

Parma City School District

Cuyahoga

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				Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues									
1.01 General Property Tax (Real Estate)	85,965,102	89,421,305	92,254,241	3.59%	90,281,183	92,883,806	92,942,792	92,917,557	89,321,627
1.02 Public Utility Personal Property Tax	4,053,441	4,231,791	4,442,130	4.69%	4,674,378	4,894,240	5,037,950	5,213,969	5,227,278
1.035 Unrestricted State Grants-in-Aid	32,118,419	32,576,603	32,871,426	1.17%	33,433,697	34,418,883	34,413,217	34,407,513	34,401,770
1.04 Restricted State Grants-in-Aid	2,548,740	2,820,455	2,823,770	5.39%	2,823,161	2,835,998	2,848,964	2,862,059	2,875,285
1.05 Property Tax Allocation	14,170,026	14,270,364	14,218,095	0.17%	13,967,898	14,120,903	14,172,294	14,168,689	13,678,205
1.06 All Other Revenues	7,205,130	5,543,378	7,387,833	5.10%	5,886,162	5,562,181	5,603,962	5,646,161	5,688,783
1.07 Total Revenues	146,060,858	148,863,896	153,997,495	2.68%	151,066,479	154,716,011	155,019,179	155,215,948	151,192,948
Other Financing Sources									
2.04 Operating Transfers-In	34,978	24,482	0	-65.00%	1,094	0	0	0	0
2.05 Advances-In	528,201	431,446	726,060	24.98%	872,411	500,000	500,000	500,000	500,000
2.06 All Other Financing Sources	125,037	381,076	1,072,415	193.09%	1,334,383	158,787	158,787	158,787	158,787
2.07 Total Other Financing Sources	688,216	837,004	1,798,475	68.24%	2,207,888	658,787	658,787	658,787	658,787
2.08 Total Revenues and Other Financing Sources	146,749,074	149,700,900	155,795,970	3.04%	153,274,367	155,374,798	155,677,966	155,874,735	151,851,735
Expenditures									
3.01 Personal Services	81,079,445	79,211,275	79,143,991	-1.19%	81,543,218	84,083,965	86,767,669	89,543,562	92,415,458
3.02 Employees' Retirement/Insurance Benefits	32,291,814	31,812,840	31,815,022	-0.74%	33,921,753	35,718,543	37,357,382	39,082,286	40,897,570
3.03 Purchased Services	23,059,646	24,375,617	28,785,604	11.90%	29,130,978	30,167,410	31,224,244	31,801,881	32,390,738
3.04 Supplies and Materials	2,785,162	2,395,716	3,510,355	16.27%	3,086,012	2,936,873	2,966,241	3,021,375	3,077,825
3.05 Capital Outlay	215,911	186,504	492,377	75.19%	401,913	409,951	418,150	426,513	435,044
4.3 Other Objects	1,846,807	1,726,059	2,109,483	7.84%	307,1102	2,227,929	2,241,093	2,254,389	2,267,817
4.5 Total Expenditures	141,278,785	139,708,011	145,856,832	1.64%	151,154,976	155,544,671	160,974,779	166,130,007	171,484,451
Other Financing Uses									
5.01 Operating Transfers-Out	23,829	740	0	-98.45%	0	0	0	0	0
5.02 Advances-Out	431,446	726,060	872,411	44.22%	500,000	500,000	500,000	500,000	500,000
5.03 All Other Financing Uses	439,709	4,025	0	-99.54%	0	0	0	0	0
5.04 Total Other Financing Uses	894,984	730,825	872,411	0.52%	500,000	500,000	500,000	500,000	500,000
5.05 Total Expenditures and Other Financing Uses	142,173,769	140,438,836	146,729,243	1.63%	151,654,976	156,044,671	161,474,779	166,630,007	171,984,451
6.01 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing	4,575,305	9,262,064	9,066,727	50.16%	1,619,391	(669,873)	(5,796,813)	(10,755,272)	(20,132,716)
Cash Balance July 1 - Excluding Proposed									
7.01 Renewal/Replacement and New Levies	1,144,975	5,720,280	14,982,344	280.76%	24,049,071	25,668,462	24,998,588	19,201,775	8,446,504
7.02 Cash Balance June 30	5,720,280	14,982,344	24,049,071	111.22%	25,668,462	24,998,588	19,201,775	8,446,504	(11,686,213)
8.01 Estimated Encumbrances June 30	457,988	1,518,766	879,728	94.77%	550,000	550,000	550,000	550,000	550,000
Reservation of Fund Balance									
9.03 Budget Reserve	0	0	500,000	0.00%	1,000,000	1,500,000	2,000,000	2,500,000	2,500,000
9.08 Subtotal	0	0	500,000	0.00%	1,000,000	1,500,000	2,000,000	2,500,000	2,500,000
Fund Balance June 30 for Certification of									
10.01 Appropriations	5,262,292	13,463,578	22,669,343	112.11%	24,118,462	22,948,588	16,651,775	5,396,504	(14,736,213)
Cumulative Balance of Replacement/Renewal									
11.3 Levies	0	0	0	0.00%	0	0	0	0	4,404,317
Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other									
12.01 Obligations	5,262,292	13,463,578	22,669,343	112.11%	24,118,462	22,948,588	16,651,775	5,396,504	(10,331,895)
15.01 Unreserved Fund Balance June 30	5,262,292	13,463,578	22,669,343	112.11%	24,118,462	22,948,588	16,651,775	5,396,504	(10,331,895)

See accompanying summary of significant forecast assumptions and accounting policies

**PARMA CITY SCHOOL DISTRICT-CUYAHOGA 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 JUNE 30, 2025**

PCSD

Parma City School District

**Forecast Provided By
Parma City School District
Treasurer's Office
Mr. Sean Nuccio, CPA, Treasurer/CFO
May 13, 2021**

Parma City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
May 13, 2021

Introduction to the Five Year Forecast

School districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021 for fiscal year 2021 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2021 filing.

Economic Outlook

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

May 2021 Updates:

Revenues FY21:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$151,066,479 or .60% higher than the November forecasted amount of \$150,167,864. This indicates the November forecast was 99.4% accurate.

Property tax collections the first half of 2021 appear to be down roughly \$1,094,000 which is likely due to lower current tax payments due to higher delinquencies. We will continue to monitor this as the second half taxes are collected to see if this reverses as the economy recovers.

State Aide, as noted above, began the year with continued cuts at the FY20 level; however, on January 22, 2021 Governor DeWine reinstated funding of approximately 53% of those reductions thus having a positive impact of \$1,605,980 for our district's revenue.

Other income is up for the year which is partially lead by higher payments received through Board of Revision activity. We anticipate other income to be up about \$358,000 for FY21.

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

Expenditures FY21:

Total General Fund expenditures (line 4.5) are estimated to be \$151,154,976 for FY21 which is \$215,821 above the original estimate of \$150,939,155 in the November forecast. Various expenditure lines have been adjusted for their apparent trend for FY21. The Student Wellness and Success Funds (SWSF) and ESSER Funds the

district received has helped lower costs originally projected in the general fund. This will have a positive effect on the long term forecast.

Unreserved Ending Cash Balance:

With revenues increasing over estimates and expenditures ending above estimates, our ending unreserved cash balance June 30, 2021 is anticipated to be roughly \$25.12 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2024 if we renew the emergency levy and assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; Student Wellness and Success Funding (SWSF) and Enrollment Growth Supplement Funds. Student Wellness and Success Funds are restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. The current proposed state budget for FY22 - FY23 is Sub. HB110 and it includes increases for SWSF for each year of the biennium budget along with guarantees that no district will receive less funding than they received in FY21. We have assumed this money will continue through FY25. Enrollment Growth Supplement money is paid to a small number of growing districts and Sub. HB110 also proposes these funds be continued in FY22 and FY23 at current FY21 levels. We do not receive Enrollment Growth Supplemental funds.

2) While state funding was initially guaranteed at the FY19 level, the Coronavirus Pandemic caused the most rapid and largest decrease of employment in history. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by \$300.5 million by the end of June 2020. These cuts were to continue through FY21 as well, however the Governor subsequently reinstated \$160 million of these reductions to school districts in an executive order dated January 22, 2021. With the economy rebounding from the sharp drop in employment in March and April 2020 and state tax revenues well above estimates for FY21, we anticipate funding will remain unchanged for the rest of FY21. Governor DeWine submitted his FY22-FY23 biennial budget (Sub. HB110) which returns state foundation funding to schools at their FY19 funded level. The biennial budget is now working its way through the legislative process. HB1, also known as the Fair School Funding Bill, was introduced on February 4, 2021 and will work its way through the legislative process where it has been combined with Sub. HB110. The certainty of foundation funding levels will not likely be known until late June 2021. At this time the FY19 funding level is the basis for districts state funding in FY22 and FY23. We believe Ohio's economy will continue to improve through FY21 and that FY22-25 will see funding returned to the FY19 levels at a minimum. We will not project an increase beyond the FY19 levels at this time until the state budget is known for FY22 and FY23.

3) HB166 continued the Fixed Sum TPP reimbursement phase out over five years through FY21. We receive a small amount of fixed sum reimbursement but this will be eliminated in FY22. Unlike the TPP Fixed Rate reimbursement, districts will not lose money due to this phase out. Instead, the amount of money the state is cutting will be added on to our emergency levy millage automatically each year and collected in local property taxes. The state directly shifted their financial obligation made in 2006 in HB66 to local taxpayers.

4) The State Budget represents 33% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range FY22 through FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25, which we feel is conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

5) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years along with new construction growth resulting in continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 67% of the district's resources. Collection rates for the 1st half 2020 collection, collected in 2021 did show declines in payments due to increased delinquencies. We will monitor the second half of our collection generally in August 2021 to determine if collections will return to normal. We believe there is a low risk that local collections would fall below projections long term in the forecast.

6) Cuyahoga County experienced a full reappraisal in the 2018 tax year to be collected in 2019. The 2018 reappraisal increased overall assessed values by \$203.10 million or an increase of 10.56%. A reappraisal update will occur in tax year 2021 for collection in 2022. We anticipate value increases for Class I and II property by \$96.34 million for an overall increase of 4.47%. There is always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

7) The district has a \$7.6 million emergency levy that will expire in 2024. It will be important to renew this levy when it comes up for renewal; especially in the wake of state budget cuts in FY20 and FY21 which have weakened our financial condition. We believe the levy will be renewed but there is always a chance that it would not be.

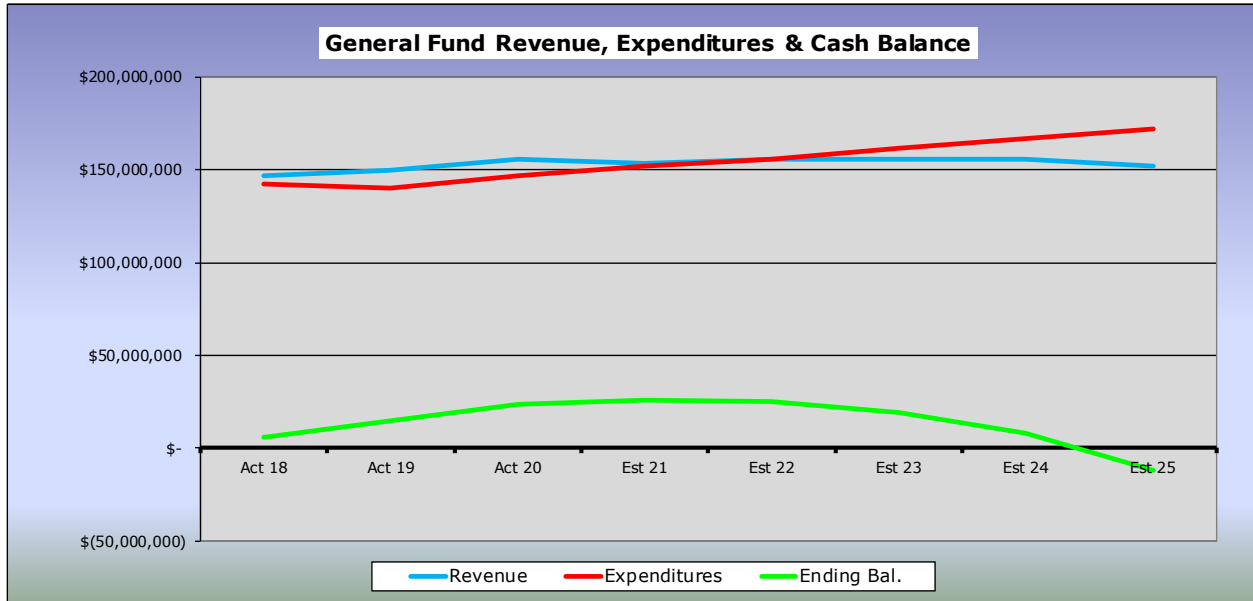
8) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. HB197 passed in March 2020 freezes EdChoice Scholarship eligibility at the 2019-2020 list of 517 buildings. The district presently has both Parma and Valley Forge High Schools designated as EdChoice Scholarship eligible schools. These are examples of new choice programs that increase with each biennium budget that cost the district a significant amount of 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 as the proposed new state budget bill Sub. HB110 moves through the legislative process.

9) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

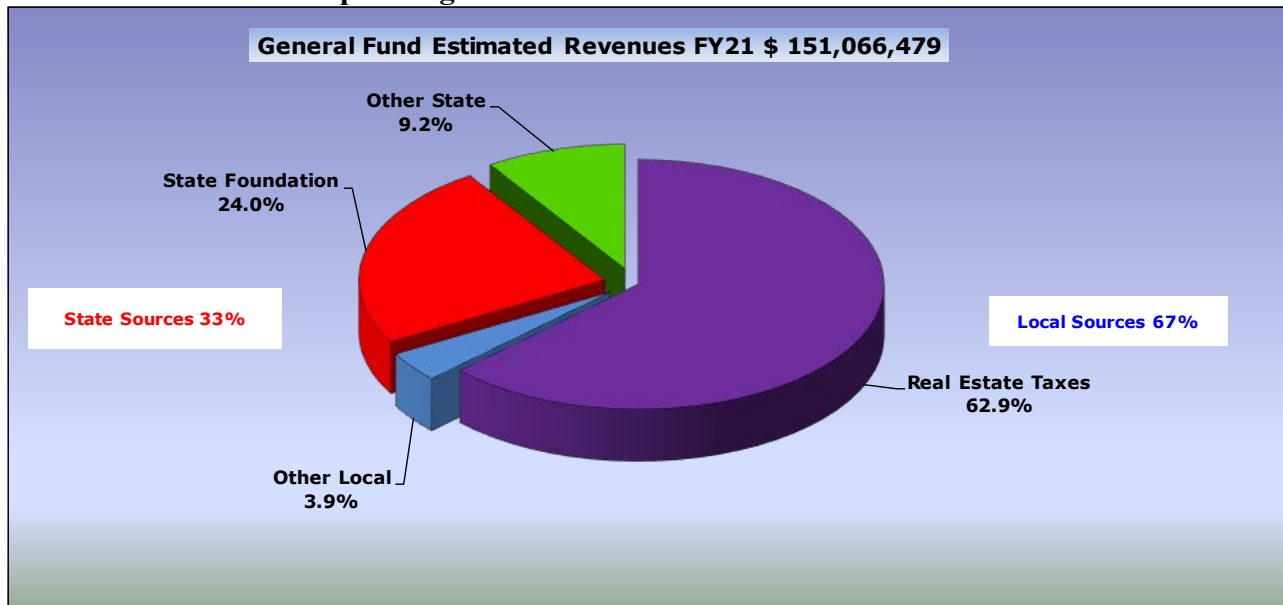
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Sean Nuccio, CPA, Parma CSD Treasurer/CFO at 440.885.2324.

General Fund Revenue, Expenditures 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 Operating Revenue Sources General Fund FY21



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the Cuyahoga County Fiscal Officer based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Cuyahoga County experienced a reappraisal for the 2018 tax year to be collected in 2019. Residential/Agricultural values increased 11.86% or \$185.13 million due to the reappraisal update led by an improving housing market. Commercial/Industrial values increased 4.83% or \$17.97 million, providing an overall increase of \$203.10 million or 10.56%.

A reappraisal update will occur in 2021 for collection in 2022 for which we are estimating a 5.5% increase in residential and a 0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$96.34 million or 4.47% overall. Other than reappraisal and update

years we are anticipating commercial and industrial property values to decrease over the next three years due to property tax appeals and property revaluation.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
Classification	COLLECT 2021	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025
Res./Ag.	\$1,751,606,410	\$1,847,844,763	\$1,847,744,763	\$1,847,644,763	\$1,939,927,001
Comm./Ind.	391,319,430	390,969,430	390,619,430	390,269,430	389,919,430
Public Utility Personal Property (PUPP)	67,295,690	69,795,690	72,295,690	74,795,690	77,295,690
Total Assessed Value	<u>\$2,210,221,530</u>	<u>\$2,308,609,883</u>	<u>\$2,310,659,883</u>	<u>\$2,312,709,883</u>	<u>\$2,407,142,121</u>

Estimated Real Estate Tax (Line #1.010)

Source	FY21	FY22	FY23	FY24	FY25
General Property Taxes	<u>\$90,281,183</u>	<u>\$92,883,806</u>	<u>\$92,942,792</u>	<u>\$92,917,557</u>	<u>\$89,321,627</u>

Property tax levies are estimated to be collected at 97.70% of the annual amount which decreased slightly from 99.1% due to some added delinquency we noted in 2020 likely due to COVID-19 Pandemic. This allows 2.30% delinquency factor. Collection for the 1st half 2020 collection in 2021 was down about \$1,097,000 from predicted levels due to the COVID-19 pandemic and economic slowdown. We will be monitoring this closely for the 2nd half collection that generally occurs in August 2021.

In general, 53.20% of the Res./Ag. and Comm./Ind. property taxes are expected to be collected in the February tax settlement and 46.80% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

Over the past few years, real estate tax revenue levels have fluctuated due to the district taking advances of future year tax collections, in order to meet the operating needs. Beginning in fiscal year 2018, the district stopped requesting additional tax advances from the Cuyahoga County Budget Commission. Since a June property tax advance was not taken in June 2018, the full property tax collection minus the Cuyahoga County May mandated-advance was recorded in the proper fiscal year. This caused fiscal year 2018 collections to be lower compared to the fiscal year 2019 collections. Beginning in fiscal year 2020, Cuyahoga County ended the practice of giving school districts a May property tax advance from the following fiscal year.

The drop in collection in FY25 above is due to the \$7.6 million emergency levy being moved to Line 11.02 as noted below.

Levy Renewal –Line # 11.02

The district plans to renew the \$7.6 million emergency levy by 2024 to continue collection. State law requires that renewal levies be removed from revenues and shown on Line 11.02 of the forecast.

Source	FY21	FY22	FY23	FY24	FY25
Emergency (\$7,603,000) last collect 12/31/24	\$0	\$0	\$0	\$0	\$4,404,317
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,404,317</u>

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The phase out of Tangible Personal Property (TPP) taxes began in FY06 with HB66 and was 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. PUPP values grew \$4.5 million or 7.2% in 2020. We anticipate values to grow \$2.5 million each fiscal year FY22-FY25 in the forecast.

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property (Line#1.020)	<u>\$4,674,378</u>	<u>\$4,894,240</u>	<u>\$5,037,950</u>	<u>\$5,213,969</u>	<u>\$5,227,278</u>

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

Current State Funding Model Per HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 which on May 6, 2020 was cut and then funding partially restored by executive order signed January 22, 2021 by the Governor. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB1, aka the Fair School Funding plan, is currently being considered by the legislature and has been combined with Sub. HB110 and will produce a successor funding formula for the FY22-23 biennium budget. Currently Sub. HB110, the proposed budget, projects funding for districts at FY19 guarantee amounts for FY22 and FY23. For this reason we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.

Foundation Funding Partially Restored January 22, 2021 for FY21

On January 22, 2021 the Governor signed an executive order reinstating \$160 million of previous cuts to public schools thus reducing the cuts in FY21. At this time the state funding for FY21 is being reduced \$1,096,338 from the FY19 amount.

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

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district’s percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY21, proposed funding ranges from \$30 per student to \$360 per student. All schools and students are to receive a minimum additional funding of \$36,000 in FY21. All districts are guaranteed to get 131% of what they received in FY20, and the proposed state budget (Sub. HB110) is guaranteeing all districts will get 100% of what they received in FY21 for FY22 and FY23. Our district is estimated to receive \$1,778,294 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with two approved community partner organizations per Sub. HB110.

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

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

Due to the COVID-19, casinos were closed from March 12, to June 18, 2020. We are reducing the amount of funding in FY21 by 26% then increasing the amount in FY22 back to FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We believe it will be FY22 when revenues return to the post COVID-19 level.

Source	FY21	FY22	FY23	FY24	FY25
Basic Aid-Unrestricted	\$31,966,783	\$32,842,483	\$32,829,517	\$32,816,422	\$32,803,196
Additional Aid Items	1,073,984	1,073,984	1,073,984	1,073,984	1,073,984
Basic Aid-Unrestricted Subtotal	33,040,767	33,916,467	33,903,501	33,890,406	33,877,180
Ohio Casino Commission ODT	392,930	502,416	509,716	517,107	524,590
Total Unrestricted State Aid Line # 1.035	<u>\$33,433,697</u>	<u>\$34,418,883</u>	<u>\$34,413,217</u>	<u>\$34,407,513</u>	<u>\$34,401,770</u>

B) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25.

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	\$1,283,746	\$1,296,583	\$1,309,549	\$1,322,644	\$1,335,870
Career Tech	969,415	969,415	969,415	969,415	969,415
Catastrophic	570,000	570,000	570,000	570,000	570,000
Total Restricted State Revenues Line #1.040	<u>\$2,823,161</u>	<u>\$2,835,998</u>	<u>\$2,848,964</u>	<u>\$2,862,059</u>	<u>\$2,875,285</u>

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY21-25.

Summary of State Foundation Revenues	FY21	FY22	FY23	FY24	FY25
Unrestricted Line # 1.035	\$33,433,697	\$34,418,883	\$34,413,217	\$34,407,513	\$34,401,770
Restricted Line # 1.040	2,823,161	2,835,998	2,848,964	2,862,059	2,875,285
Restricted Fed. Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$36,256,858</u>	<u>\$37,254,881</u>	<u>\$37,262,181</u>	<u>\$37,269,572</u>	<u>\$37,277,055</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

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 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 generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district does not receive TPP Fixed Rate reimbursements.

c) Tangible Personal Property Reimbursements – Fixed Sum

HB 166 continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead	\$13,963,598	\$14,120,903	\$14,172,294	\$14,168,689	\$13,678,205
b) TPP Reimbursement - Fixed Rate	-	-	-	-	-
c) TPP Reimbursement - Fixed Sum	4,300	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$13,967,898</u>	<u>\$14,120,903</u>	<u>\$14,172,294</u>	<u>\$14,168,689</u>	<u>\$13,678,205</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 sources of revenue in this area are tuition for court placed students, Medicaid, Board of Revision settlement payments, and general rental fees. Pay to participate revenue was reduced from \$286,498 to \$6,000 since pay to participate was eliminated for the following activities: high school marching band, high school academic team, high school drama, middle school jazz band, middle school pop ensemble and elementary choir. The following high school sports had the fee eliminated: football, baseball, basketball, cheer, cross country, golf, hockey, soccer, softball, swimming, tennis, track, volleyball and wrestling. Middle school sports exempted from paying the fee are basketball, cheer, cross country, football, track, volleyball and wrestling. Some activities are not exempted from paying the fee.

Beginning in FY21 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. All other revenues are expected to continue on historic trends.

Source	FY21	FY22	FY23	FY24	FY25
Tuitions, SF14, SF6	\$2,422,014	\$2,446,234	\$2,470,696	\$2,495,403	\$2,520,357
Interest	343,043	343,043	343,043	343,043	343,043
Medicaid	718,004	725,181	732,430	739,751	747,146
Service Fees & Rentals	704,028	704,028	711,068	718,179	725,361
BOR Settlements	658,378	303,000	306,030	309,090	312,181
Other Income	<u>1,040,695</u>	<u>1,040,695</u>	<u>1,040,695</u>	<u>1,040,695</u>	<u>1,040,695</u>
Total Other Local Revenue Line #1.060	<u>\$5,886,162</u>	<u>\$5,562,181</u>	<u>\$5,603,962</u>	<u>\$5,646,161</u>	<u>\$5,688,783</u>

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 over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. For FY21, advances to the General Fund totaled \$872,411. For subsequent fiscal years, return of advances are projected at \$500,000. Ohio Revised Code Section 5705.10 prohibits funds from having a negative fund balance. Federal and state grant funds require that PCSD spend the funds first and then request reimbursement from the Ohio Department of Education. In order to avoid negative fund balance at fiscal year-end due to the timing of the reimbursement, the General Fund advances funds to the negative grant funds. After the beginning of the new fiscal year, the grant funds return the advances to the General Fund.

Source	FY21	FY22	FY23	FY24	FY25
Transfers In - Line 2.040	\$1,094	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>872,411</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Transfer & Advances In	<u>\$873,505</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

All Other Financial Sources – Line #2.060

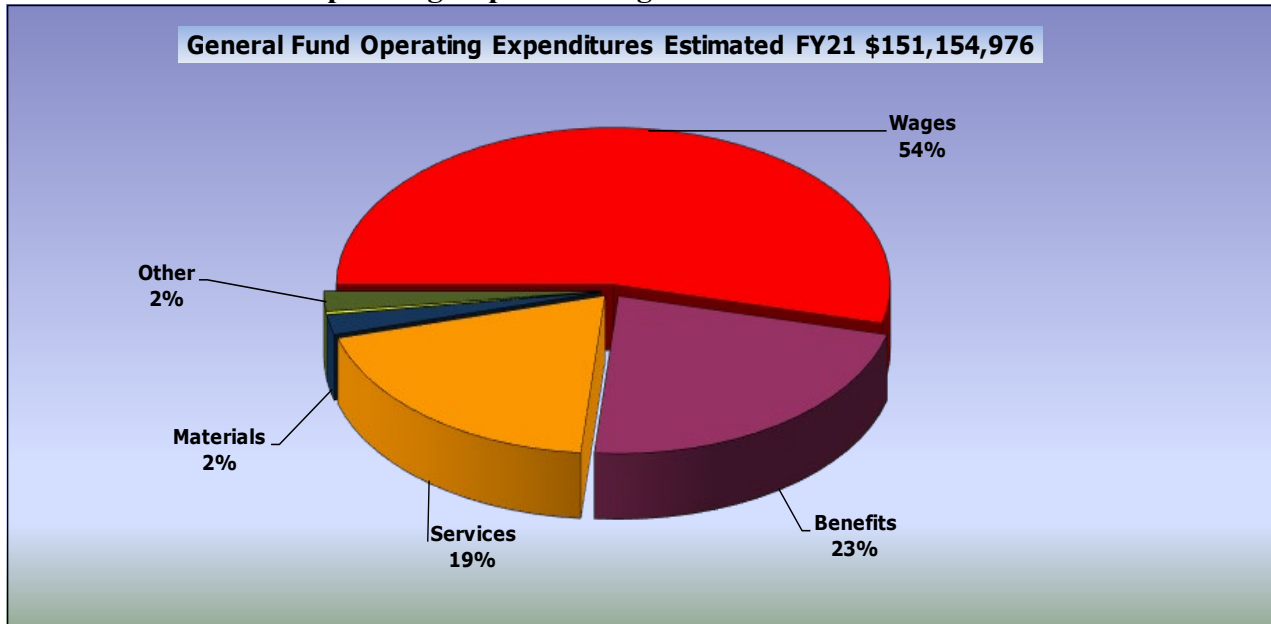
This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive two (2) Bureau of Workers Compensation refund/dividends of \$1,205,813 for FY21, but this is inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY21	FY22	FY23	FY24	FY25
Refund of prior years expenditures	<u>\$1,334,383</u>	<u>\$158,787</u>	<u>\$158,787</u>	<u>\$158,787</u>	<u>\$158,787</u>

Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories – General Fund FY21



Wages – Line #3.010

The salaries expense category represents the largest portion of the district’s budget at 54% of total general fund operating expenses in FY21. Funding from the CARES Act and state funding from the Governor's student wellness initiative, reduced General Fund payroll expenses. The General Fund payroll is expected to increase in fiscal year 2021 after the CARES Act Fund (ESSER I) 507 revenue sources have been completely spent.

Certified substitute services were moved from personnel services to purchased services since the district contracted North Coast Shared Services Alliance. In fiscal year 2018, the district obtained subs using in-house services. The fill rate using in-house services was not an acceptable level. For FY21 to FY25, changes in the salary line item have been projected using estimated increases resulting from staff progression on the salary schedule, degree changes and increases due to inflationary pressures. Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.0% for FY21 and FY22 including step increases. For planning purposes a 1% base amount has been used for FY23-25. We have recoded expenses that qualify in our plan for use of Student Wellness and Success funding in FY20 and FY21, and will continue those costs in Fund 467 assuming the governor will included these initiatives in future state budgets.

Source	FY21	FY22	FY23	FY24	FY25
Base Wages	\$75,564,079	\$79,388,440	\$81,938,353	\$84,604,387	\$87,363,560
Steps & Training	1,209,025	1,270,215	1,311,014	1,353,670	1,397,817
ESSER Fund 507 Adj.	1,471,900	-	-	-	-
Substitutes	1,082,665	1,104,318	1,126,404	1,148,932	1,171,911
Supplementals	2,283,395	2,329,063	2,375,645	2,423,158	2,471,621
Staff Reductions	(367,846)	(308,071)	(283,747)	(286,585)	(289,451)
Severance	300,000	300,000	300,000	300,000	300,000
Total Wages Line #3.010	<u>\$81,543,218</u>	<u>\$84,083,965</u>	<u>\$86,767,669</u>	<u>\$89,543,562</u>	<u>\$92,415,458</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

We are estimating an increase of 10% for FY21, and 6% for FY22-25 which reflects trend and moderate claims we are seeing. This is based on our current employee census and claims data.

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 be about .048% of wages FY21– FY25. Unemployment is expected to fluctuate FY21-FY25 based on possible staff adjustments. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

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.

Summary of Fringe Benefits – Line #3.020

Source	FY21	FY22	FY23	FY24	FY25
A) STRS/SERS	\$12,603,703	\$13,238,135	\$13,662,302	\$14,101,583	\$14,556,071
B) Insurance's	19,340,891	20,433,568	21,597,158	22,829,938	24,136,055
C) Workers Comp/Unemployment	419,282	431,757	444,920	458,529	472,601
D) Medicare	1,107,876	1,165,083	1,203,002	1,242,237	1,282,843
Other/Tuition	450,000	450,000	450,000	450,000	450,000
Total Fringe Benefits Line #3.020	<u>\$33,921,753</u>	<u>\$35,718,543</u>	<u>\$37,357,382</u>	<u>\$39,082,286</u>	<u>\$40,897,570</u>

Purchased Services – Line #3.030

Community schools and other tuition costs continue to draw funds away from the district, which are major expenditures in this area and have been adjusted based on historical trend. Certified substitute services were moved from personnel services to purchased services since the district contracted North Coast Shared Services Alliance. In fiscal year 2018, the district obtained subs using in-house services. The fill rate using in-house services was not an acceptable level. For the current fiscal year, charter school deductions are estimated at \$12 million. Also, FY21 tuition, EdChoice and Scholarship costs are expected to continue and cost our district significant resources. Additional ESSER II and III funds have been or will be allocated to our district that can

be used through September, 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY21	FY22	FY23	FY24	FY25
Base Services	\$672,293	\$672,293	\$672,293	\$672,293	\$672,293
Transportation	580,031	591,632	603,465	615,534	627,845
Open Enrollment Deduction-477	592,331	604,178	616,262	628,587	641,159
Community School Deductions-478	11,982,182	12,221,826	12,466,263	12,715,588	12,969,900
Tuition Inc. Ed. Choice & Scholarships-471-479	8,598,756	9,270,731	9,956,146	10,155,269	10,358,374
Professional Support 41x	3,274,297	3,307,040	3,340,110	3,373,511	3,407,246
Building Maintenance & Services 42x	1,187,088	1,210,830	1,235,047	1,259,748	1,284,943
Utilities	<u>2,244,000</u>	<u>2,288,880</u>	<u>2,334,658</u>	<u>2,381,351</u>	<u>2,428,978</u>
Total Purchased Services Line #3.030	<u>\$29,130,978</u>	<u>\$30,167,410</u>	<u>\$31,224,244</u>	<u>\$31,801,881</u>	<u>\$32,390,738</u>

Supplies and Materials – Line #3.040

Instructional and general supply costs represent the largest portion of all supplies and material expenses. During the current fiscal year, the district renewed up-front licenses for educational programs that have expired. Also, the district is planning on purchasing textbooks at a General Fund cost of \$772,000. Transportation related supply expenses represent the second largest portion of all supplies and materials. Over the past two fiscal years, the district has been able to reduce costs mainly due to lower fuel costs. Fuel costs are expected to increase in FY21. However, bus repairs are expected to decrease with the purchase of 34 new busses in FY19 and 10 new busses in FY20, which replaced older buses. We have added \$50,000 to supplies FY21-FY25 for performing arts per Board Resolution. Additional ESSER II and III funds have been or will be allocated to our district that can be used through September, 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY21	FY22	FY23	FY24	FY25
Supplies	\$1,426,753	\$1,261,021	\$1,273,631	\$1,311,840	\$1,351,195
Textbooks	772,000	779,720	787,517	795,392	803,346
Building Maintenance	407,259	411,332	415,445	419,599	423,795
Transportation	<u>480,000</u>	<u>484,800</u>	<u>489,648</u>	<u>494,544</u>	<u>499,489</u>
Total Supplies Line #3.040	<u>\$3,086,012</u>	<u>\$2,936,873</u>	<u>\$2,966,241</u>	<u>\$3,021,375</u>	<u>\$3,077,825</u>

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. Additional ESSER II and III funds have been or will be allocated to our district that can be used through September, 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY21	FY22	FY23	FY24	FY25
Capital Outlay	\$241,913	\$246,751	\$251,686	\$256,720	\$261,854
Technology	<u>160,000</u>	<u>163,200</u>	<u>166,464</u>	<u>169,793</u>	<u>173,189</u>
Total Equipment Line #3.050	<u>\$401,913</u>	<u>\$409,951</u>	<u>\$418,150</u>	<u>\$426,513</u>	<u>\$435,044</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

Per the District’s Fiscal Recovery Plan submitted to the Ohio Department of Education, the District began paying these expenses from the Permanent Improvement Fund beginning in FY 2018.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses.

Source	FY21	FY22	FY23	FY24	FY25
County Auditor & Treasurer Fees	\$1,239,003	\$1,251,393	\$1,263,907	\$1,276,546	\$1,289,311
County ESC	64,370	65,014	65,664	66,321	66,984
Other expenses	1,267,729	411,522	411,522	411,522	411,522
Budget Reserve	500,000	500,000	500,000	500,000	500,000
Total Other Expenses Line #4.300	<u>\$3,071,102</u>	<u>\$2,227,929</u>	<u>\$2,241,093</u>	<u>\$2,254,389</u>	<u>\$2,267,817</u>

Transfers Out/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. There are no planned transfers in the forecast period at this time.

Source	FY21	FY22	FY23	FY24	FY25
Operating Transfers Out Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	500,000	500,000	500,000	500,000	500,000
Total Transfer & Advances Out	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

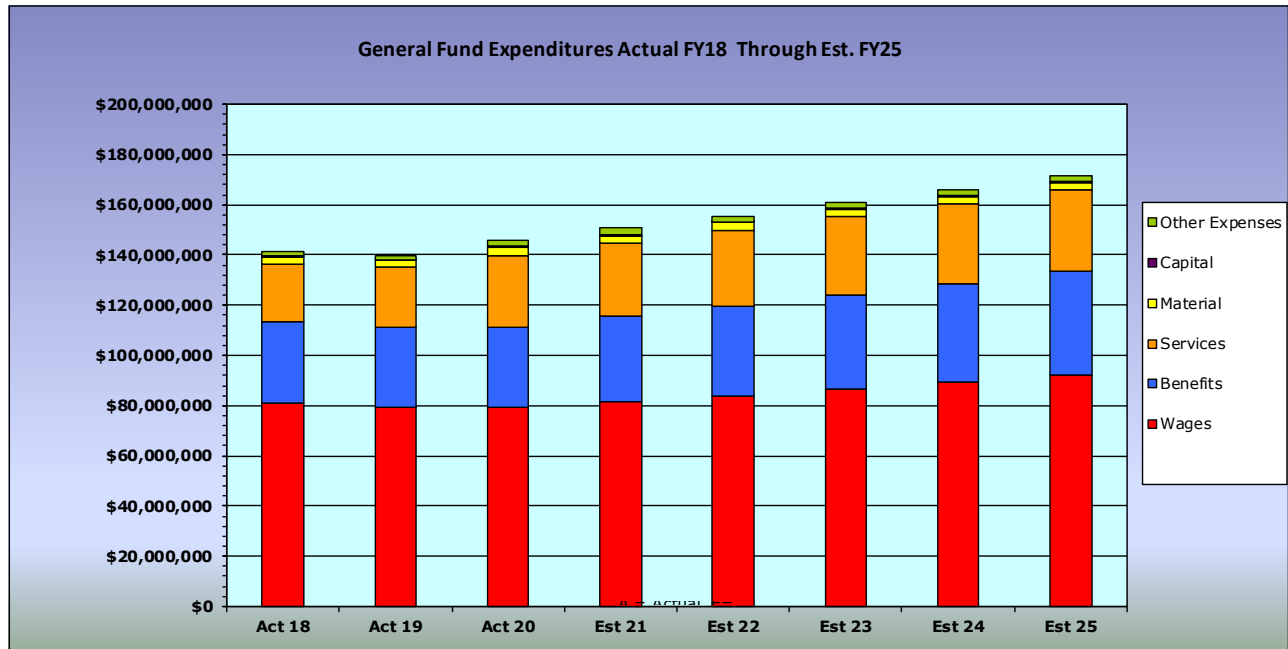
Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY21	FY22	FY23	FY24	FY25
Estimated Encumbrances	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>

Operating Expenditures Actual FY18 through FY20 and Estimated FY21-FY25

As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered 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. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) to sixty (60) day cash balance. The district falls below the thirty (30) day rate in FY24.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Ending Unencumbered Cash Balance	<u>\$24,118,462</u>	<u>\$22,948,588</u>	<u>\$16,651,775</u>	<u>\$5,396,504</u>	<u>-\$10,331,895</u>

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 recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves. The district is not projecting being able to maintain a sixty (60) day true cash day balance during the forecast period.

