



Finance Advisory Committee

December 16, 2015, 4:00-5:30 p.m.

Coe Building Conference Room 3, 1011 Eugene St., Hood River, OR

Finance Advisory Committee Members

Dan Goldman, Superintendent	Sheri Holloway, OSEA
Saundra Buchanan, Chief Financial Officer	Mikka Irusta, HREA
Kelly Beard, Principal, May Street ES	Rich Polkinghorn, Principal HRVHS
Jake Bolland, Community Member	Dr. David Russo, Board Member
Patricia Ortega-Cooper, Vice Principal, Wy'East MS	Heather Staten, Community Member
Julia Garcia-Ramirez, Board Member	

Start Time: 4:02 p.m. End Time: 5:35 p.m.

Absent: Jake Bolland and David Russo

Welcome and Call to Order (Dan Goldman/Saundra Buchanan)

2. Reports & Discussions

Summary of Revenue and Expenditures Year to Date November 30, 2015 (SB)

What information would the committee like reported to the Board?

3. Next meeting. The District’s auditor is scheduled to meet with the committee on January 14 to review 14-15 audited financial statements and results of the audit.

4. Schedule of Meeting Dates - For fiscal year 2015-16, the committee will meet bimonthly or as needed, except no meetings will be held in May or June 2016, in the Coe Building Conference Room

January 14, 2016 from 4:00 to 5:00 p.m.

February

Financial Update as of November 30, 2015

General Fund

The Summary of Revenues and Expenditures Report as of November 30, 2015 will focus on General Fund revenue and expenditure budget variance analysis and year-to-date results.

Excellence. Every student. Every day.

General Fund Operating Revenue. General Fund operating revenues are accounted for in six categories: State School Fund Formula Resources, Local Option Revenues, Educational Service District Revenues, and Other Local, State and Federal Revenues, as shown on page one of the Summary of Revenues and Expenditures Report. Of the total operating revenue budget of \$41,382,435 for 2015-16, the District has received \$24,114,863 through November 30 represents 58 percent of the budget.

State School Fund Formula Resources. The state school fund resources include local property taxes and payments in lieu of taxes, county school funds, common school funds and Federal forest fees. As current estimates are updated, state school fund revenue variances will be estimated.

Local Option Revenues. Revenues are property taxes from the local option levy of \$1.25 per thousand of TAV and the State local option equalization grant. Property tax compression of the local option levy is a significant factor in the amount received since tax compression is calculated on a property by property basis. For 2015-16, the local option levy is \$2,106,070.81 after a 25.5% compression loss of \$719,742.31. (For 2014-15, the option levy was \$1,979,335.73 after a 26.4% compression loss of \$711,566.99.) The estimated local option levy revenue of \$2,000,767, based on the actual levy amount of \$2,106,070.81 and a collection rate of 95%, will likely exceed the budgeted amount of \$1,800,000 and provide a positive variance.

The local option equalization grant revenue is dependent on the amount available from the State and distributed by formula to each District with a local option levy.

Educational Service District Revenues. Columbia Gorge ESD revenues are comprised of flow-through funds and services invoiced to the CGESD per the approved local service plan. Per the 15-16 local service plan worksheet dated 9/16/2015, these two components are estimated to provide resources of \$1,442,089 which are greater than the budget of \$1,406,865. The first receipts are expected in January 2016. This revenue is dependent on the state school fund formula estimates for ESDs and changes as enrollment and revenue estimates change.

Other Local Revenues. Examples of other local revenue include tuition, transportation fees, expenditure reimbursements, E-Rate recovery, grant indirect charges, Medicaid administrative claiming revenue and miscellaneous revenue. As of November 30, other local revenues of \$209,488 are 40% of the budget.

Other State Revenues. The other state revenue is the long term care and treatment contract revenue R3205. The contract was budgeted to be \$365,711. The District is awaiting state approval of its contract with The Next Door Inc. before the State will release contract revenue to the District.

Other Federal Revenues. The other federal revenue budget of \$20,000 is for the teen parenting child care program revenue estimated to be received. The actual amount is based on children served in the child care program for teen parents and changes depending on service levels. No revenue has been received to date.

Total Operating Requirements. The total operating requirements budget shown on page 2 is \$40,949,259. Instruction expenditures of \$6,260,575 and encumbrances of \$17,243,322 provide a year-to-date favorable variance of \$1,452,899; however, pending payroll redistributions may lower this variance. Support services expenditures of \$5,014,157 and encumbrances of \$6,479,874 provide a year-to-date favorable variance of \$3,732,829. The debt service expenditures will be on budget by year-end due to the timing of semi-annual interest and annual principal payments. Of the current contingency budget of \$500,000, a total budget transfer of \$256,400 to the instruction appropriation was approved by the Board in September and will be added to the appropriate budget codes after the payroll redistributions are complete.

Variance Analysis.

Expenditures by object classification are summarized on page 3. As of November 30, 86% of the total expenditure budget of \$42,046,270 are encumbered or expensed.

Salary and associated payroll costs objects are detailed on page 4. With the pending payroll redistributions and contingency transfer that has not been recorded, we expect the total encumbered and expensed to change by January as analysis is completed. Generally, payroll expenses are within the budget.

Other expenditure object (account) codes are summarized on page 5 with more detail following on pages 6 through 8. The purchased services budget is 46.9% encumbered or expended overall. There are two negative variances in other instructional services account 319 and other professional technical services account 390. The variance in account 319 is related to the purchase order for the estimated amount of the long term care and treatment contract. This contract variance will be covered by revenue and will be adjusted with a future Board budget appropriation. The variance in account 390 is related to the LTCT contract and to the Human Resources budget and will be resolved. Potential savings may result from water due to reduced watering throughout the District.

The supplies budget is 39% encumbered or expended overall. The computer software negative variance will be resolved within the technology function and its non-consumable materials budget. Planned savings will result in the textbooks account as the positive variance of approximately \$160,000 will roll to the following years' textbook budget to help pay for the next textbook adoption.

The fees and other objects budget is 56% encumbered or expended. Principal and interest payments of the qualified school construction bonds are budgeted to match the debt service schedule and will be fully expended by year end. Liability, fidelity and property insurance is paid annually, the remaining variance of approximately \$17,000 will be carried to cover any additional insurance needs that arise throughout the year.

General Fund Balance. The District began the year with \$4,662,277 in beginning fund balance which provided a positive budget variance of \$1,929,320, as shown on page 2. The current ending fund balance is \$16,380,095.

Current and Future Outlook. As we look to the current 2015-17 biennium and the following 2017-19 biennium, we know that PERS rates are expected to rise but the rates are yet to be determined, as well as the District's pension bonds liability. Other impacts we must plan for include effects of the Affordable Care Act, which is projected to increase the District's employee benefit costs. Current enrollment increases require more resources to address staffing for student success. The level of Oregon funding of the State School Fund for the current biennium is inadequate in comparison with other states.

Administration will prepare recommendations for addressing opportunities to expand and improve school programs; as well as prepare for the increased future costs referenced above. These recommendations will occur through the general budget process.

Other Funds. All other funds are shown beginning on pages 9 through 22. Grant Funds 220-299 and the Capital Construction Funds 400-403 are grouped and summarized for this report. The 2015-16 beginning fund balances reflect the prior year audited ending fund balances.

Fund 200 Food Service. The Nutrition Services program is expected to operate within its \$2,418,500 approved budget appropriation.

Fund 204 Student Body Funds. Student Body activity is recorded at year-end, therefore no revenue or expenditures have been recorded to date. The beginning fund balance of \$574,404 is the total available in all student body funds.

Fund 205 Community Education. The community education program activity as of November 30 reflects a beginning fund balance of \$103,811, revenue of \$246,364, expenses of \$294,824, with an ending fund balance of \$55,351. A community education report/business plan was presented to the Board in March 2015.

Fund 207 Biennial Reserve Fund. The Biennial Reserve Fund was established beginning this year and is budgeted to receive a transfer from the General Fund for two purposes: to account for transfers between the General Fund to set aside funds for smoothing of the state school fund payments within the biennium and to set aside funds related to the expected increases in PERS rates.

Fund 210 Unemployment Reserve. The Unemployment Reserve Fund beginning fund balance of \$138,942 and General Fund interfund transfers of \$95,000 provides resources to pay for expenditure activity of the District's Local Government Benefit Trust Fund and the quarterly unemployment premiums. Expenditures to date reflect the quarterly unemployment premiums.

Fund 212 Bus Replacement Fund. As of November 30, the Bus Replacement Fund reflects the budgeted transfer of \$150,000 for bus depreciation, and beginning fund balance of \$41,549. Encumbrances of \$123,626 are for purchase orders for two new buses awaiting delivery.

Funds 220-299 Grant Funds. The beginning fund balance of \$421,495 provides resources for restricted purposes. Grant fund activity includes expenditures through November 30 of \$1,481,475 and revenue received for reimbursement requests of \$444,263 for the previous quarter.

Fund 300 Debt Service. The Debt Service Fund has a beginning fund balance of \$352,387 which is \$150,596 greater than the budget of \$201,791. Property tax revenue to date of \$3,388,795 represents 94% of the budget. The positive variance in beginning fund balance will offset future years' property tax levies as the levy is determined for 16-17. Budgeted expenditures include the semi-annual interest payments of general obligation bonds and the annual principal payments in June. The final debt service payments of the Series 2000 bonds will be made in June 2016.

Funds 4XX Capital Construction Funds – The summary of all capital construction funds shows a beginning fund balance of \$1,720,227, of which \$201,774 is designated for energy projects as approved by the Oregon Department of Energy with the remainder available for ongoing or future capital improvements. The following capital projects funds are included in this month's report on pages 18-22.

- Fund 400 Capital Construction Bond Funds balance is \$118,870 for remaining projects with the balance encumbered in 15-16.
- Fund 401 Construction Excise Tax Fund resources include receipts to date of \$84,992 and a beginning fund balance of \$664,016, totaling \$749,008 to provide funds for future development, Hood River Middle School boiler project and for the facilities planning process and development of the long range facilities plan. Resources are dependent on the

amount school construction excise tax received by the District and will fluctuate on construction activity.

- Fund 402 Energy Projects Fund accounts for the District's SB 1149 resources and expenditures with a beginning fund balance of \$201,774 and revenue to date of \$17,778. Since facilities management expenses may be unallowable in this fund, the budgeted expenses are planned to be recoded to the General Fund.
- Fund 403 Property Fund is budgeted to provide resources to cover the future construction costs of the District's requirement to provide the street extension to the District's undeveloped property estimated to be \$367,784 from the current beginning fund balance of \$735,568.

Summary of Inter-fund Transfers. A summary of inter-fund transfers is shown on page 23. Transfers include the budgeted transfer from General Fund to the Biennial Reserve Fund in the amount of \$852,011, the budgeted transfer to the Bus Replacement Fund in the amount of \$150,000, and the budgeted transfer to the Unemployment Fund in the amount of \$95,000. The budgeted transfer within the Grants Fund of \$100,000 is a placeholder.