

**WHEELERSBURG LOCAL SCHOOL DISTRICT
FINANCIAL REPORT: SUMMARY AND ANALYSIS – AUGUST 2022**

Appendix A

GENERAL FUND

	<u>AUGUST 2022</u>	<u>AUGUST 2021</u>	<u>AUGUST 2020</u>
Beginning Balance August 1	\$4,212,137.93	\$3,765,263.88	\$2,298,562.73
Revenues	\$1,087,290.96	\$1,027,298.07	\$1,360,960.81
Expenditures	\$1,182,601.29	\$1,049,191.73	\$988,243.59
Ending Balance August 31	<u>\$4,116,827.60</u>	<u>\$3,743,370.22</u>	<u>\$2,671,279.95</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 2022 IN THE GENERAL FUND

1. August 2022 General Fund revenues slightly increased compared to August 2021 despite the fact that the District did not receive its Homestead Exemption and Rollback reimbursements in August. (The District receives this in late August in some years, but it is not unusual for this revenue to arrive in early September.) The August final settlement of real estate taxes made up for this timing issue. Last year, the August final settlement was paid in July, making this year's final settlement appear to be "late" by comparison.
2. Total General Fund spending is significantly more than in the same amount as in August 2021. Personnel costs are significantly more this year than during the same period last year due to the District increasing its staff size and staff salary increases.

WHAT TO EXPECT FROM THE GENERAL FUND IN SEPTEMBER 2022 AND BEYOND

August's deficit was a surprise, due to the state's late payment of reimbursements. The District has an opportunity for a positive cash-flow in September, but September's expenses will also be higher than usual. The calendar gives us five Fridays in September, and the District will pay employees three times instead of the usual two.

TOTAL OF ALL FUNDS

	<u>AUGUST 2022</u>	<u>AUGUST 2021</u>
Beginning Balance August 1	\$7,324,748.47	\$7,080,545.59
Revenues	\$1,624,241.92	\$1,596,652.13
Expenditures	\$1,329,968.02	\$1,531,770.15
Ending Balance August 31	<u>\$7,619,022.37</u>	<u>\$7,145,427.57</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR AUGUST 2022

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 Total of All Funds greatly increased this month despite the reduction in the General Fund. Other funds that receive real estate taxes, namely the Permanent Improvement Fund and the Bond Retirement Fund, saw their balances swell from tax revenues. Two other fund groups saw significant increases which are according to their normal cycle. Federal grant fund receipts rebounded from July's deficits \$224,000 and the District's student activity fund balances also grew as athletic admissions, donations, and fundraisers combined to increase those funds. The District's Severance Reserve Fund also grew from a transfer from the General Fund. (This fund reserves money to pay staff for their built-up sick leave and vacation leave upon retirement.)

WHEELERSBURG LOCAL SCHOOL DISTRICT
AUGUST 31, 2022 TREND FINANCIAL REPORT
CURRENT FISCAL YEAR BEGINNING JULY 1, 2022, COMPARED TO PAST TWO YEARS

Forecast		Actual FYTD	Actual FYTD	(1) Amount		Actual YTD
Line		FY 2023	FY 2022	Change		FY 2021
7.01	Beginning Cash Balance	\$3,235,209	\$2,472,841	\$762,368		\$1,437,211
	Revenues					
1.01	Real Estate Taxes	\$1,423,598	\$1,562,065	(\$138,467)		\$1,632,499
1.035	(2) Unrestricted State Foundation	\$1,531,745	\$1,183,818	\$347,927		\$1,200,545
1.04	(2) Restricted State Aid	\$82,163	\$22,310	\$59,853		\$22,309
1.05	Property Tax Allocation	\$0	\$201,422	(\$201,422)		\$206,613
1.06	All Other Operating Revenue	\$121,838	\$380,739	(\$258,901)		\$483,169
2.05	Advances In	\$0	\$28,455	(\$28,455)		\$913
2.06	All Other Financial Sources	\$0	\$0	\$0		\$14,669
2.08	Total Revenues	\$3,159,344	\$3,378,809	(\$219,465)		\$3,560,717
	Expenditures					
3.01	Personal Services	\$1,180,761	\$1,093,275	(\$87,486)		\$1,153,715
3.02	Employees' Retirement/Insurance	\$526,322	\$470,836	(\$55,486)		\$508,461
3.03	Purchased Services	\$276,822	\$347,827	\$71,005		\$470,649
3.04	Supplies & Materials	\$133,288	\$99,670	(\$33,618)		\$110,406
4.30	Other Expenditures	\$72,464	\$72,672	\$208		\$72,895
5.01	Transfers Out	\$88,070	\$24,000	(\$64,070)		\$10,523
5.02	Advances Out	\$0	\$0	\$0		\$0
5.05	Total Expenditures	\$2,277,727	\$2,108,280	(\$169,447)		\$2,326,649
7.02	Ending Cash Balance	\$4,116,826	\$3,743,370	\$373,456		\$2,671,279
6.01	(3) Revenue in Excess of Costs (Loss)	\$881,617	\$1,270,529	(\$388,912)		\$1,234,068

(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 CATEGORIES

Line		
<u>Item</u>	<u>Revenue Category Name</u>	<u>Notes</u>
1.01	Real Estate Taxes	The District has received its full settlement of its August 2022 real estate settlement. A reduction of about \$170,000 is due to the taxpayer refund awarded by the Ohio Board of Tax Appeals.
1.035	Unrestricted State Aid	The state of Ohio's new funding formula for the 2022-2023 school year is operational for August 2022 but was not during August 2021. Therefore, there will no "apples to apples" comparison available for this category until February 2023. The District does expect an increase in revenue in this category due to an additional phase-in of the formula.
1.040	Restricted Aid	The same is true of this revenue from the state of Ohio, so the comparison to last year is not an accurate picture at this point. The state expects the District to spend these funds in specific ways. There are "strings" attached.
1.05	Property Tax Allocation	As noted on page 1, this reimbursement from the state of Ohio did not arrive in August as it did in 2021. The variance is simply due to timing.
1.06	All Other Operating Revenue	The effect of the state's funding formula difference is also seen here as there is currently no separate funding for open enrollment students attending our District. At this point last year there was, so until February 2023 there will continue to be a severe variance in this category, since open enrollment was such a substantial supply of revenue here. (The District still receives funding for those students. It is now found in Line 1.035, "Unrestricted State Aid".

NOTES REGARDING SIGNIFICANT EXPENDITURE CATEGORIES

Line		
<u>Item</u>	<u>Expense Category Name</u>	<u>Notes</u>
3.01	Personal Services	The combined total of Salaries and wages and its partner (Line 3.02, Retirement and Insurance) increased by 9.1% due to the base raise (3%) the District gave all employees and due to the increase in the number of employees. (The District's employment roster has increased from 141 to 160. Beginning with September payrolls, this effect will disappear.) While federal grants have paid for some of the added employees, the cost of several have been absorbed by the General Fund.
3.03	Purchased Services	This expense category has been transformed by the state's funding formula. Since there is no separate funding stream for open enrollment, then there is also no recognized expense for students leaving the District to attend other schools via open enrollment out, or community schools.
3.04	Supplies	The cost of the District's supplies has risen significantly. The increase is almost entirely for instructional supplies and is due to a purchase of paper, which has greatly increased.
5.01	Transfers Out	The increase is due to cash reserved in the Severance Reserve Fund.

INVESTMENT SUMMARY AS OF AUGUST 31, 2022

Federal Agency Securities (General Fund).....23.4% of Portfolio

<u>ID/Cusip#</u>	<u>Description</u>	<u>Par Value</u>	<u>Moody's Rating</u>	<u>Purchase Date</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	<u>Date of Maturity</u>	<u>Date of Next Call</u>	<u>Next Paid Coupon</u>	<u>Next Coupon Payment</u>
3130ANLA6	FHLB	\$550,000	AAA	09/15/21	\$499,730.00	.75%	11/26/25	11/26/22 (q)	11/26/22	\$ 688
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$457,980.00	1.07% (step)	03/30/26	09/30/22 (sa)	09/30/22	\$1,250
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$269,256.30	1.38% (step)	04/30/26	10/30/22 (q)	10/30/22	\$ 725
		\$1,340,000			\$1,226,966.30					

(Call notations: q = quarterly; sa = semi-annual call)

Negotiable Certificates of Deposit.....32.8% of Portfolio

05580AYP3	BMW Bank No. America	FDIC	03/04/21	\$246,665.00	.15%	02/27/23	N/A	09/04/22	\$ 188
17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$249,775.00	2.75%	04/03/23	N/A	10/02/22	\$3,438
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$151,210.25	.25%	07/17/23	N/A	02/16/23	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$194,554.00	.30%	08/21/23	N/A	02/21/22	\$ 300sa
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$192,082.00	.30%	01/16/24	N/A	09/01/22	\$ 50m
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$244,482.50	1.75%	02/27/24	N/A	01/27/23	\$3,421
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$210,469.00	2.25%	04/15/24	N/A	10/13/22	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$236,400.60	.35%	06/03/24	N/A	12/03/22	\$ 435
	(g=General; sc=scholarship)			\$1,725,638.35					

(Call notations: q = quarterly; sa = semi-annual call; a = annual call)

Commercial Paper.....0% of Portfolio

No Commercial Paper.

Money Market Accounts & STAR Ohio—immediate liquidity.....43.8% of Portfolio

STAR Ohio	\$2,283,527.27
Huntington Investment Company money market account---Gen. Fund	\$2,026.78
Fifth/Third Securities money market account—General Fund	\$16,471.74
	\$2,302,025.79

TOTAL PORTFOLIO

\$5,254,630.44

Total investments decreased as market values for the federal agency bonds decreased significantly. Last month's total stood at \$5,275,088.03.

**FINANCIAL REPORT SUPPLEMENT - STUDENT WELLNESS & SUCCESS (FUND 467)
WITH GENERAL FUND RESTATEMENT TO INCLUDE FUND 467**

The Ohio Department of Education instructed districts to omit Student Wellness and Success (“Fund 467”) revenue and expenses from their Five-Year Forecasts. The District decided to use most of its Fund 467 money to cover costs formerly paid from the General Fund. Our decision to match these costs with Fund 467 revenue was necessary since Ohio froze our funding at the FY 2019 level and the District ended Fiscal Year 2019 with a \$387,000 operating deficit making it necessary to use these funds to cover pre-existing costs. This report tracks current and total use of this revenue source.

PART 1: FUND 467 ACTIVITY THROUGH AUGUST 31, 2022 FOR FY 2022

	<u>AUGUST 2022 (A)</u>	<u>YEAR-TO-DATE 2022 (B)</u>
Beginning Balance	\$68,594.03	\$71,879.03
Revenues	\$.00	\$.00
Expenditures	\$.00	\$3,285.00
Ending Balance August 31	\$68,594.03	\$68,594.03

PART 2: FY 2022 YEAR-TO-DATE FUND 467 CATEGORY SPENDING ACTIVITY

<u>Spending Category</u>	<u>FY 2023 Totals</u>	<u>FY 2022 Totals</u>	<u>FY 2021 Totals</u>	<u>FY 2020 Totals</u>
Guidance counselors	.00	\$37,081.91	\$292,975.19	\$182,584.73
School nurse & aide (FY21)	.00	\$12,404.70	\$108,582.67	\$62,790.51
CAPE tuition	.00	\$21,712.00	\$15,153.00	\$19,823.84
Pirate Digital Academy	.00	.00	\$17,206.00	\$19,199.75
School psychologist	.00	.00	\$34,000.00	\$32,925.00
School security services	\$3,285.00	\$2,300.00	\$1,150.00	\$12,676.17
TOTAL	\$3,285.00	\$73,498.61	\$469,066.86	\$330,000.00

Note: Pirate Digital Academy and the nurse aide (FY 2021) are the only new services on this list.

PART 3: GENERAL FUND (“GF”) RESTATEMENT TO INCLUDE FUND 467

	<u>AUGUST 2022</u>	<u>AUGUST 2021</u>	<u>AUGUST 2020</u>
Ending GF Balance August 31	\$4,116,827.60	\$3,743,370.22	\$2,671,279.95
Prior Year Ending Fund 467 Balance	\$71,879.03	\$145,377.64	\$55,022.50
Revenues, Fund 467 year-to-date	.00	\$.00	\$.00
Expenditures, Fund 467 year-to-date	\$3,285.00	-\$49,486.61	-\$60,694.49
Restated Ending GF Balance August 31	\$4,185,421.63	\$3,839,261.25	\$2,665,607.96