

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: May 29, 2020

MESSAGE:

Attached please find the monthly financial reports for April 2020. The overall financial results are generally within acceptable ranges, but the Operations Fund in particular is continuing to exhibit significant differences caused by the COVID-19 pandemic and its assorted ramifications. At this point, purchases of various supplies, goods, and services are up in some categories, but down in others. We have some reductions in utility costs due to the buildings being closed. We now expect the effects of the pandemic in the coming months, as various expenses associated with combatting COVID-19 (extra cleanings, special disinfection supplies and equipment, PPE, etc.) to have increasingly large impacts on us.

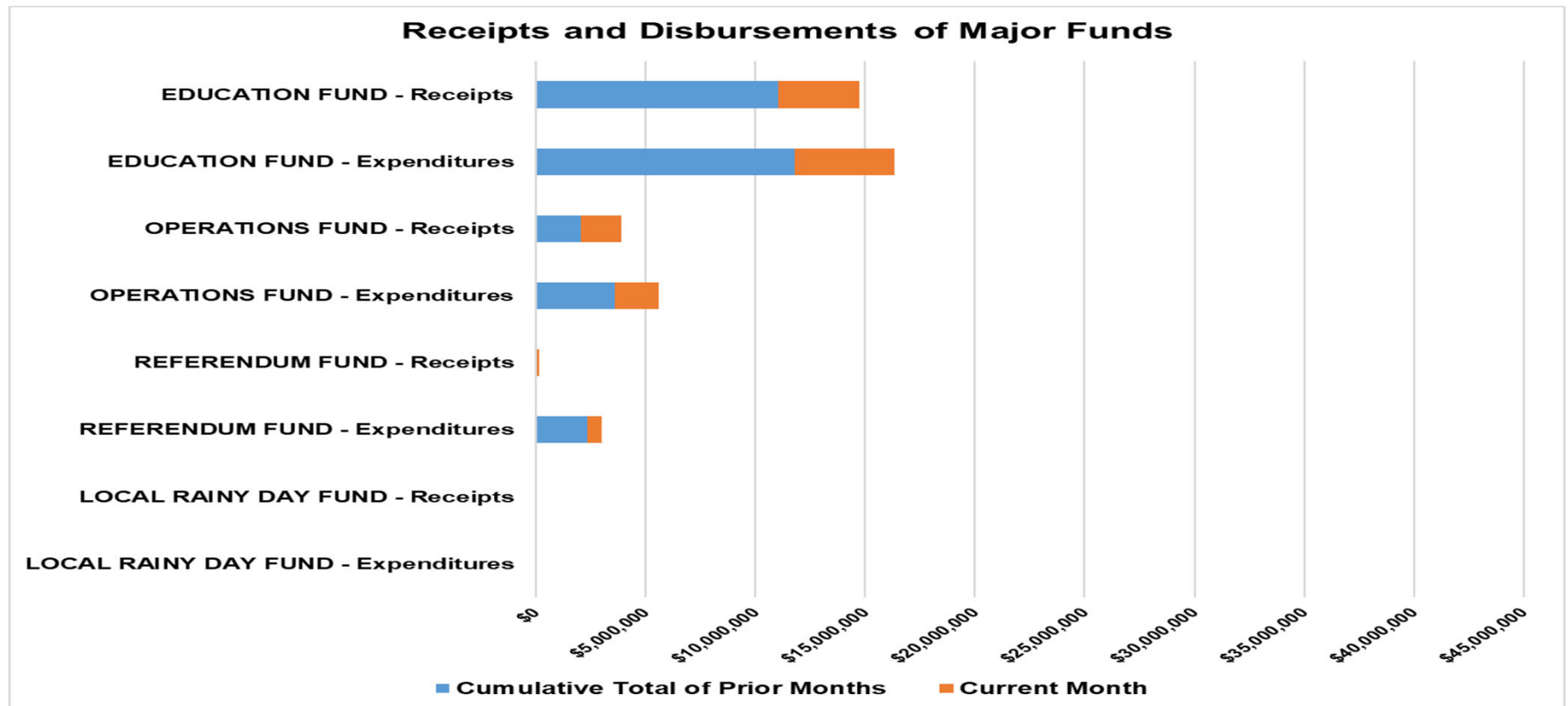
In both of the last two month's reports, I noted that I had considered simply writing "Coronavirus COVID-19, Coronavirus COVID-19, Coronavirus COVID-19," for a full page, followed by a second page of "????????????????????." Unfortunately, the situation in regard to actual, concrete information still has not changed very much since then. The virus pandemic remains a universal elephant, THE ELEPHANT, in everyone's room for virtually every discussion of any topic. This is especially true for school finance.

While the most urgent questions under discussion still remain unanswered, we do have a few more facts at this writing than in last month's report. Unfortunately, those facts continue to be relatively negative. S & P estimated that nationwide, the various states had cash balance reserves averaging 11% of their annual budgets when the pandemic began. While up from previous years, it is obvious that this is nowhere close to the amounts needed to weather the overall net effect of the national COVID-19 driven recession. In the state-by-state analysis, Indiana still fares better than most, but all 50 states are expected to use their entire surpluses and see large deficits. Major funding cuts to public schools are being made across the nation, with New Jersey becoming the latest to announce a cut of \$335 million in aid to schools in that state.

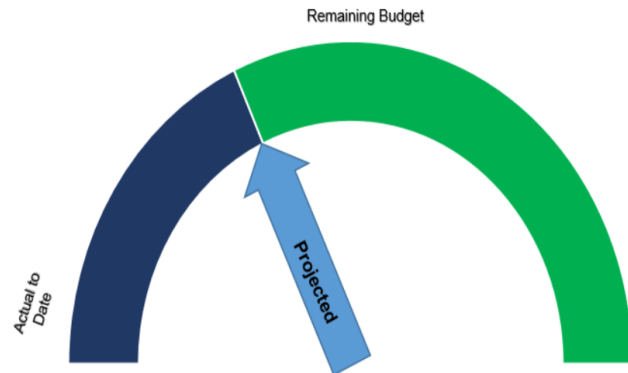
Closer to home, the Governor has ordered all the departments of Indiana state government to reduce their spending by 15%. There have been no published reports yet as to how much that will save, but looking at the state budget numbers would lead one to surmise that it should be in the \$200 million range, although this is a fairly rough estimate. Several media accounts have reported the story by saying words to the effect: "Governor orders state budget cuts but no cuts to schools yet." The operative word there is definitely "yet." We do not know how much the "yet" will be, but suspect it will be substantial to say the least. The "how much" implied in the "yet" is really the biggest part of the question. Last time, the 2009 cuts were announced by the state as \$300 million or 3%. However, the "3%" was calculated using what I would characterize as some fuzzy math. When run through the state funding formula then in effect, the cuts actually worked out to a 7% cut. A cut of the same percentage today would save the state (and cost schools) somewhere around \$450 – \$500 million. The "when" part of "yet" is likely this fall perhaps right between Election Day and year-end (note that the 2009 cuts to schools were announced on December 15 that year), but possibly before then.

As we noted last month, there will be many challenges ahead of us in the coming months. We will continue to provide updates as quickly as possible as developments warrant.

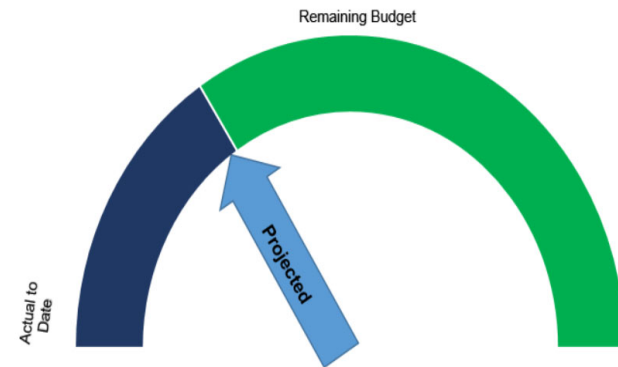
Financial Overview – April 2020



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 - April 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 March 31, 2020</u>	<u>April Receipts</u>	<u>April Expenditures</u>	<u>Ending Balance April 30, 2020</u>
EDUCATION FUND	\$12,640,088.90	\$11,049,949.45	\$11,772,637.20	\$ 11,917,401.15	\$ 3,688,467.49	\$ 4,551,732.65	\$ 11,054,135.99
REFERENDUM FUND	\$ 5,795,926.70	\$ -	\$ 2,351,817.90	\$ 3,444,108.80	\$ 150,251.58	\$ 658,879.01	\$ 2,935,481.37
DEBT SERVICE FUND	\$ 6,379,693.54	\$ -	\$ -	\$ 6,379,693.54	\$ 471,617.65	\$ -	\$ 6,851,311.19
PENSION BOND D.S. FUND	\$ 355,133.71	\$ -	\$ -	\$ 355,133.71	\$ 12,441.22	\$ -	\$ 367,574.93
OPERATIONS FUND	\$ 3,819,065.23	\$ 2,041,494.77	\$ 3,612,849.88	\$ 2,247,710.12	\$ 1,857,180.52	\$ 1,955,809.30	\$ 2,149,081.34
LOCAL RAINY DAY FUND	\$ 1,383,288.48	\$ -	\$ -	\$ 1,383,288.48	\$ -	\$ -	\$ 1,383,288.48
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	\$ -	\$ 8,613.60	\$ 506,672.64	\$ -	\$ -	\$ 506,672.64
2018 B BOND FUND	\$ 338,184.47	\$ -	\$ 16,691.38	\$ 321,493.09	\$ -	\$ -	\$ 321,493.09
LILLY COUNSELING GRANT	\$ 191,511.10	\$ -	\$ 11,689.57	\$ 179,821.53	\$ 100.00	\$ -	\$ 179,921.53
TOTALS	\$31,576,618.72	\$13,091,444.22	\$17,774,299.53	\$ 26,893,763.41	\$ 6,180,058.46	\$ 7,166,420.96	\$ 25,907,400.91

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

	Actual For Month	Projection For Month	Variance Favorable (Unfavorable) April, 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	\$ -	\$ -	\$ -		
Subtotal - Education Fund	\$ 3,688,467.49	\$ 3,678,922.52	\$ 9,544.97		\$ 44,808,251.00
Debt Service Fund	\$ 471,617.65	\$ -	\$ 471,617.65	1	\$ 23,847,862.00
P.B. Debt Service Fund	\$ 12,441.22	\$ -	\$ 12,441.22	1	\$ 627,373.00
Operations Fund					
Rental and Earned Income	\$ 24,745.91	\$ 148,972.83	\$ (124,226.92)	2	\$ 1,253,984.00
Property and Excise Taxes	\$ 190,573.86	\$ -	\$ 190,573.86	1	\$ 8,356,088.00
Transfers In from Education Fund	\$ 1,640,830.00	\$ 1,640,830.00	\$ -	3	
Other	\$ 1,030.75	\$ -	\$ 1,030.75		\$ 8,572,714.00
Subtotal - Operations Fund	\$ 1,857,180.52	\$ 1,789,802.83	\$ 67,377.69		\$ 18,182,786.00
Referendum Fund	\$ 150,251.58	\$ -	\$ 150,251.58	1	\$ 8,321,673.00
Rainy Day Fund	\$ -	\$ 417.00	\$ (417.00)		\$ 5,000.00
2017A Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
2017B Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
2018A Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
2018B Bonds - Construction Fund	\$ -	\$ -	\$ -		\$ -
Lilly Counseling Grant	\$ 100.00	\$ -	\$ 100.00		\$ -
TOTAL REVENUES	\$ 6,180,058.46	\$ 5,469,142.35	\$ 710,916.11		\$ 95,792,945.00
EXPENDITURES:					
Education Fund					
Personnel Salaries and Benefits	\$ 2,642,590.74	\$ 2,637,504.99	\$ (5,085.75)		
Contracted Services	\$ 116,082.38	\$ 120,984.00	\$ 4,901.62		
Supplies and Materials	\$ 116,670.44	\$ 118,912.00	\$ 2,241.56		
Transfers Out to Operations Fund	\$ 1,640,830.00	\$ 1,640,830.00	\$ -	3	
All Other	\$ 35,559.09	\$ 33,825.00	\$ (1,734.09)		
Subtotal - Education Fund	\$ 4,551,732.65	\$ 4,552,055.99	\$ 323.34		\$ 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	\$ 456,886.83	\$ 462,400.31	\$ 5,513.48		
Building and Equip. Maintenance	\$ 464,546.73	\$ 67,294.17	\$ (397,252.56)	4	
Contracted Services	\$ 481,053.05	\$ 397,393.84	\$ (83,659.21)	5	
Utilities and P&C Ins	\$ 324,081.66	\$ 399,108.00	\$ 75,026.34	5	
Supplies and Materials	\$ 218,426.89	\$ 130,855.58	\$ (87,571.31)	5	
All Other	\$ 10,814.14	\$ -	\$ (10,814.14)		
Subtotal - Operations Fund	\$ 1,955,809.30	\$ 1,457,051.90	\$ (498,757.40)		\$ 17,634,866.00
Referendum Fund					
Personnel Salaries and Benefits	\$ 658,879.01	\$ 665,156.54	\$ 6,277.53		\$ 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	\$ 7,166,420.96	\$ 6,674,264.43	\$ (492,156.53)		\$ 97,028,064.00
COMBINED SURPLUS (DEFICIT) FOR THE PERIOD	\$ (986,362.50)	\$ (1,205,122.08)	\$ 218,759.58		\$ (1,235,119.00)

Zionsville Community Schools
Monthly Financial Summary
April, 2020

Notes:

1. An advance tax draw was received from Boone County during the month. The total settlement amount is reflected in the June revenue projections. The earlier timing of the advance draw will not affect final totals for the year.
2. The closure of our buildings due to the COVID-19 pandemic reduced our expected facilities rental and other earned income significantly below budget amounts. A similar effect is to be expected for the next several months until normal rental and other earned income operations can resume.
3. The planned quarterly transfer of funds from the Education Fund to the Operations Fund occurred during the month as previously approved by the Board during the annual budget adoption process.
4. Approximately \$400,000 in expenditures to support the new building projects, primarily for architect, engineering, and other related costs, were made during the month from the Operations Fund. These amounts will be reimbursed to the Fund from the proceeds of the recently sold Bond Anticipation Note and do not represent a permanent reduction in the Operation Fund's assets.
5. Costs for the Operations Fund in all categories except payroll and personnel benefits were significantly affected this month due to the corporation-wide shutdown necessitated by the COVID-19 pandemic. Personnel costs continue at normal levels as we provide pay and benefits to employees as authorized by the Board's emergency leave resolution. We expect other operations cost categories to continue at levels which will vary significantly from monthly budgeted amounts through the remainder of the shutdown. As an example, this month's expenditures saw special cleaning services of approximately \$76,000 as a non-budgeted expense item. Supply purchases including PPE and other COVID-19 countermeasure costs will likely be significant for the remainder of the budget year.