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: July 31, 2020

MESSAGE:

Attached please find the monthly financial reports for June 2020. The overall financial results are generally within acceptable ranges. The Education and Operations Funds continue to exhibit differences from budget projections caused by the COVID-19 pandemic and its assorted ramifications. We expect that in the next several weeks we will be reporting even more extensive purchases of specialized items for various spread prevention, including sanitizer, disinfectants, masks and personal protective equipment, and so on. Other costs and expenses associated with combatting COVID-19 (including extra cleaning, specialized software, and many others) may have increasingly large impacts on us.

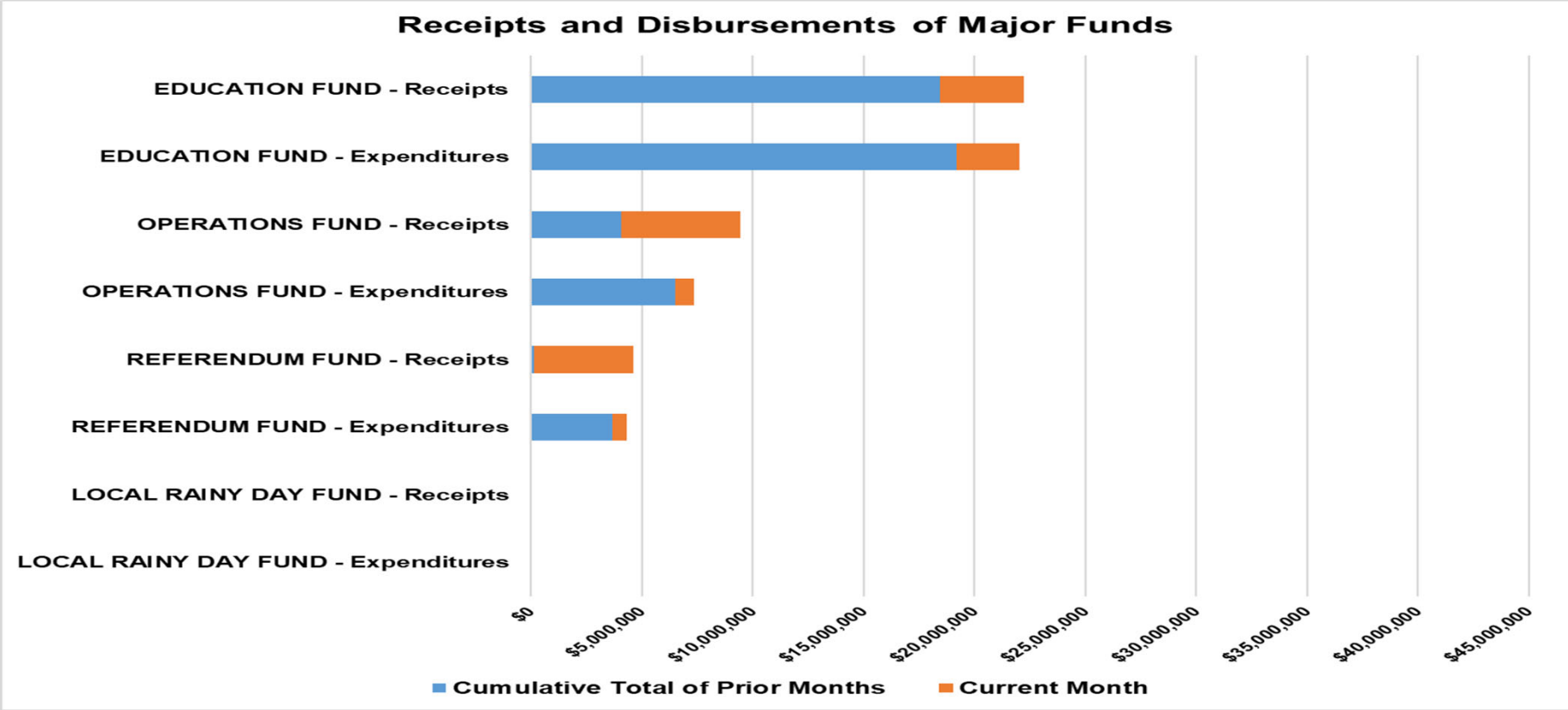
We did, however, receive one pleasant surprise in June. We had been anticipating that due to the property tax payment moratorium the Governor had included in one of his executive orders, we would receive only a relatively paltry amount in property taxes for this year's June Settlement. In a normal year, we would usually collect between 50% and 52%, and sometimes more, of the levy for the entire year in the June Settlement. For this year, after the Governor's order, we had adjusted our estimate of the amount to be received in the June Settlement down to 47.5% to reflect the anticipated effect of the payment delays. This was not expected to affect the total tax levy to be collected during the year, but was a major factor in our cash flow planning over the summer. We were shocked in a positive way to receive a much larger amount of money than expected for the June Settlement. Our final tally reveals that we are at 52.07%. This leads us to conclude the Governor's order had a much smaller effect, in fact virtually no effect, on the timing of taxpayers' payments than we had expected.

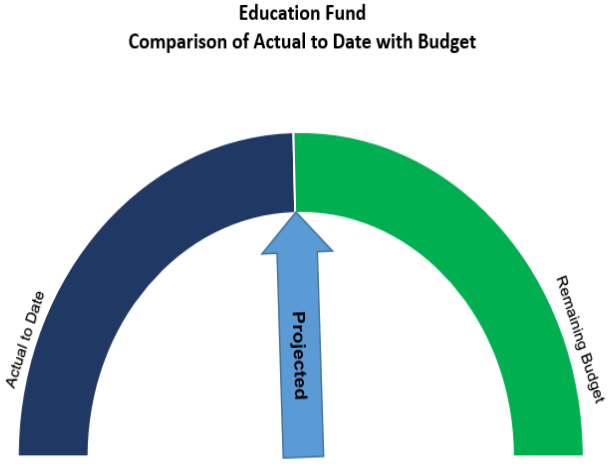
As a precaution, earlier this spring we had sought the Board's permission to participate in the Indiana Bond Bank's tax anticipation warrant program. We did so to ensure that our cash flow this summer would be sufficient, particularly in regard to our debt service payments. The Bond Bank found us eligible for $3,231,773. As usual, the Bond Bank's financing these loans resulted in an excellent interest rate for us of 1.69%. The larger than expected tax settlement amount allowed us to repay the Bond Bank on July 29, 2020, the earliest date allowed by the loan agreement.

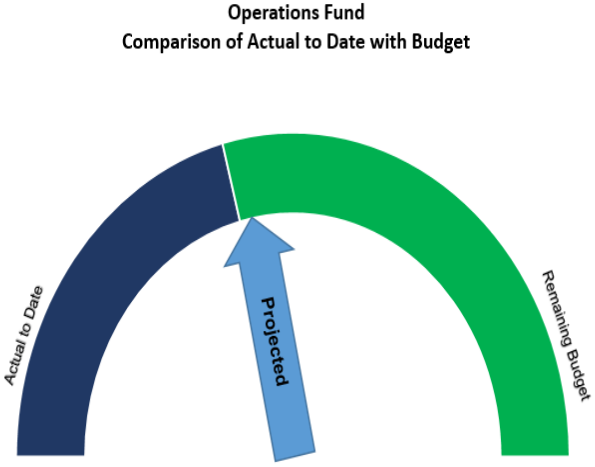
Looking at the latest news on state funding, we note that the final report for the State of Indiana's 2020 fiscal year is now available. For the fiscal year, the state saw a shortfall of $1.4 billion in revenues. This resulted in a decrease of some $800 million in the state's cash balance. The remaining question crucial to public schools is the amount of revenues the state garners for July. This spring the Governor had ordered a moratorium on the filing and payment deadline for income taxes. This pushed the projected tax revenues for the month of April back to July, and resulted in over $600 million of the FY2020 shortfall.

We will have that answer in couple of weeks or so. If the state has recouped all or at least a substantial portion of the $600 million, we should see the state be able to honor the Governor's promise of no funding cuts for K-12 through the end of the year. On the other hand, if only a small portion of the $600 million comes in, the state would be facing a real danger of running short of funds before the end of the calendar year. Obviously the difference between those two scenarios is crucial for us. We will continue to hope for the best and plan for something less than that!

Financial Overview – June 2020







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

Fund Title	Beginning Balance Jan. 1, 2020	Previous YTD Receipts	Previous YTD Expenditures	Ending Balance May 31, 2020	June Receipts	June Expenditures	Ending Balance June 30, 2020
EDUCATION FUND	$ 12,640,088.90	$ 18,426,886.28	$ 19,188,013.36	$ 11,878,961.82	$ 3,814,335.05	$ 2,844,973.97	$ 12,848,322.90
REFERENDUM FUND	$ 5,795,926.70	$ 150,251.58	$ 3,674,891.19	$ 2,271,287.09	$ 4,443,098.99	$ 661,495.59	$ 6,052,890.49
DEBT SERVICE FUND	$ 6,379,693.54	$ 471,617.65	$ -	$ 6,851,311.19	$ 14,681,370.96	$ 11,262,850.00	$ 10,269,832.15
PENSION BOND D.S. FUND	$ 355,133.71	$ 12,441.22	$ -	$ 367,574.93	$ 330,443.53	$ 327,759.50	$ 370,258.96
OPERATIONS FUND	$ 3,819,065.23	$ 4,079,782.30	$ 6,531,207.68	$ 1,367,639.85	$ 5,375,114.19	$ 841,837.24	$ 5,900,916.80
LOCAL RAINY DAY FUND	$ 1,383,288.48	$ -	$ -	$ 1,383,288.48	$ 13,849.87	$ -	$ 1,397,138.35
2017 A BOND FUND	$ 48,227.98	$ -	$ -	$ 48,227.98	$ -	$ -	$ 48,227.98
2017 B BOND FUND	$ 110,212.37	$ -	$ -	$ 110,212.37	$ -	$ -	$ 110,212.37
2018 A BOND FUND	$ 515,286.24	$ -	$ 174,059.30	$ 341,226.94	$ -	$ -	$ 341,226.94
2018 B BOND FUND	$ 338,184.47	$ -	$ 16,691.38	$ 321,493.09	$ -	$ -	$ 321,493.09
LILLY COUNSELING GRANT	$ 191,511.10	$ 100.00	$ 66,514.57	$ 125,096.53	$ -	$ -	$ 125,096.53
TOTALS	$ 31,576,618.72	$ 23,141,079.03	$ 29,651,377.48	$ 25,066,320.27	$ 28,658,212.59	$ 15,938,916.30	$ 37,785,616.56

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

	Actual For Month	Projection For Month	Variance Favorable (Unfavorable) June, 2020	Notes on Significant Variances & Comments	Comparison: State Approved 2020 Annual Budget
REVENUES:					
Education Fund					
State Aid	$ 3,688,467.49	$ 3,678,922.52	$ 9,544.97		$ 44,808,251.00
Other	$ 125,867.56	$ -	$ 125,867.56	1	
Subtotal - Education Fund	$ 3,814,335.05	$ 3,678,922.52	$ 135,412.53		$ 44,808,251.00
Debt Service Fund	$ 14,681,370.96	$ 10,660,413.13	$ 4,020,957.83	2,3	$ 23,847,862.00
P.B. Debt Service Fund	$ 330,443.53	$ 281,220.43	$ 49,223.10	2	$ 627,373.00
Operations Fund					
Rental and Earned Income	$ 303,177.70	$ 176,972.83	$ 126,204.87	1	$ 1,253,984.00
Property and Excise Taxes	$ 3,918,752.23	$ 3,357,718.48	$ 561,033.75	2	$ 8,356,088.00
Transfers In from Education Fund	$ -	$ -	$ -		
Other	$ 1,153,184.26	$ -	$ 1,153,184.26	3	$ 8,572,714.00
Subtotal - Operations Fund	$ 5,375,114.19	$ 3,534,691.31	$ 1,840,422.88		$ 18,182,786.00
Referendum Fund	$ 4,443,098.99	$ 3,357,718.48	$ 1,085,380.51	2	$ 8,321,673.00
Rainy Day Fund	$ 13,849.87	$ 417.00	$ 13,432.87	1	$ 5,000.00
2017A Bonds - Construction Fund	$ -	$ -	$ -		$ -
2017B Bonds - Construction Fund	$ -	$ -	$ -		$ -
2018A Bonds - Construction Fund	$ -	$ -	$ -		$ -
2018B Bonds - Construction Fund	$ -	$ -	$ -		$ -
Lilly Counseling Grant	$ -	$ -	$ -		$ -
TOTAL REVENUES	$ 28,658,212.59	$ 21,513,382.87	$ 7,144,829.72		$ 95,792,945.00
EXPENDITURES:					
Education Fund					
Personnel Salaries and Benefits	$ 2,682,953.35	$ 2,684,504.99	$ 1,551.64		
Contracted Services	$ 72,376.68	$ 74,876.00	$ 2,499.32		
Supplies and Materials	$ 87,353.68	$ 86,751.00	$ (602.68)		
Transfers Out to Operations Fund	$ -	$ -	$ -		
All Other	$ 2,290.26	$ -	$ (2,290.26)		
Subtotal - Education Fund	$ 2,844,973.97	$ 2,846,131.99	$ 1,158.02		$ 46,339,253.00
Debt Service Fund	$ 11,262,850.00	$ 11,262,850.00	$ -		$ 22,578,252.00
P.B. Debt Service Fund	$ 327,759.50	$ 327,759.50	$ -		$ 651,729.00
Operations Fund					
Personnel Salaries and Benefits	$ 451,079.56	$ 462,400.31	$ 11,320.75		
Building and Equip. Maintenance	$ 64,565.94	$ 67,294.17	$ 2,728.23		
Contracted Services	$ 132,014.42	$ 126,696.25	$ (5,318.17)		
Utilities and P&C Ins	$ 63,299.85	$ 175,000.00	$ 111,700.15	4	
Supplies and Materials	$ 130,167.47	$ 130,855.58	$ 688.11		
All Other	$ 710.00	$ -	$ (710.00)		
Subtotal - Operations Fund	$ 841,837.24	$ 962,246.31	$ 120,409.07		$ 17,634,866.00
Referendum Fund					
Personnel Salaries and Benefits	$ 661,495.59	$ 665,156.54	$ 3,660.95		$ 9,823,964.00
Rainy Day Fund	$ -	$ -	$ -		$ 5,000.00
2017A Bonds - Construction Fund	$ -	$ -	$ -		$ -
2017B Bonds - Construction Fund	$ -	$ -	$ -		$ -
2018A Bonds - Construction Fund	$ -	$ -	$ -		$ -
2018B Bonds - Construction Fund	$ -	$ -	$ -		$ -
Lilly Counseling Grant Fund	$ -	$ -	$ -		$ -
TOTAL EXPENDITURES	$ 15,938,916.30	$ 16,064,144.34	$ 125,228.04		$ 97,028,064.00
COMBINED SURPLUS (DEFICIT) FOR THE PERIOD	$ 12,719,296.29	$ 5,449,238.53	$ 7,270,057.76		$ (1,235,119.00)

Zionsville Community Schools
Monthly Financial Summary
June, 2020

Notes:

1. The larger than normal receipt shown is an artifact of the re-allocation and interfund transfers of earned interest received during the latest six month period that was due (in varying amounts) to several of our other funds. Because of the new fund structure implemented last year per HEA1009, we now settle these interfund payables and receivables periodically, in June and December.

2. The final payment on the Spring property tax settlement was received from Boone County during the month. The total settlement amount exceeded our expectations. We typically see the Spring settlement equal 51% to 52% of the annual total. However, because of the payment moratorium offered to taxpayers by the Governor's executive order, we had revised our estimate for the Spring settlement to 47.5% of the expected annual total. Surprisingly, we actually received 52.07% of the annual total for the Spring settlement. This is a real boost for our summer and fall cash flows, but will not change the total levies to be received for the year taken as a whole.

3. The proceeds from our temporary loan (properly Tax Anticipation Warrant) from the Indiana Bond Bank had not been included in our original 2020 budget projections. The loan proceeds were $2,079,937 and $1,151,836, respectively, for the Debt Service and Operations Funds. These amounts, with interest at a rate of 1.69%, were repaid July 29, 2020 in accordance with the terms of the loan.

4. The effects of the closure of our buildings due to the COVID-19 pandemic has caused wide variations on a monthly basis in our expenditures. While this has been most apparent in previous months for supplies and materials in both the Education Fund and the Operations Fund, the month of June exhibits the most marked difference from projections in the monthly utility costs. We expect to see swings both over and under budget in relatively unpredictable intervals over the next few months in many of our expenditure accounts.