

**School Board Workshop:**

April 9, 2012

**Subject:**

Cash Flow Projection

**Presenter:**

Tina Burkholder

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**SUGGESTED SCHOOL BOARD ACTION:**

Cash flow report. No action required.

**DESCRIPTION:**

In order to determine if the District should borrow short-term, a cash flow projection is created each school year. The cash flow projection predicts how the cash will flow in and out of the District for the next year and a half for our operating funds: General Fund, Food Service Fund, and Community Ed Fund. The cash flow projection does not include the Debt Service Fund or the Building Construction Fund. On this projection, a couple of assumptions were made:

- state revenues were based on the 2011-12 aid entitlement report which includes the current 64.3/35.7 aid shift,
- federal revenues decrease with Ed Jobs funds going out,
- property tax revenue is according to the 2011 Payable 2012 report and decreases slightly for the following year,
- other revenues are the same and reflect a 0% change except for the OPEB transfer of approximately \$700,000 in total that will come in 3 withdrawals from the trust in July, 2012, April, 2013 and June, 2013
- payroll expenditures increase 2.5%,
- health insurance premiums increase 7.5%,
- accounts payable expenditures (supplies & utilities) including transportation increase at 2%.

Current law states that the aid shift is set at 60/40 for FY11-12 and beyond. However, due to the upgrade in the state's financial picture from the February 2012 forecast, the current aid shift has been moved to 64.3/35.7 for the balance of FY11-12 and this shift amount is reflected in FY12-13 as well. The statute has not been changed from the 60/40 number but the House and Senate committee have agreement to send more funds to buyback more of the aid shift. We are hopeful the governor will agree with the proposal as well.

The Cash Projection chart shows the detail of the monthly totals for revenues and expenditures and also shows the assumptions that are used. The chart goes through December of 2013. You will note that we are projecting a deficit in the operating funds in June of 2013 of about \$4.4 million which goes to about \$4 million in July of 2013.

I have also attached a graph that shows the combined projected cash position of all funds for FY 2010-11, FY2011-12, FY2012-13, and FY2013-14. When combining operating funds with the debt service fund, we stay positive for the entire 2012-13 fiscal year. That is not the case for FY2013-14. At this point, our projections for that

year show that we only have seven months where our combined cash position is positive.

Needless to say, it is likely that we will be forced to borrow for cash flow needs toward the end of FY2013 or early in the beginning of FY2013-14. We will continue to monitor our cash position as better numbers become available and the state funding plan is completed. As done in the past, we intend to send our cash flow projection to Ehlers for review and recommendation. We plan to have a revised cash flow projection in May or June.

Attachments:

- Cash Flow Chart for 2012-13
- Projected Monthly Balances 2011-14