

Eastmont School District
Monthly Budget Status Report
March 2008



MEMORANDUM

TO: Eastmont School Board
Dr. Garn Christensen, Superintendent

FROM: Cindy Ulrich, Director of Financial Services

DATE: Monday, April 14, 2008

SUBJECT: 2007-2008 Monthly Budget Status Report as of March 31, 2008

Attached for your review is the 2007-2008 Fiscal Year Budget to Actual Comparison of Revenues and Expenditures for all funds of the District for which a budget was adopted. This report summarizes revenue and expenditures of the District through March 2008.

This analysis is presented in the following format:

- In the upper right hand corner of each page is a box displaying the “percent of budget year elapsed”. This figure may be used as a general indicator of revenue and expenditures.
- The “Budget” column reflects the 2007-2008 Budget that was approved by the Board on July 16, 2007.
- Page one relates to the General Fund. This fund is utilized to account for the day-to-day operations of the district. This fund accounts for the largest portion of funds received and expended by the district.
- Page two provides information about the Capital Projects Fund. This fund is used for the acquisition of land or existing buildings; construction of buildings; purchase of equipment, or, under certain conditions, for the improvement of buildings. Revenues received by this fund are typically from the sale of bonds, state match, or special levies. Monies received from the sale of surplus real property must also be received in this fund.
- Page three provides information about the Debt Service Fund. This fund is established to account for the payment of principal, interest, and other expenditures related to the redemption of outstanding bonds.
- Page four provides information about the Associated Student Body (ASB) Fund. This fund is financed by the collection of fees for attendance at any optional noncredit extracurricular event of the district. Student fund-raisers may also raise revenue. The monies paid from this fund are used to support activities of the general student body, classes, clubs, etc.
- Page five provides information about the Transportation Vehicle Fund. This fund is provided to account for the state reimbursement to school districts for approved student transportation as well as for the purchase or major repair of such equipment.
- An analysis of the fund balance (equity) is presented for each of these funds. The beginning fund balance figures are those that are reflected as the ending total in the District’s 2006-2007 Fiscal Year Financial Report. The current fund balance figure represents the FY 2006-2007 ending fund balance added to the results of FY 2007-2008 operations. It is important to keep in mind that the fund balance and fund equity numbers do not represent cash.

The following are items that I would like to bring to your attention.

GENERAL FUND (page 1)

Revenues received as of March 31, 2008 are at 55.9% of the amount projected with 58.3% of the year elapsed. Total revenues collected this month were \$3,833,552. Explanations for significant increases or decreases in comparison to the previous year are as follows:

- Property tax revenue reflects the first half collection due October 31. Total levy collections for calendar year 2008 are projected to be \$321,800 more than calendar year 2007. The majority of the balance of our property tax collection will be received in April.
- Local Non-tax Revenues are comprised of tuition (Wee Wildcat Preschool), fees (Pay to Play), sales of goods (local food service), investment earnings, gifts/donations, insurance recoveries and fines.
 - Tuition and fees collected are approximately \$12,000 ahead of last year due to higher student care program receipts.
 - Gift and Grant revenue is less than last year – last year the District received a \$25,000 lump sum donation.
- State General Purpose revenues are \$597,674 greater than last year. This revenue category is used to account for the apportionment allocation for Basic Education as well as the Local Effort Assistance monies allocated by the State.
 - Districts are funded on their budgeted Average Actual Full-Time Enrollment (AAFTE) September through December. The District is now funded based on our Actual Average FTE, which is the average number of full time equivalent students attending from September through May (nine months). The District's budgeted average K-12 enrollment for FY 2007-08 is 5,055. The District's average actual K-12 enrollment through March was 5,120 FTE.
 - The Legislature granted \$67,000 to the District for one-time technology allocation. The funds were received in September and October. \$50,000 is for the District, \$11,000 is for the Skill Center and \$6,000 is for Canyon View Group Home. The funds allocated for the District were used to purchase video conferencing technology.
 - Rock Island Elementary is eligible for Full Day Kindergarten funding allocated by the Legislature. We anticipate that the District will receive approximately \$118,000 for this program. It will be used to continue the full day program that was currently in existence at this building and free Title 1 funding to be used at the other eligible buildings.
 - Local Effort Assistance is state matching money for maintenance and operation levies paid to eligible districts. The September through December 2007 LEA allocation equals 28 percent of the 2007 calendar year allocation. The January through August 2008 LEA allocation equals 72 percent of the 2007 calendar year allocation. The allocation for this year will be \$2,583,376.
- State Special Purpose revenues are revenues that are provided for support of remedial learning, handicapped students, highly capable students, special and pilot programs, student achievement funding, pupil transportation, and food services. Many of these allocations increased as part of the State and OSPI's budget process. As of March, total state allocations paid are \$741,943 more than last year. Notable program allocations are as follows:
 - Middle School Vocational (Program 34) – allocation is new for FY 2007-08 and is estimated to be \$29,300. This funding is to be used at Eastmont Junior High for eighth graders in certain Family and Consumer Science Education classes (FASCE).
 - Learning Assistance Program (Program 55) – allocation for FY 2007-08 is estimated to be \$115,216 more than what was allocated for FY 2006-07. The formula allocation uses prior year total student FTE, poverty and a per student allocation – all of these factors increased this year.
 - National Board for Professional Teaching Standards – allocation is to fund \$5,000 stipend for each teacher that qualifies. Nine of our teachers were successful in completing this certification this fall – we now have a total of 11 teachers with this certification.
 - Promoting Academic Success (Program 63) – allocation continues for FY 2007-08 (new funding created in FY 2006-07 to assist students who have failed the WASL). The District is estimated to receive \$197,000. This money is primarily used to fund certificated staff at EHS.

- Transitional Bilingual (Program 65) – allocation for FY 2007-08 is estimated to be \$11,700 more than the allocation for FY 2006-07. The per eligible student allocation increased from \$805 to \$845.66. We are currently serving an average of 778 students. Last year, 800 students were served.
- Student Achievement (Program 66) – allocation for FY 2007-08 is estimated to be \$442,765 more than what was allocated for FY 2006-07, due to an increase in the per student allocation from the State. (\$375 to \$450 per FTE). The District receives the allocation based on the previous year's final average actual full time enrollment, which includes the Skill Center (5,370.53).
- Federal Special Purpose includes revenues that provide support for federal remediation learning programs such as Title I and Migrant. Federal dollars are received for handicapped students, school food services (including USDA commodities), and teacher quality. The District typically has to claim reimbursement in order to receive revenues in this category. Variances in program revenue received compared to last year are as follows:
 - Federal Special Education (Program 24) revenue to date is \$104,691 less than what was received through March 2007. Eligible program costs are being charged to State Special Ed as well as State and Federal Safety Net programs.
 - Title I (Program 51) reimbursements are \$45,516 less than March 2007. This is a combination of payroll entries to transfer staff as well as a reduced allocation in program.
 - Enhancing Education through Technology (Program 52) revenue is \$32,900 more due to Peer Coaching Grant received by 4 buildings (Kenroy, Cascade, Sterling and EHS).
 - Title II – Teacher Quality program receipts are \$57,464 less than last year due to using other program resources first for teacher professional development.
 - GEAR-UP (Program 79) receipts are \$17,329 less than last year due to staffing changes with program director and coordinator.
 - Food Service (Program 98) receipts are \$21,598 greater than March 2007.

Expenditures as of March 2008 are at 57.9% of the amount projected with 58.3% of the year elapsed. Total expenditures for the month of March were \$4,208,887. Explanations for significant increases or decreases in comparison to the same time period for the previous year are as follows:

- The 3.7% Cost of Living Adjustment (COLA) authorized by the Washington State Legislature was passed through to all employees of the district. The insurance benefit also increased 3.6% (from \$682.54 per month to \$707.00 per month). The Health Care Retiree Subsidy also increased 4.6% (from \$55.15 per month to \$57.71 per month). Because the Basic Education Program accounts for the largest number of employees, these salary and benefit expenditures account for the majority of the increase when comparing previous year expenditures to the same period in time for this year.
- Collective Bargaining Agreements were settled with the Administrators and the Eastmont Secretaries Association. As these original contracts expired in June and August 2007; retroactive payments for September through February payroll were made in March.
- Special Education Program expenditures appear greater than those of last year due to a change in accounting for excess special education costs. These costs were previously recorded in the Basic Education program. All costs associated with special education are now recorded in Program 21 (State) and/or Program 24 (Federal).
- Skill Center expenditures are less as a result of program changes made to bring costs into alignment with anticipated revenues.
- Compensatory Instruction expenditures, above the salary & benefit costs increases, vary due to the following:
 - Addition of 4 certificated staff for one Full Day Kindergarten class each at Kenroy, Lee, Grant and Cascade elementaries that is funded through I728 (Program 66).
 - Staff at Kenroy, Cascade, Sterling and EHS received \$8,500 each (\$76,500 district wide) in Enhancing Education through Technology Peer Coaching grant (Program 52).
 - Navigation 101 expenditures – 2 year grant with funding not available until April of last year. (Program 58)
 - National Board Certification - expenditures increased with addition of 8 teachers who became certified and were eligible for the \$5,000 stipend funded by the State.

- Promoting Academic Success (Program 63) – expenditures in this program are more than at the same time last year due to increased staffing. This was done based on the increased allocation, as discussed above.
- Support Services Program expenditures are those incurred in the operation of the school district. Expenditures in this category account for administrative, custodial/maintenance, and technology functions. Salary and benefit increases were applied to employees in these categories. Other significant variances are as follows:
 - Addition of Director of Human Resource – this position was filled in May 2007.
 - Technology purchased hardware improvements – costs \$137,500 more than through January 2007. The District has allocated \$375,000 for technology infrastructure improvements.
 - Fuel expenditures for the Transportation program are \$20,000 more than in the same period last year.
 - 4 full time positions were added to the Maintenance Department. These positions were filled in December and January.
 - \$125,000 was transferred from the General Fund to the Transportation Vehicle fund per authorization provided as part of the 2007-2008 budget adoption process.

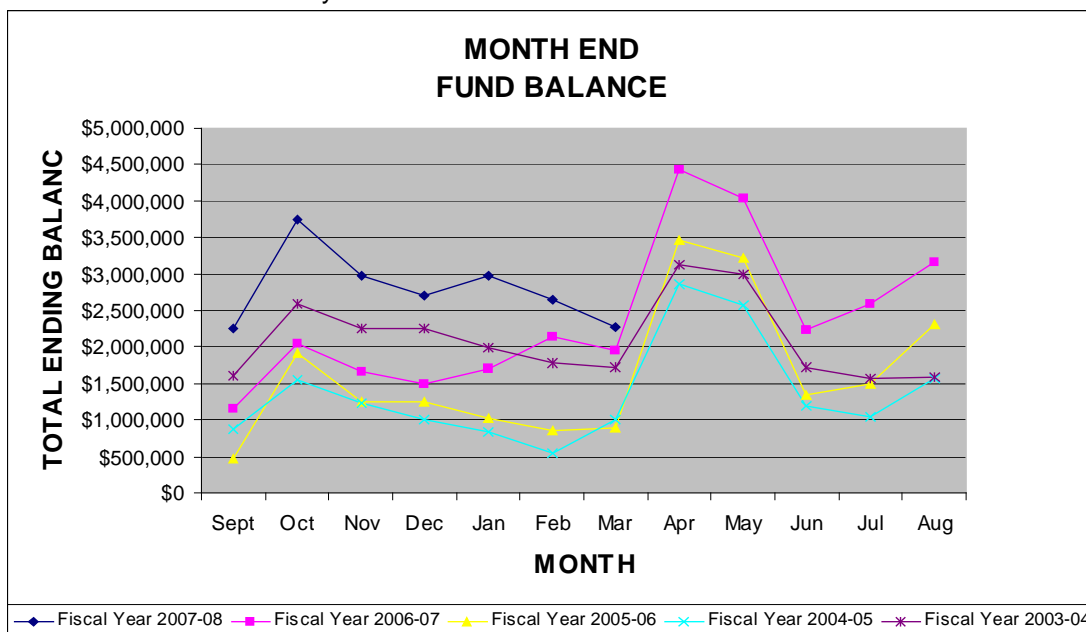
Fund Balance – Fund balance is the equity portion of a fund balance sheet and measures the financial resources available in a governmental fund. For accounting purposes, fund balance is calculated as of year-end and is based on the difference between actual revenues and expenditures for the fiscal year. If revenues exceed expenditures, fund balance is positive and carries forward, designated either as reserved or unreserved. If expenditures exceed revenues, existing fund balance from a prior year is reduced.

Eastmont School District accounts for fund balance in the following subdivisions:

- **Reserved** – a portion of the fund balance not available for any expenditure; legally segregated for a specific future use. Examples are: Vocational and Student Achievement (1728) program revenues in excess of expenditures.
- **Unreserved, designated** – a portion of the fund balance established to indicate tentative plans for the future use of current resources. Examples are Building allocations and Student Care program revenues in excess of expenditures.
- **Unreserved, undesignated** – fund balance available for use without predefined restrictions.

Governments are recommended to maintain adequate levels of fund balance to mitigate current and future risks (i.e. revenue shortfalls and/or unanticipated expenditures).

Total fund balance in the General Fund as of the end of March is \$2,270,123. The graph below provides month end fund balance detail for the last 5 fiscal years:



CAPITAL PROJECTS FUND

-The Capital Project Fund (page 2) - This fund is used for the acquisition of land or existing buildings; construction of buildings; purchase of capital equipment, or, under certain conditions, for the improvement of buildings. Revenues received by this fund are typically from the sale of bonds, state match, or special levies. Monies received from the sale of surplus real property must also be received in this fund.

The ending fund balance at the end of March is \$950,682. Expenditures to date are \$566,535. Projects in-progress and their associated costs are as follows:

Projects In Progress		
Project Description	Total Expd FY 2006-07	Expd at 3/31/2008
Skill Center Facility Plan	\$ 70,674	40,120
Remodel Portable for Tech Dept	\$ 34,387	4,336
Skill Center Culinary Arts Kitchen	\$ 294,026	431,683
Skill Center - Collision Center Impvmt	\$ -	833
Kenroy Sidewalk Project	\$ 525	5,259
EJH Stair Nose Repair	\$ -	20,797
EHS Lockers	\$ -	4,632
Facility Study & Survey	\$ -	14,178
Miscellaneous Projects	\$ 15,277	44,698
	<u>\$ 414,889</u>	<u>\$ 566,536</u>

Total FY 2007-08 Expenditures \$ 566,536

DEBT SERVICE FUNDS

-The Debt Service Fund (page 3) - is used to account for the payment of principal, interest, and other expenditures related to the redemption of outstanding bonds. The country treasurer or fiscal agent makes the payment of interest and principal. Provision must be made annually for a levy sufficient to meet the payments of principal interest and related expenditures for voted debt; the amount levied for 2007 is \$3,600,000. The fund balance at March is 648,420.

The District refinanced a portion of its outstanding bonds in order to take advantage of lower interest rates. The School Board at a Special Meeting held October 24, 2007 approved this action. The recent refinancing will save the District's taxpayers a total of over \$945,000 during the next 10 years. The Eastmont School Board accomplished these savings by approving the issuance of \$18,405,000 in refunding bonds. The District has been monitoring bond market conditions over the past year and recent low interest rates allowed the District to exceed its savings target. Interest rates averaged 3.94% on the new bonds compared to 5.22% on the old debt.

The debt payment schedule for this year is as follows:

December 1, 2007 - \$2,015,000 Principal
 \$346,352 Interest

June 1, 2008 - \$100,000 Principal
 \$768,854 Interest

ASSOCIATED STUDENT BODY FUND

-Associated Student Body (ASB) Fund (page 4) – This fund is financed by the collection of fees for attendance at any optional noncredit extracurricular events of the district. Revenue may also be raised by student fund-raisers. The monies paid from this fund are used to support activities of the general student body, classes, clubs, etc.

Club revenue and expenditures are less than last year due to the EHS Choir trip to New York. Total fund balance at the end of March is \$291,626.

TRANSPORTATION VEHICLE FUND

- The Transportation Vehicle Fund (page 5) - is used to account for the purchase and/or major repair of school buses.

The fund balance at the end of March is \$92,431.

SUPPLEMENTARY INFORMATION

Also included:

- A report that compares General Fund monthly revenue and expenditure budget to actual comparisons for the last 5 fiscal years.
- A graph of General Fund monthly revenues and expenditures (cash basis).
- An analysis of monthly Cash and Investment balances per the County Treasurer Reports.

If you should have any questions or comments regarding the figures presented please don't hesitate to let me know.