

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



Forecast Provided By
Northeastern Local School District
Treasurer's Office
Dale R. Miller, CPA, Treasurer/CFO
937-325-7615 ext 1010
May 21, 2020

Northeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	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
Revenues										
1.010 General Property Tax (Real Estate)	10,741,064	10,881,277	10,855,226	0.5%	11,359,621	11,079,962	11,116,196	11,193,660	11,262,542	
1.020 Tangible Personal Property	589,438	650,058	687,100	8.0%	894,789	1,126,397	1,149,467	1,172,537	1,195,607	
1.030 Income Tax	2,815,410	4,725,455	5,129,277	38.2%	5,440,548	5,168,522	5,220,208	5,272,411	5,325,136	
1.035 Unrestricted State Grants-in-Aid	13,048,997	13,010,784	13,254,758	0.8%	12,610,785	11,557,050	12,995,208	13,014,847	13,018,895	
1.040 Restricted State Grants-in-Aid	336,103	340,406	305,888	-4.4%	305,887	305,887	305,887	305,887	305,887	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	0	0	-	0.0%	\$0	\$0	\$0	\$0	\$0	
1.050 Property Tax Allocation	1,829,471	1,775,928	1,777,915	-1.4%	1,784,955	1,746,808	1,749,352	1,759,286	1,769,191	
1.060 All Other Revenues	2,733,338	2,878,035	3,145,274	7.3%	3,366,629	3,131,310	3,128,225	3,137,462	3,146,792	
1.070 Total Revenues	32,093,821	34,261,943	35,155,438	4.7%	35,763,214	34,115,936	35,664,543	35,856,090	36,024,050	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	115,954	50,949	67,903	-11.4%	46,228	30,000	30,000	30,000	30,000	
2.060 All Other Financing Sources	156,038	166,166	274,933	36.0%	90,000	90,000	90,000	90,000	90,000	
2.070 Total Other Financing Sources	271,992	217,115	342,836	18.9%	136,228	120,000	120,000	120,000	120,000	
2.080 Total Revenues and Other Financing Sources	32,365,813	34,479,058	35,498,274	4.7%	35,899,442	34,235,936	35,784,543	35,976,090	36,144,050	
Expenditures										
3.010 Personal Services	\$17,772,400	\$17,729,603	\$17,746,093	-0.1%	\$18,030,000	\$18,841,176	\$19,387,454	\$19,949,930	\$20,529,090	
3.020 Employees' Retirement/Insurance Benefits	\$6,334,507	\$6,313,282	\$6,723,827	3.1%	\$7,409,144	\$7,990,771	\$8,459,300	\$8,960,427	\$9,496,612	
3.030 Purchased Services	\$5,187,813	\$5,727,827	\$6,138,234	8.8%	\$6,207,024	\$6,286,019	\$6,481,184	\$6,643,112	\$6,812,880	
3.040 Supplies and Materials	929,633	981,344	1,191,492	13.5%	1,237,188	1,274,304	1,312,533	1,351,909	1,392,467	
3.050 Capital Outlay	432,973	282,721	837,097	80.7%	315,000	250,000	500,000	500,000	500,000	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
4.300 Other Objects	\$340,527	\$364,984	\$366,093	3.7%	\$398,844	\$403,891	\$409,026	\$414,254	\$419,575	
4.500 Total Expenditures	30,997,853	31,399,761	33,002,836	3.2%	33,597,200	\$35,046,161	36,549,496	37,819,632	39,150,624	
Other Financing Uses										
5.010 Operating Transfers-Out	\$42,305	\$40,815	\$54,959	15.6%	\$292,000	\$45,000	\$45,000	\$45,000	\$45,000	
5.020 Advances-Out	50,949	69,537	52,031	5.7%	-	-	-	-	-	
5.030 All Other Financing Uses	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 Total Other Financing Uses	93,254	110,352	106,990	7.6%	292,000	45,000	45,000	45,000	45,000	
5.050 Total Expenditures and Other Financing Uses	31,091,107	31,510,113	33,109,826	3.2%	33,889,200	35,091,161	36,594,496	37,864,632	39,195,624	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing	1,274,706	2,968,945	2,388,448	56.7%	2,010,242.00	(855,225)	(809,954)	(1,888,542)	(3,051,574)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,833,069	8,107,775	11,076,720	27.6%	13,465,168	15,475,410	14,620,185	13,810,232	11,921,689	
7.020 Cash Balance June 30	8,107,775	11,076,720	13,465,168	29.1%	15,475,410	14,620,185	13,810,232	11,921,689	8,870,115	
8.010 Estimated Encumbrances June 30	238,114	671,106	579,253	84.1%	250,000	250,000	250,000	250,000	250,000	

Northeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 <i>Subtotal</i>	-	-	-	0.0%	-	-	-	-	-
<i>Fund Balance June 30 for Certification of Appropriations</i>	7,869,661	10,405,614	12,885,915	28.0%	15,225,410	14,370,185	13,560,232	11,671,689	8,620,115
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	7,869,661	10,405,614	12,885,915	28.0%	15,225,410	14,370,185	13,560,232	11,671,689	8,620,115
Revenue from New Levies									
13.010 Income Tax - New				0.0%	-	-	-	-	-
13.020 Property Tax - New				0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	7,869,661	10,405,614	12,885,915	28.0%	15,225,410	14,370,185	13,560,232	11,671,689	8,620,115

Northeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
May 21, 2020

Introduction to the Five Year Forecast

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

Fiscal year 2020 (July 1, 2019-June 30, 2020) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2020 filing.

Economic Outlook During The COVID-19 Global Pandemic

This five-year forecast is filed in the midst of a health and financial struggle that encompasses our state, country and global economy. The district is following events and video conferences daily to help determine how to maintain continuity of services to our students and staff as we play a vital role in our community. State and local resources are going to be under extreme stress as we continue through and eventually recover from the pandemic. We have drawn upon our experiences in projecting revenues and expenses from the Great Recession of 2008, but there is no historic data or situation to compare to what the district is facing now. That makes it extremely challenging to project where our finances will be through fiscal year 2024 as noted in this forecast. Given the requirement in Ohio Law that we file a forecast in May that goes through June 2024, we are using the best and most recent reliable data available to us.

May 2020 Updates:

Revenues FY20:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$35,597,200 or .69% higher than the November forecasted amount of \$35,519,387. This indicates the October forecast was 99.31% accurate. However the Governor's Foundation cuts reflect a 3.72% reductions which was not in the November forecast.

Expenditures FY20:

Total General Fund expenditures (line 4.5) are estimated to be \$33,597,200 for FY20 which is below the original estimate of \$33,819,415 in the November forecast.

Unreserved Ending Cash Balance:

With revenues increasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2020 is anticipated to be roughly \$15.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2024 if assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding.

Forecast Risks and Uncertainty:

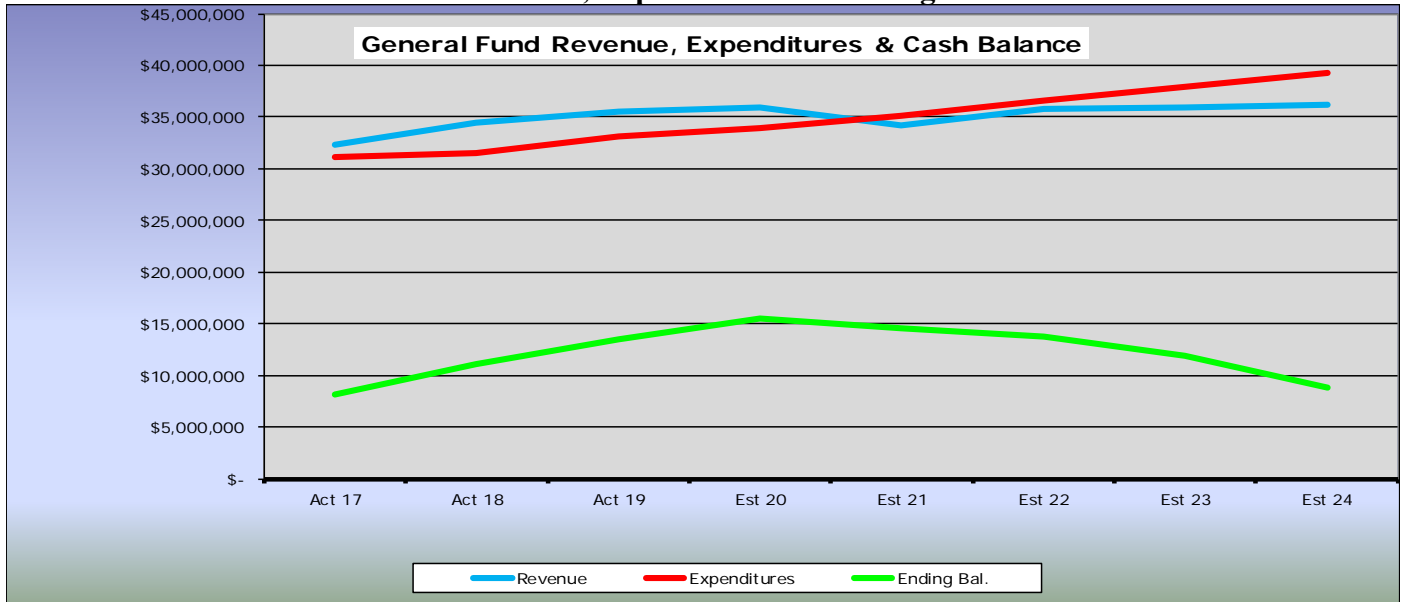
In addition to the above noted uncertainty due to the COVID-19 Pandemic, a five year financial forecast typically has inherent risks and uncertainties. This is due to normal economic uncertainties and to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25 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 had frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed Student Wellness and Success money will not continue after FY22. However, the Governor announced in early May cuts to the Foundation that cost NELSD \$646,989 or 4.9% less revenues. We have an additional reduction of 10% in FY21.
- 2) The State Budget represents 41% of district revenues after the cut and is an area of risk to revenue. The state could reduce funding FY21 due to drastically reduced state revenue because of the COVID-19 pandemic. Additional future risk comes in FY22 and beyond if the state economy does not bounce back following the pandemic as expected or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY24. We have projected our state funding to be inline with our current estimates through FY24. We will make adjustments to the forecast in future years as we have data to help guide this decision.
- 3) Property tax collections are the second largest single 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 if the COVID-19 pandemic ends in May as projected and the economy recovers quickly as anticipated. Total local revenues which are predominately local taxes equate to 34% of the district's resources. We believe that current collections in the August 2020 settlement may fall due to current record unemployment, but that longer term there is a low risk that local collections would fall below projections throughout the forecast.
- 4) Clark County experienced a reappraisal update in the 2019 tax year to be collected in FY20. The 2019 update increased overall assessed values by \$36.39 million or an increase of 7.4%. A reappraisal update will occur in tax year 2022 for collection in FY23.
- 5) 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. We will continue to keep a close on the EdChoice Voucher legislation. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- 6) 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.

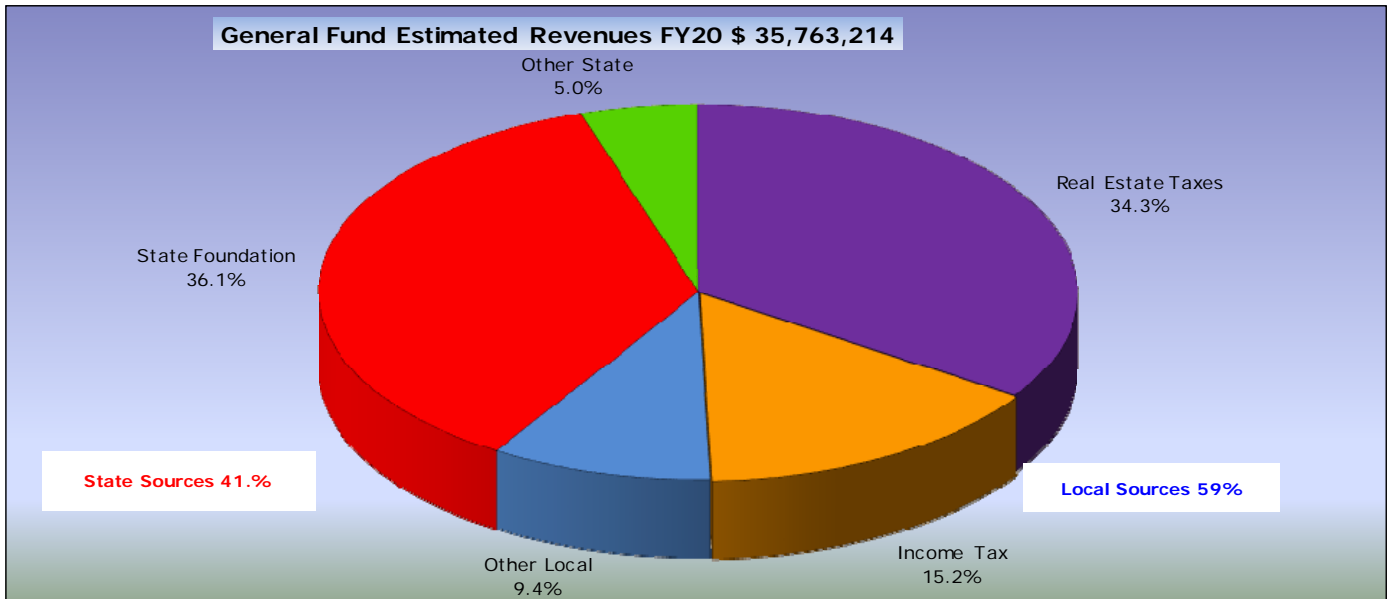
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for 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 7.4% or \$32.4 million due to the reappraisal led by an improving housing market. New construction in residential property was up 6/10% 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

Classification	Estimated TAX YEAR2019 <u>COLLECT 2020</u>	Estimated TAX YEAR2020 <u>COLLECT 2021</u>	Estimated TAX YEAR2021 <u>COLLECT 2022</u>	Estimated TAX YEAR2022 <u>COLLECT 2023</u>	Estimated TAX YEAR2023 <u>COLLECT 2024</u>
Res./Ag.	\$473,570,125	\$474,870,125	\$476,170,125	\$476,720,125	\$477,270,125
Comm./Ind.	\$54,757,831	\$54,957,831	\$55,157,831	\$55,357,831	\$55,557,831
Public Utility Personal Property (PUPP)	\$15,662,440	\$16,162,440	\$16,662,440	\$17,162,440	\$17,662,440
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$543,990,397</u>	<u>\$545,990,397</u>	<u>\$547,990,397</u>	<u>\$549,240,397</u>	<u>\$550,490,397</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY20	FY21	FY22	FY23	FY24
General Property Taxes	<u>\$11,359,621</u>	<u>\$11,079,962</u>	<u>\$11,116,196</u>	<u>\$11,193,660</u>	<u>\$11,262,542</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.

Source	FY20	FY21	FY22	FY23	FY24
Public Utility Personal Property (Line#1.020)	<u>\$894,789</u>	<u>\$1,126,397</u>	<u>\$1,149,467</u>	<u>\$1,172,537</u>	<u>\$1,195,607</u>

School District Income Tax –Line #1.030 - School District Income tax (SDIT) will be impacted by the COVID-19 Recession due to record levels of high unemployment. Our April 2020 collection came in stronger than expected considering as the deadline for 2019 SDIT filing has been extended to July 15, 2020. The withholding by employers for the first quarter was strong. As unemployment is not taxable the projected FY21 SDIT drops 5%, we will adjust the projection as soon as additional information is available. We have projected FY22-FY24 to be 1% growth reflecting a slow return of employment.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
School District Income Tax	\$5,129,277	\$5,440,548	\$5,168,522	\$5,220,208	\$5,272,411
Adjustments	<u>\$311,271</u>	<u>-\$272,026</u>	<u>\$51,686</u>	<u>\$52,203</u>	<u>\$52,725</u>
Total to Line #1.030	<u>\$5,440,548</u>	<u>\$5,168,522</u>	<u>\$5,220,208</u>	<u>\$5,272,411</u>	<u>\$5,325,136</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 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason, we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time. **Note: state funding could be FY21, and future revenues reduced as a result of COVID-19 Pandemic.**

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

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district’s percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21, funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$376,572 in FY20 and \$530,000 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

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

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

B. Community Partners (ORC 3317.26(C))

- A board of alcohol, drug and mental health services
- An educational service center
- A county board of developmental disabilities

- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) and our approved plan calls for a portion of these expenses to be recoded to Fund 467 for FY20 and FY21, then returning these expenses to the General Fund for FY22-24 as we have no direction on the future continuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21.

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

Casino Revenue

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

The state continues to report that revenues from casinos are not growing robustly as originally predicted but are still growing as the economy has improved. Actual numbers generated for FY19 statewide were 1,785,583 students at \$52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases. However, the pandemic has resulted in adjustment to FY21-FY23. We have projected a 40% reduction as the casinos are current closed and then slow growth in FY22 and FY23 to return to the current levels in FY24.

B) Unrestricted State Foundation Revenue – Line #1.035

Source	FY20	FY21	FY22	FY23	FY24
Basic Aid-Unrestricted	\$12,172,626	\$11,251,016	\$12,654,131	\$12,641,591	\$12,641,591
Additional Aid Items	\$266,447	\$200,000	\$200,000	\$200,000	\$200,000
Basic Aid-Unrestricted Subtotal	\$12,439,073	\$11,451,016	\$12,854,131	\$12,841,591	\$12,841,591
Ohio Casino Commission ODT	<u>\$171,712</u>	<u>\$106,034</u>	<u>\$141,077</u>	<u>\$173,256</u>	<u>\$177,304</u>
Total Unrestricted State Aid Line # 1.035	<u>\$12,610,785</u>	<u>\$11,557,050</u>	<u>\$12,995,208</u>	<u>\$13,014,847</u>	<u>\$13,018,895</u>

C) 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.

Source	FY20	FY21	FY22	FY23	FY24
Economically Disadvantaged Aid	\$94,381	\$94,381	\$94,381	\$94,381	\$94,381
Career Tech - Restricted & Catastrophic	<u>\$211,506</u>	<u>\$211,506</u>	<u>\$211,506</u>	<u>\$211,506</u>	<u>\$211,506</u>
Total Restricted State Revenues Line #1.040	<u>\$305,887</u>	<u>\$305,887</u>	<u>\$305,887</u>	<u>\$305,887</u>	<u>\$305,887</u>

D) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2019 through 2023.

Summary of State Foundation Revenues	FY20	FY21	FY22	FY23	FY24
Unrestricted Line # 1.035	\$12,610,785	\$11,557,050	\$12,995,208	\$13,014,847	\$13,018,895
Restricted Line # 1.040	\$305,887	\$305,887	\$305,887	\$305,887	\$305,887
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	<u>\$12,916,672</u>	<u>\$11,862,937</u>	<u>\$13,301,095</u>	<u>\$13,320,734</u>	<u>\$13,324,782</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.

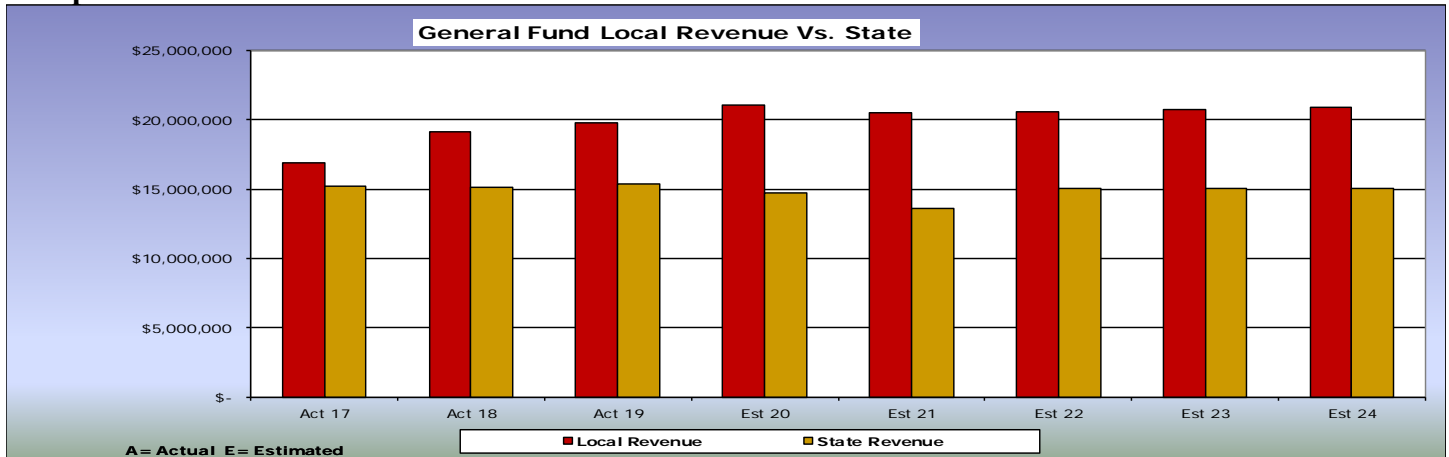
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

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

Summary of State Tax Reimbursement – Line #1.050

Source	FY20	FY21	FY22	FY23	FY24
Rollback and Homestead	<u>\$1,784,955</u>	<u>\$1,746,808</u>	<u>\$1,749,352</u>	<u>\$1,759,286</u>	<u>\$1,769,191</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$1,784,955</u>	<u>\$1,746,808</u>	<u>\$1,749,352</u>	<u>\$1,759,286</u>	<u>\$1,769,191</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 FY21 interest by 50% and FY22 by another 20% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. All other revenues are expected to continue on historic trends.

Source	FY20	FY21	FY22	FY23	FY24
Open Enrollment Gross	\$1,809,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Interest	\$485,000	\$250,000	\$200,000	\$200,000	\$200,000
Class Fees & Student Fees	\$256,700	\$259,264	\$300,000	\$302,997	\$306,024
Tuitions	\$611,741	\$617,858	\$624,037	\$630,277	\$636,580
Other Income and rentals	<u>\$204,188</u>	<u>\$204,188</u>	<u>\$204,188</u>	<u>\$204,188</u>	<u>\$204,188</u>
Total Line # 1.060	<u>\$3,366,629</u>	<u>\$3,131,310</u>	<u>\$3,128,225</u>	<u>\$3,137,462</u>	<u>\$3,146,792</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.

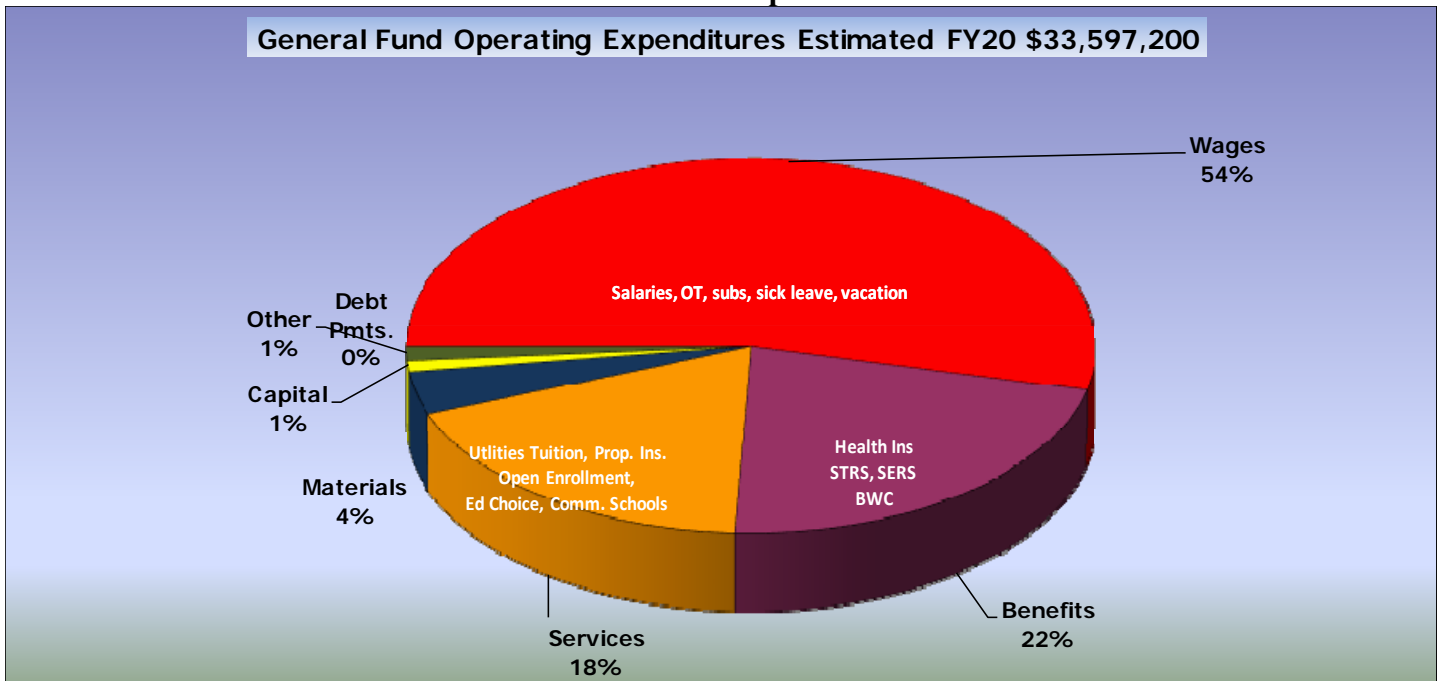
Source	FY20	FY21	FY22	FY23	FY24
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$46,228</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
Total Transfer & Advances In	<u>\$46,228</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>

All Other Financial Sources – Line #2.060

Source	FY20	FY21	FY22	FY23	FY24
Refund of prior years expenditures	<u>\$90,000</u>	<u>\$90,000</u>	<u>\$90,000</u>	<u>\$90,000</u>	<u>\$90,000</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY20:



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 2% increase in base wages and 2.2% increase for step and training adjustments for fiscal years 2020, the agreement has a 2% base increase in 2021, and 1% in 2022 based on these negotiated agreements.

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	\$16,915,444	\$17,542,459	\$18,068,733	\$18,610,795	\$19,169,119
Increases/ Merit Based Pay / Timing Adjust	\$0	\$350,849	\$361,375	\$372,216	\$383,382
Unfund Recapture	\$0	\$0	\$0	\$0	\$0
Growth	\$0	\$0	\$0	\$0	\$0
Substitutes	\$225,000	\$335,000	\$338,350	\$341,734	\$345,151
Supplementals	\$600,850	\$612,867	\$618,996	\$625,186	\$631,438
Staff Reductions	\$0	\$0	\$0	\$0	\$0
Total Wages Line 3.010	\$18,030,000	\$18,841,176	\$19,387,454	\$19,949,930	\$20,529,090

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 be meeting with the employee groups to work together to address the growth and changes to control the increase for FY2021.

C) Workers Compensation & Unemployment Compensation

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

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
A) STRS/SERS	\$2,884,307	\$3,007,571	\$3,094,765	\$3,184,544	\$3,276,987
B) Insurance's	\$4,216,143	\$4,616,677	\$4,986,011	\$5,384,892	\$5,815,683
C) Workers Comp/Unemployment	\$500	\$48,103	\$49,469	\$50,875	\$52,323
D) Medicare	\$255,654	\$265,880	\$276,515	\$287,576	\$299,079
Other/Tuition	<u>\$52,540</u>	<u>\$52,540</u>	<u>\$52,540</u>	<u>\$52,540</u>	<u>\$52,540</u>
Total Line 3.020	<u>\$7,409,144</u>	<u>\$7,990,771</u>	<u>\$8,459,300</u>	<u>\$8,960,427</u>	<u>\$9,496,612</u>

Purchased Services – Line #3.030

In FY20-24, 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 7.5% 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 20-24 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.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Base Services	\$312,212	\$321,578	\$331,225	\$341,162	\$351,397
Excess Cost County ESC	\$90,733	\$93,455	\$96,259	\$99,147	\$102,121
Open Enrollment Deduction-477	\$1,530,310	\$1,377,279	\$1,530,310	\$1,530,310	\$1,530,310
Community School Deductions-478	\$1,248,000	\$1,123,200	\$1,010,880	\$1,010,880	\$1,010,880
Other Tuition Including Ed Scholarship-475 &479	\$629,769	\$661,257	\$694,320	\$729,036	\$765,488
Professional Support- 41*	\$1,425,000	\$1,700,000	\$1,785,000	\$1,874,250	\$1,967,963
Building Maintenance Repairs- 42*	\$456,000	\$478,800	\$502,740	\$527,877	\$554,271
Utilities	\$515,000	\$530,450	\$530,450	\$530,450	\$530,450
Total Line 3.030	<u>\$6,207,024</u>	<u>\$6,286,019</u>	<u>\$6,481,184</u>	<u>\$6,643,112</u>	<u>\$6,812,880</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, FY20-24 includes approximately \$160,000 to \$200,000 each fiscal year for an update to the district curriculum.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Supplies	\$763,796	\$786,710	\$810,311	\$834,620	\$859,659
Textbooks	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826
Building Maintenance	\$23,392	\$24,094	\$24,817	\$25,562	\$26,329
Transportation	<u>\$300,000</u>	<u>\$309,000</u>	<u>\$318,270</u>	<u>\$327,818</u>	<u>\$337,653</u>
Total Line 3.040	<u>\$1,237,188</u>	<u>\$1,274,304</u>	<u>\$1,312,533</u>	<u>\$1,351,909</u>	<u>\$1,392,467</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.

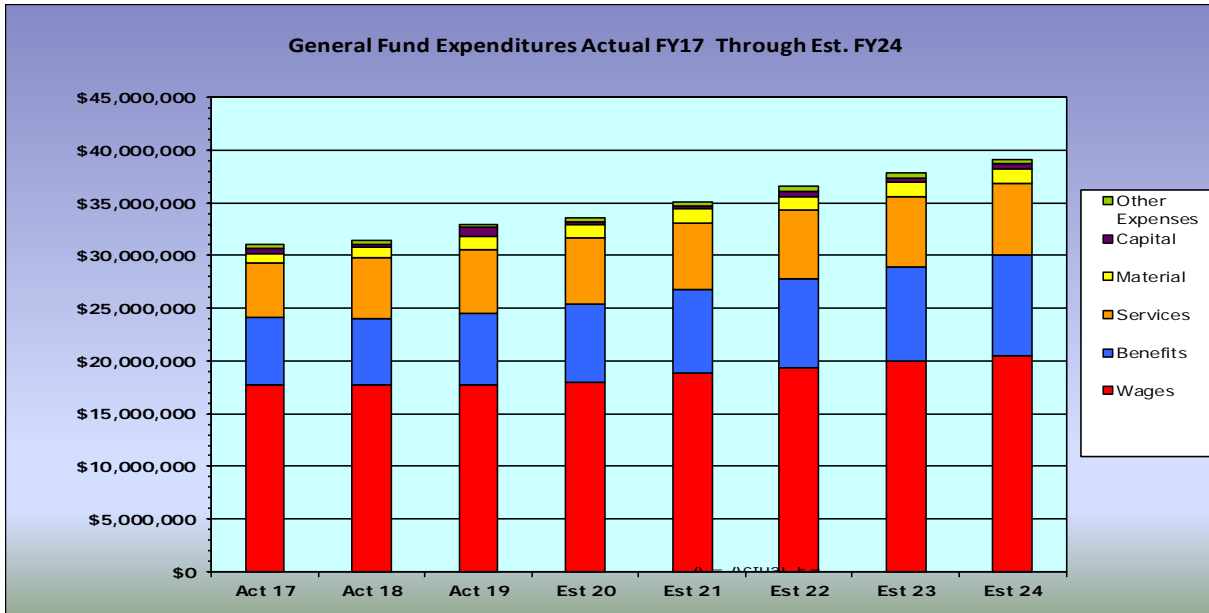
Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Capital Outlay	\$140,000	\$90,000	\$340,000	\$340,000	\$340,000
Replacement Bus Purchases	\$175,000	\$160,000	\$160,000	\$160,000	\$160,000
Budget Reserve	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$315,000</u>	<u>\$250,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</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.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Clark County Auditor & Treasurer Fees	\$308,458	\$311,543	\$314,658	\$317,805	\$320,983
Clark County ESC	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other expenses	\$65,386	\$67,348	\$69,368	\$71,449	\$73,592
Increased A&T Fees for New Levies	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 4.300	<u>\$398,844</u>	<u>\$403,891</u>	<u>\$409,026</u>	<u>\$414,254</u>	<u>\$419,575</u>

Total Expenditure Categories Actual Fiscal Year 2017 Through Fiscal Year 2019 and Estimated Fiscal Year 2020 Through Fiscal Year 2024



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 is the only transfer in this forecast. In FY20 we are planning an additional transfer (or advance) of \$250,000 to the Food Service 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.

Source	FY20	FY21	FY22	FY23	FY24
Operating Transfers Out Line #5.010	\$292,000	\$45,000	\$45,000	\$45,000	\$45,000
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total	<u>\$292,000</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.

	FY20	FY21	FY22	FY23	FY24
Estimated Encumbrances	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

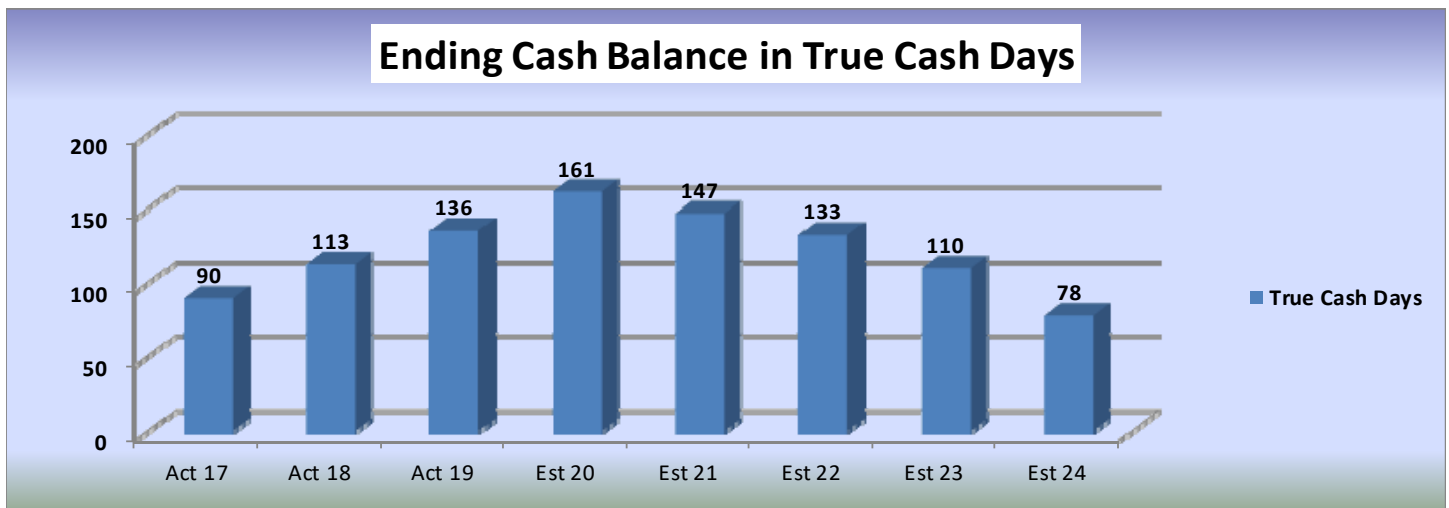
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Ending Unencumbered Cash Balance	<u>\$15,225,410</u>	<u>\$14,370,185</u>	<u>\$13,560,232</u>	<u>\$11,671,689</u>	<u>\$8,620,115</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, 2024, the district forecast has adequate reserves to continue the instructions and programs as provided currently.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY22 through FY24, especially with the COVID-19 Recession reducing state revenues through FY20 and projected through FY21.

- The decreased CAUV values and the strong housing market have been adjusted in the net increase in Residential Assessed Value by 7.2% in tax collections in 2020 and beyond. Understanding the

complexity of the property tax revenues, CAUV values, millage of tax, Board of Revision and Appeals, and the effectives of HB920 needs considered in the discussion of the districts finances.

- No growth in state funding, limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Earned Income Tax has become the backbone of the district finances.

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.