

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

Appendix A

GENERAL FUND

	<u>JUNE 2022</u>	<u>JUNE 2021</u>	<u>JUNE 2020</u>
Beginning Balance June 1	\$3,629,394.82	\$2,880,686.60	\$1,938,269.54
Revenues	\$769,133.24	\$838,629.92	\$686,719.51
Expenditures	\$1,163,319.21	\$1,246,475.46	\$1,187,777.95
Ending Balance June 30	\$3,235,208.85	\$2,472,841.06	\$1,437,211.10
Less Outstanding Encumbrances	\$165,865.90	\$102,259.76	\$141,065.87
Available for Appropriations	<u>\$3,069,342.95</u>	<u>\$2,370,581.30</u>	<u>\$1,296,145.23</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 June 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.

MAJOR FINANCIAL DEVELOPMENTS DURING JUNE 2022 IN THE GENERAL FUND

1. June 2022 General Fund revenues decreased compared to June 2021. The Department of Medicare did not issue the final FY 2020 settlement in June as anticipated.
2. Like last month, Total General Fund spending is nearly the exact same amount as in June 2021, but there are significant changes within categories compared to last year. Personnel costs are significantly more this year than at this time last year; but the expenditure side of the state's new school funding formula provides an offsetting cost reduction. (The elimination of open enrollment as a separately recorded revenue also produces the elimination of separately recorded costs for students leaving the district via open enrollment and charter schools.)

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

July will again be a deficit spending month until the very end of the month when the District normally receives its next real estate tax revenues. Assuming the Department of Medicare issues the late payment in July, July's revenues will be somewhat inflated by that receipt.

TOTAL OF ALL FUNDS

	<u>JUNE 2022</u>	<u>JUNE 2021</u>
Beginning Balance June 1	\$6,660,109.66	\$5,428,799.29
Revenues	\$1,351,888.67	\$1,491,526.25
Expenditures	\$1,502,425.57	\$1,409,070.42
Ending Balance June 30	<u>\$6,509,572.76</u>	<u>\$5,511,255.12</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR JUNE 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 decreased this month, driven downward by the General Fund. However two funds saw significant increases which partly offset the General Fund decrease. Federal grant fund receipts were \$180,000 more than expenses, as the District was permitted to draw down funds in advance for July spending. The Food Service Fund increased by \$84,000 as the federal reimbursement for May operations continued to exceed previous year's revenue, and the cafeteria management company repaid an advance of funds to the District. (This is typical for this type of operation since the company must pay out expenses in advance of receiving any revenues.)

WHEELERSBURG LOCAL SCHOOL DISTRICT
JUNE 30, 2022 TREND FINANCIAL REPORT
CURRENT FISCAL YEAR BEGINNING JULY 1, 2021, COMPARED TO PAST TWO YEARS

Forecast		Actual FYTD	Actual YTD	(1) Amount		Actual YTD
Line		FY 2022	FY 2021	Change		FY 2020
7.01	Beginning Cash Balance	\$2,472,841	\$1,437,211	\$1,035,630		\$1,351,903
	Revenues					
1.01	Real Estate Taxes	\$3,888,870	\$3,927,055	(\$38,185)		\$3,590,798
1.035	(2) Unrestricted State Foundation	\$8,711,186	\$7,270,608	\$1,440,578		\$7,157,304
1.04	(2) Restricted State Aid	\$487,806	\$133,857	\$353,949		\$134,158
1.05	Property Tax Allocation	\$409,688	\$411,392	(\$1,704)		\$398,539
1.06	All Other Operating Revenue	\$304,616	\$2,870,745	(\$2,566,129)		\$2,617,410
2.05	Advances In	\$28,455	\$913	\$27,542		\$16,679
2.06	All Other Financial Sources	\$118,923	\$143,713	(\$24,790)		\$178,393
2.08	Total Revenues	\$13,949,544	\$14,758,283	(\$808,739)		\$14,093,281
	Expenditures					
3.01	Personal Services	\$7,823,554	\$7,376,950	(\$446,604)		\$7,616,119
3.02	Employees' Retirement/Insurance	\$3,006,043	\$2,841,087	(\$164,956)		\$2,981,887
3.03	Purchased Services	\$1,662,959	\$2,684,841	\$1,021,882		\$2,747,005
3.04	Supplies & Materials	\$451,965	\$371,398	(\$80,567)		\$427,003
4.30	Other Expenditures	\$190,654	\$190,708	\$54		\$186,062
5.01	Transfers Out	\$52,000	\$229,214	\$177,214		\$48,984
5.02	Advances Out	\$0	\$28,455	\$28,455		\$913
5.05	Total Expenditures	\$13,187,175	\$13,722,653	\$535,478		\$14,007,973
7.02	Ending Cash Balance	\$3,235,210	\$2,472,841	\$762,369		\$1,437,211
6.01	(3) Revenue in Excess of Costs (Loss)	\$762,369	\$1,035,630	(\$273,261)		\$85,308

(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 Five-Year Forecast called for real estate tax revenue to be about the same as last year since this year is not impacted by either a reappraisal or a valuation triennial update. The actual decrease is slightly less than 1% which, based on the variables involved (delinquent payments; taxpayers paying a full or half year's taxes), really amounts to "breaking even" on this forecast category.
1.035	Unrestricted State Aid	The state of Ohio's new funding formula for the 2021-2022 and 2022-2023 school years has now been implemented. This brings an overall increase in funding to the District, although it must be studied carefully to bring together all the component parts. There are four sections that are impacted: (1) Unrestricted Aid, (2) Restricted Aid, (3) All other Operating Revenue, and (4) Purchased Services. This category shows a very large revenue increase due to the change in funding for open enrollment students.
1.040	Restricted Aid	This aid category has long been insignificant. It is still a small part of the overall revenue picture, but its proportional increase is large. The state expects the District to spend these funds in specific ways. There are "strings" attached.
1.06	All Other Operating Revenue	<p>The greatest factor in this huge negative variance from last year is the loss of open enrollment revenue as a separately identified revenue source. That equals a revenue loss of \$2,232,456. Other factors in this category include:</p> <ul style="list-style-type: none"> • Federal Medicaid in School Program revenue reduction (\$183,815). The District received two main payments in FY 2021. It did not receive any main payments in FY 2022. • Ohio BWC paid the District a premium rebate of \$198,316 in FY 2021. • The District gained \$33,000 in revenue from other Scioto County districts from tuition invoices relating to FY 2021 educational services. (However, under the new school funding plan effective for FY 2022, none of this tuition will be billed in FY 2023.)

Special Section – New Funding Formula Summary (General Fund Impact)

Negative impacts are shown as negative numbers and in red.

Line 1.035 Unrestricted State Aid	\$1,769,735	
Line 1.040 Restricted State Aid	\$353,949	
Line 1.06 Open Enrollment (In)	-\$2,232,456	
Line 1.06 Scioto County district tuition	-\$135,341	
Revenue Change Subtotal	-\$244,113	
Line 3.03 Open Enrollment (Out)	\$782,935	
Line 3.03 Community School Tuition	\$368,430	
Line 3.03 Autism Scholarships	<u>\$39,336</u>	
Expenditure Change Subtotal	\$1,190,701	
Total General Fund Impact		\$946,588
Non-General Fund, Student Wellness & Success revenue loss		-\$559,422
Total Impact, All Funds		\$387,166

NOTES REGARDING SIGNIFICANT REVENUE CATEGORIES

Line

<u>Item</u>	<u>Expense Category Name</u>	<u>Notes</u>
3.01	Personal Services	Salaries and wages increased by 6.05% 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.) While federal grants have paid for some of the added employees, the cost of several have been absorbed by the General Fund.
3.02	Retirement & Insurance	This cost category rose by 5.8%. Employee medical & dental insurance premiums rose by 5%. The additional number of employees also drove up the cost in this category, as some took district insurance. Any increased salary cost drives up the cost in this category as the District pays a percentage of its salary cost for retirement, Medicare, and workers compensation premium.
3.03	Purchased Services	<p>As detailed in the Revenues section, this cost category decreased as a piece of the state's new funding formula. Factoring out those items, this category increased by about \$168,000 in FY 2022. Significant items include:</p> <ul style="list-style-type: none">• Preschool special education tuition deducted by the state from the District's state aid and paid to providers (South Central Ohio ESC and Scioto County DD), an increase of \$53,000.• Increased electricity and natural gas utility costs, \$52,000.• School psychologist, formerly paid from the Student Wellness & Success fund, now paid from the General fund, \$35,000.• Other special education cooperative cost increases, \$28,000.
3.04	Supplies	<p>The cost of supplies has risen drastically (21.7%), but this comes after a year when the District's cost of supplies was at its lowest in ten years. The increases were spread throughout the District's departments. Here are the most notable:</p> <ul style="list-style-type: none">• The transportation department's supply spending increased by about \$40,000. Fuel was \$27,000 more; tires and repair costs were another \$13,000 more.• General Fund instructional supply spending increased by \$17,000.• The custodial/maintenance department's supplies spending increased by \$13,000.
5.01	Transfers Out	<p>Transfers Out decreased significantly in FY 2022 compared to FY 2021.</p> <ul style="list-style-type: none">• The District funds a Severance Reserve Fund against future obligations to pay current employee severance payments. Contributions (transfers) to the fund vary from year to year based on employee retirement eligibility. FY 2022's transfer was \$79,000 less.• In FY 2021 the District transferred \$62,000 to the WHS Athletic Fund. This was paired with payments by a federal grant, covering part of the District's coaching salaries, which caused the General Fund to be held harmless in the overall transaction. This drove up the cost recorded to this category.• The District needed to cover a deficit in its Latchkey program in FY 2021, due to reduced students participation during COVID, at a cost of \$26,000.

June 30, 2022

**WHEELERSBURG LOCAL SCHOOL DISTRICT
Cash Reconciliation Report**

Total Fund Balance		\$6,509,572.76
Gross Depository (Bank) Balances:		
Wesbanco (Checking)	\$1,230,172.64	
Investments		
Certificates of Deposit	\$1,768,000.00	
Other Securities (cost as of June 30, 2022)	\$1,340,000.00	
Other Investments (Star Ohio, money market funds, etc.)	\$2,294,111.81	

Sub-Total: Investments	\$5,402,111.81	
Cash in Transit to Depository (recorded but undeposited monies)		
		\$0.00
Petty Cash Balances:		
Wheelersburg Elementary	\$0.00	
Wheelersburg High School	\$0.00	
Administrative Office	\$300.00	

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

Total	\$6,632,884.45	
Less Outstanding Checks	-\$123,394.08	

Total (Reconciled Balance)	\$6,509,490.37	
Adjustments:		
(1) Bank duplicate cashing of a check.	\$82.39	

Adjusted Total		\$6,509,572.76

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

INVESTMENT SUMMARY AS OF JUNE 30, 2022

Federal Agency Securities (General Fund).....23.8% 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	\$509,916.00	.75%	11/26/25	08/26/22 (q)	11/26/22	\$ 688
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$469,400.00	1.07% (step)	03/30/26	09/30/22 (sa)	09/30/22	\$1,250
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$273,936.90	1.38% (step)	04/30/26	07/30/22 (q)	10/30/22	\$ 725
		\$1,340,000			\$1,253,252.90					

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

Negotiable Certificates of Deposit.....32.7% of Portfolio

05580AYP3	BMW Bank No. America	FDIC	03/04/21	\$246,472.50	.15%	02/27/23	N/A	09/04/22	\$ 188
17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$250,565.00	2.75%	04/03/23	N/A	10/02/22	\$3,438
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$150,816.55	.25%	07/17/23	N/A	08/16/22	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$194,128.00	.30%	08/21/23	N/A	08/21/22	\$ 300sa
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$191,556.00	.30%	01/16/24	N/A	09/01/22	\$ 50m
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$244,362.50	1.75%	02/27/24	N/A	07/27/22	\$3,421
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$210,436.90	2.25%	04/15/24	N/A	10/13/22	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$235,494.24	.35%	06/03/24	N/A	12/03/22	\$ 435
	(g=General; sc=scholarship)			\$1,722,831.69					

(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.....43.5% of Portfolio

STAR Ohio	\$2,275,914.75
Huntington Investment Company money market account---Gen. Fund	\$1,544.02
Fifth/Third Securities money market account—General Fund	\$13,980.72
	\$2,291,439.49

TOTAL PORTFOLIO \$5,268,524.08

Total investments increased as the District moved spring tax revenues into Star Ohio as it waits for rising rates to stabilize before moving into other investments. Last month's total stood at \$4,285,077.65.

**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 JUNE 30, 2022 FOR FY 2022

	<u>JUNE 2022 (A)</u>	<u>YEAR-TO-DATE 2022 (B)</u>
Beginning Balance	\$88,871.03	\$145,377.64
Revenues	\$.00	\$.00
Expenditures	<u>\$16,992.00</u>	<u>\$73,498.61</u>
Ending Balance June 30	\$71,879.03	\$71,879.03

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

<u>Spending Category</u>	<u>FY 2022 Totals</u>	<u>FY 2021 Totals</u>	<u>FY 2020 Totals</u>
Guidance counselors	\$37,081.91	\$292,975.19	\$182,584.73
School nurse & aide (FY21)	\$12,404.70	\$108,582.67	\$62,790.51
CAPE tuition	\$21,712.00	\$15,153.00	\$19,823.84
Pirate Digital Academy	.00	\$17,206.00	\$19,199.75
School psychologist	.00	\$34,000.00	\$32,925.00
School security services	<u>\$2,300.00</u>	<u>\$1,150.00</u>	<u>\$12,676.17</u>
TOTAL	\$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>JUNE 2022</u>	<u>JUNE 2021</u>	<u>JUNE 2020</u>
Ending GF Balance June 30	\$3,235,208.85	\$2,472,841.06	\$1,437,211.10
Prior Year Ending Fund 467 Balance	\$145,377.64	\$55,022.50	\$.00
Revenues, Fund 467 year-to-date	\$.00	\$559,422.00	\$385,022.50
Expenditures, Fund 467 year-to-date	<u>-\$73,498.61</u>	<u>-\$469,066.86</u>	<u>-\$330,000.00</u>
Restated Ending GF Balance June 30	\$3,307,087.88	\$2,618,218.70	\$1,492,233.60