



# Finance Advisory Committee

March 6, 2024





**We prepare every student to achieve their personal best, engage in lifelong learning, and be a thoughtful and responsible citizen.**





## **Finance Advisory Committee**

**Purpose:** The Eastern Carver County Schools Finance Advisory Committee's purpose is to advise Administration on district financial matters and to work as a liaison between the school district and community.



# Agenda

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Welcome and Introductions



OPEB Update



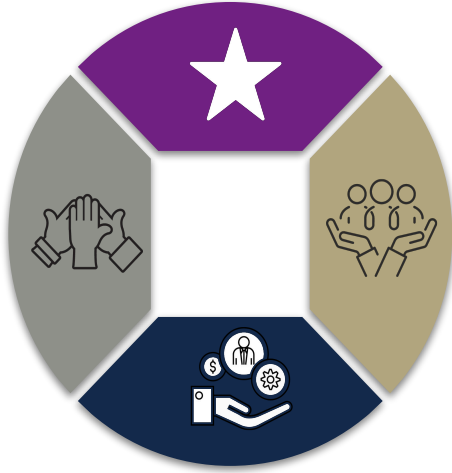
FY 23 Financial Audit review



Budget Calendar



FY 25 Budget Assumptions



# Other Post Employment Benefits (OPEB)

Quarterly Update - PFM Asset Management, LLC

Danny Nelson, Director

Brian Johnson, Director

# Other Post Employment Benefits

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## OPEB - Other Post Employment Benefits

- Irrevocable Trust
- Refers to benefits other than pensions, that are paid in the period after employment
- Healthcare benefits include medical, dental, vision, hearing, etc.
- Used to account for both direct and implicit costs
- Revenue is any interest

Report available [here](#)



# FY 23 Audit



*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

# Executive Audit Summary for Eastern Carver County Schools

Presented by:  
Lance Lauinger, Director



# Audit Results - Year Ended 6/30/2023

## Audit Opinion

- The financial statements are fairly stated. We issued what is known as an unmodified, or “clean” audit opinion

## Yellow Book Compliance

- No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the District

## Internal Controls

- We noted two material weaknesses over internal controls.
  - Material audit adjustments for state revenue and receivables, and federal revenue
  - Internal controls over self-insurance

## Single Audit

- We noted one finding related to suspension and debarment in the Child Nutrition and Special Education Program. We also tested the Education Stabilization Fund with no findings noted in this program.

# Audit Results - Year Ended 6/30/2023

## MN Legal Compliance

- We noted three compliances issues with respect to MN state statutes
  - Subcontractor language missing from bid contracts
  - Prompt payment of bills. Three invoices outside of the 35 day requirement
  - Annual delegation to make electronic fund transfers

## New Accounting Standards – GASB 96, *Subscription-Based Information Technology Arrangements*

- Resulted in the District recognizing long-term liabilities and related right to use assets for all Subscription-Based Information Technology Arrangements longer than one year.

No disagreements with management

# Audited Fund Balances – General Fund

FUND DESCRIPTION	6/30/2022 AUDITED BALANCE	2022-23 AUDITED REVENUES	TRANSFERS INTO FUNDS	2022-23 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/2023 AUDITED BALANCE
<b>GENERAL FUND</b>						
<b>A. UNASSIGNED - OPERATING</b>	\$ 12,367,831	\$ 113,444,698	\$ (1,540,070)	\$ 109,474,413	\$ -	\$ 14,798,046
As a percentage of current year operating expenditures	6.36%					10.74%
<b>B. NONSPENDABLE FOR</b>						
TOTAL NONSPENDABLE	\$ 260,905	\$ -	\$ -	\$ 164,643	\$ -	\$ 96,262
<b>C. RESTRICTED FOR</b>						
TOTAL RESTRICTED	2,015,748	21,475,662	1,540,070	24,001,217	-	1,030,263
<b>D. ASSIGNED FOR</b>						
TOTAL ASSIGNED	\$ 11,482,022	\$ 3,213,812	\$ -	\$ 4,179,572	\$ -	\$ 10,516,262
BUDGET						
<b>TOTAL GENERAL FUND</b>	<b>\$ 26,126,506</b>	<b>\$ 139,204,174</b>	<b>\$ -</b>	<b>\$ 139,104,356</b>	<b>\$ -</b>	<b>\$ 26,226,324</b>
DIFFERENCE		<b>\$ (1,070,002)</b>	<b>\$ -</b>	<b>\$ (1,284,511)</b>	<b>\$ -</b>	<b>\$ 214,509</b>
% VARIANCE		-0.77%		-0.92%		

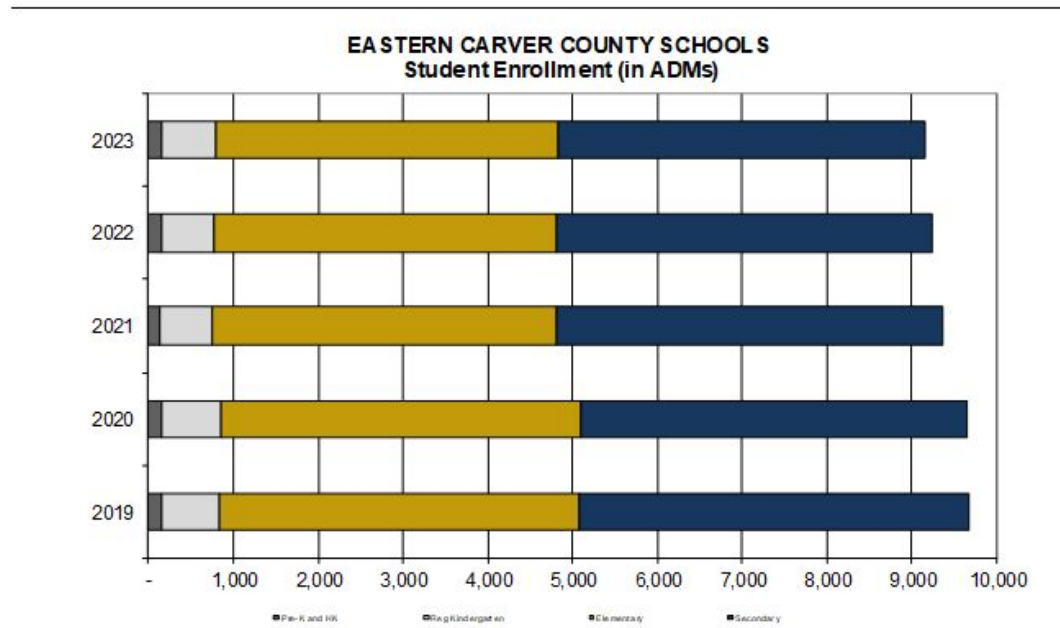
# Audited Fund Balances – Other Funds

FUND DESCRIPTION	6/30/2022 AUDITED BALANCE	2022-23 AUDITED REVENUES	TRANSFERS INTO FUNDS	2022-23 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/223 AUDITED BALANCE
NUTRITION SERVICES BUDGET		\$ 6,055,273		\$ 6,596,465		\$ 4,033,803
NUTRITION SERVICES	\$ 4,574,995	\$ 6,687,420	\$ -	\$ 6,552,405	\$ -	\$ 4,710,010
DIFFERENCE		\$ 632,147		\$ (44,060)		\$ 676,207
% VARIANCE		10.44%		-0.67%		
TOTAL COMMUNITY SERVICE BUDGET		\$ 9,519,961		\$ 9,101,271		\$ 1,771,595
TOTAL COMMUNITY SERVICE	\$ 1,352,905	\$ 9,822,229	\$ -	\$ 8,965,723	\$ -	\$ 2,209,411
DIFFERENCE		\$ 302,268		\$ (135,548)		\$ 437,816
% VARIANCE		3.18%		-1.49%		
TOTAL CAPITAL PROJECTS - BLDG CONSTR BUDGET		\$ 40,386,975		\$ 12,290,684		\$ 33,696,429
TOTAL CAPITAL PROJECTS - BLDG CONSTR	\$ 5,600,138	\$ 41,085,234	\$ -	\$ 14,777,446	\$ -	\$ 31,907,926
DIFFERENCE		\$ 698,259		\$ 2,486,762		\$ (1,788,503)
TOTAL DEBT SERVICE BUDGET		\$ 17,364,743		\$ 48,634,916		\$ 3,361,179
TOTAL DEBT SERVICE	\$ 34,631,352	\$ 17,971,923	\$ -	\$ 49,251,145	\$ -	\$ 3,352,130
DIFFERENCE		\$ 607,180		\$ 616,229		\$ (9,049)
% VARIANCE		3.50%		1.27%		
PROPRIETARY & TRUST	\$ 12,788,366	\$ 11,497,164	\$ -	\$ 11,828,458	\$ -	\$ 12,457,072
TOTAL	\$ 85,074,262	\$ 225,202,807	\$ -	\$ 229,199,686	\$ -	\$ 81,077,383

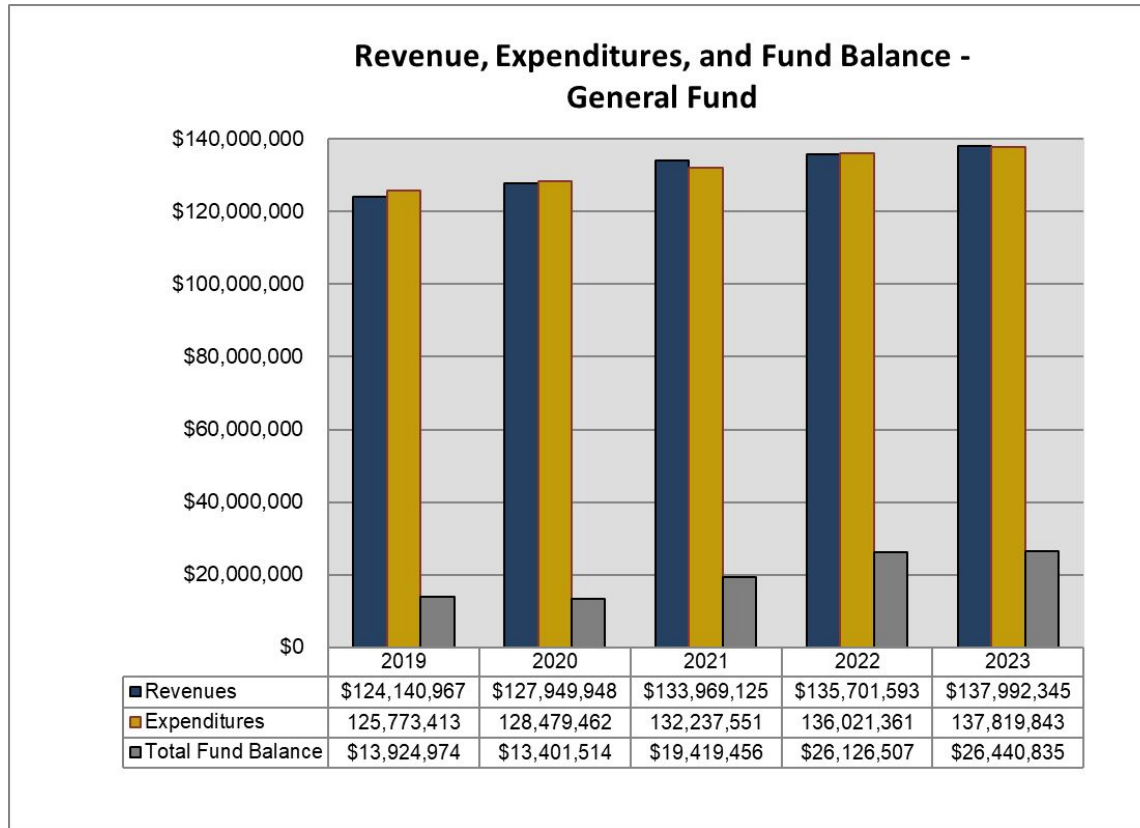
# Student Enrollment – ADM's Served

	2019	2020	2021	2022	2023
Pre-K and HK	146.28	148.71	133.28	161.06	153.10
Reg Kindergarten	694.08	704.87	627.19	614.60	646.54
Elementary	4,243.41	4,244.52	4,055.92	4,029.02	4,023.20
Secondary	4,586.23	4,550.50	4,538.71	4,439.57	4,343.82
Net ADM Served	<u>9,670.00</u>	<u>9,648.60</u>	<u>9,355.10</u>	<u>9,244.25</u>	<u>9,166.66</u>

Percent Change	0.57%	-0.22%	-3.04%	-1.18%	-0.84%
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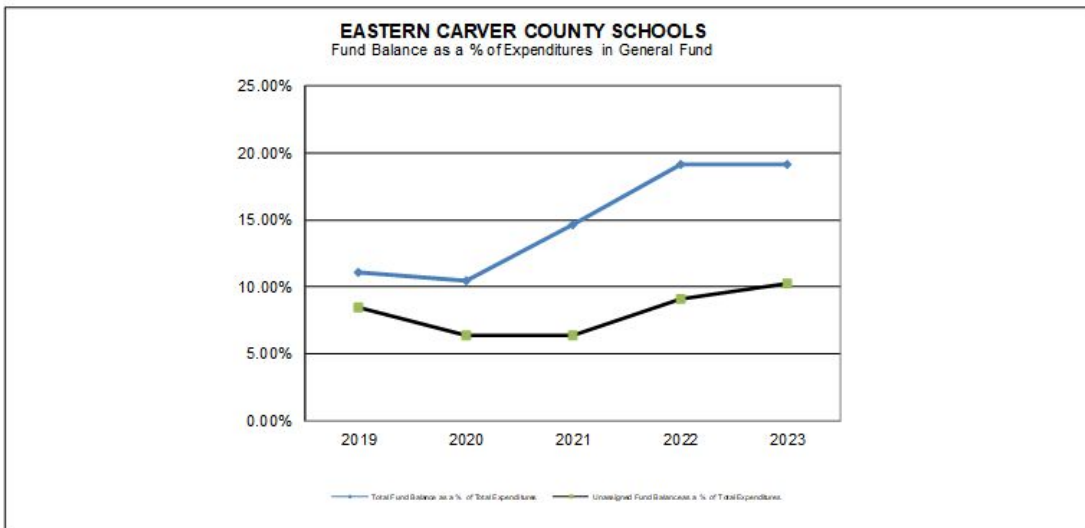


# General Fund Financial Results



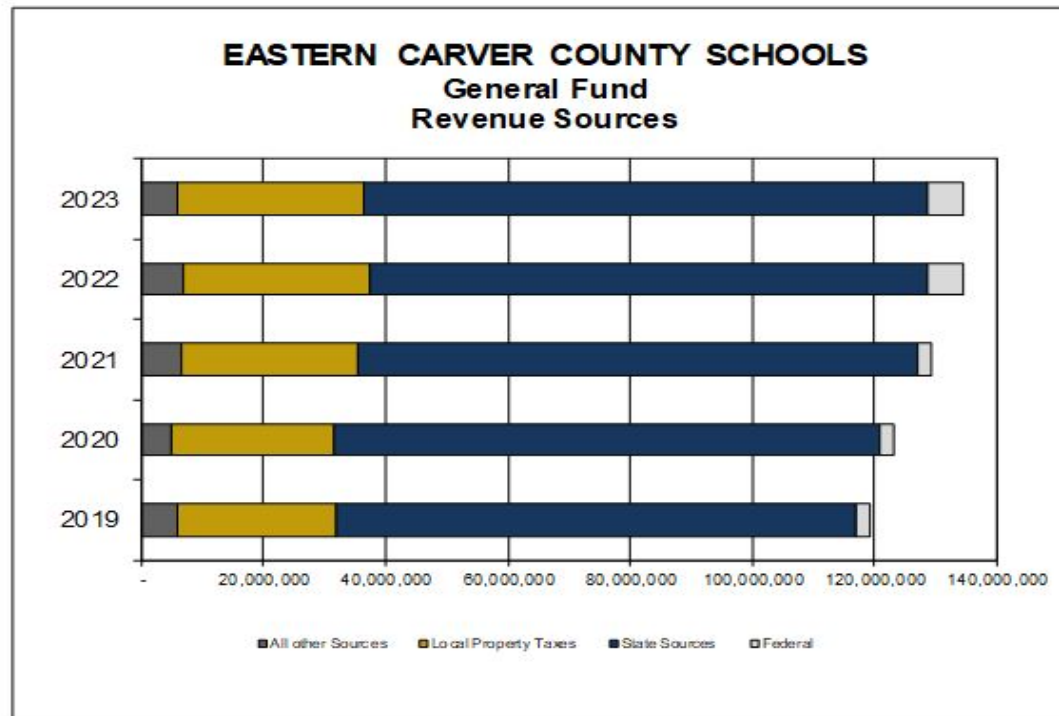
# General Fund – Fund Balance as a % of Expenditures

	2019	2020	2021	2022	2023
Unassigned Fund Balance	\$ 10,660,042	\$ 8,171,437	\$ 8,394,545	\$ 12,367,832	\$ 14,195,134
Assigned Fund Balance	2,835,932	2,996,063	8,816,082	11,482,022	10,516,262
Restricted Fund Balance	255,281	2,059,732	2,150,287	2,015,748	1,633,176
Nonspendable Fund Balance	173,719	174,282	58,542	260,905	96,263
Total Fund Balance	<u>\$ 13,924,974</u>	<u>\$ 13,401,514</u>	<u>\$ 19,419,456</u>	<u>\$ 26,126,507</u>	<u>\$ 26,440,835</u>
Total Expenditures	<u>\$ 125,773,413</u>	<u>\$ 128,479,462</u>	<u>\$ 132,237,551</u>	<u>\$ 136,021,361</u>	<u>\$ 137,819,843</u>
Total Fund Balance as a % of Total Expenditures	<u>11.07%</u>	<u>10.43%</u>	<u>14.69%</u>	<u>19.21%</u>	<u>19.19%</u>
Unassigned Fund Balance as a % of Total Expenditures	<u>8.48%</u>	<u>6.36%</u>	<u>6.35%</u>	<u>9.09%</u>	<u>10.30%</u>



# General Fund – Revenue Sources

	2019	2020	2021	2022	2023
Local Property Taxes	\$ 26,433,846	\$ 28,980,262	\$ 30,492,311	\$ 30,523,562	\$ 35,227,141
State Sources	89,273,990	91,497,077	91,176,434	92,390,036	92,882,880
Federal Sources	2,419,042	2,421,112	5,854,359	5,717,833	4,061,303
All Other Sources	6,014,089	5,051,497	6,446,021	7,070,162	5,821,021
Total Revenues	<u>\$ 124,140,967</u>	<u>\$ 127,949,948</u>	<u>\$ 133,969,125</u>	<u>\$ 135,701,593</u>	<u>\$ 137,992,345</u>

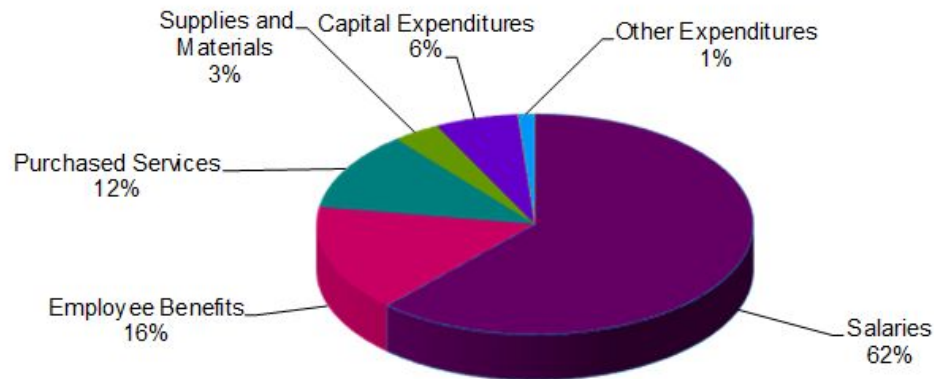




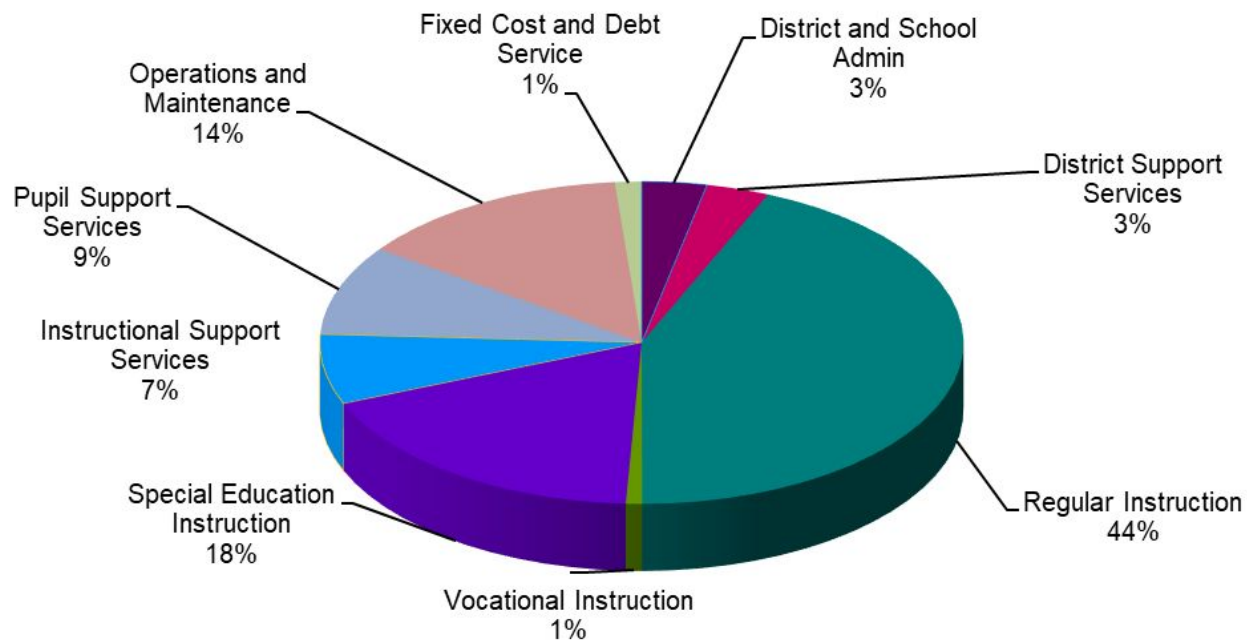
# General Fund – Expenditures by Object

	2023				2022	2021
	Final Amended Budget	Actual	Over (Under) Budget	%	Actual	Actual
District and School Admin	\$ 4,494,707	\$ 4,488,465	\$ (6,242)	-0.1%	\$ 4,556,769	\$ 4,770,836
District Support Services	4,302,517	3,968,011	(334,506)	-7.8%	3,501,419	3,392,763
Regular Instruction	59,120,999	58,050,289	(1,070,710)	-1.8%	56,127,958	54,324,714
Vocational Instruction	1,483,943	1,121,135	(362,808)	-24.4%	1,431,874	1,429,151
Special Education Instruction	25,231,445	24,681,532	(549,913)	-2.2%	23,119,903	22,799,560
Instructional Support Services	9,512,892	8,570,222	(942,670)	-9.9%	8,315,474	8,949,836
Pupil Support Services	12,644,572	12,257,336	(387,236)	-3.1%	11,931,594	11,779,031
Operations and Maintenance	11,325,498	14,295,689	2,970,191	26.2%	13,278,781	12,028,220
Capital Outlay	8,732,039	8,544,390	(187,649)	-2.1%	12,695,717	10,289,000
Fixed Cost and Debt Service	2,255,744	1,842,774	(412,970)	-18.3%	1,061,872	606,849
<b>Total Expenditures</b>	<b>\$ 139,104,356</b>	<b>\$ 137,819,843</b>	<b>\$ (1,284,513)</b>	<b>-0.9%</b>	<b>\$ 136,021,361</b>	<b>\$ 130,369,960</b>

**General Fund Expenditures by Object Series for Fiscal 2022-23**



### General Fund Expenditures by Program Dimension for Fiscal 2023

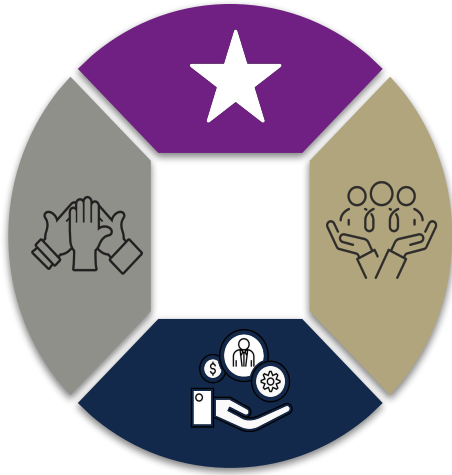




# Budget Calendar

# Budget Development Cycle

	Dec	Jan	Feb	Mar	Apr	May	June
<b>ADMINISTRATION</b>	Finalize FY 23 Audit		Review FY25 Enrollment Projections, Complete FY24 Budget Revisions, Develop FY25 Budget Assumptions, Develop Develop Site, Department & Capital Budgets		Proposed FY25 Capital Budget	Finalize all Budgets	Prepare Final Budgets & Review Updated 5-Year Projection
<b>SCHOOL BOARD</b>	Certify Final Tax Levy (Dec 4 mtg)		Review Budget Calendar (Feb 12 ws)  Review FY25 Preliminary Budget Assumptions (Feb 26 mtg)	FY24 Budget Revisions, Approve FY25 Assumptions (March 18 mtg)	Proposed FY25 Capital Budget (April 8 <u>ws</u> )  Approve Proposed FY25 Capital Budget (April 22 mtg)	Proposed FY25 Special Revenue, Debt Servic & Trust Funds Budgets (May 6 ws)	Final Budget Assumptions, Proposed FY25 General Fund Budget, 5 Year Projection (June 10 <u>ws</u> )  Approve FY 25 Budget & 5 Year Projection (June 24 mtg)
<b>FINANCE ADVISORY COMMITTEE</b>				Review Budget Calendar, Audit, FY 25 Assumptions		Review Capital and Special Budgets	



# FY 25 Budget Assumptions

# Preliminary Budget Assumptions - Revenue

FY 2024 – 25 General Fund

Enrollment	2024-25		Change from 23-24 Proposed
	Early Childhood	75	
	K-12+	8940	
	Total	9015	-191
Revenue	Amount	\$ Increase	% Increase
General Education Funding Formula	\$7,281	\$143	2.00%
Special Education Funding / Cross Subsidy Reduction			4.50%
Remaining ESSER III Funds	\$250,000		
Capital Projects Referendum	\$1,136,026		21.5%
Long Term Facility Maintenance	\$(421,934)		
Lease Levy for Transportation	\$1,000,000		
All Other Revenue			0-2.5%



# Preliminary Budget Assumptions - Expenses

FY 2023 – 24 General Fund

Expenses	Amount	% Increase
Salaries, Wages & Benefits		Per contract parameters and negotiation status
Utilities and Fuel		8.0%
Property, Liability Insurance		18%
Transportation Contract – Koch		3.5%
Transportation Center COP P&I	\$1,000,000	
Transportation Center Land and Construction	\$4,000,000	
Staffing Contingency	\$330,000	
Continuation of ESSR Funded Investments	\$TBD	
Read Act Professional Development	\$250,000	
Strategic Investments	\$150,000	
Cost Containment	\$(300,000)	
Other Expenses		3.5%



# Closing

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Next Meeting April 17



Last Questions or Comments



Thank you!

