

Guide to Understanding the Akron School District's 2014-15 Budget

**Presented to the Board
June 10, 2014**

The mission of the Akron Public Schools is to provide a safe environment so as to facilitate the optimal growth of each student in accordance with individual needs, abilities, and interests through partnerships among home, school, and the community.

Understanding the Budget

This guide is designed to introduce you to the Akron School District budget and how it works. School district budgeting is different than private business budgeting or personal budgeting and can be somewhat complex. This guide is designed to walk you through the basics, covering the budget's main components. You'll learn where the money comes from, how the money is used, and how you can get involved in school district budget decisions.

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AKRON SCHOOL DISTRICT BUDGET SNAPSHOT

The Akron School District budget for 2014-15 will have anticipated revenues and expenditures of just over four million dollars. The budget is funded from state, local, and federal sources. Where does this money go?

The Akron School District annual budget is used to teach students, transport them to and from schools, feed them breakfast and lunch, and maintain school buildings and grounds. It funds special education programs, programs for students for who English is a second language, vocational education programs and extra-curricular activity programs. It is used to pay teachers and other staff, provide partial payment of their health and retirement benefits and support additional training. Bond funds, when approved in local elections, pay for building new schools, renovating and modernizing existing facilities and upgrading the schools' technology infrastructure.

At the center of this organization are our children. While businesses have a single overriding concern—the financial bottom line—school districts have a far broader objective—ensuring excellence and equity in education for our students. Yet this objective also carries with it a financial bottom line.

How does Akron School District distribute funds to meet this goal? What level of quality do your tax and bond dollars provide? Who makes school budget decisions, and how are those individuals accountable? How can you get involved? You'll find out in the sections ahead.

Akron School District Quick Facts

2013-14 Student Data from CDE October Count

Total number of students, including PK and CPP	358
English Language Learners (ELL)	0.83%
Migrant	1.11%
Students receiving free or reduced-price lunch	45%
Gifted and talented students	3.9%
Special needs students	11.4%
Graduation rate (2012-13)	86.7%

Funded Pupil Count (FPC) 350.5

Number of School Buildings 1
 Pre-K – 12 1

Ethnic Distribution

African-American	0.3%
Asian	1.2%
Hispanic	17.9%
Multiple Race	3.1%
White	77.5%

WHERE DOES THE MONEY COME FROM?

Most money for public schools comes from state and local governments and not from Washington D.C. The following table shows how much the Akron School District will receive from state, federal, and local sources in the 2014-15 school year.

2014-15 Data

Funding Source	Percent of Budget
Local	40%
State	57%
Federal	3%

Who determines how much funding each school district receives?

Every homeowner and business owner in Colorado pays property taxes for schools, along with taxes for other public services. Each year, the budget crafted by the governor and legislature determines how much of the total budget is allocated to education. The portion allocated for K-12 education is then divided among 178 school districts throughout the state using the

state's School Finance Act funding formulas. These formulas determine how much money each district will receive per pupil as well as how much of that funding is paid by the state and how much is paid through local taxes. After the state determines the funding, each school district decides how to fund its local system.

Local referenda

Colorado law allows local school districts to ask voters to approve additional funding for their district through local tax increases called mill levy overrides. This additional funding is capped by state regulation. All override revenues come from increased property taxes. A district's authorization to raise and expend override revenues does not affect the amount of state funding the district receives, based on the current school finance act. Akron School District voters have not approved any overrides.

How does supporting education impact your taxes?

Local tax money goes to the county treasurer who in turn distributes it to each governmental entity in the county.

State law sets the property tax assessment rate. In 2014, homeowners will pay an assessment rate of 7.96 percent of the actual assessed value of their home, while businesses will pay a 29 percent assessment rate. This same formula may be used to calculate your property taxes for your schools if you know your home's assessed valuation.

How to figure your school property tax

Here's how to estimate how much the school district's portion of your property tax bill will be next year.

Property tax is the product of three factors:

1. The market value of your home _____
2. The assessment rate, which is set by state law. (For residential property, the assessment rate was 7.96 percent in 2013) _____
3. Mills/1000 (The tax rate, also known as a mill levy, set by the local taxing agency. One mill is equal to one one-thousandth, or .001. (The school district's mill levy is 24.441 mills with 12.87 mills added for bond redemption fund, so the number to use in figuring your tax is .037311.) _____

Federal funding for education

In addition to local and state funding for education, the federal government contributes limited funds to local school districts. Historically, the funding of schools has been the responsibility of local districts and states. In the 1960s, the federal government began providing financial support to state and local districts to help with educating poor and disadvantaged students. That support later expanded to include students with disabilities. This money can only be used for specified purposes.

While very important to most school district budgets, the federal support amounts to only a small percentage of the total budget, usually averaging 5 – 8 percent in most school districts. In the Akron School District, federal dollars make up only 3 percent of the budget.

LOOKING AT THE AKRON SCHOOL DISTRICT BUDGET

Budget fund types

District funds are distributed in various funds as prescribed by law. Information included in the various funds show actual and budgeted amounts for the 2011-12, 2012-13 and 2013-14 school years as well as budgeted amounts and projected revenues and expenses for the remainder of the 2013-14 school year. It also provides the budgeted amounts for the upcoming 2014-15 year.

The **General Fund**, by law, can be used to account for any legal expenditure of the district. However, traditionally this fund is used to pay the day-to-day operating expenses of the District. It is financed primarily by property taxes and state aid. The majority of all district funds are in the General Fund. This section of the budget provides information for all of the line item accounts that are included in the General Fund.

Other funds included in the District Budget are:

1. **Capital Reserve Fund**
2. **Pupil Activity Funds**
3. **Food Service Funds**
4. **Trust and Agency Funds**
5. **Colorado Preschool Program Fund**
6. **Bond Redemption Fund**
7. **Building Fund**

The funding driver: student enrollment

Enrollment is the district’s count of students as of October 1 of each year and is one of the main factors influencing the revenue that is received from the state. Enrollment is determined by using the Colorado Department of Education (CDE) rules for the School Financial Act.

Student count and funded pupil count

“Student Count” is a count of individual students attending school while “Funded Pupil Count” (FPC) is a modification of the student count. Generally, students in grades one through twelve are counted as full-time or part-time, depending on the scheduled hours of coursework. One student, attending school for the entire school day is counted as one “fulltime equivalent” (FTE). However, kindergarten, preschool special education, and a limited number of at-risk pre-school students are considered part-time. The following two charts show the enrollment history for the Akron School District for the past few years.

Actual student count history (CDE October 1 count data)

Grade	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Pre-School (Reg & SPED)	6	4	3	7	2	1	6	6	7	4	7
Pre-School (CPP)	6	8	8	9	8	3	8	9	9	9	9
Kindergarten	15	20	18	19	13	32	25	25	26	27	22
1 st	63	46	59	48	36	19	26	24	20	20	26
2 nd	28	37	24	38	32	30	16	26	19	22	22
3 rd	33	27	32	24	37	30	37	15	25	26	21
4 th	30	30	27	33	25	38	28	38	17	26	28
5 th	30	28	30	29	29	25	37	28	36	15	24
6 th	28	27	33	37	29	27	23	36	26	37	19
7 th	38	25	29	33	33	27	28	23	37	26	39
8 th	32	36	27	33	29	33	26	30	22	36	24
9 th	38	34	38	28	35	32	30	22	29	22	39
10 th	39	33	36	38	26	31	31	32	23	29	23
11 th	37	34	38	39	35	27	32	32	32	25	28
12 th	35	34	32	33	32	36	31	35	31	30	27
Total	458	423	434	448	401	391	384	381	359	354	358

Number of fulltime equivalent (FTE) students

FTE	Date of Count
449.5	October 1, 2003 (Actual)
413.5	October 1, 2004 (Actual)
424.5	October 1, 2005 (Actual)
429.5	October 1, 2006 (Actual)

415.8	October 1, 2007(Actual)
377.5	October 1, 2008 (Actual)
364	October 1, 2009 (Actual)
364.5	October 1, 2010 (Actual)
360	October 1, 2011 (Predicted)
339	October 1, 2011 (Actual)
327.1	October 1, 2012 (Predicted)
335.5	October 1, 2012 (Actual)
327.7	October 1, 2013 (Predicted)
341.5	October 1, 2013 (Actual)
328.1	October 1, 2014 (Predicted)

Funded pupil count averaging

Student counts and funded pupil counts have been declining steadily over the past few years. When determining actual funded pupil count, an averaging formula can be used by schools that have been experiencing declining enrollment to average their enrollment over the past few years rather than using the actual count each year. This averaging formula has been very helpful in maintaining a more stable enrollment as far as funded pupil count and state funding are concerned.

Recent History of Funded Pupil Count (FPC) Using Averaging

FPC	Date
447	2003-04 (Actual)
431.5	2004-05 (Actual)
432.5	2005-06 (Actual)
430.5	2006-07 (Actual)
415.8	2007-08 (Actual)
408.4	2008-09 (Actual)
402.4	2009-10 (Predicted)
399.6	2009-10 (Actual)
384.8	2010-11 (Predicted)
387.8	2010-11 (Actual)
371.8	2011-12 (Predicted)
370.4	2011-12 (Actual)
356.1	2012-13 (Predicted)

358.5	2012-13 (Actual)
348.4	2013-14 (Predicted)
350.7	2013-14 (Actual)
345.6	2014-15 (Predicted)

Per pupil revenue (PPR)

The funding from the state comes through the Public School Finance Act of 1994. Under this act, revenue is distributed to school districts on a per pupil basis. Each district's per pupil funding amount is based on characteristics that are unique to the district, such as cost-of-living and district enrollment.

Per pupil revenue (PPR) trends:

PPR	Date of Count
\$6973	2005-06
\$7076	2006-07
\$7472	2007-08
\$8048	2008-09
\$8473	2009-10
\$8216	2010-11
\$7886	2011-12
\$8005	2012-13
\$8236	2013-14
\$8784	2014-15

Total program funding

Total Program Funding is based on a complex per-pupil formula. For each pupil counted in the Funded Pupil Count (FPC) in the October 1 count, the formula provides a base per-pupil amount of money plus additional money to recognize individual district variances in: (a) cost of living, (b) personnel costs, and (c) size. The total program funding also includes additional money for at-risk pupils as determined by the number of students eligible to participate in the

Federal free lunch program and, if applicable, on-line funding for students enrolled in a district's on-line program.

Formula for determining total program funding

Funded Pupil Count (Oct. 1)	X	Total Per-pupil Funding	+	At-Risk Funding	+	On-line Funding	=	Total Funding
_____	X	\$ _____	+	\$ _____	+	\$ _____	=	\$ _____

HOW IS THE MONEY SPENT?

For every dollar in the Akron School District general fund budget (14-15),

- **Fifty-three** cents are spent on instruction and student support services
- **Twenty-three** cents are spent on administration and overhead at schools, e.g. principals, custodians, bus drivers, etc.
- **Seven** cents are spent on district wide leadership and support, which includes the central administration
- **Seventeen** cents are allocated as reserve such as unforeseen or future expenditures

Another useful way to break down the annual budget is by the amount spent per pupil. Divide the lump sum of the district's \$4,153,374.00 budget for 2014-15 by 345.6 (the predicted number of students for the 2014-15 school year) and you get the figure of \$12,017.86 budgeted per pupil.

Keep in mind, though, that this number reflects all of the schools' expenses divided by all of their pupils. Every child is different, with different needs and different demands on the system. Some expenses are targeted to specific groups of students like special needs students, gifted students or students learning English as a second language.

The budget driver: district employees

Education is a very labor-intensive business. For that reason, the largest share of any school district's budget goes to pay for employee wages and benefits. All of Akron School District's full and part-time employees work inside the schools or provide direct services to its students. Of these school based staff, sixty eight percent are teachers or teacher assistants.

What does the money in our budget do?

It costs the Akron school district an average of approximately \$69.00 per school day to educate a student—less than the cost of a tank of gas for some vehicles! This is a bargain when you consider all of the services the school district provides.

For just \$69.00 a day, the Akron school district provides to each student:

- Quality instruction from caring and competent teachers
- Specialized learning services for students with special needs
- Access to library resources and computers
- Guidance, counseling and other support services
- Materials such as textbooks
- Transportation to and from school
- A balanced lunch (and, in some cases, breakfast)
- Healthcare services
- Extracurricular activities
- A safe, orderly learning environment

WHERE DO WE GET THE MONEY TO IMPROVE AND BUILD NEW SCHOOLS?

The Capital budget

While money for schools' day-to-day expenses comes from the general fund budget, money for building, renovating and expanding schools comes from bonds, which by Colorado law must be kept in a separate capital fund. Colorado has established a grant program named BEST (Build Excellent Schools Today). This program was designed to assist school districts that do not have the bonding capacity to address large facility issues, or build new schools if necessary, by providing grants for this purpose that the district matches as they are able. As reported the past four years, the Akron School District put out an RFP (Request for Proposals) for facilities planning to begin the process of applying for a BEST grant. The district hired The Neenan Co. to complete a facilities master plan and assist in the writing of the grant application. Community meetings were conducted and extensive assessments were completed to provide plan options and prepare the BEST grant application. The option chosen was to build a new, two story building on the high school campus which ties in to the existing field house and agriculture/art/music areas to be renovated. The high school classroom wing, elementary/junior high, and auditorium building were demolished; the current softball field relocated to the elementary site and a new transportation and maintenance facility built on the elementary site. The grant application was submitted to CDE and the BEST committee decided on projects to fund at their meeting the end of June 2010. The total amount of the

grant application was \$22,954,686, which included a district match through maximum bonding capacity. This match amount is the limit on bonded indebtedness for the district based on current laws and assessed valuation. The district successfully passed a bond issue at the election in November 2010 for the matching funds, and all financial documents were put in place. The district selected RLH Engineering as owner's representative and retained The Neenan Company to design and build the project, which is now complete with final close-out financial documents being processed at the conclusion of the fiscal year. The second full school year of occupancy for the total project and transportation facility is now complete. With the close out of the district BEST project, the unused funds totaled \$1,173,778.40. Per BEST board policy \$828,758.71 will be transferred back to the state and \$345,019.76 will be applied to our future debt service payment. Capital reserve accounts are being maintained and augmented for eventual replacement of items in the new facility. As part of the requirements for BEST projects a "capital renewal reserve" amount must be set aside for the specific purpose of replacing major public school facility systems with projected life cycles. In the 2013-14 budget \$26,850 was set aside, which is equal to \$75 a student. The State BEST Board has since required a minimum of \$100 per student be set aside annually which will be \$33,600 in the 2014-15 budget. Two new busses were purchased during the 2012-13 budget year on a five year lease. The 2014-15 budget also reflects monies held in reserve for eventual repairs to the track and the possible replacement of a small vehicle.

What do school bonds pay for?

When you hear talk of school bonds, you're hearing about money that the district borrows to pay for these capital expenses. In Colorado, as in most states, voters must approve these loans at the ballot box. Colorado statute limits a school district's bonded debt to 20% of its assessed valuation. Akron School District passed a bond issue in November, 2010 for the maximum 20% or approximately \$7.1 million based on current assessed valuation of property in the school district. The BEST program combined the bonding ability of all the districts approved in the 2010 cycle into one bond sale and each district has a financing agreement with the State of Colorado for repayment. The bond redemption fund is a separate fund that will repay the debt over 20 years, initially using 15.243 mills added to the general fund mill levy through a trustee account. Because of increased property valuation in the district, the additional mills added as a result of the bond redemption has been reduced to 12.87 mills for the current year. The annual debt service on the Akron School District bond issue is \$524,235. There is a 3% cushion applied to assure full payment; total collections are \$539,962.05 annually for the term of the agreement.

THE ANNUAL BUDGET

Each year, the school district must decide on its annual budget. The administrative staff of the district work together to create a tentative budget that considers the needs and values of students, parents, employees, and taxpayers and presents it to the Board of Education. The board must balance the needs of students, parents and employees with the fiscal responsibility it has to the taxpayers. The board is the final decision-maker on the budget.

GENERAL FUND BUDGET ASSUMPTIONS

The General Fund is the focus of budget decisions because it contains almost all of the district's discretionary resources. The 2014-15 fiscal year budget is a financial plan for operating the district's General Fund for the period July 1, 2014 through June 30, 2015. Budget assumptions are used to project available resources and how available resources will be used. The assumptions presented in this budget are intended to focus attention on the decisions that have the greatest impact on the budget. The budget assumptions may change throughout the budget development process.

General assumptions

1. Student Enrollment Assumption: The predicted student count for 2014-15 is 328.1. Using the five year average, the funded pupil count is predicted to be 345.6.
2. Total Program Funding Assumption: The Total Program Funding (Local Property Tax + Specific Ownership Tax + State Equalization) used to prepare the 2014-15 budget is \$3,035,630. This amount is \$162,354 greater than last year; the net increase the past three years has been \$103,623.
3. Beginning Fund Balance Assumption: The Beginning Fund Balance for 2014-15 is budgeted at \$800,000, which is \$44,000 less than a year ago. A reduction in a beginning fund balance must be approved by the Board.

Revenue assumptions

Total Budgeted Net Revenues will increase from a year ago, with a budgeted increase of \$156,768. Per pupil revenue will be \$595 greater than a year ago, based on the state finance act figures for the coming year. Per pupil revenue is now above the 2009-10 year after years of significant reductions due to economic factors in the state and nation. Enrollment declines continue to impact revenue.

Expenditure assumptions

Total Expenditure Assumptions: Total budgeted general fund expenditures will increase by \$124,244 compared to last year. Major expenditure factors that were considered are listed below.

1. Salary Assumptions: The total number of staff members and FTE project to stay relatively even in the coming year. A reduction will be made in total number of regular teachers by one and an increase of a half-time paraprofessional will be added. There is a budgeted increase in base salary for licensed staff and a similar percentage increase for all staff. Staff members that qualify will get a vertical step and can add a step and movement on the salary schedule as a result of approved professional credits earned. Benefits have been increased to accommodate a .9%

increase in district PERA contribution that will occur in January, 2015. This year the number of contract days for licensed staff will remain at 173 days.

Staffing Trends – Fulltime Equivalent (FTE)

Job Description	FTE 2008-09	FTE 2009-10	FTE 2010-11	FTE 2011-12	FTE 2012-13	FTE 2013-14	FTE Projected 2014-15
Superintendent	1	1	1	1	1	1	1
Non-Instructional Director	1	1	1	1	1	1	1
Principal	2	2	2	2	1	1.3	1.3
Instructional Program Coordinator	.1	.1	.1	.3	.5	.4	.4
Non-Instructional Program Coordinator	.8	.8	.9	1	1	1	1
Regular Teachers	27.3	27.7	27.2	24.5	23.6	25.5	24.5
Spec Ed Teachers	1.54	1.2	1.2	1	2	1.7	1.7
Title I Teacher	1	1	.8	.8	.8	.8	.8
Counselor	1	1	1	1	1	1	1
Teaching/Classroom Technician		.2					
Temporary/Part Time (Regularly Scheduled)	.2	.2					
System Administration	.5	.3	.5	.5	.5	.5	.5
Child Care Provider	1.1	1.1	1.3	1.3	1.3	1.3	1.3
Library/Media Assistant	.9	.9	1.1	1.1	1.1	1.3	1
Student Monitor			.6	.5	.4	.9	.9
Teaching Assistant, Regular Ed	2.7	2.7	4	3.9	3.9	2.6	2.6
Teaching Assistant, Special Ed	4	4	3	4	4	5	5.5
Tutor	1.7	1.7	1.6	1.6	1.4	1.4	1.4
Teaching Assistant, Title I	.3	1	.7	.8	.7	.3	.3
General Office/Secretary	2	2	2	2	2	2	2
Bus Driver	1.8	1.8	1.4	1.8	1.8	1.8	1.8
Cook	2	2	2	1	3.5	2.5	2.5
Custodian	2	2	2	2	2	2	2
Food Service Head	1	1	1	1			
Maintenance	2	2	2	2.1	2.1	1.3	1.3
Mechanic						.7	.7
Health Care Technician	1						
District Total	58.94	58.7	58.7	56.2	56.6	56.3	55.8

Staffing Trends – Number of Staff by Assignment

Job Description	2008-09	2009-10	2010-11	2011-12	2012-2013	2013-14	Projected 2014-15
Superintendent	1	1	1	1	1	1	1
Non-Instructional Director	.5	.5	.5	.5	.5	1	1

Principal	2	2	2	2	1	1.5	1.5
Instructional Program Coordinator	.5	.5	.5	1	1.5	.6	.6
Non-Instructional Program Coordinator	.5	.5	.5	.5	.5	.5	.5
Regular Teachers	27	27	27.16	25.16	26.16	26	25
Spec Ed Teachers	2	2	1	1	2	2	2
Title I Teacher	1	1	1	1	1	1	1
Counselors	1	1	1	1	1	1	1
System Administration	1	.5	.33	.33	.33	.33	.33
Child Care Provider	1	1	1	1	1	1	1
Library/Media Assistant	1	1	1	1	1	1	1
Student Monitor				.5	.33	.9	.9
Teaching Assistant, Regular Ed	2.5	5	5	9	5.83	4	4.5
Teaching Assistant, Special Ed	4	4	4	4	4	5	6
Tutor	3	3	3	3	2.5	3	3
Teaching Assistant, Title I	.5	1	.5	.5	.5	.5	.5
General Office/Secretary	2	2	2	2	2	2	2
Bus Driver	3.5	3.5	2.5	3.5	3	3	3
Cook	2	2	2	1	4	3	3
Custodian	2	2	2	2	2	2	2
Maintenance	2	2	2	3	2.33	1.7	1.7
Mechanic						.3	.3
District Total	63	64.83	64.99	64.99	63.48	62.33	62.83

Staffing Trends – Average Teacher Salary
Data Source: CDE Human Resources Report

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Projected 2014-15
Average Daily Rate	\$202.12	\$213.37	\$217.7	\$226.57	\$226.36	\$211.99	\$206.23
Average Salary	\$36,585	\$38,620	\$37,881	\$38,517	\$38,804	\$36,674	\$35,677
FTE	28.7	28.7	29	25.3	25.4	25.5	24.5
Contract Days	181	181	174	170	169	173	173
Hours Per Day	8.00	8.00	8.00	8.00	8.00	8.00	8.00

2. Fringe Benefits Assumptions: Health insurance premiums will decrease approximately 5%. The District pays the employer's share of PERA withholding for all employees including retired employees. Because of state legislation, the employer share of PERA will increase again this year by .9% beginning in January, 2015.

3. Instruction Cost Assumptions: The salary schedule put in place five years ago will be revised. The base salary of \$30,300 will increase to \$31,300 under the revised schedule with similar adjustments reflected at each step of the schedule. Teachers will advance an experience step down and have the opportunity to move across with approved professional credit.
4. Capital Cost Assumptions: With the pay-off of the Honeywell contract three years ago, other capital needs are now being addressed, specifically getting replacement transportation vehicle purchases back on schedule. \$70,000 is budgeted to be allocated from the general fund to make lease payments on the sports complex, the lease payments on new busses and/or other possible vehicle purchases. The sports complex will be paid off in 2014-15. Additional reserves will accumulate for BEST required maintenance and replacement of new facility systems.
5. Pupil Services Assumptions: The guidance/counseling staff will not change this year resulting in very minimal change in this area. The cost of administering and scoring the state and diagnostic tests drives this budget.
6. Instructional Staff Assumptions: The elementary/junior high and high school libraries are funded in this area, as is the technology coordinator. With the new infrastructure and equipment provided with the construction project, it is hoped that costs associated with technology will be reduced. Purchased services are budgeted to hold steady with the past year, budgeted supplies have increased after two years of decrease.
7. General Administration Assumptions: The central administration includes the superintendent and board of education activities. A slight increase to salaries and benefits is budgeted.
8. School Administration Assumptions: A part time administrator was hired mid-year of the 2012-13. The district continued with that position during the 2013-14 school year, as it was evident additional support was needed in this area. The additional requirements of the evaluation tool will necessitate the continued need for this position. Purchased services and supplies are projected to be very similar to this year.
9. Operations and Maintenance Costs Assumptions: The new facility has allowed the district to control operations and maintenance costs more effectively in some areas. Utility costs continue to vary as work continues to correct the HVAC system.
10. Pupil Transportation Assumptions: The district acquired two new busses through lease-purchase agreements and sold two used busses through sealed bid during the 2013-14 year. This area continues to be the most problematic of the student services to control costs. Maintenance costs due to age of vehicles, condition of roads, and additional inspection requirements have made it hard to project future costs. With the hiring of a new employee to the position of Maintenance/Mechanic the expectation is that costs associated with service and inspection requirements will drop and become predictable in the future.

11. Other Business Services Assumptions: The central business office handles all of the fiscal operations of the school district: accounts payable, accounts receivable, human resources, inventory control, insurance and all state and federal reporting.
12. Transfer Assumptions: The district will continue to allocate funds to the Capital Reserve Fund and the Colorado Pre-School Program (CPP) Fund. In the past, the district transferred all of the CPP funds received from the state and did not retain the 5% administrative costs allowable. This past two years, the 5% was retained by the district to help offset reductions in revenue from other sources. This will continue for the coming year.
13. Pupil Activity Fund Assumptions: The number of extra-curricular activities is expected to be the same as last year. Budget revenues and expenditures for this fund will be approximately the same as last year. The beginning fund balance is expected to remain relatively constant from a year ago. The District will not transfer from the General Fund to the Pupil Activity Fund this year. Due to better control on costs the past few years, the need for this transfer has been eliminated for the time being. If needed, another way to offset the increasing costs might be to increase student fees and/or spectator admission prices.
14. Food Service Fund Assumptions: To comply with GASB the food service fund will go from an enterprise fund to a special revenue fund in FY15. Despite the accounting and reporting change, the fund needs to have revenue that meets or exceeds expenses each year. The primary source of revenue is food sales in the form of meals to students and staff. Meal prices increased by 5 cents in 2011 and 2012 so that the fund could keep pace with rising expenses and stay in line with federal guidelines. Meal prices will increase again for the 2014-15 school year to again keep pace with rising prices and federal guidelines. The staff size in this department was reduced by one during the 2013-14 school year. With the change in prices and reduction in staff the expectation is that this fund will be able to operate without supplemental funds.

Who determines needs and decides how we spend school funds?

Many people, including:

- The principal, staff and school building accountability committees who make budget decisions at your local school.
- The superintendent, business manager, and other school district staff who draw up the budget each year and present it to the school board.
- The Board of Education, which adopts the budget and presents it to the public.
- The Colorado State Legislature and Governor, who decide how much state money to spend on schools, how to allocate that money to districts, and what conditions apply.
- The U.S. Congress and President, who decide how much federal money to spend on education, how to divide it up among states and districts, and what conditions apply.
- And, of course, the most important person, *you*. As citizens, we elect all of these public officials.

Accountability for public education spending

Local school boards are accountable to their communities (to you, the taxpayer) for wisely and efficiently spending public funds to support schools. School boards, in turn, hold the superintendent responsible for developing and properly managing the school district's budget. The state also regulates district spending to a certain degree. And, of course, the portion of the district's budget that comes from the federal government is regulated at the national level. Independent auditors, who report their findings to the school board and the public, audit school district budgets annually.

Budget Talking Points and Timeline for 2014-15

School funding in Colorado is based on a complex formula that provides funding to each school district on a per pupil basis called PPR (per pupil revenue). The full impact that Amendment 23 was to have on school finance has now sunset. It initially was intended to require state legislators to increase educational funding each year by a minimum of 1% plus inflation through 2011. However, because of the economic downturn in the state and nation during the three years 2008-2011, the legislature reduced the categorical funding in the per pupil revenue calculation to balance the state budget which resulted in a reduction of total program funding. The 1% annual increase is no longer in force, as the legislation required that it end with 2011 finance bill. This reduction of funds during the economic downturn created what is called the "negative factor". Without the negative factor, the School Finance Act formula would have provided the Akron School District with an additional \$432,982 in the 2011-2012 school year, an additional \$547,554 in the 2012-2013 school year, and an additional \$558,267 in the 2013-2014 school year. The three years of negative factor total \$1,538,803. For Akron R-1, the reductions, declining enrollment and an increase in special needs students, have caused freezes in salaries, dramatic scaling back of staff positions, increase in general education class sizes and deferred replacement of transportation and other capital items. These necessary measures have resulted in creativity for the provision of essential education services and the maintenance of an adequate fund balance. The scope of the reductions in funding as opposed to the intent of Amendment 23 can be quantified in many ways, none of which provide productive information to move forward as a high performing educational institution. Student performance in all areas continues to be very positive in spite of the reduction in funding and the outlook for the district is positive. The renovation of existing facilities and completion of the construction of a new academic building and transportation facility will increase efficiency of the overall operation of the district. The projected budget adjusts the numbers to decrease staff for general education, increase staff serving the special needs population and provides an increase to staff salaries. Supply budgets will increase, there will continue to not be any transfer to the Activity Fund, there will be continued retention of allowable administrative funds from the Colorado Pre-School Program. The projections indicate an increase in appropriated and non-appropriated reserves.

During the 2014 session the legislature passed H.B. 1292 (Student Success Act) and H.B. 1298 (School Finance Act) which begin to address reduced school funding and the negative factor. The result of this legislation at the state level is \$110M going toward buying down the negative factor. Other monies were marked for schools with READ Act and ELL students, charter school capital construction, allocation for additional CPP slots, and CDE for increased financial transparency. The result of these two bills for the Akron School District is an increase in total program funding of \$61, 533.

The majority of our school funding comes from state equalization funds with a smaller portion coming from local property taxes, specific ownership taxes, and other sources. According to the present school finance formula, state equalization funding percentages will decrease as local funding sources increase.

Following is a breakdown of the projected General Fund budgeted revenue sources based on data received from CDE School Finance.

<u>Revenue Source</u>	<u>Amount</u>
Local Property Taxes	\$1,106,512

Specific Ownership Taxes	\$105,175
Other Local Revenues	\$80,000
State Equalization	\$1,823,943
State Share Federal Stabilization Funds	\$0
Special Program Funding	\$165,000
Federal Revenues	\$100,000

Employee wages and benefits account for 75% of the 2014-15 Akron School District's total budgeted expenditures. Of the total budgeted for wages and benefits, ~25% is budgeted for benefits.

Public comments on the budget are always welcome. The tentative timeline for the 2014-15 budget process will be:

Approval of Accountability Goals	October, 2014
Final 2014-15 Budget Revisions	January, 13, 2015
Board Review of Program Goals	December, 2014
Board Review of Future Staffing Needs	December, 2014
Preliminary Discussion of Salary Schedules	January, 2015
Review Short and Long Term Goals	February, 2015
Accountability Committee Budget Discussion	March, 2015
Preliminary 2015-16 Budget Presentation	April 7, 2015
Second Reading of 2015-16 Budget	May 12, 2015
2015-16 Budget Adoption	June 9, 2015

Have a say

Successful schools are everybody's business. Every citizen can have a say in school budget decisions. If you are a public school parent, you can participate with your school's Accountability Committee and learn all you can about budget decisions at your local school. If you are a citizen living within Akron School District boundaries, you can share your opinions with the school board at a school board meeting.

To obtain more information about Akron School District's budget process or find out when public meetings are being held, call 970-345-2268.

For information on state education policy and budget, call the Colorado Department of Education at (303) 866-6600 or access its web site at <http://www.cde.state.co.us>.