



Financial Report
Executive Summary
June 13th, 2022
Year-to-Date
Month Ending May 2022

Attached to this board agenda item are the following reports:

- Revenue/Expense Report for April 2022 - Closed
- Revenue/Expense Report for May 2022 - Before Closed
- Revenue Fund Account - Year-to-Date Through April 2022 - Closed
- Expense Fund Account - Year-to-Date Through April 2022 - Closed
- Check Registry - April 2022 - Closed

Introduction

This Executive Summary reflects year-to-date (YTD) activity and the month of May 2022 revenue, expenses and cash balances.

After eleven months of the fiscal year, YTD revenues are up \$29.3M while expenditures are up \$6.7M. The result is a \$22.5M improvement to balances compared to May 2021. The month of May experienced lower revenues (\$821K) but an increase of expenditures (\$3M) compared to last year. Monthly balance was \$3.9M less than May 2021.

Year-to-Date (YTD) for Fiscal Year 2022 (July 1, 2021-June 30, 2022)

Revenues

Overall revenues for the year are up \$29.3M from FY21. A high percentage of that increase is in Capital and Operating revenues, \$17.2M and \$10.1M respectively. Debt service revenue is also up, \$1.9M.

Expenditures

Overall expenditures are up \$6.7M. Operating expenditures are up \$14.6M. This is a result of the board approved pay increase of 5.3691% for all staff, increased summer school pay, a one-time \$500 stipend for each employee for additional duties, additional staff to support student recovery as well as the purchase of secondary level virtual courses, contracted

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transportation (SPED and homeless), bus leases, out-of-district placement (SPED), food service contracted personnel, water/sewer and bus repairs. Debt service expenditures are down \$2.7M while capital expenditures are down \$5.2M. The decline in debt service expenditures is a result of lower scheduled principal and interest payments. The decrease in capital expenditures are due to fewer capital projects being completed.

Balances

Overall, Debt Service and Capital balances are positive compared to FY21. Operating balances are negative \$4.5M.

YTD - Revenues	FY22	FY21	Variance
All Funds	\$ 134,053,362.38	\$ 104,787,545.36	\$ 29,265,817.02
Operational	\$ 104,391,149.36	\$ 94,263,940.85	\$ 10,127,208.51
Debt Service	\$ 10,685,172.51	\$ 8,781,979.43	\$ 1,903,193.08
Capital	\$ 18,977,040.51	\$ 1,741,625.08	\$ 17,235,415.43
YTD - Expenditures	FY22	FY21	Variance
All Funds	\$ 119,266,389.79	\$ 112,529,074.43	\$ 6,737,315.36
Operational	\$ 104,608,048.01	\$ 89,981,664.63	\$ 14,626,383.38
Debt Service	\$ 6,898,870.00	\$ 9,559,105.00	\$ (2,660,235.00)
Capital	\$ 7,759,471.78	\$ 12,988,304.80	\$ (5,228,833.02)
YTD - Balances	FY22	FY21	Variance
All Funds	\$ 14,786,972.59	\$ (7,741,529.07)	\$ 22,528,501.66
Operational	\$ (216,898.65)	\$ 4,282,276.22	\$ (4,499,174.87)
Debt Service	\$ 3,786,302.51	\$ (777,125.57)	\$ 4,563,428.08
Capital	\$ 11,217,568.73	\$ (11,246,679.72)	\$ 22,464,248.45

Year-to-Date Compared to Budgeted

Fund - Revenue	FY22 Actual	FY22 Budgeted	Remaining	Percent of Budget
All Funds	\$ 134,053,362.38	\$ 147,136,609.00	\$ 13,083,246.62	91.11%
Operational	\$ 104,391,149.36	\$ 118,680,441.00	\$ 14,289,291.64	87.96%
Debt Service	\$ 10,685,172.51	\$ 10,331,943.00	\$ (353,229.51)	103.42%
Capital	\$ 18,977,040.51	\$ 18,124,225.00	\$ (852,815.51)	104.71%
Fund - Expenditure	FY22 Actual	FY22 Budgeted	Remaining	Percent of Budget
All Funds	\$ 119,266,389.79	\$ 136,394,812.27	\$ 17,128,422.48	87.44%
Operational	\$ 104,608,048.01	\$ 119,597,388.27	\$ 14,989,340.26	87.47%
Debt Service	\$ 6,898,870.00	\$ 6,901,749.00	\$ 2,879.00	99.96%
Capital	\$ 7,759,471.78	\$ 9,895,675.00	\$ 2,136,203.22	78.41%

Month of May

Revenues

Overall revenues are down \$821K. A very high percentage of the decrease is found in operating revenue (\$-1.1M). Debt service revenues are flat. Capital revenue rose by \$275K.

Expenditures

Overall expenditures are up for May (\$3.9M). Operating expenditures are up \$2.3M. As noted earlier, this increase is due to staff raises, increased staffing and increased purchases services. There was no debt service payment in May. Capital expenditures were up \$794K. Capital expenditures will increase in the coming months.

Balances

Overall, operating and capital balances were negative for the month compared to FY21. Debt services balances rose slightly.

May - Revenues	FY22	FY21	Variance
All Funds	\$ 5,413,066.55	\$ 6,234,141.01	\$ (821,074.46)
Operational	\$ 5,014,779.24	\$ 6,118,500.69	\$ (1,103,721.45)
Debt Service	\$ 122,732.31	\$ 115,571.47	\$ 7,160.84
Capital	\$ 275,555.00	\$ 68.85	\$ 275,486.15
May - Expenditures	FY22	FY21	Variance
All Funds	\$ 11,883,865.27	\$ 8,795,231.11	\$ 3,088,634.16
Operational	\$ 10,664,253.42	\$ 8,369,969.53	\$ 2,294,283.89
Debt Service	\$ -	\$ -	\$ -
Capital	\$ 1,219,611.85	\$ 425,261.58	\$ 794,350.27
May - Balances	FY22	FY21	Variance
All Funds	\$ (6,470,798.72)	\$ (2,561,090.10)	\$ (3,909,708.62)
Operational	\$ (5,649,474.18)	\$ (2,251,468.84)	\$ (3,398,005.34)
Debt Service	\$ 122,732.31	\$ 115,571.47	\$ 7,160.84
Capital	\$ (944,056.85)	\$ (425,192.73)	\$ (518,864.12)



Year-to-Date Fund Balances by Fund

	Fund 1	Fund 2	Fund 3	Fund 4	Total
August 1, 2021 Balance	\$ 30,581,841.18	\$ 420,000.00	\$ 4,860,424.50	\$ 10,892,522.73	\$ 46,754,788.41
Revenues	\$ 54,208,054.89	\$ 50,183,094.47	\$ 10,685,172.51	\$ 18,977,040.51	\$ 134,053,362.38
Projected Balances and Revenues	\$ 84,789,896.07	\$ 50,603,094.47	\$ 15,545,597.01	\$ 29,869,563.24	\$ 180,808,150.79
Expenditures	\$ (46,455,954.71)	\$ (58,152,093.30)	\$ (6,898,870.00)	\$ (7,759,471.78)	\$ (119,266,389.79)
Transfer(s) From (Minus)	\$ -				\$ -
Transfer(s) To (Plus)		\$ -			\$ -
YTD Balances	\$ 38,333,941.36	\$ (7,548,998.83)	\$ 8,646,727.01	\$ 22,110,091.46	\$ 61,541,761.00
Restricted Balances	\$ 180,000.00	\$ 420,000.00		\$17,450,294.36	\$ 18,918,410.66
Budgeted Revenues	\$ 57,752,407.00	\$ 60,928,034.00	\$ 10,331,943.00	\$ 18,124,225.00	\$ 147,136,609.00
YTD Revenues	\$ 54,208,054.89	\$ 50,183,094.47	\$ 10,685,172.51	\$ 18,977,040.51	\$ 134,053,362.38
Budgeted Revenues % Realized	93.86%	82.36%	103.42%	104.71%	91.11%
Budgeted Expenditures	\$ 53,016,335.27	\$ 66,581,053.00	\$ 6,901,749.00	\$ 9,895,675.00	\$ 136,394,812.27
YTD Expenditures	\$ 46,455,954.71	\$ 58,152,093.30	\$ 6,898,870.00	\$ 7,759,471.78	\$ 119,266,389.79
Budgeted Expenditures % Realized	87.63%	87.34%	99.96%	78.41%	87.44%

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Conclusion

The district is currently in a strong financial position. Operating revenues and expenditures are running slightly more than budgeted. Debt service revenues are running slightly ahead of budget and expenditures are on budget. Capital revenues are slightly more than expected due to a higher premium on the Series 2022 Bond sale. Capital expenditures are within budget. We will need to amend the budget to increase Fund 1 and Fund 2 expenditure.

The below tables reflect the impact of ESSER I and II funds on our FY21 balances.



FY21 With ESSER II Funds (\$8.3M) - 29.28% Operating Balances

	Fund 1	Fund 2	Fund 3	Fund 4	Total
July 1, 2020 Balance	\$ 24,188,652.75	\$ 420,000.00	\$ 5,545,370.95	\$ 21,821,115.68	\$ 51,975,139.38
Revenues	\$ 54,262,948.67	\$ 58,026,892.78	\$ 8,874,458.55	\$ 2,364,348.64	\$ 123,528,648.64
Projected Balances and Revenues	\$ 78,451,601.42	\$ 58,446,892.78	\$ 14,419,829.50	\$ 24,185,464.32	\$ 175,503,788.02
Expenditures	\$ (43,583,614.48)	\$ (62,313,038.54)	\$ (9,559,405.00)	\$ (13,292,941.59)	\$ (128,748,999.61)
Transfer(s) From (Minus)	\$ (4,286,145.76)				\$ (4,286,145.76)
Transfer(s) To (Plus)		\$ 4,286,145.76			\$ 4,286,145.76
YE Balances	\$ 30,581,841.18	\$ 420,000.00	\$ 4,860,424.50	\$ 10,892,522.73	\$ 46,754,788.41
Restricted Balances	\$ 180,000.00	\$ 420,000.00		\$ 4,681,416.73	\$ 5,281,416.73
Budgeted Revenues	\$ 55,582,351.00	\$ 55,094,527.00	\$ 9,011,933.00	\$ 1,807,500.00	\$ 121,496,311.00
YE Revenues	\$ 54,262,948.67	\$ 58,026,892.78	\$ 8,874,458.55	\$ 2,364,348.64	\$ 123,528,648.64
Budgeted Revenues % Realized	97.63%	105.32%	98.47%	130.81%	101.67%
Budgeted Expenditures	\$ 51,978,217.00	\$ 62,620,000.00	\$ 9,560,834.00	\$ 15,800,305.00	\$ 139,959,356.00
YE Expenditures	\$ 43,583,614.48	\$ 62,313,038.54	\$ 9,559,405.00	\$ 13,292,941.59	\$ 128,748,999.61
Budgeted Expenditures % Realized	83.85%	99.51%	99.99%	84.13%	91.99%

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FY21 Without ESSER II Funds - 21.43% Operating Balances

	Fund 1	Fund 2	Fund 3	Fund 4	Total
July 1, 2020 Balance	\$ 24,188,652.75	\$ 420,000.00	\$ 5,545,370.95	\$ 21,821,115.68	\$ 51,975,139.38
Revenues	\$ 49,993,255.58	\$ 53,990,170.87	\$ 8,874,458.55	\$ 2,364,348.64	\$ 115,222,233.64
Projected Balances and Revenues	\$ 74,181,908.33	\$ 54,410,170.87	\$ 14,419,829.50	\$ 24,185,464.32	\$ 167,197,373.02
Expenditures	\$ (43,583,614.48)	\$ (62,313,038.54)	\$ (9,559,405.00)	\$ (13,292,941.59)	\$ (128,748,999.61)
Transfer(s) From (Minus)	\$ -				\$ -
Transfer(s) To (Plus)		\$ -			\$ -
YE Balances	\$ 30,598,293.85	\$ (7,902,867.67)	\$ 4,860,424.50	\$ 10,892,522.73	\$ 38,448,373.41
Restricted Balances	\$ 180,000.00	\$ 420,000.00		\$ 4,681,416.73	\$ 5,281,416.73
Budgeted Revenues	\$ 55,582,351.00	\$ 55,094,527.00	\$ 9,011,933.00	\$ 1,807,500.00	\$ 121,496,311.00
YE Revenues	\$ 49,993,255.58	\$ 53,990,170.87	\$ 8,874,458.55	\$ 2,364,348.64	\$ 115,222,233.64
Budgeted Revenues % Realized	89.94%	98.00%	98.47%	130.81%	94.84%
Budgeted Expenditures	\$ 51,978,217.00	\$ 62,620,000.00	\$ 9,560,834.00	\$ 15,800,305.00	\$ 139,959,356.00
YE Expenditures	\$ 43,583,614.48	\$ 62,313,038.54	\$ 9,559,405.00	\$ 13,292,941.59	\$ 128,748,999.61
Budgeted Expenditures % Realized	83.85%	99.51%	99.99%	84.13%	91.99%

Financial Items of Interest:

- Bond Spending and Balance
 - FY19 Spent: \$12,323,823.86
 - FY20 Spent: \$16,930,401.24
 - FY21 Spent: \$11,146,800.32
 - FY22 Spent: \$4,859,532.42 (Paid 7/1/2021 through 5/31/2022)
 - Total Spent: \$45,260,557.84 (All monies paid from bond through 5/31/2022)

- Bond Proceeds Overview
 - Bond 2019 Starting Amount: \$44,533,659.50
 - Bond 2022 Starting Amount: \$17,655,863.95
 - Bond Spent Amount: - \$45,260,557.84
 - Bond Int (less 2019 disc): + \$ 521,328.75 (*Through FY21)
 - Bond Balance: \$17,450,294.36

- Budgeting for FY23, FY24, FY25 and FY26.
 - FY23
 - Revenue
 - Local Revenue
 - Property taxes will be similar to FY22. Prop C and food service revenue is budgeted higher.
 - A \$3M transfer is budgeted from Fund 1 to Fund 4 to address capital improvements and equipment needs.
 - County Revenue
 - State Assessed Railroad and Utilities should be similar to this year
 - State
 - The State Adequacy Target will remain the same \$6,375 for FY23 and FY24. It has not increased since FY19.
 - FY22 is considered to be greatly affected by the pandemic. Because of this designation, the district will be able to use the highest ADA and WADA counts from FY20, 21, 22 or estimated FY23.

- The state legislature is debating the full funding of transportation. This would increase our transportation revenue 2 to 3 fold.
- Federal
 - The district has not received our Title allocation yet but we anticipate it to be similar.
 - Food service reimbursements will be based on the Free/Reduced status of the students. This will return revenues in this category to a more typical year.
 - The availability of ESSER III funds will be determined by how much we request this year, FY22. We are budgeting \$8M.
- Expenditures
 - We are in the Budget Approved Phase. This is the third of four phases of budgeting expenditures. It is highlighted by refining requests from administrators around the district. The budgeted amounts for each category are as follows:
 - Payroll and Benefits - \$98.4M +2.4%
 - Purchase Services - \$14.4M +3.9%
 - Supplies - \$14.3M +14.8%
 - Debt Service - \$10.5M -2.1%
 - Capital - \$12.5M +52.1%
 - It will be followed by the fourth and final phase, Budget Adopted..
- Long Range Forecasting - FYs 24, 25, and 26
 - I'm very concerned about the significant gap in revenues and expenditures for FYs 24, 25 and 26. I am projecting significant deficit spending that will greatly reduce our balances and put the district in financial distress. Based on my current projects the district will need to close the following revenue/expenditure gaps to maintain the 15% operating balances outlined in board policy.
 - FY24 - \$10.65M
 - FY25 - \$3M
 - FY26 - \$500K
 - The total gap that must be addressed is \$14.15M.
- Financial Stressed School Districts

- It is important for the board to know the conditions that lead to being labeled as Financially Stressed.
 - The following are the statutory characteristics for identifying a district as financially stressed:
 - A) negative balance in either the Teachers or Incidental Funds, or
 - B) combined ending balance in the Teachers and Incidental Funds less than three percent, or
 - C) tax anticipation borrowing between February 1 and June 30.
- If the district is not able to balance the budget in FY 24, 25 and 26 it will run the risk of being in violation of our board policy as well as being identified as Financially Stressed. If this were to occur, DESE would monitor the financial condition of the district.
- Transfers - FY22
 - We will recommend a transfer of funds from Fund 1 to Fund 2 to ensure Fund 2 has a restricted balance of \$420K to address the required Blue Cross and Blue Shield Terminal Reserve.
 - We will recommend a transfer of funds from Fund 1 to Fund 4 of \$2M to address future capital improvements and equipment needs. This request will occur in both FY22 and FY23.

Upcoming Meetings:

- Finance Committee
 - June 15th - 4:00 - Board Room

If you have any questions, please feel free to contact me prior to the June 13th board meeting.

Respectfully Submitted,

