

Narrative for December 2022 Monthly Reporting Package

The period ending December 31, 2022 represents six months or 50% of the fiscal year.

Revenues

- The preliminary budgeted revenues are \$11,857,091 (includes \$2.66M PY carryover)
- Revenues collected to-date are \$11,969,099. This amount represents 101% of the total budgeted revenue and is on track with the preliminary budget.
- During the month the following receipts were received:
 - Tech Block Grant \$1,864
 - School Activities \$5,344
 - Donations \$11,915
 - Cafeteria Funds \$16,219
 - Local Funds \$804,897
 - State Operations \$1,273,599
 - Total Collections \$2,113,838
- Material Revenue Outstanding with Expected Receipt Date:
 - Local Receipts \$15,022 January 2023
 - State Funds \$66,316 March 2023
 - \$81,338

Expenses

- The preliminary budgeted expenses are \$9,714,195.
- Expenses to-date are \$5,140,819 with outstanding encumbrances of \$7,592 the total of which represents 53% of the budgeted expenditures. If this amount is normalized over the twelve months of the year expenses are 48% year-to-date and in line with the budget.

General

- Local and State Operational money has all been received. The additional MCI funds and educational sustainment are outstanding.
- December was a 3 paycheck month. Resulting in the higher salary expenses compared to previous months.
- Office supplies and consultant expenses show negative amounts from correcting previous month's coding errors.

Reserves

- The current school reserve accounts held in the state finance system (FSF):
 - Maintenance/Building Reserve \$150,000
 - Project Reserve \$200,000
 - Summer Pay Reserve \$1,102,762
 - TOTAL RESERVES \$1,452,762
- In addition to the reserve funds in FSF there is a \$100,000 Repair and Replacement Reserve held by the bond investors.

Operating Surplus/Deficit

- The school began the fiscal year with \$2,437,171 in operating cash. The year-end cash balance is projected to increase by \$117,959 to \$2,555,130.
- The debt service covenant calculation is 1.12, satisfying the minimum requirement of 1.10.
- There are 151 days of cash on hand exceeding the 45 day covenant requirement.

- 2021-2022 Debt Service Covenant came in at 1.00 which will require a detailed explanation to be provided to Zion's Bank as to why we are below 1.10 and how we will achieve 1.10 in this fiscal year.

The Final 2023 Budget Summary

The final budget results in a new surplus of \$2.2M (includes \$208K of Contingency Reserves and \$2.4M of perior year operating carryover) is ~ \$50k favorable to the preliminary budget with material updates as follows:

- State Funding per student increased 7% per perior year versus 5% assumed in preliminary budget resulting in ~\$93k of additional revenue
- Local Funding per student was 5% higher than prior year and assumed flat in preliminary budget resulting in ~ \$138k of additional revenue
- Net School Safety Capital Investment partially offset by higher revenue – (\$63k)
- Title I Federal Funds decrease ~ (\$40k) versus preliminary budget (lower allocation from state)
- Addition of Full Time sub and Finance Secretary increased compensation expenses ~ (\$35K)
- Food Service no longer neutral ~ (\$20k) worse than preliminary budget driven by higher pricing
- Parking Lease ~ (\$28k), updated calculation
- Instructional & training Expense ~ (\$25k) from additional hires
- Busing Expense ~ (\$10k), higher fuel charges
- Office Supplies ~ (\$6k), higher supply unit cost
- Contingency ~ (\$5k)

Unchanged Budget Assumptions

- Enrollment increases 30 students from 600 in '22 to 630 in '23
- 27 Pay period impact of ~ \$294k increase to expenses included
- Wage merit increase of 2% on the state scale plus step increase
- Includes addition of a business manager, teacher and secretary the last half of the year
- ESSER funds of \$260k carried over from '22 and spent
- Building maintenance expense flat YoY at \$150k
- No money received from districts for prior period billing dispute
- Bond payment made in beginning of year that saves \$9k in interest expense