

School Board Workshop:

May 9, 2022

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer, Controller

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

Attached is the March 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 & 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 68.92%, 58.94%, 62.31%, 61.02%, and 62.14% respectively for the last five years. In the prior year 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 the current year 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 are similar from year to year. Expenditures as a percentage of the budget are 76.86%, 67.97%, 68.09%, 75.89%, and 69.15% respectively for the last five years. In 2018-19 the MN Trust refunding bond matured, absent that the percentage would have decreased from 75.89% to a more comparable 68.84%. Also, we saw an increase in the general fund in the instruction related category due to the approved curriculum purchases, increases in salaries and benefits, and tuition. 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 the current year, again we are seeing the results of the bond refunding in the debt service fund of close to \$8.6 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 percentage of 67.0%.

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. The bottom graph demonstrates revenues slightly 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 seen over the last four years. In 2019-20 and 2020-21 you will see the effects of COVID. In 2018-19 there was an increase in expenditures of about \$3.3 million in comparison to the previous year most notable in the areas of instruction related expenditures as well as in student support services and in 2017-18 we had an increase in our revenues due to our state aid payments as a result of the per pupil unit and general education formula.

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 no longer seeing those big swings due to the state aid shift. In the 2020-21, you can see an increase of close to \$2,000,000 related to federal COVID dollars. The monthly expenditures are relatively consistent for the General Fund over the last five years, but we do see an increase overall in expenditures over the five-year period.

Attachments:

- YTD 033122 Comparison – Rev & Exp
- YTD 033122 Comparison – Graphs 1, 2 & 3