

SHELBY CITY SCHOOL DISTRICT-RICHLAND 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
Shelby City School District
Treasurer's Office
Barbara Donohue, Treasurer/CFO
November 2020

Shelby City School District – Richland County
Notes to the Five Year Forecast
General Fund Only
November 2020

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by November 30 and May 31 in each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 2020 and 2021 specifically for Student Wellness and Success but regular foundation funding was reduced on May 6, 2020 for all school districts for FY20 and FY21. The Student Wellness and Success Fund revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT General Fund revenue and consequently not included in this forecast.

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

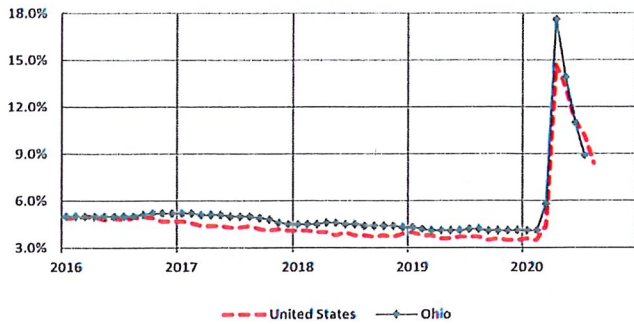
Economic Outlook

It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of 2008, but there is no recent historic data or similar economic situation to compare to what the district is facing now. The pandemic's economic impact makes it challenging to project where our finances will be through fiscal year 2025. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

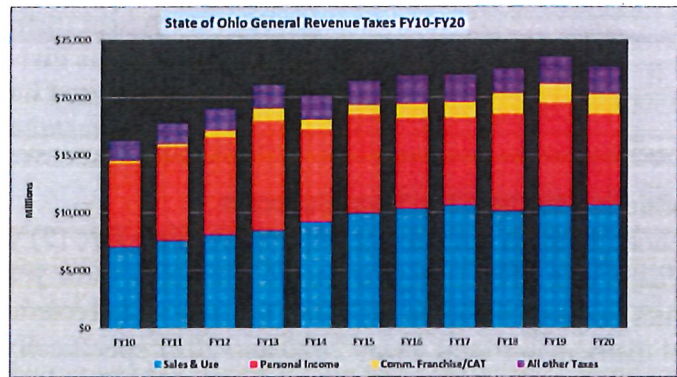
The state of Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. As the graph on the following page notes, the state of Ohio ended FY20 \$1.1 billion or 4.6% under estimated tax revenues and \$866 million below actual FY19 tax revenues. Note that roughly \$441.5 million of this shortfall was due to the April 15, 2020 state tax filing deadline moved to July 15, 2020. Total state program expenditures ended FY20 \$865.1 million under estimated expenses. The state ended in essentially a balanced position in FY20 with revenues equaling expense with the cuts and has maintained the \$2.7 billion in the Budget Stabilization Fund. Through August 2020 the state of Ohio bottom-line is \$389 million better than estimated. Ohio's economy is recovering along with improving employment.

Due to COVID-19 closures unemployment rates statewide rose rapidly from 4.7% in February to 17.4% in April. The graph on the following page shows rates have improved to 8.4% in September and are trending lower according to the Ohio Office of Budget and Management. As unemployment rates drop this positively impacts state and local revenues for districts. These indicators suggest the state of Ohio's overall economy is rebounding and should be able to maintain stable funding through the foundation program through the forecast period.

Chart 8: U.S. and Ohio Unemployment Rates
% of Labor Force



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties 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 the time. The items below give a short description of the current issues and how they may affect our forecast long term:

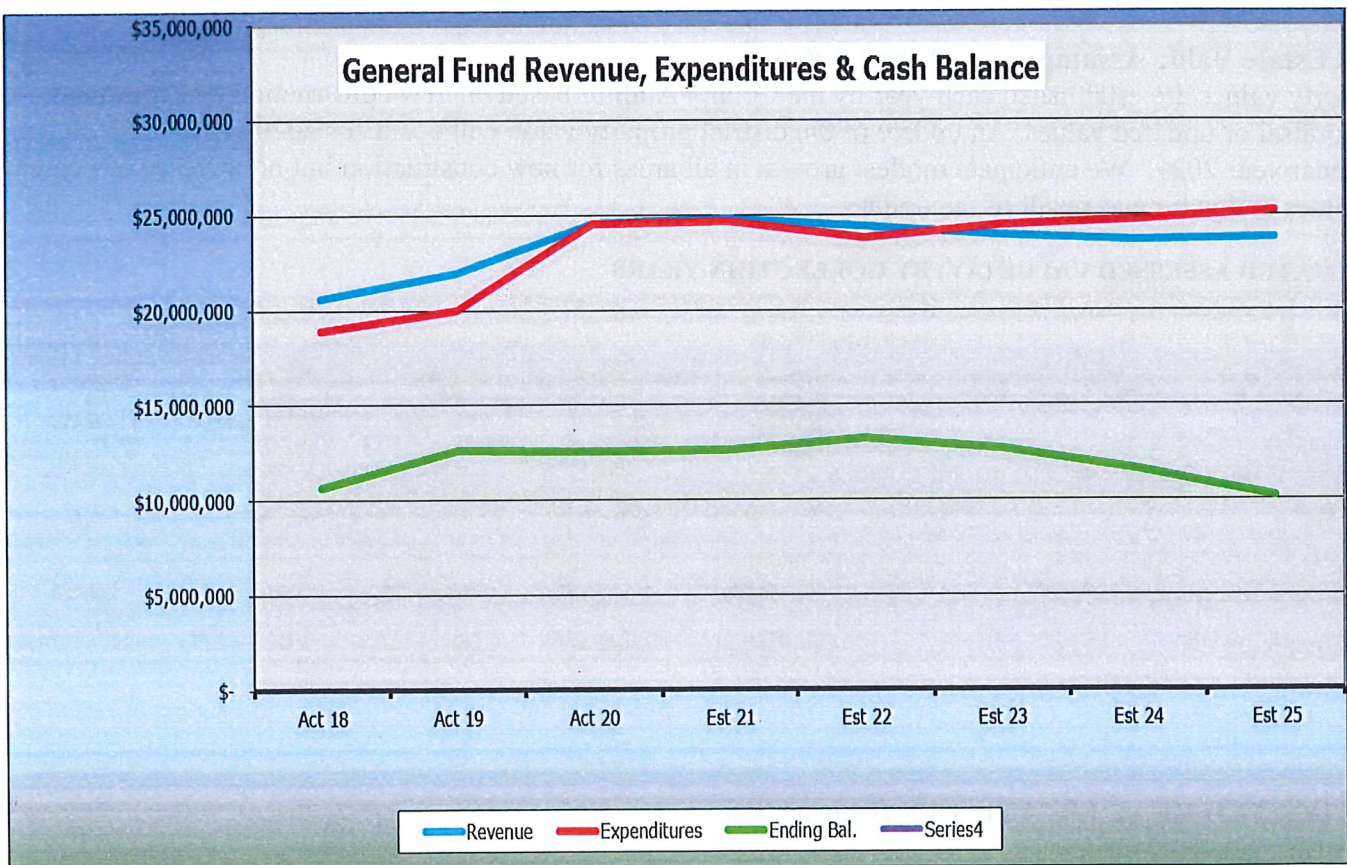
- I. HB166, the current state budget for FY20-21, initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; student wellness and success funding and enrollment growth supplement funds. Student Wellness and Success funding is restricted in use and must be placed in fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY21. Enrollment Growth Supplement money is paid to a small number of growing districts. Our district is expected to receive \$18,186 for enrollment growth for FY21 and will treat it as guaranteed through FY25.
- II. The State Budget represents 42% of district revenues and is an area of risk to revenue. The current budget froze all districts at FY19 levels for FY20 and FY21. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by \$300.5 million by the end of June 2020. At this time the decreases that occurred in FY20 are the basis for districts state funding in FY21. We do not feel that there will be further cuts in FY21 as the economy is rebounding from the sharp drop in employment in March and April 2020 and state tax revenues are rebounding. We will leave the foundation funding flat at this level for the remainder of the forecast. The State has not provided any information at this time to ascertain what level of reduction may be necessary for future years. We will update the forecast as more reliable information becomes available.
- III. The District's \$950K emergency levy will expire December 31, 2022. This levy provides a significant source of operating revenue and will need to be successfully renewed to maintain stability of our operations.
- IV. The District is heavily reliant on the Public Utility Personal Property(PUPP) revenue. The growth in the pipelines in the district over the last couple years has been a welcome addition to our revenue. The Rover pipelines are currently contesting their valuations for multiple years. The Ohio Department of Taxation affirmed the values on July 10 but an appeal was filed by Rover on September 11th. If the appeals are successful or if the company is successful getting legislation passed to lower the rate of taxation, we would see a significant decrease in our revenue.

- V. There are many provisions in the current state budget bill HB66 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs 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 monitoring any new threats to our state aid and increased costs very closely.

- VI. 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.

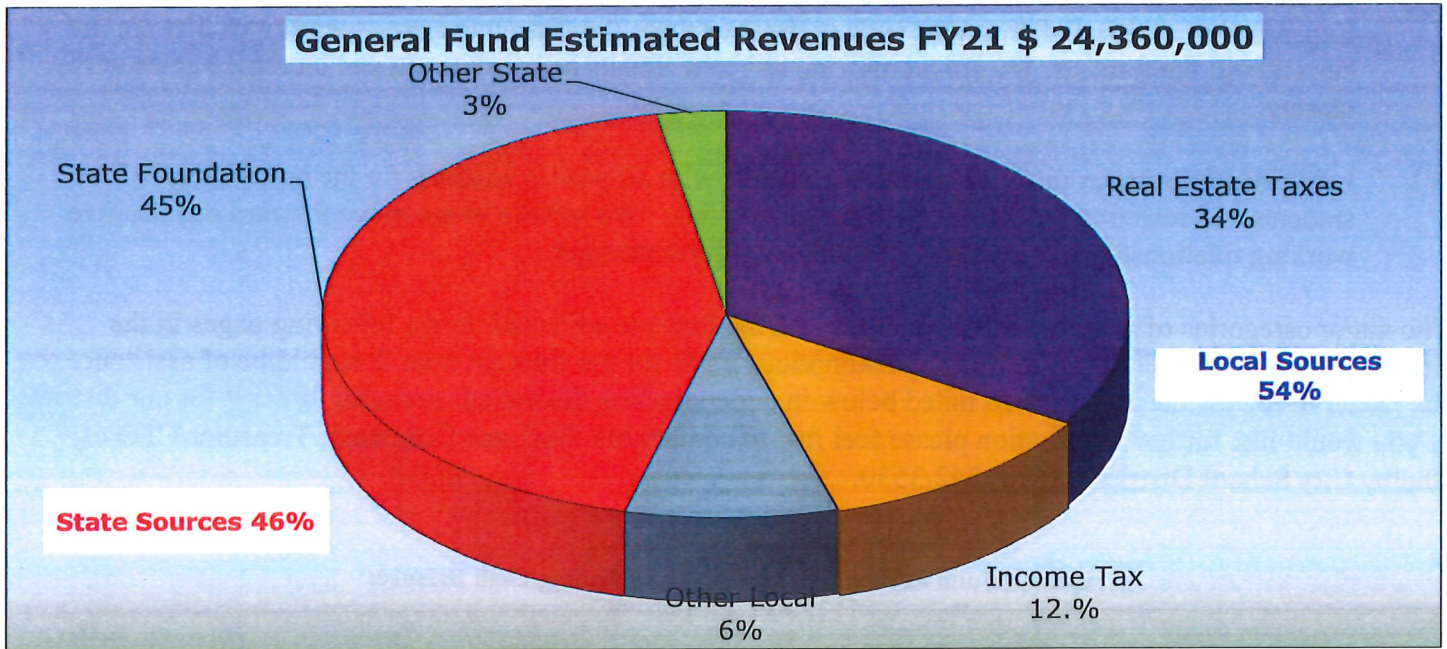
The major categories of revenue and expenditures on the forecast are noted on the following pages in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Ms. Barbara Donohue, Treasurer/CFO of Shelby City School District at (419) 342-3530.

General Fund Revenue, Expenditure and Ending Cash Balance:



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

Revenue Assumptions
Operating Revenue Sources General Fund FY21



Real Estate Value Assumptions – Line # 1.010

Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. An update of the district property value will occur for 2020 values collected in calendar year 2021. We anticipate modest growth in all areas for new construction but no increase or decrease in values at this time as result of the update.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025
Res./Ag.	\$169,282,090	\$169,832,090	\$170,382,090	\$170,932,090	\$171,482,090
Comm./Ind.	\$35,360,860	\$35,860,860	\$36,360,860	\$36,860,860	\$37,360,860
Public Utility Personal Property (PUPP)	\$76,450,720	\$76,950,720	\$77,450,720	\$77,950,720	\$78,450,720
Total Assessed Value	\$281,093,670	\$282,643,670	\$284,193,670	\$285,743,670	\$287,293,670

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY21	FY22	FY23	FY24	FY25
General Property Taxes	\$4,701,000	\$4,642,000	\$4,299,000	\$4,077,000	\$4,104,000

Property tax levies are estimated to be collected at 98% of the annual amount. This allows a .25% delinquency and 1.75% auditor and treasurer fees. Typically, 58% of the residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 42% is expected to be collected in the August tax settlements.

Renewal and Replacement Levies – Line #11.02

We have modeled the replacement of our \$950,000 Emergency levy in this forecast.

Source	FY21	FY22	FY23	FY24	FY25
Emergency Renewal January 2023	\$0	\$0	\$475,000	\$950,000	\$950,000
Total Line # 11.020	\$0	\$0	\$475,000	\$950,000	\$950,000

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts’ gross tax rates not subject to reduction factors. We have included new pipeline revenue with modest trend growth in these values for future years.

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property (Line#1.020)	\$3,584,000	\$3,602,000	\$3,417,000	\$3,386,000	\$3,408,000
Total Line # 1.020	\$3,584,000	\$3,602,000	\$3,417,000	\$3,386,000	\$3,408,000

School District Income Tax –Line #1.030 - The school district has one 1% traditional continuing income tax levy which passed in May 2005. The forecast includes no increase each year. We believe there may be a decrease in collections in future years but will wait until more information is available to forecast any reduction.

Source	FY21	FY22	FY23	FY24	FY25
School District Income Tax	\$2,776,000	\$2,826,000	\$2,876,000	\$2,927,000	\$2,979,000
Inflationary increase	\$25,000	\$25,000	\$25,000	\$26,000	\$26,000
Total to Line #1.030	\$2,801,000	\$2,851,000	\$2,901,000	\$2,953,000	\$3,005,000

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

Current State Funding Model Per HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue– Line #1.035

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

May 6, 2020 Foundation Reduction and HB164

In FY20 the Governor ordered a reduction of state foundation funding by \$300.5 million to be reduced from districts bi-monthly payments by the end of June 2020. The reductions were made using an equalized per-pupil approach which resulted in districts with less local capacity to raise revenue to receive smaller percentage decreases. The state-share index that was last calculated in FY19 was used to apportion the FY20 ordered reduction to traditional public-school districts. HB164 reimbursed approximately 70 districts that had originally had more than 6% deducted from the state funding reduction in FY20. At this time the state funding for FY21 is being reduced \$291,980 from the FY19 amount, which is the same cut received in FY20.

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

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$30,000 in FY21. Our district is estimated to receive \$758,913 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.

The District has added online education through purchased services with these grant funds. We have not projected any effect on the forecast, but we do not expect these funds to continue after the biennium.

Future State Budgets: Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. We have been very conservative by maintaining future state funding at the reduced levels and estimating no growth due to the need to recover from the recession and pandemic.

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

B) Unrestricted State Foundation Revenue – Line #1.035

Source	FY21	FY22	FY23	FY24	FY25
Basic Aid-Unrestricted	\$9,861,000	\$9,840,000	\$9,840,000	\$9,840,000	\$9,840,000
Additional Aid Items	\$237,000	\$237,000	\$237,000	\$237,000	\$237,000
Basic Aid-Unrestricted Subtotal	\$10,098,000	\$10,077,000	\$10,077,000	\$10,077,000	\$10,077,000
Ohio Casino Commission ODT	\$72,000	\$93,000	\$116,000	\$117,000	\$117,000
Total Unrestricted State Aid Line # 1.035	<u>\$10,170,000</u>	<u>\$10,170,000</u>	<u>\$10,193,000</u>	<u>\$10,194,000</u>	<u>\$10,194,000</u>

C) Restricted State Revenues – Line # 1.040

HB166 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 throughout the forecast.

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	\$303,000	\$303,000	\$303,000	\$303,000	\$303,000
Career Tech - Restricted	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
Total Restricted State Revenues Line #1.040	<u>\$349,000</u>	<u>\$349,000</u>	<u>\$349,000</u>	<u>\$349,000</u>	<u>\$349,000</u>

D) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2021 through 2025.

Summary of State Foundation Revenues	FY21	FY22	FY23	FY24	FY25
Unrestricted Line # 1.035	\$10,170,000	\$10,170,000	\$10,193,000	\$10,194,000	\$10,194,000
Restricted Line # 1.040	\$349,000	\$349,000	\$349,000	\$349,000	\$349,000
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	<u>\$10,519,000</u>	<u>\$10,519,000</u>	<u>\$10,542,000</u>	<u>\$10,543,000</u>	<u>\$10,543,000</u>

Other Local Revenues – Line #1.060

All other revenue detailed line items should remain consistent during the forecast period. Open enrollment is expected to remain stable after several years of decreases in students entering the district students.

We have decreased interest income expectations by 10% for FY21 due to the decrease in the overnight federal funds rate. The district's balances available for investment vary month to month due to cash flow needs. Security of the public funds collected by the district is the top priority of the treasurer's office.

Source	FY21	FY22	FY23	FY24	FY25
Open Enrollment Gross	\$690,488	\$690,488	\$690,488	\$690,488	\$690,488
Interest	\$190,836	\$190,836	\$190,836	\$190,836	\$190,836
Class Fees & Student Fees	\$18,436	\$18,436	\$18,436	\$18,436	\$18,436
Tuitions	\$132,513	\$132,513	\$132,513	\$132,513	\$132,513
Other Income and rentals	<u>\$1,045,953</u>	<u>\$1,045,953</u>	<u>\$1,045,953</u>	<u>\$1,045,953</u>	<u>\$1,045,953</u>
Total Line # 1.060	<u>\$2,078,000</u>	<u>\$2,078,000</u>	<u>\$2,078,000</u>	<u>\$2,078,000</u>	<u>\$2,078,000</u>

State Taxes Reimbursement/Property Tax Allocation

Rollback and Homestead Reimbursement

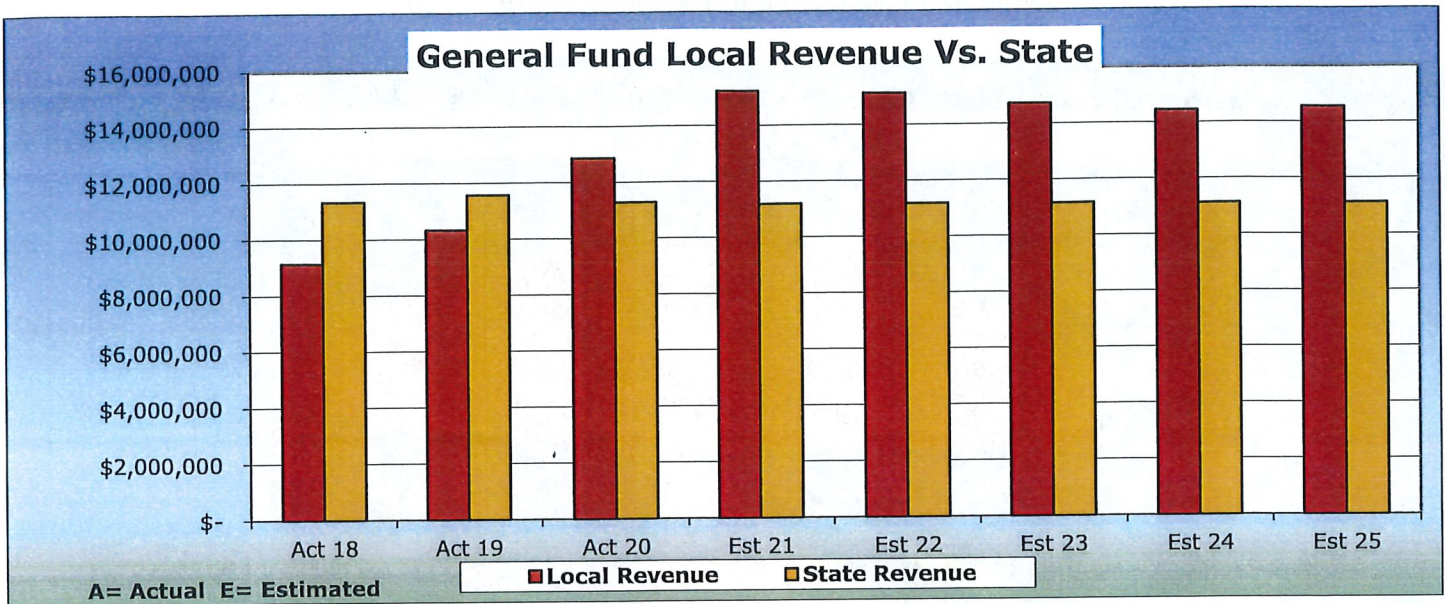
Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, 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 changes 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 currently have 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 reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. If the District does not renew an existing levy we would never regain this revenue on any levies in the future.

Summary of State Tax Reimbursement – Line #1.050

Source	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead #1.050	<u>\$677,000</u>	<u>\$668,000</u>	<u>\$623,000</u>	<u>\$578,000</u>	<u>\$581,000</u>

Comparison of Local Revenue and State Revenue:



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

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

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

These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

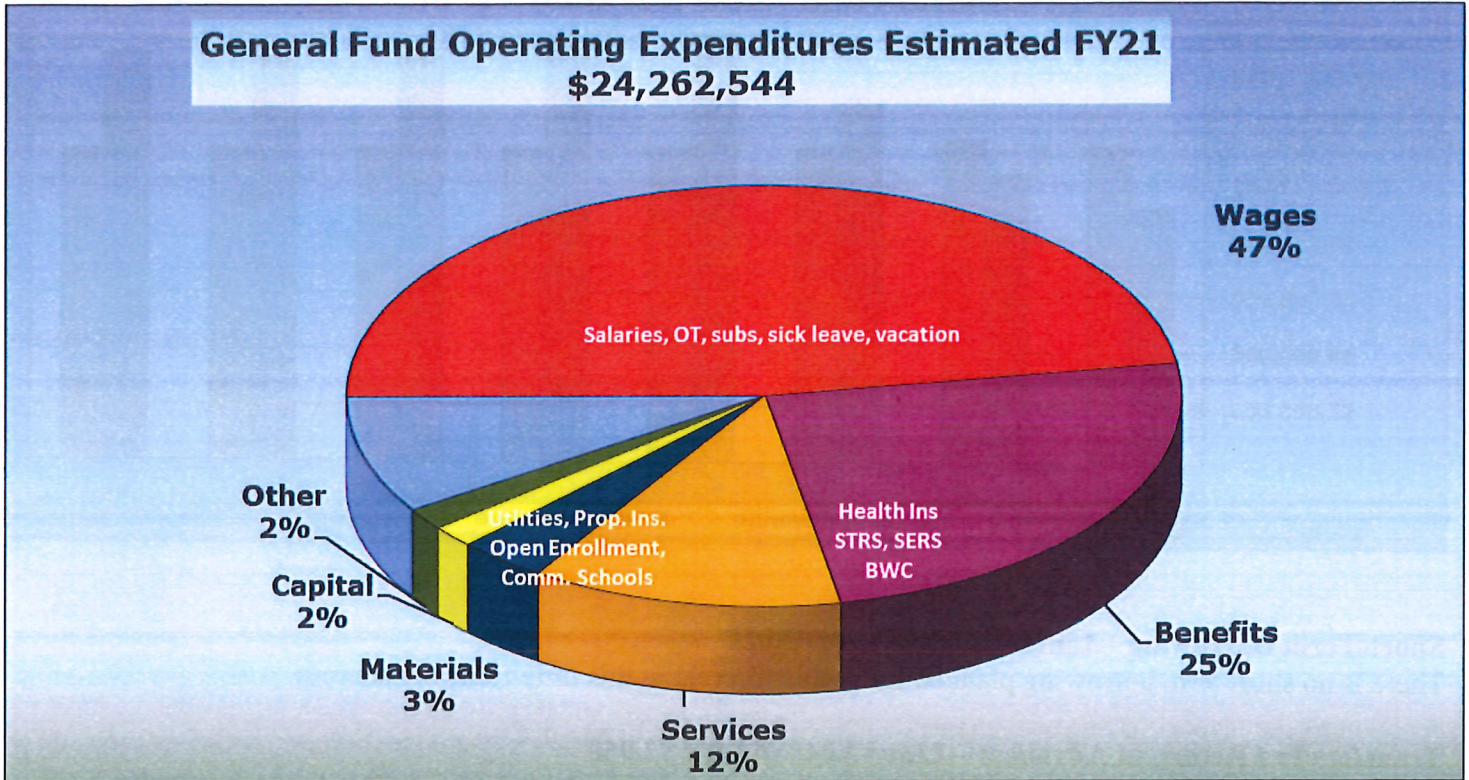
Source	FY21	FY22	FY23	FY24	FY25
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	\$64,254	\$0	\$0	\$0	\$0
Total Transfer & Advances In	\$64,254	\$0	\$0	\$0	\$0

All Other Financial Sources – Line #2.060

We have included 2 refunds from the Bureau of Workers Compensation in the FY21 figures. We received \$60,593 in October and expect to receive \$225,689 in December based on the recently announced and approved refund from BWC.

Source	FY21	FY22	FY23	FY24	FY25
Refund of prior years expenditures	\$356,000	\$70,000	\$70,000	\$70,000	\$70,000

Expenditures Assumptions
Estimated General Fund Expenditures for FY21



Wages – Line #3.010

In May 2020, the Board ratified contracts with the Shelby Education Association and the Shelby Association of School Support effective July 1, 2020 and ending June 30, 2023. We included a 5% increase in base wages for FY21 and 2.0% increase for fiscal years 2022 and 2023. We have estimated fiscal year 2024 and 25 at 0% wage increase but allowed for steps and training increases.

Source	FY21	FY22	FY23	FY24	FY25
Base Wages	\$10,263,000	\$10,910,000	\$11,270,000	\$11,642,000	\$11,793,000
Increases/ Merit Based Pay / Timing Adjust	\$647,000	\$360,000	\$372,000	\$151,000	\$153,000
Substitutes	\$311,000	\$317,000	\$323,000	\$323,000	\$323,000
Supplementals	\$308,000	\$314,000	\$320,000	\$320,000	\$320,000
Staff Additions(Reductions)	\$0	\$0	\$0	\$0	\$0
Total Wages Line 3.010	\$11,529,000	\$11,901,000	\$12,285,000	\$12,436,000	\$12,589,000

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

The increase for medical insurance was 3.0% for fiscal year 2021. We estimate future increases to be 5% each year.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .30% of wages after fiscal year 2019 due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

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

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
A) STRS/SERS	\$2,382,000	\$2,432,000	\$2,484,000	\$2,505,000	\$2,526,000
B) Insurance's	\$3,341,000	\$3,508,000	\$3,683,000	\$3,867,000	\$4,060,000
C) Workers Comp/Unemployment	\$35,000	\$36,000	\$37,000	\$38,000	\$39,000
D) Medicare	\$169,000	\$176,000	\$183,000	\$190,000	\$198,000
Other/Tuition	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000
Total Line 3.020	<u>\$5,959,000</u>	<u>\$6,184,000</u>	<u>\$6,419,000</u>	<u>\$6,632,000</u>	<u>\$6,855,000</u>

Purchased Services – Line #3.030

In FY21-25, an overall inflation of 3% is being estimated for all categories of this area.

Source	FY21	FY22	FY23	FY24	FY25
Base Services	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000
Excess Cost County ESC-471-475	\$495,000	\$510,000	\$525,000	\$541,000	\$557,000
Open Enrollment Deduction-477	\$455,000	\$469,000	\$483,000	\$497,000	\$512,000
Community School Deductions-478	\$495,000	\$510,000	\$525,000	\$541,000	\$557,000
Other Tuition Including Ed Scholarship-479	\$49,000	\$50,000	\$52,000	\$54,000	\$56,000
Professional Support	\$789,000	\$813,000	\$837,000	\$862,000	\$888,000
Building Maintenance Repairs	\$254,000	\$262,000	\$270,000	\$278,000	\$286,000
Utilities	<u>\$341,000</u>	<u>\$351,000</u>	<u>\$362,000</u>	<u>\$373,000</u>	<u>\$384,000</u>
Total Line 3.030	<u>\$2,918,000</u>	<u>\$3,006,000</u>	<u>\$3,096,000</u>	<u>\$3,189,000</u>	<u>\$3,284,000</u>

Supplies and Materials – Line #3.040

An overall inflation of 0% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. We decreased \$100,000 from supplies for FY21 due to the purchase of Chrome books in FY20. The District is working on updating the curriculum over the next few years.

Source	FY21	FY22	FY23	FY24	FY25
Supplies	\$428,000	\$428,000	\$428,000	\$428,000	\$428,000
Textbooks	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
Building Maintenance	\$213,000	\$213,000	\$213,000	\$213,000	\$213,000
Transportation	<u>\$192,000</u>	<u>\$192,000</u>	<u>\$192,000</u>	<u>\$192,000</u>	<u>\$192,000</u>
Total Line 3.040	<u>\$844,000</u>	<u>\$844,000</u>	<u>\$844,000</u>	<u>\$844,000</u>	<u>\$844,000</u>

Equipment – Line # 3.050

The administration will prepare five year capital plan which will include the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. We have increased the amount for FY21 for the purchase of bleachers. The expenditures remaining within the equipment object line are the ongoing investment annually in miscellaneous equipment and the bus fleet as necessary.

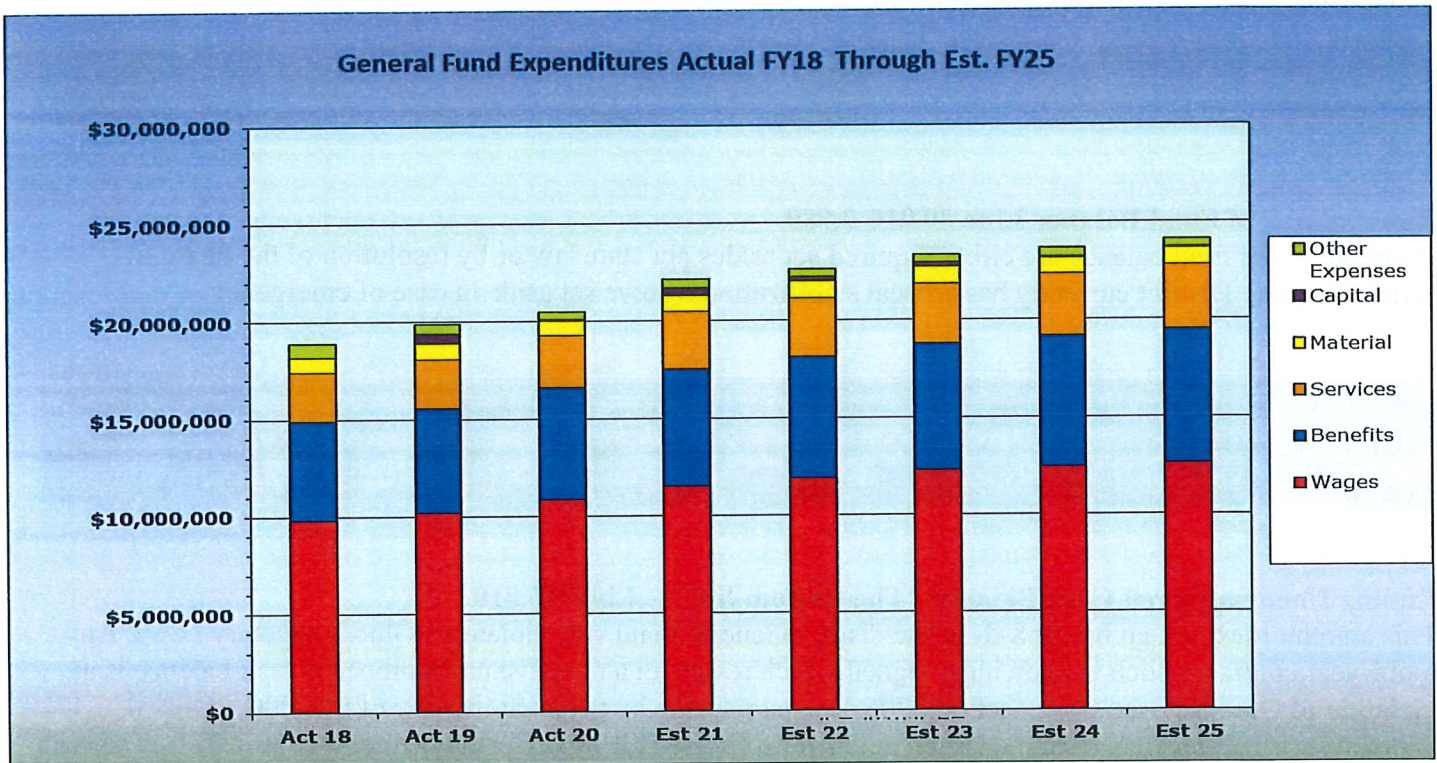
Source	FY21	FY22	FY23	FY24	FY25
Capital Outlay	\$400,000	\$50,000	\$50,000	\$50,000	\$50,000
Replacement Bus Purchases	\$0	\$165,000	\$165,000	\$0	\$0
Total Line 3.050	<u>\$400,000</u>	<u>\$215,000</u>	<u>\$215,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. A&T fees will decline with the emergency levy expiring, however it is anticipated that it will be replaced. As a result, A&T fees noted below are maintained at current levels.

Source	FY21	FY22	FY23	FY24	FY25
County Auditor & Treasurer Fees	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
County ESC	\$136,000	\$136,000	\$136,000	\$136,000	\$136,000
Other expenses	\$142,000	\$142,000	\$142,000	\$142,000	\$142,000
Total Line 4.300	\$408,000	\$408,000	\$408,000	\$408,000	\$408,000

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



Debt Service – Line 4.055 and 4.060

The District issued Certificates of Participation (COP’s) in October of 2019. We have included the principal and interest payments in the forecast as seen below.

Source	FY21	FY22	FY23	FY24	FY25
Principal COPS Line # 4.055	\$1,645,000	\$685,000	\$675,000	\$665,000	\$665,000

Source	FY21	FY22	FY23	FY24	FY25
Interest on COPS & HB 264 Total Line 4.060	\$559,544	\$512,944	\$485,744	\$455,619	\$422,369

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. We have added a transfer for the locally funded initiative portion of our construction project in the forecast for FY21.

Source	FY21	FY22	FY23	FY24	FY25
Operating Transfers Out Line #5.010	\$400,000	\$0	\$0	\$0	\$0
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total	\$400,000	\$0	\$0	\$0	\$0

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. .

	FY21	FY22	FY23	FY24	FY25
Estimated Encumbrances	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

Reservations of Fund Balance Line #9.010-9.080

Reservations of fund balance are either required set asides per state law or by resolution of the board of education. The District currently has a fiscal stabilization reserve set aside in case of emergency.

Source	FY21	FY22	FY23	FY24	FY25
Fiscal Stabilization - Line 9.045	\$223,449	\$223,449	\$223,449	\$223,449	\$223,449
Total Reservations of Balance- Line#9.080	\$223,449	\$223,449	\$223,449	\$223,449	\$223,449

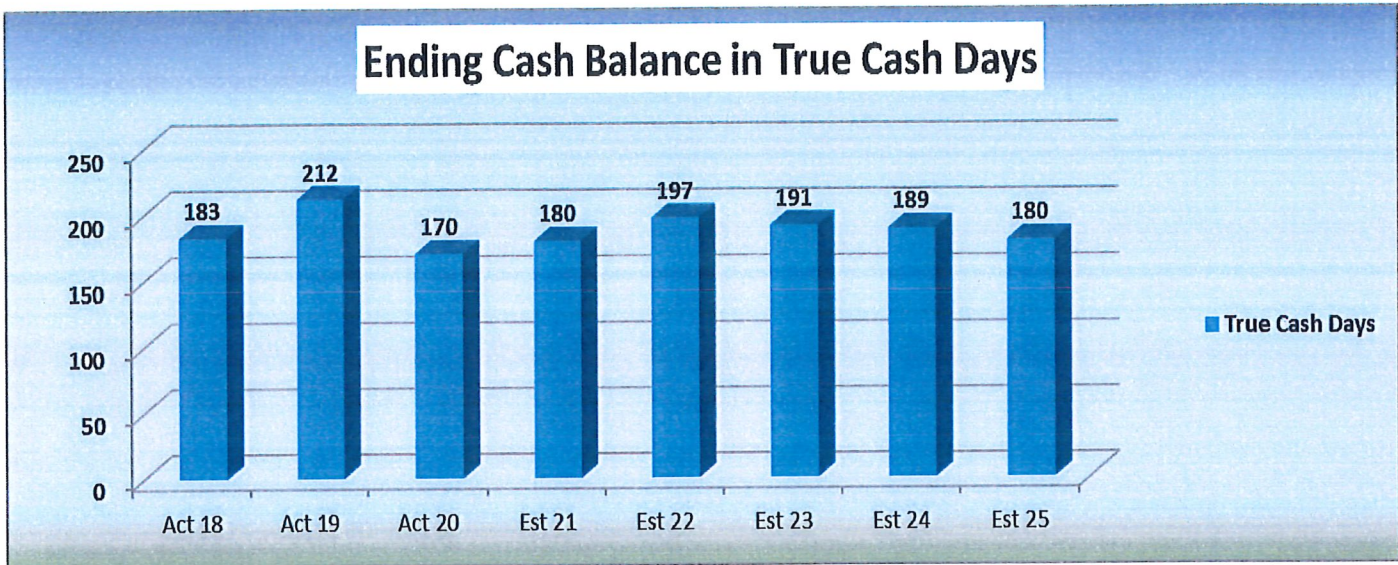
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the 1% Income Tax.

	FY21	FY22	FY23	FY24	FY25
Ending Unencumbered Cash Balance	\$12,298,180	\$12,972,236	\$12,949,492	\$12,904,873	\$12,526,504

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. The cash balance does not include the renewal of the emergency levy, this levy is important to maintain a 60 day or better ending true day cash balance.



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2025, the district forecast has adequate reserves to continue the instructions and programs as provided currently.

- The forecast reflects \$400,000 transfer from the General fund to pay for Locally Funded Initiative(LFI)
- Revenue from the Rover pipeline PUPP is now included in this forecast, but is at risk due to ongoing valuation challenges which must be monitored.

Shelby City School District

Richland 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)	5,292,354	4,543,133	4,818,471	-4.0%	4,701,000	4,642,000	4,299,000	4,077,000	4,104,000	
1.020 Tangible Personal Property	0	1,693,011	3,146,627	0.0%	3,584,000	3,602,000	3,417,000	3,386,000	3,408,000	
1.030 Income Tax	2,817,799	2,776,331	2,800,881	-0.3%	2,801,000	2,851,000	2,901,000	2,953,000	3,005,000	
1.035 Unrestricted State Grants-in-Aid	10,274,580	10,514,702	10,178,403	-0.4%	10,170,000	10,170,000	10,193,000	10,194,000	10,194,000	
1.040 Restricted State Grants-in-Aid	322,368	347,126	319,745	-0.1%	349,000	349,000	349,000	349,000	349,000	
1.045 Restricted Fed. SFSE Fed. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
1.050 Property Tax Allocation	735,165	708,854	785,025	3.6%	677,000	668,000	623,000	578,000	581,000	
1.060 All Other Revenues	1,034,789	1,311,087	2,099,430	43.4%	2,078,000	2,078,000	2,078,000	2,078,000	2,078,000	
1.070 Total Revenues	20,477,055	21,894,244	24,148,582	8.6%	24,360,000	24,360,000	23,860,000	23,615,000	23,719,000	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	102,029	0.0%	-	-	-	-	-	
2.050 Advances-In	0	0	89,741	0.0%	64,254	0	0	0	0	
2.060 All Other Financing Sources	155,574	70,001	166,485	41.4%	356,000	70,000	70,000	70,000	70,000	
2.070 Total Other Financing Sources	155,574	70,001	358,265	178.4%	420,254	70,000	70,000	70,000	70,000	
2.080 Total Revenues and Other Financing Sources	20,632,629	21,964,245	24,506,847	9.0%	24,780,254	24,430,000	23,930,000	23,685,000	23,789,000	
Expenditures										
3.010 Personal Services	\$9,821,980	\$10,212,120	\$10,852,275	5.1%	\$11,529,000	\$11,901,000	\$12,285,000	\$12,436,000	\$12,589,000	
3.020 Employees' Retirement/Insurance Benefits	\$5,066,494	\$5,367,914	\$5,763,311	6.7%	\$5,959,000	\$6,184,000	\$6,419,000	\$6,632,000	\$6,855,000	
3.030 Purchased Services	\$2,542,112	\$2,514,527	\$2,639,751	1.9%	\$2,918,000	\$3,006,000	\$3,096,000	\$3,189,000	\$3,284,000	
3.040 Supplies and Materials	741,350	796,806	773,119	2.3%	844,000	844,000	844,000	844,000	844,000	
3.050 Capital Outlay	10,932	507,037	69,458	2225.9%	400,000	215,000	215,000	50,000	50,000	
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	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	

4.055 Principal-Other
 4.060 Interest and Fiscal Charges
 4.300 Other Objects
 4.500 Total Expenditures

-	-	-	1,645,000	685,000	675,000	665,000	665,000
-	-	345,592	\$559,544	\$512,944	\$485,744	\$455,619	\$422,369
\$723,333	\$503,870	\$382,554	\$408,000	\$408,000	\$408,000	\$408,000	\$408,000
18,906,201	19,902,274	20,826,060	24,262,544	\$23,755,944	24,427,744	24,679,619	25,117,369

Other Financing Uses

5.010 Operating Transfers-Out
 5.020 Advances-Out
 5.030 All Other Financing Uses
 5.040 Total Other Financing Uses
 5.050 Total Expenditures and Other Financing Uses
 6.010 Excess of Revenues and Other Financing Sources over (Under) Expenditures and Other Financing Uses

\$0	\$0	\$3,663,702	\$400,000	\$0	\$0	\$0	\$0
-	89,741	64,254	-	-	-	-	-
\$0	\$0	\$0	\$550	\$0	\$0	\$0	\$0
-	89,741	3,727,956	400,550	-	-	-	-
18,906,201	19,992,015	24,554,016	24,663,094	23,755,944	24,427,744	24,679,619	25,117,369
1,726,428	1,972,230	(47,169)	117,160	674,056	(497,744)	(994,619)	(1,328,369)

7.010 Vasn Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies

7.020 Cash Balance June 30

8.010 Estimated Encumbrances June 30

8,902,430	10,628,858	12,601,088	12,553,919	12,671,079	13,345,135	12,847,391	11,852,772
10,628,858	12,601,088	12,553,919	12,671,079	13,345,135	12,847,391	11,852,772	10,524,403
454,465	380,353	435,356	150,000	150,000	150,000	150,000	150,000

Reservation of Fund Balance

9.010 Textbooks and Instructional Materials
 9.020 Capital Improvements
 9.030 Budget Reserve
 9.040 DP/PA
 9.045 Fiscal Stabilization
 9.050 Debt Service
 9.060 Property Tax Advances
 9.070 Bus Purchases
 9.080 Subtotal

33,606	20,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
223,449	223,449	223,449	223,449	223,449	223,449	223,449	223,449
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
257,055	243,449	223,449	223,449	223,449	223,449	223,449	223,449

10.010 Fund Balance June 30 for Certification of Appropriations

Revenue from Replacement/Renewal Levies

11.010 Income Tax - Renewal
 11.020 Property Tax - Renewal or Replacement

9,917,338	11,977,286	11,895,114	12,297,630	12,971,686	12,473,942	11,479,323	10,150,954
-	-	-	-	-	-	-	-
-	-	-	-	-	475,000	950,000	950,000

11.300 Cumulative Balance of Replacement/Renewal Levies
 12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations

9,917,338	11,977,286	11,895,114	12,297,630	12,971,686	12,948,942	12,904,323	12,525,954
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Revenue from New Levies

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

