

# Lancaster City School District

Fairfield

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;  
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

	Actual				Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	17,870,668	19,196,529	20,032,422	5.9%	\$20,254,161	\$21,616,995	\$22,767,358	\$23,011,068	\$24,573,260
1.020 Tangible Personal Property Tax	3,844,107	4,313,284	4,857,594	12.4%	5,396,963	\$5,611,219	\$5,572,469	\$5,572,469	\$5,669,395
1.030 Income Tax	12,466,273	13,419,668	13,542,164	4.3%	13,948,429	\$14,366,882	\$14,797,888	\$15,241,825	\$15,699,080
1.035 Unrestricted State Grants-in-Aid	28,609,650	27,555,944	28,191,534	-0.7%	26,234,124	\$28,403,114	\$29,152,239	\$28,738,413	\$29,236,863
1.040 Restricted State Grants-in-Aid	1,187,084	1,343,343	1,248,378	3.0%	2,706,504	\$2,927,034	\$3,134,312	\$3,284,946	\$3,328,611
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	2,219,321	2,277,939	2,338,948	2.7%	2,343,762	\$2,549,530	\$2,748,754	\$2,763,852	\$2,985,316
1.060 All Other Revenues	4,317,161	4,554,603	4,755,720	5.0%	2,601,866	\$2,801,865	\$3,001,865	\$3,201,865	\$3,401,865
1.070 <b>Total Revenues</b>	<b>70,514,264</b>	<b>72,661,310</b>	<b>74,966,760</b>	<b>3.1%</b>	<b>73,485,809</b>	<b>78,276,639</b>	<b>81,174,885</b>	<b>81,814,438</b>	<b>84,894,390</b>
<b>Other Financing Sources</b>									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In	12,520	17,654	23,470	37.0%	20,000	20,000	20,000	20,000	20,000
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	-31.3%	15,000	15,000	15,000	15,000	15,000
2.070 <b>Total Other Financing Sources</b>	<b>73,149</b>	<b>32,545</b>	<b>46,428</b>	<b>-6.4%</b>	<b>35,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>70,587,413</b>	<b>72,693,855</b>	<b>75,013,188</b>	<b>3.1%</b>	<b>73,520,809</b>	<b>78,411,639</b>	<b>81,309,885</b>	<b>81,949,438</b>	<b>85,029,390</b>
<b>Expenditures</b>									
3.010 Personal Services	\$37,186,952	\$38,518,999	\$39,730,268	3.4%	\$43,513,996	\$45,172,968	\$46,697,069	\$47,600,705	\$48,486,558
3.020 Employees' Retirement/Insurance Benefits	\$15,496,758	\$16,272,841	\$16,808,635	4.2%	\$17,410,305	\$20,247,206	\$22,443,605	\$24,828,945	\$27,546,712
3.030 Purchased Services	\$10,689,028	\$10,379,261	\$10,677,841	0.0%	\$8,360,545	\$8,611,361	\$8,869,702	\$9,135,793	\$9,409,867
3.040 Supplies and Materials	\$2,106,933	\$2,808,944	\$3,090,549	21.7%	\$2,978,297	\$3,067,646	\$3,159,676	\$3,254,466	\$3,352,100
3.050 Capital Outlay	\$92,493	\$597,626	\$326,764	250.4%	\$691,885	\$373,883	\$373,883	\$373,883	\$373,883
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	\$743,501	\$1,271,574	\$1,076,170	27.8%	\$791,629	\$823,294	\$856,226	\$890,475	\$926,094
4.500 <b>Total Expenditures</b>	<b>66,315,665</b>	<b>69,849,245</b>	<b>71,710,227</b>	<b>4.0%</b>	<b>73,746,657</b>	<b>78,296,358</b>	<b>82,400,161</b>	<b>86,084,267</b>	<b>90,095,214</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	\$3,181,561	\$3,037,337	\$2,709,045	-7.7%	\$8,840,014	\$2,665,422	\$2,385,082	\$2,385,280	\$2,382,820
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 <b>Total Other Financing Uses</b>	<b>3,188,007</b>	<b>3,037,337</b>	<b>2,709,045</b>	<b>-7.8%</b>	<b>8,940,014</b>	<b>2,765,422</b>	<b>2,485,082</b>	<b>2,485,280</b>	<b>2,482,820</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>69,503,672</b>	<b>72,886,582</b>	<b>74,419,272</b>	<b>3.5%</b>	<b>82,686,671</b>	<b>81,061,780</b>	<b>84,885,243</b>	<b>88,569,547</b>	<b>92,578,034</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>1,083,741</b>	<b>192,727-</b>	<b>593,916</b>	<b>-263.0%</b>	<b>9,165,862-</b>	<b>2,650,141-</b>	<b>3,575,358-</b>	<b>6,620,109-</b>	<b>7,548,644-</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	41,336,988	42,420,729	42,228,002	1.1%	42,821,918	33,656,056	31,005,915	27,430,557	20,810,448
7.020 <b>Cash Balance June 30</b>	<b>42,420,729</b>	<b>42,228,002</b>	<b>42,821,918</b>	<b>0.5%</b>	<b>33,656,056</b>	<b>31,005,915</b>	<b>27,430,557</b>	<b>20,810,448</b>	<b>13,261,804</b>
8.010 <b>Estimated Encumbrances June 30</b>			\$2,000,000		\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>Reservation of Fund Balance</b>									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve									
9.040 DPIA									
9.045 Fiscal Stabilization									
9.050 Debt Service									
9.060 Property Tax Advancements									
9.070 Bus Purchases									
9.080 <b>Subtotal</b>									
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>42,420,729</b>	<b>42,228,002</b>	<b>40,821,918</b>	<b>-1.9%</b>	<b>31,656,056</b>	<b>29,005,915</b>	<b>25,430,557</b>	<b>18,810,448</b>	<b>11,261,804</b>
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement									
11.300 <b>Cumulative Balance of Replacement/Renewal Levies</b>									
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>42,420,729</b>	<b>42,228,002</b>	<b>40,821,918</b>	<b>-1.9%</b>	<b>31,656,056</b>	<b>29,005,915</b>	<b>25,430,557</b>	<b>18,810,448</b>	<b>11,261,804</b>
<b>Revenue from New Levies</b>									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 <b>Cumulative Balance of New Levies</b>									
14.010 Revenue from Future State Advancements									
15.010 <b>Unreserved Fund Balance June 30</b>	<b>42,420,729</b>	<b>42,228,002</b>	<b>40,821,918</b>	<b>-1.9%</b>	<b>31,656,056</b>	<b>29,005,915</b>	<b>25,430,557</b>	<b>18,810,448</b>	<b>11,261,804</b>

See accompanying summary of significant forecast assumptions and accounting policies  
Includes: General fund

**Lancaster City Schools**  
**FY22 through FY26**  
**Fiscal Forecast**  
Assumptions – November 2021

*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 2020 values collected in calendar year 2021. The next update of district property values will be in 2022 for collection in calendar year 2023. Due to the economic effects of COVID-19 and job losses, collection rates are expected to dip in the next two years; however, delinquencies are expected to be recouped over the forecast.

- 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%. The reappraisal property values increased .8% for residential/agricultural and 1% for commercial/industrial.
- For 2021: Growth trends are estimated to be relatively flat for residential/agriculture (+1.2%) and commercial/industrial (+1.5%).
- 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 are expected to increase roughly \$8 million. Depreciation of 1% on the pipelines has been calculated.

**Lancaster City Schools**  
**FY22 through FY26**  
**Fiscal Forecast**  
Assumptions – November 2021

**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 were expected to remain flat in FY21; however, the District received a minimal increase of .9%. Based on the first two quarters, FY22 is projected to increase 3% and continue at an increase of 3% annually for FY23-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.

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 calculated for Lancaster City Schools 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 return to approximately \$56 per student for the rest of the forecast.



**Lancaster City Schools**  
**FY22 through FY26**  
**Fiscal Forecast**  
Assumptions – November 2021

**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 or vocational program funding, as well as catastrophic special education payments, are also classified as restricted grants and are expected to remain flat.

#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 is was cut in half in FY21. A further reduction is expected for FY22.
- Pay-to-participate fees for athletics, fine arts, and clubs.
- Rental Income from Board owned property.
- In Lieu of Taxes payments.
- CAFS/Medicaid reimbursements.
- E-rate revenues

**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 3% and average step increases of 1.5%.  
FY25 budget includes average raises 0% and average step increases of 1.5%.  
FY26 budget includes average raises 0% and average step increases of 1.5%.

**Lancaster City Schools**  
**FY22 through FY26**  
**Fiscal Forecast**  
Assumptions – November 2021

**Expenditures (continued):**

Additional personnel have been added in fiscal years 2022-2025 to absorb any additional staffing needed to meet class size/special education/curriculum requirements. Due to COVID-19's effect on the economy and our potential enrollment, anticipated additional staffing positions have been reduced by two positions each year for FY22-FY23.

Student Wellness & Success funds will be 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 employee health insurance, employee retirement system payments and worker's compensation.

Employee health insurance premiums increased 4.71% in FY22. Dental insurance premiums remained flat. 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) were 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-1 computer 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.

*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.

**Lancaster City Schools**  
**FY22 through FY26**  
**Fiscal Forecast**

**Assumptions – November 2021**

Timing of bus purchase expenditures explains the increase in FY20 and FY22.

**Expenditures (continued):**

*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 expenditures are funded annually via a transfer. Capital Projects expenditures have been funded upfront for years FY16-FY21 via a transfer in FY16; however, an additional transfer into the Capital Projects Fund was anticipated in FY21 for the construction of a new maintenance/transportation/food service building, but moved to FY22.

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.

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