



ROSELLE SCHOOL DISTRICT 12

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To: Dr. Mary Henderson, Superintendent
Board of Education

From: Dr. Gregory Harris, Assistant Superintendent of Finance & Operations

Re: Monthly Treasurer's Report

Date: November 17, 2020

Since the November 5th meeting of the Finance Committee, the administration has been working to dig into data from this year and last to give the Board of Education the necessary information to make informed decisions that will affect the district's budget for the remainder of the 2021 fiscal year (and possibly beyond). At this time, it is worth reiterating to the Board that the analyses provided by the administration on a monthly basis rely on a very limited amount of data. Were the district to have multiple years of historical data to work with instead of just one year in the system, it would be prudent to put more faith in the figures provided by the Forecast 5 analytics. But seeing as how the historical data only goes back to last year--a year when the district was shut down from March onwards--it is recommended that the board exercise restraint in using this month's projections to conclude that the district is in a better financial position that it may very well be.

The variance data, which the Finance Committee has expressed a keen interest in scrutinizing on a monthly basis, can provide the district with some insights into how closely the district is adhering to the budget approved by the Board of Education; it has been compiled and included in this memo on the next page. The Board will note that there are some significant increases and decreases across some of the columns as we move from one month to the next. Many of these can be explained away easily with some digging into our financial data. For example, the "Other Objects" row has an unfavorable variance of \$51,595 in the October treasurer's report and a favorable variance of \$376,201 in the November report. The vast majority of the district's spending in the "Other Objects" object code is for NDSEC. In FY 20, the Board of Education approved payments in excess of \$400,000 in October. In FY 21, those payments are included in the November accounts payable report. Again, with only two years' worth of data to look at, something as simple as a change in the time of which a significant payment is made from one year to the next is made can really affect the outlook of the district.

In short, it is safe to say that the district is not heading towards a deficit in excess of \$1 million as was forecasted in September. However, it is unrealistic to expect that the district will have a generous surplus numbering hundreds of thousands of dollars. Re-running the October numbers with the hypothetical scenario of having paid the NDSEC bill a month earlier than in actuality, the district remains very close to a balanced budget.

The administration agrees with that Board of Education that there needs to be reliable financial data upon which they can rely to make decisions about present and future expenses. But caution is strongly being urged as we are only three months into this new way of looking at data. The administration needs time to more firmly establish consistency in how revenue and expenditures are booked into the accounting system in order to continue ironing out some of the irregularities being identified in the FY

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20 data. At this time, the FY 20 audit has not been completed, and this will be a significant step in achieving the confidence needed to move forward on some more solid ground.

As of the best data available at this point in time, the recommendation for the Board of Education is to assume that the district is in a financial position that will yield something close to a balanced budget, with either a small surplus or a small deficit (<\$10,000) being equally likely outcomes. As the Board contemplates the possibility of approving additional expenditures that have not been budgeted for tonight or at future meetings, they should assume that it would require the district to dip into fund balances.

	Variance: Favorable / (Unfavorable)		
	September	October	November
Revenues			
Local	\$ (1,409,878.00)	\$ 55,499.00	\$ (317,821.00)
State	\$ 27,639.00	\$ 39,550.00	\$ 77,032.00
Federal	\$ 2,860.00	\$ (652.00)	\$ 7,673.00
Other	\$ -	\$ -	\$ -
Total Revenue	\$ (1,385,099.00)	\$ 94,398.00	\$ (248,461.00)
Expenditures			
Salaries	\$ 125,658.00	\$ 165,876.00	\$ 149,003.00
Benefits	\$ 7,248.00	\$ 58,885.00	\$ 55,602.00
Purchased Services	\$ (24,079.00)	\$ (36,515.00)	\$ (107,773.00)
Supplies	\$ (2,710.00)	\$ 50,885.00	\$ 72,819.00
Capital Outlay	\$ -	\$ 8,597.00	\$ 8,597.00
Other Objects	\$ (21,497.00)	\$ (51,595.00)	\$ 376,201.00
Non-Cap Equipment	\$ (367.00)	\$ 41,677.00	\$ 25,503.00
Termination Benefits	\$ -	\$ -	\$ -
Total Expenditures	\$ 84,253.00	\$ 237,810.00	\$ 579,952.00
Surplus/(Deficit)	\$ (1,300,846.00)	\$ 332,208.00	\$ 331,491.00