



**GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

DATE OF MEETING: **October 3, 2017**

TITLE: **Review of the 2016-2017 Annual Financial Report**

BACKGROUND:

The State of Arizona requires the Governing Board to annually publish and submit to the State a report of all revenue and expenditures for the previous year. A review of the Fiscal Year (FY) 2016-2017 Annual Financial Report will be presented.

This annual reporting is composed of four different reports:

- 2017 Annual Financial Report
- 2017 Desegregation Annual Financial Report
- 2017 Classroom Site Funds Narrative Report
- 2017 Food Services Annual Financial Report

2017 Annual Financial Report

This eleven page report summarizes all expenditures and revenues for the district. It contains a one page summary on page 11 and summarizes the previous 10 pages.

The comparison of Actual Expenses between fiscal year is difficult due to Proposition 123. The state required school districts to budget for the funds in Fiscal Year 2016 prior to their actual receipt. This created the appearance of a significant budget balance carry forward into Fiscal Year 2017. The one-time funds that were carried forward were spent in July 2016 and are reflected in this year's Annual Financial Report.

Page 2 of 9 (Maintenance and Operation Fund - Expenses):

Generally, the large percentage increases in expenses between fiscal years is the result of the one-time funds from Proposition 123.

The large increase in General Administration (line 4) expenses is the result of two significant expenses. The first was the cost of the Bond Election in November of 2016. The second expense was leave balance payouts to retiring employees.

The most significant change on this page is the increasing cost of Transportation services (line 24). Ongoing staff shortages for bus drivers required a significant amount of overtime from existing staff.

Page 3 of 9 (Classroom Site Funds):

Line 49 - The total revenue from Proposition 301 for the year was \$5,429,652. This represents a 1.4% increase from the 2015-2016 collections of \$5,356,312. This revenue is still significantly lower than the peak collection of \$7,754,546 in fiscal year 2007-2008. Hopefully, the sales tax increases will continue into future years.

The budget balance of the Unrestricted Capital Funds continues to decline. The budget formula, if fully funded for the year, should provide the fund with \$6,441,718 in revenue. Legislative cuts to the fund were

\$5,507,669 leaving only \$934,049. Actual expenses for the year were approximately 2.7 times greater than the revenues to the fund.

2017 Desegregation Annual Financial Report

This 66 page report details the expenditure of desegregation expenditures for both the District and the individual schools. The annual budget for desegregation has been capped at \$4,025,000 for over 10 years.

2017 Classroom Site Funds Narrative Report

This one page report provides a programmatic narrative for the Classroom Site Fund expenditures contained on page 3 of 9 of the 2016 Annual Financial Report.

2017 Food Services Annual Financial Report

This one page report details the revenues and expenditures for the Food Services program.

RECOMMENDATION:

It is the recommendation of the Administration that the Governing Board members certify that the enclosed documents are the 2016-17 Annual Financial Report for Amphitheater Public Schools and direct its submission to the State for publication on the Arizona Department of Education's website.

INITIATED BY:

Scott Little

Scott Little, Chief Financial Officer

Date: September 27, 2017

Todd A. Jaeger

Todd A. Jaeger, J.D., Superintendent