

**WHEELERSBURG LOCAL SCHOOL DISTRICT  
FINANCIAL REPORT: SUMMARY AND ANALYSIS – JUNE 2019**

**Appendix A**

**GENERAL FUND**

	<u>JUNE 2019</u>	<u>JUNE 2018</u>	<u>JUNE 2017</u>
Beginning Balance June 1	\$1,767,891.08	\$2,059,878.29	\$1,928,594.17
Revenues	\$931,813.05	\$872,262.06	\$854,487.63
Expenditures	<u>\$1,347,692.46</u>	<u>\$1,193,531.14</u>	<u>\$1,041,397.83</u>
Ending Balance June 30	\$1,351,903.17	\$1,738,609.21	\$1,741,683.97
Less Outstanding Encumbrances	<u>\$149,446.28</u>	<u>\$145,148.34</u>	<u>\$229,666.61</u>
Available for Appropriations	\$1,202,456.89	\$1,593,460.87	\$1,512,017.36

**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. This is why the emphasis of this financial report and its explanatory comments is the General Fund.

A comparative summary of three years span of the General Fund for the month of July has just been presented. On the rest of this page we briefly mention July'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 in most months.

**GENERAL FUND NOTES REGARDING SIGNIFICANT EVENTS FOR JUNE 2019**

1. June's revenues brought a good surprise: the Ohio Department of Medicaid sent a second payment in this fiscal year for the Medicaid School Program, which reimburses the district for selected costs related to Medicaid-eligible students. (These payments run behind, as this reimbursement related to FY 2017 costs.) The district only budgeted for one revenue inflow per year. The district still expects to get its one payment next year.
2. Every spending category in June 2019 grew compared to June 2018. Personnel costs led the way, as two teachers retired in June 2019--there were none one year ago—and were paid the full remaining amount of their contracts in June. The district paid its two year Rosetta Stone language study renewal in June, and special education cooperative costs continued to soar as the district finished its true-up payment to South Central Ohio ESC for FY 2018.
3. *July Outlook:* July's significant revenues will all be state aid until the very end of the month, when the county auditor will issue an advance of real estate tax revenue against the August tax settlement. July's end-look will be very good.

**TOTAL OF ALL FUNDS (EXCLUDING CONSTRUCTION & BOND RETIREMENT FUNDS)**

	<u>JUNE 2019</u>	<u>JUNE 2018</u>
Beginning Balance June 1	\$3,148,092.01	\$3,823,299.25
Revenues	\$1,288,123.99	\$1,137,049.87
Expenditures	<u>\$1,679,890.43</u>	<u>\$1,476,000.16</u>
Ending Balance June 30	\$2,756,325.57	\$3,484,348.96

**TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR JUNE 2019**

Besides the General Fund, the Total of All Funds primarily consists of district scholarship funds, 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. There are normal fluctuations for each of these funds throughout the year.

The Total of All Funds decreased mainly due to deficit spending in the General Fund. The Permanent Improvement Fund also saw large cash outflow due to payments for a major upgrade to the district's building controls package. Grant funds balances spiked upwards, as the district received an advance for July operations. The Facility Maintenance Fund received an annual payment from the state, but the Severance Reserve Fund decreased due to payments to retiring teachers.

**WHEELERSBURG LOCAL SCHOOL DISTRICT  
FINAL FINANCIAL REPORT FOR FISCAL YEAR 2019  
CURRENT FISCAL YEAR BEGINNING JULY 1, 2018 COMPARED TO PAST TWO YEARS**

					(2) FY 2019 compared to FY 2018 Impact		
<b>Forecast</b>		Budgeted	Actual YTD	(2) Impact	Actual YTD	Positive /	Actual YTD
<b>Line</b>		FY 2019 (1)	FY 2019	<i>Positive / (Negative)</i>	FY 2018	<i>(Negative)</i>	FY 2017
7.01	<b>Beginning Cash Balance</b>	\$1,738,609	\$1,738,609	\$0	\$1,741,684	(\$3,075)	\$1,567,710
<b>Revenues</b>							
1.01	Real Estate Taxes	\$3,339,984	\$3,371,519	\$31,535	\$3,339,966	\$31,553	\$3,254,441
1.035	Unrestricted State Foundation	\$7,187,322	\$7,384,072	\$196,750	\$7,195,596	\$188,476	\$7,228,340
1.04	Restricted State Aid	\$115,676	\$134,453	\$18,777	\$115,678	\$18,775	\$148,507
1.05	Property Tax Allocation	\$393,405	\$386,607	(\$6,798)	\$388,916	(\$2,309)	\$384,236
1.06	All Other Operating Revenue	\$2,805,723	\$2,795,892	(\$9,831)	\$2,772,775	\$23,117	\$2,636,295
2.05	Advances In	\$8,028	\$8,028	\$0	\$0	\$8,028	\$0
2.06	All Other Financial Sources	\$171,843	\$160,144	(\$11,699)	\$155,751	\$4,393	\$120,982
2.08	<b>Total Revenues</b>	<b>\$14,021,981</b>	<b>\$14,240,714</b>	<b>\$218,733</b>	<b>\$13,968,682</b>	<b>\$272,032</b>	<b>\$13,772,801</b>
<b>Expenditures</b>							
3.01	Personal Services	\$7,972,648	\$7,955,259	\$17,389	\$7,646,720	(\$308,539)	\$7,474,852
3.02	Employees' Retirement/Insurance	\$2,932,382	\$2,982,606	(\$50,224)	\$2,798,078	(\$184,528)	\$2,747,803
3.03	Purchased Services	\$2,680,700	\$3,005,041	(\$324,341)	\$2,750,553	(\$254,488)	\$2,579,570
3.04	Supplies & Materials	\$552,870	\$500,005	\$52,865	\$484,961	(\$15,044)	\$504,060
4.00	Debt Service: Principal & Interest	\$0	\$0	\$0	\$70,457	\$70,457	\$70,265
4.3	Other Expenditures	\$168,254	\$167,832	\$422	\$184,045	\$16,213	\$201,435
5.01	Transfers Out	\$0	\$0	\$0	\$28,919	\$28,919	\$20,843
5.02	Advances Out	\$5,000	\$16,679	(\$11,679)	\$8,028	(\$8,651)	\$0
5.05	<b>Total Expenditures</b>	<b>\$14,311,854</b>	<b>\$14,627,421</b>	<b>(\$315,567)</b>	<b>\$13,971,761</b>	<b>(\$655,660)</b>	<b>\$13,598,828</b>
7.02	<b>Ending Cash Balance</b>	<b>\$1,448,736</b>	<b>\$1,351,902</b>	<b>(\$96,834)</b>	<b>\$1,738,605</b>	<b>(\$386,703)</b>	<b>\$1,741,683</b>
6.01	<b>(3) Revenue in Excess of Costs (Loss)</b>	<b>(\$289,873)</b>	<b>(\$386,707)</b>	<b>(\$96,834)</b>	<b>(\$3,079)</b>	<b>(\$383,628)</b>	<b>\$173,973</b>

**Notes and Methodology:**

(1) The "**Budgeted YTD FY 2019**" column is based on the district's October 2018 Five-Year Financial Forecast, which was approved by the Board of Education and was submitted to the Ohio Department of Education. An updated forecast, adopted in May, can be accessed at <http://yf.oe.cn.k12.oh.us/default.asp>.

(2) The "**Impact Positive / (Negative)**" column is either positive or negative depending upon the effect on the district's cash balance. For example, if an expenditure category decreases, then this has a positive cash balance effect and it is shown as a positive number.

(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 carry our school district through leaner months. A positive value on this line is a savings account to be used later in the year.

# NOTES REGARDING SIGNIFICANT REVENUE CATEGORIES

## TRENDS AND VARIANCES

<u>Line Item</u>	<u>Revenue Category Name</u>	<u>Notes</u>
1.01	Real Estate Taxes	<p>The district received slightly more in local tax revenue than estimated for the year. Since this fiscal year was neither a reappraisal nor a review year, the district didn't expect to receive any increase, so even the small 1% increase was welcome.</p> <p><i>Next year's forecast: It's a property valuation review year. Expect a typical revenue spike from our second largest revenue source.</i></p>
1.035	Unrestricted State Aid	<p>The district ended last year (FY 2018) on the transitional guarantee due to a large decrease in resident students, which led us to we expect our state aid to be stagnant this year. (The state did not increase the per-student funded amount either.) It was a major surprise when the district received a 2.6% increase on our largest revenue source. The reasons for this growth included:</p> <ul style="list-style-type: none"><li>a) Catastrophic aid, using the state's new method, decreased by about \$50,000.</li><li>b) An unexpected rebound in the number of resident students. The district grew by 34 students.</li><li>c) The district's Targeted Assistance aid grew by 16%. Since this was not a year that our real estate values increased, the district became poorer compared to the statewide wealth per pupil index, triggering additional state aid.</li><li>d) The district's Special Education Weighted Funding increased by 4%.</li><li>e) The district lost the first \$80,000 of this revenue growth to get off the Transitional Guarantee.</li></ul> <p><i>Next year's forecast: The state's simulation of the budget the governor signed yesterday appear to give our district a good increase from the Student Welfare and Success funding component.</i></p>
1.06	All Other Operating Revenue	<p>This category includes the district's gross open enrollment revenue, which is our third largest revenue source. We failed to reach our estimate, although it was very close, thanks to a surprise revenue.</p> <ul style="list-style-type: none"><li>a) Our open enrollment of incoming students fell slightly in Fiscal Year 2019 from Fiscal Year 2018, from 406 to 402 students. This is the first year in some time that the district didn't increase its incoming open enrollment.</li><li>b) The district receives revenue for the state for its service to Medicaid eligible students to help reimburse our cost. We typically receive one large settlement per year. In Fiscal Year 2019, the district received two, which provided an unexpected \$71,000 boost to this category.</li><li>c) Catastrophic aid, using the state's new method of calculation, decreased by about \$50,000.</li></ul> <p><i>Next year's forecast: The district looks for open enrollment to return to its usual pattern of providing a funding boost, but knows it will only receive one Medicaid payment</i></p>

# NOTES REGARDING SIGNIFICANT EXPENSE CATEGORIES

## TRENDS AND VARIANCES

<u>Line Item</u>	<u>Expense Category Name</u>	<u>Notes</u>
3.01	Personal Services	<p>This shows the salaries and hourly wages paid to employees. This amount typically rises each year, usually due to a base raise given to all employees and to increases specific employees receive due to experience or advanced training.</p> <ul style="list-style-type: none"><li>a) Employees received a 3% base wage increase.</li><li>b) Employee experience and training raises amounted to approx. 1.1% additional cost.</li><li>c) The district's Title I and Title II-A grant allocations from the state were inadequate to pay for staff assigned to those grant programs. The difference was paid from the General Fund.</li><li>d) The district usually sees some cost savings from replacements for retiring teachers. There were no retirements at the end of the 2017-2018 school year, therefore there was no savings during the Fiscal Year 2019.</li></ul> <p><i>Next year's forecast: The district has already agreed to give employees a 2% base wage increase for the 2019-2020 school year. The district is eliminating three teaching and eight aide positions to reduce cost.</i></p>
3.02	Retirement/Fringe Benefits	<p>This category shows the cost of the district's contributions to employees' retirement funds at 14% of total salary. (This is state-mandated.) It also includes the cost of employee medical, dental, vision and life insurance, as well as federal medicare tax, workers' compensation premiums and a small amount of unemployment premium.</p> <ul style="list-style-type: none"><li>a) Some of the cost increase is wage-based (retirement, medicare, and worker's compensation). Some of the rest is connected to employee decisions, especially when employees add a family medical plan, which happened during this year.</li><li>b) At January 1, 2019, premiums for medical increased 2% and dental by 6%.</li><li>c) Title I and Title II-A costs were also paid from this category.</li></ul> <p><i>Next year's forecast: Costs are expected to decrease due to fewer jobs.</i></p>
3.03	Purchased Services	<p>Our costs rose steeply in this category. Here are the primary reasons why:</p> <ul style="list-style-type: none"><li>a) We pay when someone else is educating our student. These costs increased by \$179,000, primarily for out-going resident students via open-enrollment.</li><li>b) We pay when we send our students who are a part of a cooperative system of special education classrooms with other districts. Our costs rose by \$54,000 during this year for that purpose.</li><li>c) We refunded a revenue that was over-paid to us by another district for their special education student. The refund (\$32,000) added to this cost increase.</li></ul> <p><i>Next year's forecast: Due to the nature of these costs, this is one of the most difficult cost categories to predict. We look for open-enrollment out to stabilize or decrease and we will also see a decrease since the refund was a one-time payment.</i></p>

June 30, 2019

**WHEELERSBURG LOCAL SCHOOL DISTRICT  
Cash Reconciliation Report**

<b>Total Fund Balance</b>		<b>\$3,658,851.59</b>
<b>Gross Depository (Bank) Balances:</b>		
Wesbanco (Checking)	\$924,758.14	
<b>Investments</b>		
Certificates of Deposit	\$2,135,000.00	
Other Securities (cost as of June 30, 2019)	\$0.00	
Other Investments (Star Ohio, money market funds, etc.)	\$658,843.39	
	-----	
<b>Sub-Total: Investments</b>	<b>\$2,793,843.39</b>	
<b>Cash in Transit to Depository</b> (recorded but undeposited monies)		\$0.00
<b>Petty Cash Balances:</b>		
Wheelersburg Elementary	\$0.00	
Wheelersburg High School	\$0.00	
Administrative Office	\$300.00	
	-----	
<b>Sub-Total: Petty Cash Balance</b>	<b>\$300.00</b>	
<b>Change Funds</b>		\$0.00
		-----
<b>Total</b>	<b>\$3,718,901.53</b>	
<b>Less Outstanding Checks</b>	<b>-\$60,065.94</b>	
	-----	
<b>Total (Reconciled Balance)</b>	<b>\$3,658,835.59</b>	
<b>Adjustments:</b>		
(1) Bank fee to be refunded in July 2019.	\$16.00	
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<b>Adjusted Total</b>		<b>\$3,658,851.59</b>

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

**INVESTMENT SUMMARY AS OF JUNE 30, 2019**

**Federal Agency Securities (General Fund)...0% 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>
No Federal Agency Securities.										

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

**Negotiable Certificates of Deposit...76.5% of Portfolio**

14042REB0	Capital One NA (g)		FDIC	10/14/15	\$240,201.60	2.20%	10/21/20	N/A	10/14/19	\$2,640
48126XKE4	JP Morgan Chase Bank (g)		FDIC	10/31/16	\$197,592.00	1.50%	10/31/20	04/30/19q	10/30/19	\$ 750q
9497486H5	Wells Fargo Bank NA (g)		FDIC	06/30/16	\$247,042.50	1.63%	06/30/21	N/A	06/28/19	\$ 340m
02007GCJ0	Ally Bank (g)		FDIC	05/03/18	\$247,881.20	2.85%	05/03/21	N/A	11/03/19	\$3,491
61747M6A4	Morgan Stanley (g)		FDIC	09/17/18	\$250,102.50	2.45%	09/20/19	N/A	09/20/19	\$6,750a
6176AUQ0	Morgan Stanley Pvt Bank		FDIC	01/15/19	\$251,957.50	2.70%	01/25/21	N/A	07/24/19	\$3,375
084601TM5	Berkshire Bank (g)		FDIC	04/01/19	\$250,657.50	2.35%	04/01/21	N/A	10/01/19	\$2,938
7954502C8	Sallie Mae Bank (g)		FDIC	04/03/19	\$202,144.00	2.64%	04/04/22	N/A	10/03/19	\$2,640
17312Q3R8	Citibank National Assn. (g)		FDIC	04/03/19	<u>\$252,390.00</u>	2.75%	04/03/23	N/A	10/02/19	\$3,438
					\$2,508,297.80					

(g=General; sc=scholarship)

**NOTE: Negotiable Certificates of Deposit are insured by the FDIC up to \$250,000.**

**Commercial Paper...0% of Portfolio**

No Commercial Paper.

**Money Market Accounts & STAR Ohio—immediate liquidity...23.5% of Portfolio**

STAR Ohio	\$657,710.09
Huntington Investment Company money market account---Gen. Fund	\$1,134.94
Fifth/Third Securities money market account—General Fund	<u>\$.00</u>
	\$658,845.03

**TOTAL PORTFOLIO**

**\$2,798,813.83**

**Investments increased from last month's \$3,984,572.28. Cash in liquid accounts were spent down during June, which saw total deficit spending approaching \$400,000.00. Three investments matured late in the month, making it difficult to re-invest before June 30.**

