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: April 6, 2020

MESSAGE:

Attached please find the monthly financial reports for February 2020. The financial results are generally within the normal ranges of fluctuations we consistently experience. Comments on a few items are shown in the notes which accompany the reports.

For this report, I considered simply writing "Coronavirus COVID-19, Coronavirus COVID-19, Coronavirus COVID-19," for a full page, followed by a second page of "??????????????????." Obviously, the virus pandemic has become a universal elephant, THE elephant in everyone's room for virtually every discussion of any topic.

This is no less true for school finance than any other area. In various discussion fora, my colleagues are speculating, prognosticating, and just plain guessing about the near, intermediate, and long-term effects of the pandemic and the related shutdowns of large segments of our economy.

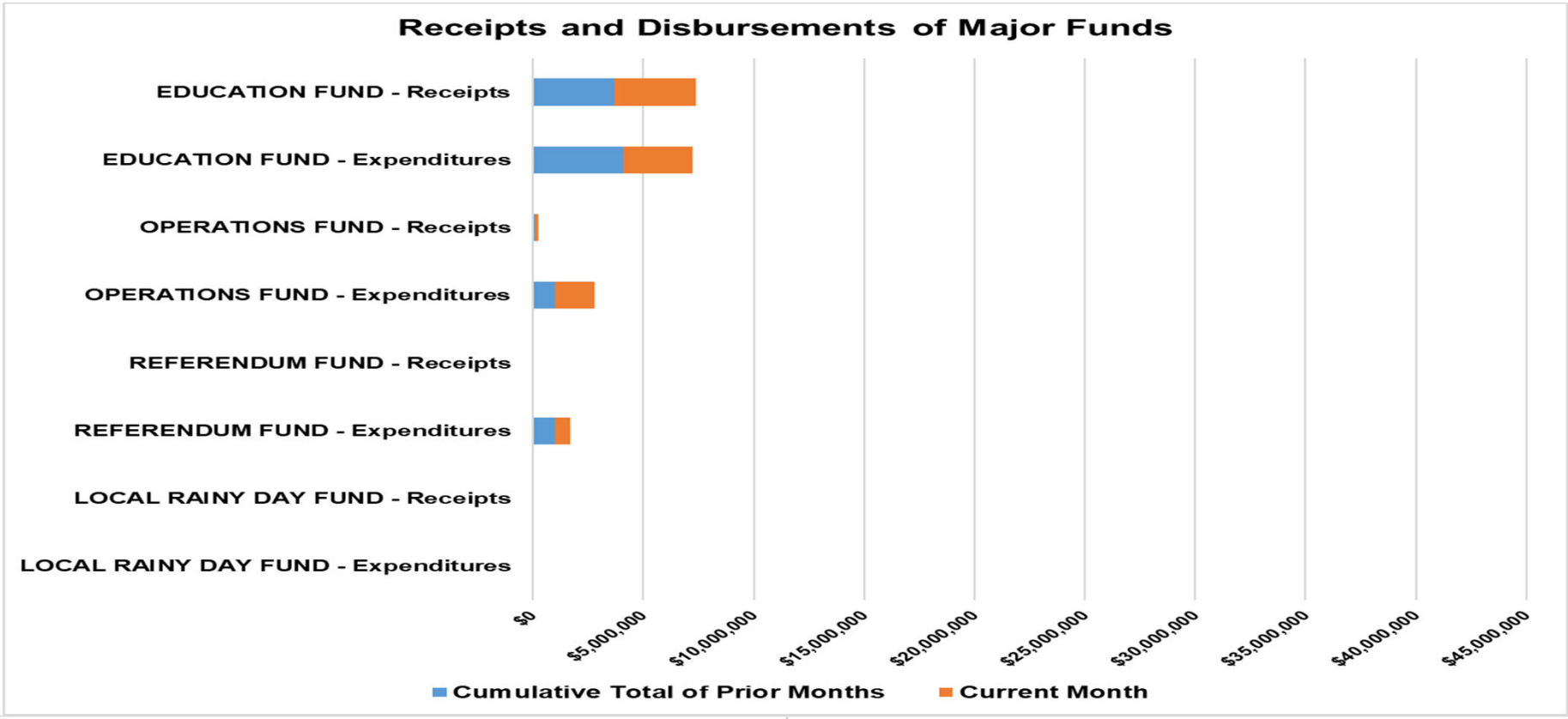
One of the most urgent questions that is under discussion is whether state governments will be able to fulfill their budget commitments to public school funding at the current budget levels. This concern was exacerbated by a statement from S&P last week in which they noted "as the extent of tax revenue losses at the state level become apparent over the next few months, school districts may be starting the 2020-21 school year in a much different position if state shared revenues are cut. Mid-year revenue cuts passed on from the states to school districts--as we saw in the last recession--are often the most difficult gaps to close given a more limited ability for school districts to cut expenditures."

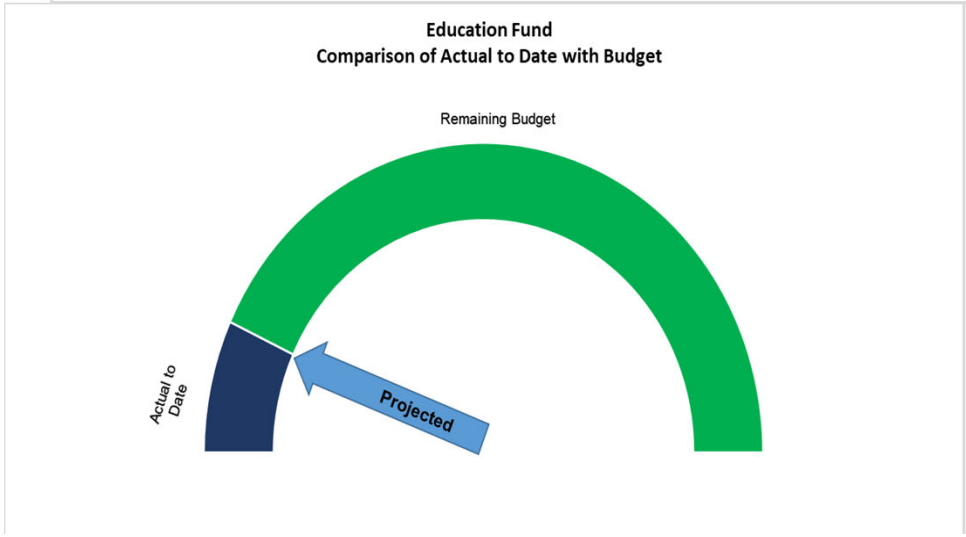
While facts remain in short supply, there are a few pieces of data that are now available in Indiana. Thanks to the work of eminent economist Dr. Larry DeBoer of Purdue University, we have an estimate that the State of Indiana is now losing approximately $90 million to $100 million dollars PER WEEK from the state's budgeted revenues. Clearly it does not take weeks for this to add up to significant money. We find little comfort in the recent remarks of Indiana OMB Director Chris Johnston when he commented on the state's commitment to continuing to fund public schools. His words basically boiled down to a statement that the state will continue present funding levels unless it becomes unable to do so!

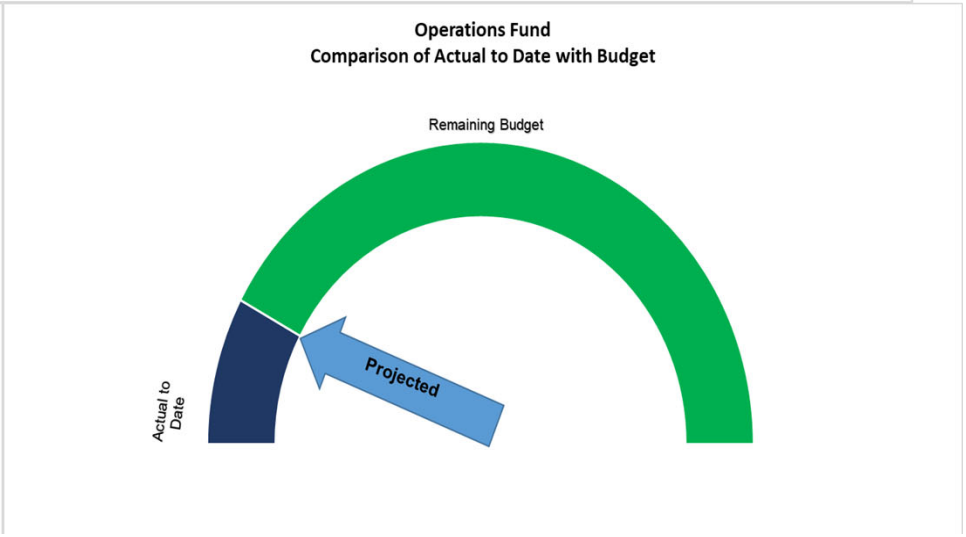
The action of the Governor to allow a deferral in property tax payments will also impact us to some degree, but we expect that this will primarily be a timing matter that ZCS can handle through short-term borrowing without any larger strategic implications.

Taken as a whole, we are in a reasonably strong position now, as attested by S&P's action last week to affirm our (tied for highest in the state) credit rating of "AA." However, we expect the next 18 months or so to provide large challenges to all public schools. I will report on new information as it becomes available, and anticipate that a number of actions will be recommended to the Board to allow us to better respond to developments as they occur.

Financial Overview – February 2020







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

Fund Title	Beginning Balance Jan. 1, 2020	Previous YTD Receipts	Previous YTD Expenditures	Ending Balance January 31, 2020	February Receipts	February Expenditures	Ending Balance February 29, 2020
EDUCATION FUND	$12,640,088.90	$ 3,688,349.88	$ 4,079,836.59	$ 12,248,602.19	$ 3,690,434.83	$ 3,138,664.13	$ 12,800,372.89
REFERENDUM FUND	$ 5,795,926.70	$ -	$ 981,377.42	$ 4,814,549.28	$ -	$ 703,291.42	$ 4,111,257.86
DEBT SERVICE FUND	$ 6,379,693.54	$ -	$ -	$ 6,379,693.54	$ -	$ -	$ 6,379,693.54
PENSION BOND D.S. FUND	$ 355,133.71	$ -	$ -	$ 355,133.71	$ -	$ -	$ 355,133.71
OPERATIONS FUND	$ 3,819,065.23	$ 102,981.80	$ 996,155.37	$ 2,925,891.66	$ 114,020.63	$ 1,794,900.24	$ 1,245,012.05
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	$ -	$ -	$ 515,286.24	$ -	$ -	$ 515,286.24
2018 B BOND FUND	$ 338,184.47	$ -	$ -	$ 338,184.47	$ -	$ -	$ 338,184.47
LILLY COUNSELING GRANT	$ 191,511.10	$ -	$ -	$ 191,511.10	$ -	$ 5,629.67	$ 185,881.43
TOTALS	$31,576,618.72	$ 3,791,331.68	$ 6,057,369.38	$ 29,310,581.02	$ 3,804,455.46	$ 5,642,485.46	$ 27,472,551.02

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

	Actual For Month	Projection For Month	Variance Favorable (Unfavorable) February, 2020	Notes on Significant Variances & Comments	Comparison: State Approved 2020 Annual Budget
REVENUES:					
Education Fund					
State Aid	$ 3,689,858.07	$ 3,692,354.00	$ (2,495.93)		$ 44,808,251.00
Other	$ 576.76	$ -	$ 576.76		
Subtotal - Education Fund	$ 3,690,434.83	$ 3,692,354.00	$ (1,919.17)		$ 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	$ 104,828.13	$ 106,790.00	$ (1,961.87)		$ 1,253,984.00
Property and Excise Taxes	$ -	$ -	$ -		$ 8,356,088.00
Other	$ 9,192.50	$ -	$ 9,192.50		$ 8,572,714.00
Subtotal - Operations Fund	$ 114,020.63	$ 106,790.00	$ 7,230.63		$ 18,182,786.00
Referendum Fund	$ -	$ -	$ -		$ 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	$ -	$ -	$ -		$ -
TOTAL REVENUES	$ 3,804,455.46	$ 3,799,561.00	$ 4,894.46		$ 95,792,945.00
EXPENDITURES:					
Education Fund					
Personnel Salaries and Benefits	$ 2,841,008.68	$ 2,847,424.55	$ 6,415.87		
Contracted Services	$ 194,720.62	$ 191,968.00	$ (2,752.62)		
Supplies and Materials	$ 94,882.90	$ 86,751.00	$ (8,131.90)		
All Other	$ 8,051.93	$ -	$ (8,051.93)		
Subtotal - Education Fund	$ 3,138,664.13	$ 3,126,143.55	$ (12,520.58)		$ 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	$ 609,935.88	$ 617,400.31	$ 7,464.43		
Building and Equip. Maintenance	$ 84,181.68	$ 81,623.33	$ (2,558.35)		
Contracted Services	$ 227,325.65	$ 226,252.92	$ (1,072.73)		
Utilities and P&C Ins	$ 685,295.39	$ 651,828.42	$ (33,466.97)	1	
Supplies and Materials	$ 171,344.47	$ 166,855.58	$ (4,488.89)		
All Other	$ 16,817.17	$ 6,916.67	$ (9,900.50)		
Subtotal - Operations Fund	$ 1,794,900.24	$ 1,750,877.23	$ (44,023.01)		$ 17,634,866.00
Referendum Fund					
Personnel Salaries and Benefits	$ 703,291.42	$ 694,657.54	$ (8,633.88)		$ 9,823,964.00
Rainy Day Fund	$ -	$ -	$ -		$ 5,000.00
2017A Bonds - Construction Fund	$ -	$ -	$ -	2	
2017B Bonds - Construction Fund	$ -	$ -	$ -	2	
2018A Bonds - Construction Fund	$ -	$ -	$ -	2	
2018B Bonds - Construction Fund	$ -	$ -	$ -	2	
Lilly Counseling Grant Fund	$ 5,629.67	$ -	$ (5,629.67)	3	
TOTAL EXPENDITURES	$ 5,642,485.46	$ 5,571,678.32	$ (70,807.14)		$ 97,028,064.00
COMBINED SURPLUS (DEFICIT) FOR THE PERIOD	$ (1,838,030.00)	$ (1,772,117.32)	$ (65,912.68)		$ (1,235,119.00)

Zionsville Community Schools
Monthly Financial Summary
February, 2020
Notes on Variances and Other Comments

Notes:

1. Utility and Insurance costs for the Operations Fund were more than projected this month. This is primarily due to rate increases in the annual property and casualty insurance premiums at our annual renewal date. This is a one-time item that will not recur this year.

2. Construction projects are continuing for the 2017 and 2018 bond issues. Invoices submitted for payment will continue through the remaining life of the projects. All projects from these bonds were originally expected to conclude in 2019. However, some activities have now continued into 2020.

3. The Lilly Counseling Grant's expenditures will continue intermittently through 2021 as the grant-funded activities occur. Differences between estimated and actual expenditures are timing differences between the actual grant activities and the original timeline projected in the grant application. These are not expected to affect the total grant expenditures by the end of the grant period.