

School Board Workshop:

November 8, 2021

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer, Controller

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

Attached is the September 30th 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 10.64%, 11.65%, 13.17%, 12.19%, and 18.01% respectively, for the last five years. In the current year, we are seeing 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 are shifting away from the summer delivery model and Community Service. In 2017-18, the percentage was higher as a result of the state aid audit entries that were reversed in the following quarter. Had the reversal been included with the first quarter, the percentage of 18.01% would be at a more comparable 11.56%. In 2018-19, Community Ed revenues of about \$700,000 were recorded in the following quarter. Absent the timing issue, the percentage of budget would have looked more closely in line with a 13.05%. Another timing issue related to entries normally recorded after the audit in 2020-21 would adjust the 11.65% decrease in budget received to date to an even lower 11.05%. Again, the decrease was a direct result of COVID-19. In 2020-21 revenues were down in all areas including community education, athletics and 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 eight years.

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

larger expenditure budget in the current year as well as lower expenditures in Student Support and Insurance & Debt Services. Expenditures, as a percentage of the budget, are 14.01%, 14.67%, 13.69%, 14.81% and 13.77% respectively, for the last five years. 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. In 2017-18, the percentage would be 14.35% absent the change in Building Fund. The percentage, which was still lower than the previous year, was a result of a reduction in the General Fund's Instruction-Related and Capital Outlay areas

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 budget is gradually increasing, while the year-to-date expenditures are staying pretty consistent. The bottom graph demonstrates that we are spending slightly more than the amount of revenue we are receiving at the start of the school year. Again, the state aid audit entry reversal in the following quarter can visibly be seen here in 2017-18. The entry would reduce the revenue and expenditure gap which is a timing issue.

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 the change due to the timing of our audit reversals on one end of the comparison and the changes due to COVID-19 on the other. The monthly expenditures are relatively consistent for the General Fund with a dip in 2019-20 due to reduction in staff and an increase in 2020-21 due to the prementioned COVID-19 technology expenditures, certified extended time and property and casualty insurance.

ATTACHMENTS:

- **YTD 093021 Comparison – Rev & Exp**
- **YTD 093021 Comparison –Graphs 1-3**