

School Board Workshop:

November 8, 2010

Subject:

Quarterly Financial Update

Presenter:

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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 & 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 6.98%, 10.55%, 14.72%, 15.39%, and 16.52%, respectively for the last five years. The state aid payment shift and direct federal reimbursements are evident and affecting the General Fund's year-to-date revenues. For the 2010-11 and 2009-10 school years, school districts are only receiving 73% of the state aid during the year and 27% is received after the year is over. The 2010-11 school year also marks the second year of the State's SERVS system where school districts have to submit for reimbursement of federal funds after the money has been spent. The State will no longer automatically meter out a percentage of the federal funds whether you have spent it or not.

The Debt Service funds have experienced a lower revenue percentage at the start of the school year for the last two 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. Expenditures as a percentage of the budget are 15.40%, 15.13%, 15.75%, 16.12% and 16.84%, 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 less 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 30th for 2010-11 and 2009-10. Again, the state aid payment shift and federal reimbursements 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 also noticeable in the 2009-10 school year. More than likely, the revenues for the 2010-11 school year will have a similar trend. The monthly expenditures are relatively consistent for the General Fund the last five years.

Attachments:

YTD 093010 Comparison – Rev & Exp, Graphs 1-3