

**WHEELERSBURG LOCAL SCHOOL DISTRICT
FINANCIAL REPORT: SUMMARY AND ANALYSIS – AUGUST 2023**

Appendix A

GENERAL FUND

	<u>AUGUST 2023</u>	<u>AUGUST 2022</u>	<u>AUGUST 2021</u>
Beginning Balance August 1	\$4,091,549.50	\$4,212,137.93	\$3,765,263.88
Revenues	\$1,564,605.73	\$1,087,290.96	\$1,027,298.07
Expenditures	\$1,296,202.71	\$1,182,601.29	\$1,049,191.73
Ending Balance August 31	<u>\$4,359,952.52</u>	<u>\$4,116,827.60</u>	<u>\$3,743,370.22</u>

INTRODUCTION

A school district's General Fund is its main operating fund containing most of its operational costs and the revenues to support those operations. Therefore the General Fund is emphasized in this financial report and the explanatory comments.

A comparative summary of three years span of the General Fund for the month of August has just been presented. On the rest of this page we briefly mention August's results, particularly major financial events causing a variance from the normal cash flow cycle. On the next page the reader can compare year-to-date activity for the current and two previous fiscal years for the General Fund according to revenue and spending components. We provide details regarding major revenues and spending components in the section entitled "Notes Regarding Significant Revenue and Expense Categories."

A careful financial study should include an understanding of the school district's cash flow cycle. The district receives only state funding during most months of the year and state aid alone does not cover monthly costs, resulting in operating deficits.

MAJOR FINANCIAL DEVELOPMENTS DURING AUGUST 2023 IN THE GENERAL FUND

1. Three revenue factors combined to drive a significant boost to August 2023 totals and two create an illusion of positive cash flow. First, the state paid the District its Homestead Exemption and Tax Rollback reimbursements in August, instead of in September. Last year's payment arrived in September 2022, so this makes August 2023 look about \$219,000 better than it really is. This timing issue will disappear at the end of September. A second timing issue comes from a Medicaid School Plan payment (\$101,000) the District received in August 2023. This came in July last year, so in this case the District was already playing catch-up. Third, the August real estate tax final settlement came in at about \$81,000 more than in August 2022, providing revenue growth.
2. Almost all expense categories increased in August 2023 compared to August 2022. Besides the continued increase over last year in the cost of Salaries and benefits, the District also saw an expense correction for FY 2023 from the state for the College Credit Plus program. This inflated expenses by about \$80,000. Factoring this out, August 2023 expenses were very comparable to August 2022.

WHAT TO EXPECT FROM THE GENERAL FUND IN SEPTEMBER 2023 AND BEYOND

September will be a deficit cash-flow month driven by three employee pays. September will lack the usual receipt of the Homestead Exemption and Property Rollback state reimbursements, and this will exaggerate the spending impact to make September look abysmal. The following immediate months will also show deficits.

TOTAL OF ALL FUNDS

	<u>AUGUST 2023</u>	<u>AUGUST 2022</u>
Beginning Balance August 1	\$7,388,750.11	\$7,324,748.47
Revenues	\$2,052,203.85	\$1,624,241.92
Expenditures	<u>\$1,774,218.81</u>	<u>\$1,329,968.02</u>
Ending Balance August 31	<u>\$7,666,735.15</u>	<u>\$7,619,022.37</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR AUGUST 2023

Besides the General Fund, the Total of All Funds primarily consists of district scholarship funds, the Bond Fund, the Permanent Improvement Fund, the Facility Maintenance Fund, the Severance Reserve Fund, various state and federal grants, various student activity funds and the Food Service fund. Some funds have normal fluctuations throughout the year.

The increase in the Total of All Funds came because of the final real estate tax settlement and the state's reimbursement of the tax discounts to the General, Bond Retirement, Permanent Improvement, and Facility Maintenance funds. Offsetting these gains were deficit spending in Student Activity funds (-\$36,000) and federal grant funds (-\$136,000). Typically the District spends its money up front and then receives a reimbursement from the federal government in the next month. In this manner, positive cash flow months and deficit-spending months alternate.

WHEELERSBURG LOCAL SCHOOL DISTRICT					
FISCAL YEAR 2024 TREND FINANCIAL REPORT					
CURRENT FISCAL YEAR IS JULY 1, 2023 THROUGH JUNE 30, 2024, COMPARED TO PAST TWO YEARS					
Forecast		Actual FYTD	Actual FYTD	(1) Amount	Actual FYTD
Line		FY 2024	FY 2023	Change	FY 2022
7.01	Beginning Cash Balance	\$3,165,756	\$3,235,209	(\$69,453)	\$2,472,841
	Revenues				
1.01	Real Estate Taxes	\$1,691,504	\$1,423,598	\$267,906	\$1,562,065
1.035	(2) Unrestricted State Foundation	\$1,594,429	\$1,531,745	\$62,684	\$1,183,818
1.04	(2) Restricted State Aid	\$82,988	\$82,163	\$825	\$22,310
1.05	State Share of Local Property Taxes	\$218,646	\$0	\$218,646	\$201,422
1.06	All Other Operating Revenue	\$127,693	\$121,838	\$5,855	\$380,739
2.05	Advances In	\$15,606	\$0	\$15,606	\$28,455
2.06	All Other Financial Sources	\$3,333	\$0	\$3,333	\$0
2.08	Total Revenues	\$3,734,199	\$3,159,344	\$574,855	\$3,378,809
	Expenditures				
3.01	Personal Services	\$1,256,484	\$1,180,761	(\$75,723)	\$1,093,275
3.02	Employees' Retirement/Insurance	\$594,296	\$526,322	(\$67,974)	\$470,836
3.03	Purchased Services	\$411,749	\$276,822	(\$134,927)	\$347,827
3.04	Supplies & Materials	\$146,216	\$133,288	(\$12,928)	\$99,670
4.30	Other Expenditures	\$90,923	\$72,464	(\$18,459)	\$72,672
5.01	Transfers Out	\$40,335	\$88,070	\$47,735	\$24,000
5.02	Advances Out	\$0	\$0	\$0	\$0
5.05	Total Expenditures	\$2,540,003	\$2,277,727	(\$262,276)	\$2,108,280
7.02	Ending Cash Balance	\$4,359,952	\$4,116,826	\$243,126	\$3,743,370
6.01	(3) Revenue in Excess of Costs (Loss)	\$1,194,196	\$881,617	\$312,579	\$1,270,529
(1) The "Impact Positive / (Negative)" column is either positive or negative depending upon the effect on the district's cash balance. This means a positive amount has a positive effect, even if it is an expenditure category.					
(2) State aid is divided into two categories, but this report will frequently speak of it as one. The sources of restricted aid for this district is relatively small compared to unrestricted aid.					
(3) "Revenue in Excess of Costs (Loss)" . This reflects the district's financial measure of its ability to pay future costs. The previous page contains a discussion of how most months are deficit-spending months. Tax revenues in July, August, February, and March will pay for leaner months when the only significant revenue is state aid.					

NOTES REGARDING SIGNIFICANT REVENUE AND EXPENSE CATEGORIES

Line Item	Revenue Category	Notes
1.01	Real Estate Taxes	In August the District received its second half settlement of 2022 real estate taxes. The District is showing a large increase over this time last year which was expected. In August 2022 the District learned of a taxpayer refund awarded by the Ohio Board of Tax Appeals. That refund was for a period of years, but the refund all came out of last year's tax revenue. This means current year tax revenue would rebound in August 2023.
1.035	Unrestricted State Aid	<p>The District expects an increase in funding in FY 2024, which is the first year of the state of Ohio's new biennial budget. The amount of that increase is yet unknown. (Simulations exist, but there are data inputs which can still fluctuate during this coming year. The District's funded ADM could change, and the application of new wealth factors could cause the District to become "wealthier" in the state's formula, which would reduce state funding.).</p> <p>The District's August 2023 funding was based on last year's data inputs, and so the amount of funding did not vary much. The state of course needs time to update its programming for calculating state aid based on the new formula. The updated formula is scheduled to fully function beginning in October.</p>
1.05	State Share of Local Taxes	As discussed on page 1, this revenue arrived a month earlier than usual in August.
1.06	All Other Operating Revenue	The timing issue, that existed last month regarding its annual Medicaid in Schools Program final settlement, has been cleared due to the arrival of this payment in August.

Line Item	Expense Category	Notes
3.01	Personal Services	<p>Salaries in July and August 2023 are based on the 2022-2023 school year. All of the factors that led to a cost increase in this category during FY 2023 are still in effect.</p> <ul style="list-style-type: none"> The District is in the final year of its negotiated agreement with its teaching staff, and had agreed upon a 3% base raise, plus step and educational increases for FY 2023. All other employees receive the same percentage base raise. There were additional positions created for aides of students with special needs, and the custodial department. One administrative position that had been grant-paid was absorbed by the General Fund when the grant was discontinued. The District updated its wage schedules for its non-teaching employees. Line 3.02, Employees' Retirement and Insurance--The District began absorbing a mid-year 10% medical premium increase August 1, 2023.
3.03	Purchased Services	This state deducted a large amount (\$80,152) from our August revenue to pay for a correction to last year's College Credit Plus Program. Also, the District, due to a timing issue has paid for its property & fleet insurances (\$46,000) in FY 2024 instead of before the end of FY 2023.
3.04	Supplies	After a summer of work, custodial supplies are the leading cause of this increase.
4.30	Other Expenditures	The District's liability insurance (\$14,000) also was paid in July 2023 instead of June.

August 31, 2023

**WHEELERSBURG LOCAL SCHOOL DISTRICT
Cash Reconciliation Report**

Total Fund Balance	\$7,666,735.15
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Gross Depository (Bank) Balances:

Wesbanco (Checking)	\$1,970,431.43
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Investments

Certificates of Deposit	\$2,643,000.00
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Other Securities (cost as of August 31, 2023)	\$1,340,000.00
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Other Investments (Star Ohio, money market funds, etc.)	\$1,390,504.27
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Sub-Total: Investments	\$5,373,504.27
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Cash in Transit to Depository (recorded but undeposited monies)	\$2,799.10
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Petty Cash Balances:

Wheelersburg Elementary	\$500.00
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Wheelersburg High School	\$500.00
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Administrative Office	\$300.00
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Sub-Total: Petty Cash Balance	\$1,300.00
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Change Funds	\$4,800.00
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Total	\$7,352,834.80
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Less Outstanding Checks	-\$78,013.32
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Total (Reconciled Balance)	\$7,274,821.48
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Adjustments:

(1) Cost of September 1 payroll transferred to the Payroll bank account on August 31.	\$391,913.67
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Adjusted Total	\$7,666,735.15
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Submitted by George Grice
George Grice, Treasurer, Wheelersburg Local School District

INVESTMENT SUMMARY AS OF AUGUST 31, 2023**Federal Agency Securities (General Fund).....23.5% of Portfolio**

ID/Cusip#	Description	Par Value	Moody's Rating	Purchase Date	Market Value	Yield to Maturity	Date of Maturity	Date of Next Call	Next Paid Coupon	Next Coupon Payment
3130ANLA6	FHLB	\$550,000	AAA	09/15/21	\$501,231.50	.75%	11/26/25	11/26/23 (q)	11/26/23	\$2,063
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$457,410.00	1.07% (step)	03/30/26	09/30/23 (sa)	10/02/23	\$2,500
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$268,966.30	1.38% (step)	04/30/26	10/30/23 (q)	10/30/23	\$ 725
		\$1,340,000			\$1,227,607.80	(Call notations: q = quarterly; sa = semi-annual call)				

Negotiable Certificates of Deposit.....40.3% of Portfolio

538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$196,198.00	.30%	01/16/24	N/A	09/01/23	\$ 50 (m)
61690UUH1	Morgan Stanley Bank	FDIC	04/27/20	\$245,500.00	1.75%	02/27/24	N/A	02/27/24	\$2,170
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$209,822.72	2.25%	04/15/24	N/A	10/13/23	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$239,587.80	.35%	06/03/24	N/A	12/03/23	\$ 435
03008GK69	Ally Bank Utah	FDIC	03/02/23	\$247,395.00	4.80%	03/03/25	N/A	09/02/23	\$6,000
61768EQV8	Morgan Stanley Private Bnk	FDIC	03/24/23	\$244,000.40	5.25%	03/24/25	N/A	09/25/23	\$6,484
58404DRX1	Medallion Bank Utah	FDIC	03/23/23	\$242,672.50	5.00%	03/24/26	N/A	09/24/23	\$1,040 (m)
23204HNP9	Customers Bank	FDIC	03/24/23	\$242,978.75	5.05%	03/24/26	N/A	09/24/23	\$6,186
87164XW28	Synchrony Bank	FDIC	03/29/23	\$242,684.75	5.00%	03/30/26	N/A	09/30/23	\$6,125
				\$2,110,839.92					

Non-Negotiable Certificates of Deposit.....9.6% of Portfolio

WesBanco Bank	PC	03/23/23	\$500,000.00	5.00%	03/23/25	N/A	09/23/23	\$2,083 (m)
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Notes:

1. "SC" indicates invested scholarship funds.
2. "PC" indicates the funds are insured via bank pooled collateral as required by Ohio law.

Money Market Accounts & STAR Ohio—immediate liquidity.....26.6% of Portfolio

STAR Ohio	\$1,174,169.65
Huntington Investment Company money market account---Gen. Fund	\$51.16
Fifth/Third Securities money market account—General Fund	\$216,283.46
	\$1,390,504.27

TOTAL PORTFOLIO**\$5,228,951.99**

Last month's total stood at \$5,518,438.35. A Certificate of Deposit matured which was cashed (not re-invested) by the District.