

Reynoldsburg City School District

Five-Year Forecast Assumptions and Notes

For the Period July 1, 2017 Through June 30, 2025

May 18, 2021

Overview

The five-year forecast is a planning tool that uses current, available data and reasonable assumptions to form a hypothetical representation of Reynoldsburg City Schools' financial future. Forecasts, by their nature, are not designed to be exact, but are rather a tool to provide information to assist in the community and stakeholders in the planning and assessment of the financial condition of the District.

The five-year forecast is a working document based on a set of assumptions that can change as more up-to-date information becomes available. While any financial forecast has inherent uncertainty, the COVID-19 Pandemic and resulting economic issues have exacerbated this uncertainty. Forecast assumptions are based on historical data, current and projected economic conditions, as well as current and anticipated District programs and services. The unprecedented conditions make it extremely challenging to project future revenues and expenditures and limits the usefulness of historical data.

The District is projecting that expenditures will start to surpass revenues this fiscal year, however the influx of ESSER funds may reduce or eliminate the negative cash flow in FY2021. In addition, our healthy cash balance will help to mitigate the projected future deficits in the short term, however additional revenues will need to be generated in the future, most likely via an operating levy.

Our financial situation will continue to evolve in this ever-changing environment. We are consistently monitoring the situation and adjusting to new information as it becomes available. Even in these challenging times, we have not lost focus of our responsibilities and commitment to the students and the taxpayers in the District.

The following provides more detailed information on the assumptions used in this forecast. For additional information, please make an appointment with Tammy Miller, Reynoldsburg City School's Treasurer, by calling 614-501-1020.

----Revenues----

Real Estate Tax (line 1.010)

Real estate taxes are based on property values in the District. Property values are determined and taxes are assessed on a calendar year. Property values for CY21 are \$896M, which is an increase of 19% over CY20 due to triennial update and new construction. This translates into an estimated increase in tax collections of \$1M in FY21 and an additional \$631K in FY22.

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Real Estate Taxes	22.7M	22.9M	23.2M	24.2M	24.8M	24.8M	24.8M	24.8M
Rollbk/Hmsite/Hmstd	2.9M	2.9M	2.9M	2.9M	2.9M	2.9M	2.9M	2.9M
Total	25.7M	25.8M	26.1M	27.1M	27.7M	27.7M	27.7M	27.7M

*differences due to rounding

See Appendix A for additional information on property values and tax collections.

Personal Property Tax (line 1.020)

Personal property taxes are now completely phased out. School districts were receiving a subsidy (part of line 1.050) to help off-set the loss of tax revenue. However, this subsidy has been eliminated for Reynoldsburg. FY2011 was the last year the District received any substantial revenue from this subsidy. The District occasionally receives small payments from delinquent collections.

Income Tax (line 1.030)

The District receives revenues from a continuing .5% income tax levy. From FY2018 through FY2020, income tax increases averaged around 4.5%. Due to the decline in incomes from the economic shutdown, income taxes are expected to decline about 4.5% in FY21, and are forecasted to remain flat in FY22 and begin to slowly increase in FY23-FY25.

See Appendix B for additional information.

State Funding (line 1.035)

The State sets funding for school districts every two years as part of the biennial budget. FY2021 is the second year of the 2020-2021 biennial budget. Due to last spring's economic shutdown, the District's state funding was reduced by \$850K in FY20 but the funding cut was partially restored in FY21.

The District also receives casino revenue each year. FY21 revenues are expected to be lower than usual but are projected to rebound quickly.

The growth in state funding from FY22-FY25 is due to anticipated growth in casino revenues.

FY20 Formula Funding Prior to Cut	\$37,904,101
FY20 Cut	(\$848,563)
FY20 Formula Funding After Cut	\$37,055,538
FY21 Formula Funding	\$37,055,538
Partial Re-instatement of FY20 Cut	\$465,386
FY21 Formula Funding with Re-Instatement of Cut	\$37,520,924
Additional Aid Items:	
Enrollment Growth Funding	\$669,432
Pre-School SE Funding	\$768,421
Special Ed Transportation Funding	\$432,134
Casino Funding	\$324,597
Total FY21 Calculated Funding	\$39,715,508

See Appendix C for additional information.

Property Tax Allocation (line 1.050)

This line item of the forecast includes reimbursement for the Rollback and Homestead deductions which are deducted from taxpayers’ property tax bills. The State reimburses the District for these deductions. In FY2021, this is estimated to be approximately \$2.9M and remain relatively flat for the forecast period.

See Appendix A for additional information on property values and tax collections.

Other Revenues (line 1.060)

Other revenues include tuition from other districts, revenue in lieu of taxes (TIF receipts), interest on investments, open enrollment, etc. The breakdown of other revenues for FY2021 is:

Open Enrollment	\$3.36M
TIF Receipts	\$2.71M
Tuition & Spec Ed Reimb	\$1.17M
Interest Income	\$0.53M
All Other	<u>\$0.89M</u>
Total	\$8.65M

In FY2013, the District began accepting open enrollment students. Currently, roughly 558 open enrollment students attend Reynoldsburg Schools generating \$3.36M in revenue. This is equivalent to a 3.75 mill operating levy.

All Other Financing Sources (line 2.060)

This line includes refunds of prior years’ expenditures, Workers’ Compensation refunds, insurance reimbursements, and other items not categorized as revenues.

----*Expenditures*----

Salaries (line 3.010) and Benefits (line 3.020)

Salaries

Teacher Contract

The District approved a one-year contract with teaching staff effective 8/1/2020 through 7/31/2021. The contract includes a 4% longevity step increase each year for most teaching staff plus a 1% base salary increase for all teaching staff: Performance bonuses were removed from the contract.

Classified Contract

The District approved a three-year contract with classified staff effective 7/1/2018 through 6/30/2021. The contract includes longevity steps plus the following salary increases: 4% FY2019, 1.5% FY2020, and 2% FY2021.

For forecast years not covered by a negotiated agreement, a 2% annual base increase plus an annual step increase was used to estimate personnel costs.

Benefits

Benefits include employer contributions to School Employees Retirement System, State Teacher Retirement System, Medicare, and Workers' Compensation. These benefits are calculated as a percentage of salaries.

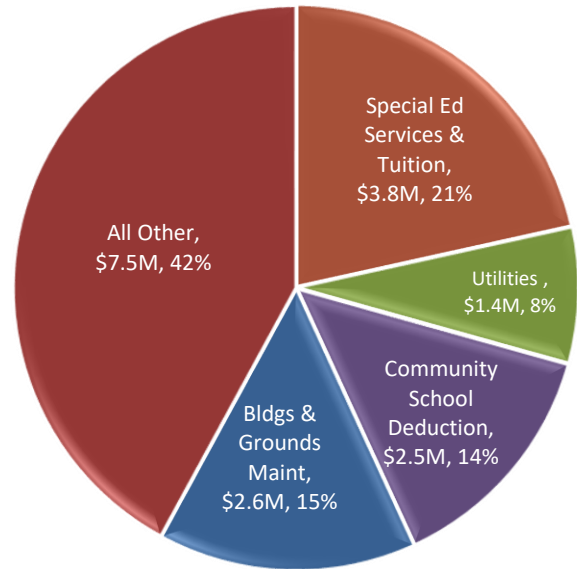
Benefits also include health insurance. Health insurance rates are renewed every January 1st. Rates are forecasted to increase 10% on January 1, 2022 and each January 1st thereafter for the remainder of the forecast.

Tuition reimbursements, unemployment, and custodial uniform allowance are also included in benefits.

See Appendix D for additional information.

Purchased Services (line 3.030)

Purchased services include, among other things, utilities, building repairs and maintenance, bus repairs and maintenance, service agreements, copier leases, META computer services, meeting and mileage expenses, special education tuition and services, and open enrollment and community school students leaving the District. This line item accounts for 22% of total expenditures (line 4.500) and is the most volatile. Many of the items in this category, such as special education and community school students, can vary widely from year to year.

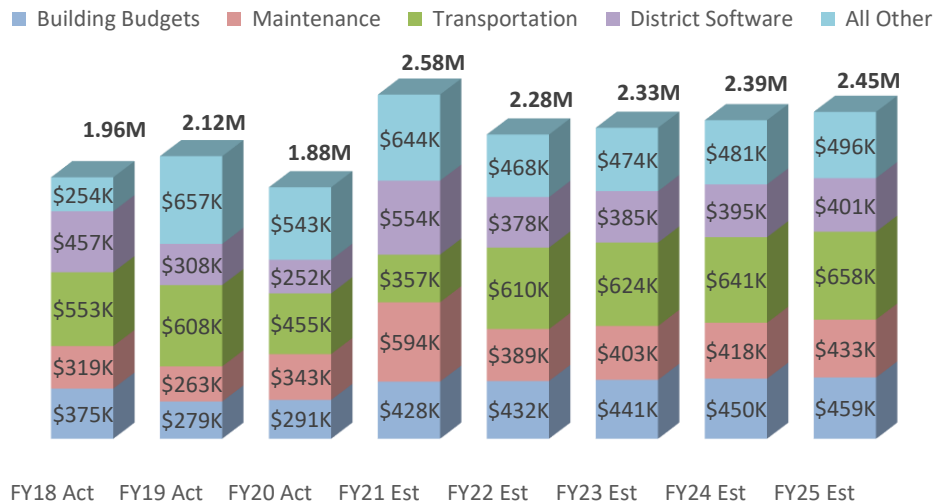


The top 4 expenditures make up over 50% of this line item.

- Special Education Services & Tuition \$3.8M
- Bldgs & Grounds Maint \$2.6M
- Community School Deduction \$2.5M
- Utilities (Including Phone/Connectivity) \$1.4M
- All Other \$7.4M
- Total \$17.7M

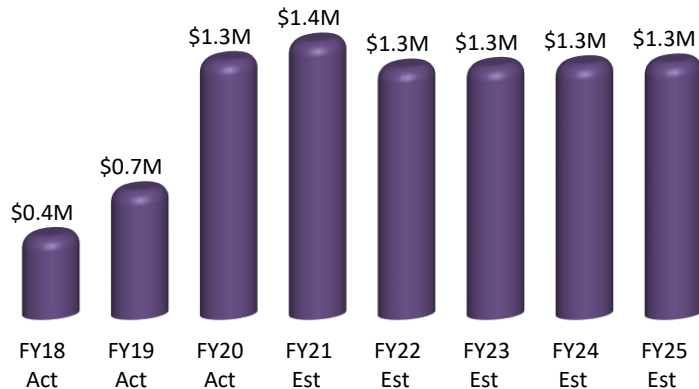
Supplies and Materials (line 3.040)

Materials and supplies are estimated at \$2.6M for FY2021 and account for about 3% of the expenditures. This line item includes instructional supplies, maintenance supplies, and bus fuel.



Capital Outlay (line 3.050)

Capital outlay is a relatively small part of the District's operating budget, accounting for less than 2%. The District has set aside monies in a Permanent Improvement Fund to purchase busses and in a Technology Capital Outlay Fund to purchase technology equipment and infrastructure.



The District had funds remaining from the 2008 construction funds that were in a Capital Project Fund and were being used to fund capital needs. However, these funds were mostly exhausted at the end of FY19. The increase in FY20 is due to capital expenditures now being funded by the general fund. The increase in FY21 is for additional technology purchases due to hybrid and on-line learning.

Principal and Interest (lines 4.055 and 4.060)

In October of 2017, the Board approved a contract with Dynamix Engineering to upgrade the HVAC systems and lighting throughout the District. The project is funded by a \$13.5M loan through CapitalOne and \$2M of General Fund monies. The District will make principal and interest payments from the General Fund until the debt is paid off in December 2032.

Other Expenditures (line 4.300)

The majority of Other Expenditures includes fees paid to the county auditor and treasurer to collect the District's property taxes, membership fees, and the cost of the annual audit.

Operating Transfers Out (line 5.010)

In FY2021, the forecast includes the following transfers (estimated) totaling \$1,024,500:

- \$500,000 to the Technology Capital Outlay Fund
- \$200,000 to PI Fund for Bus Purchases
- \$135,000 to the Athletic Fund to reduce pay-to-participate fees
- \$70,000 to the Athletic Fund for reduced gate receipts
- \$53,000 to the music funds for supplemental contracts
- \$50,000 to the 034 Maintenance Fund per the Construction Project Master Agreement
- \$14,500 to the LPDC Fund per the teacher negotiated agreement
- \$2,000 to the Athletic Fund for facility rental credit

In FY2020, transfers to other funds totaled \$951,480:

- \$500,000 to the Technology Capital Outlay Fund
- \$200,000 to PI Fund for Bus Purchases
- \$157,250 to the Athletic Fund to reduce pay-to-participate fees
- \$23,590 to the music funds to reduce pay-to-participate fees
- \$51,216 to the 034 Maintenance Fund per the Construction Project Master Agreement
- \$14,274 to the LPDC Fund per the teacher negotiated agreement
- \$5,150 to the Athletic Fund for facility rental credit

In FY2019, transfers to other funds totaled \$934,059:

- \$500,000 to the Technology Capital Outlay Fund
- \$150,975 to the Athletic Fund to reduce pay-to-participate fees
- \$146,952 set-aside of building budgets
- \$54,672 to the 034 Maintenance Fund per the Construction Project Master Agreement
- \$25,953 to the music funds to reduce pay-to-participate fees
- \$41,623 to the Athletic Fund for facility rental credit
- \$13,884 to the LPDC Fund per the teacher negotiated agreement

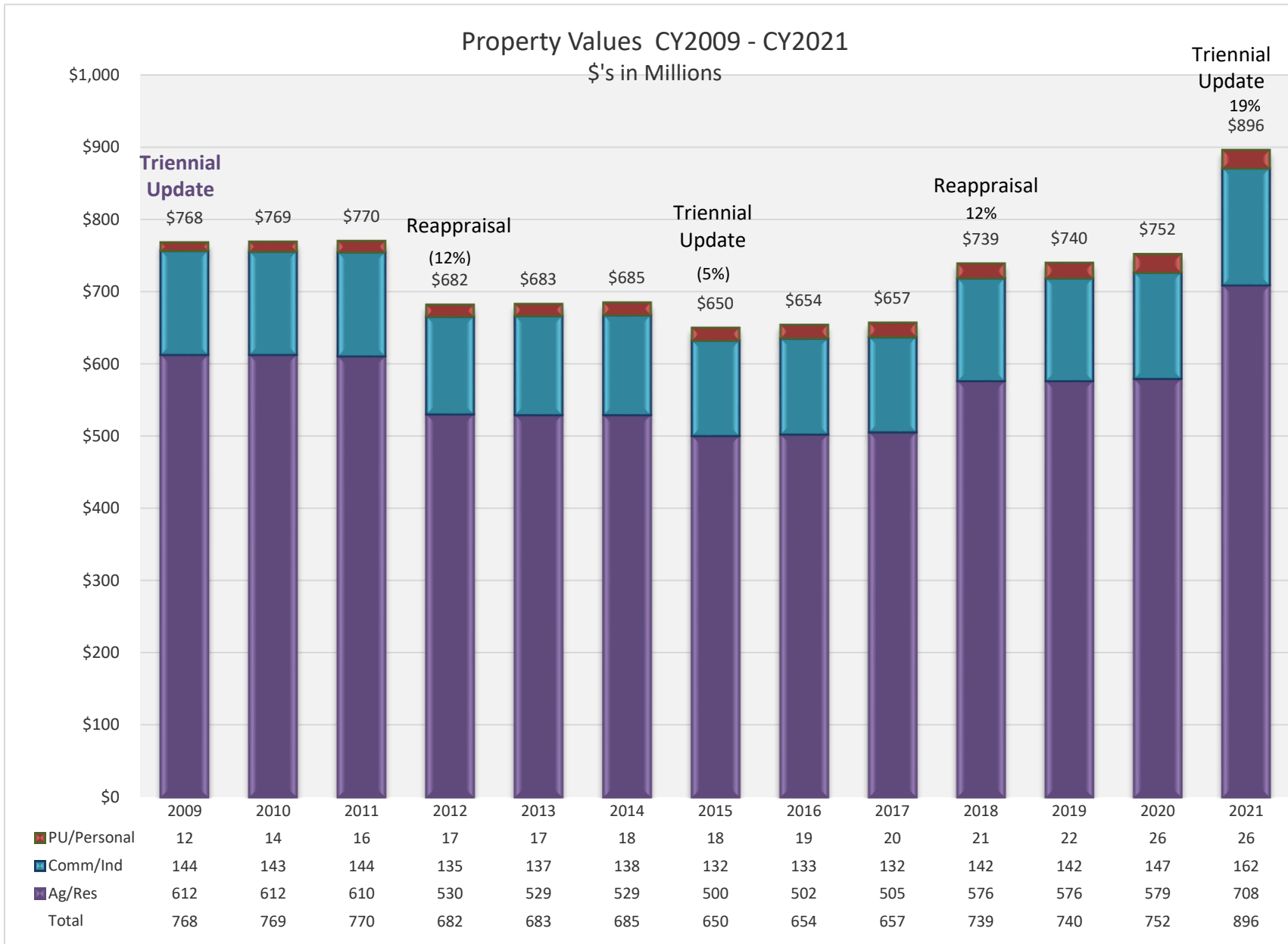
In FY2018, transfers to other funds totaled \$2,426,003:

- \$2,000,000 to the HVAC/Energy Project Fund to offset repair and upgrade costs
- \$189,628 set-aside of building budgets
- \$144,375 to the Athletic Fund to reduce pay-to-participate fees
- \$25,677 to the music funds to reduce pay-to-participate fees
- \$13,640 to the LPDC Fund per the teacher negotiated agreement
- \$52,683 to the 034 Maintenance Fund per the Construction Project Master Agreement

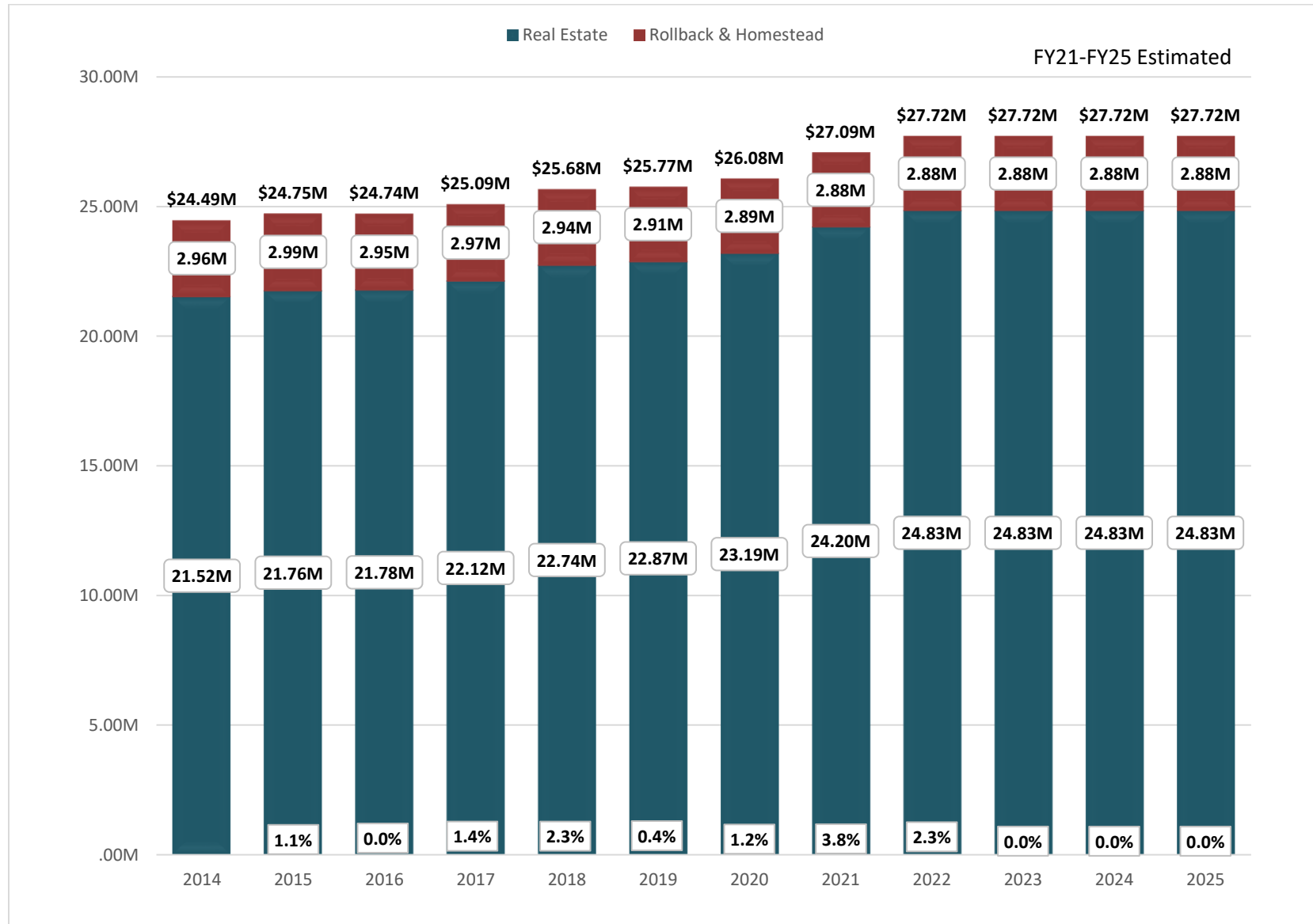
Advances Out (line 5.020)

Advances are temporary loans from the General Fund to other District funds, usually grants. FY21 includes \$1,263,680 in advances to the federal grants. These monies will be repaid to the General Fund once the grants are complete.

Appendix A - Property Values/Tax Collections



Appendix A - Property Values/Tax Collections (con't)



Appendix B - Income Tax

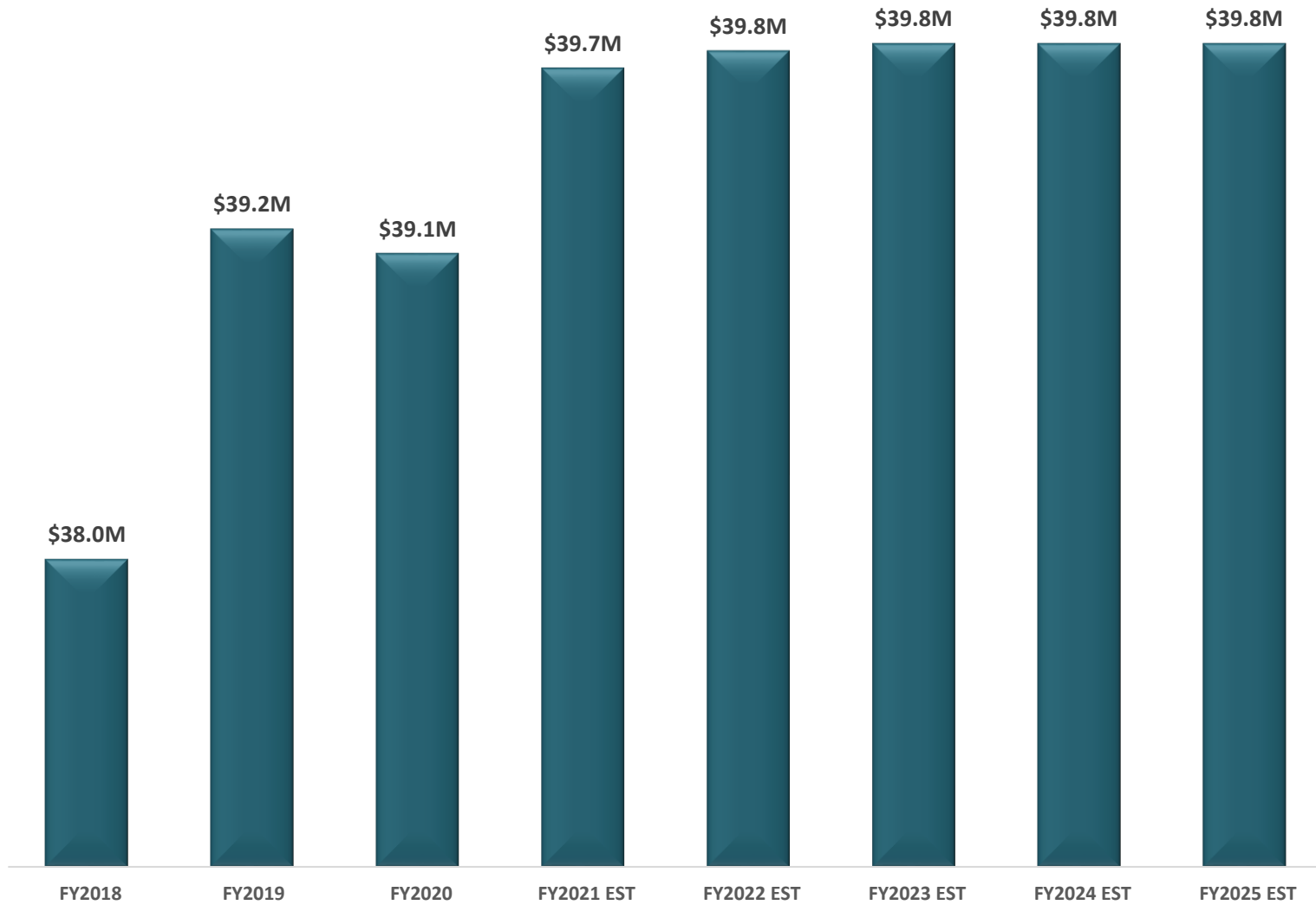
FY08-FY20 Actual, FY21-FY25 Est



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Income Tax	\$4.7M	\$4.2M	\$4.1M	\$4.2M	\$4.5M	\$4.6M	\$4.7M	\$4.9M	\$5.0M	\$5.3M	\$5.5M	\$5.8M	\$6.0M	\$5.7M	\$5.7M	\$5.8M	\$5.9M	\$6.0M
% Change		-11.0%	-3.0%	1.9%	8.9%	2.5%	1.6%	4.2%	1.4%	5.4%	4.6%	5.1%	3.8%	-4.5%	0.0%	1.5%	1.5%	1.5%

Appendix C- State Funding

FY21-FY25 Estimated



Appendix D- Salaries and Benefits

