Retirement Plan Fund Statement
12. FY 2018 Final OPEB Trust Fund Statement
13. FY 2018 Final School Activity Fund Statement
14. FY 2018 Final Tuition, Course and Fees Schedule

Motion to Adopt the FY 2018 Final Combined Funds Budget

Madam Chair, I move that the Alexandria City School Board approve the FY 2018 Combined Funds Budget as follows:

- The FY 2018 Operating budget in the amount of \$260,312,453 for both revenues and expenditures. This includes other financing sources and uses, as well as a planned use of general fund balance in the amount of \$5,032,932 and a transfer of \$1,581,974 to the Grants and Special Projects Fund. The Operating budget includes 2,320.43 FTEs and a total City appropriation of \$214,061,472.
- The FY 2018 Grants and Special Projects budget in the amount of \$13,479,073 for revenues and expenditures. This includes a transfer of \$1,581,974 from the Operating Fund. This budget includes a total of 86.50 FTEs.
- The FY 2018 School Nutrition Services budget totals \$10,206,288 for both revenues and expenditures. This includes a \$833,448 planned use of School Nutrition fund balance. This budget includes a total of 111.00 FTEs.

The Superintendent is granted the authority to make the necessary minor changes to comply with the intent of the School Board. Additionally, the School Board authorizes the encumbrances remaining as of June 30, 2017 to carry forward from FY 2017 to FY 2018 as an adjustment to the final budget.