

ALLEN EAST LOCAL SCHOOL DISTRICT - ALLEN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH JUNE 30, 2024



“Home of the Mustangs”

Forecast Provided By
Allen East Local School District
Treasurer's Office
Andrea Snyder, CPA Treasurer/CFO
May 19, 2020

Allen East Local School District

Allen County

Schedule of Revenues, Expenditures and Changes in fund Balances
for the fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
forecasted fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecast				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019			Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenues										
1.010	General Property Tax (Real Estate)	\$2,689,342	\$2,754,300	\$2,733,599	0.8%	\$2,920,765	\$2,868,862	\$2,919,829	\$2,781,247	\$2,671,766
1.020	Tangible Personal Property	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
1.030	Income Tax	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
1.035	Unrestricted State Grants-in-Aid	\$6,565,626	\$6,731,127	\$6,629,851	0.5%	\$6,413,361	\$5,930,659	\$6,558,244	\$6,569,988	\$6,569,802
1.040	Restricted State Grants-in-Aid	\$53,073	\$36,109	\$45,720	-2.7%	\$45,676	\$46,133	\$76,594	\$77,360	\$78,134
1.045	Restricted Federal	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
1.050	Property Tax Allocation	\$397,762	\$397,403	\$400,778	0.4%	\$404,333	\$398,228	\$400,335	\$384,375	\$364,864
1.060	All Other Revenues	\$1,114,518	\$1,206,684	\$1,347,474	10.0%	\$1,512,008	\$1,440,619	\$1,437,748	\$1,434,984	\$1,432,325
1.070	Total Revenues	\$10,820,321	\$11,125,623	\$11,157,422	1.6%	\$11,296,143	\$10,684,501	\$11,392,750	\$11,247,954	\$11,116,891
Other Financing Sources										
2.010	Proceeds from Sale of Notes	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
2.020	State Emergency Loans and Advancements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
2.040	Operating Transfers-In	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
2.050	Advances-In	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
2.060	All Other Financing Sources	\$55,131	\$20,419	\$18,179	-37.0%	\$62,884	\$15,000	\$15,000	\$15,000	\$15,000
2.070	Total Other Financing Sources	\$55,131	\$20,419	\$18,179	-37.0%	\$62,884	\$15,000	\$15,000	\$15,000	\$15,000
2.080	Total Revenues and Other Financing Sources	\$10,875,452	\$11,146,042	\$11,175,601	1.4%	\$11,359,027	\$10,699,501	\$11,407,750	\$11,262,954	\$11,131,891
Expenditures										
3.010	Personal Services	\$4,938,460	\$5,016,757	\$5,331,163	3.9%	\$5,488,332	\$5,593,954	\$5,751,445	\$5,927,235	\$6,011,533
3.020	Employees' Retirement/Insurance Benefits	\$1,878,392	\$1,954,785	\$2,059,033	4.7%	\$2,178,498	\$2,320,583	\$2,495,744	\$2,695,271	\$2,878,556
3.030	Purchased Services	\$1,868,072	\$1,939,917	\$1,753,706	-2.9%	\$1,653,530	\$1,755,136	\$1,829,790	\$1,884,685	\$1,941,225
3.040	Supplies and Materials	\$475,392	\$394,858	\$416,609	-5.7%	\$373,617	\$381,089	\$360,211	\$367,415	\$374,763
3.050	Capital Outlay	\$322,952	\$252,561	\$124,200	-36.3%	\$122,432	\$144,881	\$147,779	\$150,735	\$153,750
3.060	Intergovernmental	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)				0.0%	\$0	\$0	\$0	\$0	\$0
4.020	Principal-Notes	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
4.030	Principal-State Loans	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
4.040	Principal-State Advancements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
4.050	Principal-HB 264 Loans	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
4.055	Principal-Other	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
4.060	Interest and Fiscal Charges	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
4.300	Other Objects	\$90,113	\$110,144	\$105,747	9.1%	\$116,820	\$114,325	\$467,755	\$121,287	\$124,926
4.500	Total Expenditures	\$9,573,381	\$9,669,022	\$9,790,458	1.1%	\$9,933,229	\$10,309,968	\$11,052,724	\$11,146,628	\$11,484,753
Other Financing Uses										
5.010	Operating Transfers-Out	\$1,000,000	\$1,054,000	\$1,211,333	10.2%	\$1,100,000	\$475,000	\$475,000	\$475,000	\$475,000
5.020	Advances-Out	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
5.030	All Other Financing Uses	\$0	\$3,845	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
5.040	Total Other Financing Uses	\$1,000,000	\$1,057,845	\$1,211,333	10.1%	\$1,100,000	\$475,000	\$475,000	\$475,000	\$475,000
5.050	Total Expenditures and Other Financing Uses	\$10,573,381	\$10,726,867	\$11,001,791	2.0%	\$11,033,229	\$10,784,968	\$11,527,724	\$11,621,628	\$11,959,753
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$302,071	\$419,175	\$173,810	-9.9%	\$325,798	(\$85,467)	(\$119,974)	(\$358,674)	(\$827,862)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$6,301,859	\$6,603,930	\$7,023,105	5.6%	\$7,196,915	\$7,522,713	\$7,437,246	\$7,317,273	\$6,958,599
7.020	Cash Balance June 30	\$6,603,930	\$7,023,105	\$7,196,915	4.4%	\$7,522,713	\$7,437,246	\$7,317,273	\$6,958,599	\$6,130,737
8.010	Estimated Encumbrances June 30	\$79,821	\$172,154	\$142,024	49.1%	\$102,000	\$102,000	\$102,000	\$102,000	\$102,000
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.020	Capital Improvements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.030	Budget Reserve	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.040	DPIA	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.045	Fiscal Stabilization	\$513,398	\$543,911	\$557,244	4.2%	\$562,770	\$534,975	\$570,388	\$563,148	\$556,595
9.050	Debt Service	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.060	Property Tax Advances	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.070	Bus Purchases	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.080	Subtotal	\$513,398	\$543,911	\$557,244	4.2%	\$562,770	\$534,975	\$570,388	\$563,148	\$556,595
10.010	Fund Balance June 30 for Certification of Appropriations	\$6,010,711	\$6,307,040	\$6,497,647	4.0%	\$6,857,943	\$6,800,271	\$6,644,885	\$6,293,451	\$5,472,143

Allen East Local School District

Allen County

Schedule of Revenues, Expenditures and Changes in fund Balances
for the fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
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	Actual			Average Change	Forecast				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
11.020 Property Tax - Renewal or Replacement	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$199,184	\$334,345
11.300 Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$199,184	\$533,529
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	\$6,010,711	\$6,307,040	\$6,497,647	4.0%	\$6,857,943	\$6,800,271	\$6,644,885	\$6,492,635	\$6,005,672
Revenue from New Levies									
13.010 Income Tax - New	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
13.020 Property Tax - New	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
13.030 Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
14.010 Revenue from Future State Advancements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
15.010 <i>Unreserved Fund Balance June 30</i>	\$6,010,711	\$6,307,040	\$6,497,647	4.0%	\$6,857,943	\$6,800,271	\$6,644,885	\$6,492,635	\$6,005,672

Allen East Local School District – Allen County
Notes to the Five Year Forecast
General Fund Only
May 19, 2020

Introduction to the Five Year Forecast

For fiscal year 2020 (July 1, 2019 – June 30, 2020) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2019, and May 31, 2020. 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 state funding to all school districts in fiscal years 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT included in this forecast.

Fiscal year 2020 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 May 2020 filing.

Economic Outlook During The COVID-19 Global Pandemic

This five-year forecast is filed in the midst of a health and financial struggle that encompasses our state, country and global economy. School districts play a vital role in their communities and we believe it is important to maintain continuity of services to our students and staff. The district is following events and conducting video conferences daily to plan, what we believe, is the best course of action during a time of unprecedented uncertainty. State and local resources are going to be under extreme stress as we continue through and eventually recover from the pandemic. We have reviewed historical data from the Great Recession of 2008, but there is no historic data or situation to compare to what the district is facing now. The current pandemic situation makes it extremely challenging to project where our finances will be through fiscal year 2024. Data and assumptions noted in this forecast were based on the best and most reliable data available to us as of the date of this forecast.

May 2020 Updates:

Revenues FY20:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$11,296,143 or .53% higher than the November forecasted amount of \$11,237,049. This indicates the November forecast was 99.47% accurate. Although the state cut foundation funding in FY20 \$183,471, property tax collections and other revenues increased enough to offset the cut in foundation funding. Property tax revenue increased primarily due to increases in public utility tax values.

Expenditures FY20:

Total General Fund expenditures (line 4.5) are estimated to be \$9,933,299 for FY20, which is below the original estimate of \$10,149,829 in the November forecast. The expenditure lines most significantly below projections are Personal Services (line 3.01) and Supplies and Materials (line 3.04).

Unreserved Ending Cash Balance:

With revenues increasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2020 is anticipated to be roughly \$6.9 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2024 if assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

Forecast Risks and Uncertainty:

In addition to the above noted uncertainty due to the COVID-19 Pandemic, a five year financial forecast typically has inherent risks and uncertainties. This is due to normal economic uncertainties and to state legislative changes that will take place during the deliberation of two (2) state biennium budgets that will occur in the spring of 2021 and 2023. These budget deliberations will affect this five year forecast in FY22-23 and FY24-25. 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:

- I. The long-range forecast through FY24 shows a positive balance throughout the forecast. This could change depending upon a number of variables such as state funding FY22-24, new legislation that could increase costs, negotiations and other variables.
- II. Allen County experienced a reappraisal update in tax year 2018, which was collected in fiscal year 2019. The update resulted in a 3.6% increase in Class I – Residential/Agricultural values and no significant change in Class II – Commercial/Industrial values. The lower growth in 2018 was due to reductions in CAUV values authorized by HB49. The affects of those changes should be fully reflected in our values now. Allen County will experience a full reappraisal in tax year 2021, to be collected in fiscal year 2022. We are conservatively estimating a 2% increase in Residential/Agricultural values and no significant change in Class II – Commercial/Industrial values.
- III. HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success Funds (SWSF), which is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY21.
- IV. Total state funding represents 61% of district revenues, which means it is a significant area of risk to revenue. The state has reduced our funding for FY20 and we are anticipating a 10% reduction in FY21 due to drastically reduced state revenue because of the COVID-19 pandemic. Additional future risk comes in FY22 and beyond if the state economy does not bounce back as expected following the pandemic or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state’s economy makes this area an elevated risk to district funding long range through FY24. We have projected our state funding to be in line with our current estimates through FY24. We will make adjustments to the forecast in future years as we have data to help guide this decision.
- V. 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 2020-21 school years, even though funding for our students was not increased to our district for this biennium budget.

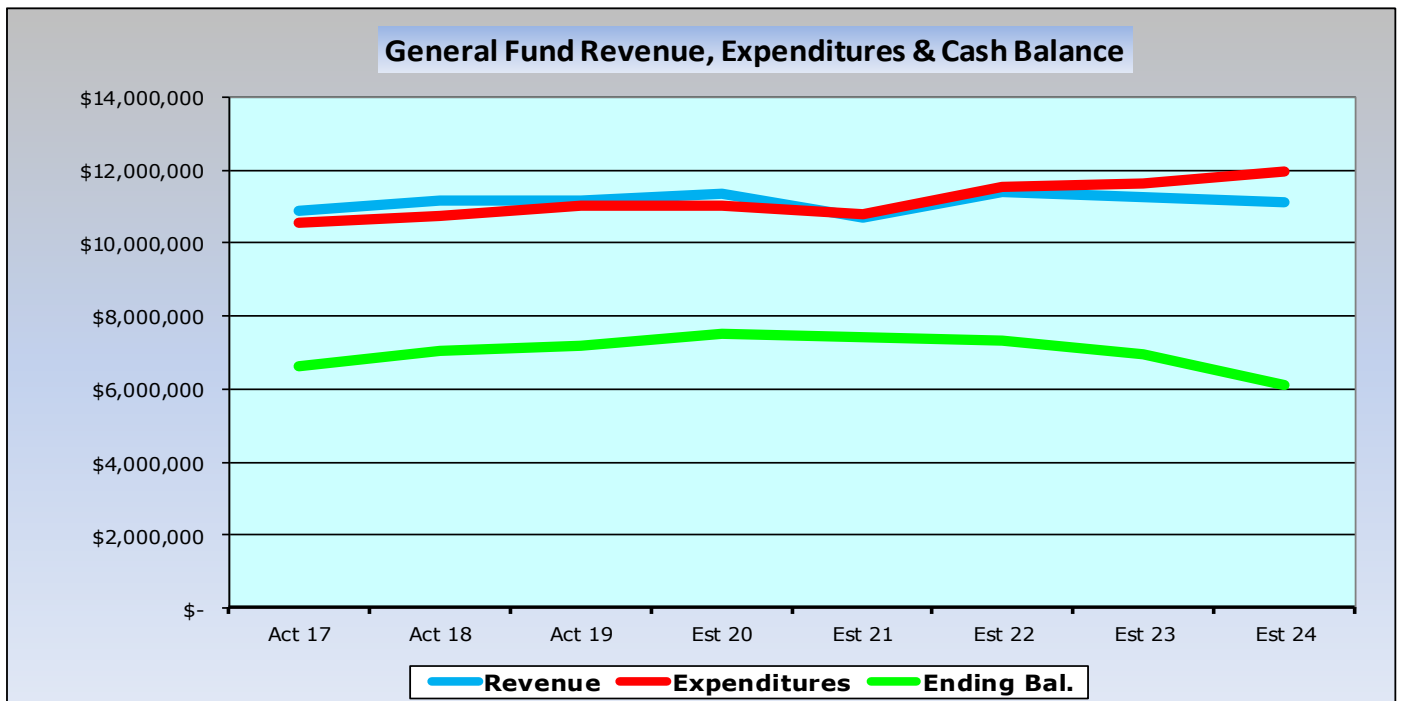
HB197 passed in March 2020 freezes EdChoice eligibility at the 2019-2020 list of 517 buildings. The district does not presently have schools designated as underperforming but the measures used by the state could be changed for the future. These are examples of new choice programs that increase with each biennium budget that 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 closely monitoring Ed Choice voucher legislation and are watching for any new threats to our state aid and increased costs.

The major line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. 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 additional information, please feel free to contact Ms. Andrea Snyder, CPA, Treasurer/CFO at (419) 648-3333.

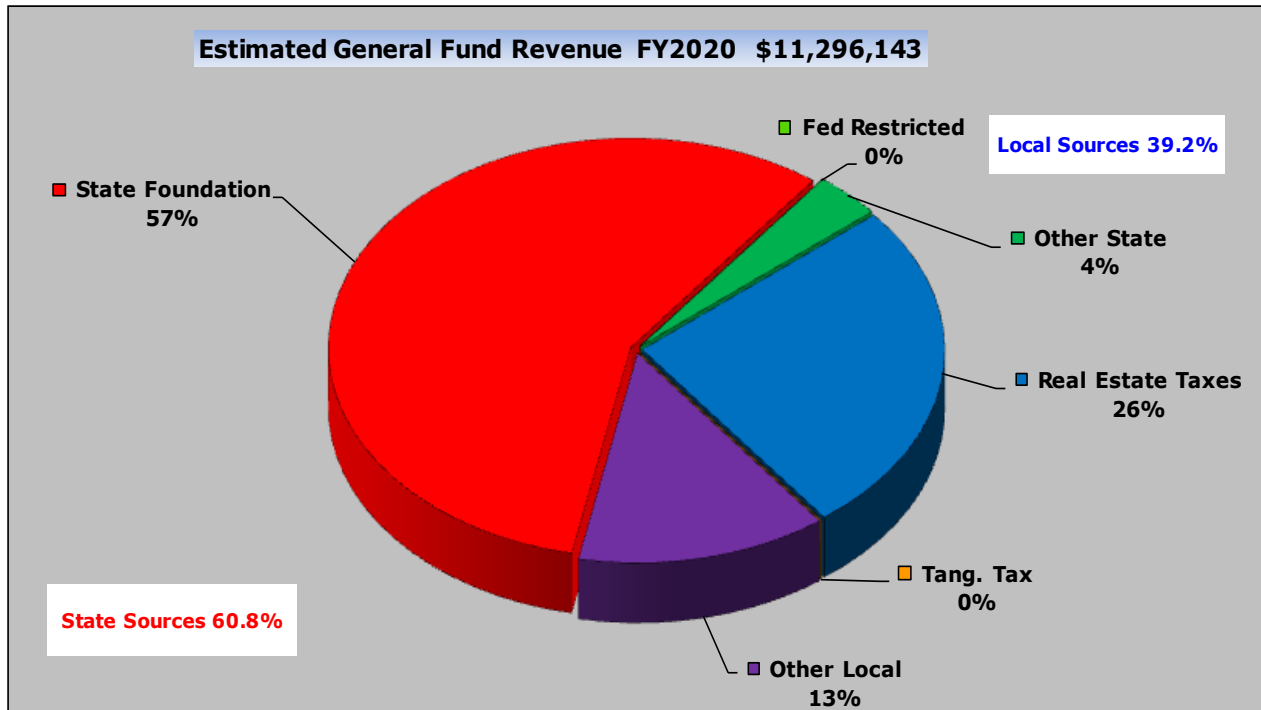
General Fund Revenue, Expenditure and Ending Cash Balance

The graph below shows in summary the forecasted revenue, expenses and ending balance of the district's General Fund for the period FY20-24, with actual data provided for FY17-19.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY20



Real Estate Value Assumptions – Line #1.010

Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. Historically, residential and commercial property values have remained mostly stable to increasing modestly other than in 2012 and 2015. In 2012, agricultural values increased by roughly 35% due to CAUV increases due to the reappraisal update and increased an additional 51% in the 2015 full reappraisal. Allen County experienced a reappraisal update in tax year 2018 which was collected in fiscal year 2019. The update resulted in a 3.6% increase in Class I – Residential/Agricultural values and no significant change in Class II – Commercial/Industrial values.

The lower growth in 2018 was due to reductions in CAUV values authorized by HB49. The affects of those changes should be fully reflected in our values now. CAUV values represent 36.8% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that resulted in these values falling. We experienced this in the tax year 2018 update for Allen County. Allen County will experience a full reappraisal in tax year 2021 to be collected in fiscal year 2022. We are conservatively estimating a 2% increase in Residential/Agricultural values and no significant change in Class II – Commercial/Industrial values.

Tangible Personal Property (TPP) values were reduced to \$-0- in 2011 as a result of HB 66 passed in 2005 to be effective July 1, 2005.

Estimated Assessed Value (AV) by Collection Years

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	Tax Year 2019 Collect 2020	TAX YEAR2020 Collect 2021	TAX YEAR2021 Collect 2022	TAX YEAR2022 Collect 2023	TAX YEAR2023 COLLECT 2024
Res./Ag.	\$129,464,000	\$129,779,000	\$132,689,580	\$133,004,580	\$133,319,580
Comm./Ind.	3,269,400	3,270,900	3,288,755	3,290,255	3,291,755
Public Utility Personal Property (PUPP)	10,838,500	11,038,500	11,238,500	11,438,500	11,638,500
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	<u>\$143,571,900</u>	<u>\$144,088,400</u>	<u>\$147,216,835</u>	<u>\$147,733,335</u>	<u>\$148,249,835</u>

Estimated Real Estate Tax (Line #1.010)

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Property Taxes Excluding TPP to Line #1.010	<u>\$2,920,765</u>	<u>\$2,868,862</u>	<u>\$2,919,829</u>	<u>\$2,781,247</u>	<u>\$2,671,766</u>

Property tax levies are estimated to be collected at 100% of the annual amount due to the low delinquency rate. In general, 57.4% of the Res/Ag and Comm/Ind taxes are expected to be collected in the February tax settlements and 42.6% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditors. As previously noted, TPP ceased to be collected after FY11.

Renewal Tax Levies – Line #11.020 – The district’s \$330,000 emergency levy was renewed May 2, 2017, and will be up for renewal in May 2022. The levy expires December 31, 2022 and is required to be removed from all revenue lines on the forecast and moved to Line 11.02 where it can be factored into the ending cash balance.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Renewal 5 Year Emergency Levy	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$199,184</u>	<u>\$334,345</u>

Estimated Tangible Personal Tax – Line #1.020

The phase out of TPP taxes as noted earlier began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the tangible personal property tax would be eliminated after FY11. Any revenues received FY12 and beyond are delinquent TPP taxes.

School District Income Tax – Line #1.030 - The school district has no income tax levy at this time.

State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue – Line #1.035

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 currently to base future projections on. For this reason, we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time. **Note: state funding was reduced for our district by \$183,471 for FY20 and estimate an additional reduction of 10% in FY21. We will continue to monitor diligently for future revenues reductions as a result of shutdowns due to the COVID-19 Pandemic**

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 is estimated to receive \$2401,643 in FY20 and \$354,318 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:

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

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

In FY20, Allen East hired a third social worker to focus on the middle school students. We are also planning on adding other new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. The salary and benefit costs of all three of our social workers will be paid from the 467 fund as of November 2019 until the funding has been depleted during FY22. We anticipate that these funds will be discontinued in FY22-24 but plan to add these new costs to the General Fund FY22-24 and the General Fund forecast has been adjusted for these new expenses.

We believe our current state funding estimates for FY20-24 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

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 which 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. Casinos have been closed since March 16 due to the COVID-19 pandemic. This will likely impact future casino payments for FY21 and possibly FY22. We have reduced payments in FY21-23 as a result of the anticipated slow return to current casino funding levels.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Basic Aid-Unrestricted	\$6,285,140	\$5,826,197	\$6,443,091	\$6,442,325	\$6,441,551
Additional Aid Items	<u>68,823</u>	<u>68,823</u>	<u>68,823</u>	<u>68,823</u>	<u>68,823</u>
Basic Aid-Unrestricted Subtotal	\$6,353,963	\$5,895,020	\$6,511,914	\$6,511,148	\$6,510,374
Ohio Casino Commission ODT	<u>59,398</u>	<u>35,639</u>	<u>46,330</u>	<u>58,840</u>	<u>59,428</u>
Total Unrestricted State Aid Line #1.035	<u>\$6,413,361</u>	<u>\$5,930,659</u>	<u>\$6,558,244</u>	<u>\$6,569,988</u>	<u>\$6,569,802</u>

B) Restricted State Revenues – Line #1.040

HB166 continues funding two restricted sources of revenues to school districts, which are Economic Disadvantaged Funding and Career Technical Education Funding. The district is adding new Biomedical Science and VoAg programs in FY21 that qualify for additional career tech funding. However due to the current state funding freeze, no additional career tech revenue will be received during FY21. We are hopeful that the next biennium budget will include adjustments to allow the proper flow of career tech funding.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Economically Disadvantaged Aid	\$37,923	\$38,302	\$38,685	\$39,072	\$39,463
Career Tech - Restricted	<u>7,753</u>	<u>7,831</u>	<u>37,909</u>	<u>38,288</u>	<u>38,671</u>
Total Restricted State Revenues Line #1.040	<u>\$45,676</u>	<u>\$46,133</u>	<u>\$76,594</u>	<u>\$77,360</u>	<u>\$78,134</u>

The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY20-24.

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal unrestricted funds estimated in this forecast.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Unrestricted Line #1.035	\$6,413,361	\$5,930,659	\$6,558,244	\$6,569,988	\$6,569,802
Restricted Line #1.040	45,676	46,133	76,594	77,360	78,134
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$6,459,037</u>	<u>\$5,976,792</u>	<u>\$6,634,838</u>	<u>\$6,647,348</u>	<u>\$6,647,936</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged to 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 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 do 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 slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

B) Tangible Personal Property Reimbursements – Fixed Rate

The District no longer receives fixed rate reimbursements.

C) Tangible Personal Property Reimbursements – Fixed Sum

The district received a mere \$5,760 in fixed sum reimbursements in FY19 associated with our emergency levy. Calendar year 2020 is the last year that any reimbursement for Fixed Sum levies will be received.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Rollback and Homestead	\$400,219	\$395,760	\$400,335	\$384,375	\$364,864
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	<u>4,114</u>	<u>2,468</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$404,333</u>	<u>\$398,228</u>	<u>\$400,335</u>	<u>\$384,375</u>	<u>\$364,864</u>

Other Local Revenues – Line #1.060

This line of the forecast includes open enrollment, rentals, student fees, tuitions, and interest income. Open enrollment is the largest single item in this category and is expected to decrease 0.3% per year. Interest income saw a substantial increase from FY17 to FY19 as favorable interest rates have been available on Certificates of Deposits as well as with STAROhio. Beginning in FY20 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. The remaining other revenues are projected to remain stable. The COVID-19 shutdown could reduce future collections of state funded tuition reimbursements. At this time we will continue monitoring this line of the forecast for future projections.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Open Enrollment Gross	\$967,875	\$964,971	\$962,076	\$959,190	\$956,312
Other Local Taxes MFH	7,691	7,845	8,002	8,162	8,325
Other Tuition	146,021	147,481	148,956	150,446	151,950
Interest	232,058	160,375	157,168	154,025	150,945
Other Income and rentals	<u>158,363</u>	<u>159,947</u>	<u>161,546</u>	<u>163,161</u>	<u>164,793</u>
Total Line #1.060	<u>\$1,512,008</u>	<u>\$1,440,619</u>	<u>\$1,437,748</u>	<u>\$1,434,984</u>	<u>\$1,432,325</u>

Short-Term Borrowing – Line #2.010 & Line #2.020

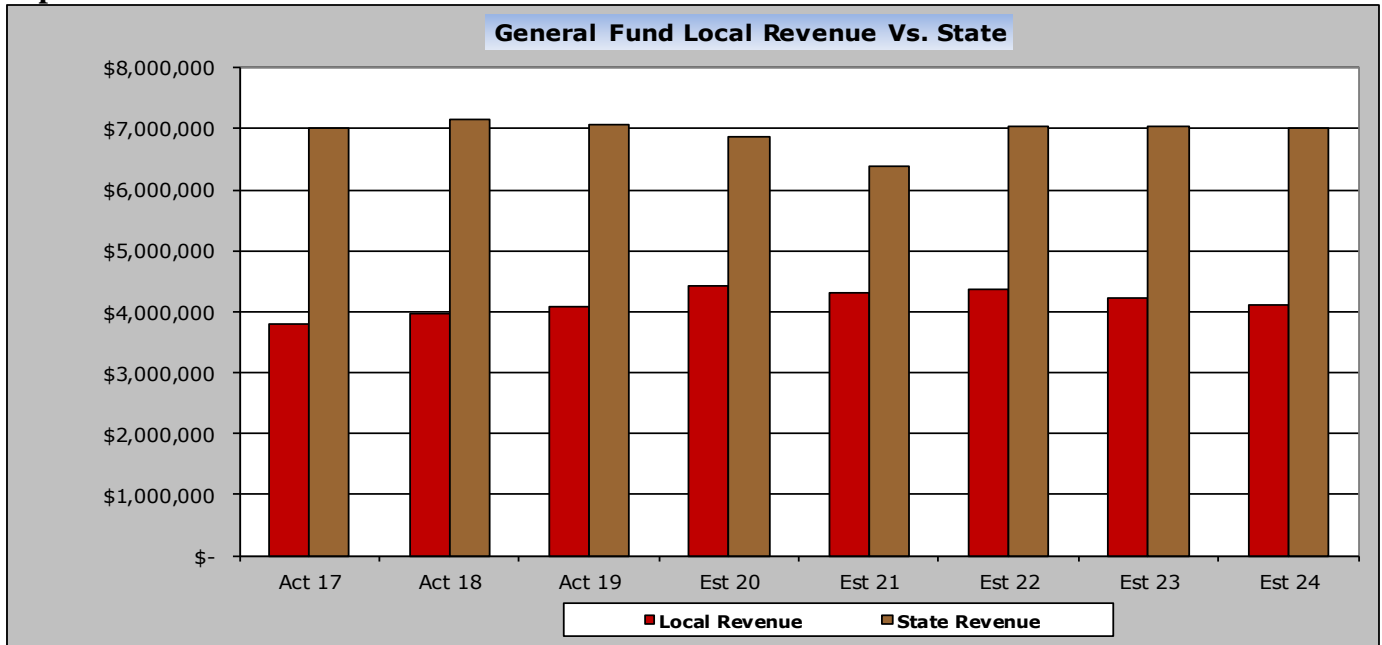
There is no short term borrowing planned for in this forecast from any sources.

Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050, #2.060 & Line #14.010

There are no transfers in or advances planned in the forecast period. All other financial resources are typically a refund of prior year expenditures that are very unpredictable. The District received a BWC dividend in September for \$17,829 for the 2017 policy year. This dividends will not be forecasted in the future. The

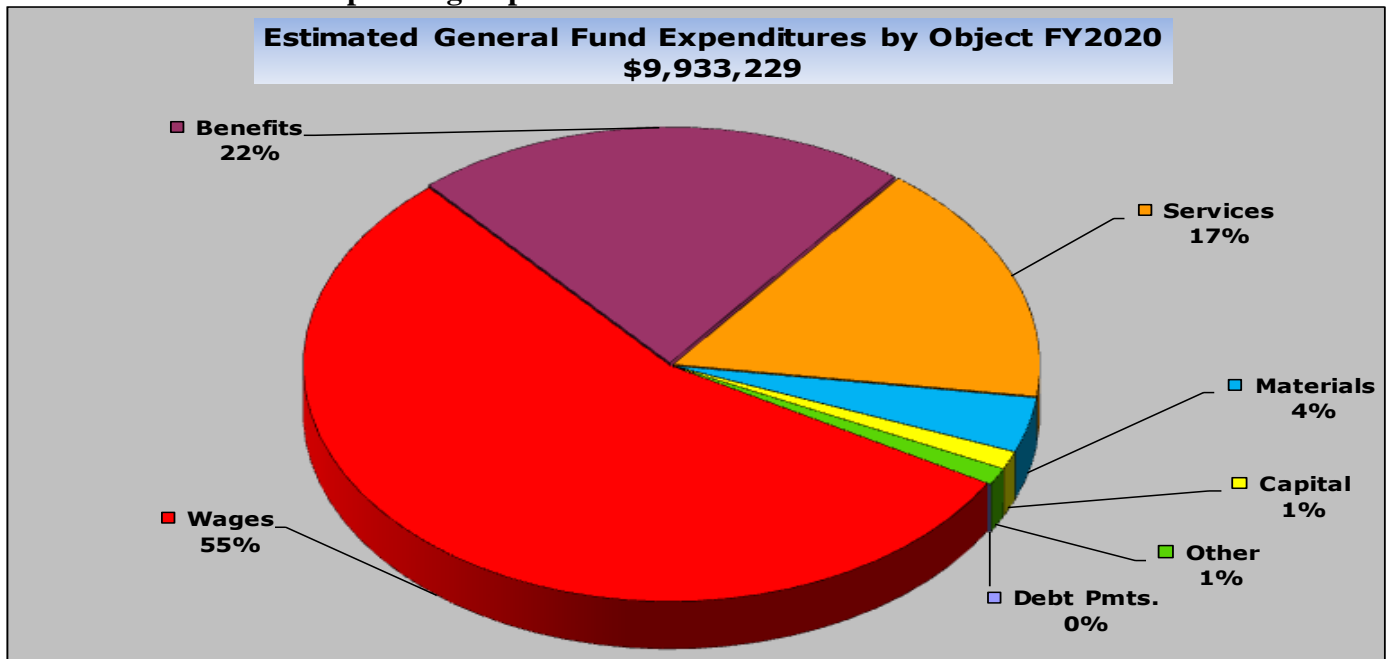
District also received \$32,380 as refund from the Allen County ESC in December for prior year special education services.

Comparison of Local Revenue and State Revenue:



Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY20:



Wages – Line #3.010

For planning purposes, the forecast reflects a 2.5% base increase for FY20 and 0% base increase for FY21-FY24. In FY19, a number of staff adjustments are accounted for, chief among these is the added preschool program being run in-house instead of contracting it through the ESC. In total, we added four certified staff

members and two part time aides in FY19. In FY20, we added a special education unit that included hiring one additional certified staff member and two full time aides. An additional social worker was also hired in FY20, however starting in November of 2019, all salary and benefits for our three social workers will be paid with the Student Success and Wellness Fund (467) until the funds are depleted during FY22. Then the salary and benefits of those employees will return to the General Fund and our forecast below. We anticipate hiring an additional regular instruction teacher in FY21 as well as an aide for our special education classroom.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Base Wages	\$4,923,127	\$5,195,561	\$5,265,411	\$5,422,902	\$5,598,692
Base Pay Increase	126,153	0	0	0	0
Steps & Academic Advancement	66,000	66,000	66,000	66,000	66,000
Replacement & New Staff	489,745	394,090	290,636	272,338	180,846
Unfunded Recapture	0	0	0	0	0
Substitutes	70,601	85,803	85,803	85,803	85,803
Supplementals	222,170	242,740	242,740	242,740	242,740
Staff Reductions/Attrition	(409,464)	(390,240)	(199,145)	(162,548)	(162,548)
Total Wages Line #3.010	<u>\$5,488,332</u>	<u>\$5,593,954</u>	<u>\$5,751,445</u>	<u>\$5,927,235</u>	<u>\$6,011,533</u>

Fringe Benefits Estimates – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. All except health insurance is 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. In addition, the district pays SERS an annual surcharge amount as required by law.

B) Insurance

We anticipate a trend increase of 10% a year for FY20-24. The district continues to work on keeping these costs down by participating in the Allen County Schools Health Benefit Plan consortium. The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer a uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers compensation is expected to remain at about .5% of wages in FY20 through FY24 due to positive claim experience and being a part of a group plan. Unemployment compensation is estimated to be \$500 a year throughout the forecast period. However, we are anticipating a potential increase in unemployment for FY20-21 due to the COVID-19 shutdowns. This increase has been caused by our reduced need for substitutes help during the COVID-19 Pandemic.

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.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
STRS/SERS	\$856,982	\$876,674	\$899,980	\$927,425	\$942,390
Insurances	\$1,200,766	\$1,321,613	\$1,472,072	\$1,641,237	\$1,809,020
Workers Comp/Unemployment	\$24,330	\$24,910	\$25,507	\$26,122	\$26,756
Medicare	\$87,231	\$87,386	\$88,185	\$90,487	\$90,390
Other/Tuition	\$9,189	\$10,000	\$10,000	\$10,000	\$10,000
Total Line #3.020	<u>\$2,178,498</u>	<u>\$2,320,583</u>	<u>\$2,495,744</u>	<u>\$2,695,271</u>	<u>\$2,878,556</u>

Purchased Services – Line #3.030

The accounts in this area include open enrollment, community schools deduction, College Credit Plus, utilities and special education tuition charges. Open enrollment, community school, and College Credit Plus are among the largest area of expense in this category and continue to draw significant dollars from our funding. Beginning in FY19, we reduced purchased services through the ESC and other special education costs by \$160,000 as a result of bringing the preschool program in-house. We are expecting another significant decrease in FY20 with the addition of an in-house special education unit instead of contracting with the ESC. LED lighting upgrade projects were completed in 2018, 2019, and 2020 that have resulted in a decrease in electric costs, reducing our utility expenses from the previous years. We will continue to monitor the effects of state budget cuts on the potential reductions in costs to tuition, community school, scholarship and STEM school payments made to other organizations that are deducted from our foundation payments.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Other Purchased Services	\$157,506	\$162,231	\$167,098	\$172,111	\$177,274
Building & Vehicle Maintenance	\$300,751	\$309,774	\$319,067	\$328,639	\$338,498
CC+, Community School, Tuition	\$81,811	\$84,265	\$86,793	\$89,397	\$92,079
ESC & Other Special Education	\$381,587	\$445,035	\$458,386	\$472,138	\$486,302
Open Enrollment	\$513,204	\$528,600	\$544,458	\$560,792	\$577,616
Utilities	<u>\$218,671</u>	<u>\$225,231</u>	<u>\$253,988</u>	<u>\$261,608</u>	<u>\$269,456</u>
Total Line #3.030	<u>\$1,653,530</u>	<u>\$1,755,136</u>	<u>\$1,829,790</u>	<u>\$1,884,685</u>	<u>\$1,941,225</u>

Supplies and Materials – Line #3.040

Materials and supplies include expenses such as classroom supplies, textbooks, copy paper, technology supplies, software, administrative supplies, maintenance supplies, transportation supplies, and bus fuel costs. We have seen an increase in supplies and materials as we add new programs, such as STEM, preschool, and the new special education unit. We also anticipate significant supplies to be utilized for the start-up of our biomedical science classes and VoAg classes as well as a new student information system being implemented during FY21. We have included a 2% increase for each year within the forecast.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Supplies	\$373,617	\$381,089	\$360,211	\$367,415	\$374,763
Total Line #3.040	<u>\$373,617</u>	<u>\$381,089</u>	<u>\$360,211</u>	<u>\$367,415</u>	<u>\$374,763</u>

Capital Outlay – Line #3.050

Capital outlay includes purchase of fixed assets that have a useful life over one year. Common capital outlay purchases include equipment, furniture, and technology. The increase from FY20 to FY21 is a result of including the cost of a new biomedical science and VoAg programs.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Capital Outlay	<u>\$122,432</u>	<u>\$144,881</u>	<u>\$147,779</u>	<u>\$150,735</u>	<u>\$153,750</u>
Total Line #3.050	<u>\$122,432</u>	<u>\$144,881</u>	<u>\$147,779</u>	<u>\$150,735</u>	<u>\$153,750</u>

Debt Service – Line #4.010 - 4.060

This forecast does not contain any General Fund Debt.

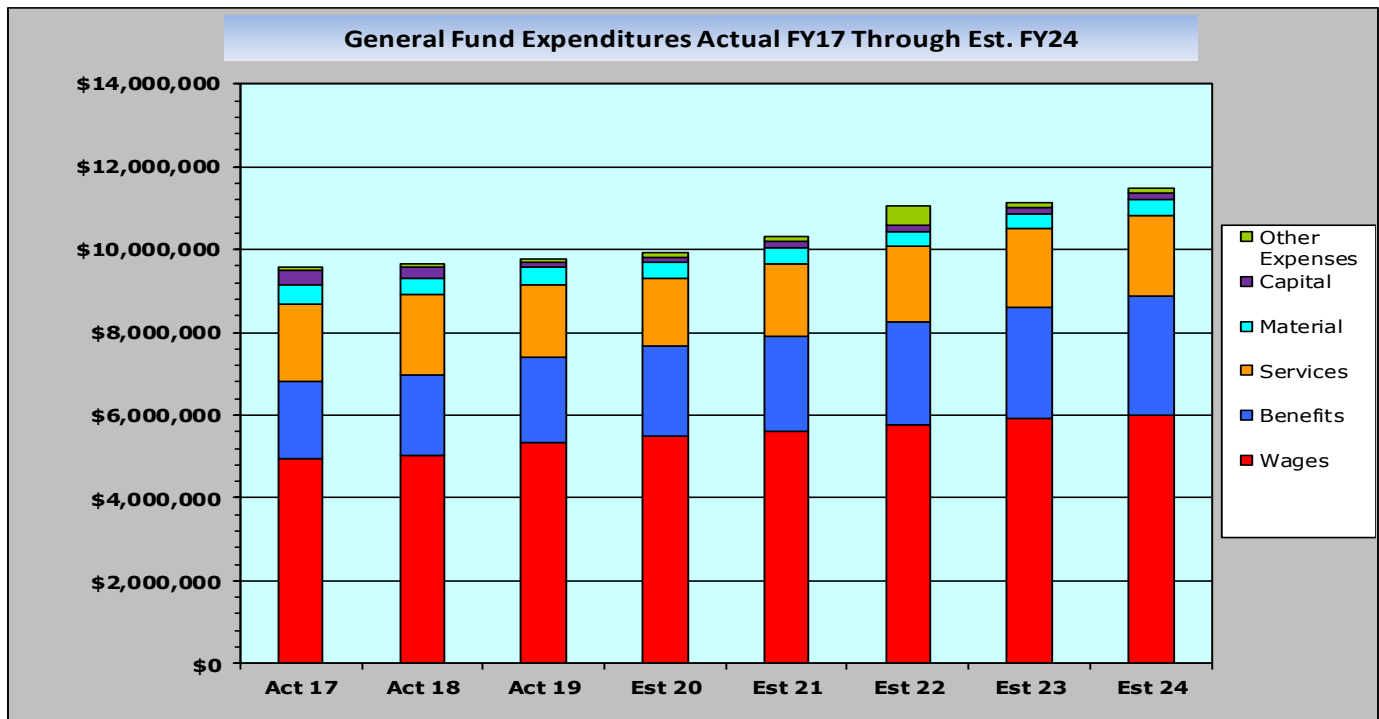
Other Expenses – Line #4.300

This category of expenses is primarily fees to the county auditor and treasurer for collecting property taxes, County ESC charges for shared services, financial audit fees, and bank service charges. FY20 is projected to have an increase in property tax fees to cover the cost of the May 2019 primary election. We also have a significant one-time expense of \$350,000 for debt service assessments in FY22 for the installation of the new water line. We have increased the ESC and other expenses by an overall inflation rate of 3%.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
County Auditor & Treasurer Fees	\$65,973	\$61,952	\$63,811	\$65,725	\$67,697
County ESC	7,319	7,539	7,765	7,998	8,238
Other expenses	<u>43,528</u>	<u>44,834</u>	<u>396,179</u>	<u>47,564</u>	<u>48,991</u>
Total Line #4.300	<u>\$116,820</u>	<u>\$114,325</u>	<u>\$467,755</u>	<u>\$121,287</u>	<u>\$124,926</u>

Total Expenditure Categories Actual FY17 through FY19 and Estimated FY20 through FY24

The graph on the following page reflects an overview of actual and estimated expenses by proportion to total in the General Fund. Benefits and purchased services have been steadily rising since FY17.



Transfers Out/Advances Out – Line #5.010

This account group covers fund-to-fund transfer and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. FY20-FY24 includes

annual transfers to the Capital Projects Fund and Severance Fund. The anticipated transfers decrease as of FY21 as the District cuts back on capital project savings for cash balance purposes.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Operating Transfers Out Line #5.010	\$1,100,000	\$475,000	\$475,000	\$475,000	\$475,000
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total	<u>\$1,100,000</u>	<u>\$475,000</u>	<u>\$475,000</u>	<u>\$475,000</u>	<u>\$475,000</u>

Encumbrances – Line #8.010

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. The amounts outstanding vary year to year. All outstanding purchase orders that can be closed prior to fiscal year-end are closed.

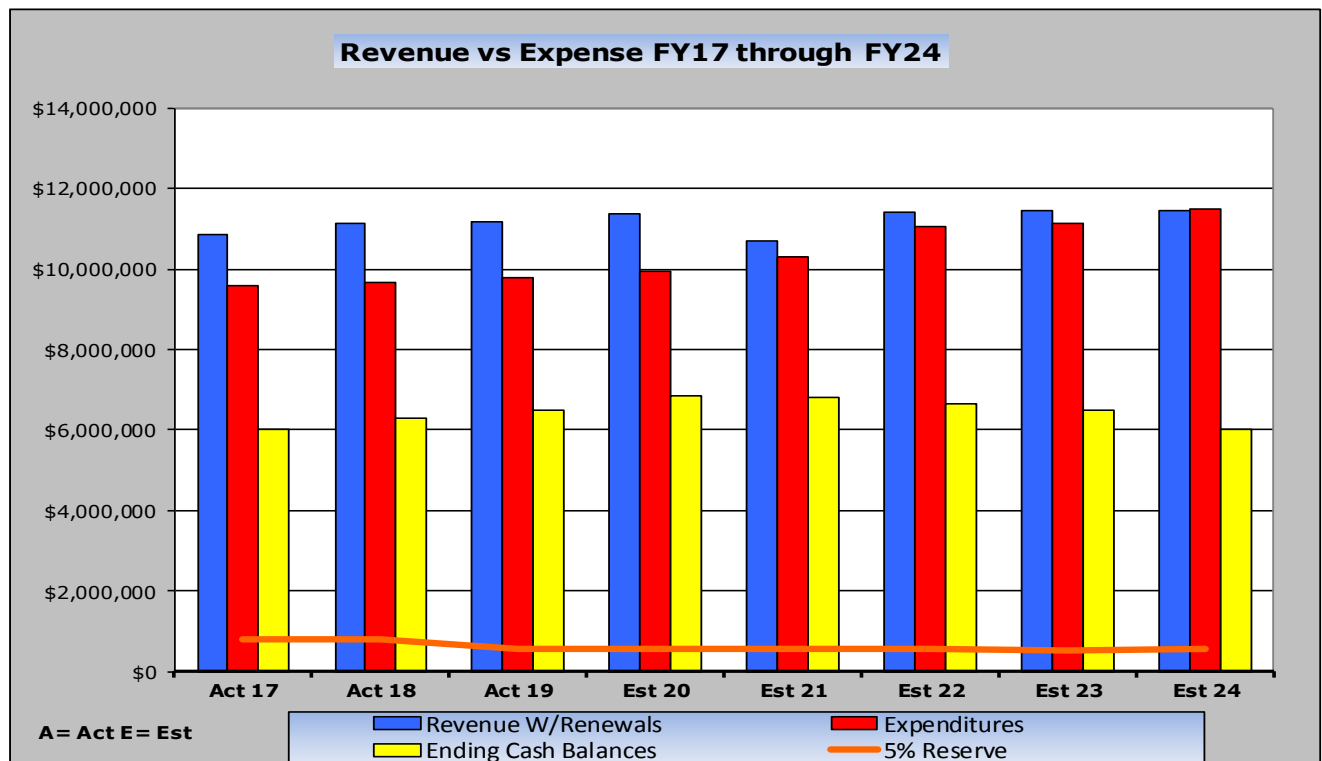
Reservations of Fund Balance – Line #9.080

Allen East Local School District has established a Fiscal Stabilization Reserve of 5% of prior years General Fund revenues pursuant to ORC §5705.13. This reservation is designed to make sure we have adequate reserves should our economic condition change and we need time to adjust.

Ending Unencumbered Cash Balance “The Bottom-line”– 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 which is knowingly signed which results in a negative unencumbered cash balance is a violation of ORC §5705.412, punishable by personal liability of \$10,000, unless an alternative 412 certificate could be entered into as permitted by HB153 which was effective September 30, 2011.

	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Ending Cash Balance	<u>\$6,857,943</u>	<u>\$6,800,271</u>	<u>\$6,644,885</u>	<u>\$6,492,635</u>	<u>\$6,005,672</u>



Conclusion

Allen East Local Schools was very fortunate to have received more funding for FY17 and FY18 from the state budget. However, in FY20 ODE cut foundation funding and is projected to cut an additional 10% in FY21 as a result of the economic impact of the COVID-19 pandemic. Throughout the remaining forecast current projections indicate our funding from the State will be relatively flat. Since approximately 61% of the funding for the district is from state dollars, this is an area of concern regarding our fiscal stability long term.

The district will have to remain mindful that there are many risks and uncertainties that will need to be considered in future planning as there are two new state budgets in the time period from FY22-24.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.