Board Finance Workshop

September 13, 2021

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Finance Dates to Remember

- State Fiscal Year – July 1 – June 30
- Federal Fiscal Year – October 1 – September 30
- Deadline to submit Audit to the SC Department of Education – December 1
- Deadline for Grant Claims – Quarterly (Nov 15, Feb 15, May 15, and August 15)
- EFA/EIA Funds – Received Monthly
- Local Tax Revenue – Received Monthly

Quarter 1 – July 1 – September 30

July (Beginning of State Fiscal Year)

- Load Budgets and begin new School Year
- Begin Close out Process - old School Year
- Payroll – Hiring – SC Educator Database – Accrual Payrolls – New Year Payrolls – Summer Activity Payrolls
- Plan dates for School Audit Interim Work

August

- Continue Close Out Process – old School Year
- Calculate Debt Service Millage
- Teacher Supply Checks
- Grant Claims (through June 30)

September

- Continue Close Out Process – old School Year
- Complete reports and gather data for Audit Interim Work (auditors on site)
- SCDE - National Board Supplement, SC Educator Database, New Grant Awards
- Confirm Payroll data matches State Certification Data

Quarter 2 – October 1 – December 31

October (Beginning of Federal Fiscal Year)

- Tax notices are mailed from the Counties
- 45th day of school reporting (changes EFA & EIA funding)
- Audit work continues

November

- Receive Draft Financial Statements to Review and Finalize, Confirm Single Audit, Review and Complete the Annual Audit Template
- **Monitor Budget/Cash (Review General Fund Revenue Estimates vs. Expenditures) – Adjust as needed**
- Grant Claims (through September 30)

December

- Submit Completed Financial Statements, the Single Audit Confirmation, and the Annual Audit Template to the SC Department of Education
- Plan for Budget Meetings with Directors and Principals for the next School Year – Work with Superintendent & Executive Staff to better understand the current needs/plans from their perspectives

Quarter 3 – January 1 – March 31

January (Beginning of Tax Year)

- W-2's and 1099's processed and mailed
- Begin Budget meetings with Directors and Principals with preliminary planning for Next School Year
- Every Student Succeeds Act (ESSA), In$ite, Excess Cost & Maintenance of Effort Reporting due to the SC Department of Education

February

- Review Building Program – Capital Needs – Plan Spring Bond Issuance (based on needs)
- Review Tax Collections for collection rate trends
- Continue Budget Meetings with Directors and Principals
- Grant Claims (through December 31)

March

- SC House Budget Debates begin – Begin General Fund Revenue Projections
- Finalize Capital Budget and Bond Resolution for Spring Issuance
- 135th day of school reporting (changes EFA & EIA funding)

Quarter 4 – April 1 – June 30

April

- Budget Planning Continues – SC Senate Debate Begins
- Plan Financial Audit Interim Work
- Complete DRAFT Schedule of Expenditures of Federal Awards (SEFA)
- Continue Bond Issuance and Capital Planning

May

- SCAGO Bond Sale
- Budget Workshop for the Board
- First Reading of Budget
- Grant Claims (through March 31)

June

- Final Reading of Budget
- Prepare for Closing the Year & Starting the New Year

Ongoing Tasks

- ESSER Funding
- Student Fees/Deposits/School Bookkeepers
- Insurance (Property, General Liability, Worker's Comp, Student/Athlete)
- Monthly Financial Statements
- Cash Management (Accounts Receivable/Accounts Payable)
- Payroll (additional pay from time sheets)
- Procurement (Procurement Card, Purchase Orders, and Competitive Bids)
- Assets (Surplus Property, Inventory Management, Fixed Assets)
- Grants Management (supporting Fund Managers)
- Student Enrollment changes & Fiscal Impact Statements for the General Assembly
- In-Person vs. Virtual Instruction
- Additional Reporting to the SC Department of Education, as needed

Debt Service Millage & Reserve Fund

Current Requested Debt Service Mill Rate = 73.30 mills

County Calculated **Minimum** Debt Service Mill Rate Required = 50.20 mills

(The 50.20 mill rate uses 100% of the Reserve Fund)

Important to maintain the 73.30 mill rate (Target Mill Value) to minimize fluctuation **IF** the Board plans to maximize the use of 8% debt capacity

- Short Term Financing to provide Equity in Facilities throughout the District
- Target 15 – 18% Debt Service Reserve Fund with the County (similar to the General Fund) – Reserve Fund would be analyzed and used to pay outstanding debt as available
- Examples of Uses include: Building/Classroom renovations, Furniture, 1:1 Technology, Athletic Fields and Facilities, and Arts Facilities

Debt Service Millage & Reserve Fund

- **IF** the Board chooses to use the 8% Funding Model, there is an opportunity to issue Bonds this Fall.
  - Architectural planning would begin based on the Equity in Facilities planning model
  - This would enable us to begin several of our Capital Projects immediately
  - Take advantage of the record low interest rates
  - Capacity in the Constitutional Debt Limit and in the millage set at 73.30 mills

This 8% Debt Funding Model opportunity sets District 5 apart from the majority of other Districts in our State. ***It provides the opportunity for our Instructional, Athletic, and Arts Facilities to measure up to the excellence in our Instructional, Athletic and Arts Programs. Our Facility needs are IMPORTANT.***

The District has the chance to make the commitment to provide DISTRICTWIDE Equity in Facilities to 16,700+ students preparing them for their FUTURE in the GLOBAL market.

Questions Received from Board Members

Question

What is the current unencumbered balance in our capital funds by year?

Answer

As of September 3, 2021 -- Unobligated funds

2016-2017	$328,120
2017-2018	$301,655
2018-2019	$88,951
2019-2020	$627,350
2020-2021	$489,406

Questions Received from Board Members

Question

What is the current unencumbered operating fund balance in total from prior years?

Answer

As of June 30, 2020 (from the CAFR)

$43,334,184

This will be updated when the 2020-2021 School Year is finalized and the CAFR is completed.

Questions Received from Board Members

Question

What operating millage rate is recommended by Lexington County that corresponds with our 2021-2022 operating budget?

Answer

The County does not recommend an Operating Millage. Operating Millage is determined based on the operating needs of the District. Increases are limited by the Legislative Mill Cap which is calculated based on population increases and CPI.

Questions Received from Board Members

Question

Are there plans to spend any ESSER funds in lieu of regular operating expenses? If so, how much?

Answer

Our current plans are to use ESSER funds for one-time purchases (or temporary salaries) that we would have not otherwise been able to provide. Some of the items may have been included at some point in regular operating expenditures, but all ESSER funds are REQUIRED to be used on items to mitigate the spread or due to COVID-19. *"But for COVID…"*

Questions Received from Board Members

Question

Have we spent any ESSER funds for items on the 5 year capital plan? if so, which items and how much? Same question for planned ESSER spending.

Answer

We are reviewing the 5 year capital plan now to remove items that are being funded by ESSER funding and/or plans for the Guaranteed Energy Savings Model that is currently in the Procurement Process. Any changes to the 5 year capital plan will be provided to the Board for approval in early Spring as we look at available funding and funding models.

Questions Received from Board Members

Question

Are either of the financial/bond consultants open to working on a fixed monthly fee or hourly fee instead of bond fees?

Answer

It is customary to bill fees as part of Bond Transactions.

Once a consultant is chosen, we could negotiate payment terms.

Comparison of Financial Advisors

Compass Municipal Advisors

- Experience with the District 5
- Represents 90% of Districts in SC
- Experience with Debt Modeling and long term Capital Planning
- Manage Bond Ratings
- SCAGO General Obligation Program – bundling with other school districts saves on the Issuance Costs (capped fees)

First Tryon Advisors

- Experience with School Districts and Municipalities in SC
- Experience with Debt Modeling and long term Capital Planning
- Manage Bond Ratings
- Provide software tool for administration use to model scenarios


District Five
OF LEXINGTON & RICHLAND COUNTIES