

Lancaster City School District
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenue:								
1.010 - General Property Tax (Real Estate)	17,870,668	19,196,529	20,032,422	20,163,469	21,516,542	22,612,823	22,854,255	24,414,188
1.020 - Public Utility Personal Property	3,844,107	4,313,284	4,857,594	5,181,606	5,830,979	5,574,022	5,574,022	5,670,948
1.030 - Income Tax	12,466,273	13,419,668	13,542,164	15,306,876	14,381,108	14,810,742	15,255,837	15,716,968
1.035 - Unrestricted Grants-in-Aid	28,609,650	27,555,944	28,191,534	26,392,564	27,438,423	27,407,503	26,997,955	27,289,401
1.040 - Restricted Grants-in-Aid	1,187,084	1,343,343	1,248,378	2,603,400	2,836,900	3,024,283	3,151,527	3,207,071
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	2,219,321	2,277,939	2,338,948	2,340,681	2,526,667	2,739,933	2,755,031	2,976,494
1.060 - All Other Operating Revenues	4,317,161	4,554,603	4,755,720	2,680,466	2,765,465	3,207,419	3,065,465	3,672,122
1.070 - Total Revenue	70,514,263	72,661,310	74,966,759	74,669,062	77,296,084	79,376,725	79,654,092	82,947,192
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	12,520	17,654	23,470	15,664	15,664	15,664	15,664	15,664
2.050 - Advances-In	-	2,809	8,765	-	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	60,629	12,082	14,193	15,000	15,000	15,000	15,000	15,000
2.070 - Total Other Financing Sources	73,149	32,545	46,428	30,664	130,664	130,664	130,664	130,664
2.080 - Total Revenues and Other Financing Sources	70,587,412	72,693,855	75,013,188	74,699,726	77,426,748	79,507,389	79,784,756	83,077,856
Expenditures:								
3.010 - Personnel Services	37,186,952	38,518,999	39,730,268	43,312,313	44,956,312	46,462,380	47,959,132	48,911,867
3.020 - Employees' Retirement/Insurance Benefits	15,496,758	16,272,841	16,808,635	17,070,137	20,008,548	22,217,560	24,718,994	27,468,452
3.030 - Purchased Services	10,689,028	10,379,261	10,677,841	6,846,253	7,051,641	7,263,190	7,481,086	7,705,518
3.040 - Supplies and Materials	2,106,933	2,808,944	3,090,549	2,732,774	2,874,758	2,954,200	3,036,176	3,075,762
3.050 - Capital Outlay	92,493	597,626	326,764	428,725	856,724	428,724	428,724	428,724
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-	-	-
4.300 - Other Objects	743,501	1,271,574	1,076,170	825,015	858,015	892,336	928,029	965,150
4.500 - Total Expenditures	66,315,665	69,849,246	71,710,226	71,215,217	76,605,997	80,218,390	84,552,141	88,555,473
Other Financing Uses								
5.010 - Operating Transfers-Out	3,181,561	3,037,337	2,709,045	9,031,009	3,438,422	2,433,082	2,433,280	2,407,820
5.020 - Advances-Out	2,809	-	-	100,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	3,637	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	3,188,006	3,037,337	2,709,045	9,131,009	3,538,422	2,533,082	2,533,280	2,507,820
5.050 - Total Expenditures and Other Financing Uses	69,503,671	72,886,582	74,419,271	80,346,226	80,144,419	82,751,472	87,085,421	91,063,293
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	1,083,741	(192,727)	593,916	(5,646,500)	(2,717,671)	(3,244,083)	(7,300,665)	(7,985,437)
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	41,336,989	42,420,729	42,228,002	42,821,919	37,175,419	34,457,748	31,213,664	23,912,999
7.020 - Cash Balance June 30	42,420,729	42,228,002	42,821,919	37,175,419	34,457,748	31,213,664	23,912,999	15,927,563
8.010 - Estimated Encumbrances June 30	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	42,420,729	42,228,002	40,821,919	35,175,419	32,457,748	29,213,664	21,912,999	13,927,563

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General Assumptions

This is a forecast based on the data available at the time of preparation. The District is in the first 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 16.25% for residential/agricultural and increase 3.8% for commercial/industrial.
- For 2023: Growth trends are estimated to be relatively flat for residential/agriculture (+.55%) and commercial/industrial (+2.2%).
- For 2024: Growth trends are estimated to be relatively flat for residential/agriculture (+.55%) and commercial/industrial (+2.2%).
- For 2025: (Reappraisal): It is estimated that the reappraisal will increase property values 15.4% for residential/agricultural and 3.5% for commercial/industrial.

Tangible Personal Property Tax

Lancaster City Schools received an increase in TPP in FY11 and FY12 due to the Rocky Pipeline which increased valuations by \$19.86 million. TPP values increased \$8 million in TY2019 and nearly \$9 million in TY2020. TPP values for TY21 increased as expected by roughly \$8 million; however the Rocky Pipeline appealed values statewide. Depreciation of 1% on the pipelines has been calculated.

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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% (projected to increase 3%) in FY22. For FY23, the District expects to receive revenue consistent with an amount that would have been received if a 3% increase been received in FY22. An increase of 3% annually for FY24-FY26. *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 but 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 6,000 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.

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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 projected to increase the pool for Catastrophic cost reimbursement in FY22 but is has not been determined what the additional amount may be to the District.

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+ show steady progress towards pre-COVID interest.
- 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 greatly reduced.
- CAFS/Medicaid reimbursements.
- E-rate revenues

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Expenditures:

Note: Fiscal year 2022 expenditures are primarily based on the Permanent Appropriation Measure approved in September. See our website for details of our expenditures in the FY22 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 0% and average step increases of 1.5%.

Additional personnel have been added in fiscal years 2025 and 2026 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 4.71% in FY22. Rates for FY23 have been set at 15.98%. Plan changes are being considered to help reduce the rising health insurance costs. Dental insurance premiums remained flat for FY22 but will increase 3.34% in FY23. Estimates going forward are modeled at an increase of 15% annually. 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.

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.

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Expenditures (continued):

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).

Advances Out is to cover deficits that may exist in any state or federal grant funds at fiscal year end.