

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT- RICHLAND COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH JUNE 30, 2024**



**Forecast Provided By
Clear Fork Valley Local School District
Treasurer's Office
Bradd Stevens, Treasurer/CFO
November 19, 2020**

Clear Fork Valley Local School District –Richland County
Notes to the Five Year Forecast
General Fund Only

Introduction to the Five Year Forecast

For fiscal year 2020 (July 1, 2019 – June 30, 2020) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2019, and May 31, 2020. HB87, effective November 1, 2018, changed the October filing deadline to November 30 beginning with this forecast. The May 31 filing date remains unchanged. 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 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT included in this forecast.

Fiscal year 2020 (July 1, 2019-June 30, 2020) 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 2019 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. 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 \$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 an even position in FY20 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 closures from the COVID-19 pandemic unemployment rates statewide rose rapidly from 4.7% in February to 17.4% in April. Rates have improved to 8.8% in August 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.

Forecast Risks and Uncertainty:

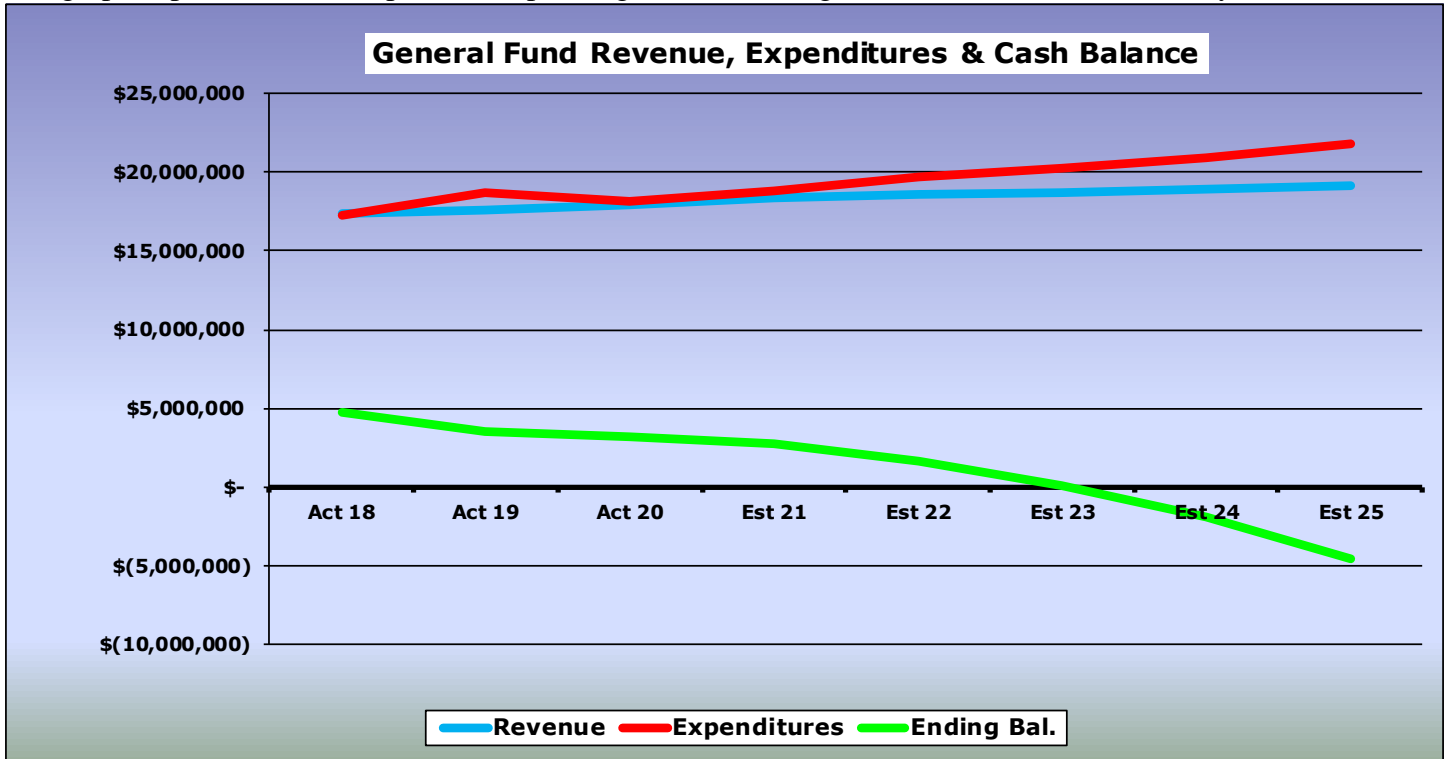
A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, both of which affect 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) Richland County experienced the reappraisal for the 2017 tax year to be collected in 2018, which decreased residential/agricultural, assessed values by \$3.69 million or a decrease of 2.01%, and a decrease of 0.03% for commercial/industrial values. The changes authorized by HB49 to CAUV values lower Class I agricultural values for counties experiencing a reappraisal of update in Tax Year 2017. Since Richland County experienced a reappraisal in 2017, these changes essentially took effect immediately and decreased our agricultural assessed valuation by 17% compared to Tax Year 2016. Richland County is finishing the Triennial Update for 2020 to collect in 2021, the district has been given a preliminary increase for Class I of 18% for residents, but has not been given the change for CAUV. The decrease in CAUV shifts a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.
- 2) The State Budget represented nearly 48.64% of district revenues in FY21 and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if 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 FY24. We have projected our state funding to be in line with our current estimates through FY24 which we feel are 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
- 3) HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. Our district is estimated to receive enrollment growth money for FY20-21 and will treat it as guaranteed in FY22-24. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467 and is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22.
- 4) 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. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that increase with each biennium budget and cost the district money. Expansion or creation of programs such as these 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.
- 5) The enrollment reporting for the state is very difficult to track. This is another area that we must monitor very closely especially with the increased enrollment that we are expecting from new housing developments.
- 6) Labor relations in the district have been fairly 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 good working relationship will continue.

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 Bradd Stevens, Treasurer at 740-965-3010.

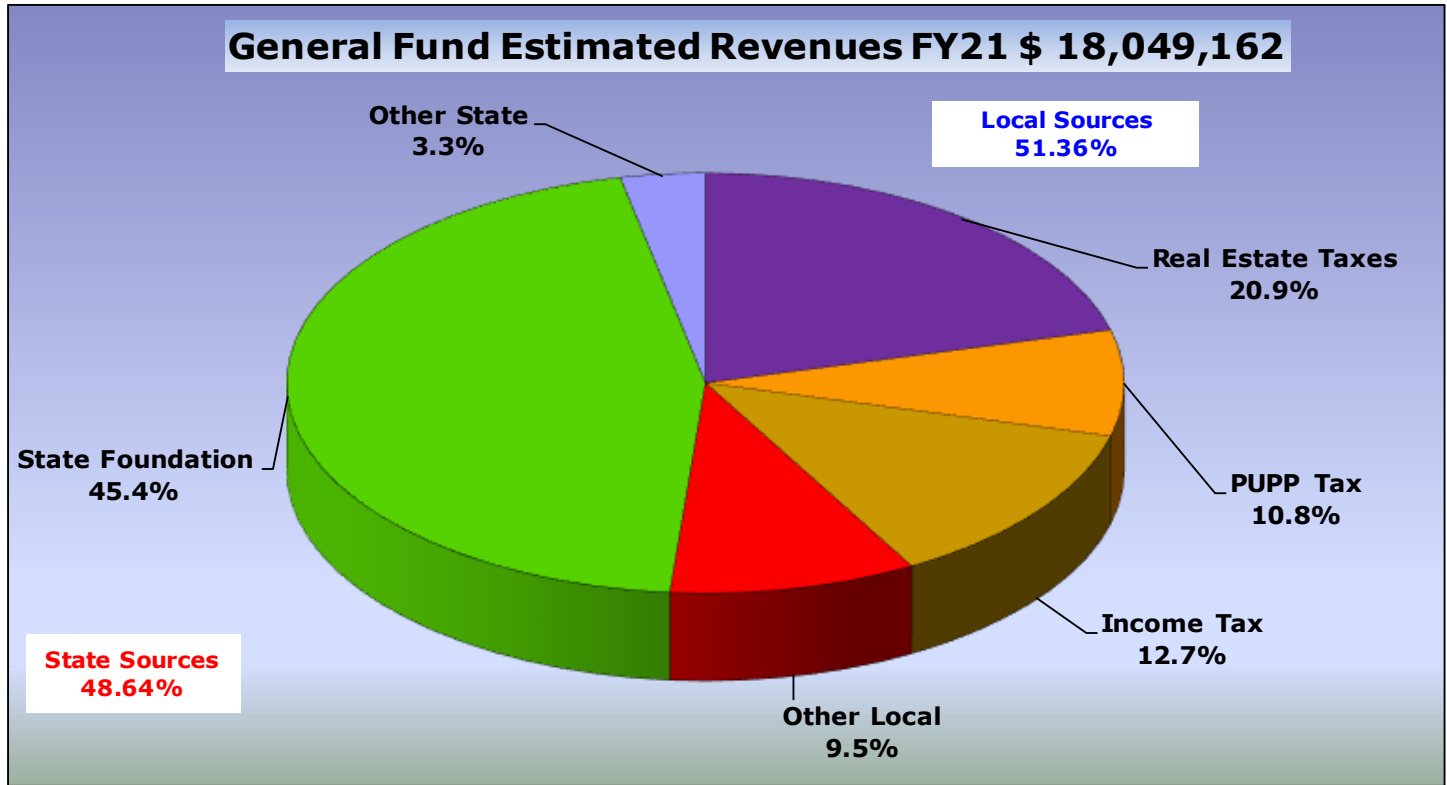
General Fund Revenue, Expenditure and Ending Cash Balance Actual FY18-20 and Estimated FY21-25

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



Revenue Assumptions

All Revenue Sources General Fund FY21



Real Estate Value Assumptions – Line #1.010

The Clear Fork Valley School district is located in Richland and Knox Counties. The County Auditors establish property values each year based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values.

The district is very fortunate that Richland and Knox Counties have the reappraisal or update in the same year, even though they are not on the same full reappraisal cycle it is very helpful as to being able to watch the changes in an update for the next reappraisal between the two counties. The counties went through a reappraisal/update cycle for the 2017 tax year to be collected in 2018, which included a 2.01% decrease in Class I reappraisal and a 0.03% decrease for Class II. The Class I reappraisal includes the decreases for CAUV due to the changes in HB49 that took effect in the first year for any county going through either reappraisal or update after the passage of the law. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers and may contribute to lower than anticipated taxes to our district.

The reappraisal update is occurring in 2020 for collection in 2021. The district is estimating a 15% increase of values for Class I and a 0.2% increase in Class II for this update.

The growth of new construction for homes is anticipated to increase the district's valuations each year between the reappraisal in 2017 and the update in 2020. House Bill 920 decreases effective tax rates so the district tax revenues are held harmless, until the effective millage is lowered to 20 mills, with the growth in new construction in Class I the district is expected to be on the 20 mill floor with the update in 2020 for collection in 2021. No

district can collect less than 20 mills if the district voted millage is greater than 20 mills. Only the Class I rates will be at the 20 mill floor with the new values. Since the district is at the 20 mill floor the district will see some increase in the amount that is collected for taxes.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
<u>Classification</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>
Res./Ag.	212,042,259	213,277,259	216,012,259	225,227,627	226,462,627
Comm./Ind.	12,708,928	12,668,928	12,628,928	12,844,186	13,061,069
Public Utility (PUPP)	34,590,160	36,090,160	37,590,160	39,090,160	40,590,160
Total Assessed Value	<u>259,341,347</u>	<u>262,036,347</u>	<u>266,231,347</u>	<u>277,161,973</u>	<u>280,113,856</u>

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 97% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio’s property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. Property taxes are estimated to be collected at 57.59% of the Class I and Class II in the February tax settlements and 42.41% collected in the August tax settlements.

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Est. Property Taxes Line #1.010	\$3,779,803	\$3,986,510	\$4,023,251	\$4,138,897	\$4,219,834

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The phase out of TPP taxes as noted earlier began in FY06 which was also included with this line. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the general tangible personal property tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent TPP 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.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line #1.020

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Public Utility Personal Property Taxes	\$1,467,024	\$1,537,297	\$1,602,547	\$1,667,797	\$1,733,047

Renewal Tax Levies – Line #11.020 – The district does not have any levies that will need to be renewed.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

School District Income Tax – Line #1.03

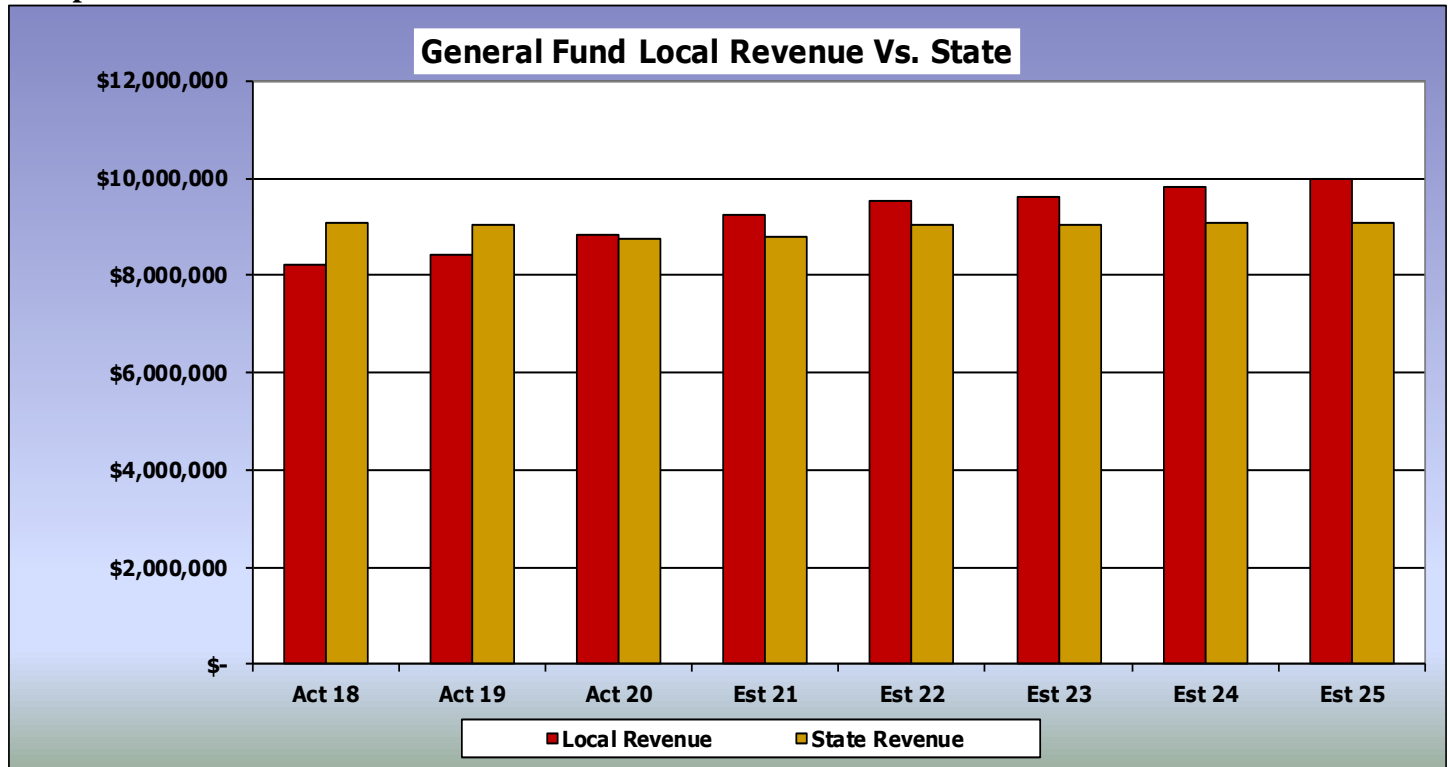
Residents approved a 1% income tax levy that was approved in 2013 that expires December 31, 2037. School District Income tax will be impacted by the COVID-19 Recession due to record levels of high unemployment and from the tax due date being changed from April 15th to July15th for 2019 taxes.

The district experienced a substantial decrease in our July payment due to the change in the filing deadline. However, our district did not see a decrease overall in the first two quarters after tax payers made their payments with the new deadline of July15th, but we still do not expect to see the increase that we experienced in the previous year. Therefore, we have estimated a 1% increase in collections in FY21, 0% increase in FY22

and then an increase of 1% in FY23 through FY25; we will continue to monitor these amounts until we receive additional information.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
SDIT Collection	\$2,277,678	\$2,300,455	\$2,300,455	\$2,323,459	\$2,346,694
Adjustments	\$22,777	\$0	\$23,005	\$23,235	\$23,467
Total to Line #1.030	\$2,300,455	\$2,300,455	\$2,323,459	\$2,346,694	\$2,370,161

Comparison of Local and State Revenue



State Foundation Revenue Estimates – Lines #1.035, #1.040 and #1.045

A) Unrestricted State Foundation Revenue & Casino Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & FY21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned 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. At this time we are expecting that the FY19 level will be used for FY22-FY25, however due to enrollment decreases we are deducting \$80,000 from each year of funding.

In FY20 Governor DeWine 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 percent of decrease. The state-share index that was last calculated in FY2019 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 from the FY19 Biennial Budget amount to the final amount that was received in FY20, the amount of reduction for our district is \$295,273 in FY20.

Enrollment Growth Supplement: This funding element that was also introduced by Am. Sub. HB 166 for implementation in FY20 is aimed at providing additional funding to school districts that have experienced increased enrollment the past 3 years. The district is to receive this funding in FY21 of \$5,084.

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. Our district is to receive \$382,278 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, which is not included in this forecast, and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166.

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 less \$80,000 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 is collected as a tax. School districts receive 34% of the 33% GCR that is paid into a student fund at the state level. These funds are distributed to school districts twice a year on the 31st of January and August each year which began for the first time on January 31, 2013.

Due to COVID-19 closing the casinos in 2020 we are reducing the amount of funding in FY21 by 40% then increasing the amount in FY22 by 25%, FY23 by 30% and 2% in FY24-FY25 as we go through the next few years we will adjust as the funding information is available.

<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	\$7,750,779	\$7,957,478	\$7,957,478	\$7,957,478	\$7,957,478
Additional Aid Items	<u>\$184,021</u>	<u>\$184,021</u>	<u>\$184,021</u>	<u>\$184,021</u>	<u>\$184,021</u>
Basic Aid-Unrestricted Subtotal	\$7,934,800	\$8,141,499	\$8,141,499	\$8,141,499	\$8,141,499
Ohio Casino Commission ODT	<u>\$55,525</u>	<u>\$69,607</u>	<u>\$90,751</u>	<u>\$92,833</u>	<u>\$94,962</u>
Total Line # 1.035	<u>\$7,990,325</u>	<u>\$8,211,106</u>	<u>\$8,232,250</u>	<u>\$8,234,332</u>	<u>\$8,236,461</u>

B) Restricted State Revenues – Line #1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY19-23. The district also submits for catastrophic costs, which provides reimbursement for a portion of the extraordinary costs paid for students with special needs.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Economically Disadvantage Aid	\$83,094	\$83,094	\$83,094	\$83,094	\$83,094
Career Tech - Restricted	<u>\$116,179</u>	<u>\$116,179</u>	<u>\$116,179</u>	<u>\$116,179</u>	<u>\$116,179</u>
Total Line #1.040	<u>\$199,273</u>	<u>\$199,273</u>	<u>\$199,273</u>	<u>\$199,273</u>	<u>\$199,273</u>

Restricted Federal Grants in Aid – Line #1.045

There is no additional restricted federal funding projected in this forecast.

Summary of State Foundation Revenues

<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	\$7,990,325	\$8,211,106	\$8,232,250	\$8,234,332	\$8,236,461
Restricted Line # 1.040	\$199,273	\$199,273	\$199,273	\$199,273	\$199,273
Restricted Fed. Grants - Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	<u>\$8,189,598</u>	<u>\$8,410,379</u>	<u>\$8,431,523</u>	<u>\$8,433,605</u>	<u>\$8,435,734</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 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 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 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 currently 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 receive a Homestead Exemption if they meet 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. These changes have slowed 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 –

The district does not receive any TPP Fixed Rate reimbursements.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Rollback and Homestead	<u>\$590,228</u>	<u>\$620,966</u>	<u>\$626,763</u>	<u>\$644,210</u>	<u>\$659,468</u>
Total Tax Reimb./Prop. Tax Allocations	<u>\$590,228</u>	<u>\$620,966</u>	<u>\$626,763</u>	<u>\$644,210</u>	<u>\$659,468</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 source of revenue in this area is tuition for court placed students, open enrollment, general rental fees, interest earnings and Medicaid reimbursements.

Open Enrollment is the largest single item in this category we are using October #2 payment for the amount of revenue with no increase for the remainder of the forecast.

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district’s balances available for investment vary month to month due to cash flow needs. As the district balances decrease we have decreased the amount of interest each year of the forecast. Due to the Federal Reserve lowering the interest rates to booster the economy from COVID-19 we are estimating that interest will be decreased by 45.5% in FY21 with decrease of 20% in each of the remaining years of the forecast. Security of the public funds collected by the district is the top priority of the treasurer’s office.

Class fees are expected to decrease by 5% in FY21 due to COVID-19 with no increase in revenue for FY22-FY25.

We expect to see a \$4,500 decrease in Medicaid and fees lines after adjusting for FY21 with no increase in future years of the forecast.

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Tuition	\$216,720	\$216,720	\$216,720	\$216,720	\$216,720
Open Enrollment	\$1,204,367	\$1,204,367	\$1,204,367	\$1,204,367	\$1,204,367
Interest	\$115,404	\$92,323	\$73,859	\$59,087	\$47,270
Class Fees	\$65,973	\$65,973	\$65,973	\$65,973	\$65,973
Other Miscellaneous Receipts	<u>\$119,591</u>	<u>\$119,591</u>	<u>\$119,591</u>	<u>\$119,591</u>	<u>\$119,591</u>
Total Line # 1.060	<u>\$1,722,055</u>	<u>\$1,698,974</u>	<u>\$1,680,510</u>	<u>\$1,665,738</u>	<u>\$1,653,920</u>

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. The district does not anticipate any Transfers or Advances during the remainder of the forecast.

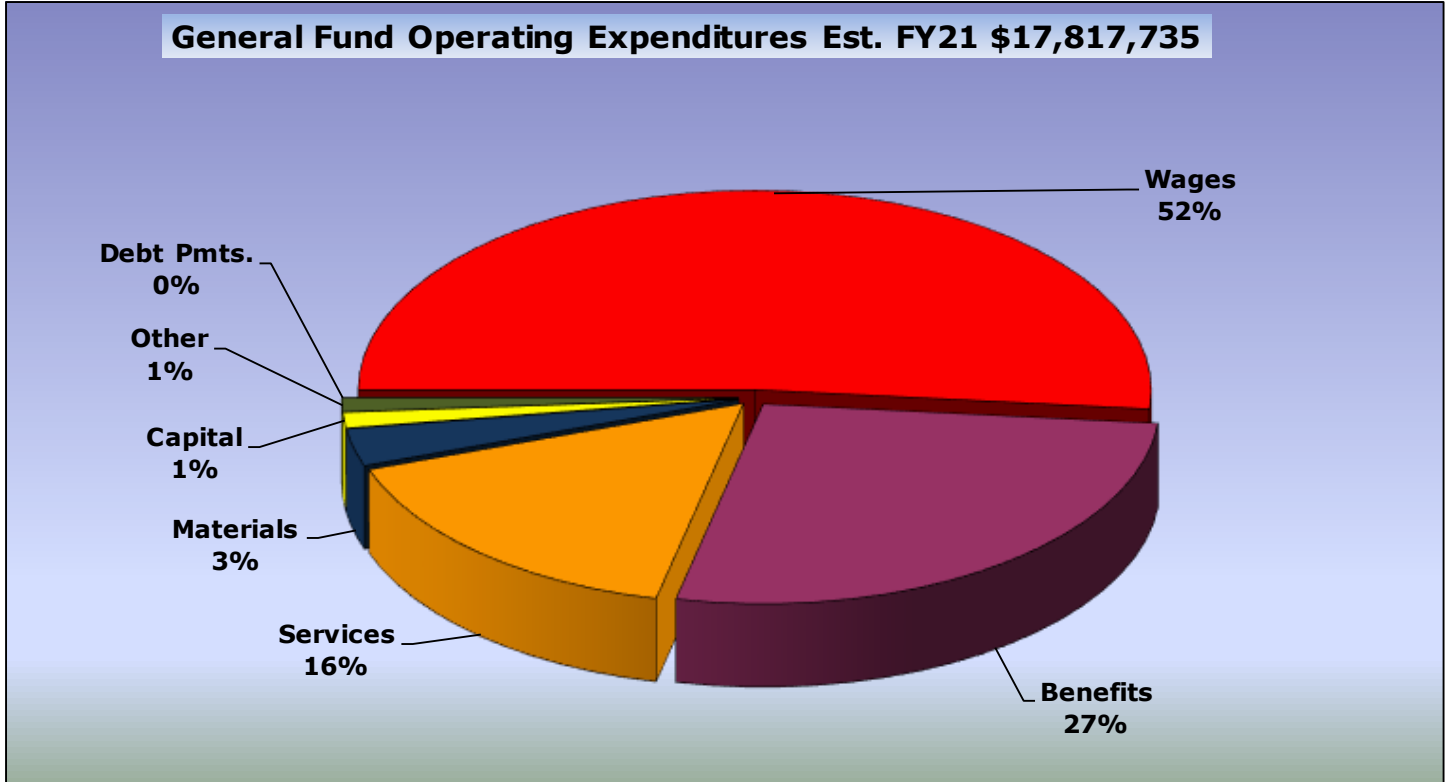
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive a Bureau of Workers Compensation refund of \$51,236 for FY21 in October. There will be another BWC payment of \$190,835 in December that is more than our annual amount of worker’s compensation, at this time we are including the payment as a Refund of Prior Year Expenditure, with the understanding that there may be Auditor of State recommendation on how these funds are posted. The district is estimating amounts for FY22 through FY25 based on currently received receipts and historical trends for this revenue area.

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
All Other Sources	\$316,071	\$74,000	\$74,000	\$74,000	\$74,000

Expenditures Assumptions

All Operating Expense Categories - General Fund FY21



Wages – Line #3.010

Based on the negotiated agreement with the certified staff in FY21 they will see changes in the step percentages and additional steps with no increase in FY23-FY25 and the classified staff will see a 0.5% increase in FY21 with no increase in FY22-FY25.

Summary of Personal Services – Line #3.010

<u>Source</u>	FY 21	FY 22	FY 23	FY 24	FY 25
Base Wages	\$8,578,157	\$8,884,219	\$9,280,836	\$9,537,915	\$9,802,115
Base Wage Rate Increases	\$0	\$136,835	\$0	\$0	\$0
Steps & Training	\$237,615	\$246,093	\$257,079	\$264,200	\$271,519
Staff Growth/Replacement	\$68,447	\$13,689	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Substitutes - Certified	\$115,000	\$117,300	\$117,300	\$117,300	\$117,300
Substitutes - Classified	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Supplemental	\$94,432	\$97,265	\$100,183	\$103,188	\$106,284
Severance	\$45,000	\$0	\$0	\$0	\$0
Staff Reductions (Retire/Resignation)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Wages Line 3.010	<u>\$9,183,651</u>	<u>\$9,540,401</u>	<u>\$9,800,398</u>	<u>\$10,067,603</u>	<u>\$10,342,218</u>

Fringe Benefits Estimates – Line #3.020

A) STRS/SERS will increase as Wages Increase

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 also required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid SERS members. It is exclusively used to fund health care.

B) Insurance

We are estimating an increase of 4.4% during FY21 and 9% for FY22-25 which may be a little conservative due to the unpredictable nature of health insurance.

Implementation of Patient Protection and Affordable Care Act (PPACA) has cost our district additional funds. However, 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 based on the district’s rate of .53% of the total salaries paid for each year of the forecast. Unemployment Compensation is based on actual claims.

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.

E) Tuition and Other Benefits

The district reimburses staff for cost of tuition and those that do not take insurances. We are expecting that there not any increases for these items in FY21-FY25.

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>
STRS/SERS	\$1,461,669	\$1,519,921	\$1,564,321	\$1,607,092	\$1,651,050
Insurance's	\$3,118,059	\$3,401,970	\$3,708,147	\$4,041,880	\$4,405,650
Workers Comp/Unemployment	\$57,000	\$52,564	\$53,942	\$55,358	\$56,814
Medicare	\$134,155	\$138,534	\$142,106	\$145,980	\$149,962
Tuition	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
Other Benefits	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625
Total Line 3.020	<u>\$4,809,009</u>	<u>\$5,151,115</u>	<u>\$5,506,641</u>	<u>\$5,888,436</u>	<u>\$6,301,600</u>

Purchased Services – Line #3.030

Bases services which include but not limited too are legal fees, management fees, utilities, health services, tuition for students attending other district and ESC service. The district is using October #2 for the Open Enrollment and Community School deductions with a 2% increase for FY22 through FY25.

The district is forecasting increases based on historical trends in all areas except Utilities for FY21-FY25. The utilities are expecting 3% increase throughout the forecast.

Purchased Services – Line #3.030

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Insurance, Leases, Postage, & Other	\$234,750	\$239,445	\$244,234	\$249,119	\$254,101
Professional Services, Legal Fees & ESC	\$691,606	\$705,438	\$719,547	\$733,938	\$748,617
Open Enrollment	\$405,277	\$413,383	\$421,650	\$430,083	\$438,685
Community Schools	\$412,833	\$421,090	\$429,511	\$438,102	\$446,864
Other tuition	\$668,912	\$682,290	\$695,936	\$709,855	\$724,052
Utilities	\$258,900	\$266,667	\$274,667	\$282,907	\$291,394
Building Repairs & Services	<u>\$194,000</u>	<u>\$197,880</u>	<u>\$201,838</u>	<u>\$205,874</u>	<u>\$209,992</u>
Total Line 3.030	<u>\$2,866,278</u>	<u>\$2,926,193</u>	<u>\$2,987,383</u>	<u>\$3,049,877</u>	<u>\$3,113,704</u>

Supplies and Materials – Line #3.040

This category of expenses which are characterized by classroom supplies, textbooks, copy paper, and materials. The district is projecting the needs of the district for each year of the forecast.

<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Classroom & General Supplies	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000
Textbooks & Electronic Instruction	\$118,000	\$118,000	\$118,000	\$118,000	\$118,000
Maintenance & Transportation Supplies	<u>\$235,000</u>	<u>\$238,600</u>	<u>\$242,272</u>	<u>\$246,017</u>	<u>\$249,838</u>
Total Line 3.040	<u>\$536,000</u>	<u>\$539,600</u>	<u>\$543,272</u>	<u>\$547,017</u>	<u>\$550,838</u>

Equipment – Line #3.050

Capital Outlay expenditures are based on the needs of the district. The technology equipment is being increased in FY21 for needs of the students and district with the amount being increased for the remainder of the forecast. The district plans to purchase one bus each year in FY21, FY22, FY23 and FY25.

<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	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Technology	\$75,000	\$125,000	\$125,000	\$125,000	\$125,000
School Buses	<u>\$103,000</u>	<u>\$103,000</u>	<u>\$62,000</u>	<u>\$0</u>	<u>\$104,000</u>
Total Line 3.050	<u>\$223,000</u>	<u>\$273,000</u>	<u>\$232,000</u>	<u>\$170,000</u>	<u>\$274,000</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, SDIT collection fees and our annual audit and other miscellaneous expenses. The district is using a 3% increase for Auditor and Treasurer Fees increase in FY21-FY25 and 1% increase in all other areas for each year of the forecast.

<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 & SDIT Fees	\$133,578	\$137,585	\$141,712	\$145,964	\$150,343
Dues, Fees & Awards	\$12,107	\$12,228	\$12,350	\$12,474	\$12,598
Other expenses	<u>\$54,113</u>	<u>\$54,654</u>	<u>\$55,200</u>	<u>\$55,752</u>	<u>\$56,310</u>
Total Line 4.300	<u>\$199,797</u>	<u>\$204,467</u>	<u>\$209,263</u>	<u>\$214,190</u>	<u>\$219,251</u>

Transfers/Advances Out – Line #5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. Since the bond to build new elementary facility is backed by the district’s earned income tax, the proceeds are recorded as income tax receipts which are then transferred to the Bond Retirement Fund to pay the debt. The bond payments increase annually so the amount of the transfers much also increase. The district also transfers funds to the extra-curricular accounts annually which are included in this amount.

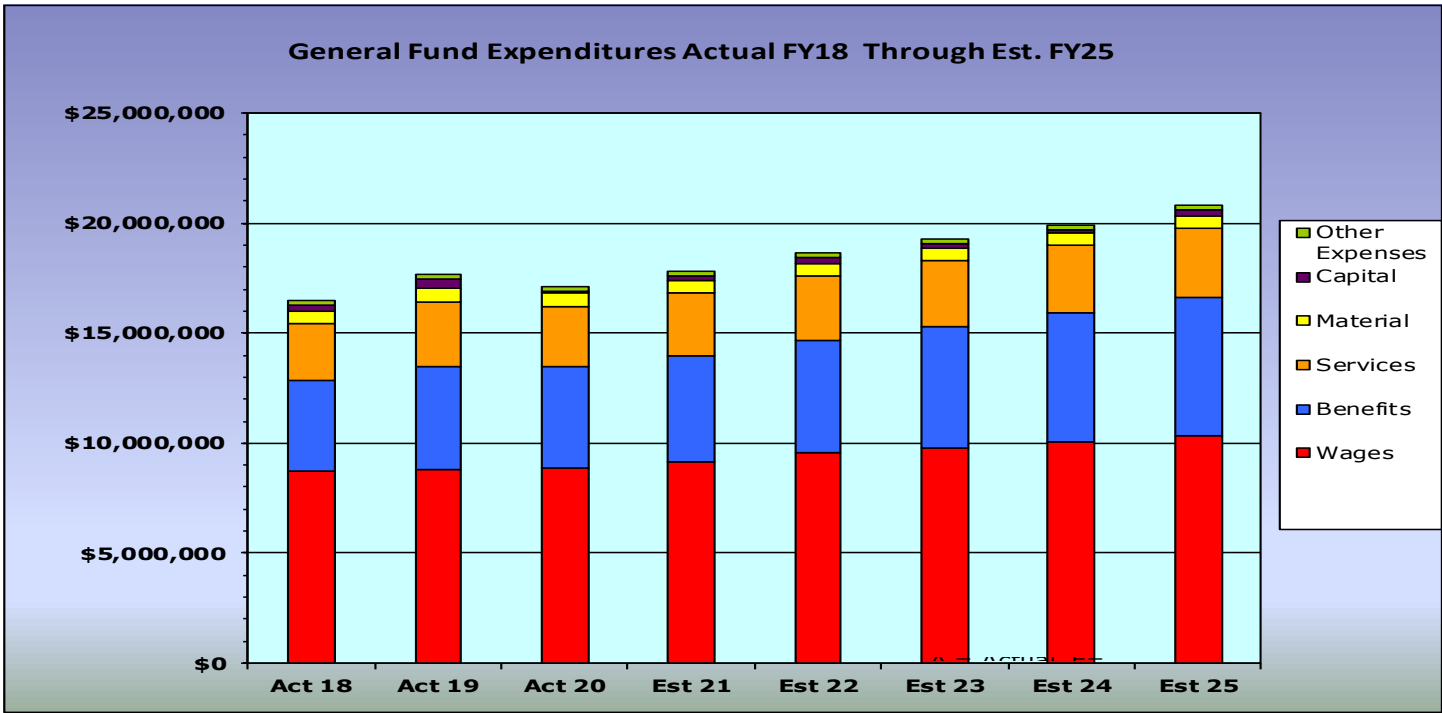
<u>Source</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Operating Transfers Out Line #5.010	\$1,049,275	\$1,050,325	\$1,045,325	\$1,041,825	\$1,022,775
Advances Out Line #5.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$1,049,275</u>	<u>\$1,050,325</u>	<u>\$1,045,325</u>	<u>\$1,041,825</u>	<u>\$1,022,775</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. The district does not expect to have any encumbrances at the end of each year.

Operating Expenditures Actual FY18 through FY20 and Estimated FY21 through FY25.

As the graph below indicates the largest expenditure for the district is that of staffing. We are attempting to accommodate the needs of a growing student population with these expenditures, but understand the challenging budgetary constraints we face.



Ending Unencumbered Cash Balance – Line #15.010

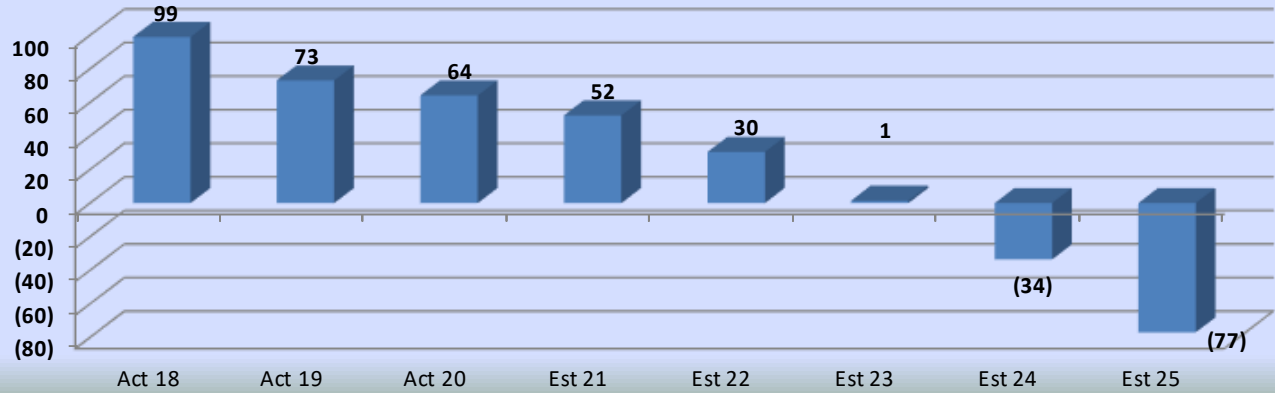
This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Ending Cash Balance	<u>\$2,698,729</u>	<u>\$1,642,211</u>	<u>\$79,982</u>	<u>(\$1,928,025)</u>	<u>(\$4,606,247)</u>

True Cash Days

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Based on the current fund balances the district will not have the sixty (60) day balance at the end of FY21.

Ending Cash Balance in True Cash Days



Conclusion

Clear Fork Valley Local School District is fortunate to have not received as large of a decrease in state funding for FY21 as originally forecasted. Being that 48.64% of the funding for the district is from state dollars, the administration will be able to use these dollars for our students.

The district administration will be able to plan for the future needs of our students with the financial stability obtained with the current state budget, but they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning with COVID-19 still being a driver, as there are two new state budgets in the time period from FY22-25.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.