

**Sheffield-Sheffield City School District
Lorain County
Five Year Forecast for Fiscal Years 2020 through 2027**

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues			Update CY2021			Reappraisal CY24			Update CY2027	
1.010 General Property Tax (Real Estate)	\$12,126,406	\$11,949,310	\$13,376,206	5.2%	\$13,703,000	\$13,992,000	\$14,542,000	\$15,123,500	\$15,426,000	
1.020 Tangible Personal Property Tax	647,983	638,392	658,612	0.8%	685,000	712,400	740,900	770,500	778,200	
1.030 Income Tax										
1.035 Unrestricted Grants-in-Aid (all 3100's except 3130)	4,382,780	4,585,705	4,869,214	5.4%	4,905,500	4,930,500	4,955,500	4,980,500	5,005,500	
1.040 Restricted Grants-in-Aid (3200's)	221,560	224,969	518,744	66.1%	519,000	519,000	519,000	519,000	519,000	
1.050 Property Tax Allocation (3130)	1,239,956	1,225,201	1,243,095	0.1%	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	
1.060 All Other Revenues	1,611,831	1,738,355	1,154,446	-12.9%	1,165,000	1,175,000	1,185,000	1,195,000	1,205,000	
1.070 Total Revenues	20,230,516	20,361,932	21,820,317	3.9%	22,217,500	22,568,900	23,182,400	23,828,500	24,173,700	
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	152,229	374,043	21,722	25.8%	75,000	75,000	75,000	75,000	75,000	
2.070 Total Other Financing Sources	152,229	374,043	21,722	25.8%	75,000	75,000	75,000	75,000	75,000	
2.080 Total Revenues and Other Financing Sources	20,382,745	20,735,975	21,842,039	3.5%	22,292,500	22,643,900	23,257,400	23,903,500	24,248,700	
Expenditures										
3.010 Personnel Services	11,631,441	11,596,334	12,414,864	3.4%	13,152,600	13,705,000	14,584,000	15,196,500	15,835,000	
3.020 Employees' Retirement/Insurance Benefits	4,677,992	4,561,459	4,919,957	2.7%	5,280,000	5,793,000	6,229,000	6,544,000	6,836,000	
3.030 Purchased Services	3,279,695	3,541,416	2,959,446	-4.2%	2,956,000	3,009,000	3,109,000	3,202,000	3,326,000	
3.040 Supplies and Materials	459,006	325,712	479,222	9.0%	388,500	428,500	528,500	544,500	561,000	
3.050 Capital Outlay	131,989	80,259	45,469	-41.3%	183,000	110,000	150,000	100,000	100,000	
4.300 Other Objects	432,241	365,649	430,380	1.1%	435,000	440,000	445,000	450,000	455,000	
4.500 Total Expenditures	20,612,364	20,470,829	21,249,338	1.6%	22,395,100	23,485,500	25,045,500	26,037,001	27,113,000	
Other Financing Uses										
5.010 Operating Transfers-Out	0	0	9,892	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 Total Other Financing Uses	0	0	9,892	0.0%	0	0	0	0	0	
5.050 Total Expenditures and Other Financing Uses	20,612,364	20,470,829	21,259,230	1.6%	22,395,100	23,485,500	25,045,500	26,037,001	27,113,000	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(229,619)	265,146	582,809	47.8%	(102,600)	(841,600)	(1,788,100)	(2,133,501)	(2,864,300)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,388,202	7,158,583	7,423,730	0.3%	8,006,539	7,903,939	7,062,339	5,274,239	3,140,738	
7.020 Cash Balance June 30	7,158,583	7,423,729	8,006,539	5.8%	7,903,939	7,062,339	5,274,239	3,140,738	276,438	
8.010 Estimated Encumbrances June 30	129,037	195,427	280,328	47.4%	200,000	200,000	200,000	200,000	200,000	
10.010 Fund Balance June 30 for Certification of Appropriations	7,029,546	7,228,302	7,726,211	4.9%	7,703,939	6,862,339	5,074,239	2,940,738	76,438	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	7,029,546	7,228,302	7,726,211	4.9%	7,703,939	6,862,339	5,074,239	2,940,738	76,438	
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 Unreserved Fund Balance June 30	7,029,546	7,228,302	7,726,211	4.9%	7,703,939	6,862,339	5,074,239	2,940,738	76,438	

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.

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SHEFFIELD-SHEFFIELD CITY SCHOOLS FORECAST ASSUMPTIONS

October 13, 2022, Board Meeting

REVENUES:

1.010-1.020 Property Tax – FY21 receipts dropped because of delinquencies going up by 227K; however, the first half of FY22 was up given that high early collections suggested many of those delinquencies were made current. But most of the FY22 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.

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.

Property tax revenues are based on historical growth patterns, including scheduled updates and reappraisals. 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. Such an appraisal in CY24 results in greater collections in CY25. CY25 straddles the end of FY25 and the beginning of FY26.

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.

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, and rebounded to 101K in FY22. 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. FY22 included 182K for student wellness, 146K for economically disadvantaged students, 76K for gifted services, 3K for career tech, and 111K in 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 2022.

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). FY23 and beyond includes an increase of 10K per year based on higher interest rates that will bring in more investment revenue.

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

2.050 Advances-In – These are monies that are 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 increased 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 external substitute teaching costs which were 219K in FY22, 171K in FY21 and 146K in FY20 compared to 218K in FY19. FY22 included increases for a new elementary principal and middle school principal over FY21'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. One position returned to the general fund in FY23, leaving three (3) positions 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 included 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 260K 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. FY23 health insurance costs have been reduced by 260K for the premium holiday.

3.030 Purchased Services – Purchased services include contracted technology, utilities, repairs, leases, professional development, and tuition payments. This line is forecast to increase 3% each year after FY23. 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 were 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. FY26 and FY27 reflect inflationary increases of approximately 3%.

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. FY24 includes 10K for music instruments. FY25 includes a salt truck replacement.

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; however, FY22 did end with a \$9,892 transfer to the athletic fund. 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.