

ZIONSVILLE COMMUNITY SCHOOLS

MEMORANDUM

To: All Members, Board of School Trustees; Dr. Scott Robison, Superintendent
From: Michael A. Shafer, C.P.A., Chief Financial Officer
RE: Financial Update for the Board of School Trustees
Date: November 19, 2020

MESSAGE:

Attached please find the monthly financial reports for October 2020. The financial results remain much the same as in prior months, and within acceptable ranges for this point in the year. The Education Fund and the Operations Fund continue to exhibit occasional differences from budget projections caused by the COVID-19 pandemic and its assorted ramifications. The costs of extra purchases of specialized items (sanitizer, disinfectants, masks and personal protective equipment, and so on) and other costs and expenses associated with combatting COVID-19 (including extra cleaning, specialized software, and so on) are also likely to have continued impacts on us.

On Monday afternoon we were informed by Standard & Poor's (S&P) that they have affirmed our rating at the "AA" level for our underlying credit, and applied the rating of "AA+" for the State of Indiana's contingency backing of our debt. They also affirmed that our outlook is "Stable." This set of ratings confirms we remain in a three-way tie with Carmel Clay Schools and Hamilton Southeastern as the most creditworthy school districts in Indiana.

We were pleased that S&P chose to repeat a comment in their report on our credit rating from their previous report that states: "We consider the district's management practices standard under our Financial Management Assessment (FMA) methodology, indicating our view that the finance department maintains adequate policies in some but not all key areas. We note that even though the FMA score is standard, the district's regular budget updates and budget are above average compared with those of other Indiana school districts."

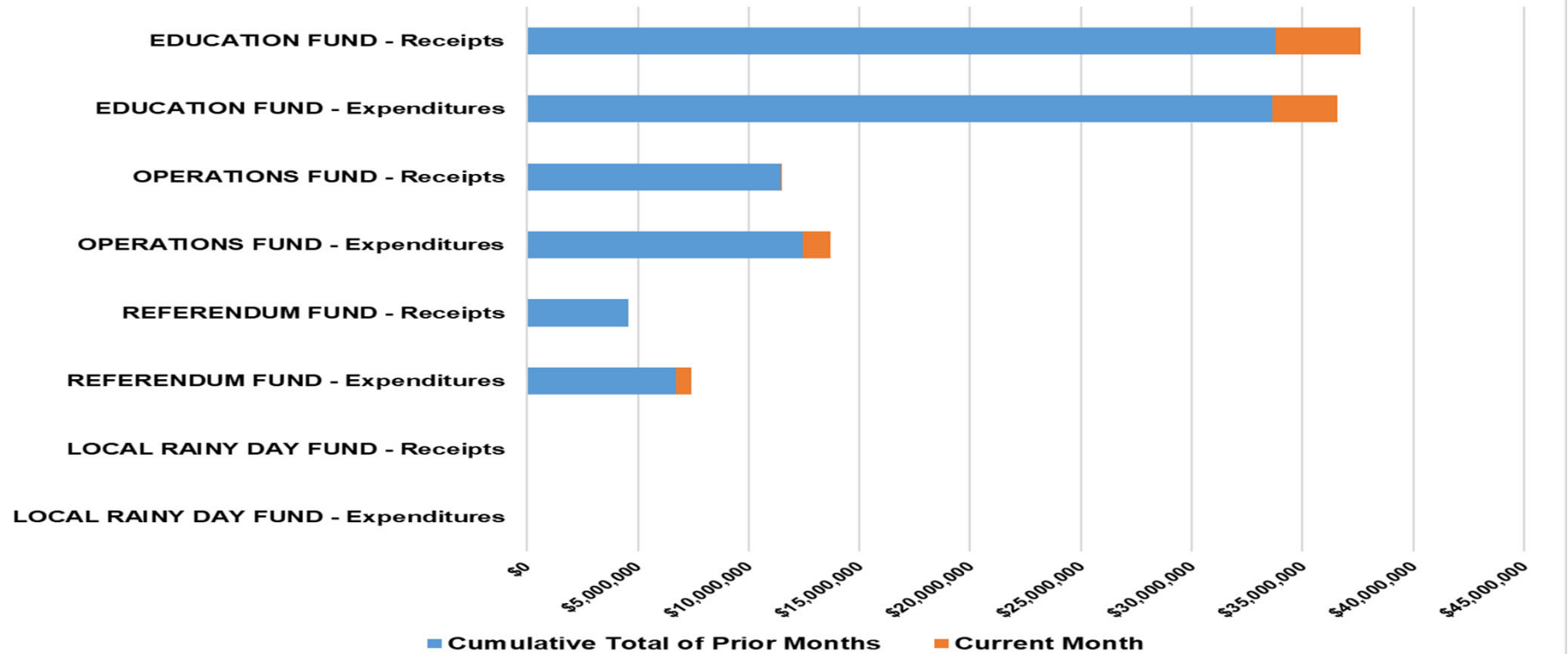
As an update on the new bond issue itself, I will note that Stifel has completed marketing our bonds earlier today. Our results were outstanding, with an All-In Total Interest Cost of 2.226%. Matt Schumaker of Stifel informed us that the difference in interest expense that we saved due to our "AA" credit rating was an estimated \$150,000. He also noted that the demand for our bonds was the highest he has seen for an Indiana school district, with orders coming in totaling over \$304.6 million for our \$47 million issue. This huge demand allowed Stifel to conduct a reverse auction that lowered our final interest rate by 10 basis points from our initial offering. Matt summed it up by saying the factors that influence bond sales, such as supply, demand, timing of sale, credit rating, referendum support, and so on, all went in our favor today, and created what he characterized as the best bond sale by a public school district in Indiana ever. We are very grateful to the team at Stifel, as well as all the other individuals and their firms on our finance team, for this truly outstanding result.

The state General Assembly met earlier this week for its annual "Organization Day." While there had been some speculation as to various possible actions the legislators might take on this opening session day, it appears that they merely went through the traditional ceremonies without taking any substantive action on any education matters. The new state revenue projections expected in December and again in the middle of next April will be the real determinants as to what the legislature does with school funding in the budget for the next biennium. The legislature also has the major task of completing redistricting of legislative districts in this upcoming session, but cannot begin that work until the U.S. Census Bureau releases data from the 2020 Census. Accordingly, it appears the first half of the session will be a "wait-and-see" time, with a flurry of

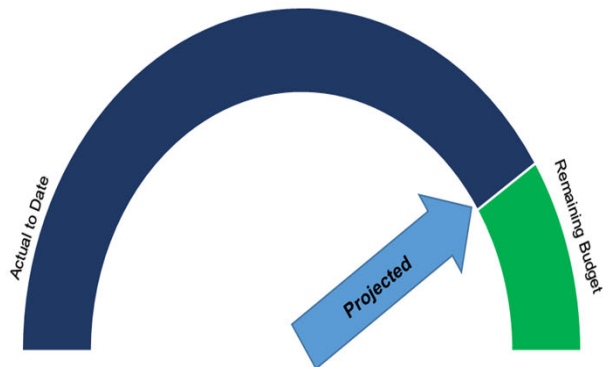
frantic activity in late April as all the important issues suddenly have to get resolved. The session is scheduled to end not later than April 29. We will monitor their actions very closely as the session unfolds.

Financial Overview – October 2020

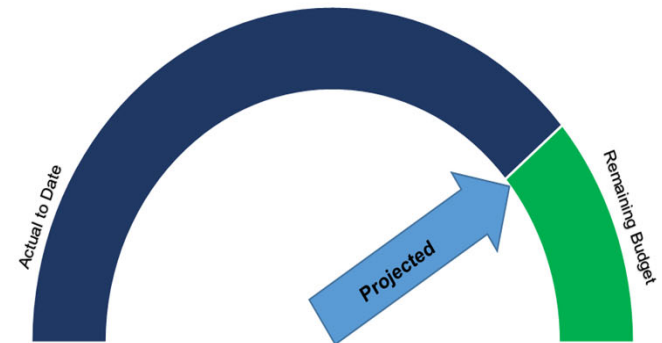
Receipts and Disbursements of Major Funds



Education Fund
Comparison of Actual to Date with Budget



Operations Fund
Comparison of Actual to Date with Budget



Zionsville Community Schools
Monthly Financial Summary
Report of Revenues, Expenditures, Transfers and Balances
Budgeted and Special Funds - October 2020

<u>Fund Title</u>	<u>Beginning Balance Jan. 1, 2020</u>	<u>Previous YTD Receipts</u>	<u>Previous YTD Expenditures</u>	<u>Ending Balance September 30, 2020</u>	<u>October Receipts</u>	<u>October Expenditures</u>	<u>Ending Balance October 31, 2020</u>
EDUCATION FUND	\$ 12,640,088.90	\$ 33,778,238.54	\$ 33,616,975.32	\$ 12,801,352.12	\$ 3,842,224.13	\$ 2,943,322.75	\$ 13,700,253.50
REFERENDUM FUND	\$ 5,795,926.70	\$ 4,593,350.57	\$ 6,727,006.75	\$ 3,662,270.52	\$ -	\$ 702,653.70	\$ 2,959,616.82
DEBT SERVICE FUND	\$ 6,379,693.54	\$ 15,152,988.61	\$ 13,347,945.27	\$ 8,184,736.88	\$ -	\$ -	\$ 8,184,736.88
PENSION BOND D.S. FUND	\$ 355,133.71	\$ 342,884.75	\$ 327,759.50	\$ 370,258.96	\$ -	\$ -	\$ 370,258.96
OPERATIONS FUND	\$ 3,819,065.23	\$ 11,453,347.75	\$ 12,443,761.10	\$ 2,828,651.88	\$ 21,223.13	\$ 1,240,893.14	\$ 1,608,981.87
LOCAL RAINY DAY FUND	\$ 1,383,288.48	\$ 13,849.87	\$ -	\$ 1,397,138.35	\$ -	\$ -	\$ 1,397,138.35
2017 A BOND FUND	\$ 48,227.98	\$ 299.35	\$ 27,224.90	\$ 21,302.43	\$ 14,110.24	\$ 10.00	\$ 35,402.67
2017 B BOND FUND	\$ 110,212.37	\$ 578.87	\$ 1,515.00	\$ 109,276.24	\$ 1.26	\$ 5.00	\$ 109,272.50
2018 A BOND FUND	\$ 515,286.24	\$ 750.00	\$ 174,809.30	\$ 341,226.94	\$ -	\$ -	\$ 341,226.94
2018 B BOND FUND	\$ 338,184.47	\$ 750.00	\$ 17,441.38	\$ 321,493.09	\$ -	\$ -	\$ 321,493.09
LILLY COUNSELING GRANT	\$ 191,511.10	\$ 1,386.00	\$ 83,391.85	\$ 109,505.25	\$ -	\$ 3,162.96	\$ 106,342.29
TOTALS	\$ 31,576,618.72	\$ 65,338,424.31	\$ 66,767,830.37	\$ 30,147,212.66	\$ 3,877,558.76	\$ 4,890,047.55	\$ 29,134,723.87

Zionsville Community Schools
Monthly Financial Summary
Actual Revenues and Expenditures Compared to Monthly Projections
Budgeted Funds and Special Funds - October 2020

REVENUES:

	Actual For Month	Projection For Month	Variance Favorable (Unfavorable) October, 2020	Notes on Significant Variances & Comments	Comparison: State Approved 2020 Annual Budget
Education Fund					
State Aid	\$ 3,841,806.99	\$ 3,788,301.00	\$ 53,505.99	1	\$ 44,808,251.00
Other	\$ 417.14	\$ -	\$ 417.14		
Subtotal - Education Fund	\$ 3,842,224.13	\$ 3,788,301.00	\$ 53,923.13		\$ 44,808,251.00
Debt Service Fund	\$ -	\$ -	\$ -		\$ 23,847,862.00
P.B. Debt Service Fund	\$ -	\$ -	\$ -		\$ 627,373.00
Operations Fund					
Rental and Earned Income	\$ 17,870.45	\$ 176,972.83	\$ (159,102.38)	2	\$ 1,253,984.00
Property and Excise Taxes	\$ -	\$ -	\$ -		\$ 8,356,088.00
Transfers In from Education Fund	\$ -	\$ -	\$ -		
Other	\$ 3,352.68	\$ -	\$ 3,352.68		\$ 8,572,714.00
Subtotal - Operations Fund	\$ 21,223.13	\$ 176,972.83	\$ (155,749.70)		\$ 18,182,786.00
Referendum Fund	\$ -	\$ -	\$ -		\$ 8,321,673.00
Rainy Day Fund	\$ -	\$ 417.00	\$ (417.00)		\$ 5,000.00
2017A Bonds - Construction Fund	\$ 14,110.24	\$ -	\$ 14,110.24	3	\$ -
2017B Bonds - Construction Fund	\$ 1.26	\$ -	\$ 1.26		\$ -
2018A Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
2018B Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
Lilly Counseling Grant	\$ -	\$ -	\$ -		\$ -
TOTAL REVENUES	\$ 3,877,558.76	\$ 3,965,690.83	\$ (88,132.07)		\$ 95,792,945.00
EXPENDITURES:					
Education Fund					
Personnel Salaries and Benefits	\$ 2,744,440.36	\$ 2,740,109.43	\$ (4,330.93)		
Contracted Services	\$ 128,858.85	\$ 136,768.00	\$ 7,909.15		
Supplies and Materials	\$ 69,741.54	\$ 71,946.00	\$ 2,204.46		
Transfers Out to Operations Fund	\$ -	\$ -	\$ -		
All Other	\$ 282.00	\$ 6,632.00	\$ 6,350.00		
Subtotal - Education Fund	\$ 2,943,322.75	\$ 2,955,455.43	\$ 12,132.68		\$ 46,339,253.00
Debt Service Fund	\$ -	\$ -	\$ -		\$ 22,578,252.00
P.B. Debt Service Fund	\$ -	\$ -	\$ -		\$ 651,729.00
Operations Fund					
Personnel Salaries and Benefits	\$ 538,793.79	\$ 540,691.00	\$ 1,897.21		
Building and Equip. Maintenance	\$ 51,470.99	\$ 43,392.84	\$ (8,078.15)		
Contracted Services	\$ 253,988.08	\$ 255,803.75	\$ 1,815.67		
Utilities and P&C Ins	\$ 181,115.35	\$ 182,500.00	\$ 1,384.65		
Supplies and Materials	\$ 215,334.93	\$ 217,500.00	\$ 2,165.07		
All Other	\$ 190.00	\$ -	\$ (190.00)		
Subtotal - Operations Fund	\$ 1,240,893.14	\$ 1,239,887.59	\$ (1,005.55)		\$ 17,634,866.00
Referendum Fund					
Personnel Salaries and Benefits	\$ 702,653.70	\$ 710,735.00	\$ 8,081.30		\$ 9,823,964.00
Rainy Day Fund	\$ -	\$ -	\$ -		\$ 5,000.00
2017A Bonds - Construction Fund	\$ 10.00	\$ -	\$ (10.00)		\$ -
2017B Bonds - Construction Fund	\$ 5.00	\$ -	\$ (5.00)		\$ -
2018A Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
2018B Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
Lilly Counseling Grant Fund	\$ 3,162.96	\$ -	\$ (3,162.96)		\$ -
TOTAL EXPENDITURES	\$ 4,890,047.55	\$ 4,906,078.02	\$ 16,030.47		\$ 97,028,064.00
COMBINED SURPLUS (DEFICIT) FOR THE PERIOD	\$ (1,012,488.79)	\$ (940,387.19)	\$ (72,101.60)		\$ (1,235,119.00)

Zionsville Community Schools
Monthly Financial Summary
October, 2020

Notes:

1. The larger-than-expected receipt reflects payment by DOE for tuition support for the new 2021 fiscal year. This is based on DOE's calculations of the amounts due for our estimated Fall 2020 ADM counts. This monthly amount is scheduled to be adjusted downward once the actual 2020-2021 ADM figures are processed by DOE. This should be reflected in our tuition support payments beginning in November.
2. Earned Income, particularly for rentals, has been curtailed dramatically by the COVID-19 pandemic. We will not likely see a return to our projected budget levels, which were based on historic data, until sometime in 2021.
3. A reimbursement for costs was received from our bond funds. This was not budgeted, but is a one-time item.