

School Board Workshop:

May 9, 2022

Subject:

Quarterly Cash and Investment
Report April 30, 2022

Presenter:

**Ryan L. Tangen, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

For Board Review Only.

DESCRIPTION:

The attachments contain information about the estimated cash and investment position of the district as of April 30, 2022.

Cash and Investments Portfolio

The estimated cash balance of the district as of April 30, 2022 is \$22,631,317. Our estimated cash balance on April 30, 2021 was \$21,379,004 and our estimated cash balance on April 30, 2020 was \$18,311,533. The current allocation consists of 4.4% US Treasury/Government Agency, 52.7% local government investment pool holdings, and 42.9% in liquid accounts. The report lists the various investments by type. It also shows the brokerage firm through which we have invested the funds. Interest rates have improved but remain low. Rates are expected to continue to rise through 2022.

Projected Cash and Investments Balances 2021-22

This graph shows the projected cash and investment balances as of the end of each month of the fiscal year for all funds except the OPEB Trust and the HRA Trust. The top portion of each bar in red represents the funds that are in daily accounts and the bottom portion in blue represents the investments that have yet to mature. The intention with our portfolio is to have our funds invested out as far as statutes and our cash flow position will allow. In many cases, our cash position at the end of the month is higher than it is at different points during the month. This is due to the majority of our revenue being received on the 15th and 30th of each month and a number of our larger payments occurring at points other than the 15th and the 30th of the month. The difference in timing between receipts and payments requires having a sufficient portion of our portfolio in daily liquid deposits.

Projected Monthly Balances Operating vs. Debt 2021-22

This graph shows the projected monthly balances for 2021-22 for operating and debt funds. Our operating funds normally peak at the end of August or September as we receive the majority of our final state aid payments from the prior year by the end of

September. Our debt funds peak in December as we have collected the calendar year's tax collections prior to the payout of January debt service payments. The balance also climbs as we receive the May and June property tax settlements in time to make the July debt service payments. Debt is much higher than usual in December 2021 due to receipt of the proceeds from the refunding bonds.

Multi-year Monthly Cash Flow Projection

This graph shows our estimated cash position for all funds for fiscal years 2011 through 2022. You will see that the monthly cash flow pattern is fairly consistent from year to year. The 2021-22 trend line is higher than previous years mainly due to the addition of a five-year voter approved operating referendum and a spike in December due to the receipt of proceeds from the refunding bonds. The revenue generated by the operating referendum is fixed over the five-year duration, so over time inflation will erode the buying power of those funds. The goal is to build fund balance during the first half of the referendum to be spent during the second half. Overall, the district is projected to maintain a strong financial position throughout the year.

OPEB Trust Quarterly Report

The "Bremer Bank OPEB Trust Summary" is a graph of the semi-annual balances for prior years and monthly balances for current year in the OPEB Trust held and managed by Bremer Bank's trust services department. The trust was opened in October of 2009 and had a balance of \$10,692,177. The balance in the trust as of March 31, 2022 is \$14,260,697 for a net increase of \$3,568,520 or 33.38% since its inception. The April balance reflects net transfers out of \$7,647,930 from the Trust to cover retiree obligations for fiscal years 2012-13 through 2021-22. The April 30, 2022 balance is \$1,779,756 lower than the December 31, 2021 balance from the last quarterly report and includes the January withdrawal for retiree obligation funding of \$784,577.

The two pie charts located in the bottom right show the asset allocation of the portfolio and the value of the asset allocation categories. We are within board policy limits for all allocations. We will continue to monitor the allocations to make sure we continue to stay in compliance with the established board policies.

The "Future OPEB and Compensated Absences Liabilities" summarizes the funding level for retiree benefit liabilities and compensated absences estimates as of April 30, 2022. We completed our most recent actuarial study as of July 1, 2021. That study estimated our actuarial accrued liability or OPEB liability to be \$9,386,661 and the compensated absences liability at \$1,362,187 for a total retirement benefits and compensated absences liability of \$10,748,848 as of the July 1, 2021. The change from July 1, 2020 to July 1, 2021 was a decrease of \$2,371,955 or 18.08%. The liability is reviewed annually with a full study every two years.

To offset those liabilities, the district has the balance in the OPEB trust of \$14,260,697 and committed fund balance of \$2,187,804 to fund the district's severance and compensated absences obligations. The combined balance of the two sources is \$16,448,501. When netted against the total estimate of OPEB and compensated

absences liabilities of \$10,748,848, we are showing a projected surplus over the next 30-year period which is estimated at \$5,699,653. The district has negotiated measures to help control OPEB liabilities going forward for many employee groups and also worked to provide caps for compensated absences as well. We will continue to look for ways to minimize the OPEB liability and to continue to increase the amount of revenue to offset those retiree obligations.

ATTACHMENT(S):

- Cash and Investments Portfolio 4.30.22
- Projected Cash and Investment Balances Graph 2021-22 4.30.22
- Projected Monthly Balances Operating vs. Debt 2021-22 1.31.22
- Multiyear Monthly Cash Flow Projection 4.30.22
- OPEB Trust Quarterly Report 3.31.22