

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

Appendix A

GENERAL FUND

	<u>JANUARY 2023</u>	<u>JANUARY 2022</u>	<u>JANUARY 2021</u>
Beginning Balance January 1	\$2,797,349.35	\$2,270,893.99	\$1,622,510.45
Revenues	\$963,154.55	\$1,359,976.65	\$988,532.62
Expenditures	\$1,071,093.74	\$583,532.95	\$1,027,806.37
Ending Balance January 31	<u>\$2,689,410.16</u>	<u>\$3,047,337.69</u>	<u>\$1,583,236.70</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 January has just been presented. On the rest of this page we briefly mention January'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 JANUARY 2023 IN THE GENERAL FUND

1. Typically, January expenses outpace January revenues, so this month's results were not surprising.
2. The General Fund's activity when compared to last year is difficult to comprehend at first. Why is there such a large difference? The short answer is that the state implemented its new funding formula in January 2022. This means January 2022 was a statistical oddball. The state was correcting the previous six months before January 2022—retroactive to July 2021—to correct its business conducted during those six months. January 2022 was a "catch-up" month, causing exaggerated revenue and expenditure numbers for that month. *The numbers reflected in January 2023 are at normal levels.* Due to this, it is more informative to compare year-to-date amounts that are reflected on this next page and to read the narratives that are on pages three and four. This is where we see the "apples to apples" comparison.

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

February is normally a deficit spending month until the very end of the month. The low point of the District's annual cash-flow cycle is in late February, just before the next real estate tax revenue arrives.

TOTAL OF ALL FUNDS

	<u>JANUARY 2023</u>	<u>JANUARY 2022</u>
Beginning Balance January 1	\$5,631,426.53	\$5,005,951.37
Revenues	\$1,316,709.83	\$1,697,094.28
Expenditures	\$1,438,176.86	\$861,903.15
Ending Balance January 31	<u>\$5,509,959.50</u>	<u>\$5,841,142.50</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR JANUARY 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 decreased this month primarily due to two fund's significant deficit spending: the General Fund (see discussion above) and the Food Service Fund. The January deficit in the Food Service Fund is entirely due to the full payment for the dishwasher contract. Offsetting these two funds' deficits, any fund that also received a delinquent tax receipt (Bond Retirement, Permanent Improvement, and Facility Maintenance funds) all saw cash increases. Grant income outpaced grant expenditures and student activity funds increased due to fundraising and a sizeable donation.

WHEELERSBURG LOCAL SCHOOL DISTRICT
JANUARY 31, 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	\$1,547,930	\$1,858,166	(\$310,236)	\$1,725,699
1.035	(2) Unrestricted State Foundation	\$5,317,142	\$5,253,742	\$63,400	\$4,191,789
1.04	(2) Restricted State Aid	\$289,288	\$447,240	(\$157,952)	\$78,083
1.05	Property Tax Allocation	\$205,345	\$210,144	(\$4,799)	\$210,065
1.06	All Other Operating Revenue	\$225,157	\$80,665	\$144,492	\$1,681,391
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	\$7,668,779	\$7,985,336	(\$316,557)	\$8,027,510
	Expenditures				
3.01	Personal Services	\$4,732,306	\$4,416,759	(\$315,547)	\$4,303,392
3.02	Employees' Retirement/Insurance	\$1,881,798	\$1,760,335	(\$121,463)	\$1,727,012
3.03	Purchased Services	\$1,034,356	\$815,065	(\$219,291)	\$1,472,354
3.04	Supplies & Materials	\$387,151	\$299,247	(\$87,904)	\$262,083
4.30	Other Expenditures	\$90,897	\$95,433	\$4,536	\$106,120
5.01	Transfers Out	\$88,070	\$24,000	(\$64,070)	\$10,523
5.05	Total Expenditures	\$8,214,578	\$7,410,839	(\$803,739)	\$7,881,484
7.02	Ending Cash Balance	\$2,689,410	\$3,047,338	(\$357,928)	\$1,583,237
6.01	(3) Revenue in Excess of Costs (Loss)	(\$545,799)	\$574,497	(\$1,120,296)	\$146,026

(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 delinquent taxes in January, as usual, but this amount was significantly less than a year ago. The Scioto County Auditor’s officer responded to our inquiry with the explanation that last year’s payment (January 2022) was \$175,400 more than intended; and it reduced the amount of the payments eventually made in February and March 2022. This is a timing difference since the District now expects the February and March 2023 payments to be more than they were last year.</p> <p>Earlier, 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.</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. Therefore, we have an “apples to apples” comparison available for these affected categories.</p> <p>The District expected an increase in revenue in this category due to an additional phase-in of the formula. We do have a modest increase year-to-date compared to last year, but it is less than the forecasted amount of increase for this point in the year.</p>
1.040	Restricted Aid	<p>This revenue is also derived from the funding formula and so the comparison to last year should be an accurate picture at this point. However, the state made additional reductions to our District’s Restricted Aid funding in February through June 2022, so the large variance between the two year’s results at January 31, 2023 will disappear by June 30, 2023. It is a timing difference.</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>There had been a large variance in previous reports due to the state formula’s different treatment of Open Enrollment students, but that variance has now disappeared since 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 District still receives revenue for those students, but it now appears in Category 1.035.</p>

NOTES REGARDING SIGNIFICANT EXPENDITURE CATEGORIES

Line Item	<u>Expense Category</u>	<u>Notes</u>
3.01	Personal Services	<p>The cost increase is due to a combination of having more employees on staff and the wage increases that were granted to employees for the current school year. Line 3.02, Employees' Retirement and Insurance, is also impacted by the number of employees who may elect to carry the District's insurance benefits, and other costs that are calculated as a percentage of total wages.</p>
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 \$60,000 compared to this same time period last year.• The District's cost for its special education cooperative units has increased by \$82,000.• Costs charged to the District for students attending handicap preschool units has increased by \$37,000.• The District increased its psychologist services for students this year with an added cost of \$18,000 year-to-date.
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> <ol style="list-style-type: none">1. Student Transportation—the cost of bus gas has increased by \$35,300 as of January 31, 2022.2. Instructional Supplies—the cost of paper has gone up by more than \$10,000 at this point. Textbook cost, largely driven by the larger number of students participating in the College Credit Plus program, is up by more than \$8,000. General spending for classroom supplies has increased by another \$8,000.3. Custodial Supplies have increased by \$11,000.
5.01	Transfers Out	<p>The increase is due to cash reserved in the Severance Reserve Fund.</p>

INVESTMENT SUMMARY AS OF JANUARY 31, 2023

Federal Agency Securities (General Fund).....25.6% 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	\$499,592.50	.75%	11/26/25	02/26/23 (q)	05/26/23	\$ 688
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$457,990.00	1.07% (step)	03/30/26	03/30/23 (sa)	03/30/23	\$1,250
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$269,572.40	1.38% (step)	04/30/26	01/30/23 (q)	04/30/23	\$ 725
		\$1,340,000			\$1,227,154.90					

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

Negotiable Certificates of Deposit.....35.9% of Portfolio

05580AYP3	BMW Bank No. America	FDIC	03/04/21	\$249,255.00	.15%	02/27/23	N/A	02/27/23	\$ 188
17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$249,305.00	2.75%	04/03/23	N/A	04/02/23	\$3,438
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$151,929.45	.25%	07/17/23	N/A	02/16/23	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$195,264.00	.30%	08/21/23	N/A	02/21/23	\$ 300
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$191,670.00	.30%	01/16/24	N/A	01/01/23	\$ 50m
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$242,237.50	1.75%	02/27/24	N/A	01/27/23	\$3,421
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$207,830.38	2.25%	04/15/24	N/A	04/13/23	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$234,988.77	.35%	06/03/24	N/A	06/03/23	\$ 435
	(g=General; sc=scholarship)			\$1,722,480.10					

(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.....38.5% of Portfolio

STAR Ohio	\$1,815,011.21
Huntington Investment Company money market account--Gen. Fund	\$9,156.57
Fifth/Third Securities money market account—General Fund	\$21,054.10
	\$1,845,221.88

TOTAL PORTFOLIO

\$4,794,856.88

Total investments increased due to market value increases and income added to money market accounts. Last month's total stood at \$4,768,571.53.

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 JANUARY 31, 2023 FOR FY 2023

	<u>JANUARY 2023</u>	<u>FISCAL YEAR 2023</u>
Beginning Balance	\$43,858.15	\$71,879.03
Revenues	\$.00	\$.00
Expenditures	<u>\$2,125.00</u>	<u>\$30,145.88</u>
Ending Balance January 31	\$41,733.15	\$41,733.15

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>\$18,970.88</u>	<u>\$2,300.00</u>	<u>\$1,150.00</u>	<u>\$12,676.17</u>
TOTAL	30,145.88	\$73,498.61	\$469,066.86	\$330,000.00