

School Board Workshop:

November 14, 2016

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

Attached is the September 30th quarterly financial update. Expenditures are summarized by fund with the exception of the General Fund. **Administration** includes all administrative expenditures. **Instruction Related** expenditures consist of regular instruction, vocational instruction, and special education instruction. Instructional support and pupil support (transportation) are in the **Student Support Services** category, and the buildings & grounds, transfers, and insurance expenditures are in the **Maintenance & Operations** category. **Capital Outlay** expenditures have been removed from each program to make its own category. The last category is **Property Insurance and Short-term Debt Service**.

Revenues and Expenditures

The operating and non-operating funds that are listed in the quarterly financial update include: General Fund, Food Service, Community Service, Capital Outlay, Building Fund, and Debt Service. Revenues as a percentage of the budget are 11.82%, 13.74%, 19.12%, 15.17%, and 8.38%, respectively, for the last five years. In 2014-15, the percentage of 19.12 was higher as a result of a state aid audit entry that was reversed in the following quarter. Had the reversal been included with the first quarter, the percentage would have been 11.90%. In the current year, revenue that was recorded as a receivable in the 15-16 year-end audit entry exceeded the previous year reversal by about \$1.5 million. This was due to Q comp, special education and general education aid. Although the audit reversals happen in the first quarter, it is more of a timing issue as to when the funds are actually receipted and absent the reversal revenue was comparable to the previous year.

Also, we are seeing the continued effects of the state aid shift and the resulting timing of our payments which makes up a large part of our revenue. The state aid shift over the last five years has progressed from 64/36 where it started in 2012-13 to 86/14 where it continued throughout 2013-14. In 2014-15 it increased to 90/10 where it has remained over the last three years.

The expenditures as a percentage of the budget appear higher this year due to the increase in the building fund budget. Expenditures as a percentage of the budget are 17.62%, 16.33%, 15.31%, 17.77%, and 10.13%, respectively, for the last five years. In 2012-13 the 10.13% would be at a more comparable 15.53% if we take into account the debt service and alt facilities increases of \$35 million and \$780 thousand respectively in that year. In 2013-14, absent the additional \$2.5 million dollar increase in the alt facilities fund, the percentage would have adjusted from 17.77 to 15.88%. In the current year, absent the change in capital outlay and building funds the percentage would be a slight decrease from last year with a 16.10%. Overall expenses to date are similar from year to year with only slight change from last year.

Graphs 1

The two graphs include only the General Fund since it is the main operating fund. They are very simple and easy to read graphs on how the District is operating financially. You can see

the General Fund's budget is gradually increasing, while the year-to-date expenditures staying pretty consistent. The bottom graph demonstrates that we are spending more than the amount of revenue we are receiving at the start of the school year. Again, the timing of the payments related to the audit reversal can visibly be seen here.

Graphs 2 & 3

The attachments labeled Graph 2 & Graph 3 are the General Fund's monthly revenue and expenditure balance for the last five years and as a percentage of the budget. The comparison sheets also give you an idea of what is going on during the months between the quarterly updates. On the Revenue Comparison chart, we are seeing the fluctuating state aid shift which is noticeable throughout the five year comparison as well as the timing of our audit reversals. The monthly expenditures are relatively consistent for the General Fund with a gradual increase over the last five years.

Attachments:

YTD 093016 Comparison – Rev & Exp

YTD 093016 Comparison –Graphs 1-3