

**School Board Workshop:**

November 14, 2011

**Subject:**

Quarterly Financial Update

**Presenter:**

Gary Kawlewski

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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

Only the operating funds are listed in the quarterly financial update: General Fund, Food Service, Community Service, Capital Outlay, and Debt Service. Revenues as a percentage of the budget are 9.04%, 7.02%, 10.55%, 14.72%, and 15.39%, respectively, for the last five years. We are ahead of last year's revenue totals due to some front loaded state aid payments. The tax shift reduced state aid payments early in the 2010-11 year which is not the case for this year. Additionally, the first aid payment for this year was based on the 90/10 aid split due to state shutdown. We are scheduled to see about the same amount of aid for 2011-12 as we saw for 2010-11 which means we will see lower aid payments than last year for the remainder of the year. Additionally, the legislature set the aid payments for 2011-12 at 60/40 which will further reduce the amount we receive. We are still behind in total in 2011-12 than we were in 2009-10 and before in terms of revenue received to date.

The Debt Service funds are experiencing a lower revenue percentage at the start of the school year for the last three years. Both Wright and Hennepin counties have changed the timing of the property tax settlement reports to school districts and the level of detail included in the reports. Most of the property tax revenue reconciliation occurs at the end of the school year to make sure each of the funds are receiving the proper amounts.

Overall, the expenditures as a percentage of the budget are similar from year to year although they are slightly lower this year. Expenditures as a percentage of the budget are 14.76%, 15.40%, 15.13%, 15.75%, and 16.12%, respectively, for the last five years.

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, and the year-to-date expenditures are pretty consistent but increasing slightly. The bottom graph demonstrates that we are spending more than the amount of revenue we are receiving at the start of each school year for three of the last five years. Expenditures were in excess of revenues as of September 30<sup>th</sup> for 2011-12, 2010-11 and 2009-10. Again, the state aid payment shift and the tax shift affect how our revenues are coming in during the year, so it's crucial for us to keep monitoring state revenues and request the federal reimbursements in a timely manner.

### 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, the state aid shift is noticeable starting in the 2009-10 school year through the current year. The monthly expenditures are relatively consistent for the General Fund the last five years.

Attachments:

YTD 093011 Comparison – Rev & Exp, Graphs 1-3