

**School Board Workshop:**

**May 12, 2025**

**Subject:**

Quarterly Financial Update

**Presenter:**

**Miranda Kramer**

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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 58.95%, 68.25%, 58.85%, 68.92%, and 58.94% respectively for the last five years. In 2023-24 we saw an increased percentage resulting from the proceeds and interest from the bond sale in Fund 06 totaling \$46 million. This along with the timing of federal draw requests under the new Minnesota Education Grant System (MEGS), the percentage would have been 57.96%. 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 remained fairly consistent. Expenditures as a percentage of the budget are 68.27%, 65.35%, 68.47%, 76.86%, and 67.97% respectively for the last five years. In 2023-24 while expenditures had increased \$2.8 million over the prior year, the budget had increased \$5.6 million resulting in a lower percentage of budget to date. In 2021-22, we saw the results of the bond refunding in the debt service fund. The expenditures increased and the budget remained constant resulting in a 76.86 percentage of budget. Absent the \$8.5 million the percentage of budget to date would have been a more comparable 67.0%

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 although exceeded by expenditures are slightly up compared to prior years.

#### 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 numbers increase over a five year period. In 2020-21, you can see a close to \$2 million increase to date was the result of federal COVID dollars. In the current year, state general education and special education aid make up the close to \$5 million increase when compared to the prior year. The monthly expenditure comparison shows that our expenses are increasing for the General Fund over the last five years as well. Instruction related expenditures make up close to \$2.1 million of the \$3.8 change from prior year.

#### **ATTACHMENTS:**

- YTD 03.31.25 Comparison – Rev & Exp
- YTD 03.31.25 Comparison – Graphs 1, 2 & 3