BEDFORD CITY SCHOOL DISTRICT-CUYAHOGA 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
Bedford City School District
Treasurer's Office
Mr. Bill Parkinson, Treasurer
November 5, 2020

Bedford City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
November 5, 2020

Introduction to the Five Year Forecast

For FY21 (July 1, 2020 – June 30, 2021) school districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 2020 and 2021 specifically for Student Wellness and Success Funding (SWSF), but regular foundation funding was reduced on May 6, 2020 for all school districts for FY20 and FY21. The Student Wellness and Success Fund revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT General Fund revenue and consequently not included in this forecast.

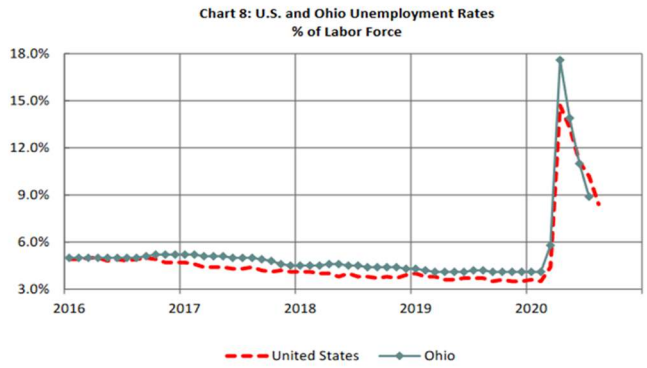
Fiscal year 2021 is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2020 filing.

Economic Outlook

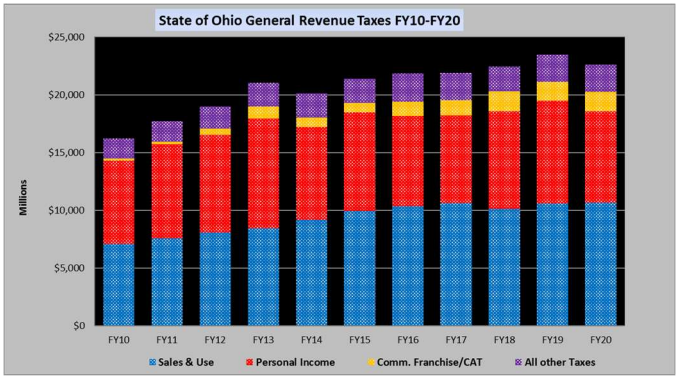
It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of 2008, but there is no recent historic data or similar economic situation to compare to what the district is facing now. The pandemic's economic impact makes it challenging to project where our finances will be through fiscal year 2025. 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.

Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. As the graph on the following page notes, the state of Ohio ended FY20 $1.1b or 4.6% under estimated tax revenues and $866mm below actual FY19 tax revenues. Note that $441.5mm of this shortfall was due to the April 15, 2020 state tax filing deadline moved to July 15, 2020. Total state program expenditures ended FY20 $865.1mm under estimated expenses. Ohio ended in essentially an even position in FY20, and maintained its $2.7b in the Budget Stabilization Fund. Through August 2020, Ohio's bottom-line is $389mm better than estimated. Ohio's economy is recovering along with improving employment.

Due to COVID-19, closures unemployment rates statewide rose rapidly from 4.7% in February to 17.4% in April. The graph on the following page shows rates have improved to 8.8% in August and are trending lower according to the Ohio Office of Budget and Management. As unemployment, rates drop this positively impacts state and local revenues for districts. These indicators suggest Ohio's overall economy is rebounding, and should be able to maintain stable funding throughout the forecast period.



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

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 the laws and us in effect at this time. The items below give a short description of the current issues and how they may affect the forecast long term:

1) HB166, the current state budget for FY20-21, initially froze funding for all school districts at their FY19 level with two exceptions, SWSF and enrollment growth supplement funds. SWSF is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22. Enrollment Growth Supplement money is paid to a small number of growing districts; Bedford is not one of them.

2) While state funding was initially guaranteed at the FY19 level, the 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 reduction of state foundation funding to schools by $300.5mm by June 30, 2020. Districts with less local capacity to raise revenue received a smaller percent decrease. Many higher wealth districts saw more than a 6% decrease in state funding resulting in the Ohio legislature to approve HB164 effective June 19, 2020 that ensured no district received a cut to funding more than 6%. At this time, the decreases that occurred in FY20 are the basis for districts state funding in FY21. We do not feel that there will be further cuts in FY21 as the economy is rebounding from the sharp drop in employment in March and April 2020 and state tax revenues are rebounding. We believe Ohio's economy will continue to improve and that FY22-25 will see funding returned to the FY19 levels. We will not project an increase beyond the FY19 levels.

3) HB166, the current state budget that ends June 30, 2021 continues the TPP Fixed Rate Reimbursement phase-out contained in SB208 that will lower the payment each year by the amount raised by five-eights (5/8) of 1 mill based on the 3 year average of Tax Year 14-16 assessed district values. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY28 based on our estimates.

4) The State Budget represents 26% 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 reduce 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 through FY25, which we feel is conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

5) 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 73% of the district's resources. Collection rates for the second 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.

6) Cuyahoga County experienced a full reappraisal in the 2018 tax year and collected in FY19. The 2018 update increased overall assessed values by $49.9mm or an increase of 8.14%. A reappraisal update will occur in tax year 2021 for collection in FY22. We anticipate value increases for Class I and II property by $26.2mm for an overall increase of 4%. 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.

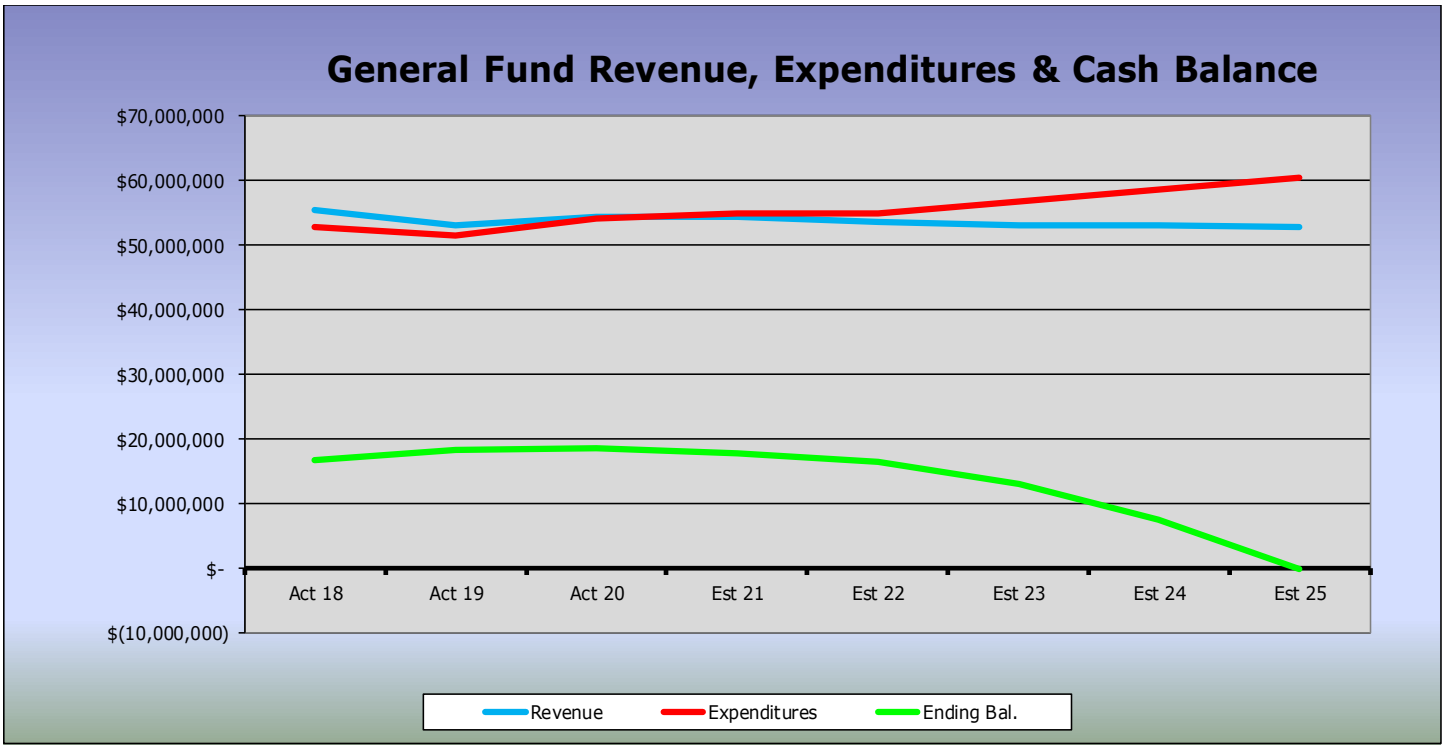
7) We are currently analyzing a potential ballot issue for new operating funds. District leadership will continue to prioritize programming and align student needs with expectations of the community. Legislative changes at the State level have continued to shift funding responsibility to the local taxpayer.

8) HB166 continues the many provisions contained in prior state biennium budgets that continue to draw funds away from the district via school choice programs such as College Credit Plus and Community Schools. It also increases per pupil scholarship amounts deducted from state aid, even though funding for our students was not increased in the current biennium budget. These are examples of school choice programs that increase with each biennium budget and costs the district money. Expansion or creation of programs such as these can exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

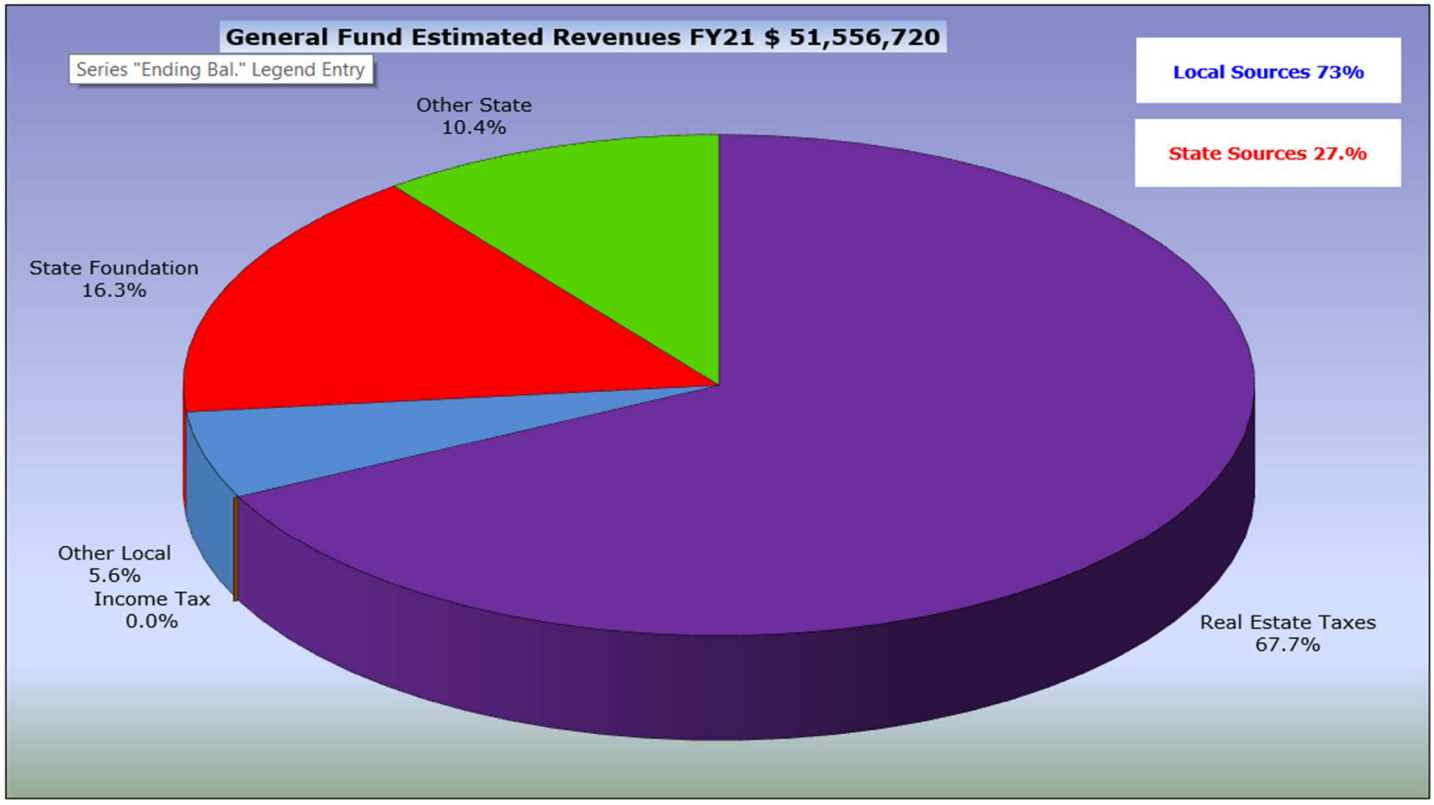
9) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major lines of reference for 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 Mr. Bill Parkinson, Treasurer.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY18-20 and Estimated FY21-25
The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions
Operating Revenue Sources General Fund FY21



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Cuyahoga County experienced a reappraisal for the 2018 tax year to be collected in 2019. Residential values increased 8.14% or $49.8mm due to the reappraisal update led by an improving housing market. New construction in residential property was up 0.05% or $156,590 in assessed value. Commercial/industrial values increased 7.97% or $21,109,780, but increased overall by $16.4mm due to increased Board of Revision and changes to Exempt Property.

A reappraisal update will occur in 2021 for collection in 2022 for which we are estimating a 4% increase in residential and a 4% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $27mm or 4.07% overall.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Property Classification	TAX YEAR 2020 COLLECT 2021	TAX YEAR 2021 COLLECT 2022	TAX YEAR 2022 COLLECT 2023	TAX YEAR 2023 COLLECT 2024	TAX YEAR 2024 COLLECT 2025
Res/Ag	376,450,150	380,764,652	381,314,652	381,864,652	382,414,652
Comm/Ind	280,288,750	280,488,750	280,688,750	280,888,750	281,088,750
PUPP	87,099,540	90,099,540	93,099,540	96,099,540	99,099,540
TPP	0	0	0	0	0
Total All Property Value	**743,838,440**	**751,352,942**	**755,102,942**	**758,852,942**	**762,602,942**

ESTIMATED REAL ESTATE TAX - Line #1.010

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Property Taxes	$ 28,501,710	$ 28,606,310	$ 28,659,220	$ 28,705,730	$ 28,752,270

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 96% of the annual amount. This allows 4% delinquency factor. Lower collection rates predicted due to the pandemic and economic slowdown did not occur as advised by the County Auditor. In general, 55% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 52% in February and 48% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

New Tax Levies – Line #13.030

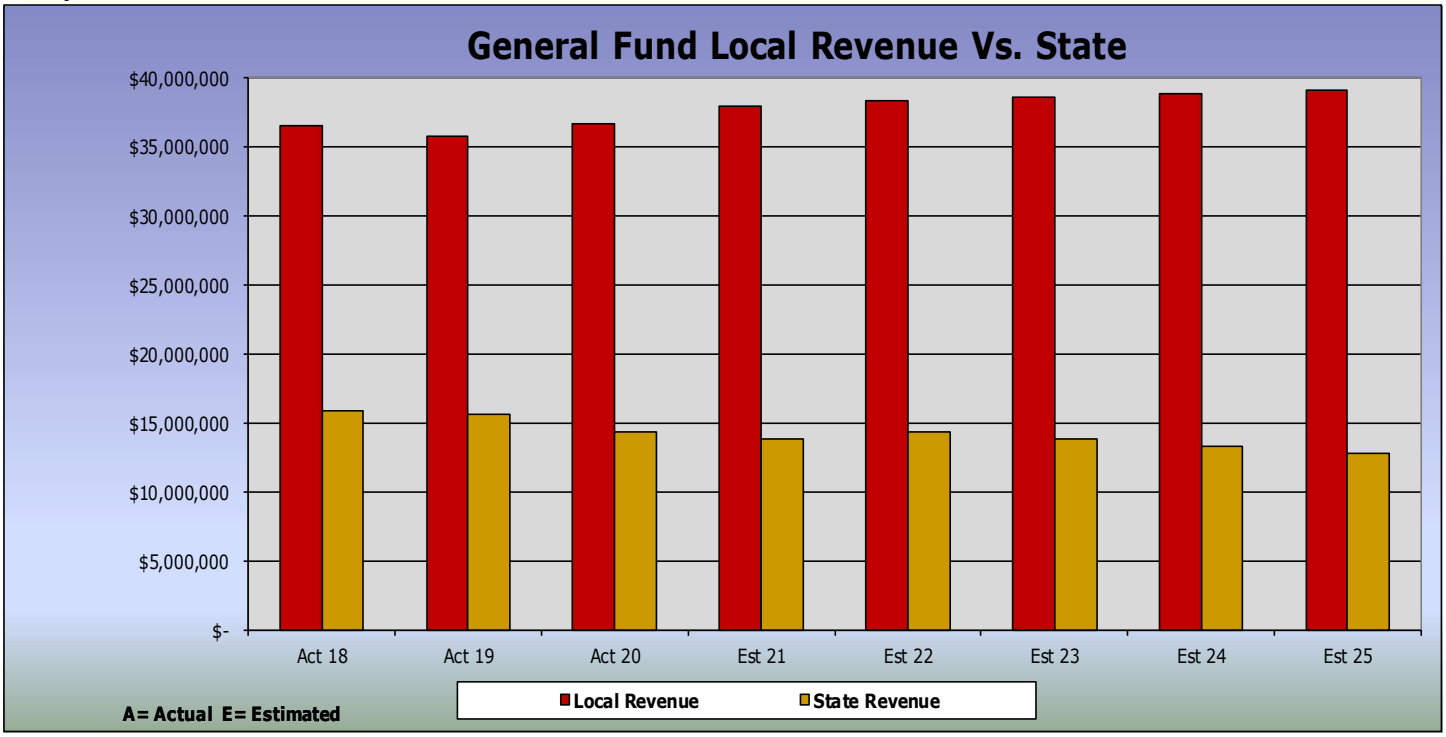
The district is not forecasting new levies at this time.

Estimated Public Utility Personal Tax – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $84.6mm in assessed values in 2019 and are collected at the district's gross voted millage rate. Collections are typically 52% in February and 48% in August along with the real estate settlements from the county auditor. The values in 2019 increased by 4.35% or $3,507,030, but are expected to grow by $3mm each year of the forecast.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Public Utilities	$ 6,428,060	$ 6,624,640	$ 6,848,800	$ 7,072,960	$ 7,297,120

Comparison of Local and State Revenue



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model Per HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 and HB164 following the May 6, 2020 foundation cuts. 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. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. 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. The district has elected to also post Catastrophic Aid and Medicaid Reimbursements for special education as unrestricted revenues.

May 6, 2020 Foundation Reduction and HB164

In FY20 the Governor ordered a reduction of state foundation funding by $300.5mm to be reduced from districts bi-monthly payments by the end of June 2020. The reductions were made using an equalized per-pupil approach, which resulted in districts with less local capacity to raise revenue to receive smaller percentage decreases. The state-share index that was last calculated in FY19 was used to apportion the FY20 ordered reduction to traditional public-school districts. HB164 reimbursed approximately 70 districts that had originally had more than 6% deducted from the state funding reduction in FY20. At this time the state funding for FY21 is being reduced $672,609 from the FY19 amount, which is the same cut received in FY20.

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 $250mm in FY20 and $358mm 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 FY21proposed funding ranges from $25 per student to $300 per student. All schools and students are to receive a minimum additional funding of $30,000 in FY21. Our district is estimated to receive $785,520 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 one of the approved community partner organizations approved in HB166.

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26(B) which we will recode to Fund 467, but we will also add some new initiatives out of Fund 467 according to our approved plan. We are not anticipating that the original and new Fund 467 initiatives will return to the General Fund for FY22-25 as we have no direction on the future discontinuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21 and no increase in expenses in FY22-25. We believe our current state funding estimates for FY21 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

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 for FY22-25 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 of each year, which began for the first time on January 31, 2013.

Due to the pandemic, casinos were closed from March 12 to June 18, 2020. Funding was reduced by 40% in FY21, then increased by 30% in FY22, 25% in FY23 and 2% in FY's 24 and 25. We will adjust the per pupil funding as new information becomes available. Prior to the pandemic, casino revenues were not growing robustly as originally predicted, but were slightly increasing as the economy improved. Original projections for FY21-25 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $95.5mm or $53.75 per pupil. We believe it will be FY23 or FY24 before revenues return to the post pandemic levels.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Basic Aid-Unrestricted	6,937,600	7,880,170	7,824,680	7,816,860	7,808,970
State Other Adjustments	123,700	123,700	123,700	123,700	123,700
Additional Aid Items	459,240	459,240	459,240	459,240	459,240
Basic Aid-Unrestricted Subtotal	7,520,540	8,463,110	8,407,620	8,399,800	8,391,910
Catastrophic & Medicaid	78,670	78,670	78,670	78,670	78,670
Ohio Casino Commission ODT	99,770	129,700	168,610	173,670	178,870
Total Unrestricted Aid	**$ 7,698,980**	**$ 8,671,480**	**$ 8,654,900**	**$ 8,652,140**	**$ 8,649,450**

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 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.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Economically Disadvantaged	551,590	557,110	562,680	568,310	573,990
Career Tech	156,150	156,150	156,150	156,150	156,150
Total Restricted Aid	**$ 707,740**	**$ 713,260**	**$ 718,830**	**$ 724,460**	**$ 730,140**

C) Restricted Federal Grants in Aid – line #1.045

Federal unrestricted grants are projected to be $0 for FY21-25.

Summary of State Foundation	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Unrestricted Aid	7,698,980	8,671,480	8,654,900	8,652,140	8,649,450
Restricted Aid	707,740	713,260	718,830	724,460	730,140
Federal Unrestricted Grants	0	0	0	0	0
Total	**$ 8,406,720**	**$ 9,384,740**	**$ 9,373,730**	**$ 9,376,600**	**$ 9,379,590**

State Taxes Reimbursement/Property Tax Allocation

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

Beginning in FY18, SB 208 amended HB64 and became effective February 15, 2016. SB 208 provides that beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8th (62.5%) of what 1 mill would raise in local taxes on the three (3) year average of TY14-16 assessed values. Based on our calculations, we will receive TPP Phase out payments FY21 through FY25. We project with the new phase-out calculation that TPP Fixed Rate reimbursements will be fully phased out for our district by FY28.

c) Tangible Personal Property Reimbursements – Fixed Sum

The district does not receive fixed sum reimbursements.

Summary of State Tax Reimbursement – Line #1.050

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Homestead & Rollback	2,394,350	2,403,260	2,409,300	2,413,890	2,418,480
TPP Fixed Rate	2,962,920	2,498,020	2,028,430	1,556,490	1,082,200
TPP Fixed Sum	0	0	0	0	0
Total Line 1.050	**$ 5,357,270**	**$ 4,901,280**	**$ 4,437,730**	**$ 3,970,380**	**$ 3,500,680**

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, interest, Medicaid reimbursements, and student fees. Interest is expected to decline due to fed rate reductions. Student fees are also expected to be lower due to the pandemic and lower participation. In FY20, the district received $361,042 from BWC for Policy Year 2017 and 2018, and received $182,850 in Oct. for Policy Year 2019. Due to the uncertainty of these distributions, future estimates will be very small. The district previously coded Manufactured Home settlements in this section; this will now be reflected in line #1.010. In FY20 this collection was $41,509.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
BWC Refunds + Other	229,070	50,000	50,000	50,000	50,000
Interest Earnings	325,000	326,630	328,260	329,900	331,550
PILOT	149,830	149,800	149,800	149,800	149,800
Student Fees	138,500	116,110	116,690	117,270	117,860
Tuition Revenue	2,233,670	2,234,000	2,234,000	2,234,000	2,234,000
Total Line 1.060	**$ 3,076,070**	**$ 2,876,540**	**$ 2,878,750**	**$ 2,880,970**	**$ 2,883,210**

Short-Term Borrowing – Lines #2.010 & Line #2.020 (none is projected)

Transfers In / Return of Advances – Line #2.040 & Line #2.050

Transfers are made to cover negative fund balances or to establish reserve accounts At this time the district is not anticipating Transfers out of the General Fund. Advances are non-operating revenues, which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The advances out in the precious FY are planned to be repaid in following FY21-25. This line will decrease FY22-25 due to reduced advances at fiscal year-end.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Advances	2,455,000	1,000,000	750,000	750,000	750,000
Transfers	0	0	0	0	0
Total	**$ 2,455,000**	**$ 1,000,000**	**$ 750,000**	**$ 750,000**	**$ 750,000**

All Other Financial Sources – Line #2.060

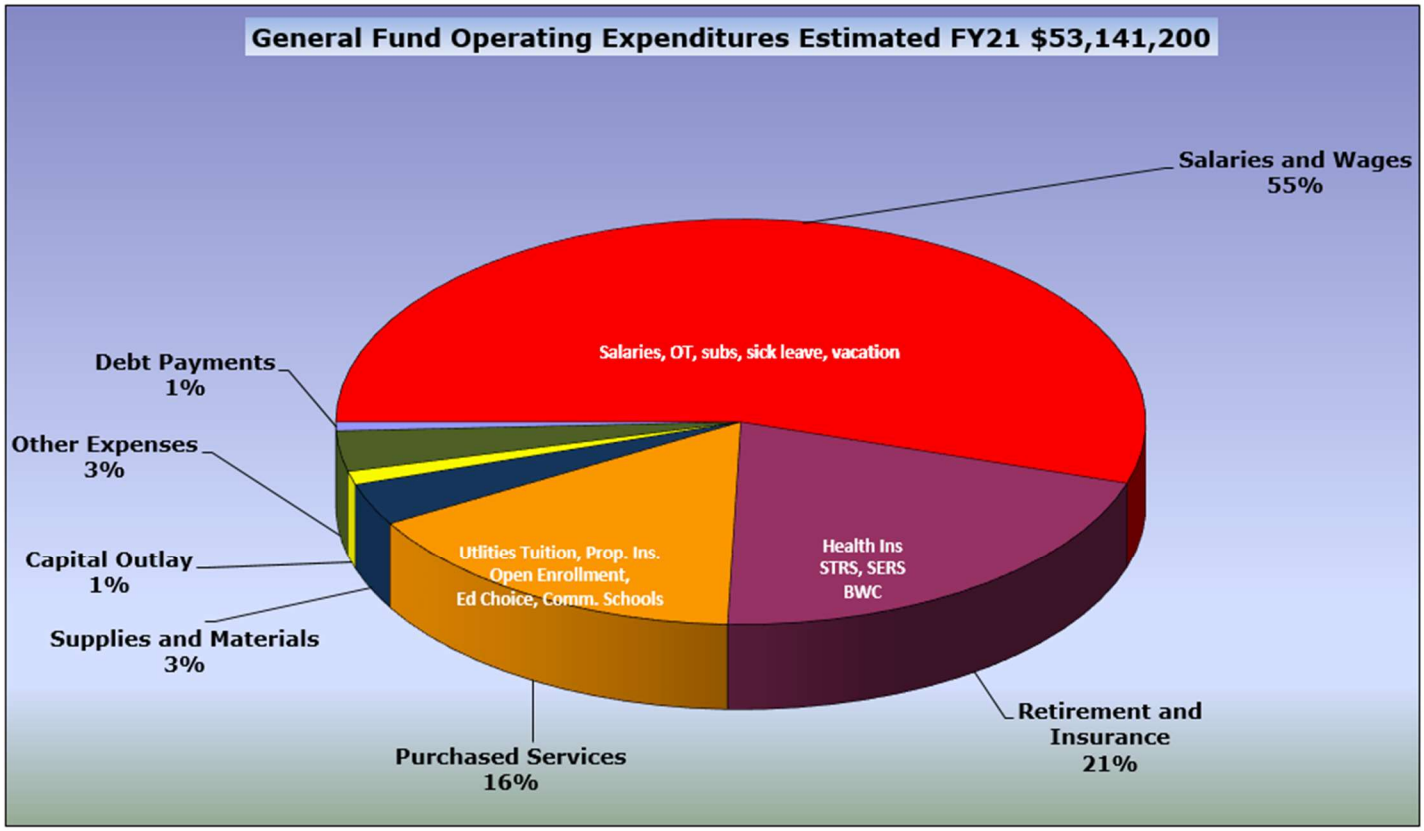
These funding sources are typically very unpredictable.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sale of Personal Property	1,600	2,000	2,000	2,000	2,000
Refund of PY Expenditures	113,600	0	0	0	0
Total	**$ 115,200**	**$ 2,000**	**$ 2,000**	**$ 2,000**	**$ 2,000**

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY21



Wages – Line #3.010

Negotiations with the teachers resulted in an agreement to include base increases of 2% for FY20 including step increases. This was extended an additional two years to include base increases of 2% for FY21 and 2% for FY22, while insurance waiver stipends and severance average of $203,320 has been estimated FY22-25. The current classified contract is set to expire at the end of FY21. The forecast as presented reflects a 0% base increase for FY23-25 for all employees and is for planning purposes only at this time.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Base Salaries and Wages	26,004,050	27,831,720	29,084,140	30,180,990	31,319,200
Base Increase	520,080	556,630	0	0	0
Steps and Training	1,307,590	695,790	1,096,850	1,138,210	1,181,140
Overtime and Stipends	336,410	448,550	453,040	457,570	462,150
Substitute Costs	324,660	327,910	331,190	334,500	337,850
Supplemental Contracts	560,260	571,470	571,470	571,470	571,470
Staff Increases or Reductions	0	0	0	0	0
Board of Education	19,630	19,630	19,630	19,630	19,630
Severance Payments	94,000	203,320	203,320	203,320	203,320
Total	**$ 29,166,680**	**$ 30,655,020**	**$ 31,759,640**	**$ 32,905,690**	**$ 34,094,760**

Fringe Benefits Estimates
This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with healthcare costs are included in the table below.

A) STRS/SERS will increase as Wages Increase
The district pays 14% of each dollar paid in wages to either the STRS or the SERS systems as required by Ohio law. The district is required to pay SERS surcharge, which is an additional employer charge based on the salaries of lower-paid members, which is exclusively used to fund health care.

B) Insurance
At this time, we are estimating an increase of 5% for FY21-25, which reflects trend and the likely increase in health care costs as a result of actual claims incurred. This is based on our current employee census and claims data. The current contract states that any increase of more than 5% in healthcare will result in plan design changes to reduce the cost by 5%. If the Insurance Committee cannot come to consensus then they must take the recommendation of the healthcare committee consultant.

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 a uncertainty factor for our health care costs in the forecast.

The District Insurance Committee met with Oswald Consulting to discuss the Renewal. There is a recommendation on the table that could potentially save the District significant dollars. This proposal is still being reviewed and vetted as of this writing. Any changes will be reflected in a future draft.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to be about 0.64% of wages FY21– FY25. Unemployment is expected to remain at a very low level FY21-FY25. However, in FY21 the district is seeing an increase due to qualification rules if employees held other positions outside of the district. We are anticipating this to be a one-time increase due to the pandemic shutdowns in the spring of 2020. The district is a direct reimbursement employer, which means unemployment costs are only incurred when eligible employees draw unemployment.

The governor announced the week of Oct. 26th that another $5b will be refunded to Ohio employers. Estimates at the time of this report are not yet available and will be incorporated into the next draft.

D) Medicare
Medicare will continue to increase at the rate of increases in wages and as new employees are hired (none are planned at this time). 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.

Summary of Fringe Benefits – Line #3.020

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
STRS and SERS	4,905,130	5,135,760	5,323,310	5,517,920	5,719,800
Medical, Dental, Vision, Life	5,308,970	5,574,420	5,853,140	6,145,800	6,453,090
Medicare	189,820	199,410	206,540	213,920	221,590
Workers' Comp.	436,840	459,050	475,600	492,780	510,630
Unemployment	125,000	183,290	183,290	183,290	183,290
Total	**$ 10,965,760**	**$ 11,551,930**	**$ 12,041,880**	**$ 12,553,710**	**$ 13,088,400**

Purchased Services – Line #3.030

Open enrollment, community schools and other tuition costs continue to draw funds away from the district, which are major expenditures in this area and have been adjusted based on historical trend. In FY21, community school and open enrollment deductions are expected to grow moderately due to slower growth of students leaving our district and smaller increases in per pupil scholarship from the state, which will flow through our funding formula to these schools.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Building Maintenance Repairs	964,520	900,000	900,000	900,000	900,000
Community School Transfers	1,684,610	1,505,920	1,528,510	1,551,440	1,574,710
Ed Choice Scholarships	347,960	353,180	358,480	363,860	369,320
Open Enrollment Transfers	296,190	300,630	305,140	309,720	314,370
PD, Connectivity, Postage & Other	292,780	286,870	291,170	295,540	299,970
Professional Support	924,560	938,430	952,510	966,800	981,300
Transportation	310,470	328,220	333,140	338,140	343,210
Tuition Costs (SF-6, SF-14, SF-14H, CCP)	1,005,990	920,690	934,500	948,520	962,750
Tuition and Special Ed. Programs	1,951,480	1,961,940	1,991,370	2,021,240	2,051,560
Utility Costs	1,032,790	1,033,200	1,048,700	1,064,430	1,080,400
Budget Reductions	0	0	0	0	0
Total	**$ 8,811,350**	**$ 8,529,080**	**$ 8,643,520**	**$ 8,759,690**	**$ 8,877,590**

Supplies and Materials – Line #3.040

These expenses are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. At this time the forecast will reflect a small inflationary adjustment in each year.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Supplies	484,440	491,710	499,090	506,580	514,180
Building Maintenance Supplies	949,440	500,000	500,000	500,000	500,000
Transportation	199,980	202,980	206,020	209,110	212,250
Textbooks, Media, and Electronic Instruction	148,770	151,000	153,270	155,570	157,900
Budget Reductions	0	0	0	0	0
Total	**$ 1,782,630**	**$ 1,345,690**	**$ 1,358,380**	**$ 1,371,260**	**$ 1,384,330**

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. This line is utilized for purchases of technology, equipment, and vehicles.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Technology	115,000	150,000	150,000	150,000	150,000
Equipment and Vehicles	452,330	200,000	200,000	200,000	200,000
Total	**$ 567,330**	**$ 350,000**	**$ 350,000**	**$ 350,000**	**$ 350,000**

Principal and Interest Payment – Lines # 4.05 and 4.06

Estimates are principal and interest payments for the HB264 note and Chanel. The last payment for the HB264 note is FY21. The remaining payments are on the Chanel property.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
HB 264 Note	318,040	0	0	0	0
Chanel Property	56,180	56,110	56,020	55,910	55,770
Total	**$ 374,220**	**$ 56,110**	**$ 56,020**	**$ 55,910**	**$ 55,770**

Other Expenses – Line #4.300

This category of expenses is primarily fees to the county auditors and treasurers for collecting property taxes and the Ohio Department of Taxation to collect and manage the districts income tax collection and settlement. The other expense category is several small expenses with the largest being district liability insurance and dues and fees to organization such as OSBA.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Audit Expenses, ESC Deducts, Memberships	92,500	94,350	96,240	98,160	100,120
County Auditor and Treasurer Fees	375,000	382,500	390,150	397,950	405,910
Liability Insurance	40,500	40,500	40,500	40,500	40,500
All Other Expenses	1,206,270	1,210,400	1,214,610	1,218,900	1,223,280
Total	**$ 1,714,270**	**$ 1,727,750**	**$ 1,741,500**	**$ 1,755,510**	**$ 1,769,810**

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans or advances from the General Fund to other funds until they have received reimbursements and can repay the General Fund. Advanced funds are anticipated to be paid back in full in the next fiscal year. The table below illustrates the nature of these transfers and advances.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Advances	1,000,000	750,000	750,000	750,000	750,000
Transfers	750,000	50,000	50,000	50,000	50,000
Total	**$ 1,750,000**	**$ 800,000**	**$ 800,000**	**$ 800,000**	**$ 800,000**

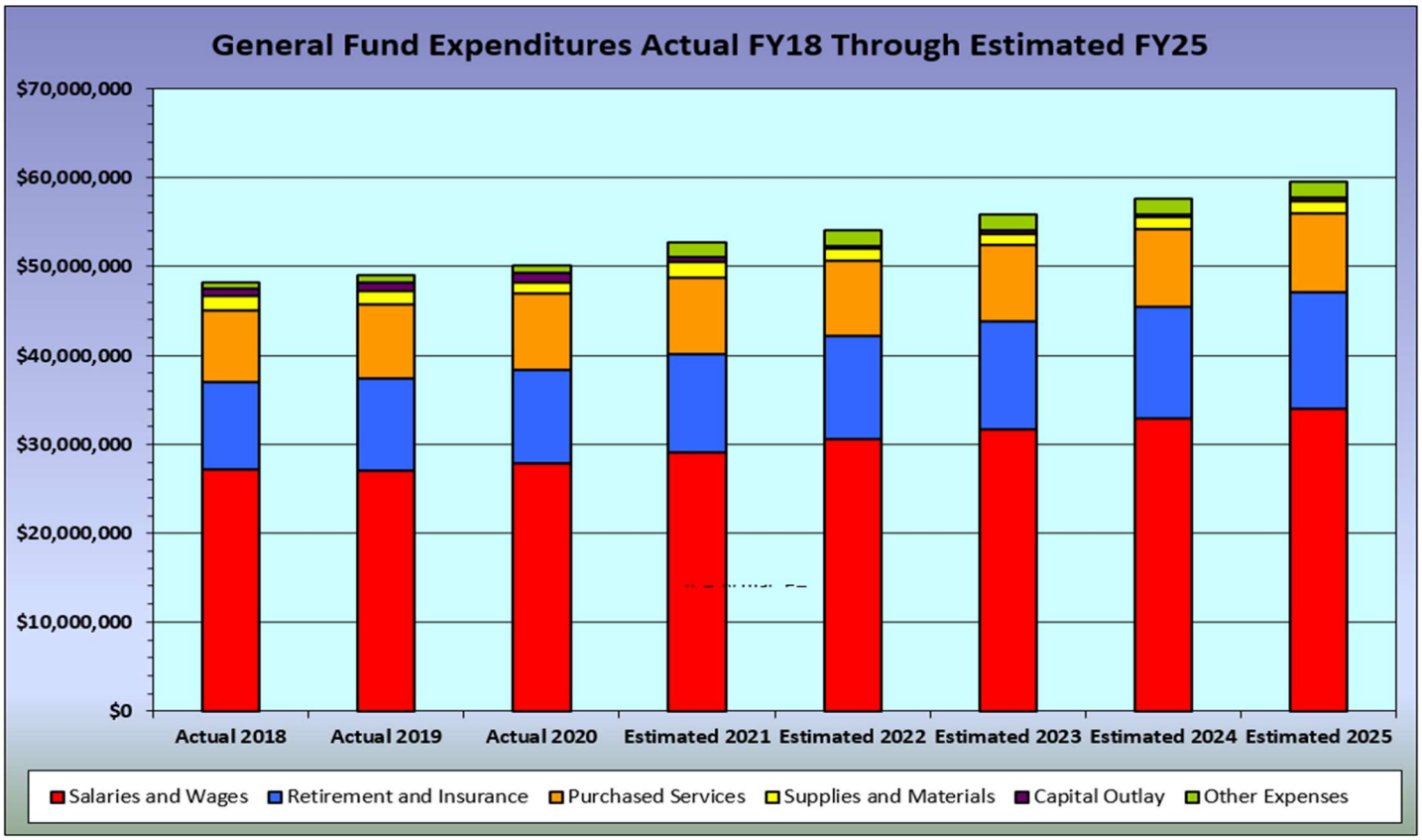
Encumbrances –Line#8.010

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.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Estimated Encumbrances	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Operating Expenditures Actual FY18 through FY20 and Estimated FY21-FY25

As the graph on the following page illustrates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



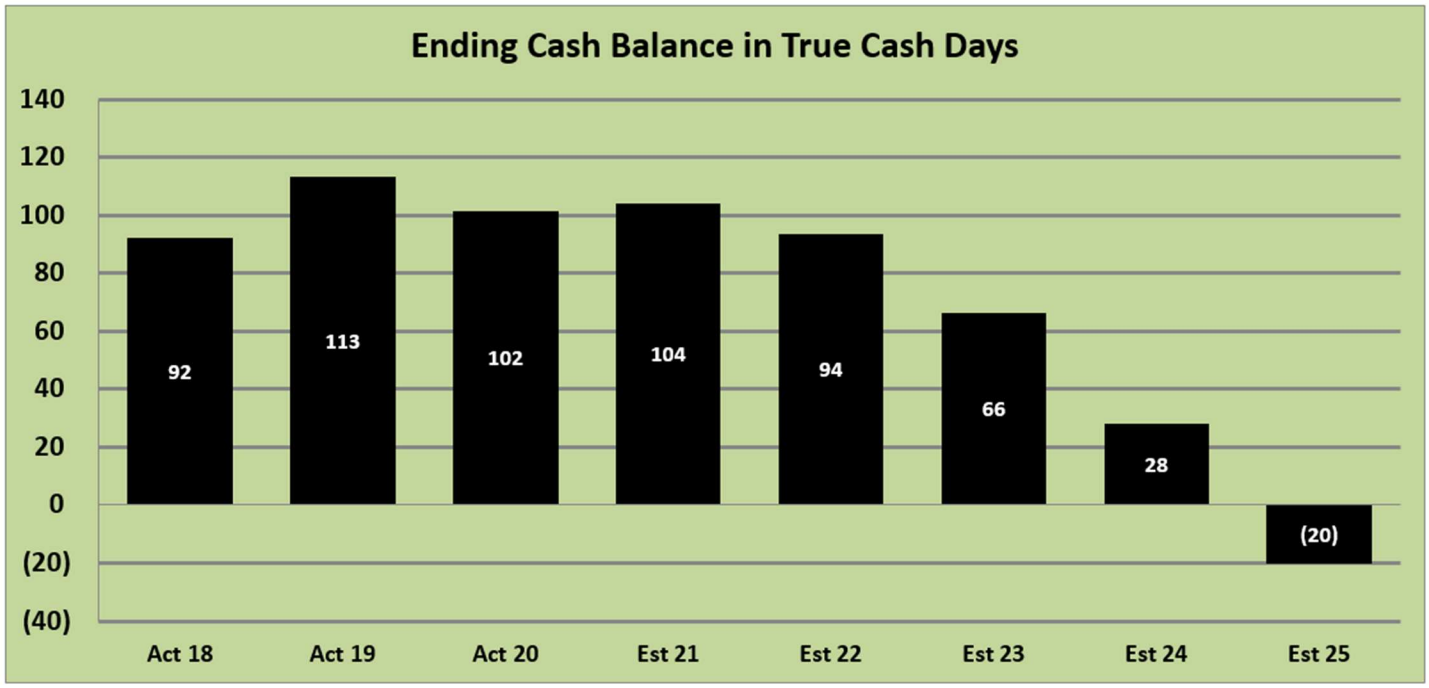
Ending Unencumbered Cash Balance – Line#15.010

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. The GFOA recommends along with other authoritative sources that a district maintain a minimum of thirty (30) day cash balance, which is about $4.4mm for our district.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Estimated Ending Cash	16,730,410	15,110,240	11,309,430	5,516,200	(2,339,690)

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. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year-end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves.



Conclusion

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds to our district. Future state biennium budgets could affect us positively or negatively for FY22 through FY25, especially with the COVID-19 Recession reducing state revenues in FY20 and FY21 now set to the FY20 amounts. With current unknowns to our state funding we will continue monitoring and communicating changes as they become available to our district.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.