

**Fremont City School District  
Sandusky County  
For the Five Years Ending June 30, 2025**

FIVE YEAR FORECAST ASSUMPTIONS

As of November 30, 2020 for FY-2021

**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.
- It is anticipated that 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 in various teaching modes (in-person, hybrid, remote) 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.
- State funding for FY-2021 has been decreased by 4.27% of the FY-2019 funding. FY-2022 through FY-2025 will remain at the FY-2019 funding level.
- Part of the State biennium budget for FY-2020 and 2021 provided for a Student Wellness & Success funding initiative. The State requires that the current year's (FY-2021) anticipated funding of \$1,599,610 be kept separate from the General fund and therefore outside the scope of the Five Year Forecast.
- Additionally, Federal Cares Act funding - Essers and Cares Act Relief - are 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**

This forecast is projecting a net 2% reduction in collections for FY-2021 and a net increase of 3% for FY-2022 due to the reappraisal in 2021 at 2% and growth at 1%. FY-2023 is projected at 2% growth.

Over the past 10-15 years American Municipal Power (AMP) has had approximately \$60,000,000 in real property abatement. This abatement will end in 2022 and will begin generating additional revenues to the District for \$95,000 in FY-2024 and \$390,000 in FY-2025 adding to the 2% per year projected growth of the District for FY-2024 and 2025.

The value of new construction within the city of Fremont will have no impact on real estate tax revenue 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 over the next 15 years.

**Personal Property Tax**

Public utility personal property tax continues to be down due to the Ohio Tax Commissioner's ruling in favor of AMP's 6 year challenge of property values. That ruling requires the District to return \$4.1 million to AMP. The repayment plan to AMP was structured over 4 real estate collections periods commencing with the February 2020 real estate tax collection period and ending with the July 2021 collection. This repayment impacts the District's General Operating Fund, the Permanent Improvement Fund and the Bond Retirement Fund.

Another revenue source, 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%. Nexus' original appeal of values was at 38% then to 53% and currently at 38%. This appeal, similar to AMP's, will be decided by the Ohio Tax Commissioner.

### **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 6.7%. Anticipating a rebound in the economy, FY-2022, FY-2023 and FY-2024 are projected upward at 2.5% per year with FY-2024 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 soon followed by another reduction for FY-2021. Fremont's 4.27% reduction has created a \$756,798 shortfall to the District's anticipated State funding of \$17,717,126. ODE has suggested that State funding will return to the FY-2019 level with no decrease. This revenue source has been budgeted flat for FY-2022 through FY-2025.

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.

### **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. This revenue source is primarily driven by the number of students impacted. 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. Current trend indicates this revenue source is decreasing as the over 65 population decreases. FY-2022 through FY-2025 are forecasted down at 1% per year.

### **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. Board 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.

FY-2021 has been forecasted up due to a Bureau of Workers' Comp rebate of \$650K offset by a reduction of interest income on our investments due to the current low interest rate environment. A 1% increase has been projected for FY's 2022 through 2025.

### **Other Financing Sources**

The forecast includes a \$1,000,000 transfer-in from other funds.

## **EXPENDITURES**

### **Personal Services (salaries)**

Salaries include all staffing (salary schedules and extended days), substitutes, as-needed positions, and negotiated attendance incentives. Cost projections for FY-2021 includes a reduction in staffing levels (17 certified and 13 classified) due to the consolidation of elementary schools plus step increases for all eligible employees. Due to the current COVID pandemic and its impact on our economy, there was no increase in the wage base for FY-2021. FY-2021 cost have been reduced by \$550,000 due to the availability of Wellness and Success dollars discussed in the General Comments section. For FY-2022 through FY-2025, this forecast includes a ½% base wage increase and anticipated step increases. The current 3 year union contract for both classified and certified employees continues through June 30, 2021.

### **Fringe Benefits & Insurance**

This category includes employer contributions for retirement, medicare, workers' compensation, medical, dental, vision and life insurances. FY-2021 cost have been reduced by \$148,000 due to utilization of Wellness and Success dollars. Costs are planned at 39% of Personal Services for all years.

### **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-2021 is projected to decrease slightly due to several factors: 1) decrease in number of students leaving the District for community schools, 2) decrease in contracted services through the North Central Ohio ESC, and 3) reduction of fees for services provided by the County Board of DD. FY's 2022 through 2025 are projected to increase by a net 1% per year as increased cost will be offset by an expected return of students to the District's new high school in fiscal years 2023, 2024 and 2025.

### **Supplies, Materials & Textbooks**

Expenses in this category include district wide supplies, software, textbooks, bus fuel and bus parts. Supply cost for FY-2021 is forecasted down by 18% due to the consolidation of elementary buildings. FY-2022 through FY-2025 are forecasted up by 1.5% per year due to inflation with FY-2022 getting an extra increase of \$25K to cover the cost of moving into the new high school.

### **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 natatorium, 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, student enrollment and funding information as of November 30, 2020 and is subject to change.



# Fremont City Schools

Sandusky County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;

Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$10,210,649	\$10,095,373	\$10,611,912	2.0%	\$10,399,674	\$10,711,664	\$10,925,898	\$11,339,415	\$11,761,204	
1.020 Tangible Personal Property Tax	1,987,910	2,280,723	1,681,822	-5.8%	1,526,323	2,326,323	3,126,323	3,157,586	3,189,162	
1.030 Income Tax	8,226,163	8,053,316	8,711,771	3.0%	8,129,401	8,332,636	8,540,952	4,377,238		
1.035 Unrestricted State Grants-in-Aid	17,075,175	17,657,819	16,426,672	-1.8%	16,263,871	17,255,495	17,259,645	17,263,837	17,268,070	
1.040 Restricted State Grants-in-Aid	1,563,395	1,427,653	1,435,126	-4.1%	1,435,121	1,435,121	1,435,121	1,435,121	1,435,121	
1.045 Restricted Federal Grants-in-Aid - SFSF	0	0	0	0.0%						
1.050 Property Tax Allocation	1,816,660	1,442,869	1,393,687	-12.0%	1,397,622	1,383,646	1,369,809	1,356,111	1,342,550	
1.060 All Other Revenues	1,509,342	1,549,403	1,280,961	-7.3%	1,962,000	1,375,620	1,389,376	1,403,270	1,417,303	
1.070 <i>Total Revenues</i>	<b>42,389,294</b>	<b>42,507,156</b>	<b>41,541,951</b>	<b>-1.0%</b>	<b>41,114,012</b>	<b>42,820,505</b>	<b>44,047,124</b>	<b>40,332,579</b>	<b>36,413,410</b>	
<b>Other Financing Sources</b>										
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	76,060	66,221	67,187	-5.7%	1,000,000					
2.050 Advances-In	0	0	0	0.0%	70,000					
2.060 All Other Financing Sources	2,507	2,445	0	-51.2%						
2.070 <i>Total Other Financing Sources</i>	<b>78,567</b>	<b>68,666</b>	<b>67,187</b>	<b>-7.4%</b>	<b>1,070,000</b>					
2.080 <i>Total Revenues and Other Financing Sources</i>	<b>42,467,861</b>	<b>42,575,822</b>	<b>41,609,138</b>	<b>-1.0%</b>	<b>42,184,012</b>	<b>42,820,505</b>	<b>44,047,124</b>	<b>40,332,579</b>	<b>36,413,410</b>	
<b>Expenditures</b>										
3.010 Personal Services	23,537,217	24,161,591	23,534,762	0.0%	23,058,471	24,227,883	24,770,434	25,247,026	25,733,031	
3.020 Employees' Retirement/Insurance Benefits	8,603,611	8,870,154	8,890,024	1.7%	8,992,804	9,448,874	9,660,469	9,846,340	10,035,882	
3.030 Purchased Services	8,945,123	9,202,630	9,862,643	5.0%	9,650,000	9,923,250	10,022,483	10,122,707	10,223,934	
3.040 Supplies and Materials	1,062,077	1,007,173	1,097,159	1.9%	900,000	938,500	922,885	936,728	950,779	
3.050 Capital Outlay	63,842	66,142	156,041	69.8%	120,000	100,000	100,000	100,000	100,000	
3.060 Intergovernmental	0	0	0	0.0%						
Debt Service:										
4.010 Principal-All (Historical Only)	0	0	0	0.0%						
4.020 Principal-Notes	0	0	0	0.0%						
4.030 Principal-State Loans	0	0	0	0.0%						
4.040 Principal-State Advancements	0	0	0	0.0%						
4.050 Principal-HB 264 Loans	0	0	0	0.0%						
4.055 Principal-Other	0	0	0	0.0%						
4.060 Interest and Fiscal Charges	0	0	0	0.0%						
4.300 Other Objects	645,693	623,368	669,920	2.0%	640,000	640,000	640,000	640,000	640,000	
4.500 <i>Total Expenditures</i>	<b>42,857,563</b>	<b>43,931,058</b>	<b>44,210,549</b>	<b>1.6%</b>	<b>43,361,275</b>	<b>45,278,507</b>	<b>46,116,271</b>	<b>46,892,802</b>	<b>47,683,627</b>	
<b>Other Financing Uses</b>										

5.010	Operating Transfers-Out	4,983,060	66,221	67,187	-48.6%					
5.020	Advances-Out	0	0	70,000	0.0%					
5.030	All Other Financing Uses	0	0	0	0.0%					
5.040	<i>Total Other Financing Uses</i>	4,983,060	66,221	137,187	4.2%					
5.050	<i>Total Expenditures and Other Financing Uses</i>	47,840,623	43,997,279	44,347,736	-3.6%	43,361,275	45,278,507	46,116,271	46,892,802	47,683,627
6.010	<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	5,372,762-	1,421,457-	2,738,598-	9.6%	1,177,263-	2,458,002-	2,069,147-	6,560,223-	11,270,217-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	13,661,527	8,288,765	6,867,308	-28.2%	4,128,710	2,951,447	493,445	1,575,702-	8,135,925-
7.020	<i>Cash Balance June 30</i>	8,288,765	6,867,308	4,128,710	-28.5%	2,951,447	493,445	1,575,702-	8,135,925-	19,406,142-
8.010	<i>Estimated Encumbrances June 30</i>	305,656	428,673	778,984	61.0%					
	<b>Reservation of Fund Balance</b>									
9.010	Textbooks and Instructional Materials				0.0%					
9.020	Capital Improvements				0.0%					
9.030	Budget Reserve				0.0%					
9.040	DPIA				0.0%					
9.045	Fiscal Stabilization				0.0%					
9.050	Debt Service				0.0%					
9.060	Property Tax Advances				0.0%					
9.070	Bus Purchases				0.0%					
9.080	<i>Subtotal</i>	0	0	0	0.0%					
10.010	<i>Fund Balance June 30 for Certification of Appropriations</i>	7,983,109	6,438,635	3,349,726	-33.7%	2,951,447	493,445	1,575,702-	8,135,925-	19,406,142-
	<b>Revenue from Replacement/Renewal Levies</b>									
11.010	Income Tax - Renewal				0.0%				4,377,238	8,754,476
11.020	Property Tax - Renewal or Replacement	0	0		0.0%					
11.300	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.0%				4,377,238	13,131,714
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	7,983,109	6,438,635	3,349,726	-33.7%	2,951,447	493,445	1,575,702-	3,758,687-	6,274,428-
	<b>Revenue from New Levies</b>									
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	<i>Unreserved Fund Balance June 30</i>	7,983,109	6,438,635	3,349,726	-33.7%	2,951,447	493,445	1,575,702-	3,758,687-	6,274,428-