

**Sheffield-Sheffield City School District
Lorain County
Five Year Forecast for Fiscal Years 2019 through 2026**

	Actual				Average Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021			Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenues	Reappraisal CY18					Update CY2021		Reappraisal CY24		
1.010 General Property Tax (Real Estate)	\$11,664,821	\$12,126,406	\$11,949,310	1.2%	\$13,376,206	\$13,853,000	\$13,992,000	\$14,542,000	\$15,123,500	
1.020 Tangible Personal Property Tax	518,522	647,983	638,392	11.7%	658,612	685,000	712,400	740,900	770,500	
1.030 Income Tax										
1.035 Unrestricted Grants-in-Aid (all 3100's except 3130)	4,776,521	4,382,780	4,585,705	-1.8%	4,698,000	4,734,000	4,759,000	4,784,000	4,809,000	
1.040 Restricted Grants-in-Aid (3200's)	296,241	221,560	224,969	-11.8%	466,000	466,000	466,000	466,000	466,000	
1.050 Property Tax Allocation (3130)	1,270,280	1,239,956	1,225,201	-1.8%	1,243,095	1,240,000	1,240,000	1,240,000	1,240,000	
1.060 All Other Revenues	1,728,449	1,611,831	1,738,355	0.6%	976,000	976,000	976,000	976,000	976,000	
1.070 <i>Total Revenues</i>	20,254,834	20,230,516	20,361,932	0.3%	21,417,913	21,954,000	22,145,400	22,748,900	23,385,000	
Other Financing Sources										
2.040 Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0	
2.050 Advances-In	0	0	0	0.0%	0	0	0	0	0	
2.060 All Other Financing Sources	131,336	152,229	374,043	80.8%	140,000	140,000	140,000	140,000	140,000	
2.070 <i>Total Other Financing Sources</i>	131,336	152,229	374,043	80.8%	140,000	140,000	140,000	140,000	140,000	
2.080 <i>Total Revenues and Other Financing Sources</i>	20,386,170	20,382,745	20,735,975	0.9%	21,557,913	22,094,000	22,285,400	22,888,900	23,525,000	
Expenditures										
3.010 Personnel Services	11,686,724	11,631,441	11,596,334	-0.4%	12,315,000	12,958,700	13,503,500	14,412,000	15,017,000	
3.020 Employees' Retirement/Insurance Benefits	4,681,605	4,677,992	4,561,459	-1.3%	4,934,500	5,496,000	5,747,000	6,195,000	6,502,000	
3.030 Purchased Services	2,965,009	3,279,695	3,541,416	9.3%	2,760,000	2,566,000	2,531,000	2,622,000	2,648,500	
3.040 Supplies and Materials	506,199	459,006	325,712	-19.2%	419,500	388,500	428,500	528,500	528,500	
3.050 Capital Outlay	132,898	131,989	80,259	-19.9%	75,000	212,000	100,000	140,000	100,000	
4.300 Other Objects	373,523	432,241	365,649	0.2%	420,000	425,000	430,000	435,000	440,000	
4.500 <i>Total Expenditures</i>	20,345,958	20,612,364	20,470,829	0.3%	20,924,000	22,046,200	22,740,000	24,332,500	25,236,000	
Other Financing Uses										
5.010 Operating Transfers-Out	0	0	0	0.0%	0	0	0	0	0	
5.020 Advances-Out	0	0	0	0.0%	0	0	0	0	0	
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0	
5.040 <i>Total Other Financing Uses</i>	0	0	0	0.0%	0	0	0	0	0	
5.050 <i>Total Expenditures and Other Financing Uses</i>	20,345,958	20,612,364	20,470,829	0.3%	20,924,000	22,046,200	22,740,000	24,332,500	25,236,000	
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	40,212	(229,619)	265,146	-443.2%	633,913	47,800	(454,600)	(1,443,600)	(1,711,000)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,347,990	7,388,202	7,158,583	-1.3%	7,423,729	8,057,642	8,105,442	7,650,842	6,207,242	
7.020 <i>Cash Balance June 30</i>	7,388,202	7,158,583	7,423,729	0.3%	8,057,642	8,105,442	7,650,842	6,207,242	4,496,242	
8.010 <i>Estimated Encumbrances June 30</i>	143,247	129,037	195,427	20.8%	150,000	150,000	150,000	150,000	150,000	
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	7,244,955	7,029,546	7,228,302	-0.1%	7,907,642	7,955,442	7,500,842	6,057,242	4,346,242	
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	7,244,955	7,029,546	7,228,302	-0.1%	7,907,642	7,955,442	7,500,842	6,057,242	4,346,242	
Revenue from New Levies										
13.010 Income Tax - New										
13.020 Property Tax - New										
13.030 Cumulative Balance of New Levies	0	0	0		0	0	0	0	0	
15.010 <i>Unreserved Fund Balance June 30</i>	7,244,955	7,029,546	7,228,302	-0.1%	7,907,642	7,955,442	7,500,842	6,057,242	4,346,242	

See accompanying summary of significant forecast assumptions and accounting policies
Only includes general fund. Other funds like debt, permanent improvement, food service, federal grants, etc. are not part of the forecast

SHEFFIELD-SHEFFIELD CITY SCHOOLS FORECAST ASSUMPTIONS

May 12, 2022, Board Meeting

REVENUES:

1.010-1.020 Property Tax – FY21 receipts dropped as a result of delinquencies going up by 227K; however, the first half of FY22 was up given that high early collections suggest many of those delinquencies are now being made current. But the reason for most of the increase is the past valuation update which placed the district at the 20-mill floor. Instead of only getting growth on our 3.8 inside mills from increased valuations, we now get general fund growth on 20 mills whenever property values increase.

Property tax revenues are based on historical growth patterns, including scheduled updates and reappraisals. FY19 property tax receipts dropped 220K as a result of a large taxpayer being granted tax exempt status retroactively and receiving a refund for previously paid taxes going back to 2015, which pulled down the net total that the District received in FY19.

In May 2019, voters approved a 19.88 mill substitute levy which combined three emergency levies into one continuing levy. This provides long-term stability for this key line item which makes up more than half of the district's general fund revenue.

Tangible personal property tax is generated from telephone, natural gas, electric and water lines and follows similar trends as real estate where new growth is prompted by economic development.

A countywide triennial appraisal update happened in 2021 where the District's total property values are set at \$403,394,360 for CY22 collections. The update allowed revenues to increase from our 3.8 inside mills and 16.2 of the general fund's other 35.4 outside mills since we have now reached the 20-mill floor. HB920 which has been in place since the mid-1970's only allows growth on inside millage when property values change. Most other mills are reduced as property values rise until such mills, when added to the inside mills, have been reduced down to 20 mills. When a district reaches 20-mills, property reappraisals result in much more revenue. This increase begins to show for half of FY22 and then increases further in FY23 when the full fiscal year of collections are reflected at the higher valuation. CY21's valuation was \$361,438,940; CY20 was \$356,119,450; and CY19 was \$353,523,370; which were all slight increases from new construction and public utilities. A full appraisal occurred in calendar year 2018 and will take place again in 2024.

1.030 Income Tax - The District has no income tax collections.

1.035 Unrestricted Grants-in-Aid – This line is primarily the state funding formula. FY20 was scheduled to remain the same as the previous year until it was reduced by 355K in May due to COVID. FY21 state funding began the same as what was received in FY20 but the Governor did restore 195K.

State funding is determined every two years and FY22 is the first year of this cycle's biennium budget. Efforts to come up with a more equitable and stable funding formula continue from year

to year. The latest effort is the Fair School Funding Plan (FSFP) which was successfully incorporated into the biennium budget with bipartisan support and by all accounts is as close as the State has ever come to fairly and adequately funding public schools. It is a huge leap forward to providing a fully functional formula that takes into account many aspects of school funding and individual district demographics. The District will monitor its impact upon Sheffield-Sheffield Lake schools. Present simulations roll the Governor's proposed Student Wellness & Success funds (SWSF) into restricted aid and is reflected in line 1.040 starting in FY22. Simulations show our FSFP amounts to remain similar to our pre-COVID state funding. Final funding always ends up different from initial proposals for a variety of reasons. The FSFP affects revenue and expense lines 1.035, 1.060 and 3.030 such that large changes will be seen to begin in FY22; however, the net change from FSFP is negligible. This forecast is based on the amounts reflected in the first Jan 2022 ODE settlement statement.

Per AOS bulletin 2012-08 casino revenue is reflected in line 1.035 (86K in FY16, 86K in FY17, 90K in FY18, 91K in FY19 and 92K in FY20). FY21 casino revenues came in above 69K, the drop being due to COVID. FY22 shows a 10K increase to where casino revenues rebound back to pre-COVID amounts, while FY23 and beyond show increases of 25K per year in anticipation of a continuing rebound in casino revenues as well as anticipation of unknown legalized sports gambling proceeds.

1.040 Restricted Grants-in-Aid – For FY21 this line includes \$11,950 for career tech, \$150,014 for economically disadvantaged students, and \$63,004 for catastrophic aid reimbursement. Per the new FSFP formula FY22 estimates 181K for student wellness, 146K for economically disadvantaged students, 76K for gifted services, 3K for career tech all based on the first Jan 2022 ODE settlement statement, as well as 60K for catastrophic aid reimbursement. This funding is expected to remain level throughout the forecast.

1.050 Property Tax Allocation – These are taxes paid by the State on behalf of taxpayers (aka rollbacks and homestead credits). Property tax allocation revenues are based on historical growth patterns, including scheduled updates and reappraisals. Prior to 2016 this line also included another 528K which was the State's hold harmless reimbursement for the District's lost commercial tangible property taxes that came about from past tax reforms. Over the years, the State has gradually phased that reimbursement out until Sheffield-Sheffield Lake was completely phased out from such payments at the end of calendar year 2020.

1.060 All Other Revenues – This line includes tuition from other districts, investment earnings, revenue in lieu of taxes and all other miscellaneous revenue. The drop from FY21 to FY22 is from the FSFP which no longer takes open enrollment money from other districts, thus we are not receipting revenue into this line from open enrollment (764K in FY21).

2.010 Proceeds from Sale of Notes - The District does not anticipate any sales of notes.

2.050 Advances-In – These are monies that were advanced out in previous year(s) and returned back to the general fund. Line 2.050 should match the previous year's line 5.020.

2.060 All Other Financing Sources --This line includes revenue for the sale of assets and refunds of prior year expenditures, such as SERS refund amounts and BWC rebate checks. FY21 includes 122K from SERS and a 37K rebate along with a one-time dividend of 137K from Workers Compensation. Future years do not anticipate amounts as large as in FY21.

EXPENDITURES:

3.010 Personnel Services – The amounts for salaries and benefits are based on existing negotiated agreements. A three-year agreement was approved with teachers in the spring of 2021 with 2.5% base salary increases for FY22, FY23 and FY24. This matches the previous 2.5% increases from FY19, FY20, and FY21. The agreement with classified staff was approved in the spring of 2022 with 2.5% base salary increases for FY23, FY24, and FY25. It also includes a 75 cent increase to all hourly rates effective FY23. Years beyond assume a 2.5% base salary increase. Personnel services will increase more than usual in FY22 due to the return of salaries having to be paid by the general fund which were temporarily covered by the Student Wellness & Success funds (fund 467) and COVID relief funds (fund 507). This line also includes substitute teaching costs which were 171K in FY21 and 146K in FY20 compared to 218K in FY19. FY22 substitute costs are forecast to be 270K. FY22 includes increases for a new elementary principal and middle school principal over last year's assistant and substitute, as well as a new technology administrator. FY22 includes reductions of about 260K for four (4) positions that will be funded with ESSER money through the end of FY24. The cost for those positions are shown to return to the general fund on the forecast in FY25.

3.020 Employees' Retirement/Insurance Benefits – This line includes the Board's contribution to each employee's retirement system (STRS or SERS) which is equal to 14% of wages paid. It also includes 1.45% of each employee's wages that the Board matches into Medicare. These board shares are in addition to similar amounts that employees must pay themselves. This line also contains unemployment, workers compensation, and health and life insurance costs. The District belongs to a consortium of area school districts (LERC) which helps spread the risk of insurance claims costs and allows for more favorable annual bidding because of the larger number of lives it represents. FY22 health insurance includes a 6% premium increase. LERC allows annual opportunities to meet claims criteria which may result in one-time premium payment "holidays" that could reduce this line as much as 245K in a year, assuming the consortium as a whole is doing well. The FY22 premium holiday was a partial amount of 174K. FY23 health insurance includes a 9.5% premium increase while future years assume premium increases ranging from 5-6% with no premium holidays.

3.030 Purchased Services – Purchased services include contracted technology, utilities, repairs, leases, professional development, and tuition payments. This line is forecast to remain relatively steady in FY23 through FY26. Tuition payments are on behalf of Sheffield-Sheffield Lake residents and in FY21 included open enrollment (102K), charter schools (400K), foster placed and/or court-ordered students (90K), and special education scholarships and/or autism scholarships (294K) to private schools. The Fair School Funding Plan's method of funding students removed the open enrollment and charter school costs starting in FY22. FY22 reflects 88K of reduced costs that will be paid using ESSER funding. Those costs return to this line in FY25 when the ESSER funding is expected to end.

3.040 Supplies and Materials – This includes textbooks and classroom supplies, as well as office, health, custodial, maintenance and transportation supplies and materials. Rotation and replacement of curriculum and instructional materials is included in this forecast where some years may have more expensive textbook adoptions than others. Textbooks will be subsidized using federal ESSER funding in FY22, FY23 and FY24.

3.050 Capital Outlay – In FY20 the District replaced many Chromebook devices. This was a partial replacement of those at or beyond the typical useful life. Projections include the

continued rotation and replacement of technology equipment. Most building related capital improvements are handled by the permanent improvement fund outside of this forecast. FY22 and FY23 costs are expected to be reduced by using ESSER funding. FY23 includes 37K for a replacement vehicle and 100K to cover the district share to purchase two new buses through the State's subsidy plan.

4.300 Other Objects – This line includes county auditor and treasurer fees, annual audit fees, bank charges and other district dues and fees. It also includes some payments to the county educational service center. Recent adjustments to the ESC multiservice agreement decreased these costs in FY21. They increased in FY22 due to increased revenue collections and then they will remain relatively flat throughout the rest of the forecast.

5.010 & 5.020 Operating Transfer-Out and Advances Out – In the past, this was typically done for other funds that carried a negative balance, particularly the food service and athletic funds. Changes in procedures and operations over the last several years have made that no longer necessary. A transfer leaves the general fund forever while an advance is considered a loan where the receiving fund is expected to pay back the general fund.