Asset Management Final Assignment

Your Final Assignment will be to review the files I have attached. They are based on a District that has gone through some difficult times in the past three years. The scenario is this:

The District:
The school has not met AYP for the last two years and seeing some improvement, but not a significant increase in the scores so far.

Enrollment:
Trouble School District has experienced declining enrollment:

- 10-11 = 327
- 11-12 = 301
- 12-13 = 282
- 13-14 = 243
- 14-15 = 214
- 15-16 = 225
- 16-17 = 227
- 18-19 =220

Projections for enrollment show a slight increase over the next few years, due largely to a growing economy and births within the District.

- 19-20 = 224
- 20-21 = 225
- 21-22 = 232
- 22-23 = 245

Building Fund:

- The District has a Building Bond from 2004, for the building of a new high school wing. It has $155,000 principal balance on the bond, and will be paid off in December, 2019. The interest on the bond is 8.0%

- There is also has a Construction Bond from a 2005 addition to the elementary wing. It has $1,857,463.88 principal balance and will be paid off in 2025. The interest rate on the bond is 7.1%

The current Building Fund levy was set at 3 mills in 1997. It will generate about $30,000 a year. The 17-18 ending fund balance was $33,564. The District levies 3 mills currently.

A recent audit of the heating/infrastructure of the school indicated at least $750,000 was needed to update the existing buildings. The voters rejected increasing the Building Fund from 3 mills to 9 mills. The consensus was that <u>they would have approved it</u> if the increase hadn't been tied to building a larger gym.

Debt Services Fund:
The District is currently levying 37 mills for the Sinking & Interest Fund, which produces $253,000 annually. They have maxed out the levy at 37 mills. At the end of the 17-18 fiscal year, the ending fund balance was $369,197.13.

The school currently has a gym and a multi-purpose room for athletic events. The Board tried to add more classrooms and a gym. The voters rejected that by a 2/3 margin, largely because the voters felt a new gym was not needed.

General Fund Levy:
The District is already at the maximum mill levy for the General Fund.

- The District owns 7 buses and has had a hard time keeping up with state mandate for age of buses. There are 5 bus routes that average 548 total miles/day or 96,500 miles per fiscal year for the regular routes.
    - Activity busing puts an average of 23,000 miles per fiscal year on the buses.
    - They are currently spending $500,000 - $550,000 per year for all the bus expenses (parts, labor, fuel, insurance, drivers, etc.) This includes a new bus purchased every other year for approximately $80,000 to $100,000.
- The salary and benefits for employees is taking an increasingly larger bite out of each budget.
    - Four years ago, 63% of the budget was devoted to wages/benefits
    - In 18-19, 87% of the budget was devoted to wages/benefits

I have given you a sampling of the District's balance sheets from November for the last 3 years. I have also included the Reports for Publication, and the bond payments through 2025.

Your task is to review the reports. This should be an in-depth analysis.

1. **Review the last 3 years and tell me what the history of the District is telling you.**
2. **Tell me how you view the District financially this year.**
3. **What FIVE things would you suggest to the Board this year for improving the bottom line?**
4. **Give me a brief statement on your feelings for the future of the District.**

I have attached a worksheet below for your responses to these questions.

Asset Management Final Assignment 2017 Student Name: _____

- Review the last 3 years and tell me what the history of the District is telling you.

- How do you view the District financially this 18-19 year?

- What FIVE things would you suggest to the Board this year for improving the bottom Line?

  1.

  2.

  3.

  4.

  5.

- Give a brief statement of your feelings for the future of the District.

Reports for Publication for Trouble School

Trouble School District	Beginning Fund Balance July 1, 2015	Receipts	Expenditures	Ending Fund Balance June 30, 2016
1. General Fund	$180,869.08	$3,469,511.12	$3,610,909.50	$39,470.70
2. Tuition Fund	$0.00	$0.00	$0.00	$0.00
3. Miscellaneous Fund	$0.00	$0.00	$0.00	$0.00
General Fund Group (1)	**$180,869.08**	**$3,469,511.12**	**$3,610,909.50**	**$39,470.70**
Special Reserve Fund Group (02)	$0.00	$0.00	$0.00	$0.00
Capital Projects Fund Group (03)	$39,509.80	$527,469.78	$556,906.15	$10,073.43
Sinking & Interest Fund Group (04)	$245,748.75	$200,704.45	$173,921.00	$272,532.20
Food Services Fund Group (05)	$12,018.54	$156,389.14	$162,067.47	$6,340.21
Student Activities Fund Group (06)	$30,631.19	$127,286.54	$149,463.69	$8,454.04
General information concerning school district debt as of June 30, 2016				
1. Bonds Outstanding			$245,561.89	
2. Certificates of Indebtedness Outstanding			$0.00	
3. Amount Owed to the State School Construction Fund			$2,269,982.30	
4. Total Indebtedness of the District				**$2,515,544.19**

Trouble School District	Beginning Fund Balance July 1, 2016	Receipts	Expenditures	Ending Fund Balance June 30, 2017
1. General Fund	$39,470.70	$3,019,251.25	$2,915,928.67	$142,793.28
2. Tuition Fund	$0.00	$0.00	$0.00	$0.00
3. Miscellaneous Fund	$0.00	$0.00	$0.00	$0.00
General Fund Group (1)	**$39,470.70**	**$3,019,251.25**	**$2,915,928.67**	**$142,793.28**
Special Reserve Fund Group (02)	$0.00	$0.00		$0.00
Capital Projects Fund Group (03)	$10,073.43	$18,987.22	$12,912.71	$16,147.94
Sinking & Interest Fund Group (04)	$272,532.20	$192,696.70	$172,747.34	$292,481.56
Food Services Fund Group (05)	$6,340.21	$148,212.32	$139,880.90	$14,671.63
Student Activities Fund Group (06)	$8,454.04	$182,849.97	$160,394.25	$30,909.76
General information concerning school district debt as of June 30, 2017				
1. Bonds Outstanding			$164,807.37	
2. Certificates of Indebtedness Outstanding			$0.00	
3. Amount Owed to the State School Construction Fund			$2,064,394.40	
4. Total Indebtedness of the District				**$2,229,201.77**

Trouble School District	Beginning Fund Balance July 1, 2017	Receipts	Expenditures	Ending Fund Balance June 30, 2018
1. General Fund	$142,793.28	$3,079,078.30	$2,990,903.49	$230,968.09
2. Tuition Fund	$0.00	$0.00	$0.00	$0.00
3. Miscellaneous Fund	$0.00	$0.00	$0.00	$0.00
General Fund Group (1)	**$142,793.28**	**$3,079,078.30**	**$2,990,903.49**	**$230,968.09**
Special Reserve Fund Group (02)	$0.00	$29,398.83	$0.00	$0.00
Capital Projects Fund Group (03)	$16,147.74	$30,128.62	$12,712.61	$33,563.75
Sinking & Interest Fund Group (04)	$292,481.56	$253,240.57	$176,525.00	$369,197.13
Food Services Fund Group (05)	$14,671.63	$157,475.97	$152,502.26	$19,645.34
Student Activities Fund Group (06)	$30,909.76	$205,370.36	$174,538.97	$61,741.15
General information concerning school district debt as of June 30, 2018				
1. Bonds Outstanding			$83,008.89	
2. Certificates of Indebtedness Outstanding			$0.00	
3. Amount Owed to the State School Construction Fund			$1,857,463.88	
4. Total Indebtedness of the District				**$1,940,472.77**

Balance Sheets for Trouble School

General Fund Balance Sheet

Account Number	Description	November 2015 Previous Balance	November 2015 Current Month	November 2015 Ending Balance	November 2016 Previous Balance	November 2016 Current Month	November 2016 Ending Balance	November 2017 Previous Balance	November 2017 Current Month	November 2017 Ending Balance
	Current Assets									
01 101	Cash	139,655.61	(72,223.98)	**67,431.63**	27,318.46	(12,404.91)	**14,913.55**	144,650.25	55,969.07	**88,681.18**
01 103	Petty Cash	100.00	0.00	**100.00**	100.00	0.00	**100.00**	100.00	0.00	**100.00**
01 111	Investments	368,540.76	(9,912.11)	**358,628.75**	27,544.81	(13,672.25)	**13,872.56**	441,724.16	168,594.65	**610,318.81**
01 153	Revenue Receivable	(2,529.17)	0.00	**(2,529.17)**	0.00	0.00	**0.00**	0.00	0.00	**0.00**
01 155	Building Project Accounts Receivable	53,000.00	48,647.19	**101,647.19**	0.00	0.00	**0.00**	0.00	0.00	**0.00**
	Current Assets Subtotal	558,767.20	(33,488.90)	**525,278.40**	54,963.27	(26,077.16)	**28,886.11**	586,474.41	224,563.72	**699,099.99**

Building Fund Balance Sheet

Account Number	Description	November 2015 Previous Balance	November 2015 Current Month	November 2015 Ending Balance	November 2016 Previous Balance	November 2016 Current Month	November 2016 Ending Balance	November 2017 Previous Balance	November 2017 Current Month	November 2017 Ending Balance
	Current Assets									
03 101	Cash	2,219.08	0.22	**2,219.30**	3,806.39	0.15	**3,806.54**	1,704.20	0.04	**1,704.24**
03 111	Investments	11,903.13	43.10	**11,946.23**	2,069.86	362.24	**2,432.10**	14,781.98	262.65	**15,044.63**
	Current Assets Subtotal	14,122.21	43.32	**14,165.53**	5,876.25	362.39	**6,238.64**	16,486.18	262.69	**16,748.87**

Debt Services Fund Balance Sheet

Account Number	Description	November 2015 Previous Balance	November 2015 Current Month	November 2015 Ending Balance	November 2016 Previous Balance	November 2016 Current Month	November 2016 Ending Balance	November 2017 Previous Balance	November 2017 Current Month	November 2017 Ending Balance
	Current Assets									
01 101	Cash	0.00	0.00	**0.00**	0.00	0.00	**0.00**	0.00	0.00	**0.00**
01 103	Investments	243,796.18	(5,668.99)	**238,127.82**	273,302.95	(1,341.20)	**271,961.75**	291,857.12	(622.83)	**291,234.29**
	Current Assets Subtotal	243,796.18	(5,668.99)	**238,127.82**	273,302.95	(1,341.20)	**271,961.75**	291,857.12	(622.83)	**291,234.29**

Building Bond Payments

Fiscal Year	Building Bond @ 8.0%	Building Bond Interst	Bond Fees	Total P/I Payments/Fiscal Year
17-18	$70,000.00	$4,934.38 $4,934.38	$287.88	$74,934.38 $4,934.38
18-19	$75,000.00	$3,399.24 $3,399.24	$287.88	$78,399.24 $3,399.24
19-20	$80,000.00	$3,008.89	$310.00	$83,008.89

Construction Bond Payments

Fiscal Year	Constuction Bond Payment @ 7.1%	Construction Bond Interst	Bond Fees	Total P/I Payments/Fiscal Year
17-18	$225,000.00	$40,477.10 $40,477.10	$477.50	$225,000.00 $80,954.19
18-19	$225,000.00	$36,103.75 $36,103.75	$562.50	$225,000.00 $72,207.49
19-20	$225,000.00	$31,730.39 $31,730.39	$562.50	$225,000.00 $63,460.78
20-21	$235,000.00	$27,357.04 $27,357.04	$625.00	$235,000.00 $54,714.08
21-22	$240,000.00	$22,789.32 $22,789.32	$625.00	$240,000.00 $45,578.64
22-23	$250,000.00	$18,124.41 $18,124.41	$687.50	$250,000.00 $36,248.82
23-24	$300,000.00	$13,265.13 $13,265.13	$687.50	$300,000.00 $26,530.26
24-25	$382,463.88	$14,867.99	$750.00	$397,331.87