



## ***Independent School District No. 877 2018-2019 End of Year Financial Report School Board Workshop – Oct. 14, 2019***

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This document recaps the district's preliminary financial results for the year ended June 30, 2019. The main highlights by fund are as follows:

- General Fund
    - Total adjusted ADM student totals went up 34 from 5,766 to 5,800 for the year.
    - Revenues were over budget by \$2,804.
    - Expenditures came in more favorably than budgeted primarily due to significantly lower than budgeted federal programs, increased carryover, lower than budgeted utility costs and contingency savings.
  - The Food Service Fund showed a profit from operations of \$150,156.
  - The Community Service Fund decreased its deficit by \$242,718 to an overall deficit of \$33,383.
  - The Building Construction Fund decreased \$1,091,625 for completed construction.
  - The Debt Service fund balance decreased overall by \$57,088.
  - The HRA Trust fund increased by \$240,087.
  - The OPEB Trust increased in value by 49,468 and funded \$802,502 of retiree costs that would have otherwise come out of the General fund.
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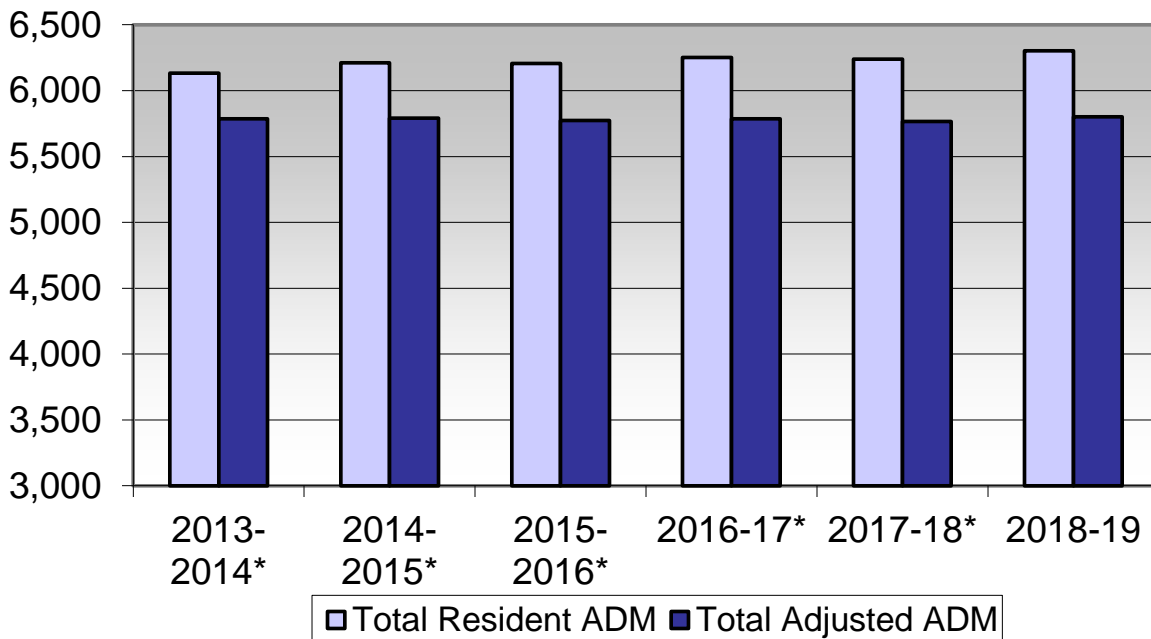
Average Daily Membership

Resident ADM includes all resident students who are enrolled in the district, educated in another district for which tuition is paid, or attending another district under enrollment options. Adjusted ADM includes resident students attending the district, nonresident enrollment option students and nonresident tuition students. History shows that we tend to service fewer students than reside in our community. We saw our resident ADM totals increase by 63. Our total adjusted ADM increased by 34 from last year.

	2013-14*	2014-15*	2015-16*	2016-17*	2017-18*	2018-19	Change From Prior Year
<b>Total Resident ADM</b>	6,134	6,212	6,206	6,251	6,240	6,303	63
<b>Residents Out</b>	768	810	837	902	931	980	49
<b>Residents attending here</b>	5,367	5,402	5,369	5,348	5,309	5,323	14
<b>Non-Residents in</b>	347	319	340	365	381	410	29
<b>Tuition out</b>	73	70	65	73	76	67	(9)
<b>Total Adjusted ADM</b>	5,787	5,791	5,774	5,786	5,766	5,800	34
<b>Net Loss</b>	421	491	497	537	550	570	20

\*Source: School District Profiles

**Average Daily Membership**



\*Source: School District Profiles

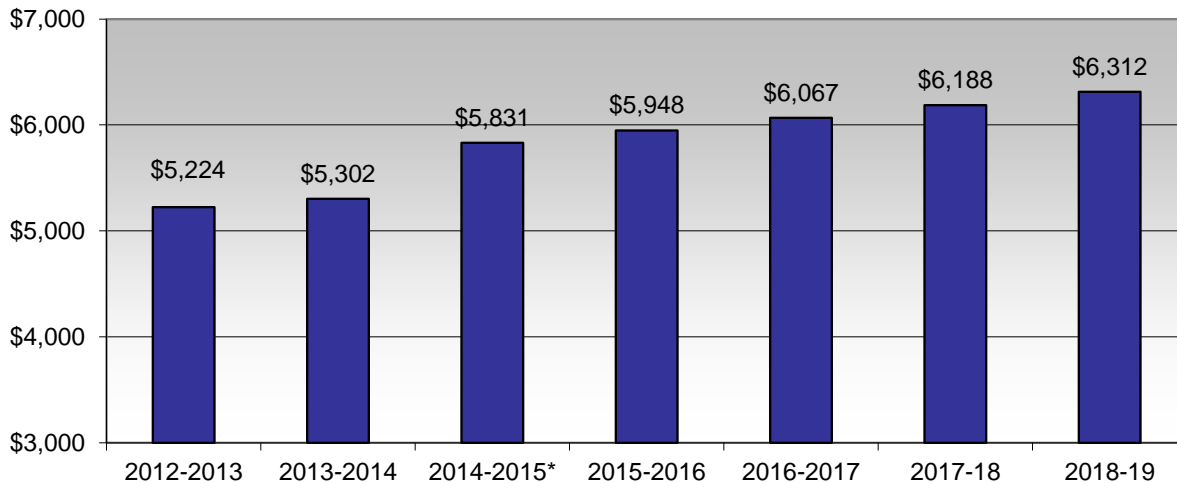
General Education Revenue

The largest source of revenue for the district is basic General Education Revenue. Total basic General Education Revenue is calculated by multiplying the formula allowance by the number of pupil units for which a school is entitled. Pupil units are calculated using a weighting system applied to the average daily membership (WADM's). The legislature has increased the formula as shown in the chart and graph below.

	2013-14	2014-15*	2015-16	2016-17	2017-18	2018-19
<b>General Education Formula Allowance</b>	\$5,302	\$ 5,831	\$ 5,948	\$ 6,067	\$ 6,188	\$ 6,312
<b>Percent Increase From Prior Year</b>	1.49%	9.98%	2.01%	2.00%	1.99%	2.00%

\*The 2013 Legislature changed pupil unit weighting and increased the formula. The net increase in \$ per student was \$79 or 1.5%

**General Education Aid Per Pupil**



\*The 2013 Legislature changed pupil unit weighting and increased the formula. The net increase in \$ per student was \$79 or 1.5%

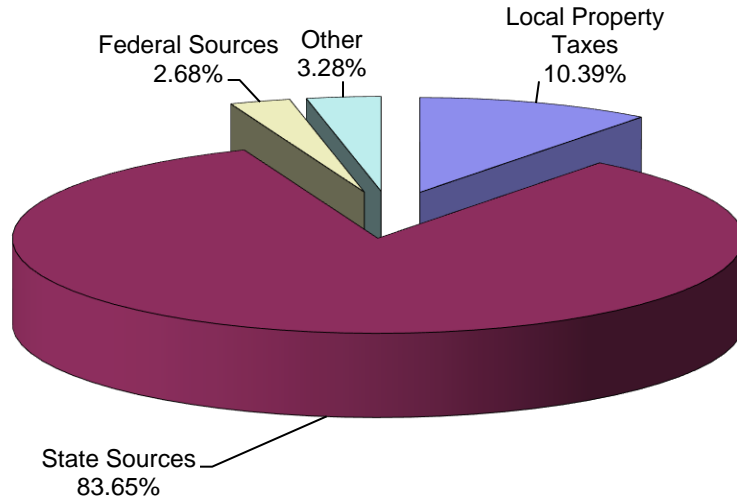
General Fund - Revenue

In the General Fund, revenues net of other funding sources came in over budget by \$2,518, which is a .00% variance. We recognized less tax revenue than anticipated due to lower miscellaneous tax payments and county apportionment taxes. We saw more special education aid than anticipated for the current year based on increased expenditures and an increase in the growth cap for special education aid. General education revenue came in higher than budget due to higher than projected pupil counts. Federal revenue was down significantly when compared to budgeted totals due to lower than budgeted expenditures in the Montrose Education Center grant and a shift in the use of federal revenue to offset special ed tuition billing totals. In addition, most federal programs were set up to carry over entitlements from this year to next year in anticipation of lower entitlement projections for 2019-20.

In comparison to last year, total General Fund revenue net of other funding sources increased by \$3,162,818. Revenue from Local Property Taxes was higher by \$488,012 due to the increase in the Long-Term Facility Maintenance program and the shift in the equalization factor for many of the district's state revenues. Revenue from state sources was higher by \$2,146,115 due to an increase in the general education revenue formula and higher pupil units, higher special education aid, and the increase in aid from the third year of the LTFM program. Revenue from Federal Sources increased \$210,112 due to the award of the Montrose Elementary STEAM grant, lower entitlements, and use of carryover funds in those programs. Local sources increased \$318,580 from increased interest earnings, higher student activity fundraising and donations, higher third party billing collections, increased rental revenue, retiree insurance contributions, and due from other districts.

	2017-2018 Actual	2018-2019 Revised Budget	2018-2019 Actual	\$ Budget Variance	% Budget Variance	Difference Prior Year
<b>Revenue</b>						
Local Property Taxes	\$6,528,647	\$7,068,705	\$7,016,659	(\$52,046)	-0.74%	\$488,012
State Sources	\$54,339,704	\$56,020,570	\$56,485,820	\$465,250	0.83%	\$2,146,115
Federal Sources	\$1,599,381	\$2,482,865	\$1,809,493	(\$673,372)	-27.12%	\$210,112
Other	\$1,899,229	\$1,954,836	\$2,217,809	\$262,973	13.45%	\$318,580
<b>Total</b>	<b>\$64,366,961</b>	<b>\$67,526,976</b>	<b>\$67,529,780</b>	<b>\$2,804</b>	<b>0.00%</b>	<b>\$3,162,818</b>

**2018-2019 General Fund Revenue By Source**



General Fund – Expenditures by Object

In the General Fund, expenditures net of other funding uses were under budget by \$1,197,501 or 1.71%. Of this total, federal programs and state special ed categories were underspent by \$747,069 for the year. This was primarily due to a timing issue of the Montrose Elementary STEAM grant, creating carryovers for the next fiscal year, no longer using federal funds to offset tuition billing from other districts, or simply underspending. The remaining budget savings are primarily from the following areas:

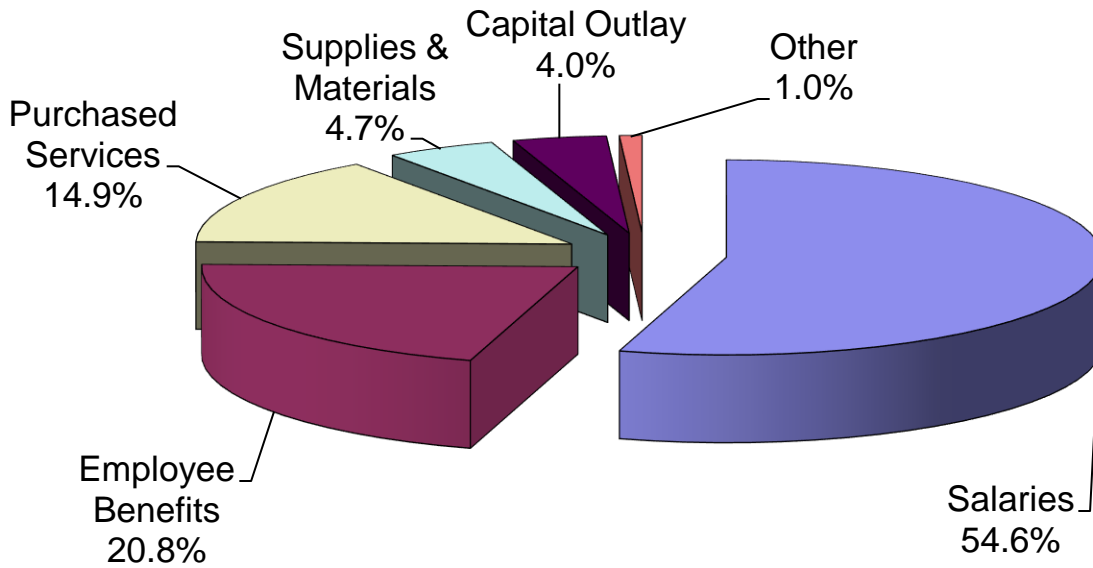
- Lower than anticipated payouts for year-end PPD stipends
- Lower than anticipated costs for non-special ed ESP staff and custodial positions not filled
- Worker's compensation retention refund not known until after the budget revision
- Lower than anticipated health insurance costs
- Lower Social Security, Medicare, TRA and PERA payments due to the above items
- Utilities and fuel cost savings of \$98,279
- Higher than budgeted tuition payments
- Lower than budgeted travel budgets
- Lower than budgeted expenditures for principals and teaching and learning resulting in an increase in the assigned balance for carryover
- Superintendent contingency budget underspent
- Montrose Safety grant budgeted for this year but the majority of the work being done in 19-20
- TRA/PERA in-kind total higher than budgeted (this has a matching component in the revenues)

The General Fund expenditures net of other uses increased \$3,268,077 or 4.98% from the previous year. The increase was primarily due to the increases of the LTFM program, curriculum adoption purchases, additional teaching staff hired during the year, and inflationary increases as a part of our employee contracts. This is the sixth year of using the OPEB Trust and the Trust paid for a net cost of \$802,502 that would have otherwise been in the General Fund.

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	2017-2018 Actual	2018-2019 Revised Budget	2018-2019 Actual	\$ Budget Variance	% Budget Variance	Change From Prior Year	% Change from Prior Year
<b>Expenditures</b>							
Salaries	\$36,416,491	\$37,981,420	\$37,638,672	\$342,748	-0.90%	\$1,222,181	3.36%
Employee Benefits	\$13,652,227	\$14,584,538	\$14,326,980	\$257,558	-1.77%	\$674,753	4.94%
Purchased Services	\$10,292,283	\$10,997,756	\$10,272,057	\$725,699	-6.60%	(\$20,226)	-0.20%
Supplies & Materials	\$2,622,893	\$3,463,850	\$3,254,715	\$209,135	-6.04%	\$631,822	24.09%
Capital Outlay	\$2,086,909	\$2,445,719	\$2,780,454	(\$334,735)	13.69%	\$693,544	33.23%
Other	\$602,085	\$665,182	\$668,087	(\$2,905)	0.44%	\$66,002	10.96%
<b>Total</b>	<b>\$65,672,888</b>	<b>\$70,138,465</b>	<b>\$68,940,964</b>	<b>\$1,197,501</b>	<b>-1.71%</b>	<b>\$3,268,077</b>	<b>4.98%</b>

**2018-19 General Fund Expenditures By Object**



General Fund - Fund Balance

With total revenues ending at \$67,537,743 and total expenditures at \$68,940,964, the General Fund's overall fund balance decreased \$1,403,221 to \$14,666,515 as of June 30, 2019. The Unassigned/Nonspendable fund balance decreased \$2,223,814. To be consistent in our reporting, the district's fund balance policy is calculated with the Non-spendable and Unassigned Fund Balance totals.

	2015-16	2016-17	2017-18	2018-19	Change from Prior Year
<b>Restricted Fund Balance</b>					
Health & Safety	(\$64,860)	(\$16,495)	\$0	\$0	\$0
Operating Capital	\$614,501	\$698,826	\$734,140	\$733,445	(\$695)
Staff Development	\$62,695	\$10,568	\$0	\$0	\$0
Teacher Development	\$103,247	\$103,247	\$103,247	\$103,096	(\$151)
Medical Assistance		\$89,096	\$124,412	\$217,324	\$92,911
Long-term Facilities Maintenance		\$104,729	(\$150,913)	(\$71,833)	\$79,080
Deferred Maintenance	\$0	\$0	\$0	\$0	\$0
	<u>\$715,582</u>	<u>\$989,971</u>	<u>\$810,886</u>	<u>\$982,032</u>	<u>\$171,145</u>
<b>Committed Fund Balance</b>					
Severance Ins Premiums	\$4,165,436	\$3,495,768	\$3,420,225	\$3,340,760	(\$79,465)
<b>Assigned Fund Balance</b>					
Carryover	\$355,597	\$342,530	\$301,526	\$587,621	\$286,095
Student Activities	\$356,604	\$399,324	\$360,853	\$389,588	\$28,734
Dental Insurance	\$146,525	\$181,325	\$221,656	\$194,973	(\$26,683)
Capital/Technology	\$654,759	\$1,058,629	\$1,459,667	\$1,833,715	\$374,047
PPD				\$66,719	\$66,719
Third Party Special Ed	\$560,353	\$560,353	\$560,353	\$560,353	\$0
	<u>\$2,073,838</u>	<u>\$2,542,161</u>	<u>\$2,904,056</u>	<u>\$3,632,968</u>	<u>\$728,913</u>
<b>Nonspendable Fund Balance</b>	\$262,876	\$369,130	\$504,348	\$574,149	\$69,800
<b>Unassigned Fund Balance</b>	<u>\$9,738,999</u>	<u>\$9,973,931</u>	<u>\$8,430,221</u>	<u>\$6,136,607</u>	<u>(\$2,293,614)</u>
<b>Total NonSpendable/Unassigned fund Balance</b>	<u>\$10,001,876</u>	<u>\$10,343,061</u>	<u>\$8,934,570</u>	<u>\$6,710,756</u>	<u>(\$2,223,814)</u>
<b>Total Fund Balance</b>	<u>\$16,956,732</u>	<u>\$17,370,962</u>	<u>\$16,069,736</u>	<u>\$14,666,515</u>	<u>(\$1,403,221)</u>

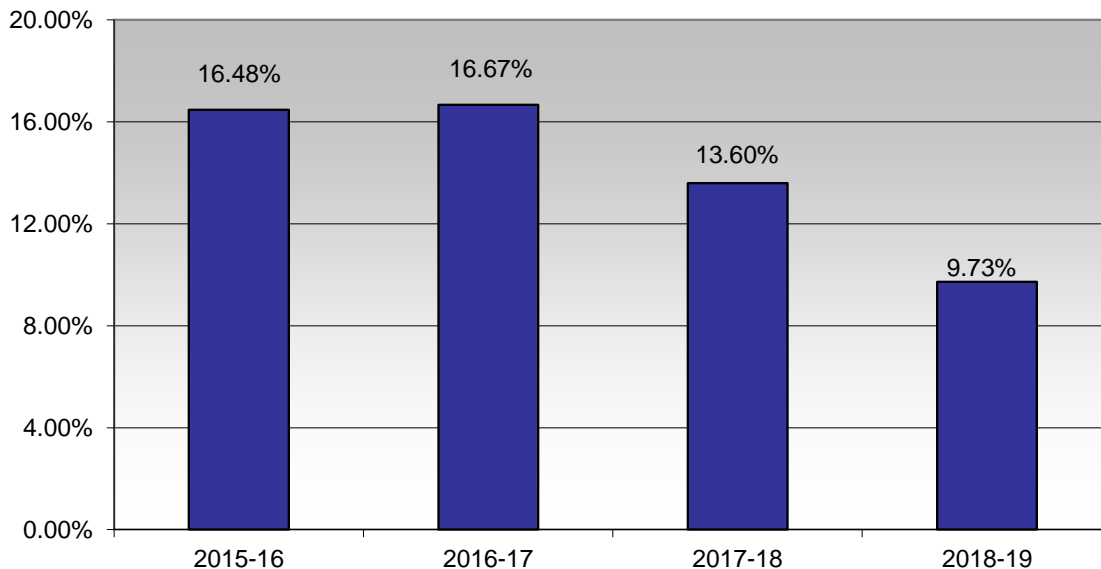


General Fund - Fund Balance

The unassigned/unrestricted fund balance decreased by \$2,223,814 to \$6,710,756 as of June 30, 2019, which is 9.73% of total expenditures. This is a 3.87% decrease from the prior year. The district has continued its approach of spending down the fund balance again for this fiscal year. The fund balance percentage is within the parameters of our fund balance policy of 8-12%.

	2015-16	2016-17	2017-18	2018-19	Change from Prior Year
<b>Nonspendable Fund Balance</b>	\$262,876	\$369,130	\$504,348	\$574,149	\$69,800
<b>Unassigned Fund Balance</b>	\$9,738,999	\$9,973,931	\$8,430,221	\$6,136,607	(\$2,293,614)
	<u>\$10,001,876</u>	<u>\$10,343,061</u>	<u>\$8,934,570</u>	<u>\$6,710,756</u>	<u>(\$2,223,814)</u>
<b>Total General Fund Expenditures</b>	<u>\$60,679,188</u>	<u>\$62,048,814</u>	<u>\$65,672,888</u>	<u>\$68,940,964</u>	<u>\$3,268,077</u>
<b>Fund Balance as a % of Total General Fund Expenditures</b>	16.48%	16.67%	13.60%	9.73%	-3.87%

**Fund Balance as a % of  
Total General Fund Expenditures**



Food Service – Fund 02

In the Food Service Fund, revenues exceeded expenditures causing the fund balance to increase by \$150,156. Food Service revenues were over budget by \$95,350 and the expenditures were under budget by \$111,370. The Food Service Fund had increases in the local, state and federal meal reimbursement rates to increase revenue as well as an increase in meals from the summer food service program. The increase in rates was offset somewhat by the reduced meal counts. Total breakfast and lunch meals served to students decreased from 725,240 to 715,931. The program ran five less days than the prior year due to weather cancellations. The meals per day for lunch were down 20 from the prior year while the breakfast meals per day went up 89. In addition, we received \$42,104 more in commodities from the prior year. Ala carte sales were up slightly by \$2,528. The number of free and reduced meals in 2018-19 was 34.14% of the meals served versus 37.06% of the meals served in 2017-2018. Food service revenues from all sources were up \$67,625 from the previous year. Expenditures were down by \$168,449 from the previous year. Labor costs in total were \$105,884 lower than the prior year due to fewer staff and a reduction in workers compensation premiums due a premium credit. All other costs were \$62,565 lower than the prior year.

<b>Fund 02</b>	<b>2017-18 Actual</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actual</b>	<b>\$ Budget Variance</b>	<b>% Budget Variance</b>	<b>Change from Prior Year</b>
<b>Revenue</b>						
State Sources	\$160,069	\$171,020	\$173,700	(\$2,680)	-1.57%	\$13,631
Federal Sources	\$1,142,623	\$1,080,095	\$1,153,799	(\$73,704)	-6.82%	\$11,176
Sales to Students/Adults	\$1,690,297	\$1,714,149	\$1,733,115	(\$18,966)	-1.11%	\$42,818
<b>Total</b>	<b>\$2,992,989</b>	<b>\$2,965,264</b>	<b>\$3,060,614</b>	<b>(\$95,350)</b>	<b>-3.22%</b>	<b>\$67,625</b>
<b>Expenditures</b>						
Salaries	\$1,107,212	\$1,054,317	\$1,036,628	\$17,689	1.68%	(\$70,584)
Employee Benefits	\$562,544	\$539,787	\$527,243	\$12,544	2.32%	(\$35,300)
Purchased Services	\$161,591	\$170,800	\$142,837	\$27,963	16.37%	(\$18,754)
Supplies & Materials	\$1,234,315	\$1,217,963	\$1,184,110	\$33,853	2.78%	(\$50,206)
Capital Outlay	\$4,773	\$30,000	\$11,891	\$18,109	60.36%	\$7,118
Other	\$8,472	\$8,961	\$7,749	\$1,212	13.53%	(\$723)
<b>Total</b>	<b>\$3,078,907</b>	<b>\$3,021,828</b>	<b>\$2,910,458</b>	<b>\$111,370</b>	<b>3.69%</b>	<b>(\$168,449)</b>
<b>Fund Balance</b>	<b>\$471,586</b>	<b>\$415,022</b>	<b>\$621,743</b>	<b>\$150,156</b>	<b>\$206,720</b>	

**Meal Counts**

	2017-18 Actual	2018-19 Revised Budget	2018-19 Actual	Budget Variance	% Budget Variance	Change from Prior Year
<b>School Days</b>	173	168	168	-	0.00%	(5)
<b>School Year Program</b>						
Lunch	584,995	565,347	564,736	(611)	-0.11%	(20,259)
Breakfast	140,245	147,026	151,195	4,169	2.84%	10,950
<b>Total</b>	<b>725,240</b>	<b>712,373</b>	<b>715,931</b>	<b>3,558</b>	<b>0.50%</b>	<b>(9,309)</b>
<b>Meals per Day</b>						
Lunch	3,381	3,365	3,362	(4)	-0.11%	(20)
Breakfast	811	875	900	25	-	89
<b>Total</b>	<b>4,192</b>	<b>4,240</b>	<b>4,261</b>	<b>21</b>	<b>0.50%</b>	<b>69</b>
Program Days	52	52	52	-	0.00%	-
<b>Summer Food Program</b>						
Lunch	10,062	10,062	13,159	3,097	30.78%	3,097
Breakfast	5,600	5,600	8,282	2,682	47.89%	2,682
<b>Total</b>	<b>15,662</b>	<b>15,662</b>	<b>21,441</b>	<b>5,779</b>	<b>36.90%</b>	<b>5,779</b>
<b>Meals per Day</b>						
Lunch	194	194	253	60	30.78%	60
Breakfast	108	108	159	52	47.89%	52
<b>Total</b>	<b>301</b>	<b>301</b>	<b>412</b>	<b>111</b>	<b>36.90%</b>	<b>111</b>

Community Service – Fund 04

The Community Service Fund saw increases in all fund balance categories except the Unassigned/Nonspendable category. Revenues came in over budget by \$18,710 or .51% while expenditures were under budget by \$133,124 or 3.72%. Revenue was up from the prior year in property taxes and state aid but was down in tuition and fees. We saw reductions in expenditures from all programs of \$234,779 from last year. Expenditures were down from last year in every expenditure category with the largest portion coming from salaries. Those reductions were primarily in the KidKare program. The total Community Service Fund balance was a negative \$33,383 or an increase of \$242,718 on June 30, 2019.

Fund 04	2018-2019		2018-2019 Actual	\$ Budget Variance	% Budget Variance	Change From Prior Year
	2017-2018 Actual	Revised Budget				
<b>Revenue</b>						
Local Property Taxes	\$484,481	\$498,369	\$488,808	\$9,561	1.92%	\$4,327
State Sources	\$503,517	\$534,593	\$545,951	(\$11,358)	-2.12%	\$42,434
Tuition, Fees, & Misc.	\$2,731,935	\$2,635,625	\$2,652,538	(\$16,913)	-0.64%	(\$79,396)
<b>Total</b>	<b>\$3,719,932</b>	<b>\$3,668,587</b>	<b>\$3,687,297</b>	<b>(\$18,710)</b>	<b>-0.51%</b>	<b>(\$32,635)</b>
<b>Expenditures</b>						
Salaries	\$2,382,167	\$2,307,875	\$2,254,068	\$53,807	2.33%	(\$128,099)
Employee Benefits	\$750,133	\$761,359	\$741,145	\$20,214	2.65%	(\$8,988)
Purchased Services	\$325,605	\$315,768	\$280,536	\$35,232	11.16%	(\$45,069)
Supplies & Materials	\$195,709	\$184,550	\$158,489	\$26,061	14.12%	(\$37,220)
Capital Outlay	\$13,297	\$4,250	\$4,563	(\$313)	-7.37%	(\$8,734)
Other	\$12,446	\$3,900	\$5,777	(\$1,877)	-48.13%	(\$6,669)
<b>Total</b>	<b>\$3,679,357</b>	<b>\$3,577,702</b>	<b>\$3,444,578</b>	<b>\$133,124</b>	<b>3.72%</b>	<b>(\$234,779)</b>
<b>Fund Balance Change</b>						
	<b>Beg. Balance</b>	<b>Proj. Balance</b>	<b>Actual Balance</b>	<b>Net Change</b>		
Community Education	(\$300,928)	(\$70,972)	(\$115,528)	\$185,400		
ECFE	\$86,893	(\$30,535)	\$122,452	\$35,559		
School Readiness	(\$35,658)	\$4,746	(\$8,566)	\$27,092		
Adult Basic Education	\$12,345	\$12,991	\$12,345	\$0		
Unassigned/Nonspendable	(\$38,754)	\$6,784	(\$44,087)	(\$5,333)		
<b>Fund Balance Totals</b>	<b>(\$276,101)</b>	<b>(\$76,986)</b>	<b>(\$33,383)</b>	<b>\$242,718</b>		

Building Construction – Fund 6

The Building Construction Fund tracks the revenues and expenditures from the bond issue passed on November 4, 2014. The project started in 2014-15 and is scheduled to be completed in 2019-20. Revenues for this year represented the advertising donations, Erate funds, and interest earned during the year and totaled \$190,174. Expenditures for work completed as of the end of the year totaled \$1,281,799. The total Building Construction Fund balance was \$911,075 on June 30, 2019, which was a decrease of \$1,091,625.

<b>Fund 6</b>	<b>2017-2018 Actual</b>	<b>2018-2019 Revised Budget</b>	<b>2018-2019 Actual</b>	<b>\$ Budget Variance</b>	<b>% Budget Variance</b>	<b>Change From Prior Year</b>
<b>Revenue</b>						
Interest Revenue	\$110,678	\$50,000	\$57,180	\$7,180	14.36%	(\$53,498)
Other	(\$76,742)	\$26,842	\$93,869	\$67,027	249.71%	\$170,611
Donations	\$41,725	\$42,750	\$39,125	(\$3,625)	-8.48%	(\$2,600)
Bond Proceeds	\$0	\$0	\$0	\$0	0.00%	\$0
<b>Total</b>	<b>\$75,661</b>	<b>\$119,592</b>	<b>\$190,174</b>	<b>\$70,582</b>	<b>59.02%</b>	<b>\$114,513</b>
<b>Expenditures</b>						
Construction Costs	\$4,213,641	\$1,470,662	\$1,281,799	(\$188,863)	-12.84%	(\$2,931,841)
<b>Total</b>	<b>\$4,213,641</b>	<b>\$1,470,662</b>	<b>\$1,281,799</b>	<b>(\$188,863)</b>	<b>-12.84%</b>	<b>(\$2,931,841)</b>
<b>Fund Balance</b>	<b>Beg. Balance</b>	<b>Proj. Balance</b>	<b>Actual Balance</b>	<b>Net Change</b>		
	\$2,002,700	\$651,630	\$911,075	(\$1,091,625)		

Health Reimbursement Account Trust – Fund 18

The district created a sunset clause in the teachers’ contract and the administrators’ contract, and some individual contracts for recently hired positions. Individuals hired after the sunset date in their respective contracts are no longer eligible for the grandfathered post-retirement insurance benefits. The new provisions require the district to make an up-front contribution to the employee’s HRA account upon hire and an annual contribution to the employee’s HRA account for each year of service. Each contract has a contribution limit for the individual employee. These funds are held in an irrevocable trust with Mid-America through National Insurance Services. The employees have to meet certain vesting requirements before they can access these funds. As a result of these new contract provisions, we are required to show the cumulative balance of contributions plus any accrued interest in these trust accounts for those individuals eligible for this new program. The actual payments to the trust are already included in the General Fund expenditures shown previously in this report. This will also be the case in future years. The balances shown represent cumulative contributions and interest earned on those individual accounts as of the end of the fiscal year. The balance in the accounts was \$1,851,004 on June 30, 2019, which was an increase of \$240,087.

<b>Fund 18</b>	<b>2017-2018 Actual</b>	<b>2018-2019 Revised Budget</b>	<b>2018-2019 Actual</b>	<b>\$ Budget Variance</b>	<b>% Budget Variance</b>	<b>Change From Prior Year</b>
<b>Revenue</b>						
Interest Revenue	\$18,149	\$20,000	\$25,822	\$5,822	29.11%	\$7,674
District Contributions	\$266,802	\$387,123	\$214,264	(\$172,859)	-44.65%	(\$52,537)
<b>Total</b>	<b>\$284,950</b>	<b>\$407,123</b>	<b>\$240,087</b>	<b>(\$167,036)</b>	<b>-41.03%</b>	<b>(\$44,864)</b>
<b>Expenditures</b>						
Transfers Out	\$0	\$0	\$0	\$0	0.00%	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>
<b>Fund Balance</b>	<b>Beg. Balance \$1,610,918</b>	<b>Proj. Balance \$2,018,041</b>	<b>Actual Balance \$1,851,004</b>	<b>Net Change \$240,087</b>		

OPEB Irrevocable Trust Fund – Fund 45

During the 2009-2010 school year, the district issued \$10.845 million in OPEB Bonds and at the same time, created an irrevocable trust with Bremer Bank to fund the district's post-employment benefits. The debt payments and property tax levy revenue are recorded in Debt Service Fund 47, and the trust activity is recorded in Fund 45.

The district started using the Trust in the 2012-2013 year to cover post-employment obligations and has done so each year since. The interest earnings and dividends recognized each year represent the change in the financial markets and any distributions out of the Trust. Retiree contributions represent the employee share of retiree insurance costs. The district had slightly higher retiree HRA contributions than projected. This is the sixth year of using the OPEB Trust and the Trust paid for a net cost of \$802,502 that would have otherwise been in the General Fund. The amount held in trust for OPEB as of June 30, 2019 was \$13,347,372 and increased in total value by \$49,468.

<b>Fund 45</b>	<b>2017-2018 Actual</b>	<b>2018-2019 Revised Budget</b>	<b>2018-2019 Actual</b>	<b>\$ Budget Variance</b>	<b>Change From Prior Year</b>
<b>Revenue</b>					
Interest and Dividends	\$788,773	\$450,000	\$923,065	\$473,065	\$134,291
Retiree Contributions	\$269,040	\$335,003	\$316,811	(\$18,192)	\$47,771
Investment Expenses	(\$73,964)	(\$75,000)	(\$71,094)	\$3,906	\$2,869
<b>Total</b>	<b>\$983,849</b>	<b>\$710,003</b>	<b>\$1,168,781</b>	<b>\$458,778</b>	<b>\$184,931</b>
<b>Expenditures</b>					
Health Insurance	\$738,112	\$653,690	\$697,708	\$44,018	(\$40,405)
Life Insurance	\$7,416	\$25,516	\$27,723	\$2,207	\$20,307
Dental Insurance	\$52,524	\$50,731	\$52,046	\$1,315	(\$478)
Contributions to HRA	\$370,083	\$370,993	\$341,836	(\$29,157)	(\$28,247)
<b>Total</b>	<b>\$1,168,134</b>	<b>\$1,100,930</b>	<b>\$1,119,312</b>	<b>\$18,382</b>	<b>(\$48,822)</b>
<b>Net Assets</b>	<b>Beg. Balance \$13,297,904</b>	<b>Proj. Balance \$12,906,977</b>	<b>Actual Balance \$13,347,372</b>	<b>Net Change \$49,468</b>	

Debt Service – Funds 07 & 47

The Debt Service Fund balances for Funds 07 and 47 decreased \$6,025,266 overall and are \$1,435,024 in total as of June 30, 2019, a decrease of \$57,088. We budgeted the payment for the refunded bond principal refunded in May 2018 and paid in July 2019 as a bond refunding. At the time of the audit, it was determined that it needed to be treated as a regular principal payment due to the type of refunding transaction. As a result, the budget lines and the actual lines do not match, but match in total. The budget variance in revenue is primarily due to increased interest earnings and lower than projected miscellaneous tax collections.

School districts are required to levy 105% of their annual debt payments to cover possible delinquent property taxes. When the fund balance reaches a certain point, the State calculates a debt excess fund balance figure and reduces the tax levy by that amount on the next year's property tax levy. All of the funds in the restricted fund balance total are restricted to meet future debt obligations of the district.

Funds 07 & 47	2018-2019		2018-2019 Actual	\$ Budget Variance	Change From Prior Year
	2017-2018 Actual	Revised Budget			
<b>Revenue</b>					
Local Property Taxes	\$7,131,225	\$7,223,181	\$7,206,492	(\$16,689)	\$75,268
State Sources	\$540,493	\$284,960	\$289,864	\$4,904	(\$250,629)
Interest Revenue	\$75,624	\$74,112	\$94,484	\$20,372	\$18,860
Transfer In	\$0	\$0	\$0	\$0	\$0
Bond Proceeds	\$6,028,531	\$0	\$0	\$0	(\$6,028,531)
<b>Total</b>	<b>\$13,775,872</b>	<b>\$7,582,253</b>	<b>\$7,590,840</b>	<b>\$8,587</b>	<b>(\$6,185,032)</b>
<b>Expenditures</b>					
Principal & Interest	\$7,765,663	\$7,629,757	\$13,609,756	\$5,979,999	\$5,844,093
Other	\$65,902	\$6,425	\$6,350	(\$75)	(\$59,552)
Bond Refunding	\$0	\$5,979,860	\$0	(\$5,979,860)	\$0
<b>Total</b>	<b>\$7,831,565</b>	<b>\$13,616,042</b>	<b>\$13,616,106</b>	<b>\$64</b>	<b>\$5,784,541</b>
	<b>Beg. Balance</b>	<b>Proj. Balance</b>	<b>Actual Balance</b>	<b>Net Change</b>	
Restricted for Bond Refunding	\$5,968,179	\$0	\$0	(\$5,968,179)	
Restricted Fund Balance	\$1,492,112	\$1,438,183	\$1,435,024	(\$57,088)	
<b>Total Fund Balance</b>	<b>\$7,460,291</b>	<b>\$1,426,502</b>	<b>\$1,435,024</b>	<b>(\$6,025,266)</b>	



Student Activities

The final piece of the district’s financial report pertains to student activities. The district has student activities under school board control and student activities not under school board control. If a school district has student activities not under the control of the board, the board should receive an accounting report of those funds at least once a year. The report should be supplemental to the annual audit. Below is a summary of the student activities not under board control for 2018-2019.

	<b>Balance June 30, 2017</b>	<b>Receipts and Transfers In</b>	<b>Disbursements and Transfers Out</b>	<b>Balance June 30, 2018</b>
Class of 2018 (Seniors)	\$1,599.29		1,599.29	-
Class of 2019 (Juniors)	\$1,871.36	1,550.52	2,522.23	899.65
Class of 2020 (Sophomores)	\$596.62	21,880.50	16,397.11	6,080.01
Class of 2021 (Freshmen)	\$572.85	0.27	-	573.12
Class of 2022 (Freshmen)	-	1,600.02	84.96	1,515.06
SH Arts Magnet	\$8,011.20	742.30	1,454.87	7,298.63
SH Bison Stampede	(\$124.82)	125.05	0.23	0.00
SH Business Professionals America	(\$38.49)	1,837.27	1,798.78	-
SH FFA	\$232.59	0.10	230.00	2.69
SH NHS	\$790.34	200.44	-	990.78
SH Student Care	\$3,587.70	1,966.90	1,310.22	4,244.38
SH Student Council	\$6,032.79	13,134.91	12,288.33	6,879.37
<b>Total</b>	<b>\$ 23,131.43</b>	<b>\$ 43,038.28</b>	<b>\$ 37,686.02</b>	<b>\$ 28,483.69</b>
			KleinBank CD	\$ -
			KleinBank Checking	28,483.69
				<b>\$ 28,483.69</b>