

To: Board of Education
From: Bruce Martin
Date: August 11, 2008
Subject: FY08 Final Quarterly Financial Update – Through June 30, 2008

The attached spreadsheets provide a summary of the unaudited District revenues and expenditures for the Fiscal Year 2007-08.

Revenues

- When reviewing the "Total Funds" document under revenues, you'll note that about 99% of current year taxes have been received. Prior year 2006-07 taxes are at about 108% of budget. Prior year taxes are greater because the 2006 final tax extension exceeded the forecast. The final extension was about 2.8% higher than anticipated due to the Equalized Assessed Valuation (EAV) increasing by almost 2% rather than declining. Historically, the EAV has declined on average about 1% prior to a triennial reassessment year. Together, total taxes for FY08 collected through June amount to \$51.9 million. This is about \$9.8 million or about 23.1% more than last year at this time.
- Prior year taxes and/or refunds are a negative \$181,563, or only about 34% of budget. The activity reflected in this amount would have occurred prior to 2006.
- Corporate Personal Property Replacement Tax (CPPRT) receipts are about \$107,000 greater than anticipated. The state controls these payments.
- Interest income is greater than budgeted by about \$158,000. This can be attributed to having greater funds to invest and to the interest earnings from the County due to late tax receipts.
- Other local revenue includes various student fees, food service revenue, extended-day program fees, parent-paid lunch supervision fees and out-of-district tuition revenue. Revenues have exceeded the budget by about 9% and can be attributed to additional tuition payments and the transfers of funds from the dissolution of the parent-paid lunch program non-profit corporation.
- The Tax Anticipation Warrants (TAW's) are reflected as revenue in the Educational Fund. The TAW's were paid back in January 2008 and also have been reflected as an expense.

- General state aid receipts are ahead of last year because payments that typically arrive in July were received in June. However, other state aid, which includes transportation reimbursement, is lagging.
- The IDEA subgrant comprises the majority of the federal aid revenue.
- Overall, revenues exceeded budgeted amounts by about 4.3% when removing the Tax Anticipation Warrants. The majority of this variance can be attributed to higher tax receipts from the referendum.

Expenses

- Salary and benefit expenses are within budget estimates. Benefit costs are less than last year primarily caused by making only 12 payments for insurance premiums rather than 13 in FY07. Overall, salary expenses have increased by 9% compared to FY07. Much of the cost variance can be attributed to - 1) additional staff due to reduced class sizes stemming from the successful referendum and 2) the acquisition of the parent-paid lunch supervision program.
- Purchased services and materials/supplies are within budgeted amounts. Supply costs have increased compared to FY07 and can be attributed to an increased emphasis on technology initiatives, primarily new computer hardware, again stemming from the successful referendum.
- Capital outlay activity includes work that was primarily completed at the start of FY08 (in summer 2007) at Franklin and Washington schools.
- The majority of "other" expenses include Bond & Interest payments on outstanding debt which are as budgeted.
- Tuition expenses consist of costs associated with special needs students who attend facilities outside of the District. FY08 expenses were slightly lower than anticipated.
- The Tax Anticipation Warrants (as noted in the revenue section above) are also reflected as an expense. The costs include repayment of the principal and interest expense.
- Overall, when reviewing the "Operating Funds" report, total operating expenses (when the TAWs are removed) of about \$51 million are about \$1.5 million lower than anticipated, or within 3% of the budget forecast. Expenses in 2007-08 were about \$1.6 million higher than in the previous fiscal year as referendum initiatives were implemented.

Summary

- Based on the financial performance through June 30, the District continues to improve upon its financial condition and will be in a more favorable position if tax receipts should again arrive late in future years.
- During FY08, the District was able to add about \$8 million to the Operating Fund balance. When added to the existing balance, the estimated ending operating fund balance for FY08 will be about 28% of estimated annual expenses, meeting the range targeted by the planning model.
- The Board's policy of achieving a 33% fund balance goal is expected to be achieved by the end of fiscal year 2009.

TOTAL FUNDS - QUARTERLY FINANCIAL UPDATE						Ending June 2008	
	Prior Year Budget	Prior Y.T.D. Activity	Prior Y.T.D. Pacing	2007-2008 Adopted Budget	Y.T.D. Activity	Y.T.D. Pacing	
REVENUES							
Taxes - Current	\$ 23,632,776	\$ 19,736,615	84%	23,533,030	23,374,073	99%	
Taxes - 1st Prior	\$ 22,095,348	\$ 22,472,958	102%	26,484,251	28,604,731	108%	
Prior Year Taxes/Refunds	\$ (340,000)	\$ (146,071)	43%	(529,900)	(181,563)	34%	
Personal Property	\$ 1,054,069	\$ 1,204,424	114%	1,220,725	1,327,617	109%	
Interest Income	\$ 530,000	\$ 992,246	187%	708,890	866,707	122%	
Other Local Revenue	\$ 2,449,835	\$ 2,953,763	121%	3,169,000	3,449,480	109%	
Interest Transfer	\$ 395,000	\$ 617,148	156%	653,890	528,559	81%	
TAW Proceeds					7,000,000		
Permanent Trans from WC fund to OM fund	\$ -	\$ 3,662,864					
General State Aid	\$ 1,554,537	\$ 1,557,377	100%	1,197,776	1,678,094	140%	
Other State Aid	\$ 2,336,377	\$ 3,039,038	130%	2,747,467	2,576,059	94%	
Federal Aid	\$ 2,137,805	\$ 1,452,378	68%	1,507,685	1,108,367	74%	
TOTAL REVENUE	\$ 55,845,747	\$ 57,542,740	103%	60,692,814	70,332,124	116%	
EXPENSES							
Salaries	\$ 31,898,198	\$ 31,945,926	100%	34,912,251	34,821,959	100%	
Employee Benefits	\$ 5,445,511	\$ 6,286,017	115%	6,158,390	5,774,453	94%	
Purchased Services	\$ 4,713,377	\$ 3,999,929	85%	4,772,363	4,350,914	91%	
Materials & Supplies	\$ 2,239,986	\$ 2,231,272	100%	2,791,362	2,800,533	100%	
Capital Outlay	\$ 2,117,571	\$ 1,412,951	67%	1,419,647	1,053,059	74%	
Other	\$ 4,073,870	\$ 4,387,500	108%	4,084,546	4,083,448	100%	
Tuition	\$ 1,907,000	\$ 1,415,813	74%	1,987,000	1,813,085	91%	
Interest Transfer	\$ 395,000	\$ 617,148	156%	653,890	528,559	81%	
TAW REPAYMENT					7,064,750		
Permanent Trans from WC fund to OM fund & SC to OM		\$ 3,662,864					
TOTAL EXPENSES	\$ 52,790,513	\$ 55,959,420	106%	56,779,449	62,290,761	110%	

QUARTERLY FINANCIAL UPDATE						
OPERATING FUNDS				Ending June 2008		
	Prior Year Budget	Prior Y.T.D. Activity	Prior Y.T.D. Pacing	2007-2008 Adopted Budget	Y.T.D. Activity	Y.T.D. Pacing
REVENUES						
Taxes - Current	\$ 21,506,232	\$ 17,960,438	84%	21,408,114	21,474,415	100%
Taxes - 1st Prior	\$ 19,767,637	\$ 20,115,679	102%	24,092,855	26,086,543	108%
Prior Year Taxes/Refunds	\$ (304,164)	\$ (136,485)	45%	(493,900)	(162,518)	33%
Personal Property	\$ 1,054,069	\$ 1,204,424	114%	1,220,725	1,327,617	109%
Interest Income	\$ 387,000	\$ 805,199	208%	588,890	746,047	127%
Other Local Revenue	\$ 2,449,835	\$ 2,953,763	121%	3,169,000	3,449,480	109%
Interest Transfer	\$ 395,000	\$ 617,148	156%	653,890	528,559	81%
TAW Proceeds					7,000,000	
Permanent Trans from WC fund to OM fund & SC to OM	\$ -	\$ 3,662,864				
General State Aid	\$ 1,554,537	\$ 1,557,377	100%	1,197,776	1,678,094	140%
Other State Aid	\$ 2,336,377	\$ 3,039,038	130%	2,747,467	2,576,059	94%
Federal Aid	\$ 2,137,805	\$ 1,452,378	68%	1,507,685	1,108,367	74%
TOTAL REVENUES	\$ 51,284,328	\$ 53,231,823	104%	56,092,502	65,812,664	117%
EXPENSES						
Salaries	\$ 31,898,198	\$ 31,945,926	100%	34,912,251	34,821,959	100%
Employee Benefits	\$ 5,445,511	\$ 6,286,017	115%	6,158,390	5,774,453	94%
Purchased Services	\$ 4,713,377	\$ 3,999,929	85%	4,772,363	4,350,914	91%
Materials & Supplies	\$ 2,239,986	\$ 2,231,272	100%	2,791,362	2,800,533	100%
Capital Outlay	\$ 2,117,571	\$ 1,412,951	67%	1,419,647	1,053,059	74%
Other	\$ 15,600	\$ 17,627	113%	32,300	30,025	93%
Tuition	\$ 1,907,000	\$ 1,415,813	74%	1,987,000	1,813,085	91%
Interest Transfer	\$ 300,000	\$ 468,997	156%	533,890	408,559	77%
TAW REPAYMENT					7,064,750	
Permanent Trans of WC fund to OM fund	\$ -	\$ 1,698,820				
TOTAL EXPENSES	\$ 48,637,243	\$ 49,477,352	102%	52,607,203	58,117,339	110%

COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

STATEMENT OF POSITION

2007-2008

UNAUDITED RESULTS

FUND	<u>ESTIMATED</u> BEGINNING BALANCE JULY 1, 2007	ADD Unaudited BUDGETED REVENUES	LESS Unaudited BUDGETED EXPENDITURES	EXCESS/ DEFICIENCY OF REVENUES OVER EXPENDITURES	ESTIMATED ENDING Unaudited BALANCE JUNE 30, 2008
EDUCATIONAL	\$ 2,719,456	\$ 54,485,513	\$ 48,290,551	\$ 6,194,962	\$ 8,914,418
TORT	(1,712,289)	1,065,912	1,266,914	(201,002)	(1,913,291)
OPER. & MAINT.	(2,269,831)	5,238,035	4,021,333	1,216,702	(1,053,129)
TRANSPORTATION	(530,787)	2,315,929	1,848,635	467,294	(63,493)
IMRF/SS	(351,838)	1,920,428	1,530,145	390,283	38,445
WORKING CASH	10,144,277	786,845	408,559	378,286	10,522,563
TOTAL-OPERATING FUNDS	<u>\$ 7,998,988</u>	<u>\$ 65,812,662</u>	<u>\$ 57,366,137</u>	<u>\$ 8,446,525</u>	<u>\$ 16,445,513</u>
<i>Estimated Expense to Fund Balance Ratio*</i>					28.67%
OM CAPITAL-LIFE SAFETY	\$ 1,964,044	-	751,200	(751,200)	1,212,844
BOND & INTEREST	3,177,410	4,519,460	4,173,423	346,037	3,523,447
TOTAL-ALL FUNDS	<u>\$ 13,140,443</u>	<u>\$ 70,332,122</u>	<u>\$ 62,290,760</u>	<u>\$ 8,041,362</u>	<u>\$ 21,181,805</u>

*Fund Balance Objective = 33%
(4 months of Operating Expenses)