

**School Board Workshop:**

**November 13, 2023**

**Subject:**

Quarterly Financial Update

**Presenter:**

**Miranda Kramer, Controller**

**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 9.48%, 10.56%, 10.64%, 11.65%, and 13.17% respectively, for the last five years. In the current year our budget has increased just under \$7 million, had the budget remained neutral our current year percentage would have been a more comparable 10.20%. The reduction in percentage that we are seeing can be contributed to the Food Service category resulting from the change to universal school meals and the timing of when we receive those payments. In 2021-22, we also saw changes in percentage due to the Food Service category as we shifted away from the summer delivery model as a result of COVID-19. In 2020-21, the 11.65% would have decreased to 11.05% absent the timing of audit entries. This percentage, a reduction from the previous year, was from the effects of COVID and resulted in decreased revenues in all areas including community education, athletics as well as state revenues.

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 ten 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 \$3.5 million and increased expenditures in instruction related and student support services as well as the food service fund. Expenditures, as a percentage of the budget, are 14.70%, 14.27%,

14.01%, 14.67%, and 13.69% respectively, for the last five years. In 2022-23 we also saw increased expenditures in the instruction related and student support services as well as in the Insurance & Debt Service category which is the result of a prepaid insurance audit entry that was made at year end. Absent the prepaid the percentage of 14.27% would have been 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.

### 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 fourth 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 in the five year comparison reflecting the changes due to COVID-19. On the Expenditure Comparison chart the general fund reflects the increases prementioned in 2020-21, 2022-23 and 2023-24 related to COVID, the instruction and student support services as well as insurance areas.

### **ATTACHMENTS:**

- **YTD 093023 Comparison – Rev & Exp**
- **YTD 093023 Comparison –Graphs 1-3**