



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/CSBO

Re: Monthly Treasurer's Report

Date: May 17th, 2022

Budgets

Due to the bond sale that was approved by the Board this year, the business office has been working on an amended budget for FY 2022. The additional \$1.02 million in revenue and \$345,000 in expenditures related to the solar project call for a need to make sure the budget is a more accurate representation of the district's finances during the fiscal year. This process also provides the opportunity to document more accurate revenue and expenditure numbers for accounts unrelated to the bond sale, including but not limited to tax receipts that were higher than anticipated and unforeseen maintenance costs. This tentative amended budget will be on display in the AO for the required 30 days starting on the morning of May 18th. A hearing and a final vote will be planned for the final board meeting of the year on June 21st.

The Board will also be given a preview of the FY 2023 budget. This preliminary discussion of the next fiscal year's budget is an early estimate of how revenues and expenditures will look starting on July 1st. The summer months will be spent creating greater precision around these numbers, but this is a good starting point for what to expect in the new year. This is a budget that is *operationally* balanced, despite the fact that a great deal of money that was realized in the prior fiscal year will be used to pay for the solar project in the late summer and fall months. Changes from the prior fiscal year that will have a significant impact on the FY 23 budget include a sharp increase in transportation costs (11%), health insurance, curricular adoptions, and the end of certain COVID mitigation measures. There are still some factors that could have an impact on the current estimates before a final budget is approved in September. The business office will continue to refine these numbers over the next several months and report to the Board as necessary.

Operations/Maintenance and Working Cash Funds

There are two action items on this evening's agenda that are very important to the operations of the district. Firstly, the Board is asked to approve a resolution that would transfer \$637,687.50 from the

The vision of Roselle District 12 is to prepare students to ethically engage in our global society.

Operations & Maintenance fund to the Debt Service fund. In 2017, the Board sold debt certificates to fund HVAC and other capital improvements for SHS and RMS. Unlike bonds sold under the district's debt service extension base (DSEB)--which is what was done this spring--debt certificates are paid out of operating costs. This transfer from O&M to Debt Service is an annual process until these debt certificates are paid off. Unlike this yearly transfer of funds, the abatement of the Working Cash fund is a one-time approval that aligns with the realization of proceeds from the sale of working cash bonds. The Working Cash fund must be abated and money moved to the Capital Projects fund in order to pay for the solar project, as no expenditures can be made out of the Working Cash fund.

Monthly Business

FY 2022 will be remembered as a time when so many question marks from the beginning of the year broke in the district's favor by the end. The district will close the year with much higher than expected revenue from all sources--local, state, and federal. The most recent bit of good news is the receipt of a check for approximately \$100,000 in Corporate Personal Property Replacement Tax (CPPRT), which came at a time when the district had already received more than it had budgeted for the year. Local property taxes, state reimbursements, and federal grants have all come in better than anticipated. Even investment revenue is starting to show meaningful returns. On the expenditures side of the equation, yes, some costs have been higher than budgeted (maintenance costs for HVAC systems), and the district has responded to increased revenues with acquiring services and materials that will better meet the needs of our students and their families. However, it looks like there will be opportunities for surpluses in other areas too, for example, salaries and benefits for substitute teachers. It is very reasonable to expect a healthy surplus that will keep the district on strong financial ground as we move into the future.