

**HUBER HEIGHTS CITY SCHOOL DISTRICT  
MONTGOMERY 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 2025**



**Forecast Provided By  
Huber Heights City School District  
Treasurer's Office  
Gina M. Gagliano, CPA, Treasurer/CFO  
(937) 237 – 4126**

*November 12, 2020*

# Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;

Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$ 25,135,533	\$ 25,377,479	\$ 25,971,944	1.65%	\$24,502,948	\$25,918,350	\$25,951,617	\$25,984,909	\$26,018,228	
1.020 Tangible Personal Property	889,693	884,563	941,756	2.94%	990,033	1,019,158	1,048,283	1,077,408	1,106,533	
1.035 Unrestricted State Grants-in-Aid	34,793,555	35,987,742	35,123,144	0.51%	35,026,958	36,022,923	36,094,649	36,096,709	36,098,779	
1.040 Restricted State Grants-in-Aid	1,248,186	1,150,597	949,385	-12.65%	949,381	949,381	949,381	949,381	949,381	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	0	0	0	0.00%	0	0	0	0	0	
1.050 Property Tax Allocation	3,986,418	3,964,848	4,313,901	4.13%	4,004,985	4,037,994	4,044,132	4,050,272	4,056,416	
1.060 All Other Revenues	4,298,181	4,554,607	4,924,955	7.05%	3,908,222	3,570,674	3,577,835	3,585,113	3,592,507	
1.070 <b>Total Revenues</b>	<b>70,351,566</b>	<b>71,919,836</b>	<b>72,225,085</b>	<b>1.33%</b>	<b>69,382,527</b>	<b>71,518,480</b>	<b>71,665,897</b>	<b>71,743,792</b>	<b>71,821,844</b>	
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	0	0	0	0.00%	0	0	0	0	0	
2.020 State Emergency Loans and Advancements (Approved)	0	0	0	0.00%	0	0	0	0	0	
2.040 Operating Transfers-In	812,005	0	0	0.00%	0	0	0	0	0	
2.050 Advances-In	348,092	701,704	524,000	38.13%	1,095,650	300,000	300,000	300,000	300,000	
2.060 All Other Financing Sources	75,006	10,562	422	-90.96%	0	0	0	0	0	
2.070 <b>Total Other Financing Sources</b>	<b>1,235,103</b>	<b>712,266</b>	<b>524,422</b>	<b>-34.35%</b>	<b>1,095,650</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>71,586,669</b>	<b>72,632,102</b>	<b>72,749,507</b>	<b>0.81%</b>	<b>70,478,177</b>	<b>71,818,480</b>	<b>71,965,897</b>	<b>72,043,792</b>	<b>72,121,844</b>	
<b>Expenditures</b>										
3.010 Personal Services	34,162,768	35,949,847	37,734,650	5.10%	40,991,624	42,797,514	44,545,167	46,336,331	48,172,091	
3.020 Employees' Retirement/Insurance Benefits	12,799,177	13,405,178	15,408,436	9.84%	17,832,045	17,793,269	18,996,539	20,288,086	21,678,542	
3.030 Purchased Services	10,366,405	10,011,029	9,509,791	-4.22%	9,897,949	10,091,497	10,178,570	10,270,999	10,368,888	
3.040 Supplies and Materials	1,543,458	1,542,418	1,507,836	-1.15%	2,984,227	2,407,119	2,419,201	2,431,645	2,444,463	
3.050 Capital Outlay	17,064	324,774	337,475	903.59%	161,284	166,123	171,107	176,240	181,527	
3.060 Intergovernmental	0	0	0	0.00%	0	0	0	0	0	
Debt Service:				0.00%						
4.010 Principal-All (Historical Only)	0	0	0	0.00%	0	0	0	0	0	
4.020 Principal-Notes	0	0	0	0.00%	0	0	0	0	0	
4.030 Principal-State Loans	0	0	0	0.00%	0	0	0	0	0	
4.040 Principal-State Advancements	0	0	0	0.00%	0	0	0	0	0	
4.050 Principal-HB 264 Loans	0	0	0	0.00%	0	0	0	0	0	
4.055 Principal-Other	0	0	0	0.00%	0	0	0	0	0	
4.060 Interest and Fiscal Charges	0	0	0	0.00%	0	0	0	0	0	
4.300 Other Objects	2,900,251	3,074,338	2,734,746	-2.52%	2,498,994	2,605,682	2,717,063	2,833,346	2,954,751	
4.500 <b>Total Expenditures</b>	<b>61,789,123</b>	<b>64,307,584</b>	<b>67,232,934</b>	<b>4.31%</b>	<b>74,366,123</b>	<b>75,861,204</b>	<b>79,027,647</b>	<b>82,336,647</b>	<b>85,800,262</b>	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	912,005	100,000	165,000	-12.02%	100,000	100,000	100,000	100,000	100,000	
5.020 Advances-Out	701,704	524,000	1,095,650	41.88%	300,000	300,000	300,000	300,000	300,000	
5.030 All Other Financing Uses	0	152	(10,873)	0.00%	0	0	0	0	0	
5.040 <b>Total Other Financing Uses</b>	<b>1,613,709</b>	<b>624,152</b>	<b>1,249,777</b>	<b>19.46%</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>63,402,832</b>	<b>64,931,736</b>	<b>68,482,711</b>	<b>3.94%</b>	<b>74,766,123</b>	<b>76,261,204</b>	<b>79,427,647</b>	<b>82,736,647</b>	<b>86,200,262</b>	
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>8,183,837</b>	<b>7,700,366</b>	<b>4,266,796</b>	<b>-25.25%</b>	<b>(4,287,946)</b>	<b>(4,442,723)</b>	<b>(7,461,750)</b>	<b>(10,692,855)</b>	<b>(14,078,418)</b>	
7.010 <b>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</b>	<b>37,954,155</b>	<b>46,137,992</b>	<b>53,838,358</b>	<b>19.13%</b>	<b>58,105,154</b>	<b>53,817,208</b>	<b>49,374,485</b>	<b>41,912,735</b>	<b>31,219,880</b>	
7.020 <b>Cash Balance June 30</b>	<b>46,137,992</b>	<b>53,838,358</b>	<b>58,105,154</b>	<b>12.31%</b>	<b>53,817,208</b>	<b>49,374,485</b>	<b>41,912,735</b>	<b>31,219,880</b>	<b>17,141,462</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>583,032</b>	<b>954,884</b>	<b>660,134</b>	<b>16.46%</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>45,554,960</b>	<b>52,883,474</b>	<b>57,445,020</b>	<b>12.36%</b>	<b>53,217,208</b>	<b>48,774,485</b>	<b>41,312,735</b>	<b>30,619,880</b>	<b>16,541,462</b>	
<b>Revenue from Replacement/Renewal Levies</b>										
11.010 Income Tax - Renewal	0	0	0	0.00%	0	0	0	0	0	
11.020 Property Tax - Renewal or Replacement	0	0	0	0.00%	0	0	0	0	0	
11.300 <b>Cumulative Balance of Replacement/Renewal Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>45,554,960</b>	<b>52,883,474</b>	<b>57,445,020</b>	<b>12.36%</b>	<b>53,217,208</b>	<b>48,774,485</b>	<b>41,312,735</b>	<b>30,619,880</b>	<b>16,541,462</b>	

**Huber Heights City School District-Montgomery County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**November 12, 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.

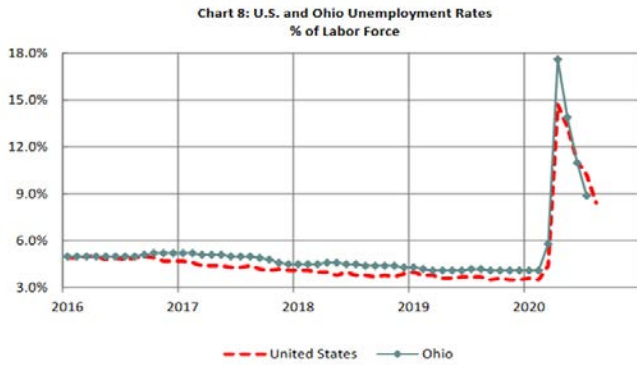
Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2020 filing.

**Economic Outlook**

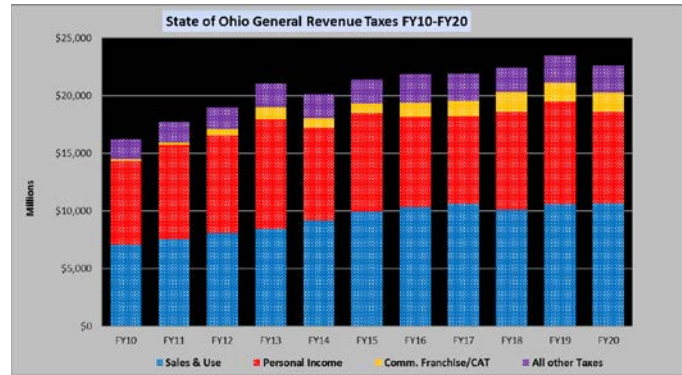
It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of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

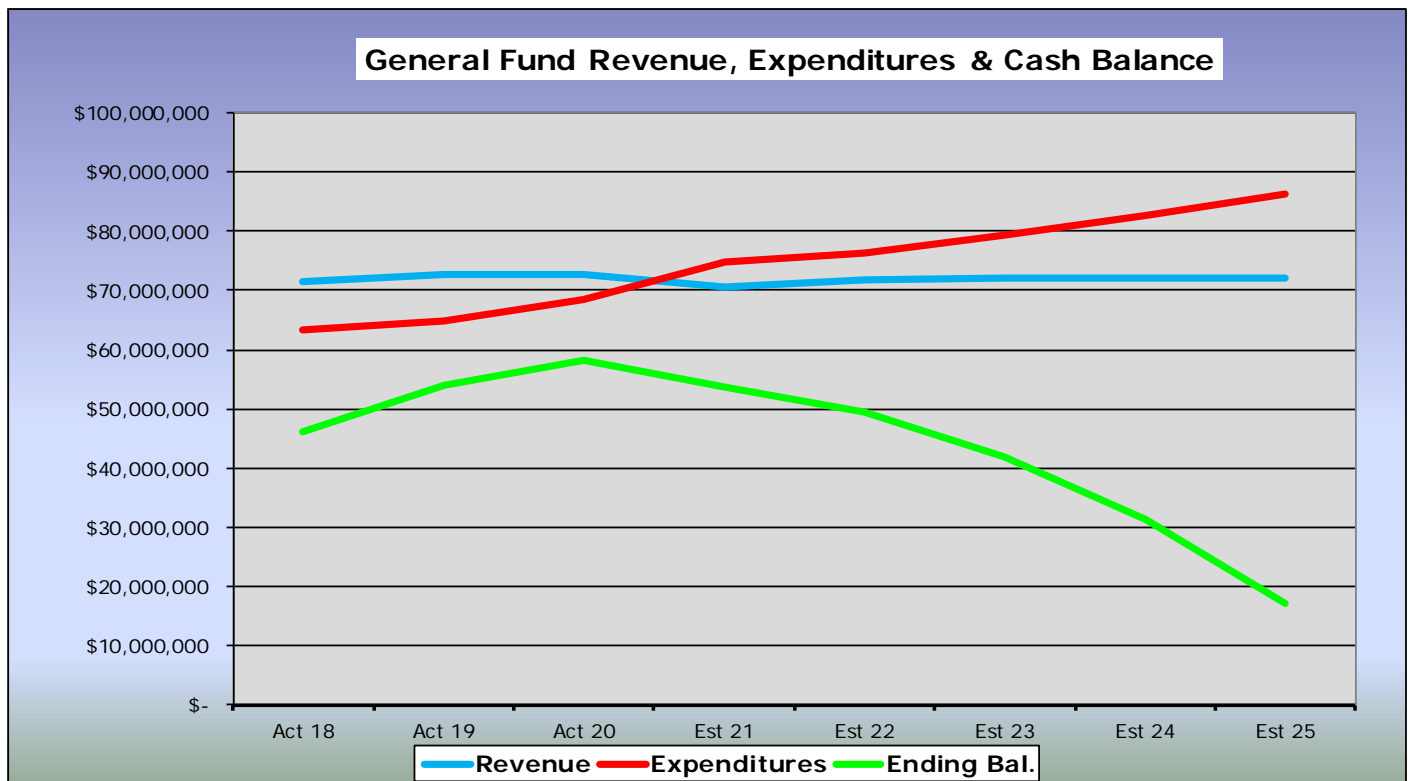
- I. Montgomery County went through an appraisal update in tax year 2017 the values on which 2018 tax collections were based. Class I values increased \$29.6 million to a total value of \$566 million and Class II values decreased \$3.4 million to a value of \$123 million as a result of the 2017 appraisal update. A reappraisal update will take place during calendar year 2020. An 8.46% increase in property value is projected as a result of the reappraisal update.
- II. 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. We have assumed this money will not continue after FY22. Enrollment Growth Supplement money is paid to a small number of growing districts. Our district is estimated to receive enrollment growth money for FY21 and will treat it as guaranteed FY22-25.
- III. 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. Many higher wealth districts saw more than a 6% decrease in state funding resulting in the Ohio legislature to approve HB164 effective June 19, 2020 that ensured no district received a cut to funding more than 6%. At this time the decreases that occurred in FY20 are the basis for districts state funding in FY21. We do not feel that there will be further cuts in FY21 as the economy is rebounding from the sharp drop in employment in March and April 2020 and state tax revenues are rebounding. We believe Ohio’s economy will continue to improve and that FY22-25 will see funding returned to the FY19 levels. We will not project an increase beyond the FY19 levels.
- IV. The State Budget represents 58% 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.

- V. 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 not increased to our district for this biennium budget. These are examples of school choice programs that increase with each biennium budget and cost the district money. Expansion or creation of programs such as these can expose 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.
- VI. Labor relations in the district have been amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

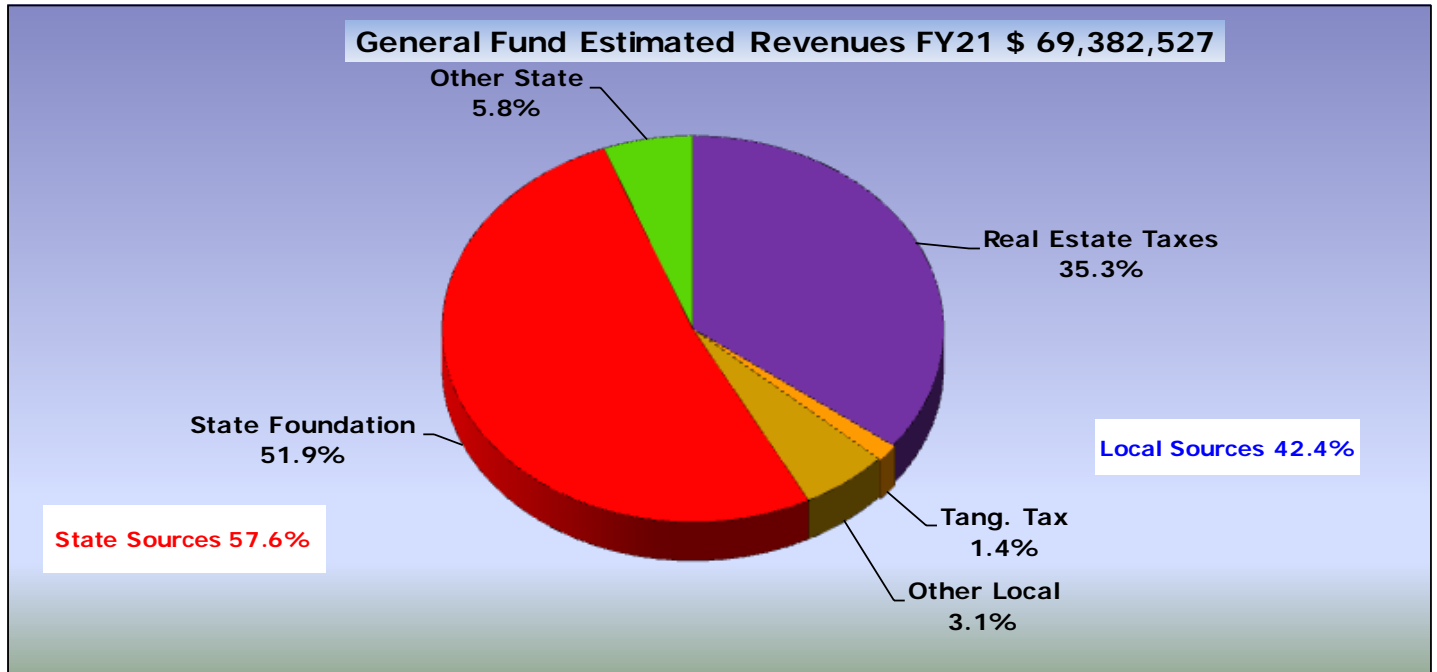
If you would like further information please feel free to contact me – Ms. Gina Gagliano, Treasurer/CFO of Huber Heights City School District at 937-237-4126.

### General Fund Revenue, Expenditure and Ending Cash Balance



**Revenue Assumptions**

**Estimated General Fund Revenues**



**Real Estate Value Assumptions – Line # 1.010**

Property Values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. Montgomery County went through an appraisal update in tax year 2017 which was collected in 2018. Class I values increased \$29.6 million to a total value of \$566 million and Class II values decreased \$3.4 million to a value of \$123 million. Montgomery County will go through a reappraisal update in calendar year 2020. A 8.46% increase in property values is projected as a result of the reappraisal updated. We are projecting tax values will remain steady through 2024.

HB49 authorized a reduction in CAUV computations that will result in CAUV values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. CAUV values represent less than 1% of the District’s Class I residential agricultural values, therefore there will be no significant effect on our tax payers or tax revenues.

**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.	\$618,550,514	\$619,200,514	\$619,850,514	\$620,500,514	\$621,150,514
Comm./Ind.	129,054,990	128,754,990	128,454,990	128,154,990	127,854,990
Public Utility Personal Property (PUPP)	17,246,280	17,746,280	18,246,280	18,746,280	19,246,280
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	<u>\$764,851,784</u>	<u>\$765,701,784</u>	<u>\$766,551,784</u>	<u>\$767,401,784</u>	<u>\$768,251,784</u>

## ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Estimated Property Taxes	<u>\$24,502,948</u>	<u>\$25,918,350</u>	<u>\$25,951,617</u>	<u>\$25,984,909</u>	<u>\$26,018,228</u>

Property tax levies are estimated to be collected at 97.75% of the annual amount. This allows a 2.25% delinquency. Typically, 53.9% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 46.1% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

## Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

## New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

## Estimated Tangible Personal Tax – Line#1.020

The phase out of tangible personal property tax (TPP) began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in this line at Public Utility Personal Property taxes which are collected at the districts gross tax rates not subject to reduction factors.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Tangible Personal Property Tax	<u>\$990,033</u>	<u>\$1,019,158</u>	<u>\$1,048,283</u>	<u>\$1,077,408</u>	<u>\$1,106,533</u>

## Other Local Revenues – Line #1.060

Tuition is forecasted to increase slightly for fiscal years 2020 through 2024. The District also received payments in lieu of taxes (TIF payments) from various companies in order to alleviate the loss of property taxes. These payments are expected to increase slightly across the forecast. Interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY21 interest in FY21. FY22-25 was reduced by another 50% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. The remaining other local revenue sources are expected to remain constant from FY21 to FY25.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Tuition SF-14 & SF-14H	\$974,344	\$979,216	\$984,112	\$989,033	\$993,978
Interest	696,219	348,110	344,629	341,183	337,771
TIF & PILOT Payments	568,892	574,581	580,327	586,130	591,991
Student Fees	142,567	142,567	142,567	142,567	142,567
Medicaid, other Income and rentals	<u>1,526,200</u>	<u>1,526,200</u>	<u>1,526,200</u>	<u>1,526,200</u>	<u>1,526,200</u>
Total Line # 1.060	<u>\$3,908,222</u>	<u>\$3,570,674</u>	<u>\$3,577,835</u>	<u>\$3,585,113</u>	<u>\$3,592,507</u>

## State Taxes Reimbursement/Property Tax Allocation

### a) Rollback and Homestead Reimbursement

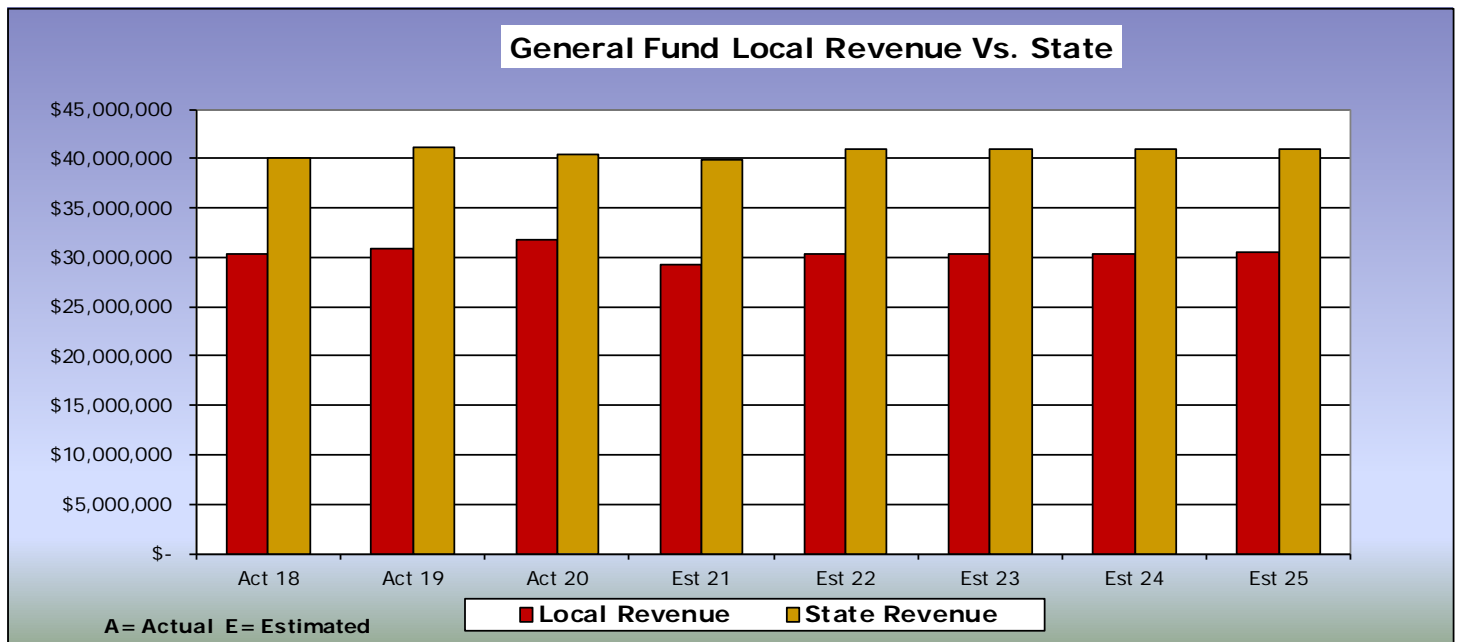
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged to residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59.

Homestead Exemptions are also 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 over age 65 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 slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

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

Source	FY 21	FY 22	FY 23	FY 24	FY 25
a) Rollback and Homestead	\$4,004,985	\$4,037,994	\$4,044,132	\$4,050,272	\$4,056,416
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$4,004,985</u>	<u>\$4,037,994</u>	<u>\$4,044,132</u>	<u>\$4,050,272</u>	<u>\$4,056,416</u>

**Comparison of Local Revenue and State Revenue**



**State Foundation Revenue Estimates**

**A) Unrestricted State Foundation Revenue – Line #1.035**

The amounts estimated for state funding are based on HB166 and HB164 following the May 6, 2020 foundation cuts. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.



## **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. HB164 reimbursed approximately 70 districts that had originally had more than 6% deducted from the state funding reduction in FY20. At this time the state funding for FY21 is being reduced \$979,564 from the FY19 amount, which is the same cut received in FY20.

## **Supplemental Funding for Student Wellness and Success (Restricted Fund 467)**

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$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 FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$1,520,576 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.

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.

**Future State Budgets:** Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. With the change to the state funding and reductions for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level through FY25. We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

## **Casino Revenue**

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). 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 was 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.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Basic Aid-Unrestricted	\$33,999,152	\$34,944,176	\$34,944,176	\$34,944,176	\$34,944,176
Additional Aid Items	836,083	836,083	836,083	836,083	836,083
Basic Aid-Unrestricted Subtotal	\$34,835,235	\$35,780,259	\$35,780,259	\$35,780,259	\$35,780,259
Ohio Casino Commission ODT	191,723	242,664	314,390	316,450	318,520
Total Unrestricted State Aid Line # 1.035	<u>\$35,026,958</u>	<u>\$36,022,923</u>	<u>\$36,094,649</u>	<u>\$36,096,709</u>	<u>\$36,098,779</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. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY21-25.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Economically Disadvantaged Aid	\$806,837	\$806,837	\$806,837	\$806,837	\$806,837
Career Tech - Restricted	142,544	142,544	142,544	142,544	142,544
Total Restricted State Revenues Line #1.040	<u>\$949,381</u>	<u>\$949,381</u>	<u>\$949,381</u>	<u>\$949,381</u>	<u>\$949,381</u>

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

No amounts are included throughout the forecast period.

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

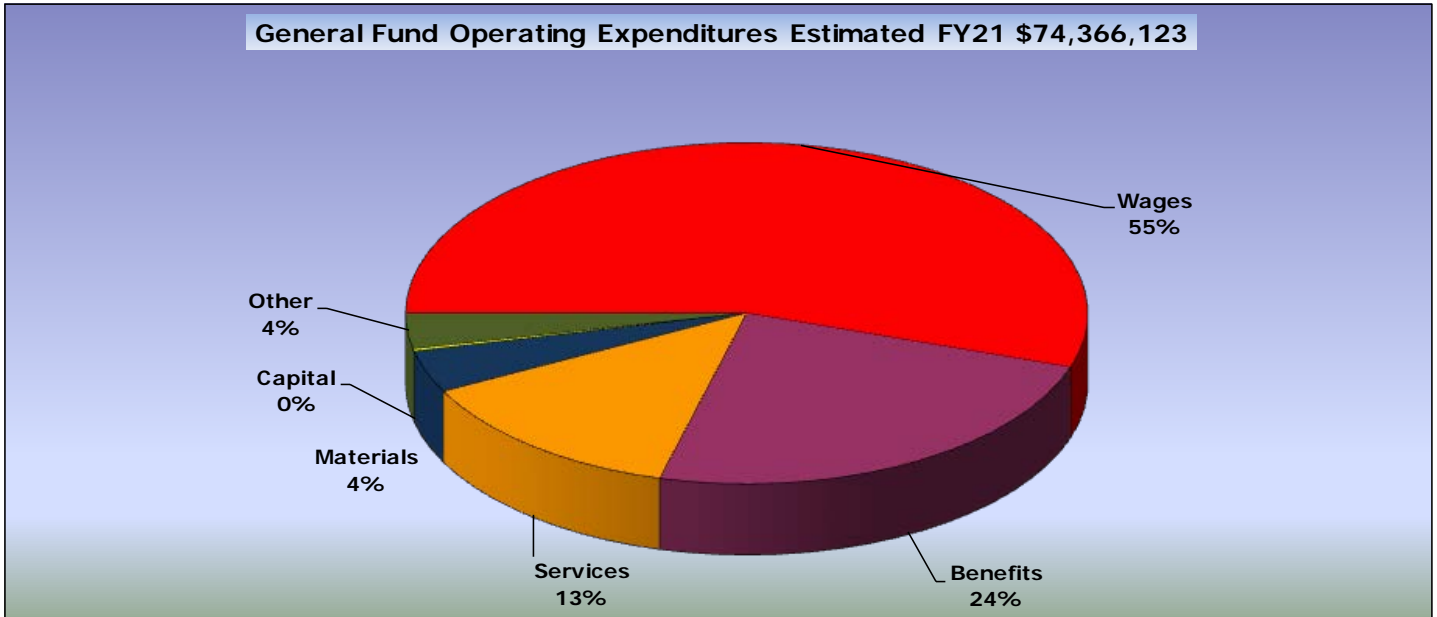
There is no short term borrowing planned for in this forecast at this time from any sources.

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

Other financing sources consist of transfers and advances. Transfers are permanent reallocation of funds and advances are those funds that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year-end.

## Expenditures Assumptions

### Estimated General Fund Expenditures



#### Wages – Line #3.010

The model reflects a base increase of 2.5% for FY 21-25. Additionally, the model reflects known or anticipated growth in FY21-FY22.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Base Wages	\$37,908,541	\$40,133,581	\$41,960,206	\$43,726,711	\$45,537,379
Steps & Training/Performance Based Pay	430,573	700,000	700,000	700,000	700,000
Growth	815,599	103,205	0	0	0
Substitutes	1,192,930	1,204,859	1,216,908	1,229,077	1,241,368
Supplementals	475,501	487,389	499,573	512,063	524,864
Severance Pay/Other Compensation	168,480	168,480	168,480	168,480	168,480
<b>Total Wages Line 3.010</b>	<b>\$40,991,624</b>	<b>\$42,797,514</b>	<b>\$44,545,167</b>	<b>\$46,336,331</b>	<b>\$48,172,091</b>

#### Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, of which all benefits except health insurance are directly related to the wages paid.

##### 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 model also includes an estimate for the annual surcharge due to the School Employees Retirement System.

**Insurance**

The estimated increase for medical and dental insurance is 7.5% for FY21 and 10% for FY22-FY25. The increases include adjustments for inflation and the most current research of where premiums will be going in the future.

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.

**B) Workers Compensation & Unemployment Compensation**

Workers Compensation is estimated at 0.7% of wages which is consistent with past forecasts. Unemployment Compensation has been negligible in the past, however, since COVID-19 we have seen our unemployment costs increase from approximately \$5000/year to more than \$300,000/year. It is anticipated to remain as such until the pandemic eases.

**C) Medicare**

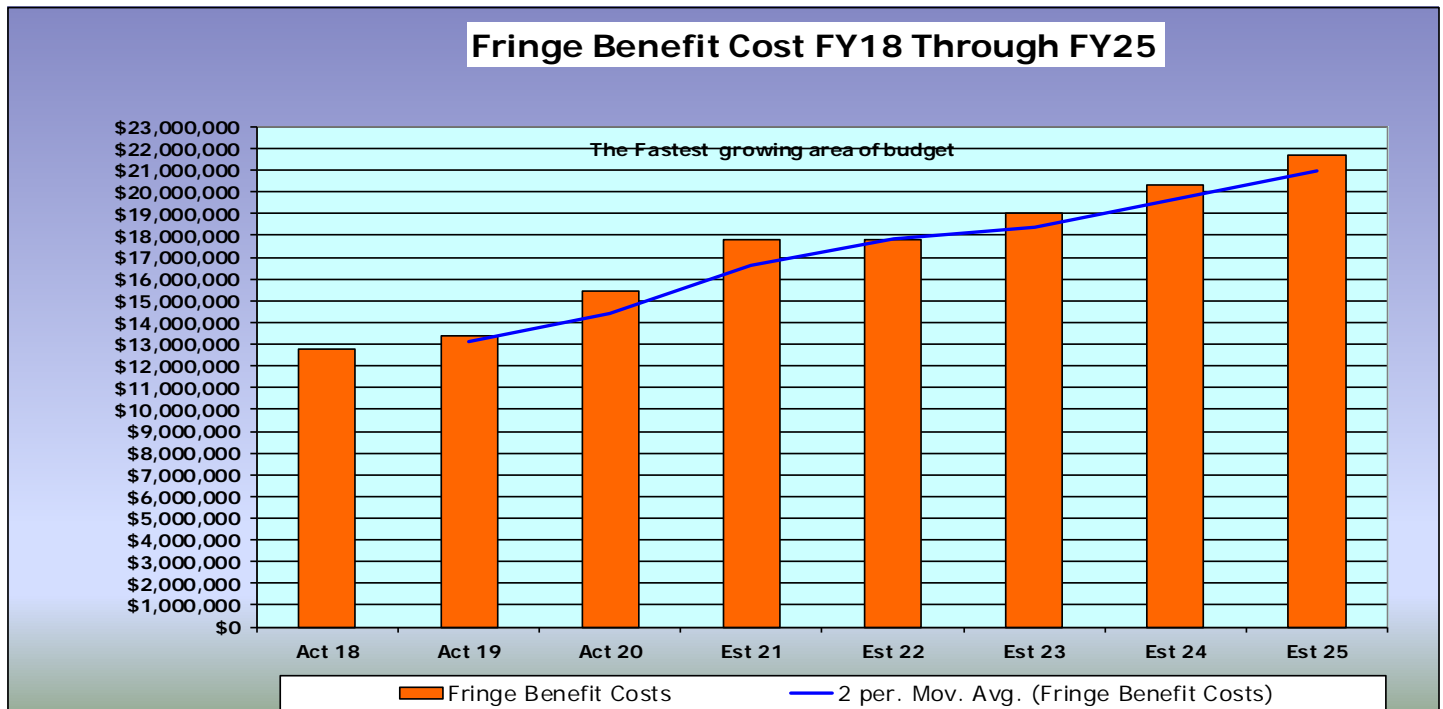
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Summary of Fringe Benefits – Line #3.020**

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
A) STRS/SERS	\$5,793,257	\$5,968,064	\$6,212,736	\$6,463,500	\$6,720,506
B) Insurance's	10,682,624	10,741,268	11,645,056	12,628,483	13,701,889
C) Workers Comp/Unemployment	761,785	463,373	492,842	524,227	557,651
D) Medicare	594,379	620,564	645,905	671,877	698,495
Total Line 3.020	<u>\$17,832,045</u>	<u>\$17,793,269</u>	<u>\$18,996,539</u>	<u>\$20,288,086</u>	<u>\$21,678,542</u>

**Fringe Benefits Actual Fiscal Year 2018 through Fiscal Year 2020 and  
Estimated Fiscal Year 2021 through Fiscal Year 2025**

The graph below notes that health care is becoming an area for which expenditures are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care.



**Purchased Services – Line #3.030**

Purchased services include expenditures for utilities, professional development and state foundation deductions for tuition-type students, including open enrollment, community school, scholarships and college credit plus. Estimates for this line item were based upon historical trends and estimated service needs. A 3-4% increase was incorporated throughout the forecast from FY21 – FY25 for inflationary purposes; with the exception of community school deduction expenditures for which the model shows a slight decrease due to the decrease in students enrolled in community schools.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Base Services	\$217,912	\$217,912	\$217,912	\$217,912	\$217,912
Professional Services	2,047,840	2,047,840	2,047,840	2,047,840	2,047,840
Open Enrollment Deduction	1,300,000	1,339,000	1,379,170	1,420,545	1,463,161
Community School Deductions	2,800,000	2,744,000	2,689,120	2,635,338	2,582,631
Other Tuition Including Ed Scholarship	1,593,000	1,640,790	1,690,014	1,740,714	1,792,935
Copier Lease	238,270	350,000	350,000	350,000	350,000
Utilities	1,241,608	1,278,856	1,317,222	1,356,739	1,397,441
Trans/Property Maintenance and Repair	459,319	473,099	487,292	501,911	516,968
<b>Total Line 3.030</b>	<b>\$9,897,949</b>	<b>\$10,091,497</b>	<b>\$10,178,570</b>	<b>\$10,270,999</b>	<b>\$10,368,888</b>

**Supplies and Materials – Line #3.040**

An overall inflation of 3.0% is being estimated for this category of expenses, as well as the District’s five year plans for technology and textbook adoptions.

Supplies, Technology & Curriculum	\$1,504,389	\$1,504,389	\$1,504,389	\$1,504,389	\$1,504,389
Textbooks	\$1,088,838	\$500,000	\$500,000	\$500,000	\$500,000
Transportation Fuel and Supplies	<u>391,000</u>	<u>402,730</u>	<u>414,812</u>	<u>427,256</u>	<u>440,074</u>
Total Line 3.040	<u>\$2,984,227</u>	<u>\$2,407,119</u>	<u>\$2,419,201</u>	<u>\$2,431,645</u>	<u>\$2,444,463</u>

**Capital Outlay – Line # 3.050**

Costs in FY 21-25 include purchasing equipment for students and staff and is based on the District’s five-year plans for bus purchases, capital improvements and technology.

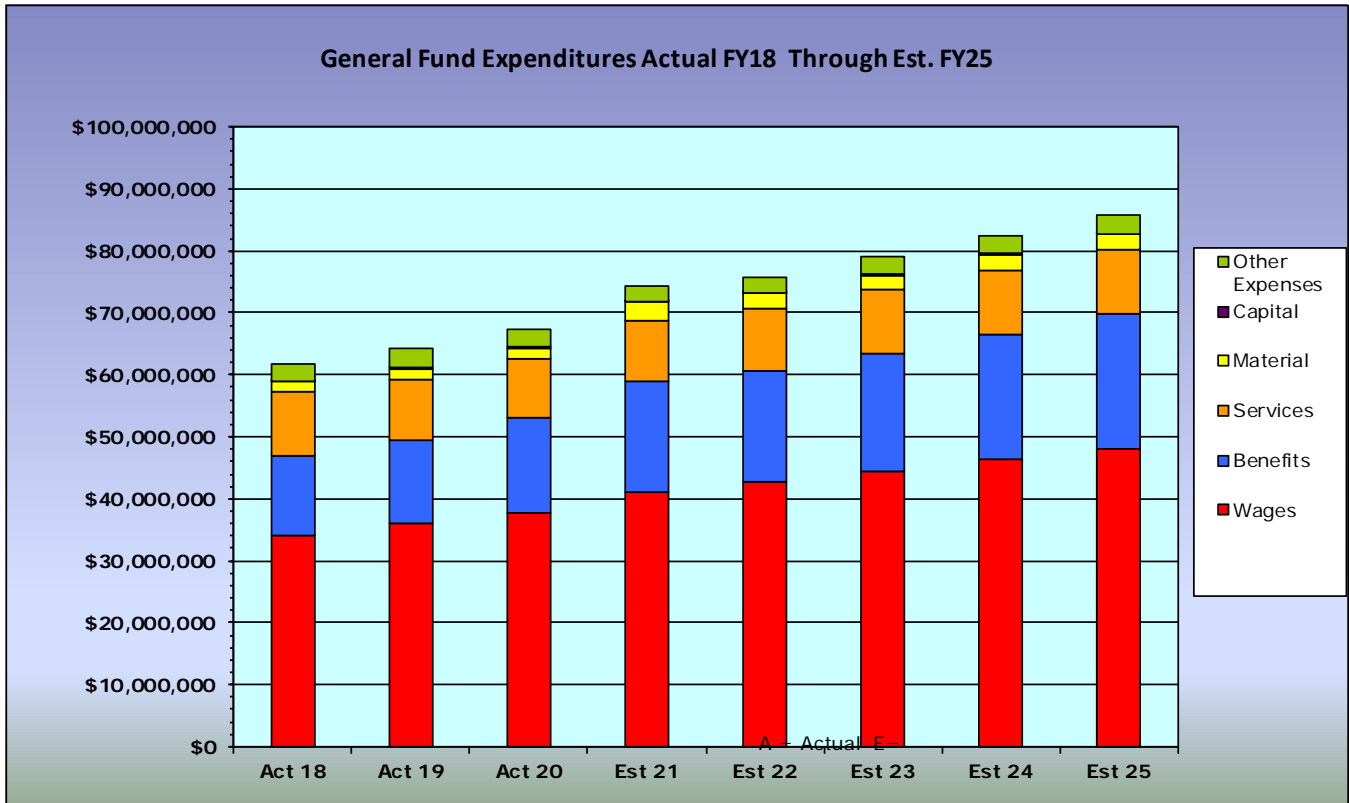
Capital Outlay	\$408,713	\$420,974	\$433,603	\$446,611	\$460,009
Replacement Bus Purchases	\$0	\$0	\$0	\$0	\$0
Total Line 3.050	<u>\$408,713</u>	<u>\$420,974</u>	<u>\$433,603</u>	<u>\$446,611</u>	<u>\$460,009</u>

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increases of 3% for this forecast.

County Auditor & Treasurer Fees	\$460,731	\$474,553	\$488,790	\$503,454	\$518,558
County ESC	1,865,818	1,953,511	2,045,326	2,141,457	2,242,105
Other expenses	172,445	177,618	182,947	188,435	194,088
Total Line 4.300	<u>\$2,498,994</u>	<u>\$2,605,682</u>	<u>\$2,717,063</u>	<u>\$2,833,346</u>	<u>\$2,954,751</u>

**Total Expenditure Categories Actual Fiscal Year 2018 through Fiscal Year 2020 and  
Estimated Fiscal Year 2021 through Fiscal Year 2025**



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

This account group covers fund to fund transfers and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. Transfers are permanent reallocation of funds. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Operating Transfers Out Line #5.010	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Advances Out Line #5.020	300,000	300,000	300,000	300,000	300,000
Total	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</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.

	FY 21	FY 22	FY 23	FY 24	FY 25
Estimated Encumbrances	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>

**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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. Based on the chart immediately below, unencumbered fund balance will be positive throughout the forecast. In addition, Board policy requires cash reserves equal 4 months of operating expenditures. Based on the chart immediately below, cash reserves are in compliance with Board policy throughout FY24.

	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Ending Unencumbered Cash Balance	<u>\$53,217,208</u>	<u>\$48,774,485</u>	<u>\$41,312,735</u>	<u>\$30,619,880</u>	<u>\$16,541,462</u>

