

School Board Workshop:

November 12, 2012

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 and 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 8.38%, 9.04%, 7.02%, 10.55%, and 14.72%, respectively, for the last five years. We are currently experiencing slightly lower revenues in 2012-13 than the previous year at this time. There are multiple moving parts that affect this, but the main factors are: the state aid shift moving from 90/10 in 2010-11 to 64/36 in both 2011-12 and 2012-13; as well as lower federal revenue due to the loss of the Ed Jobs program. Since we are in the second year of a similar aid shift split, our payments will be a bit more consistent for 2012-13 compared to 2011-12. However, we are scheduled to see slightly more aid for 2012-13 than we saw for the previous year which means we will see slightly higher aid payments than last year for the remainder of the year.

While revenues in total to date have decreased, the Debt Service Fund is seeing a significant increase compared with the previous three years. The increase is due to the timing of receiving the tax settlement reports along with the actual payment. 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 so that we can code the payment to the proper fund as we receive the payment. In previous years, most of the property tax revenue reconciliation occurred at the end of the school year. Receiving the detailed payment information at the same time we receive the funds creates a timelier and more accurate cash flow for the Debt Service Fund.

The expenditures as a percentage of the budget are lower this year due to an increase in the total budgeted amount, but overall expenses to date are similar from year to year with only a slight increase from last year. Expenditures as a percentage of the budget are 10.13%, 14.76%, 15.40%, 15.13%, and 15.75%, 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 four of the last five years. Expenditures were in excess of revenues as of September 30th for 2009-10, 2010-11, 2011-12 and again in the current year 2012-13. Again, the state aid payment shift and the lower federal payments 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 and 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 093012 Comparison – Rev & Exp, Graphs 1-3