

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



Forecast Provided By
Northeastern Local School District
Treasurer's Office
Dale R. Miller, CPA, Treasurer/CFO
937-325-7615 ext 1010
May 2021

Northeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

		Actual				Forecasted				
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues										
1.010	General Property Tax (Real Estate)	\$10,881,277	\$10,855,226	\$11,360,696	2.2%	\$11,557,249	\$11,288,277	\$11,356,312	\$11,415,071	\$11,440,646
1.020	Public Utility Personal Property Tax	650,058	687,100	894,790	18.0%	1,149,655	1,206,324	1,229,394	1,252,464	1,275,534
1.030	Income Tax	4,725,455	5,129,277	5,440,547	7.3%	5,261,909	5,419,766	5,582,359	5,749,830	5,922,325
1.035	Unrestricted State Grants-in-Aid	13,010,784	13,254,758	12,542,449	-1.7%	12,870,388	12,762,610	12,766,885	12,771,267	12,775,758
1.040	Restricted State Grants-in-Aid	340,406	305,888	310,044	-4.4%	310,044	310,044	310,044	310,044	310,044
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	1,775,928	1,777,915	1,784,954	0.3%	1,776,392	1,866,310	1,876,441	1,886,541	1,889,199
1.060	All Other Revenues	2,878,035	3,145,274	3,302,475	7.1%	3,122,875	3,152,875	3,152,875	3,152,875	3,152,875
1.070	Total Revenues	\$34,261,943	\$35,155,438	\$35,635,955	2.0%	\$36,048,512	\$36,006,206	\$36,274,310	\$36,538,092	\$36,766,381
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	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	50,949	67,903	46,228	0.7%	41,784	46,228	46,228	46,228	46,228
2.060	All Other Financing Sources	166,166	274,933	83,296	-2.1%	61,104	25,000	25,000	25,000	25,000
2.070	Total Other Financing Sources	\$217,115	\$342,836	\$129,524	-2.2%	\$102,888	\$71,228	\$71,228	\$71,228	\$71,228
2.080	Total Revenues and Other Financing Sources	\$34,479,058	\$35,498,274	\$35,765,479	1.9%	\$36,151,400	\$36,077,434	\$36,345,538	\$36,609,320	\$36,837,609
Expenditures										
3.010	Personal Services	\$17,729,603	\$17,746,093	\$18,064,697	0.9%	\$18,692,634	\$19,325,699	\$20,035,806	\$20,753,587	\$21,293,149
3.020	Employees' Retirement/Insurance Benefits	6,313,282	6,723,827	7,384,940	8.2%	7,908,011	8,178,766	8,685,255	9,226,098	9,774,659
3.030	Purchased Services	5,727,827	6,138,234	6,259,183	4.6%	6,769,827	6,262,348	6,303,979	6,346,859	6,391,025
3.040	Supplies and Materials	981,344	1,191,492	1,316,764	16.0%	1,490,608	1,293,443	1,307,418	1,321,813	1,336,639
3.050	Capital Outlay	282,721	837,097	146,184	56.8%	250,000	260,000	260,000	260,000	260,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:										
4.010	Principal-All (Historical Only)	0	0	0	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
4.300	Other Objects	364,984	366,093	392,539	3.8%	395,062	406,914	419,121	431,694	444,645
4.500	Total Expenditures	\$31,399,761	\$33,002,836	\$33,564,307	3.4%	\$35,506,142	\$35,727,170	\$37,011,579	\$38,340,051	\$39,500,117
Other Financing Uses										
5.010	Operating Transfers-Out	\$40,815	\$54,959	\$211,449	159.7%	\$325,000	\$45,000	\$45,000	\$45,000	\$45,000
5.020	Advances-Out	69,537	52,031	41,784	-22.4%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	Total Other Financing Uses	\$110,352	\$106,990	\$253,233	66.8%	\$325,000	\$45,000	\$45,000	\$45,000	\$45,000
5.050	Total Expenditures and Other Financing Uses	\$31,510,113	\$33,109,826	\$33,817,540	3.6%	\$35,831,142	\$35,772,170	\$37,056,579	\$38,385,051	\$39,545,117
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses	\$2,968,945	\$2,388,448	\$1,947,939	-19.0%	\$320,258	\$305,264	(\$711,041)	(\$1,775,731)	(\$2,707,508)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$8,107,777	\$11,076,722	\$13,465,170	29.1%	\$15,413,109	\$15,733,367	\$16,038,631	\$15,327,590	\$13,551,860
7.020	Cash Balance June 30	\$11,076,722	\$13,465,170	\$15,413,109	18.0%	\$15,733,367	\$16,038,631	\$15,327,590	\$13,551,860	\$10,844,352
8.010	Estimated Encumbrances June 30	\$671,106	\$579,253	\$403,612	-22.0%	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
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	0	0	0	0.0%	0	0	0	0	0
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 Reservations of fund Balance	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
10.010	Fund Balance June 30 for Certification of Appropriations	\$10,405,616	\$12,885,917	\$15,009,497	20.2%	\$15,483,367	\$15,788,631	\$15,077,590	\$13,301,860	\$10,594,352

Northeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
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	0	0
11.300	Cumulative Balance of Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010		\$10,405,616	\$12,885,917	\$15,009,497	20.2%	\$15,483,367	\$15,788,631	\$15,077,590	\$13,301,860	\$10,594,352
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%	-	-	-	-	-
15.010	Unreserved Fund Balance June 30	\$10,405,616	\$12,885,917	\$15,009,497	20.2%	\$15,483,367	\$15,788,631	\$15,077,590	\$13,301,860	\$10,594,352

Northeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
May 2021

Introduction to the Five Year Forecast

School districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021 for fiscal year 2021 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2021 filing.

Economic Outlook

This five-year forecast is being filed during a recovery from the COVID-19 Pandemic and a health and financial struggle that encompassed 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 has maintained services to students throughout the Pandemic. The State of Ohio's economic pressure has not been as great as first expected due to the effects of the pandemic thus the restoration of a portion of the original school foundation funding cuts was ordered by Governor DeWine on January 22, 2021. Federal funding sent to school districts through the Elementary and Secondary Schools Education Relief Funds (ESSER) has also been a much needed resource to offset the added personnel, personal protective equipment, and cleaning costs caused by the pandemic. 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 2021 Updates:

Revenues FY21:

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 \$36,048,512 or 3.9% higher than the November forecasted amount of \$34,708,488. This indicates the November forecast was 96.1% accurate. We will discuss the improved Property Tax collections later, the increase from November reflects a 5.9% increase of estimates.

The district's collection of SDIT was originally projected to be lower than previous years due to the effects of the pandemic on our economy. While our July and October collections were somewhat off due to the delay in payments, the January payments were aligned with historic collections and our overall collections have seen 1.5% loss from FY2020. We will continue to monitor these payments.

State Aide, as noted above, began the year with continued cuts; however, on January 22, 2021 Governor DeWine instated approximately 53% of those reductions thus having a positive impact of \$354,835 for our district's revenue.

All other areas of revenue are tracking as anticipated for FY21 based on our best information at this time.

Expenditures FY21:

Total General Fund expenditures (line 4.5) are estimated to be \$35,506,142 for FY21 which is above the original estimate of \$34,822,081 in the November forecast. The expenditure lines most significantly above projections are Purchased Services (line 3.03), due to higher than anticipated utility costs and foundation deductions, and Supplies and Materials (line 3.04). The SWSF and ESSER Funds the district received has helped lower costs in the general fund. This will have a positive effect on the long term forecast.

Unreserved Ending Cash Balance:

With revenues increasing over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2021 is anticipated to be roughly \$15,483,367 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2025 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:

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

1) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; student wellness and success funding (SWSF) and enrollment growth supplement funds. Student Wellness and Success is new revenue to school districts in FY20 and FY21 but is restricted in use and must be placed in Fund 467 and are NOT General Fund revenue and consequently not included in this forecast. The current proposed state budget for FY22 - FY23 is HB110 and it includes increases for SWSF for each year of the biennium budget. We have assumed this money will continue through FY25. Enrollment Growth Supplement money is paid to a small number of growing districts and HB110 also proposes these funds be continued in FY22 and FY23 at current FY21 levels. We have assumed these funds will continue at the guarantee level through FY25

2) While state foundation funding was initially guaranteed at the FY19 level, the Coronavirus Pandemic caused the most rapid and largest decrease of employment in history. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by \$300.5 million by the end of June 2020. These cuts were to continue through FY21 as well, however the Governor subsequently reinstated \$160 million of these reductions to school districts in an executive order dated January 22, 2021. With the economy rebounding from the sharp drop in employment in March and April 2020 and state tax revenues well above estimates for FY21 we anticipate funding will remain unchanged for FY21. Governor DeWine submitted his FY22-FY23 biennial budget (HB110) which returns state foundation funding to schools at their FY19 funded level. The biennial budget is now working its way through the legislative process. HB1, also known as the Fair School Funding bill, was also introduced on February 4, 2021 and will work its way through the legislative process where it could be combined with HB110. The certainty of foundation funding levels will not likely be known until late June 2021. At this time the FY19 funding level is the basis for districts state funding in FY22 and FY23. We believe Ohio's economy will continue to improve through FY21 and that FY22-25 will see funding returned to the FY19 levels at a minimum. We will not project an increase beyond the FY19 levels at this time until the state budget is known for FY22 and FY23.

3) The State Budget represents 41.5% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and 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 FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25, which we feel is conservative and should be close to whatever the state approves for the new FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

4) Property tax collections are the largest single local revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 52% of the district's resources.

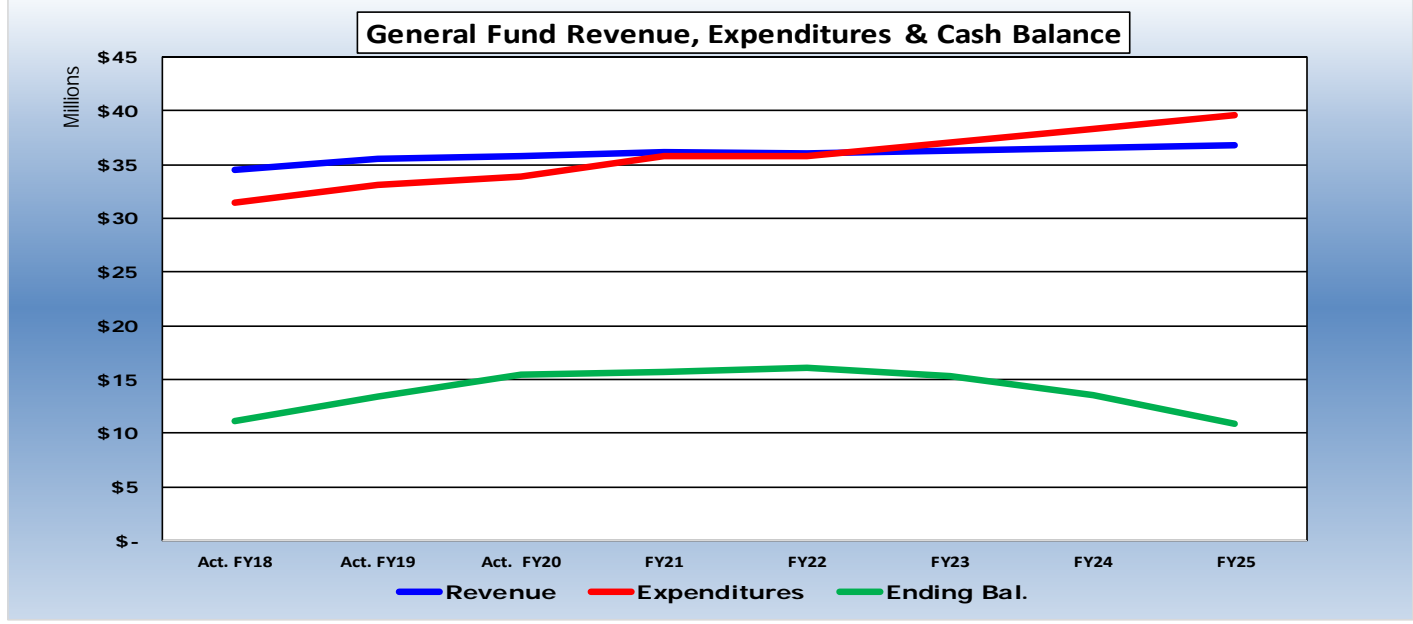
5) Clark County experienced a reappraisal update in the 2019 tax year to be collected in FY20. The 2019 reappraisal increased overall assessed values by \$45.4 million or an increase of 8.9%. The next update will occur 2022 for collection in FY23. We anticipate value increases for Class I and II property by \$15.6 million for an overall increase of 2.8% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

6) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. These are examples of school choice programs that increase with each biennium budget and costs the district money. Expansion or creation of programs such as these can exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

7) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

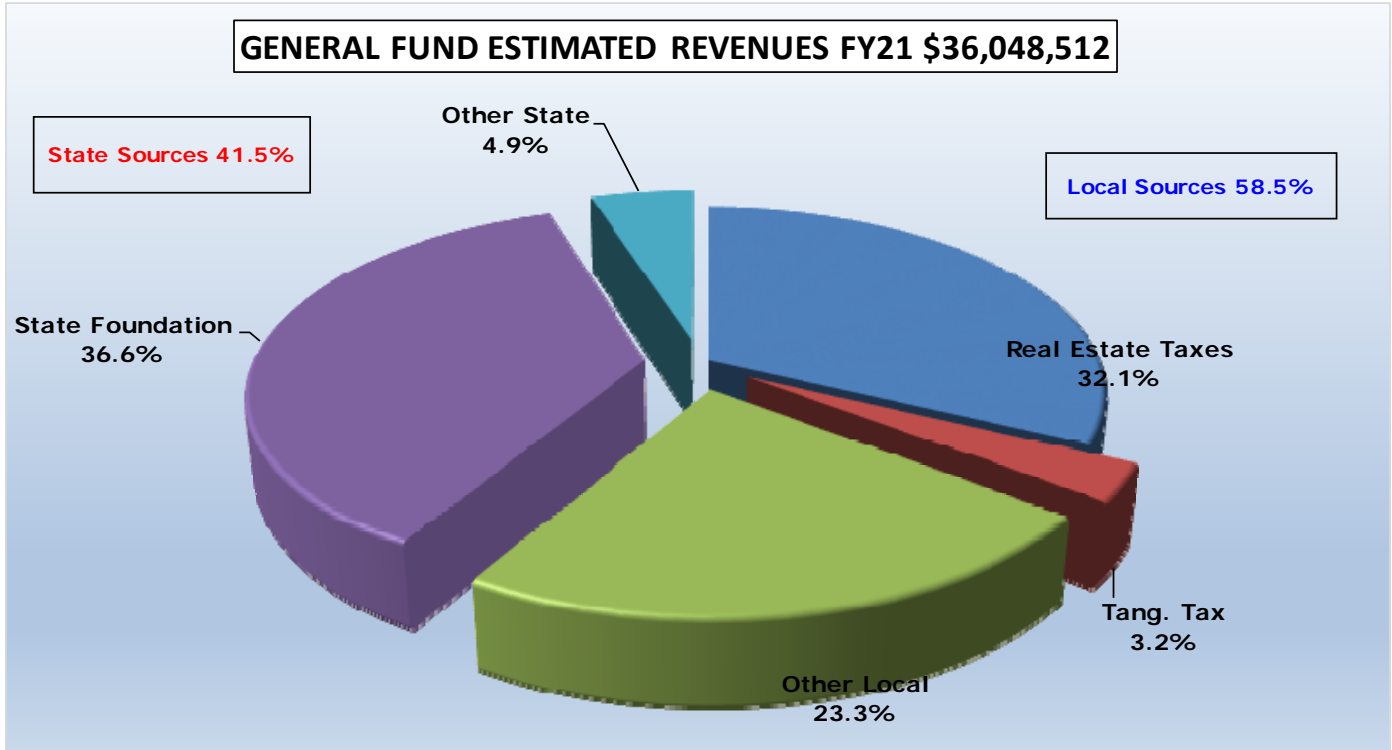
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Dale R. Miller, Treasurer/CFO of Northeastern Local School District at 937-325-7615.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenues:



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Clark County experienced a reappraisal for the 2019 tax year to be collected in 2020. Residential/agricultural values increased 7.36% or \$35.5 million due to the reappraisal led by an improving housing market. New construction in residential property was up 9% or \$2.86 million in assessed value. Commercial/industrial values decreased \$877,180.

A reappraisal update will occur in 2022 for collection in 2023 for which we are estimating a 3% increase in residential and a 0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$15.1 million or 2.8 % overall.

Public Utility Personal Property (PUPP) values increased by \$9.0 million in Tax Year 2019. We expect our values to continue to grow by \$500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>TAX YEAR2020 COLLECT 2021</u>	<u>TAX YEAR2021 COLLECT 2022</u>	<u>TAX YEAR2022 COLLECT 2023</u>	<u>TAX YEAR2023 COLLECT 2024</u>	<u>TAX YEAR 2024 COLLECT 2025</u>
Res./Ag.	\$478,263,970	\$478,813,970	\$493,728,389	\$494,278,389	\$494,828,389
Comm./Ind.	54,548,770	54,748,770	54,948,770	55,148,770	55,348,770
Public Utility Personal Property (PUPP)	<u>25,894,870</u>	<u>26,394,870</u>	<u>26,894,870</u>	<u>27,394,870</u>	<u>27,894,870</u>
Total Assessed Value	<u>\$558,707,610</u>	<u>\$559,957,610</u>	<u>\$575,572,029</u>	<u>\$576,822,029</u>	<u>\$578,072,029</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Est. Real Estate Taxes	<u>\$11,557,249</u>	<u>\$11,288,277</u>	<u>\$11,356,312</u>	<u>\$11,415,071</u>	<u>\$11,440,646</u>

Property tax levies are estimated to be collected at 96% of the annual amount. This allows a .5% delinquency and 3.5% auditor and treasurer fees. Typically, 55% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 45% is expected to be collected in the August tax settlements.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020

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

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Public Utility Personal Property	<u>\$1,149,655</u>	<u>\$1,206,324</u>	<u>\$1,229,394</u>	<u>\$1,252,464</u>	<u>\$1,275,534</u>

School District Income Tax –Line #1.030

The current SDIT was approved on May 5, 2015 and will now expire on December 31, 2025. The income tax is estimated to produce \$5.4 million in FY21. Due to the COVID-19 recession we had estimated a reduction of 5% in income tax collections in FY21, actual collections were 2.95% under FY20 levels, and then an increase of 3% in FY22 and FY25.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
July payment	\$1,290,266	\$1,328,974	\$1,368,843	\$1,409,908	\$1,452,206
October payment	1,342,384	1,382,656	1,424,135	1,466,859	1,510,865
January payment	1,300,671	1,339,691	1,379,882	1,421,278	1,463,917
April payment	<u>1,328,588</u>	<u>1,368,446</u>	<u>1,409,499</u>	<u>1,451,784</u>	<u>1,495,337</u>
Total SDIT Collections	\$5,261,909	\$5,419,766	\$5,582,359	\$5,749,830	\$5,922,325
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total SDIT Line #1.030	<u>\$5,261,909</u>	<u>\$5,419,766</u>	<u>\$5,582,359</u>	<u>\$5,749,830</u>	<u>\$5,922,325</u>

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model Per HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 and HB164 following the May 6, 2020 foundation cuts. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB305 is currently being considered by the legislature

and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.

May 6, 2020 Foundation Reduction and HB164

In FY20 the Governor ordered a reduction of state foundation funding by \$300.5 million to be reduced from districts bi-monthly payments by the end of June 2020. The reductions were made using an equalized per-pupil approach which resulted in districts with less local capacity to raise revenue to receive smaller percentage decreases. The state-share index that was last calculated in FY19 was used to apportion the FY20 ordered reduction to traditional public-school districts. HB164 reimbursed approximately 70 districts that had originally had more than 6% deducted from the state funding reduction in FY20. In the November Forecast the state funding for FY21 was reduced \$646,989 from the FY19 amount, which is the level of funding in FY21.

Foundation Funding Partially Restored January 22, 2021 for FY21

On January 22, 2021 the Governor signed an executive order reinstating \$160 million of previous cuts to public schools thus reducing the cuts in FY21. At this time the state funding for FY21 is being increased from the November Forecast \$354,834 or is reduced \$292,155 from the FY19 amount.

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 FY21 proposed funding ranges from \$30 per student to \$360 per student. All schools and students are to receive a minimum additional funding of \$36,000 in FY21. Our district is estimated to receive \$493,844 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.

At this time our district is planning on adding new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these funds will be discontinued in FY22-25 but if successful we will add these new costs to the General Fund FY22-25 and the General Fund forecast has been adjusted for these new expenses.

We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

Future State Budgets: Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. With the change to the state funding and reductions for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level through FY25. We believe our current state funding estimates for FY21-25 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.

Due to the COVID-19 casinos were closed from March 12, to June 18, 2020. We are reducing the amount of funding in FY21 by 26% then increasing the amount in FY22 back to FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We believe it will be FY22 when revenues return to the post COVID-19 level.

A) Unrestricted State Foundation Revenue – Line #1.035

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Basic Aid-Unrestricted	\$12,480,308	\$12,332,465	\$12,332,465	\$12,332,465	\$12,332,465
Additional Aid Items	<u>259,846</u>	<u>259,846</u>	<u>259,846</u>	<u>259,846</u>	<u>259,846</u>
Basic Aid-Unrestricted Subtotal	12,740,154	12,592,311	12,592,311	12,592,311	12,592,311
Ohio Casino Commission ODT	<u>130,234</u>	<u>170,299</u>	<u>174,574</u>	<u>178,956</u>	<u>183,447</u>
Total Unrestricted State Aid Line #1.035	<u>\$12,870,388</u>	<u>\$12,762,610</u>	<u>\$12,766,885</u>	<u>\$12,771,267</u>	<u>\$12,775,758</u>

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Economically Disadvantaged Aid	\$94,371	\$94,371	\$94,371	\$94,371	\$94,371
Career Tech - Restricted	157,115	157,115	157,115	157,115	157,115
Catastrophic Aid	<u>58,558</u>	<u>58,558</u>	<u>58,558</u>	<u>58,558</u>	<u>58,558</u>
Total Restricted State Revenues Line #1.040	<u>\$310,044</u>	<u>\$310,044</u>	<u>\$310,044</u>	<u>\$310,044</u>	<u>\$310,044</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2021 through 2025.

<u>SUMMARY</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Unrestricted Line #1.035	\$12,870,388	\$12,762,610	\$12,766,885	\$12,771,267	\$12,775,758
Restricted Line #1.040	310,044	310,044	310,044	310,044	310,044
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$13,180,432</u>	<u>\$13,072,654</u>	<u>\$13,076,929</u>	<u>\$13,081,311</u>	<u>\$13,085,802</u>

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

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

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who 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 reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy is not renewed we would never regain this revenue on any levies in the future.

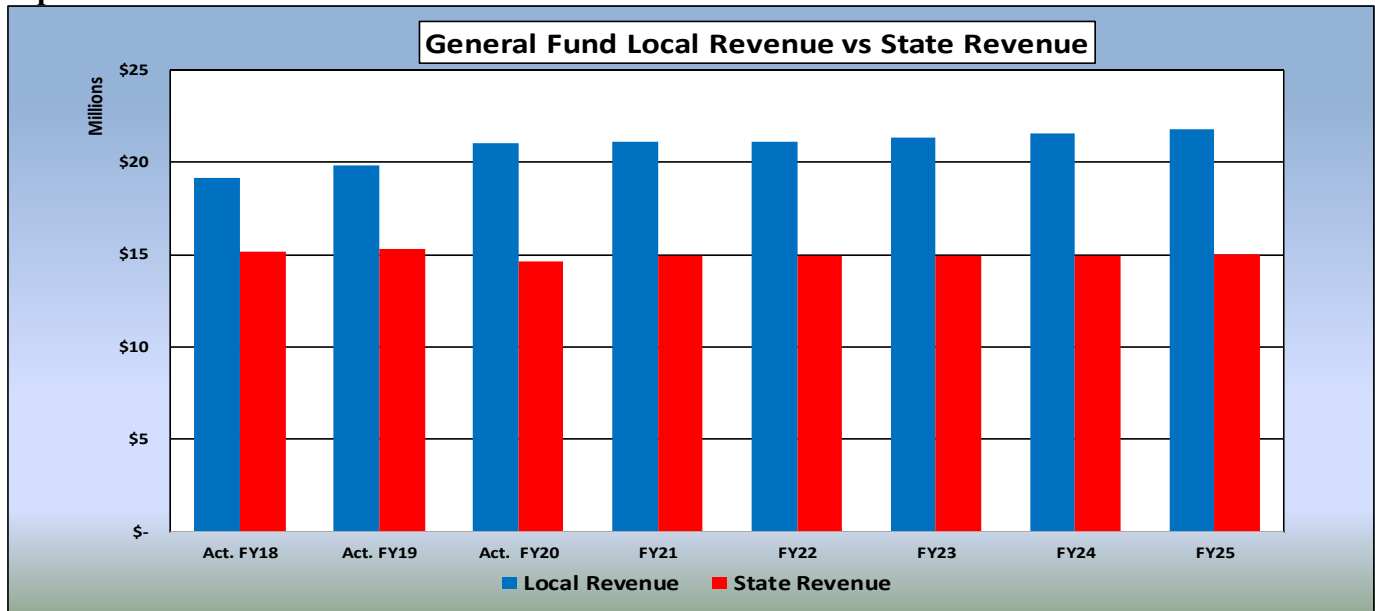
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

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

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Rollback and Homestead	<u>\$1,776,392</u>	<u>\$1,866,310</u>	<u>\$1,876,441</u>	<u>\$1,886,541</u>	<u>\$1,889,199</u>

Comparison of Local Revenue and State Revenue:



Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area are open enrollment, tuitions, pay to participate fees, student fees, and general other income. Beginning in FY20 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY22 interest by 25% and level moving forward, similar to the other revenues for the district COVID-19 did not affect other local revenues as much as originally projected. All other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Tuition Related Payments	\$655,500	\$655,500	\$655,500	\$655,500	\$655,500
Open Enrollment	1,813,875	1,813,875	1,813,875	1,813,875	1,813,875
Class & Sports Oriented Fees	203,000	300,000	300,000	300,000	300,000
Interest Earnings	317,000	250,000	250,000	250,000	250,000
Miscellaneous	<u>133,500</u>	<u>133,500</u>	<u>133,500</u>	<u>133,500</u>	<u>133,500</u>
Total Other Local Revenue Line #1.060	<u>\$3,122,875</u>	<u>\$3,152,875</u>	<u>\$3,152,875</u>	<u>\$3,152,875</u>	<u>\$3,152,875</u>

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

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

Transfers In / Return of Advances – Line #2.040 & Line #2.050

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

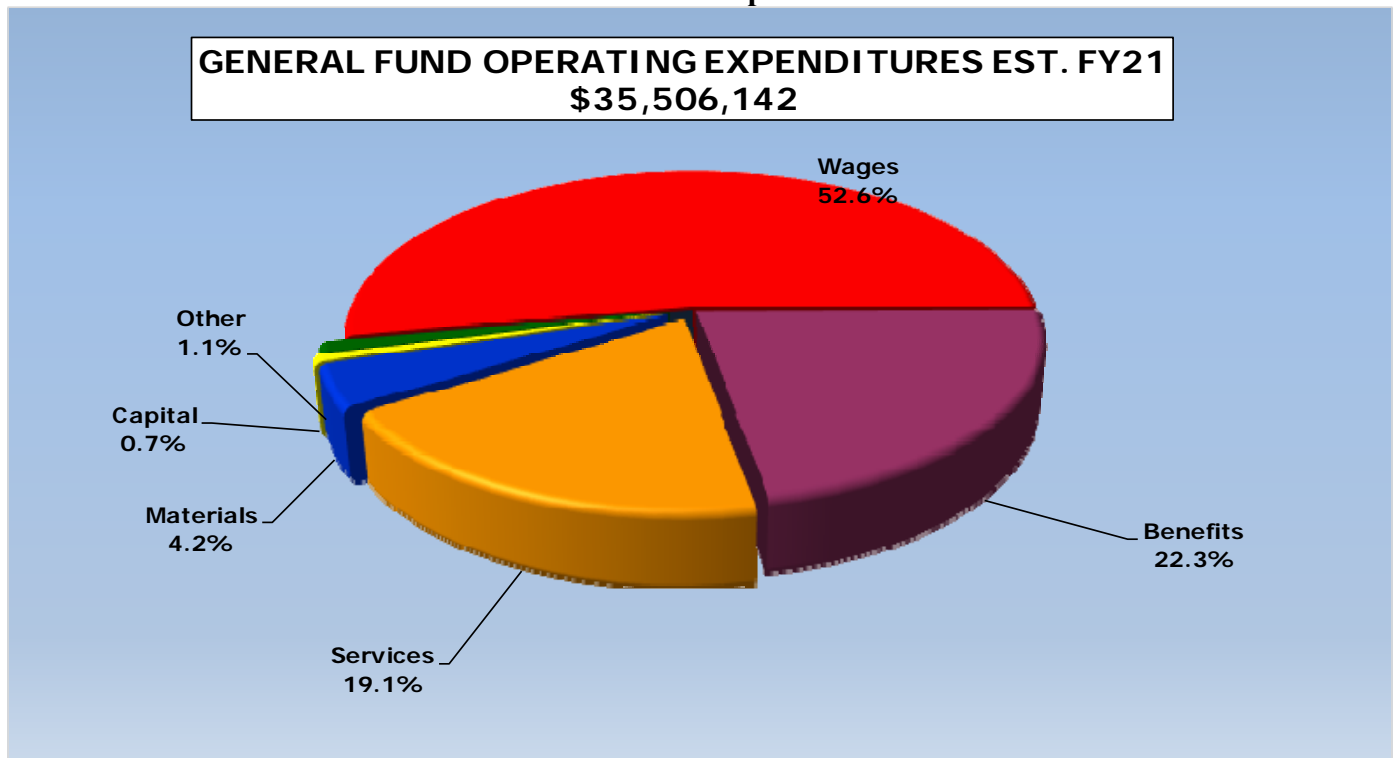
<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>41,784</u>	<u>46,228</u>	<u>46,228</u>	<u>46,228</u>	<u>46,228</u>
Total Transfer & Advances In	<u>\$41,784</u>	<u>\$46,228</u>	<u>\$46,228</u>	<u>\$46,228</u>	<u>\$46,228</u>

All Other Financial Sources – Line #2.060

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Refund of prior years expenditures	<u>\$ 61,104</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY21:



Wages – Line #3.010

In March 2019, the Board ratified a contract with the Northeastern Local Education Association (NELEA) effective August 1, 2019. A contract with the Northeastern Local Association of School Employee/OEA-NEA effective September 1, 2019 was ratified in August 2019 by the Board of Education. We included a 1% increase in base wages and 1.9% increase for step and training adjustments for fiscal years 2022, a new agreement will need negotiated next spring.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Wages	\$17,224,439	\$17,870,356	\$18,432,298	\$19,130,037	\$19,835,203
Based Pay Increase	344,489	178,704	368,646	382,601	198,352
Steps & Academic Training	301,428	301,428	312,731	322,565	334,776
Growth Staff	0	81,810	16,362	0	0
Substitutes	210,000	275,000	275,000	275,000	275,000
Supplementals	<u>612,278</u>	<u>618,401</u>	<u>630,769</u>	<u>643,384</u>	<u>649,818</u>
Total Wages Line #3.010	<u>\$18,692,634</u>	<u>\$19,325,699</u>	<u>\$20,035,806</u>	<u>\$20,753,587</u>	<u>\$21,293,149</u>

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

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

B) Insurance

The increases for medical and dental insurance was 26% for benefit year 2019-2020. The increases include adjustments for inflation and the cost of actual claims. The administration will again be meeting with the employee groups to work together to address the growth and changes to control the increase for FY2022.

C) Workers Compensation & Unemployment Compensation

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

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
A) STRS/SERS	\$2,875,335	\$2,973,653	\$3,081,497	\$3,192,453	\$3,278,569
B) Insurance's	4,709,897	4,823,729	5,213,554	5,630,638	6,081,089
C) Workers Comp/Unemployment	8,300	56,614	58,390	60,184	61,533
D) Medicare	261,938	272,229	279,273	290,282	300,927
Other/Tuition/Annuities	<u>52,541</u>	<u>52,541</u>	<u>52,541</u>	<u>52,541</u>	<u>52,541</u>
Total Fringe Benefits Line #3.020	<u>\$7,908,011</u>	<u>\$8,178,766</u>	<u>\$8,685,255</u>	<u>\$9,226,098</u>	<u>\$9,774,659</u>

Purchased Services – Line #3.030

In FY21-25, an overall inflation of 3% is being estimated for all categories of this expense except for the Community School, Open Enrollment and Other Tuition categories. The estimated increase for these categories has been estimated at 0% as the students leaving for EdChoice and Community School will continue to absorb our savings in other areas of purchased services. The expenditure for our students attending elsewhere is one the

fastest growing expenditures since fiscal year 2010. The increase in EdChoice vouchers has offset the decrease in community school enrollments in the previous years.

We estimate FY 21-25 utility costs will remain flat. This estimate is due to the District continuing to be aggressive regarding costs and we believe other cost cutting measures will maintain a flat charge throughout the forecast.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Excess Cost County ESC	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000
Open Enrollment Deduction	1,366,575	1,366,575	1,366,575	1,366,575	1,366,575
Community School Deductions	1,710,215	1,710,215	1,710,215	1,710,215	1,710,215
Other Tuition Including Ed Scholarship	434,800	434,800	434,800	434,800	434,800
Professional Support	1,895,167	1,387,688	1,429,319	1,472,199	1,516,365
Building Maintenance Repairs	502,196	502,196	502,196	502,196	502,196
Utilities	502,315	502,315	502,315	502,315	502,315
Miscellaneous Purchased Services	<u>260,559</u>	<u>260,559</u>	<u>260,559</u>	<u>260,559</u>	<u>260,559</u>
Total Purchased Services Line #3.030	<u>\$6,769,827</u>	<u>\$6,262,348</u>	<u>\$6,303,979</u>	<u>\$6,346,859</u>	<u>\$6,391,025</u>

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working on updating the curriculum over the next few years, FY21-25 includes approximately \$140,000 to \$160,000 each fiscal year for an update to the district curriculum.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
General Office Supplies & Materials	\$827,600	\$827,600	\$827,600	\$827,600	\$827,600
Textbooks & Instructional Supplies	355,010	148,605	153,063	157,655	162,385
Facility Supplies & Materials	34,175	35,200	36,256	37,344	38,464
Transportation Fuel & Supplies	<u>273,823</u>	<u>282,038</u>	<u>290,499</u>	<u>299,214</u>	<u>308,190</u>
Total Supplies Line #3.040	<u>\$1,490,608</u>	<u>\$1,293,443</u>	<u>\$1,307,418</u>	<u>\$1,321,813</u>	<u>\$1,336,639</u>

Equipment – Line # 3.050

The administration has prepared five-year capital plan which includes the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. The May 2018 Bond Issue to construct two new Pre-K thru 12 will relieve the stress on the General Fund capital budget and allowing the District General Fund to maintain financial stability. The expenditures remaining within the equipment object line is the ongoing investment annually in updating the bus fleet as necessary.

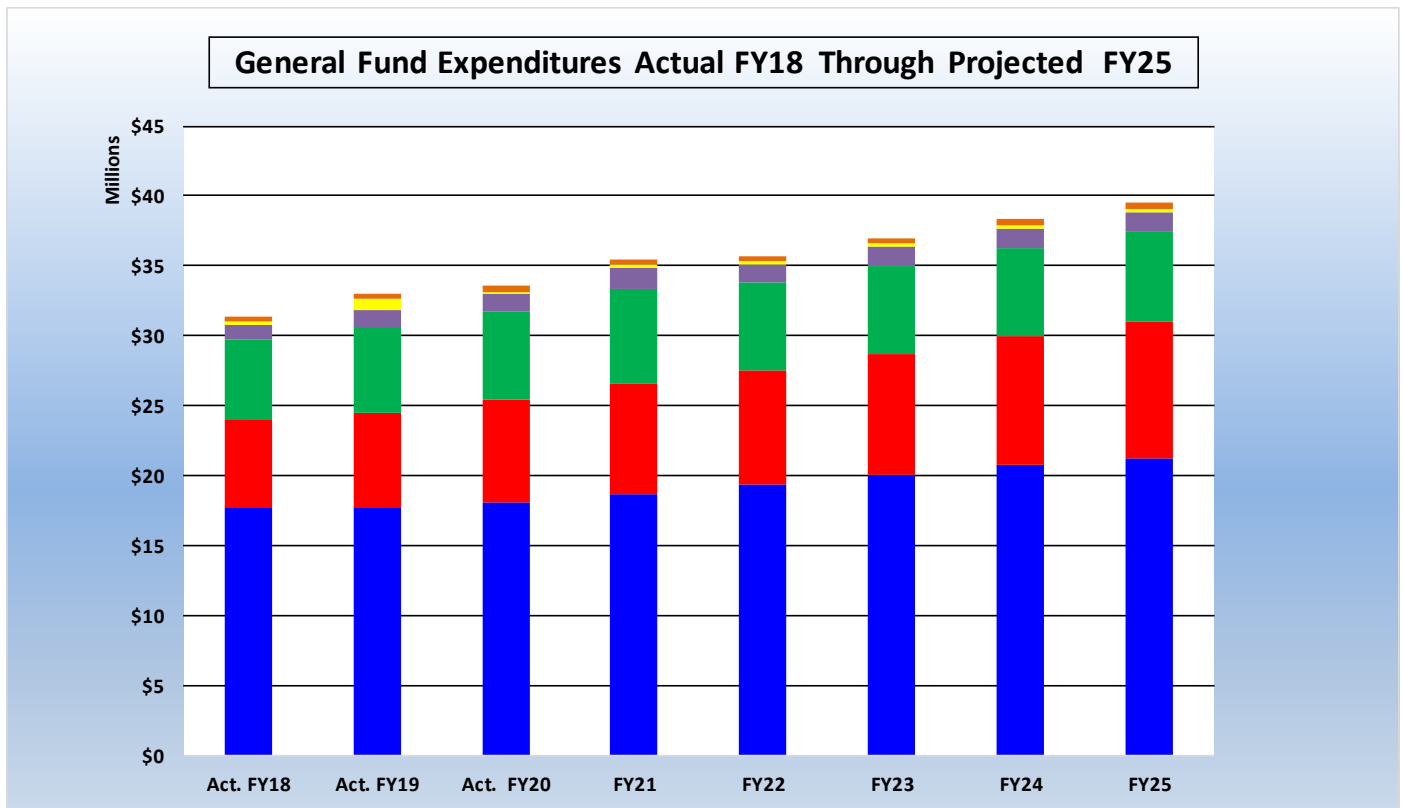
<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Capital Outlay & Maintenance	\$90,000	\$100,000	\$100,000	\$100,000	\$100,000
Busses & Other Vehicles	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
Total Equipment Line #3.050	<u>\$250,000</u>	<u>\$260,000</u>	<u>\$260,000</u>	<u>\$260,000</u>	<u>\$260,000</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increase of 1% for this forecast.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
County Auditor & Treasurer Fees	\$308,458	\$317,712	\$327,243	\$337,060	\$347,172
ESC Deduction	20,829	21,454	22,098	22,761	23,444
Annual Audit Costs & Other Misc Costs	<u>65,775</u>	<u>67,748</u>	<u>69,780</u>	<u>71,873</u>	<u>74,029</u>
Total Other Expenses Line #4.300	<u>\$395,062</u>	<u>\$406,914</u>	<u>\$419,121</u>	<u>\$431,694</u>	<u>\$444,645</u>

Total Expenditure Categories Actual Fiscal Year 2018 Through Fiscal Year 2020 and Estimated Fiscal Year 2021 Through Fiscal Year 2025



Notice in the graph above, the growth in purchased services compared the other data points, the increase in the enrollment dollars to other districts. The loss of enrollment causes an increase in the guarantee foundation dollars that may be at risk in the state budget.

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The transfers are permanent and will not be paid back to the General Fund, the Food Service Fund and Athletic Fund transfers are included in this forecast. In FY21 we need an additional transfer (or advance) of

\$275,000 to the Food Service Fund and \$50,000 to the Athletic Fund due to the anticipated losses from school closure due to the COVID-19 Pandemic. This is to cover reduced income due to lost sales and state and federal reimbursements which are based on meals served and the labor and food for supporting meals.

<u>Source</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Operating Transfers Out Line #5.010	\$325,000	\$45,000	\$45,000	\$45,000	\$45,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$325,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>

Debt Service:

The District currently has no General Fund Debt issues.

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.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Estimated Encumbrances Line #8.010	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>

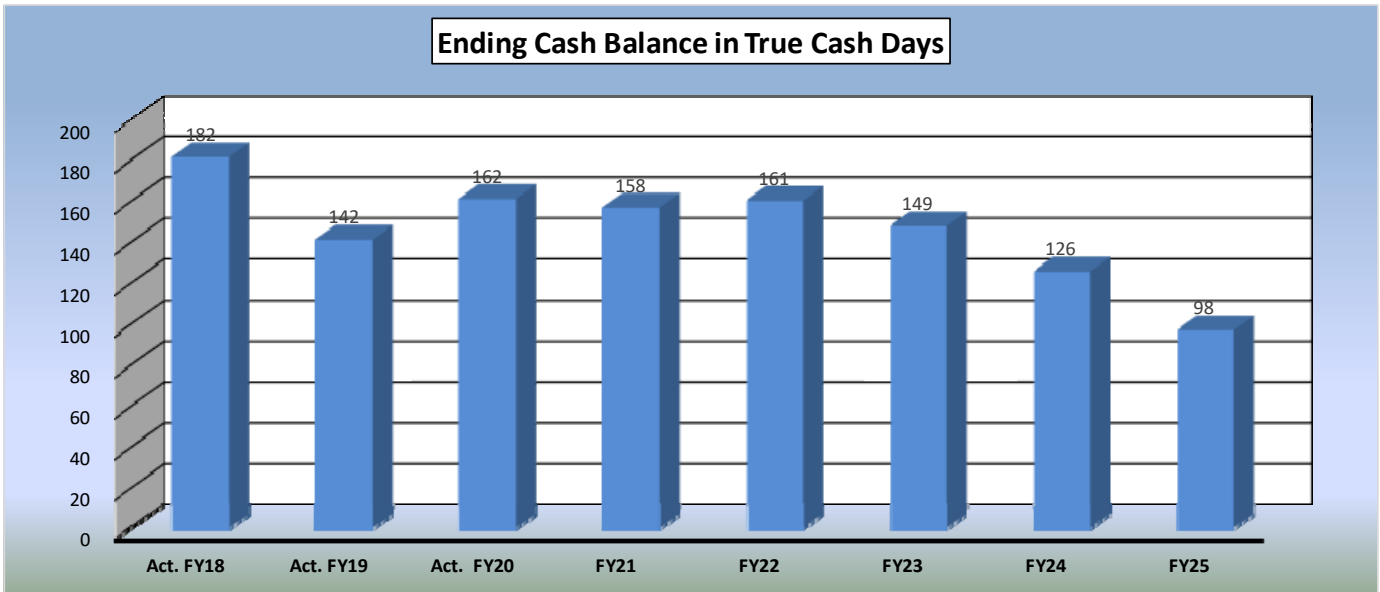
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the 1% Income Tax.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$15,483,367</u>	<u>\$15,788,631</u>	<u>\$15,077,590</u>	<u>\$13,301,860</u>	<u>\$10,594,352</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. This calculation does not include renewal of the SDIT. Renewing this levy in 2025 will be important to maintain a 60 day or better ending true day cash balance.



Conclusion

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

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY22 through FY25, especially with the COVID-19 and the State Economy through fiscal year 2025.

- No growth in state funding, limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Earned Income Tax has become the backbone of the district finances
- The Food Service operation continues to struggle with the issues of COVID-19 and the transfer remains very high for FY21.

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