

School Board Workshop:

November 12, 2018

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer, Controller

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

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 12.19%, 18.01%, 11.82%, 13.74%, and 19.12% respectively, for the last five years. In 2014-15 as well as in 2017-18, the percentage was higher as a result of the state aid audit entries that were reversed in the following quarter. Had the reversal been included with the first quarter, the percentages 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 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, it is the first time where we are seeing a comparable state aid shift of 90/10 over a five-year period. In 2014-15 we saw the increase as it had progressed from 86/14, 64/36 to 90/10, where it has remained stable over the last five years. The result of the state aid shift is the timing of our payments which makes up a large part of our revenue.

The expenditures as a percentage of the budget are slightly higher this year due to an increase in the General Fund's areas of instruction related and student support services including: transportation, technology purchases, and insurance costs. Expenditures as a percentage of the budget are 14.81%, 13.77%, 17.62%, 16.33%, and 15.31% respectively, for the last five years. In 2016-17, absent the change in capital outlay and building funds, the percentage would be a slight decrease from the previous year at 16.10%. In 2017-18, the percentage would be 14.35% absent the change in building fund. The percentage, which was still lower than the previous year, was a result of a reduction in the general fund's Instruction Related and Capital Outlay areas. Overall expenses to-date are similar from year to 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 are 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 in the years 14-15 and 17-18. The entry would reduce the revenue and expenditure gap which is a timing issue.

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 an increase in the current year.

Attachments:

- YTD 093018 Comparison – Rev & Exp
- YTD 093018 Comparison –Graphs 1-3