

Lancaster City School District

Fairfield

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)	18,042,374	17,870,668	19,196,529	3.2%	\$20,032,422	\$20,271,488	\$20,510,554	\$20,969,047	\$21,107,014	
1.020 Tangible Personal Property Tax	3,577,380	3,844,107	4,313,284	9.8%	4,857,594	\$5,105,024	\$5,027,504	\$4,949,984	\$4,872,464	
1.030 Income Tax	12,440,659	12,466,273	13,419,668	3.9%	13,542,164	\$13,542,164	\$13,948,429	\$14,366,882	\$14,797,888	
1.035 Unrestricted State Grants-in-Aid	27,483,215	28,609,650	27,555,944	0.2%	27,968,443	\$28,694,703	\$28,694,703	\$28,694,703	\$28,694,703	
1.040 Restricted State Grants-in-Aid	1,717,148	1,187,084	1,343,343	-8.9%	1,298,378	\$1,298,378	\$1,298,378	\$1,298,378	\$1,298,378	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	2,220,625	2,219,321	2,277,939	1.3%	2,338,948	\$2,353,965	\$2,430,996	\$2,508,478	\$2,520,641	
1.060 All Other Revenues	3,959,171	4,317,161	4,554,603	7.3%	4,568,244	\$3,445,144	\$3,695,144	\$3,895,144	\$4,095,144	
1.070 Total Revenues	69,440,572	70,514,264	72,661,310	2.3%	74,606,193	74,710,866	75,605,708	76,682,616	77,386,232	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In	8,114	12,520	17,654	47.7%		16,000	16,000	16,000	16,000	
2.050 Advances-In	171,148		2,809			100,000	100,000	100,000	100,000	
2.060 All Other Financing Sources	13,007	60,629	12,082	143.0%	5,000	20,000	20,000	20,000	20,000	
2.070 Total Other Financing Sources	192,269	73,149	32,545	-58.7%	5,000	136,000	136,000	136,000	136,000	
2.080 Total Revenues and Other Financing Sources	69,632,841	70,587,413	72,693,855	2.2%	74,611,193	74,846,866	75,741,708	76,818,616	77,522,232	
Expenditures										
3.010 Personal Services	\$36,012,617	\$37,186,952	\$38,518,999	3.4%	\$39,947,619	\$41,719,484	\$42,344,311	\$42,976,238	\$43,620,792	
3.020 Employees' Retirement/Insurance Benefits	\$15,143,759	\$15,496,758	\$16,272,841	3.7%	\$17,129,577	\$17,913,797	\$19,656,518	\$21,646,126	\$23,920,400	
3.030 Purchased Services	\$10,683,663	\$10,689,028	\$10,379,261	-1.4%	\$11,820,340	\$12,174,950	\$12,540,199	\$12,916,405	\$13,303,897	
3.040 Supplies and Materials	\$3,375,401	\$2,106,933	\$2,808,944	-2.1%	\$2,868,177	\$2,954,222	\$3,042,849	\$3,134,134	\$3,228,158	
3.050 Capital Outlay	\$775,450	\$92,493	\$597,626	229.0%	\$433,183	\$769,183	\$451,183	\$451,183	\$451,183	
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	\$884,315	\$743,501	\$1,271,574	27.6%	\$1,168,241	\$1,214,971	\$1,263,569	\$1,314,112	\$1,366,677	
4.500 Total Expenditures	66,875,205	66,315,665	69,849,245	2.2%	73,367,137	76,746,607	79,298,629	82,438,198	85,891,107	
Other Financing Uses										
5.010 Operating Transfers-Out	\$2,449,011	\$3,181,561	\$3,037,337	12.7%	\$2,794,646	\$9,308,339	\$2,714,922	\$2,410,082	\$2,410,280	
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	2,449,011	3,188,007	3,037,337	12.7%	2,894,646	9,408,339	2,814,922	2,510,082	2,510,280	
5.050 Total Expenditures and Other Financing Uses	69,324,216	69,503,672	72,886,582	2.6%	76,261,783	86,154,946	82,113,551	84,948,280	88,401,387	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	308,625	1,083,741	192,727-	66.7%	1,650,590-	11,308,080-	6,371,843-	8,129,664-	10,879,155-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	41,028,364	41,336,989	42,420,730	1.7%	42,228,003	40,577,413	29,269,333	22,897,490	14,767,826	
7.020 Cash Balance June 30	41,336,989	42,420,730	42,228,003	1.1%	40,577,413	29,269,333	22,897,490	14,767,826	3,888,671	
8.010 Estimated Encumbrances June 30					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	
Reservation of Fund Balance										
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 Subtotal										
10.010 Fund Balance June 30 for Certification of Appropriations	41,336,989	42,420,730	42,228,003	1.1%	38,577,413	27,269,333	20,897,490	12,767,826	1,888,671	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal										
11.020 Property Tax - Renewal or Replacement										
11.300 Cumulative Balance of Replacement/Renewal Levies										
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	41,336,989	42,420,730	42,228,003	1.1%	38,577,413	27,269,333	20,897,490	12,767,826	1,888,671	
Revenue from New Levies										
13.010 Income Tax - New										
13.020 Property Tax - New										
13.030 Cumulative Balance of New Levies										
14.010 Revenue from Future State Advancements										
15.010 Unreserved Fund Balance June 30	41,336,989	42,420,730	42,228,003	1.1%	38,577,413	27,269,333	20,897,490	12,767,826	1,888,671	
ADM Forecasts										
20.010 Kindergarten - October Count										
20.015 Grades 1-12 - October Count										
State Fiscal Stabilization Funds										
21.010 Personal Services SFSF										
21.020 Employees Retirement/Insurance Benefits SFSF										
21.030 Purchased Services SFSF										
21.040 Supplies and Materials SFSF										
21.050 Capital Outlay SFSF										
21.060 Total Expenditures - SFSF										

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
FY21 through FY25
Fiscal Forecast
Assumptions – May 2021 Update

General Assumptions

This is a forecast based on the data available at the time of preparation. The District is in the second year of HB166, the biennium budget for the State of Ohio, for FY20 and FY21. 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; 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. 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 (+.5%) and commercial/industrial (+1%).
- For 2022 (Update): It is estimated that the update will increase property values 6% for residential/agricultural and increase 2% for commercial/industrial.
- For 2023: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+1%).
- For 2024: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+1%).

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 \$6.5 million in TY2018 and nearly \$8 million in TY2019. TPP values for TY20 increased of roughly \$8.9 million. Depreciation of 1% on the pipelines has been calculated.

Lancaster City Schools
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Fiscal Forecast
Assumptions – May 2021 Update

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 and FY22; however, the District received a minimal increase of .9%. FY22 is projected to remain at FY21 levels. FY23-FY25 is expected to show an annual increase of 3%. *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. FY23-25 will be held to FY21 revenues.

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 – FY25: Funding is anticipated to be flat funded at FY19 revenues#.

*Funded ADM includes community school students however a deduction for community schools will be taken within the expenditures.

#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. It is assumed that this revenue stream will continue at \$2 million throughout the rest of the forecast (however not sure in what format) and is assumed revenue and associated expenditures will continue in Fund 467.

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 \$55 per student based on October enrollment. Due to casinos being shut down for COVID-19, the per student revenue is expected to drop as follows: \$41 per student in FY21 but return to \$55 per student for the rest of the forecast.

Lancaster City Schools
FY21 through FY25
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Assumptions – May 2021 Update

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.

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 and open enrollment for students from other districts.
- Interest income. Due to COVID-19 and its effect on the economy, interest income is was cut in half in FY21.
- 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 2021 expenditures are primarily based on the Permanent Appropriation Measure approved in September. See our website for details of our expenditures in the FY21 Budget Document.

Personal Services

FY21 budget includes average raises 3% and average step increases of 1.5%.
FY22 budget includes average raises 3% and average step increases of 1.5%.
FY23 budget includes average raises 0% and average step increases of 1.5%.
FY24 budget includes average raises 0% and average step increases of 1.5%.
FY25 budget includes average raises 0% and average step increases of 1.5%.

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.

Lancaster City Schools
FY21 through FY25
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Assumptions – May 2021 Update

Expenditures (continued):

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. It is assumed this funding will continue in some fashion and expenditures have been supplanted have not been brought back into the General Fund in future years.

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 3.79% and dental insurance premiums increased 1.62% in FY21. Health insurance premiums are slated to increase 4.71% in FY22. Estimates going forward are modeled at an increase of 15% annually.

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.

Community school payments and open enrollment payments make up the majority of this line item.

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) will be 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.

Timing of bus purchase expenditures explains the increase in FY20.

Lancaster City Schools
FY21 through FY25
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Assumptions – May 2021 Update

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.