

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO FINANCIAL FORECAST
NOV 2020 ASSUMPTIONS**

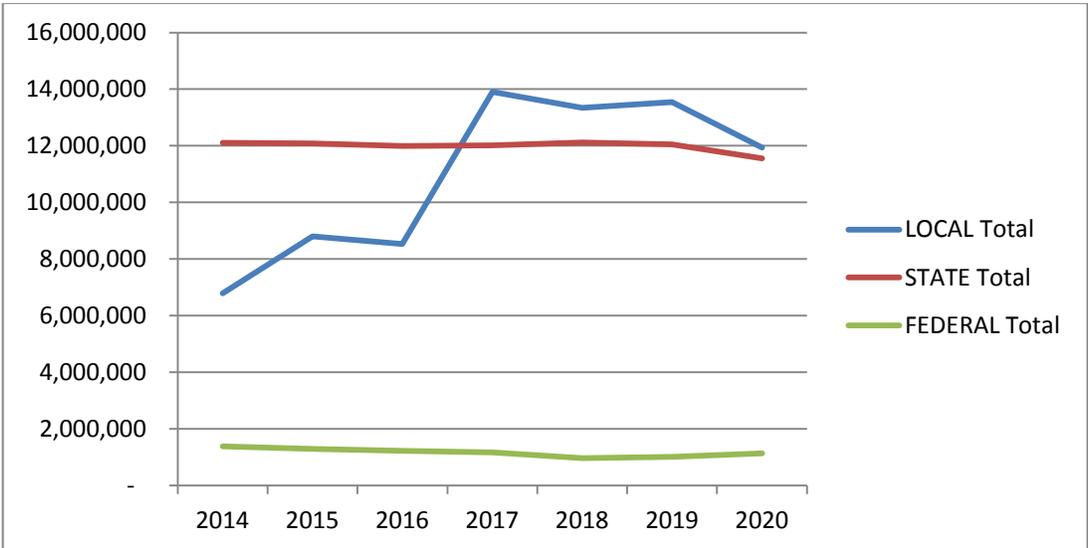
TERMS AND ABBREVIATIONS

- ESC** = Educational Service Center
- FY** = Fiscal Year from July 1st of one year to June 30th of the next.
- FYTD** =Fiscal Year-To-Date is an accumulation from July 1st to any point into the fiscal year.
- GF** =General Fund
- ITC** = Information Technology Center (computer connection to State)
- OT** =Overtime (if in salary line) or Occup. Therapy (in purch serv line)
- Reappraisal** =Every 6 years Real Estate values are reappraised by the county auditor
- SF-6** =Spec Ed funding
- WC** =State of Ohio workers'compensation program for injuries sustained on the job.
- "k"** =thousand. Ex: \$10k is \$10,000, \$75k is \$75,000, etc.

REVENUES

1.010...Real Estate Tax

Local tax revenue has become increasingly difficult to accurately forecast in recent years, due to the gas and oil play our area is receiving. Tax payment patterns vacillate between the old (paying half in Spring and half in the Fall) and new patterns (paying entire year in Spring or Fall). Pipeline tax revenue began in FY19, but oil & gas taxes have begun to wane, thereby causing the District not to realize the full new pipeline tax revenue. See Graph below, showing actual history/trend for major operating revenues (**Local**, **State**, **Federal**).



FY21:

Encino paid their 1st half 2020 taxes late, so the money was not received by the District in FY20 as it should have. So, FY20 is understated by \$1,164,000. This will cause FY21 to be overstated if Encino reverts back to paying on-time in calendar year 2021.

To forecast FY21, took what was actually received in the Fall 2020 tax settlement and looked back to the Spring 2020 tax settlement to estimate what the Spring 2021 tax settlement might look like. Added \$1.1 million to the Spring 2020 amount to account for Encino's late payment, assuming they pay on time in 2021.

FY22: Took FY21 projected amount and subtracted one of the two Encino payments of \$1.1 million, which brought the number to \$12.83 million. Since the revenue trend is declining, slightly reduced FY21 amount to project the FY22 amount. The decline shown is not severe, as it is assumed that reappraisal in 2019 (collected in 2020) will help offset any further gas & oil declines. The big unknowns are: the future oil & gas production, the taxable values assigned to both, and the outcome of the pipeline appeal.

FY23-25: Absent good info, keeping flat. Will revisit on May 2021 update.

1.035...Unrestricted State Aid

FY21: Used the most recent funding document. This projected amount includes the same \$500k reduction that FY20 experienced due to economic ramifications of COVID-19 pandemic shut-downs.

FY22-25: Assume full economic recovery from pandemic and reinstatement of pre-pandemic funding guarantees (as received in the past) will remain in place.

1.040...Restricted State Aid

FY21-25: Career Tech funding and funding for economically disadvantaged students are tracked on this revenue line. Both of these funding pieces have specific purposes and require specific tracking of how they are spent. Used most recent funding document and assumed that level for each forecasted year.

1.050...Property Tax Allocation

FY21-25: Used FY2018-2020 revenue average and increased the average by 1% for each forecasted year.

1.060...Other Revenues

Items are open enrollment revenue, interest income, SF-6 billing revenue, Medicaid reimbursements, preschool fees, summer school fees,

donations, turf pledges, etc.

FY21-25: Many different pieces fund this line. Some pieces are very fluid and impossible to accurately forecast. Took FY20 levels and reduced due to decreased interest rates, decreasing cash balances available to invest, and other multiple pandemic factors.

2.050...Advances-In

FY21-25: Difficult to accurately forecast, but these transactions are merely a repayment of what was loaned to other funds, so it is not real revenue for operating purposes. The expenditure side (Advances-Out) is forecasted the same to make it a net effect of zero to the forecasted cash balance.

2.060...Other Financing Sources

FY21-25: This line is comprised of receipts that are refunds of prior year expenses, which vary from year to year (usually SERS and STRS true-ups of state foundation deductions that are based on estimates).

EXPENDITURES

3.010...Personal Services

Approximately 80% of regular salaries are certified and 20% classified. Must be mindful that each bargaining unit incurs a cost for movement up through the salary schedule in addition to the negotiated raises. For certified, this cost is an additional 2% each year; for classified, it is approximately .8% each year. Temporary salaries (subs/OT/timesheet duties) are approximately \$465,000 per year.

FY21: Took 10/15/20 FYTD salaries and added 17 pays worth of GF salaries based on the 10/15/20 GF payroll (note that although CEA negotiations were pending, teachers had already received their step increase and/or column movement increase at the beginning of their contract year). Reviewed previous years' use of subs/OT, and subtracted what has been paid so far this year and added the difference. Added supplemental pays yet to be paid, totaling \$425,000. Added the upcoming December lump sum payments to classified staff in the amount of \$75,000. The certified staff has received a 2% increase and additional steps (three) on the salary schedule, neither of which are included in the Oct 2020 payroll data, so those were added for a total of \$283,000. Classified staff received a negotiated 2.5% increase on their respective base salaries and is included in the Oct 2020 payroll data.

FY22-FY25: Assumed negotiated 2% increases for all staff, each year, while assuming current staffing levels.

3.020...Retirement/Insurance

FY21: Took FYTD activity as of 9/30/20 and added 9 months of cost based on Sept 2020 costs. Added \$40,000 to cover WC premium that is paid in a lump sum in Dec. In May 2021, costs will be reduced by approximately \$386k due to grants repaying the GF for fringe benefits.

FY22: Healthcare costs are 70% of this line and retirement costs are 30%. Assumes overall composite increase of 6% (healthcare increase of 5%, and retirement increase of 3%). Retirement costs are deducted from state foundation on a 6 month lag.

FY23-25: Assume 5% composite increase each year.

3.030...Purchased Services

This line includes many types of expenses: utilities, tuition charges by other districts, outgoing open enrollment, ESC services, ITC services, legal fees, OT/PT services and more. Most of these expenses are not discretionary in nature and some are very fluid.

FY21: Took FYTD spending as of 10/9/20, added encumbrances of \$3.64 million, subtracted those encumbrances that would not be paid this FY. Added \$250k with 8 months left in the FY.

FY22-25: Applied 3% increases to each year.

3.040...Supplies

FY21: Took FYTD spending as of 10/28/20, and added what has been encumbered. This brought us to \$860k. Added an additional \$125k for Science curriculum and \$100k to get through remaining 8 months.

FY22: Kept spending the same as FY21 since there will be a Math curriculum review.

FY23-FY25: Capped at \$800k to partially address deficit spending.

3.050...Capital Outlay

FY21: As of 10/29/20 took what we have spent FYTD and added what is encumbered for a total of nearly \$300k. Added \$261k for 3 buses, and \$75k to get through remaining 8 months.

FY22-25: Capped at \$500k to partially address deficit spending.

4.300...Other Objects

FY21-FY25: Includes audit fees, county auditor/ treasurer fees. As their operating costs increase; will assume increases each year.

5.010...Transfer Out

FY21-FY25: Required to transfer \$191k to the Classroom Facilities Maintenance Fund for the OFCC 6-12 building project, in lieu of passing half mill PI levy.

5.020...Advances Out

FY21-25: Not significant, because these entries are only a loan to other funds that are always repaid for a net effect of zero.