

School Board Workshop:

February 11, 2019

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer, Controller

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

Attached is the December 31st 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 (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 and Expenditures

The operating and non-operating funds that are listed in the quarterly financial update include: General Fund, Food Service, Community Service, Capital Outlay, Building Fund and Debt Service.

Revenues as a percentage of the budget are 36.34 %, 41.87%, 37.53%, 38.02% and 35.41% respectively for the last five years. In the 2016-17 fiscal year, we were seeing a decrease in the General Fund due to a timing issue of when we received the county tax breakdown for reclassification and when receipts were entered. In 2017-18 the percentage was higher as a result of the state aid audit entry that was reversed in the previous year end. Had the reversal been included with the first quarter, the percentage of 41.87 would have been at a more comparable 36.06%. If we take this into account and compare last year with this year, we are seeing an increase of about \$980,000 which is mostly due to property taxes in the general fund.

Overall, the expenditures as a percentage of the budget are similar from year to year. Expenditures as a percentage of the budget are 46.25%, 39.65%, 41.41%, 40.18% and 38.42% respectively for the last five years. In 2017-18, we saw a decrease in the percentage due to the budget and expense change in the Building Fund. For comparison purposes, if the budget and expenditures mirrored the previous year, the percentage would have increased to 40.12%. In the current year, the MN Trust refunding bond matured, absent that the percentage would have decreased from 46.25% to a more comparable 39.2%. Also in the current year, we are seeing an increase in the general fund in the instruction related category due to the approved curriculum purchases, increases in salaries and benefits and tuition.

Graphs 1

The two graphs include only the General Fund since it is the main operating fund. They are very simple and easy to read graphs 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, both increasing slightly over time. In the bottom graph, you will notice that in the 2017-18 school year it appeared that we received more in revenue than what we had spent to-date in the second quarter, but had the reversal been included with the first quarter, it would have been very

comparable to the previous year. In the second quarter, we are spending more than the amount of revenue we are receiving to-date which is consistent with the previous four years.

Graphs 2 & 3

The attachments labeled Graphs 2 & Graphs 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, the property tax shift has finally leveled out and is showing some consistency looking back over the last five years. The monthly expenditures are relatively comparable for the General Fund over the last four years with a slight increase in the current year. As mentioned previously, we are seeing an increase in the instruction related category of about \$1.8 million.

Attachments:

- **YTD 123118 Comparison – Rev & Exp**
- **YTD 123118 Comparison – Graphs 1, 2 & 3**