

**School Board Workshop:**

**May 13, 2024**

**Subject:**

Quarterly Cash and Investment  
Report April 30, 2024

**Presenter:**

**Ryan L. Tangen, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

For Board Review Only.

**DESCRIPTION:**

The attachments contain information about the estimated cash and investment position of the district as of April 30, 2024, and the OPEB trust as of March 31, 2024.

Cash and Investments Portfolio

The estimated cash and investment balance of the district as of April 30, 2024, is \$22,365,766. Our estimated cash balance on April 30, 2023, was \$24,219,375 and our estimated cash balance on April 30, 2022, was \$22,631,317. The current allocation consists of 11.2% Collateralized/FDIC Insured CDs and 88.8% in liquid accounts. The report lists the various investments by type. It also shows the brokerage firm through which we have invested the funds. Interest rates have been stable with liquid rates generating the highest returns. However, the liquid rate is a product of the Federal Funds rate. If any of the projected rate cuts in the Federal Funds are implemented, the liquid rate will decrease as well.

Projected Cash and Investments Balances 2023-24

This graph shows the projected cash and investment balances as of the end of each month of the fiscal year for all funds except the OPEB Trust and the HRA Trust. The top portion of each bar in red represents the funds that are in daily accounts and the bottom portion in blue represents the investments that have yet to mature. The intention with our portfolio is to have our funds invested out as far as statutes and our cash flow position will allow. In many cases, our cash position at the end of the month is higher than it is at different points during the month. This is due to most of our revenue being paid on the 15<sup>th</sup> and 30<sup>th</sup> of each month and a number of our larger payments occurring at points other than the 15<sup>th</sup> and the 30<sup>th</sup> of the month. This causes the need to have some portion of our portfolio in daily liquid deposits to allow for these timing differences. Speculation is the Federal Funds rate will decrease once inflation falls into the target range. As the liquid rate decreases with the Federal Funds rate, longer-term investments will be evaluated to help sustain interest income. Our

long-term fund balance is projected to decrease so that will weigh heavily into identifying investment opportunities.

### Projected Monthly Balances Operating vs. Debt 2023-24

This graph shows the projected monthly balances for 2023-24 for operating and debt funds. Our operating funds normally peak at the end of August or September as we receive most of our final state aid payments from the prior year by the end of September. Our debt funds peak in December as we have collected the calendar year's tax collections before the payout of January debt service payments. The balance also climbs as we receive the May and June tax settlements in time to make the July debt service payments.

### Multi-year Monthly Cash Flow Projection

This graph shows our estimated cash position for all funds for fiscal years 2013 and 2019 through 2024. The monthly cash flow pattern has been fairly consistent from month to month over the years presented except for December 2021-22 due to the bond refunding. The 2023-24 trend line is very consistent with prior years. It starts just below 2021-22 and is projected to end slightly lower than 2020-21. This is slightly better than the prior two quarterly reports. Overall, the district is projected to maintain a strong financial position throughout the year.

### OPEB Trust Quarterly Report

The "Bremer Bank OPEB Trust Summary" is a graph of the semi-annual balances for prior years and monthly balances for the current year in the OPEB Trust held and managed by Bremer Bank's trust services department. The trust was opened in October 2009 and had a balance of \$10,692,177. The balance in the trust as of March 31, 2024, is \$13,922,519 for a net increase of \$3,230,342 since its inception, or a 30.21% increase. The April balance reflects net transfers out of \$8,698,296 from the trust to cover retiree obligations for fiscal years 2012-13 through 2023-24. Also, the March 31, 2024 balance is \$359,596 higher than the December 31, 2023 balance presented in the last quarterly report.

The two pie charts located in the bottom right show the asset allocation of the portfolio and the value of the asset allocation categories. We are within board policy limits for all allocations. We will continue to monitor the allocations to make sure we continue to stay in compliance with the established board policies.

The "Future OPEB and Compensated Absences Liabilities" summarizes the funding level required for retiree benefit liabilities and compensated absences estimates as of March 31, 2024. We completed our most recent actuarial study as of July 1, 2023. That study estimated our actuarial accrued liability or OPEB liability to be \$10,500,973 and the compensated absences liability at \$1,178,296 for total retirement benefits and

compensated absences liability of \$11,679,269 as of July 1, 2023. The change from July 1, 2022, to July 1, 2023, was an increase of \$1,165,372 or 11.08%. The liability is reviewed annually with a full study every other year.

To offset those balances, the district has a balance in the OPEB trust of \$13,922,519. In addition, we have a committed fund balance of \$2,576,411 to fund the district's severance and compensated absences obligations. These amounts combined have a balance of \$16,498,930. When netted against the total estimate of OPEB and compensated absences liabilities of \$11,679,269 we are now showing a projected surplus over the next 30-year period estimated at \$4,819,661. The district has negotiated measures to help control OPEB liabilities going forward for many employee groups and also worked to provide caps for compensated absences. We will continue to look for ways to minimize the OPEB liability and continue to increase the amount of revenue to offset those retiree obligations.

**ATTACHMENT(S):**

- Cash and Investment Portfolio 4.30.24
- Projected Cash and Investment Balances 4.30.24
- Projected Monthly Balances Operating vs. Debt 4.30.24
- Multiyear Monthly Cash Flow Projection 4.30.24
- OPEB Trust Quarterly Report 3.31.24