

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

Appendix A

GENERAL FUND

	<u>FEBRUARY 2023</u>	<u>FEBRUARY 2022</u>	<u>FEBRUARY 2021</u>
Beginning Balance February 1	\$2,689,410.16	\$3,047,337.69	\$1,583,236.70
Revenues	\$2,465,621.30	\$2,254,855.71	\$2,501,253.99
Expenditures	\$1,145,346.36	\$1,036,371.50	\$1,006,321.48
Ending Balance February 28	<u>\$4,009,685.10</u>	<u>\$4,265,821.90</u>	<u>\$3,078,169.21</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 February has just been presented. On the rest of this page we briefly mention February'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 FEBRUARY 2023 IN THE GENERAL FUND

1. February's big story is the receipt of the first installment (advance) of the March real estate tax settlement. This year's advance was also bigger than last year's, by about \$142,000. This is in part due to the mistake the auditor's office made last year when it paid out too much money to the district for the January 2022 delinquent taxes payment. (This reduced the February 2022 advance.) The District expects the combination of the advance and March final payment to be more since this year's tax receipts include the effect of the Tax Year 2022 reappraisal.
2. Expenditures were higher than in a typical month. Besides the ordinary cost increases that have already been budgeted for, the state deducted \$39,000 more from the District than it typically would as a an adjustment to last year's College Credit Plus program. A payment to the SCOESC for School Psych services (\$24,000) was made earlier than last year, but this timing issue will disappear by the end of April.

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

March is normally a positive cash-flow month due to the final settlement of the first-half real estate tax payments. However, March 2023 will have three pays falling within the month. (In March 2022 and 2021, there were only two.) This could erase the usual advantage the District enjoys within the month of March. However, this is simply a timing difference that will disappear by the end of April 2023, when the number of pays, year-to-date, will be equal for all three years.

TOTAL OF ALL FUNDS

	<u>FEBRUARY 2023</u>	<u>FEBRUARY 2022</u>
Beginning Balance February 1	\$5,509,959.50	\$5,841,142.50
Revenues	\$3,247,305.28	\$2,897,437.95
Expenditures	\$1,403,388.98	\$1,223,832.17
Ending Balance February 28	<u>\$7,353,875.80</u>	<u>\$7,514,748.28</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR FEBRUARY 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 Total of All Funds increased this month primarily due to the inflow of tax revenues. Besides the General Fund, this also boosted the Bond Retirement, Permanent Improvement, and Facilities Maintenance funds. Grant income outpaced grant expenditures, which is a normal occurrence within the cycle of grant spending and federal reimbursement. No fund experienced a significant negative cash flow result in February.

WHEELERSBURG LOCAL SCHOOL DISTRICT
FEBRUARY 28, 2023 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	\$3,187,530	\$3,357,066	(\$169,536)		\$3,328,499
1.035	(2) Unrestricted State Foundation	\$6,069,042	\$5,951,360	\$117,682		\$4,867,599
1.04	(2) Restricted State Aid	\$329,449	\$455,549	(\$126,100)		\$89,238
1.05	Property Tax Allocation	\$205,345	\$210,144	(\$4,799)		\$210,065
1.06	All Other Operating Revenue	\$259,117	\$130,694	\$128,423		\$1,892,880
2.05	Advances In	\$0	\$28,455	(\$28,455)		\$913
2.06	All Other Financial Sources	\$83,917	\$106,924	(\$23,007)		\$139,570
2.08	Total Revenues	\$10,134,400	\$10,240,192	(\$105,792)		\$10,528,764
	Expenditures					
3.01	Personal Services	\$5,367,184	\$5,041,299	(\$325,885)		\$4,848,936
3.02	Employees' Retirement/Insurance	\$2,147,854	\$2,018,390	(\$129,464)		\$1,963,356
3.03	Purchased Services	\$1,236,967	\$934,007	(\$302,960)		\$1,673,282
3.04	Supplies & Materials	\$424,303	\$329,670	(\$94,633)		\$282,958
4.30	Other Expenditures	\$95,546	\$99,845	\$4,299		\$108,751
5.01	Transfers Out	\$88,070	\$24,000	(\$64,070)		\$10,523
5.05	Total Expenditures	\$9,359,924	\$8,447,211	(\$912,713)		\$8,887,806
7.02	Ending Cash Balance	\$4,009,685	\$4,265,822	(\$256,137)		\$3,078,169
6.01	(3) Revenue in Excess of Costs (Loss)	\$774,476	\$1,792,981	(\$1,018,505)		\$1,640,958

(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

<u>Line Item</u>	<u>Revenue Category</u>	<u>Notes</u>
1.01	Real Estate Taxes	<p>The District received a payment of real estate tax advance in February as usual, and this amount was significantly more than a year ago. Scioto County properties were reappraised according to state law and values were raised, resulting in higher tax revenue for the District. We expect a better final settlement in March 2023 as well.</p> <p>Last fall, the District had seen a reduction of about \$170,000, due to a taxpayer refund awarded by the Ohio Board of Tax Appeals, compared to last year. This is not a timing variance. (This ruling affected multiple years. A portion represented one year's taxes, and that portion is a permanent reduction in our tax revenue base. The prior year's portion represented a one-time revenue loss. FY 2024's tax revenues should recover by the amount of the prior year tax portion.)</p>
1.035	Unrestricted State Aid	<p>The state of Ohio's new funding formula has now been operational for the same number of months in Fiscal Year 2023 and FY 2022. The modest increase that the District has seen thus far is expected to continue growing by an additional \$230,000 to become the increase the District forecast for FY 2023.</p> <p>The District was on the guarantee for FY 2022, but the formula is working as it should, producing increased revenue and the District is no longer a guarantee district. The way the guarantee works is that for each dollar the district receives as an increase in state aid, the District loses a dollar of guarantee. Therefore, the first \$29,696 in increased revenue went towards paying off the guarantee.</p>
1.040	Restricted Aid	<p>This revenue is also derived from the funding formula. <u>This is not an "apples to apples" comparison, however</u>, because the state made reductions to our District's Restricted Aid funding in March through June 2022 to "fix overpayments" to our District that had been made in July 2021 – December 2021. The large negative variance between the two year's results at February 28, 2023 will disappear by June 30, 2023. The final result of the two years will be very close to each other.</p>
1.06	All Other Operating Revenue	<p>The main difference in this category between FY 2023 and FY 2022 is that the District has received a final Medicaid settlement in FY 2023. At this point in FY 2022 it had not. (The District did not receive a final Medicaid settlement at all during FY 2022, so this variance will remain for the full year.)</p> <p>The District has also received \$50,000 more in investment income thus far in FY 2023 than a year ago, due to the recovery in interest rates.</p>

NOTES REGARDING SIGNIFICANT EXPENDITURE CATEGORIES

Line	<u>Expense Category</u>	<u>Notes</u>
3.01	Personal Services	<p>Several factors have worked to create a significant cost increase:</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. Typically all other employees receive the same percentage base raise, and the overall increase for salaries would be about \$350,000 per year.• The District reviewed the hourly rates it pays its non-teaching employees (aides, custodians, secretaries & office personnel) and realized it was paying well below the average rate of most other Scioto County school districts. The correction to the District's salary schedule led to a sizeable hourly increase for many of these positions. The additional cost is about \$61,000 per year.• The District created a new administrative position to coordinate special and gifted education in FY 2022 which was grant funded. That grant was fully used in FY 2022, so most of that cost (about \$53,000) came to the General Fund for FY 2023.• The District has added personal aides for students whose IEPs have indicated that necessity and the District has added hours to the custodial/maintenance department.• Line 3.02, Employees' Retirement and Insurance, is also impacted by the number of employees on payroll, and who may elect to carry insurance benefits.
3.03	Purchased Services	<p>This expense category's large increase is being driven by student-oriented costs.</p> <ul style="list-style-type: none">• The District's payments to colleges and universities for the District's students to participate in College Credit Plus program has increased by \$99,000 compared to this same time period last year.• The District's cost for its special education cooperative units has increased by \$109,000.• Costs charged to the District for students attending handicap preschool units has increased by \$41,000.• The District increased its psychologist services for students this year with an added cost of \$36,000 year-to-date.• The cost of the District's utilities has increased by \$16,000.
3.04	Supplies	<p>The cost of the District's supplies has risen significantly. The three leading cost areas that have experienced increases are:</p> <ul style="list-style-type: none">• Student Transportation—the cost of bus gas has increased by \$39,000 as of February 28, 2023.• Instructional Supplies—Base instructional supplies have cost the District \$21,000 more as of February 28, 2023 compared to this same time last year. The cost of paper and copier and printer toner has gone up by more than \$16,000 at this point.• Custodial Supplies have increased by 5,000.
5.01	Transfers Out	<p>The increase is due to cash being reserved in the Severance Reserve Fund.</p>

February 28, 2023

**WHEELERSBURG LOCAL SCHOOL DISTRICT
Cash Reconciliation Report**

Total Fund Balance		<u><u>\$7,353,875.80</u></u>
Gross Depository (Bank) Balances:		
Wesbanco (Checking)	\$1,299,161.11	
Investments		
Certificates of Deposit	\$1,518,000.00	
Other Securities (cost as of February 28, 2023)	\$1,340,000.00	
Other Investments (Star Ohio, money market funds, etc.)	\$3,204,703.02	

Sub-Total: Investments	\$6,062,703.02	
Cash in Transit to Depository (recorded but undeposited monies)	\$1,544.49	
Petty Cash Balances:		
Wheelersburg Elementary	\$500.00	
Wheelersburg High School	\$500.00	
Administrative Office	\$300.00	

Sub-Total: Petty Cash Balance	\$1,300.00	
Change Funds	\$4,800.00	

Total	\$7,369,508.62	
Less Outstanding Checks	-\$15,632.82	

Total (Reconciled Balance)	\$7,353,875.80	
Adjustments:		
(1)	\$.00	

Adjusted Total		<u><u>\$7,353,875.80</u></u>

Submitted by George Grice
George Grice, Treasurer, Wheelersburg Local School District

INVESTMENT SUMMARY AS OF FEBRUARY 28, 2023

Federal Agency Securities (General Fund).....20.5% 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	\$492,574.50	.75%	11/26/25	05/26/23 (q)	05/26/23	\$ 688
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$450,075.00	1.07% (step)	03/30/26	03/30/23 (sa)	03/30/23	\$1,250
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$264,975.90	1.38% (step)	04/30/26	04/30/23 (q)	04/30/23	\$ 725
		\$1,340,000			\$1,207,625.40					

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

Negotiable Certificates of Deposit.....25.0% of Portfolio

17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$249,630.00	2.75%	04/03/23	N/A	04/02/23	\$3,438
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$152,357.25	.25%	07/17/23	N/A	07/17/23	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$195,672.00	.30%	08/21/23	N/A	08/21/23	\$ 300
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$191,852.00	.30%	01/16/24	N/A	03/01/23	\$ 50m
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$241,937.50	1.75%	02/27/24	N/A	07/27/23	\$3,421
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$207,408.80	2.25%	04/15/24	N/A	04/13/23	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$234,742.26	.35%	06/03/24	N/A	06/03/23	\$ 435
	(g=General; sc=scholarship)			\$1,473,599.81					

(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.....54.5% of Portfolio

STAR Ohio	\$2,921,617.14
Huntington Investment Company money market account--Gen. Fund	\$259,454.07
Fifth/Third Securities money market account—General Fund	\$23,631.81
	\$3,204,703.02

TOTAL PORTFOLIO

\$5,885,928.23

Total investments increased due to investment of recent real estate tax revenue. Last month's total stood at \$4,794,856.88. Additional investments will be made from the large liquid balance in the Star Ohio account.

FINANCIAL REPORT SUPPLEMENT - STUDENT WELLNESS & SUCCESS (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. At the beginning of the grant, 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.

Since then, those costs have been redirected either to the ESSER grant or back to the General Fund. This page serves as a history of how the District has spent these funds. Most of the grant will be spent by the end of FY 2023.

PART 1: FUND 467 ACTIVITY THROUGH FEBRUARY 28, 2023 FOR FY 2023

	<u>FEBRUARY 2023</u>	<u>FISCAL YEAR 2023</u>
Beginning Balance	\$41,733.15	\$71,879.03
Revenues	\$.00	\$.00
Expenditures	<u>\$827.62</u>	<u>\$30,973.50</u>
Ending Balance February 28	\$40,905.53	\$40,905.53

PART 2: FY 2023 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 (FY 20+21)	.00	\$12,404.70	\$108,582.67	\$62,790.51
CAPE tuition	\$11,175.00	\$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	<u>\$19,798.50</u>	<u>\$2,300.00</u>	<u>\$1,150.00</u>	<u>\$12,676.17</u>
TOTAL	\$30,973.50	\$73,498.61	\$469,066.86	\$330,000.00