

Fremont City School District

Sandusky

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

Updated May 2020	Actual				Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenues									
1.010 General Property Tax (Real Estate)	\$10,087,133	\$10,210,649	\$10,095,373	0.0%	\$10,611,912	\$10,293,555	\$10,499,426	\$10,814,409	\$11,117,553
1.020 Tangible Personal Property Tax	1,839,223	1,987,910	2,280,723	11.4%	1,681,822	\$1,237,729	\$2,065,464	\$2,903,418	\$2,925,630
1.030 Income Tax	7,866,108	8,226,163	8,053,316	1.2%	8,711,771	8,014,829	8,335,422	8,502,131	4,336,087
1.035 Unrestricted State Grants-in-Aid	16,545,888	17,075,175	17,657,819	3.3%	16,416,000	15,798,974	16,430,933	17,088,170	17,771,697
1.040 Restricted State Grants-in-Aid	1,144,790	1,563,395	1,427,653	13.9%	1,338,436	1,338,436	1,338,436	1,338,436	1,338,436
1.045 Restricted Federal Grants-in-Aid - SFSF	0	0	0	0.0%					
1.050 Property Tax Allocation	2,202,757	1,816,660	1,442,869	-19.1%	1,393,687	1,393,687	1,393,687	1,393,687	1,393,687
1.060 All Other Revenues	1,686,112	1,509,342	1,549,403	-3.9%	1,288,536	1,301,421	1,314,436	1,327,580	1,340,856
1.070 Total Revenues	41,372,011	42,389,294	42,507,156	1.4%	41,442,164	39,378,631	41,377,804	43,367,831	40,223,945
Other Financing Sources									
2.010 Proceeds from Sale of Notes	0	0	0	0.0%					
2.020 State Emergency Loans and Advancements (Approved)	0	0	0	0.0%					
2.040 Operating Transfers-In	306,253	76,060	66,221	-44.1%	66,223				
2.050 Advances-In	180,000	0	0	0.0%		40,000	40,000	40,000	40,000
2.060 All Other Financing Sources	500	2,507	2,445	199.5%					
2.070 Total Other Financing Sources	486,753	78,567	68,666	-48.2%	66,223	40,000	40,000	40,000	40,000
2.080 Total Revenues and Other Financing Sources	41,858,764	42,467,861	42,575,822	0.9%	41,508,387	39,418,631	41,417,804	43,407,831	40,263,945
Expenditures									
3.010 Personal Services	23,478,753	23,537,217	24,161,591	1.5%	24,215,020	23,990,020	24,233,095	24,351,170	24,469,245
3.020 Employees' Retirement/Insurance Benefits	7,934,328	8,603,611	8,870,154	5.8%	9,262,099	9,236,158	9,329,742	9,375,200	9,420,659
3.030 Purchased Services	8,698,955	8,945,123	9,202,630	2.9%	9,866,960	9,905,030	10,004,080	10,084,121	10,164,962
3.040 Supplies and Materials	989,053	1,062,077	1,007,173	1.1%	1,158,846	1,008,196	1,018,278	1,028,461	1,038,745
3.050 Capital Outlay	851,895	63,842	66,142	-44.5%	156,041	150,000	100,000	100,000	100,000
3.060 Intergovernmental	0	0	0	0.0%					
Debt Service:									
4.040 Principal-State Advancements	0	0	0	0.0%					
4.300 Other Objects	637,268	645,693	623,368	-1.1%	685,000	582,250	588,073	593,953	599,893
4.500 Total Expenditures	42,590,252	42,857,563	43,931,058	1.6%	45,343,966	44,871,653	45,273,267	45,532,905	45,793,504
Other Financing Uses									
5.010 Operating Transfers-Out	442,592	4,983,060	66,221	463.6%					
5.020 Advances-Out	180,000	0	0	0.0%	40,000	40,000	40,000	40,000	40,000
5.030 All Other Financing Uses	0	0	0	0.0%					
5.040 Total Other Financing Uses	622,592	4,983,060	66,221	300.9%	40,000	40,000	40,000	40,000	40,000
5.050 Total Expenditures and Other Financing Uses	43,212,844	47,840,623	43,997,279	1.3%	45,383,966	44,911,653	45,313,267	45,572,905	45,833,504
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,354,080-	5,372,762-	1,421,457-	111.6%	3,875,579-	5,493,022-	3,895,463-	2,165,074-	5,569,559-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	15,015,608	13,661,528	8,288,766	-24.2%	6,867,309	2,991,730	2,501,292-	6,396,755-	8,561,829-
7.020 Cash Balance June 30	13,661,528	8,288,766	6,867,309	-28.2%	2,991,730	2,501,292-	6,396,755-	8,561,829-	14,131,389-
8.010 Estimated Encumbrances June 30	420,031	305,656	428,673	6.5%	500,000	500,000	500,000	500,000	
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials				0.0%					
9.070 Bus Purchases				0.0%					
9.080 Subtotal	0	0	0	0.0%					
10.010 Fund Balance June 30 for Certification of Appropriations	13,241,497	7,983,110	6,438,636	-29.5%	2,491,730	3,001,292-	6,896,755-	9,061,829-	14,131,389-
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%					4,336,087
11.020 Property Tax - Renewal or Replacement	0	0		0.0%					
11.300 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.0%					4,336,087
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	13,241,497	7,983,110	6,438,636	-29.5%	2,491,730	3,001,292-	6,896,755-	9,061,829-	9,795,302-
Revenue from New Levies									
13.010 Income Tax - New				0.0%					
13.020 Property Tax - New				0.0%					
13.030 Cumulative Balance of New Levies	0	0	0	0.0%					
14.010 Revenue from Future State Advancements				0.0%					
15.010 Unreserved Fund Balance June 30	13,241,497	7,983,110	6,438,636	-29.5%	2,491,730	3,001,292-	6,896,755-	9,061,829-	9,795,302-
ADM Forecasts									
20.010 Kindergarten - October Count	300	255	254	-7.7%	225	227	230	230	230
20.015 Grades 1-12 - October Count	3,558	3,479	3,373	-2.6%	3357	3380	3410	3430	3460

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

**Fremont City School District
Sandusky County
For the Five Years Ending June 30, 2024**

FIVE YEAR FORECAST ASSUMPTIONS

As of May 22, 2020 for FY-2020

General Comments:

This forecast has been prepared based on the following global assumptions:

- This Forecast and Assumptions are intended to provide the Board of Education and the Fremont School community with information about the current financial status of the District as well as the projected future.
- The current COVID-19 pandemic will have an adverse impact on the financial wellness of the District for the duration of this Forecast.
- The District will be operating as a traditional K-12 public school entity.
- This Forecast includes only the General Fund. There are other Funds such as the Permanent Improvement Fund or the Bond Fund whose funds are restricted. It is the General Fund which provides the financial resources for educating the children of our District.
- No increase in State-share funding for the next two years.
- No provision has been made to this forecast with regards to the Student Health and Wellness Funding initiative provided in the State biennium budget. However the District will be looking for opportunity to supplant existing expenses that fall within the spirit of the Health and Wellness Initiative. Current year funding was at \$1.1MM with an additional \$1.7MM in FY-2021. The State requires that this initiative be kept separate from the General Fund and therefore outside the scope of the Five Year Forecast.
- Federal Cares Act funding of \$783,006(net) is not included in this forecast.
- Salaries were increased modestly for step progression with no increase in base pay for FY-2021.
- Comments included in the more specific items below are a remembrance that past events do impact our future.

REVENUES

Real Estate

The county auditor is anticipating an increase of 7% to 10% in delinquent collections for FY-2021 as a result of COVID-19's impact on the economy. This forecast is projecting a net 3% reduction in collections for FY-2021 and a net increase of 2% for FY-2022 due to a partial catchup of delinquent collections as unemployment drops. FY-2023 is increased by 3% as the economy returns to normal. Going forward, it is anticipated no major change to property values based on the reappraisal of 2021.

New construction within the city of Fremont will have no impact on collections due to the city-wide Community Reinvestment Act (CRA) effective February 7, 2019 which eliminates the District from additional real estate tax revenue based on new construction for the next 15 years. Lastly, American Municipal Power (AMP) has approximately \$60,000,000 in real property abatement which will end in 2022 providing an additional \$195,000 in collections for FY-2024 in addition to a projected 1% increase in collections over FY-2023.

Personal Property Tax

Public utility personal property tax took a big hit for FY-2020 as the Ohio Tax Commissioner ruled in favor of AMP's 6 year challenge of property values. That decision requires the District to return \$4.1million to AMP. The repayment to AMP was structured over the next 4 real estate collections periods commencing with the February 2020 real estate tax collection period. This repayment impacts the District's General Operating Fund, the Permanent Improvement Fund and the Bond Retirement Fund.

On the flip-side, the Nexus gas transmission pipeline was completed in 2018 creating added revenue beginning in calendar year 2020. Nexus has appealed the property values and is currently tender paying at 47%. This appeal, similar to AMP's, will be decided by the Ohio Tax Commissioner.

Using February 2020 as a basis for future collections, the personal property revenues for FY-2020 through FY-2024 are projected as follows:

	<u>Fiscal Year 2020</u>		<u>Fiscal Year 2021</u>		<u>Fiscal Year 2022</u>		<u>Fiscal Year 2023</u>		<u>Fiscal Year 2024</u>	
	July	February	July	February	July	February	July	February	July	February
* Current Collections	\$1,083,343	\$1,083,343	\$1,083,343	\$1,094,176	\$1,094,176	\$1,105,118	\$1,105,118	\$1,116,169	\$1,116,169	\$1,127,331
AMP Repay (approx)		(825,929)	(805,960)	(815,960)	(815,960)					
Nexus (at 47% approx)		341,065	341,065	341,065	341,065	341,065	341,065	341,065	341,065	341,065
Total by Period	1,083,343	598,479	618,448	619,281	619,281	1,446,183	1,446,183	1,457,234	1,457,234	1,468,396
Fiscal Year Totals	1,681,822		1,237,729		2,065,465		2,903,418		2,925,630	
*Current collections increased by 1% per year beginning in calendar year 2021										

Income Tax

A renewal of the 1.25% school district income tax was approved on May 8, 2018 for 5 years to expire December 31, 2023. Due to the current COVID-19 pandemic, FY-2021 has been reduced by 8%. Anticipating a turn around in the economy, FY-2022, FY-2023 and FY-2024 are projected upward at 4%, 2% and 2% respectively. FY-2024 is forecasted for half a year of collection due to the levy expiration.

State Funding

House Bill 166 called for a suspension of the current education funding formula for FY's-2020 and 2021. All school districts were to receive the same amount of funding for FY's-2020 and 2021 as they did in FY-2019.

On May 4, 2020 Governor Dewine announced a \$300M cut to K-12 education for the current FY-2020. Fremont's 4.27% reduction has created a \$756,798 shortfall to the District's anticipated State funding of \$17,717,126. Another major drop in the FY-2020 forecast is a shortfall of almost \$400,000 for Medicaid reimbursement. State funding represents approximately 40.1% of the District's total General Fund revenue based on an average of the prior 3 years.

Due to the COVID-19 pandemic, it is speculative at best as to how the State will support K-12 funding over the next few years. I anticipate a similar 8% reduction for FY-2021 with a 4% annual increase thereafter.

Restricted State Grants in Aid

There are two primary sources of revenue: 1) Career Tech (C.T.) weighted funds and 2) Special Education Catastrophic Cost rebates. We are required to spend 100% of the Career Tech funds for C.T. programs or return unused funds back to the State. Catastrophic Costs are a reimbursement from the Ohio Department of Education for excess cost incurred by the District for services provided to qualifying special needs students. No increase has been planned for this forecast.

Property Tax Allocation

Property tax rollback and homestead exemptions are forms of property tax relief. Non-business property owners are provided a 10% and 2.5% reduction of their property taxes. Additionally, property tax owners older than 65 years of age can receive an additional homestead credit. House Bill 59 (2014-2015) eliminated this reimbursement on future levies while still allowing for reimbursement on current levies for qualifying property owners. These amounts are reimbursed by the State. Subsequent years are forecasted to remain at the FY-2020 reimbursement level.

Other State Revenue

This category is comprised of 6 primary revenue sources.

- 1) Tuition (open enrollment, special education, preschool and summer school)
- 2) Extracurricular activities assessment
 - a. (eliminated in FY-2019)
- 3) Student paid fees and fines
- 4) Investment income
 - a. Financial reserves and interest rates are down
- 5) Medicaid reimbursements
- 6) Revenue sharing agreements with the city

Also included in this line item are payments received from the Division of Wildlife for use of land within our District. This payment helps to offset the loss in property tax collections that occurred when the Ohio Department of Natural Resources acquired these once private properties.

A 1% increase has been projected for FY's 2021 through 2024.

EXPENDITURES

Personal Services (salaries)

Salaries include all staffing (salary schedules and extended days), substitutes, as-needed positions, and negotiated attendance incentives. Projections for FY-2020 and FY-2021 include a transition in staffing levels due to the consolidation of elementary schools plus the established years-of-experience increases for all eligible employees. Additionally, raises are included as required by current negotiated agreements through summer of 2020. The Union and District met earlier this year and agreed to no increase in base wage for FY-2021. The current 3 year contract for both classified and certified continues through June 30, 2021.

Fringe Benefits & Insurance

This category includes employer contributions for retirement, medicare, workers' compensation, medical, dental, vision and life insurances. Benefit cost were also impacted by the transition in the staffing levels mentioned above (Personal Services) plus an increase of 9% for medical and dental cost. FY-2022 through FY-2024 were modestly increased by 1%.

Purchased Services

Expenses in this category include: utilities, service contracts, open enrollment students leaving the district, post secondary tuition, legal expenses and property and fleet insurances. FY-2020 was increase due to higher than anticipated Educational Service Center cost and attorney fees. The other major contributing factor included an anticipated loss of students to pursue other educational opportunities (\$150,000). FY-2021 is projected to increase at less than ½% and FY's 2022 through 2024 are projected to increase by 1% per year offset by an expected return of students to the District's new high school in fiscal years 2023 and 2024.

Supplies, Materials & Textbooks

Expenses in this category include district wide supplies, software, textbooks, bus fuel and bus parts. Supply cost for FY-2020 will be less than forecasted but greater than last year due to movement of school property into new elementary buildings. FY-2021 is forecasted down by 13% due to the consolidation and then increasing by 1% for FY's 2022 through 2024.

Capital Outlay

These expenditures represent administrative and instructional equipment, as well as building and site improvements with a useful life of 5 years or more. It is anticipated that any significant cost in this area will be covered under the

permanent improvement fund with the exception of the existing high school building, transportation center and the maintenance building.

Other Objects (expenses)

These expenditures include audit expenses, election expenses, fees charged by the state and county for the collection of tax revenue and position bonds as required by law. As real estate tax collections increase or decrease, so will the fees charged by the state and county for the collection of real estate taxes.

This forecast is based on current staffing, enrollment and funding information as of May 22, 2020 and is subject to change.

