

**School Board Workshop:**

**May 13, 2024**

**Subject:**

Quarterly Financial Update

**Presenter:**

**Miranda Kramer, Controller**

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**SUGGESTED SCHOOL BOARD ACTION:**

For School Board review.

**DESCRIPTION:**

Attached is the March 31<sup>st</sup> quarterly financial update. Expenditures are summarized by fund with the exception of the General Fund. **Administration** includes all administrative expenditures. **Instruction Related** expenditures consist of regular instruction, vocational instruction, and special education instruction. Instructional support and pupil support including transportation are in the **Student Support Services** category, and the buildings & grounds, transfers, and insurance expenditures are in the **Maintenance & Operations** category. **Capital Outlay** expenditures have been removed from each program to make its own category. The last category is **Property Insurance and Short-term Debt Service**.

Revenues & Expenditures

The operating and non-operating funds are listed in the quarterly financial update: General Fund, Food Service, Community Service, Capital Outlay, Building Fund, and Debt Service and Alternative Facilities. Revenues as a percentage of the budget are 68.25%, 58.85%, 68.92%, 58.94%, and 62.31% respectively for the last five years. In the current year we have activity in Fund 06 resulting from proceeds and interest from the bond sale which increased our percentage by 14.69%. Additionally, general fund revenues remained comparable to the previous year while the budget increased by \$7,426,656 resulting in a decrease in the percentage by 4.4%. Part of that is a timing issue of federal special education reimbursement draw requests through the new Minnesota Education Grant System (MEGS). Absent those two items the percentage would have been 57.96%. In the 2020-21 we saw a slightly lower percentage of budget to date even though the actual revenues were fairly consistent. We had an increase in the budget of \$5.8 million which included federal relief funds of roughly \$2 million and operating referendum of \$4.5 million. In 2021-22 we had a bond refunding which increased debt service by \$8.5 million. While the revenues increased, the budget remained constant producing a percentage of budget of 68.92%. Had the budget increased, the percentage would have been a more comparable 59.13%.

Overall, the expenditures as a percentage of the budget have decreased slightly. Expenditures as a percentage of the budget are 65.35%, 68.47%, 76.86%, 67.97%, and 68.09% respectively for the last five years. In 2020-21 the food service fund saw a reduction in year-to-date expenditures of about \$218,000. This was the result of a utility audit entry that was previously done in January, but to ensure we were reclassing an amount below the chargeback threshold we needed to calculate and adjust after fiscal year end. There was also a reduction in food purchases of close to \$100,000 related to reduced Ala Carte sales as a result of COVID. In 2021-22, again we saw the results of a bond refunding in the debt service fund of close to \$8.5 million. The

expenditures increased and the budget remained constant which resulted in a 76.86 percentage of budget. Absent that we would be looking at a more comparable 67.0%. In the current year, like revenues, we are seeing expenditure activity in Fund 06. Absent the anticipated project expenditure budget and costs to date the percentage would have increased from 65.35% to 66.56%. In addition, while expenditures have increased \$2.8 million when compared to last year at this time, the budget has increased \$5.6 million resulting in a lower percentage of budget to date.

### Graphs 1

The two graphs include only the General Fund since it is the main operating fund. They are a visual representation on how the district is operating financially. You can see the General Fund's budget compared to the year-to-date expenditures are pretty consistent. The bottom graph demonstrates revenues lower than the expenditures to date which is more in line with prior years dating as far back as 2013-14 except for the abnormalities in 2019-20 and 2020-21 which are the direct effects of COVID. In the current year expenditures are up most notably in instruction related and student support services and revenues appear slightly down, again due to the timing issue of the federal special education reimbursement.

### Graphs 2 & 3

The attachments labeled Graph 2 & Graph 3 are the General Fund's monthly revenue and expenditure balance for the last five years and as a percentage of the budget. The comparison sheets also give you an idea of what is going on during the months between the quarterly updates. On the Revenue Comparison chart, we are seeing some consistency without any state aid shift. In 2020-21, you can see an increase of close to \$2,000,000 related to federal COVID dollars. The monthly expenditure comparison shows that our expenses are increasing for the General Fund over the last five years.

### **ATTACHMENTS:**

- YTD 033124 Comparison – Rev & Exp
- YTD 033124 Comparison – Graphs 1, 2 & 3