

SOUTH CENTRAL LOCAL SCHOOL DISTRICT-HURON COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2018, 2019 and 2020 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2021 THROUGH 2025



Forecast Provided By
South Central Local School District
Treasurer's Office
Christina Warrick, Treasurer/CFO

November 16, 2020

South Central Local School District – Huron County

Notes to the Five-Year Forecast

General Fund Only

November 2020

Introduction to the Five Year Forecast

For fiscal year, 2021 (July 1, 2020 – June 30, 2021) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021. HB87, effective November 1, 2018, changed the October filing deadline to November 30th beginning with the November of 2019 filing. The May 31st filing date remains unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT included in this forecast.

Fiscal year 2021 (July 1, 2020 - June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2020 filing.

Economic Outlook

It is prudent in long range forecasting to consider the economic climate that long-range projection of revenues and expenses are made. The state of Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. The state of Ohio ended fiscal year 2019-20 \$1.1 billion or 4.6% under estimated tax revenues and \$866 million below actual fiscal year 2019 tax revenues. Note that \$441.5 million of this shortfall was due to the April 15, 2020 state tax filing deadline moved to July 15, 2020. Total state program expenditures ended FY20 \$865.1 million under estimated expenses. The state ended in essentially an even position in FY20 and has maintained the \$2.7 billion in the Budget Stabilization Fund. Through August 2020, the state of Ohio bottom-line is \$389 million better than estimated. Ohio's economy is recovering along with improving employment.

Due to COVID-19, closures unemployment rates statewide rose rapidly from 4.7% in February to 17.4% in April. Unemployment rates have improved to 8.8% in August and are trending lower according to the Ohio Office of Budget and Management. As unemployment rates drop this positively impacts state and local revenues for districts. These indicators suggest the state of Ohio's overall economy is rebounding and should be able to maintain stable funding through the foundation program through the forecast period.

Statewide-assessed property values and local tax collections have recovered from the sharp drops that occurred in 2008 through 2011. In 2008, statewide property values reached \$256.23 billion of assessed value and in 2017, they rose above this to \$263.73 billion for the first time. Assessed values grew 4.3% overall from 2017 to \$275.01 billion in 2018. Property values and new construction are expected to continue growing throughout the forecast period with some districts with high agricultural values experiencing slightly lower growth due to changes in current agricultural use valuation that will occur during reappraisal and update years. Property values and tax collections show trends supporting stability and growth for the forecast period.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

- 1) The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467 and is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22. In years beyond 2021, expenditures related to Fund 467 will need to be considered as to value added and if the General Fund will absorb these expenditures.
- 2) The Coronavirus Pandemic caused the largest decrease of employment that has been seen since the recession in 2007-2009. In order to balance the State Budget the Governor ordered a reduction of state foundation funding by \$300.5 million to be reduced from districts bi-monthly payments by the end of June 2020. The reductions were made using an equalized per-pupil approach, which resulted in districts with less local capacity to raise revenue to receive smaller percent of decrease. Many districts saw more than a 6% decrease in the state funding causing the legislature to approve HB164 that increased the actual decrease to no more than 6%. At this time, the decreases that occurred in FY20 are the basis for districts state funding in FY21. We do not feel that there will be further cuts in FY21 as the economy is rebounding from the steep fall in March and April 2020.
- 3) Huron County experienced a reappraisal update in the 2018 tax year to be collected in FY19. The District actually experienced a loss of approximately 2.3 million in value or -2.34% because of that reappraisal. An update of values will occur in calendar year 2021 for the 2022 collection year.
- 4) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that increase with each biennium budget cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- 5) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Christina Warrick, Treasurer/CFO of South Central Local School District at (419) 752-3815, Ext. 11224.

REVENUE PROJECTIONS

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
Classification	COLLECT 2021	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025
Res./Ag.	\$89,134,890	\$82,634,890	\$92,884,890	\$92,884,890	\$94,384,890
Comm./Ind.	\$5,029,070	\$5,039,070	\$5,049,070	\$5,059,070	\$5,069,070
Public Utility Personal Property (PUPP)	\$3,773,660	\$3,873,660	\$3,973,660	\$4,073,660	\$4,173,660
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total - Assessed Value	\$97,937,620	\$91,547,620	\$101,907,620	\$102,017,620	\$103,627,620

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY21	FY22	FY23	FY24	FY25
General Property Taxes	\$1,698,305	\$1,715,934	\$1,733,207	\$1,750,574	\$1,768,191

Real Estate Value Assumptions – Line # 1.010

Huron County experienced a reappraisal update in the 2018 tax year to be collected in FY19. An update of values will occur in calendar year 2021 for the 2022 collection year. Richland County went through a reappraisal in tax year 2017 with collection in 2018. General property taxes represent almost eighteen (17.8%) percent of South Central’s revenue. CAUV values represent 41% of Class I residential/agricultural values for our district. Overall values have remained constant over the past five (5) years. CAUV values have been reduced by approximately 30% by the Ohio Department of Taxation. Residential property owners may experience a tax increase as the result of that adjustment. The South Central Local Schools is at the twenty-mill floor because of continued valuation growth.

Property tax levies are estimated to be collected at 95% of the annual amount. This allows a 3.5% delinquency rate and 1.5% auditor and treasurer fees. Delinquencies are expected to be higher than normal due to the COVID19 pandemic. These taxes will eventually be collected as the economy rebounds and unemployment declines. Typically, 55% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm./Ind.) is expected to be collected in the February tax settlements and 45% is expected to be collected in the August tax settlements.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

ESTIMATED PUBLIC UTILITY PERSONAL PROPERTY TAX (Line #1.020)

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property (Line#1.020)	\$130,020	\$131,916	\$135,366	\$138,816	\$142,266

Public Utility Personal Property – Line#1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes that are collected at the districts’ gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. The phase out of tangible personal property tax (TPP) began in fiscal year 2006 and was completely eliminated after fiscal year 2011 for South Central School District. We have projected a 2.23% increase in collections for the next five years.

ESTIMATED SCHOOL DISTRICT INCOME TAX (Line #1.030)

Source	FY21	FY22	FY23	FY24	FY25
School District Income Tax (Line# 1.030)	\$1,195,383	\$1,195,383	\$1,207,338	\$1,228,467	\$1,249,966

School District Income Tax –Line #1.030

The school district has a 1.25% traditional income tax levy which district voters approved in 1991. The income from this levy represents almost twelve (11.6%) percent of the district’s revenue. It has been a valuable resource for the district generating moderate growth over the life of the levy. Over the past seven years, the income tax has increase at the average rate of 3.03% annually. The past three years, the tax has produced 5.2% of additional revenue. This forecast is projecting that the income tax revenue will remain stagnant for 2020-21 and 2021-22 due to the unemployment associated with the COVID19 pandemic and then grow at a very conservative one (1.00%) percent for FY23 and one and three quarters (1.75%) of a percent for the remaining years of the forecast

ESTIMATED UNRESTRICTED GRANTS-IN-AID (Line 1.035)

Source	FY21	FY22	FY23	FY24	FY25
Basic Aid - Unrestricted	\$5,752,741	\$5,780,229	\$5,780,229	\$5,780,229	\$5,780,229
Additional Aid Items	\$102,534	\$102,534	\$102,534	\$102,534	\$102,534
Basic Aid - Unrestricted Subtotal	\$5,855,275	\$5,882,763	\$5,882,763	\$5,882,763	\$5,882,763
Ohio Casino Commission ODT	\$20,788	\$22,867	\$25,153	\$27,669	\$30,436
Total - Unrestricted State Aid	\$5,876,063	\$5,905,630	\$5,907,917	\$5,910,432	\$5,913,199

State Foundation Revenue Estimates

The amounts estimated for state funding are based on HB166 funding simulations, which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. We are optimistic that funding levels will return to FY19 levels in FY22 due to higher than anticipated revenue collections at the state level. For this reason, we have projected state aid flat through FY25 at the FY19 levels beyond the current funding level.

In FY20, the Governor ordered a reduction of state foundation funding by \$300.5 million to be reduced from districts bi-monthly payments by the end of June 2020. The reductions were made using an equalized per-pupil approach that resulted in districts with less local capacity to raise revenue to receive smaller percent of decrease. The state-share index that was last calculated in FY2019 was used to apportion the FY20 ordered reduction to traditional public-school districts. HB164 reimbursed approximately 70 districts that had originally had more than 6% deducted from the state funding reduction in FY20. At this time the state funding for FY21 is being reduced from the FY19 Biennial Budget amount to the final amount that was received in FY20, the amount of reduction for our district is \$ 123,892.00 in FY21.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district’s percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district received \$ 195,724.02 in fiscal year 2019-20 and is estimated to receive \$ 296,962.69 in FY21. Money will be received twice each year in October and February.

These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

A. Student Wellness and Success Initiatives (ORC 3317.26(B))

- Mental health services
- Services for homeless youth
- Services for child welfare involved youth
- Community liaisons
- Physical health care services
- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development regarding the provision of trauma-informed care
- Professional development regarding cultural competence
- Student services provided prior to or after the regularly scheduled school day or any time school is not in session

B. Community Partners (ORC 3317.26(C))

- A board of alcohol, drug and mental health services
- An educational service center
- A county board of developmental disabilities
- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency

At this time our district is planning on adding new initiatives to service student needs per our plan and subsidizing current programs as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these

funds will be discontinued in FY22-24 but if successful we will add these new costs to the General Fund FY22-24 and the General Fund forecast has not been adjusted for these new expenses.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year that began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY19 statewide were 1,785,583 students at \$52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24, we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We have adjusted the current fiscal years estimate to what the state has projected, based on our initial allocation, with ten (10%) increases annually.

ESTIMATED RESTRICTED STATE REVENUE – Line # 1.040

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	\$62,178	\$62,178	\$62,178	\$62,178	\$62,178
Career Tech	\$34,636	\$34,636	\$34,636	\$34,636	\$34,636
Catastrophic Aid	\$96,342	\$96,342	\$96,342	\$96,342	\$96,342
Total - Restricted State Aid	\$193,156	\$193,156	\$193,156	\$193,156	\$193,156

HB64 continues funding two restricted sources of revenues to school district, which are Economic Disadvantaged Funding, and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast. We do not anticipate significant growth in these areas because of the state budget.

ESTIMATED PROPERTY TAX ALLOCATION – Line # 1.050

Source	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead	\$261,017	\$260,035	\$261,337	\$264,722	\$266,859
Total - Rollback & Homestead Reimbursement	\$261,017	\$260,035	\$261,337	\$264,722	\$266,859

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for

Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy were not renewed we would never regain this revenue on any levies in the future.

Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

The District no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Foundation Revenues	FY21	FY22	FY23	FY24	FY25
Unrestricted Line # 1.035	\$5,876,063	\$5,905,630	\$5,907,917	\$5,910,432	\$5,913,199
Restricted Line # 1.040	\$193,156	\$193,156	\$193,156	\$193,156	\$193,156
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	\$0	\$0	\$0	\$0	\$0
Total - State Foundation Revenue	\$6,069,219	\$6,098,786	\$6,101,073	\$6,103,588	\$6,106,355

ESTIMATED ALL OTHER REVENUE (Line #1.060)

Source	FY21	FY22	FY23	FY24	FY25
Open Enrollment Tuition	\$614,997	\$621,147	\$627,358	\$633,632	\$639,968
Investment Earnings	\$12,000	\$13,200	\$14,520	\$15,972	\$17,569
Tuition	\$202,184	\$204,206	\$206,248	\$208,310	\$210,393
Other Income (Fees, Donations & Medicaid)	\$25,917	\$25,917	\$25,917	\$25,917	\$25,917
Total - Other Local Revenue	\$855,098	\$864,470	\$874,043	\$883,831	\$893,847

All Other Revenues – Line #1.060

All other revenue detailed line items should remain consistent during the forecast period. This area captures areas of revenue that outside of real estate, income taxes and state revenue. These areas are tuition, interest income, class fees that are collected for consumable items, donations and Medicaid payments. Open enrollment is expected to remain stable after several years of increases in students entering the district. An overall increase of approximately one (.90%) percent is projected through FY 2024.

Interest income will have experienced a significant decrease because of the pandemic. We have projected an eighty-five (85%) loss in interest income. We believe the markets will eventually return but it may take some time. We have projected a very conservative recovery of interest income over the life of this forecast. The district’s balances available for investment vary month to month due to cash flow needs. The declining interest rates and corresponding fund balances will equate to a slower growth of investment earnings. An increased fund balance will assist in growth of this revenue source as well as providing the opportunity for longer-term investment to increase the yield. Security of the public funds collected by the district is the top priority of the treasurer’s office.

ESTIMATED SHORT-TERM BORROWING – LINE 2.010 & LINE 2.020

There is no short term borrowing planned for in this forecast at this time from any sources.

ESTIMATED TRANSFERS & ADVANCE IN – LINE 2.040 & 2.050

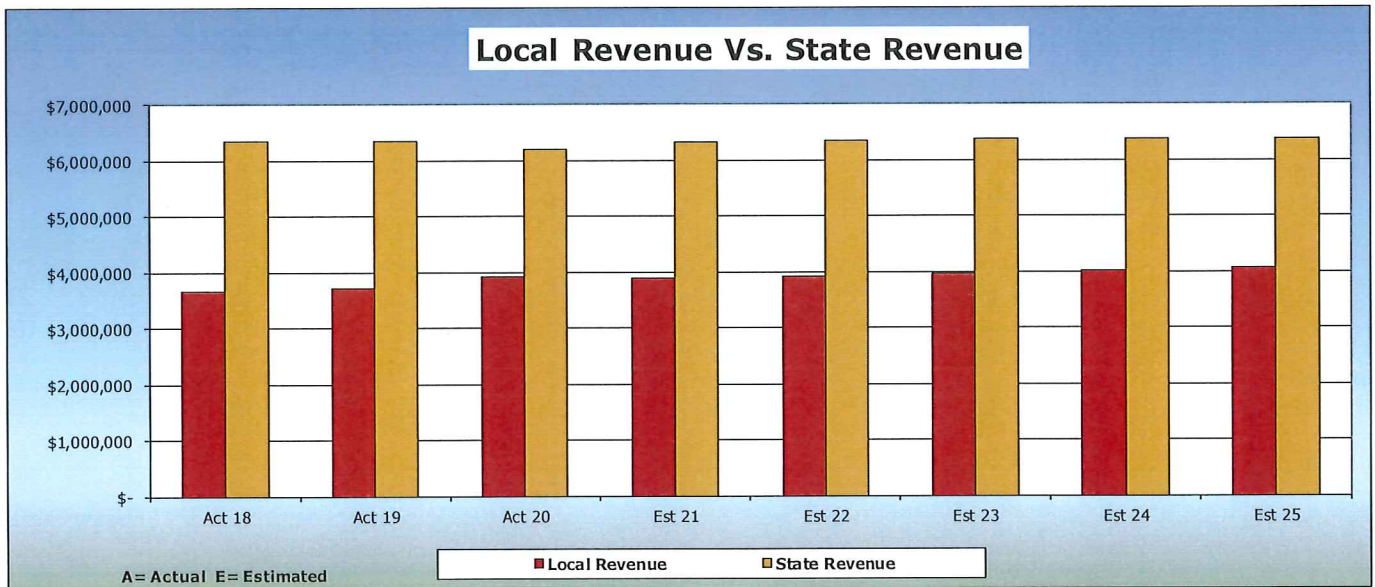
Source	FY21	FY22	FY23	FY24	FY25
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	\$775	\$0	\$0	\$0	\$0
Total - Transfers & Advances	\$775	\$0	\$0	\$0	\$0

These are non-operating revenues that are the repayment of short-term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

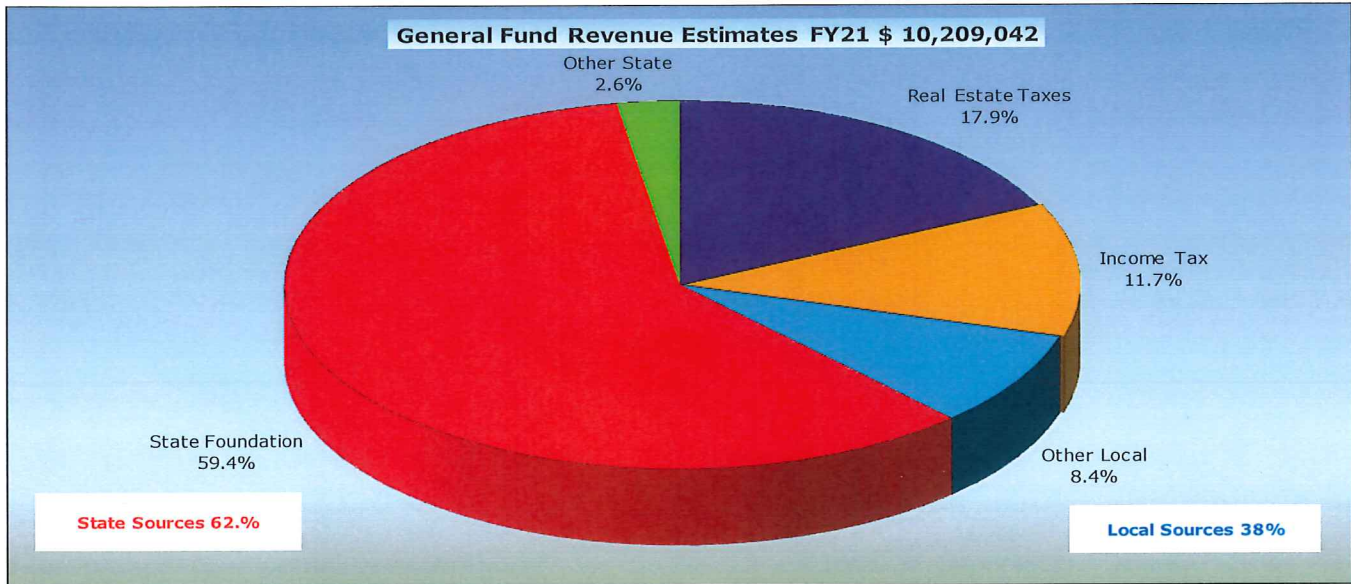
ESTIMATED ALL OTHER FINANCIAL SOURCES – LINE 2.060

Source	FY21	FY22	FY23	FY24	FY25
Refund of prior years expenditures	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

COMPARISON OF LOCAL AND STATE REVENUE



GENERAL FUND REVENUE ESTIMATES



EXPENDITURE PROJECTIONS

ESTIMATED PERSONNEL SERVICES – LINE 3.010

Source	FY21	FY22	FY23	FY24	FY25
Base Wages	\$4,893,212	\$5,015,542	\$5,140,931	\$5,269,454	\$5,401,190
Step Increases	\$0	\$50,155	\$51,409	\$52,695	\$54,012
Substitutes	\$95,111	\$97,489	\$99,926	\$102,424	\$104,985
Supplementals	\$227,462	\$233,149	\$238,977	\$244,952	\$251,076
Total - Salaries & Wages	\$5,215,785	\$5,396,335	\$5,531,244	\$5,669,524	\$5,811,262

The South Central Local Board of Education ratified contracts with the South Central Educator’s Association (SCEA) and South Central Chapter 347 of the Ohio Association of Public School Employees in the spring of 2018. The collective bargaining agreement with the certified staff expired on June 30, 2020 and the agreement with the classified staff will not expire until June 30 of 2021. Provisions of the contract with the SCEA were extended until June 30 of 2021. The salary schedule remained that same as the 2019-20 schedule. Staffing adjustments, the utilization of federal COVID funds and state student success and wellness funds are reflected in the 2020-21 salary projections. The remaining four years of the contract have been projected based on pre-pandemic historical trends. Salaries have been projected at an average rate of growth for the remaining four years of the forecast at approximately one (.94%) percent.

ESTIMATED EMPLOYEE RETIREMENT & INSURANCE BENEFITS – LINE 3.020

Summary of Fringe Benefits – Line #3.020

Source	FY21	FY22	FY23	FY24	FY25
A) STRS/SERS	\$803,609	\$855,798	\$877,193	\$899,122	\$921,601
B) Insurance's	\$1,401,281	\$1,539,834	\$1,690,133	\$1,853,134	\$2,029,870
C) Workers Comp/Unemployment	\$7,520	\$7,745	\$7,914	\$8,087	\$8,264
D) Medicare	\$89,965	\$95,660	\$101,531	\$107,583	\$113,822
Other/Tuition	\$22,992	\$22,992	\$22,992	\$22,992	\$22,992
Total - Fringe Benefits	\$2,325,367	\$2,522,030	\$2,699,763	\$2,890,918	\$3,096,550

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except for health insurance are directly related to the wages paid.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

South Central Local Schools belong to the Huron Erie School Employees consortium for medical and dental insurance. The estimated increases for medical and dental insurance are 5% for benefit year 2020-21 and eight (8%) percent for the following four years of the forecast. The increases include adjustments for inflation and the cost of actual claims. The administration will be meeting with the employee groups to work together to address the growth and changes to control the increase.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act (PPACA)** commonly called **Obamacare** or the **Affordable Care Act (ACA)**, is a United States federal statute signed into law by President Barack Obama on March 23, 2010. It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. We are not certain what these added costs may be but Longer-term, a significant concern is the 40% “Cadillac Tax” provision but in December 2017, this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds \$10,200 for individual plans and \$27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .5% of wages after fiscal year 2020 due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such, as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

ESTIMATED PURCHASED SERVICES – LINE 3.030

Source	FY21	FY22	FY23	FY24	FY25
Base Services	\$86,482	\$89,076	\$91,748	\$94,500	\$97,335
County ESC Costs	\$66,790	\$68,794	\$70,858	\$72,984	\$75,174
Open Enrollment Deduction (477)	\$511,204	\$513,760	\$516,329	\$518,911	\$521,506
Community School Deductions (478)	\$100,436	\$102,445	\$104,494	\$106,584	\$108,716
Other Tuition Including Ed Scholarship (479)	\$158,246	\$166,158	\$174,466	\$183,189	\$192,348
Professional Support	\$128,348	\$134,765	\$141,503	\$148,578	\$156,007
Building Maintenance Repairs	\$241,633	\$253,715	\$266,401	\$279,721	\$293,707
Utilities	\$118,940	\$118,940	\$118,940	\$118,940	\$118,940
Total - Purchased Services	\$1,412,079	\$1,447,653	\$1,484,739	\$1,523,407	\$1,563,733

In FY21-25, an average overall inflation rate of 2.6% is being estimated the line items of purchased services. This area of our budget represents approximately 15% of our overall projected expenditures. Purchased services include staff contracted through the education service center (ESC), speech therapy, classroom aides, technology services, special needs tuition, open enrollment tuition, and a number of other contracted services. This remains the most volatile are of our budget, these expenses can be affected by the continuing instructional needs of our students. The district will continue to evaluate the needs of our students and will continue to aggressively monitor the expenses related to the out-sourcing of these services.

ESTIMATED SUPPLIES & MATERIALS – LINE 3.040

Source	FY21	FY22	FY23	FY24	FY25
Supplies	\$191,874	\$197,630	\$203,559	\$209,666	\$215,956
Building Maintenance	\$42,184	\$43,450	\$44,754	\$46,097	\$47,480
Transportation	\$71,839	\$73,994	\$76,214	\$78,500	\$80,855
Total - Supplies & Materials	\$305,897	\$315,074	\$324,527	\$334,263	\$344,291

An overall inflation of 3% is being estimated for this category of expenses that are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working on updating the curriculum over the next few years; fiscal year 2021-2025 includes adjustments in each fiscal year for an update to the district curriculum. The district has almost completed the transition to the one-to-one.

ESTIMATED CAPITAL OUTLAY – LINE # 3.050

Source	FY21	FY22	FY23	FY24	FY25
Capital Outlay	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Replacement Bus Purchases	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Total - Capital Outlay	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

The administration continues to monitor capital expenditures as they relate the recently approved Permanent Improvement Fund and General Fund Capital Outlay. Two buses were purchased in fiscal year 2019-20. We received a grant from the Ohio Department of Education to fund 55% of the purchase of a new bus this year. It is important that we continue our replacement rotation as to minimize costly repairs. We are scheduled to purchase two new buses over the course of the next five years.

The passage of the permanent improvement levy in November of 2017 has impacted the financial stability of the general fund. Permanent improvement funds are not directly reflected in this forecast. They are in respect that prior general fund expenses for capital projects are now reflected as savings to the general fund and can be utilized within the classroom if needed.

ESTIMATED OTHER OBJECTS – LINE # 4.300

Source	FY21	FY22	FY23	FY24	FY25
County Auditor & Treasurer Fees	\$38,725	\$39,112	\$39,503	\$39,898	\$40,297
Other Expenses	\$60,809	\$61,417	\$62,031	\$62,651	\$63,278
Total - Other Objects	\$99,534	\$100,529	\$101,534	\$102,549	\$103,575

The category of Other Expenses consists of fees associated with operations of the district. Areas of expenses are auditor and treasurer fees, annual audit costs, GAAP reporting, income tax collection fees, bank charges, liability insurance, bond premiums, professional memberships and the amount paid to the esc for general services. Currently, we are estimating annual increases of 1% for this forecast.

ESTIMATED DEBT SERVICE – LINE # 4.010 & 4.060

The District currently has no General Fund Debt issues.

ESTIMATED TRANSFERS & ADVANCES OUT – LINE # 5.010 & 5.020

Source	FY21	FY22	FY23	FY24	FY25
Operating Transfers Out Line #5.010	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total - Transfers & Advances	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000

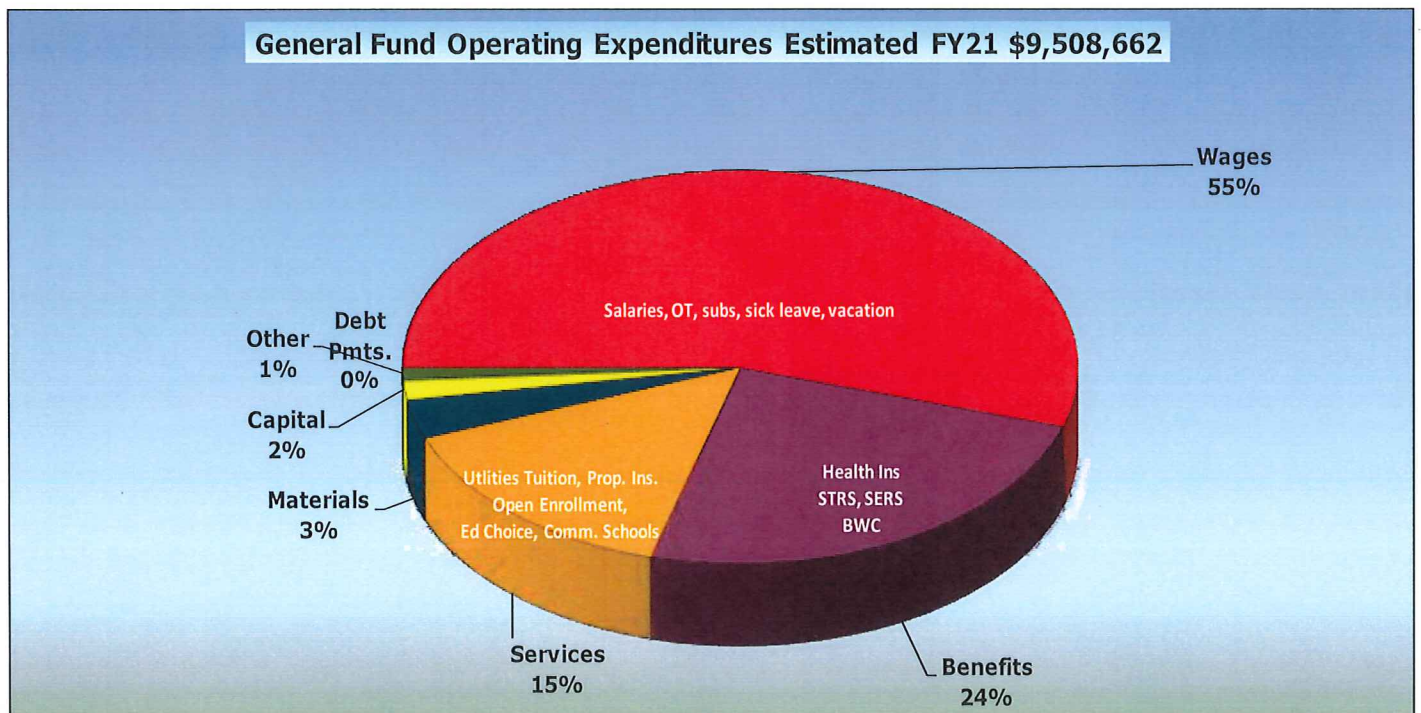
This account group covers fund-to-fund transfers and advances (end of year short-term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The transfers are permanent and will not be paid back to the General Fund. The food service fund and the pre-school programs have been the recipients of recent transfers.

ESTIMATED ENCUMBRANCES – LINE # 8.010

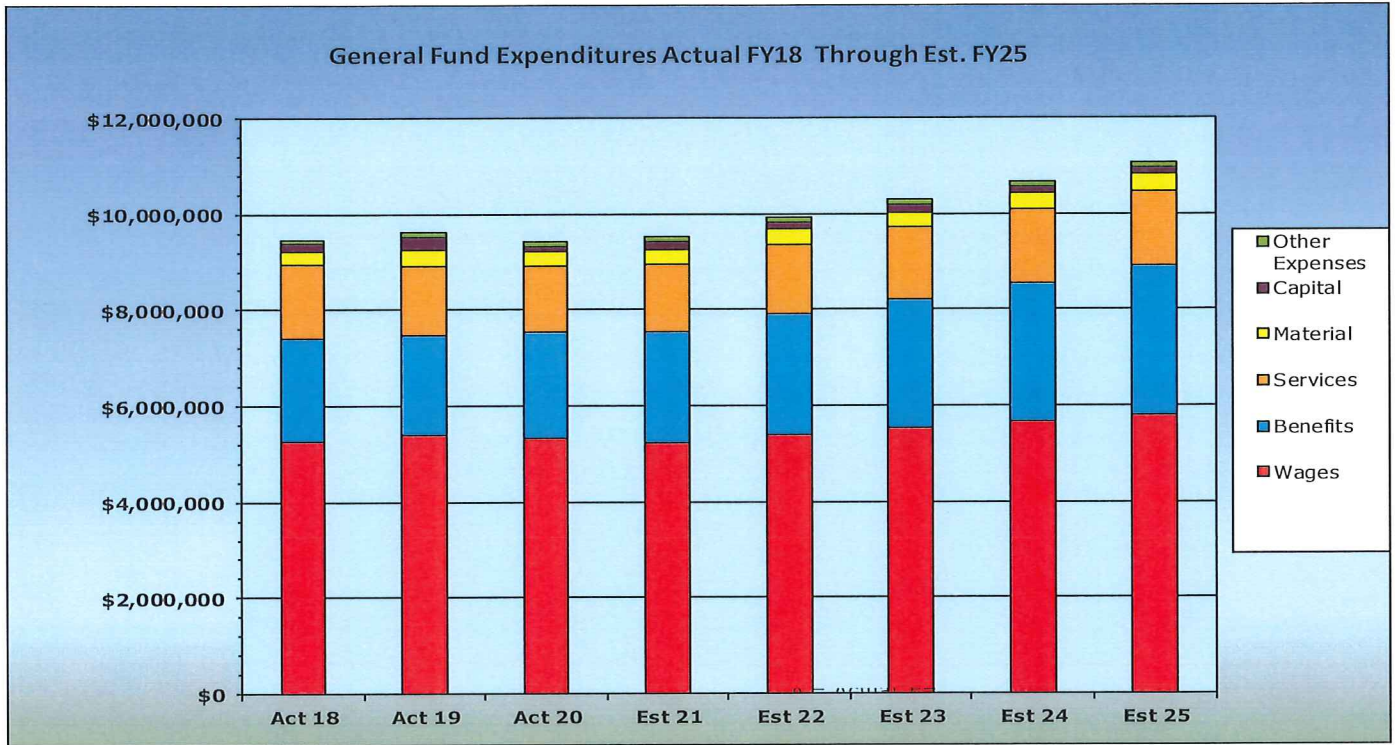
	FY21	FY22	FY23	FY24	FY25
Estimated Encumbrances	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000

These are outstanding purchase orders that have not been approved for payment, as the goods were not received in the fiscal year in which they were ordered.

GENERAL FUND EXPENDITURE ESTIMATES



CATEGORICAL EXPENDITURE ANALYSIS



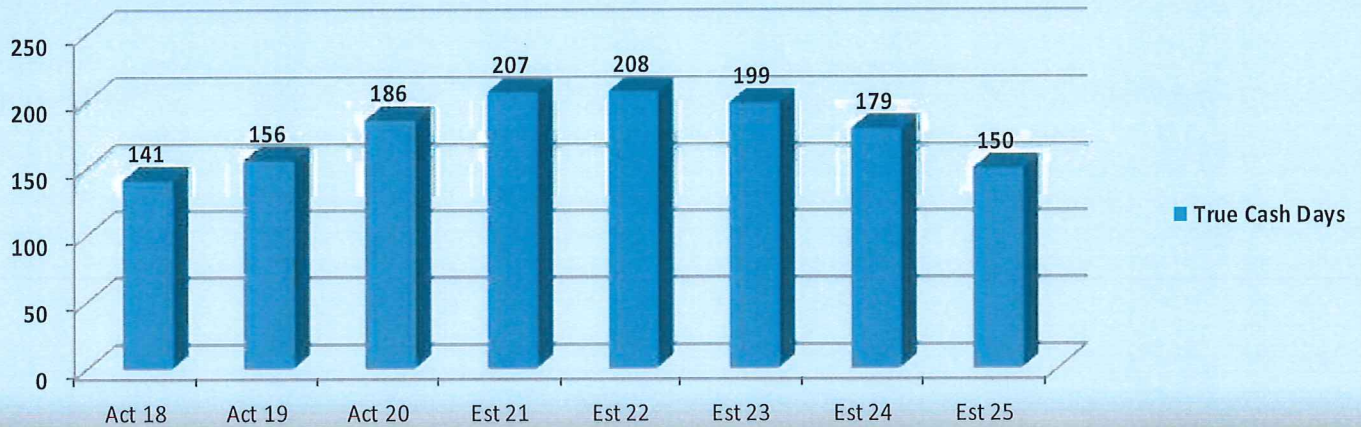
Notice in the graph above, staffing costs appear to be the most significant area of growth. We are a service-oriented business and staffing costs reflect approximately 79% of the current budget.

ESTIMATED ENDING CASH BALANCE – Line # 15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract that is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

	FY21	FY22	FY23	FY24	FY25
Ending Unencumbered Cash Balance	\$5,449,559	\$5,706,417	\$5,658,102	\$5,288,938	\$4,578,887

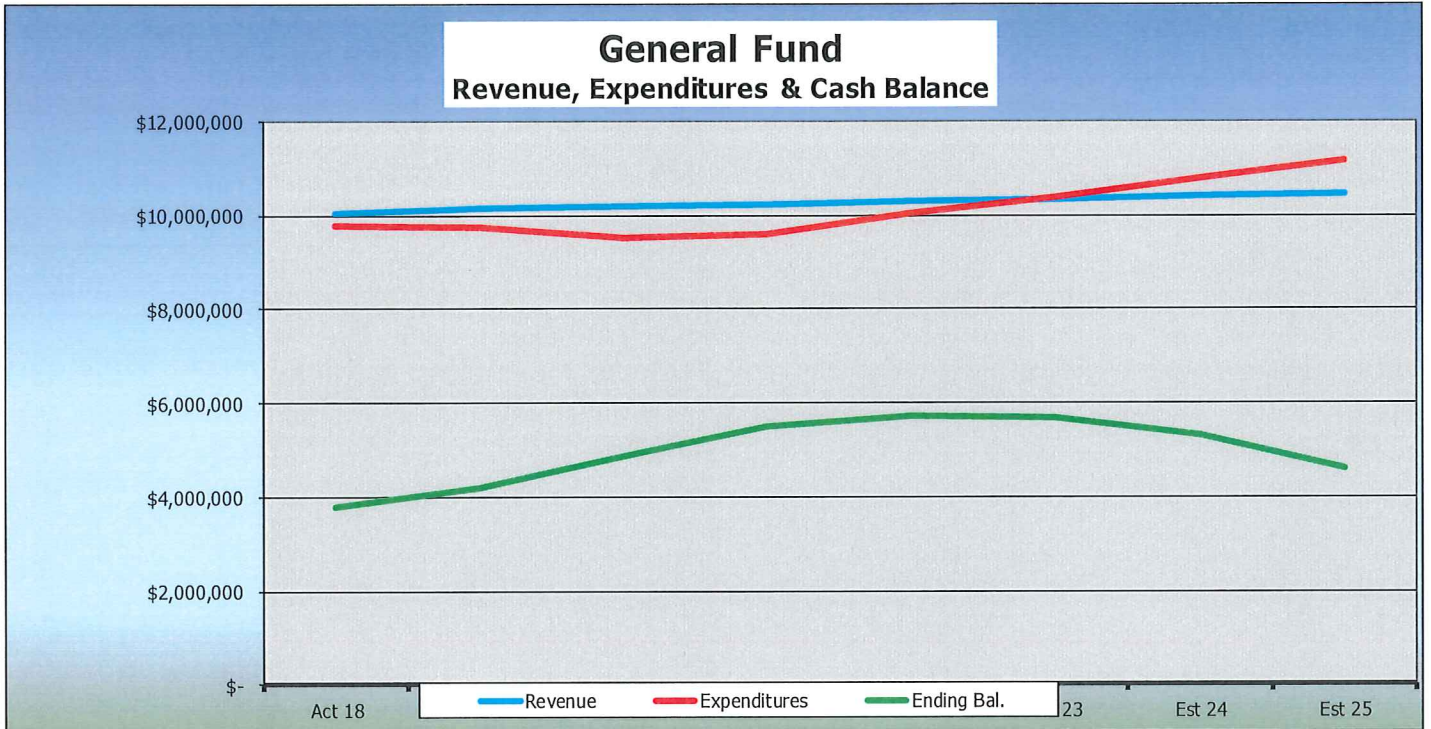
Ending Cash Balance in True Cash Days



TRUE DAYS ENDING CASH BALANCE

Another way to look at ending cash is to state it in "True Cash Days". In other words, how many days could the district operate at year-end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by $(\text{Current Years Expenditures}/365 \text{ days}) = \text{number of days the district could operate without additional resources or a severe resource interruption}$. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. This calculation does not include renewal of the SDIT. Renewing this levy is important to maintain a 60-day or better ending true day cash balance.

Projected General Fund Revenue, Expenditures and Cash Balance



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2025, the district forecast has adequate reserves to continue the instructions and programs as provided currently.

- The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY22 through FY24.
- The CAUV value and property taxes will be of major concern in next fiscal year's forecast. We have to remain cognizant with our assessed values including the adjustment for the CAUV values. Understanding the complexity of the property tax revenues, CAUV values, millage of tax, and the effectives of HB920 needs considered in the discussion of the district's finances.
- No growth in state funding, limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Traditional Income Tax has become a valuable resource of the district finances.

As you read the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.