

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

Appendix A

GENERAL FUND

	<u>MARCH 2023</u>	<u>MARCH 2022</u>	<u>MARCH 2021</u>
Beginning Balance March 1	\$4,009,685.10	\$4,265,821.90	\$3,078,169.21
Revenues	\$1,593,474.52	\$1,237,045.15	\$1,641,909.82
Expenditures	\$1,560,498.64	\$1,089,426.58	\$1,102,674.29
Ending Balance March 31	<u>\$4,042,660.98</u>	<u>\$4,413,440.47</u>	<u>\$3,617,404.74</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 March has just been presented. On the rest of this page we briefly mention March'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 MARCH 2023 IN THE GENERAL FUND

1. March's main revenue storyline is the receipt of the final March real estate tax settlement. This year's settlement was expected to be larger than last year's due to increased property values from the 2022 county-wide reappraisal, but the first half collection (March settlement) was larger than the District had forecast. Also, the positive variance of state foundation aid will continue to grow compared to last year.
2. Expenditures were much higher than in a typical month, but this is mainly due to a timing difference. Due to the number of Fridays on March's calendar, employees were paid three times in March 2023, compared to just two times in March 2022 and 2021. This timing difference will disappear by the end of April 2023.

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

April should be a break-even cash-flow month due to the receipt of rollback and homestead exemption revenue from the state of Ohio. May and June typically drain the District of cash, as state revenue is the only significant revenue being received during those months. The District counts on its March 31 cash position to cover the May and June deficits.

TOTAL OF ALL FUNDS

	<u>MARCH 2023</u>	<u>MARCH 2022</u>
Beginning Balance March 1	\$7,353,875.80	\$7,514,748.28
Revenues	\$2,058,967.29	\$1,924,560.98
Expenditures	\$1,936,819.52	\$1,548,187.33
Ending Balance March 31	<u>\$7,476,023.57</u>	<u>\$7,891,121.93</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR MARCH 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. Somewhat offsetting the positive cash flow, the District's grant spending exceeded grant revenues. With most federal grants, the District must first spend its own cash and then apply for a federal reimbursement. (The District requests federal cash once or twice per month to reimburse its grant spending.) So, cash flow alternates between positive and negative months.

WHEELERSBURG LOCAL SCHOOL DISTRICT
MARCH 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	\$3,894,670	\$3,848,370	\$46,300		\$3,889,055
1.035	(2) Unrestricted State Foundation	\$6,810,054	\$6,636,298	\$173,756		\$5,469,879
1.04	(2) Restricted State Aid	\$369,643	\$463,626	(\$93,983)		\$100,392
1.05	Property Tax Allocation	\$205,345	\$210,144	(\$4,799)		\$411,392
1.06	All Other Operating Revenue	\$364,245	\$183,420	\$180,825		\$2,158,977
2.05	Advances In	\$0	\$28,455	(\$28,455)		\$913
2.06	All Other Financial Sources	\$83,917	\$106,924	(\$23,007)		\$140,066
2.08	Total Revenues	\$11,727,874	\$11,477,237	\$250,637		\$12,170,674
	Expenditures					
3.01	Personal Services	\$6,389,496	\$5,678,600	(\$710,896)		\$5,414,253
3.02	Employees' Retirement/Insurance	\$2,414,480	\$2,268,920	(\$145,560)		\$2,184,435
3.03	Purchased Services	\$1,397,894	\$1,054,469	(\$343,425)		\$1,904,123
3.04	Supplies & Materials	\$472,020	\$355,449	(\$116,571)		\$312,006
4.30	Other Expenditures	\$158,463	\$155,199	(\$3,264)		\$165,140
5.01	Transfers Out	\$88,070	\$24,000	(\$64,070)		\$10,523
5.05	Total Expenditures	\$10,920,423	\$9,536,637	(\$1,383,786)		\$9,990,480
7.02	Ending Cash Balance	\$4,042,660	\$4,413,441	(\$370,781)		\$3,617,405
6.01	(3) Revenue in Excess of Costs (Loss)	\$807,451	\$1,940,600	(\$1,133,149)		\$2,180,194

(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 its final payment of the real estate tax March settlement and it was more than expected, which helps to offset the earlier reduction (see next paragraph). At this point, the District has already received more than it Forecast for this year. The District had expected an increase due to the 2022 state-mandated reappraisal of Scioto County properties.</p> <p>Last fall, the District saw 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 represents a permanent reduction in our tax revenue base. The prior years' amounts offset current tax collections and are a one-time revenue loss. FY 2024's tax revenues should recover by the amount of the one-time loss.)</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 District expects to see an increase of about \$300,000 for the year, around \$120,000 more than included in last November's forecast.</p> <p>The District was on the state's funding guarantee for FY 2022, but the formula is working as it should and by producing increased revenue, the District is no longer a guarantee district. The District forfeited its first \$29,696 in increased revenue in order to get off of 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 February 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 March 31, 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	Expense Category	Notes
3.01	Personal Services	<p>Besides the timing issue involving a third pay in March 2023 (that will disappear with April's results), several factors 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 \$98,400 compared to this same time period last year.• The District's cost for its special education cooperative units has increased by \$138,000.• Costs charged to the District for students attending handicap preschool units has increased by \$45,700.• 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 \$40,400 as of March 31, 2023.• Instructional Supplies—Base instructional supplies have cost the District \$21,000 more as of March 31, 2023 compared to this same time last year. The cost of paper and copier and printer toner has gone up by more than \$17,300 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>

March 31, 2023

WHEELERSBURG LOCAL SCHOOL DISTRICT
Cash Reconciliation Report

Total Fund Balance \$7,476,023.57

Gross Depository (Bank) Balances:

Wesbanco (Checking) \$190,566.95

Investments

Certificates of Deposit \$3,248,000.00

Other Securities (cost as of March 31, 2023) \$1,340,000.00

Other Investments (Star Ohio, money market funds, etc.) \$2,739,517.48

Sub-Total: Investments -----
\$7,327,517.48

Cash in Transit to Depository
(recorded but undeposited monies) \$6,131.60

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 \$3,300.00

Total \$7,528,816.03

Less Outstanding Checks -\$52,807.46

Total (Reconciled Balance) \$7,476,008.57

Adjustments:

(1) Check returned by bank, repaid in April \$15.00

Adjusted Total \$7,476,023.57

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

INVESTMENT SUMMARY AS OF MARCH 31, 2023

Federal Agency Securities (General Fund).....17.2% 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	\$505,362.00	.75%	11/26/25	05/26/23 (q)	05/26/23	\$2,063
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$461,000.00	1.07% (step)	03/30/26	09/30/23 (sa)	10/02/23	\$2,500
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$270,169.80	1.38% (step)	04/30/26	04/30/23 (q)	04/30/23	\$ 725
		\$1,340,000			\$1,236,531.80					

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

Negotiable Certificates of Deposit.....44.7% of Portfolio

17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$249,955.00	2.75%	04/03/23	N/A	04/03/23	\$3,446
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$152,820.70	.25%	07/17/23	N/A	07/17/23	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$196,316.00	.30%	08/21/23	N/A	08/21/23	\$ 297
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$192,480.00	.30%	01/16/24	N/A	04/01/23	\$ 50 (m)
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$242,560.00	1.75%	02/27/24	N/A	07/27/23	\$2,170
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$207,881.74	2.25%	04/15/24	N/A	04/13/23	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$235,693.44	.35%	06/03/24	N/A	06/05/23	\$ 435
03008GK69	Ally Bank Utah	FDIC	03/02/23	\$250,250.00	4.80%	03/03/25	N/A	09/02/23	\$6,000
	WesBanco Bank	PC	03/23/23	\$500,000.00	5.00%	03/23/25	N/A	04/23/23	\$2,083 (m)
61768EQV8	Morgan Stanley Private Bnk	FDIC	03/24/23	\$246,359.75	5.25%	03/24/25	N/A	09/25/23	\$6,484
58404DRX1	Medallion Bank Utah	FDIC	03/23/23	\$245,671.30	5.00%	03/24/26	N/A	04/24/23	\$1,040 (m)
23204HNP9	Customers Bank	FDIC	03/24/23	\$245,999.60	5.05%	03/24/26	N/A	09/24/23	\$6,186
87164XW28	Synchrony Bank	FDIC	03/29/23	\$245,673.75	5.00%	03/30/26	N/A	09/30/23	\$6,125
				\$3,211,661.28					

Notes:

1. "G" is General Funds; "SC" is Scholarship Funds.
2. "PC" indicates the funds are insured via bank pooled collateral as required by Ohio law.

Money Market Accounts & STAR Ohio—immediate liquidity.....38.1% of Portfolio

STAR Ohio	\$2,733,578.21
Huntington Investment Company money market account---Gen. Fund	\$52.17
Fifth/Third Securities money market account—General Fund	\$5,887.10
	\$2,739,517.48

TOTAL PORTFOLIO

\$7,187,710.56

Total investments increased due to investment of recent real estate tax revenue and the investment of excess bank cash with the peaking of interest rate hikes. Last month's total stood at \$5,885,928.23.

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 MARCH 31, 2023 FOR FY 2023

	<u>MARCH 2023</u>	<u>FISCAL YEAR 2023</u>
Beginning Balance	\$40,905.53	\$71,879.03
Revenues	\$.00	\$.00
Expenditures	<u>\$1,694.00</u>	<u>\$32,667.50</u>
Ending Balance March 31	\$39,211.53	\$39,211.53

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>\$21,492.50</u>	<u>\$2,300.00</u>	<u>\$1,150.00</u>	<u>\$12,676.17</u>
TOTAL	\$32,667.50	\$73,498.61	\$469,066.86	\$330,000.00