MANSFIELD CITY SCHOOL DISTRICT- RICHLAND COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2018, 2019 and 2020 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2021 THROUGH JUNE 30, 2025

Forecast Provided By
Mansfield City School District
Treasurer's Office
Tacy Courtright, Treasurer

May 18, 2021

Mansfield City School District –Richland County
Notes to the Five Year Forecast
General Fund Only
May 18, 2021

Introduction to the Five Year Forecast
School districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021 for fiscal year 2021 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2021 filing.

Economic Outlook
This five-year forecast is being filed during a recovery from the COVID-19 Pandemic and a health and financial struggle that encompassed our state, country and global economy. School districts play a vital role in their communities and we believe it is important to maintain continuity of services to our students and staff. The district has maintained services to students throughout the Pandemic. The State of Ohio's economic pressure has not been as great as first expected due to the effects of the pandemic thus the restoration of a portion of the original school foundation funding cuts was ordered by the Governor on January 22, 2021. Federal funding sent to school districts through the Elementary and Secondary Schools Education Relief Funds (ESSER) has also been a much-needed resource to offset the loss of state funding. Additional Federal CARES Act funding was used to cover the costs of additional technology needs, personal protective equipment, and cleaning costs caused by the pandemic. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2021 Updates:

Revenues FY21:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $60,871,205 or 1.8% higher than the November forecasted amount of $59,793,631.

The district's real estate taxes increased over the estimate by 1.57% or $234,940 and the PUPP taxes increased by $85,035 or 3.38% over the November forecast.

State Aide, as noted above, began the year with continued cuts; however, on January 22, 2021 Governor DeWine instated approximately 53% of those reductions thus having a positive impact of $308,526 for our district's revenue.

The district also saw an increase of $322,951 in other revenue mainly from payments of Medicaid and PILOT payments. The other areas of revenue were close to the November forecast amounts.

Expenditures FY21:
Total General Fund expenditures (line 4.5) are estimated to be $60,993,196 for FY21 which is above the original estimate of $60,987,273 in the November forecast. The expenditure lines most significantly affecting the projections are Salaries (line 3.010) due to the recoding of salaries to the ESSER funds, Capital Outlay (line 3.05) for not purchasing buses in FY21 and Other Objects (line 4.3) for payment of a judgement claim.

Unreserved Ending Cash Balance:
With revenues increasing over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2021 is anticipated to be roughly $15.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a negative accumulative balance through FY25 if assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

Forecast Risks and Uncertainty:
A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the second largest single revenue source for the school system. The housing market in our district is stable. We project continued growth in appraised values every three (3) years with continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 29.2% of the district's resources. Collection rates for the 2nd half 2020 collection, collected in 2021 did not show sharp declines due to increased delinquencies. We believe there is a low risk that local collections would fall below projections in the forecast.

2) Richland County experienced a reappraisal update in the 2020 tax year to be collected in 2021. The 2020 update increased overall assessed values by $26.7 million or an increase of 7.69%. A full reappraisal will occur in tax year 2023 for collection in 2024. We anticipate value increases for Class I and II property by $10.1 million for an overall increase of 2.76%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

3) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; student wellness and success funding (SWSF) and enrollment growth supplement funds, which our district does not receive. Student Wellness and Success is new revenue to school districts in FY20 and FY21 but is restricted in use and must be placed in Fund 467 and are NOT General Fund revenue and consequently not included in this forecast. The current proposed state budget for FY22 - FY23 is Sub. HB110, which at the House of Representatives level, has removed this requirement and included it within the formula funding with the Disability Pupil Impact Aid (DPIA), however, the final state budget funding will not be known until late June. With this change we have assumed this money will continue through FY25.

4) While state foundation funding was initially guaranteed at the FY19 level, the Coronavirus Pandemic caused the most rapid and largest decrease of employment in history. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by $300.5 million by the end of June 2020. These cuts were to continue through FY21 as well, however the Governor subsequently reinstated $160 million of these reductions to school districts in an executive order dated January 22, 2021. With the economy rebounding from the sharp drop in employment in March and April 2020 and state tax revenues well above estimates for FY21 we anticipate funding will remain unchanged for FY21. Governor DeWine submitted his FY22-FY23 biennial budget (HB110) which returns state foundation funding to schools at their FY19 funded level. The biennial budget is now working its way through the legislative process. HB1, also known as the Fair School Funding bill, was also introduced on February 4, 2021 and will work its way through the legislative process where it could be combined with HB110. The certainty of foundation funding levels will not likely be known until late June 2021. At this time the FY19 funding level is the basis for districts state funding in FY22 and FY23. We believe Ohio's economy will continue to improve through FY21 and that

FY22-25 will see funding returned to the FY19 levels at a minimum. We will not project an increase beyond the FY19 levels at this time until the state budget it known for FY22 and FY23.

5) HB166 continued the Fixed Sum TPP reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Unlike the TPP Fixed Rate reimbursement, districts will not lose money due to this phase out. Instead, the amount of money the state is cutting will be added on to our emergency levy millage automatically each year and collected in local property taxes. The state directly shifted their financial obligation made in 2006 in HB66 to local taxpayers.

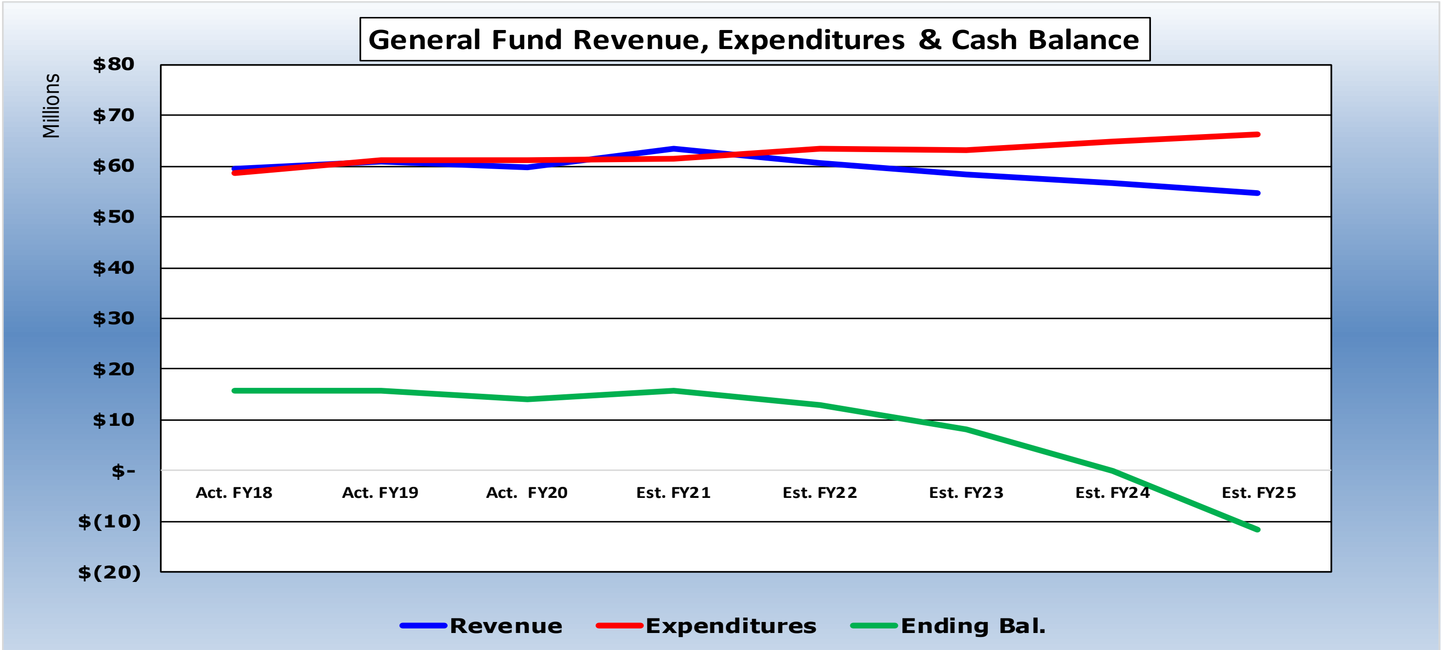
6) The State Budget represents 65.6% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and the funding formula in future state budgets reduces funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25, which we feel is conservative and should be close to whatever the state approves for the new FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

7) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. These are examples of school choice programs that increase with each biennium budget and costs the district money. Expansion or creation of programs such as these can exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely as the proposed new state budget bill HB110 moves through the legislative process.

9) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

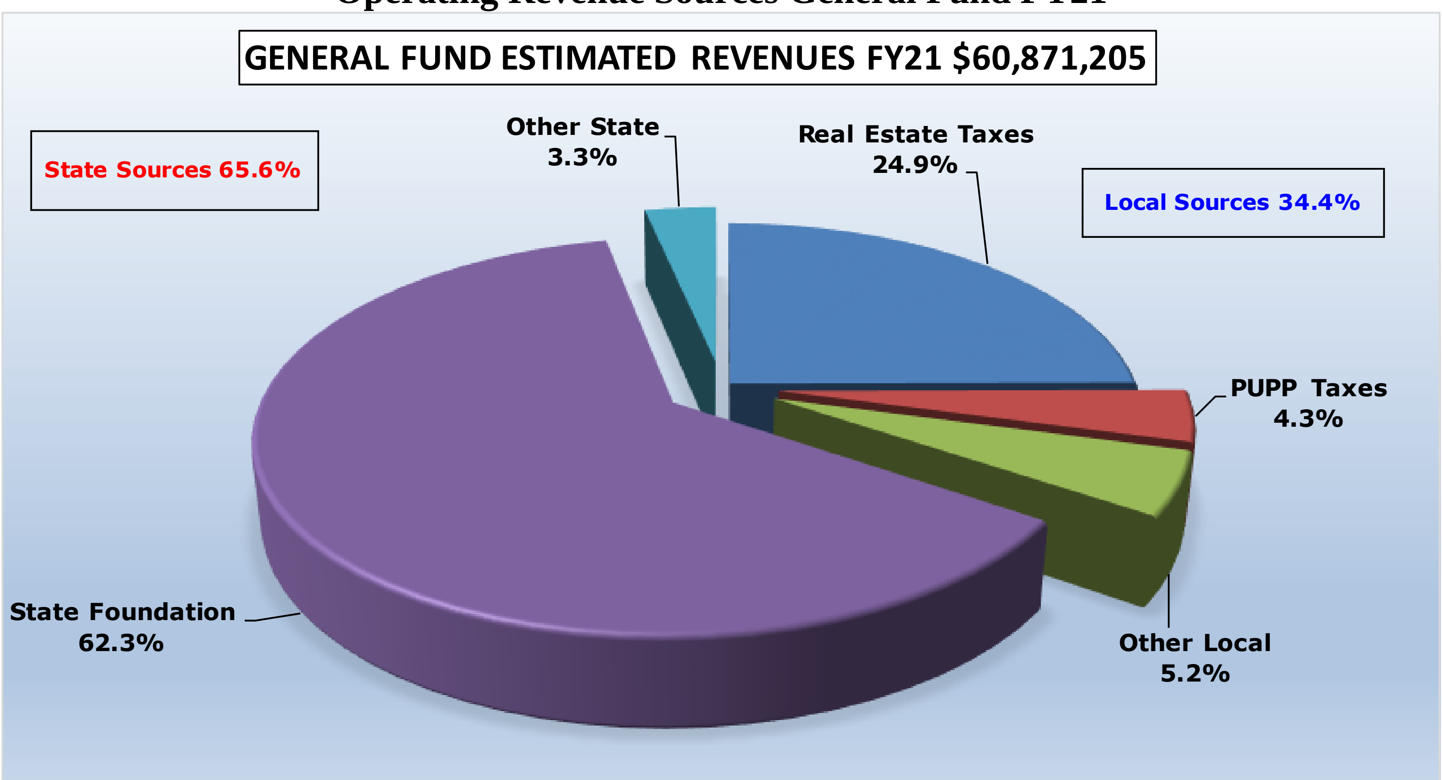
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Tacy Courtright, Treasurer/CFO.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY18-20 and Estimated FY21-25



The graph above captures in one snapshot the operating scenario facing the District over the next few years.

Revenue Assumptions
Operating Revenue Sources General Fund FY21



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Richland County experienced a reappraisal update of the district property values in 2020 for collection in calendar year 2021. The Residential/Agricultural Class I values increased by 10.10%, while Commercial/Industrial Class II values increased by 1.39%. The increase of Class I valuation is of greater importance since nearly 74% of the district values are within this area. Our next full reappraisal will occur in tax year 2023 with collection in 2024.

CAUV values represent 0.2% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that usually results in these values falling on average by 30%, however, our district had an increase in agriculture values of 16.9%. The district experienced this increase in the Tax Year 2020 update.

Public Utility Personal Property (PUPP) values increased by $4.5 million in Tax Year 2020 due to the growth of PUPP assets. We expect our values to continue to grow by $2 million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
Classification	COLLECT 2021	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025
Res./Ag.	$276,007,330	$270,667,330	$269,327,330	$278,760,423	$275,420,423
Comm./Ind.	$97,472,670	$96,652,670	$96,332,670	$96,975,997	$96,155,997
Public Utility Personal Property (PUPP)	$41,618,210	$43,618,210	$45,618,210	$47,618,210	$49,618,210
Total Assessed Value	$415,098,210	$410,938,210	$411,278,210	$423,354,630	$421,194,630

Property tax levies are estimated to be collected at 91.75% of the annual amount. This allows 8.25% delinquency factor. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. Lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did not occur as advised by the County Auditor. In general, 54.89% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45.11% collected in the August tax settlement.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY21	FY22	FY23	FY24	FY25
Est. Real Estate Taxes	$15,166,480	$14,737,329	$12,901,487	$11,568,547	$9,871,277
Total Line #1.01 Real Estate Taxes	$15,166,480	$14,737,329	$12,901,487	$11,568,547	$9,871,277

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above, which were $41.6 million in assessed values in 2020 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. The values in 2020 grew by 8.14% or $4.6 million, and are expected to grow by $2 million each year of the forecast.

The phase out of TPP Tangible Personal Property taxes began in FY06 with HB66 adopted in June 2005 and the provisions of the legislation that general tangible personal property tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent TPP taxes.

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property	$2,599,373	$2,787,711	$2,694,686	$2,587,053	$2,463,063
Total PUPP Tax Line #1.020	$2,599,373	$2,787,711	$2,694,686	$2,587,053	$2,463,063

Renewal and Replacement Tax Levies – Line #11.020
The district has two emergency tax levies that will need to be renewed during the forecast period. The first levy that will need to be renewed is for $4 million with the final collection date of December 31, 2022 and the second renewal is for $3.9 million with last collection date of December 31, 2024.

Source	FY21	FY22	FY23	FY24	FY25
Emergency levy for $3,900,000	$0	$0	$0	$0	$1,945,485
Emergency levy for $4,000,000	$0	$0	$1,997,604	$3,848,947	$3,848,947
Total Line #11.020	$0	$0	$1,997,604	$3,848,947	$5,794,432

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model - HB166 through June 30, 2021
A) Unrestricted State Foundation Revenue– Line #1.035
The amounts estimated for state funding are based on HB166 which on May 6, 2020 was cut and then funding partially restored by executive order signed January 22, 2021 by the Governor. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB1, aka the Fair School Funding plan, is currently being considered by the legislature and has been combined with Sub. HB110 and will produce a successor funding formula for the FY22-23 biennium budget. Currently Sub. HB110, the proposed budget, projects funding for districts at FY19 guarantee amounts for FY22 and FY23. For this reason we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.

Foundation Funding Partially Restored January 22, 2021 for FY21
On January 22, 2021 the Governor signed an executive order reinstating $160 million of previous cuts to public schools thus reducing the cuts in FY21. At this time the state funding for FY21 is being reduced $254,031 from the FY19 amount.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)
Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating $250 million in FY20 and $358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY21proposed funding ranges from $30 per student to $360 per student. All schools and students are to receive a minimum additional funding of $36,000 in FY21. All districts are guaranteed to get 131% of what they received in FY20, and the proposed state budget (Sub. HB110) is projecting all districts will get 100% of what they received in FY21 for FY22 and FY23 but will be included in the state funding formula. Our district received $1,144,696 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with two approved community partner organizations approved in HB166.

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) which we will recode to Fund 467, but we will also add some new initiatives out of Fund

467according to our approved plan. We anticipate that the original and new Fund 467 initiatives will return to the General Fund for FY22-25 as we have no direction on the future continuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21 and increase in expenses in FY22-25.

We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

Future State Budgets: Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. With the change to the state funding and for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level through FY25. We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

Due to the COVID-19, casinos were closed from March 12, to June 18, 2020. We are reducing the amount of funding in FY21 to the actual amount that was received, which is 23% of the FY20 amount, then increasing the amount in FY22 back to FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.5 million or $53.75 per pupil. We believe it will be FY22 when revenues return to the post COVID-19 level and have projected a modest 2% increase for FY23-25.

Source	FY21	FY22	FY23	FY24	FY25
Basic Aid-Unrestricted	$32,951,506	$32,782,917	$32,782,917	$32,782,917	$32,782,917
Additional Aid Items	$677,246	$677,246	$677,246	$677,246	$677,246
Basic Aid-Unrestricted Subtotal	$33,628,752	$33,460,163	$33,460,163	$33,460,163	$33,460,163
Ohio Casino Commission ODT	$134,978	$174,849	$178,355	$181,925	$185,560
Total Unrestricted State Aid Line #1.035	$33,763,730	$33,635,012	$33,638,518	$33,642,088	$33,645,723

B) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25.

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	$3,371,771	$3,371,771	$3,371,771	$3,371,771	$3,371,771
Career Tech - Restricted	$696,055	$696,055	$696,055	$696,055	$696,055
Catastrophic Aid	$61,272	$61,272	$61,272	$61,272	$61,272
Total Restricted State Revenues Line #1.040	$4,129,098	$4,129,098	$4,129,098	$4,129,098	$4,129,098

C) Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY21-25.

SUMMARY	FY21	FY22	FY23	FY24	FY25
Unrestricted Line #1.035	$33,763,730	$33,635,012	$33,638,518	$33,642,088	$33,645,723
Restricted Line #1.040	$4,129,098	$4,129,098	$4,129,098	$4,129,098	$4,129,098
Rest. Federal Funds #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$37,892,828	$37,764,110	$37,767,616	$37,771,186	$37,774,821

State Taxes Reimbursement/Property Tax Allocation
A) Rollback and Homestead Reimbursement
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66, the FY06-07 budget bill, previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

B) Tangible Personal Property Reimbursements – Fixed Rate
The district no does not receive any Fixed Rate reimbursements.

C) Tangible Personal Property Reimbursements – Fixed Sum
HB 166 continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead	$1,891,787	$1,967,159	$1,728,024	$1,506,124	$1,290,414
b) TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
c) TPP Reimbursement - Fixed Sum	$138,002	$0	$0	$0	$0
Total Tax Reimbursements #1.050	$2,029,789	$1,967,159	$1,728,024	$1,506,124	$1,290,414

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area are open enrollment, tuition for court placed students, pay to participate fees, student fees, and general rental fees.

Open enrollment is the largest single item in this category; we are using the April #1 payment for FY21 with no increase throughout the forecast. Interest is expected to decline by 50% in FY21 with 2% decrease each year of the forecast due to fed rate reductions and lower cash balances which will impact our earning capability in this area. Medicaid payments are expected to increase by 2% each year of the forecast. Payment in lieu of taxes (PILOT) payments increased in FY21 but the district expects to receive 5% decrease each remaining year of the forecast.

All other revenues are expected to continue on historic trends.

Source	FY21	FY22	FY23	FY24	FY25
Tuition Related Payments	$678,907	$678,907	$678,907	$678,907	$678,907
Open Enrollment	$1,274,385	$1,274,385	$1,274,385	$1,274,385	$1,274,385
Interest Earnings	$225,961	$221,442	$217,013	$212,673	$208,420
Payments In Lieu of Taxes	$144,084	$136,880	$130,036	$123,534	$117,357
Rental Related Fees	$12,902	$12,902	$12,902	$12,902	$12,902
Mobile Home Taxes	$31,912	$31,912	$31,912	$31,912	$31,912
Medicaid	$583,558	$595,229	$607,134	$619,277	$631,663
Miscellaneous	$231,026	$231,026	$231,026	$231,026	$231,026
Total Other Local Revenue Line #1.060	$3,182,735	$3,182,683	$3,183,315	$3,184,616	$3,186,572

Short-Term Borrowing – Lines #2.010 & Line #2.020
The district, in FY21, is undertaking a project for new LED lighting at the high school and stadium, the total amount of the project is for $1.7 million with part of the project being paid from Permanent Improvement and Building Funds that are not included in the forecast.

Sale of Notes	$1,700,000	$0	$0	$0	$0
Sale of Notes	$0	$0	$0	$0	$0
Total Short Term Borrowing - Line #2.010	$1,700,000	$0	$0	$0	$0

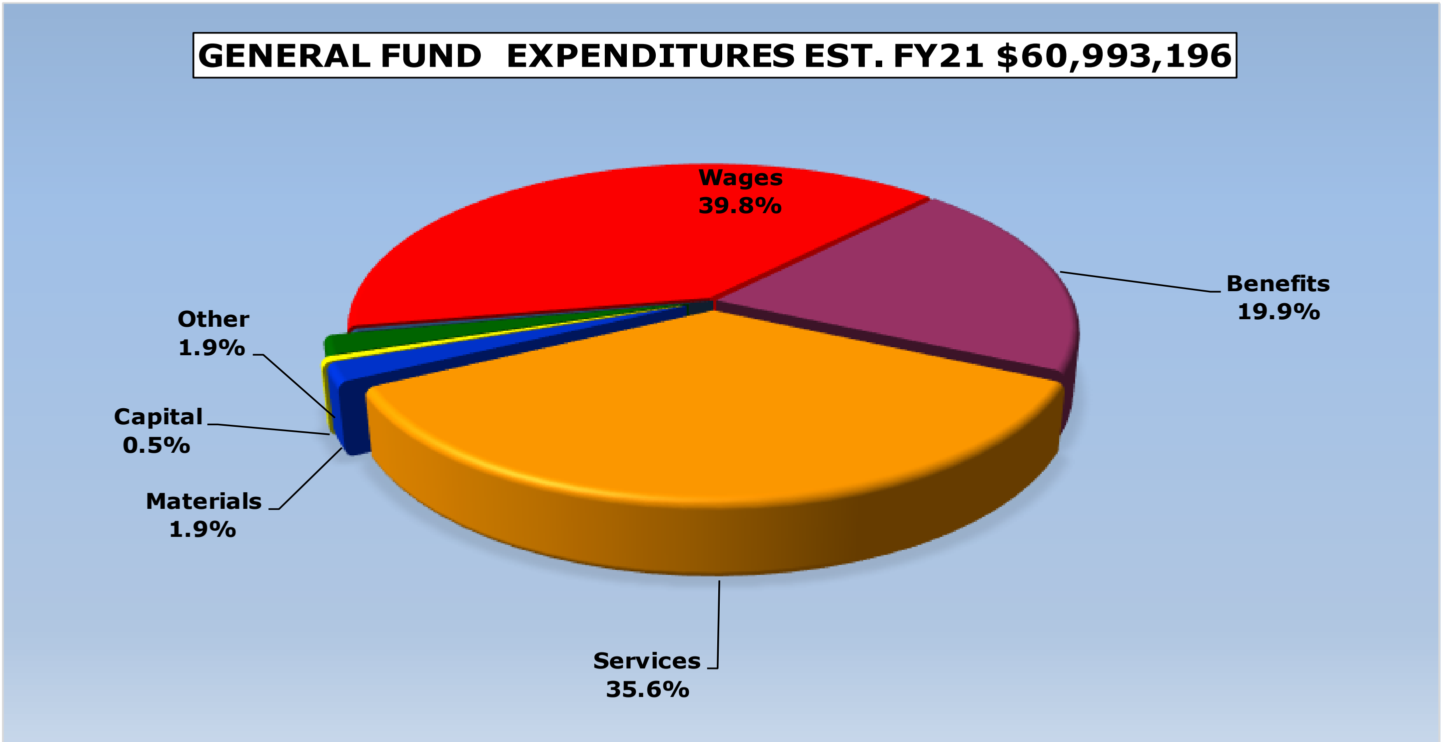
Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district does not expect to have any transfers or advances during the forecast.

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. Each year the district does receive some refunds of approximately $80,000 which are include in FY22-FY25. The district did receive two (2) Bureau of Workers Compensation refunds in FY21 for a total of $709,355. We will not project these refunds in FY22 through FY25 as BWC has announced efforts to reduce premiums to more closely align with anticipated claims so their excess reserves are not as high. The other large rebate that was received in FY21 was from E-rate for $63,544 which we do not expect to receive in future years.

Source	FY21	FY22	FY23	FY24	FY25
Refund of prior years expenditures	$794,025	$80,000	$80,000	$80,000	$80,000

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.5% for FY21 and FY22 plus step increases. For planning purposes a 1% base amount has been used for FY23-25. We have recoded expenses that qualify in our plan for use of Student Wellness and Success funding in FY20 and 21 due to HB110 we will not reintroduce those costs to the General Fund for the period FY22-25 until the budget bill is finalized.

The district recoded amounts that were used for substitute and supplemental expenses from COVID-19 that could be paid through the ESSER funds and the district does not feel that these added expenses will be needed in future years.

In FY22 the district will experience a reduction in staff of eleven teachers, through attrition and reduction in force along with one administrator. FY22-FY25 the district anticipated that there will be six teachers retiring each year with needing to replace only three per year and will have two classified staff members retire with replacing only 1 per year.

The district expects that they will receive notices of staff that will retire throughout the forecast years and will pay the stipends that have been negotiated for early notification to the district of their retirement.

Source	FY21	FY22	FY23	FY24	FY25
Base Wages	$23,271,259	$23,500,253	$23,858,743	$24,159,919	$24,704,351
Based Pay Increase	$581,781	$587,506	$238,587	$241,599	$247,044
Steps & Academic Training	$232,713	$302,526	$305,503	$477,175	$362,399
Growth Staff	$0	$264,535	$179,287	$153,473	$155,008
New Building Staff	$0	$0	$0	$0	$0
Substitutes	$253,851	$253,851	$253,851	$673,851	$673,851
Supplementals	$527,336	$540,519	$545,924	$551,383	$556,897
Retirement Stipend	$0	$24,000	$64,000	$18,000	$18,000
SWSF & ESSER Adjustments	-$545,167	$0	$0	$0	$0
Other Adjustments/Reductions	-$40,333	-$796,077	-$422,201	-$327,815	-$331,094
Total Wages Line #3.010	$24,281,440	$24,677,113	$25,023,694	$25,947,585	$26,386,456

Fringe Benefits Estimates

This area of the forecast captures all costs associated with fringe benefit costs. The district was able to recode some of the expenditures due to COVID-19 to the ESSER funds in FY21 that are calculated based on salaries for fringe benefits.

A) STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

Insurance Trend is adjusted upward by a composite rate for all coverage's and to allow for potential added costs of the Affordable Care Act of 13% for FY21, 15.5% in FY22 and 7% for FY23-25 which reflects trend and the likely increase in health care costs as a result of PPACA. This is based on our current employee census and claims data.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Currently the district has enough carryover balances in the Worker's Comp fund that they will pay the premiums from that fund in FY21 and FY22. Workers Compensation is expected to be about .44% of wages FY23– FY25. Unemployment for FY21 has been more than ever before due to COVID-19, the district does not expect that in future years.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

E) Other Tuition/Annuities

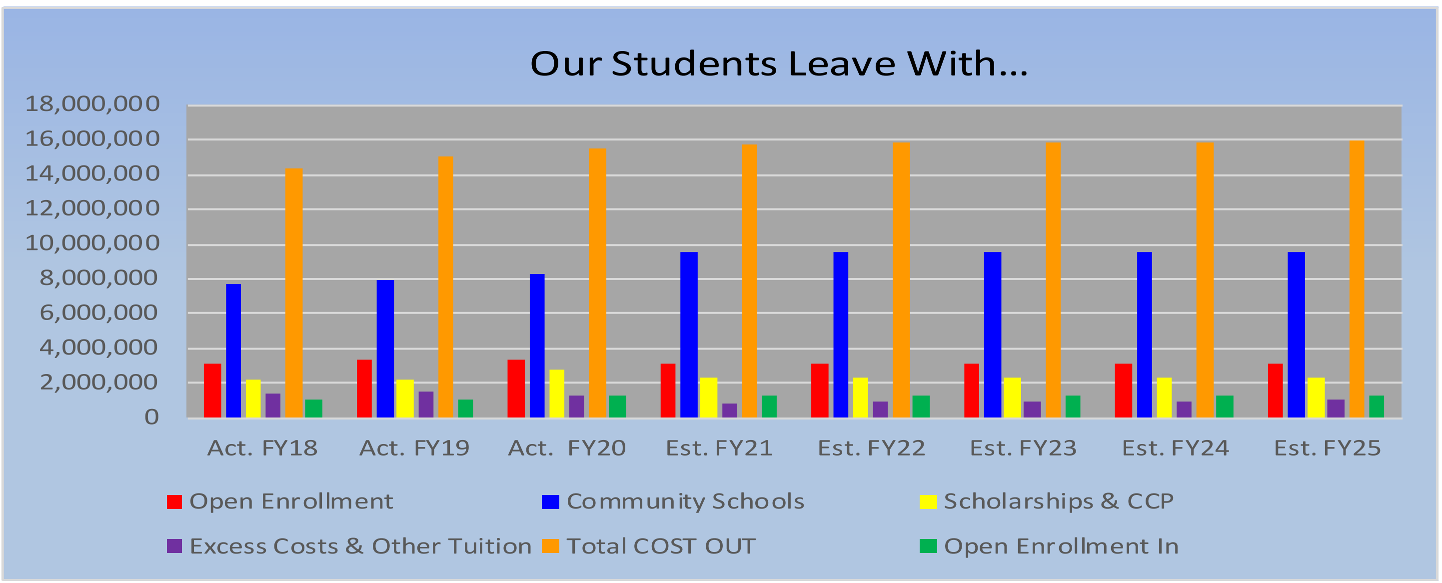
The district reimburses employees the cost of tuition to maintain their certifications per the negotiated agreements approximately $60,636 year of the forecast.

Summary of Fringe Benefits – Line #3.020

Source	FY21	FY22	FY23	FY24	FY25
A) STRS/SERS	$3,870,473	$4,032,892	$4,030,640	$4,159,235	$4,232,024
B) Insurance's	$7,799,709	$8,849,250	$9,393,511	$9,996,103	$10,640,326
C) Workers Comp/Unemployment	$56,730	$14,000	$123,823	$128,090	$130,021
D) Medicare	$355,678	$344,374	$354,296	$360,316	$373,687
E) Other/Tuition/Annuities	$60,636	$60,636	$60,636	$60,636	$60,636
Total Fringe Benefits Line #3.020	$12,143,226	$13,301,152	$13,962,906	$14,704,380	$15,436,694

Purchased Services – Line #3.030
Bases services which include but not limited too are legal fees, management fees, health services and ESC service are receiving a 4% increase each year of the forecast.

Tuition to other districts is the largest expenditure for this line and is an area that the district does not know from one year to the next what the actual amount will be. Open enrollment, Community School deduction, STEM schools and the Scholarship programs are all deducted from the districts bi-monthly foundation payments. We are using the April #1 payment for tuition payments in FY21and with no increase for Open Enrollment and Community School deductions. The chart below shows the expenditures for tuition for students that leave the district.



The district was able to reduce the amount of the new phone system through the ESSER funds in FY21. The district reduce Professional & Technical Services by $35,000 beginning in FY21 due to the change in coding of the Auditor & Treasurer fees that should be coded to Other Expenditures.

The district will reduce costs for SRO from the city in FY22 and safety specialists for $100,000.

During FY21 and FY22 the district will pay for the expenditures of the LED lighting project to the contractors from the general fund, which increases the Maintenance line by $560,000 in FY21 and $1.14 million in FY22. The project will then be paid as a lease purchase, which we have included in the forecast for the amount that is on the lease purchase payment plan with the first two years being paid from the 004 fund and the final payment in March 2031.

Source	FY21	FY22	FY23	FY24	FY25
Professional & Technical Services, ESC	$3,781,868	$3,681,868	$3,681,868	$3,681,868	$3,681,868
Maintenance, Insurance & Garbage Removal	$1,030,076	$1,610,076	$470,076	$470,076	$470,076
Lease Payment	$0	$0	$0	$116,653	$168,067
Professional Development	$34,658	$34,658	$34,658	$34,658	$34,658
Communications, Postage, & Telephone	$149,184	$149,184	$149,184	$149,184	$149,184
Utilities	$859,517	$859,517	$859,517	$859,517	$859,517
Contracted Trades & Services	$69,474	$69,474	$69,474	$69,474	$69,474
Tuition to Other Districts & Excess Costs	$834,267	$875,980	$919,779	$965,768	$1,014,056
Open Enrollment	$3,118,690	$3,118,690	$3,118,690	$3,118,690	$3,118,690
Community Schools	$9,508,071	$9,508,071	$9,508,071	$9,508,071	$9,508,071
Scholarships, College Credit Plus & Other Tuition	$2,312,340	$2,312,340	$2,312,340	$2,312,340	$2,312,340
Contract Transportation	$22,107	$22,107	$22,107	$22,107	$22,107
Other Adjustments SWSF, CARES, Etc.	$0	$0	$0	$0	$0
Miscellaneous Purchased Services	$18,434	$18,434	$18,434	$18,434	$18,434
Total Purchased Services Line #3.030	$21,738,686	$22,260,399	$21,164,198	$21,326,840	$21,426,542

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. We are purchasing supplies from the ESSER funds and hope to contain costs in supplies for future years and will review after the ESSER funds are depleted.

Source	FY21	FY22	FY23	FY24	FY25
General Office Supplies & Materials	$514,110	$514,110	$514,110	$514,110	$514,110
Textbooks & Instructional Supplies	$172,760	$172,760	$172,760	$176,215	$179,739
Facility Supplies & Materials	$241,623	$241,623	$241,623	$241,623	$241,623
Transportation Fuel & Supplies	$224,396	$224,396	$224,396	$224,396	$224,396
Other Supplies & SWSF, CARES, Etc.	$6,000	$6,000	$6,000	$5,979	$6,000
Total Supplies Line #3.040	$1,158,889	$1,158,889	$1,158,889	$1,162,344	$1,165,868

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. The district did not purchase any buses in FY21 but expect too in future years.

Source	FY21	FY22	FY23	FY24	FY25
Capital Outlay & Maintenance	$305,743	$305,743	$305,743	$305,743	$305,743
Busses & Other Vehicles	$0	$258,027	$258,027	$258,027	$258,027
Adjustments SWSF, CARES, Etc.	$0	$0	$0	$0	$0
Total Equipment Line #3.050	$305,743	$563,770	$563,770	$563,770	$563,770

Principal and Interest Payment – Lines # 4.05 and 4.06

The district has a HB265 Energy conservation project that will be paid by December 2028.

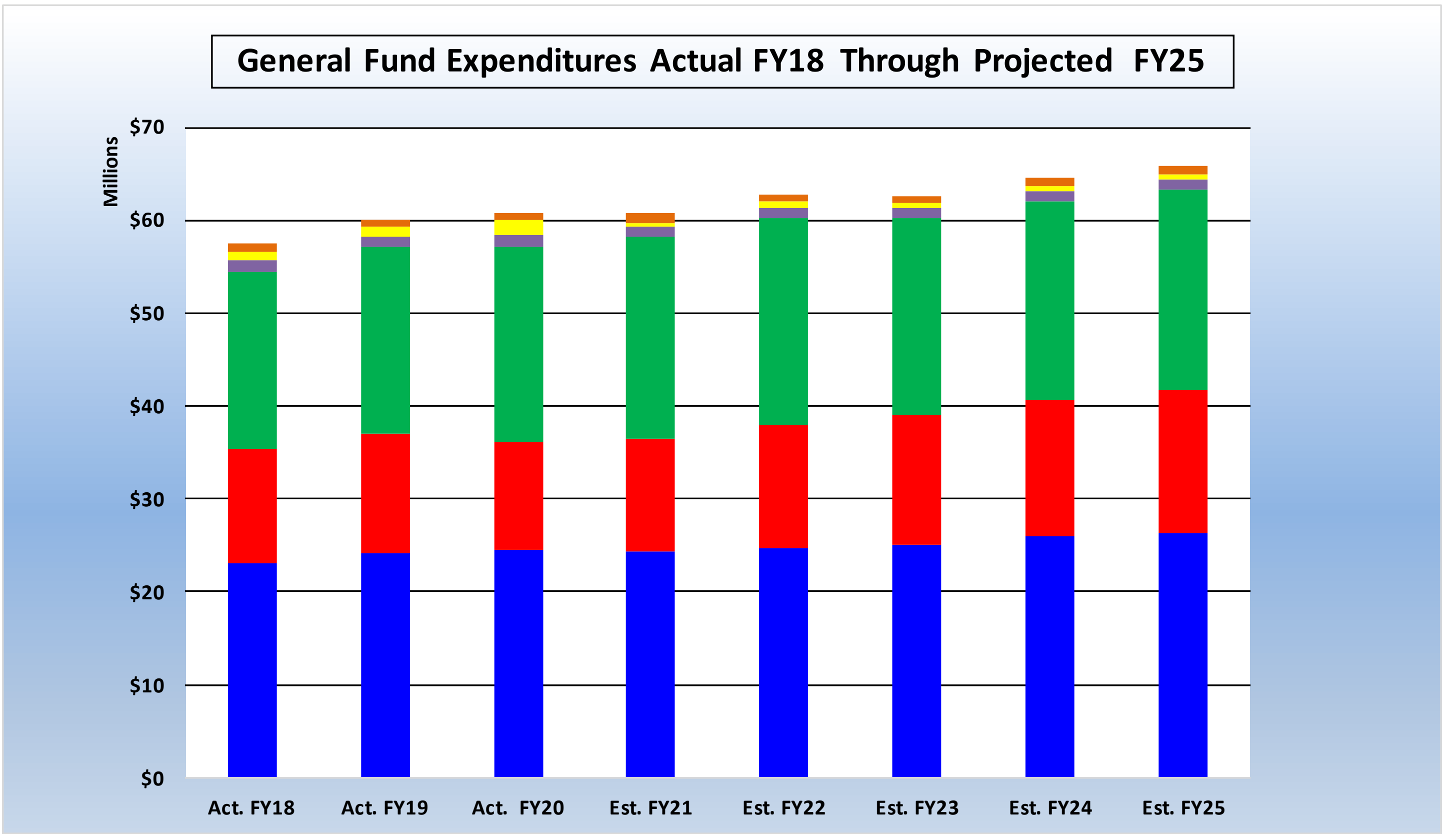
Source	FY21	FY22	FY23	FY24	FY25
HB 264 Principal Line #4.050	$187,000	$206,000	$209,000	$211,000	$213,000

Interest & Fiscal Costs On Debt Line # 4.060	$20,420	$19,464	$16,974	$14,454	$11,910

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. The district expect a 1% increase of Auditor & Treasurer fees for each year of the forecast. The district paid $383,000 for a judgement claim in FY21 only.

Source	FY21	FY22	FY23	FY24	FY25
County Auditor & Treasurer Fees	$297,769	$300,747	$303,754	$306,792	$309,860
Annual Audit Costs	$35,000	$35,000	$35,000	$35,000	$35,000
Liability, Fire & Extended Insurances	$249,130	$249,130	$249,130	$249,130	$249,130
Dues, Fees & other Expenses	$575,893	$192,893	$192,893	$192,893	$192,893
Total Other Expenses Line #4.300	$1,157,792	$777,770	$780,777	$783,815	$786,883

Expenditures Actual FY18 through FY20 and Estimated FY21-FY25
The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



Transfers Out/Advances Out – Line #5.010
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district plans to transfer funds for severance payments, self-insurance fund and to the debt payment fund each year of the forecast.

Source	FY21	FY22	FY23	FY24	FY25
Operating Transfers Out Line #5.010	$600,000	$400,000	$300,000	$300,000	$300,000
Advances Out Line #5.020	$0	$0	$0	$0	$0
Total Transfer & Advances Out	$600,000	$400,000	$300,000	$300,000	$300,000

All Other Financing Uses – Line #5.03

This area is for returning payments from prior year receipts. The district made a refund for a rental that took place in FY20 in FY21 and does not expect to make any further types of refunds throughout the forecast.

Source	FY21	FY22	FY23	FY24	FY25
All Other Financing Uses - Line #5.030	$4,128	$0	$0	$0	$0

Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

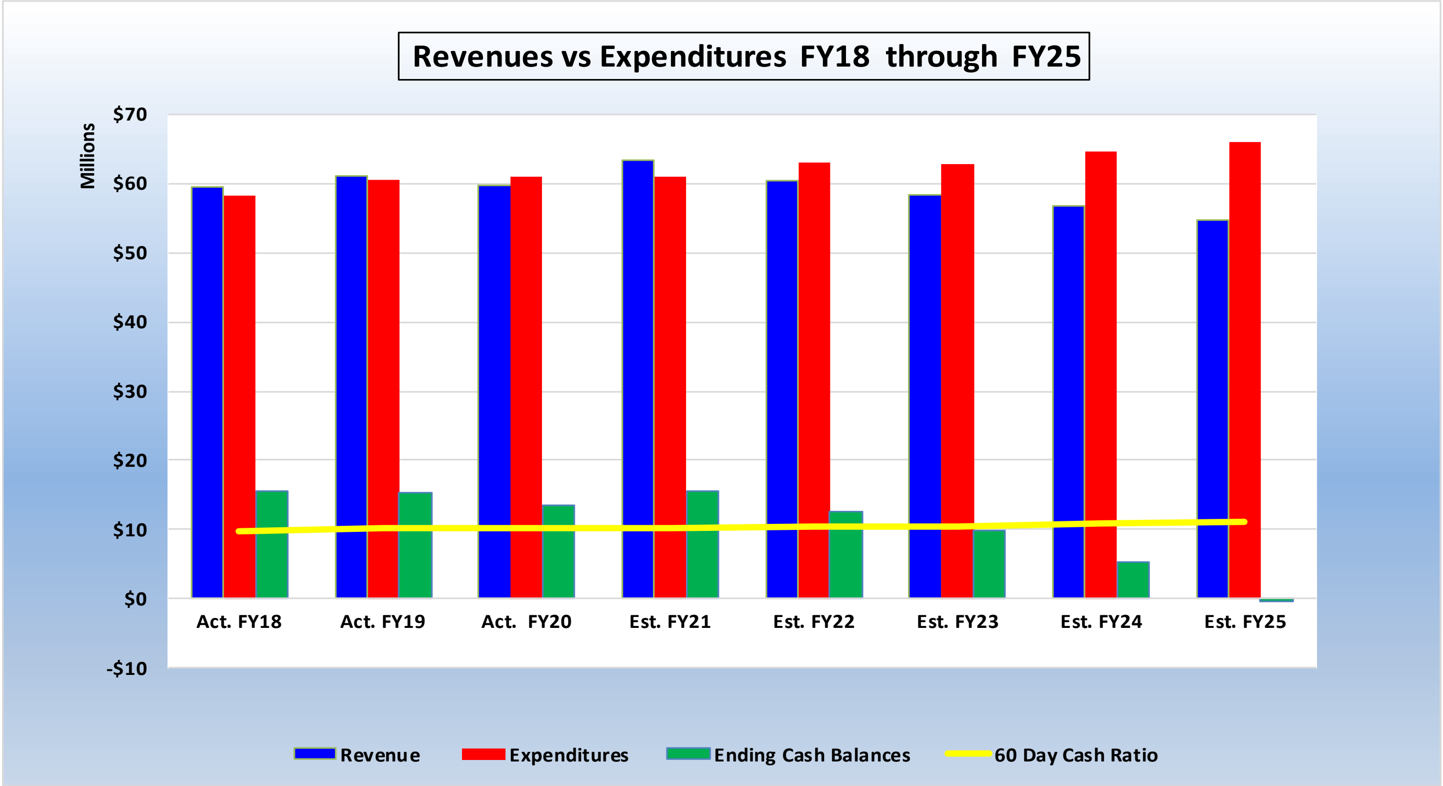
	FY21	FY22	FY23	FY24	FY25
Estimated Encumbrances Line #8.010	$350,000	$350,000	$350,000	$350,000	$350,000

Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000.

	FY21	FY22	FY23	FY24	FY25
Ending Unreserved Cash Balance Line #15.01	$15,518,714	$12,673,149	$9,845,673	$5,377,958	($452,586)

The graph below shows that the district is deficit spending beginning in FY21 and includes the renewal of the two emergency levies in the cash balance. The emergency levies currently have millage rates of 9.5 and 9.8 for a total of 19.3 mills.

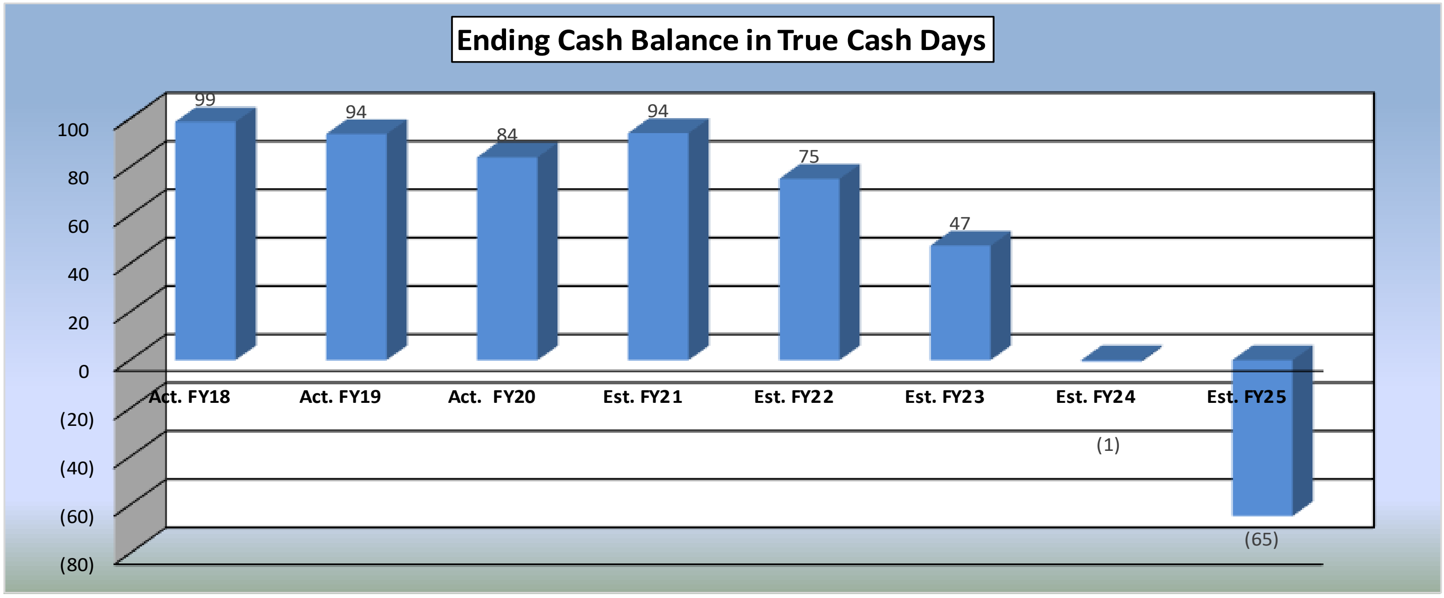


Deficit spending affects the amount of carryover that the district has to plan for the future. When reviewing for the needs of the district we review the amount of spending and what would be needed to remove any deficit spending in order to have positive cash balance each year of the forecast. The chart below shows the millage for each year that would be needed in order to erase the deficit spending for that year, but this chart does not take into account any levy that needs to be renewed.

	Est. FY21	Est. FY22	Est. FY23	Est. FY24	Est. FY25
Millage equivalent for deficit spending	0.00	6.92	11.73	19.64	27.60

True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. The chart does not include the emergency levies.



Conclusion

Mansfield City School District is very fortunate to have continued with the same amount of state funding for FY20 and FY21 prior to the COIVD-19 budgetary cuts. Being that 65.6% of the funding for the district is from state dollars, the administration will be able to use these dollars for our students.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY22 through FY24, especially with the COVID-19 pandemic reducing the districts state foundation payments in FY20 and in FY21.

The district has received several payments from the CARES Act and ESSER funds that is to be used for help due to the COVID-19. We will monitor this and all other funding that is affecting our forecast from the pandemic.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.