

School Board Workshop:

March 13, 2023

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 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 34.34%, 44.63%, 35.69%, 37.53% and 36.34% respectively for the last five years. In 2021-22, 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 revenues been in line with the previous years, 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 38.66%, 37.83%, 39.09%, 37.55%, and 46.25% respectively for the last five years. 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 39.09% to 37.10% absent those technology and other COVID related expenditures. In the current year we are seeing increased percentages of budget spent year to date in capital outlay in both the general fund and Fund 05. The increased expenditures combined with decreased budgets from the prior year result in increases of 21.97% and 12.55% for Fund 01 and Fund 05 respectively.

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, both in budget and year to date expenditures. In the bottom graph you will notice that in the second quarter, we are spending more than the amount of revenue we are receiving to date which is consistent with the previous 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, 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 five years with a slight increase in the current year. Most notably that increase is in the area of instruction related expenditures which has an increase in budget of close to \$1,450,000 and an increase in expenses of \$1,326,903.

ATTACHMENTS:

- YTD 123122 Comparison – Rev & Exp
- YTD 123122 Comparison – Graphs 1, 2 & 3