

**WHEELERSBURG LOCAL SCHOOL DISTRICT
FINANCIAL REPORT: SUMMARY AND ANALYSIS – JUNE 2020**

Appendix A

GENERAL FUND

	<u>JUNE 2020</u>	<u>JUNE 2019</u>	<u>JUNE 2018</u>
Beginning Balance June 1	\$1,938,269.54	\$1,767,782.58	\$2,059,878.29
Revenues	\$686,719.51	\$931,813.05	\$872,262.06
Expenditures	<u>\$1,187,777.95</u>	<u>\$1,347,692.46</u>	<u>\$1,193,531.14</u>
Ending Balance June 30	\$1,437,211.10	\$1,351,903.17	\$1,738,609.21
Less Outstanding Encumbrances	<u>\$141,065.87</u>	<u>\$149,446.28</u>	<u>\$145,148.34</u>
Available for Appropriations	\$1,296,145.23	\$1,202,456.89	\$1,593,460.87

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 June'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.

GENERAL FUND NOTES REGARDING SIGNIFICANT EVENTS FOR JUNE 2020

1. June 2020 General Fund revenues were headlined by \$140,000 less in state funding. Also, an \$84,000 Medicaid School Plan payment was late from the state. (It will be received in July instead.)
2. Several categories of General Fund spending were less in June 2020. This is due to planned spending reductions and spending that was re-categorized from the General Fund to state and federal grants:
 - a. Salaries and fringe benefits continue to be less due to the six positions that were eliminated for the 2019-2020 school year, but some salary expense has also been moved to other (grant) funds.
 - b. Supply costs were much reduced in June 2020 because the two-year renewal of Rosetta Stone (for language instruction) was paid in June 2019.
 - c. Tuition for Open enrollment and community schools were less by a combined \$34,000 in June alone compared to last year. Property insurance premiums were \$11,000 less also. Utility costs were nearly \$12,000 less than in June 2019.
3. *July Outlook:* July is usually a positive cash flow month. The Scioto County Auditor typically releases an advance of the August real estate tax settlement towards the end of July.

TOTAL OF ALL FUNDS

	<u>JUNE 2020</u>	<u>JUNE 2019</u>
Beginning Balance June 1	\$4,282,751.26	\$4,042,685.29
Revenues	\$1,038,073.48	\$1,326,056.73
Expenditures	<u>\$1,444,357.78</u>	<u>\$1,709,890.43</u>
Ending Balance June 30	\$3,876,466.96	\$3,658,851.59

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR JUNE 2020

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 which will be noted when appropriate.

The Total of All Funds decreased significantly due to General Fund operating deficit but other funds saw fluctuations as well. Funds seeing large cash increases include the Food Service Fund and federal grant funds. Operations during the school closure have reduced costs but enhanced revenue for the Food Service Fund and a cash advance to the management company was returned in June. Federal grant funds operate on a "spend first, be reimbursed afterwards" basis and cyclically see greater revenue than costs. The Severance Reserve fund decreased significantly due to four employee payments.

**WHEELERSBURG LOCAL SCHOOL DISTRICT
FISCAL YEAR 2020 FINAL FINANCIAL REPORT
CURRENT FISCAL YEAR BEGINNING JULY 1, 2019, COMPARED TO PAST TWO YEARS**

		FY 2020 to FY 2019					
				(1) Impact	Comparison		
Forecast		Budgeted YTD	Actual YTD	Positive /	Actual YTD	Positive /	Actual YTD
Line		FY 2020	FY 2020	(Negative)	FY 2019	(Negative)	FY 2018
7.01	Beginning Cash Balance	\$1,351,903	\$1,351,903	\$0	\$1,738,609	(\$386,706)	\$1,741,684
	Revenues						
1.01	Real Estate Taxes	\$3,573,721	\$3,590,798	\$17,077	\$3,371,519	\$219,279	\$3,339,966
1.035	(2) Unrestricted State Foundation	\$7,386,699	\$7,157,304	(\$229,395)	\$7,384,072	(\$226,768)	\$7,195,596
1.04	(2) Restricted State Aid	\$133,867	\$134,158	\$291	\$134,453	(\$295)	\$115,678
1.05	Property Tax Allocation	\$389,724	\$398,539	\$8,815	\$386,607	\$11,932	\$388,916
1.06	All Other Operating Revenue	\$2,622,084	\$2,617,410	(\$4,674)	\$2,795,892	(\$178,482)	\$2,772,775
2.05	Advances In	\$16,679	\$16,679	\$0	\$8,028	\$8,651	\$0
2.06	All Other Financial Sources	\$129,884	\$178,393	\$48,509	\$160,144	\$18,249	\$155,751
2.08	Total Revenues	\$14,252,658	\$14,093,281	(\$159,377)	\$14,240,715	(\$147,434)	\$13,968,682
	Expenditures						
3.01	Personal Services	\$7,781,601	\$7,616,119	\$165,482	\$7,955,259	\$339,140	\$7,646,720
3.02	Employees' Retirement/Insurance	\$2,984,761	\$2,981,887	\$2,874	\$2,982,606	\$719	\$2,798,078
3.03	Purchased Services	\$2,945,044	\$2,747,005	\$198,039	\$3,005,041	\$258,036	\$2,750,553
3.04	Supplies & Materials	\$479,005	\$427,003	\$52,002	\$500,005	\$73,002	\$484,961
4.00	Debt Service: Principal & Interest	\$0	\$0	\$0	\$0	\$0	\$70,457
4.30	Other Expenditures	\$184,432	\$186,062	(\$1,630)	\$167,832	(\$18,230)	\$184,045
5.01	Transfers Out	\$10,623	\$48,984	(\$38,361)	\$0	(\$48,984)	\$28,919
5.02	Advances Out	\$5,000	\$913		\$16,679	\$11,679	\$8,028
5.05	Total Expenditures	\$14,390,466	\$14,007,973	\$382,493	\$14,627,422	\$615,362	\$13,971,761
7.02	Ending Cash Balance	\$1,214,095	\$1,437,211	\$223,116	\$1,351,902	\$81,222	\$1,738,605
6.01	(3) Revenue in Excess of Costs (Loss)	(\$137,808)	\$85,308	\$223,116	(\$386,707)	\$472,015	(\$3,079)

Notes and Methodology:

(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 ahead.

NOTES REGARDING SIGNIFICANT REVENUE CATEGORIES

TRENDS AND VARIANCES—REVENUES—Total revenues decreased by 1% in FY 2020.

Line

<u>Item</u>	<u>Revenue Category Name</u>	<u>Notes</u>
1.01	Real Estate Taxes	<p>The District’s estimate of real estate taxes for FY 2020 was very precise. The amount received was aided by one-half year’s effect of the state’s 2019 Update, when the state reviews data to determine the fair taxable value of each property. In most cases, this results in higher values and higher tax revenues.</p> <p><i>FY 2021 Outlook:</i> Tax revenue should increase again with the second-half impact of the 2019 Update.</p>
1.035	Unrestricted State Aid	<p>This is the District’s largest source of revenue to pay for educating its students. The state froze the District’s funding at the FY 2019 level until May 2020, when significantly large funding reductions were announced. The amount of the reduction was \$233,509, which is a reduction of almost 3.2% for the District.</p> <p><i>FY 2021 Outlook:</i> The state has announced it would attempt to hold FY 2021 funding at the final FY 2020 level, although further decreases could happen if the economy fails to recover, reducing state income and sales tax revenue.</p>
1.05	Property Tax Revenue	<p>This smaller source of revenue is a state reimbursement of local property tax revenue that the state discounts for home owners.</p> <p><i>FY 2021 Outlook:</i> This revenue is generally stable.</p>
1.06	All Other Operating Revenue	<p>What sounds like a “miscellaneous” category is actually a major revenue provider. The District expected revenue to be less in this category and our estimate was very close. The main source is Open Enrollment (in) revenue and it was less than in FY 2019 by \$60,000, or 2.5%. (We had forecast a decrease as our classrooms are full and we turn away some potential students.) Another decrease came from a federal source, the Medicaid School Program (“MSP”) reimbursement to our District for services to eligible children. The District expected a decrease here because last year the District received two reimbursements and only one was expected...but it came one day too late (July 1) and will be recorded as part of FY 2021 instead.</p> <p><i>FY 2021 Outlook:</i> Since Open Enrollment is a major revenue source, the impact of COVID-19 on next year’s enrollment could play havoc here. We do expect to receive to MSP reimbursements, which will help.</p>
2.06	All other Financial Sources	<p>The difference between the expected and actual amounts this fiscal year was a rebate from the Bureau of Workers’ Compensation (\$47,452 on 4/27/20), given to help BWC clients in face of COVID-19 special circumstances.</p>

NOTES REGARDING SIGNIFICANT EXPENSE CATEGORIES

TRENDS AND VARIANCES—EXPENDITURES

The District reduced General Fund costs by 4.4% in FY 2020 due to a mixture of factors:

- Before the school year began, the District eliminated three teaching and three student aide jobs.
- The District received some new money—accounted for outside of the General Fund—that could've been used for new programs. Instead, under the guidelines, the District used the money to cover expenses it already had, resulting in less cost shown on this General Fund financial report.
- Other cost savings were pursued: utilities and insurance, for example. To a much smaller extent, the school closure saved money, specifically substitute teacher costs which were cut in half.

Line Item	<u>Expense 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 some receive due to experience or advanced training. (All employees except administrators received a base raise for the 2019-2020 school year.) See the reasons above for why in this very unusual year, salary cost decreased.</p> <p>The District is charging former General Fund costs for guidance and school nurse services to the new Student Wellness and Success Fund and the CARES Act grant (ESSER) also relieved the General Fund of cost it would've had from a short-fall in the District's Title-I budget allocation.</p>
3.02	Retirement/Insurance	<p>Costs in this category have remarkably stayed almost the same as in the previous year, which is very unusual. There were some increased costs that were offset by the reduction in staffing mentioned above.</p>
3.03	Purchased Services	<p>These costs are paid to outside contractors and agencies. The amount spent in FY 2020 is much less than budgeted and less than in FY 2019.</p> <ol style="list-style-type: none">1. The District reduced utility costs by 39%, saving \$84,000. The District expected savings, but this is more than was projected in last November's Forecast. Give credit to greater efficiency and lower usage during the closure.2. The District paid \$58,000 less tuition to other schools for open enrollment, community schools, etc. The District also sent \$50,000 less to other public districts for special education weighted funding.3. The District paid \$31,000 for the school psychologist from the Student Wellness & Success fund, as \$13,000 in security services.4. Other cost reductions in this area include property and bus repairs (\$36,000) and a negotiated reduction in property insurance premiums (\$10,000).5. Special education cooperative costs rose by \$49,000.
3.04	Supplies	<p>Supply costs are a smaller part of the annual budget. A two-year agreement with Rosetta Stone for instructional services was charged last year, so a \$30,000 decrease in cost this year was expected. The same applies to an elementary instructional series that was renewed last year (\$12,000 less this year.) Some cost areas were less, likely due to the school closure—school bus gas was \$10,000 less.</p>

CONCLUSIONS TO DRAW FROM THE DISTRICT'S JUNE 30, 2020 POSITION:

Wheelersburg Schools has a fiscal philosophy that is both conservative and edgy: while the District has a very low per student cost and it spends much less than most successful school districts in the state, neither does it hoard money.

The ending General Fund balance of \$1,296,145.23 is enough to pay for 34 days of expenses. In the event of an emergency where the District received no additional operating money, it could keep the doors open and pay employees for one month. That is far, far less than most school districts in the state.

The District's administration is very active in monitoring the financial condition of the school district:

- The District eliminated six jobs before the 2019-2020 school year began.
- When the state announced a new funding source in the hopes that new initiatives would be introduced, our District used the money to apply the funds to costs for services it already provided.

The District expected to finish the 2019-2020 school year in the black because of these strategies. When Governor DeWine announced funding cuts to K-12 education in May 2020, we were still positioned to avoid an operating deficit. As this financial report notes, there are many moving parts in our operation and many other factors were involved. The District did see a reduction in cost due to the school closure, but that amount is smaller than the amounts saved by cost reduction planning on the part of the Administration.

WHAT DOES IT MEAN FOR THE 2020-2021 SCHOOL YEAR?

As the District's treasurer for the past twenty-four years, I expect this coming year to be the most difficult to predict and budget that I have seen. The state is unable at this time to say it will promise Ohio K-12 school districts even the current reduced level of funding. Even as we saved costs from the March – May 2020 closure, the 2020-2021 school year will be a very complicated year operationally, bringing new costs as we introduce necessary precautions to re-open during a pandemic. We will seek every flexibility in our funding that is available to cover temporarily high costs even as we continue to exercise fiscal responsibility.

We remain committed to fulfilling our mission: “The mission of the Wheelersburg Local Schools is to ensure the highest quality education to prepare all students for their futures through an innovative and diverse learning environment.” The budget is a reflection of that goal.

June 30, 2020

**WHEELERSBURG LOCAL SCHOOL DISTRICT
Cash Reconciliation Report**

Total Fund Balance		\$3,876,466.96
Gross Depository (Bank) Balances:		
Wesbanco (Checking)	\$422,643.90	
Investments		
Certificates of Deposit	\$2,385,000.00	
Other Securities (cost as of June 30, 2020)	\$.00	
Other Investments (Star Ohio, money market funds, etc.)	\$1,211,561.34	

Sub-Total: Investments	\$3,596,561.34	
Cash in Transit to Depository (recorded but undeposited monies)		\$0.00
Petty Cash Balances:		
Wheelersburg Elementary	\$.00	
Wheelersburg High School	\$.00	
Administrative Office	\$300.00	

Sub-Total: Petty Cash Balance	\$300.00	
Change Funds		\$0.00

Total	\$4,019,505.24	
Less Outstanding Checks	-\$143,038.28	

Total (Reconciled Balance)	\$3,876,466.96	
Adjustments:		
(1)		.00

Adjusted Total		\$3,876,466.96

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

INVESTMENT SUMMARY AS OF JUNE 30, 2020**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; sa = semi-annual call; a = annual call)

Negotiable Certificates of Deposit...66.8% of Portfolio

14042REB0	Capital One NA (g)		FDIC	10/14/15	\$241,600.80	2.20%	10/21/20	N/A	10/14/20	\$2,647
48126XKE4	JP Morgan Chase Bank (g)		FDIC	10/31/16	\$200,186.00	1.50%	10/31/20	07/30/20q	10/30/20	\$ 740q
6176AUQ0	Morgan Stanley Pvt Bank		FDIC	01/15/19	\$253,660.00	2.70%	01/25/21	N/A	07/24/20	\$3,375
084601TM5	Berkshire Bank (g)		FDIC	04/01/19	\$254,195.00	2.35%	04/01/21	N/A	10/01/20	\$2,938
02007GCJ0	Ally Bank (g & s)		FDIC	05/03/18	\$250,627.65	2.85%	05/03/21	N/A	11/03/20	\$3,482
9497486H5	Wells Fargo Bank NA (s)		FDIC	06/30/16	\$253,595.00	1.63%	06/30/21	N/A	07/31/20	\$ 340m
7954502C8	Sallie Mae Bank (g)		FDIC	04/03/19	\$208,632.00	2.64%	04/04/22	N/A	10/03/20	\$2,640
17312Q3R8	Citibank National Assn. (g)		FDIC	04/03/19	\$266,852.50	2.75%	04/03/23	N/A	10/02/20	\$3,438
61690UUH1	Morgan Stanley Bank (g)		FDIC	04/27/20	\$262,127.50	1.75%	02/27/24	N/A	07/27/20	\$2,188
05581W5Q4	BMO Harris Bank (g)		FDIC	04/28/20	<u>\$250,705.00</u>	1.90%	02/28/25	08/28/20sa	11/28/20	\$2,375q

(g=General; sc=scholarship)

\$2,442,181.45

(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...33.2% of Portfolio

STAR Ohio	\$1,170,485.65
Huntington Investment Company money market account---Gen. Fund	\$24,288.69
Fifth/Third Securities money market account—General Fund	<u>\$16,787.00</u>
	\$1,211,561.34

TOTAL PORTFOLIO**\$3,653,742.79****The decrease in total investments is due to draw-downs from liquid investments to match deficit spending during June 2020. Last month's total stood at \$4,140,720.59.**

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

This report was requested by the Wheelersburg Board of Education. The Ohio Department of Education instructed districts to omit new Student Wellness and Success (“Fund 467”) revenue and expenses from their Five-Year Forecasts. The District decided to use most of our 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 last year’s level and the District ended last year with a \$387,000 operating deficit. Instead of initiating new programs, we were fiscally wise to use the new funds to cover pre-existing costs. Board members wished to see a report that would include Fund 467 with the General Fund.

PART 1: FUND 467 ACTIVITY THROUGH JUNE 30, 2020

	<u>JUNE 2020 (A)</u>	<u>YEAR-TO-DATE (B)</u>
Beginning Balance June 1	\$89,027.64	\$.00
Revenues	\$.00	\$385,022.50
Expenditures	<u>\$34,005.14</u>	<u>\$330,000.00</u>
Ending Balance June 30	\$55,022.50	\$55,022.50

PART 2: FUND 467 SPENDING ACTIVITY SUMMARY THROUGH JUNE 30, 2020

Guidance counselors	\$182,584.73	
School nurse	\$62,790.51	
CAPE tuition	\$19,823.84	
Pirate Digital Academy	\$19,199.75	
School psychologist	\$32,925.00	
School deputy service	<u>\$12,676.17</u>	
TOTAL	\$330,000.00	Note: Fund 467 wasn’t available to spend until 10/18/18.

Note: the Digital Academy is the only new spending on this list.

PART 3: GENERAL FUND RESTATEMENT TO INCLUDE FUND 467

	<u>JUNE 2020</u>	<u>JUNE 2019</u>	<u>JUNE 2018</u>
Ending Balance June 30	\$1,437,211.10	\$1,351,903.17	\$1,738,609.21
Revenues from Part 1(B)	\$385,022.50	\$.00	.00
Expenditures from Part 1(B)	<u>\$330,000.00</u>	<u>\$.00</u>	<u>.00</u>
Restated Ending Balance June 30	\$1,492,233.60	\$1,351,903.17	\$1,738,609.21