Bellefontaine City School District

Five Year Forecast Financial Report

May, 2021

Submitted by Joshua L. Wasson, Treasurer/CFO

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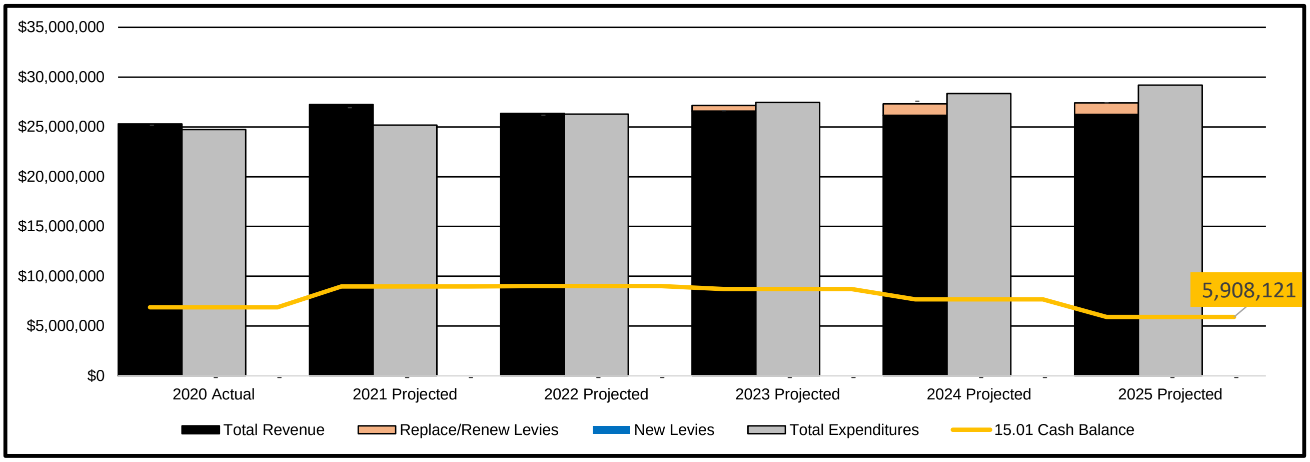
Forecast Purpose/Objectives

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 includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	6,894,658	8,965,711	9,015,885	8,705,822	7,692,154
+ Revenue	27,246,116	26,342,972	26,578,415	26,170,044	26,251,551
+ Proposed Renew/Replacement Levies	-	-	578,272	1,156,551	1,156,569
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(25,175,064)	(26,292,798)	(27,466,750)	(28,340,262)	(29,192,153)
= Revenue Surplus or Deficit	2,071,053	50,174	(310,064)	(1,013,668)	(1,784,033)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	8,965,711	9,015,885	8,705,821	7,692,154	5,908,121

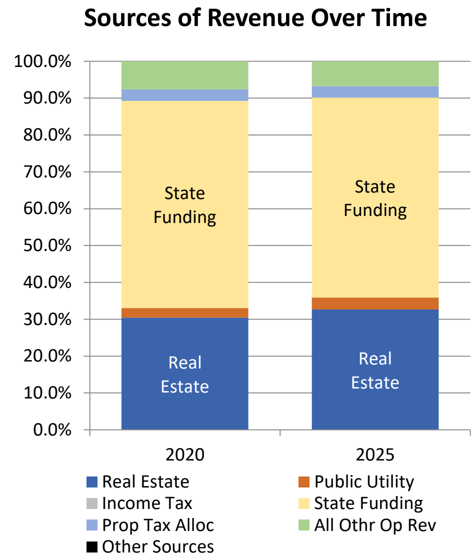
Analysis Without Renewal Levies Included:

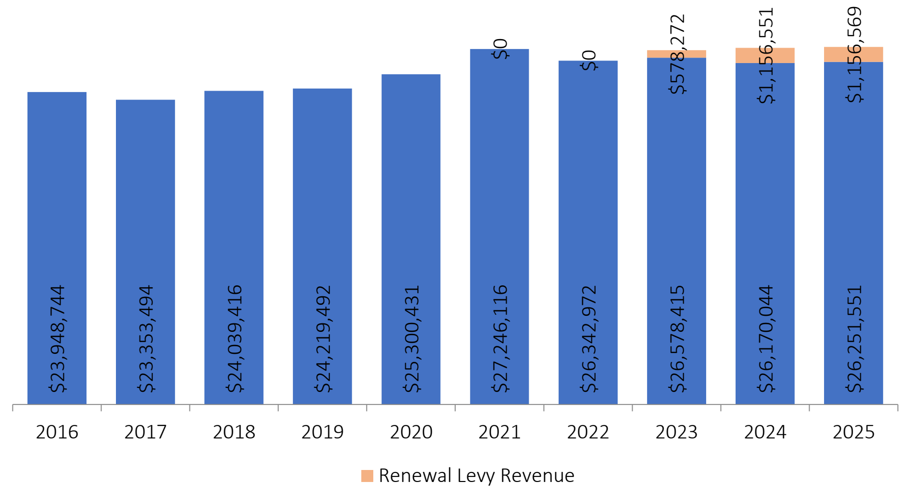
Revenue Surplus or Deficit w/o Levies	2,071,053	50,174	(888,336)	(2,170,219)	(2,940,602)
Ending Balance w/o Levies	8,965,711	9,015,885	8,127,549	5,957,331	3,016,729

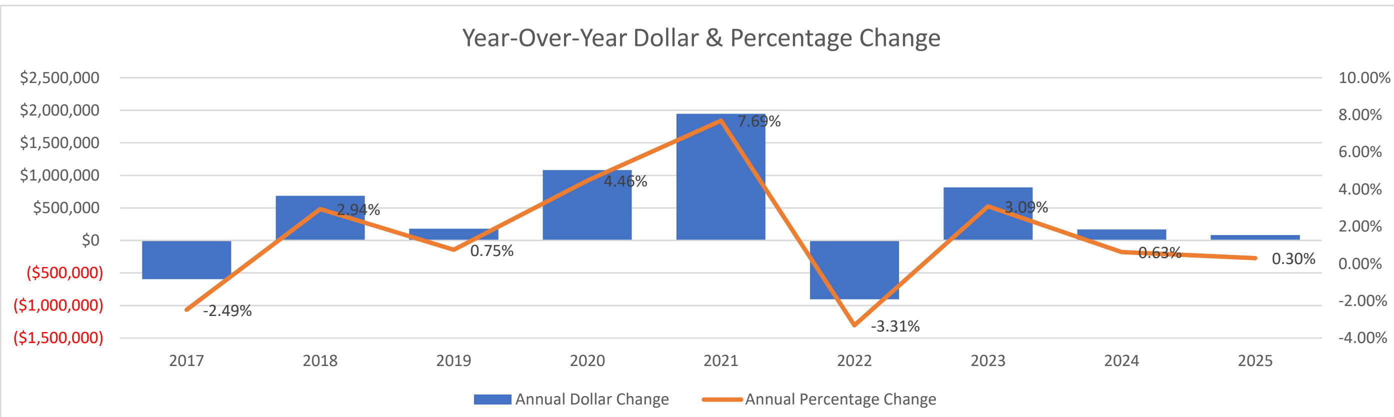
In FY 2021 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -$2,071,053 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by $2,940,602 The district would need to cut its FY 2025 projected expenses by 10.07% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview







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

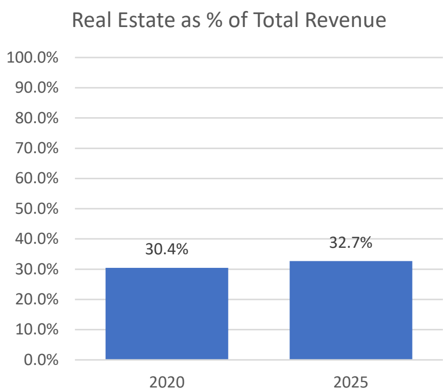
	Historical Average Annual $$ Change	**Projected** Average Annual $$ Change	Projected Compared to Historical Variance
Real Estate	$290,688	$250,108	($40,580)
Public Utility	$217,535	$45,231	($172,304)
Income Tax	$0	$0	$0
State Funding	($39,565)	$129,421	$168,986
Prop Tax Alloc	($1,858)	$11,870	$13,728
All Othr Op Rev	$182,178	($15,092)	($197,271)
Other Sources	$0	$0	$0
Total Average Annual Change	$648,979	$421,538	($227,441)
	2.72%	1.68%	-1.04%

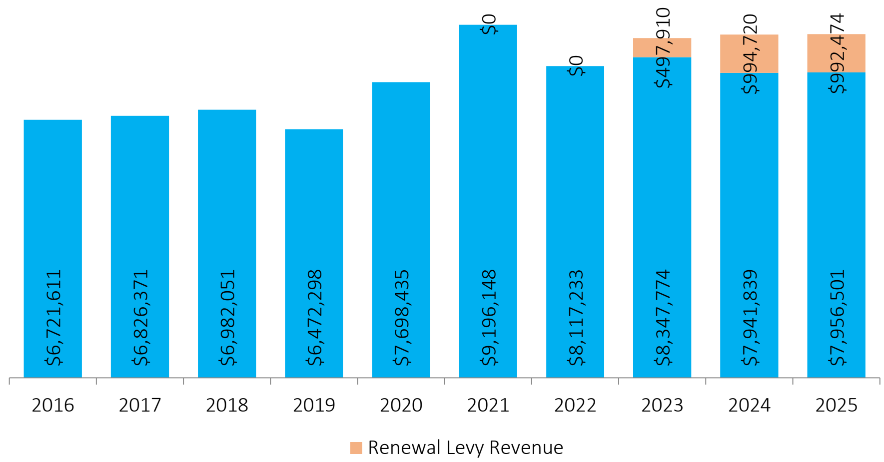
Total revenue increased 2.72% or $648,979 annually during the past five years and is projected to increase 1.68% or $421,538 annually through FY2025. All Othr Op Rev has the most projected average annual variance compared to the historical average at -$197,271

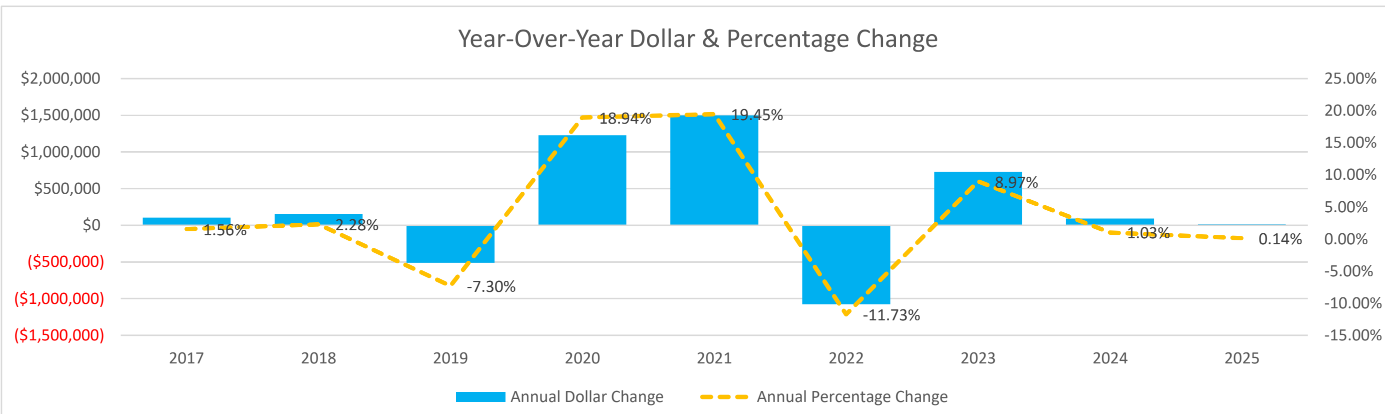
Note: Expenditure average annual change is projected to be > $893,213 On an annual average basis, expenditures are projected to grow faster than revenue.

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	
2019	300,219,710	28,526,650	30.60	-	38.51	-	102.4%
2020	301,543,790	1,324,080	29.30	(1.30)	37.23	(1.27)	100.6%
2021	302,093,790	550,000	29.27	(0.03)	37.23	(0.01)	100.6%
2022	314,893,790	12,800,000	28.88	(0.39)	36.56	(0.67)	100.6%
2023	315,343,790	450,000	28.86	(0.02)	36.55	(0.00)	100.6%
2024	315,893,790	550,000	28.84	(0.03)	36.54	(0.01)	100.6%

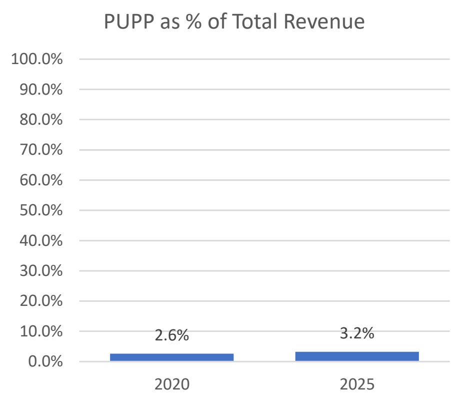
Real estate property tax revenue accounts for 30.43% of total revenue. Class I or residential/agricultural taxes make up approximately 55.72% of the real estate property tax revenue. The Class I tax rate is 29.3 mills in tax year 2020. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 100.6% annually through tax year 2024. The revenue changed at an average annual historical rate of 4.64% and is projected to change at an average annual rate of 3.57% through FY 2025.

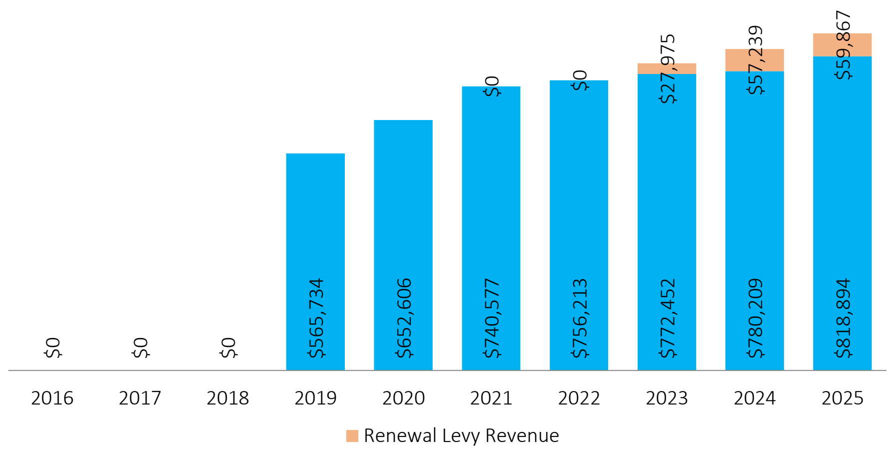
The dip in FY 2022 is due to an over-collection that occurred with the First Half collections of CY 2021. This will be corrected in the Second Half collections of CY 2021. This will shift cash flow from FY 2022 to FY 2021.
The district has a five-year emergency levy that is expiring at the end of calendar year 2022. If this levy is not renewed, the revenue will begin to come off this line item beginning in the second half of Fy 2023. This can be seen in the top-right graph above represented by the "peach" color. It is imperative this levy be renewed for a third time in its history.

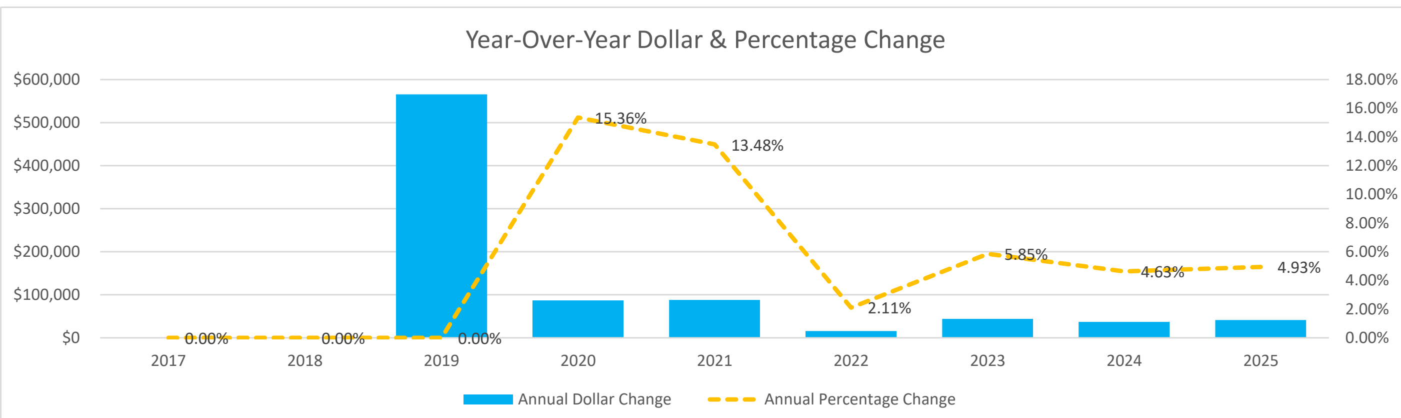
**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

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







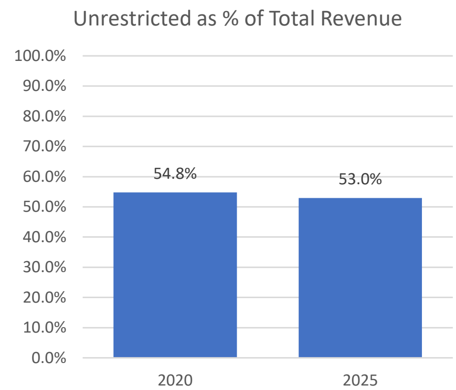
Values and Tax Rates					Gross Collection Rate
Tax Year	Valuation	Value Change	Full Voted Rate	Change	Including Delinquencies
2019	13,199,040	951,950	54.83	6.20	98.8%
2020	14,146,910	947,870	53.53	(1.30)	99.0%
2021	14,854,410	707,500	53.49	(0.04)	98.6%
2022	15,604,410	750,000	53.11	(0.38)	98.6%
2023	16,384,410	780,000	53.08	(0.03)	98.6%
2024	17,204,410	820,000	53.04	(0.04)	98.6%

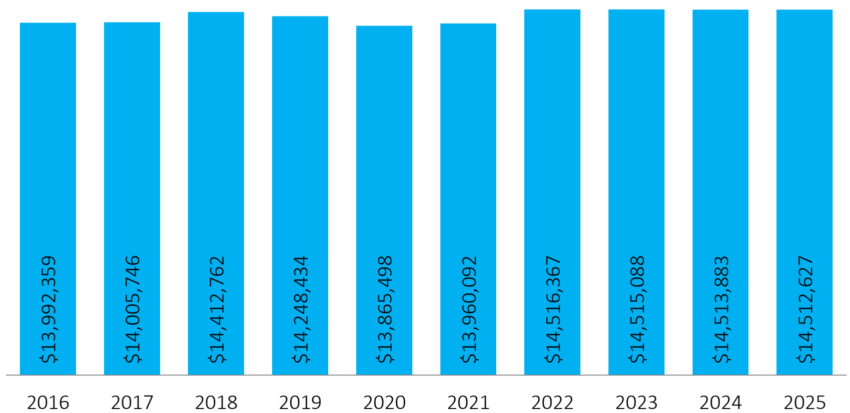
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 2.58% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 53.53 mills. The forecast is modeling an average gross collection rate of 98.69%. The revenue changed historically at an average annual dollar amount of $217,535 and is projected to change at an average annual dollar amount of $45,231 through FY 2025.

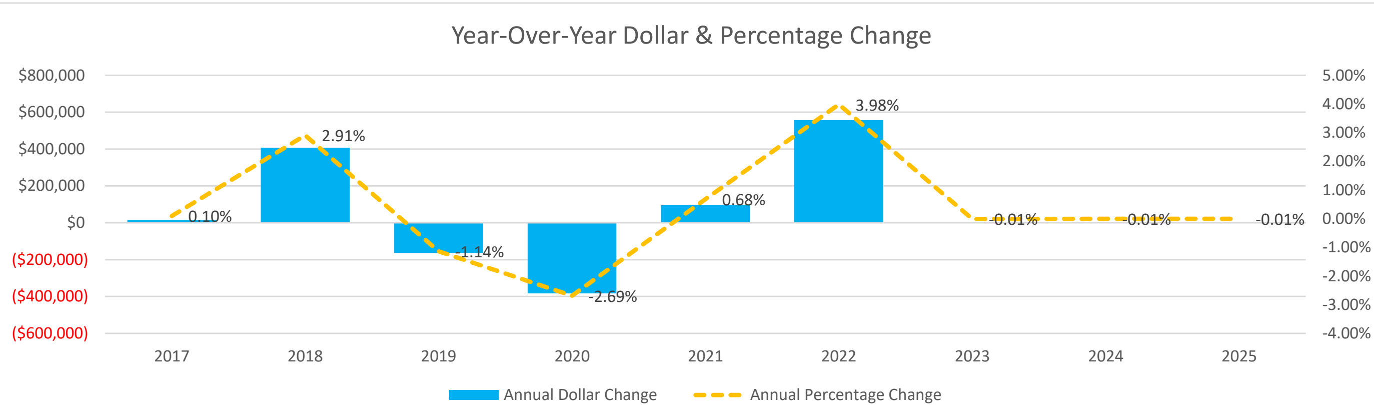
**Projected % trends include renewal levies*

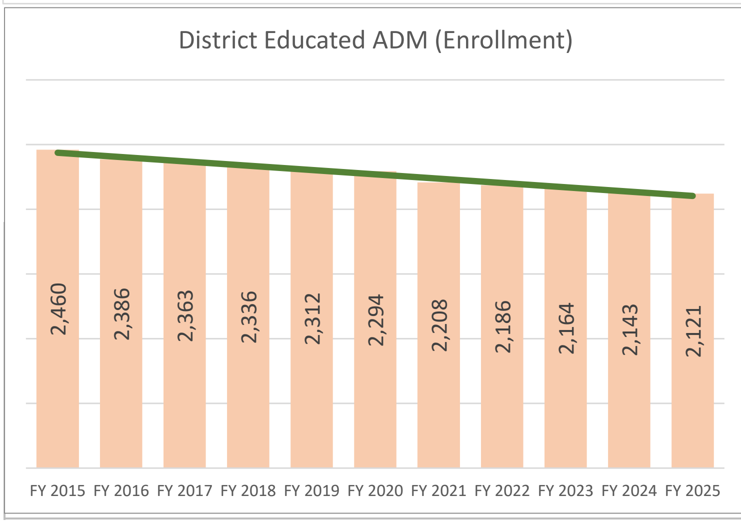
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.







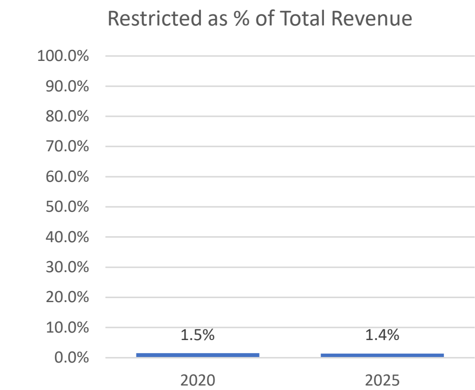


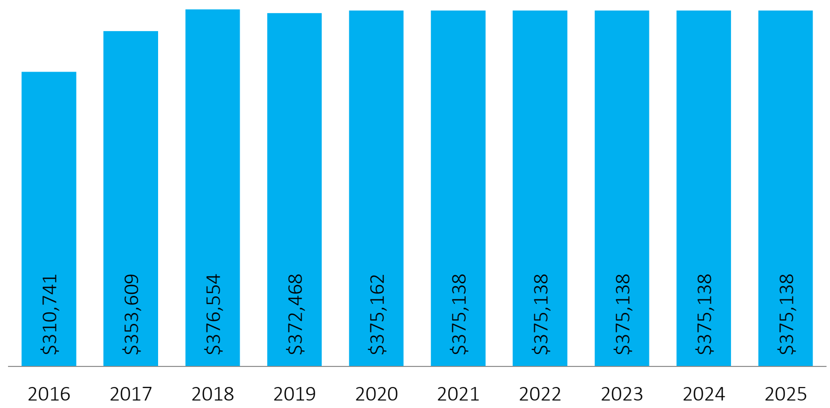
The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of $14,076,600 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of $450,248. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 0.99% Note: Wellness funding is not included in these calculations.

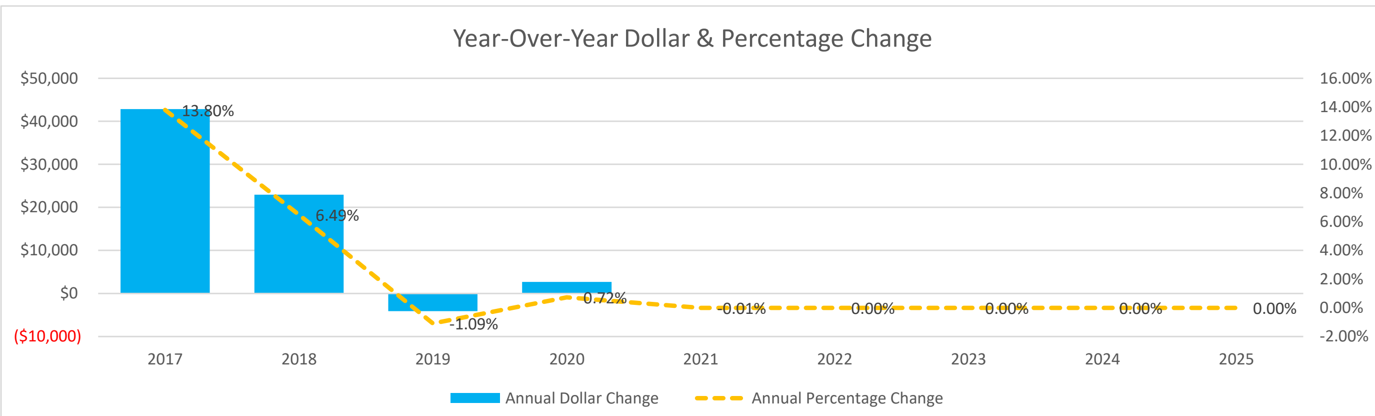
If the wellness funding is not renewed in the next bienniel budget, the salaries being paid using those funds will move back into the General Fund. For FY 2021, that amount is approximately $800,000. This include, mainly, guidance counselors and nurses salaries.

1.040 & 1.045 - Restricted Grants-in-Aid

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



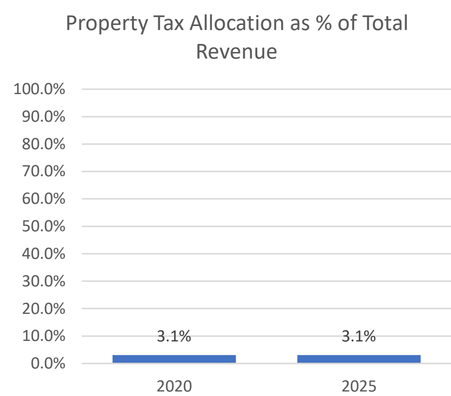


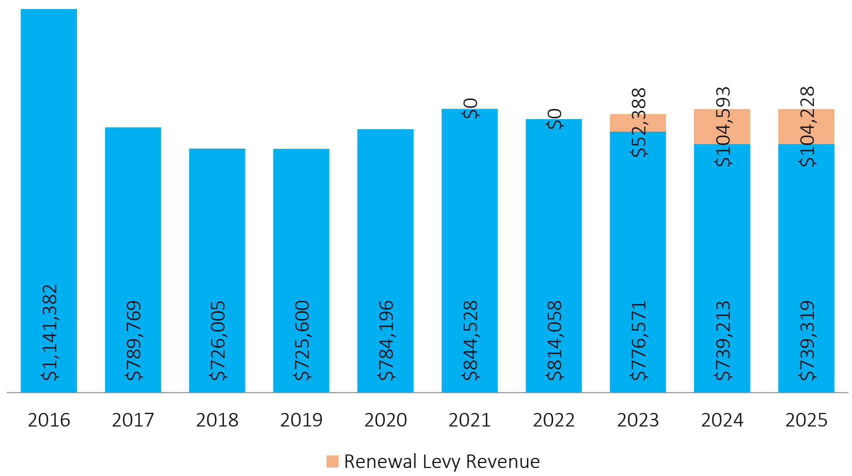


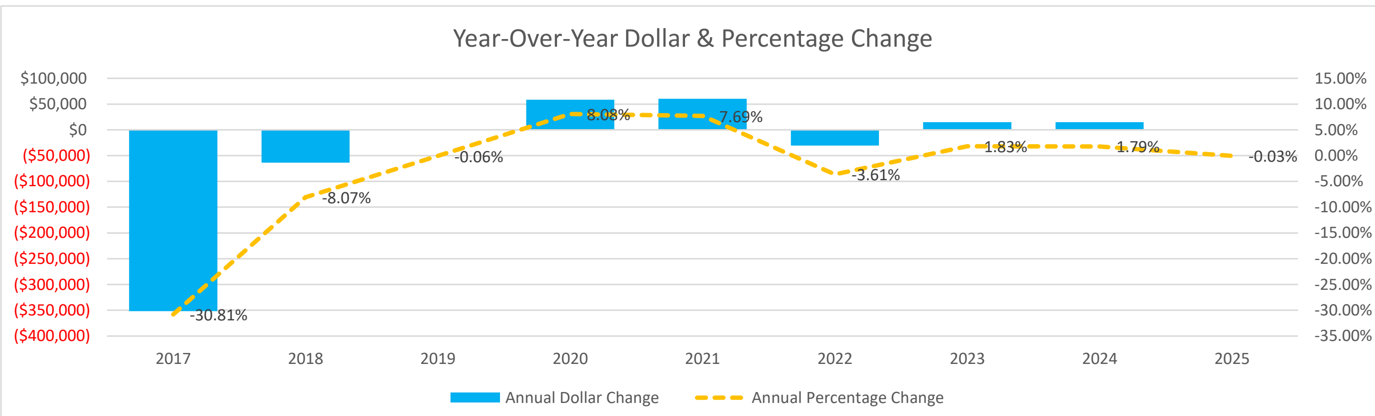
Restricted aid is the portion of state per pupil funding that must be classifed as restricted use. Historically the district's restricted state aid changed annually on average by $7,185 and is projected to change annually on average by -$5. Restricted funds represent 1.48% of total revenue.

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 2021, approximately 9.3% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.3% will be reimbursed in the form of qualifying homestead exemption credits.

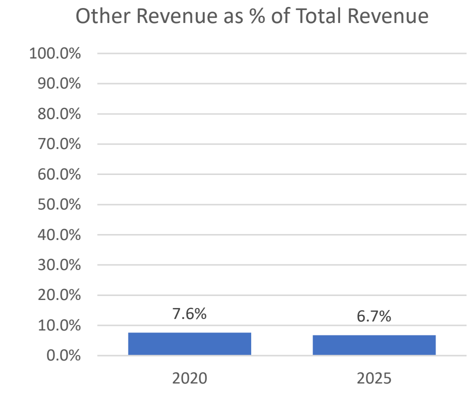
The sharp decline in FY 2016 to FY 2017 was the end of the phase-out period for Tangible Personal Poroperty Tax.

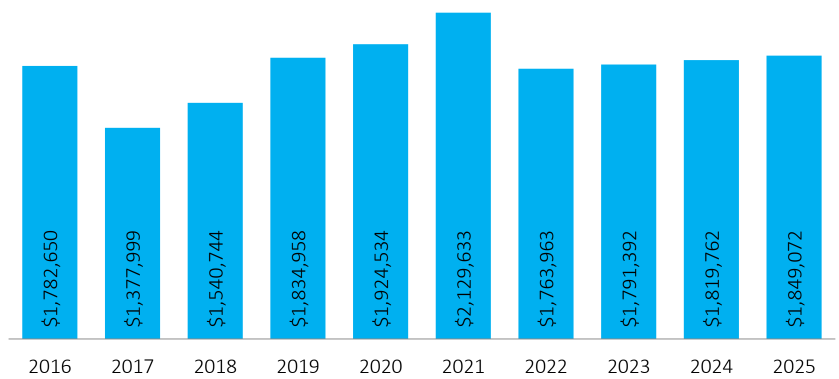
Once again, the effect of renewing the upcoming levy can be seen in FY 2023 and beyond.

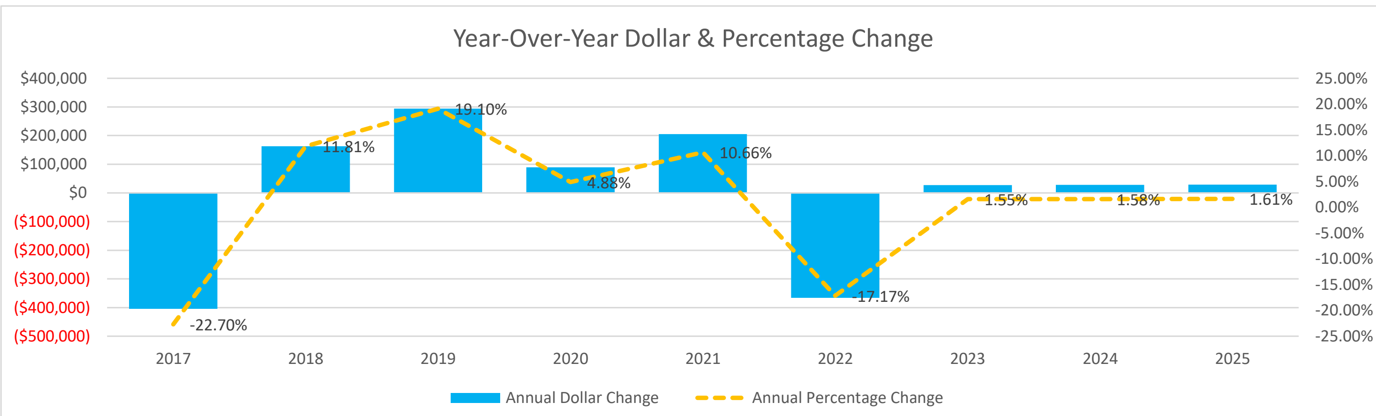
**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

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





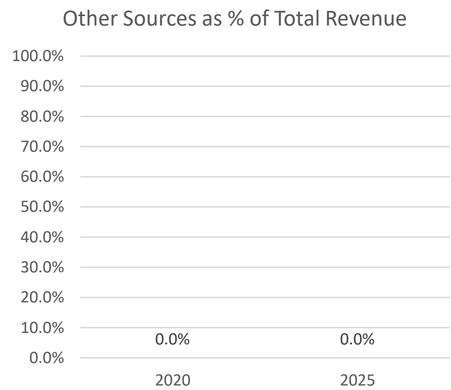


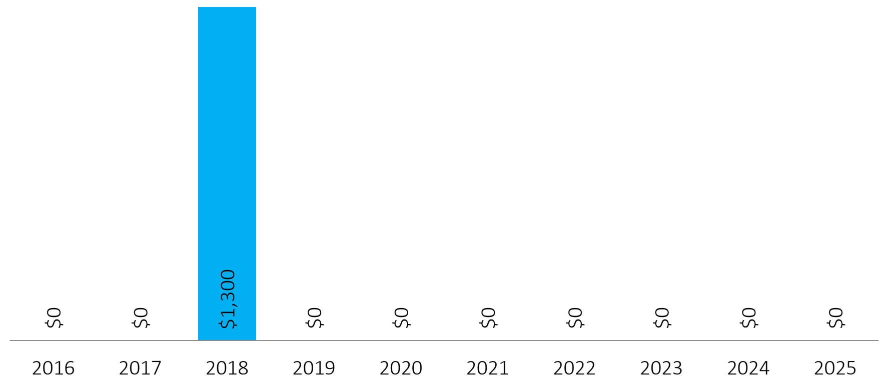
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was $182,178. The projected average annual change is -$15,092 through FY 2025.

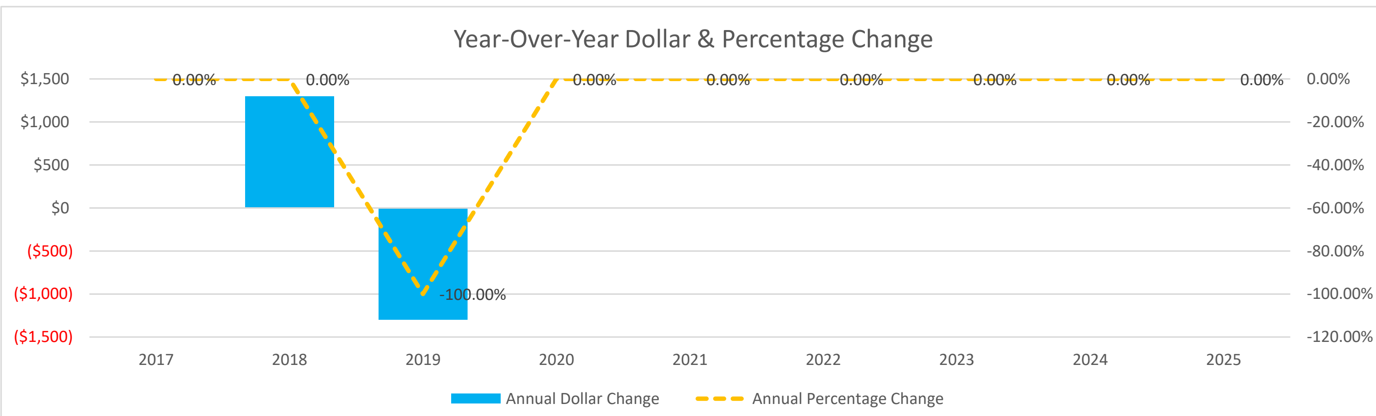
There were significant rebates/refunds issued by Ohio Bureau of Workers' Compensation upon direction from Gov. DeWine during FY 2020 and FY 2021. These will most likely not continue at these levels/amounts in the future.

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.



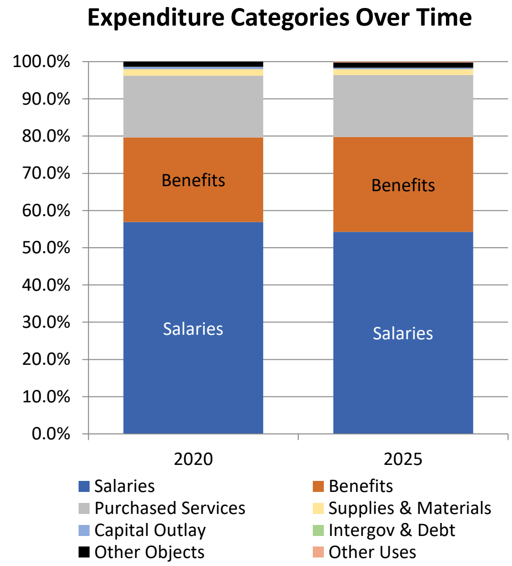


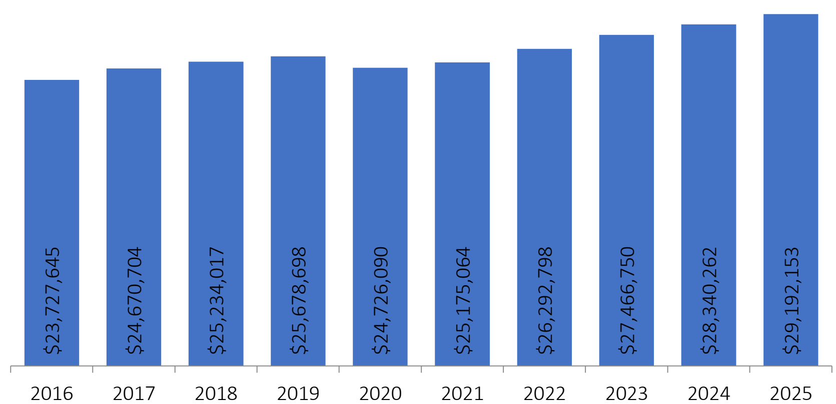


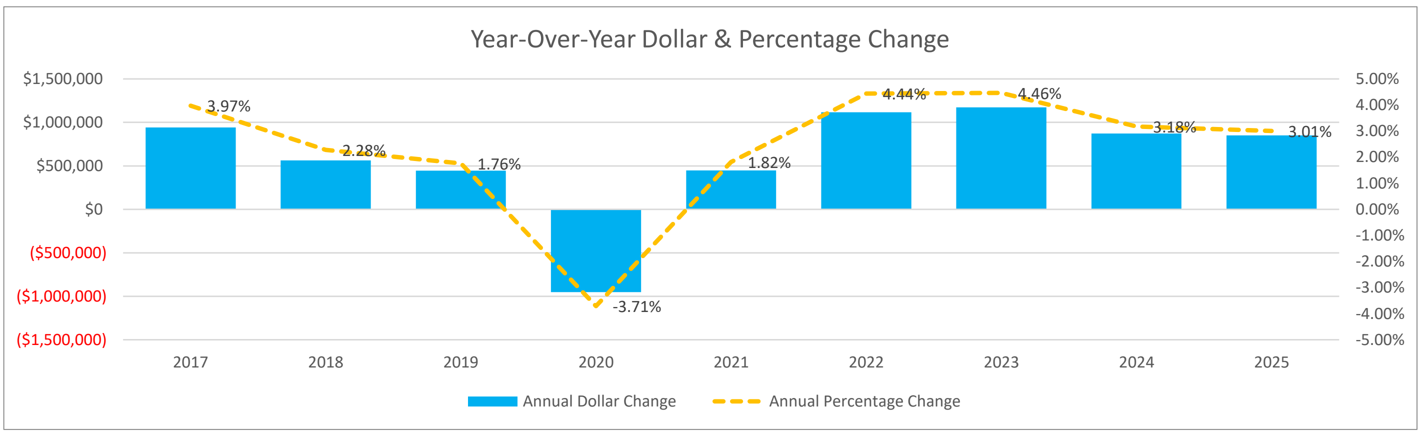
		FORECASTED				
	2020	2021	2022	2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-

Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district receipted $0 as advances-in and is projecting advances of $0 in FY 2021. The district is projecting that all other financing sources will be $0 in FY 2021 and average $0 annually through FY 2025.

Expenditure Categories and Forecast Year-Over-Year Projected Overview







3-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
Salaries	($170,566)	$354,745	$525,310
Benefits	$65,528	$364,366	$298,838
Purchased Services	$164,287	$149,319	($14,968)
Supplies & Materials	($9,667)	$6,951	$16,618
Capital Outlay	$10,728	($7,192)	($17,920)
Intergov & Debt	$0	$0	$0
Other Objects	($41,848)	$15,024	$56,871
Other Uses	$0	$10,000	$10,000
Total Average Annual Change	$18,462	$893,213	$874,751
	0.11%	3.61%	3.50%

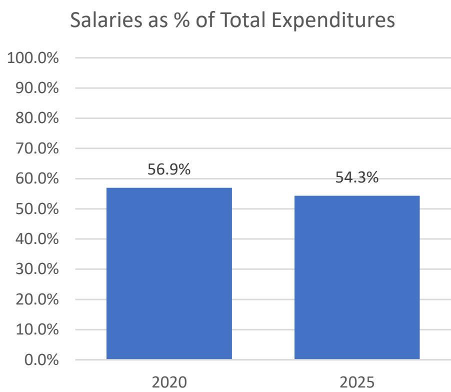
Total expenditures increased 0.11% or $18,462 annually during the past five years and is projected to increase 3.61% or $893,213 annually through FY2025. Salaries has the largest projected average annual variance compared to the historical average at $525,310.

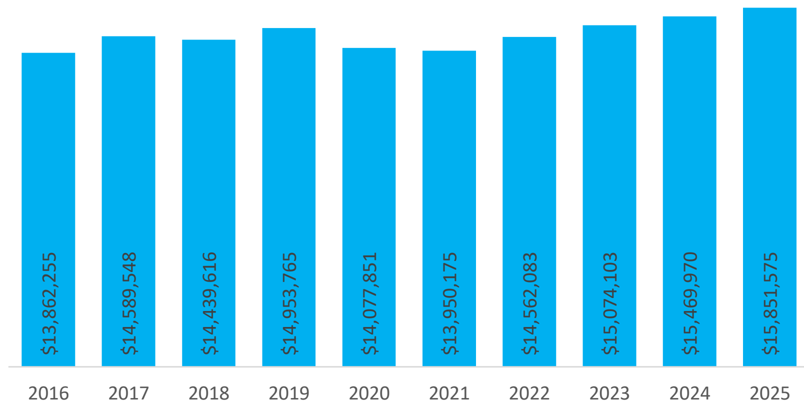
Note: Expenditure average annual change is projected to be > $893,213

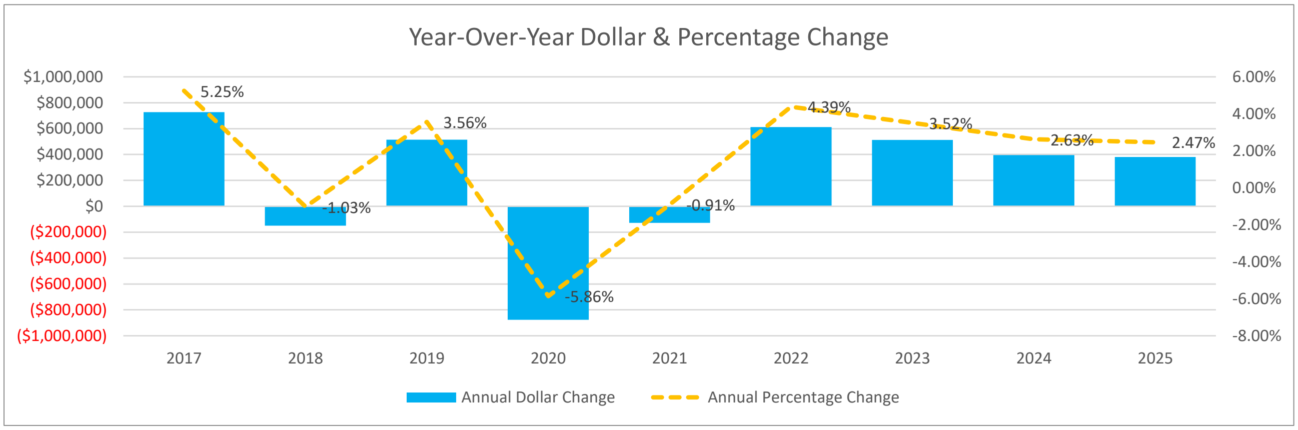
On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

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





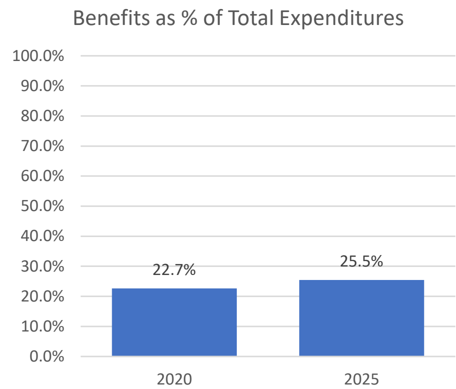


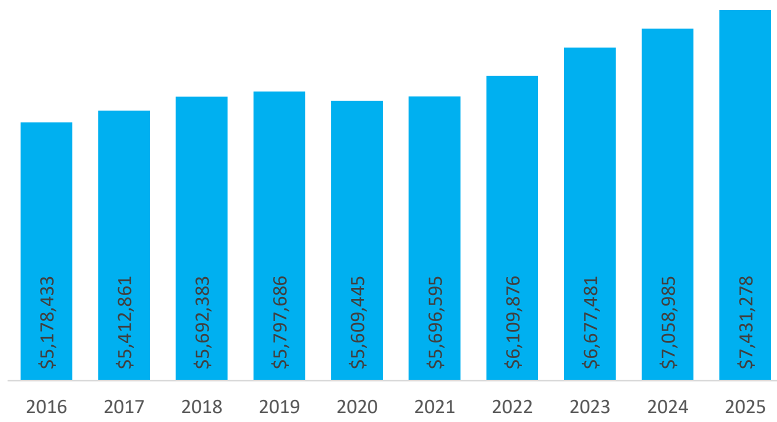
Salaries represent 56.94% of total expenditures and decreased at a historical average annual rate of -1.11% or -$170,566. This category of expenditure is projected to grow at an average annual rate of 2.42% or $354,745 through FY 2025. The projected average annual rate of change is 3.53% more than the five year historical annual average.

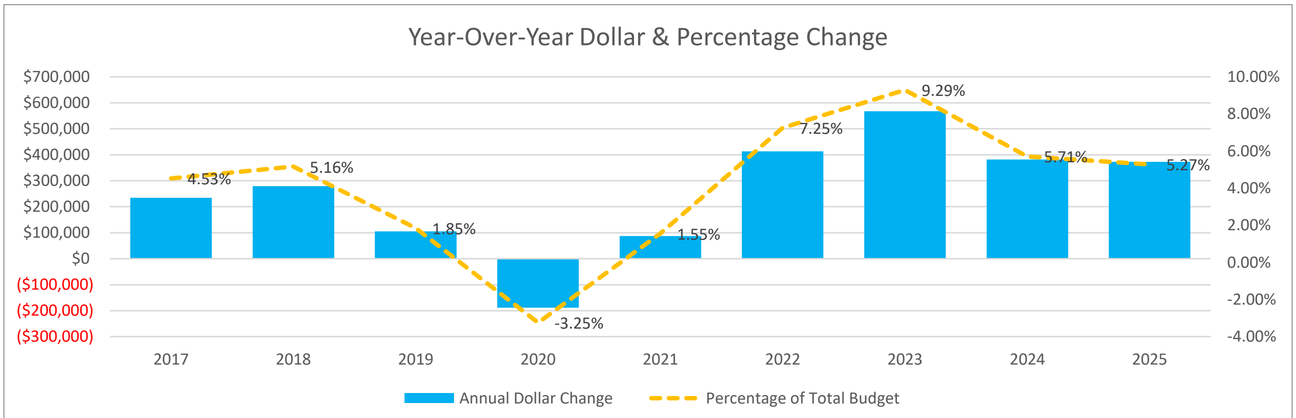
An increase of 3% to the base salaries for all staff has been negotiated and included in FY 2022. A moderately steady increase in salaries has been modeled beyond that. Due to the district's steady decline in enrollment, it would be prudent to continue examining our level of instructional staff, including support staff. A "right-sizing" through attrition and/or non-renewals in order to stabilize this line item is recommended.

3.020 - Employees' Benefits

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





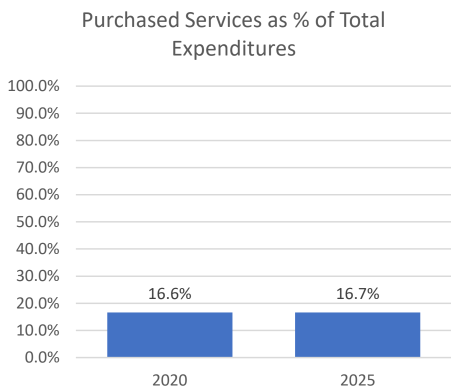


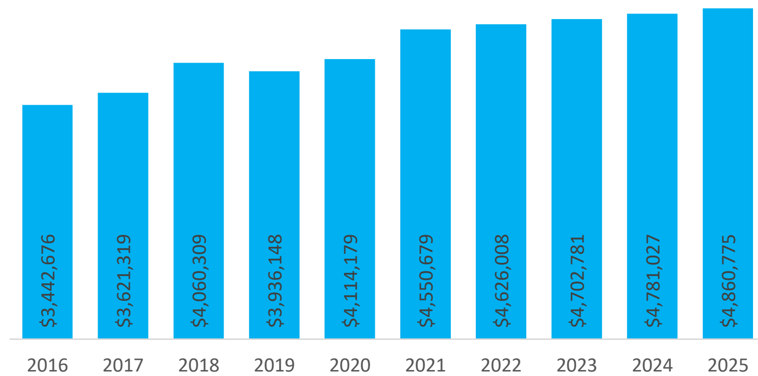
Benefits represent 22.69% of total expenditures and increased at a historical average annual rate of 1.26% This category of expenditure is projected to grow at an annual average rate of 5.82% through FY 2025. The projected average annual rate of change is 4.56% more than the five year historical annual average.

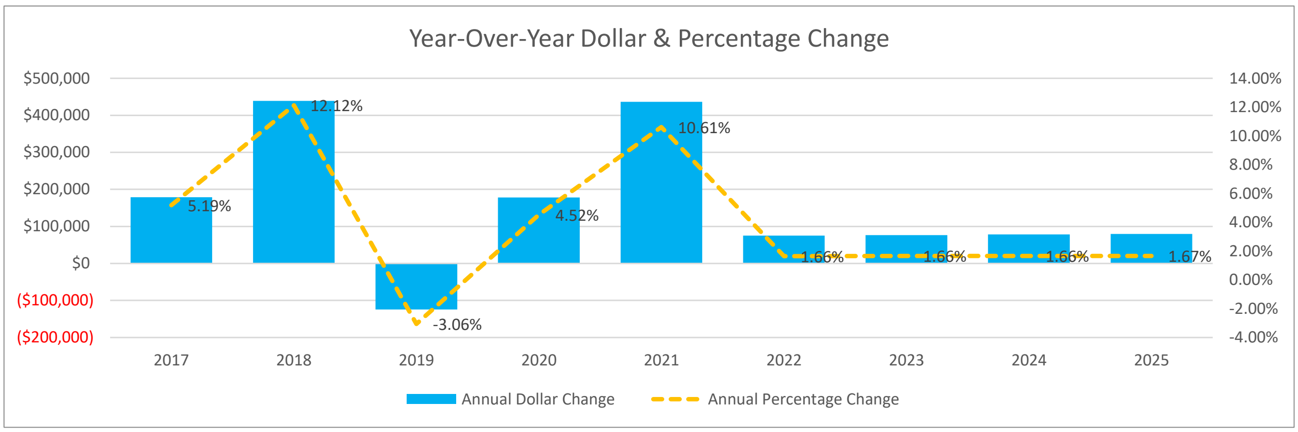
Quite a bit of this category is driven by salaries. Therefore, as salaries increase, so does employee benefits. This category also includes insurance benefits costs. A small portion of the savings from the budget cuts of the summer of 2019 was offset by a 19% increase to medical insurance rates and a 5% increase to dental insurance rates effective in April 2020. The district was forced to make another increase to medical insurance rates in the amount of 16% effective April 2021. These increases effected the Five-Year Forecast beginning in FY 2021, which can be seen in the graph above.

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.





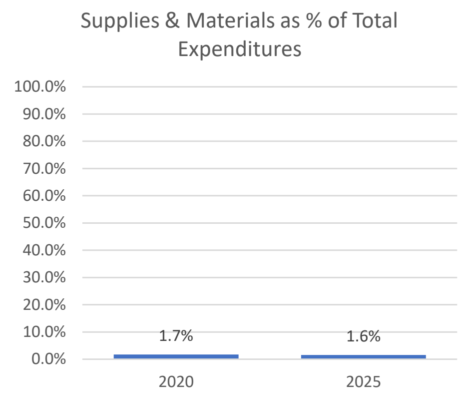


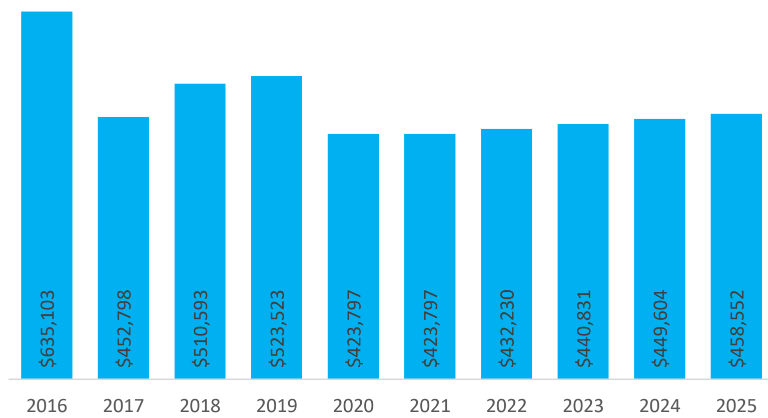
Purchased Services represent 16.64% of total expenditures and increased at a historical average annual rate of 4.53%. This category of expenditure is projected to grow at an annual average rate of 3.45% through FY 2025. The projected average annual rate of change is -1.08% less than the five year historical annual average.

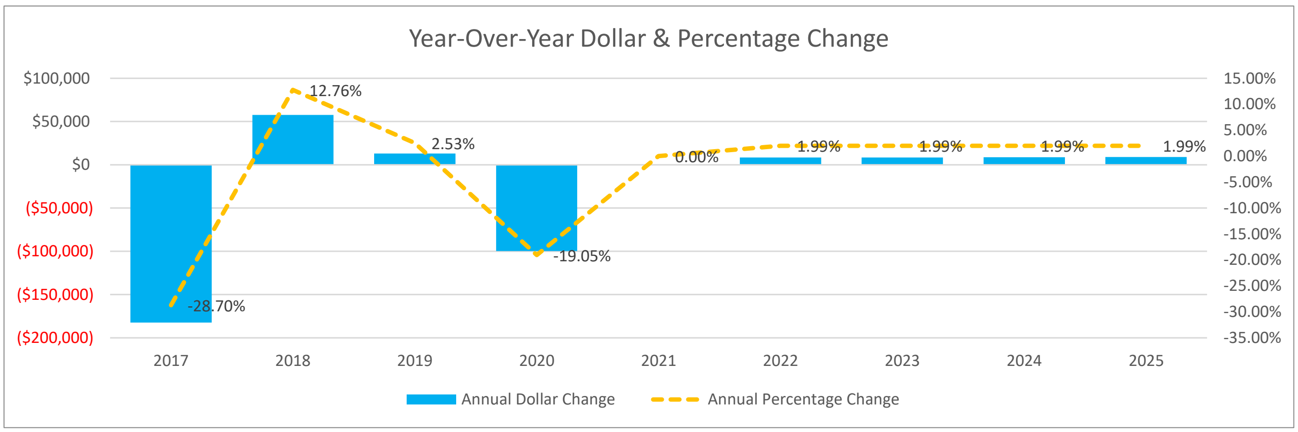
Most items in Purchased Services were increased an average of 2-3%.

3.040 - Supplies & Materials

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





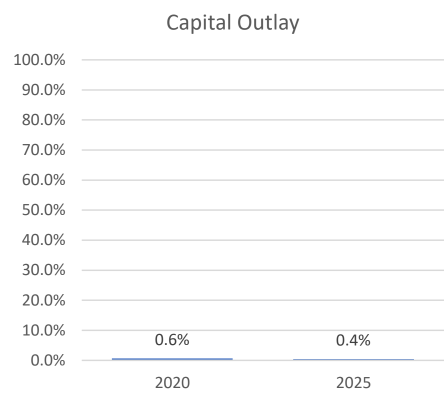


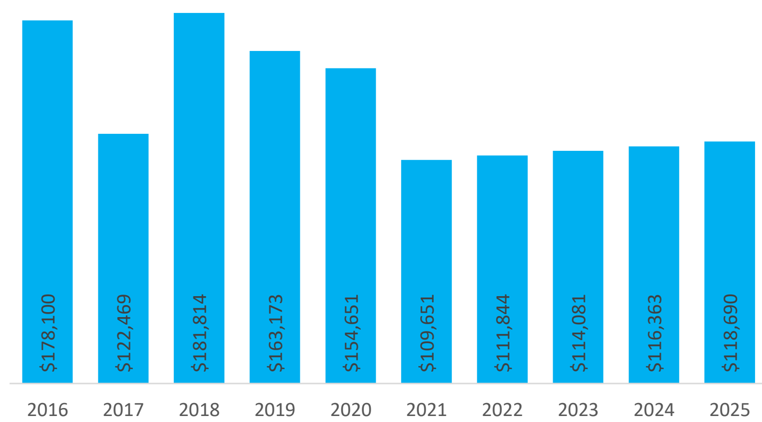
Supplies & Materials represent 1.71% of total expenditures and decreased at a historical average annual rate of -1.25%. This category of expenditure is projected to grow at an annual average rate of 1.59% through FY 2025. The projected average annual rate of change is 2.84% more than the five year historical annual average.

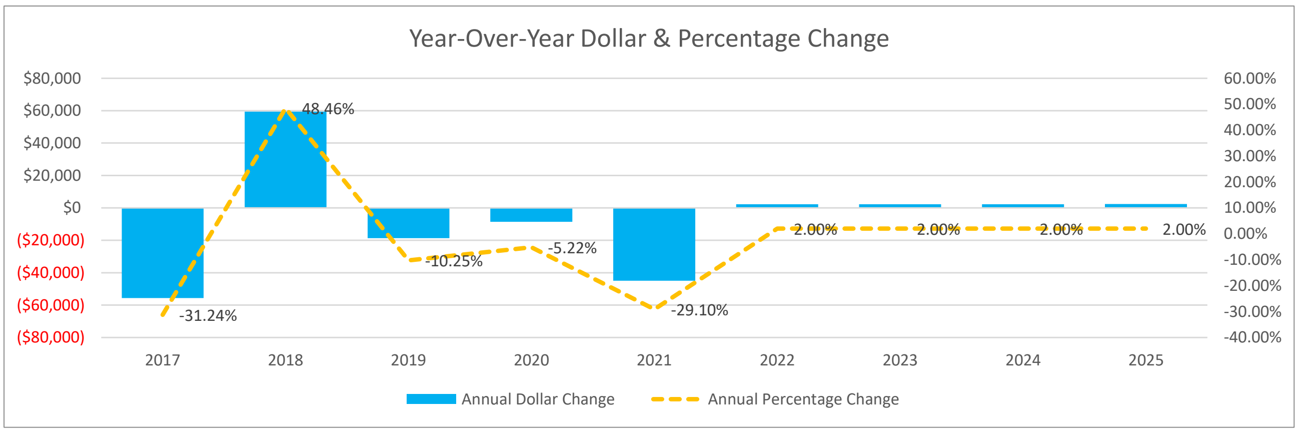
The district continues to strictly monitor expenses. An average increase of 2% has been modeled in this category for FY 2022 and beyond.

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.





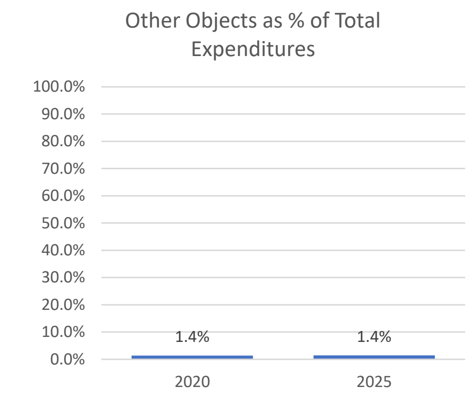


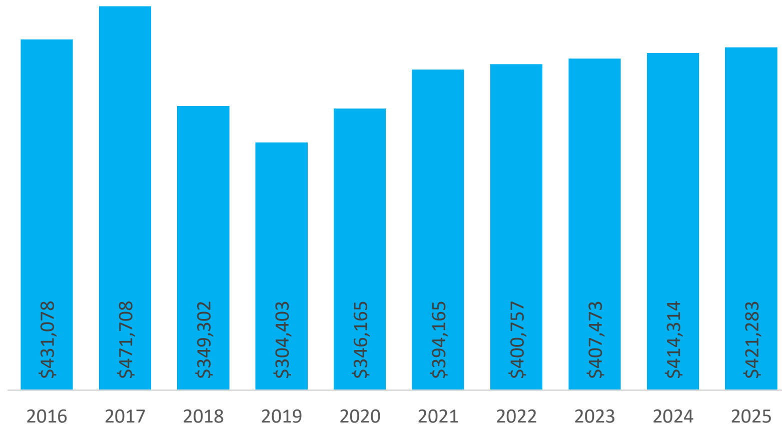
Capital Outlay represent 0.63% of total expenditures and increased at a historical average annual amount of $10,728. This category of expenditure is projected to decrease at an annual average amount of -$7,192 through FY 2025. The projected average annual change is less than the five year historical annual average.

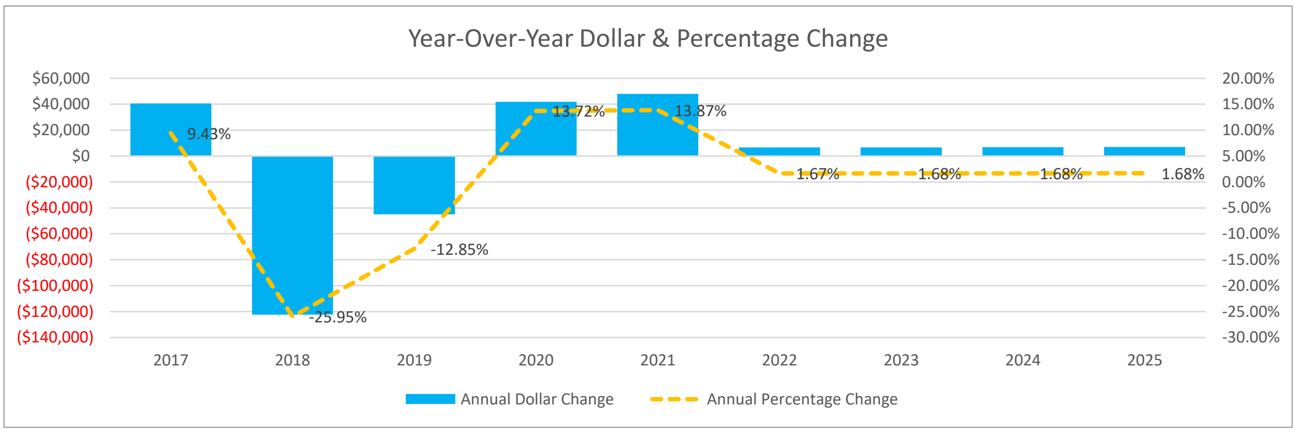
An average increase of 2% was modeled for FY 2022 and beyond.

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 1.40% of total expenditures and decreased at a historical average annual rate of -8.36%. This category of expenditure is projected to grow at an annual average rate of 4.12% through FY 2025. The projected average annual rate of change is 12.48% more than the five year historical annual average.

Bellefontaine City School District

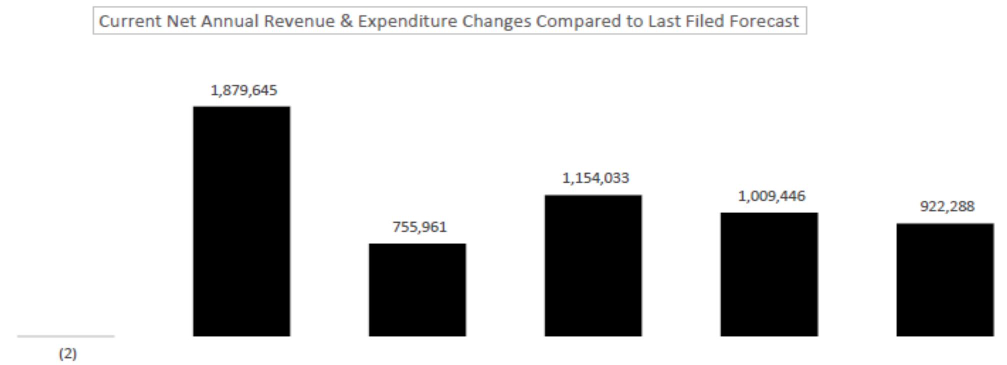
Five Year Forecast

	Actual	FORECASTED				
Fiscal Year:	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	7,698,435	9,196,148	8,117,233	8,347,774	7,941,839	7,956,501
1.020 - Public Utility Personal Property	652,606	740,577	756,213	772,452	780,209	818,894
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	13,865,498	13,960,092	14,516,367	14,515,088	14,513,883	14,512,627
1.040 - Restricted Grants-in-Aid	375,162	375,138	375,138	375,138	375,138	375,138
1.050 - Property Tax Allocation	784,196	844,528	814,058	776,571	739,213	739,319
1.060 - All Other Operating Revenues	1,924,534	2,129,633	1,763,963	1,791,392	1,819,762	1,849,072
1.070 - Total Revenue	25,300,431	27,246,116	26,342,972	26,578,415	26,170,044	26,251,551
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	-	-	-	-	-	-
2.070 - Total Other Financing Sources	-	-	-	-	-	-
2.080 - Total Rev & Other Sources	25,300,431	27,246,116	26,342,972	26,578,415	26,170,044	26,251,551
Expenditures:						
3.010 - Personnel Services	14,077,851	13,950,175	14,562,083	15,074,103	15,469,970	15,851,575
3.020 - Employee Benefits	5,609,445	5,696,595	6,109,876	6,677,481	7,058,985	7,431,278
3.030 - Purchased Services	4,114,179	4,550,679	4,626,008	4,702,781	4,781,027	4,860,775
3.040 - Supplies and Materials	423,797	423,797	432,230	440,831	449,604	458,552
3.050 - Capital Outlay	154,651	109,651	111,844	114,081	116,363	118,690
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	346,165	394,165	400,757	407,473	414,314	421,283
4.500 - Total Expenditures	24,726,090	25,125,064	26,242,798	27,416,750	28,290,262	29,142,153
Other Financing Uses						
5.010 - Operating Transfers-Out	-	50,000	50,000	50,000	50,000	50,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	-	50,000	50,000	50,000	50,000	50,000
5.050 - Total Exp and Other Financing Uses	24,726,090	25,175,064	26,292,798	27,466,750	28,340,262	29,192,153
6.010 - Excess of Rev Over/(Under) Exp	574,341	2,071,053	50,174	(888,336)	(2,170,219)	(2,940,602)
7.010 - Cash Balance July 1 (No Levies)	6,320,317	6,894,658	8,965,711	9,015,885	8,127,549	5,957,331
7.020 - Cash Balance June 30 (No Levies)	6,894,658	8,965,711	9,015,885	8,127,549	5,957,331	3,016,729
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	6,894,658	8,965,711	9,015,885	8,127,549	5,957,331	3,016,729
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies		-	-	578,272	1,156,551	1,156,569
11.030 - Cumulative Balance of Levies	-	-	-	578,272	1,734,823	2,891,392
12.010 - Fund Bal June 30 for Cert of Obligations	6,894,658	8,965,711	9,015,885	8,705,821	7,692,154	5,908,121
Revenue from New Levies						
13.010 & 13.020 - New Levies		-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	6,894,658	8,965,711	9,015,885	8,705,821	7,692,154	5,908,121

Supplemental Page #1

Current Five Year Forecast Change to Net Operating Revenue (Line 6.01) Compared to Last Filed Forecast

Last Filed Forecast Date: 11/2020 Current Over/(Under) Prior



	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	683,924	30,884	918,295	941,932	979,890
Expenditures	(1,195,720)	(725,077)	(235,739)	(67,515)	57,602
Net Annual Change	1,879,645	755,961	1,154,033	1,009,446	922,288
As % of Budget	7.5%	2.9%	4.2%	3.6%	3.2%

5-Year Cumulative Change FY 2021 - 2025			
	5 Yr Cumulative Revenue Change		5 Yr Cumulative Expenditure Change
1.01 Real Estate	1,857,369	3.01 Salaries	(1,181,989)
1.02 Pub Utility	783,539	3.02 Benefits	(52,542)
1.03 Income Tax	-	3.03 Purchased Serv.	1,294,381
1.035,1.040 State	1,396,820	3.04 Supplies	(1,092,849)
1.05 Prop Tax Alloc.	50,917	3.05 Capital	(848,258)
1.060 All Other	(533,721)	4.3 Other Exp	(285,192)
2.xx Other Sources	-	Intergov + Debt + Other	-
Cumulative Revenue Change	3,554,924	Cumulative Expenditure Change	(2,166,449)

Net Cumulative Five-Year Change	**$5,721,373**	**Favorable**
Net Cumulative Cash Change as % of Budget	**4.19%**	

The above information represents the position of the district compared to the previous Five-Year Forecast submitted in November 2020.

As can be seen, the overall position of the district is anticipated to be more favorable by approximately $5.7M over the course of the five-year period being compared. The district needs to continue to be fiscally responsible in order to maintain a healthy cash balance so it can meet all debt obligations.