

School Board Workshop:

April 8, 2013

Subject:

Cash Flow Projection

Presenter:

Gary Kawlewski

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 2012-13 aid entitlement report which includes the current 86.4/13.6 aid shift and a projected 1% increase,
- federal revenues decrease with anticipated sequestration,
- property tax revenue is according to the 2012 Payable 2013 report and increases slightly for fiscal year 2013-14 due to the loss of the homestead market value credit which increases levy collections for the last half of calendar year 2013,
- other revenues are the same and reflect a 0% change and include the OPEB transfer of approximately \$700,000 in total that will come in 3 withdrawals from the trust in July, 2013, January, 2014 and June, 2014
- payroll expenditures increase 4%,
- health insurance premiums increase 10%,
- accounts payable expenditures (supplies & utilities) not including transportation increase 3%,

Our cash position is markedly better than a year ago at this time. Current law states that the aid shift is set at 86.4/13.6 for FY12-13 and beyond. This is due to the upgrade in the state's financial picture from the February 2013 forecast and the November 2012 forecasts. In total, our state aid collections are up about \$10.4 million since July 1, 2013

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 2014. You will note that we had a negative cash balance in July and August of 2012 in the operating funds. With the change in the enhanced cash flow position, you will also note that we are not projecting any deficits for the remainder of fiscal year 2012-13 or for fiscal year 2013-14.

I have also attached a graph that shows the combined projected cash position of all funds for FY 2010-11, FY2011-12, FY2012-13, FY2013-14, and FY2014-15. When combining operating funds with the debt service fund, we stay positive through fiscal

year 2014-15. That was not the case last year at this time where we were showing seven months of fiscal year 2013-14 that were going to have negative cash balances.

Needless to say, it is likely that we will not be forced to borrow for cash flow needs toward the end of FY 2012-13 or early in the beginning of FY 2013-14. We plan to have a revised cash flow projection in May or June once we have updated cash flow projections from the Minnesota Department of Education.

Attachments:

- Cash Projection for 2013-14
- Combined Cashflow 2011-2015