

TIFFIN CITY SCHOOLS
ACCOMPANYING SUMMARY OF FORECAST ASSUMPTIONS

Revenues

1.010 General Property Tax (Real Estate)

Forecasted fiscal year 2021 is based on county auditor estimates and prior actual collection rates. The auditor's estimate reflects a 2.1% increase of \$7.1 million in the district's real taxable valuation for tax year 2019, mostly from commercial and industrial properties. The most recent triennial update will be completed in 2020 with a six-year reappraisal in 2023. While economic development in the area had recently increased, estimates of revenue growth are difficult to predict, especially during the national pandemic. For that reason and the recent increase in new commercial abatements, all succeeding fiscal years conservatively assume steady amounts in all years with minor adjustments for expired exemptions. 2021 also includes a slight decrease of \$17,000 for a contested valuation. Fiscal years 2021 through 2024 include the continuation of the \$1,640,000 emergency levy that was renewed by the voters in May 2018 through the end of 2028.

Forecasted revenues in 2021 increased \$469,082 based on actual collections, which favorably impacts all succeeding years.

1.020 Tangible Personal Property Tax (Public Utility)

Forecasted fiscal year 2021 is also based on county auditor estimates and prior actual collection rates. The auditor's estimate reflects a significant 10.5% increase of \$6 million in the district's personal valuation for public utilities due to a new electric substation. Succeeding fiscal years are assumed to remain steady.

Forecasted revenues in 2021 increased \$196,438 based on actual collections, which favorably impacts all succeeding years.

1.035 Unrestricted State Grants-in-Aid

The new biennial budget (HB 166) for fiscal years 2020 and 2021 provided a guarantee that all districts would receive the same amount of unrestricted funding they received in 2019. Additional funding for Student Wellness and Success are provided instead but restricted for specific purposes and segregated from the general fund. For that reason, revenues of \$556,000 in 2020 and \$818,000 in 2021 do not appear in this forecast. Instead, qualifying expenditures in each of those years are removed from lines 3.010 Personal Services, 3.020 Employee Benefits, and 3.030 Purchased Services, according to a cooperative plan developed with a community partner. Such expenditures can include initiatives related to mental health, homeless youth, child welfare, community liaisons, health care, mentoring, family engagement & support, and professional development for trauma informed care and cultural competence.

In spite of the aforementioned guarantee, unrestricted funding was reduced \$499,000 in each biennial year due to COVID-19 budget cuts implemented by the state. All succeeding fiscal years are expected to return to 2019 amounts.

Casino tax revenues are also shown on this line, which began in 2013 when \$59,000 was initially received from the opening of several new casinos in Ohio. The taxes are distributed to public schools each January and August based on student population. Thereafter, about \$140,000 was received annually by the district through 2020. Due to statewide pandemic closures, the first payment for 2021 was 50% lower. All succeeding fiscal years are expected to return to prior amounts.

Forecasted revenues in 2021 increased \$381,188 based on actual funding for preschool and special education transportation, casino tax collections, and partial elimination of COVID-19 budget cuts. Basic state funding is expected to return to 2019 levels in 2022 while preschool, special education transportation, and casino taxes are expected to continue at 2021 levels. Various funding proposals from the Governor, House and Senate are not included in this forecast pending legislative passage by June 30, 2021.

1.040 Restricted State Grants-In-Aid

Restricted state funding for economically disadvantaged and career technical students is estimated by the State to total almost \$289,000 in 2021. Fiscal years 2022 thru 2025 assume constant levels from this source. Historically, this line also includes state reimbursements for catastrophic special education costs that average over \$90,000 annually but such is not guaranteed thus not included in forecasted years.

Forecasted revenues in 2021 and all succeeding fiscal years are not expected to change. Various funding proposals from the Governor, House and Senate are not included in this forecast pending legislative passage by June 30, 2021.

1.050 Property Tax Allocation

This line consists of state reimbursements for 1) real property tax rollbacks & homestead exemptions and 2) lost tangible personal property (TPP) taxes that were eliminated by House Bill 66 in 2007. Rollbacks and exemptions are estimated to total more than \$1.3 million annually, which is about 14% of real estate property taxes and assumes the same regularity from year to year. Annual hold-harmless TPP reimbursements from the district's current expense levies was phased out in 2016 by HB 64. Additionally, the annual hold-harmless TPP reimbursement of \$67,929 from the emergency levy began to phase-out in tax year 2018 @ an annual reduction of 20%. This equates to a decrease of \$13,586 annually until no reimbursement is received in fiscal year 2023. Prior to TPP taxes being phased out by state legislation, the district was collecting over \$2.1 million annually from this resource.

Forecasted revenues in 2021 decreased (8,290) based on actual reimbursements, which adversely impacts all succeeding years.

1.060 All Other Revenues

This line typically includes tuition from non-resident open-enrolled & foster-placed students, reimbursements from other districts for excess special education costs, pre-K tuition, interest income, pay-to-participate fees, facility rent, Medicaid claims, non-public auxiliary administration, transportation fees collected from other organizations, incidental insurance claims, and other miscellaneous items.

An abatement donation of \$47,000 from a local manufacturer ended in 2019. Reimbursement of \$60,000 for a special needs teacher assigned to Calvert Catholic Schools also ended in 2019. All pay-to-participate fees averaging \$71,000 annually for athletics and extra-curricular activities were fully eliminated by 2021. Interest income declined sharply beginning in 2020 due to the economic impact of COVID-19. Transportation fees are also expected to decline sharply due to the pandemic.

Incoming open enrollment increased \$24,000 beginning in 2020 for additional students from other districts. Annual revenue totaling \$15,000 from a farm lease begins in 2021. New reimbursements totaling almost \$1.2 million annually from other districts for non-resident students placed at the Tiffin Developmental Center will begin in 2022 with corresponding expenditures for contracted services from North Central Ohio Educational Service Center appearing on line 3.030 beginning in 2021.

Other forecasted components are expected to remain fairly constant.

Forecasted revenues in 2021 increased \$105,244 from additional handicap tuition, excess cost reimbursements, and incoming open enrollment, which favorably impacts all succeeding years.

Forecasted revenues in 2022 increased \$144,728 for potential treatment center reimbursements from other districts, which impacts all succeeding years and is offset by additional purchased services on line 3.030 in preceding years.

2.050 Advances-In

Fiscal year 2018 includes the repayment of one advance provided by the general fund to the mental health and recovery fund at the end of fiscal year 2017 on line 5.020. No future advances or repayments are anticipated.

No adjustment was made on this line.

2.060 All Other Financing Sources

This line may include refunds and adjustments of prior-year expenditures such as e-rate discounts, fuel tax exemptions, health insurance wellness reimbursements, Medicaid settlements, excess retirement contributions, workers' compensation rebates, college credit plus tuition, private scholarship reconciliations, and state funding corrections. 2021 includes actual receipts-to-date of \$9,503 for e-rate, fuel tax, and wellness refunds as well as \$110,712 from a workers' compensation rebate for COVID-19 relief. Another workers' compensation rebate of \$412,368 will be distributed in December of 2020. All refunds are unreliable thus not forecasted in future fiscal years.

Forecasted revenues in 2021 increased \$196,793 based on actual receipts that include an unanticipated refund of prior year special education scholarships for nonpublic students.

Updated local property taxes comprise 43% of all forecasted revenues in 2021. State funding sources comprise 49%. All other revenue sources comprise 8%.

Total forecasted revenues increased 3.4% compared to projections in November 2020.

Expenditures

3.010 Personal Services

Actual salaries in 2018, 2019 and 2020 reflect annual years-of-experience increases plus negotiated base increases of 3% each year along with 1) restored collectively bargained and administrative experience increases that were frozen in 2012 & 2013 and 2) re-designed non-represented salary schedules.

Forecasted salaries for 2021 through 2025 include average annual step increases of 2% for years-of-experience and continuing education advancements. 2021 and 2022 also reflect new annual negotiated base increases of 1.5% and 1% respectively that were extended to all employees. General fund staffing adjustments in 2021 include additional classroom aides and sweepers and one less intervention specialist.

2020 and 2021 also include reductions for salaries that qualify as Student Wellness and Success initiatives, including guidance counselors, school psychologists, in-school suspension, and the new social worker, that will be funded temporarily by the state. The restricted funding provided by HB 166 became available on October 17, 2019; therefore, 85% of the salaries for these positions (210,798) was transferred from the general fund in 2020. 100% (269,641) will be allocated in 2021.

2021 also includes a one-time reduction of (190,518) from federal CARES Act funding (***ESSER I***) that may be used for "activities necessary to maintain operations and continuity of LEA services and continuing employment of existing LEA staff" during the COVID-19 pandemic.

Forecasted expenditures in 2021 decreased (1,388,234) from additional federal CARES Act funding (ESSER II) that may be used for "activities necessary to maintain the operations and continuity of services and continuing to employ existing staff" including 7.5 online instructors, 18.5 renewed teachers, 1 elementary guidance counselor, and 63 extra-curricular positions. While this one-time decrease is subject to final approval by the Ohio Department of Education, it is nonetheless included in this forecast. Future federal funding from the ARP Act (ESSER III) is not included in this forecast pending clarification of additional restrictions and application requirements.

Forecasted expenditures in 2022 through 2025 decreased about (273,000) per year for a total of (1,092,404) from staff attrition including 4 teachers and 3 educational aides.

3.020 Employee's Retirement/Insurance Benefits

Actual and forecasted benefits include mandatory contributions for retirement (14%), Medicare (1.45%), and workers compensation (0.75%), all of which are based on forecasted salaries. Negotiated contributions for the district's group medical, dental and life insurance plans are also included on this line.

2020 includes a medical premium increase of 5% at the beginning of the fiscal year, which was the typical historical average. 2021 includes a premium increase of 14.5% due to unusually high volumes of medical claims. 2021 also includes an increase in the board's initial medical contribution from \$450 per employee to \$600 per single and \$800 per family. As always, the remaining premium will be shared equally by the board and employee. To offset the board's increase, the full contribution to a family plan for husband and wife employees was removed. A newly inflated historical average of 6.8% will be forecasted annually from 2022 through 2025. Dental premiums did not increase in 2020 but 6% was necessary in 2021. Future years anticipate a new historical average of 3.4% for annual dental increases. Monthly life insurance premiums did not increase for 2021 and are projected to remain constant in future years. By 2025, total health insurance costs are forecasted to exceed \$3.2 million annually.

Other expenditures on this line include pandemic unemployment compensation of \$20,000 in 2021, incidental unemployment up to \$10,000 per future years, and negotiated tuition reimbursements of \$15,000 annually. All fringe benefits average about 35% of annual salaries on line 3.010. Forecasted increases in 2022 through 2025 correlate with the expiration of Student Wellness & Success and pandemic CARES Act funding.

Forecasted expenditures in 2021 decreased (267,133) from benefits related to the aforementioned positions temporarily funded by ESSER II on line 3.010. Forecasted expenditures in 2022 through 2025 decreased about (88,000) per year for a total of (352,378) from the aforementioned staff attrition on line 3.010.

3.030 Purchased Services

Vocational, post-secondary & special education, professional services, travel, meetings, repairs, maintenance services, copier leases, utilities, outgoing community school & open enrollment, foster-placed & youth center tuition, and educational service center contracts are all included on this line.

Forecasted fiscal year 2021 includes a decline in community school transfers totaling (119,000) due to the district's new online Tornado Academy in response to COVID-19. It also includes forecasted decreases of (129,000) for scholarship transfers and (71,000) for college credit plus.

Forecasted increases in 2021 include \$43,000 for outgoing open enrollment, \$69,000 for services from the educational service center, \$28,000 for students at the Opportunity Center, and \$93,000 for alternative education. Annual inflation and other fluctuations in 2021 are estimated at 5%.

An additional expense of nearly \$1.2 million for residential students at the Tiffin Developmental Center in 2021 will be reimbursed by the responsible districts in 2022 on line 1.060.

One-time adjustments in 2021 include vocational satellite classes estimated at \$107,000 and the transfer of additional student wellness and success funds totaling \$69,000 for the school nurse, social worker, and resource officer. Student Wellness and Success funds are not guaranteed by the state at the end of this biennium; however, the projected remainder of nearly \$300,000 will be utilized in 2022.

The annual inflation rate applied to fiscal years 2022 through 2025 is 3%.

Forecasted expenditures in 2021 increased \$162,727 from fluctuations in outgoing open enrollment, community school students, scholarship transfers, college credit plus deductions, educational service center programs, excess opportunity center costs, and foster-placed tuition. It also increased \$225,354 from additional students at the Tiffin Developmental Center, which will be reimbursed in succeeding years as other revenue on line 1.060. The total increase in 2021 is \$388,081 which impacts all succeeding years.

3.040 Supplies and Materials

Consumable supplies for instruction, administration and maintenance, as well as software, textbooks, fuel and bus parts are all included on this line. Fiscal year 2021 is based on historical data and inflation of 2.5%. It also includes an annual curriculum budget of \$300,000 and an unspent carry-over from prior years of \$348,000; all of which will be utilized this year for updated curriculum. 2021 and all succeeding fiscal years also include an additional expense of \$132,000 for the Tornado Academy's online curriculum that was developed in response to the COVID-19 pandemic. The cost is nearly offset by a reduction in community school transfers of (119,000) on line 3.030 Purchased Services. All succeeding fiscal years also include the same annual inflation of 2.5%.

Pending expenditure of the annual curriculum budget and summer maintenance supplies, no significant variance is expected thus no adjustment was made on line 3.040 Supplies and Materials.

3.050 Capital Outlay

Annual capital outlay typically included \$200,000 for 2 new buses, \$200,000 for new or replacement technology, and \$5,000 for band instruments. Actual 2018 includes the deferral of 2 bus payments from 2017. Actual 2019 no longer includes the cost of replacing buses and other equipment, which is now provided by the permanent improvement levy that was renewed with an increase in the fall of 2016 and fully collected by 2019. The prior \$200,000 levy now collects \$800,000 annually from 1.72 additional mills. Actual 2019 includes a one-time addition of \$250,000 for wireless access from an e-rate subsidy and the utilization of \$163,000 for security and other technology upgrades from the annual reservation of capital improvements. Actual 2020 includes \$998,000 for land purchased in anticipation of a new elementary school to be partially funded by the Ohio Facilities Construction Commission; however, the proposed bond issue was not approved by the voters.

Forecasted fiscal year 2021 includes \$5,000 for annual band instruments and \$250,000 for technology equipment from its annual budget. 2021 also includes an additional \$6,000 from unspent technology reserves and \$87,000 for unspent security reserves carried over from prior years.

The general fund will continue to provide \$255,000 annually for band instruments and regular technology needs in subsequent years. Other capital needs can be provided by the district's continuing permanent improvement levy.

Pending expenditures and new purchase orders in May and June, no significant variance is expected thus no adjustment was made on this line.

4.050 Principal-HB 264 Loans

4.060 Interest and Fiscal Charges

Annual interest payments for the district's energy conservation project that began in 2014 and the corresponding annual principal payments that began in 2015 are shown on this line through 2020. As directed by the Auditor of State, the un-voted debt that averages about \$56,000 annually and expires in fiscal year 2029 will begin to appear on line 5.010 as a transfer to the bond retirement fund. Guaranteed energy savings from the project total about \$70,000 annually, which reduces utility costs on line 3.030 Purchased Services.

No adjustment was made on this line.

4.300 Other Objects

Tax collection and auditing fees, membership dues, commercial insurance and miscellaneous expenses not classified elsewhere are forecasted on this line. Actual fiscal years 2018 and 2019 include one-time settlements. Actual fiscal year 2020 includes an auditing increase of \$10,000 from the State of Ohio's initial year. Prior years were audited by independent public accountants contracted by the State. All forecasted years assume annual inflation of 2.5%.

Other than slight increases to tax collection fees and commercial insurance, no significant variance is expected thus no adjustment was made on this line.

Other Financing Uses

5.010 Operating Transfers-Out

Typical annual transfers from the general fund historically included \$52,000 to the uniform supplies fund to subsidize fees that are mandatorily waived by state law for students receiving free lunches and \$5,000 to the International Cultural Center for the district's 20% match to the community based program. Actual fiscal years 2018 and 2019 reflect bulk uniform supplies purchased for multiple years in 2017. Student fees collected for such purchases were eliminated in fiscal year 2021 for all students; therefore, the annual transfer will increase to 100% for an additional annual amount of about \$81,000.

All forecasted years 2021 thru 2025 also reflect the new transfer averaging \$55,000 annually that was mentioned above in lines 4.050 and 4.060 as required by the Auditor of State.

While the collection of delinquent fees from prior years and a decline in supplies purchased during the pandemic may reduce the transfer needed in 2021, no significant variance is expected in future years thus no adjustment was made on this line.

5.020 Advances Out

The most recent advance provided by the general fund to a non-operating fund in anticipation of future receipts or reimbursements occurred in 2017, which no longer appears on the forecast. No future advances are anticipated.

No adjustment was made on this line.

5.030 All Other Financing Uses

Actual expenditures made for the purpose of refunding monies such as state funding received in a prior fiscal year are shown on this line. The most recent refund occurred in 2017, which no longer appears on the forecast. No future refunds are anticipated.

No adjustment was made on this line.

Updated salaries & benefits comprise 63% of all forecasted expenditures in 2021. Purchased services comprise 30%. Supplies & equipment comprise 5%. All other expenditures comprise 2%.

Total forecasted expenditures decreased (0.6%) compared to projections in November 2020.

6.010 Excess of Revenues over (under) Expenditures

The district's annual budget was balanced through fiscal year 2019. Due to revenue estimates with limited growth from local property taxes, the district's reliance on unpredictable state funding, and inherent expenditure inflation from salary & health insurance increases and contracted student services; deficit spending began in fiscal year 2020 and is projected to escalate in all forecasted years.

Due to the aforementioned increase in total revenues and decrease in total expenditures, projected deficit spending is reduced in all forecasted years.

8.010 Estimated Encumbrances June 30

Outstanding purchase orders for services, supplies and equipment average about \$750,000 at the end of each fiscal year.

No adjustment was made on this line.

Reservation of Fund Balance

9.020 Capital Improvements

This line projects setting aside \$500,000 annually, beginning in 2017, to accommodate major renovations or new construction. \$250,000 was utilized in 2019 for security and technology upgrades on line 3.050. \$1,000,000 was utilized in 2020 for the land purchase on line 3.050. The forecasted reserve on June 30, 2025, totals \$3,250,000.

No adjustment was made on this line.

10.01 Fund Balance June 30 for Certification of Appropriations

The district's unencumbered cash balance at the end of each fiscal year for certifying future appropriations ranges from \$11.6 million in 2021 to a deficit of (8.2 million) in 2025.

Due to the aforementioned increase in total revenues and decrease in total expenditures, the district's estimated fund balance on June 30 ranges from \$14.2 million in 2021 to a deficit of (2.1 million) in 2025.

12.01 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations

With no replacement or renewal levies included in this forecast, the district's fund balance at the end of each fiscal year for certifying future contracts, salary schedules and other obligations remains the same as line 10.01 ranging from \$11.6 million in 2021 to a deficit of (8.2 million) in 2025.

While no replacement or renewal levies are included in this update, the district's estimated fund balance on June 30 of each fiscal year is the same as line 10.01, ranging from \$14.2 million in 2021 to a deficit of (2.1 million) in 2025.

15.01 Unreserved Fund Balance June 30

With no new levies included in the forecast, the district's unreserved fund balance on June 30 of each fiscal year remains the same as line 10.01 ranging from a projection of \$11.6 million in 2021 to a deficit of (8.2 million) in 2025.

With no additional levies included in this update, the district's unreserved fund balance on June 30 of each fiscal year is the same as line 10.01, ranging from an estimated \$14.2 million in 2021 to a deficit of (2.1 million) in 2025.