

School Board Workshop:

March 14, 2022

Subject:

Quarterly Financial Update

Presenter:

Miranda Kramer, Controller

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

Attached is the December 31st 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 & 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 44.63%, 35.69%, 37.53%, 36.34 %, and 41.87% respectively for the last five years. In the 2017-18 fiscal year, the percentage was higher as a result of the state aid audit entry that was reversed in the previous year end. Had the reversal been included with the first quarter the percentage of 41.87 would have been reduced to 36.06%. In the current year, we had a bond refunding which increased debt service by \$8.6 million. While the expenditures increased, the budget remained constant producing a percentage of budget of 44.63%. Had the budget increased the percentage would have been a more comparable 34.72%.

Overall, the expenditures as a percentage of the budget are similar from year to year. Expenditures as a percentage of the budget are 37.83%, 39.09%, 37.55%, 46.25%, and 39.65% respectively for the last five years. In 2017-18, we saw a decrease in the percentage due to the budget and expense change in the Building Fund. For comparison purposes, if the budget and expenditures mirrored the previous year the percentage would have increased to 40.12%. In the 2018-19 fiscal year the MN Trust refunding bond matured, absent that the percentage would have decreased from 46.25% to a more comparable 39.2%. In 2020-21 we were seeing close to a \$1.7 million dollar increase in expenditures related to the Cares Act with a zero budget at that time prior to revision. The percentage would have decreased to 37.10% absent those expenditures that included technology and other covid related needs.

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's budget compared to the year-to-date expenditures are pretty consistent, both in budget and year to date expenditures. In the bottom graph you will notice that in the 2017-18 school year it appeared that we received more in revenue than what we had spent to date in the second quarter, but had the reversal been included with the first quarter it would have been very comparable to the previous year. In the second quarter, we are spending more than the amount of revenue we are receiving to date which is consistent with previous years as well as the four years following including our current fiscal year.

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, the property tax shift has leveled out and is showing consistency looking back over the last five years. The monthly expenditures are relatively comparable for the General Fund over the last four years with a slight decrease in the current year compared to last year. As mentioned previously, last year we were seeing an increase in expenses related to the Cares Act spending in addition to the general fund spending.

ATTACHMENTS:

- YTD 123121 Comparison – Rev & Exp
- YTD 123121 Comparison – Graphs 1, 2 & 3