



Sandusky City School District

Five Year Forecast Financial Report

May, 2021

Prepared by Jeff M. Hall, Treasurer/CFO

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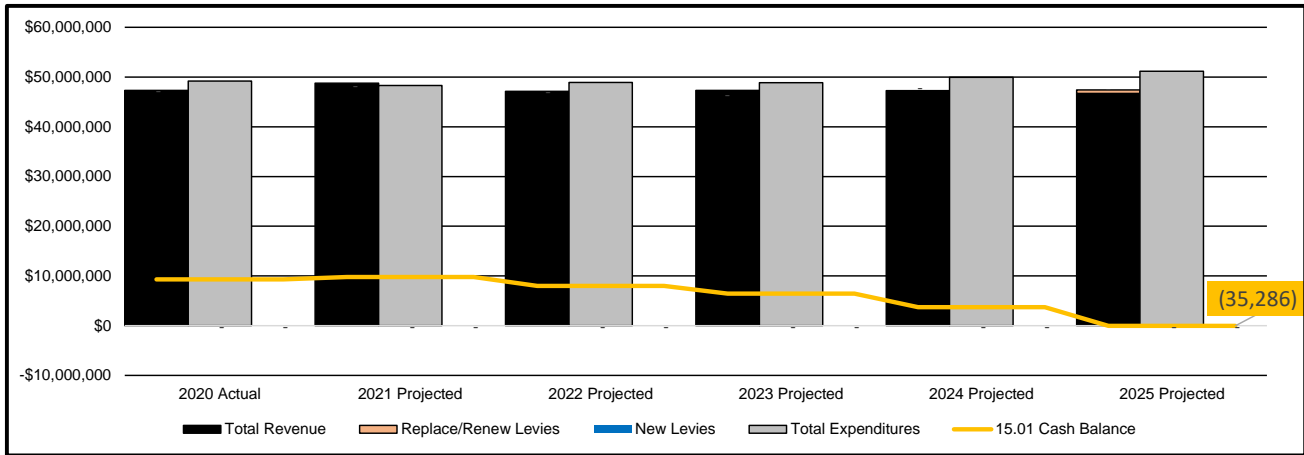
Forecast Purpose/Objectives

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 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	9,291,991	9,784,796	8,010,394	6,449,082	3,728,972
+ Revenue	48,775,600	47,140,224	47,311,685	47,244,208	46,706,970
+ Proposed Renew/Replacement Levies	-	-	-	-	709,200
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(48,282,795)	(48,914,626)	(48,872,997)	(49,964,318)	(51,180,428)
= Revenue Surplus or Deficit	492,805	(1,774,402)	(1,561,312)	(2,720,110)	(3,764,258)
Ending Balance with renewal levies	9,784,796	8,010,394	6,449,082	3,728,972	(35,286)
Note: Not Reduced for Encumbrances					

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	492,805	(1,774,402)	(1,561,312)	(2,720,110)	(4,473,458)
Ending Balance w/o Levies	9,784,796	8,010,394	6,449,082	3,728,972	(744,486)

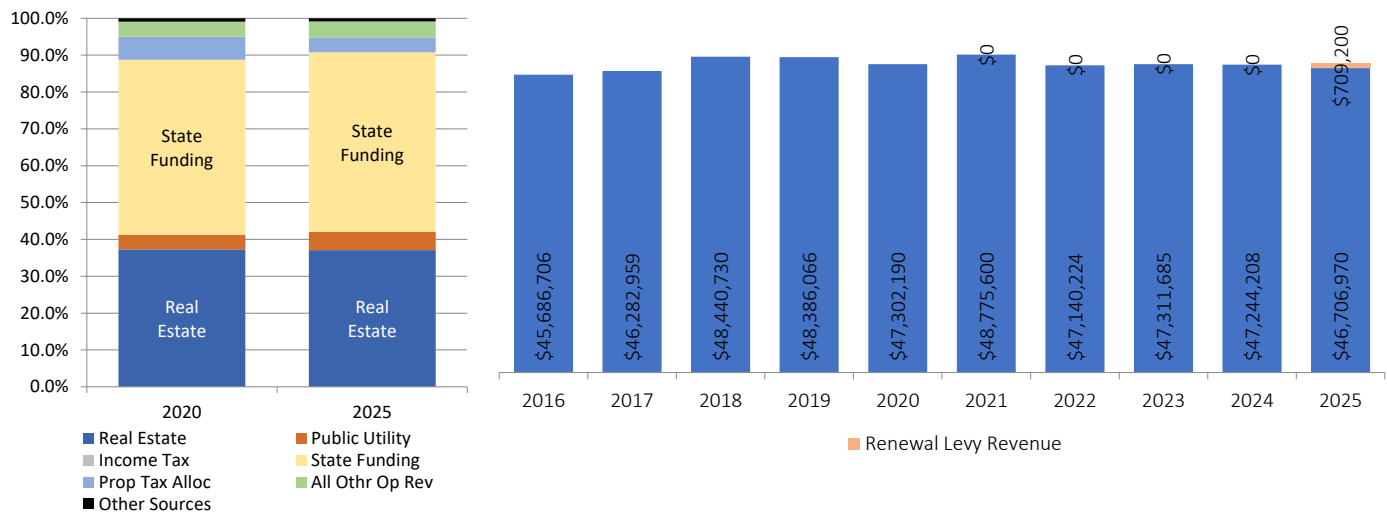
In FY 2021 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$492,805 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,473,458. The district would need to cut its FY 2025 projected expenses by 8.74% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

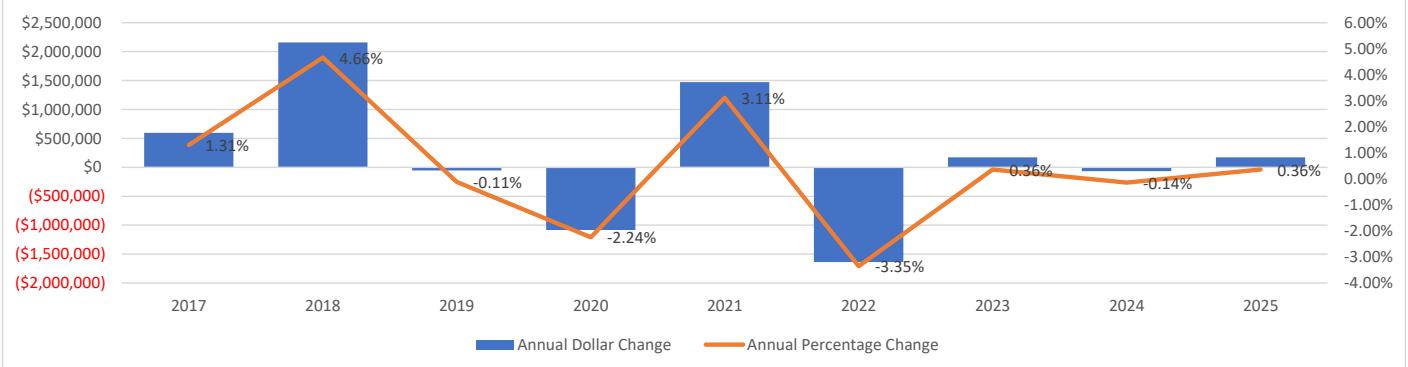
The projected surplus, as compared to the November Forecast, is the primary result of delinquent tax collections and the reinstatement of \$313k in State Foundational (State Aid) revenue from the previously expected \$570k announced in July 2020.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



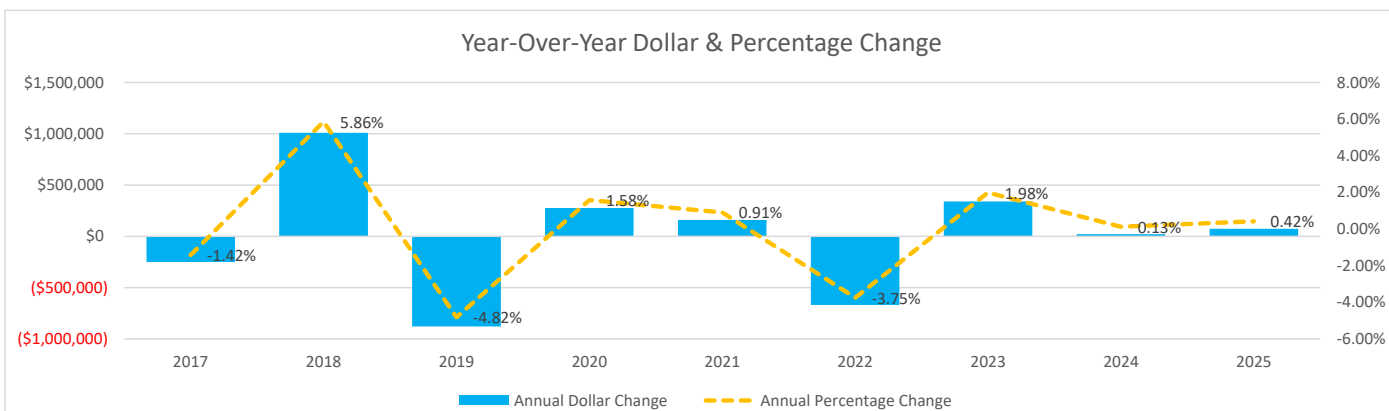
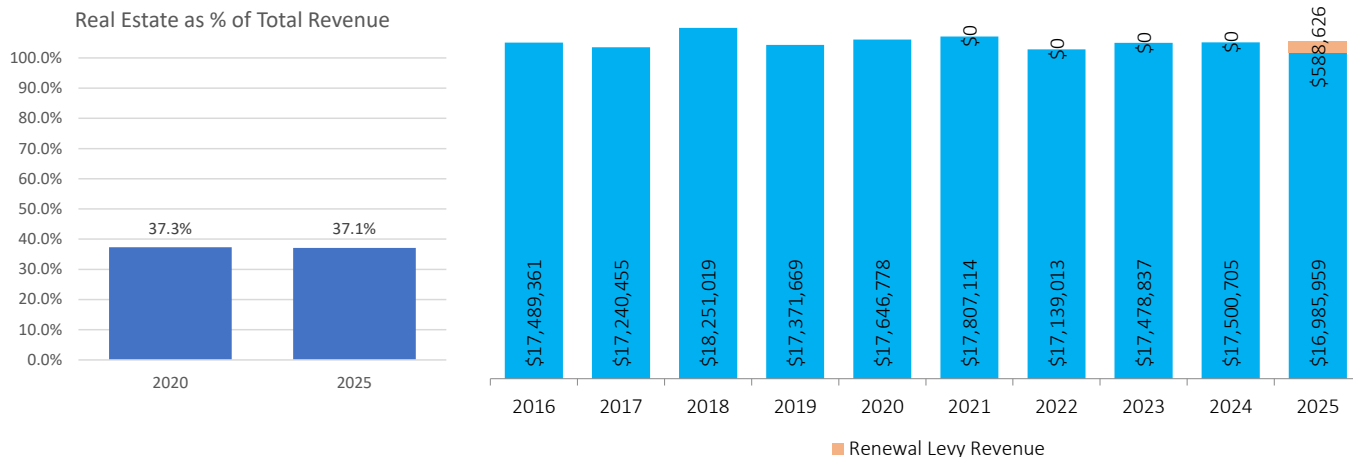
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 0.77% or \$339,744 annually during the past five years and is projected to increase 0.07% or \$22,796 annually through FY2025. Real Estate has the most projected average annual variance compared to the historical average at -\$149,880
Real Estate	\$135,441	(\$14,439)	(\$149,880)	
Public Utility	\$108,794	\$99,057	(\$9,737)	
Income Tax	\$0	\$0	\$0	
State Funding	\$210,205	\$127,762	(\$82,443)	
Prop Tax Alloc	(\$311,940)	(\$216,120)	\$95,821	
All Othr Op Rev	\$97,570	\$32,706	(\$64,864)	
Other Sources	\$99,675	(\$6,171)	(\$105,846)	
Total Average Annual Change	\$339,744 0.77%	\$22,796 0.07%	(\$316,948) -0.70%	

Note: Expenditure average annual change is projected to be > \$395,072 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		
2019	445,776,060	2,218,520	42.25	-	52.12	-		96.7%
2020	448,320,610	2,544,550	40.62	(1.63)	50.27	(1.85)		97.6%
2021	481,020,610	32,700,000	37.34	(3.28)	49.48	(0.79)		97.6%
2022	481,045,610	25,000	37.33	(0.01)	49.69	0.21		97.6%
2023	481,070,610	25,000	37.32	(0.01)	49.91	0.21		97.6%
2024	513,770,610	32,700,000	34.58	(2.74)	49.14	(0.76)		97.6%

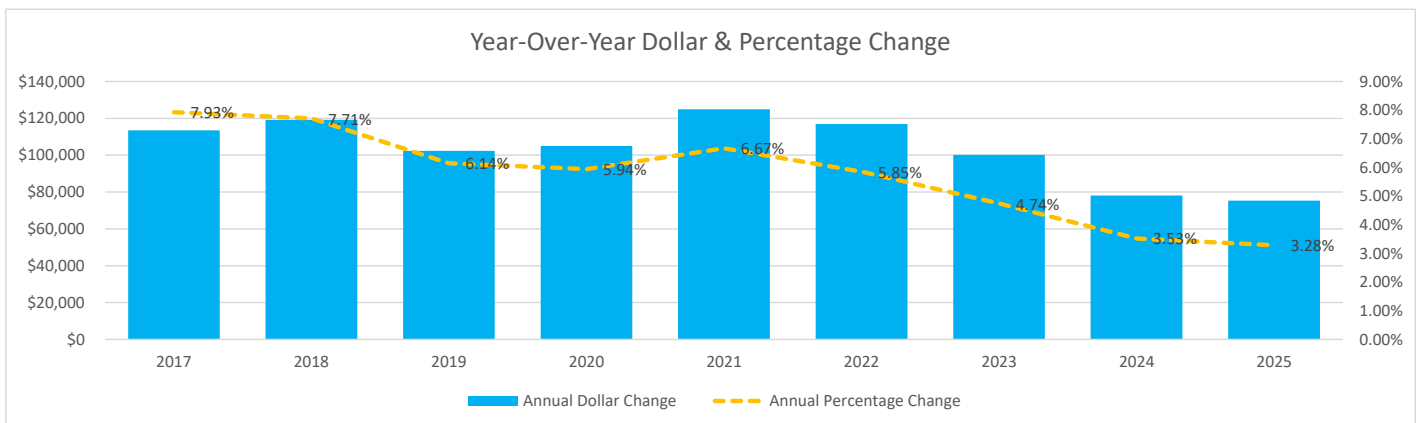
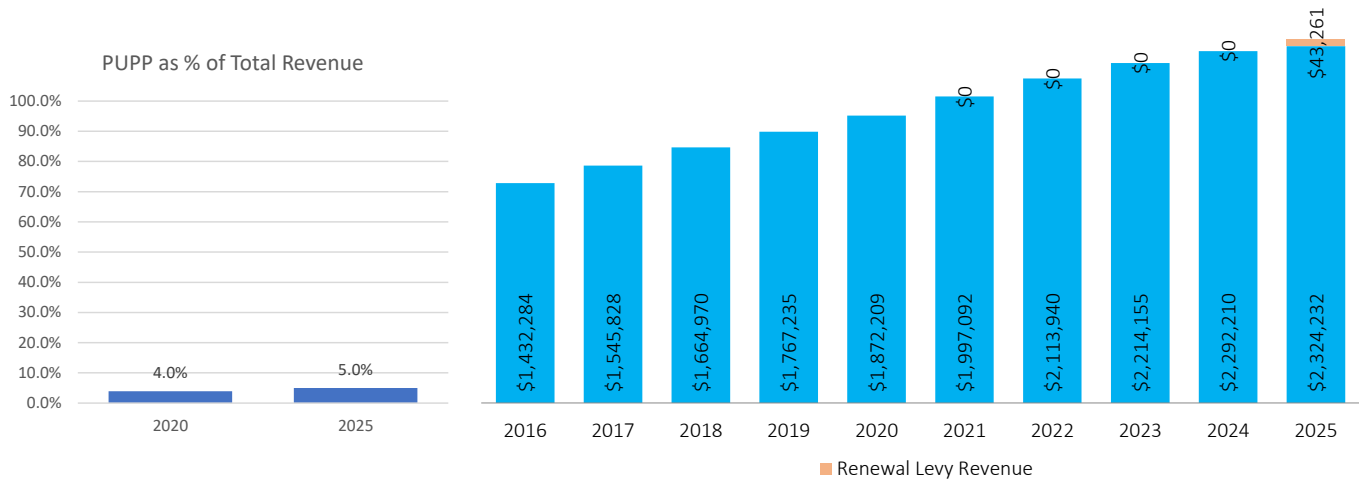
Real estate property tax revenue accounts for 37.31% of total revenue. Class I or residential/agricultural taxes make up approximately 58.04% of the real estate property tax revenue. The Class I tax rate is 40.62 mills in tax year 2020. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 97.6% annually through tax year 2024. The revenue changed at an average annual historical rate of 0.88% and is projected to change at an average annual rate of -0.06% through FY 2025.

2021 is a real estate reappraisal year for Erie County. Projecting a 10% increase in assessed valuations.

*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.



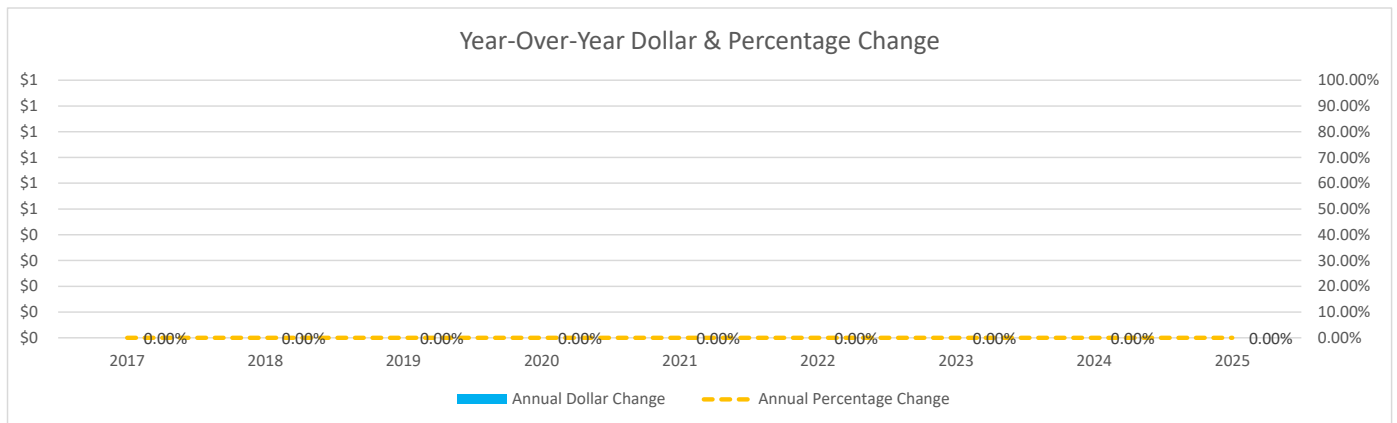
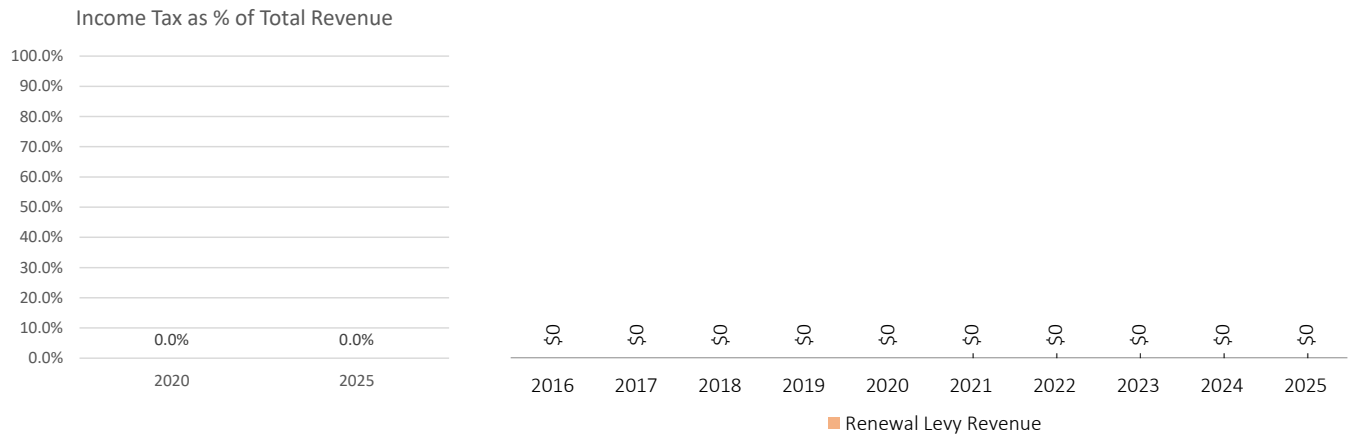
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2019	24,500,320	1,259,690	78.45	(0.03)	100.0%	
2020	26,302,380	1,802,060	78.46	0.01	99.9%	
2021	27,802,380	1,500,000	78.26	(0.21)	100.0%	
2022	28,802,380	1,000,000	78.25	(0.01)	100.0%	
2023	29,802,380	1,000,000	78.24	(0.01)	100.0%	
2024	30,802,380	1,000,000	78.06	(0.19)	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 3.96% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 78.46 mills. The forecast is modeling an average gross collection rate of 99.96%. The revenue changed historically at an average annual dollar amount of \$108,794 and is projected to change at an average annual dollar amount of \$99,057 through FY 2025.

**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.

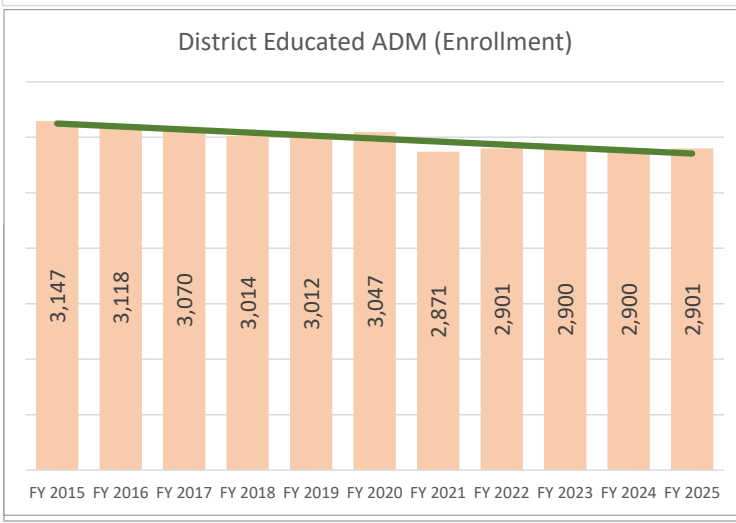
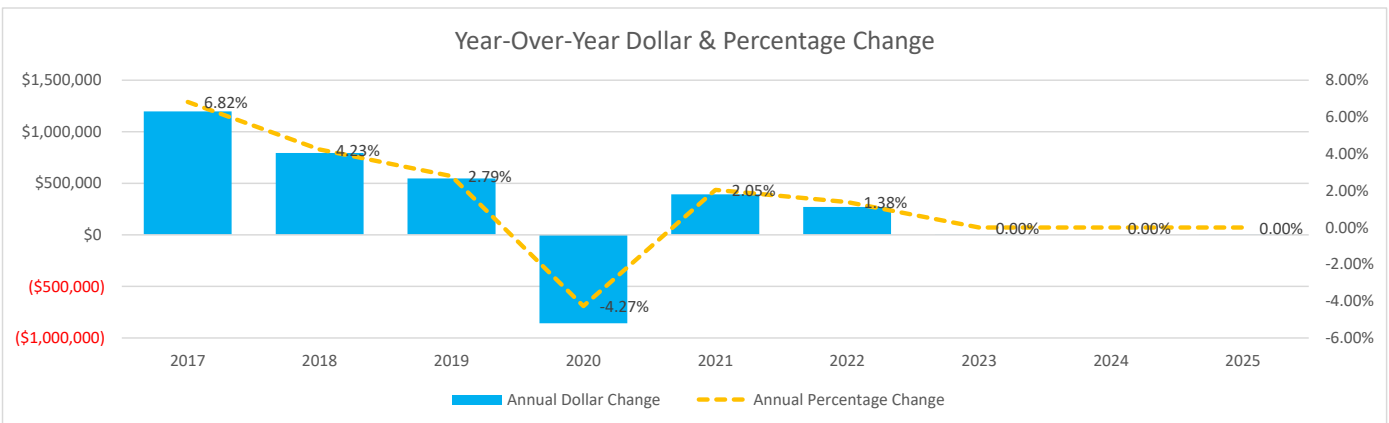
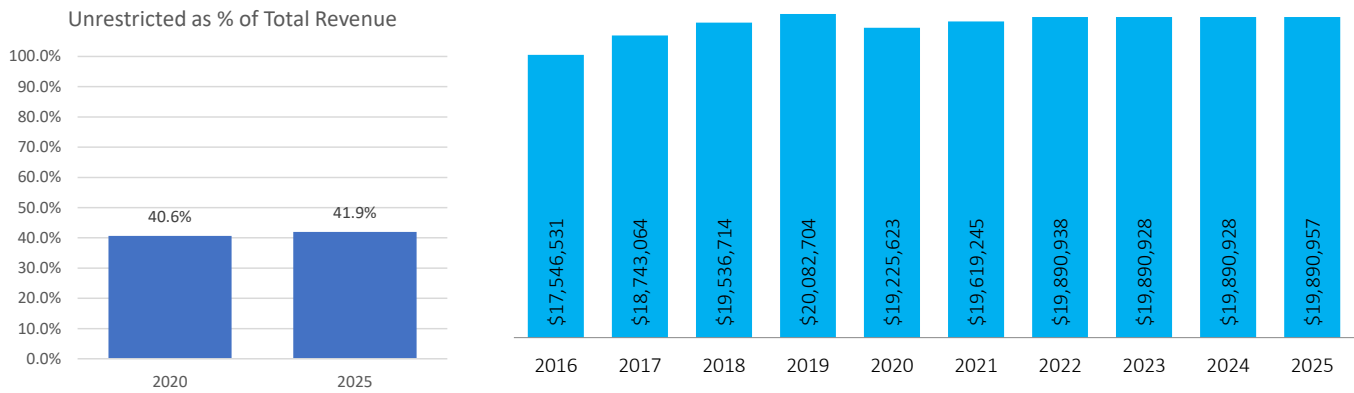


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

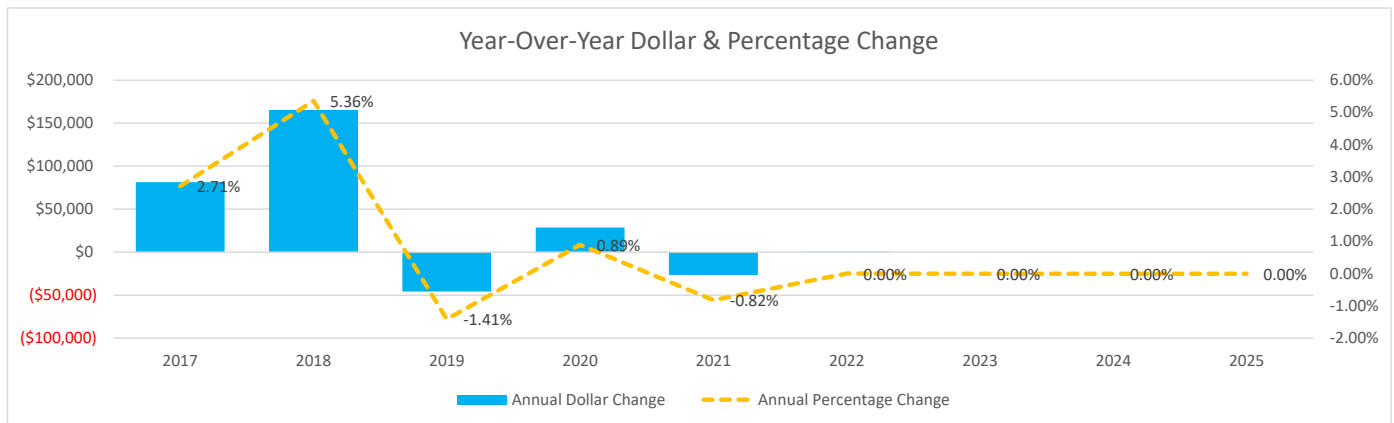
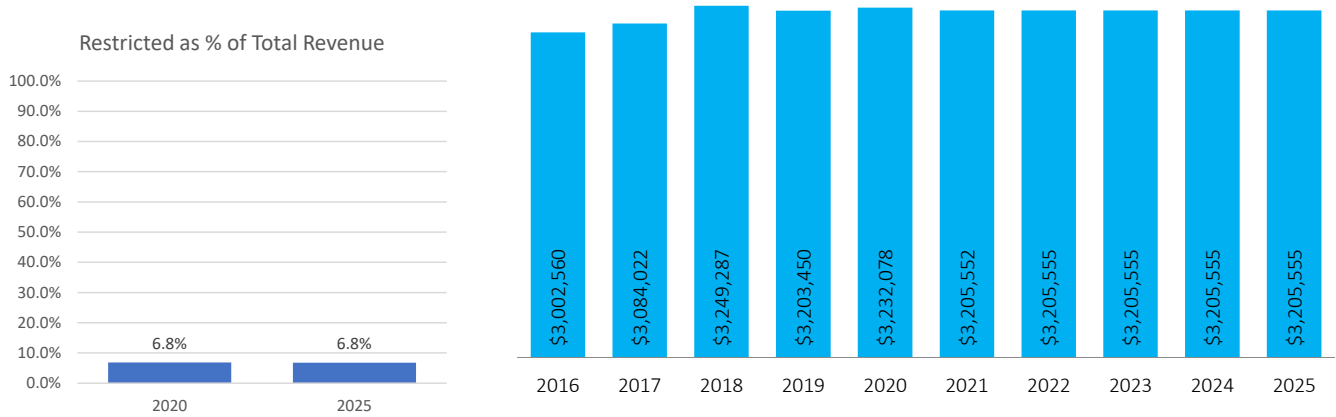


The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of \$19,272,135 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$583,589. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 0.35% Note: Wellness funding is not included in these calculations.

ESSER II and III grant funding are not including in the May forecast. In addition, the Fair School Funding legislation (HB110) and the FY22-23 Biennial Budget are unresolved at this time.

1.040 & 1.045 - Restricted Grants-in-Aid

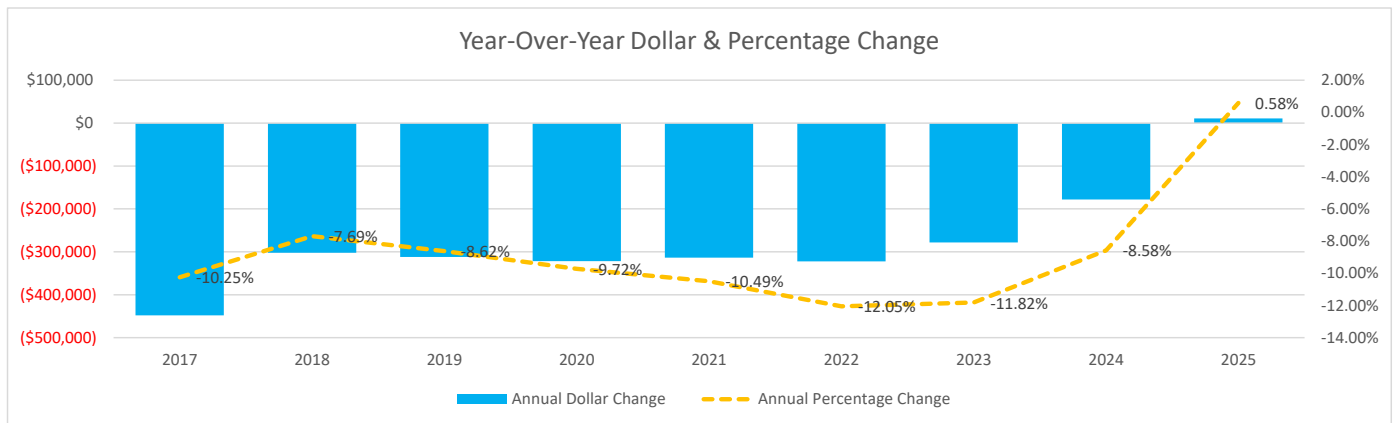
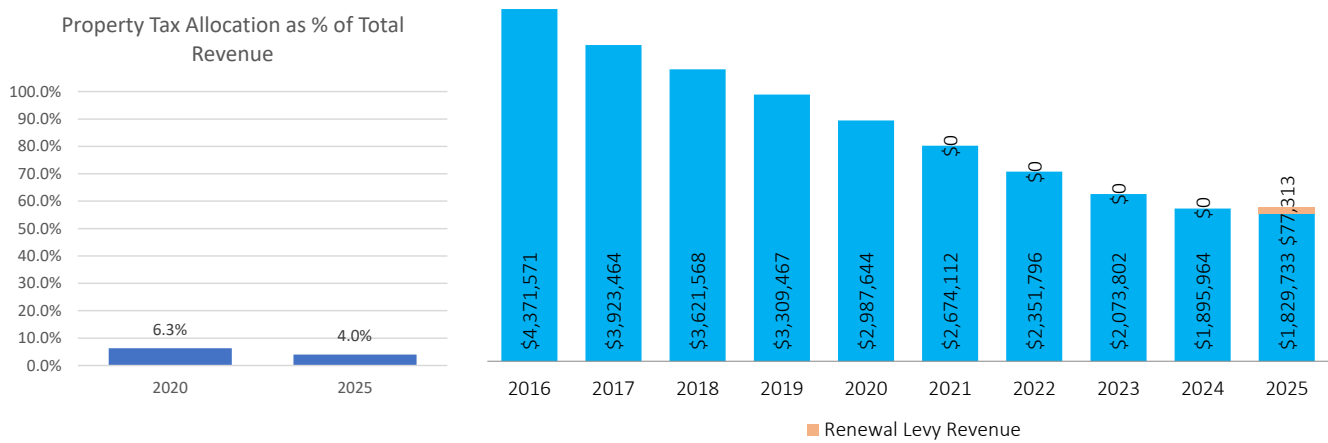
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$49,352 and is projected to change annually on average by -\$5,305. Restricted funds represent 6.83% of total revenue.

1.050 - Property Tax Allocation

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

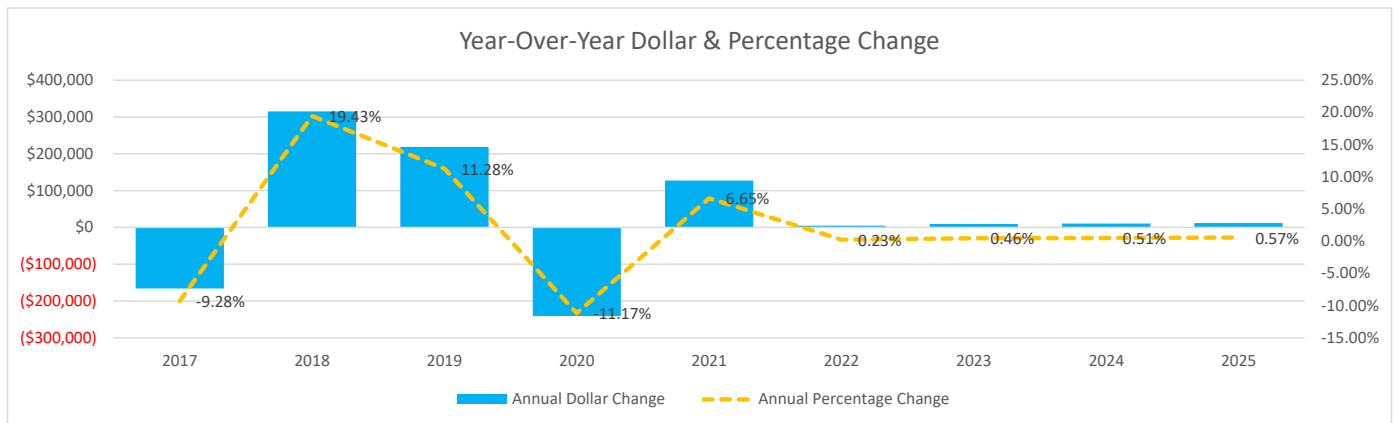
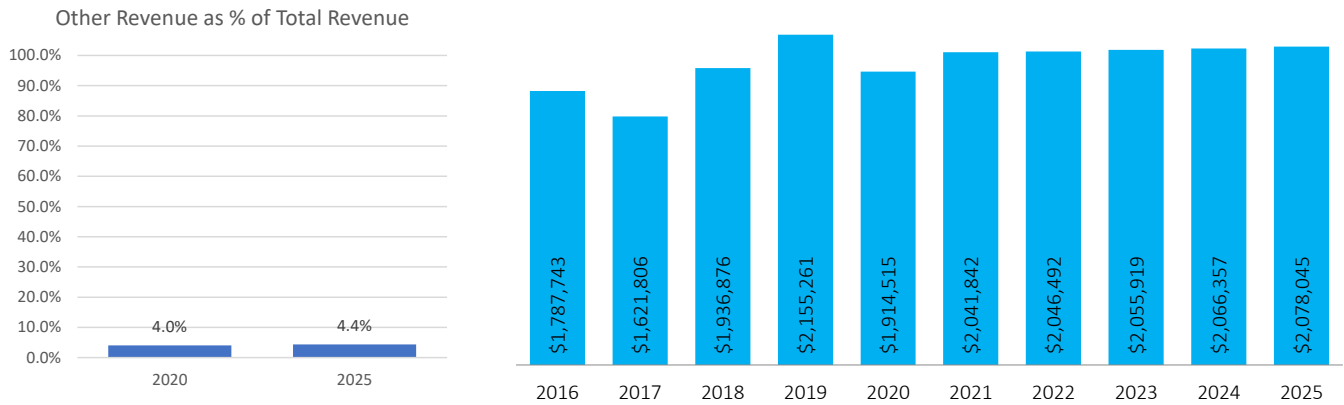


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 11.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.2% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

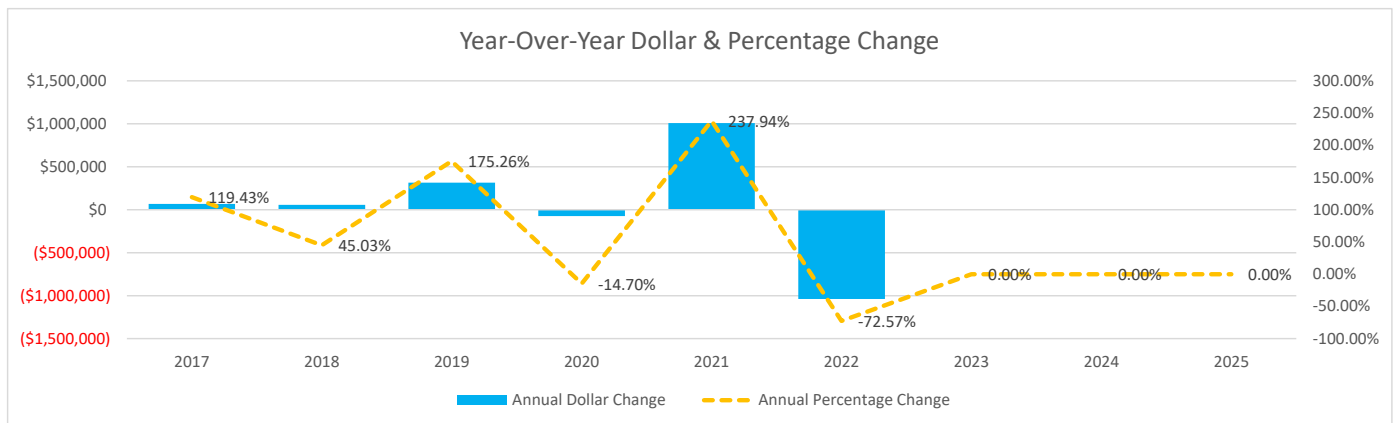
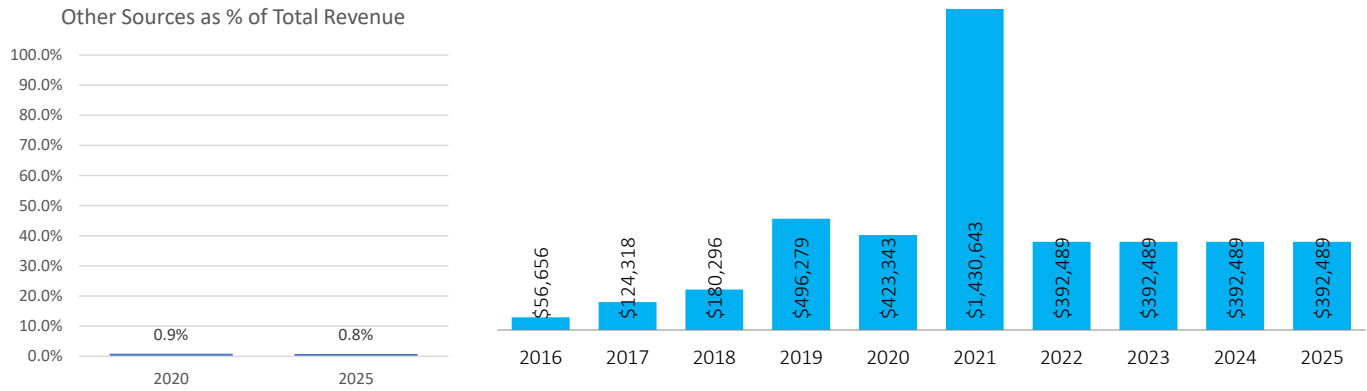
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$97,570. The projected average annual change is \$32,706 through FY 2025.

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.

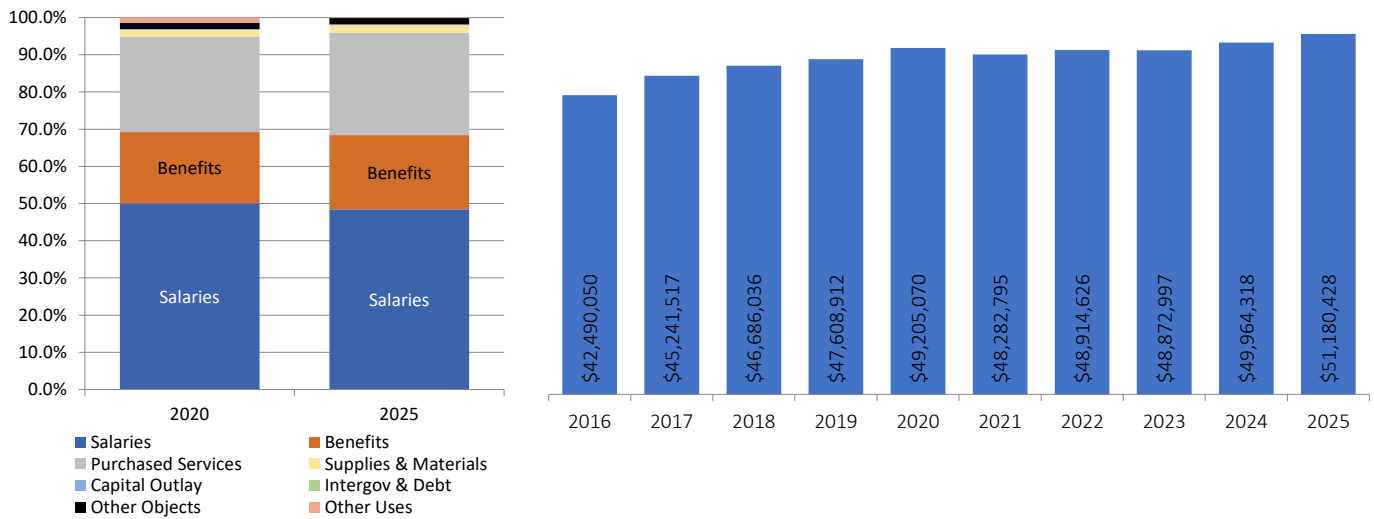


	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	87,543	694,913	52,442	52,442	52,442	52,442
All Other Financing Sources	335,800	735,730	340,047	340,047	340,047	340,047

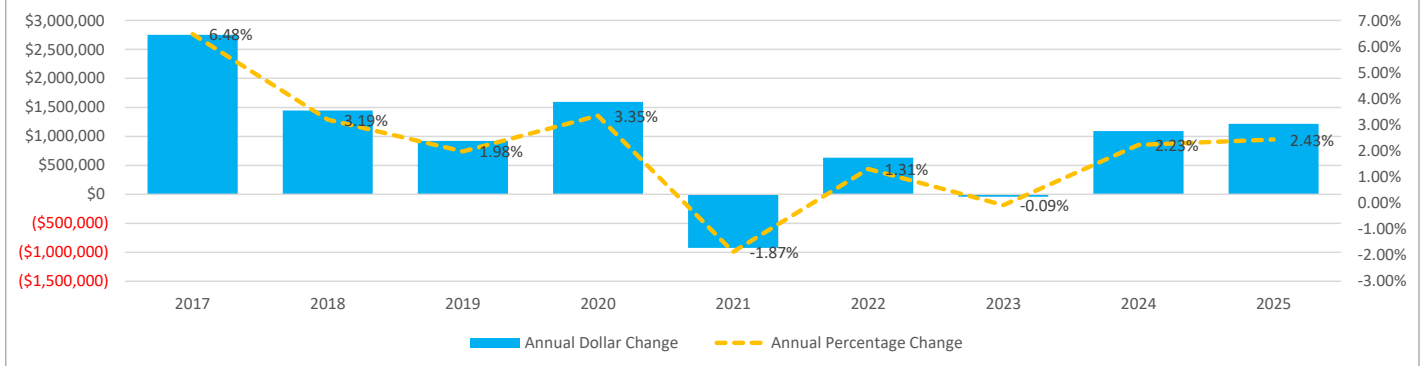
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district received \$87,543 as advances-in and is projecting advances of \$694,913 in FY 2021. 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 \$735,730 in FY 2021 and average \$340,047 annually through FY 2025.

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

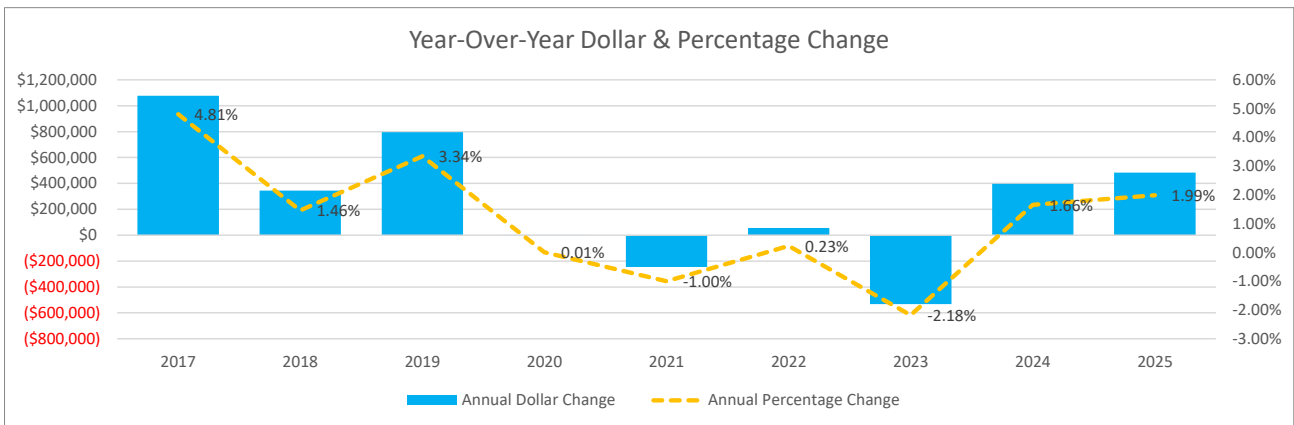
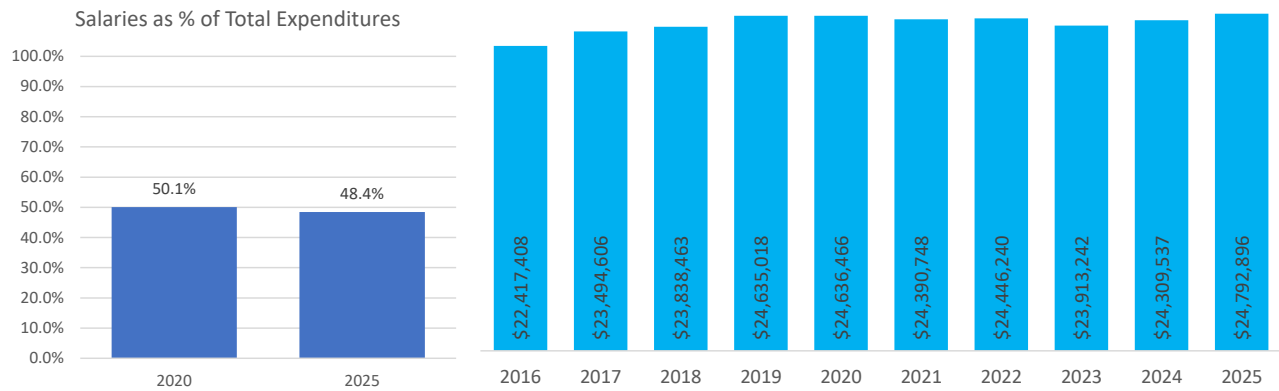
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 2.84% or \$1,321,185 annually during the past five years and is projected to increase 0.80% or \$395,072 annually through FY2025. Salaries has the largest projected average annual variance compared to the historical average at -\$349,334.
Salaries	\$380,620	\$31,286	(\$349,334)	
Benefits	\$223,581	\$157,647	(\$65,934)	
Purchased Services	\$430,508	\$283,406	(\$147,102)	
Supplies & Materials	\$36,684	\$37,557	\$873	
Capital Outlay	(\$12,786)	\$5,034	\$17,820	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$60,502	\$5,217	(\$55,285)	
Other Uses	\$202,076	(\$125,076)	(\$327,152)	
Total Average Annual Change	\$1,321,185	\$395,072	(\$926,113)	
	2.84%	0.80%	-2.04%	

Note: Expenditure average annual change is projected to be > \$395,072

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.

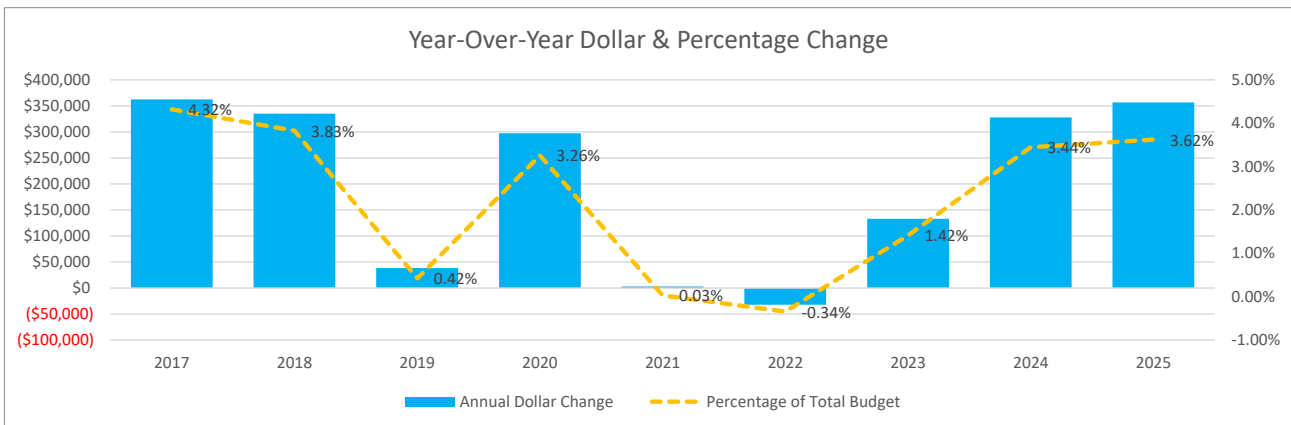
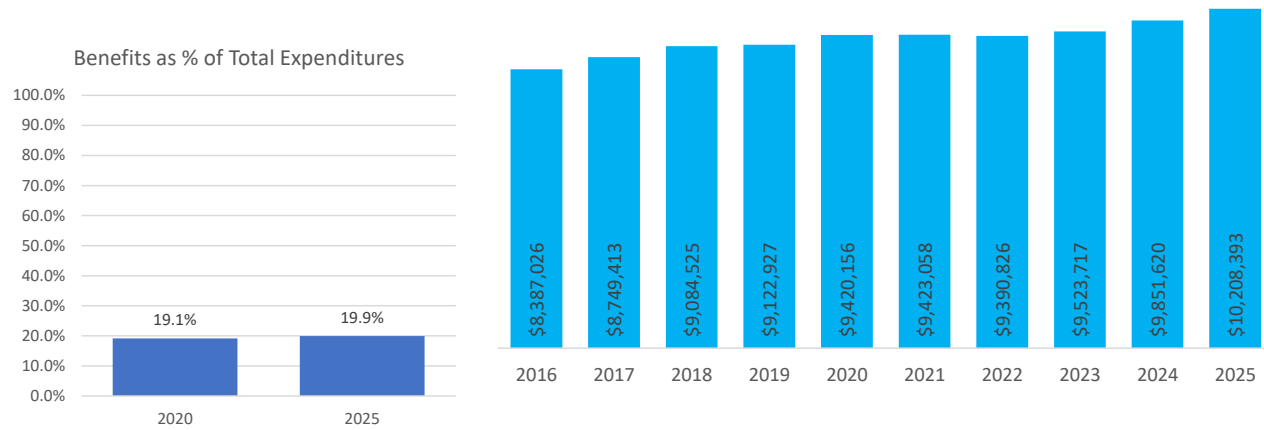


Salaries represent 50.07% of total expenditures and increased at a historical average annual rate of 1.60% or \$380,620. This category of expenditure is projected to grow at an average annual rate of 0.14% or \$31,286 through FY 2025. The projected average annual rate of change is -1.46% less than the five year historical annual average.

ESSER I Grant is expected to offset up to \$750,000 in FY21 salaries. FCST projects total attrition or reduction in personnel to equal \$1.4M in FY22 and \$1.2M in FY23. Base payroll increase of 1.5% projected in FY22-24, 1% in FY25. Collective bargaining negotiations is in-process at the time of May forecast submittal. Current Certified Staff contract expires 8/31/2021. Current Classified Staff contract was extended one year and expires on 6/30/22.

3.020 - Employees' Benefits

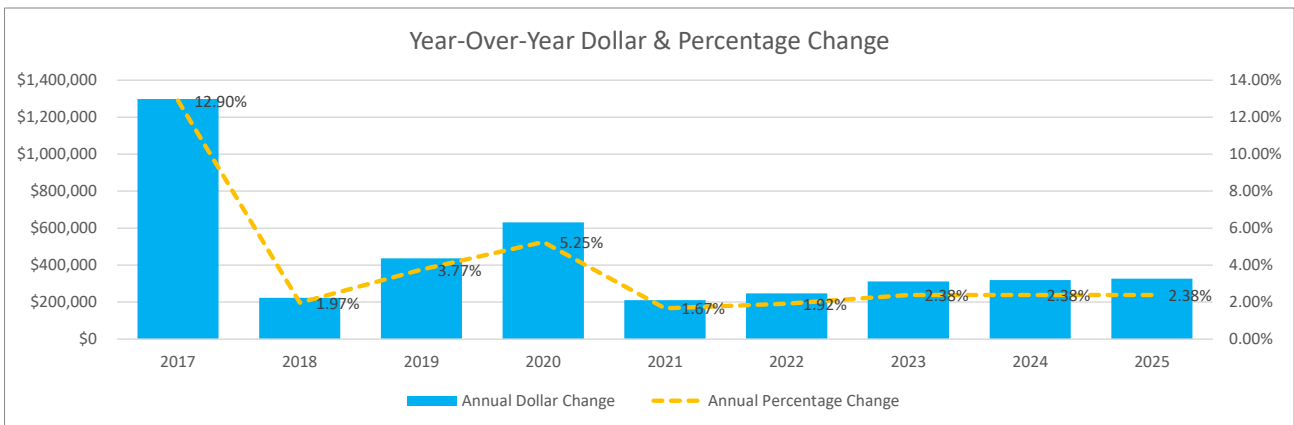
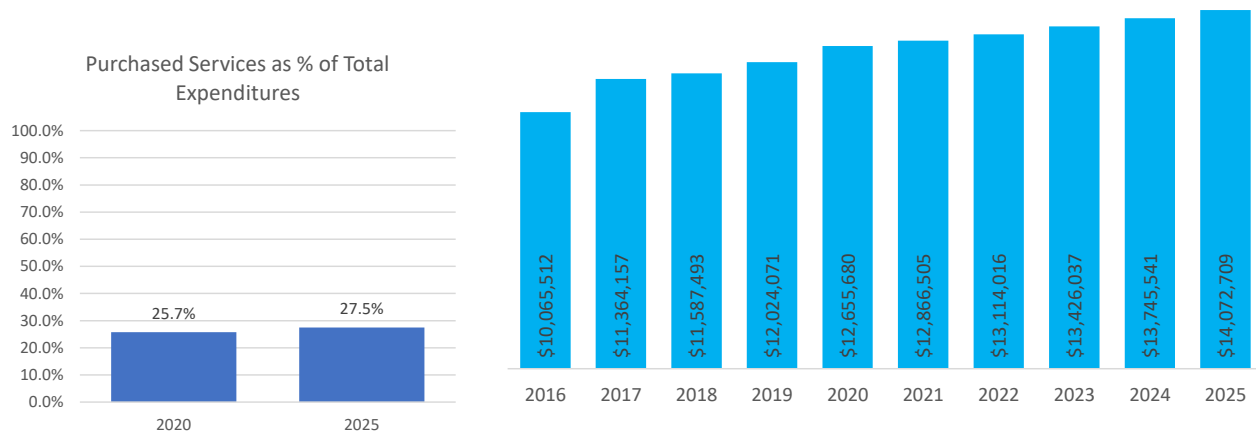
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.14% of total expenditures and increased at a historical average annual rate of 2.50% This category of expenditure is projected to grow at an annual average rate of 1.63% through FY 2025. The projected average annual rate of change is -0.87% less than the five year historical annual average.

3.030 - Purchased Services

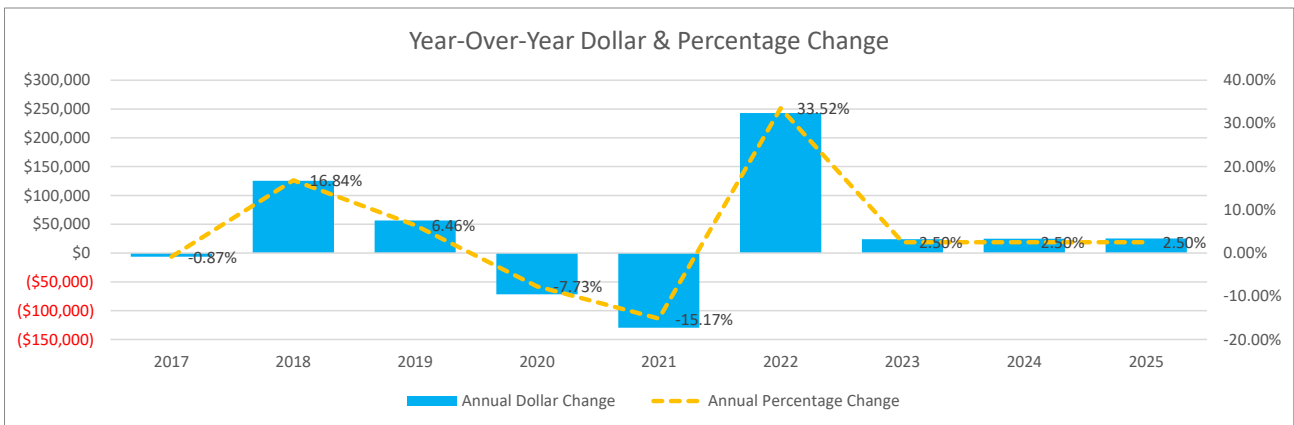
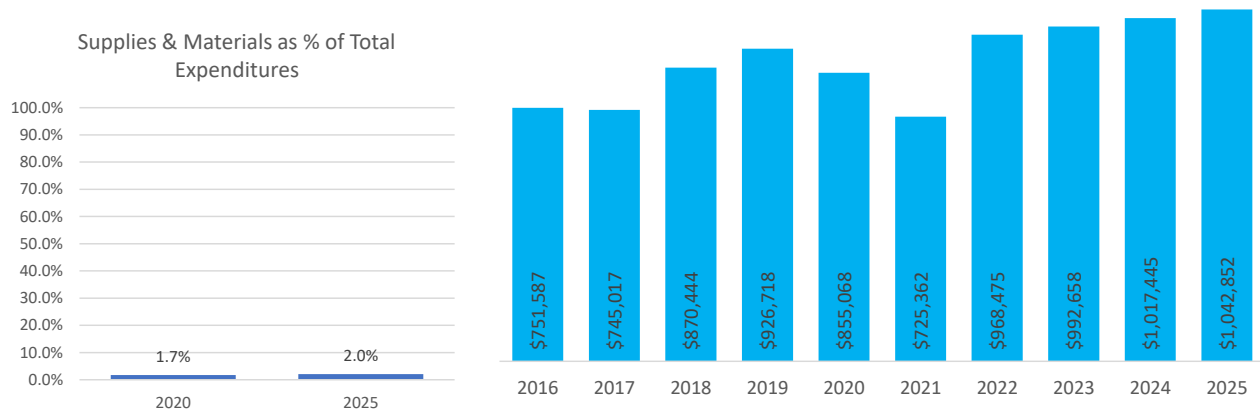
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 25.72% of total expenditures and increased at a historical average annual rate of 3.66%. This category of expenditure is projected to grow at an annual average rate of 2.15% through FY 2025. The projected average annual rate of change is -1.52% less than the five year historical annual average.

3.040 - Supplies & Materials

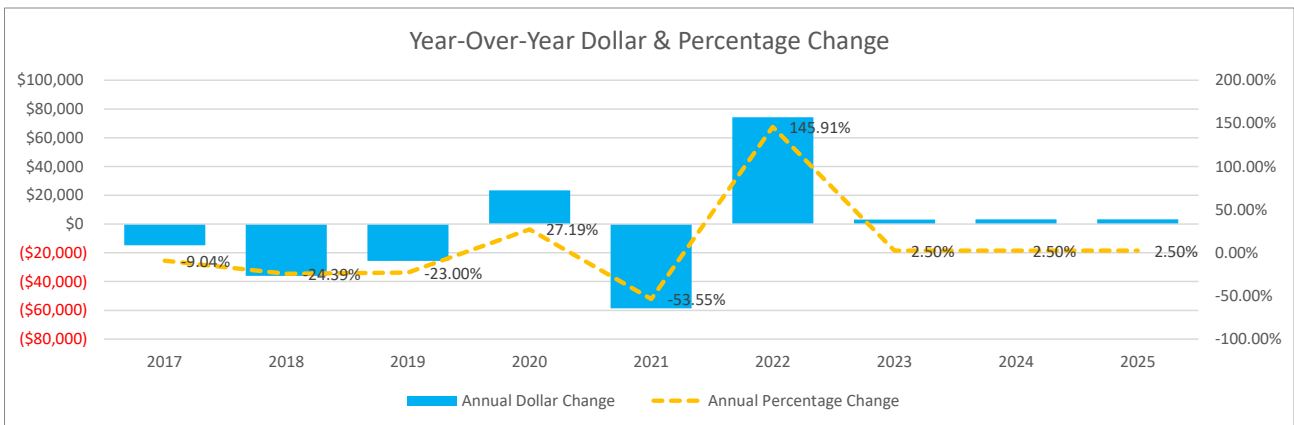
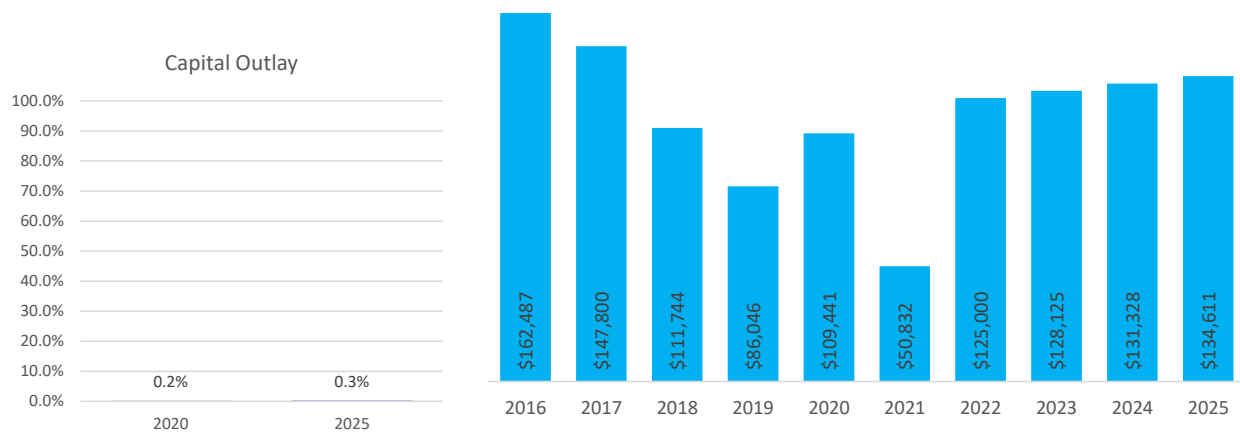
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.74% of total expenditures and increased at a historical average annual rate of 5.19%. This category of expenditure is projected to grow at an annual average rate of 5.17% through FY 2025. The projected average annual rate of change is -0.02% less than the five year historical annual average.

3.050 - Capital Outlay

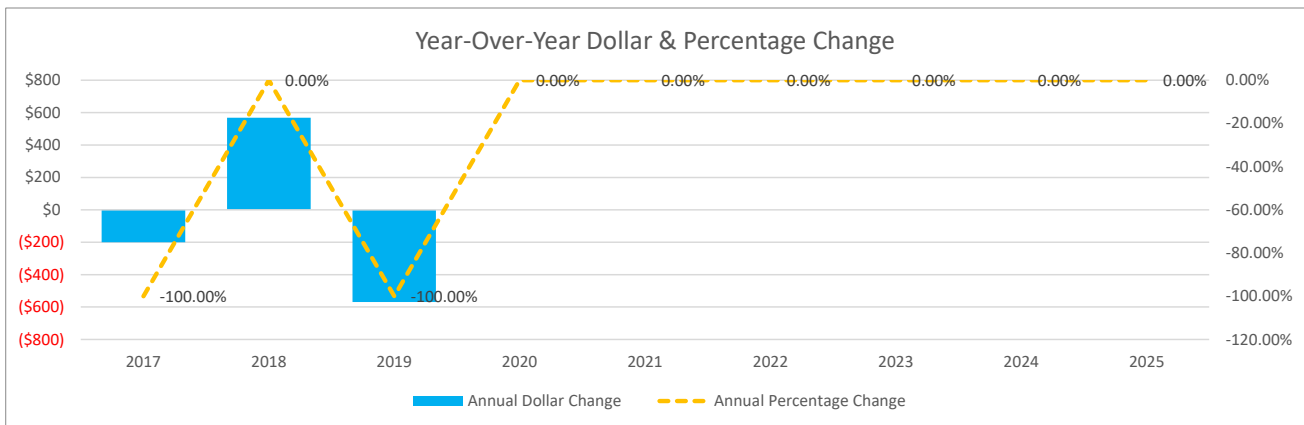
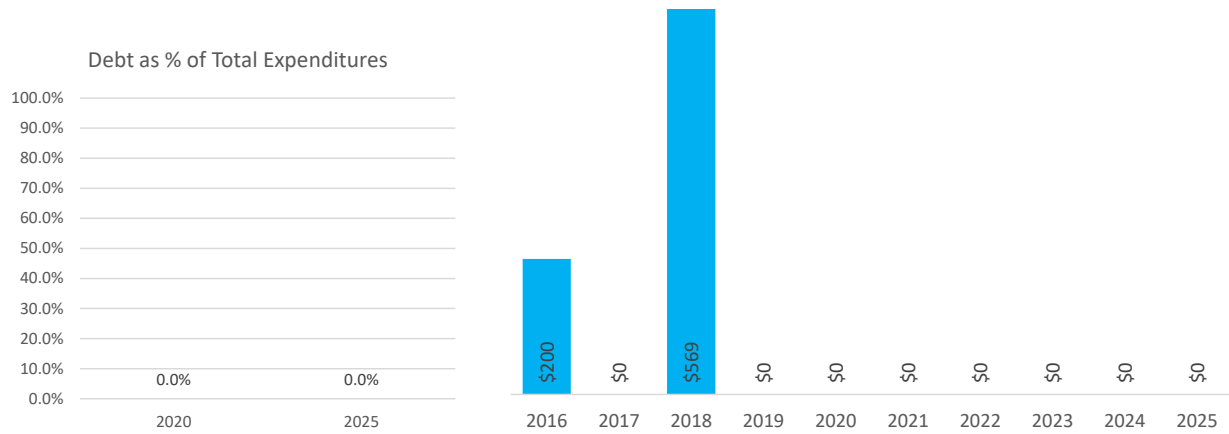
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.22% of total expenditures and decreased at a historical average annual amount of -\$12,786. This category of expenditure is projected to grow at an annual average amount of \$5,034 through FY 2025. 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.

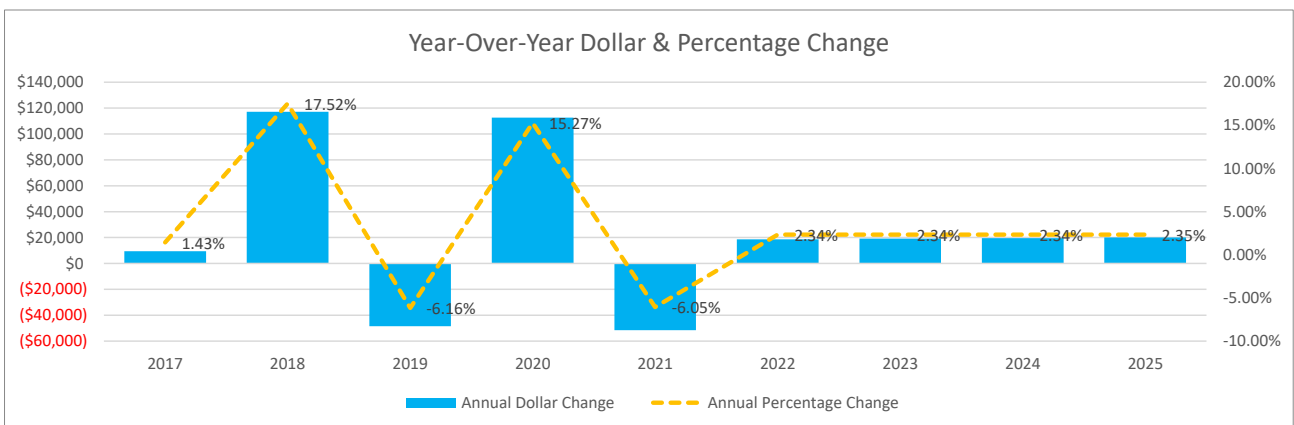
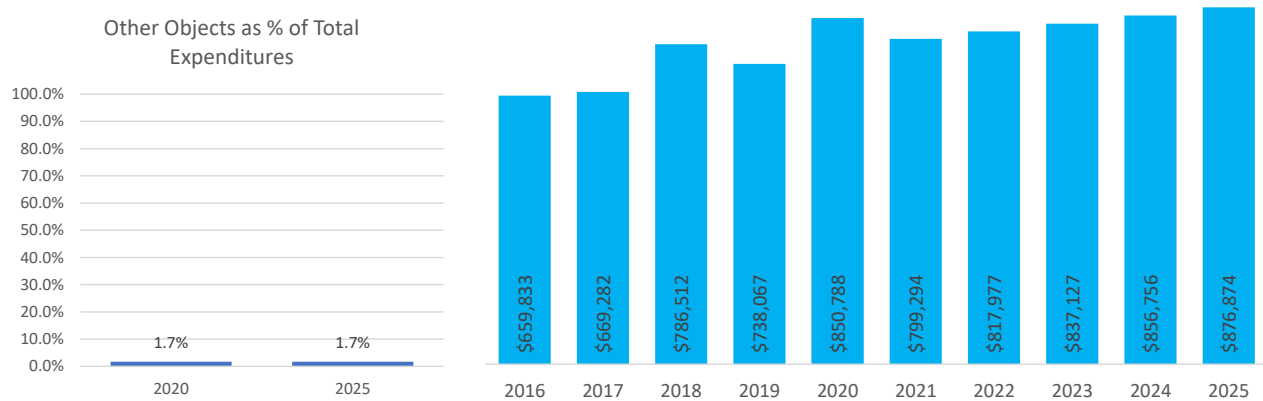


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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4.300 - Other Objects

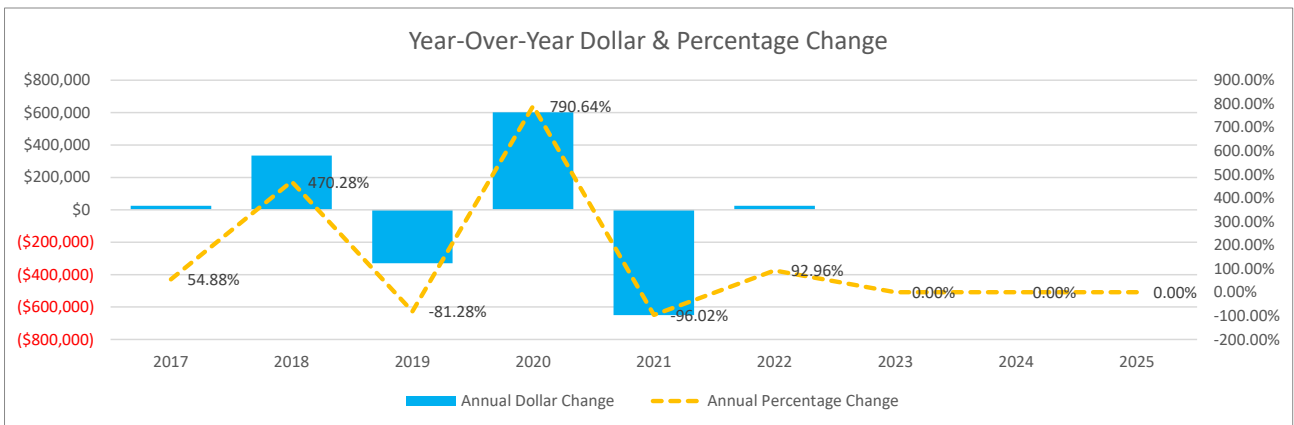
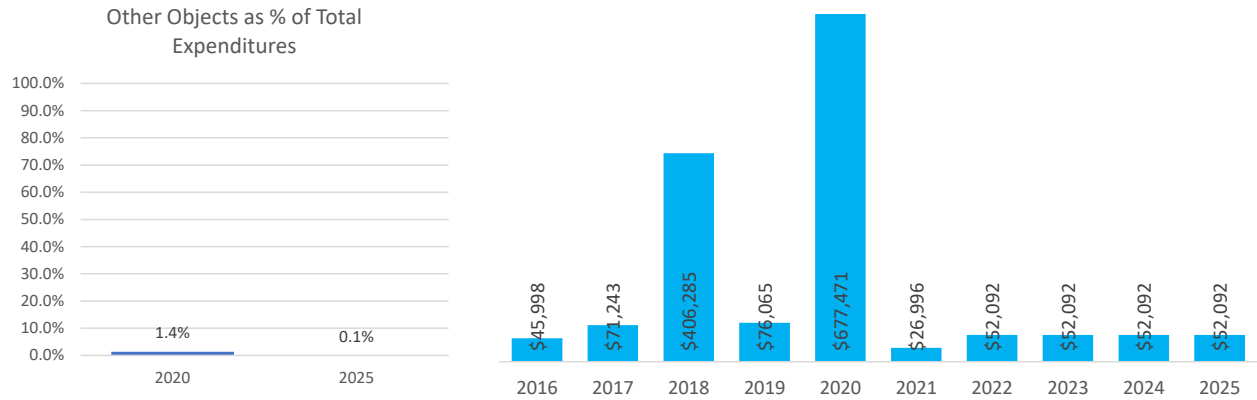
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.73% of total expenditures and increased at a historical average annual rate of 8.88%. This category of expenditure is projected to grow at an annual average rate of 0.66% through FY 2025. The projected average annual rate of change is -8.21% less 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.



	2020	FORECASTED				
		2021	2022	2023	2024	2025
Transfers Out	-	-	-	-	-	-
Advances Out	677,471	27,346	52,442	52,442	52,442	52,442
Other Financing Uses	-	(350)	(350)	(350)	(350)	(350)

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 2020 the district had advances-out and has advances-out forecasted through FY 2025. 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 2025. 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				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	17,646,778	17,807,114	17,139,013	17,478,837	17,500,705	16,985,959
1.020 - Public Utility Personal Property	1,872,209	1,997,092	2,113,940	2,214,155	2,292,210	2,324,232
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	19,225,623	19,619,245	19,890,938	19,890,928	19,890,928	19,890,957
1.040 - Restricted Grants-in-Aid	3,232,078	3,205,552	3,205,555	3,205,555	3,205,555	3,205,555
1.050 - Property Tax Allocation	2,987,644	2,674,112	2,351,796	2,073,802	1,895,964	1,829,733
1.060 - All Other Operating Revenues	1,914,515	2,041,842	2,046,492	2,055,919	2,066,357	2,078,045
1.070 - Total Revenue	46,878,847	47,344,957	46,747,734	46,919,196	46,851,719	46,314,481
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	87,543	694,913	52,442	52,442	52,442	52,442
2.060 - All Other Financing Sources	335,800	735,730	340,047	340,047	340,047	340,047
2.070 - Total Other Financing Sources	423,343	1,430,643	392,489	392,489	392,489	392,489
2.080 - Total Rev & Other Sources	47,302,190	48,775,600	47,140,224	47,311,685	47,244,208	46,706,970
Expenditures:						
3.010 - Personnel Services	24,636,466	24,390,748	24,446,240	23,913,242	24,309,537	24,792,896
3.020 - Employee Benefits	9,420,156	9,423,058	9,390,826	9,523,717	9,851,620	10,208,393
3.030 - Purchased Services	12,655,680	12,866,505	13,114,016	13,426,037	13,745,541	14,072,709
3.040 - Supplies and Materials	855,068	725,362	968,475	992,658	1,017,445	1,042,852
3.050 - Capital Outlay	109,441	50,832	125,000	128,125	131,328	134,611
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	850,788	799,294	817,977	837,127	856,756	876,874
4.500 - Total Expenditures	48,527,599	48,255,799	48,862,534	48,820,905	49,912,226	51,128,336
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	677,471	27,346	52,442	52,442	52,442	52,442
5.030 - All Other Financing Uses	-	(350)	(350)	(350)	(350)	(350)
5.040 - Total Other Financing Uses	677,471	26,996	52,092	52,092	52,092	52,092
5.050 - Total Exp and Other Financing Uses	49,205,070	48,282,795	48,914,626	48,872,997	49,964,318	51,180,428
6.010 - Excess of Rev Over/(Under) Exp	(1,902,880)	492,805	(1,774,402)	(1,561,312)	(2,720,110)	(4,473,458)
7.010 - Cash Balance July 1 (No Levies)	11,194,872	9,291,991	9,784,796	8,010,394	6,449,082	3,728,972
7.020 - Cash Balance June 30 (No Levies)	9,291,991	9,784,796	8,010,394	6,449,082	3,728,972	(744,486)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	9,291,991	9,784,796	8,010,394	6,449,082	3,728,972	(744,486)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	709,200
11.030 - Cumulative Balance of Levies	-	-	-	-	-	709,200
12.010 - Fund Bal June 30 for Cert of Obligations	9,291,991	9,784,796	8,010,394	6,449,082	3,728,972	(35,286)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	9,291,991	9,784,796	8,010,394	6,449,082	3,728,972	(35,286)