



Hudson City School District

Five Year Forecast Financial Report

May, 2022

Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

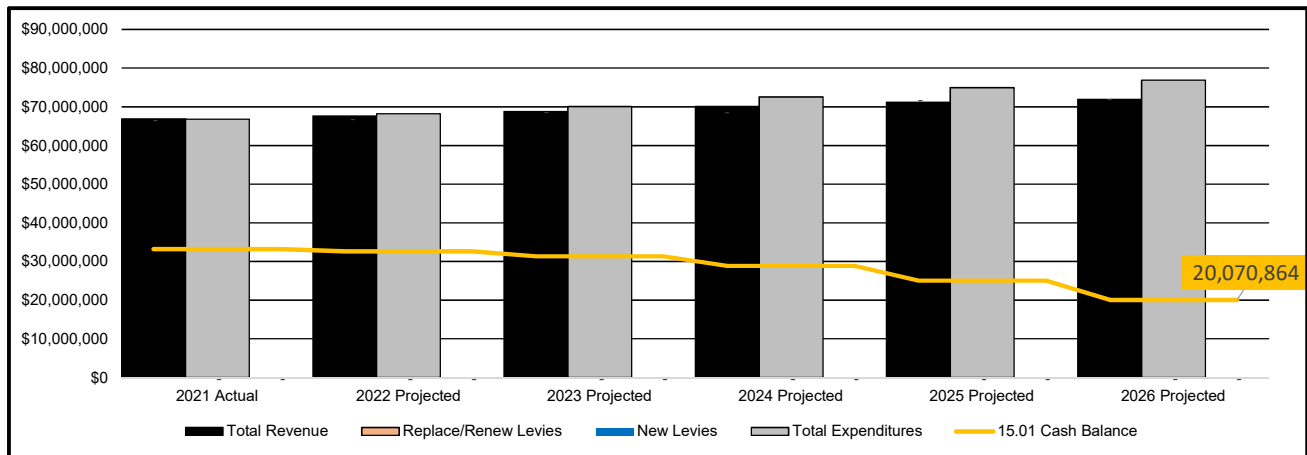
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	33,204,012	32,609,585	31,349,467	28,861,274	25,045,036
+ Revenue	67,574,046	68,821,509	70,031,177	71,124,323	71,937,386
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(68,168,473)	(70,081,627)	(72,519,369)	(74,940,561)	(76,911,559)
= Revenue Surplus or Deficit	(594,427)	(1,260,118)	(2,488,193)	(3,816,238)	(4,974,172)
Line 7.020 Ending Balance with renewal/new levies	32,609,585	31,349,467	28,861,274	25,045,036	20,070,864

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(594,427)	(1,260,118)	(2,488,193)	(3,816,238)	(4,974,172)
Ending Balance w/o Levies	32,609,585	31,349,467	28,861,274	25,045,036	20,070,864

In FY 2022 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$594,427 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,974,172. The district would need to cut its FY 2026 projected expenses by 6.47% in order to balance its budget without additional revenue.

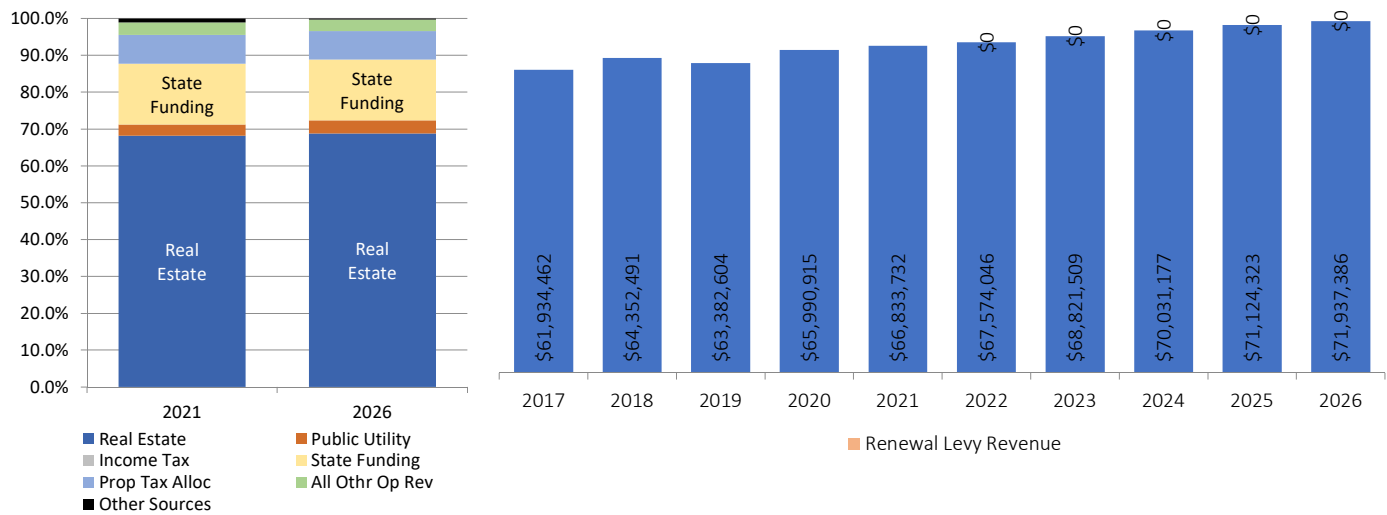
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$1,041,616 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

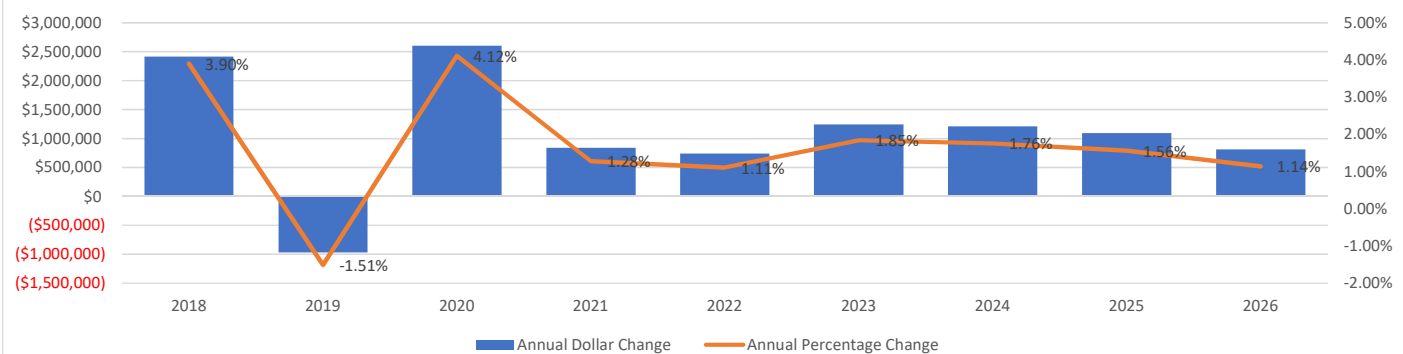
guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



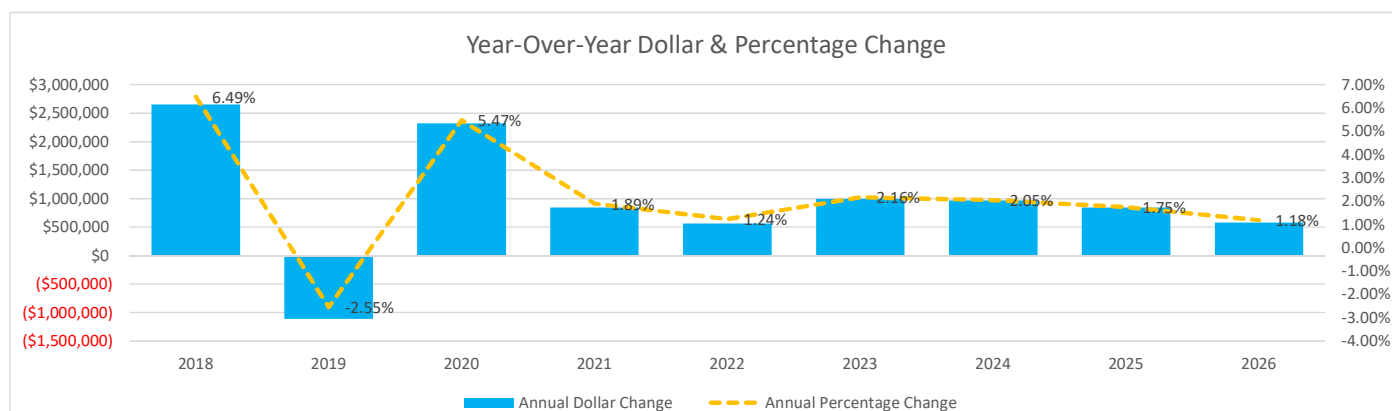
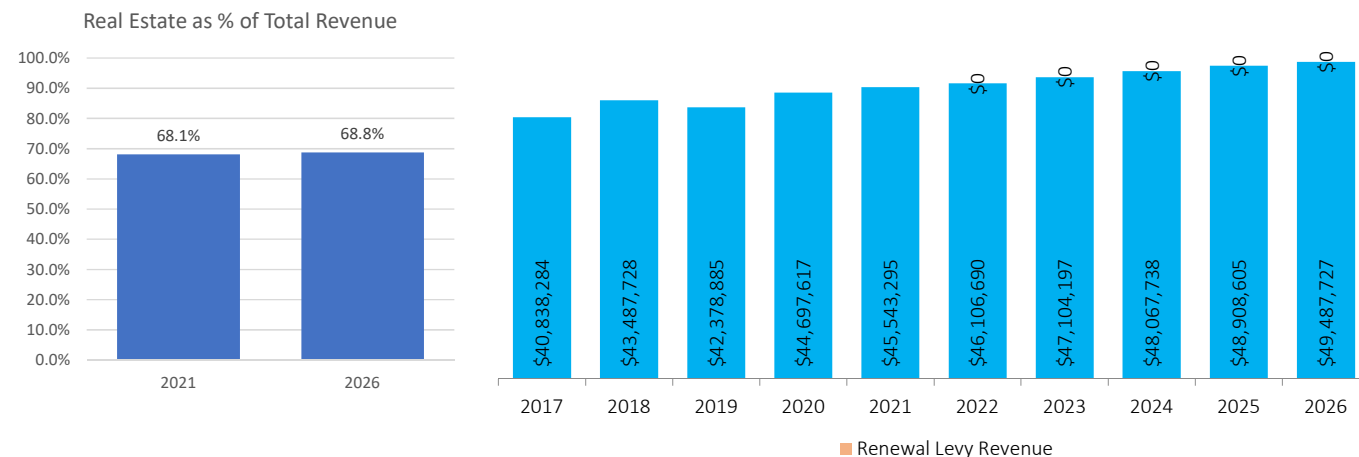
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.68% or \$1,083,043 annually during the past 5-Year period and is projected to increase 1.46% or \$1,020,731 annually through FY2026. Prop Tax Alloc has the most projected average annual variance compared to the historical average at \$343,847
Real Estate	874,523	788,886	(\$85,637)	
Public Utility	\$278,649	\$106,508	(\$172,142)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$4,775)	167,839	\$172,615	
Prop Tax Alloc	(\$287,520)	\$56,326	\$343,847	
All Othr Op Rev	\$94,483	(\$7,721)	(\$102,204)	
Other Sources	\$127,684	(\$91,108)	(\$218,792)	
Total Average Annual Change	1,083,043 1.68%	1,020,731 1.46%	(\$62,312) -0.22%	

Note: Expenditure average annual change is projected to be > \$2,025,758 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



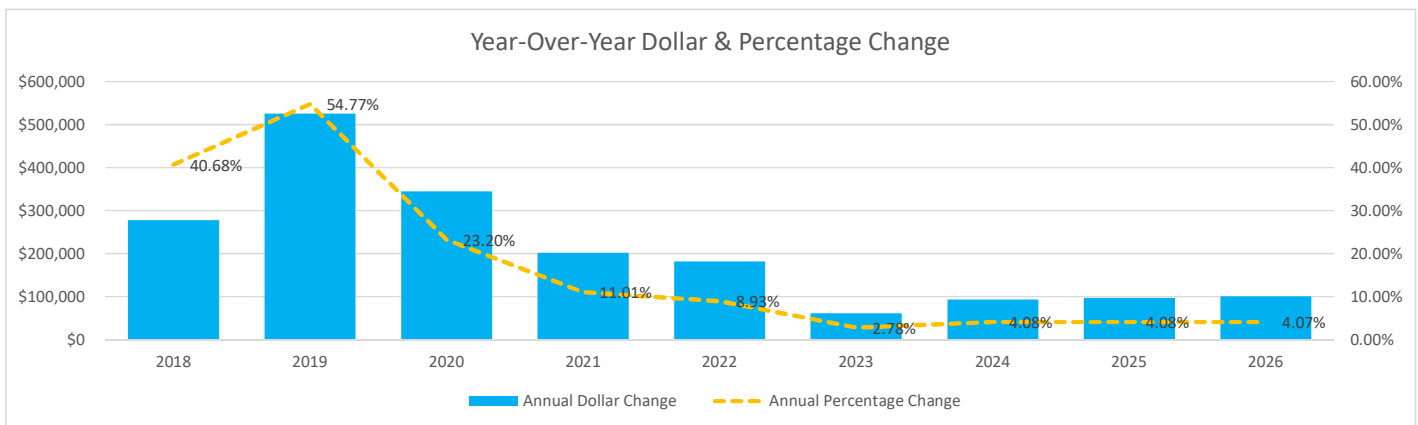
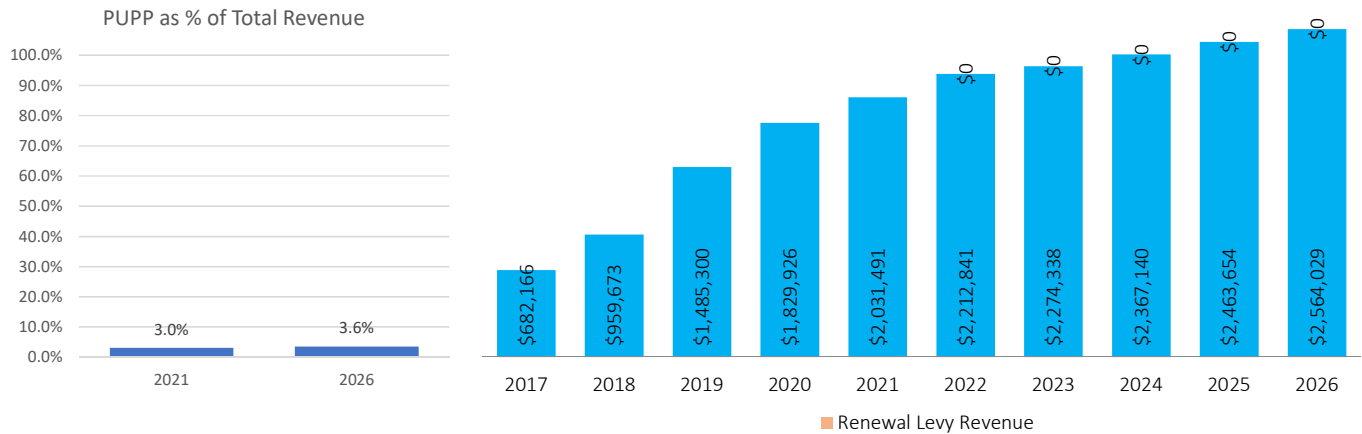
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	1,257,545,040	136,615,600	38.76	-	53.37	-	97.9%
2021	1,266,660,770	9,115,730	38.87	0.11	54.63	1.26	99.0%
2022	1,287,232,879	20,572,109	38.84	(0.03)	54.28	(0.35)	99.0%
2023	1,435,240,740	148,007,861	35.15	(3.69)	53.44	(0.84)	99.0%
2024	1,453,028,711	17,787,971	35.12	(0.02)	53.12	(0.31)	99.0%
2025	1,470,857,354	17,828,643	35.10	(0.02)	52.82	(0.30)	99.0%

Real estate property tax revenue accounts for 68.14% of total revenue. Class I or residential/agricultural taxes make up approximately 79.32% of the real estate property tax revenue. The Class I tax rate is 38.87 mills in tax year 2021. The projections reflect an average gross collection rate of 99.0% annually through tax year 2025. The revenue changed at an average annual historical rate of 2.02% and is projected to change at an average annual rate of 1.65% through FY 2026.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



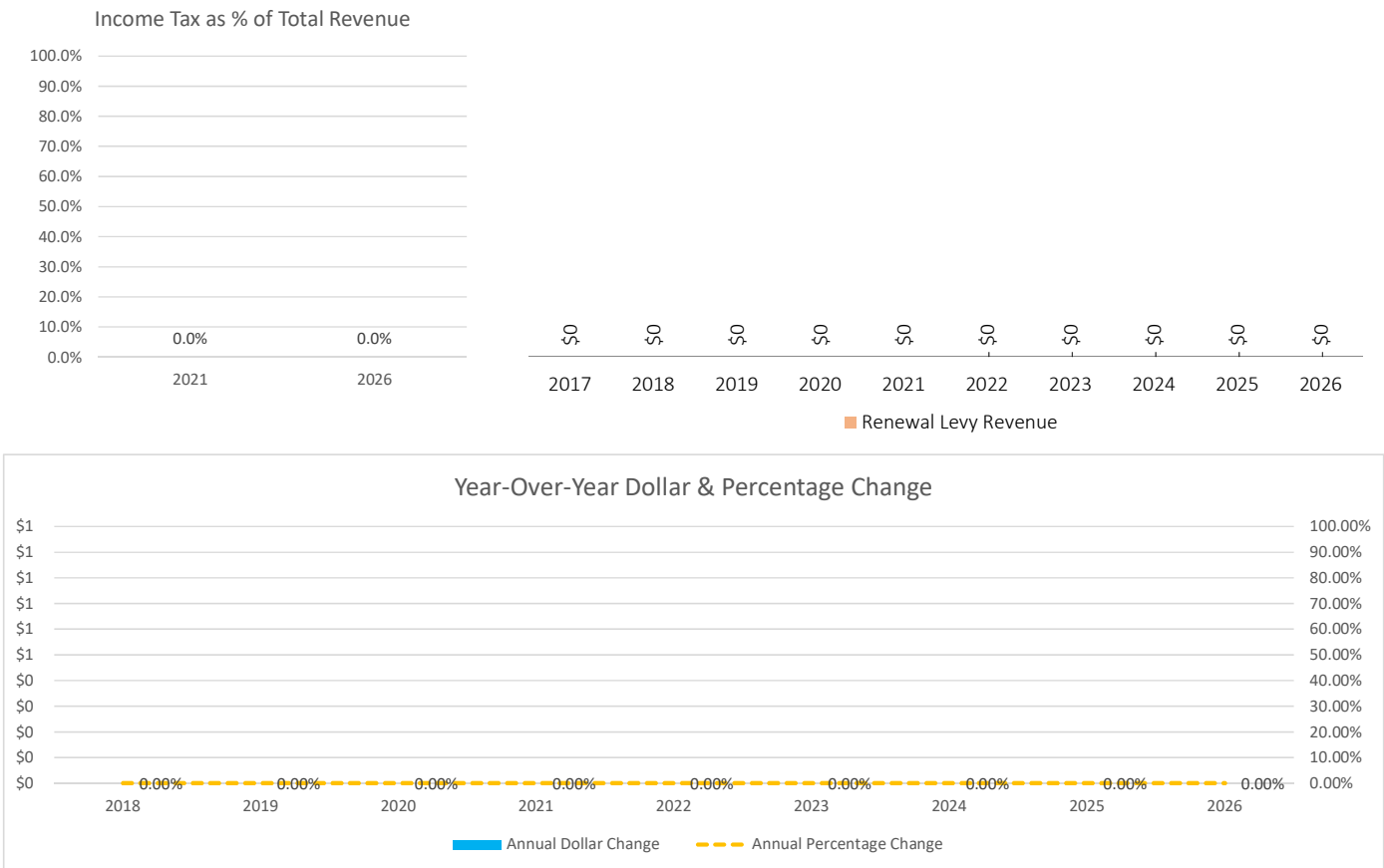
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	25,271,550	3,804,590	86.93	-	100.0%
2021	25,638,730	367,180	86.93	-	100.0%
2022	26,685,313	1,046,583	86.93	-	100.0%
2023	27,773,759	1,088,446	86.93	-	100.0%
2024	28,905,743	1,131,984	86.93	-	100.0%
2025	30,083,007	1,177,264	86.93	-	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 3.04% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 86.93 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$278,649 and is projected to change at an average annual dollar amount of \$106,508 through FY 2026.

**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

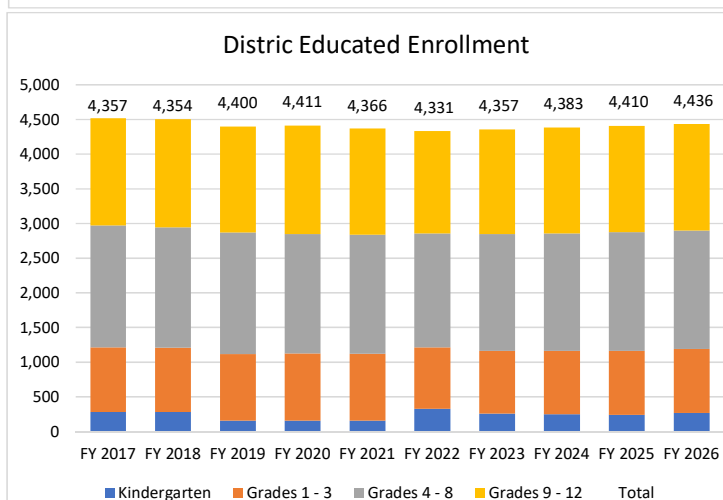
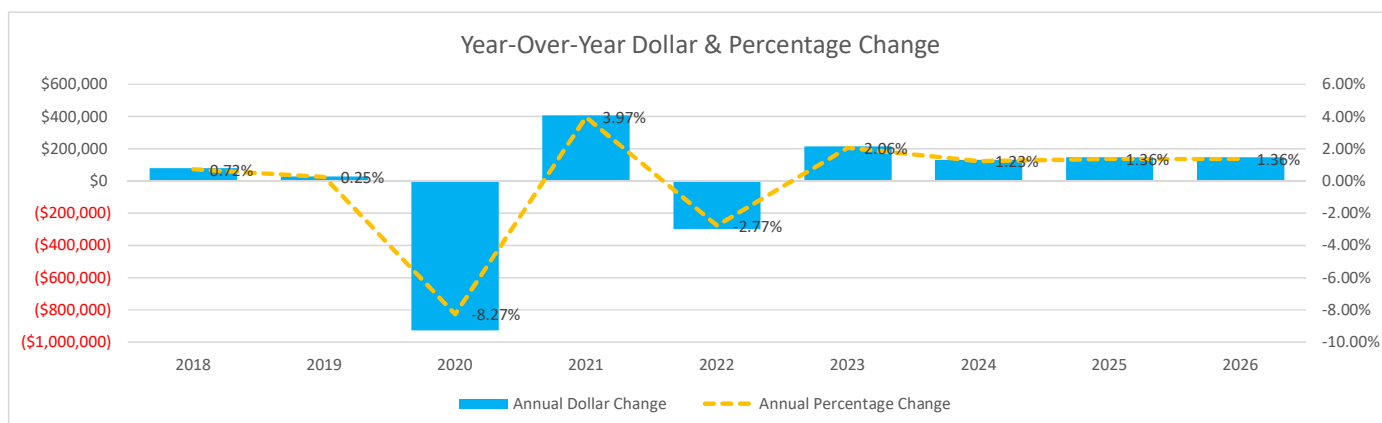
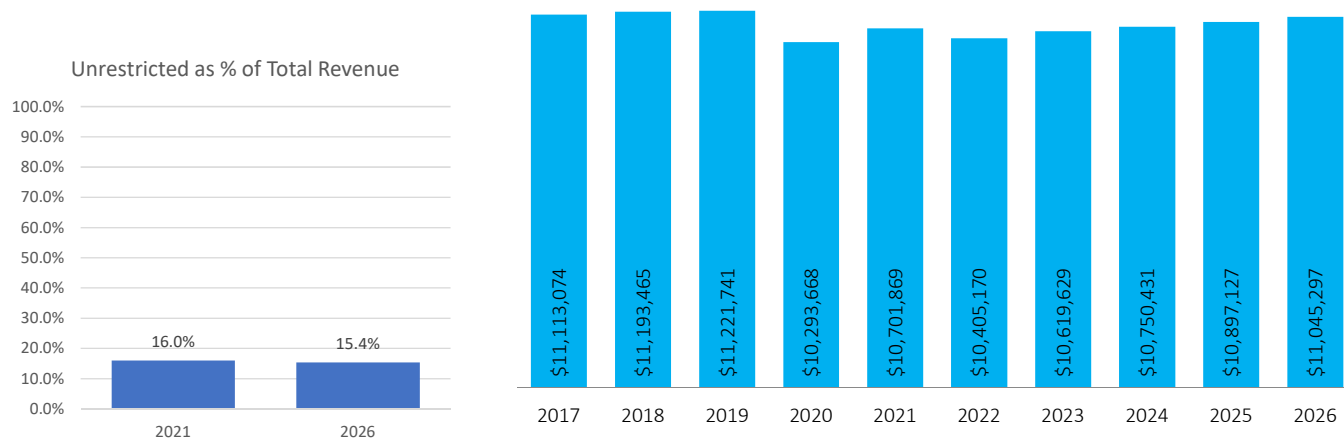


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

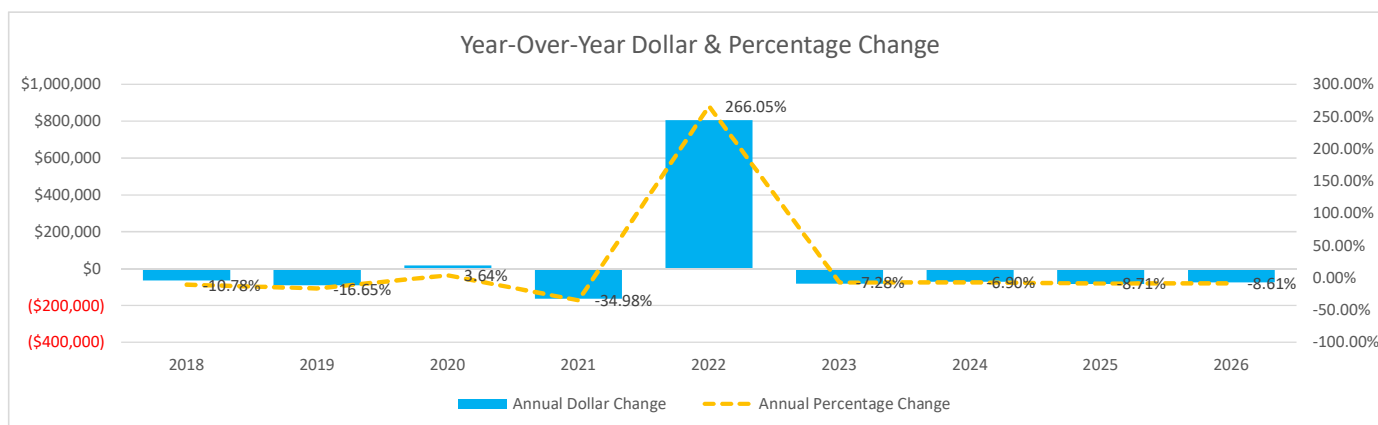
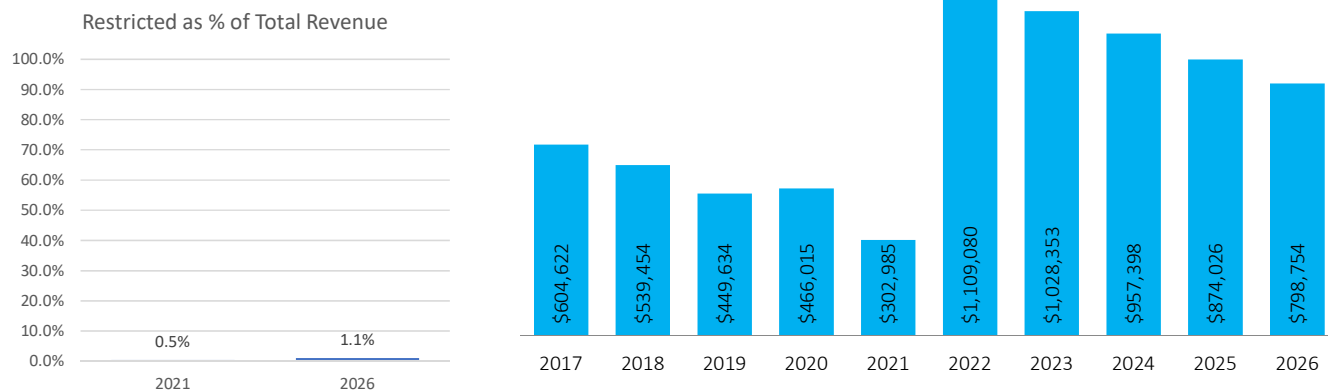
For Hudson City School District the calculated Base Cost total is \$31,877,702 in FY 2022.

The state's share of the calculated Base Cost total is \$1,571,630 or \$363 per pupil.

The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$704,367 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

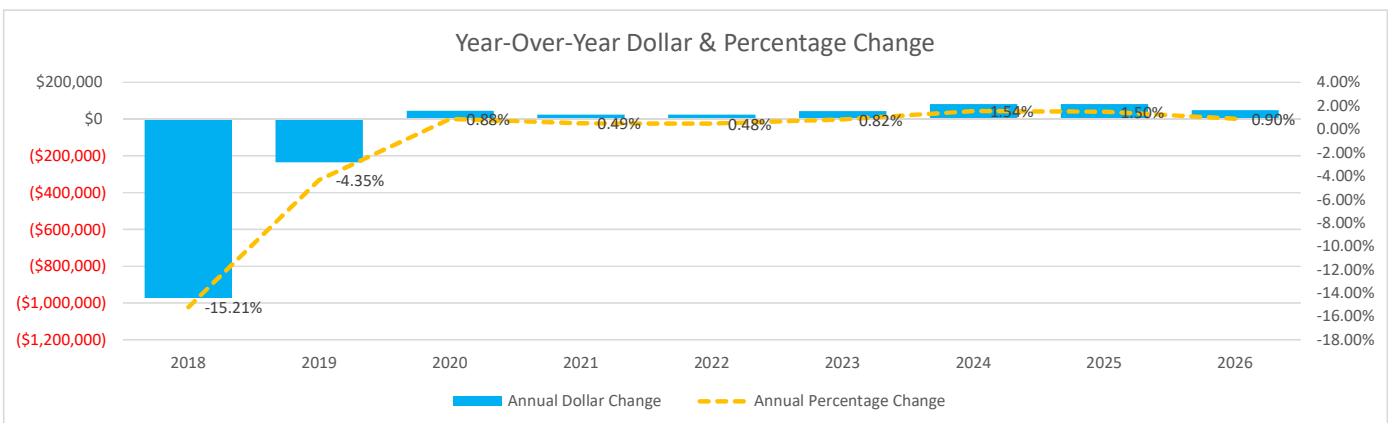
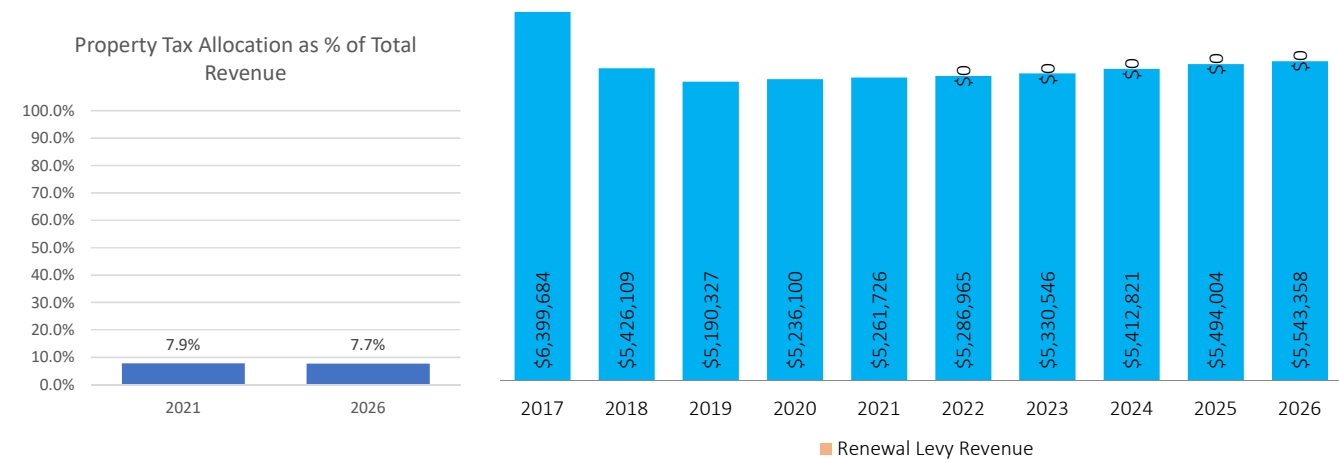
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$78,823 and is projected to change annually on average by \$99,154. Restricted funds represent 0.45% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$333,195. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

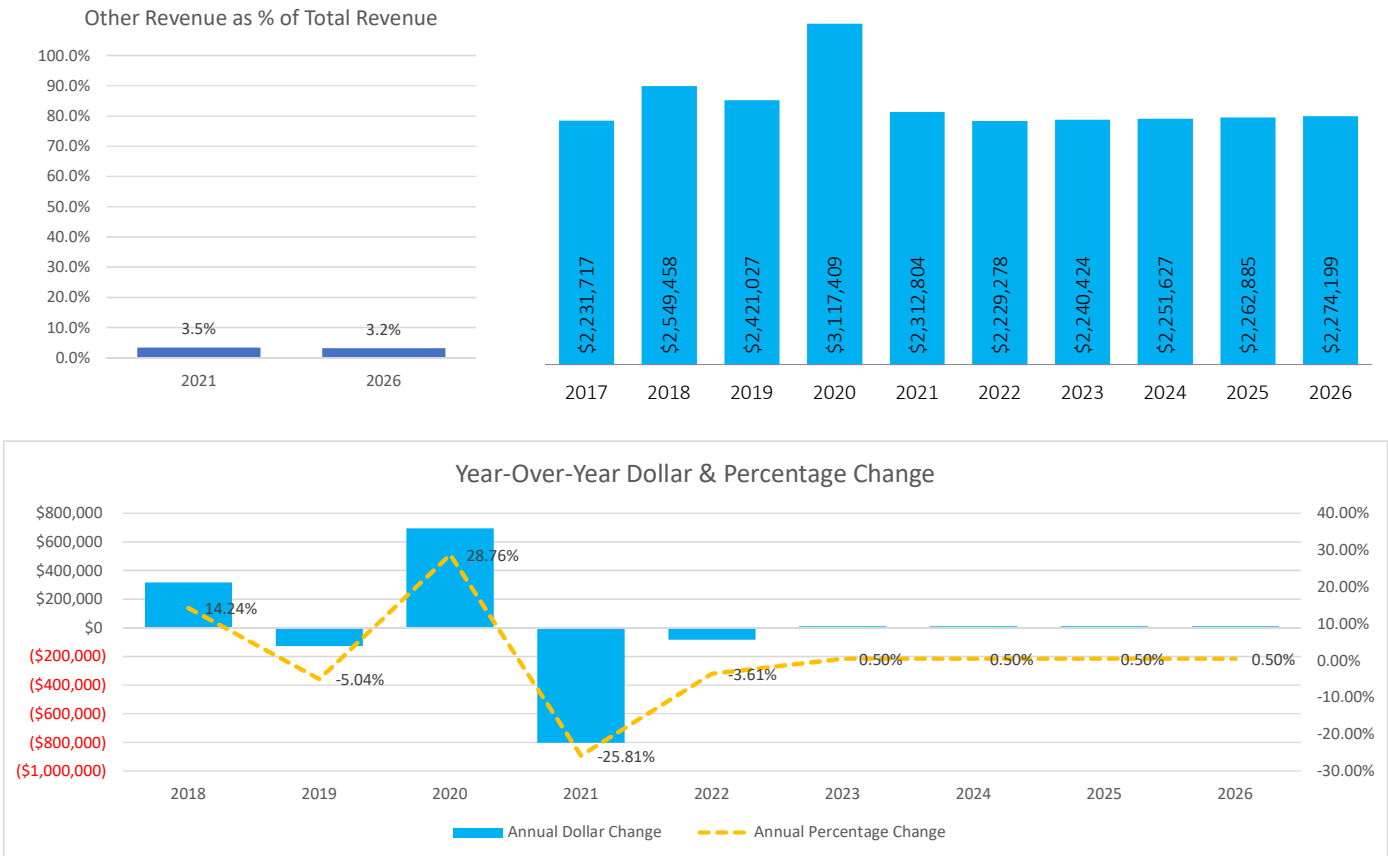


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 0.7% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

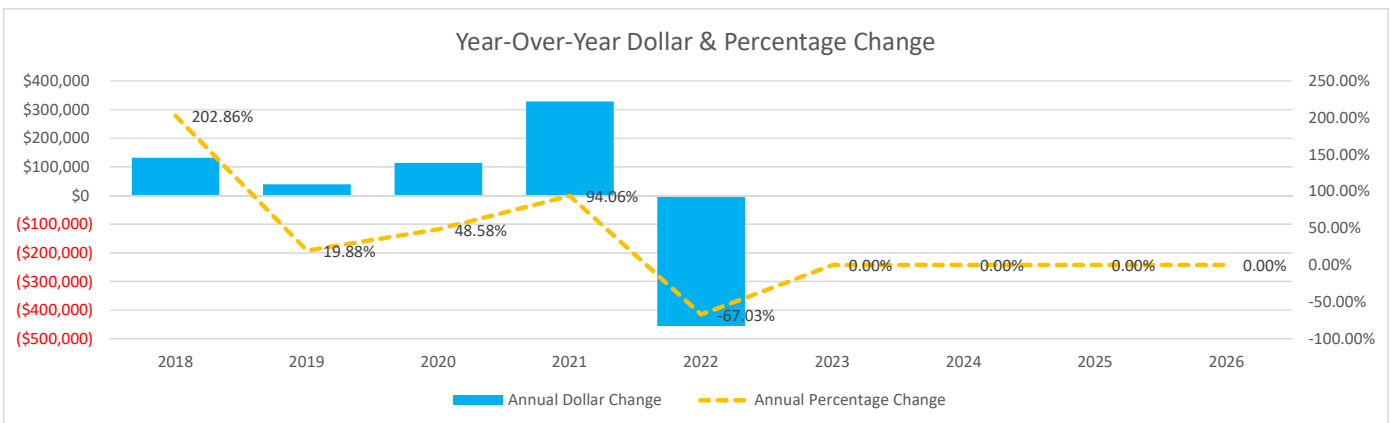
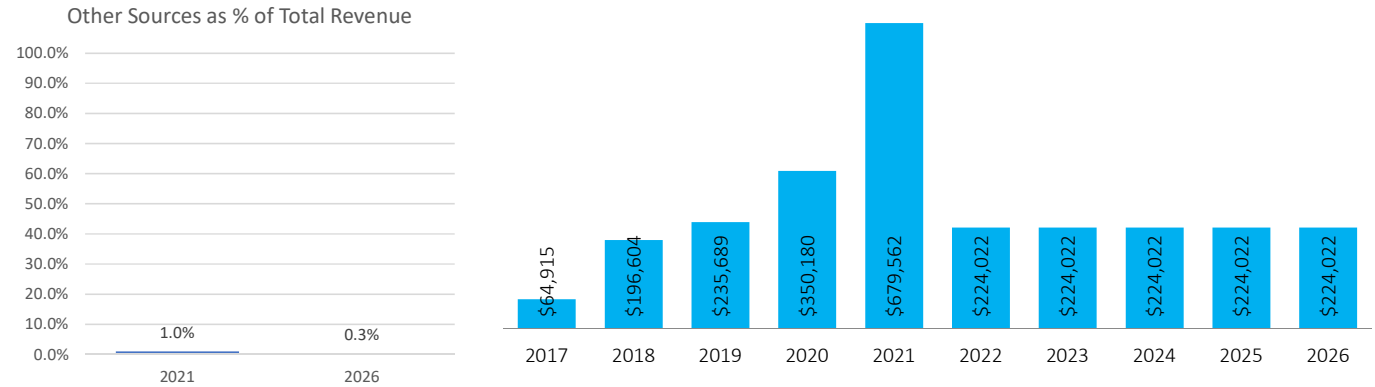
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$94,483. The projected average annual change is -\$7,721 through FY 2026. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district did not post any revenue code 1227 open enrollment in revenue in FY 2021.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

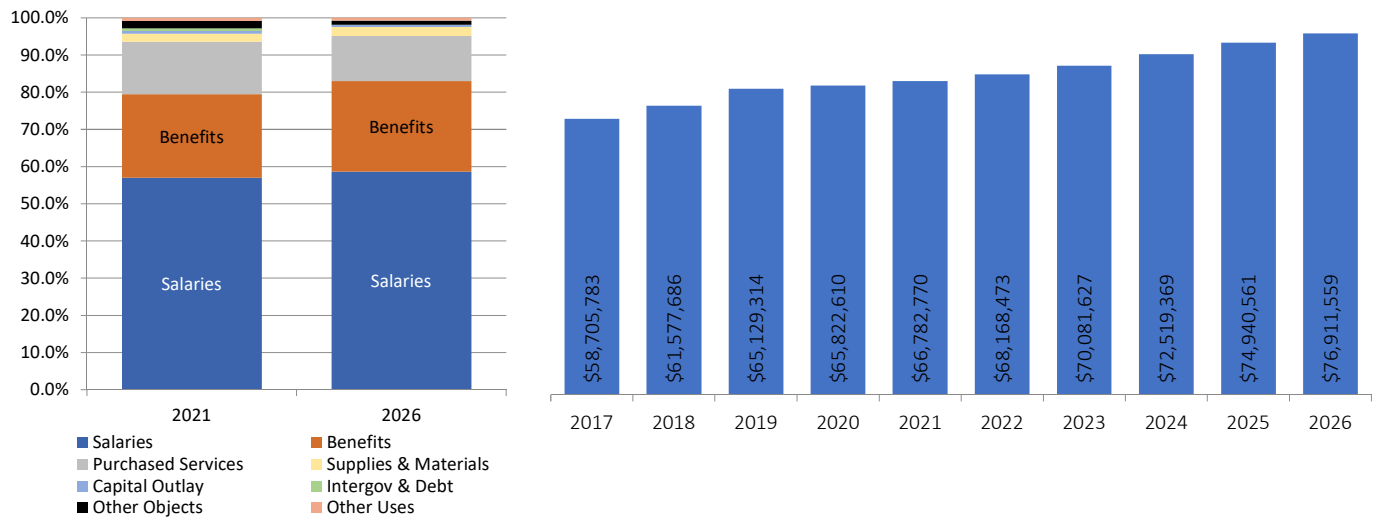


	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	679,562	224,022	224,022	224,022	224,022	224,022

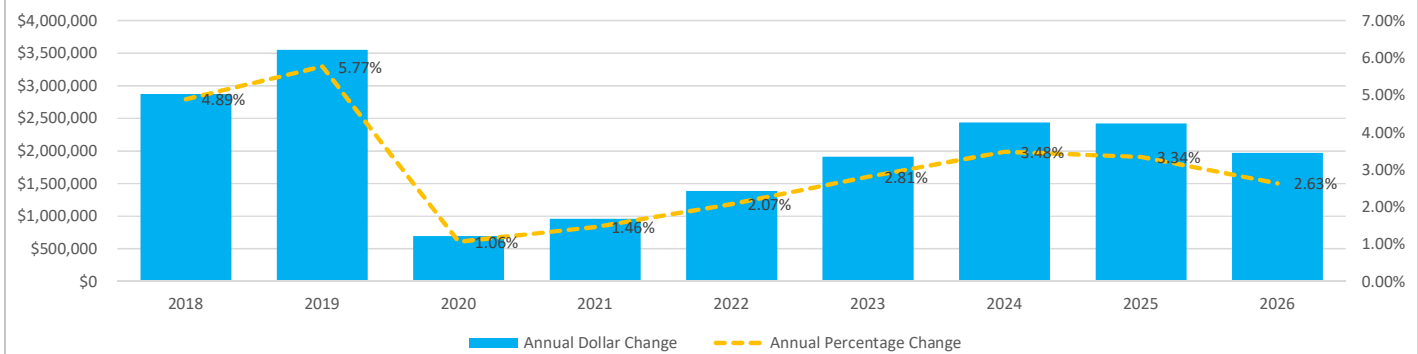
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$224,022 in FY 2022 and average \$224,022 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.15% or \$2,005,921 annually during the past 5-Year period and is projected to increase 3.03% or \$2,025,758 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$571,607.
Salaries	840,803	1,412,410	\$571,607	
Benefits	\$645,288	\$741,622	\$96,334	
Purchased Services	\$362,858	(\$14,578)	(\$377,435)	
Supplies & Materials	(\$22,524)	\$63,328	\$85,851	
Capital Outlay	\$83,634	(\$8,509)	(\$92,143)	
Intergov & Debt	(\$843)	(\$83,358)	(\$82,516)	
Other Objects	\$90,589	(\$82,087)	(\$172,676)	
Other Uses	\$6,116	(\$3,070)	(\$9,186)	
Total Average Annual Change	\$2,005,921 3.15%	\$2,025,758 3.03%	\$19,836 -0.12%	

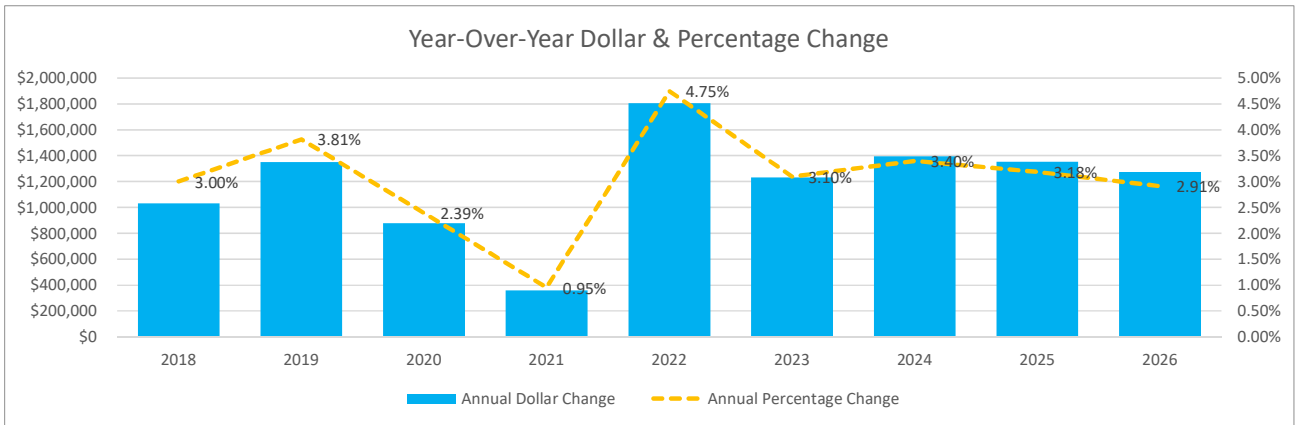
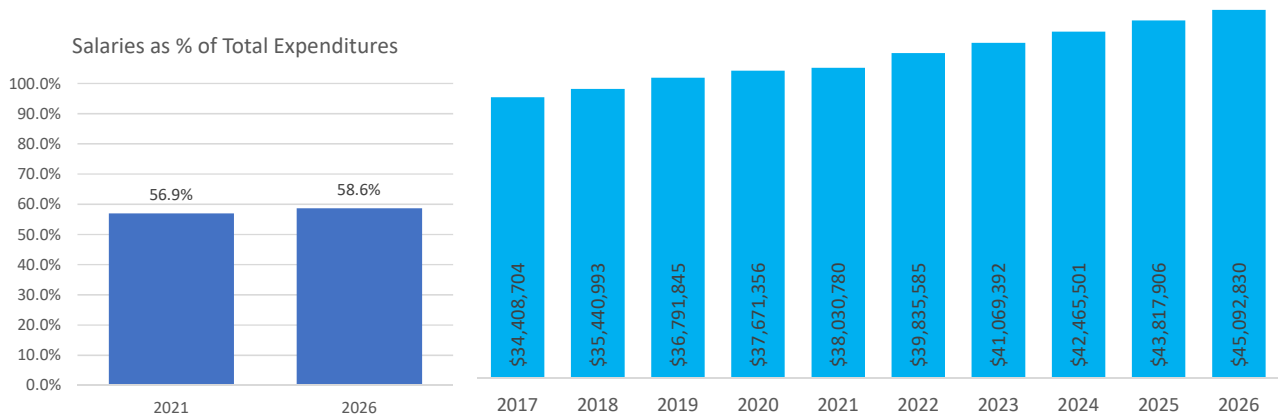
Note: Revenue average annual change is projected to

be > \$1,020,731

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

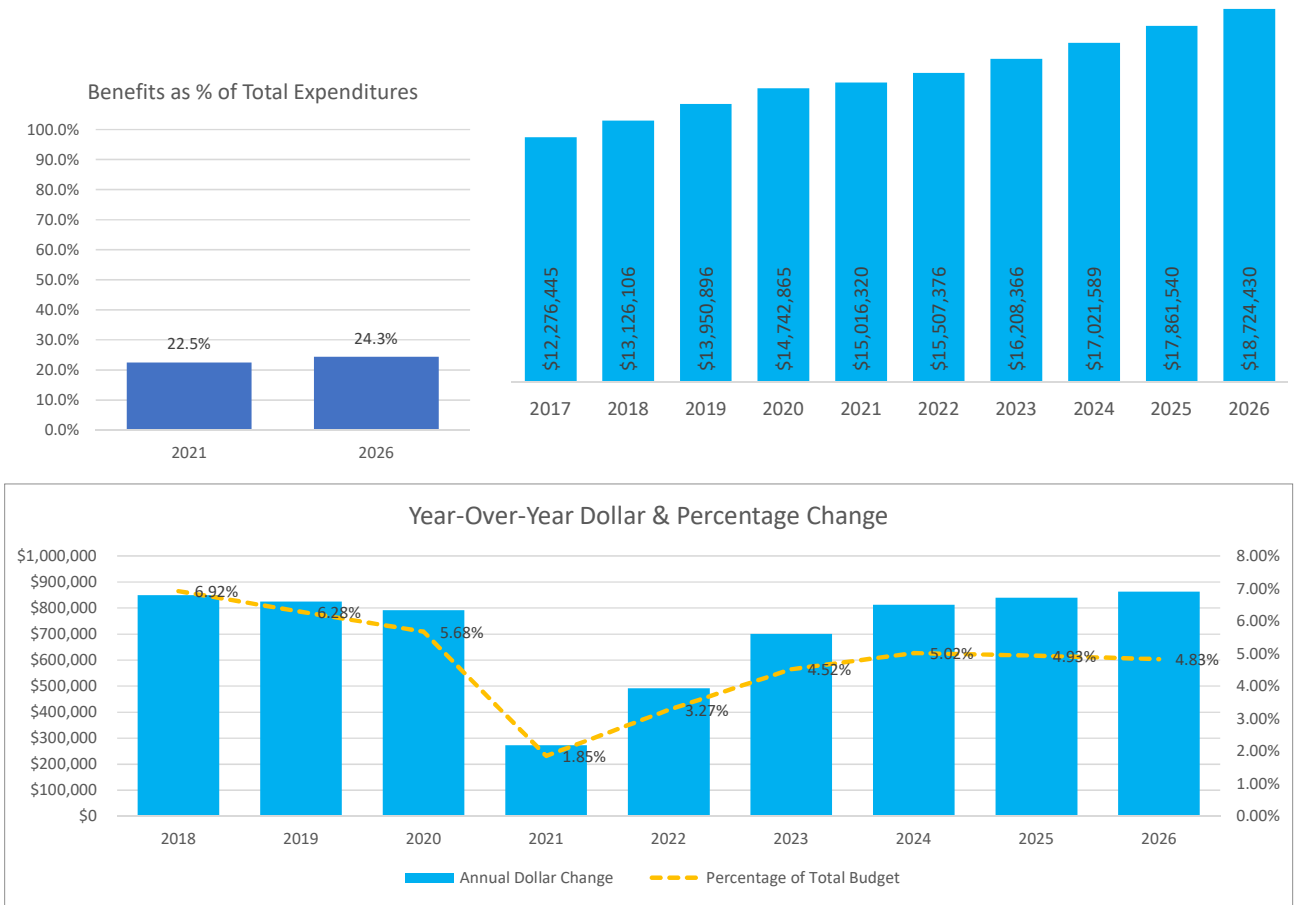
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 56.95% of total expenditures and increased at a historical average annual rate of 2.31% or \$840,803. This category of expenditure is projected to grow at an annual average rate of 3.33% or \$1,412,410 through FY 2026. The projected average annual rate of change is 1.02% more than the five year historical annual average.

3.020 - Employees' Benefits

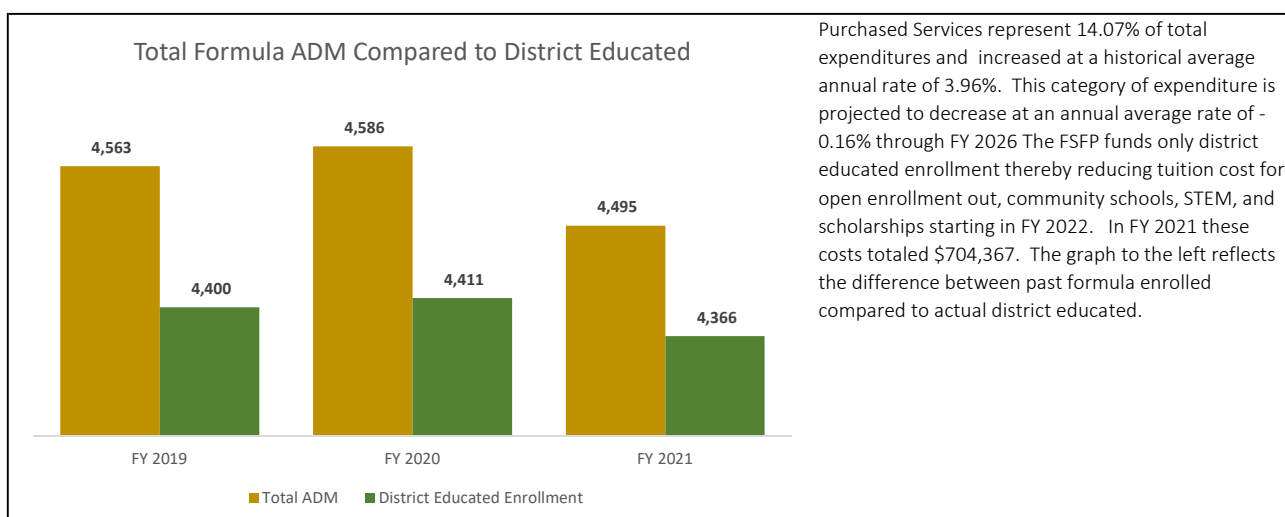
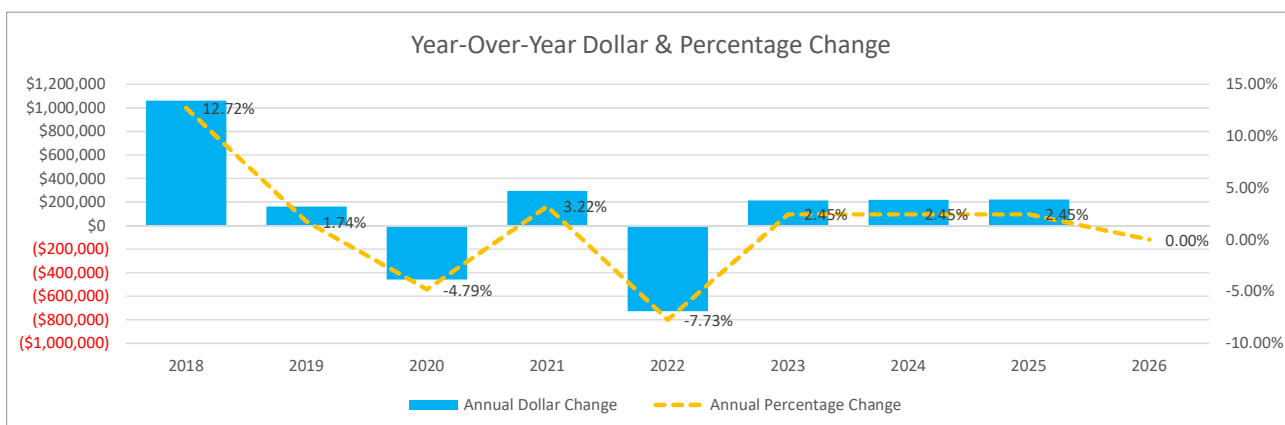
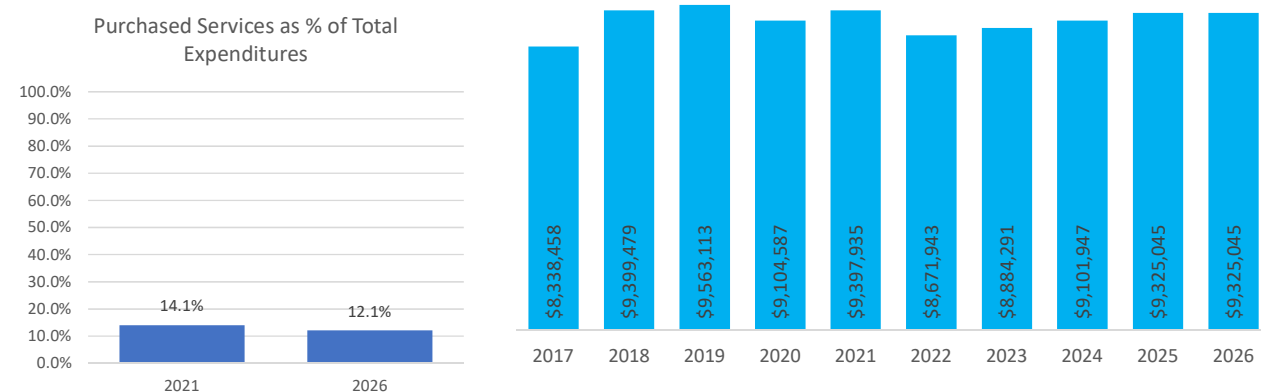
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 22.49% of total expenditures and increased at a historical average annual rate of 4.67% This category of expenditure is projected to grow at an annual average rate of 4.35% through FY 2026. The projected average annual rate of change is -0.32% less than the five year historical annual average.

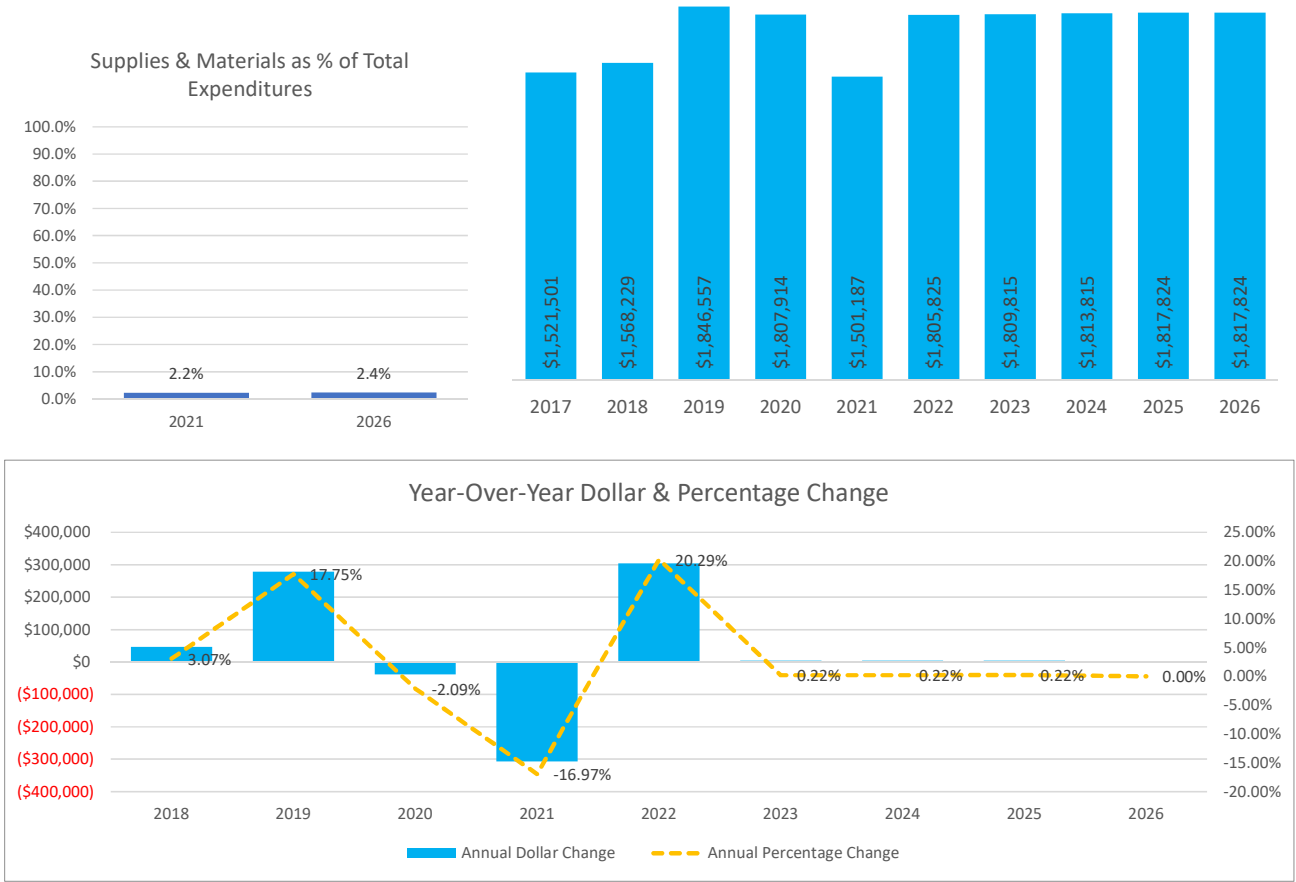
3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



3.040 - Supplies & Materials

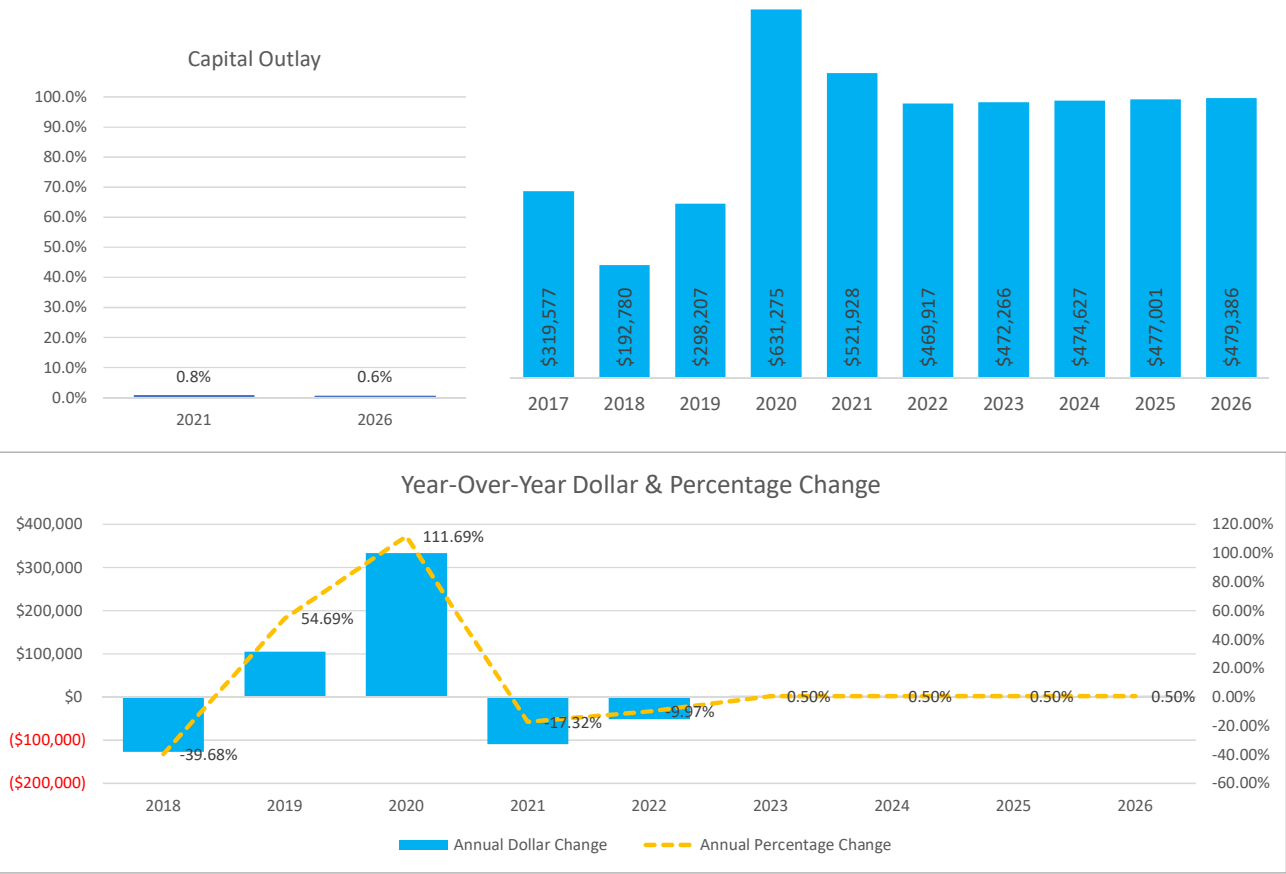
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.25% of total expenditures and decreased at a historical average annual rate of -1.37%. This category of expenditure is projected to grow at an annual average rate of 3.49% through FY 2026. The projected average annual rate of change is 4.86% more than the five year historical annual average.

3.050 - Capital Outlay

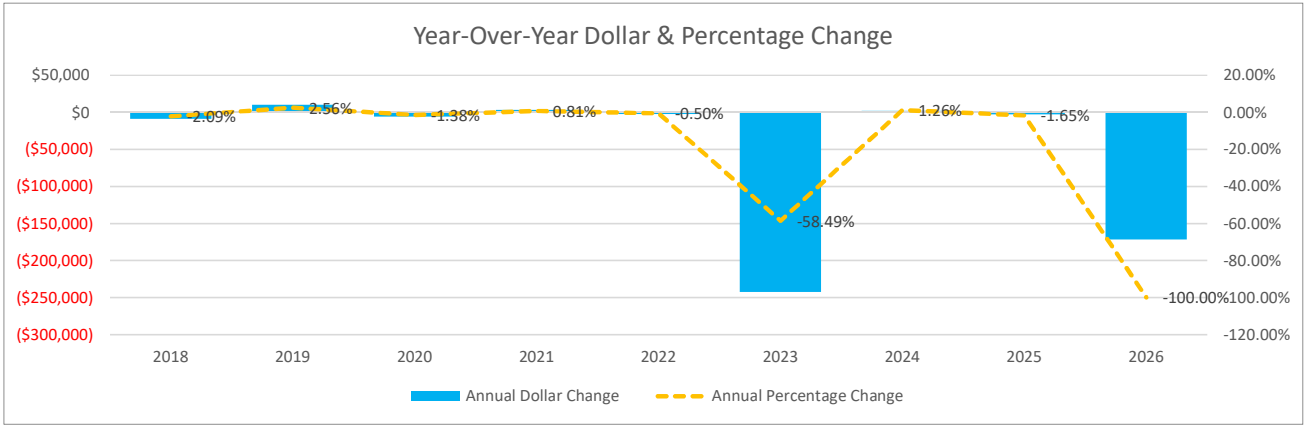
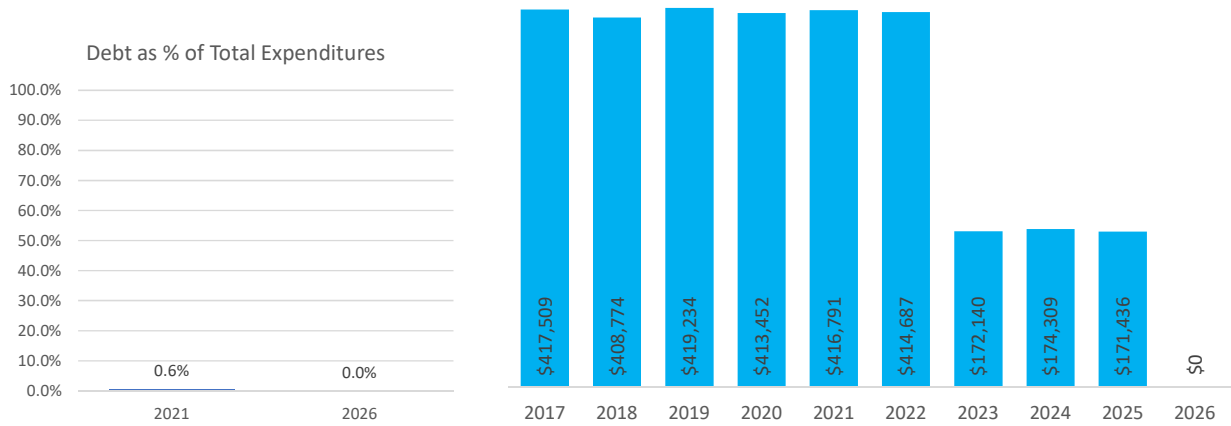
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.78% of total expenditures and increased at a historical average annual amount of \$83,634. This category of expenditure is projected to decrease at an annual average rate of -\$8,509 through FY 2026. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

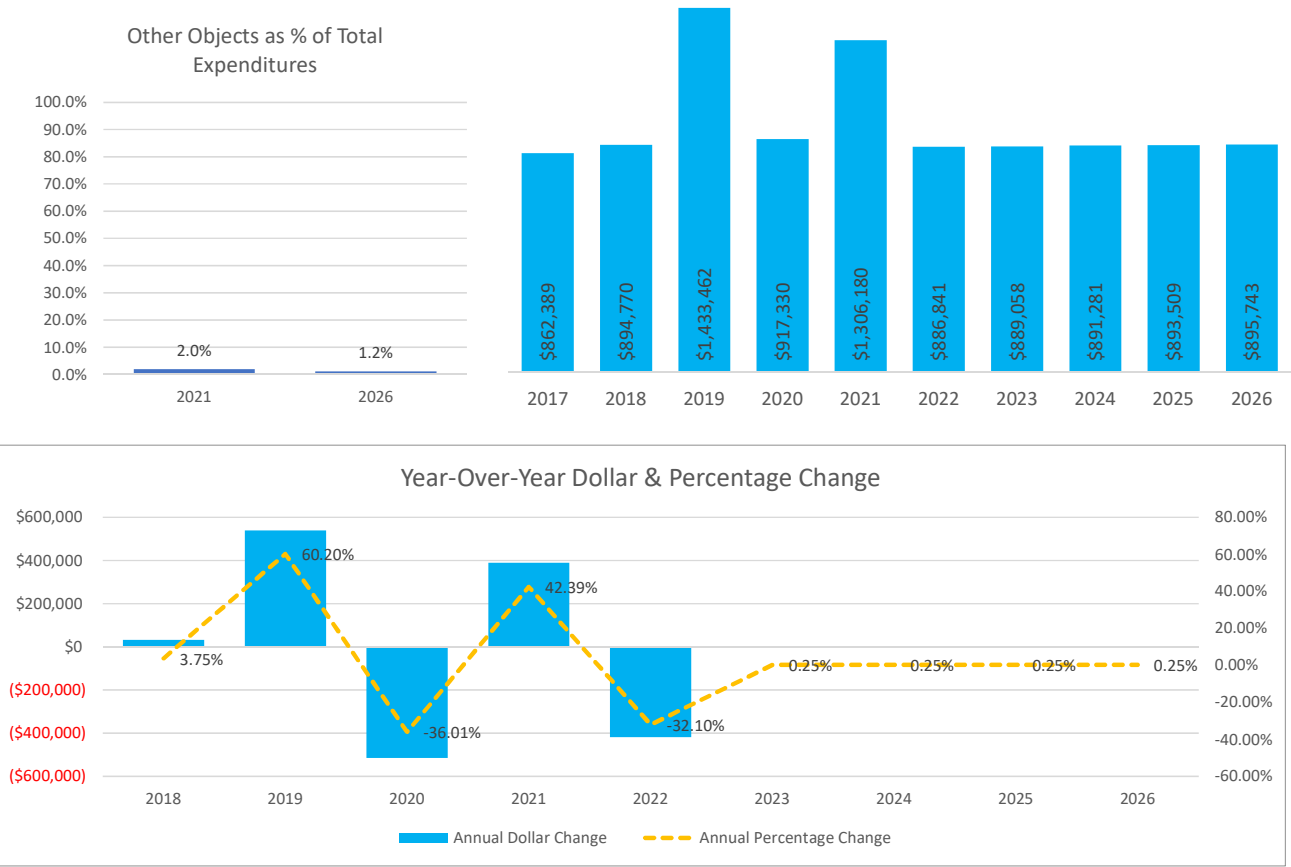
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

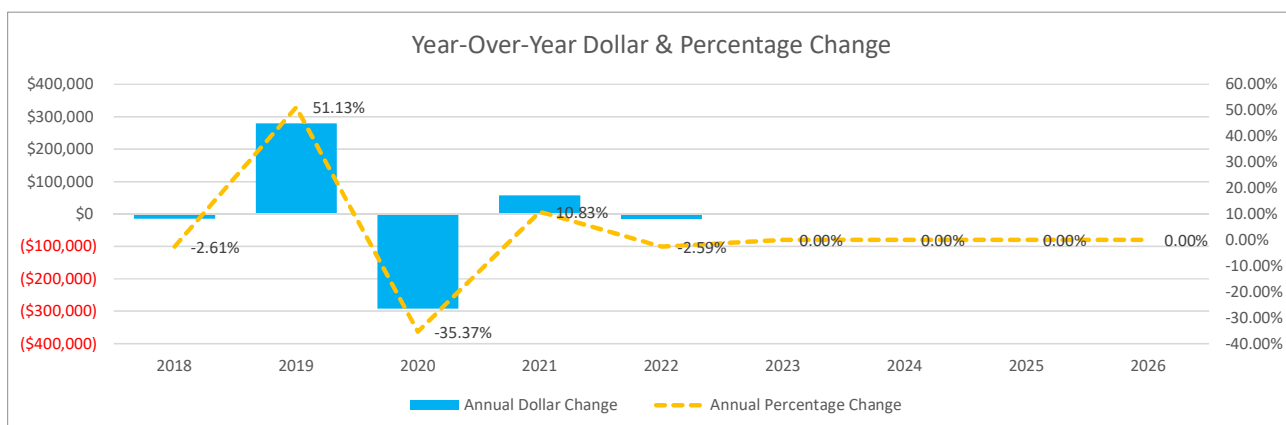
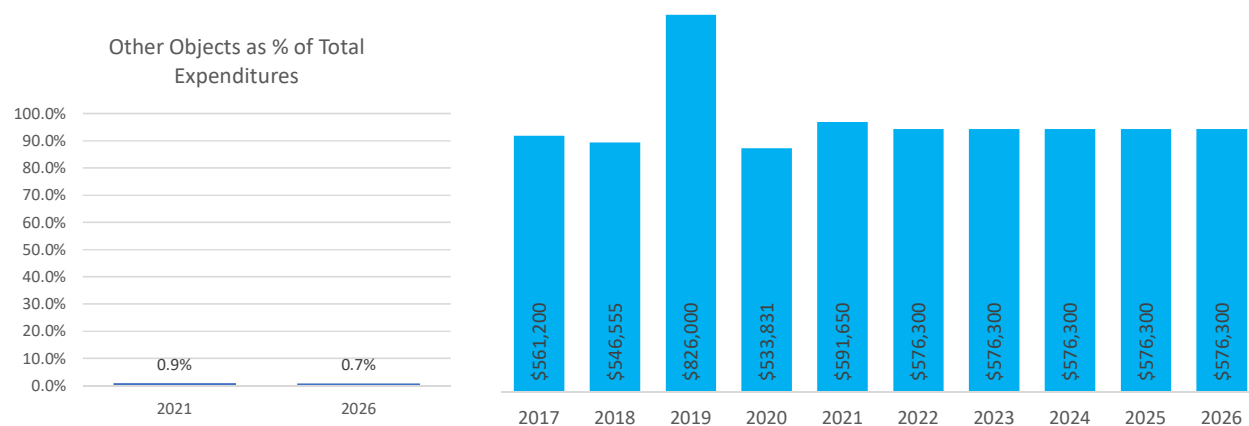
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.96% of total expenditures and increased at a historical average annual rate of 8.37%. This category of expenditure is projected to decrease at an annual average rate of -9.21% through FY 2026. The projected average annual rate of change is -17.58% less than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers Out	570,100	570,000	570,000	570,000	570,000	570,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	21,550	6,300	6,300	6,300	6,300	6,300

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2021 the district had no advances-out and has no advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2026. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Hudson City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	45,543,295	46,106,690	47,104,197	48,067,738	48,908,605	49,487,727
1.020 - Public Utility Personal Property	2,031,491	2,212,841	2,274,338	2,367,140	2,463,654	2,564,029
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	10,701,869	10,405,170	10,619,629	10,750,431	10,897,127	11,045,297
1.040 - Restricted Grants-in-Aid	302,985	1,109,080	1,028,353	957,398	874,026	798,754
1.050 - Property Tax Allocation	5,261,726	5,286,965	5,330,546	5,412,821	5,494,004	5,543,358
1.060 - All Other Operating Revenues	2,312,804	2,229,278	2,240,424	2,251,627	2,262,885	2,274,199
1.070 - Total Revenue	66,154,170	67,350,024	68,597,487	69,807,155	70,900,301	71,713,364
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	679,562	224,022	224,022	224,022	224,022	224,022
2.070 - Total Other Financing Sources	679,562	224,022	224,022	224,022	224,022	224,022
2.080 - Total Rev & Other Sources	66,833,732	67,574,046	68,821,509	70,031,177	71,124,323	71,937,386
Expenditures:						
3.010 - Personnel Services	38,030,780	39,835,585	41,069,392	42,465,501	43,817,906	45,092,830
3.020 - Employee Benefits	15,016,320	15,507,376	16,208,366	17,021,589	17,861,540	18,724,430
3.030 - Purchased Services	9,397,935	8,671,943	8,884,291	9,101,947	9,325,045	9,325,045
3.040 - Supplies and Materials	1,501,187	1,805,825	1,809,815	1,813,815	1,817,824	1,817,824
3.050 - Capital Outlay	521,928	469,917	472,266	474,627	477,001	479,386
Intergovernmental & Debt Service	416,791	414,687	172,140	174,309	171,436	-
4.300 - Other Objects	1,306,180	886,841	889,058	891,281	893,509	895,743
4.500 - Total Expenditures	66,191,120	67,592,173	69,505,327	71,943,069	74,364,261	76,335,259
Other Financing Uses						
5.010 - Operating Transfers-Out	570,100	570,000	570,000	570,000	570,000	570,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	21,550	6,300	6,300	6,300	6,300	6,300
5.040 - Total Other Financing Uses	591,650	576,300	576,300	576,300	576,300	576,300
5.050 - Total Exp and Other Financing Uses	66,782,770	68,168,473	70,081,627	72,519,369	74,940,561	76,911,559
6.010 - Excess of Rev Over/(Under) Exp	50,961	(594,427)	(1,260,118)	(2,488,193)	(3,816,238)	(4,974,172)
7.010 - Cash Balance July 1 (No Levies)	33,153,051	33,204,012	32,609,585	31,349,467	28,861,274	25,045,036
7.020 - Cash Balance June 30 (No Levies)	33,204,012	32,609,585	31,349,467	28,861,274	25,045,036	20,070,864
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	33,204,012	32,609,585	31,349,467	28,861,274	25,045,036	20,070,864
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	33,204,012	32,609,585	31,349,467	28,861,274	25,045,036	20,070,864
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	33,204,012	32,609,585	31,349,467	28,861,274	25,045,036	20,070,864

