



GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10

DATE OF MEETING: **October 4, 2016**

TITLE: **Review of the 2015-2016 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) 2015-2016 Annual Financial Report will be presented.

This annual reporting is composed of four different reports:

2016 Annual Financial Report
2016 Desegregation Annual Financial Report
2016 Classroom Site Funds Narrative Report
2016 Food Services Annual Financial Report

2016 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 to the Budget is difficult due to Proposition 123. The state required school districts to budget for the funds prior to their actual receipt. This creates the appearance of a significant budget balance carry forward. The funds that were carried forward were spent in July 2016 and will be reflected in next year's Annual Financial Report. The percentage changes are a comparison of actual expenses in FY 2015 to FY 2016.

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

The Office of the Auditor General mandated some accounting code changes for the 2015-2016 school year which shifted expenses between function codes. These changes are reflected in the variances in lines 3 through 7.

The most significant change on this page is the increasing cost of Special Education services (line 24).

Page 3 of 9 (Classroom Site Funds):

Line 49 - The total revenue from Proposition 301 surpassed our budgeted estimate by \$206,840 (4%). However, the 2015-2016 collections of \$5,356,312 is 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.

Page 4 of 9 (Unrestricted Capital Outlay):

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 \$6,441,747 in revenue. Legislative cuts to the fund were

\$5,637,666 leaving only \$804,052. Actual expenses for the year were approximately 2.5 times greater than the revenue to the fund.

Page 4 of 9 (Other Funds):

Line 49- It is important to recognize the success of the Facilities Department with \$384,315 in Building Renewal Grants.

Page 11 (Summary of School District Annual Financial Report):

The 2015-2016 Average Daily Membership (ADM) number is an estimate. The district is continuing to work with the Arizona Department to resolve issues with their new AzEDS system. The number represents the district's estimate of the ADM.

2016 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.

2016 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.

2016 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 2015-16 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 30, 2016

Patrick Nelson

Patrick Nelson, Superintendent