

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

Appendix A

GENERAL FUND

	<u>OCTOBER 2022</u>	<u>OCTOBER 2021</u>	<u>OCTOBER 2020</u>
Beginning Balance October 1	\$3,699,923.84	\$3,464,037.37	\$2,467,030.70
Revenues	\$848,672.32	\$815,494.95	\$871,568.59
Expenditures	\$1,083,857.80	\$1,402,987.55	\$1,309,678.78
Ending Balance October 31	<u>\$3,464,738.36</u>	<u>\$2,876,544.77</u>	<u>\$2,028,920.51</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 October has just been presented. On the rest of this page we briefly mention October'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 OCTOBER 2022 IN THE GENERAL FUND

1. In September's report the District noted timing issues that created variances for the same month in different years viewed on the report. This month shows the other side of the expenditure issue. There were three payrolls in October 2020 and October 2021, but only two payrolls in October 2022. That alone nearly accounts for the full expenditure variance (decrease) for October 2022.
2. Individual categories varied from one year to the next, of course. The main non-salary variance was caused by the state's funding formula since it was not implemented at this point last year. This accounts for the remaining variance in both revenue and expenditure categories. This variance will repeat monthly until January 2023, as the funding formula was not implemented until January 2022.

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

November is normally a deficit spending month and this is followed by the additional deficit spending months of December and January. The low point of the District's cash-flow cycle is in last February until the next real estate tax revenue arrives.

TOTAL OF ALL FUNDS

	<u>OCTOBER 2022</u>	<u>OCTOBER 2021</u>
Beginning Balance October 1	\$7,314,633.43	\$6,888,706.24
Revenues	\$1,051,869.25	\$1,160,835.40
Expenditures	\$1,396,770.21	\$1,748,426.60
Ending Balance October 31	<u>\$6,969,732.47</u>	<u>\$6,301,115.04</u>

TOTAL OF ALL FUNDS CASH-FLOW NOTES FOR OCTOBER 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 decreased this month primarily due to the reduction in the General Fund, but federal grant fund activity also produced a significant net cash outflow. This cycle is normal for grant funds. The District is often required to first spend grant money, which it has not yet received, and then apply for reimbursement. This causes some months to be large deficit spending events, but then other months result in a large cash inflow. The end result is to break-even.

WHEELERSBURG LOCAL SCHOOL DISTRICT
OCTOBER 31, 2022 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	\$1,427,230	\$1,562,066	(\$134,836)	\$1,632,499
1.035	(2) Unrestricted State Foundation	\$3,015,081	\$2,321,383	\$693,698	\$2,376,986
1.04	(2) Restricted State Aid	\$166,164	\$44,619	\$121,545	\$44,618
1.05	Property Tax Allocation	\$205,345	\$210,144	(\$4,799)	\$210,065
1.06	All Other Operating Revenue	\$193,117	\$806,556	(\$613,439)	\$905,017
2.05	Advances In	\$0	\$28,455	(\$28,455)	\$913
2.06	All Other Financial Sources	\$33,447	\$41,891	(\$8,444)	\$89,607
2.08	Total Revenues	\$5,040,384	\$5,015,114	\$25,270	\$5,259,705
	Expenditures				
3.01	Personal Services	\$2,749,494	\$2,574,222	(\$175,272)	\$2,549,919
3.02	Employees' Retirement/Insurance	\$1,072,601	\$985,626	(\$86,975)	\$978,273
3.03	Purchased Services	\$549,430	\$742,278	\$192,848	\$878,145
3.04	Supplies & Materials	\$271,750	\$207,018	(\$64,732)	\$172,877
4.30	Other Expenditures	\$79,510	\$78,265	(\$1,245)	\$78,260
5.01	Transfers Out	\$88,070	\$24,000	(\$64,070)	\$10,523
5.05	Total Expenditures	\$4,810,855	\$4,611,409	(\$199,446)	\$4,667,997
7.02	Ending Cash Balance	\$3,464,738	\$2,876,546	\$588,192	\$2,028,919
6.01	(3) Revenue in Excess of Costs (Loss)	\$229,529	\$403,705	(\$174,176)	\$591,708

(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 its full settlement of its October 2022 real estate settlement. A reduction of about \$170,000, due to a taxpayer refund awarded by the Ohio Board of Tax Appeals, explains the reduction compared to last year.
1.035	Unrestricted State Aid	The state of Ohio's new funding formula for the 2022-2023 school year is operational for October 2022 but was not during October 2021. Therefore, there will no "apples to apples" comparison available for this category until January 2023. The District does expect an increase in revenue in this category due to an additional phase-in of the formula.
1.040	Restricted Aid	The narrative for the prior category holds true for this revenue source from the state of Ohio, so the comparison to last year is not an accurate picture at this point. The state expects the District to spend these funds in specific ways. There are "strings" attached.
1.06	All Other Operating Revenue	The effect of the state's funding formula difference is also seen here as there is now no separate funding for open enrollment students attending our District. Open enrollment was separately accounted for at this point last year, so until January 2023 there will continue to be a severe variance in this category, since open enrollment was such a substantial supply of revenue here. (The District still receives funding for those students. It is now found in Line 1.035, "Unrestricted State Aid".

NOTES REGARDING SIGNIFICANT EXPENDITURE CATEGORIES

Line		
<u>Item</u>	<u>Expense Category Name</u>	<u>Notes</u>
3.01	Personal Services	The District has now paid employees the same number of times year-to-date as it had at the same point last year and the timing difference that existed at the end of September 30 has disappeared. The difference that remains is due to a combination of having more employees on staff and the wage increases that were granted to employees for the current school year. Line 3.02, Employees' Retirement and Insurance, is also impacted by the number of employees who may elect to carry the District's insurance benefits, and other costs that are calculated as a percentage of total wages.
3.03	Purchased Services	This expense category has also been transformed by the state's funding formula. Since there is no separate funding stream for open enrollment, then there is also no recognized expense for students leaving the District to attend other schools via open enrollment or community schools.
3.04	Supplies	The cost of the District's supplies has risen significantly. The increase is almost entirely for instructional supplies and is due to a purchase of paper, which has greatly increased. The cost for school bus gas has doubled at this point.
5.01	Transfers Out	The increase is due to cash reserved in the Severance Reserve Fund.

October 31, 2022

**WHEELERSBURG LOCAL SCHOOL DISTRICT
Cash Reconciliation Report**

Total Fund Balance		\$6,969,732.47
Gross Depository (Bank) Balances:		
Wesbanco (Checking)	\$1,592,549.31	
Investments		
Certificates of Deposit	\$1,768,000.00	
Other Securities (cost as of October 31, 2022)	\$1,340,000.00	
Other Investments (Star Ohio, money market funds, etc.)	\$2,321,279.25	

Sub-Total: Investments	\$5,429,279.25	
Cash in Transit to Depository (recorded but undeposited monies)	\$1,370.41	
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	\$4,800.00	

Total	\$7,029,298.97	
Less Outstanding Checks	-\$59,703.50	

Total (Reconciled Balance)	\$6,969,595.47	
Adjustments:		
(1) Checks returned by the bank.	\$137.00	

Adjusted Total		\$6,969,732.47

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

INVESTMENT SUMMARY AS OF OCTOBER 31, 2022

Federal Agency Securities (General Fund).....22.9% 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	\$487,289.00	.75%	11/26/25	11/26/22 (q)	11/26/22	\$ 688
3130ALP99	FHLB	\$500,000	Aaa	03/30/21	\$445,520.00	1.07% (step)	03/30/26	03/30/23 (sa)	03/30/23	\$1,250
3130ALZB3	FHLB	\$290,000	Aaa	04/30/21	\$262,186.10	1.38% (step)	04/30/26	04/30/23 (q)	04/30/23	\$ 725
		\$1,340,000			\$1,194,995.10					

(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	\$246,987.50	.15%	02/27/23	N/A	02/27/23	\$ 188
17312Q3R8	Citibank National Assn. (g)	FDIC	04/03/19	\$248,680.00	2.75%	04/03/23	N/A	04/02/23	\$3,438
33847E4S3	Flagstar Bank (sc)	FDIC	07/16/21	\$150,531.35	.25%	07/17/23	N/A	02/16/23	\$ 194
06251A2C3	Bank Hapoalim B M (g)	FDIC	08/21/20	\$193,440.00	.30%	08/21/23	N/A	02/21/23	\$ 300sa
538036QR8	Live Oak Banking Co. (sc)	FDIC	07/15/21	\$189,938.00	.30%	01/16/24	N/A	11/01/22	\$ 50m
61690UUH1	Morgan Stanley Bank (g)	FDIC	04/27/20	\$240,902.50	1.75%	02/27/24	N/A	01/27/23	\$3,421
02589AC59	American Express Natl Bank	FDIC	04/04/22	\$206,903.76	2.25%	04/15/24	N/A	04/13/23	\$2,408
649447UP2	New York Community Bank	FDIC	06/03/21	\$232,767.69	.35%	06/03/24	N/A	12/03/22	\$ 435
	(g=General; sc=scholarship)			\$1,710,150.80					

(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.....44.4% of Portfolio

STAR Ohio	\$2,294,150.39
Huntington Investment Company money market account---Gen. Fund	\$8,730.83
Fifth/Third Securities money market account—General Fund	\$18,398.03
	\$2,321,279.25

TOTAL PORTFOLIO

\$5,226,425.15

Total investments slightly increased as several investments paid coupon interest this month. Last month's total stood at \$5,219,957.89.

**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. 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 OCTOBER 31, 2022 FOR FY 2022

	<u>OCTOBER 2022 (A)</u>	<u>YEAR-TO-DATE 2022 (B)</u>
Beginning Balance	\$64,786.03	\$71,879.03
Revenues	\$.00	\$.00
Expenditures	<u>\$3,775.88</u>	<u>\$10,868.88</u>
Ending Balance October 31	\$61,010.15	\$61,010.15

PART 2: FY 2022 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	4,800.00	\$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>\$6,068.88</u>	<u>\$2,300.00</u>	<u>\$1,150.00</u>	<u>\$12,676.17</u>
TOTAL	\$10,868.88	\$73,498.61	\$469,066.86	\$330,000.00