

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

Appendix A

GENERAL FUND

	<u>MAY 2022</u>	<u>MAY 2021</u>	<u>MAY 2020</u>
Beginning Balance May 1	\$3,984,861.39	\$3,083,296.65	\$2,198,980.05
Revenues	\$762,406.57	\$914,984.02	\$799,863.03
Expenditures	\$1,117,873.14	\$1,117,594.07	\$1,060,573.54
Ending Balance May 31	\$3,629,394.82	\$2,880,686.60	\$1,938,269.54

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 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 May has just been presented. On the rest of this page we briefly mention May'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 MAY 2022 IN THE GENERAL FUND

1. May 2022 General Fund revenues decreased compared to May 2021 mainly due to the state's new school funding formula as it impacts the revenue side. The elimination of open enrollment as a separate revenue stream is entirely the reason for the decrease.
2. Like last month, Total General Fund spending is nearly the exact same amount as in May 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 the 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 JUNE 2022 AND BEYOND

June will again be a deficit spending month. This trend will end at the very end of July, when the District normally receives its next real estate tax revenues.

TOTAL OF ALL FUNDS

	<u>MAY 2022</u>	<u>MAY 2021</u>
Beginning Balance May 1	\$6,912,774.28	\$5,902,976.90
Revenues	\$1,170,045.54	\$1,110,776.01
Expenditures	\$1,422,710.16	\$1,584,953.62
Ending Balance May 31	\$6,660,109.66	\$5,428,799.29

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR MAY 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 three funds. The General Fund decrease was so much that it accounts for the Total Funds decrease all by itself. Funds that saw significant increases, helping to offset the General Fund decrease include the Food Service fund and Grants funds. The Food Service Fund increased by \$80,000 with an extra boost from a pandemic-era grant (Supply Chain Assistance Grant, about \$31,000). The District's grant funds also outspent its revenues by \$57,000. This is normal within our cash flow cycle, whereby the District must first incur expenses and then apply for cash reimbursements. Some months' expenses exceed reimbursements, but other months will have revenues in excess of costs. Two other funds (Permanent Improvement and student activities) saw minor decreases.

WHEELERSBURG LOCAL SCHOOL DISTRICT
MAY 31, 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	\$3,872,870	\$3,922,155	(\$49,285)	\$3,590,798
1.035	(2) Unrestricted State Foundation	\$7,997,870	\$6,672,227	\$1,325,643	\$6,704,083
1.04	(2) Restricted State Aid	\$479,757	\$122,702	\$357,055	\$123,004
1.05	Property Tax Allocation	\$409,688	\$411,392	(\$1,704)	\$398,539
1.06	All Other Operating Revenue	\$272,848	\$2,646,551	(\$2,373,703)	\$2,395,566
2.05	Advances In	\$28,455	\$913	\$27,542	\$16,679
2.06	All Other Financial Sources	\$118,923	\$143,713	(\$24,790)	\$177,893
2.08	Total Revenues	\$13,180,411	\$13,919,653	(\$739,242)	\$13,406,562
	Expenditures				
3.01	Personal Services	\$7,245,161	\$6,860,396	(\$384,765)	\$7,066,076
3.02	Employees' Retirement/Insurance	\$2,755,714	\$2,631,082	(\$124,632)	\$2,752,511
3.03	Purchased Services	\$1,405,848	\$2,372,369	\$966,521	\$2,416,528
3.04	Supplies & Materials	\$423,409	\$336,547	(\$86,862)	\$408,020
4.30	Other Expenditures	\$169,725	\$172,269	\$2,544	\$166,537
5.01	Transfers Out	\$24,000	\$103,514	\$79,514	\$10,523
5.05	Total Expenditures	\$12,023,857	\$12,476,177	\$452,320	\$12,820,195
7.02	Ending Cash Balance	\$3,629,395	\$2,880,687	\$748,708	\$1,938,270
6.01	(3) Revenue in Excess of Costs (Loss)	\$1,156,554	\$1,443,476	(\$286,922)	\$586,367

(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 District has received almost all of its real estate taxes for the fiscal year. 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. At this point, revenue is expected to be about \$55,000 less than the Forecast
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. (Note that Line 1.06 below has a greater decrease, but part of that is due to unrelated one-time financial issues.)
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. State aid for students attending Wheelersburg Schools—but residing outside of our boundaries—is now a part of “Unrestricted State Aid”, which explains the large increase there.</p> <p>Other unrelated factors include payments in in FY 2021 to the District by Ohio BWC for \$198,316; and a \$84,034 payment received in July 2020 as a reimbursement from the Ohio Department of Medicaid for the Medicaid Schools Program (“MSP”). (The payment was late—it was expected in June 2020, which would’ve been a part of FY 2020.) The District only expects to receive one payment in FY 2022, resulting in a revenue decrease in FY 2022.</p>
	<u>Expense Category Name</u>	
3.01	Personal Services	Salaries and wages have increased by 5.6% due to the base raise 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.) Cost for some positions have been shifted to other grant funds where allowable by the grant, tempering the cost of this year’s increases. (The same is true for Category 3.02, “Retirement/Insurance”.)
3.03	Purchased Services	This category’s decrease is the other piece of the state’s new funding formula. Retroactive to July 2021, there is no revenue coming to our District for students who attend another school, which could be another traditional public school, or charter schools (either a “brick and mortar” school like Sciotoville or an on-line school). The revenue is now sent directly by the state to the other school. <u><i>This means that we will report no corresponding cost in this category for “tuition” being sent to other schools or for open enrollment students attending another district.</i></u>
3.04	Supplies	The cost of supplies has risen drastically, especially for the transportation (\$44,880), custodial (\$16,886), and instructional (\$16,157) departments.

INVESTMENT SUMMARY AS OF MAY 31, 2022

Federal Agency Securities (General Fund).....29.5% 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	\$513,540.50	.75%	11/26/25	05/26/22 (q)	05/26/22	\$ 688
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$473,025.00	1.07% (step)	03/30/26	09/30/22 (sa)	09/30/22	\$1,250
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$276,016.20	1.38% (step)	04/30/26	04/30/22 (q)	04/30/22	\$ 725
		\$1,340,000			\$1,262,581.70					

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

Negotiable Certificates of Deposit.....40.5% of Portfolio

05580AYP3	BMW Bank No. America	FDIC	03/04/21	\$247,172.50	.15%	02/27/23	N/A	09/04/22	\$ 188
17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$251,877.50	2.75%	04/03/23	N/A	10/02/22	\$3,438
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$151,611.70	.25%	07/17/23	N/A	08/16/22	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$195,214.00	.30%	08/21/23	N/A	08/21/22	\$ 300sa
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$192,734.00	.30%	01/16/24	N/A	09/01/22	\$ 50m
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$246,122.50	1.75%	02/27/24	N/A	07/27/22	\$3,421
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$212,014.08	2.25%	04/15/24	N/A	10/13/22	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$236,923.50	.35%	06/03/24	N/A	06/03/22	\$ 435
	(g=General; sc=scholarship)			\$1,733,669.78					

(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.....30.0% of Portfolio

STAR Ohio	\$1,273,791.34
Huntington Investment Company money market account---Gen. Fund	\$1,492.30
Fifth/Third Securities money market account—General Fund	\$13,542.53
	\$1,288,826.17

TOTAL PORTFOLIO

\$4,285,077.65

Total investments slightly increased as interest revenue and updated market values nudged the total higher. Last month's total stood at \$4,274,779.94. (Shortly after June began, the District moved another one million dollars into its Star Ohio account.)

**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 MAY 31, 2022 FOR FY 2022

	<u>MAY 2022 (A)</u>	<u>YEAR-TO-DATE 2022 (B)</u>
Beginning Balance	\$90,021.03	\$145,377.64
Revenues	\$.00	\$.00
Expenditures	<u>\$1,150.00</u>	<u>\$56,506.61</u>
Ending Balance May 31	\$88,871.03	\$88,871.03

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	\$4,720.00	\$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	\$56,506.61	\$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>MAY 2022</u>	<u>MAY 2021</u>	<u>MAY 2020</u>
Ending GF Balance May 31	\$3,629,394.82	\$2,880,686.60	\$1,938,269.54
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>-\$56,506.61</u>	<u>-\$437,264.23</u>	<u>-\$295,994.86</u>
Restated Ending GF Balance May 31	\$3,718,265.85	\$3,057,866.87	\$2,027,297.18