

NORWOOD CITY SCHOOL DISTRICT
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	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:								
1.010 - General Property Tax (Real Estate)	13,337,021	14,708,053	14,380,703	14,879,298	14,677,378	13,568,499	12,254,183	12,373,425
1.020 - Public Utility Personal Property	1,145,977	1,174,698	1,232,358	1,308,093	1,391,486	1,335,665	1,295,755	1,351,654
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	7,457,160	7,102,803	7,072,316	6,590,511	6,278,416	5,984,528	6,995,970	6,994,064
1.040 - Restricted Grants-in-Aid	891,899	772,338	803,698	952,263	952,500	952,500	900,000	900,000
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	2,034,572	2,015,008	1,614,352	1,507,003	1,432,800	1,204,937	1,021,478	1,029,909
1.060 - All Other Operating Revenues	3,398,108	3,948,916	2,875,130	4,002,927	3,436,951	3,509,401	3,544,401	3,594,401
1.070 - Total Revenue	28,264,737	29,721,816	27,978,557	29,240,095	28,169,531	26,555,530	26,011,787	26,243,453
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	952,882	-	38,679	-	-	-	-
2.050 - Advances-In	359,378	313,802	1,105,289	112,680	165,000	169,852	-	-
2.060 - All Other Financing Sources	26,968	254,877	355,452	190,285	30,000	30,000	30,000	30,000
2.070 - Total Other Financing Sources	386,346	1,521,561	1,460,741	341,644	195,000	199,852	30,000	30,000
2.080 - Total Revenues and Other Financing Sources	28,651,083	31,243,376	29,439,298	29,581,739	28,364,531	26,755,382	26,041,787	26,273,453
Expenditures:								
3.010 - Personnel Services	13,870,617	14,702,220	15,494,092	15,933,681	15,814,117	16,520,706	17,304,931	18,085,813
3.020 - Employees' Retirement/Insurance Benefits	4,326,808	4,602,373	4,971,297	5,026,580	4,958,116	5,277,801	5,586,793	5,909,450
3.030 - Purchased Services	6,153,449	5,918,672	5,961,231	6,043,555	6,161,182	5,937,118	6,160,785	6,284,378
3.040 - Supplies and Materials	713,343	808,254	702,987	881,439	901,486	921,486	941,486	961,486
3.050 - Capital Outlay	33,186	23,822	60,102	90,463	15,463	15,463	15,463	15,463
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-	-	-
4.300 - Other Objects	295,921	385,985	349,757	386,776	409,091	384,091	384,091	384,091
4.500 - Total Expenditures	25,393,324	26,441,325	27,539,465	28,362,494	28,259,455	29,056,665	30,393,549	31,640,681
Other Financing Uses								
5.010 - Operating Transfers-Out	998,273	1,052,813	2,008,732	575,000	515,000	50,000	50,000	50,000
5.020 - Advances-Out	258,802	1,556,064	669,787	165,000	169,852	-	-	-
5.030 - All Other Financing Uses	-	35,704	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,257,075	2,644,581	2,678,519	740,000	684,852	50,000	50,000	50,000
5.050 - Total Expenditures and Other Financing Uses	26,650,399	29,085,906	30,217,984	29,102,494	28,944,307	29,106,665	30,443,549	31,690,681
6.010 - Expenditures and Other Financing Uses	2,000,684	2,157,470	(778,686)	479,245	(579,776)	(2,351,283)	(4,401,762)	(5,417,228)
7.010 - Replacement and New Levies	6,246,319	8,247,003	10,404,473	9,625,787	10,105,032	9,525,255	7,173,972	2,772,210
7.020 - Cash Balance June 30	8,247,003	10,404,473	9,625,787	10,105,032	9,525,255	7,173,972	2,772,210	(2,645,018)
8.010 - Estimated Encumbrances June 30	-	-	233,112	200,000	200,000	200,000	200,000	200,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	8,247,003	10,404,473	9,392,675	9,905,032	9,325,255	6,973,972	2,572,210	(2,845,018)
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	1,784,037	3,576,378	3,586,654
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	1,784,037	5,360,415	8,947,069
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	8,247,003	10,404,473	9,392,675	9,905,032	9,325,255	8,758,009	7,932,625	6,102,051
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	8,247,003	10,404,473	9,392,675	9,905,032	9,325,255	8,758,009	7,932,625	6,102,051

NORWOOD CITY SCHOOL DISTRICT

Five Year Forecast Financial Report

May, 2020

Julie A Kamphaus, Treasurer/CFO



Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22
Forecast Compare - Compares Previous Forecast to Current	23
PI Levy Fund Analysis	24
Student vs Staff FTE report	25
Kis Statement with projected 10% State Revenue Cuts	26

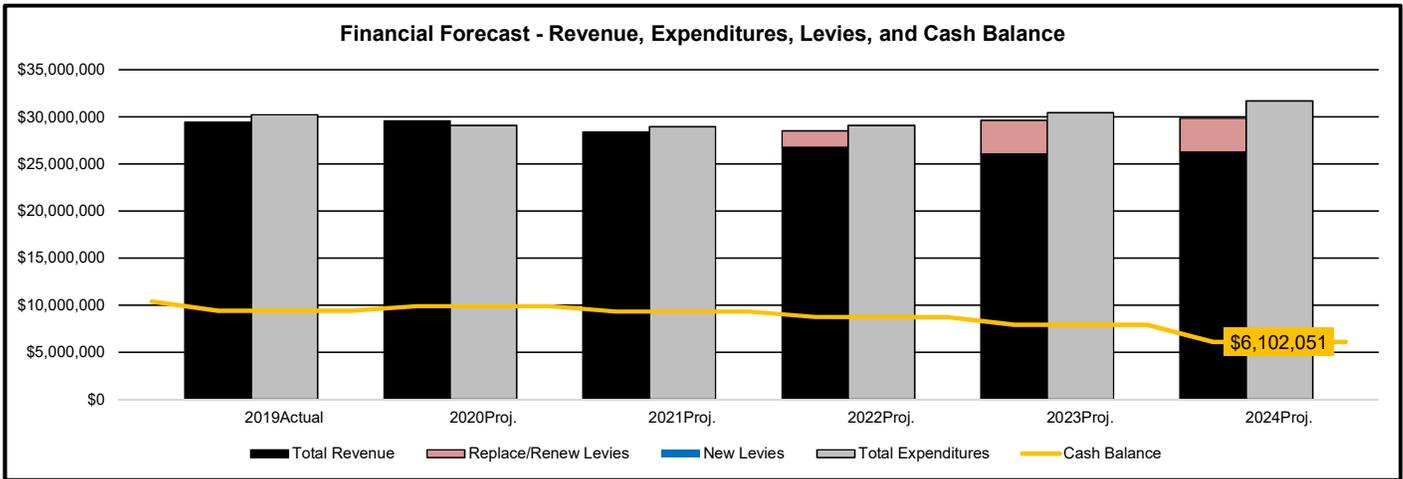
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



NORWOOD CITY SCHOOL DISTRICT

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	9,625,787	10,105,032	9,525,255	8,958,009	8,132,625
+ Revenue	29,581,739	28,364,531	26,755,382	26,041,787	26,273,453
+ Proposed Renew/Replacement Levies	-	-	1,784,037	3,576,378	3,586,654
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(29,102,494)	(28,944,307)	(29,106,665)	(30,443,549)	(31,690,681)
= Revenue Surplus or Deficit	479,245	(579,776)	(567,246)	(825,384)	(1,830,574)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	10,105,032	9,525,255	8,958,009	8,132,625	6,302,051

Analysis Without Renewal Levies Included:

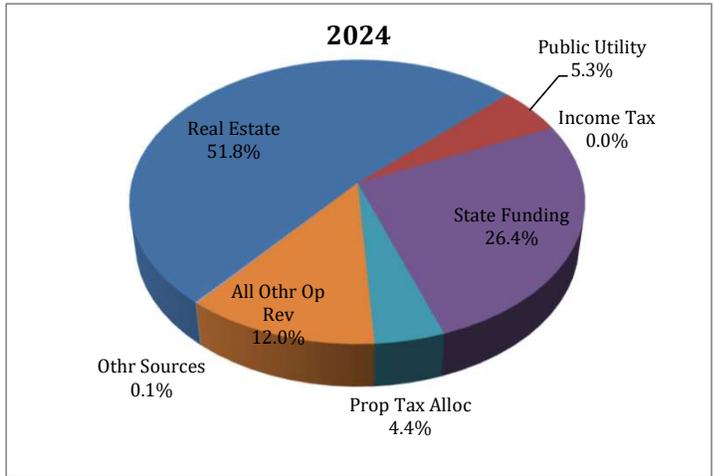
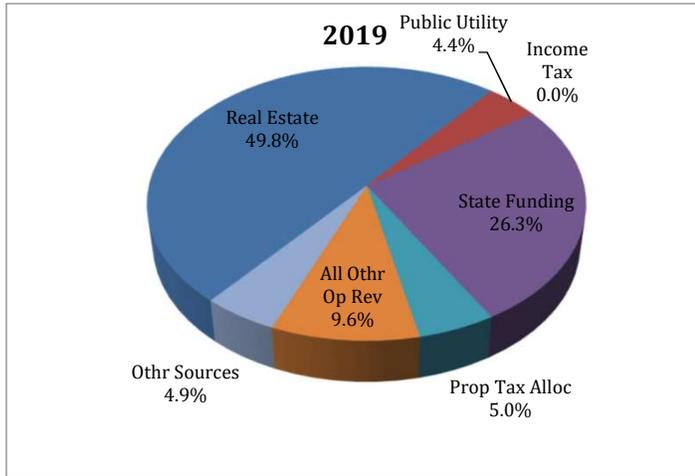
Revenue Surplus or Deficit w/o Levies	479,245	(579,776)	(2,351,283)	(4,401,762)	(5,417,228)
Ending Balance w/o Levies	10,105,032	9,525,255	7,173,972	2,772,210	(2,645,018)

Our Forecast Summary shows the district spending into its carryover every year of the forecast after the current one-see circled area. Typically, I would never say to concentrate on just three years. But I am asking you to do that here. We are predicting a forecast during a pandemic and three years is appropriate. Despite staff layoffs in May that were estimated to balance the budget, further estimated state and local revenue reductions due to the pending recession have worsened the district's bottom line. In the forecast, I have estimated about a 4% state revenue decrease for FY20, 21, and 22. On page 26 of my assumptions, I give a snip of our financial statements *if* the state revenue cuts are in the 10% range each year. Future forecasts will show actual state revenue losses once those cuts are announced from the Governor's office.

Regardless of the amount of actual reductions in state and local revenue sources, the fact remains that the district is over staffed and has room to reduce costs. We will continue to evaluate every staff resignation to see if the position actually needs replaced or if we can move staff around to best fit the need. Since the district spends more than 75% of its budget on staffing costs, cuts must be made in staffing to see a balanced budget. The Board of Education is determined to balance the budget and live within our means as a district and has already reduced staffing by 19 in FY21 and 3 in FY20.

Norwood City School district has a Substitute levy on the ballot in November; see the estimated revenue highlighted in green. This levy will replace an existing Emergency levy for the **exact same amount of tax revenue**. It is imperative that the levy pass; the district simply cannot cut enough to balance for the loss of this levy. The Substitute levy will become permanent due to the complete loss in state revenues of Tangible Personal Property Allocations.

Revenue Sources and Forecast Year-Over-Year Projected Overview



*Projected % trends include renewal levies

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenue:							
1.010-Real Estate	0.92%	3.47%	-1.36%	2.92%	1.50%	0.81%	1.47%
1.020-Public Utility	5.21%	6.15%	6.38%	3.64%	4.93%	4.09%	5.04%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	1.27%	-6.81%	-4.74%	-4.68%	16.90%	-0.03%	0.13%
1.040-Restricted Aid	-2.23%	18.49%	0.02%	0.00%	-5.51%	0.00%	2.60%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-11.58%	-6.65%	-4.92%	-6.10%	-3.24%	0.57%	-4.07%
1.060-All Other Operating	31.25%	39.23%	-14.14%	2.11%	1.00%	1.41%	5.92%
1.070-Total Revenue	1.09%	4.51%	-3.66%	0.60%	4.41%	0.82%	1.33%
2.070-Total Other Sources	78.58%	-76.61%	-42.92%	2.49%	-84.99%	0.00%	-40.41%
2.080-Total w/Other Srcs	2.02%	0.48%	-4.11%	0.62%	3.78%	0.82%	0.32%

Real Estate Tax revenues provide nearly 50% of the district’s total revenue. That percentage will continue to grow as State Funding is estimated to decrease due to the pending recession. In addition, the State has been phasing out Tangible Personal Property allocations (Property Tax Allocations) and FY22 is the final year for that revenue source.

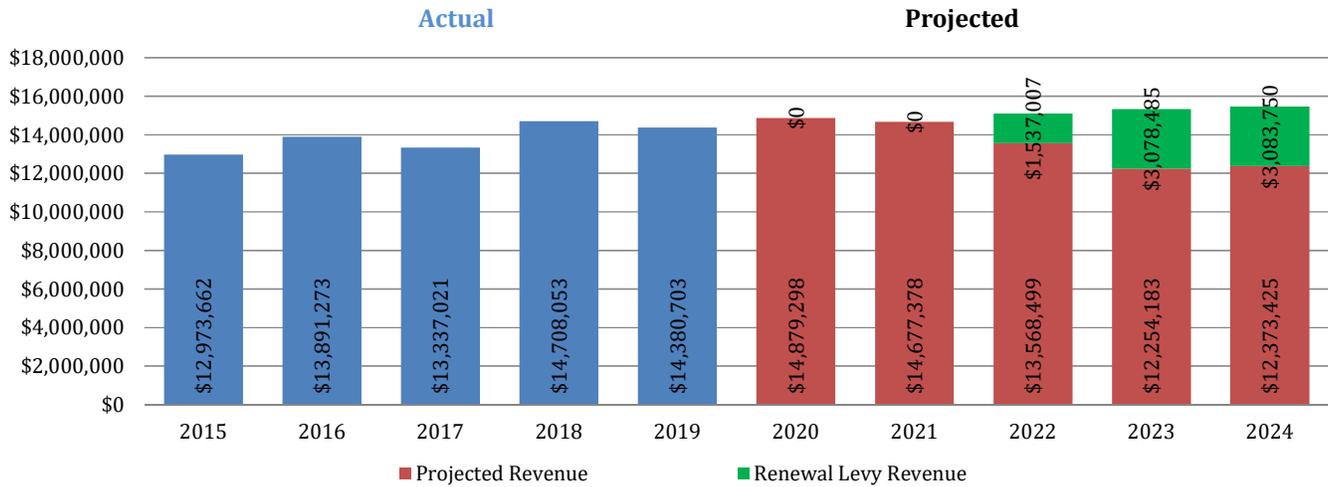
In the second graph, you will see we expect only a 1.34% average annual increase over the next five year forecast period. As you can imagine, that causes many issues as our costs will rise more than that annually. In the past five years, our average annual increase in funding was only 1.09%.

Increases in tax revenue cannot overcome expected losses in state revenue and the total loss of tangible personal property allocations (property tax allocations).

Total Other Sources are refunds and returns of advances, which vary year to year, causing seemingly high percentage increases. However, these are not a dependable source of operating revenues as they cannot be counted on to use for education.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	14,380,703	14,879,298	14,677,378	15,105,506	15,332,668	15,457,175
YOY \$ Change	(327,350)	498,595	(201,920)	428,128	227,162	124,507
YOY % Change	-2.2%	3.5%	-1.4%	2.9%	1.5%	0.8%

Percentage of Total Revenue	48.8%	50.3%	51.7%	52.9%	51.8%	51.8%
-----------------------------	-------	-------	-------	-------	-------	-------

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	387,395,210	1,774,640	39.93	(0.02)	42.59	(0.41)	99.3%
2019	391,591,120	4,195,910	40.48	0.56	42.90	0.31	98.7%
2020	421,725,033	30,133,913	38.46	(2.03)	40.33	(2.57)	98.0%
2021	421,775,033	50,000	38.77	0.32	40.71	0.38	99.1%
2022	422,625,033	850,000	38.84	0.07	40.79	0.08	99.4%
2023	434,675,033	12,050,000	38.20	(0.64)	39.95	(0.84)	99.5%

The large variances in the bar graph history were caused by settlements, refunds and collections of delinquent property taxes at the Hamilton County Auditor’s office. Future revenues are forecasted to exclude these variances. However, settlements and refunds will still happen and will be included in the forecast as they occur.

Note, the green section in the last three bars, again remind that the emergency levy must be renewed in order to continue at these revenue estimates. This Substitute levy will be on the ballot in November of 2020.

In the number graph, you will see that Real estate revenues are expected to decrease 1.4% in FY21 due to delinquent property tax revenues as our commercial and residential taxpayers struggle with an economy in recession.

FY22 has estimated increases in valuation due to the county’s regularly scheduled triennial update which triggers a modest increase in tax revenue directly related to inside mills.

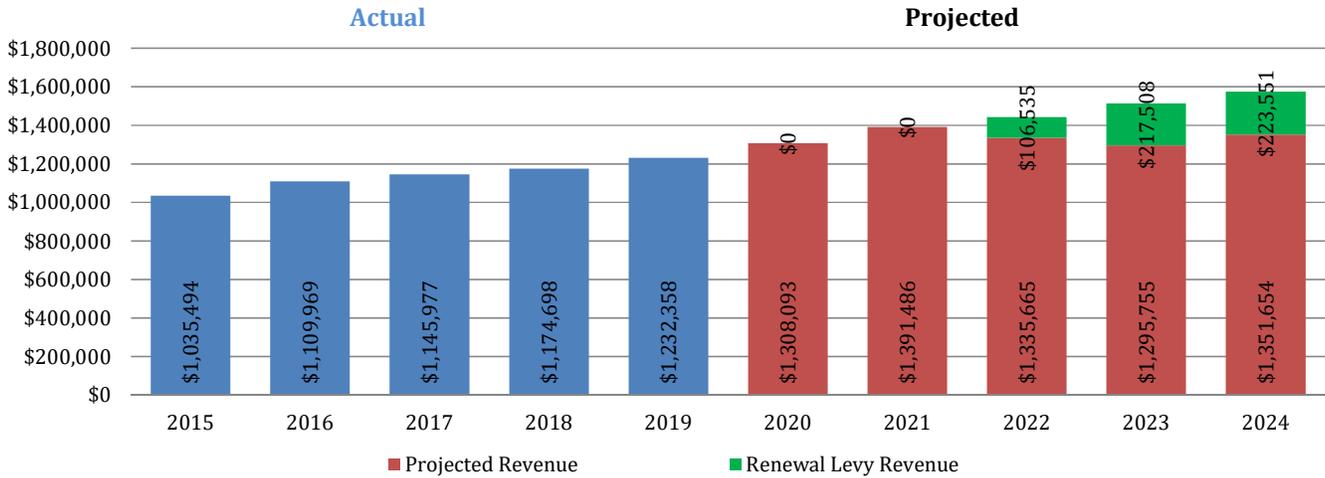
Expected growth in valuations are detailed in the spreadsheet (directly) above. You can see the resulting decline in millage rates as valuations are expected to increase. This is mandated in HB920 to stop inflationary revenue growth to school districts.

The last column in the graph directly above shows declining collection rates as the economy slows and then the further small increase in collection rates as the economy hopefully increases.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	1,232,358	1,308,093	1,391,486	1,442,200	1,513,263	1,575,205
YOY \$ Change	57,660	75,735	83,393	50,714	71,063	61,942
YOY % Change	4.9%	6.1%	6.4%	3.6%	4.9%	4.1%

Percentage of Total Revenue	2019	2020	2021	2022	2023	2024
	4.2%	4.4%	4.9%	5.1%	5.1%	5.3%

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	21,647,370	1,208,970	58.47	(0.14)	100.0%
2019	23,147,700	1,500,330	59.00	0.53	100.0%
2020	24,264,077	1,116,377	57.92	(1.08)	100.0%
2021	25,436,272	1,172,195	58.15	0.24	100.0%
2022	26,616,272	1,180,000	58.14	(0.01)	100.0%
2023	27,796,272	1,180,000	57.67	(0.47)	100.0%

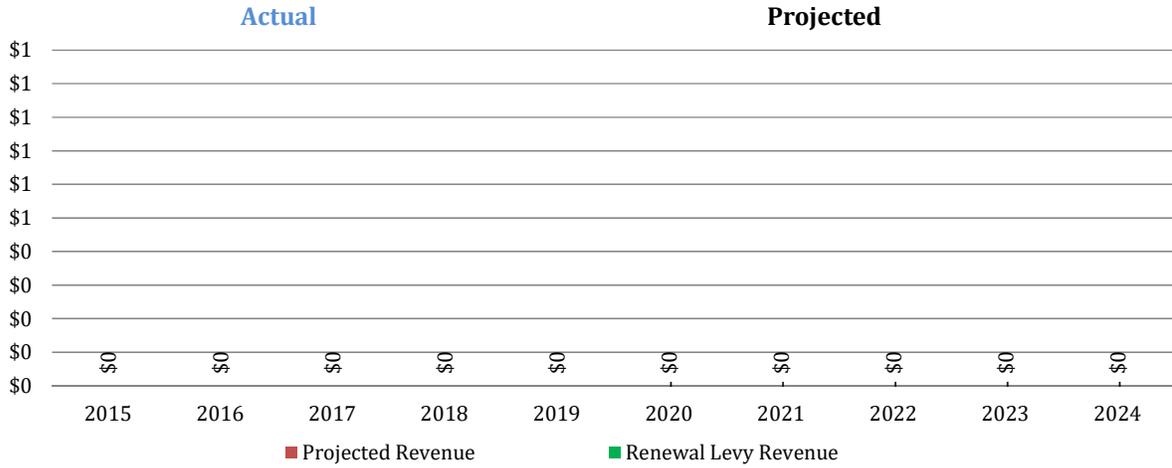
While a small portion of the district's total revenue, Public Utility Personal Property tax revenue has shown steady growth. That growth is estimated to continue during the forecasted period.

Note, the green section in the last three bars, again remind that the emergency levy must be renewed in order to continue at these revenue estimates.

*Projected % trends include renewal levies

1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



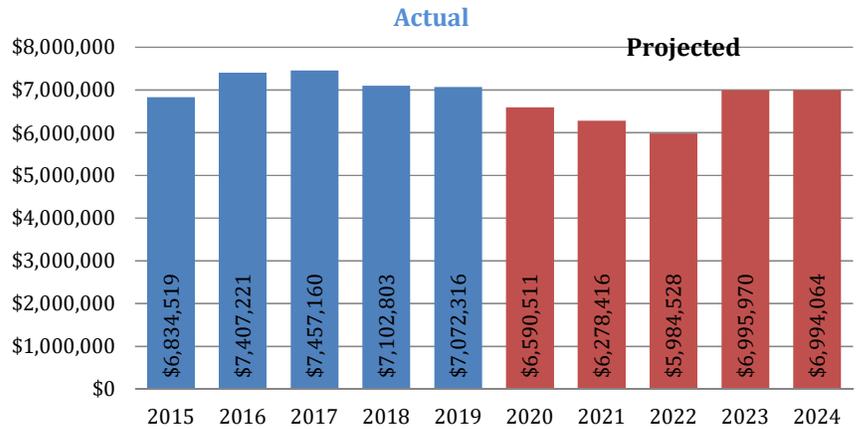
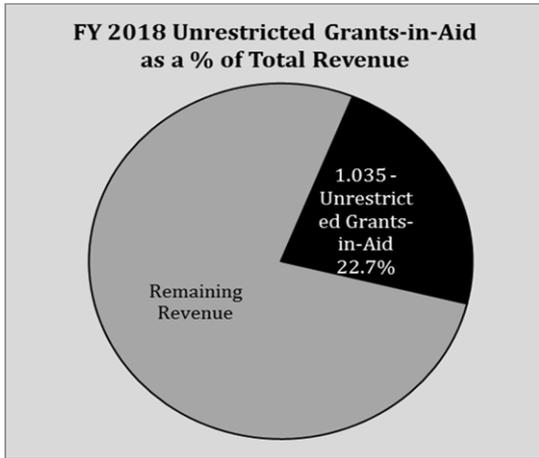
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Norwood City Schools receives no Income tax revenue from its taxpayers.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



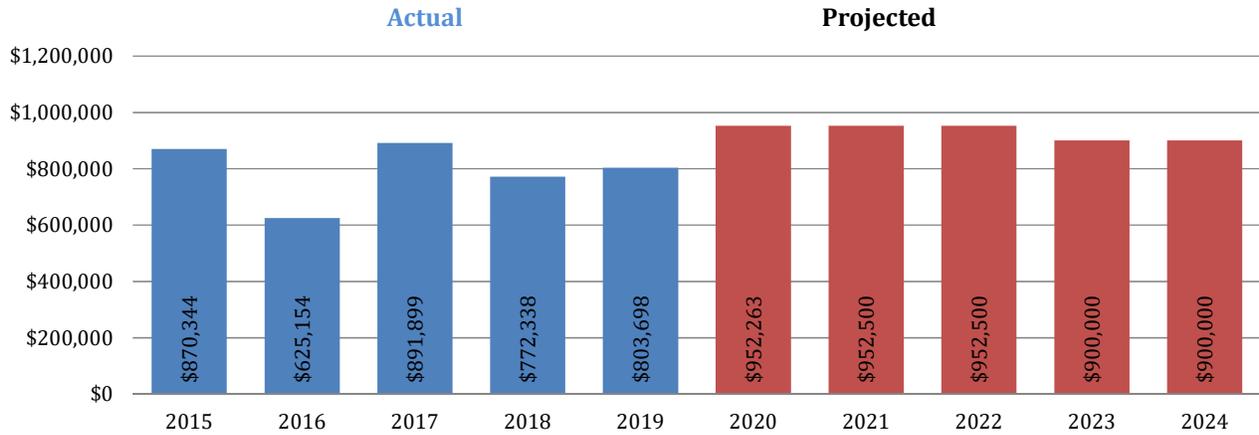
	2019	2020	2021	2022	2023	2024
		FORECASTED				
Total	7,072,316	6,590,511	6,278,416	5,984,528	6,995,970	6,994,064
YOY \$ Change	(30,487)	(481,805)	(312,095)	(293,888)	1,011,442	(1,905)
YOY % Change	-0.4%	-6.8%	-4.7%	-4.7%	16.9%	0.0%
Percentage of Total Revenue	24.0%	22.3%	22.1%	21.0%	23.6%	23.4%
Base Aid	7,567,177	7,567,177	7,567,177	7,567,177	7,567,177	7,567,177
Student Wellness Aid		444,726	625,455	614,064	600,873	587,683
Supplemental Aid - Wellness & Growing		-	-	-	-	-
Enrollment	1,776	1,779	1,737	1,706	1,669	1,632

State funding for Norwood City Schools makes up more than 22% of total revenues. (Pie chart)

State funding will decline starting this year as the Governor just released K-12 funding cuts for the current year. The state is struggling with their own rapidly declining revenues due to the COVID crisis and complete shut down of its economic base. The state has not released information to public schools on expected funding cuts after the current year but we know they will happen. We have estimated about a 4% decline in state foundation revenue for next year and FY22 before it stabilizes to less than FY19 totals. If revenue cuts are worse than estimated, the district will have to make further cuts in order to balance the budget. In addition, the district will provide an updated forecast if funding levels vary significantly from this forecast. An estimate of 10% cuts is portrayed on page 26 of the assumptions. The reduction in state funding includes losses due to state foundation funding and drastic losses in casino tax revenues.

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	803,698	952,263	952,500	952,500	900,000	900,000
YOY \$ Change	31,360	148,565	237	-	(52,500)	-
YOY % Change	4.1%	18.5%	0.0%	0.0%	-5.5%	0.0%

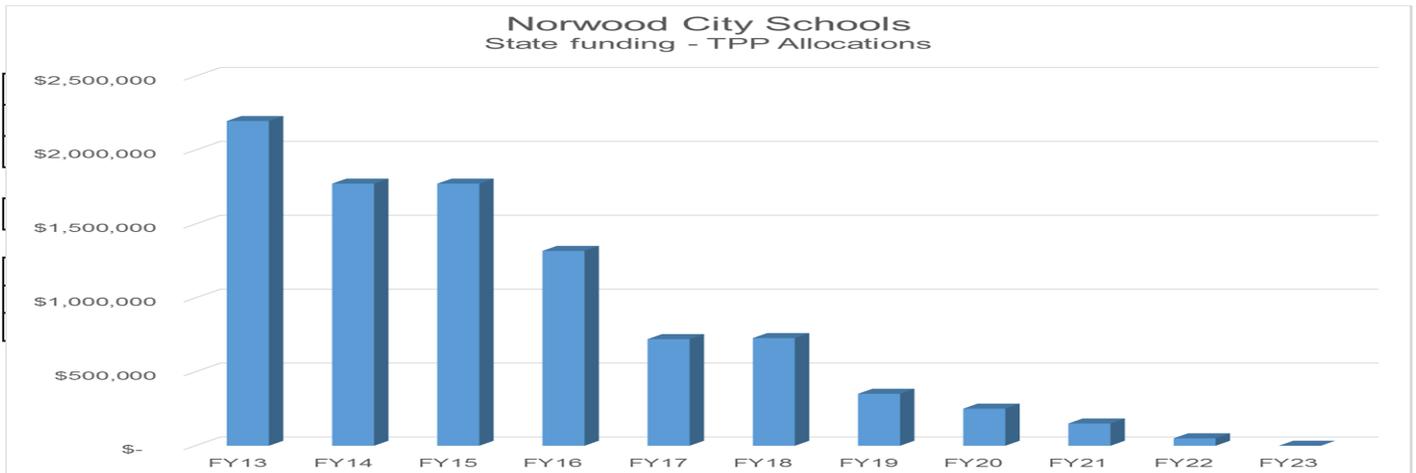
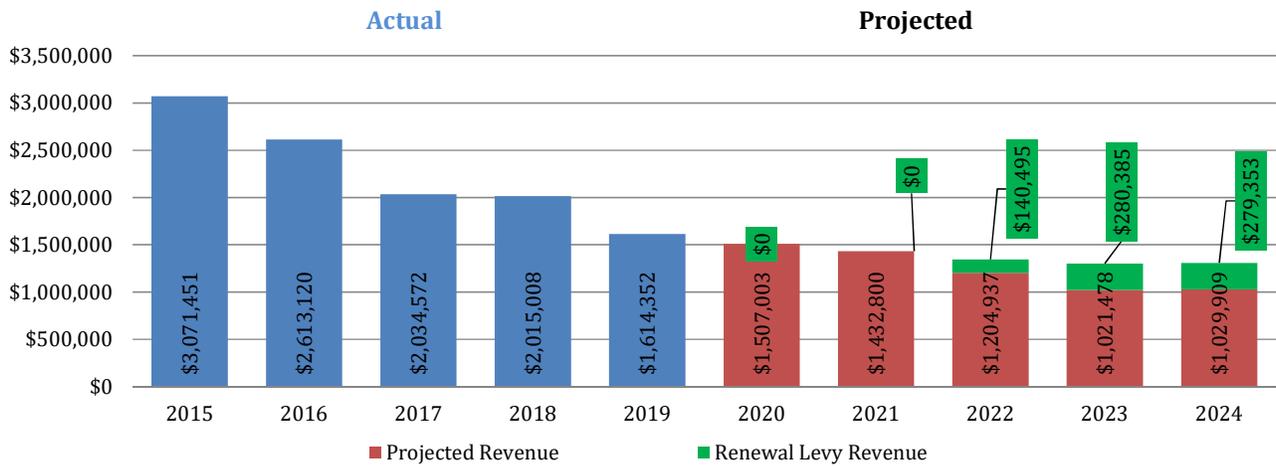
Percentage of Total Revenue	2019	2020	2021	2022	2023	2024
	2.7%	3.2%	3.4%	3.3%	3.0%	3.0%

1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	2,034,572	2,015,008	1,614,352	1,512,653	1,431,655	1,203,085	1,017,935	1,023,393

State Restricted funding
 This funding from the state is restricted to its use. These funds are used for additional education support for economically challenged students. We do not estimate a reduction in this funding source until FY23 when catastrophic funding will decline due to enrollment.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



This category is additional revenue from the state that replaces two different kinds of tax revenue.

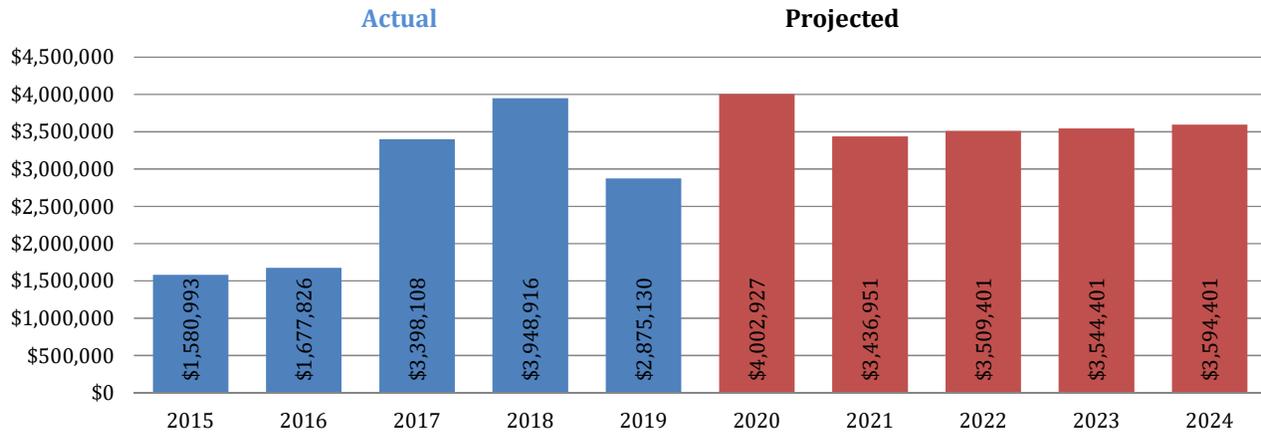
1. In the past, we received Personal Property tax from businesses based on equipment and inventory. That tax was discontinued years ago. The state revenue to replace that lost tax is being phased out also (Blue bar graph). In fiscal year 12, we received \$2,240,844 in TPP replacement funding. In 2022, we expect to receive \$50,242 and the following year it will all be gone.
2. This revenue category also includes the state’s reimbursement for residential real estate tax credits known as Rollback and Homestead. For all new levies, Rollback and Homestead payments will not be reimbursed to the district but the discount in taxes continues.

You will see in the bar graph (blue and red) how far this revenue has dropped since 2015 and is expected to continue to drop. The green bars are a reminder that the emergency levy must be renewed in order to continue this revenue; the district will have the substitute levy on the ballot in November.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	2,875,130	4,002,927	3,436,951	3,509,401	3,544,401	3,594,401
YOY \$ Change	(1,073,785)	1,127,797	(565,976)	72,450	35,000	50,000
YOY % Change	-27.2%	39.2%	-14.1%	2.1%	1.0%	1.4%

Percentage of Total Revenue	9.8%	13.5%	12.1%	12.3%	12.0%	12.0%
-----------------------------	------	-------	-------	-------	-------	-------

All other operating revenues

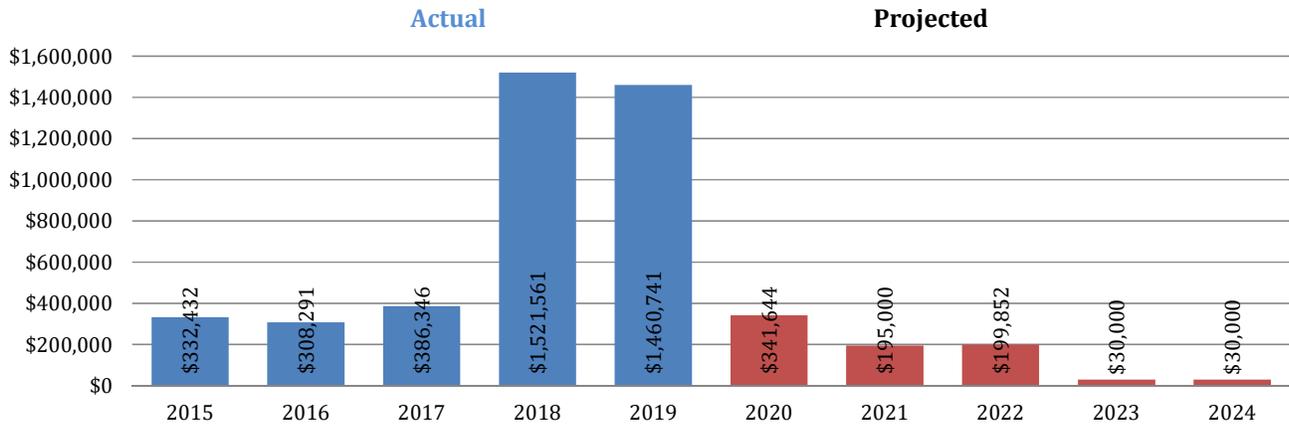
The largest source of “other revenue” is Payment in Lieu of Taxes. Like real estate tax revenue, TIF revenue’s history shows large variances due to settlements and timing of payments. In FY19 the district received \$1,713,985 in TIF payments and in FY20 we expect \$2,808,000. Over \$587,000 was received in FY20 that was due in FY19; this is an example of the large variances you see in the history of this note. Although future variances are not estimated in the forecast, we do agree that they will continue.

In addition, the Board of Education will authorize independent appraisals of TIF property values for abated property developments fairly routinely. TIF revenue will not meet expectations unless the values are representative of a developer’s originally proposed market value. Any future new business agreements will be reflected in revenues as they happen. This revenue source is complex and is monitored by district bond legal counsel because of the relationship of the district’s revenue relative to the property owner’s payment, and the City of Norwood’s debt payments.

Also in this note is interest revenue for the district’s investments. As you can imagine, due to the pending recession, interest revenue is going to fall.

2.070 - Total Other Financing Sources

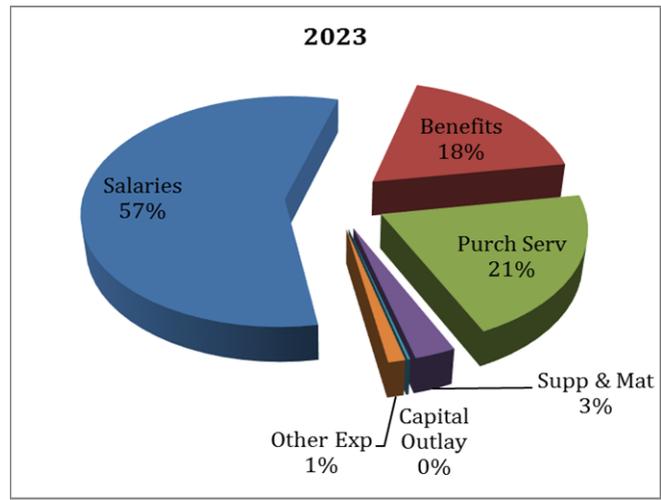
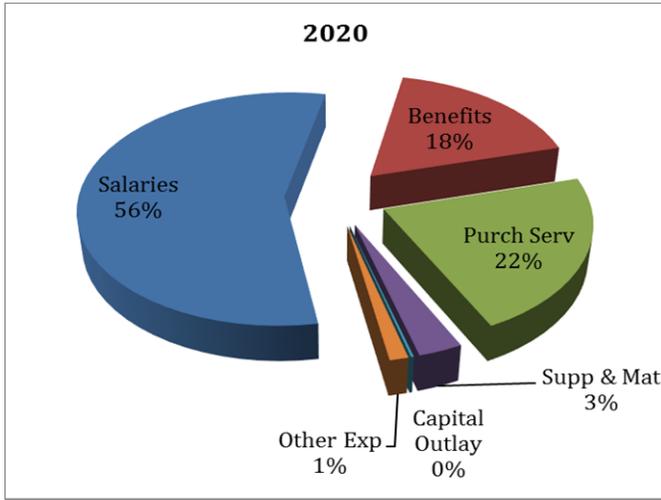
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	1,460,741	341,644	195,000	199,852	30,000	30,000
YOY \$ Change	(60,820)	(1,119,097)	(146,644)	4,852	(169,852)	-
YOY % Change	-4.0%	-76.6%	-42.9%	2.5%	-85.0%	0.0%
Percentage of Total Revenue	5.0%	1.2%	0.7%	0.7%	0.1%	0.1%
Transfers In	-	38,679	-	-	-	-
Advances In	1,105,289	112,680	165,000	169,852	-	-

The largest source for “other Financing Sources” would be the repayment of advances. In the past, Federal Grant Funds needed advances and then provided repayment more than any other fund. Currently, our procedures have changed so that advances aren’t needed as often. Much fewer advances and repayments are projected for future years.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Expenditures:							
3.010-Salaries	3.98%	2.84%	-0.75%	4.47%	4.75%	4.51%	3.16%
3.020-Benefits	2.93%	1.11%	-1.36%	6.45%	5.85%	5.78%	3.57%
3.030-Purchased Services	4.20%	1.38%	1.95%	-3.64%	3.77%	2.01%	1.09%
3.040-Supplies & Materials	4.78%	25.38%	2.27%	2.22%	2.17%	2.12%	6.83%
3.050-Capital Outlay	0.55%	50.52%	-82.91%	0.00%	0.00%	0.00%	-6.48%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	4.00%	10.58%	5.77%	-6.11%	0.00%	0.00%	2.05%
4.500-Total Expenditures	3.57%	2.99%	-0.36%	2.82%	4.60%	4.10%	2.83%
5.040-Total Other Uses	42.18%	-72.37%	-7.45%	-92.70%	0.00%	0.00%	-34.50%
5.050-Total w/Other Uses	4.76%	-3.69%	-0.54%	0.56%	4.59%	4.10%	1.00%

Salaries and benefits make up 74% of the general fund expenditures for the current year. That percentage is expected to increase. (pie charts)

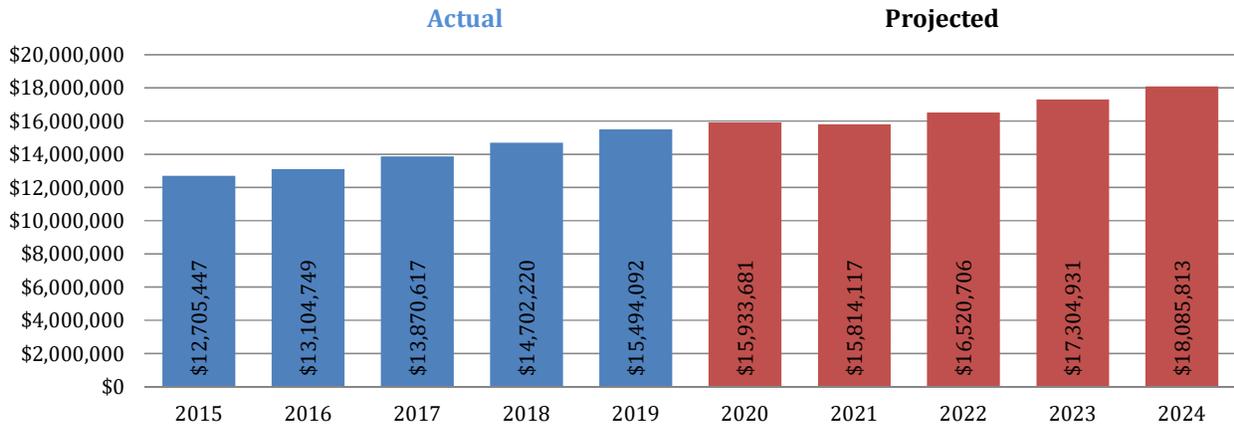
Operating expenditures grew 3.57% on average annually for the past five years. We expect growth of 2.83% as an average, annually for the next five years in total operating expenditures. You can see that we expect salaries and benefits to continue to absorb much of the operating budget. This is typical for public schools as we are very much a service based industry. The drop in estimated growth of the overall budget is due to staff layoffs.

While many challenges, both external and internal, confront a district’s forecasted expenditures, there is one fact that is unique to Norwood that continues to inflate costs - our neighborhood schools. It is difficult to reduce staffing so that a typical student teacher ratio is accomplished in a small district with four elementary schools. The district’s neighborhood school concept inflates costs more than more efficient single-campus footprint. Voters continue to support this operating method and its service level benefits. If the substitute levy fails in November, we will have to work further to reduce costs through staffing.

Costs increased due to COVID complications are included in the budget. Cares Act Funding may cover these costs. If so, the forecast will reflect those changes in November 2020.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



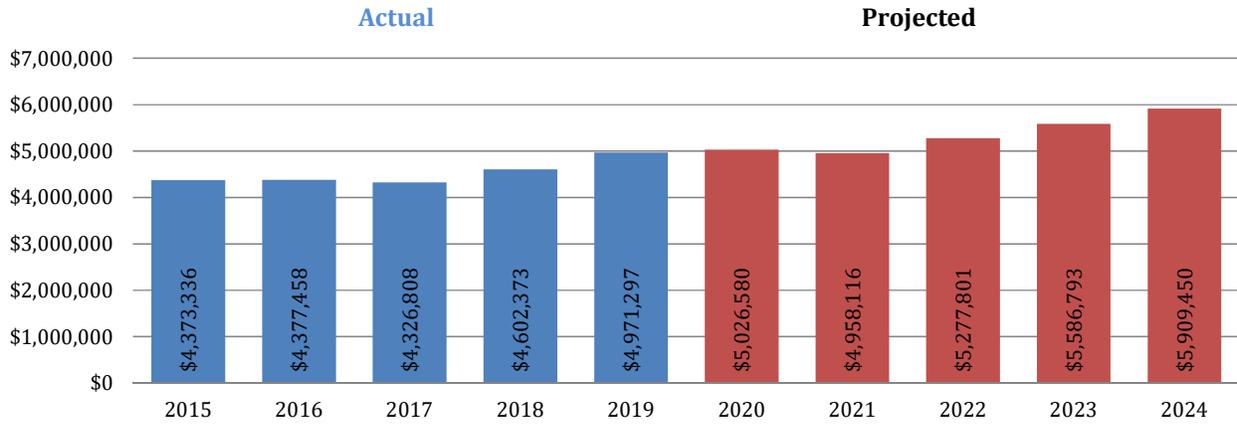
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	15,494,092	15,933,681	15,814,117	16,520,706	17,304,931	18,085,813
YOY \$ Change	791,872	439,589	(119,564)	706,589	784,225	780,882
YOY % Change	5.4%	2.8%	-0.8%	4.5%	4.7%	4.5%

Percentage of Total Budget	51.3%	54.8%	54.6%	56.8%	56.8%	57.1%
----------------------------	-------	-------	-------	-------	-------	-------

Salaries make up more than half of the district's total budget. Salaries increased 2.8% in FY20. FY21 salaries will drop due to layoffs and not replacing resigning employees. In all, we expect 19 fewer staff members in FY21 compared to the current year. In addition, the Board has approved a resolution including a hiring freeze to further help with staff reduction. Pay increases are based on actual union agreements, if settled, otherwise increases are based on history. Starting FY21, no further staff reductions are estimated in the forecast and will be reflected in the forecast as they happen.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	4,971,297	5,026,580	4,958,116	5,277,801	5,586,793	5,909,450
YOY \$ Change	368,924	55,283	(68,464)	319,685	308,992	322,657
YOY % Change	8.0%	1.1%	-1.4%	6.4%	5.9%	5.8%

Percentage of Total Budget	2019	2020	2021	2022	2023	2024
	16.5%	17.3%	17.1%	18.1%	18.4%	18.6%

This category makes up 18% of the district's budget.

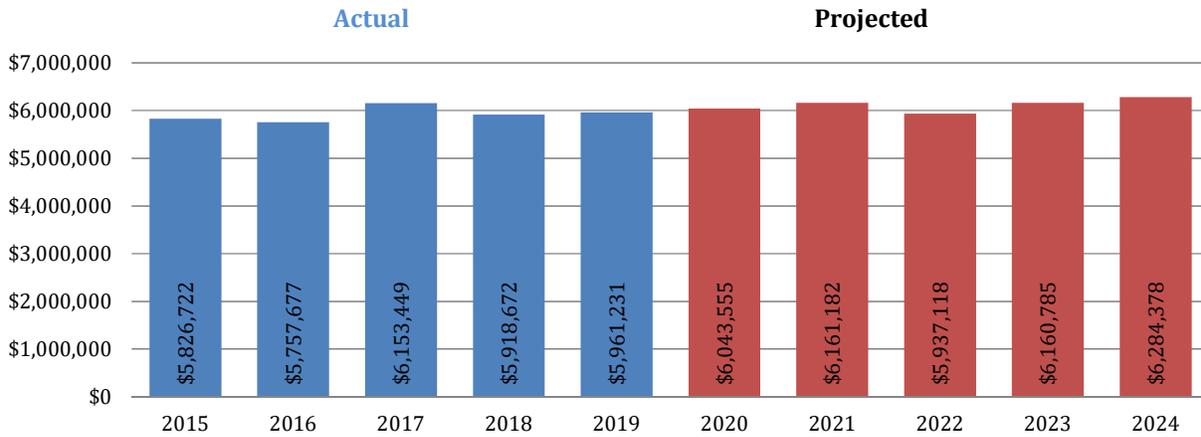
The growth of health insurance premiums has been contained in recent years by plan design changes. However, we now expect health insurance costs to increase 4% in FY21 and 10% thereafter annually spurred by the COVID epidemic. The district participates in the Greater Cincinnati Insurance Consortium (GCIC), a self-insured consortium to help contain health insurance increases. Premium increases were 0% in FY2016 through FY2018. Premiums increased 10% for FY19 and 2.2% in FY20. The Board's cost for health insurance premiums was \$1,986,200 in FY20 from the general fund.

Effective January 2019, all employees pay at least 20% of their health insurance premium.

Reductions in staffing are reflected as savings in this benefit category also.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	5,961,231	6,043,555	6,161,182	5,937,118	6,160,785	6,284,378
YOY \$ Change	42,559	82,324	117,627	(224,064)	223,667	123,593
YOY % Change	0.7%	1.4%	1.9%	-3.6%	3.8%	2.0%

Percentage of Total Budget	2019	2020	2021	2022	2023	2024
	19.7%	20.8%	21.3%	20.4%	20.2%	19.8%

Purchase services make up about 21% of the general fund budget.

Overall, we expect costs to increase, on average, 1.09% annually after increasing 4.2% on average the past five years. (Page 13 number graph)

In FY19, Special education contracted services is the largest portion of this category at nearly 25%. This category varies year to year but is expected to increase then decrease in FY22 for enrollment reasons.

School choice costs consume the second largest portion of this category at a little over 20% and consists of costs like open enrollment out, community school, charter school and post-secondary costs. These costs are expected to remain stable.

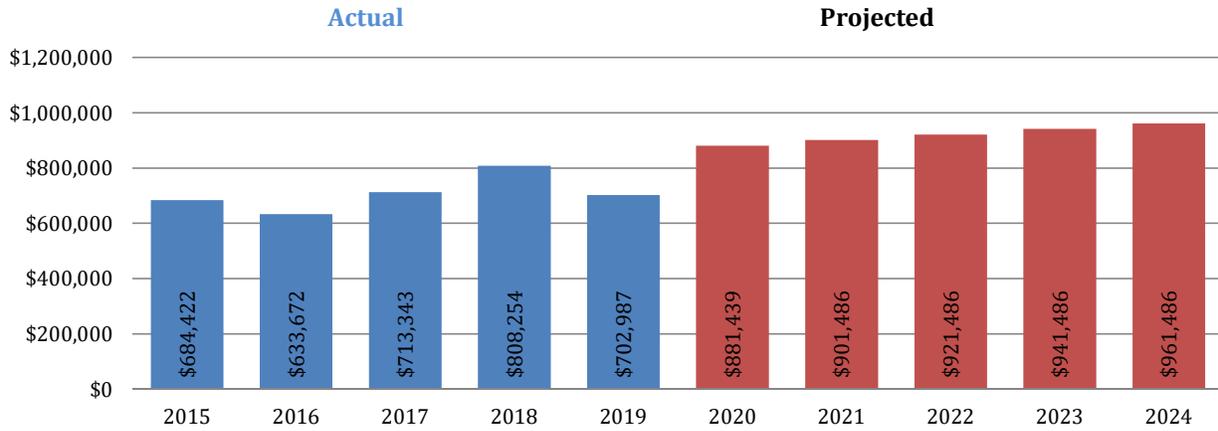
Thankfully, Ohio legislation canceled the threat of Ed Choice expansion for now or our costs would have been significantly higher.

Both custodial and transportation staff are contracted out for savings and that costs run about 20% of the total purchase services budget annually. These costs are expected to be stable.

Other portions are well controlled and include utilities, repairs, staff training, etc. Although we do expect increases in electric costs as we transition to an air conditioned campus.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



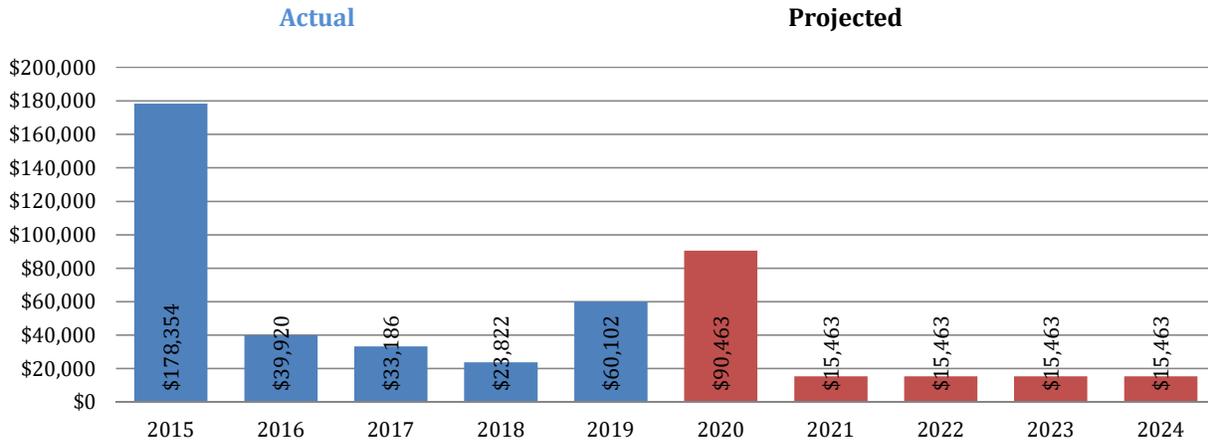
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	702,987	881,439	901,486	921,486	941,486	961,486
YOY \$ Change	(105,267)	178,452	20,047	20,000	20,000	20,000
YOY % Change	-13.0%	25.4%	2.3%	2.2%	2.2%	2.1%
Percentage of Total Budget	2.3%	3.0%	3.1%	3.2%	3.1%	3.0%

Supplies

Supplies are about 3% of the total budget and include costs like: software, textbooks, and classroom supplies. As education adopts technology more fully, we can expect higher costs in software and subscription services.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	60,102	90,463	15,463	15,463	15,463	15,463
YOY \$ Change	36,280	30,361	(75,000)	-	-	-
YOY % Change	152.3%	50.5%	-82.9%	0.0%	0.0%	0.0%
Percentage of Total Budget	0.2%	0.3%	0.1%	0.1%	0.1%	0.0%

Capital Outlay has a very small footprint on the general fund budget. The district has a permanent improvement fund that supplies almost all capital equipment needs like major repairs to buildings and technology equipment. See the detailed analysis of the permanent improvement fund on page 24 of these assumptions.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

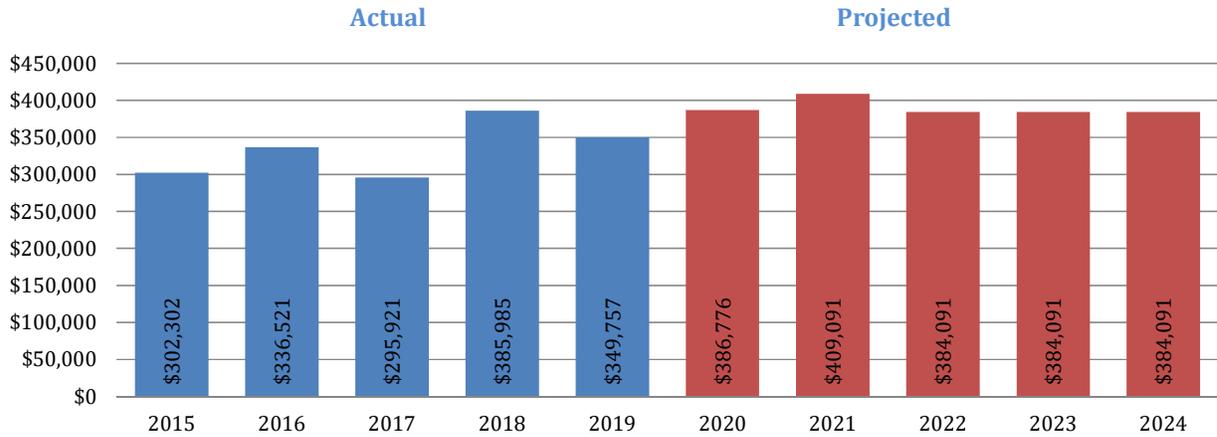
	Actual			Projected						
\$1										
\$1										
\$1										
\$1										
\$1										
\$1										
\$1										
\$0										
\$0										
\$0										
\$0										
\$0										
\$0										
\$0										
\$0										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024

	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

No debt is paid directly from the general fund. However, transfers are made from the general fund to the debt service fund to make payments for a 2004 debt issue that matures in FY2022. See page 21 for documentation of transfer.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



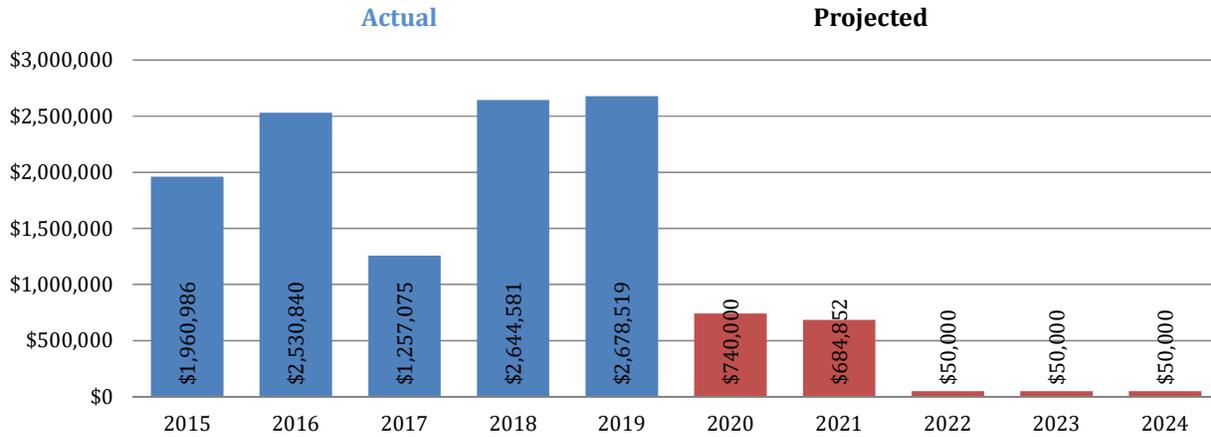
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	349,757	386,776	409,091	384,091	384,091	384,091
YOY \$ Change	(36,228)	37,019	22,315	(25,000)	-	-
YOY % Change	-9.4%	10.6%	5.8%	-6.1%	0.0%	0.0%

Percentage of Total Budget	2019	2020	2021	2022	2023	2024
	1.2%	1.3%	1.4%	1.3%	1.3%	1.2%

While less than 1.5% of the total budget, other objects are expected to grow in response to year over year inflationary pressures. The largest component of this category is the payments to Hamilton County Auditor/Treasurer fees for tax billing and collection services.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	2,678,519	740,000	684,852	50,000	50,000	50,000
YOY \$ Change	33,938	(1,938,519)	(55,148)	(634,852)	-	-
YOY % Change	1.3%	-72.4%	-7.5%	-92.7%	0.0%	0.0%

Percentage of Total Budget	8.9%	2.5%	2.4%	0.2%	0.2%	0.2%
----------------------------	------	------	------	------	------	------

Transfers Out	2,008,732	575,000	515,000	50,000	50,000	50,000
Advances Out	669,787	165,000	169,852	-	-	-

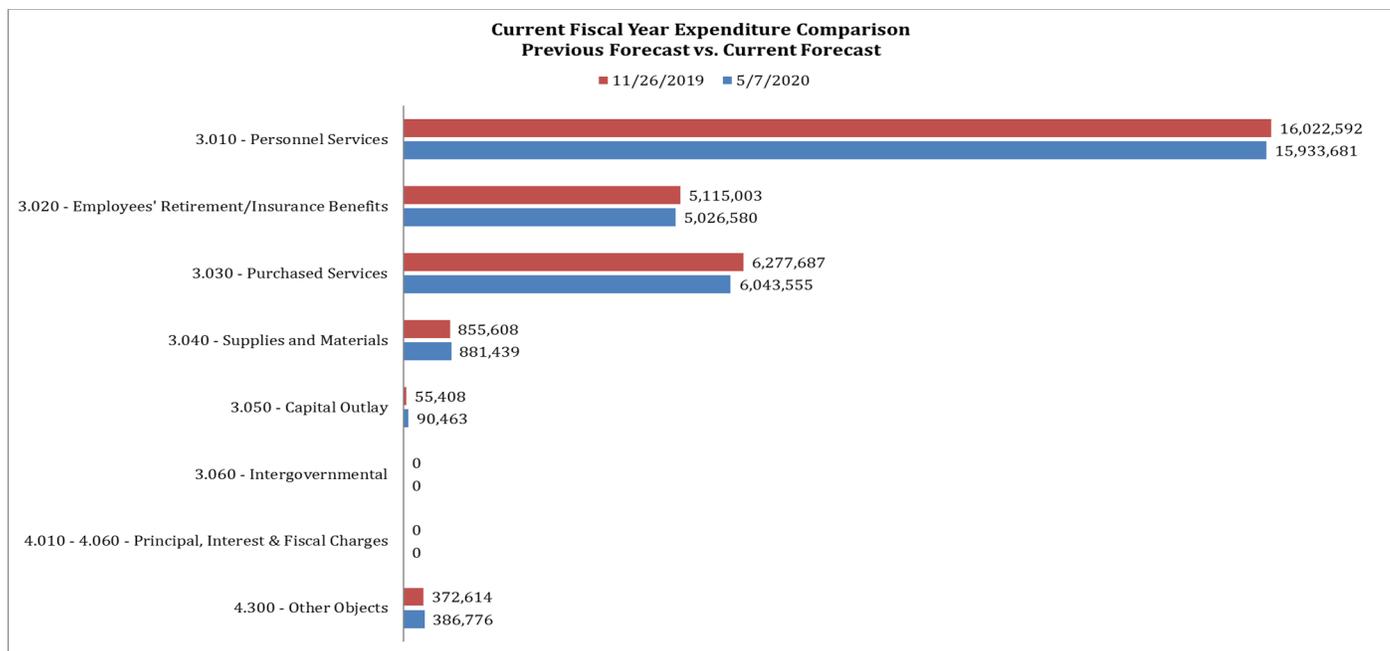
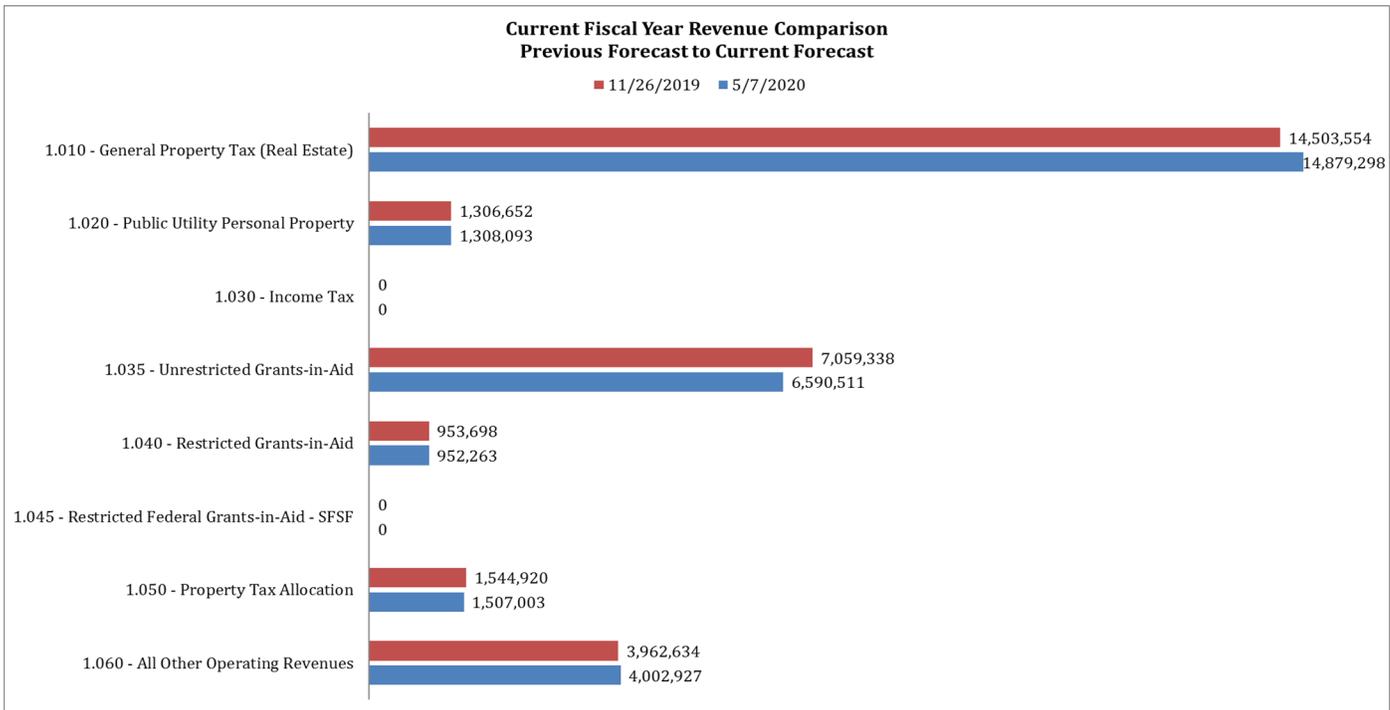
This category provides transfers and advances to other funds to either meet debt payments or to provide state auditor regulated positive cash balances. The district plans to continue the transfer for debt service of \$465,000 for one more year, until the old debt matures. After a \$1,000,000 transfer in June of 2019 to permanent improvements for technology equipment, the district will discontinue future transfers to PI. What will remain is small transfers from the general fund to other funds at year end for compliance, estimated to be \$40,000 annually. The district will also transfer \$70,000 in FY20 for future severance needs. Any further transfer needs will need to be documented in the forecast as needed.

The district anticipates advancing funds to the cafeteria of about \$170,000 annually for a couple of years. Most advances are repaid the month following the advance.

NORWOOD CITY SCHOOL DISTRICT

Five Year Forecast

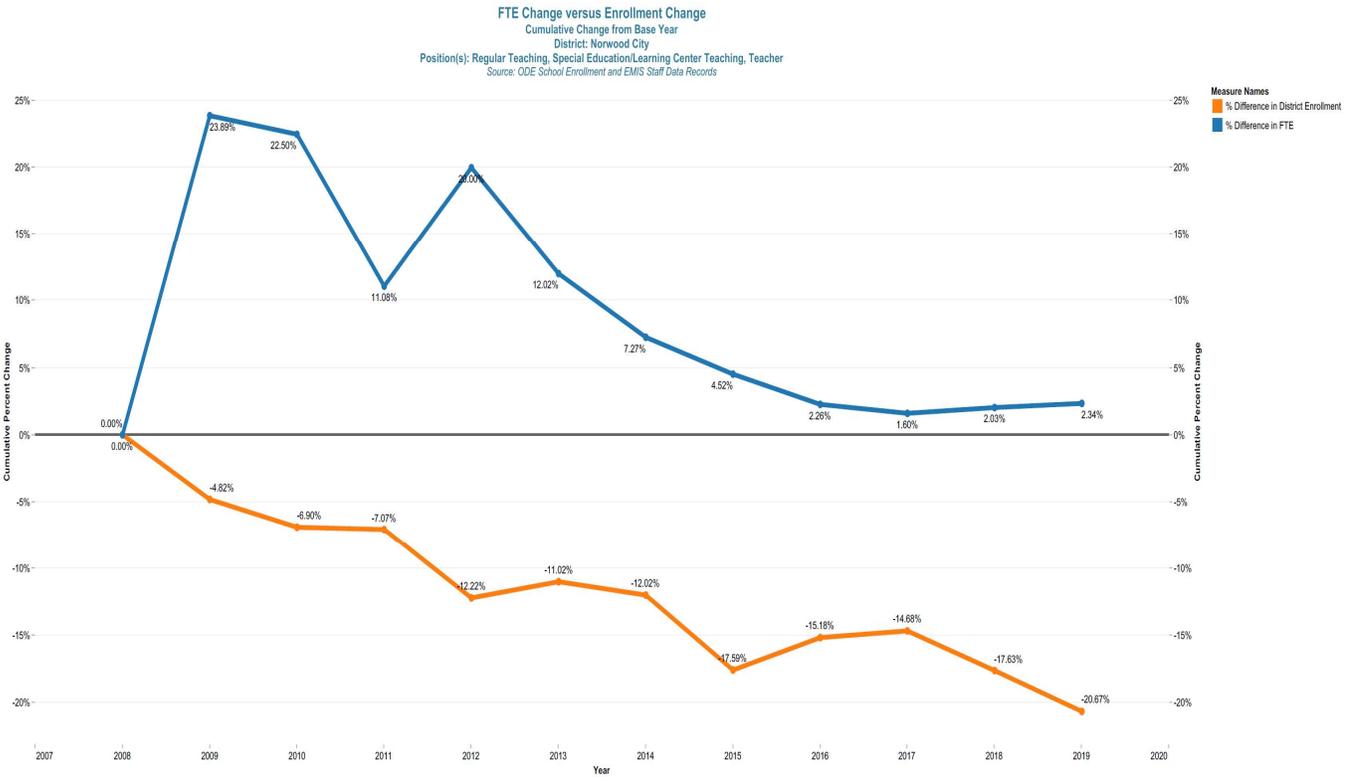
Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	14,380,703	14,879,298	14,677,378	13,568,499	12,254,183	12,373,425
1.020 - Public Utility Personal Property	1,232,358	1,308,093	1,391,486	1,335,665	1,295,755	1,351,654
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	7,072,316	6,590,511	6,278,416	5,984,528	6,995,970	6,994,064
1.040 - Restricted Grants-in-Aid	803,698	952,263	952,500	952,500	900,000	900,000
1.050 - Property Tax Allocation	1,614,352	1,507,003	1,432,800	1,204,937	1,021,478	1,029,909
1.060 - All Other Operating Revenues	2,875,130	4,002,927	3,436,951	3,509,401	3,544,401	3,594,401
1.070 - Total Revenue	27,978,557	29,240,095	28,169,531	26,555,530	26,011,787	26,243,453
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	38,679	-	-	-	-
2.050 - Advances-In	1,105,289	112,680	165,000	169,852	-	-
2.060 - All Other Financing Sources	355,452	190,285	30,000	30,000	30,000	30,000
2.070 - Total Other Financing Sources	1,460,741	341,644	195,000	199,852	30,000	30,000
2.080 - Total Rev & Other Sources	29,439,298	29,581,739	28,364,531	26,755,382	26,041,787	26,273,453
Expenditures:						
3.010 - Personnel Services	15,494,092	15,933,681	15,814,117	16,520,706	17,304,931	18,085,813
3.020 - Employee Benefits	4,971,297	5,026,580	4,958,116	5,277,801	5,586,793	5,909,450
3.030 - Purchased Services	5,961,231	6,043,555	6,161,182	5,937,118	6,160,785	6,284,378
3.040 - Supplies and Materials	702,987	881,439	901,486	921,486	941,486	961,486
3.050 - Capital Outlay	60,102	90,463	15,463	15,463	15,463	15,463
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	349,757	386,776	409,091	384,091	384,091	384,091
4.500 - Total Expenditures	27,539,465	28,362,494	28,259,455	29,056,665	30,393,549	31,640,681
Other Financing Uses						
5.010 - Operating Transfers-Out	2,008,732	575,000	515,000	50,000	50,000	50,000
5.020 - Advances-Out	669,787	165,000	169,852	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	2,678,519	740,000	684,852	50,000	50,000	50,000
5.050 - Total Exp and Other Financing Uses	30,217,984	29,102,494	28,944,307	29,106,665	30,443,549	31,690,681
6.010 - Excess of Rev Over/(Under) Exp	(778,686)	479,245	(579,776)	(2,351,283)	(4,401,762)	(5,417,228)
7.010 - Cash Balance July 1 (No Levies)	10,404,473	9,625,787	10,105,032	9,525,255	7,173,972	2,772,210
7.020 - Cash Balance June 30 (No Levies)	9,625,787	10,105,032	9,525,255	7,173,972	2,772,210	(2,645,018)
		Reservations				
8.010 - Estimated Encumbrances June 30	233,112	200,000	200,000	200,000	200,000	200,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	9,392,675	9,905,032	9,325,255	6,973,972	2,572,210	(2,845,018)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	1,784,037	3,576,378	3,586,654
11.030 - Cumulative Balance of Levies	-	-	-	1,784,037	5,360,415	8,947,069
12.010 - Fund Bal June 30 for Cert of Obligations	9,392,675	9,905,032	9,325,255	8,758,009	7,932,625	6,102,051
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	9,392,675	9,905,032	9,325,255	8,758,009	7,932,625	6,102,051



- Forecast compare from November's forecast to current
- Real estate taxes were higher than expected since the tax overpayment wasn't refunded for one commercial taxpayer.
 - State revenue was much lower due state funding cuts related to the COVID pandemic.
 - Salary and benefit costs went down as we continue to not rehire personnel vacancies.
 - Purchase services went down due to school closure.
 - Supplies went up slightly due to software needs.
 - Capital outlay went up as we spent one time money transferred to the general fund from expired funds.

Permanent Improvement Fund Budgeting					
Cash Balance July 1,	Tax revenue	Other Revenue	Transfers in	Expected expenditures	FY ending balance
FY2019					
\$ 3,809,878	\$ 960,746	\$ 16,381	\$ 2,424,000	\$ 1,565,641	\$ 5,645,364
FY2020					
\$ 5,645,364	\$ 1,004,275	\$ 16,500	\$ -	\$ 1,124,240	\$ 5,541,899
FY2021					
\$ 5,541,899	\$ 1,034,770	\$ 18,000	\$ -	\$ 1,340,000	\$ 4,986,775
FY2022					
\$ 4,986,775	\$ 1,060,639	\$ 18,000	\$ -	\$ 3,705,000	\$ 2,360,414

Permanent Improvement Levy (Fund) Analysis
 As part of the November, 2016 Building project levy strategy, taxpayers approved a bond levy and a continuing permanent improvement levy. The purpose of the PI levy was twofold. First it served as the revenue stream to support \$10,000,000 of the \$41,000,000 in borrowing needed (\$31 million was directly supported by the bond levy) to fulfill the district wide remodeling project budget. Secondly, the PI levy provides revenue to help offset the general fund capital-related expenditures such as technology, instructional equipment, capital improvements and textbook needs, etc. This offset in expenditures helps to extend the district’s timeframe before an additional operational levy is needed. The large drop in FY22 cash balance is a direct result of using permanent improvement funding to help complete the remodeling project.



This final graph is not as intuitive as I would like so I will explain. The orange line shows our student enrollment counts since 2008 and the percentage decline over time until we finally drop to 20% less students in FY2019. The Blue line defines the change in teacher counts each year compared to 2008. After a large decrease in teacher staffing in 2011, we rehired a large percentage of those staff back in 2012. While our percentage of additional teachers is low, we still have 2.34% more teachers in 2019 than in 2012 despite the loss of 20% of our students.

With this forecast, we have to concentrate on what we DO know. There are many unknowns in this forecast due to the pandemic COVID issue. We do know, however, that we are overstaffed. We continue to look for ways to decrease staffing and costs as we move forward through this time of uncertainty.

Kis Statement with projected 10% State Revenue Cuts

Income and Expense Simplified Statement - Projected Fiscal Years		NORWOOD CITY SCHOOL DISTRICT				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Beginning Balance	9,625,787	10,105,032	9,088,300	7,694,840	6,879,456	
+ Revenue	29,581,739	27,927,575	25,929,168	26,051,787	26,283,453	
+ Proposed Renew/Replacement Levies	-	-	1,784,037	3,576,378	3,586,654	
+ Proposed New Levies	-	-	-	-	-	
- Expenditures	(29,102,494)	(28,944,307)	(29,106,665)	(30,443,549)	(31,690,681)	
= Revenue Surplus or Deficit	479,245	(1,016,732)	(1,393,460)	(815,384)	(1,820,574)	
Ending Balance	10,105,032	9,088,300	7,694,840	6,879,456	5,058,882	
Revenue Surplus or Deficit w/o Levies						
Revenue Surplus or Deficit w/o Levies	479,245	(1,016,732)	(3,177,497)	(4,391,762)	(5,407,228)	
Ending Balance w/o Levies	10,105,032	9,088,300	5,910,803	1,519,041	(3,888,187)	

This simplified financial statement shows our projected spending into cash carryover if the state announces 10% cuts for the following two years. I don't anticipate that but want to show the significant losses if that should happen. You will see in FY21, we would spend into our cash carryover by \$1,016,732 next year and \$1,393,460 the following. In two years time, our cash balance would drop from over \$10 million to less than \$7.7 million. While that sounds like a lot of money, our cash carryover at \$10 million is just over 120 days of operating cash. Meaning, we could only operate for four months in the absence of current revenues. If our cash balance falls to the \$7.7 million, we would only have the board mandated 90 days cash.

Also remember, that 95% of our staff leaves for break in May and we owe them three months of salary and benefits for work that has been completed but not been paid. We absolutely must have 90 days cash to protect and pay those wages. In order to balance our budget in the above scenario, we would need to cut an additional 10 to 15 staff members. The above estimates include the passage of our substitute levy in November.