

**School Board Workshop:**

**November 13, 2017**

**Subject:**

Quarterly Financial Update

**Presenter:**

**Miranda Kramer, Controller**

**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 18.01%, 11.82%, 13.74%, 19.12%, and 15.17%, respectively, for the last five years. In 2014-15, as well as in the current year, the percentage was higher as a result of the state aid audit entries that were reversed in the following quarter. Had the reversals been included with the first quarter the percentage of 19.12% and 18.01% would be at a more comparable 11.9% and 11.56%. In 2016-17, revenue that was recorded as a receivable in the 15-16 year-end audit entry exceeded the previous year reversal by about \$1.5 million. This was due to Q comp, special education and general education aid. Although the audit reversals happen in the first quarter, it is more of a timing issue as to when the funds are actually receipted and absent the reversal revenue was comparable 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 progressed to 86/14 from 64/36 in 2013-14. In 2014-15 it increased to 90/10 where it has remained over the last four years.

The expenditures as a percentage of the budget appear lower this year mostly due to a decrease in the general fund. This was due to a timing issue of when the VEBA insurance payment was made in relationship to last year. Expenditures as a percentage of the budget are 13.77%, 17.62%, 16.33%, 15.31%, and 17.77% respectively, for the last five years. 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%. In 2016-17, absent the change in capital outlay and building funds the percentage would be a slight

decrease from the previous year with a 16.10%. Again in the current year, absent the change in building fund combined with the timing of the insurance payment the percentage would be a more comparable 16.89% which is actually higher than the previous year. Overall expenses to date are similar from year to year with only slight change 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 spending less than the amount of revenue we are receiving at the start of the school year. Again, the state aid audit entry reversal in the following quarter can visibly be seen here. The entry in the current year and in 2014-15 would reduce the revenue and expenditure gap.

#### 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 change due to the timing of our audit reversals. The monthly expenditures are relatively consistent for the General Fund with a decrease in the current year.

#### Attachments:

YTD 093017 Comparison – Rev & Exp

YTD 093017 Comparison –Graphs 1-3