



Sandusky City School District

Five Year Forecast Financial Report

May, 2020



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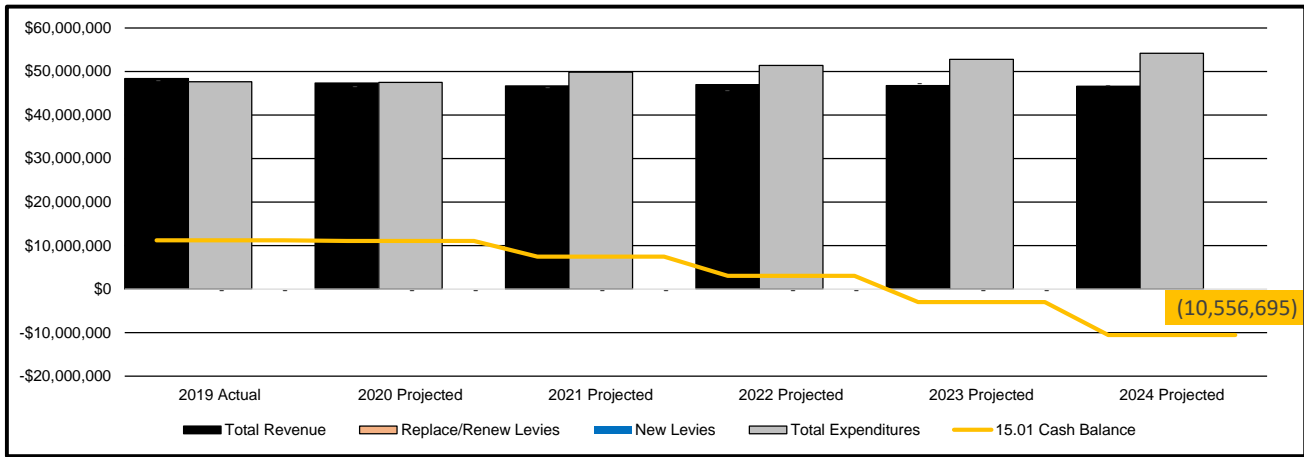
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	11,194,872	11,061,866	7,836,408	3,412,791	(2,596,753)
+ Revenue	47,332,360	46,636,419	46,930,943	46,729,868	46,622,030
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(47,465,366)	(49,861,877)	(51,354,560)	(52,739,412)	(54,156,972)
= Revenue Surplus or Deficit	(133,006)	(3,225,458)	(4,423,617)	(6,009,544)	(7,534,942)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	11,061,866	7,836,408	3,412,791	(2,596,753)	(10,131,695)

Analysis Without Renewal Levies Included:

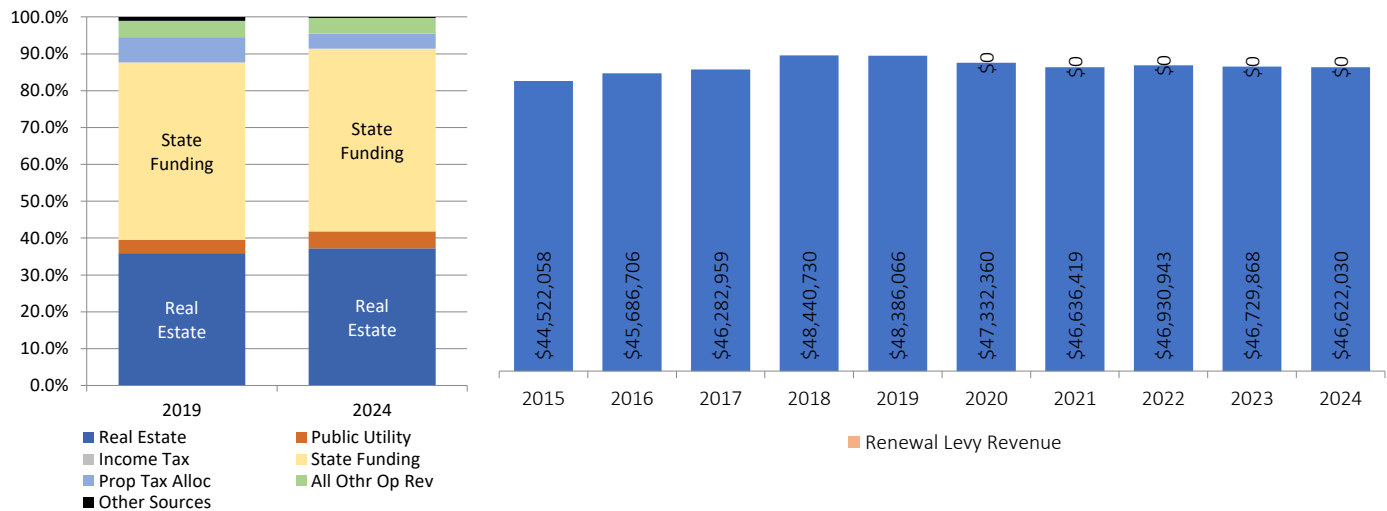
Revenue Surplus or Deficit w/o Levies	(133,006)	(3,225,458)	(4,423,617)	(6,009,544)	(7,534,942)
Ending Balance w/o Levies	11,061,866	7,836,408	3,412,791	(2,596,753)	(10,131,695)

In FY 2020 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$133,006 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$7,534,942. The district would need to cut its FY 2024 projected expenses by 16.16% in order to balance its budget without additional revenue.

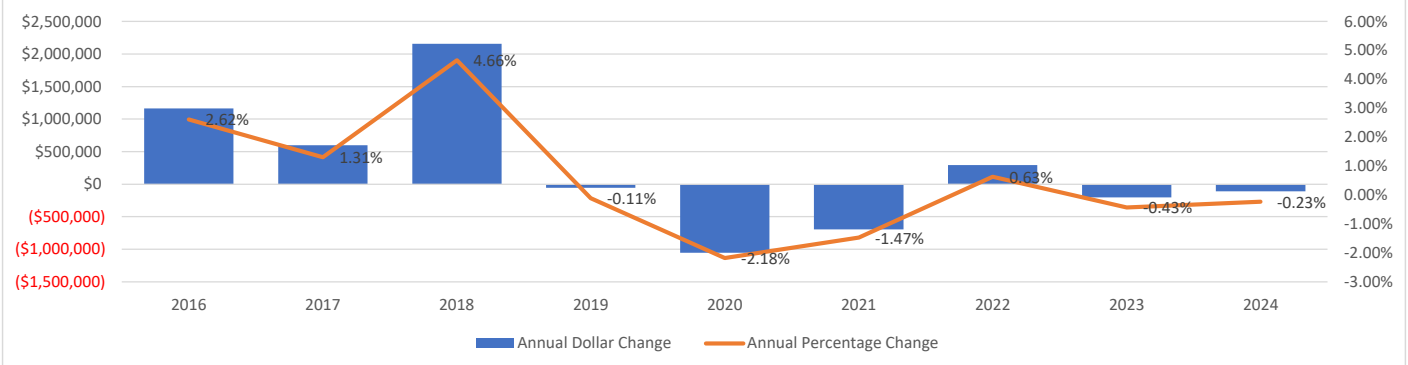
The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



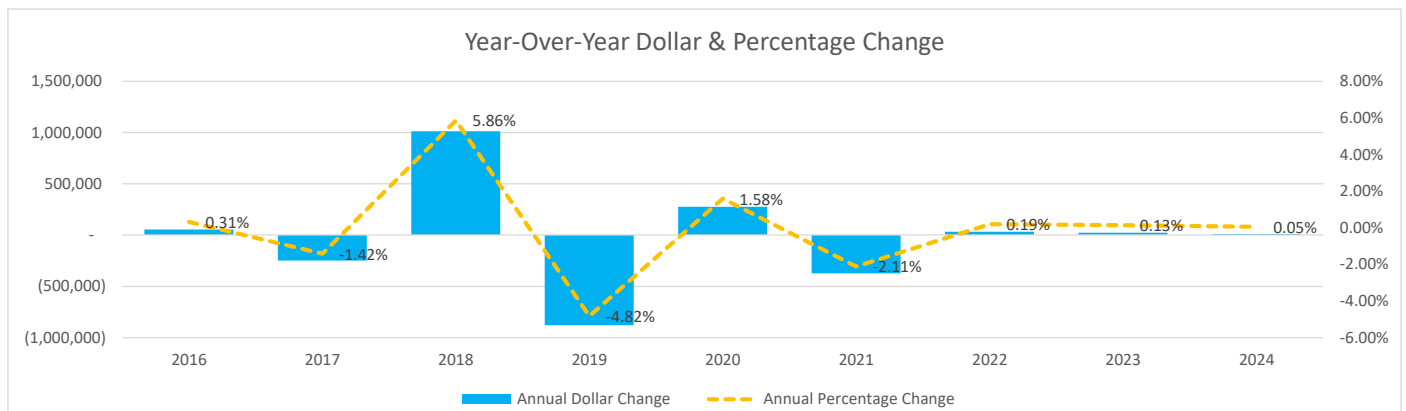
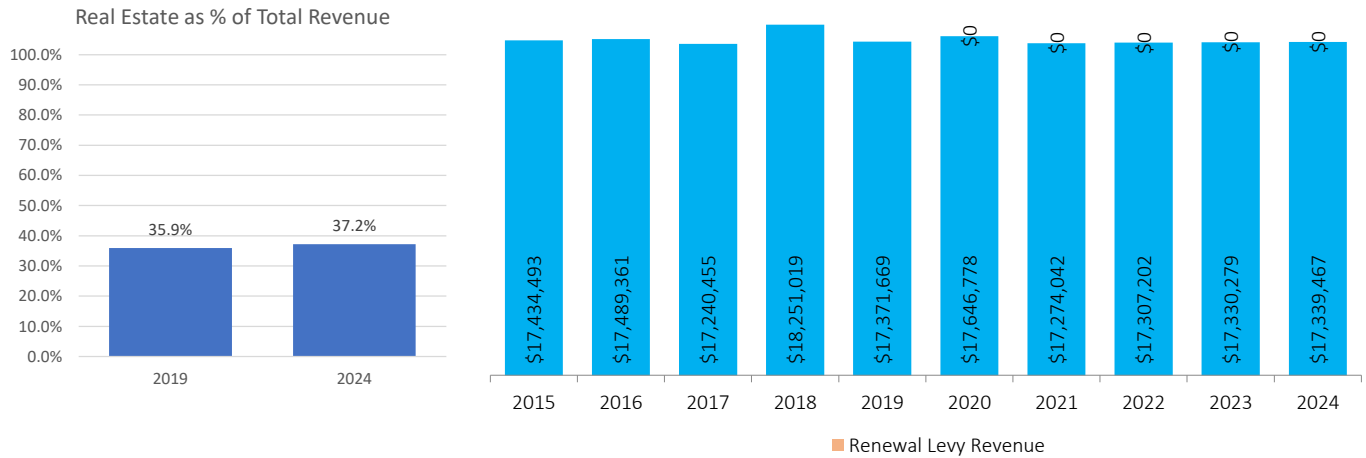
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.95% or \$899,787 annually during the past five years and is projected to decrease -0.74% or -\$352,807 annually through FY2024. State Funding has the most projected average annual variance compared to the historical average at -\$944,892
Real Estate	(\$39,230)	(\$6,440)	\$32,790	
Public Utility	\$111,650	\$74,486	(\$37,165)	
Income Tax	\$0	\$0	\$0	
State Funding	\$912,354	(\$32,538)	(\$944,892)	
Prop Tax Alloc	(\$354,034)	(\$283,029)	\$71,006	
All Othr Op Rev	\$122,506	(\$29,030)	(\$151,536)	
Other Sources	\$146,541	(\$76,256)	(\$222,797)	
Total Average Annual Change	\$899,787 1.95%	(\$352,807) -0.74%	(\$1,252,594) -2.69%	

Note: Expenditure average annual change is projected to be > \$1,309,612. On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



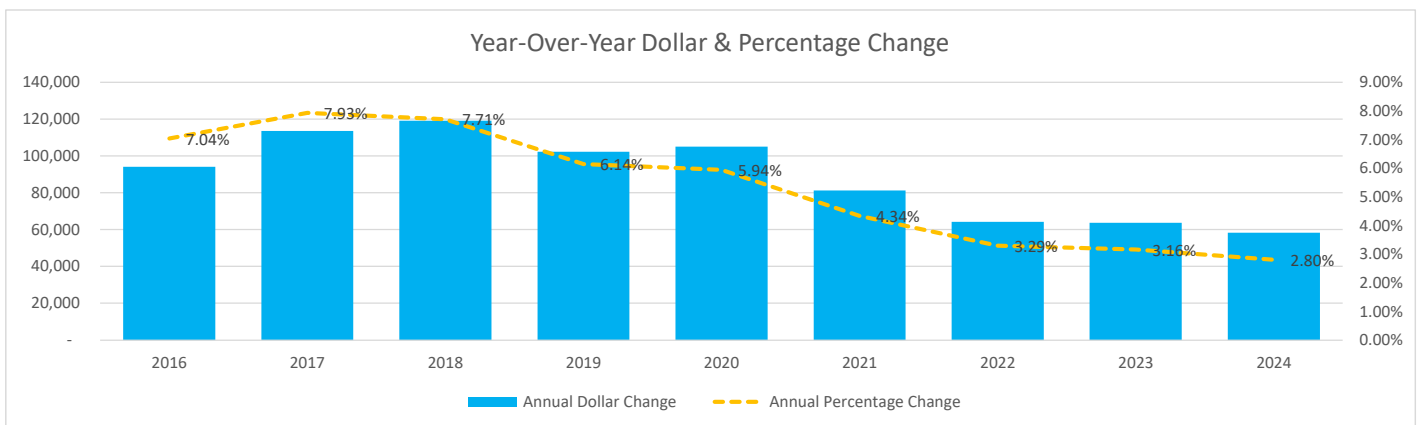
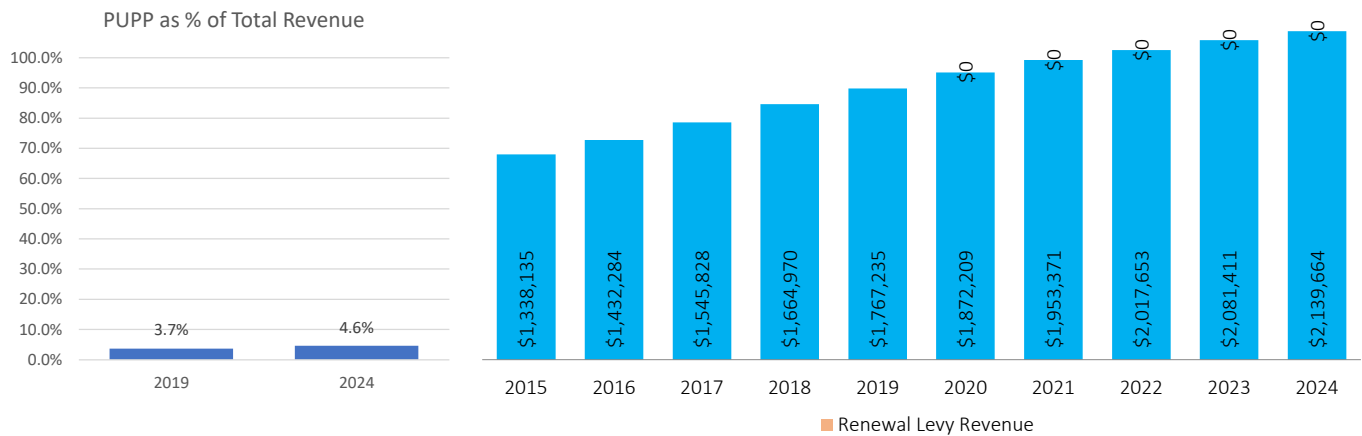
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	443,557,540	3,619,220	42.27	-	51.69	-	96.6%
2019	445,776,060	2,218,520	42.25	(0.02)	52.12	0.43	98.1%
2020	445,848,260	72,200	40.78	(1.47)	50.90	(1.22)	97.2%
2021	449,048,260	3,200,000	40.71	(0.08)	50.29	(0.62)	97.2%
2022	449,503,260	455,000	40.69	(0.02)	50.25	(0.03)	97.2%
2023	449,883,260	380,000	40.67	(0.02)	50.22	(0.03)	97.2%

Real estate property tax revenue accounts for 35.90% of total revenue. Class I or residential/agricultural taxes make up approximately 58.21% of the real estate property tax revenue. The Class I tax rate is 42.25 mills in tax year 2019. The projections reflect an average gross collection rate of 97.4% annually through tax year 2023. The revenue changed at an average annual historical rate of -0.13% and is projected to change at an average annual rate of -0.03% through FY 2024.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



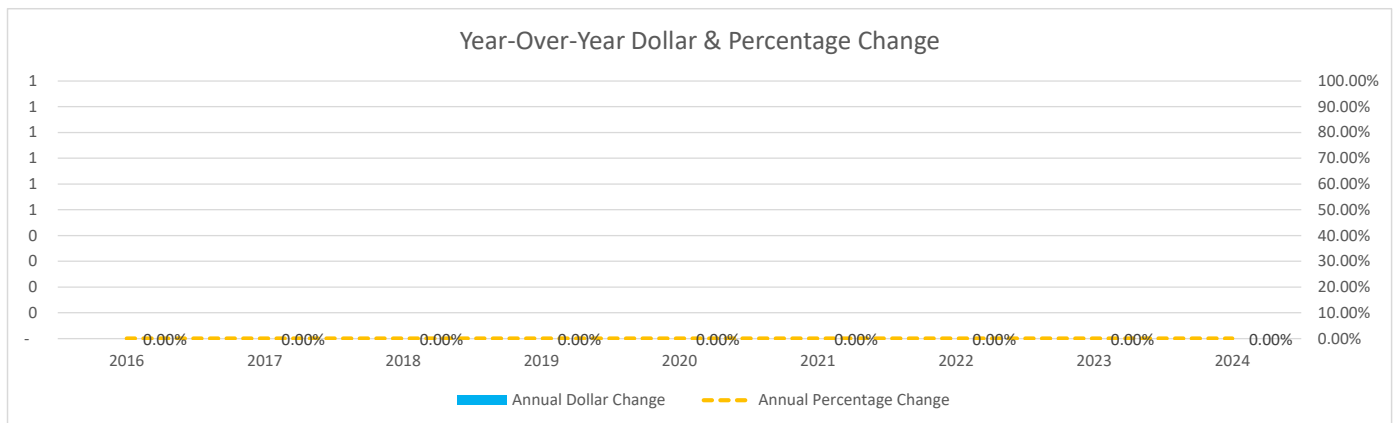
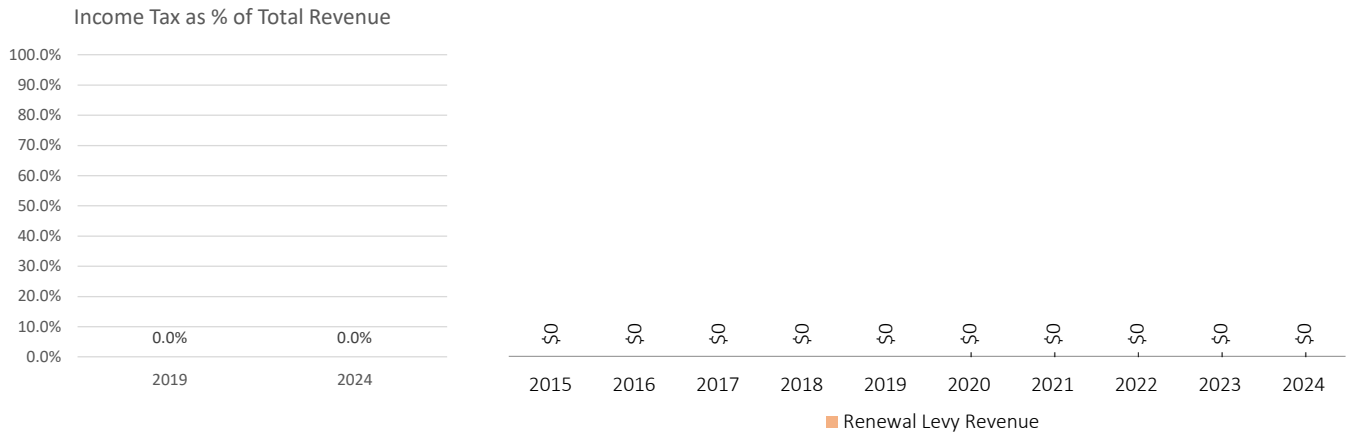
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	23,240,630	1,457,180	78.48	(0.05)	100.0%
2019	24,500,320	1,259,690	78.45	(0.03)	100.0%
2020	25,300,585	800,265	78.49	0.04	100.0%
2021	26,144,228	843,643	78.47	(0.02)	100.0%
2022	26,935,228	791,000	78.46	(0.01)	100.0%
2023	27,635,228	700,000	78.45	(0.01)	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 3.65% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 78.45 mills. The forecast is modeling an average gross collection rate of 99.96%. The revenue changed historically at an average annual dollar amount of \$111,650 and is projected to change at an average annual dollar amount of \$7,44,86 through FY 2024.

**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

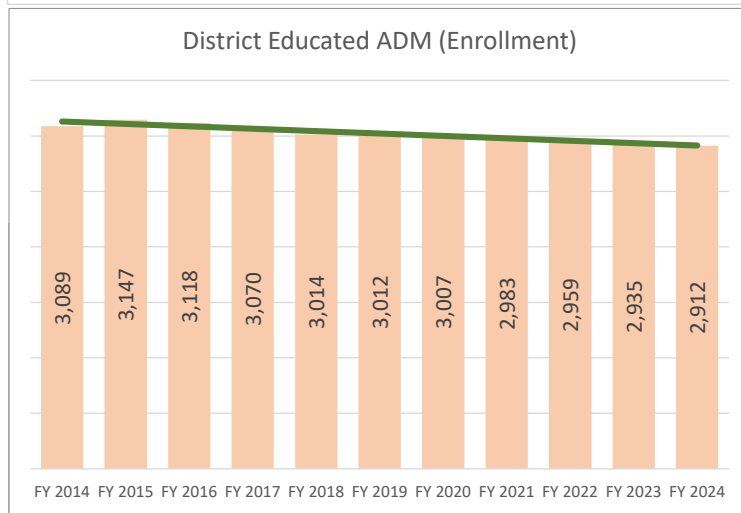
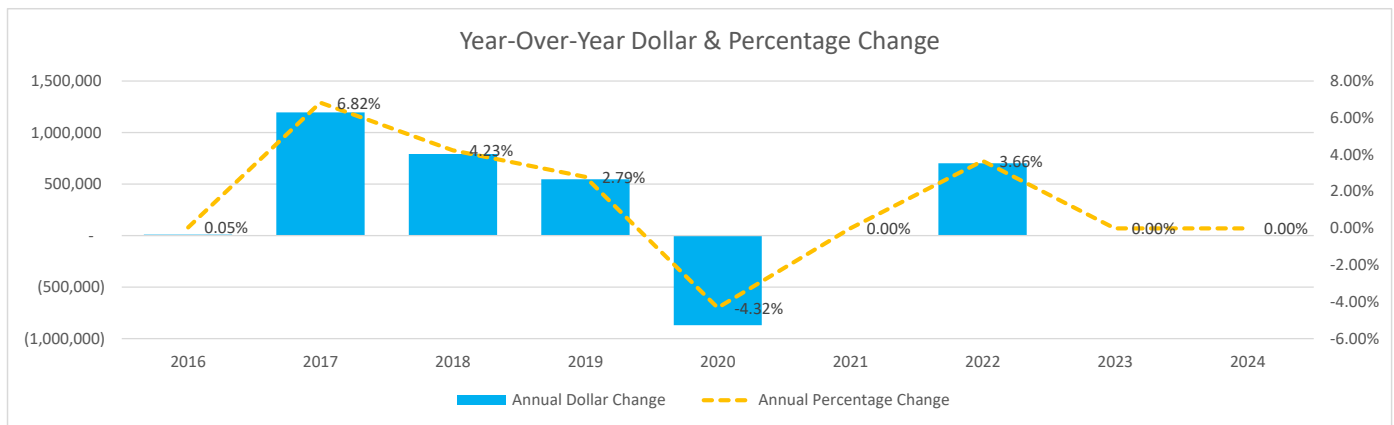
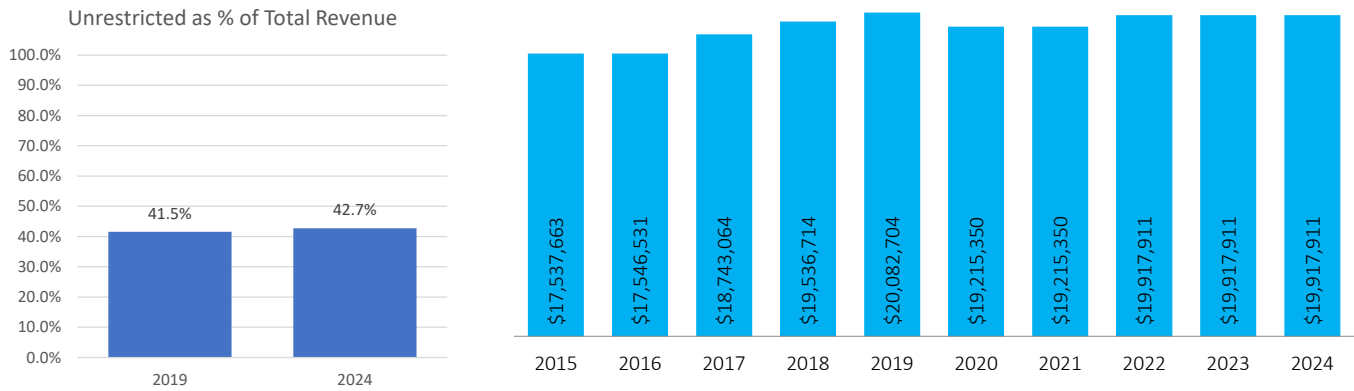


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

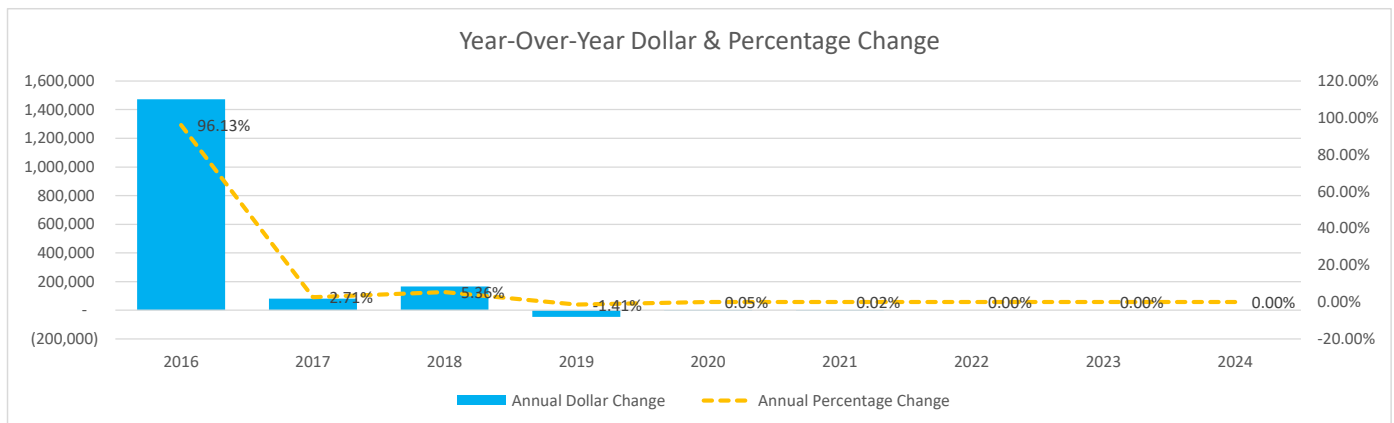
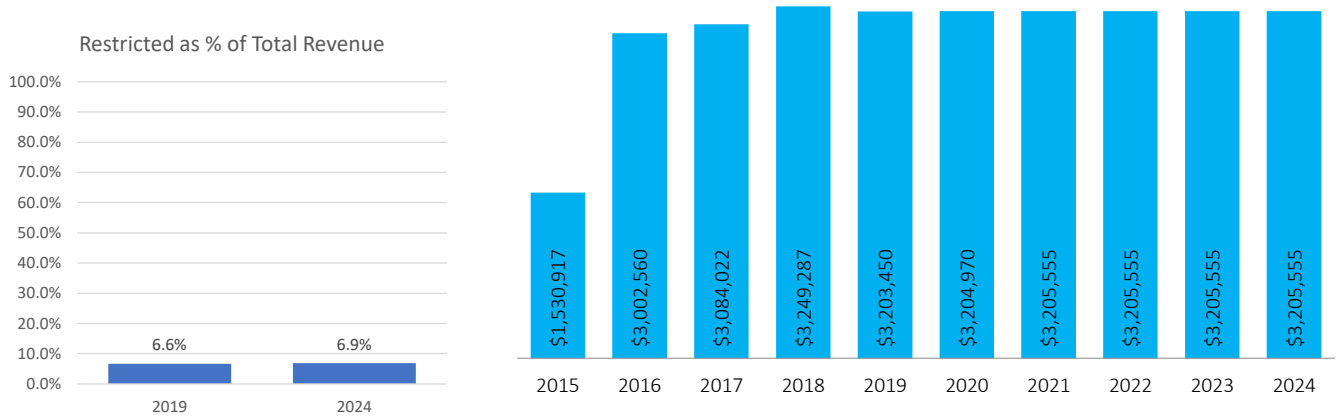
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2020 base funding amount of \$0 the district is projected to receive FY 2020 categorical funding of \$751,701. Wellness dollars included in this amount are recorded in a special revenue fund and not included in this forecast. The district has the option to move some expenditures from the general fund to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 1.2%

1.040 & 1.045 - Restricted Grants-in-Aid

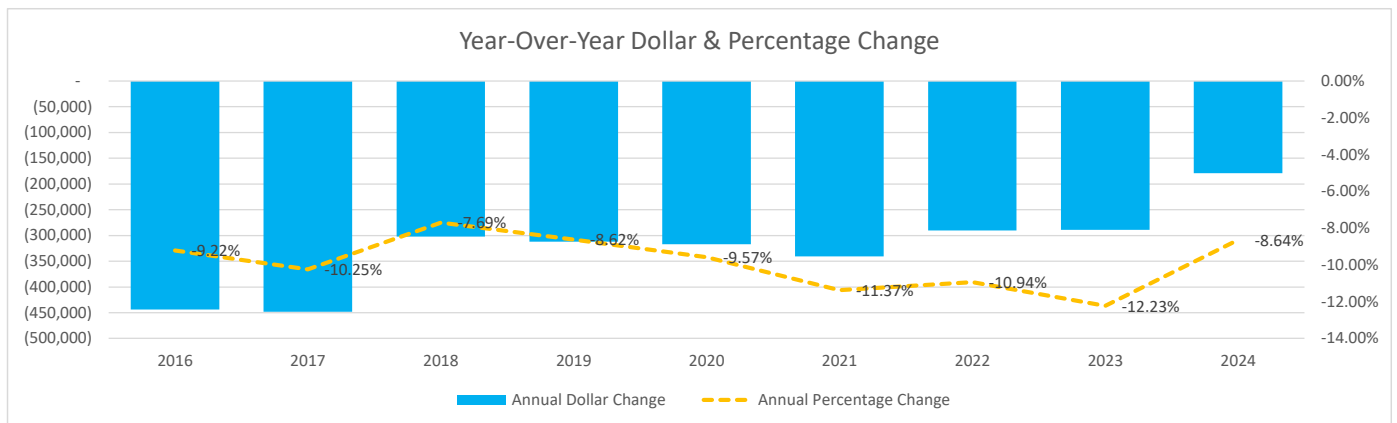
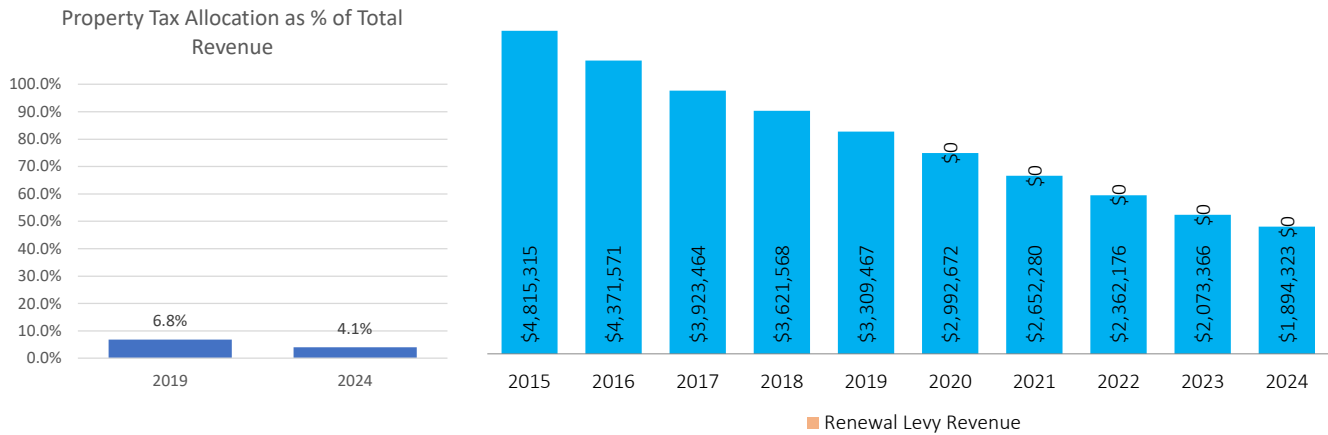
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$66,963 and is projected to change annually on average by \$421. Restricted funds represent 6.62% of total revenue.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

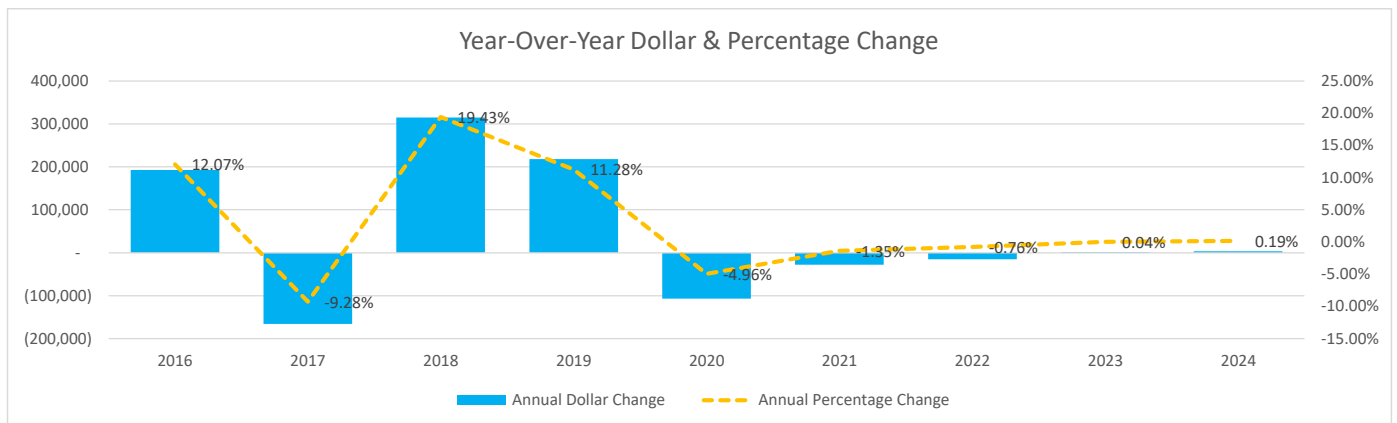
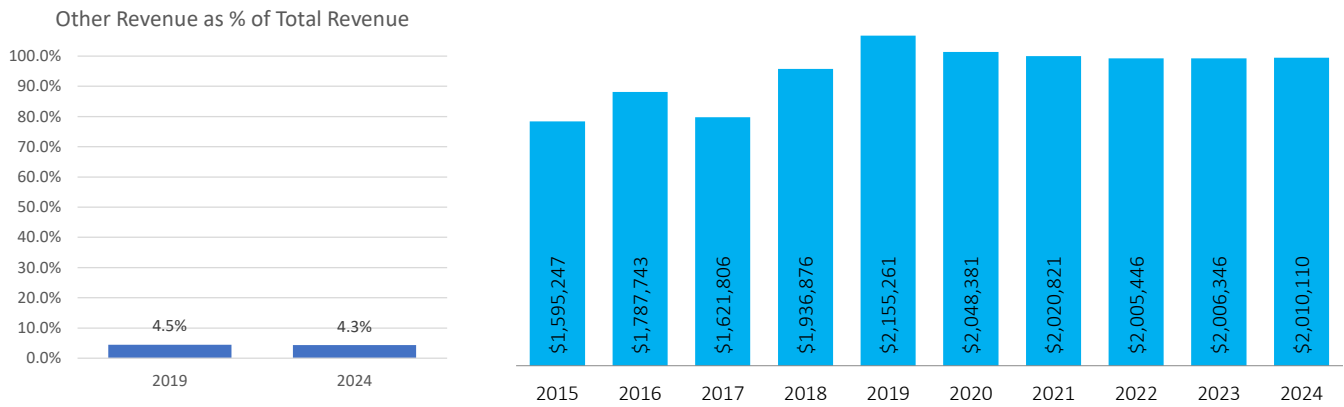


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 11.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.4% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

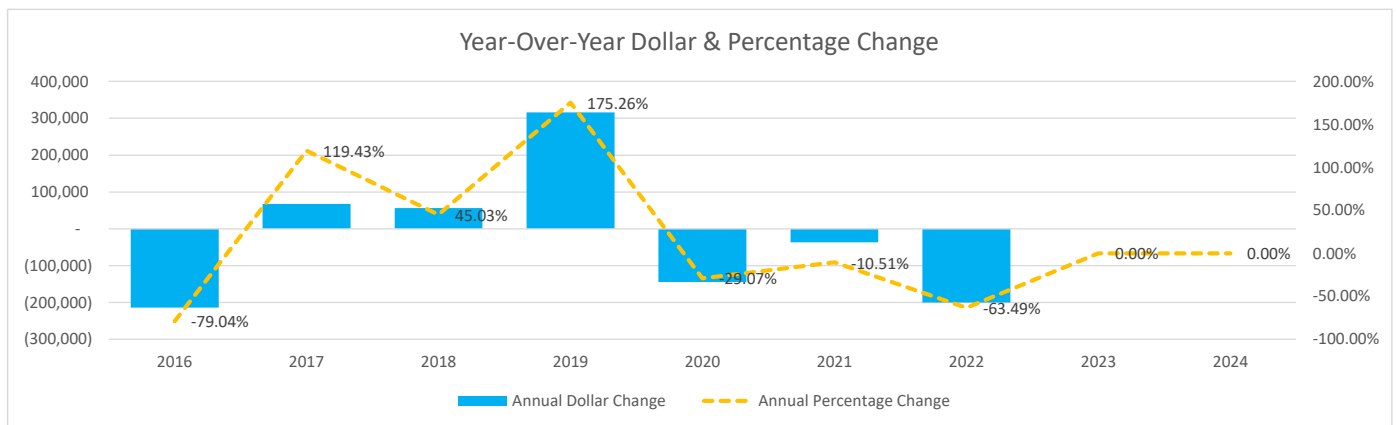
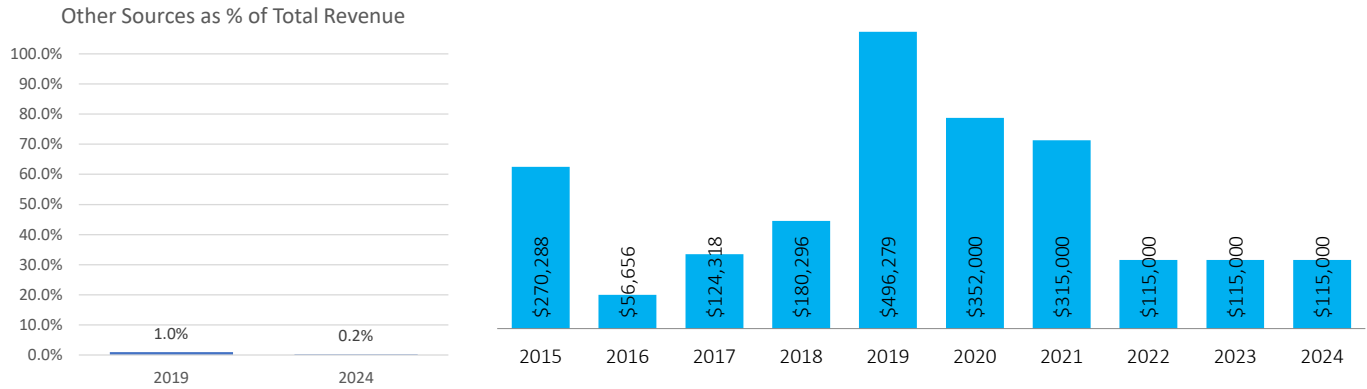
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$122,506. The projected average annual change is -\$29,030 through FY 2024.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

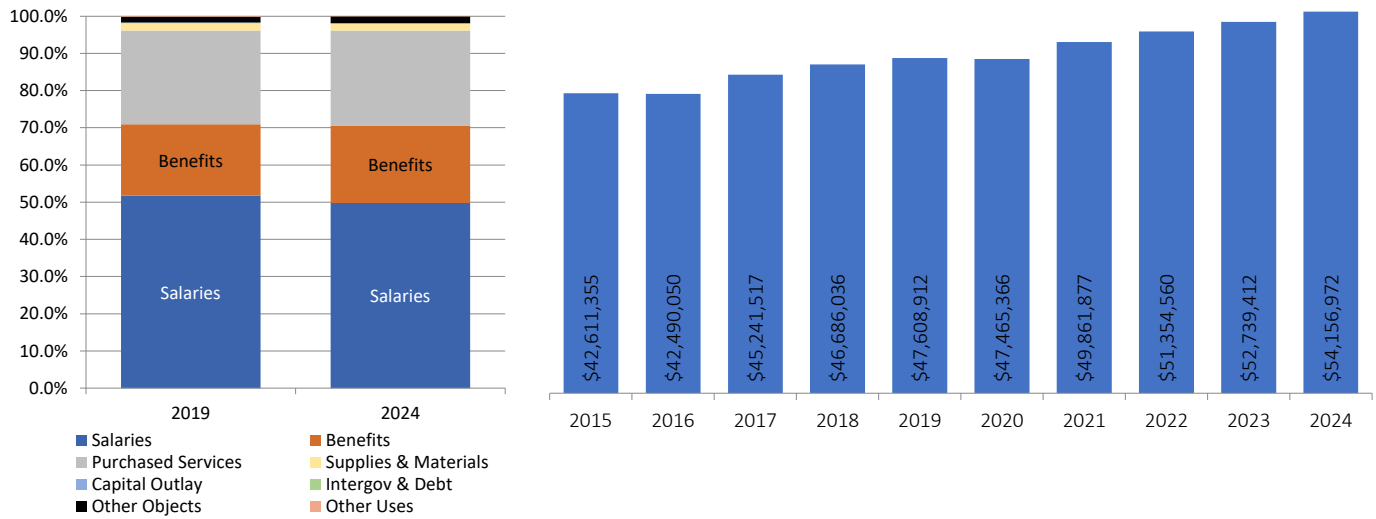


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers In	-	-	-	-	-	-
Advances In	254,143	35,000	35,000	35,000	35,000	35,000
All Other Financing Sources	242,137	317,000	280,000	80,000	80,000	80,000

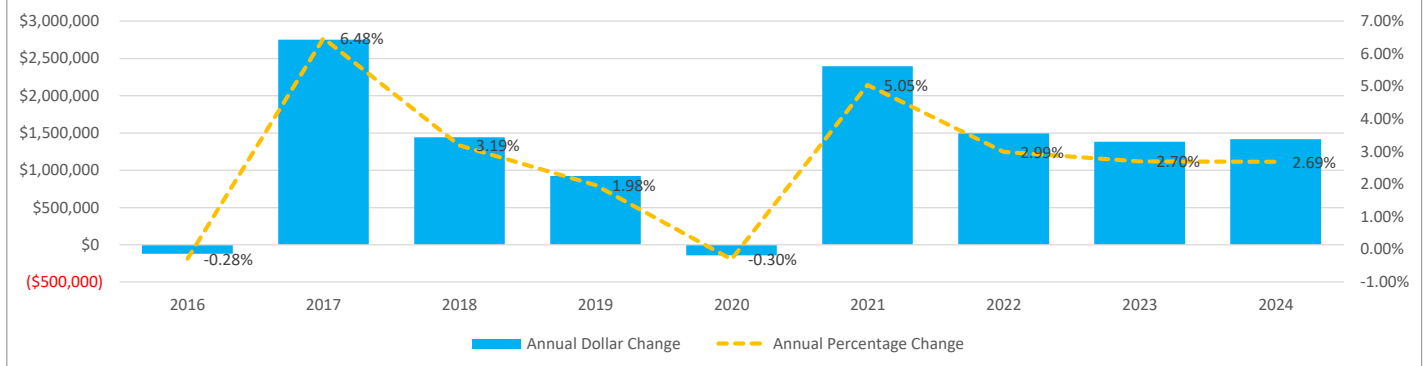
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district received \$254,143 as advances-in and is projecting advances of \$35,000 in FY 2020. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$317,000 in FY 2020 and average \$130,000 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



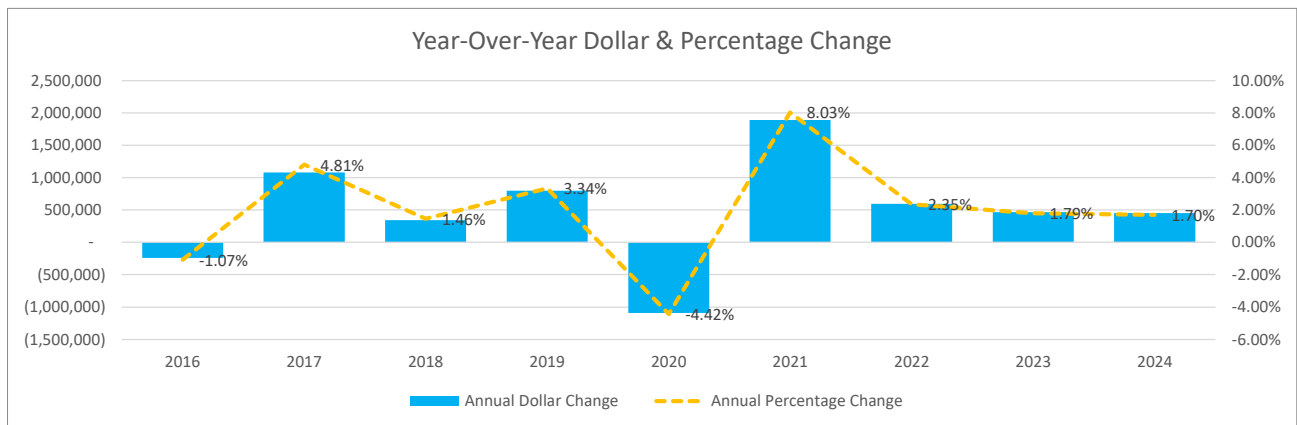
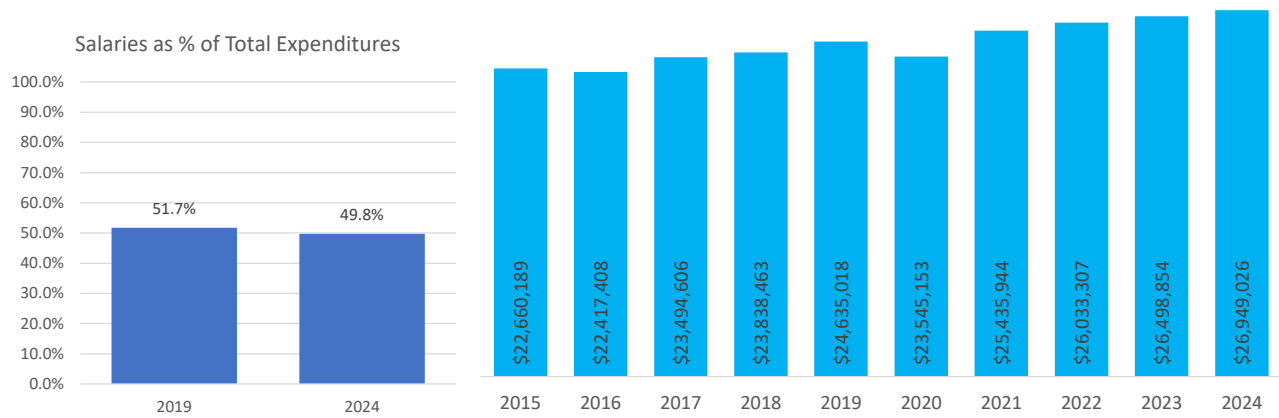
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$739,203	\$462,802	(\$276,402)	Total expenditures increased 3.88% or \$1,706,287 annually during the past five years and is projected to increase 2.75% or \$1,309,612 annually through FY2024. Purchased Services has the largest projected average annual variance compared to the historical average at -\$293,496.
Benefits	\$245,300	\$431,580	\$186,280	
Purchased Services	\$652,853	\$359,358	(\$293,496)	
Supplies & Materials	\$58,377	\$10,277	(\$48,100)	
Capital Outlay	(\$25,480)	\$9,647	\$35,127	
Intergov & Debt	(\$67)	\$0	\$67	
Other Objects	\$26,078	\$44,162	\$18,084	
Other Uses	\$10,022	(\$8,213)	(\$18,236)	
Total Average Annual Change	\$1,706,287	\$1,309,612	(\$396,676)	
	3.88%	2.75%	-1.13%	

Note: Expenditure average annual change is projected to be > \$1,309,612 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

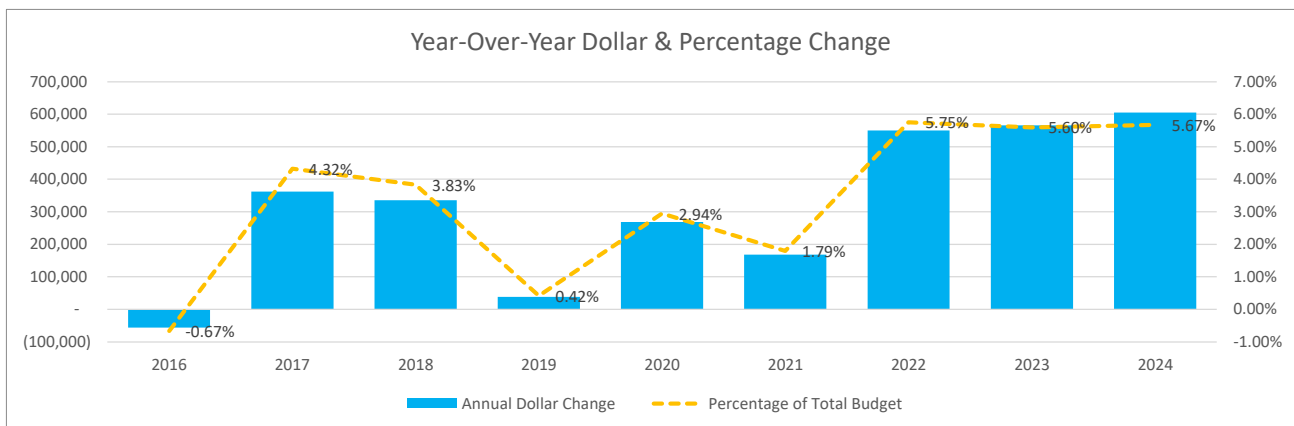
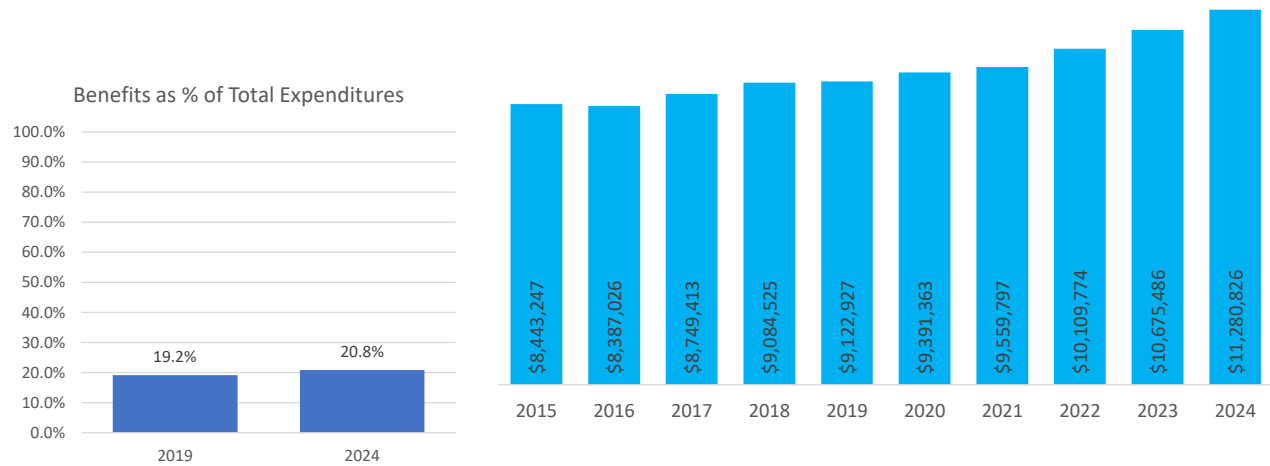
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 51.74% of total expenditures and increased at a historical average annual rate of 3.20% or \$739,203. This category of expenditure is projected to grow at an average annual rate of 1.89% or \$462,802 through FY 2024. The projected average annual rate of change is -1.31% less than the five year historical annual average.

3.020 - Employees' Benefits

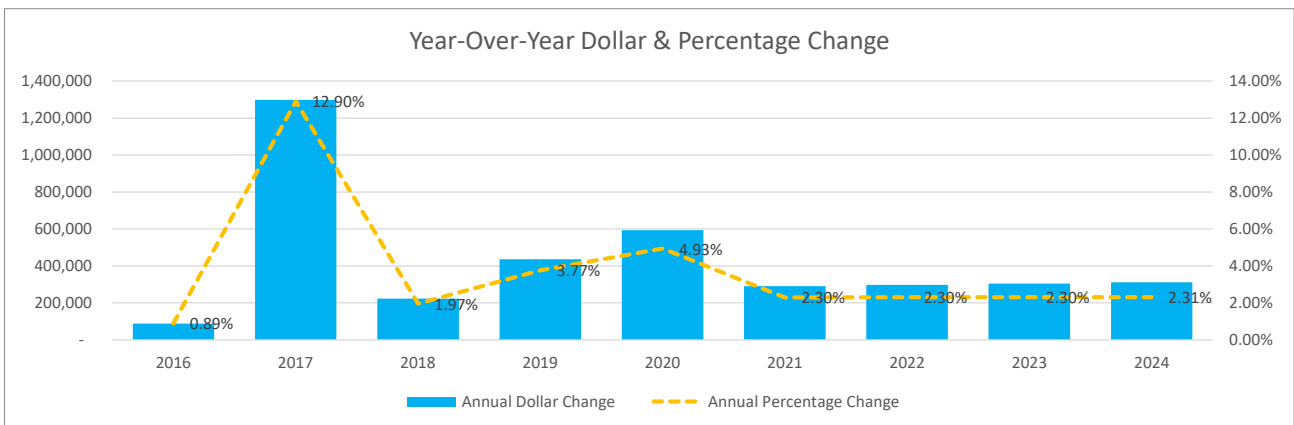
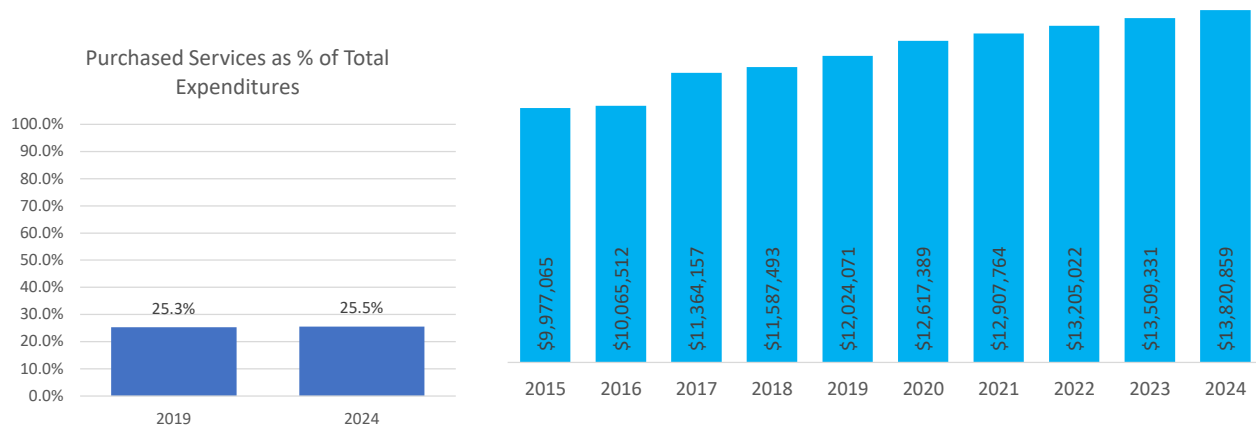
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.16% of total expenditures and increased at a historical average annual rate of 2.86%. This category of expenditure is projected to grow at an annual average rate of 4.35% through FY 2024. The projected average annual rate of change is 1.49% more than the five year historical annual average.

3.030 - Purchased Services

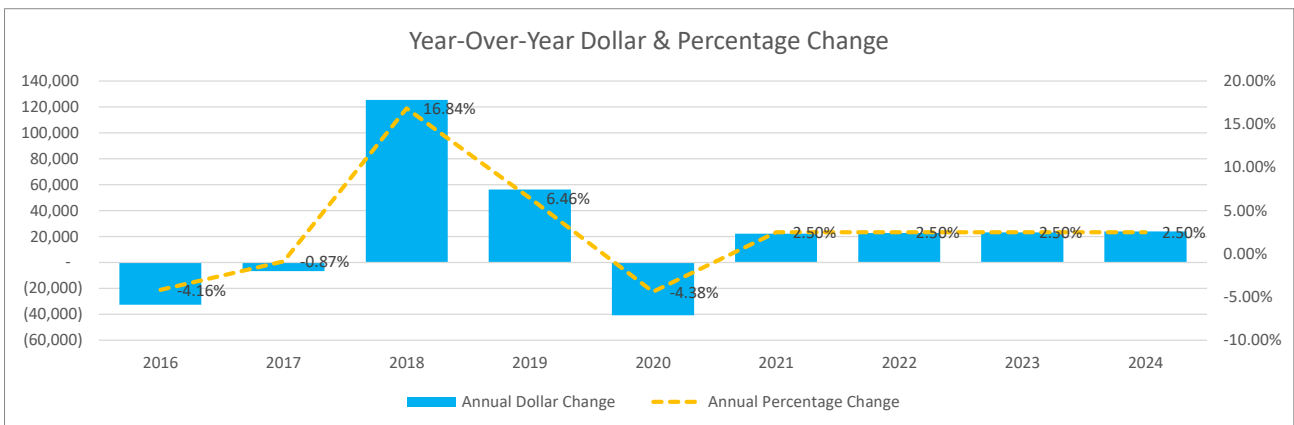
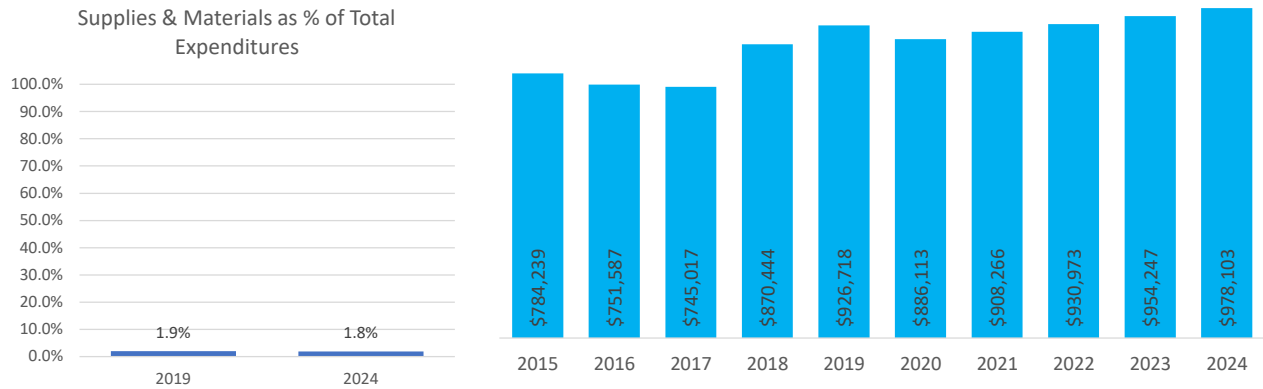
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 25.26% of total expenditures and increased at a historical average annual rate of 6.21%. This category of expenditure is projected to grow at an annual average rate of 2.83% through FY 2024. The projected average annual rate of change is -3.38% less than the five year historical annual average.

3.040 - Supplies & Materials

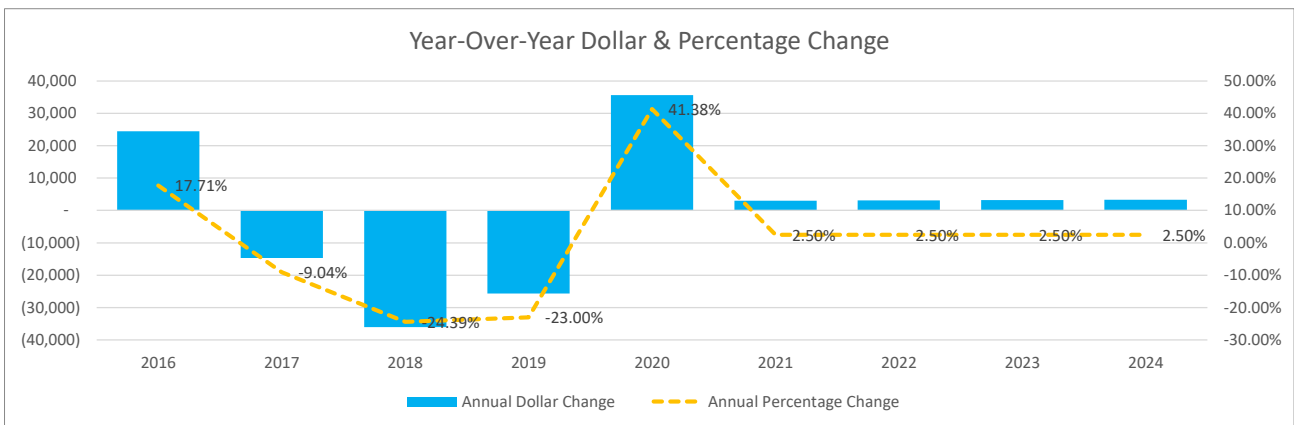
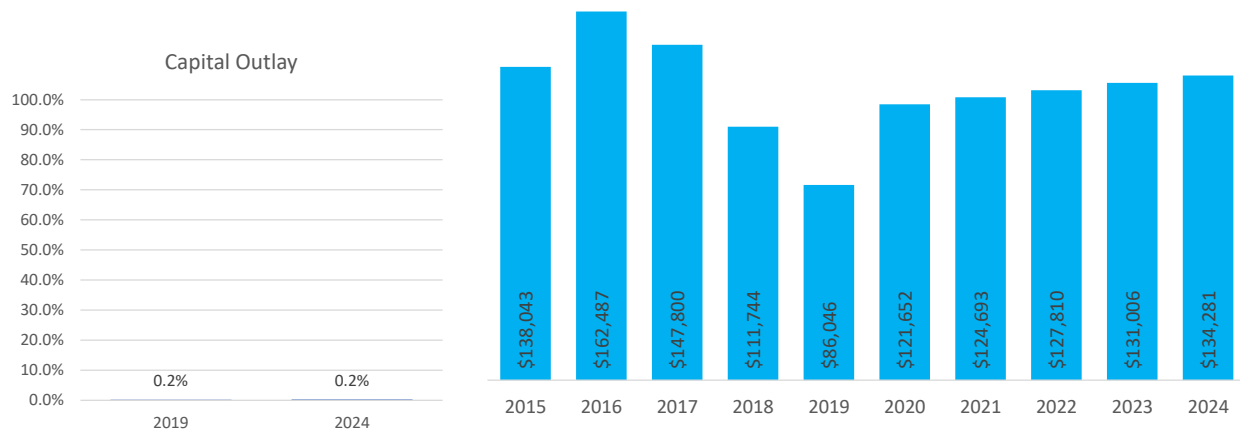
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.95% of total expenditures and increased at a historical average annual rate of 7.48%. This category of expenditure is projected to grow at an annual average rate of 1.12% through FY 2024. The projected average annual rate of change is -6.35% less than the five year historical annual average.

3.050 - Capital Outlay

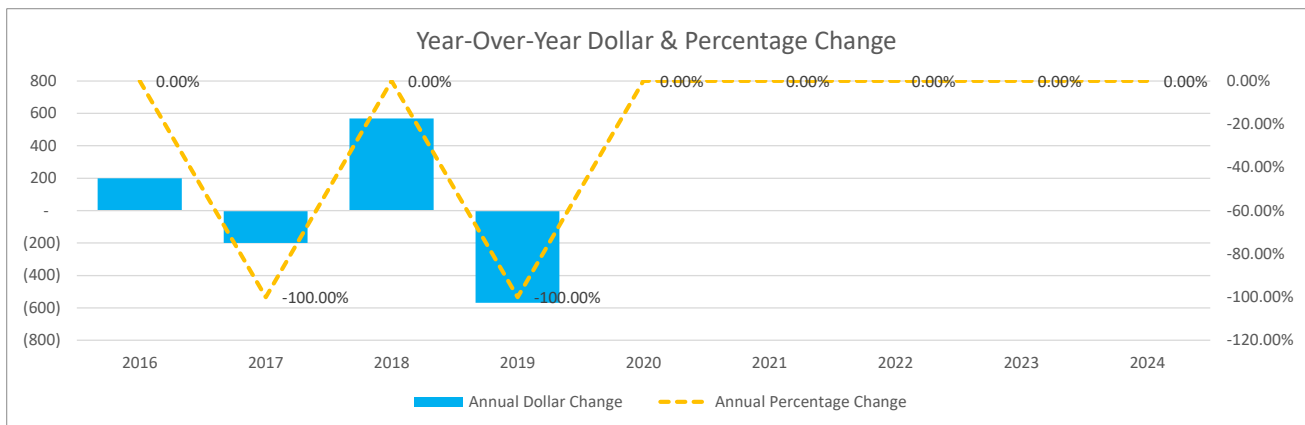
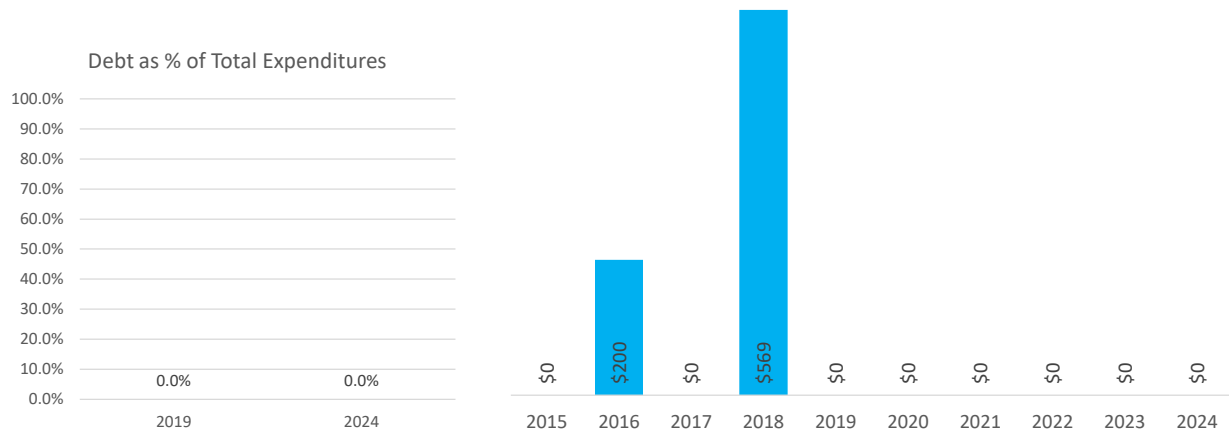
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.18% of total expenditures and decreased at a historical average annual amount of -\$25,480. This category of expenditure is projected to grow at an annual average amount of \$9,647 through FY 2024. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

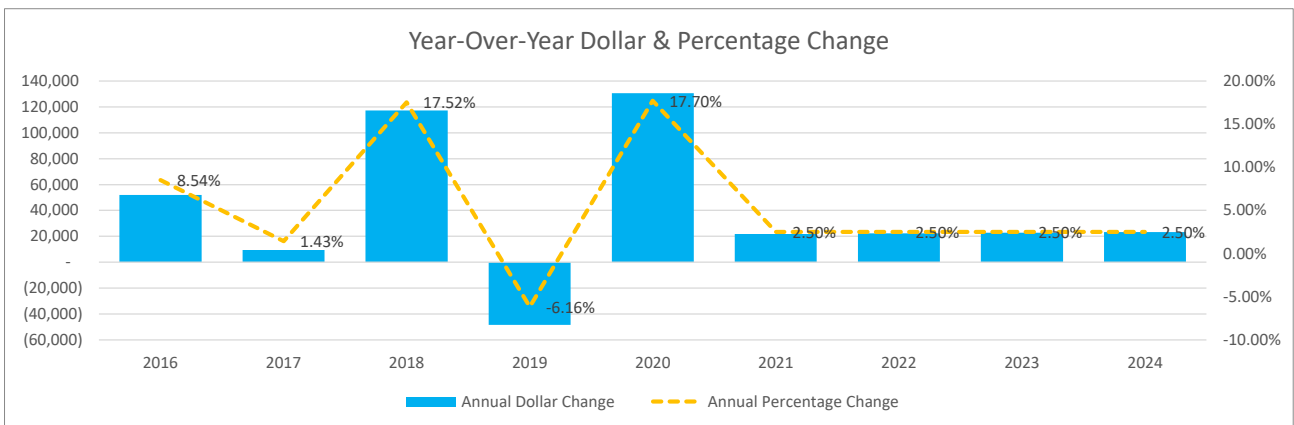
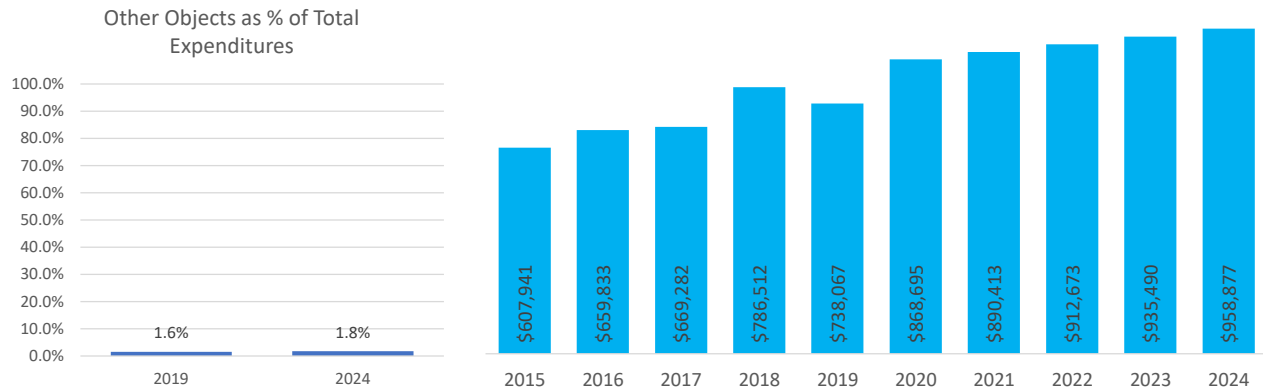
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

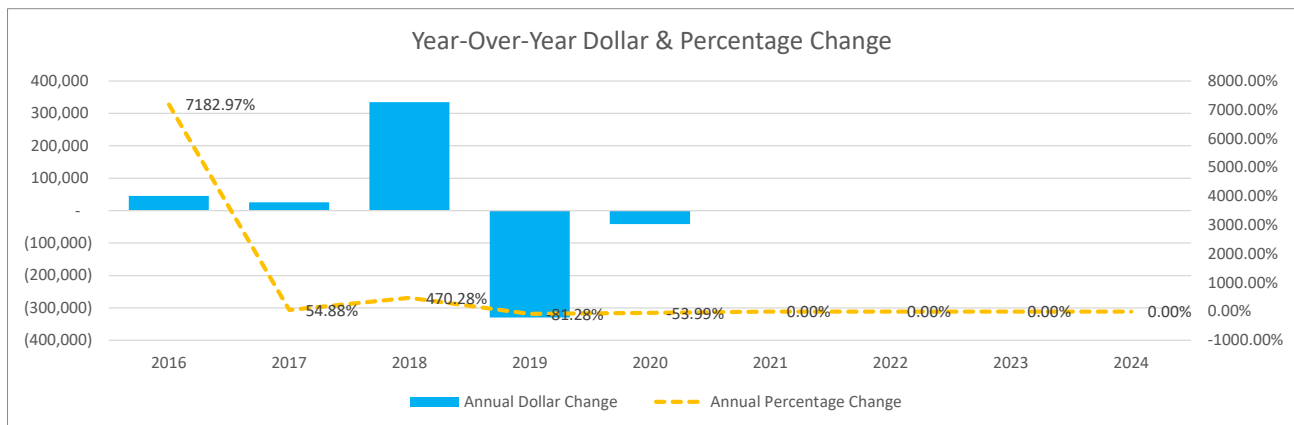
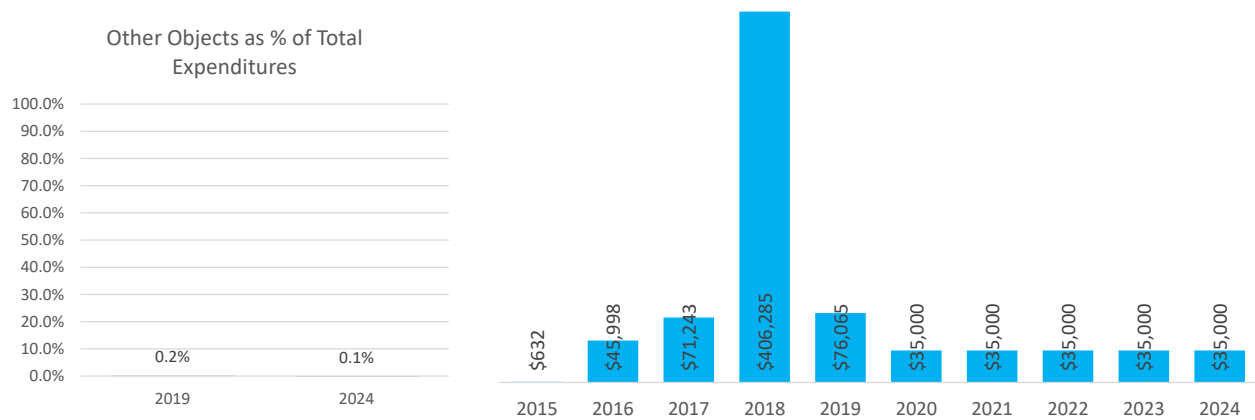
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.55% of total expenditures and increased at a historical average annual rate of 4.26%. This category of expenditure is projected to grow at an annual average rate of 5.54% through FY 2024. The projected average annual rate of change is 1.28% more than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2019	2020	2021	FORECASTED		
				2022	2023	2024
Transfers Out	-	-	-	-	-	-
Advances Out	87,543	35,000	35,000	35,000	35,000	35,000
Other Financing Uses	(11,478)	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2019 the district had advances-out and has advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2024. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Sandusky City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	17,371,669	17,646,778	17,274,042	17,307,202	17,330,279	17,339,467
1.020 - Public Utility Personal Property	1,767,235	1,872,209	1,953,371	2,017,653	2,081,411	2,139,664
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,082,704	19,215,350	19,215,350	19,917,911	19,917,911	19,917,911
1.040 - Restricted Grants-in-Aid	3,203,450	3,204,970	3,205,555	3,205,555	3,205,555	3,205,555
1.050 - Property Tax Allocation	3,309,467	2,992,672	2,652,280	2,362,176	2,073,366	1,894,323
1.060 - All Other Operating Revenues	2,155,261	2,048,381	2,020,821	2,005,446	2,006,346	2,010,110
1.070 - Total Revenue	47,889,787	46,980,360	46,321,419	46,815,943	46,614,868	46,507,030
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	254,143	35,000	35,000	35,000	35,000	35,000
2.060 - All Other Financing Sources	242,137	317,000	280,000	80,000	80,000	80,000
2.070 - Total Other Financing Sources	496,279	352,000	315,000	115,000	115,000	115,000
2.080 - Total Rev & Other Sources	48,386,066	47,332,360	46,636,419	46,930,943	46,729,868	46,622,030
Expenditures:						
3.010 - Personnel Services	24,635,018	23,545,153	25,435,944	26,033,307	26,498,854	26,949,026
3.020 - Employee Benefits	9,122,927	9,391,363	9,559,797	10,109,774	10,675,486	11,280,826
3.030 - Purchased Services	12,024,071	12,617,389	12,907,764	13,205,022	13,509,331	13,820,859
3.040 - Supplies and Materials	926,718	886,113	908,266	930,973	954,247	978,103
3.050 - Capital Outlay	86,046	121,652	124,693	127,810	131,006	134,281
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	738,067	868,695	890,413	912,673	935,490	958,877
4.500 - Total Expenditures	47,532,847	47,430,366	49,826,877	51,319,560	52,704,412	54,121,972
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	87,543	35,000	35,000	35,000	35,000	35,000
5.030 - All Other Financing Uses	(11,478)	-	-	-	-	-
5.040 - Total Other Financing Uses	76,065	35,000	35,000	35,000	35,000	35,000
5.050 - Total Exp and Other Financing Uses	47,608,912	47,465,366	49,861,877	51,354,560	52,739,412	54,156,972
6.010 - Excess of Rev Over/(Under) Exp	777,154	(133,006)	(3,225,458)	(4,423,617)	(6,009,544)	(7,534,942)
7.010 - Cash Balance July 1 (No Levies)	10,417,718	11,194,872	11,061,866	7,836,408	3,412,791	(2,596,753)
7.020 - Cash Balance June 30 (No Levies)	11,194,872	11,061,866	7,836,408	3,412,791	(2,596,753)	(10,131,695)
Reservations						
8.010 - Estimated Encumbrances June 30	-	-	425,000	425,000	425,000	425,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	11,194,872	11,061,866	7,411,408	2,987,791	(3,021,753)	(10,556,695)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	11,194,872	11,061,866	7,411,408	2,987,791	(3,021,753)	(10,556,695)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	11,194,872	11,061,866	7,411,408	2,987,791	(3,021,753)	(10,556,695)

