

School Board Workshop:

February 11, 2013

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

Attached is the December 31st 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 36.64%, 31.79%, 30.21%, 42.08%, and 53.58%, respectively for the last five years. At the same point of time in 2008-09, the Debt Service fund received the refunding bond proceeds from the bond refinance. This caused the overall percentage to be higher than normal. Without the refunding bond, the overall percentage would have been approximately 39%.

A similar issue happened in 2009-10 with the OPEB bond proceeds, which affected the General Fund, Food Service, and Community Service. Taking the OPEB bond proceeds out of the equation, the overall percentage of revenue received during the year is approximately 33%.

We are experiencing about a \$4.5 million dollar increase in revenues compared to last year at this time which is a result of the percentage change of state aids payable. The November forecast reflected an improvement in the state's budget outlook and has increased the percentage payable from 64.3% to 82.5%. The percentage will be reviewed again in February and absent legislative change, will remain at 82.5% or increase if the state's budget outlook has further improvement.

Overall, the expenditures as a percentage of the budget are similar from year to year. Expenditures as a percentage of the budget are 25.97%, 37.49%, 38.83%, 46.30%, and 39.32% respectively for the last five years. Again, the 2009-10 percentage is a little skewed due to the OPEB bond. If the OPEB bond transfer to the trust was removed from the totals, the overall percentage would be about 37%. The 25.97% in the current year looks lower as a result of the expenditures being divided over a larger budget than previous years. The budget increase is the refunding bond in Debt Service Fund 07 in the amount of \$34,825,672 and the \$780,000 that is shown in the Building Fund 06. For comparison purposes the percentage of expenses to date in the current year would be 38.04% if those two items were removed from the calculation.

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. There is a spike in the 2009-10 totals because of the OPEB bond proceeds and transfer to the trust. You can see the General Fund's budget compared to the year-to-date expenditures are pretty consistent. The bottom graph demonstrates that we are spending more than the amount of revenue we are receiving at the start of each school year. 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 and property tax shifts are also noticeable in the 2009-10, 2010-11, and 2011-12 school years. The monthly expenditures are relatively consistent for the General Fund the last five years.

Attachments:

YTD 123112 Comparison – Rev & Exp

YTD 123112 Comparison – Graphs 1, 2 & 3