



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: January 9, 2017

TO: Board Members

FROM: Susan Dodd, CFO

A handwritten signature in cursive script, appearing to read "Susan Dodd", is written over the printed name.

RE: Financial Update for the Quarter Ended December 31, 2016

The attached report summarizes updated preliminary financial statements for the General Fund for Oregon City School District for the current 2016-17 year end. For our budget preparation we typically underestimate revenue and overestimate expenses to create a fund balance that meets our Board Policy. As of December, the District's projected ending fund balance is at \$3.8 million, or 4.79% of resources which is consistent with historical fund levels.

Comparison of the 2016-17 Budget to Projected Financial Results

- **Revenue** – There is a \$3.1 million increase in revenue collection over budgeted revenue. The majority of this is comprised of a \$1.8 million pick up in forecasted property tax revenues over budgeted revenues, a \$.6 million increase in actual beginning fund balance over the budgeted beginning fund balance and slight net increases in other revenues: expected high cost disability grant, fees collected and investment income. Recall that the beginning fund balance for the budget was projected prior to our final year-end results for 2015-16. Projected enrollment has decreased by an estimated 180 students from 2015-16 enrollment due to a smaller kindergarten class and seniors that graduated the prior year. However, the District is getting paid based on the prior year's 2015-16 ADMw based on the state funding formula.
- **Expenditures** - Expenditures are forecasted based on realization rates for prior years and known approved expenditures. Projected salaries and benefits are trending under budget by \$1.0 million. This is attributed to unfilled position vacancies. Supplies and services are over budget by \$.3 million based on spending to date and historical realization rates. Overall projected expenses are under budget by \$.7 million.
- **Summary and Look Ahead** – The District continues to monitor spending closely. At this point, the District still expects a 5% increase in PERS charges representing approximately a \$2.1 million increase in total PERS costs over all funds for the 2017-19 biennium due to the impact of the Morro decision. The current governor's budget is not sufficient to maintain a fund balance required by our District policy. The forecasted fund balance for 2017-18 could decrease to under 3 percent of available resources. This will have a negative impact on operations of the District in the future unless the District receives additional funding from the state to absorb these costs.

**OREGON CITY SCHOOL DISTRICT #62
YTD ACTIVITY AND FORECAST
GENERAL FUND
FOR THE PERIOD ENDED DECEMBER 31, 2016**

(\$ 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 Current Month	Forecast Through 9/30/2016	Forecast Through 12/31/2016	Forecast Through 3/31/2017	Forecast Through 6/30/2017	December
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	26.5	47.0	47.0	-	-	(1)
Property Taxes	20.9	22.3	23.4	23.0	24.8	24.8	24.8	-	-	
Common School Fund	0.3	1.1	0.9	0.9	-	0.8	0.8	-	-	
County School Fund	-	-	-	-	-	-	-	-	-	
Federal Forest Fees	-	-	0.1	-	-	-	-	-	-	
High Cost Disabilities	0.4	0.2	0.5	0.3	-	0.6	0.6	-	-	
Total State/Formula Revenue	64.3	68.9	72.1	71.3	51.3	73.2	73.2	-	-	
Exempt Revenue										
CESD Transit Payments	-	0.4	0.8	0.8	-	0.8	0.8	-	-	
Fees Charged and Rental Income	1.0	0.9	1.0	1.0	0.3	1.1	1.1	-	-	
Investment Earnings	0.1	-	0.2	0.1	-	0.2	0.2	-	-	
Other	0.5	0.6	0.4	0.4	0.1	0.4	0.4	-	-	
Transfers in	0	0.3	-	-	-	-	-	-	-	
Total Exempt Revenue	1.9	2.2	2.4	2.3	0.4	2.5	2.5	-	-	
Total	\$ 69.2	\$ 74.8	\$ 78.4	\$ 77.1	\$ 56.2	\$ 80.2	\$ 80.2	\$ 4.5	\$ 4.5	
EXPENDITURES:										
Salaries	\$ 33.2	\$ 35.6	\$ 37.3	\$ 38.5	\$ 13.9	38.3	38.3	-	-	(2)
Benefits	18.8	20.5	20.5	22.2	7.6	21.4	21.4	-	-	(2)
Purchased Services	11.4	12.3	13.2	13.4	3.7	13.8	13.8	-	-	(3)
Supplies & Materials	2.0	1.9	2.4	2.4	0.8	2.2	2.2	-	-	(3)
Capital Outlay	-	-	-	0.1	0.0	0.1	0.1	-	-	
Other	0.4	0.5	0.4	0.2	0.1	0.4	0.4	-	-	
Transfers out	0.1	0.1	0.1	0.2	-	0.2	0.2	-	-	
Subtotal	65.9	70.9	73.9	77.0	26.1	76.4	76.4	-	-	
CONTINGENCY:	-	-	-	0.1	-	-	-	-	-	
Total	\$ 65.9	\$ 70.9	\$ 73.9	\$ 77.1	\$ 26.1	\$ 76.4	\$ 76.4	\$ -	\$ -	
Projected ending fund balance	3.3	3.9	4.5			3.8	3.8	4.5	4.5	
	4.82%	5.23%	5.72%			4.7%	4.7%	100.0%	100.0%	

NOTES: DIFFERENCE IN CURRENT MONTH FORECAST OVER ORIGINAL BUDGET

(1) Property tax collection pick-up

(2) Unfilled Positions

(3) Forecast based on prior years spending trends and to-date spending

REPORT OF CHANGES IN FUND BALANCE

	Budget	Projected
Beginning Unreserved Undesignated Fund Balance	\$ 3,500,000	\$ 4,487,839
Resources	73,606,877	75,767,163
Expenditures	76,946,877	76,411,452
Budgeted Reserve	160,000	-
UNRESERVED FUND BALANCE	\$ -	\$ 3,843,550