

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT-SUMMIT 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
Stow-Munroe Falls City School District
Treasurer's Office
Trevor Gummere, Treasurer/CFO**

May 24, 2021

Stow-Munroe Falls City Schools

Summit 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
Revenues										
1.010 General Property Tax (Real Estate)	34,228,596	33,952,783	34,490,427	0.4%	35,480,149	36,056,401	36,078,992	33,293,381	30,613,308	
1.020 Tangible Personal Property	721,008	715,950	751,526	2.1%	789,962	808,922	821,436	776,483	730,682	
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-	
1.035 Unrestricted State Grants-in-Aid	14,223,666	13,923,509	12,010,800	-7.9%	13,662,713	14,225,658	14,230,808	14,236,044	14,241,363	
1.040 Restricted State Grants-in-Aid	273,809	458,619	488,379	37.0%	513,352	513,352	513,352	513,352	513,352	
1.045 Restricted Fed.	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	4,804,289	4,745,852	4,657,764	-1.5%	4,682,531	4,667,223	4,666,103	4,327,018	3,987,055	
1.060 All Other Revenues	4,727,413	4,970,890	5,027,258	3.1%	5,029,343	5,020,515	4,989,750	4,992,788	5,012,914	
1.070 <i>Total Revenues</i>	58,978,781	58,767,603	57,426,154	-1.3%	60,158,050	61,292,071	61,300,441	58,139,066	55,098,674	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	545,091	568,556	631,866	7.7%	-	0	0	0	0	
2.060 All Other Financing Sources	163,298	209,134	409,297	61.9%	1,267,573	100,000	100,000	100,000	100,000	
2.070 <i>Total Other Financing Sources</i>	708,389	777,690	1,041,163	21.8%	1,267,573	100,000	100,000	100,000	100,000	
2.080 <i>Total Revenues and Other Financing Sources</i>	59,687,170	59,545,293	58,467,317	-1.0%	61,425,623	61,392,071	61,400,441	58,239,066	55,198,674	
Expenditures										
3.010 Personal Services	33,458,600	35,721,402	36,532,132	4.5%	36,992,723	37,636,314	37,957,235	39,304,397	40,166,833	
3.020 Employees' Retirement/Insurance Benefits	13,137,069	12,715,293	13,930,237	3.2%	13,767,882	13,940,045	15,771,894	16,634,115	17,456,932	
3.030 Purchased Services	7,985,299	7,873,901	7,015,809	-6.1%	8,199,000	8,085,993	8,175,784	8,266,895	8,359,350	
3.040 Supplies and Materials	1,872,718	2,249,733	2,083,526	6.4%	2,098,490	2,467,198	2,499,654	2,532,591	2,566,015	
3.050 Capital Outlay	749,497	669,931	472,561	-20.0%	460,453	793,358	796,292	799,255	802,248	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	320,556	332,031	253,557	-10.0%	20,000	230,000	235,000	245,000	245,000	
4.055 Principal-Other	294,770	302,847	154,287	-23.2%	235,000	160,000	70,000	70,000	-	
4.060 Interest and Fiscal Charges	160,421	140,924	71,954	-30.5%	103,744	94,702	79,221	69,724	61,925	
4.300 Other Objects	912,124	834,653	724,318	-10.9%	751,527	770,273	789,561	809,409	829,834	
4.500 <i>Total Expenditures</i>	58,891,054	60,840,715	61,238,381	2.0%	62,628,819	64,177,883	66,374,641	68,731,386	70,488,137	
Other Financing Uses										
5.010 Operating Transfers-Out	407,476	229,461	-	-71.8%	250,000	550,000	550,000	550,000	550,000	
5.020 Advances-Out	568,556	631,866	-	-44.4%	0	0	0	0	0	
5.030 All Other Financing Uses	26,850	188,104	-	250.3%	-	-	-	-	-	
5.040 <i>Total Other Financing Uses</i>	1,002,882	1,049,431	-	-47.7%	250,000	550,000	550,000	550,000	550,000	
5.050 <i>Total Expenditures and Other Financing Uses</i>	59,893,936	61,890,146	61,238,381	1.1%	62,878,819	64,727,883	66,924,641	69,281,386	71,038,137	
6.010 <i>Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	(206,766)	(2,344,853)	(2,771,064)	526.1%	(1,453,196)	(3,335,812)	(5,524,200)	(11,042,320)	(15,839,463)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	22,262,869	22,056,103	19,711,250	-5.8%	16,940,186	15,486,990	12,151,178	6,626,978	(4,415,342)	
7.020 <i>Cash Balance June 30</i>	22,056,103	19,711,250	16,940,186	-12.3%	15,486,990	12,151,178	6,626,978	(4,415,342)	(20,254,805)	
8.010 <i>Estimated Encumbrances June 30</i>	1,240,282	1,120,834	1,245,255	0.7%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-	
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-	
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	
9.080 <i>Subtotal</i>	-	-	-	0.0%	-	-	-	-	-	
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	20,815,821	18,590,416	15,694,931	-13%	14,486,990	11,151,178	5,626,978	(5,415,342)	(21,254,805)	

Stow-Munroe Falls City Schools

Summit 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
Revenue from Replacement/Renewal Levies										
11.010	-	-	-	0.0%	-	-	-	-	-	-
11.020	-	-	-	0.0%	-	-	-	3,805,141	7,461,061	
11.300	-	-	-	0%	-	0	0	3,805,141	11,266,202	
12.010	20,815,821	18,590,416	15,694,931	-13%	14,486,990	11,151,178	5,626,978	(1,610,201)	(9,988,603)	
Revenue from New Levies										
13.010	-	-	-	0.0%	-	-	-	-	-	-
13.020	-	-	-	0.0%	-	-	-	-	-	-
13.030	-	-	-	0%	-	-	-	-	-	-
14.010	-	-	-	0.0%	-	-	-	-	-	-
15.010	20,815,821	18,590,416	15,694,931	-13%	14,486,990	11,151,178	5,626,978	(1,610,201)	(9,988,603)	
ADM Forecasts										
20.010	354	373	369	2.1%	367	367	367	367	367	
20.015	4,715	4,666	4,646	-0.7%	4,645	4,645	4,645	4,645	4,645	

Stow-Munroe Falls City School District – Summit County
Assumptions to the Five Year Forecast
General Fund Only
May 24, 2021

Introduction to the Five Year Forecast

School districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021 for fiscal year 2021 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. 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 May 2021 filing.

Economic Outlook

This five-year forecast is being filed during a recovery from the COVID-19 Pandemic and a health and financial struggle that encompassed our state, country and global economy. School districts play a vital role in their communities and we believe it is important to maintain continuity of services to our students and staff. The district has maintained services to students throughout the Pandemic. The State of Ohio's economic pressure has not been as great as first expected due to the effects of the pandemic thus the restoration of a portion of the original school foundation funding cuts was ordered by the Governor on January 22, 2021. Federal funding sent to school districts through the Elementary and Secondary Schools Education Relief Funds (ESSER) has also been a much needed resource to offset the loss of state funding. Additional Federal CARES Act funding was used to cover the costs of additional technology needs, personal protective equipment, and cleaning costs caused by the pandemic. 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.

May 2021 Updates:

Revenues FY21:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$60,158,050 or 3.49% higher than the November forecasted amount of \$58,127,391. This indicates the November forecast was 96.5% accurate. The revenue lines most significantly above projections are General Property Tax (1.01) and Unrestricted State Aid (1.035). General Property Tax revenue was \$879,348 higher due to a larger than expected increase in property values in the reappraisal. Unrestricted State Aid began the year with continued cuts at the FY20 level; however, on January 22, 2021 Governor DeWine reinstated funding of approximately 53% of those reductions thus having a positive impact of \$637,423 for our district's revenue.

All other areas of revenue are tracking as anticipated for FY21 based on our best information at this time.

Expenditures FY21:

Total General Fund expenditures (line 4.5) are estimated to be \$62,628,819 for FY21 which is below the original estimate of \$62,909,549 in the November forecast. Various expenditure lines have been adjusted for their apparent trend for FY21. The Student Wellness and Success Funds (SWSF) and ESSER Funds the district received has helped lower costs originally projected in the general fund. This will have a positive effect on the long term forecast.

Unreserved Ending Cash Balance:

With revenues increasing over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2021 is anticipated to be roughly \$14.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be positive accumulative balance through 2024 if we renew our levies, and assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

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:

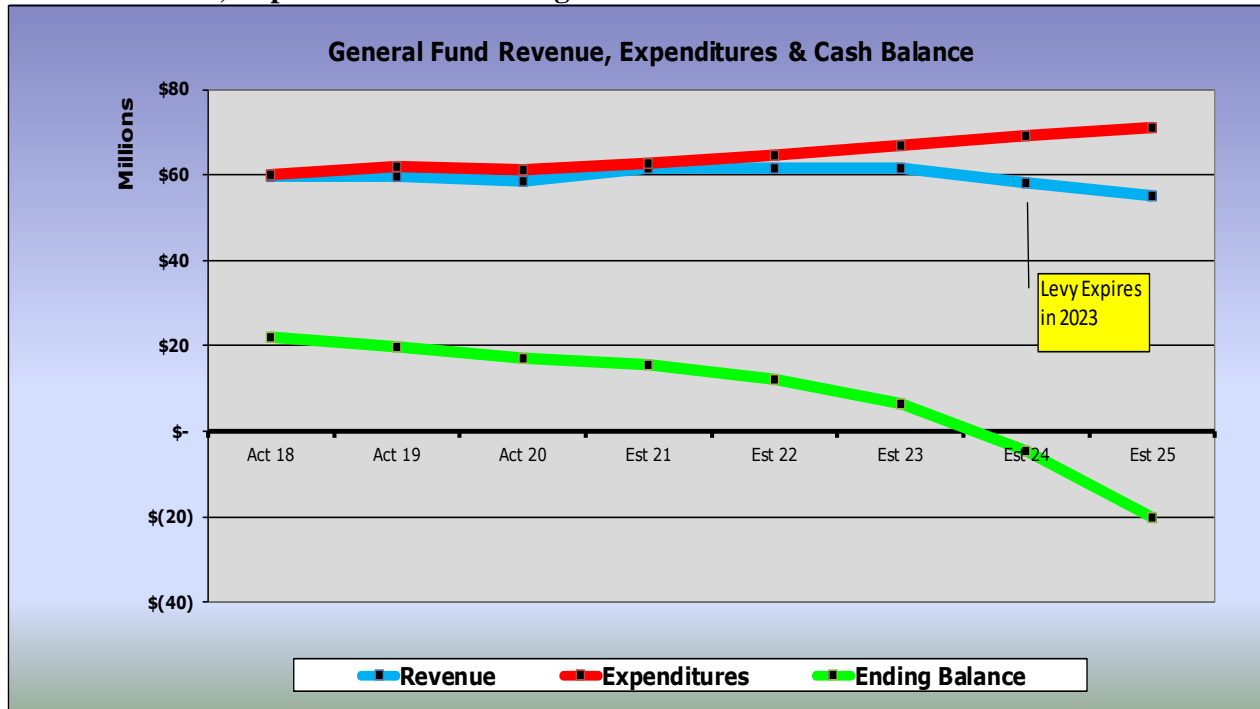
- I. HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; Student Wellness and Success Funding (SWSF) and Enrollment Growth Supplement funds. Student Wellness and Success is new revenue to school districts in FY20 and FY21 but is restricted in use and must be placed in Fund 467 and are NOT General Fund revenue and consequently not included in this forecast. The current proposed state budget for FY22 - FY23 is Sub. HB110 and it includes increases for SWSF for each year of the biennium budget along with guarantees that no district will receive less funding than they received in FY21. We have assumed this money will continue through FY25. Enrollment Growth Supplement money is paid to a small number of growing districts and Sub. HB110 also proposes these funds be continued in FY22 and FY23 at current FY21 levels. We have assumed we will continue to receive the \$131,178 in Enrollment Growth funds at the guarantee level through FY25.
- II. While state foundation 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 \$300.5 million reduction of state foundation funding to school districts by the end of June 2020. These cuts were to continue through FY21 as well, however the Governor subsequently reinstated \$160 million of these reductions to school districts in an executive order dated January 22, 2021. With the economy rebounding from the sharp drop in employment in March and April 2020 and state tax revenues well above estimates for FY21, we anticipate funding will remain unchanged for the rest of FY21. Governor DeWine submitted his FY22-FY23 biennial budget (Sub. HB110) which returns state foundation funding to schools at their FY19 funded level. The biennial budget is now working its way through the legislative process. HB1, also known as the Fair School Funding Bill, was introduced on February 4, 2021 and will work its way through the legislative process where it has been combined with Sub. HB110. The certainty of foundation funding levels will not likely be known until late June 2021. At this time the FY19 funding level is the basis for districts state funding in FY22 and FY23. We believe Ohio's economy will continue to improve through FY21 and that FY22-25 will see funding returned to the FY19 levels at a minimum. We will not project an increase beyond the FY19 levels at this time until the state budget is known for FY22 and FY23.
- III. HB166 continued the Fixed Sum TPP reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Unlike the TPP Fixed Rate reimbursement, districts will not lose money due to this phase out. Instead, the amount of money the state is cutting will be added on to our emergency levy millage automatically each year and collected in local property taxes. The state directly shifted their financial obligation made in 2006 in HB66 to local taxpayers.
- IV. The State Budget represents 31% 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 reduces 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 new FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.
- V. 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 69% of the district's resources. Collection rates for the 1st half 2020

collection, collected in 2021 did not show declines in payments due to increased delinquencies We believe there is a low risk that local collections would fall below projections in the forecast.

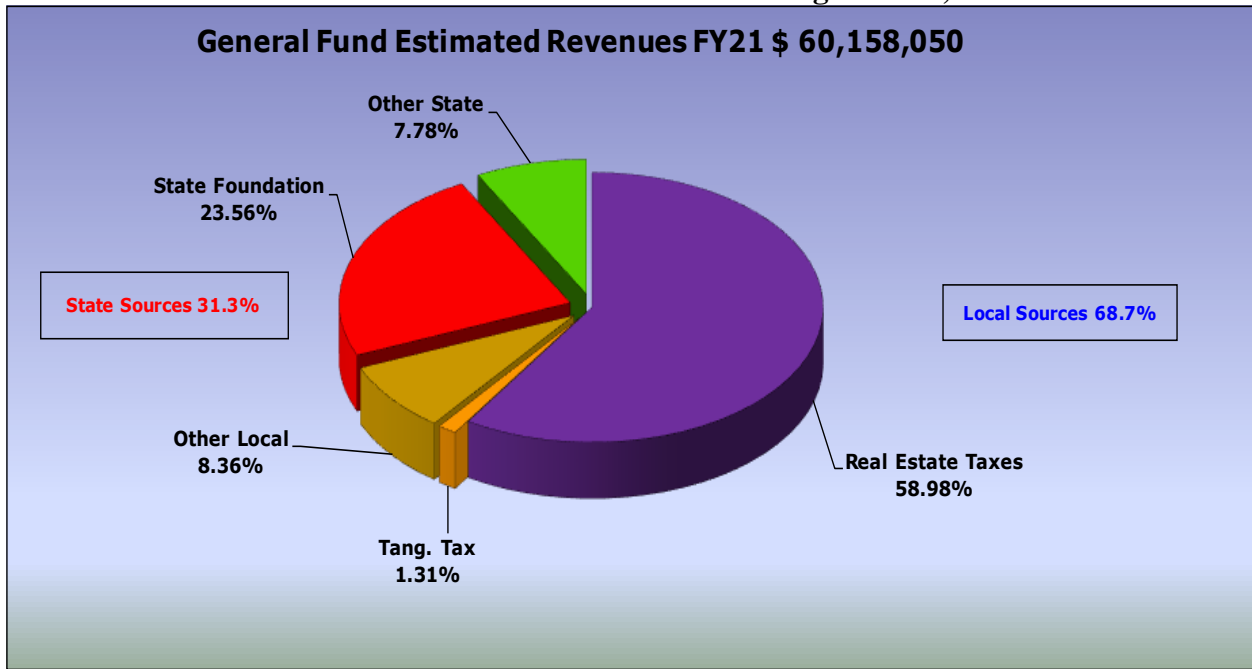
- VI. Summit County experienced a reappraisal update in the 2017 tax year to be collected in 2018 which increased assessed values by \$59.6 million or an increase of 8.45%. The increase including the negative impact of adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. There was a complete reappraisal in tax year 2020 for collection in 2021 which resulted in overall value increases of 15% or \$132.2 million increase in residential and commercial values. There is always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.
- VII. 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 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 as the proposed new state budget bill Sub. HB110 moves through the legislative process.
- VIII. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Trevor Gummere, Treasurer of Stow-Munroe Falls City Schools at 330-689-5417.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY18-20 and Estimated FY21-25



**Revenue Assumptions
Estimated Revenues for Fiscal Year ending June 30, 2021**



Real Estate Value Assumptions – Line # 1.010

The District is made up of 99.6% Summit County and .4% Portage County. Property Values are established each year by the Summit and Portage County Auditor based on new construction and complete reappraisal or updated values. There was a reappraisal update in Summit County completed in 2017 collected in 2018. Class I and II values increased by \$59.6 million for an overall increase of 8.45%. The next full reappraisal will be in tax year 2020 to be collected in 2021. Portage County experienced a reappraisal in 2018 collected in 2019 that slightly increased values by .5%. A full reappraisal in Summit County occurred in 2020 for collection in 2021. The reappraisal resulted in a 14% increase in residential values and a 10% increase in commercial values. Overall, Residential/Agricultural and Commercial/Industrial values increased \$132.23 million or 15%.

Estimated Assessed Property Valuations by Collection Years

Property tax levies are estimated to be collected at 97.5% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio’s property tax laws however, the timing of the tax payments is always in flux but they appear to have normalized. Property taxes are estimated to be collected at 51% of the Res/Ag. and Comm./Ind. in the February tax settlements and 49% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in the February and 50% in the August settlement from Summit County Auditor.

Public Utility Personal Property (PUPP) grew in Tax Year 2020 by 8% or an increase of \$1.2 million. For tax year 2021 through 2025 an annual increase of 2% is expected on an annual basis due to reinvestments being made by utilities statewide.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020 COLLECT 2021	TAX YEAR2021 COLLECT 2022	TAX YEAR2022 COLLECT 2023	TAX YEAR2023 COLLECT 2024	TAX YEAR2024 COLLECT 2025
Res./Ag.	\$891,430,360	\$894,561,569	\$896,268,039	\$942,787,911	\$944,494,381
Comm./Ind.	237,677,580	239,195,180	240,712,780	242,230,380	243,747,980
Public Utility (PUPP)	<u>16,453,800</u>	<u>16,753,800</u>	<u>17,053,800</u>	<u>17,353,800</u>	<u>17,653,800</u>
Total Assessed Value	<u>\$1,145,561,740</u>	<u>\$1,150,510,549</u>	<u>\$1,154,034,619</u>	<u>\$1,202,372,091</u>	<u>\$1,205,896,161</u>

Estimated Real Estate Tax Collections - Line #1.010

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Est. General Property Taxes Line #1.010	<u>\$35,480,149</u>	<u>\$36,056,401</u>	<u>\$36,078,992</u>	<u>\$33,293,381</u>	<u>\$30,613,308</u>

Levy Renewal –Line # 11.02

On November 3, 2020 residents renewed the \$4,631,284 and \$6,500,000 emergency levies which now expire in December 2026 and 2031 respectively. We appreciate the community’s ongoing support of our district. The district plans to renew the \$7,300,000 emergency levy by 2023 to continue collection. State law requires that renewal levies be removed from revenues and shown on Line 11.02 of the forecast.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Emergency (\$4,631,284) Expires 12/31/26	\$0	\$0	\$0	\$0	\$0
Emergency (\$6,500,000) Expires 12/31/31	-	-	-	-	-
Emergency (\$7,300,000) Expires 12/31/23	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,805,141</u>	<u>7,461,061</u>
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,805,141</u>	<u>\$7,461,061</u>

New Tax Levies – Line #13.030

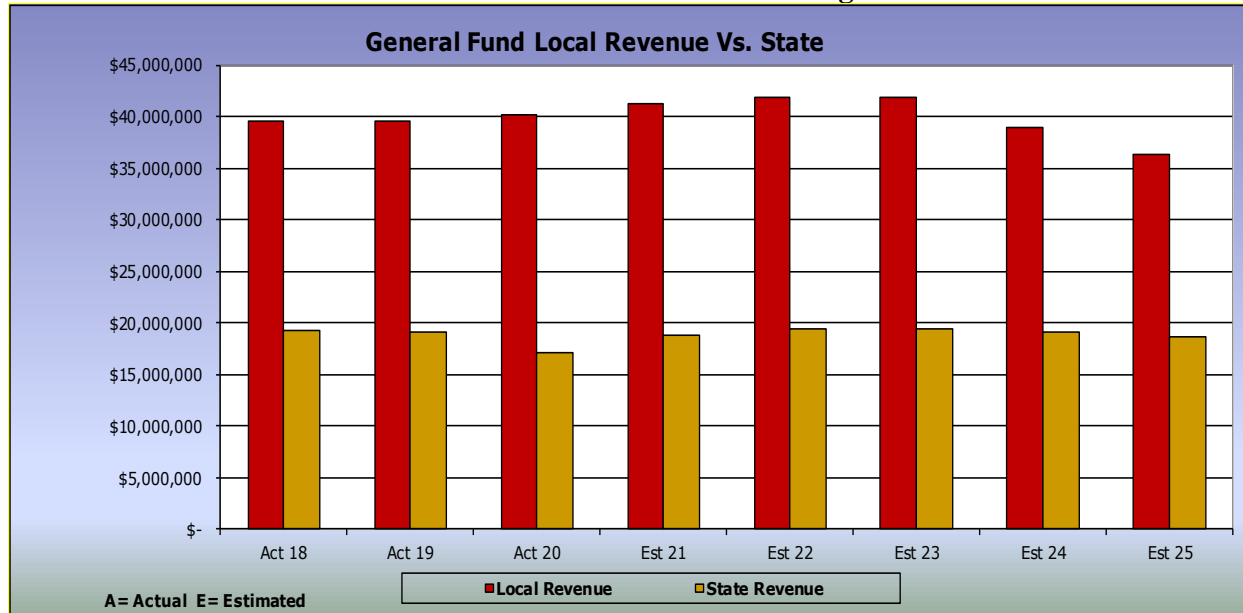
No new levies are modeled in this forecast.

Public Utility Personal Property Tax – Line #1.020

The phase out of TPP began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation eliminated local collections after FY11. Any amounts received in this forecast period will be delinquent TPP collections from previous periods and are not predictable in the forecast.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Public Utility Personal Property Tax (PUPP)	<u>\$789,962</u>	<u>\$808,922</u>	<u>\$821,436</u>	<u>\$776,483</u>	<u>\$730,682</u>

Revenue Sources for the General Fund FY18 through Estimated FY25



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 which on May 6, 2020 was cut and then funding partially restored by executive order signed January 22, 2021 by the Governor. 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. HB1, aka the Fair School Funding plan, is currently being considered by the legislature and has been combined with Sub. HB110 and will produce a successor funding formula for the FY22-23 biennium budget. Currently Sub. HB110, the proposed budget, projects funding for districts at FY19 guarantee amounts for FY22 and FY23. 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 our district being cut \$1,178,278 in FY20.

Foundation Funding Partially Restored January 22, 2021 for FY21

On January 22, 2021 the Governor signed an executive order reinstating \$160 million of previous cuts to public schools thus reducing the cuts in FY21. At this time the state funding for FY21 is being reduced \$525,828 from the FY19 amount.

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 \$30 per student to \$360 per student. All schools and students are to receive a minimum additional funding of \$36,000 in FY21. All districts are guaranteed to get 131% of what they received in FY20, and the proposed state budget (Sub. HB110) is guaranteeing all districts will get 100% of what they received in FY21 for FY22 and FY23. Our district is estimated to receive \$295,115 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 two approved community partner organizations per HB110.

At this time our district is spending money in our General Fund that is servicing student needs as identified in Ohio Revised Code 3317.26 (B) and our approved plan calls for these expenses to be recoded to Fund 467 for FY21 and leaving them in Fund 467 through FY23 as HB 110 as originally proposed by the governor continues these funds.

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. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August 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 26% then increasing the amount in FY22 back to FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly 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 FY22 when 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	\$12,828,967	\$13,329,303	\$13,329,303	\$13,329,303	\$13,329,303
Additional Aid Items	<u>614,672</u>	<u>614,672</u>	<u>614,672</u>	<u>614,672</u>	<u>614,672</u>
Basic Aid-Unrestricted Subtotal	\$13,443,639	\$13,943,975	\$13,943,975	\$13,943,975	\$13,943,975
Ohio Casino Commission ODT	<u>219,074</u>	<u>281,683</u>	<u>286,833</u>	<u>292,069</u>	<u>297,388</u>
Total Unrestricted State Aid Line # 1.035	<u>\$13,662,713</u>	<u>\$14,225,658</u>	<u>\$14,230,808</u>	<u>\$14,236,044</u>	<u>\$14,241,363</u>

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 district has elected to also post Catastrophic Aid for special education as restricted revenues. 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	\$62,426	\$62,426	\$62,426	\$62,426	\$62,426
Career Tech	310,926	310,926	310,926	310,926	310,926
Catastrophic Aide	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>
Total Restricted State Revenues Line #1.040	<u>\$513,352</u>	<u>\$513,352</u>	<u>\$513,352</u>	<u>\$513,352</u>	<u>\$513,352</u>

B) Restricted Federal Grants in Aid – line #1.045

There are no restricted federal funds projected in throughout this forecast period.

Summary of State Foundation Revenues – Line#1.035; 1.040; and, 1.045

<u>Summary</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Unrestricted Line # 1.035	\$13,662,713	\$14,225,658	\$14,230,808	\$14,236,044	\$14,241,363
Restricted Line # 1.040	513,352	513,352	513,352	513,352	513,352
Restricted Federal Grants - #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$14,176,065</u>	<u>\$14,739,010</u>	<u>\$14,744,160</u>	<u>\$14,749,396</u>	<u>\$14,754,715</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of 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. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property. 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 age 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 did not have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter, only received a Homestead Exemption if they met the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. This had an impact on the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increases the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Sum

HB166 continued the Fixed Sum TPP reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22.

Summary of State Tax Reimbursements – Line #1.050

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Rollback and Homestead	\$4,591,499	\$4,667,223	\$4,666,103	\$4,327,018	\$3,987,055
TPP Reimbursement - Fixed Sum	<u>91,032</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line #1.050	<u>\$4,682,531</u>	<u>\$4,667,223</u>	<u>\$4,666,103</u>	<u>\$4,327,018</u>	<u>\$3,987,055</u>

Other Local Revenues – Line #1.060

The school district receives tuition for special education students from other districts who attend the Stow-Munroe Falls City School District, as well as from open enrollment. Tuition is forecasted to remain constant for fiscal years 2021 through 2025. Open Enrollment revenue increased 8.6% in FY21.

With cash reserves beginning to decrease we will have to monitor cash flows which will begin to decrease the interest earned by the district. Interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY21 interest by 50% and FY22 by another 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. All other revenues are expected to continue on historic trends.

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Open Enrollment Gross	\$2,822,556	\$2,850,782	\$2,879,290	\$2,908,083	\$2,937,164
Interest	178,365	133,773	66,887	33,443	16,722
Tuitions	1,274,645	1,274,645	1,274,645	1,274,645	1,274,645
Class & Pay to Participate Fees	174,187	175,929	177,688	179,465	181,260
Pilots	69,534	70,229	70,931	71,640	72,356
Other, MFH Tax, rentals & E-rate	<u>510,056</u>	<u>515,157</u>	<u>520,309</u>	<u>525,512</u>	<u>530,767</u>
Total Other Local Revenue Line #1.060	<u>\$5,029,343</u>	<u>\$5,020,515</u>	<u>\$4,989,750</u>	<u>\$4,992,788</u>	<u>\$5,012,914</u>

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

There is no short-term borrowing projected in this forecast.

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

These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

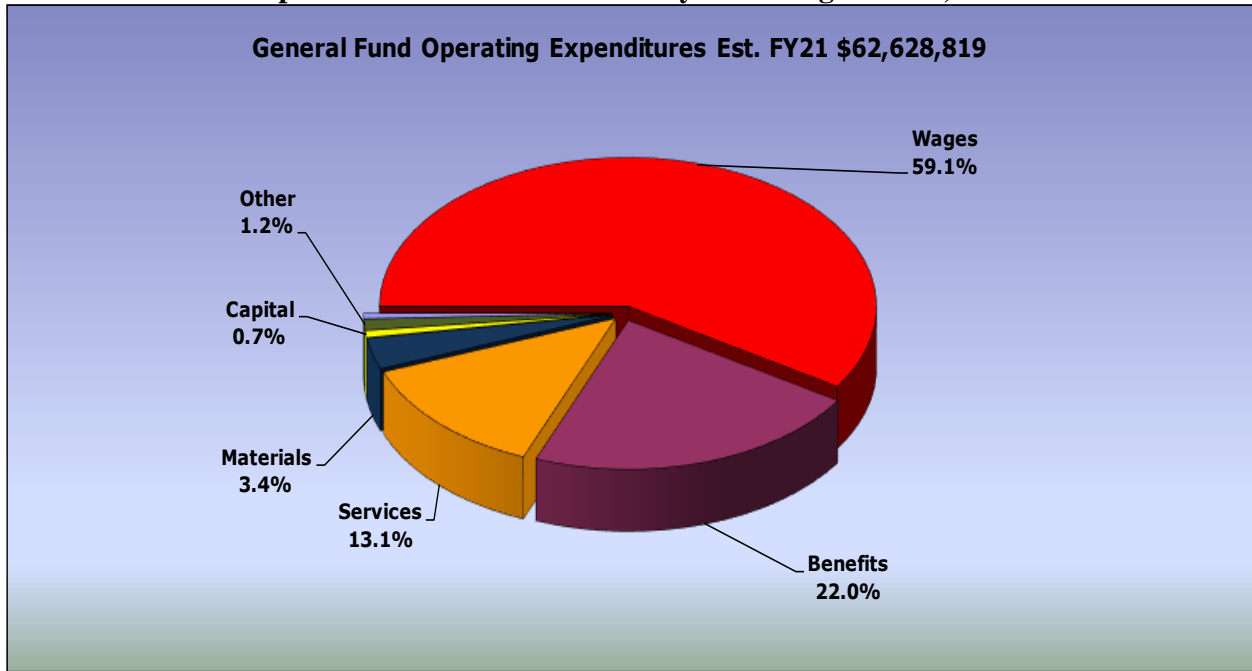
<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. The District will receive two (2) Bureau of Workers Compensation refunds in FY21 one in October for \$247,123 and another in December for \$920,450. These payments are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Sale of Assets & Refund of Prior Yr. Exp.	<u>\$1,267,573</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

**Expenditures Assumptions
Expenditure Estimates for Fiscal year ending June 30, 2021**



Wages – Line #3.010

The district will negotiate both bargaining unit agreements in the spring of 2021. The forecast is reflecting a 2% base increase in FY21 for planning purposes. Step increases at an average of 2.3% are included for all years of this forecast. The district agreed to provide a 2% raise for one year (FY22) to staff. For FY22 through FY25 the forecast is not assuming any additional base increases. We have recoded expenses that qualify in our plan for use of Student Wellness and Success funding in FY21 and will reintroduce those costs to the General Fund for the period FY22-25.

The district must continue to be diligent in assessing the need for any additional positions. Each addition raises expenses with no offsetting revenue. That hastens the decline of each fiscal year’s cash balance, and makes the necessity of a new operating levy come sooner. Anywhere personnel can be reduced through attrition should be taken advantage of. This will also lessen the corresponding benefits cost.

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Base Wages	\$35,231,182	\$35,994,713	\$36,246,246	\$36,856,225	\$37,704,387
Wage adjustments	704,624	719,894	0	0	0
Steps & Training	824,410	824,410	842,276	848,162	862,436
Growth	0	0	0	0	0
ESSER Adjustments	(275,000)	(1,158,603)	(232,297)	0	0
Substitutes	313,000	915,000	915,000	915,000	915,000
Supplemental	685,010	685,010	685,010	685,010	685,010
Staff Adjustments/Fd 467	(490,503)	(344,110)	(499,000)	0	0
Total Wages Line #3.010	<u>\$36,992,723</u>	<u>\$37,636,314</u>	<u>\$37,957,235</u>	<u>\$39,304,397</u>	<u>\$40,166,833</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs which, except health insurance, are directly related to wages paid. The district is a member of the Stark County Schools’ Council of Governments (SCSCOG) for health insurance.

A) STRS/SERS will Increase with Wages

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.

B) Insurance

Due to the insurance plan building reserves, the district elected to take premium holidays beginning in FY18. One month of premium holiday saves the district approximately \$700,000 per month. In FY19 the district took a 3 month holiday saving \$2,100,000 and is projecting a 2 month holiday saving \$1,400,000 in FY21. The COG has permitted a 2-month premium holiday for FY22. We will monitor this closely in all future years due to the premium holiday masking the true cost of health insurance premiums. The district is forecasting a base healthcare increase of 0% in FY21, and 3.5% in FY22 and a 7% increase FY23-FY25. We will continue to monitor this closely in future years.

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.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .045% of wage. Premiums are paid as estimates during the calendar year. A true-up, based on actual calendar year wages, is paid early the following year. Unemployment compensation has been a negligible cost for the district. The District expects costs to remain steady.

D) 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	\$5,812,992	\$5,926,992	\$5,976,322	\$6,175,600	\$6,311,184
B) Insurance's	7,121,818	7,195,808	8,961,171	9,588,453	10,259,645
C) Workers Comp/Unemployment	184,575	170,363	171,808	177,870	181,751
D) Medicare	510,497	508,882	524,593	554,192	566,352
Other/Tuition	<u>138,000</u>	<u>138,000</u>	<u>138,000</u>	<u>138,000</u>	<u>138,000</u>
Total Fringe Benefits Line #3.020	<u>\$13,767,882</u>	<u>\$13,940,045</u>	<u>\$15,771,894</u>	<u>\$16,634,115</u>	<u>\$17,456,932</u>

Purchased Services – Line #3.030

An overall increase of .6% is being estimated for this category of expenses. The mandated spending includes community school, John Peterson or Autism scholarship deductions. Another sizeable expense to this line is NEOMED's STEM school tuition. Travel and meeting expenses, communication costs, legal services, and trade services are forecasted to remain consistent over the forecasted period. Other areas of purchased services are estimated with a 1.1% increase.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Base Purchased Services	\$2,088,017	\$2,106,809	\$2,125,770	\$2,144,902	\$2,164,206
Student Educational Services	1,260,180	1,271,522	1,282,966	1,294,513	1,306,164
Open Enrollment Deduction	760,113	766,954	773,857	780,822	787,849
Community School	497,113	298,268	300,952	303,661	306,394
Tuition, Scholarships, CCP	2,806,861	2,832,123	2,857,612	2,883,331	2,909,281
Utilities	<u>786,716</u>	<u>810,317</u>	<u>834,627</u>	<u>859,666</u>	<u>885,456</u>
Total Purchased Services Line #3.030	<u>\$8,199,000</u>	<u>\$8,085,993</u>	<u>\$8,175,784</u>	<u>\$8,266,895</u>	<u>\$8,359,350</u>

Supplies and Materials – Line #3.040

Supplies and Materials is made up of four main areas; textbooks, classroom, building, and transportation supplies. This will be monitored closely with changing state mandates, and curriculum changes to meet the needs of our students. In FY21 the district is anticipating a decrease of \$340,092 due to the Federal CARES Act funding the district received for student technology purchases. At this time we are forecasting Textbook/Classroom supplies will return to normal expenditure range in FY22, and reflect a 1.3% inflation rate in FY23 – FY25.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Textbooks/Classroom Supplies	\$1,335,340	\$1,688,785	\$1,705,673	\$1,722,730	\$1,739,957
Building/Transportation Supplies	<u>763,150</u>	<u>778,413</u>	<u>793,981</u>	<u>809,861</u>	<u>826,058</u>
Total Supplies Line #3.040	<u>\$2,098,490</u>	<u>\$2,467,198</u>	<u>\$2,499,654</u>	<u>\$2,532,591</u>	<u>\$2,566,015</u>

Equipment – Line # 3.050

The approval of the 1.99 mill continuing permanent improvement levy in November 2016 is a major factor on this line of the forecast. The district has found a reduction in this line of the forecast by approximately \$900,000 per year by moving these expenditures to the PI fund. The district will be purchasing \$500,000 per year for the forecast due to the PI being used for major roofing projects.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Capital Outlay	\$217,000	\$219,170	\$221,362	\$223,576	\$225,812
Replacement Bus Purchases	170,000	500,000	500,000	500,000	500,000
Technology	<u>73,453</u>	<u>74,188</u>	<u>74,930</u>	<u>75,679</u>	<u>76,436</u>
Total Equipment Line #3.050	<u>\$460,453</u>	<u>\$793,358</u>	<u>\$796,292</u>	<u>\$799,255</u>	<u>\$802,248</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County Auditor/Treasurer fees and insurance. Auditor and treasurer fees will increase sharply anytime a new operating levy is collected.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Auditor & Treasurer Fees	\$599,529	\$617,515	\$636,040	\$655,121	\$674,775
County ESC Fees	33,700	33,869	34,038	34,208	34,379
Other expenses	<u>118,298</u>	<u>118,889</u>	<u>119,483</u>	<u>120,080</u>	<u>120,680</u>
Total Other Expenses Line #4.300	<u>\$751,527</u>	<u>\$770,273</u>	<u>\$789,561</u>	<u>\$809,409</u>	<u>\$829,834</u>

Debt Service – Line# 4.020; 4.050; 4.060

These lines reflect principal and interest amounts to be repaid on loans that financed HB264 and HB153 projects. The payments for these loans are to be covered by guaranteed utility savings plus the reduction/elimination of a service contract with Honeywell. The district also elected to lease three buses that will be paid in full in FY23.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Principal TANS Line #4.020	\$0	\$0	\$0	\$0	\$0
Principal State Loans Line #4.030	-	-	-	-	-
Principal State Advances Line #4.040	-	-	-	-	-
Principal Bus Lease - Line 4.055	<u>235,000</u>	<u>160,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Total Principal Payments	<u>\$235,000</u>	<u>\$160,000</u>	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$0</u>

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
HB264/HB153 Prin - Line # 4.050	<u>\$20,000</u>	<u>\$230,000</u>	<u>\$235,000</u>	<u>\$245,000</u>	<u>\$245,000</u>

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Interest - Line 4.060	<u>\$103,744</u>	<u>\$94,702</u>	<u>\$79,221</u>	<u>\$69,724</u>	<u>\$61,925</u>

Total Other Financing Uses - # 5.040

The district uses this line to proactively fund future projects as well as meet compliance needs in relation to state or federal grants. The district will make an advance at the end of the fiscal year to cover the negative fund balance in state or federal grants. Once the district receives the funds in July, the general fund is paid back. The Board also approves each year a transfer of \$26,000 to the building fund 004 to prepare for replacement athletic turf. Beginning in FY18 the district began transferring approximately \$175,000 to the food service fund and \$50,000 to the athletic fund. The years FY22 to FY25 the district will be transferring \$300,000 to account for the employee severances due to large number of eligible employees. The new fund will be 035 and listed separately from General Fund.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Operating Transfers Out Line #5.010	\$250,000	\$550,000	\$550,000	\$550,000	\$550,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$250,000</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>

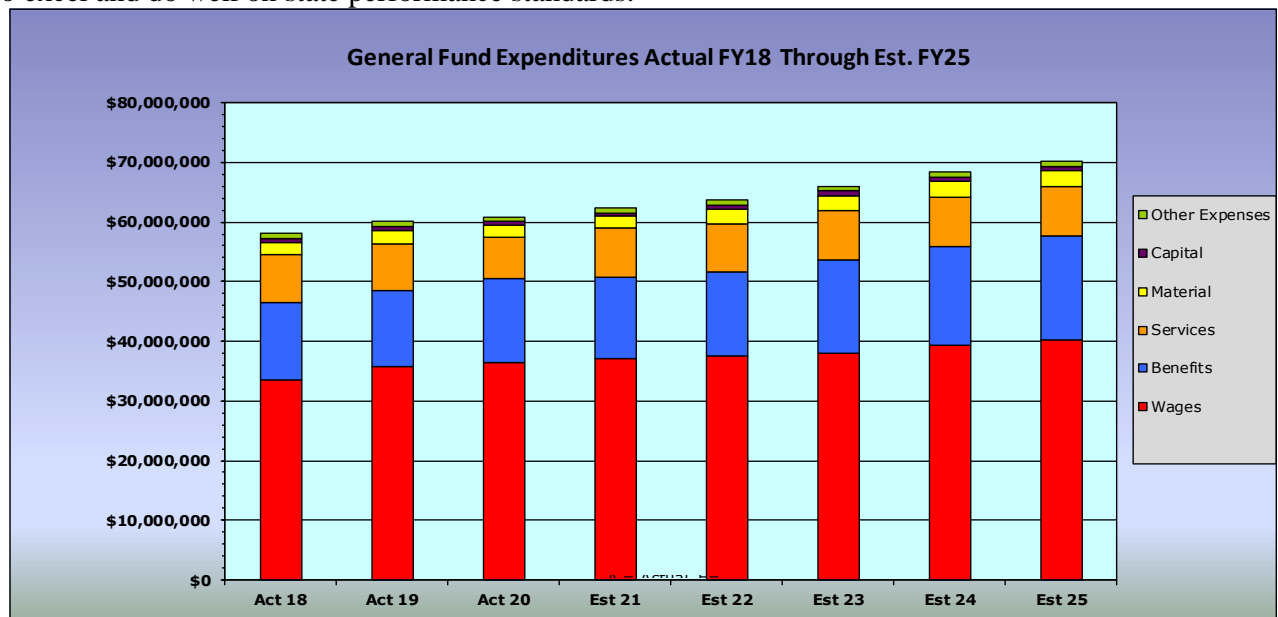
Encumbrances –Line#8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrances are forecasted based on the treasurer of the school district’s estimates for fiscal years 2021 through 2025.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Estimated Encumbrances	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</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.



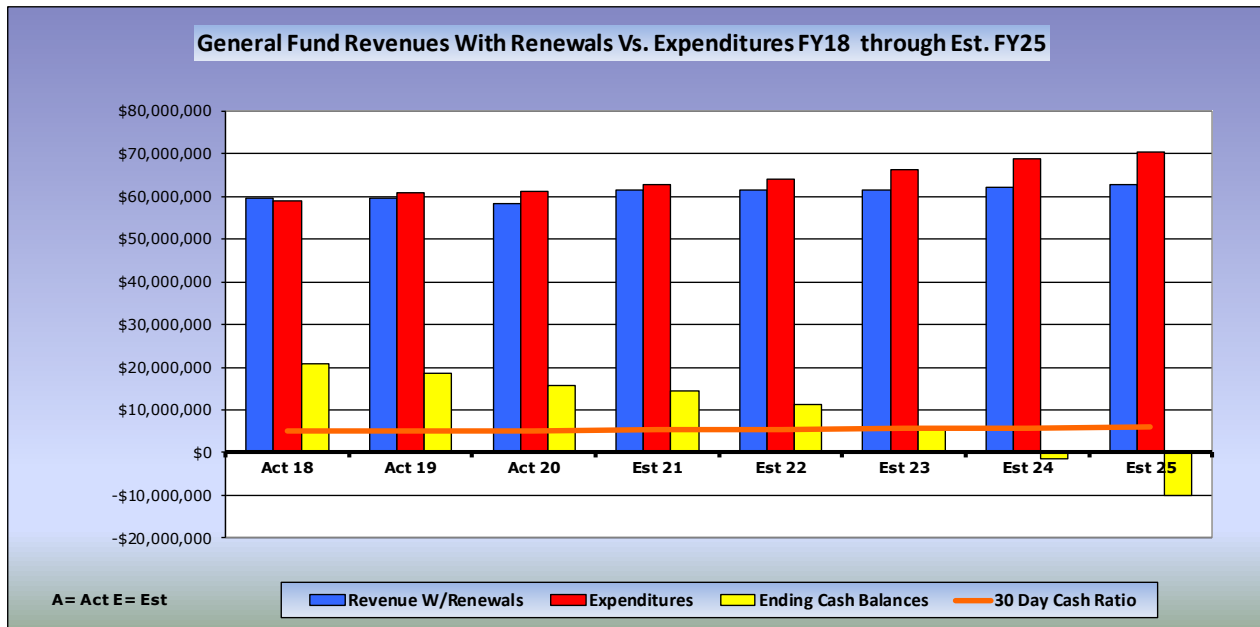
Ending Unencumbered and Reserved Cash Balance “The Bottom Line” – Line#15.010

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, which is about \$5.2 million for our district.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Ending Cash Balance	<u>\$14,486,990</u>	<u>\$11,151,178</u>	<u>\$5,626,978</u>	<u>(\$1,610,201)</u>	<u>(\$9,988,603)</u>

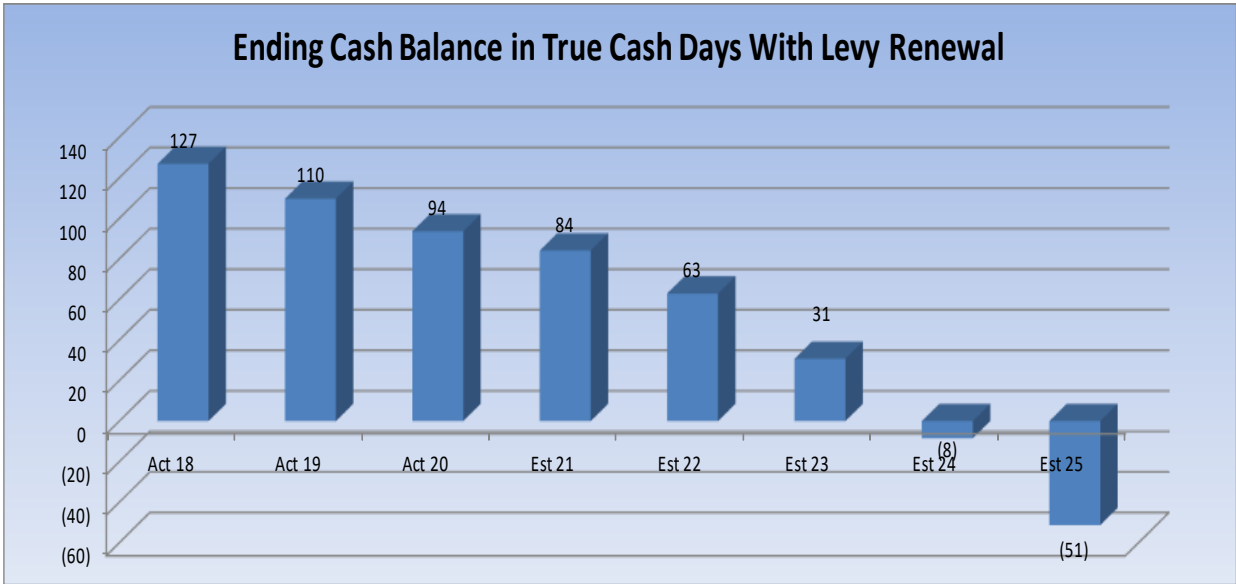
General Fund Revenues, Expenses and Ending Cash Balance -With Levy Renewals

The graph below shows that even with all levies renewed the district ending cash position is deteriorating rapidly by the time we get into FY22. This is in part due to state funding being reduced for FY20-21 and expenses exceeding revenues since FY17. The current forecast not only shows the absolute need for our existing levies to be renewed but also a new levy or budget reductions to match resources which are barely growing.



True Cash Days Ending Balance – Without Levy Renewal

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. Expenditures are calculated including transfers as this is a predictable funding source when used in the forecast. The following graph indicates the district will need to stay focused on FY23-25 period as adequate reserves are estimated to fall below acceptable levels in this time frame especially if the property tax levies are not renewed which is shown below.



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