

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT
LICKING 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 JUNE 30, 2025**



**Forecast Provided By
Southwest Licking Local School District
Treasurer's Office
Richard D. Jones, Treasurer
May 20, 2021**

Southwest Licking Local School District

Licking 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	
Revenues										
1.010 General Property Tax (Real Estate)	15,007,513	15,650,845	16,081,224	3.5%	17,720,652	19,367,587	19,909,927	21,421,561	22,796,958	
1.020 Tangible Personal Property	1,188,241	1,212,493	1,373,455	7.7%	1,527,244	1,570,014	1,639,721	1,698,047	1,760,057	
1.030 Income Tax	5,916,921	6,313,699	6,718,362	6.6%	6,829,008	7,202,146	7,600,569	8,026,734	8,483,376	
1.035 Unrestricted State Grants-in-Aid	16,516,159	17,432,507	16,750,049	0.8%	17,205,404	17,268,904	17,290,556	17,312,987	17,336,231	
1.040 Restricted State Grants-in-Aid	220,270	324,197	282,659	17.2%	269,223	269,223	269,223	269,223	269,223	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	2,156,367	2,207,967	2,256,391	2.3%	2,435,399	2,730,328	2,795,275	2,998,366	3,195,463	
1.060 All Other Revenues	1,551,445	1,632,704	1,771,758	6.9%	1,263,259	1,275,070	1,287,022	1,299,118	1,311,359	
1.070 <i>Total Revenues</i>	42,556,916	44,774,412	45,233,898	3.1%	47,250,189	49,683,272	50,792,293	53,026,036	55,152,667	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	430,398	484,486	511,681	9.1%	510,000	525,300	541,059	557,291	574,010	
2.050 Advances-In	-	-	-	0.0%	-	-	-	-	-	
2.060 All Other Financing Sources	127,760	103,916	189,432	31.8%	140,287	140,287	140,287	140,287	140,287	
2.070 <i>Total Other Financing Sources</i>	558,158	588,402	701,113	12.3%	650,287	665,587	681,346	697,578	714,297	
2.080 <i>Total Revenues and Other Financing Sources</i>	43,115,074	45,362,814	45,935,011	3.2%	47,900,476	50,348,859	51,473,639	53,723,614	55,866,964	
Expenditures										
3.010 Personal Services	22,395,182	23,456,595	24,527,508	4.7%	26,148,805	27,513,098	29,291,592	31,253,908	33,177,404	
3.020 Employees' Retirement/Insurance Benefits	8,623,841	9,150,398	9,983,981	7.6%	10,588,861	11,482,554	12,543,100	13,732,539	14,976,525	
3.030 Purchased Services	7,032,701	5,637,295	6,213,267	-4.8%	6,892,409	7,437,030	7,808,882	8,399,326	8,819,292	
3.040 Supplies and Materials	1,142,488	1,279,204	1,078,940	-1.8%	1,407,383	1,449,604	1,493,093	1,537,887	1,584,023	
3.050 Capital Outlay	194,256	19,517	4,588	-83.2%	18,550	18,550	18,550	18,550	18,550	
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	140,000	148,600	-	-46.9%	-	-	-	-	-	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	1,400	1,400	-	-50.0%	-	-	-	-	-	
4.300 Other Objects	405,346	514,695	529,062	14.9%	558,926	572,115	585,629	599,476	613,664	
4.500 <i>Total Expenditures</i>	39,935,214	40,207,704	42,337,346	3.0%	45,614,934	48,472,950	51,740,846	55,541,686	59,189,458	
Other Financing Uses										
5.010 Operating Transfers-Out	2,840,398	484,486	511,681	-38.7%	550,000	561,000	572,220	583,664	595,337	
5.020 Advances-Out	-	-	-	0.0%	-	-	-	-	-	
5.030 All Other Financing Uses	15,617	3,921	-	-87.4%	27,500	2,500	2,500	2,500	2,500	
5.040 <i>Total Other Financing Uses</i>	2,856,015	488,407	511,681	-39.1%	577,500	563,500	574,720	586,164	597,837	
5.050 <i>Total Expenditures and Other Financing Uses</i>	42,791,229	40,696,111	42,849,027	0.2%	46,192,434	49,036,450	52,315,566	56,127,850	59,787,295	
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	323,845	4,666,703	3,085,984	653.6%	1,708,042	1,312,408	(841,927)	(2,404,236)	(3,920,331)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	15,987,868	16,311,713	20,978,416	15.3%	24,064,400	25,772,442	27,084,850	26,242,923	23,838,687	
7.020 <i>Cash Balance June 30</i>	16,311,713	20,978,416	24,064,400	21.7%	25,772,442	27,084,850	26,242,923	23,838,687	19,918,356	
8.010 <i>Estimated Encumbrances June 30</i>	217,987	315,055	208,541	5.4%	-	-	-	-	-	

Southwest Licking Local School District

Licking 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
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	2,024,663	2,134,234	2,243,916	5.3%	2,271,167	2,369,524	2,491,178	2,546,629	2,658,316
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>	2,024,663	2,134,234	2,243,916	5.3%	2,271,167	2,369,524	2,491,178	2,546,629	2,658,316
10.010	<i>Fund Balance June 30 for Certification of Appropriations</i>	14,069,063	18,529,127	21,611,943	24.2%	23,501,275	24,715,326	23,751,745	21,292,058	17,260,040
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%	-	-	-	-	-
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	14,069,063	18,529,127	21,611,943	24.2%	23,501,275	24,715,326	23,751,745	21,292,058	17,260,040
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>	14,069,063	18,529,127	21,611,943	24.2%	23,501,275	24,715,326	23,751,745	21,292,058	17,260,040
20.010	Kindergarten -ADM count	-	-	-		-	-	-	-	-
20.015	Grades -ADM count	-	-	-		-	-	-	-	-

Southwest Licking Local School District – Licking County
Notes to the Five Year Forecast
General Fund Only
May 20, 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 the Governor 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 loss of state funding. Additional Federal CARES Act funding was used to cover the costs of additional technology needs, personal protective equipment, and cleaning costs caused by the pandemic. Data and assumptions noted in this forecast are 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 \$47,250,189 or 1.44% higher than the November forecasted amount of \$46,577,638.

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 payment was aligned with historic collections and our overall collections have seen some gain.

State Aide, as noted above, began the year with continued cuts at the FY20 level; however, on January 22, 2021 Governor DeWine reinstated funding of approximately 53% of those reductions thus having a positive impact of \$467,840 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 \$45,614,934 for FY21 which is slightly above the original estimate of \$45,539,751 in the November 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 \$25.7 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:

- I. Property tax collections are the 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. Total local revenues which are predominately local taxes equate to 57% of the district's resources. Collection rates for the 2nd half 2020 collection did not show sharp declines due to increased delinquencies. We believe there is a low risk that local collections would fall below projections in the forecast.
- II. Licking County experienced a triennial update in the 2020 tax year to be collected in FY21. Fairfield County had a reappraisal in 2019 collected in FY20. The 2020 update in Licking County increased overall assessed values by \$171.1 million or an increase of 22.7%. The 2019 reappraisal in Fairfield County increased overall assess values by \$36.5 million or an increase of 5.1%.

A reappraisal in Licking County will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property of \$108.2 million for an overall increase of 11.8% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. A triennial update in Fairfield County will occur in tax year 2022 for collection in FY23. We expect a value increases for Class I and II property of \$23.9 million for an overall increase of 2.69%. 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.

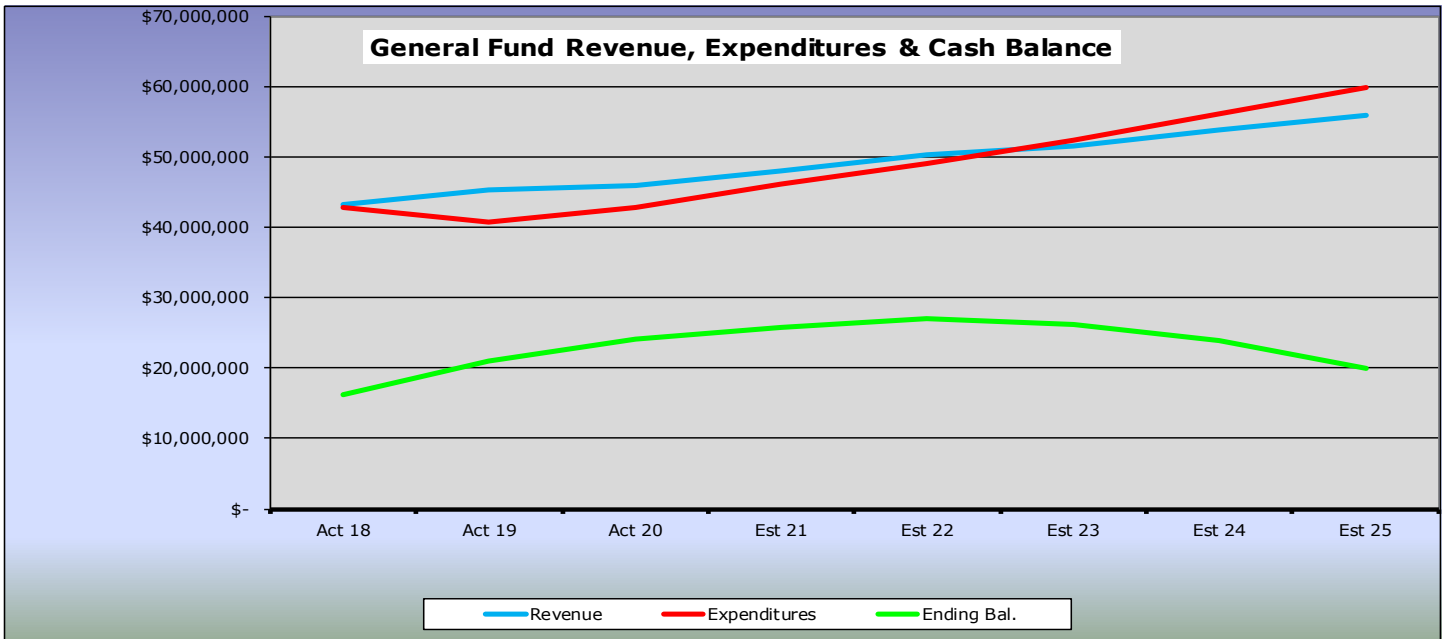
- III. HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; student wellness and success funding (SWSF) and enrollment growth supplement funds. Student Wellness and Success is new revenue to school districts in FY20 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 Sub. HB110 and it includes increases for SWSF for each year of the biennium budget along with guarantees that no district will receive less funding than they received in FY21. We have assumed this money will continue through FY25. Enrollment Growth Supplement money is paid to a small number of growing districts and Sub. 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. Our district is estimated to receive enrollment growth money for FY21 and will treat it as guaranteed FY22-25.

- IV. 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 \$300.5 million reduction of state foundation funding to school districts 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 the rest of FY21. Governor DeWine submitted his FY22-FY23 biennial budget (Sub. 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 introduced on February 4, 2021 and will work its way through the legislative process where it has been combined with Sub. 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.
- V. The State Budget represents 43% 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 reduces 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.
- VI. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges today. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major Line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Richard D. Jones, Treasurer.

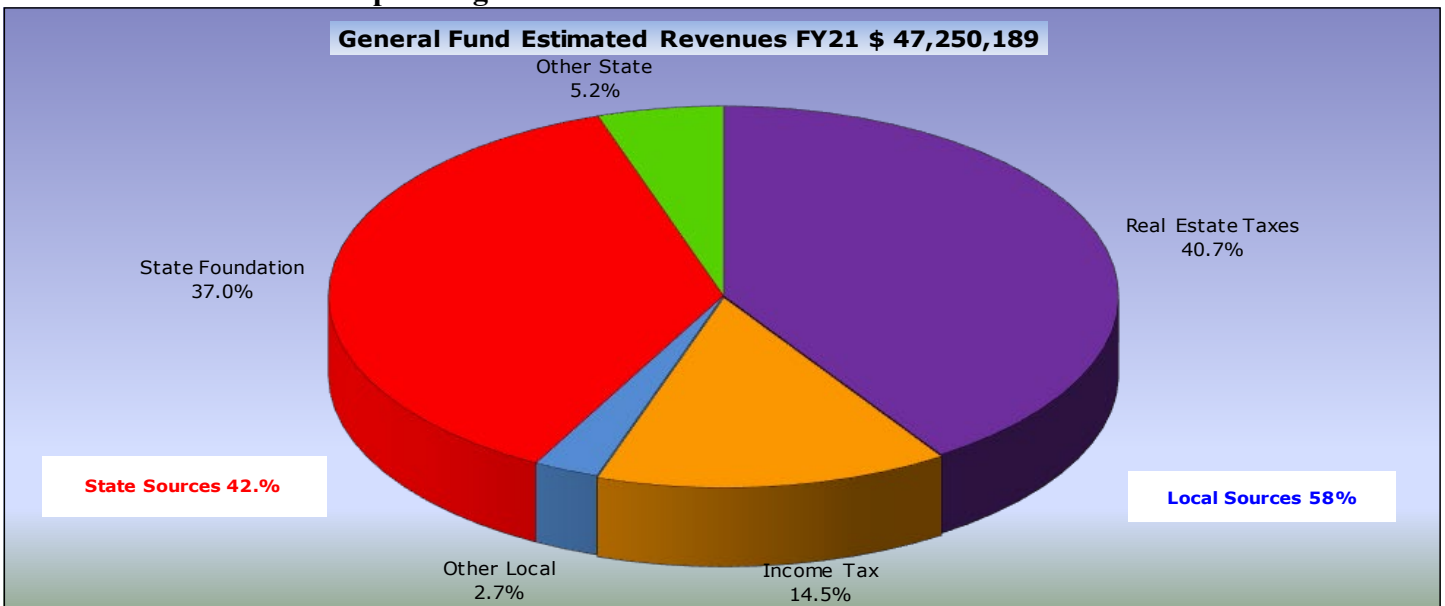
General Fund Revenue, Expenditure and Ending Cash Balance

The graph on the following page shows in summary the forecasted revenue, expenses and ending balance of the district's General Fund for the period FY21-25, with actual data provided for FY18-20.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY21



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditors in Licking and Fairfield counties based on new construction and complete reappraisal or updated values. There was a update completed in 2020 for the collection in 2021 in Licking County and a reappraisal in 2019 for the collection in 2020 in Fairfield County. Class I the residential/agricultural values increased 21.41% or \$130 million due to the Licking County reappraisal led by an improving housing market. There was a significant increase in the Class II commercial/industrial values of 12.88% or \$12.6 million.

The district has been on the 20 mill floor for Class I for a few years. Being on the 20 mill floor the district will experience growth in taxes as the millage can no longer be decreased when the valuation increases. The district will remain on the 20 mill floor for the foreseeable future.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual	Estimated	Estimated	Estimated	Estimated
	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024
	<u>Collect 2021</u>	<u>Collect 2022</u>	<u>Collect 2023</u>	<u>Collect 2024</u>	<u>Collect 2025</u>
Res./Ag.	\$746,775,160	\$761,667,160	\$783,750,745	\$892,763,744	\$910,567,011
Comm./Ind.	\$127,054,855	\$133,192,197	\$139,656,723	\$157,076,084	\$164,663,591
Public Utility Personal Property (PUP)	<u>\$51,697,340</u>	<u>\$54,024,909</u>	<u>\$56,457,272</u>	<u>\$58,999,148</u>	<u>\$61,655,467</u>
Total Assessed Value	<u>\$925,527,355</u>	<u>\$948,884,266</u>	<u>\$979,864,741</u>	<u>\$1,108,838,976</u>	<u>\$1,136,886,069</u>

Estimated Real Estate Tax (Line #1.010)

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
General Property Taxes	\$17,720,652	\$19,367,587	\$19,909,927	\$21,421,561	\$22,796,958

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 99.6% of the annual amount. This allows 0.4% delinquency factor. Lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did not occur as we originally anticipated. In general, 55.50% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 44.50% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06 which was also included with this line. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the general tangible personal property tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent TPP taxes. The amounts received below are generally all Public Utility Personal Property (PUPP) taxes which are an ongoing property tax collection.

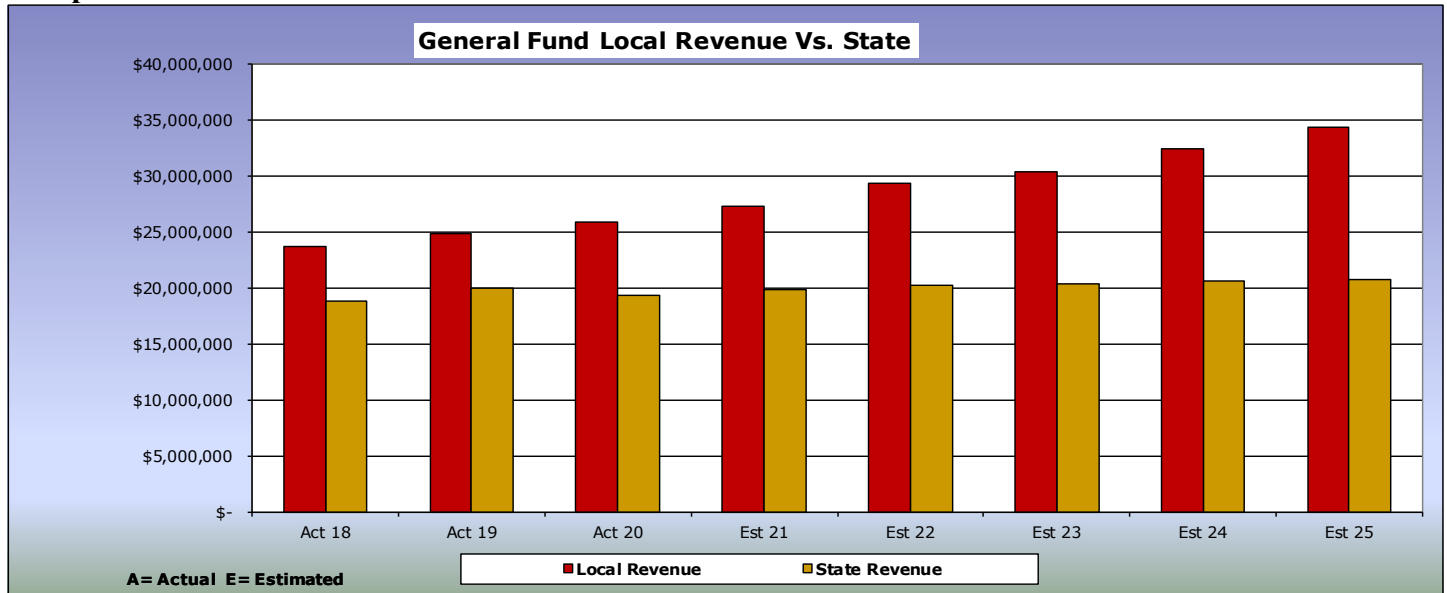
	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Public Utility Personal Property	<u>\$1,527,244</u>	<u>\$1,570,014</u>	<u>\$1,639,721</u>	<u>\$1,698,047</u>	<u>\$1,760,057</u>

School District Income Tax – Line#1.030

The district had a .75% continuous income tax that has been effective since 1991. The income tax is estimated to produce \$6.74 million in FY21. Due to the COVID-19 recession we have estimated a modest increase in income tax collections in FY21, 5.2% increase in FY22 and then an increase of 5.21% in FY23 and FY25.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
School District Income Tax	\$6,718,362	\$6,829,008	\$7,202,146	\$7,600,569	\$8,026,734
Adjustments	<u>110,646</u>	<u>373,138</u>	<u>398,424</u>	<u>426,165</u>	<u>456,642</u>
Total	<u>\$6,829,008</u>	<u>\$7,202,146</u>	<u>\$7,600,569</u>	<u>\$8,026,734</u>	<u>\$8,483,376</u>

Comparison of Local and State Revenue



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

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 which on May 6, 2020 was cut and then funding partially restored by executive order signed January 22, 2021 by the Governor. 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. HB1, aka the Fair School Funding plan, is currently being considered by the legislature and has been combined with Sub. HB110 and will produce a successor funding formula for the FY22-23 biennium budget. Currently Sub. HB110, the proposed budget, projects funding for districts at FY19 guarantee amounts for FY22 and FY23. 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.

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 reduced \$385,201 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. All districts are guaranteed to get 131% of what they received in FY20, and the proposed state budget (Sub. HB110) is guaranteeing all districts will get 100% of what they received in FY21 for FY22 and FY23. Our district received \$288,888 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 two approved community partner organizations per HB110.

At this time our district is recoding qualified General Fund expenses that is servicing student needs as identified in 3317.26 (B) and our approved plan to Fund 467 for FY20 and FY21, then returning these expenses to the General Fund for FY22-25 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 and increase in expenses in FY22-25.

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 (Note reductions only for regular schools not CTC’s) 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. In FY21, we are using the actual amount that the district received that included a decrease mainly for the closures of the casinos 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 and have projected a modest 2% increase for FY23-25.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Basic Aid-Unrestricted	\$16,257,976	\$16,257,976	\$16,257,976	\$16,257,976	\$16,257,976
Additional Aid Items	<u>\$759,523</u>	<u>\$764,462</u>	<u>\$776,845</u>	<u>\$789,847</u>	<u>\$803,499</u>
Basic Aid-Unrestricted Subtotal	\$17,017,499	\$17,022,438	\$17,034,821	\$17,047,823	\$17,061,475
Ohio Casino Commission ODT	<u>\$187,905</u>	<u>\$246,466</u>	<u>\$255,735</u>	<u>\$265,164</u>	<u>\$274,756</u>
Total	<u>\$17,205,404</u>	<u>\$17,268,904</u>	<u>\$17,290,556</u>	<u>\$17,312,987</u>	<u>\$17,336,231</u>

B) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education and their ½ mil equalization payment as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Economically Disadvantaged Aid	\$105,471	\$105,471	\$105,471	\$105,471	\$105,471
Career Tech	\$88,752	\$88,752	\$88,752	\$88,752	\$88,752
Catastrophic & 1/2 Mil Equalization	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Total	<u>\$269,223</u>	<u>\$269,223</u>	<u>\$269,223</u>	<u>\$269,223</u>	<u>\$269,223</u>

C) Restricted Federal Grants in Aid – line #1.045

There is no restricted federal funding projected in this forecast.

Summary of State Foundation Revenues	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Unrestricted	\$17,205,404	\$17,268,904	\$17,290,556	\$17,312,987	\$17,336,231
Restricted	\$269,223	\$269,223	\$269,223	\$269,223	\$269,223
Rest. Fed. Grants - SFSF & Ed Jobs	\$0	\$0	\$0	\$0	\$0
Total	<u>\$17,474,627</u>	<u>\$17,538,127</u>	<u>\$17,559,779</u>	<u>\$17,582,210</u>	<u>\$17,605,454</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged 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 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 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed 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 had 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 generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district does not receive TPP Fixed Rate reimbursements.

c) Tangible Personal Property Reimbursements – Fixed Sum

The district does not receive TPP Fixed Sum reimbursements.

Summary of State Tax Reimbursement – Line #1.050

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Rollback and Homestead	<u>\$2,435,399</u>	<u>\$2,730,328</u>	<u>\$2,795,275</u>	<u>\$2,998,366</u>	<u>\$3,195,463</u>

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, tuition for court placed students, pay to participate fees, student fees, and general rental fees. Beginning in FY21 interest is expected to decline due to fed rate reductions which could impact our earning capability in this area. Pay to participate fees and rentals are expected to be lower due to COVID-19 restrictions and lower participation. All other revenues are expected to continue on historic trends.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Fees	\$308,455	\$311,540	\$314,655	\$317,802	\$320,980
Interest	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Medicaid	\$140,978	\$142,388	\$143,812	\$145,250	\$146,703
Tuitions / Open Enrollment	\$496,089	\$501,050	\$506,061	\$511,122	\$516,233
Other Income and rentals	<u>\$117,737</u>	<u>\$120,092</u>	<u>\$122,494</u>	<u>\$124,944</u>	<u>\$127,443</u>
Total	<u>\$1,263,259</u>	<u>\$1,275,070</u>	<u>\$1,287,022</u>	<u>\$1,299,118</u>	<u>\$1,311,359</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.

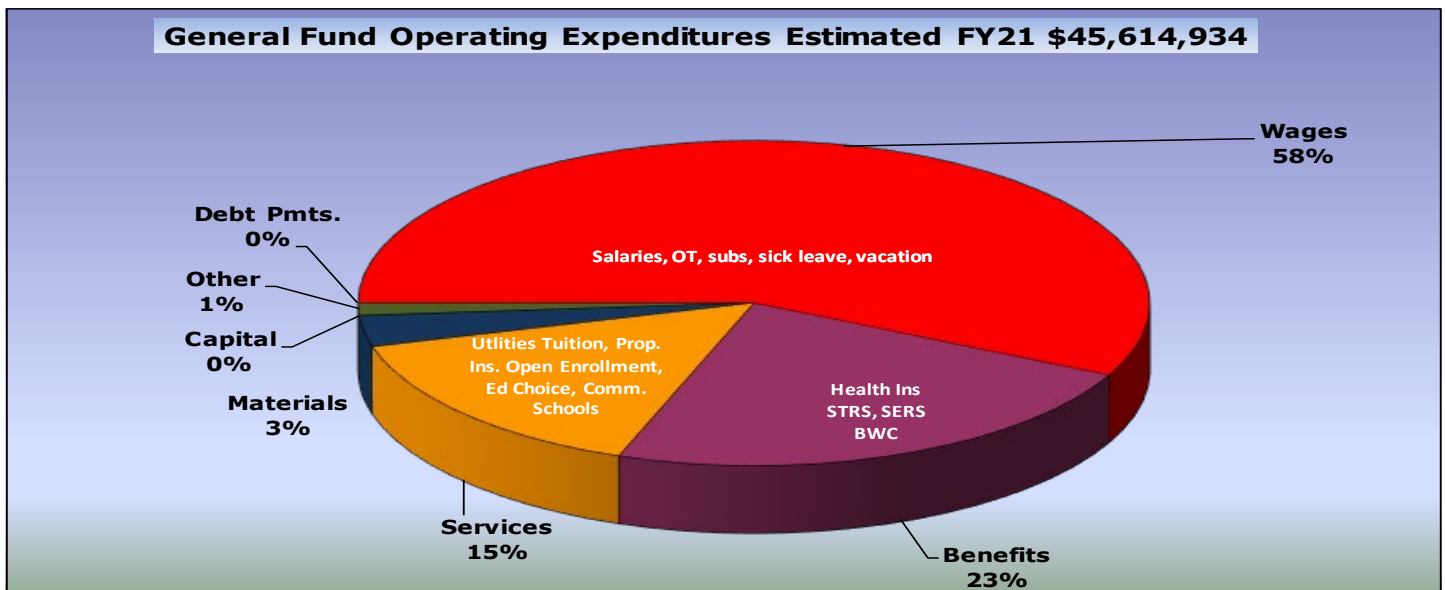
All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

There is no short-term borrowing planned for in this forecast at this time. The other area in these lines is Refund of Prior year expenses which are for refunds that the district has received and is anticipating a similar amount each year.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Refund of prior years expenditures	<u>\$140,287</u>	<u>\$140,287</u>	<u>\$140,287</u>	<u>\$140,287</u>	<u>\$140,287</u>

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY21:



Wages – Line #3.010

The district is using 0.0% base increase for FY21, 2.5% base salary increase for FY22 and 2.25% for each year from FY23 through FY25. The district also has step increases of 2.5% each year of the forecast. The district also using the same percentages as listed above for Substitute and Supplement wages from FY21 through FY25. In addition the district included additional staffing for each year of the forecast.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Wages	\$24,280,742	\$25,635,817	\$26,941,896	\$28,723,947	\$30,699,948
Steps	\$348,064	\$640,895	\$673,547	\$718,099	\$767,499
One-time payment in lieu of base salary increase	\$399,992	(\$409,992)	\$0	\$0	\$0
Growth	\$0	\$498,370	\$502,311	\$611,614	\$482,703
Substitutes	\$629,999	\$645,749	\$660,278	\$675,135	\$690,325
Supplementals	\$490,008	\$502,258	\$513,559	\$525,114	\$536,929
Staff Reductions	\$0	\$0	\$0	\$0	\$0
Total	<u>\$26,148,805</u>	<u>\$27,513,098</u>	<u>\$29,291,592</u>	<u>\$31,253,908</u>	<u>\$33,177,404</u>

Additional Staffing	Quantity			
	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Teacher (M 6)	5	5	9	5
Aides (Step 2, 6.5 Hrs/Day, 184 Days)	1	1	1	1
Bus Driver (Step 2, 6.5 Hrs/Day, 184 Days)	1		1	
(New Building Staffing)				
Principal (Cat. 4, Step I)		1		1
Grounds (Step 2, 8 Hrs/Day, 260 Days)	1			
Secretary (Step 5, 8 Hrs/Day, 219 Days)				1
Custodian (Step 2, 8 Hrs/Day, 260 Days)	<u>4</u>	<u>3</u>	<u>1</u>	<u>1</u>
Total	<u>12</u>	<u>10</u>	<u>12</u>	<u>9</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being 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 district is planning for an increase of approximately 7.7 % in FY21 and 10% each year for FY22-25.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .30% of wages FY21-FY25 which is in line with our recent trend. Unemployment Compensation has been negligible.

D) Medicare

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

Estimated Fringe Benefits – Line #3.020

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
A) STRS/SERS	\$3,856,346	\$4,038,823	\$4,297,961	\$4,583,882	\$4,864,147
B) Insurance's	\$5,981,095	\$6,678,879	\$7,447,229	\$8,314,275	\$9,242,244
C) Workers Comp/Unemployment	\$118,867	\$117,443	\$124,711	\$132,731	\$140,592
D) Medicare	\$384,083	\$398,939	\$424,729	\$453,181	\$481,072
Other/Tuition/Social Security	<u>\$248,470</u>	<u>\$248,470</u>	<u>\$248,470</u>	<u>\$248,470</u>	<u>\$248,470</u>
Total	<u>\$10,588,861</u>	<u>\$11,482,554</u>	<u>\$12,543,100</u>	<u>\$13,732,539</u>	<u>\$14,976,525</u>

Purchased Services – Line #3.030

Bases services which include but not limited too are legal fees, management fees, health services and ESC service are receiving a 5% increase each year of the forecast.

Tuition to other districts is another area that the district does not know from one year to the next what the actual amount will be, but is projecting a 5% increase each year of the forecast. Open enrollment, Community School deduction, STEM schools and the Scholarship programs are all deducted from the districts bi-monthly foundation payments. We are using the April #2 payment for FY21 and then increasing the Open Enrollment by 2% each year of the forecast and the other areas by 5% each year of the forecast.

Also included in purchase services are the repairs and maintenance for the district and the utility costs. The district is expecting 5% increases in FY21-FY25 for repairs, maintenance projects and utilities. Due to a new building coming online in FY22 there will be a \$200,000 bump in utilities above the 5%.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Services	\$459,171	\$482,130	\$506,237	\$531,549	\$558,126
Excess Cost & Special Ed Payments	\$1,585,000	\$1,664,250	\$1,747,463	\$1,834,836	\$1,926,578
Open Enrollment Deduction	\$654,000	\$686,700	\$721,035	\$757,087	\$794,941
Community School Deductions	\$1,178,000	\$1,236,900	\$1,298,745	\$1,363,682	\$1,431,866
Other Tuition Including Ed Scholarship	\$256,000	\$268,800	\$282,240	\$296,352	\$311,170
Professional Support	\$1,555,548	\$1,633,325	\$1,714,991	\$1,800,741	\$1,890,778
Building Maintenance Repairs	\$344,440	\$361,662	\$379,745	\$398,732	\$418,669
Utilities	<u>\$860,250</u>	<u>\$1,103,263</u>	<u>\$1,158,426</u>	<u>\$1,416,347</u>	<u>\$1,487,164</u>
Total	<u>\$6,892,409</u>	<u>\$7,437,030</u>	<u>\$7,808,882</u>	<u>\$8,399,326</u>	<u>\$8,819,292</u>

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by copy paper, maintenance supplies and materials, bus fuel, etc.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Supplies	\$732,068	\$754,030	\$776,651	\$799,951	\$823,950
Textbooks	\$93,935	\$96,753	\$99,656	\$102,646	\$105,725
Building Maintenance	\$130,480	\$134,394	\$138,426	\$142,579	\$146,856
Transportation	<u>\$450,900</u>	<u>\$464,427</u>	<u>\$478,360</u>	<u>\$492,711</u>	<u>\$507,492</u>
Total	<u>\$1,407,383</u>	<u>\$1,449,604</u>	<u>\$1,493,093</u>	<u>\$1,537,887</u>	<u>\$1,584,023</u>

Capital Outlay – Line # 3.050

The area of capital outlay is for all types of equipment whether it is for educational purposes or building repairs. The district is projecting to spend \$18,550 per year form the General Fund for capital outlay.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Capital Outlay	<u>\$18,550</u>	<u>\$18,550</u>	<u>\$18,550</u>	<u>\$18,550</u>	<u>\$18,550</u>

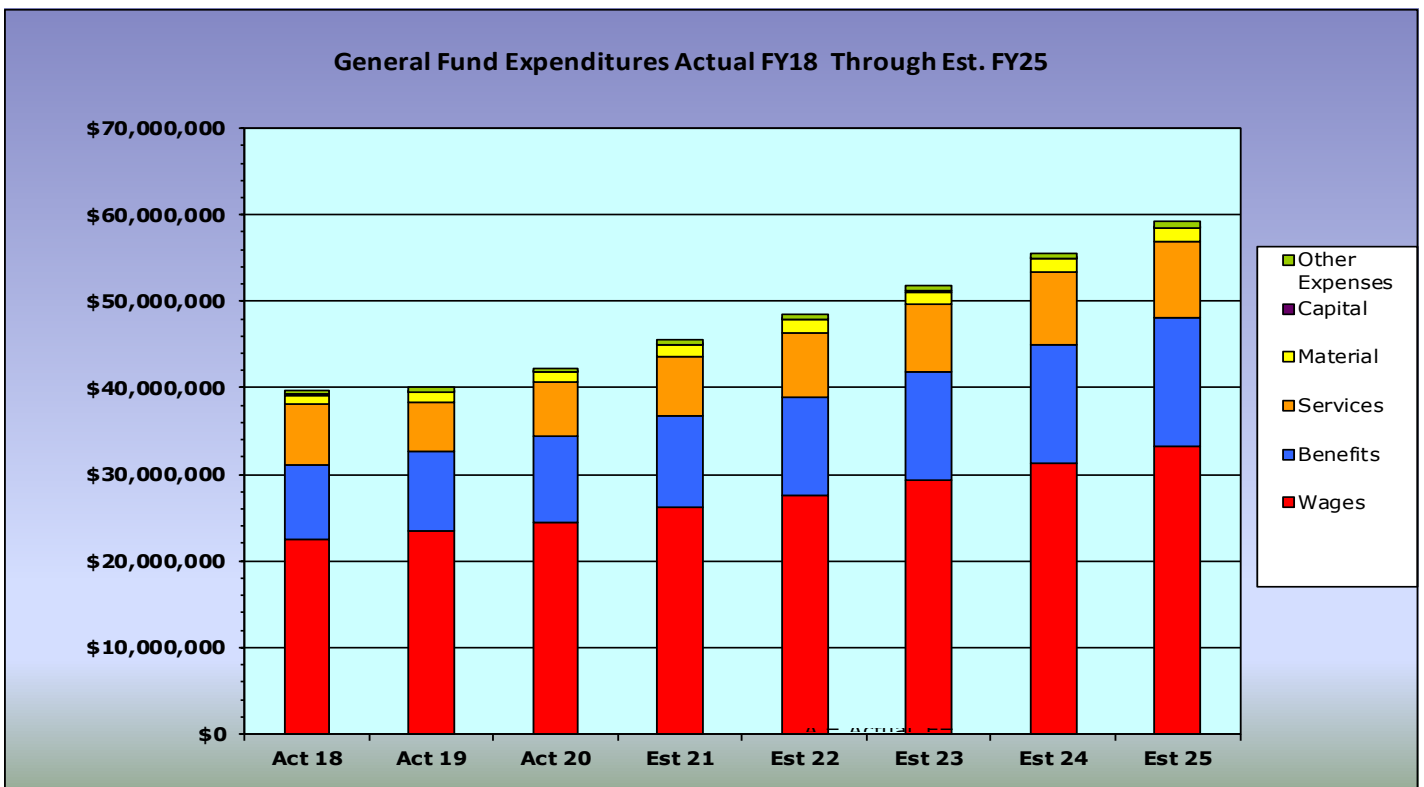
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 2% increase is projected for Auditor and Treasurer fees. The district plans for a 3% annual increase for all other expenses.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
County Auditor & Income Tax Fees	\$354,000	\$361,080	\$368,302	\$375,668	\$383,181
County ESC	\$1,309	\$1,309	\$1,309	\$1,309	\$1,309
Other expenses	<u>\$203,617</u>	<u>\$209,726</u>	<u>\$216,018</u>	<u>\$222,499</u>	<u>\$229,174</u>
Total	<u>\$558,926</u>	<u>\$572,115</u>	<u>\$585,629</u>	<u>\$599,476</u>	<u>\$613,664</u>

Total Expenditure Categories Actual FY18 through FY20 and Estimated FY21 through FY25

The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. There are no planned transfers or advances in the forecast period at this time.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Operating Transfers Out	\$550,000	\$561,000	\$572,220	\$583,664	\$595,337
Advances Out	\$0	\$0	\$0	\$0	\$0
Total	<u>\$550,000</u>	<u>\$561,000</u>	<u>\$572,220</u>	<u>\$583,664</u>	<u>\$595,337</u>

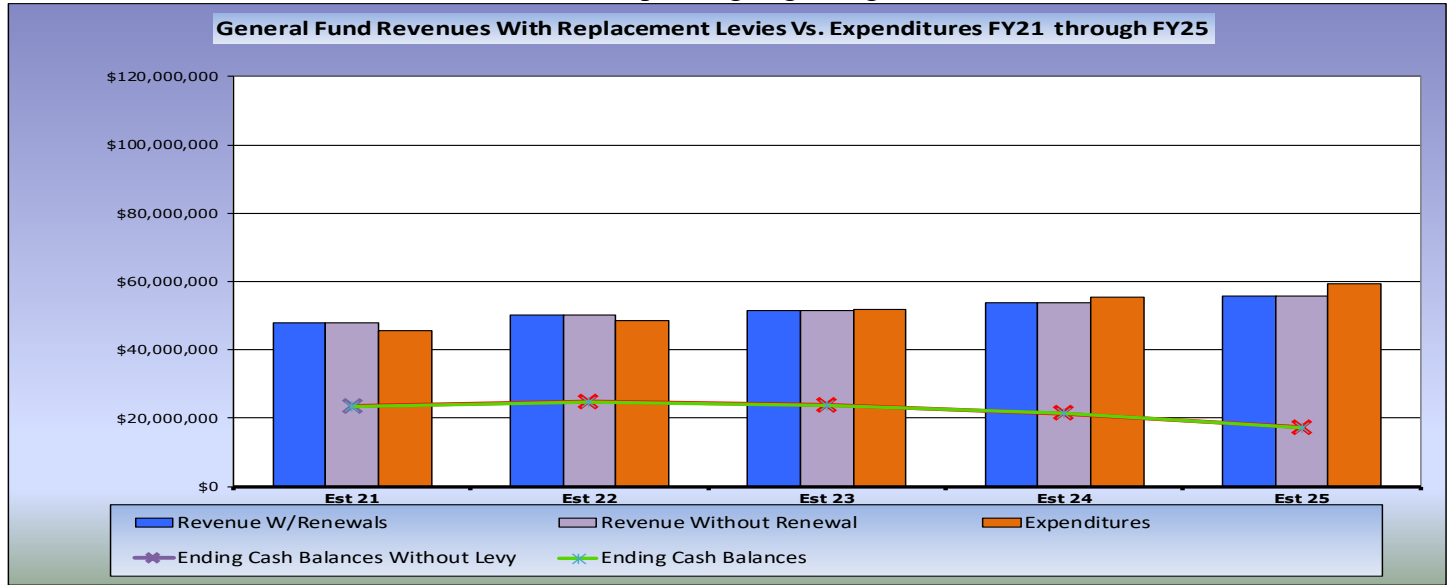
Encumbrances –Line#8.010

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

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

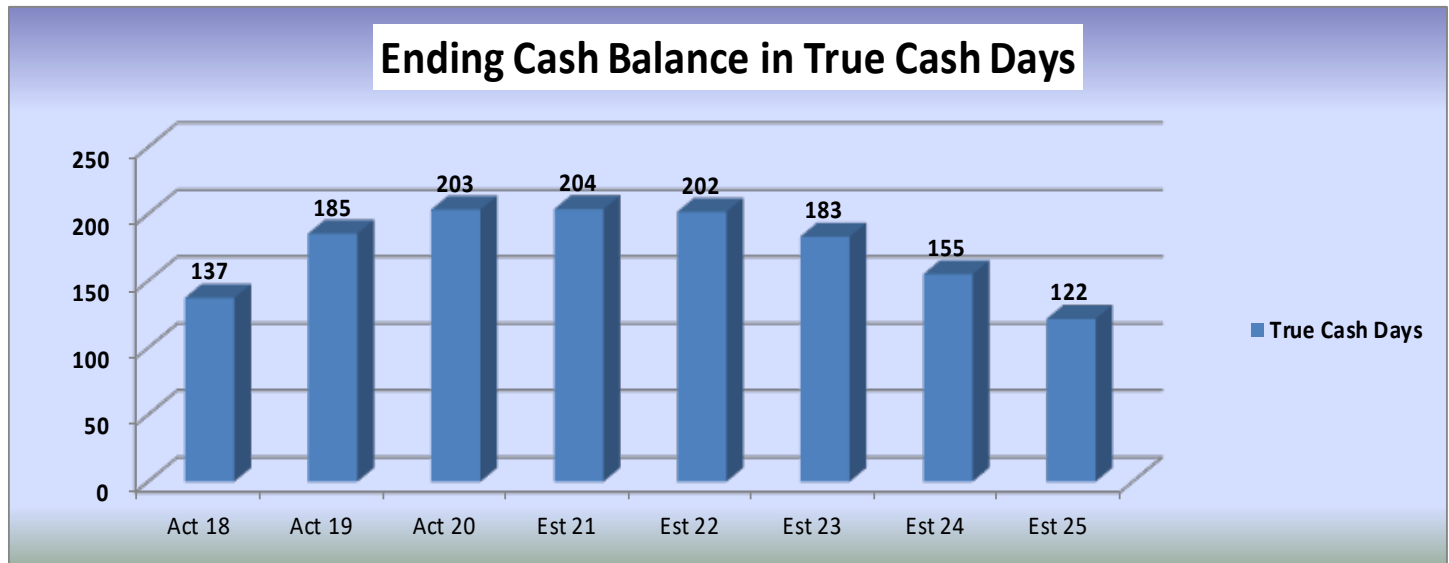
This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless the new alternative 412 certificate can be issued pursuant to HB153 effective after September 30, 2011.

The chart below shows that the district is deficit spending beginning in FY21.



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. 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.



Conclusion

Southwest Licking Local School District is very fortunate to have not received deeper cuts in FY21 in state funding as we had originally thought due to COVID-19.

The district administration will be able to plan for the future needs of our students with more financial stability as the economy continues to normalize during the pandemic, but they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning, as there are two new state budgets in the time period from FY22-25.

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