

December 9, 2013

**Management Discussion and Analysis  
2nd Quarter Fiscal Year 2013-2014**

Revenues

Revenues for the period increased by \$260,559.00 due to adjustments in a few areas of the budget. The Lunchroom Revenue was adjusted by \$41,500.00 to be paid by Alpena Public Schools. Tiger Clinic revenue was included in this budget update in the amount of \$136,100.00 but this amount is a flow-through item and will also show as an expense. Title revenue was adjusted to actual and increased by \$10,492.00. FTE count for this year shows a student count of 750 and a three-year average of 770. This is exactly the figure that was used for the July Budget revenue amount so no adjustment was needed for this quarterly update.

Expenditures

Expenditures for the period increased by \$196,817.00 leaving the district with projected fund equity of \$744,416.00 as of June 30, 2014. Lunchroom activity of \$41,500.00 was expensed and this line item will be paid by Alpena Public Schools. Title program expenses were increased by the amount of increased revenues. Tiger Clinic expenses of \$136,100.00 show as a pass-thro amount with both revenue and expenditures shown as the same amount.

Summary

The projected fund equity of June 30, 2014 was increased by \$63,742.00 to an amount of \$744,416.00. This figure represents 10.4% of our projected expenditures for the year of 2013-14 at \$7,140,155.00. Auditors still would like to see a 15-16% fund equity as this relates to 2 months of fund equity for the 2 months of the year in which the district does not receive state aid. Alcona's situation is a little different because the District does not heavily rely on State Aid as other districts. Still, we need to be ever diligent in our decisions concerning fund equity usage as it relates to balancing future budgets.

Thank you, Alan Shillair