Lancaster City School District

Fairfield

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	19,196,529	20,032,422	20,163,469	2.5%	$22,386,654	$24,172,539	$24,395,689	$25,961,356	$27,236,375
1.020	Tangible Personal Property Tax	4,313,284	4,857,594	5,181,606	9.6%	5,511,924	$5,965,832	$6,280,548	$6,595,264	$6,909,979
1.030	Income Tax	13,419,668	13,542,164	15,306,876	7.0%	16,454,892	$17,689,009	$19,015,684	$20,441,861	$21,975,000
1.035	Unrestricted State Grants-in-Aid	27,555,944	28,191,534	26,733,025	-1.4%	28,253,762	$28,216,507	$27,533,915	$27,583,433	$27,313,443
1.040	Restricted State Grants-in-Aid	1,343,343	1,248,378	2,357,715	40.9%	2,532,982	$2,578,913	$2,607,076	$2,608,485	$2,618,028
1.045	Restricted Federal Grants-in-Aid - SFSF									
1.050	Property Tax Allocation	2,277,939	2,338,948	2,340,681	1.4%	2,644,179	$2,963,185	$2,978,140	$3,199,003	$3,419,866
1.060	All Other Revenues	4,554,603	4,755,720	2,871,333	-17.6%	3,562,131	$3,684,584	$3,924,631	$3,909,431	$3,230,131
1.070	*Total Revenues*	72,661,310	74,966,760	74,954,705	1.6%	81,346,524	85,270,569	86,735,683	90,298,833	92,702,822
	Other Financing Sources									
2.010	Proceeds from Sale of Notes									
2.020	State Emergency Loans and Advancements (Approved)									
2.040	Operating Transfers-In	17,654	23,470	15,664	-0.2%	15,000	15,000	15,000	15,000	15,000
2.050	Advances-In	2,809	8,765		56.0%		2,900,909			
2.060	All Other Financing Sources	12,082	14,193	13,563	6.5%	15,500	30,500	30,500	30,500	30,500
2.070	*Total Other Financing Sources*	32,545	46,428	29,227	2.8%	30,500	2,946,409	45,500	45,500	45,500
2.080	*Total Revenues and Other Financing Sources*	72,693,855	75,013,188	74,983,932	1.6%	81,377,024	88,216,978	86,781,183	90,344,333	92,748,322
	Expenditures									
3.010	Personal Services	$38,518,999	$39,730,268	$43,358,472	6.1%	$45,182,516	$46,717,484	$49,119,658	$50,592,327	$51,978,320
3.020	Employees' Retirement/Insurance Benefits	$16,272,841	$16,808,635	$17,017,159	2.3%	$20,225,747	$22,518,598	$25,129,483	$27,925,371	$31,091,367
3.030	Purchased Services	$10,379,261	$10,677,841	$6,520,166	-18.0%	$7,608,830	$7,837,095	$8,072,208	$8,314,374	$8,563,805
3.040	Supplies and Materials	$2,808,944	$3,090,549	$2,434,817	-5.6%	$3,487,440	$3,592,063	$3,699,825	$3,810,819	$3,925,144
3.050	Capital Outlay	$597,626	$326,764	$473,558	-0.2%	$649,000	$485,000	$485,000	$485,000	$485,000
3.060	Intergovernmental									
	Debt Service:									
4.010	Principal-All (Historical Only)									
4.020	Principal-Notes									
4.030	Principal-State Loans									
4.040	Principal-State Advancements									
4.050	Principal-HB 264 Loans									
4.055	Principal-Other									
4.060	Interest and Fiscal Charges									
4.300	Other Objects	$1,271,574	$1,076,170	$821,114	-19.5%	$919,502	$956,282	$994,534	$1,034,315	$1,075,688
4.500	*Total Expenditures*	69,849,245	71,710,227	70,625,286	0.6%	78,073,035	82,106,522	87,500,708	92,162,206	97,119,324
	Other Financing Uses									
5.010	Operating Transfers-Out	$3,037,337	$2,709,045	$9,111,009	112.8%	$7,638,422	$3,623,082	$2,443,280	$2,417,820	$2,432,856
5.020	Advances-Out					$2,900,909				
5.030	All Other Financing Uses									
5.040	*Total Other Financing Uses*	3,037,337	2,709,045	9,111,009	112.8%	10,539,331	3,623,082	2,443,280	2,417,820	2,432,856
5.050	*Total Expenditures and Other Financing Uses*	72,886,582	74,419,272	79,736,295	4.6%	88,612,366	85,729,604	89,943,988	94,580,026	99,552,180
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	192,727-	593,916	4,752,363-	-654.2%	7,235,342-	2,487,374	3,162,805-	4,235,693-	6,803,858-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	42,420,729	42,228,002	42,821,918	0.5%	38,069,555	30,834,213	33,321,587	30,158,782	25,923,089
7.020	*Cash Balance June 30*	42,228,002	42,821,918	38,069,555	-4.8%	30,834,213	33,321,587	30,158,782	25,923,089	19,119,231
8.010	*Estimated Encumbrances June 30*	$2,135,205	$2,448,332	$2,294,551	4.2%	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	40,092,797	40,373,586	35,775,004		28,834,213	31,321,587	28,158,782	23,923,089	17,119,231

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Lancaster City Schools
FY23 through FY27
Fiscal Forecast
Assumptions – November 2022

General Assumptions

This is a forecast based on the data available at the time of preparation. The District is in the second year of HB110, the biennium budget for the State of Ohio, for FY22 and FY23. Funds included in this forecast are: General (001) only. CARES Act funding designated as the Elementary and Secondary School Emergency Relief Fund 507 (ESSERF) and Student Wellness & Success funding designated as Fund 467 are NOT included in this forecast for FY20 & FY21; however, due to supplanting being allowed by both funding sources, expenditures have been reduced in FY20 and FY21 to offset cuts and flat funding from the state. Coronavirus Relief Fund 510 (CRF) is also not included in the forecast; however the funding helped defer some COVID related costs from the General Fund.

Revenues:

General Property Tax

Property values are established each year by the County Auditor based on new construction and complete or updated values. The most current certified reappraisal of district property values was for 2019 values collected in calendar year 2020. The next update of district property values will be in 2022 for collection in calendar year 2023.

- For 2019: (Reappraisal): Overall valuations increased 13.4% - just tipping over the $1B mark. The reappraisal property values increased 17.6% for residential/agricultural and 2.7% for commercial/industrial.
- For 2020: Overall valuations increased 1.6%. Property values increased .8% for residential/agricultural and 1% for commercial/industrial.
- For 2021: Overall valuations increased 1.6%. Property values increased .8% for residential/agricultural and 1.5% for commercial/industrial.
- For 2022 (Update): It is estimated that the update will increase property values 27% for residential/agricultural and increase 5.4% for commercial/industrial.
- For 2023: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+1.8%).
- For 2024: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+1.9%).
- For 2025: (Reappraisal): It is estimated that the reappraisal will increase property values 14.3% for residential/agricultural and 3.5% for commercial/industrial.
- For 2026: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+2%).

Tangible Personal Property Tax

Rocky Pipeline increased valuations by $19.86 million in FY11 and FY12. TPP values increased $8 million in TY2019, nearly $9 million in TY2020 and as expected by roughly $8 million in TY2021; however the Rocky Pipeline appealed values statewide last year. It is expected that the District will receive an additional $5 million for TY2022 and each year after.

Revenues (continued):

Income Tax

A ten year 1.5% earned income tax went into effective on January 1, 2007. The District renewed the income tax on a continuing basis the fall of 2015. Overall collections for FY19 were .2% more than FY18 – representing the lowest YOY increase since full collections began in FY09. However, due to a change made in HB166 eliminating a $250,000 deduction on small business income, the District saw a 7.65% increase in FY20. Due to the economic effects of COVID-19 and job losses*, income tax collections saw a minimal increase of .9%. Income tax revenue increased an unprecedented 13% in FY22. The first two quarters for FY23 have come in very strong (including nearly $700K in delinquent collections). As such, an increase of 7.5% annually has been assumed for FY23-FY27. *Note: unemployment compensation is not taxable for earned income tax districts.

Unrestricted Grants in Aid

Historically, basic state funding was based on a full-time equivalency (FTE) count of students, Average Daily Membership (ADM), during the first full week of October each year. Starting in Fiscal year 2015, a new count replaced the October count week and was based on the annualized FTE enrollment of each student. A student's FTE was determined based on the school calendar and their enrollment and withdrawal dates rather than a snapshot of one week in October. HB166 eliminated the use of a formula; rather, originally districts were flat funded to the previous year's revenue. On May 5, 2020, Governor Dewine announced cuts to education based on lower state revenues associated with COVID-19. The District received cuts of $1,204,200 (representing 4.2% of state foundation revenue) to be applied to the remainder of FY20. The Governor had maintained the same cuts for FY21; however, passed an Executive Order on January 22, 2021 reinstating nearly half of the cut. With HB110, FY22 & FY23 are based on a phase in of the new Fair School Funding method. FY24-26 will be held based on that funding structure but held at a 33.33% phase in (same as FY23). HB110 only covers the first two phase in percentages of 16.67% and 33.33%. It will be up to future budget bills to continue the phase in until it reaches 100%.

FY16 – FY17: Lancaster City Schools was not fully funded on the SFPR; therefore, the District received any cap increases that are approved per the biennial budget bills. Funding per HB64 increases cap funding 7.5% each fiscal year.

FY18 – FY19: Funding per HB49 increased cap funding 3% each fiscal year.

FY20 – FY21: Funding per HB166 was originally flat funded to Districts to FY19 revenues#. The Governor announced a cut to FY20 School funding of $355 million dollars on May 5, 2020. This represented a 4.2% cut for LCS in FY20. FY21 remained at the reduced level but not the full 4.2% reduction.

FY22 – FY26: Funding per HB110 was phased in at 16.67% for FY22 and 33.33% for FY23-26. This is the first time in many years the District is formula funded (meaning the District loses state dollars for every student who leaves, but gains state dollars for every student who enters the District)**.

*Funded ADM includes community school students however a deduction for community schools will be taken within the expenditures until FY22. Starting with FY22, HB110 and the Fair School Funding Model, funding is sent directly to the District (Traditional or Community School) that educates the student. This is true to Open Enrollment and Community School students. **Enrollment is expected to remain relatively steady over the forecast at just under 6,100 students.

Starting in FY13, the District began receiving casino revenue to supplement current state aid to schools districts. It is not supposed to supplant. The amount Lancaster City Schools receives is approximately $56 per student based on October enrollment. Due to casinos being shut down for COVID-19, the per student revenue dropped to $41 per student in FY21 but returned to approximately $56 per student for the rest of the forecast.

Revenues (continued):

Restricted Grants in Aid

Starting in FY14, state funds generated by the economically disadvantaged student aid component of the new school-funding formula (HB59) must be reported as restricted. Funding must be spent towards an extended school day and school year, reading improvement and intervention, instructional technology or blended learning, professional development in reading instruction for teachers of students in kindergarten through third grade, dropout prevention, school safety and security measures, community learning centers that address barriers to learning, and/or academic interventions for students in any of grades six through twelve.

Career Tech funding, as well as catastrophic special education payments, are also classified as restricted. The Ohio Department of Education is increased the pool for Catastrophic cost reimbursement in FY22.

The Fair School Funding Plan, starting in FY22, added some new categories to this line: Student Wellness and Success#, Gifted Funding, English Learners Funding, and Career Awareness & Exploration Funds.

#Student Wellness Funds were new to the FY20-FY21 budget bill. Revenue and expenditures are accounted for in Fund 467 which is NOT included in this forecast. The District did supplant 100% of the expenditures. Thus, $1.3 million in expenditures were removed from salaries and benefits in FY20, as well as $2 million in FY21. With the passage of HB110, Fund 467 was eliminated; however, the funding (at a reduced rate) continue within revenues of the General Fund and are included in this forecast starting in FY22 as Restricted Grants in Aid.

Property Tax Allocation

Rollback and homestead reimbursements from the State of Ohio are categorized in this line. Rollback and homestead reimbursements will generally grow with new construction, reappraisals, updates and new levies.

All Other Revenues

The largest revenue items in this category are as follows:

- Tuition for students from other districts. Starting in FY22, open enrollment revenue is eliminated as Districts educating these students are funded directly.
- Interest income. Due to COVID-19 and its effect on the economy, interest income was cut in half in FY21 and further reduced in FY22. Estimates for FY23 are twice that of the revenue received in FY22. FY24-26 show steady progress towards pre-COVID interest, with a dip in interest expected in FY27 as the District cash balance decreases.
- Pay-to-participate fees for athletics, fine arts, and clubs.
- Rental Income from Board owned property.
- In Lieu of Taxes payments.
- Property Tax Settlements. HB126 was signed in April 2022 which greatly inhibits our ability to protect our tax base. This revenue stream will be reduced.
- CAFS/Medicaid reimbursements.
- E-rate revenues.

Lancaster City Schools
FY23 through FY27
Fiscal Forecast
Assumptions – November 2022

Expenditures:

Note: Fiscal year 2023 expenditures are primarily based on the Permanent Appropriation Measure approved in September. See our website for details of our expenditures in the FY23 Budget Document.

Personal Services

FY22 budget includes average raises 3% and average step increases of 1.5%.
FY23 budget includes average raises 3% and average step increases of 1.5%.
FY24 budget includes average raises 2% and average step increases of 1.5%.
FY25 budget includes average raises 2% and average step increases of 1.5%.
FY26 budget includes average raises 1% and average step increases of 1.5%.
FY27 budget includes average raises 1% and average step increases of 1.5%.

Additional personnel have been added in fiscal years 2025 through 2027 to absorb any additional staffing needed to meet class size/special education/curriculum requirements. ESSER/ARP (CARES) funding has absorbed any additional personnel needed for FY22-FY24.

Student Wellness & Success funds was used to offset salaries and benefits for the District school health coordinator, health aides, social services coordinators, and guidance counselors in the amount of $1.3M in FY20 and $2M in FY21. With the passage of HB110, Fund 467 was eliminated; however, the funding (at a reduced rate) continue within revenues of the General Fund and are included in this forecast starting in FY22 as Restricted Grants in Aid.

Employees Retirement/Insurance Benefits

The largest expenditures in this category are health insurance and retirement system payments.

Employee health insurance premiums increased 15.98% in FY23. Contractual language in both union contracts states the District and unions will discuss plan changes to help reduce the rising health insurance costs if future premiums increase more than 5%. Dental insurance premiums increased 3.34% in FY23. Estimates going forward are modeled at an increase of 16% for FY24 and then 15% annually. Note: The District qualified for a one month health insurance premium holiday during FY22.

Purchased Services

The expenditures in this category include, but are not limited to: all district utilities, maintenance and repairs, charter school payments, tuition, open enrollment, postage, and data processing services. Inflation in purchase services has been set at 3% each fiscal year.

This line item was significantly reduced due to community school and open enrollment payments (which made up the majority of this line item) being eliminated with HB110 when students were funded were they were educated.

Supplies and Materials

The expenditures in this category include, but are not limited to: instructional and office supplies, fuel, library books, textbooks, and equipment valued less than $5,000 which do not meet our capitalization criteria. An annual increase of 3% has been applied to this line item for inflation.

Textbooks, the largest expenditure out of this category, are purchased on a cycle and fluctuate between fiscal years depending on the subject.

As part of our technology plan the District implements a K-12 1-to-1computer program. Due to COVID-19 and schools being closed, the need for student technology has increased. CARES funding (ESSERF) was used to supplant $750,000 in technology and other cleaning materials in FY20 & FY21.

Expenditures (continued):

Supplies and Materials (continued)

A Capital Plan was devised and has been rolled into this forecast. Operational supplies and materials, including technology replacement costs, are included in this line item.

Capital Outlay

Expenditures in this category are for building improvements and capital assets valued over $5,000.

A Capital Plan was devised and has been rolled into this forecast. Operational capital expenditures, including bus replacement costs, are included in this line item.

Timing of bus purchase expenditures explains the increase in FY20 and FY23.

Other Objects

Expenditures in this category include audit fees, property tax collection fees, income tax collection fees, and dues/memberships. An annual increase of 4% has been applied to this line item for inflation.

The District refunded the majority of the elementary project bonds in November 2019. Financing costs are captured here (as well as offset in All Other Operating Revenue). Prior to COVID-19, the District had planned to refund a portion of junior high bonds and the associated costs (and related revenue offset. The volatility of the interest rates prohibited the District from refunding until March 2021; however, the overall effect on the forecast for FY21 is $0.

Other Financing Options

A Capital Plan was been devised and has been rolled into this forecast. It is broken down into three categories that are funded by the corresponding fund: Operating (General Fund), Permanent Improvements (Permanent Improvement Fund), and Capital Projects (Capital Projects Fund). Operating expenditures are shown within the appropriate categories of the forecast. Permanent Improvement and Capital Projects expenditures are funded annually via a transfer.

With the passage of the income tax levy, the District has committed, in partnership with the Ohio Facilities Construction Commission, to building two new junior high schools without increasing taxes. Bonds were sold in 2016 and payments will be made from the General Fund over 23 years via transfers to a bond retirement fund. Payments out of the General Fund started in FY18.

Other transfers include populating the Board Service Fund, replenishing the Severance Fund, and covering students' bad debts from the Food Service fund. For FY23, the District is expecting to have to assist the Food Service Fund due to the end of free meals ($750,000). Due to volatile construction costs, the District will contribute $4,000,000, via a transfer, toward the required Locally Funded Initiatives (LFIs) on the High School Project in FY23. In FY24, the District is planning on transferring $1,180,000 for Alternate LFIs, including upgraded floors and ceramic tile.

Advances Out is usually to cover deficits that may exist in any state or federal grant funds at fiscal yearend. However, in FY23, an advance is required to cover a portion of the LFIs for the High School Project in the amount of the local portion and interest of the Junior High Project that will be rolled over once the Ohio Facilities Construction Commission (OFCC) closes that project. It is assumed the Advance will be returned in FY24.