

**GALION CITY SCHOOL DISTRICT-CRAWFORD 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  
Galion City School District  
Treasurer's Office  
Charlene Parkinson, Treasurer  
November 17, 2020**

**Galion City School District – Crawford County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**November 17, 2020**

**Introduction to the Five Year Forecast**

For fiscal year 2021 (July 1, 2020 – June 30, 2021) school districts in Ohio 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, 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.

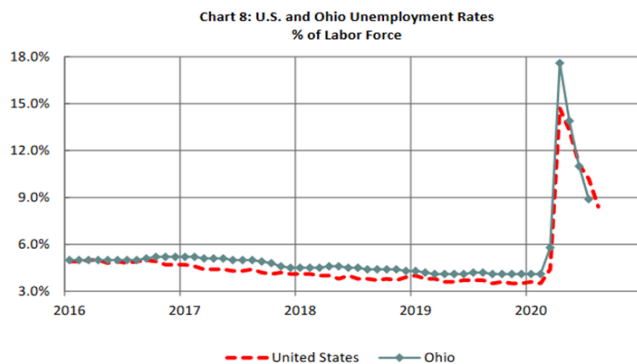
Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2020 filing.

**Economic Outlook**

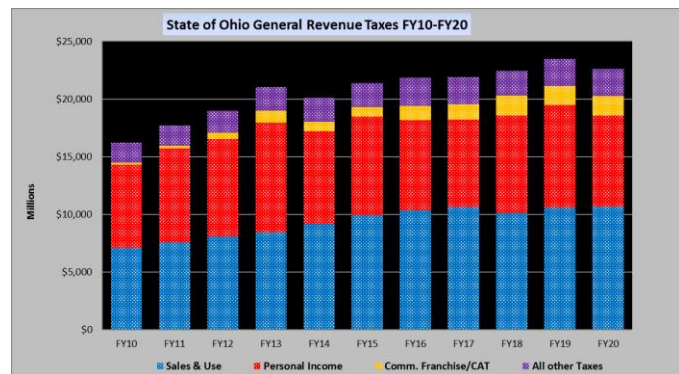
It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of 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.

The state of 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 \$1.1 billion or 4.6% under estimated tax revenues and \$866 million below actual FY19 tax revenues. Note that roughly \$441.5 million 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 \$865.1 million under estimated expenses. The state ended in essentially a balanced position in FY20 with revenues equaling expense with the cuts and has maintained the \$2.7 billion in the Budget Stabilization Fund. Through August 2020 the state of Ohio bottom-line is \$389 million 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 8.4% in September 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 the state of Ohio's overall economy is rebounding and should be able to maintain stable funding through the foundation program through 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 us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

- 1) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions student wellness and success funding and enrollment growth supplement funds: Student Wellness and Success is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. The Governor of Ohio has assured districts that these funds will continue after FY22. We do not receive enrollment growth supplement money.
- 2) While state funding was initially guaranteed at the FY19 level, the Coronavirus 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 school districts by \$300.5 million by the end of June 2020. Districts with less local capacity to raise revenue received a smaller percent decrease. At this time the decreases that occurred in FY20 are the basis for our district's 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) The State Budget represents 71.4% 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 FY22 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.
- 4) 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 28.6% of the district's resources. Collection rates for the 2<sup>nd</sup> half 2020 collection did not show sharp declines due to increased delinquencies resulting from the COVID-19 crisis. We believe there is a low risk that local collections would fall below projections in the forecast.

5) Being in three different counties can pose many challenges in determining the increases or decreases in values. Crawford County had a reappraisal in 2018 and an update in 2021. Morrow and Richland counties had a reappraisal in 2017 with an update occurring in 2020. Crawford's reappraisal provided an increase in values overall of \$14.76 million or 9.35%. Additionally, we estimate their update in 2021 to provide an increase in values overall of \$4.87 million or 2.82%. Morrow and Richland counties reappraisal provided a decrease in overall values of \$653,240 or -.41% no doubt due to the reduction in Current Agricultural Use Values initiated by HB49. We estimate the 2020 update will provide an increase in overall values at \$1.40 million or .82%. These estimates include the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49 which represents roughly 7.8% of Residential Agricultural value. There is, however, always a minor risk that the district could sustain a reduction in values in the upcoming appraisal/reappraisal updates, but we do not anticipate that at this time.

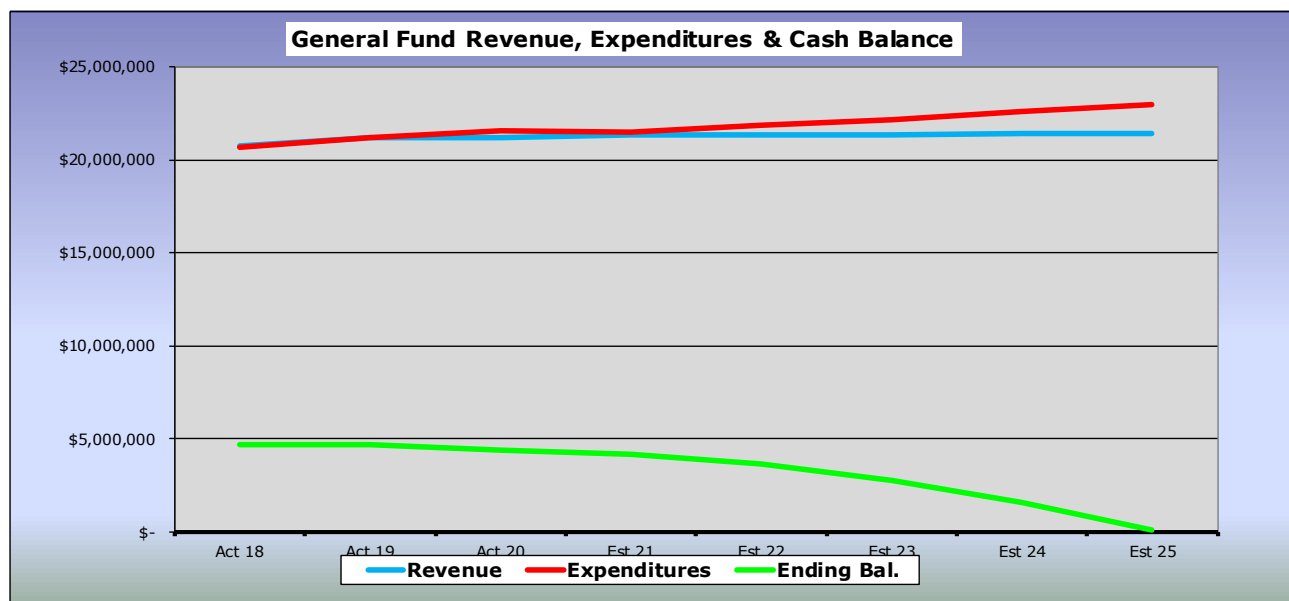
6) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was decreased to our district for this 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.

7) 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 Charlene Parkinson, Treasurer/CFO at 419.468.3432 x11003.

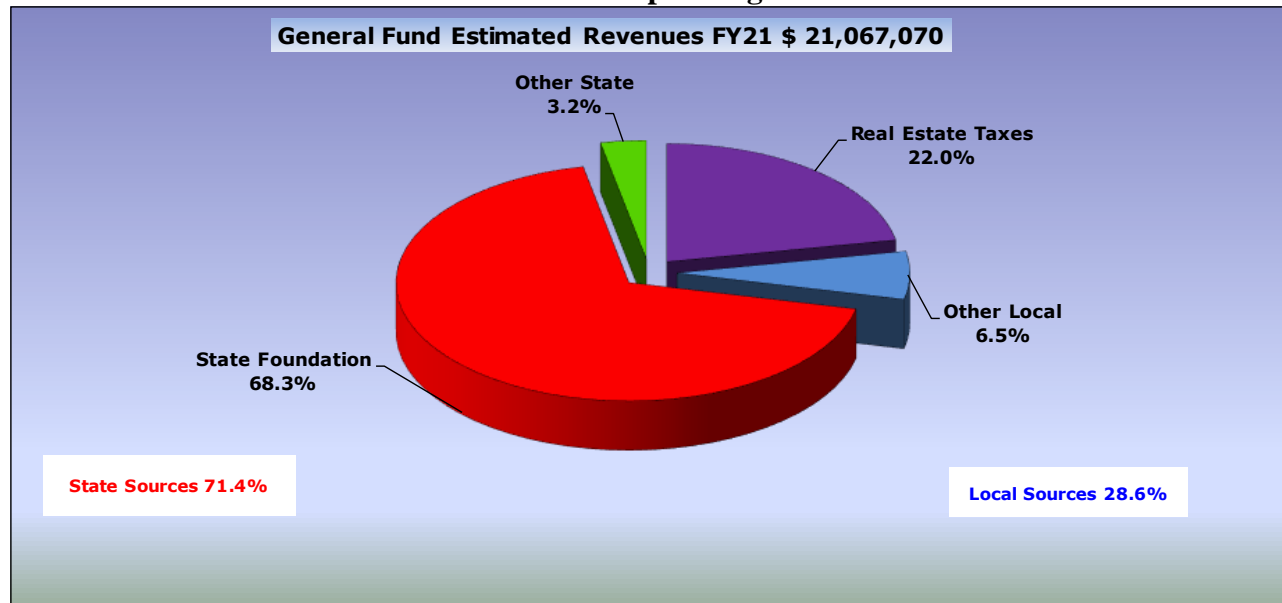
### **General Fund Revenue, Expenditure and Ending Cash Balance Actual FY18-20 and Estimated FY21-25**

The graph captures in one snapshot the operating scenario facing the District over the next few years.



## Revenue Assumptions

### Estimated General Fund Operating Revenue for 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. Crawford County experienced a reappraisal for the 2018 tax year to be collected in 2019. Residential/agricultural values increased 8.44% or \$10.93 million due to the reappraisal update led by an improving housing market. Commercial/industrial values increased 13.50% or \$3.83 million, this is an overall increase by \$14.76 million or 9.35%. Morrow and Richland counties experienced a full reappraisal in tax year 2017 to be collected in 2018. Residential/agricultural values decreased .51% or \$660,700. Commercial/industrial values increased by .03% or \$7,640, this is an overall decrease of \$653,240 or -.41%.

A reappraisal update will occur in Crawford County in 2021 for collection in 2022 for which we are estimating a 3% increase in residential and a 2% increase for commercial/industrial property. Additionally, Morrow and Richland counties will experience an update in 2020 to be collected in FY21, providing a 1% increase in residential and a 0% increase for commercial/industrial property. CAUV values represent 7.8% of Class I residential/agricultural values. HB49 authorized a reduction in CAUV computations. These reductions will occur as districts experience their next reappraisal or update cycle. We will experience this in the Tax Year 2020 update. A reduction of value has been weighted in to our average Class I value. This will cause somewhat of a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district.

### ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
Classification	COLLECT 2021	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025
Res./Ag.	\$141,556,775	\$145,833,478	\$145,863,478	\$147,352,113	\$151,802,677
Comm./Ind.	31,113,630	31,675,903	31,615,903	31,555,903	32,127,021
Public Utility Personal Property (PUPP)	5,511,900	5,761,900	6,011,900	6,261,900	6,511,900
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	<u>\$178,182,305</u>	<u>\$183,271,281</u>	<u>\$183,491,281</u>	<u>\$185,169,916</u>	<u>\$190,441,597</u>

**Estimated Real Estate Tax (Line #1.010)**

Source	FY21	FY22	FY23	FY24	FY25
General Property Taxes	<u>\$4,350,647</u>	<u>\$4,400,289</u>	<u>\$4,416,048</u>	<u>\$4,427,884</u>	<u>\$4,448,454</u>

Property tax levies are estimated to be collected at 95% of the annual amount. This allows 5% delinquency factor. Lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did not occur as advised by the County Auditor. In general, 55.60% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 44.40% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

**Levy Renewal – Line# 11.02**

Residents renewed the 7.73 mill operating levy that was expiring December 31, 2021. The levy was renewed for a five (5) year period with the last collection ending in December 31, 2026. Renewal levies do not increase taxes for the school district or cost residents additional taxes.

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**Estimated Public Utility Personal Tax – Line#1.020**

The phase out of TPP Tangible Personal Property taxes began in FY06 with HB66 adopted in June 2005 and the provisions of the legislation that general tangible personal property (TPP) tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent taxes. The amounts received below are generally all Public Utility Personal Property (PUPP) taxes which are an ongoing property tax collection. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property (Line#1.020)	<u>\$294,444</u>	<u>\$294,415</u>	<u>\$307,473</u>	<u>\$320,530</u>	<u>\$333,588</u>

**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 FY22 through FY25 as we have nothing authoritative to rely on at this time.

**May 6, 2020 Foundation Reduction and HB164**

In FY20 the Governor ordered a reduction of state foundation funding by \$300.5 million 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. At this time the state funding for FY21 is being reduced \$231,355 from the FY19 amount, which is the same cut received in FY20. This is a combined reduction of \$462,710.



### **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 \$250 million in FY20 and \$358 million 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 FY21 proposed funding ranges from \$25 per student to \$300 per student. Our district is estimated to receive \$556,258 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 recoding qualified General Fund expenses that is servicing student needs as identified in 3317.26 (B) and our approved plan to Fund 467 for FY20 and FY21. The Governor of Ohio has assured districts these funds will continue in future state budgets. We will continue to fund these initiatives in Fund 467 through FY25. The General Fund reflects the reduction of purchased services below in Line 3.03 for FY20 through FY25.

**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 (Note reductions only for regular schools not CTC's) for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level FY22 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 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

Due to the COVID-19 casinos were closed from March 12, to June 18, 2020. We are reducing the amount of funding in FY21 by 40% then increasing the amount in FY22 by 30%, FY23 by 25% and 2% in FY24-FY25 as we go through the next few years we will adjust as the funding information is available. Prior to COVID-19 closure, casino revenues were not growing robustly as originally predicted but were still growing as the economy improved. Original projections for FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We believe it will be FY23 or FY24 before revenues return to the post COVID-19 level.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Basic Aid-Unrestricted	\$13,301,166	\$13,516,146	\$13,516,146	\$13,516,146	\$13,516,146
Additional Aid Items	322,246	322,246	322,246	322,246	322,246
Basic Aid-Unrestricted Subtotal	13,623,412	13,838,392	13,838,392	13,838,392	13,838,392
Ohio Casino Commission ODT	<u>56,494</u>	<u>57,523</u>	<u>72,208</u>	<u>72,076</u>	<u>71,934</u>
Total Unrestricted State Aid Line # 1.035	<u>\$13,679,906</u>	<u>\$13,895,915</u>	<u>\$13,910,600</u>	<u>\$13,910,468</u>	<u>\$13,910,326</u>

### **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. The district has elected to

post their state Gifted Supplement as restricted aid. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25.

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	\$476,271	\$476,271	\$476,271	\$476,271	\$476,271
Career Tech	136,790	136,790	136,790	136,790	136,790
Gifted Supplement	87,739	87,739	87,739	87,739	87,739
Total Restricted State Revenues Line #1.040	<u>\$700,800</u>	<u>\$700,800</u>	<u>\$700,800</u>	<u>\$700,800</u>	<u>\$700,800</u>

### C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY21-25.

Summary of State Foundation Revenues	FY21	FY22	FY23	FY24	FY25
Unrestricted Line # 1.035	\$13,679,906	\$13,895,915	\$13,910,600	\$13,910,468	\$13,910,326
Restricted Line # 1.040	700,800	700,800	700,800	700,800	700,800
Restricted Federal - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$14,380,706</u>	<u>\$14,596,715</u>	<u>\$14,611,400</u>	<u>\$14,611,268</u>	<u>\$14,611,126</u>

### State Taxes Reimbursement/Property Tax Allocation – Line #1.050

#### 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.

#### Summary of State Tax Reimbursement – Line #1.050

Source	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead	\$664,404	\$650,878	\$652,815	\$653,816	\$656,288
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$664,404</u>	<u>\$650,878</u>	<u>\$652,815</u>	<u>\$653,816</u>	<u>\$656,288</u>

### 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 for court placed students, pay to participate fees, student fees, and general rental fees. Beginning in FY21 interest is expected to decline due to fed rate reductions resulting from the COVID-19 recession which will impact our earning capability in this area. Other income and rentals are expected to be lower due to COVID-19 restrictions and lower utilization. All other revenues are expected to continue on historic trends.



Source	FY21	FY22	FY23	FY24	FY25
Open Enrollment Gross	\$738,034	\$745,414	\$752,868	\$760,397	\$768,001
Interest	35,508	35,508	35,508	35,508	35,508
Medicaid	218,632	220,815	223,020	225,247	227,496
Tuitions	114,071	115,212	116,364	117,528	118,703
Other Income and rentals	<u>270,624</u>	<u>270,624</u>	<u>270,624</u>	<u>270,624</u>	<u>270,624</u>
Total Line # 1.060	<u>\$1,376,869</u>	<u>\$1,387,573</u>	<u>\$1,398,384</u>	<u>\$1,409,304</u>	<u>\$1,420,332</u>

### Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short term borrowing planned for in this forecast at this time from any sources.

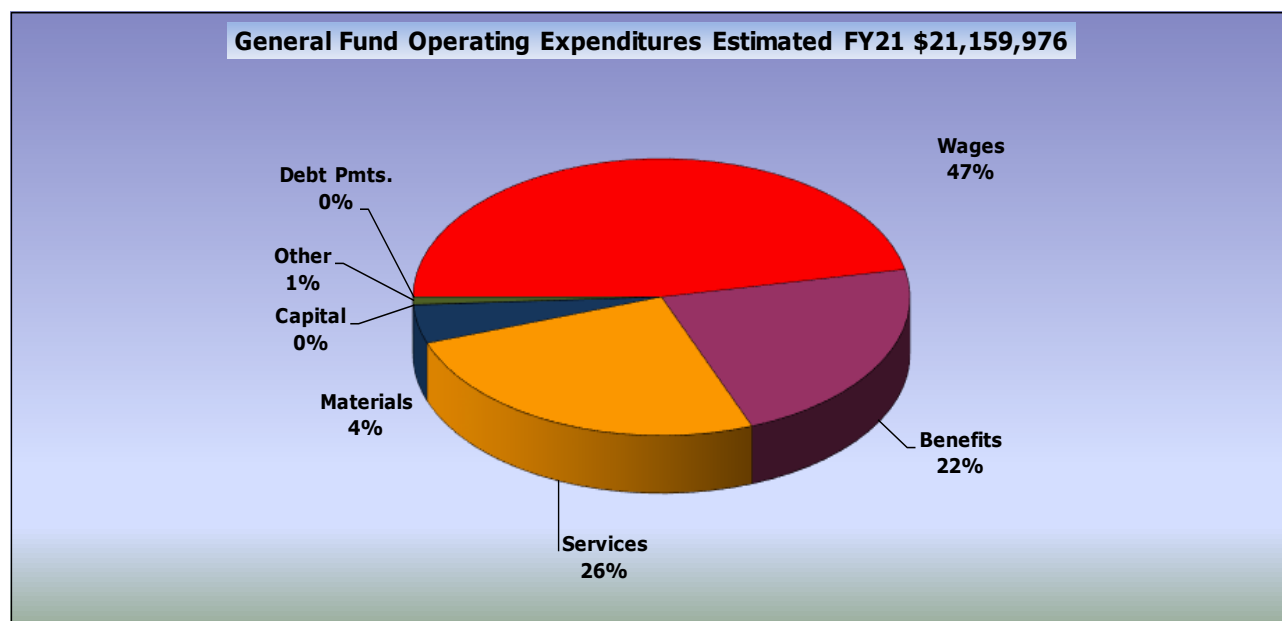
### All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable and we will not project that occurring in the remainder of the forecast. We have received two (2) BWC refunds in FY21 totaling \$292,847. These amount are unpredictable year to year and are not projected FY22 through FY25.

### 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.

### Estimated General Fund Operating Expenditures for FY21



### Wages – Line #3.010

The District is implementing a “pause” in all hiring relating to attrition, for fiscal year 2021 a salary/benefits reduction of \$500,000 is reflected that is attributable to several positions being absorbed and not replaced. As of May, 2019 the Galion Board of Education entered into a three (3) year agreement with the Galion Education Association and with the Ohio Association of Public School Employees. The financial impact of these two contracts are fully recognized in this forecast submission. The forecast represents salary increases based upon negotiated “step increases” per the collective bargaining agreements with the Galion Education Association and the Ohio Association of Public Employees that end August 14, 2022 and June 30, 2022 respectively.

Negotiations with bargaining unit members resulted in an agreement through FY22 that provides for base increases of 3% and 2.5% for FY21 and FY22 respectively. For planning purposes a 0% base amount has been used for FY23-25.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Wages	\$9,655,818	\$9,577,051	\$9,520,707	\$9,663,518	\$9,808,471
Steps & Training	144,837	143,656	142,811	144,953	147,127
Substitutes	216,000	216,000	216,000	216,000	216,000
Supplementals	351,750	351,750	351,750	351,750	351,750
Staff Reductions/Attrition	(465,000)	(200,000)	0	0	0
Total Wages Line 3.010	<u>\$9,903,405</u>	<u>\$10,088,457</u>	<u>\$10,231,268</u>	<u>\$10,376,221</u>	<u>\$10,523,348</u>

### **Fringe Benefits Estimates Line 3.02**

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

#### **A) STRS/SERS**

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System 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. It is exclusively used to fund health care.

#### **B) Insurance**

The District participates in the Wyandot-Crawford Health Benefit Plan (Plan) to provide major medical, prescription and dental coverage for participating employees. The Plan is a public entity shared risk pool. The Plan pays all claims for covered participants and provides for stop loss coverage for claims in excess of \$200,000. Major medical claims are reviewed by the District on a monthly basis and analyzed daily by the Plan administrator. We are estimating rate increases of 3.0% for FY21, 4% for FY22, 4.6% for FY23 and 5% for FY24-25 which reflects trend and the likely increase in health care costs. This is based on our current employee census and claims data. Renewal occurs January 1 each year.

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

#### **C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to be about .05% of wages FY21– FY25. Unemployment is expected to remain at a very low level FY21-FY25. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

#### **D) Medicare**

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. 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.

**Estimated Fringe Benefits – Line #3.020**

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
A) STRS/SERS	\$1,724,430	\$1,747,581	\$1,765,602	\$1,790,894	\$1,816,565
B) Insurance's	2,768,493	2,831,233	2,961,470	3,109,544	3,265,021
C) Workers Comp/Unemployment	50,517	51,442	52,156	52,881	53,617
D) Medicare	143,876	149,631	155,616	161,841	168,315
Other/Tuition	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Line 3.020	<u>\$4,712,316</u>	<u>\$4,804,887</u>	<u>\$4,959,844</u>	<u>\$5,140,160</u>	<u>\$5,328,518</u>

**Purchased Services – Line #3.030**

Purchased Services comprise 25% of the total District Expenditure budget. Of this total amount, approximately 34% are controllable by the district including professional fees (legal, property and casualty insurance, lease payments), data and telecommunication fees, and physical plant expenditures (utilities, trash/snow removal). These expenses are forecast at a minimal increases year over year, FY21-FY25 based on historical trends.

The largest component of Purchased Services is comprised of expenditures for Open Enrollment, Community Schools, Educational Service Center charges, and Scholarships/Tuitions and fees associated with the Office of Exceptional Children requirements. These expenses are only marginally controllable by the District. The new State Level biennium budget provides for a category of funding called Student Wellness. Expenses related to student wellness, previously recorded to the District General Fund, that will be recorded FY20 through FY25 to Fund 467 which assumes these funds continue in future state budgets. This will result in a decrease in purchased services.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Services	\$99,930	\$99,930	\$100,929	\$101,938	\$102,957
Excess Cost County ESC	462,365	466,989	471,659	476,376	481,140
Open Enrollment Deduction-477	1,266,610	1,279,276	1,292,069	1,304,990	1,318,040
Community School Deductions-478	1,064,510	1,069,833	1,075,182	1,080,558	1,085,961
Tuition, CC+ and Ed Scholarship-479	537,323	542,696	548,123	553,604	559,140
Professional Support 41x	989,250	989,250	999,143	1,009,134	1,019,225
Building Maintenance Repairs 42x	398,214	402,196	406,218	410,280	414,383
Utilities	577,072	582,843	588,671	594,558	600,504
Total Line 3.030	<u>\$5,395,274</u>	<u>\$5,433,013</u>	<u>\$5,481,994</u>	<u>\$5,531,438</u>	<u>\$5,581,350</u>

**Supplies and Materials – Line #3.040**

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Supplies	\$571,277	\$571,277	\$571,277	\$571,277	\$571,277
Textbooks	97,632	97,632	97,632	97,632	97,632
Building Maintenance	99,053	99,053	99,053	99,053	99,053
Transportation	<u>181,963</u>	<u>182,873</u>	<u>183,787</u>	<u>184,706</u>	<u>185,630</u>
Total Line 3.040	<u>\$949,925</u>	<u>\$950,835</u>	<u>\$951,749</u>	<u>\$952,668</u>	<u>\$953,592</u>

**Equipment – Line # 3.050**

These items are projected at a minimal increase year over year 2021-2025. In addition the District has projected a small amount in capital outlays to plan for the disposition and replacement of aging equipment such as lawn mowers, hydraulic lift jacks and other related machinery to maintain a District of 60 acres of land and various facilities totaling 325,000 square feet. The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Capital Outlay	<u>\$11,250</u>	<u>\$36,750</u>	<u>\$13,750</u>	<u>\$38,750</u>	<u>\$15,750</u>
Total Line 3.050	<u>\$11,250</u>	<u>\$36,750</u>	<u>\$13,750</u>	<u>\$38,750</u>	<u>\$15,750</u>

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 1% increase is projected in this area.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
County Auditor & Treasurer Fees	\$137,726	\$139,103	\$140,494	\$141,899	\$143,318
County ESC	10,000	10,000	10,000	10,000	10,000
Other expenses	<u>40,080</u>	<u>41,282</u>	<u>42,520</u>	<u>43,796</u>	<u>45,110</u>
Total Line 4.300	<u>\$187,806</u>	<u>\$190,385</u>	<u>\$193,014</u>	<u>\$195,695</u>	<u>\$198,428</u>

**Transfers Out/Advances Out – Line# 5.010**

Amounts in this category reflect transfers from the general fund to the following funds, Permanent Improvement, Severance, High School Athletics and Campus Wear. The District does not have a voter approved Permanent Improvement Levy, but the required year-end balance in the Permanent Improvement Fund, per House Bill 59, is approximately \$360,000.

Each year all Casino receipts, estimated at approximately \$90,000 per year, are transferred to the Permanent Improvement Fund. It is anticipated that the COVID-19 pandemic will have a negative impact on Casino Revenues for the next few years. In addition, provisions have been made in Fiscal 2021-2025 to transfer funds to Permanent Improvement to cover the costs of school buses, network and uninterrupted power source components, overhead projectors, one to one devices for students, maintenance vehicles, Heise Park improvements including bleachers, press box and running track and District parking lots.

Severance costs are also included as operating transfers out to minimize the impact on the general fund for retirements and other expenses associated with the termination of employment. Lastly the District has a campus wide dress code and provides financial support for those families who are not able to afford the approved dress code attire.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Operating Transfers Out Line #5.010	\$385,000	\$385,000	\$385,000	\$385,000	\$385,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$385,000</u>	<u>\$385,000</u>	<u>\$385,000</u>	<u>\$385,000</u>	<u>\$385,000</u>

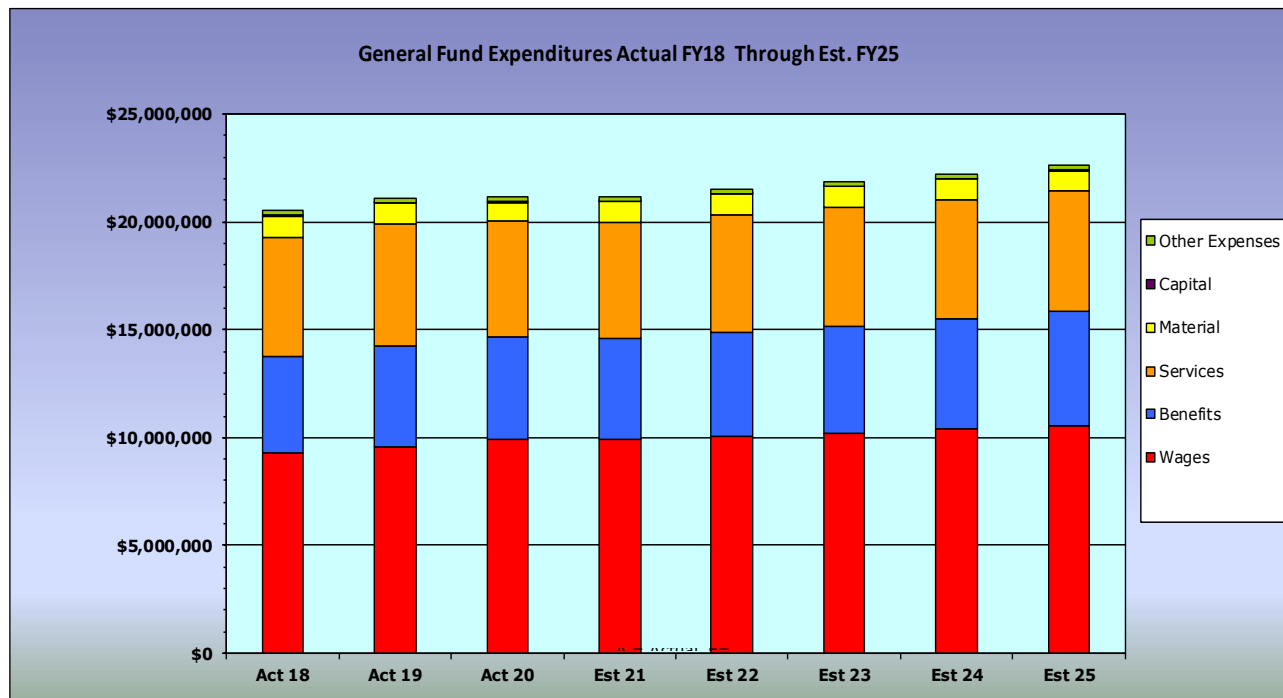
**Encumbrances –Line#8.010**

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.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Estimated Encumbrances	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

### Operating Expenditures Actual FY18 through FY20 and Estimated FY21-FY25

As the graph on the following page indicates, 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 “The Bottom-line”– 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. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Ending Unencumbered Cash Balance	<u>\$4,159,457</u>	<u>\$3,600,000</u>	<u>\$2,769,501</u>	<u>\$1,572,371</u>	<u>\$56,173</u>

### 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. The graph below includes revenue assuming the renewal levy is approved.

## Ending Unencumbered Cash Balance in True Cash Days

