

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: October 30, 2020

MESSAGE:

Attached please find the monthly financial reports for September 2020. The overall 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 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.

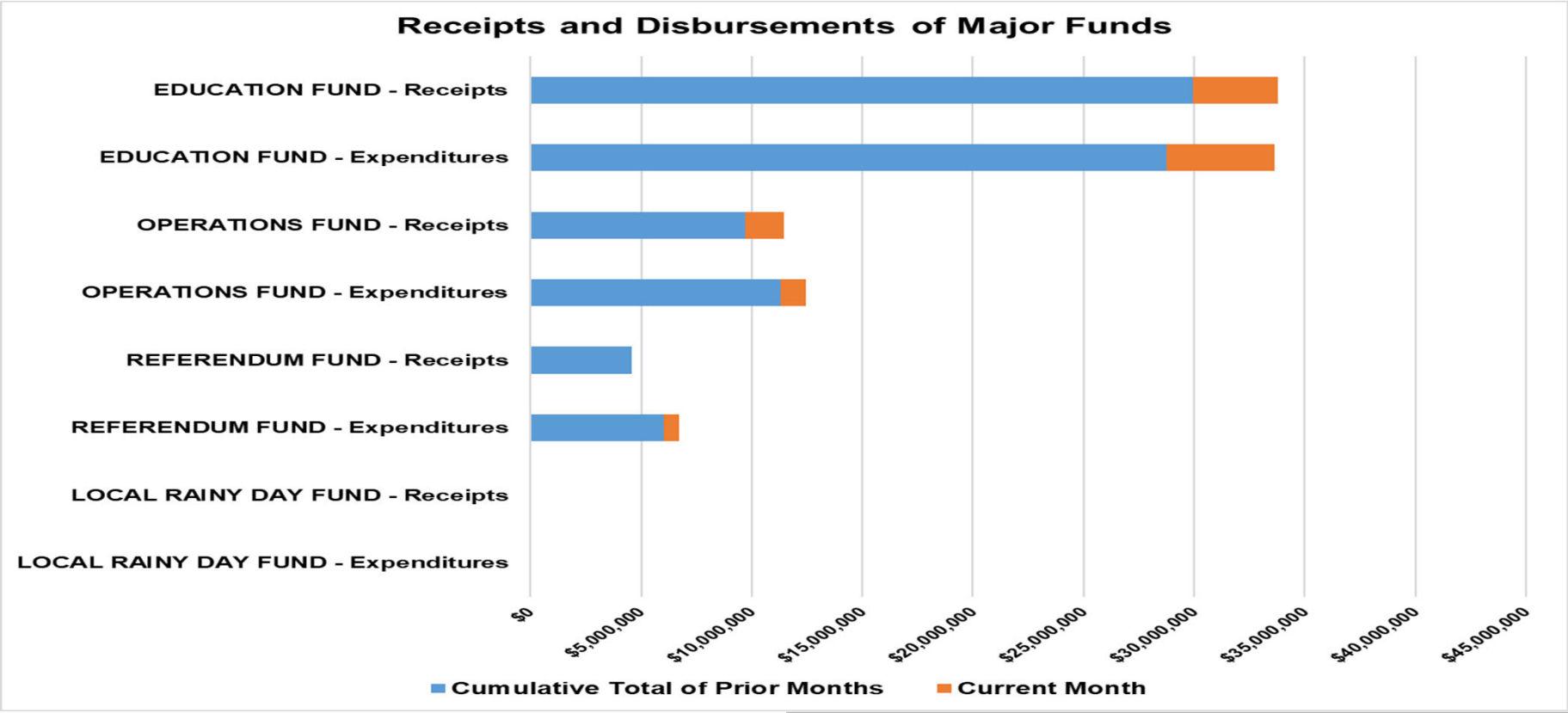
At this point we have made the final official submissions to the Indiana Department of Local Government Finance (DLGF) of our various budget forms and resolutions as required by statute. We are now waiting on them to review our documents and expect we will get the usual questions back as they go over our various documents. However, the largest piece which is not yet available to us or DLGF has to do with our 2020 bond issues. The bond sale will be held in mid-to-late November. At that time, we will receive and forward to DLGF our final amortization schedules and related documents on the new bonds for them to incorporate into the 2021 budget.

As an update on the bond issues, I will note that Stifel has completed the first draft of the Preliminary Official Statement (POS) and has it currently under review by our attorneys and other specialists. We have been informed by Standard & Poor's (S&P) that they expect to issue an update on our credit rating on or about November 10, which would put us in the market to sell the bond issues in the week of November 16. Final closing should occur per that timeline in early December.

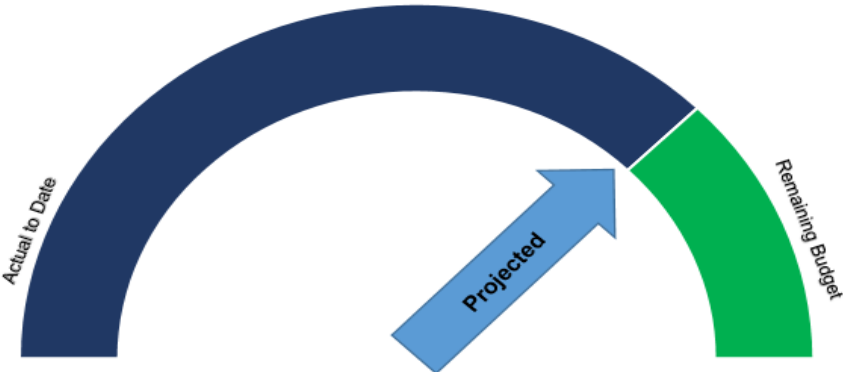
We are, of course, hoping that S&P will continue our credit rating at the "AA" level that we have enjoyed for the past couple of years. Stifel reports that most school districts in the state that have received credit ratings so far this year have not been downgraded solely because of the COVID-19 pandemic, and have encouraged us to remain optimistic as we await their latest rating action on our new bond issue.

On the state funding scene, we note that the latest revenue report for September indicates a mixed picture. Year-to-date revenue amounts show improvements over the same time period in 2019, but remain very near the last revenue estimates made in December 2019. Overall, it appears that if the effects of the delay and subsequent offsetting recoupments of tax payments this spring and summer are filtered out, we would be very near but only slightly below the original budget forecasts for the July through September quarter. This is relatively good, but we still have the concern of the state being down the net of \$500 million or so from the last fiscal year. The state has new revenue projections expected in December and next April that will be the real determinants as to what the legislature does with school funding in the next biennium.

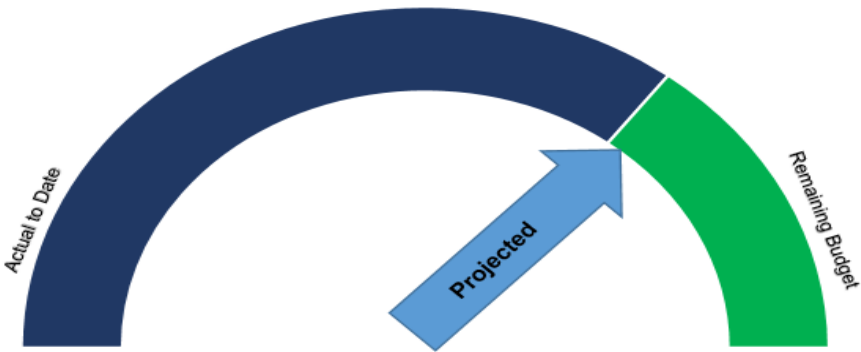
Financial Overview – September 2020



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 - September 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 August 31, 2020</u>	<u>September Receipts</u>	<u>September Expenditures</u>	<u>Ending Balance September 30, 2020</u>
EDUCATION FUND	\$ 12,640,088.90	\$ 29,936,329.16	\$ 28,762,841.07	\$ 13,813,576.99	\$ 3,841,909.38	\$ 4,854,134.25	\$ 12,801,352.12
REFERENDUM FUND	\$ 5,795,926.70	\$ 4,593,350.57	\$ 6,011,426.71	\$ 4,377,850.56	\$ -	\$ 715,580.04	\$ 3,662,270.52
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	\$ 9,716,434.57	\$ 11,292,456.73	\$ 2,243,043.07	\$ 1,736,913.18	\$ 1,151,304.37	\$ 2,828,651.88
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	\$ 297.79	\$ 5.00	\$ 48,520.77	\$ 1.56	\$ 27,219.90	\$ 21,302.43
2017 B BOND FUND	\$ 110,212.37	\$ 575.14	\$ 5.00	\$ 110,782.51	\$ 3.73	\$ 1,510.00	\$ 109,276.24
2018 A BOND FUND	\$ 515,286.24	\$ -	\$ 174,809.30	\$ 340,476.94	\$ 750.00	\$ -	\$ 341,226.94
2018 B BOND FUND	\$ 338,184.47	\$ -	\$ 17,441.38	\$ 320,743.09	\$ 750.00	\$ -	\$ 321,493.09
LILLY COUNSELING GRANT	\$ 191,511.10	\$ 1,386.00	\$ 71,340.57	\$ 121,556.53	\$ -	\$ 12,051.28	\$ 109,505.25
TOTALS	\$ 31,576,618.72	\$ 59,758,096.46	\$ 60,006,030.53	\$ 31,328,684.65	\$ 5,580,327.85	\$ 6,761,799.84	\$ 30,147,212.66

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

REVENUES:

	Actual For Month	Projection For Month	Variance Favorable (Unfavorable) September, 2020	Notes on Significant Variances & Comments	Comparison: State Approved 2020 Annual Budget
Education Fund					
State Aid	\$ 3,841,807.02	\$ 3,788,301.00	\$ 53,506.02	1	\$ 44,808,251.00
Other	\$ 102.36	\$ -	\$ 102.36		
Subtotal - Education Fund	\$ 3,841,909.38	\$ 3,788,301.00	\$ 53,608.38		\$ 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	\$ 95,662.60	\$ 176,972.83	\$ (81,310.23)	2	\$ 1,253,984.00
Property and Excise Taxes	\$ -	\$ -	\$ -		\$ 8,356,088.00
Transfers In from Education Fund	\$ 1,640,830.00	\$ 1,640,830.00	\$ -		
Other	\$ 420.58	\$ -	\$ 420.58		\$ 8,572,714.00
Subtotal - Operations Fund	\$ 1,736,913.18	\$ 1,817,802.83	\$ (80,889.65)		\$ 18,182,786.00
Referendum Fund	\$ -	\$ -	\$ -		\$ 8,321,673.00
Rainy Day Fund	\$ -	\$ 417.00	\$ (417.00)		\$ 5,000.00
2017A Bonds - Construction Fund	\$ 1.56	\$ -	\$ 1.56		\$ -
2017B Bonds - Construction Fund	\$ 3.73	\$ -	\$ 3.73		\$ -
2018A Bonds - Construction Fund	\$ 750.00	\$ -	\$ 750.00		\$ -
2018B Bonds - Construction Fund	\$ 750.00	\$ -	\$ 750.00		\$ -
Lilly Counseling Grant	\$ -	\$ -	\$ -		\$ -
TOTAL REVENUES	\$ 5,580,327.85	\$ 5,606,520.83	\$ (26,192.98)		\$ 95,792,945.00

EXPENDITURES:

Education Fund					
Personnel Salaries and Benefits	\$ 2,928,699.51	\$ 2,943,376.28	\$ 14,676.77		
Contracted Services	\$ 70,343.23	\$ 80,400.00	\$ 10,056.77	3	
Supplies and Materials	\$ 205,736.35	\$ 69,946.00	\$ (135,790.35)		
Transfers Out to Operations Fund	\$ 1,640,830.00	\$ 1,640,830.00	\$ -		
All Other	\$ 8,525.16	\$ 6,632.00	\$ (1,893.16)		
Subtotal - Education Fund	\$ 4,854,134.25	\$ 4,741,184.28	\$ (112,949.97)		\$ 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	\$ 575,659.95	\$ 570,691.00	\$ (4,968.95)		
Building and Equip. Maintenance	\$ 33,318.68	\$ 43,392.84	\$ 10,074.16		
Contracted Services	\$ 188,762.02	\$ 194,196.25	\$ 5,434.23		
Utilities and P&C Ins	\$ 118,063.21	\$ 125,000.00	\$ 6,936.79		
Supplies and Materials	\$ 234,965.51	\$ 210,855.58	\$ (24,109.93)	3	
All Other	\$ 535.00	\$ 5,000.00	\$ 4,465.00		
Subtotal - Operations Fund	\$ 1,151,304.37	\$ 1,149,135.67	\$ (2,168.70)		\$ 17,634,866.00
Referendum Fund					
Personnel Salaries and Benefits	\$ 715,580.04	\$ 722,735.00	\$ 7,154.96		\$ 9,823,964.00
Rainy Day Fund	\$ -	\$ -	\$ -		\$ 5,000.00
2017A Bonds - Construction Fund	\$ 27,219.90	\$ -	\$ (27,219.90)		\$ -
2017B Bonds - Construction Fund	\$ 1,510.00	\$ -	\$ (1,510.00)		\$ -
2018A Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
2018B Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
Lilly Counseling Grant Fund	\$ 12,051.28	\$ -	\$ (12,051.28)		\$ -
TOTAL EXPENDITURES	\$ 6,761,799.84	\$ 6,613,054.95	\$ (148,744.89)		\$ 97,028,064.00
COMBINED SURPLUS (DEFICIT) FOR THE PERIOD	\$ (1,181,471.99)	\$ (1,006,534.12)	\$ (174,937.87)		\$ (1,235,119.00)

Zionsville Community Schools
Monthly Financial Summary
September, 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. The effects of the closure and subsequent re-opening of our buildings due to the COVID-19 pandemic has caused wide variations on a monthly basis in our expenditures for supplies and materials, particularly in the Operations Fund. We now expect to see swings both over and under budget in relatively unpredictable intervals over the next few months, with costs for PPE and related items significantly in excess of normally budgeted amounts.