

**School Board Workshop:**

**November 9, 2015**

**Subject:**

Quarterly Financial Update

**Presenter:**

**Miranda Kramer**

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**SUGGESTED SCHOOL BOARD ACTION:**

For School Board review.

**DESCRIPTION:**

Attached is the September 30<sup>th</sup> 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 13.74%, 19.12%, 15.17%, 8.38%, and 9.04%, 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, even though we saw a reduction in our first state aid payment as a result of Q Comp, we still experienced higher revenues in the first quarter when comparing 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 2011-12 to 90/10 where it has remained over the last two years. In 2012-13 we experienced multiple changes ranging from 64/36 to 83/17 and then to 86/14 where it continued throughout 2013-14.

While revenues in total to date have increased, the Community Service Fund is seeing a decrease compared with the previous year at this time. Although the decrease is continuous over the last 5 years, part of the decrease in 2015-16 is the result of the timing of the re-distribution of the county tax payments. County payments are initially deposited into the general fund and redistributed as schedules are received and calculated.

The expenditures as a percentage of the budget are slightly higher this year due to the increase in the building fund budget. Expenditures as a percentage of the budget are 16.33%, 15.31%, 17.77%, 10.13%, and 14.76%, respectively, for the last five years. The two percentages that stand out are in the 2012-13 and 2013-14 school 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%. The overall expenses to date are similar from year to year with only slight increase 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 receiving more revenue than what we are spending at the start of the school year. Again, the state aid payment shift is affecting how our revenues are coming in during the year and that increase is noticeable 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 only a slight increase over the last five years.

#### **Attachments:**

YTD 093015 Comparison – Rev & Exp

YTD 093015 Comparison –Graphs 1-3