

School Board Workshop:

November 12, 2024

Subject:

Quarterly Cash and Investment
Report October 31, 2024

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 October 31, 2024.

Cash and Investments Portfolio

The estimated cash and investment balance of the district as of October 31, 2024, is \$26,423,441. Our estimated cash balance on October 31, 2023, was \$25,259,080, and our estimated cash balance on October 31, 2022, was \$27,833,584. The current cash and investment allocations consist of 3.5% collateralized/FDIC-insured certificates of deposit and 96.5% in liquid accounts. The report lists the various investments by type and also shows the brokerage firm through which we have invested the funds. Current market trends show that daily funds and short-term maturities yield a higher rate than longer-term investments. As a result, a higher portion of the portfolio is allocated to liquid funds and short-term investments.

Projected Cash and Investments Balances 2024-25

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 red section at the top portion of each bar represents funds in daily accounts, while the blue section at the bottom represents 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. The yield curve remains inverted continuing to make shorter-term investments attractive until longer term rates benefit the portfolio. Yields, combined with the downward trend in overall cash, will lower the investment

threshold. We will continue to monitor our cash flow closely and will look for re-investment opportunities as they present themselves.

Projected Monthly Balances Operating vs. Non-operating 2024-25

This graph shows the projected monthly balances for 2024-25 for operating and debt service 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 June summer payroll.

Multi-year Monthly Cash Flow Projection

This graph shows our estimated cash position for all funds for fiscal years 2012-13 and 2020-21 through 2024-25. You will see that the monthly cash flow pattern is fairly consistent from year to year. The cash balance is trending differently compared to prior years due to the 2024-25 deficit budget. 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 the current year in the OPEB Trust held and managed by Bremer Bank's trust services department. The trust was opened in October 2009 with a balance of \$10,692,177. The balance in the trust as of September 30, 2024, is \$14,341,267 for a net increase of \$3,649,090 or 34.13% since its inception. The September balance reflects net transfers out of \$9,066,242 from the trust to cover retiree obligations for fiscal years 2012-13 through 2023-24. The investment value has fluctuated with the market.

The two pie charts in the bottom right illustrate the portfolio's asset allocation and the values across 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 Sept 30, 2024. We completed our most recent actuarial study as of July 1, 2024. That study estimated our actuarial accrued liability or OPEB liability to be \$10,598,320 (\$97,347 increase from 7/30/2023) and the compensated absences liability at \$1,178,296 (\$37,564 decrease from 7/30/23) for total retirement benefits and compensated absences liability of \$11,739,052 as of July 1, 2024. The liability increased by \$559,783 or 0.51% from July 1, 2023, to July 1, 2024. The liability is reviewed annually with a full study every two years.

To offset those liabilities, the district has a balance in the OPEB trust of \$14,341,267 and a committed fund balance of \$2,890,038 to fund the district's severance and compensated absences obligations. The combined balance of the two sources is \$17,231,305. When netted against the total estimate of OPEB and compensated absences liabilities of \$11,739,052, we are showing a projected surplus over the next 30-year period which is estimated at \$5,492,253. 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. 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 10.31.24
- Projected Cash and Investment Balances 2024-25
- Projected Monthly Balances Operating vs. Non-operating 2024-25
- Multiyear Monthly Cash Flow Projection 10.31.24
- OPEB Trust Quarterly Report 9.30.24