Gahanna- Jefferson City School District

Franklin 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
Gahanna-Jefferson City School District
Mike Verlingo, Treasurer/CFO

May 21, 2020

GAHANNA-JEFFERSON PUBLIC SCHOOLS
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018, 2019
Forecasted Fiscal Year Ending June 30, 2020 through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
	Revenues									
1.010	General Property Tax (Real Estate)	$51,493,152	$53,256,700	$54,252,577	2.6%	$60,326,812	$57,158,149	$62,030,838	$62,420,705	$62,816,030
1.020	Tangible Personal Property	3,016,084	3,582,309	4,121,916	16.9%	$4,811,765	$5,440,986	$5,682,721	$5,887,266	$6,054,621
1.035	Unrestricted State Grants-in-Aid	14,632,915	15,342,572	15,802,144	3.9%	$14,227,720	$14,353,564	$14,441,763	$15,955,928	$16,003,211
1.040	Restricted State Grants-in-Aid	347,496	244,702	237,266	-16.3%	$237,456	$213,710	$213,710	$237,456	$237,456
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY1	0	0	0	0.0%	$0	$0	$0	$0	$0
1.050	Property Tax Allocation	6,506,758	6,443,454	6,491,738	-0.1%	$6,685,801	$6,570,487	$6,597,253	$6,624,040	$6,688,455
1.060	All Other Revenues	7,027,585	8,418,963	10,045,645	19.6%	$10,636,148	$10,084,133	$9,959,622	$10,251,426	$10,361,288
1.070	*Total Revenues*	83,023,990	87,288,700	90,951,286	4.7%	96,925,702	93,821,029	98,925,907	101,376,821	102,161,061
	Other Financing Sources									
2.040	Operating Transfers-In	0	28,700	1,116,073	0.0%	-	-	-	-	-
2.050	Advances-In	0	0	0	0.0%	-	345,000	-	-	-
2.060	All Other Financing Sources	339,112	189,720	37,296	-62.2%	$8,663	$25,000	$25,000	$25,000	$25,000
2.070	*Total Other Financing Sources*	339,112	218,420	1,153,369	196.2%	8,663	370,000	25,000	25,000	25,000
2.080	*Total Revenues and Other Financing Sources*	83,363,102	87,507,120	92,104,655	5.1%	96,934,365	94,191,029	98,950,907	101,401,821	102,186,061
	Expenditures									
3.010	Personal Services	$53,607,155	$52,852,022	$53,381,648	-0.2%	$55,202,363	$57,418,670	$60,711,953	$63,307,302	$65,900,560
3.020	Employees' Retirement/Insurance Benefits	16,041,783	16,608,405	18,218,358	6.6%	$20,163,403	$21,443,736	$22,561,948	$24,103,176	$25,733,102
3.030	Purchased Services	10,552,207	11,127,727	11,179,971	3.0%	$11,629,743	$12,402,387	$12,903,212	$12,972,722	$13,042,918
3.040	Supplies and Materials	2,554,298	2,045,590	1,798,078	-16.0%	$1,802,400	$1,833,056	$2,266,995	$2,309,335	$2,352,521
3.050	Capital Outlay	960,265	831,922	854,103	-5.3%	$1,574,000	$762,000	$950,000	$950,000	$950,000
	Debt Service:									
4.010	Principal-All (Historical Only)	-			0.0%	-	-	-	-	-
4.020	Principal-Notes	524,585	1,435,005	1,423,185	86.4%	$1,458,185	$1,518,184	$1,553,184	$1,593,184	$1,638,184
4.050	Principal-HB 264 Loans	280,000	-	-	0.0%	$0	$0	$0	$0	$0
4.055	Principal-Other	135,000	145,000	-	-46.3%	$0	$0	$0	$0	$0
4.060	Interest and Fiscal Charges	799,132	635,777	422,342	-27.0%	$374,072	$321,654	$269,517	$237,298	$197,957
4.300	Other Objects	1,155,571	1,071,178	1,094,456	-2.6%	$1,303,137	$1,343,885	$1,356,134	$1,368,500	$1,380,984
4.500	*Total Expenditures*	$86,609,996	86,752,626	88,372,141	1.0%	93,507,303	$97,043,572	$102,572,943	$106,841,517	$111,196,227
	Other Financing Uses									
5.010	Operating Transfers-Out	105,004	178,529	1,572,819	425.5%	$483,022	$483,022	$483,022	$483,022	$483,022
5.020	Advances-Out	0	-	-	0.0%	345,000	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	$175	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	105,004	178,529	1,572,819	425.5%	828,197	483,022	483,022	483,022	483,022
5.050	*Total Expenditures and Other Financing Uses*	86,715,000	86,931,155	89,944,960	1.9%	94,335,500	97,526,594	103,055,965	107,324,539	111,679,249
6.010	*Sources over (under) Expenditures and Other Financing Uses*	(3,351,898)	575,965	2,159,695	78.9%	2,598,865	(3,335,564)	(4,105,057)	(5,922,718)	(9,493,188)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,350,037	6,998,139	7,574,104	-12.1%	$9,733,799	$12,332,664	$8,997,100	$4,892,043	-$1,030,675
7.020	*Cash Balance June 30*	6,998,139	7,574,104	9,733,799	18.4%	$12,332,664	$8,997,100	$4,892,043	(1,030,675)	(10,523,863)
8.010	*Estimated Encumbrances June 30*	1,585,015	548,626	580,445	-29.8%	$650,000	$650,000	$650,000	$650,000	$650,000
	Reservation of Fund Balance									
9.030	Budget Reserve	1,000,303	1,000,303	1,000,303	0.0%	$2,000,000	$5,000,000	$8,000,000	$12,000,000	$16,000,000
9.080	*Subtotal*	1,000,303	1,000,303	1,000,303	0.0%	$2,000,000	$5,000,000	$8,000,000	$12,000,000	$16,000,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	4,412,821	6,025,175	8,153,051	35.9%	9,682,664	3,347,100	(3,757,957)	(13,680,675)	(27,173,863)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-		0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-		0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	4,412,821	6,025,175	8,153,051	35.9%	9,682,664	3,347,100	(3,757,957)	(13,680,675)	(27,173,863)
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	4,291,422	8,411,186	8,411,186	8,411,186
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	4,291,422	12,702,608	21,113,794	29,524,980
14.010	Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	4,412,821	6,025,175	8,153,051	35.9%	9,682,664	7,638,521	8,944,650	7,433,119	2,351,117

Gahanna-Jefferson City School District –Franklin County
Notes to the Five Year Forecast
General Fund Only
May 21, 2020

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. 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 state funding to all 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 May 2020 filing.

Economic Outlook During The COVID-19 Global Pandemic

This five-year forecast is filed in the midst of a health and financial struggle that encompasses 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 is following events and conducting video conferences daily to plan, what we believe, is the best course of action during a time of unprecedented uncertainty. State and local resources are going to be under extreme stress as we continue through and eventually recover from the pandemic. We have reviewed historical data from the Great Recession of 2008, but there is no historic data or situation to compare to what the district is facing now. The current pandemic situation makes it extremely challenging to project where our finances will be through fiscal year 2024. Data and assumptions noted in this forecast were based on the best and most reliable data available to us as of the date of this forecast.

May 2020 Updates:

<u>Revenues FY20:</u>

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 $96,925,702 or .58% higher than the November forecasted amount of $96,366,166. This indicates the November forecast was 99.42% accurate.

The increase in revenue estimate is mostly affected by higher TIF collections due to growth and the new levy collections which helped the district absorb the $1,667,459 cut in FY20 state foundation funding made by ODE as a result of the mandated statewide budget cuts.

All other areas of revenue are tracking as anticipated for FY20 based on our best information at this time.

<u>Expenditures FY20:</u>

Total General Fund expenditures (line 4.5) are estimated to be $93,507,303 for FY20 which is below the original estimate of $95,689,400 in the November forecast. The expenditures were reduced in all lines of the forecast except for capital outlay and other objects. Reductions reflect cost containment efforts which have been underway since the March school closing orders resulting from the COVID-19 Pandemic, as well as lower personnel and benefit costs. We will continue to look for ways to reduce expenses in anticipation of lower state revenues.

Forecast Risks and Uncertainty:

In addition to the above noted uncertainty due to the COVID-19 Pandemic, a five year financial forecast typically has inherent risks and uncertainties. This is due to normal economic uncertainties and to state legislative changes that will take place during the deliberation of two (2) state biennium budgets that will occur in the spring of 2021 and 2023. These budget deliberations will affect this five year forecast in FY22-23 and FY24-25. 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. Property Value Adjustments

Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. Several large developments, including single-family homes will be added in Jefferson Township. These projects will be developed in phases and will increase tax revenue. As the timeline for each phase becomes known, the forecast will be updated to reflect the timing of the new revenue. Total local revenues which are predominately local taxes equate to 78% of the district's resources. Due to the COVID-19 Recession we have anticipated current tax collections may fall 5% in FY21, and slowly readjust back up to normal collections in FY22-24.

We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. A reappraisal update will occur in 2020 in Franklin County and we anticipate a 12.5% increase in residential and 3% in commercial property values. The Franklin County auditor has requested a postponement of the 2020 update to 2021 from the Ohio Tax Commissioner. This could impact the anticipated increase on inside millage that the estimated value increases would yield. The extension has not been granted at the time of this forecast but we are watching this closely and will update the forecast if the postponement is granted. We believe there is a low risk that local collections would fall below projections in the forecast.

II. State Foundation - HB166 the current state budget represents 21% of district revenues and is an area of risk to revenue. The state has reduced our funding for FY20 by $1,667,459 and we are anticipating reductions from FY19 funding levels of 10% in FY21 and FY22. We anticipate these reductions due to drastically reduced state revenue because of the COVID-19 pandemic. 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 will make adjustments to the forecast in future years as we have data to help guide this decision.

In general the only significant increase in funding to all districts in Ohio for FY20 and FY21 is restricted use money for Student Wellness and Success which 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.

III. State Rollback Reimbursements - HB59 eliminated the Rollback exemption on any future new or replacement levy. This means that with our new levy, residential taxpayers no longer receive the

12.5% reduction as they do on current levies. This could make passing any new levy more difficult. This will not affect the total collection for the school district, but will shift the burden from the State of Ohio to local taxpayers.

IV. **School Choice -** 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 2020-21 school years, even though funding for our students was not increased to our district to account for these in this biennium budget.

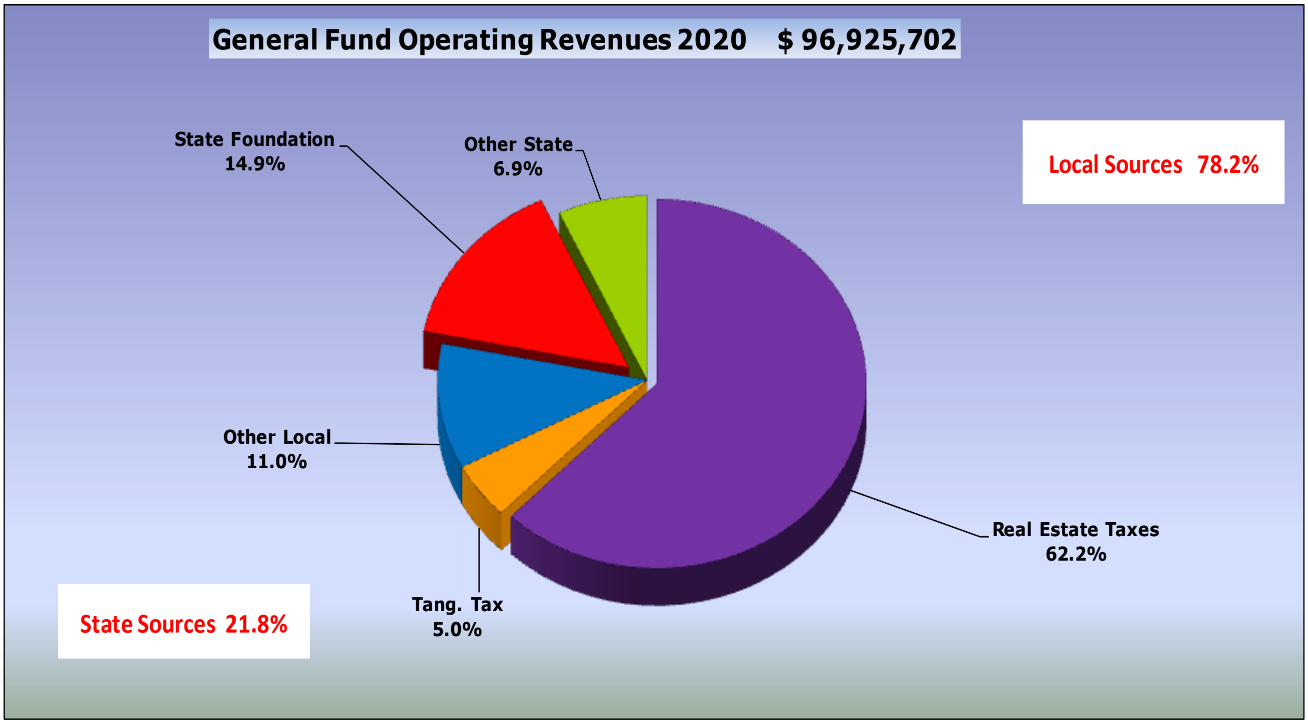
HB197 passed in March 2020 freezes EdChoice eligibility at the 2019-2020 list of 517 buildings. The district does not have any buildings designated as underperforming but the measures used by the state could be changed for the future. These are examples of new choice programs that increase with each biennium budget that 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 closely monitoring Ed Choice voucher legislation and are watching for any new threats to our state aid and increased costs.

V. **Health Insurance Premiums –**The insurance fund balance was depleted during FY18 due to underfunding and unusually high claims. The district borrowed $2 million in a short term note in order to keep the fund solvent and allow time for the increased premiums to correct the fund balance. In order to address a deficit accumulated in the Health Insurance Reserve Fund, the District enacted a 30-month plan to address the deficit. The funding rate was significantly increased in July 2019. Over 30 months this additional funding will eliminate the deficit and accompanying $2 million note issuance, cover current liabilities and will cover a capped increase of 25% in January, 2021 agreed to by the insurance carrier. Beginning in January, 2022 annual increases of 9 percent are assumed for modeling purposes.

DETAILED FORECAST ASSUMPTIONS

The following assumptions relate back to the forecast with line numbers as reference. If you would like further information please feel free to contact Mike Verlingo, Treasurer/CFO of Gahanna-Jefferson School District at 614-478-5530.

REVENUE ASSUMPTIONS



General Property Tax (Real Estate) Assumptions – Line # 1.010

Real estate and personal property taxes make up 67% of the district's General Fund revenue. Forecasted future revenue takes into account the changing value of existing property, potential new property due to construction, and public utility personal property values (PUPP).

Value Assumptions

Property Values are established each year by the County Auditor. New construction, demolitions, Board of Revision (BOR)/Board of Tax Appeals (BTA) adjustments and complete reappraisal or updates are all components of the values. There are numerous residential projects approved for Jefferson Township which will increase revenue from property taxes. An estimate of that potential increase is built into this forecast, based on historical percentages. As the timeline of the projects becomes known, the estimates will be revised to more accurately reflect when the increases will occur.

A reappraisal update occurred in tax year 2017 for collection in FY18. Real estate values increased 11.84% for residential and 7.68% for commercial property. Overall, property values rose by $171.6 million (11.81%). An update to the appraised values will occur in 2020 and projections are 12.5% for residential, 3% for commercial and 5.4% growth for PUPP. The Franklin County auditor has requested a postponement of the 2020 update to 2021 from the Ohio Tax Commissioner. This could impact the anticipated increase on inside millage that the estimated value increases would yield. The extension has not been granted at the time of this forecast but we are watching this closely and will update the forecast if the postponement is granted. The table below reflects these assumptions.

Estimated Assessed Value (AV) by Collection Year

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2019	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023
Classification	COLLECT 2020	COLLECT 2021	COLLECT 2022	COLLECT 2023	COLLECT 2024
Res./Ag.	$1,263,848,390	$1,426,529,439	$1,431,229,439	$1,435,929,439	$1,526,785,205
Comm./Ind.	329,992,320	344,342,090	348,792,090	353,242,090	361,224,510
Public Utility (PUPP)	71,401,190	74,901,190	77,901,190	80,401,190	82,401,190
Total Assessed Value	$1,665,241,900	$1,845,772,718	$1,857,922,718	$1,869,572,718	$1,970,410,906

General Property Real Estate Tax Revenue (Line #1.010)
Property tax levies are collected at approximately 97.5% of the annual amount but in FY21 we are anticipating current collection will be down 5% due to the economic slump we are in due the COVID-19 Recession. We expect collections to gradually increase from FY22 through FY24 as the economy is anticipated to recover.

On average, 52.5% of the Residential/Agricultural and Commercial/Industrial taxes are expected to be received in the February tax settlement and 47.5% in the August tax settlement. Public Utility taxes (PUPP) are estimated to be received 50% in February and 50% in August.

Source	FY20	FY21	FY22	FY23	FY24
General Property Taxes Line #1.010	$60,326,812	$57,158,149	$62,030,838	$62,420,705	$62,816,030

Public Utility Personal Property Tax – Line#1.020
The phase out of tangible personal property (TPP) taxes began in FY06. HB66 was adopted in June 2005 and resulted in the phase out and elimination of TPP after FY11. The amount remaining on Line 1.020 is the public utilities personal property (PUPP) tax revenues from telephone, electric, and gas company tangible personal property. These amounts were not affected by HB66 and values for PUPP are collected at our gross tax rates.

Source	FY20	FY21	FY22	FY23	FY24
Public Utility Personal Property	$4,811,765	$5,440,986	$5,682,721	$5,887,266	$6,054,621
Total Line # 1.020	$4,811,765	$5,440,986	$5,682,721	$5,887,266	$6,054,621

New Operating Levy – Line #13.20
The district has assumed a new 4.65 mill operating levy in the forecast to be collected in 2021 but this amount and timing is under discussion and may change as additional data on future state funding and ongoing concerns over the economy continue.

Source and Type of New Revenue	FY20	FY21	FY22	FY23	FY24
New SDIT Line # 13.10	$0	$0	$0	$0	$0
New Levy Modeled Line # 13.20	$0	$3,866,894	$7,579,112	$7,579,112	$7,579,112

Unrestricted State Grants-in-Aid – 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 & 21 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 on which to base future projections. For this reason we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time. **Note: state funding was reduced for our district by $1,667,459 for FY20 and we estimated a 10% reduction in FY21 and FY22. We will continue to monitor diligently for future revenues reductions as a result of shutdowns due to the COVID-19 Pandemic.**

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 $455,318 in FY20 and $638,793 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 that include the following:

Student Wellness and Success Initiatives (ORC 3317.26(B))

- Mental health services
- Services for homeless youth
- Services for child welfare involved youth
- Community liaisons
- Physical health care services
- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development regarding the provision of trauma-informed care
- Professional development regarding cultural competence
- Student services provided prior to or after the regularly scheduled school day or any time school is not in session

Community Partners (ORC 3317.26(C))

- A board of alcohol, drug and mental health services
- An educational service center
- A county board of developmental disabilities
- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) and our approved plan calls for these expenses to be recoded to Fund 467 for FY20 and FY21, then returning these expenses to the General Fund for FY22-24 as we have no direction on the future continuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21 and increase in expenses in FY22-24.

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.

The state continues to report that revenues from casinos are not growing robustly as originally predicted but are still growing as the economy has improved. Actual numbers generated for FY19 statewide were 1,785,583 students at $52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.5 million or $53.75 per pupil. Casinos have been closed since March 16 due to the COVID-19 pandemic. This will likely impact future casino payments for FY21 and possibly FY22. We have reduced payments in FY21-23 as a result of the anticipated slow return to current casino funding levels.

Source	FY20	FY21	FY22	FY23	FY24
Basic Aid-Unrestricted	$13,030,053	$13,220,313	$13,220,313	$14,689,237	$14,689,237
Additional Aid Items	779,112	881,394	881,394	881,394	881,394
Basic Aid-Unrestricted Subtotal	$13,809,165	$14,101,707	$14,101,707	$15,570,631	$15,570,631
Ohio Casino Commission ODT	418,555	251,857	340,056	385,297	432,580
Total Unrestricted State Line # 1.035	$14,227,720	$14,353,564	$14,441,763	$15,955,928	$16,003,211

Restricted State Grants-in-Aid – 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 other income in Line 1.06 and not restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY20-24.

Source	FY20	FY21	FY22	FY23	FY24
Economically Disadvantaged Aid	$94,037	$94,037	$94,037	$94,037	$94,037
Career Tech - Restricted	$143,419	$143,419	$143,419	$143,419	$143,419
Medicaid/Catastrophic Aid-see 1.060	0	0	0	0	0
Total Restricted State Line #1.040	$237,456	$237,456	$237,456	$237,456	$237,456

Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY20-24.

Source	FY20	FY21	FY22	FY23	FY24
Unrestricted Line # 1.035	$14,227,720	$14,353,564	$14,441,763	$15,955,928	$16,003,211
Restricted Line # 1.040	237,456	213,710	213,710	237,456	237,456
Total State Foundation Revenue	$14,465,176	$14,567,274	$14,655,473	$16,193,384	$16,240,667

Property Tax Allocation Line #1.050
This section relates to property tax payments made by the State of Ohio via legislation relating to tax credits for

home ownership and exemptions.

A) Rollback and Homestead Reimbursements
Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner-occupied residences. Credits equal 12.5% of the gross property taxes charged residential taxpayers on levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY20	FY21	FY22	FY23	FY24
Rollback and Homestead	$6,685,801	$6,570,487	$6,597,253	$6,624,040	$6,688,455
Total Tax Reimb. Line #1.050	$6,685,801	$6,570,487	$6,597,253	$6,624,040	$6,688,455

All Other Revenues – Line #1.060
Revenues from all other sources are projected based on historical patterns and known contractual arrangements. This revenue category largely consists of tuition from other districts, student fees, rentals and tax increment financing payments for various agreements the district has with the cities of Gahanna and Columbus. In addition, the District participates in the Medicaid in Schools Program. The District is reimbursed by the state for services provided to eligible students. Catastrophic aid is also included which is state reimbursement for special education costs that exceed an unusually large, state determined amount. This category also includes E-Rate funds, which is state reimbursement for specific types of technology equipment. The district expects to receive approximately $280,000 in FY21 relating to projects due to be completed in FY20. We have added anticipated PILOT payments from non-school district TIF's for the Extended Stay Hotel and Conference Center in Jefferson Township that should begin in FY22 and increase through FY24 as noted below.

Beginning in FY20 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 25% and FY22 by another 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. We will continue to manage our funds safely but also to push portfolio performance to maximum investments.

Source	FY20	FY21	FY22	FY23	FY24
Tuition SF-14,SF-14H,Cat Cost(121*,122*,123*)	$1,113,531	$1,113,531	$1,113,531	$1,113,531	$1,113,531
Interest	408,061	306,046	229,535	229,535	229,535
Student Fees and PTP Fees (16*,1740,1790,)	266,195	266,195	266,195	266,195	266,195
Clark Hall Revenue(1440)	132,000	132,000	132,000	132,000	132,000
Rentals, Donations,Misc, Medicaid (1344,18**,1931,4120)	610,364	810,364	580,364	586,168	592,030

PILOT's & Easton TIF	8,105,997	7,455,997	7,637,997	7,923,997	8,027,997
Total Line # 1.060	$10,636,148	$10,084,133	$9,959,622	$10,251,426	$10,361,288

Operating Transfers In / Advances-In – Line #2.040 & Line #2.050

This revenue source consists of moving money from dormant activity funds, from other funds as approved by the Board and the return of previously advanced or "borrowed" funds In FY19, a transfer of $1,116,073 was made to combine two general fund accounts into one. There is a corresponding transfer out in the expense section of the forecast and the net result of this action was $0. The return of an advance will be received in FY21 related to the Self Insurance Fund. No other transfers or advances are anticipated at this time.

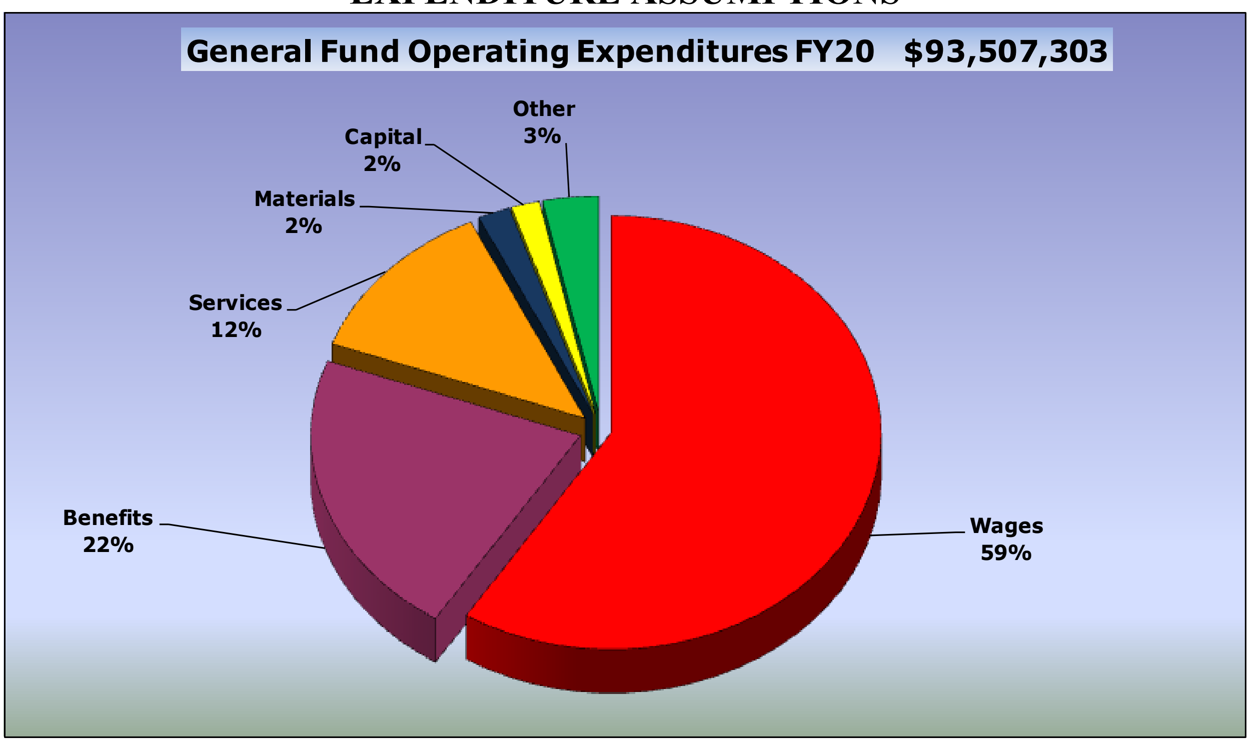
Source	FY20	FY21	FY22	FY23	FY24
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	0	345,000	0	0	0
Total Transfer & Advances In	$0	$345,000	$0	$0	$0

All Other Financing Sources – Line #2.060

This revenue consists of refunds from prior years' expenses and the sale of assets.

Source	FY20	FY21	FY22	FY23	FY24
Refunds & Sale of Assets	$8,663	$25,000	$25,000	$25,000	$25,000

EXPENDITURE ASSUMPTIONS



Personal Services – Line #3.010

The personal services category represents all wages for the employees of the school district paid from the General Fund. Current negotiated agreements with certified and classified unions are factored into the projections. For FY19 the annual base wage increase is 0% a 2% is planned for FY20. For planning purposes a 2.25% base increase is modeled in FY21 and 2% FY22-24 along with steps and training. Costs reductions of $533,000 were realized in FY20 due to school closure and cost containment measures due to the COVID-19 Recession.

- Projections from FY20 through FY24 include step increases, degree change increases, supplemental compensations, and other miscellaneous salary increases.
- A projection of additional staff is estimated in FY22 for the new Lincoln Elementary building, projected to open for that school year.
- Fund 467 recoding for psychologists from general fund to fund 467 in FY20 and FY21 is anticipated and then returning these staff to the general fund as we anticipate those funds to run out in FY21.

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	$ 50,682,337	$ 53,183,652	$ 55,380,225	$ 58,653,478	$ 61,228,497
Increases/ Performance Pay	1,024,315	1,140,353	1,063,673	1,107,605	1,173,070
Steps & Training	928,000	1,140,353	1,196,632	1,246,055	1,319,703
Subs/OT 112,114,142,144	548,123	548,123	548,123	548,123	548,123
New Staff Via Attrition	945,000	325,322	1,116,483	730,885	599,567
Supplemental Costs	1,315,588	1,335,322	1,355,352	1,375,682	1,396,317
Fund 467 Recoding	(396,000)	0	396,000	0	0
Other:122,152,17*	$155,000	$155,000	$155,000	$155,000	$155,000
Staff Reductions/Retirement	0	(409,455)	(499,535)	(509,526)	(519,717)
Total Wages Line 3.010	$ 55,202,363	$ 57,418,670	$ 60,711,953	$ 63,307,302	$ 65,900,560

Employees' Retirement/Insurance Benefits Line # 3.020

This area of the forecast captures all costs associated with benefits and retirement costs. Retirement, medicare and workers compensation expenses are directly related to the wages paid.

STRS/SERS

As required by law the BOE pays 14% of all employee wages to State Teachers Retirement System (STRS) or School Employees Retirement System (SERS).

Insurance

The district converted from being self-insured to a traditional plan on July 1, 2019. Due to not taking a premium increase for 7 years and unusually high claims over the past two years, the self-insurance fund experienced a shortage in funding. The District borrowed $2M to alleviate this shortage. In order to address the deficit accumulated in the Health Insurance Reserve Fund, the District enacted a 30-month plan to address the deficit. The funding rate was significantly increased in July, 2019. Over 30 months this additional funding will eliminate the deficit and accompanying $2 million note issuance, cover current liabilities and will cover a capped increase of 25% in January, 2021 agreed to by the insurance carrier. We are anticipating a 5.5% composite rate increase in FY21 and beginning in January, 2022 annual increases of 9% are assumed each year.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .035% of wages FY19 – FY23. Unemployment is expected to increase for FY20 and FY21 due to higher claim levels that may result in staff adjustments if the economic downturn continues. The district is a direct reimbursement employer which means these costs are only incurred and due if we have employees who are eligible and draw unemployment.

Medicare

Medicare continues to increase at the rate of increases in wages. Contributions are 1.45% for 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

Source	FY20	FY21	FY22	FY23	FY24
STRS/SERS	$7,645,467	$8,234,881	$8,703,921	$9,079,127	$9,451,527
Insurance's	11,405,059	12,001,039	12,615,910	13,738,479	14,950,147
Workers Comp/Unemployment	194,046	235,965	217,492	226,576	235,652
Medicare	756,831	809,851	862,625	896,994	933,776
Other/Tuition	162,000	162,000	162,000	162,000	162,000
Total Line 3.020	$20,163,403	$21,443,736	$22,561,948	$24,103,176	$25,733,102

Purchased Services – Line #3.030

This category includes payments for contracted staff and services, utilities, property insurance, special education student transportation, and legal fees. In addition, significant payments are made to Community Schools and other school choice programs for our students who choose to enroll in those programs. Projections beyond FY20 are very modest and based upon historical experience and enrollment composition.

The tuition category is comprised of programs for students placed outside of our district as well as College Credit Plus costs. ESC services are for preschool aide services, other special education related services, and services for substitutes teachers. We will continue to monitor the effects of FY20 and FY21 state budget cuts on the potential reductions in costs to tuition, community school, scholarship and STEM school payments made to other organizations that are deducted from our foundation payments. Utilities are expected to remain stable each year due to negotiated contracts through a purchasing consortium with META Solutions. Purchased services include leasing of copiers through Blue Technologies. In FY21 the district has planned to use $300,000 of the Federal CARES Act funding due to the pandemic to help offset expenses in the General Fund purchased services.

Source	FY20	FY21	FY22	FY23	FY24
Tuition,Spec Ed, excess cost 471,473,47	$2,256,496	$2,618,600	$2,618,600	$2,618,600	$2,618,600
Comm School,OE,CCP 477,478,479	1,623,281	1,630,000	1,638,150	1,646,341	1,654,573
Legal/Prof Serv/ Prof Dev Travel 418,43	425,442	503,110	503,110	503,110	503,110
Contracted staff,RO,Instruct services 4	3,508,126	3,674,072	3,710,813	3,747,921	3,785,400
Repairs,Ins,Printing,Food Serv 423,424,	475,478	500,000	510,000	520,200	530,604
Transportation- Special Ed. 481, 483	129,947	270,500	270,500	270,500	270,500
Utilities 441,451,452,453, 422	1,547,447	1,678,520	1,686,913	1,695,348	1,703,825
Purch Serv,Rent, Lease,Postage 410,41	988,972	804,085	1,115,126	1,120,702	1,126,306
Total Line 3.030	$11,629,743	$12,402,387	$12,903,212	$12,972,722	$13,042,918

Supplies and Materials – Line #3.040

Supplies and materials are expenses for items such as classroom supplies, textbooks, maintenance supplies, custodial supplies, curriculum material, office supplies, bus parts and fuel. College Credit Plus textbooks cost the District approximately $30,000 each year. Inflation of 2% is included in each year of this forecast. In FY21 the district has planned to use $491,429 of the Federal CARES Act funding due to the pandemic to help offset expenses in the General Fund supply and material costs.

Source	FY20	FY21	FY22	FY23	FY24
Supplies	$1,642,400	$1,583,056	$2,116,995	$2,159,335	$2,202,521
Curriculum Update (Textbooks)	160,000	250,000	150,000	150,000	150,000
Total Line 3.040	$1,802,400	$1,833,056	$2,266,995	$2,309,335	$2,352,521

Capital Outlay – Line # 3.050
Computer and network equipment replacements represent the majority of this category. In FY18, the district began implementing a one-to-one initiative with Chromebooks. Building improvement capital outlay is mainly being paid for with Permanent Improvement levy funds, which passed in November 2014. Whenever the PI budget allows, General Fund capital purchases will be shifted to the PI budget.

Source	FY20	FY21	FY22	FY23	FY24
Capital Outlay/Building Improve	$100,000	$166,000	$100,000	$100,000	$100,000
Technology/Network OPU 040	1,474,000	596,000	850,000	850,000	850,000
Total Line 3.050	$1,574,000	$762,000	$950,000	$950,000	$950,000

Debt Service – Line # 4.02 Through #4.060
This section includes all principal and interest payments related to the District's non-voted debt. This includes payments associated with purchase of the land and construction of Clark Hall for expanding the high school's educational facilities, the debt on our energy conservation HB 264 project and the stadium bleacher project.

Source	FY20	FY21	FY22	FY23	FY24
Principal TANS Line #4.020	$1,458,185	$1,518,184	$1,553,184	$1,593,184	$1,638,184
Interest on Debt Line #4.060	$374,072	$321,654	$269,517	$237,298	$197,957
Total Lines #4.02 - #4.06	$1,832,257	$1,839,838	$1,822,701	$1,830,482	$1,836,141

Other Objects – Line #4.300
The category of Other Objects consists primarily of the County Auditor & Treasurer fees for local property tax collection service, which will fluctuate with real estate revenue collections.

Source	FY20	FY21	FY22	FY23	FY24
County Auditor & Treasurer Fees:845,8	$1,097,542	$1,106,000	$1,117,060	$1,128,231	$1,139,513
Audit//Liab Ins/ESC/Other:800's(exclud	205,595	237,885	239,074	240,269	241,471
Total Line 4.300	$1,303,137	$1,343,885	$1,356,134	$1,368,500	$1,380,984

Other Financing Uses – Lines # 5.010, 5.020 & 5.030
This account group covers fund transfers 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. A transfer of $1,116,073 is included in FY19 in order to combine two general fund accounts into one. There is a corresponding transfer in in the revenue section of the forecast and the net result of this action was $0. This also includes a transfer of $275,000 to the severance fund in order to ensure funds to cover retirements in the future, $100,000 for summer school, $58,000 to the bleacher debt service and an additional amount for contingency if additional transfers are needed.

Source	FY20	FY21	FY22	FY23	FY24
Operating Transfers Out					
Other transfers out	$483,022	$483,022	$483,022	$483,022	$483,022
Operating Transfers Out Line #5.010	$483,022	$483,022	$483,022	$483,022	$483,022
Advances Out Line #5.020	345,000	0	0	0	0
Total	$828,022	$483,022	$483,022	$483,022	$483,022

Source	FY20	FY21	FY22	FY23	FY24
All Other Financing Uses - Line #5.030	$175	$0	$0	$0	$0

Encumbrances –Line#8.010

These are outstanding purchase orders that could not be fully paid prior to June 30th. Typically, these are for ongoing summer work or materials ordered but not yet received. They are expected to remain constant.

Source	FY20	FY21	FY22	FY23	FY24
Estimated Encumbrances	$650,000	$650,000	$650,000	$650,000	$650,000

Reservation of Fund Balances –Line#9.030 & #9.080

Budgetary Reserve – The Board of Education has a goal of building a cash reserve equal to 60 days operating expenditures. This is considered a best practice and recommended by GFOA. We will work toward this goal steadily. In FY19-FY24, we are increasing our reserve each year to achieve this goal. Although not forecasted, it is possible additional funds will be reserved in the future.

Source	FY20	FY21	FY22	FY23	FY24
Budget Reserve - Line 9.030	$2,000,000	$5,000,000	$8,000,000	$12,000,000	$16,000,000
Total Reservations of Balance- Line#9.0	$2,000,000	$5,000,000	$8,000,000	$12,000,000	$16,000,000

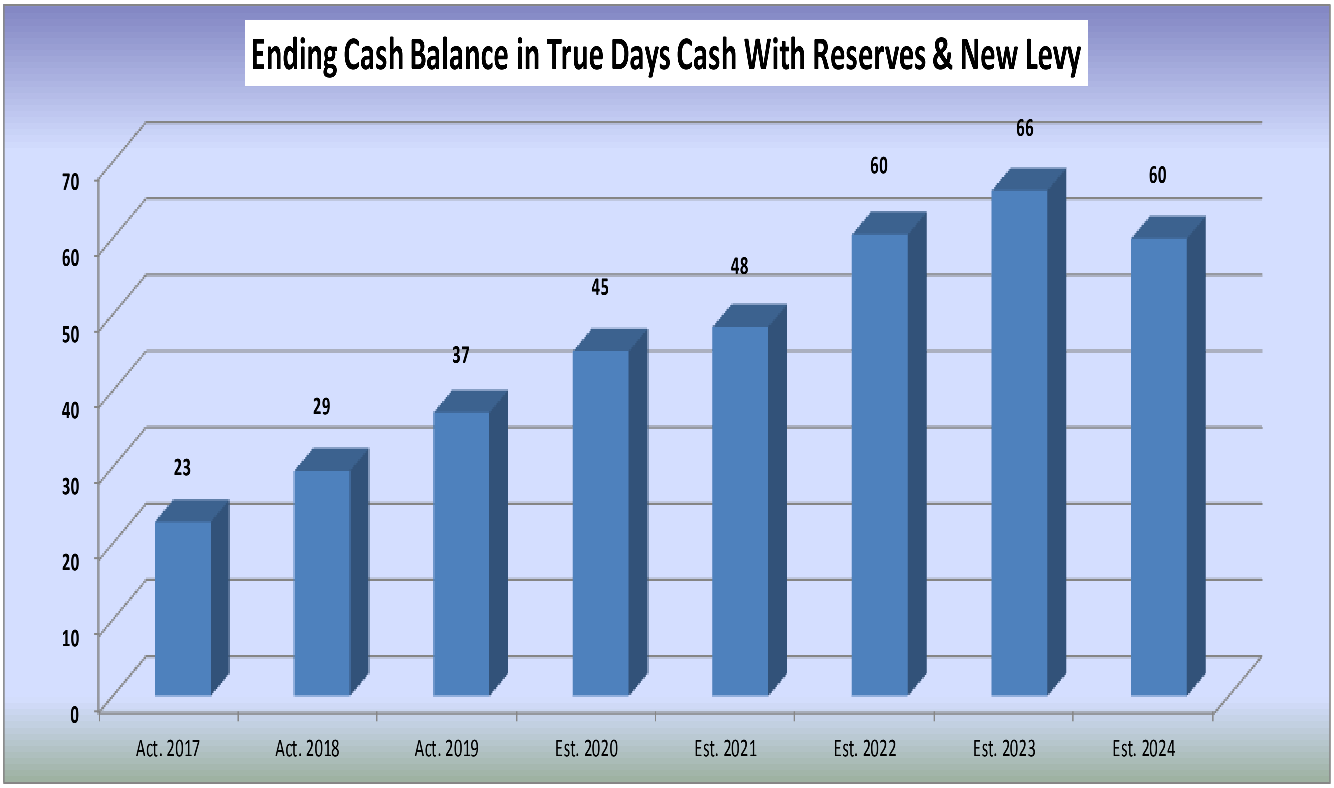
Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010

This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract that 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, unless an alternative "412" certificate can be issued pursuant to HB153 effective September 30, 2011.

Source	FY20	FY21	FY22	FY23	FY24
Ending Unreserved Cash Balance	$ 9,682,664	$ 7,638,521	$ 8,944,650	$ 7,433,119	$ 2,351,117

True Days Cash

The graph below captures the "True Days Cash" balance for our district. This measure is essential to the long-term success and stability of the District. True Days Cash is defined as the number of days that the district can cover normal and customary expenditures. It includes both our budget reserve and unreserved cash in addition to the proposed levy in 2021.



Ending Cash Balance in True Days Cash With Reserves & New Levy
0
10
20
30
40
50
60
70
23
29
37
45
48
60
66
60
Act. 2017
Act. 2018
Act. 2019
Est. 2020
Est. 2021
Est. 2022
Est. 2023
Est. 2024