

FY 2023-2024 Fourth Quarter Financial Report

The fourth quarter financial report, representing April, May, and June 2024, is presented for the Board's consideration. This report provides information on the budgeting, receiving, and expenditure of funds by type and state category.

Revenues: March 31 Average Daily Membership (ADM), upon which state revenues are based, was budgeted to be 13,591. Actual ADM was 13,411, which was 180 students less than budgeted. Overall state revenues are less than budgeted by approximately \$343K, primarily due to lower enrollment. Local revenues were greater than budgeted by just over \$1.1M primarily due to higher donations and an accounting transfer of ~\$815K. Federal revenues due to Medicaid reimbursements were slightly lower than budgeted by \$156K. Revenues are shown on page 1.

Expenses: School fund expenses are summarized on pages 1 and 2. A substantive change in expense trends has resulted from the division's ability to attract and retain staffing. Approximately 99.3% of total compensation (which represents about 85% of the total school fund budget) was expended. In prior years, often due to the inability to hire staff or a substantive delay in hiring, total compensation had substantial savings. The trend of nearly fully expending budgeted compensation will likely continue in future fiscal years due to the successes of our hiring and retention efforts. Operational expenses exceeded budget by just over \$1.3M, primarily due to special education transportation costs, higher than anticipated utilities, and professional development costs. Special revenue fund total expenses are shown on pages 3-4 of the attached report.

Balance of Revenues over Expenses: Revenues matched expenses with the use of more than \$3.2M in budgeted fund balance. State revenues collected were more than \$71.6M.

Special Revenue Funds: Special revenue funds are presented on pages 3-4. Many special revenue funds are reimbursable Federal grants/programs. The Virginia Department of Education, which issues reimbursements of these Federal programs, is experiencing some delays in processing approvals of reimbursements. Staff monitors such reimbursements closely. Fee-based special revenue programs will need to carefully monitor staffing costs and program fees during the coming budget process due to the change in hiring trends combined with future benefit costs.

School Fund Balance: Beginning balance information was incorrectly stated over multiple years due to some presentation issues with shared information, these statement issues (incorrect titling of FY dates and ending balance statements) have been corrected with a reduction of reported balance by ~\$2.9M. This is purely a reporting issue that has now been resolved. It is hoped that the new accounting system will have increased clarity in fund balance reporting for future fiscal years.

Fund balance use in FY 2023/24 was budgeted to be ~\$4.1M of which nearly \$3.3M was needed to meet budget, thereby drawing down balances. Anticipated ending balance information for the current fiscal year is presented on page 5.