



Oregon City School District No. 62

Learning to be our Best

PO Box 2110 (1417 12th St.), Oregon City, Oregon 97045-5010

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Larry Didway, Superintendent

DATE: September 11, 2017

TO: Board Members

FROM: Susan Dodd, CFO

A handwritten signature in black ink, appearing to read "S. Dodd", is written over the printed name "Susan Dodd, CFO".

RE: Financial Update for the Year Ended June 30, 2017 – QTR 4

The attached report summarizes updated preliminary financial statements since March 2017 for the General Fund for Oregon City School District prior to the completion of our audit for fiscal 2016-17. Since the March Report to the Board, the major differences are attributed to booking final expenses, local revenue transactions and state funding adjustments. While we are not expecting any material adjustments resulting from our audit, we always expect some adjustments as we prepare for the year-end close and from our auditors. The Comprehensive Annual Financial Report (CAFR) will be the next and final report to the Board for fiscal 2016-17. It will be presented at the Board meeting on January 8, 2017 by our auditors. As of June 30, 2017, the District's projected ending fund balance is at \$3.0 million. It is \$136,137 under the budgeted beginning fund balance for fiscal 2017-18.

Comparison of the 2016-17 Budget to Projected Financial Results

- **Revenue** – There is a \$1.2 million increase in revenue collection over budgeted revenue. The majority of this is comprised of a \$1.0 million increase in actual beginning fund balance over the budgeted beginning fund balance, and a \$.2 million net combined pick up in property tax revenues and decreased revenues from the state school fund. Final enrollment counts tabulated by the Oregon Department of Education (ODE) for ADMr for 2015-16 decreased from the fall of 2016 and ODE made a change in the calculation of the transportation grant in May of 2017. The District received 2016-17 funding based on its 2015-16 ADMw because it is higher than projected ADMw for 2016-17. The state will again adjust funding for 2016-17 in the spring of 2018. The state pays out the transportation grant based on prior year expenses.
- **Expenditures** - Expenditures are \$1.7 million under budget. Salaries and fringes accounted for \$1.4 million of the decrease, and the remaining \$.3 million is attributed to staff underspending in professional services and supplies in anticipation of budget reductions.
- **Summary and Look Ahead** – The District continues to monitor spending closely. Major challenges facing the District are declining enrollment in the short run, escalating Public Employee Retirement System (PERS) costs, increasing cost of living percentages and lack of funding to support them, shortage of staff and purchasing power to support increasing technology demands, infrastructure decay and maintenance requirements, increasing costs for special education, increasing compliance with new laws and reporting requirements, maintenance of safe classrooms, and struggles to continue to improve student learning with limited and decreasing resources.

OREGON CITY SCHOOL DISTRICT #62
YTD ACTIVITY AND FORECAST
GENERAL FUND
FOR THE PERIOD ENDED June 30, 2017
(\$ In millions)

	Prior Year Actuals			Budget	Actuals	Forecast				Notes
	Fiscal Year 2013-14	Fiscal Year 2014-15 *	Fiscal Year 2015-16	Fiscal Year 2016-17	YTD Actuals Through June	Forecast Through 9/30/2016	Forecast Through 12/31/2016	Forecast Through 3/31/2017	Forecast Through 6/30/2017	June
REVENUES:										
Beginning Fund Balance	\$ 3.0	\$ 3.7	\$ 3.9	\$ 3.5	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5	
Formula Revenue and Specialized State Grants										
State School Fund:										
State School Fund	42.7	45.3	47.2	47.1	45.1	47.0	47.0	45.8	45.1	(1)
Property Taxes	20.9	22.3	23.4	23.0	24.4	24.8	24.8	24.9	24.5	
Common School Fund	0.3	1.1	0.9	0.9	0.9	0.8	0.8	0.8	0.9	
County School Fund	-	-	-	-	-	-	-	-	-	
Federal Forest Fees	-	-	0.1	-	-	-	-	-	-	
High Cost Disabilities	0.4	0.2	0.5	0.3	0.7	0.6	0.6	0.6	0.7	
Total State/Formula Revenue	64.3	68.9	72.1	71.3	71.1	73.2	73.2	72.1	71.2	
Exempt Revenue										
CESD Transit Payments	-	0.4	0.8	0.8	0.4	0.8	0.8	0.8	0.9	
Fees Charged and Rental Income	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.0	
Investment Earnings	0.1	-	0.2	0.1	0.3	0.2	0.2	0.2	0.3	
Other	0.5	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Transfers in	0	0.3	-	-	-	-	-	-	-	
Total Exempt Revenue	1.9	2.2	2.4	2.3	2.1	2.5	2.5	2.5	2.6	
Total	\$ 69.2	\$ 74.8	\$ 78.4	\$ 77.1	\$ 77.7	\$ 80.2	\$ 80.2	\$ 79.1	\$ 78.3	
EXPENDITURES:										
Salaries	\$ 33.2	\$ 35.6	\$ 37.3	\$ 38.5	\$ 38.0	38.3	38.3	38.2	38.1	(2)
Benefits	18.8	20.5	20.5	21.8	20.8	21.4	21.4	21.0	20.8	(2)
Purchased Services	11.4	12.3	13.2	13.7	13.0	13.8	13.8	14.0	13.8	(3)
Supplies & Materials	2.0	1.9	2.4	2.4	1.9	2.2	2.2	2.2	2.0	(3)
Capital Outlay	-	-	-	0.1	-	0.1	0.1	0.1	-	
Other	0.4	0.5	0.4	0.3	0.4	0.4	0.4	0.4	0.4	
Transfers out	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	
Subtotal	65.9	70.9	73.9	77.0	74.3	\$ 76.4	\$ 76.4	\$ 76.0	\$ 75.3	
CONTINGENCY:	-	-	-	0.1	-	-	-	-	-	
Total	\$ 65.9	\$ 70.9	\$ 73.9	\$ 77.1	\$ 74.3	\$ 76.4	\$ 76.4	\$ 76.0	\$ 75.3	
* Prior Period Adjustment										
Ending fund balance	3.3	3.9	4.5			3.8	3.8	3.1	3.0	
	4.82%	5.23%	5.72%							
Projected ending fund balance percentage of actual (forecast) revenue						4.7%	4.7%	4.0%	3.8%	

NOTES: DIFFERENCE IN CURRENT MONTH FORECAST OVER ORIGINAL BUDGET

- (1) State School Funding decrease
- (2) Slight decrease in the cost of salaries and benefits
- (3) Lower than expected charges for professional services and supplies

REPORT OF CHANGES IN FUND BALANCE	2016-17		June 30, 2017	
	Budget		Projected	
Beginning Unreserved Undesignated Fund Balance	\$ 3,500,000		\$ 4,487,839	
Resources	73,606,877		73,797,725	
Expenditures	76,946,877		75,301,701	
Budgeted Reserve	160,000		-	
UNRESERVED FUND BALANCE	\$ -		\$ 2,983,863	