



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: April 10, 2017

TO: Board Members

FROM: Susan Dodd, CFO

A handwritten signature in cursive script that reads "Susan Dodd".

RE: Financial Update for the Quarter Ended March 31, 2017

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 \$3.1 million, or 4.0% of resources which is consistent with historical fund levels.

Comparison of 2016-17 Third Quarter Projection to the Second Quarter Projection

- **Revenue** – There is a \$1.1 million decrease in revenue collection over the prior quarter. The District recently received the adjustment for the State School Fund for the prior year 2015-16. The District's Average Daily Membership (ADM) was reduced by approximately 45 points due to lower enrollment than forecasted. This affects the funding for 2016-17 as well because the District is receiving state funding based on the 2015-16 ADM. The District received higher property tax income than forecasted for 2015-16 which also reduced our allotted amount of state funding. The Oregon Department of Education will be updating all Districts' prior and current year funding again in the next few weeks; so there will be further adjustments to revenue. Revenue could be higher or lower as the Transportation Grant for 2015-16 and our High Cost Disability grant funding has not been finalized for 2015-16. This revenue forecast is based on conservative estimates.
- **Expenditures** - Expenditures are forecast based on realization rates for prior years and known approved expenditures. Projected salaries and benefits are slightly lower than the prior quarter. Purchased services are up by \$2 million. Our charter schools are paid at a higher state rate than the District because of increasing enrollments and are categorized as purchased services. The forecast for all other expenses has not changed. Overall projected expenses are under budget by \$1.0 million.
- **Summary and Look Ahead** – The District continues to monitor spending closely. Neither the proposed Legislative Budget nor the Governor's Budget is sufficient to maintain the level of current operations for our District. Our District is faced with severe budget cuts for the upcoming Biennium of 2017-19.

OREGON CITY SCHOOL DISTRICT #62
YTD ACTIVITY AND FORECAST
GENERAL FUND
FOR THE PERIOD ENDED March 31, 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 Current Month	Forecast Through 9/30/2016	Forecast Through 12/31/2016	Forecast Through 3/31/2017	Forecast Through 6/30/2017	March
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	45.8	-	(1)
Property Taxes	20.9	22.3	23.4	23.0	24.9	24.8	24.8	24.9	-	
Common School Fund	0.3	1.1	0.9	0.9	-	0.8	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	0.6	-	
Total State/Formula Revenue	64.3	68.9	72.1	71.3	51.4	73.2	73.2	72.1	-	
Exempt Revenue										
CESD Transit Payments	-	0.4	0.8	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	1.1	-	
Investment Earnings	0.1	-	0.2	0.1	-	0.2	0.2	0.2	-	
Other	0.5	0.6	0.4	0.4	0.1	0.4	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	2.5	-	
Total	\$ 69.2	\$ 74.8	\$ 78.4	\$ 77.1	\$ 56.3	\$ 80.2	\$ 80.2	\$ 79.1	\$ 4.5	
EXPENDITURES:										
Salaries	\$ 33.2	\$ 35.6	\$ 37.3	\$ 38.5	\$ 13.9	38.3	38.3	38.2	-	(2)
Benefits	18.8	20.5	20.5	22.2	7.6	21.4	21.4	21.0	-	(2)
Purchased Services	11.4	12.3	13.2	13.4	3.7	13.8	13.8	14.0	-	(3)
Supplies & Materials	2.0	1.9	2.4	2.4	0.8	2.2	2.2	2.2	-	
Capital Outlay	-	-	-	0.1	0.0	0.1	0.1	0.1	-	
Other	0.4	0.5	0.4	0.2	0.1	0.4	0.4	0.4	-	
Transfers out	0.1	0.1	0.1	0.2	-	0.2	0.2	0.2	-	
Subtotal	65.9	70.9	73.9	77.0	26.1	76.4	76.4	76.0	-	
CONTINGENCY:	-	-	-	0.1	-	-	-	-	-	
Total	\$ 65.9	\$ 70.9	\$ 73.9	\$ 77.1	\$ 26.1	\$ 76.4	\$ 76.4	\$ 76.0	\$ -	
* Prior Period Adjustment										
Ending fund balance	3.3	3.9	4.5			3.8	3.8	3.1	4.5	
Projected ending fund balance percentage of actual (forecast) revenue						4.82%	5.23%	5.72%		
						4.7%	4.7%	4.0%	100.0%	

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) Pick-up in charter schools enrollment

REPORT OF CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Projected</u>
Beginning Unreserved Undesignated Fund Balance	\$ 3,500,000	\$ 4,487,839
Resources	73,606,877	74,590,644
Expenditures	76,946,877	75,958,700
Budgeted Reserve	160,000	-
UNRESERVED FUND BALANCE	\$ -	\$ 3,119,783