

**School Board Workshop:**

**November 14, 2022**

**Subject:**

Quarterly Financial Update

**Presenter:**

**Miranda Kramer, Controller**

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**SUGGESTED SCHOOL BOARD ACTION:**

For School Board review.

**DESCRIPTION:**

Attached is the September 30<sup>th</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 (transportation) are in the **Student Support Services** category, and the buildings and 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 10.56%, 10.64%, 11.65%, 13.17%, and 12.19% respectively, for the last five years. In the current year we are seeing a small reduction in our revenues received as a percentage to date. The Food Service program is seeing a slight increase, but overall revenues have remained fairly consistent, and with an increased budget this results in the lower percentage of budget that we are seeing. In 2018-19, Community Ed revenues of about \$700,000 were recorded in the following quarter. Absent the revenue timing, the percentage of budget would have looked more closely in line with a 13.05%. Another timing scenario in 2020-21 related to entries normally recorded after the audit would adjust the 11.65% decrease in budget received to date to an even lower 11.05%. Also in 2020-21 we were feeling the effects of COVID and revenues were down in all areas including community education, athletics and state revenues. In the prior year, 2021-22, we saw a reduction in revenues received as a percentage of budget due to COVID-19, most notably in the areas of the Food Service program as we shifted away from the summer delivery model as well as changes in Community Service.

Also, the revenues represented continue to show a comparable state aid shift of 90/10 over a five-year period. The result of the state aid shift is the timing of our payments which makes up a large part of our revenue. In the past, we have seen everything from 86/14, 64/36 and back to the 90/10 where it has remained stable over the last nine years.

The expenditures as a percentage of the budget appear slightly higher compared to the previous year. While expenses to date are normally similar from year to year, we are

experiencing both an increased budget of close to \$1.6 million and increased expenditures in instruction related and student support services. Expenditures, as a percentage of the budget, are 14.27%, 14.01%, 14.67%, 13.69%, and 14.81% respectively, for the last five years. In 2022-23 we are also seeing increased expenditures in the Insurance & Debt Service category which is the result of a prepaid insurance audit entry that was made at year end. This is a timing of payment difference and absence the prepaid the percentage of 14.27% would be at a more comparable 14.02%. In 2020-21 the percentage was slightly higher due to an increase in the General Fund areas of Administration and Instruction-Related areas due to COVID technology expenditures, certified extended time and an increase in property and casualty insurance. In 2019-20 we saw a reduction in the General Fund area due to the increase in the Instruction-Related budget and a decrease in actual expenditures due to the reduction of 15 staff.

#### 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 budget is gradually increasing, while the year-to-date expenditures are staying pretty consistent. The bottom graph demonstrates that at the start of the school year we are spending more than the amount of revenue we are receiving. This is the third consecutive year that we are seeing this trend.

#### 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, we are seeing a change midway through the five year comparison reflecting the changes due to COVID-19. The monthly expenditures for the General Fund show a dip in 2019-20 due to reduction in staff, an increase in 2020-21 due to the prementioned COVID-19 technology expenditures, certified extended time and property and casualty insurance, and yet another increase in 2022-23 due to increased instruction related and student support services as well as the forementioned insurance prepaid.

#### **ATTACHMENTS:**

- **YTD 093022 Comparison – Rev & Exp**
- **YTD 093022 Comparison –Graphs 1-3**