



Huron City School District

Five Year Forecast Financial Report

May, 2020

Randy Drewyor, Treasurer/CFO

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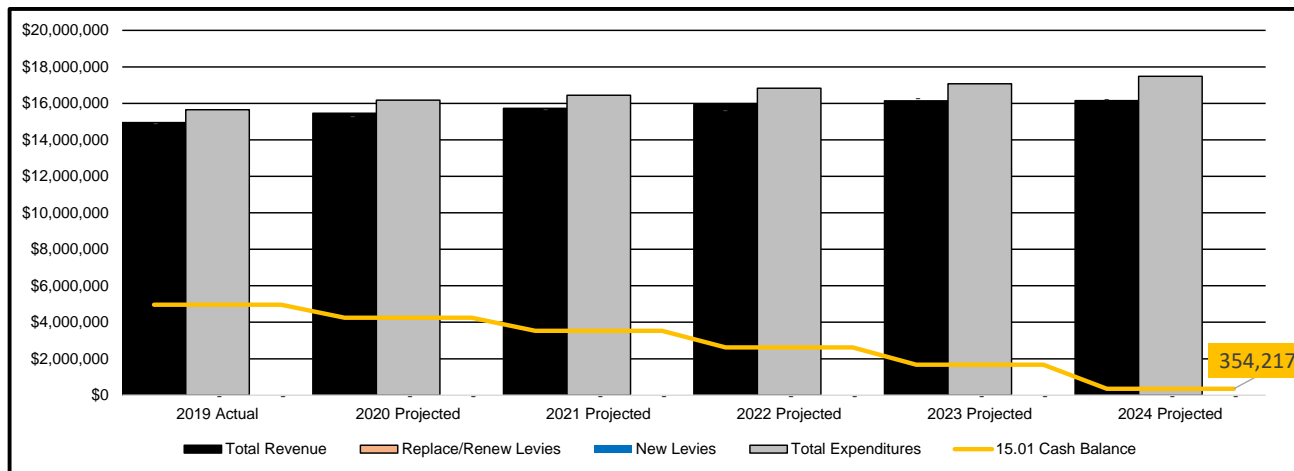
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	4,961,041	4,243,274	3,526,069	2,618,784	1,679,036
+ Revenue	15,452,767	15,729,454	15,927,417	16,138,673	16,152,273
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(16,170,534)	(16,446,659)	(16,834,702)	(17,078,421)	(17,477,092)
= Revenue Surplus or Deficit	(717,767)	(717,205)	(907,285)	(939,748)	(1,324,819)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	4,243,274	3,526,069	2,618,784	1,679,036	354,217

Analysis Without Renewal Levies Included:

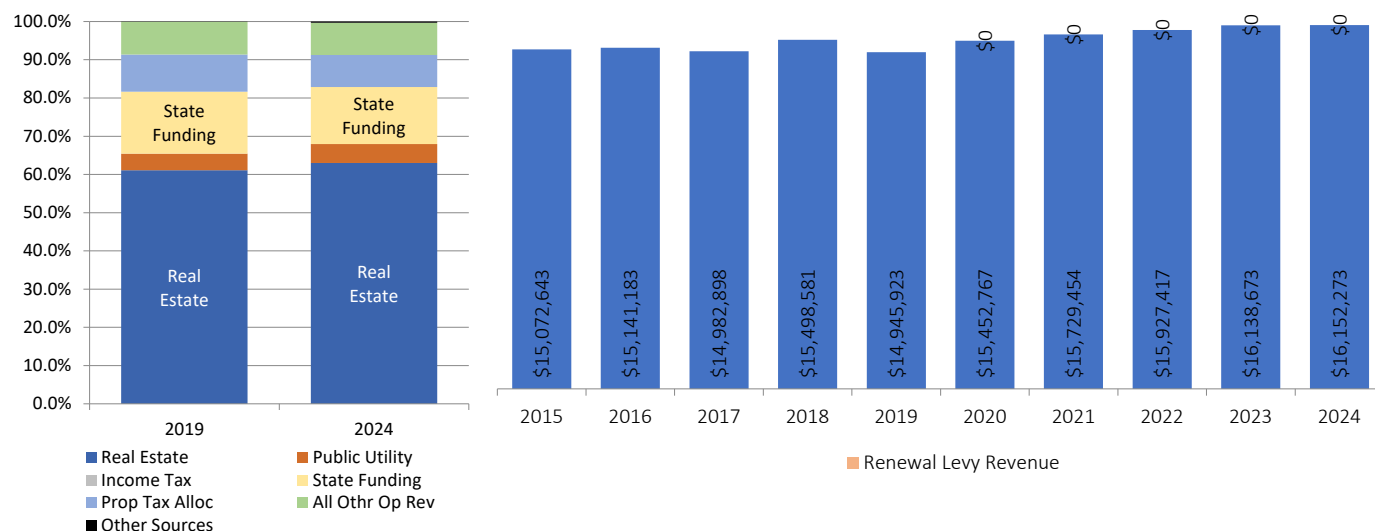
Revenue Surplus or Deficit w/o Levies	(717,767)	(717,205)	(907,285)	(939,748)	(1,324,819)
Ending Balance w/o Levies	4,243,274	3,526,069	2,618,784	1,679,036	354,217

In FY 2020 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$717,767 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$1,324,819. The district would need to cut its FY 2024 projected expenses by 8.20% in order to balance its budget without additional revenue.

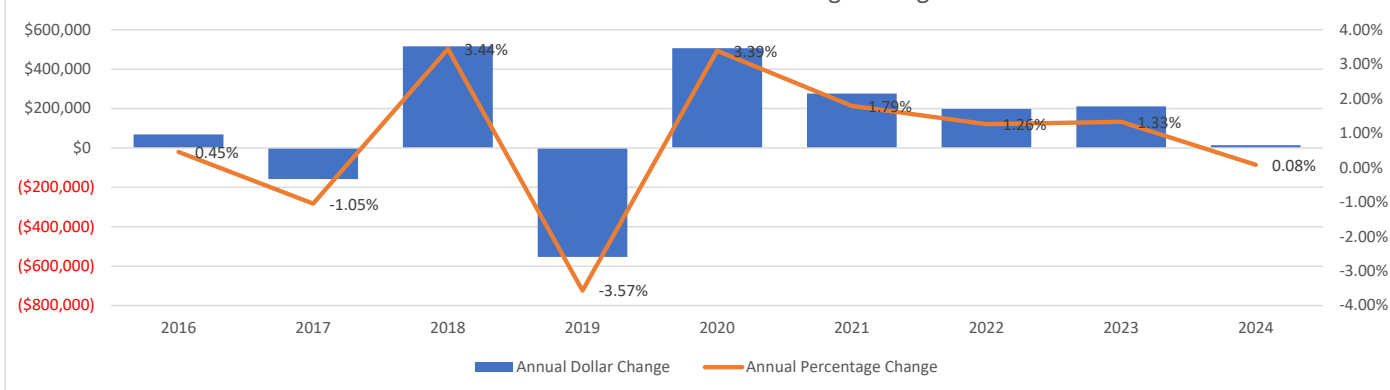
The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



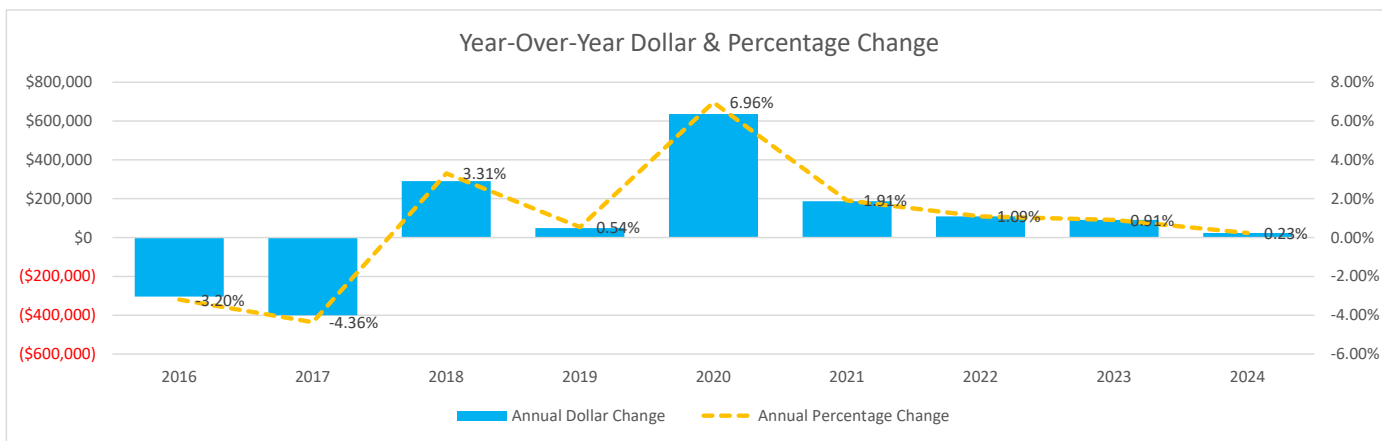
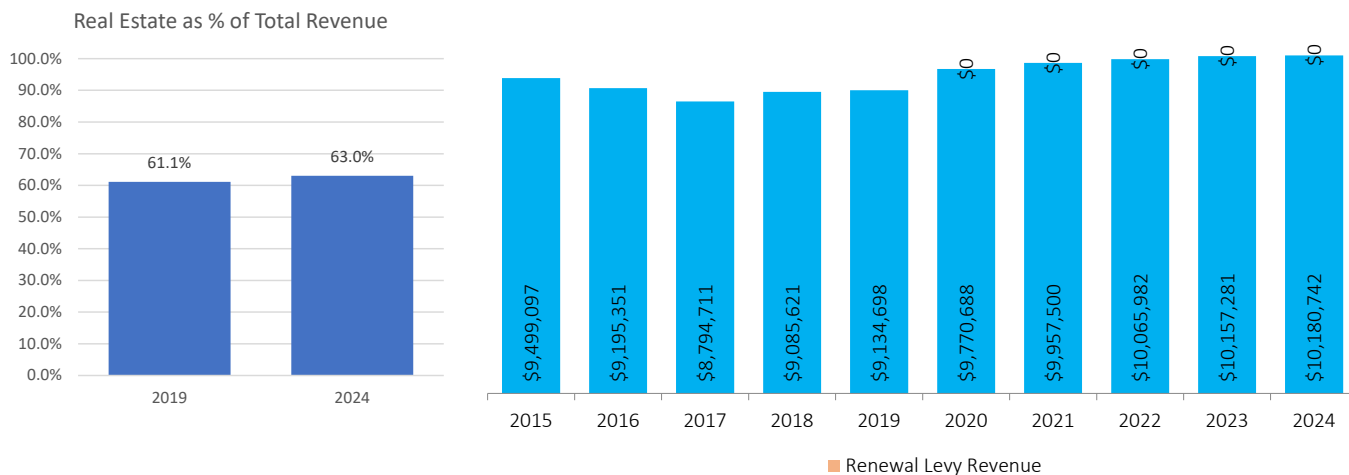
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	(\$20,218)	\$209,209	\$229,426	Total revenue decreased -0.39% or -\$65,087 annually during the past five years and is projected to increase 1.57% or \$241,270 annually through FY2024. Prop Tax Alloc has the most projected average annual variance compared to the historical average at \$280,148
Public Utility	\$38,576	\$30,186	(\$8,390)	
Income Tax	\$0	\$0	\$0	
State Funding	\$81,698	(\$2,514)	(\$84,212)	
Prop Tax Alloc	(\$300,422)	(\$20,274)	\$280,148	With the exception of cuts in state foundation payments revenue is expected to be relatively flat. Some increases in real estate revenue are expected due to increased valuations and the district being at the 20 mil floor.
All Othr Op Rev	\$137,392	\$15,743	(\$121,650)	
Other Sources	(\$2,114)	\$8,920	\$11,033	
Total Average Annual Change	(\$65,087)	\$241,270	\$306,357	
	-0.39%	1.57%	1.96%	

Note: Expenditure average annual change is projected to be > \$365,844 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



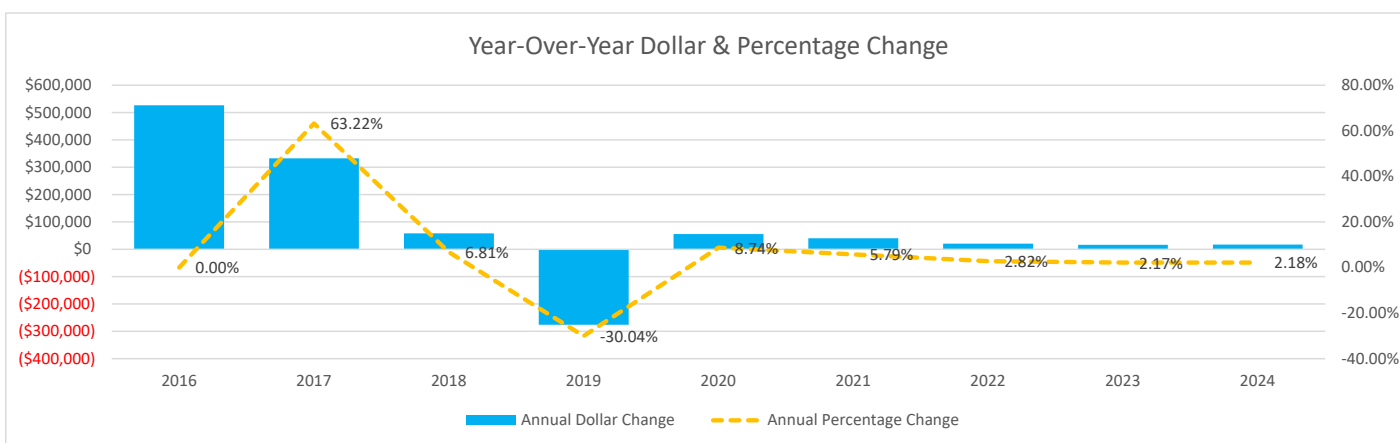
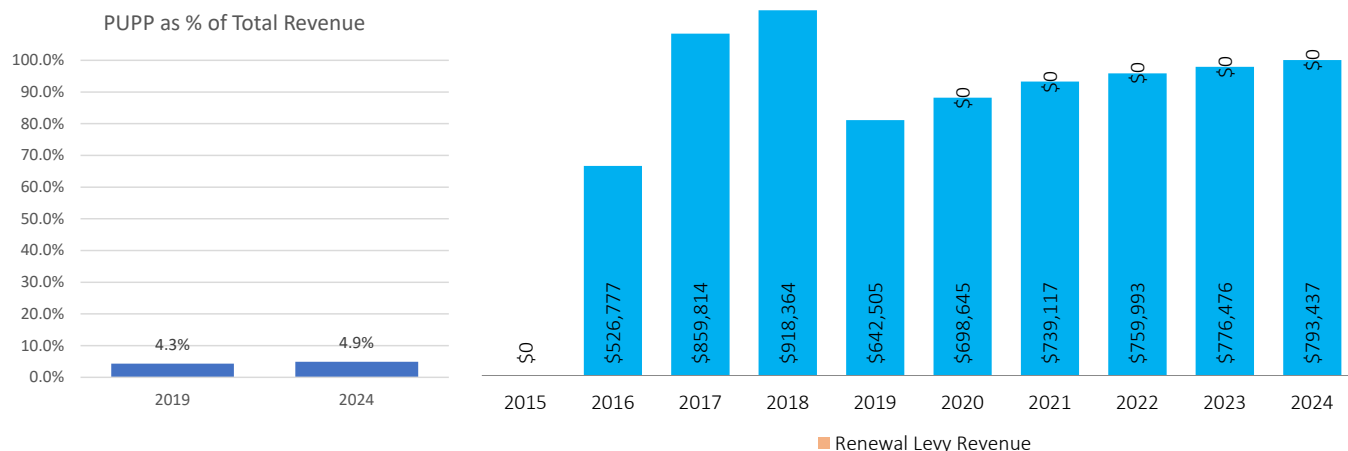
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	355,594,120	25,233,470	28.63	-	40.98	-	105.7%
2019	363,281,720	7,687,600	28.43	(0.20)	40.54	(0.44)	102.4%
2020	364,884,520	1,602,800	28.65	0.22	40.79	0.25	102.4%
2021	372,879,520	7,995,000	28.53	(0.12)	40.40	(0.38)	102.4%
2022	374,429,520	1,550,000	28.49	(0.04)	40.39	(0.01)	102.4%
2023	375,529,520	1,100,000	28.46	(0.03)	40.39	(0.00)	102.4%

Real estate property tax revenue accounts for 61.12% of total revenue. Class I or residential/agricultural taxes make up approximately 73.40% of the real estate property tax revenue. The Class I tax rate is 28.43 mills in tax year 2019. The projections reflect an average gross collection rate of 102.4% annually through tax year 2023. The revenue changed at an average annual historical rate of -0.17% and is projected to change at an average annual rate of 2.22% through FY 2024.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



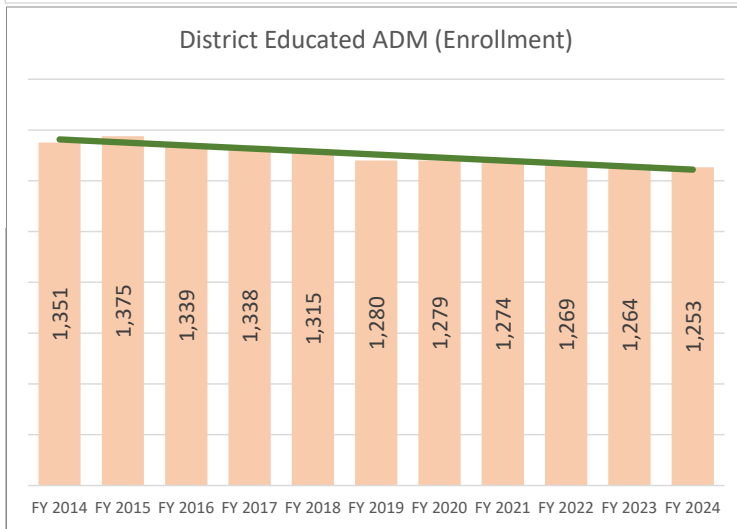
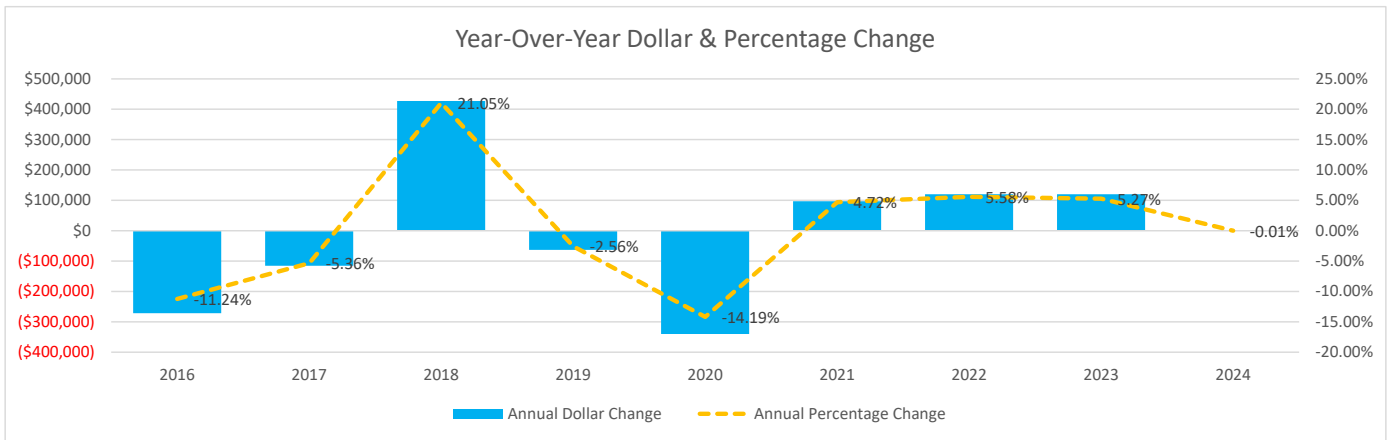
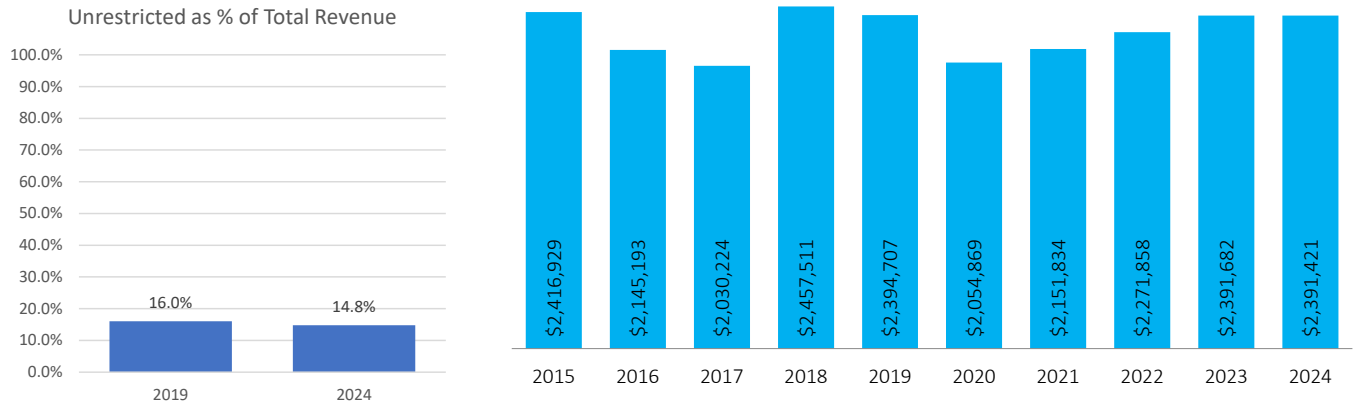
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	9,568,320	741,580	69.53	(0.68)	100.0%
2019	10,558,280	989,960	69.33	(0.20)	100.0%
2020	10,808,280	250,000	69.55	0.22	100.0%
2021	11,058,280	250,000	69.43	(0.12)	100.0%
2022	11,308,280	250,000	69.39	(0.04)	100.0%
2023	11,558,280	250,000	69.36	(0.03)	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 4.30% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 69.33 mills. The forecast is modeling an average gross collection rate of 100.02%. The revenue changed historically at an average annual dollar amount of \$38,576 and is projected to change at an average annual dollar amount of \$30,186 through FY 2024.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



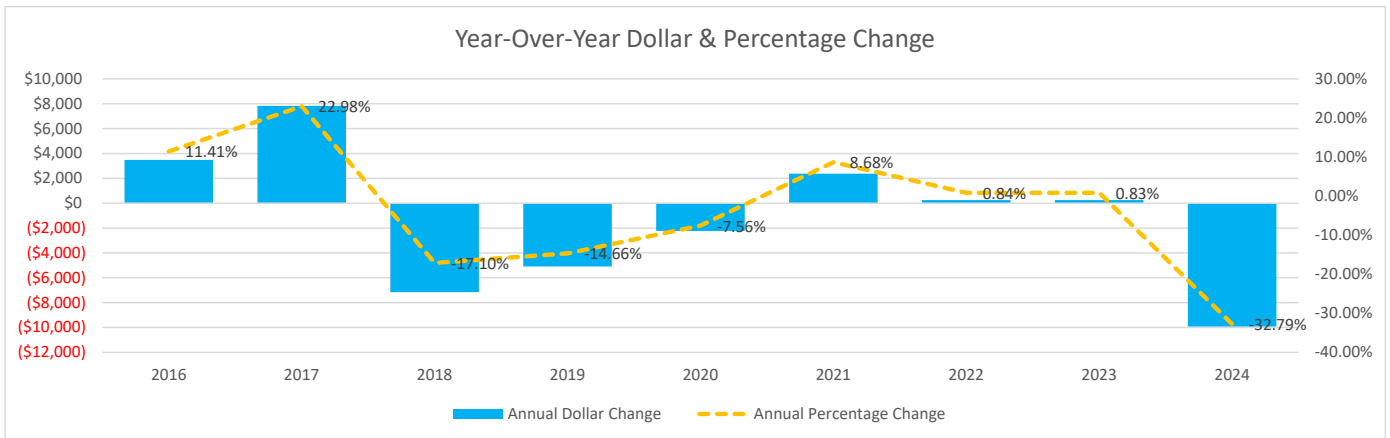
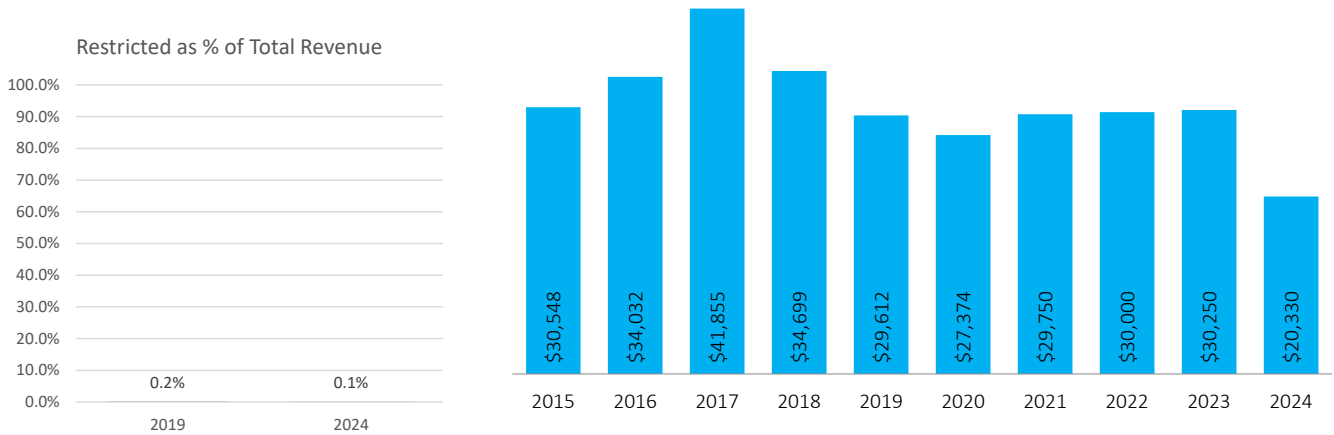
The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2020 base funding amount of \$2,264,953 the district is projected to receive FY 2020 categorical funding of \$250,671. Wellness dollars included in this amount are recorded in a special revenue fund and not included in this forecast. The district has the option to move some expenditures from the general fund to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 3.6%

Reductions in state funding are due to the loss of tax revenue due to COVID-19 pandemic. The district expects decreases in FY21, FY22 with full restoration to FY19 levels in FY23.

#REF!

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.

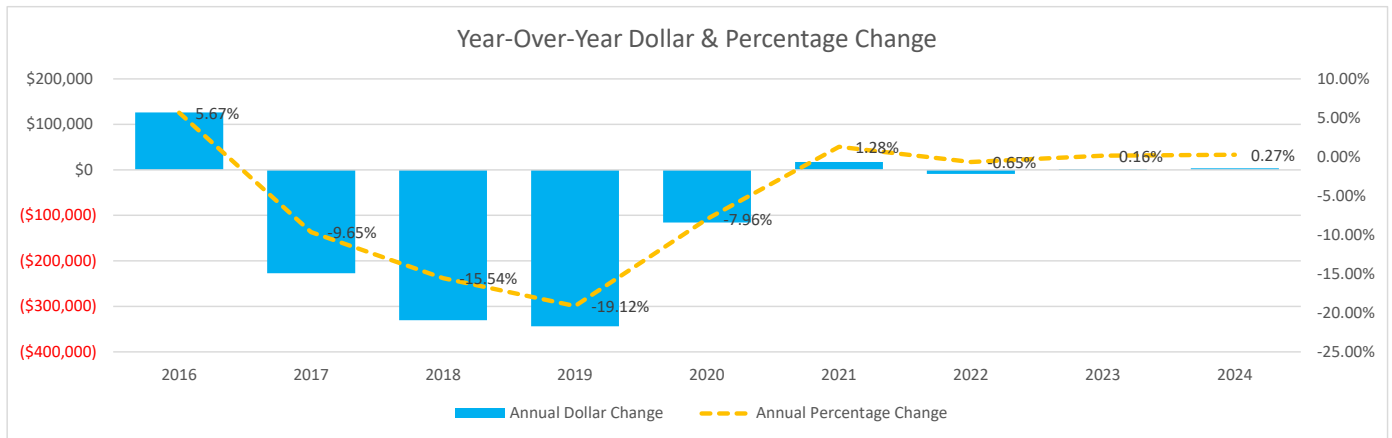
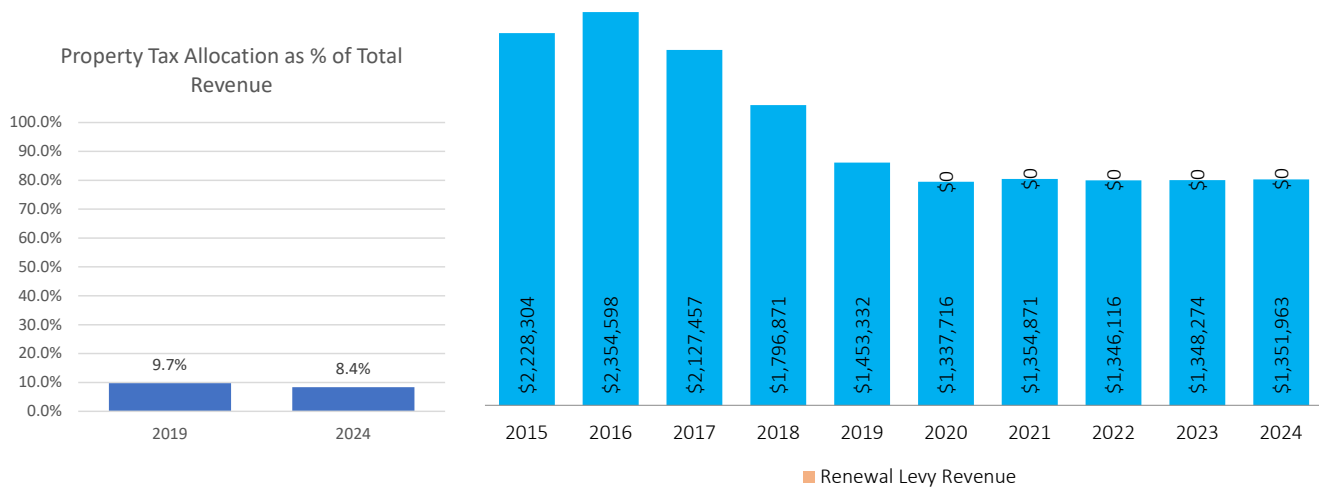


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$1,473 and is projected to change annually on average by -\$1,856. Restricted funds represent 0.20% of total revenue.

#REF!

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



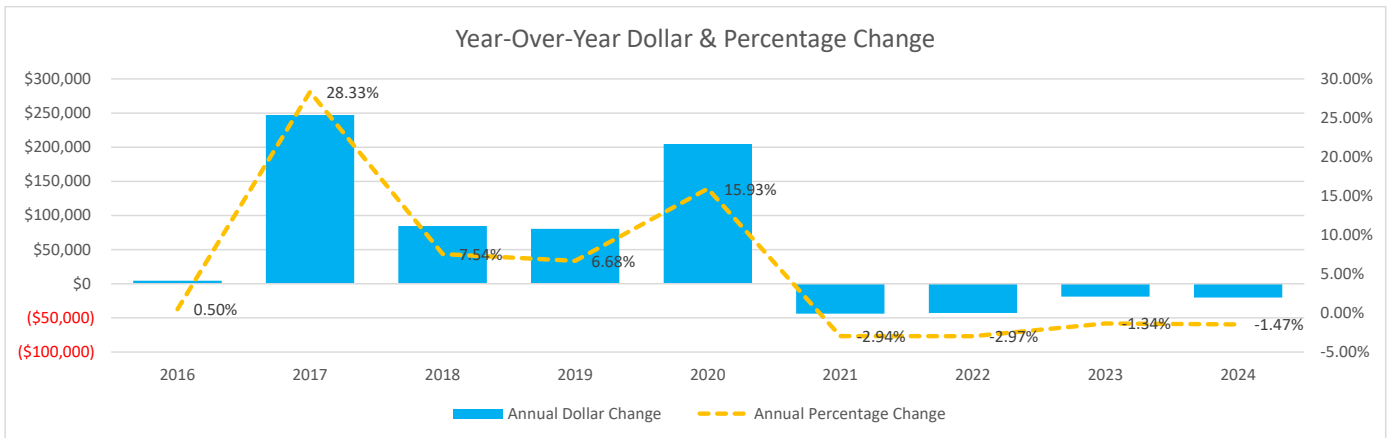
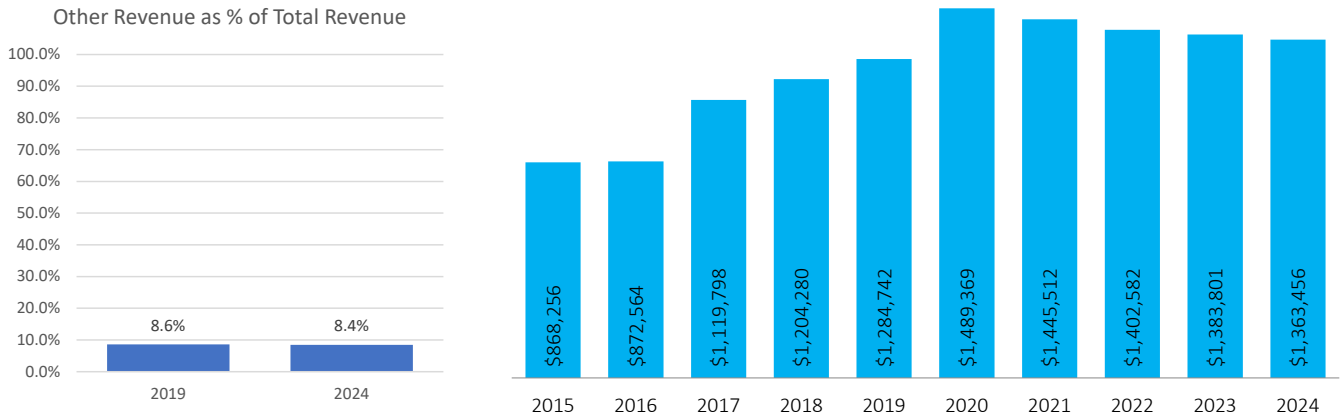
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.0% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

#REF!

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.

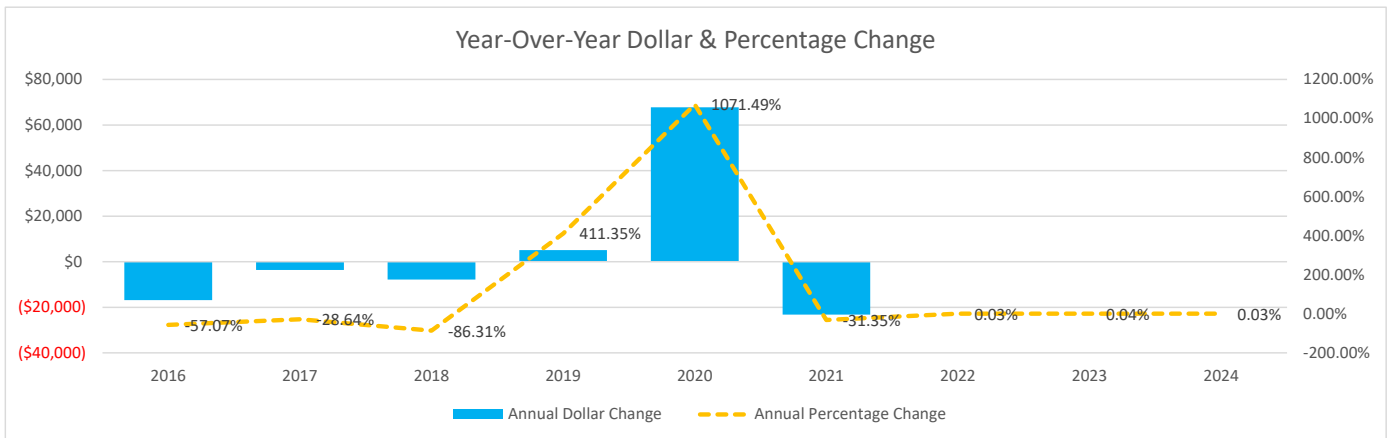
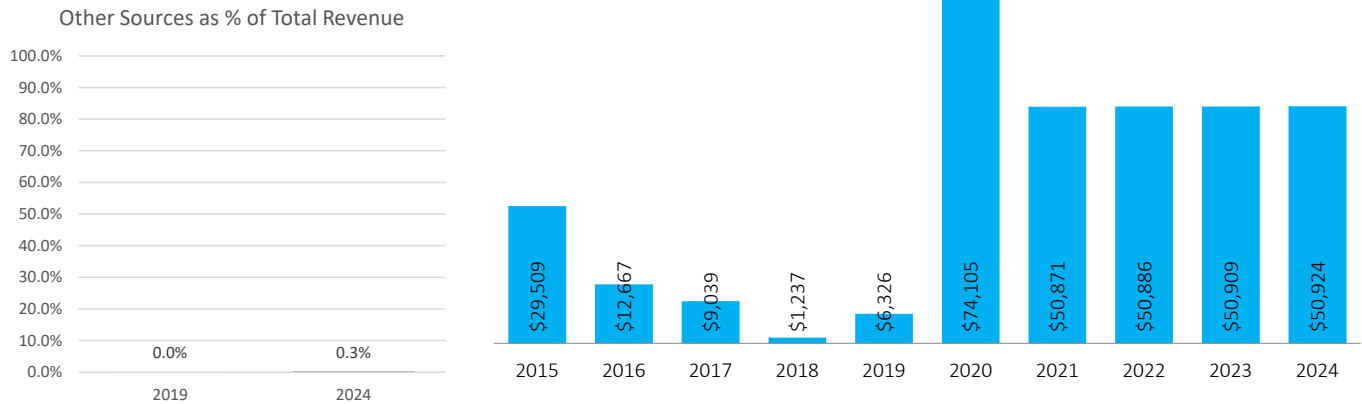


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$137,392. The projected average annual change is \$15,743 through FY 2024.

#REF!

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



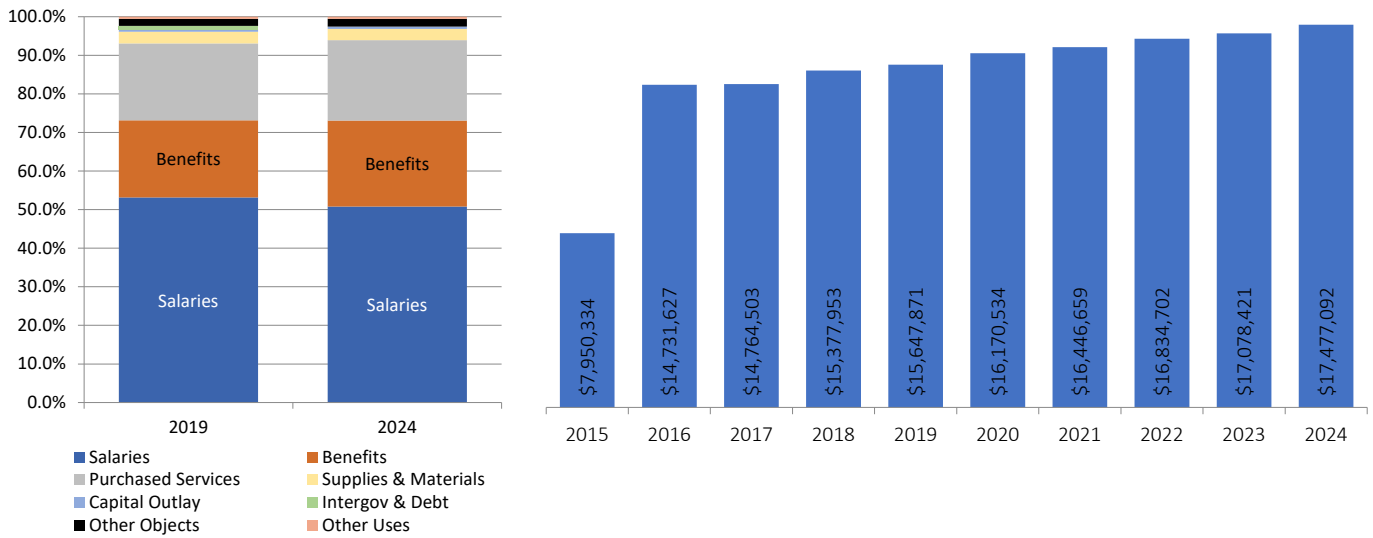
	2019	2020	FORECASTED			
			2021	2022	2023	2024
Transfers In	-	-	-	-	-	-
Advances In	-	73,234	50,000	50,000	50,000	50,000
All Other Financing Sources	6,326	871	871	886	909	924

Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district received \$0 as advances-in and is projecting advances of \$73,234 in FY 2020. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$871 in FY 2020 and average \$897 annually through FY 2024.

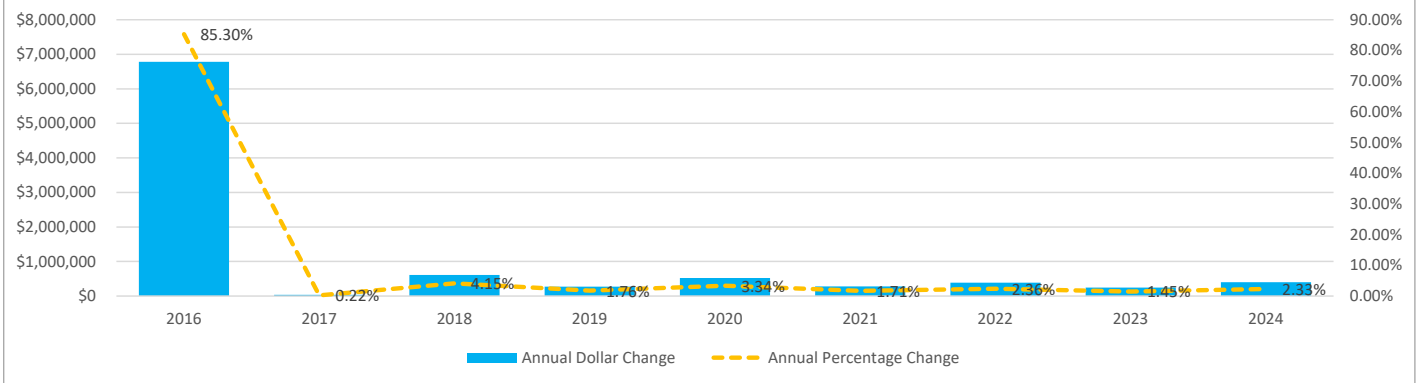
#REF!

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 2.04% or \$305,414 annually during the past five years and is projected to increase 2.34% or \$365,844 annually through FY2024. Benefits has the largest projected average annual variance compared to the historical average at \$134,430.
Salaries	\$149,243	\$111,154	(\$38,089)	
Benefits	\$20,807	\$155,237	\$134,430	
Purchased Services	\$153,306	\$105,365	(\$47,940)	
Supplies & Materials	(\$33,323)	\$5,095	\$38,418	
Capital Outlay	(\$5,471)	\$2,400	\$7,870	
Intergov & Debt	(\$550)	(\$27,873)	(\$27,323)	
Other Objects	(\$7,471)	\$11,789	\$19,260	
Other Uses	\$28,872	\$2,677	(\$26,196)	
Total Average Annual Change	\$305,414 2.04%	\$365,844 2.34%	\$60,430 0.29%	

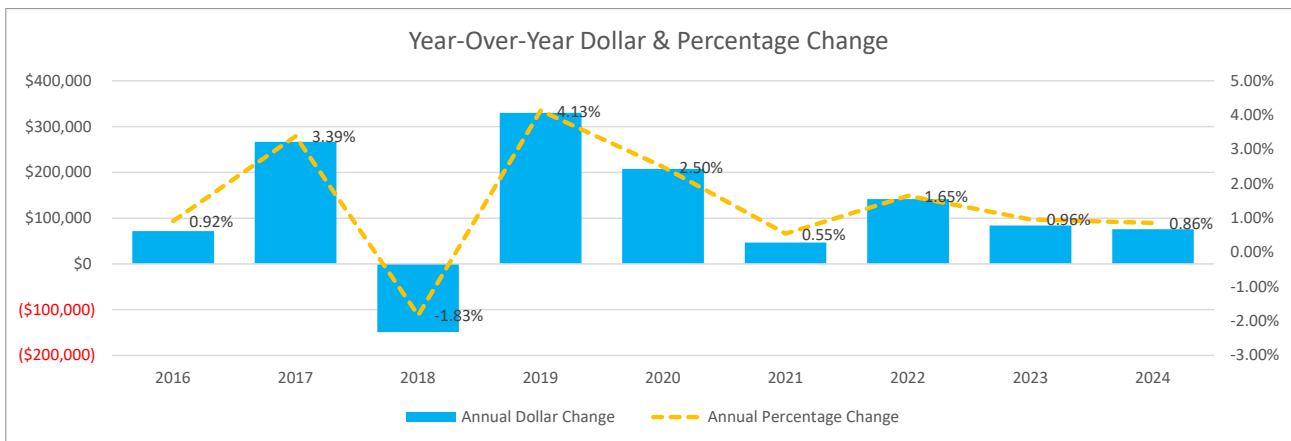
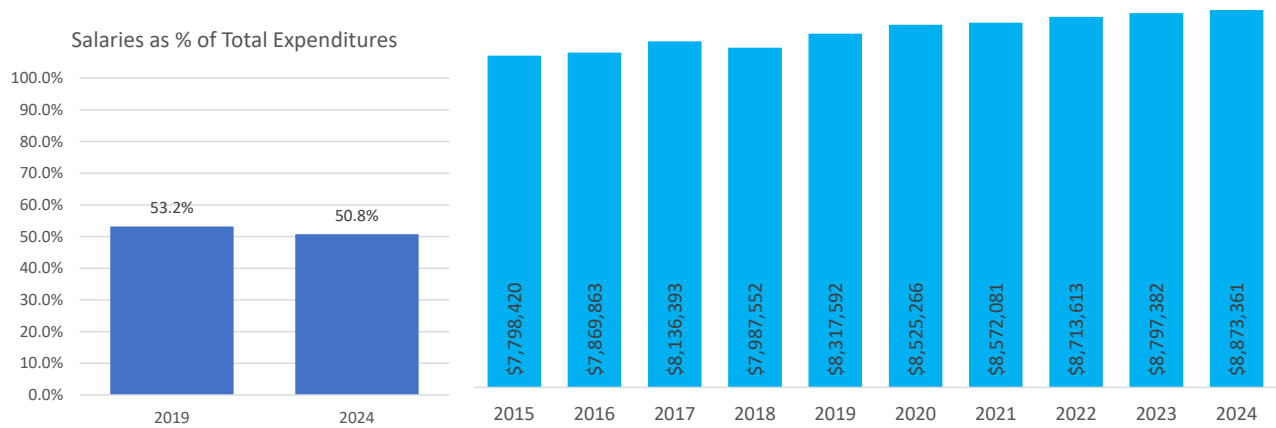
Note: Expenditure average annual change is projected to be > \$365,844

On an annual average basis, revenues are projected to grow slower than expenditures.

#REF!

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



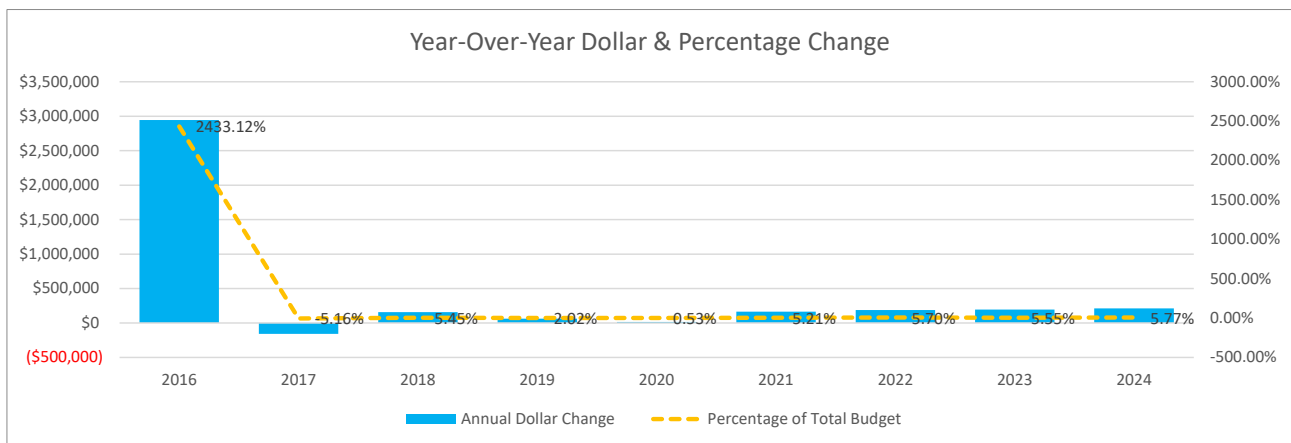
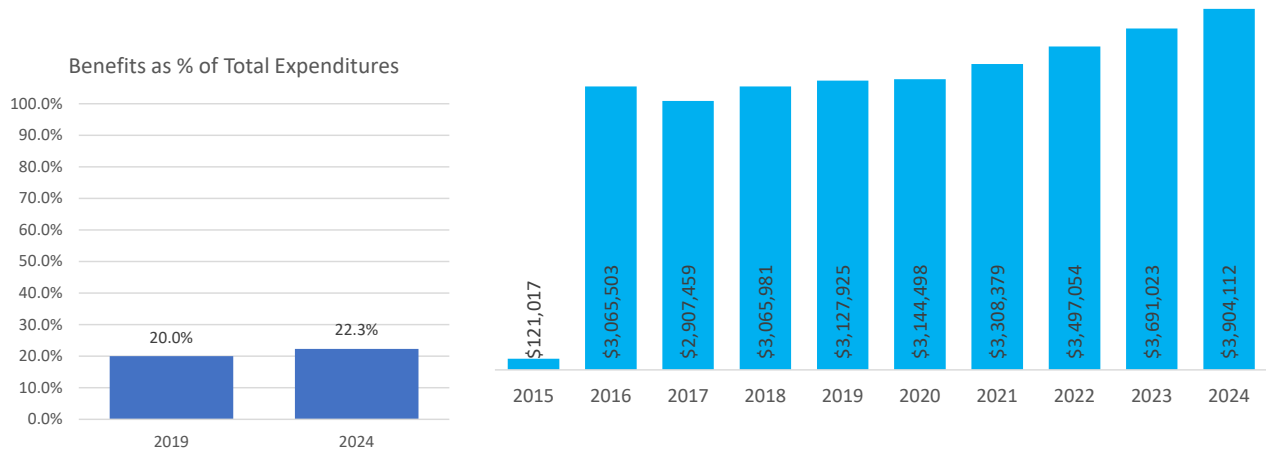
Salaries represent 53.15% of total expenditures and increased at a historical average annual rate of 1.90% or \$149,243. This category of expenditure is projected to grow at an average annual rate of 1.30% or \$111,154 through FY 2024. The projected average annual rate of change is 0.59% less than the five year historical annual average.

Salary increases are driven by negotiated changes in base rates, step changes and movement on the salary scales for educational advancement. Increases in FY21 are tempered by the absorption of a certified and two classified positions.

#REF!

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



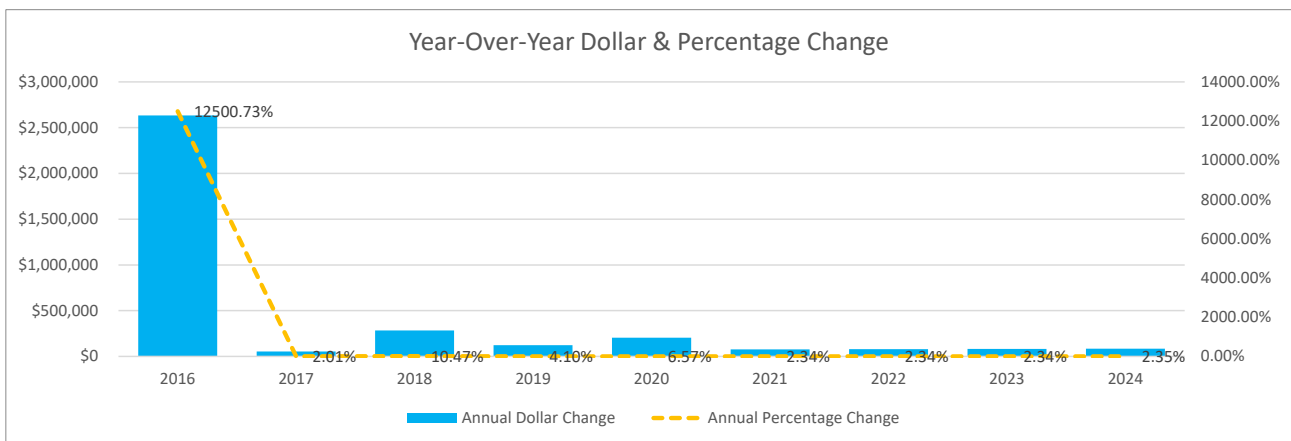
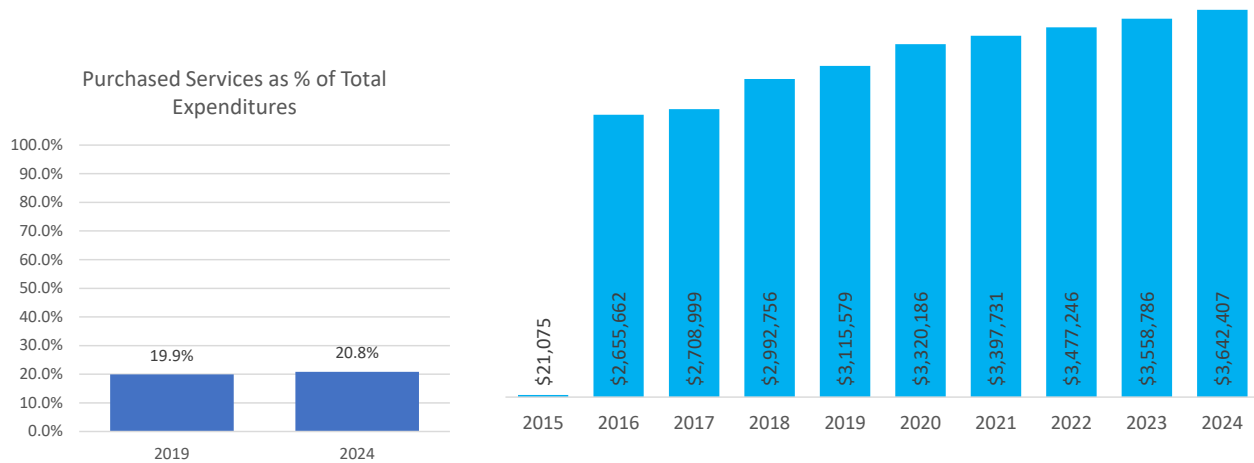
Benefits represent 19.99% of total expenditures and increased at a historical average annual rate of 0.77%. This category of expenditure is projected to grow at an annual average rate of 4.55% through FY 2024. The projected average annual rate of change is 3.78% more than the five year historical annual average.

Health insurance continues to be the biggest driver of benefit costs. Over the last couple of years insurance increases have been less than the national trend. The expectation is in FY21 and beyond the health insurance consortium will see higher than historical benefit increases due to expensive health insurance claims. Total costs will be tempered by a reduction of personnel.

#REF!

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



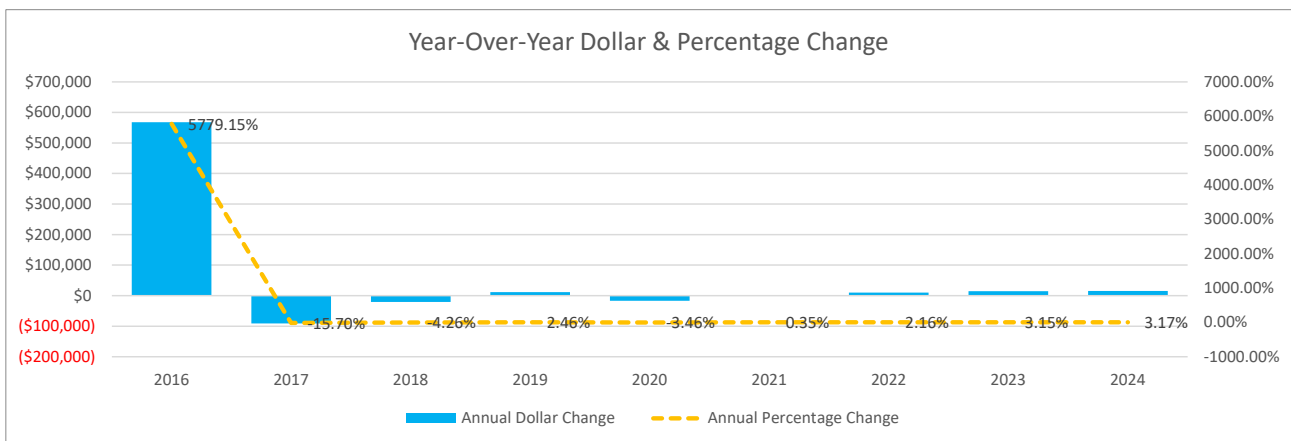
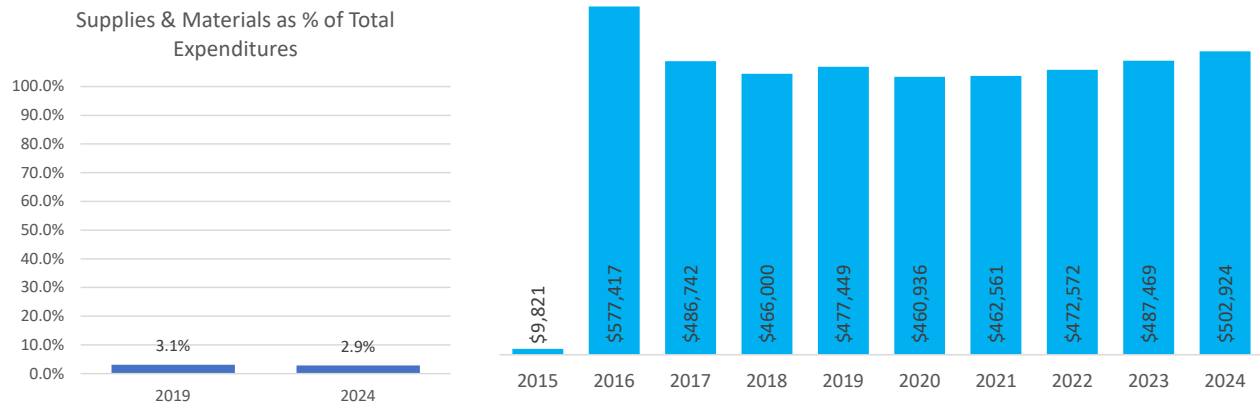
Purchased Services represent 19.91% of total expenditures and increased at a historical average annual rate of 5.53%. This category of expenditure is projected to grow at an annual average rate of 3.19% through FY 2024. The projected average annual rate of change is -2.34% less than the five year historical annual average.

The two biggest drivers for purchased services are special education services primarily provided by North Point ESC and open enrollment out. The district is looking at opportunities to reduce purchased service expenses.

#REF!

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

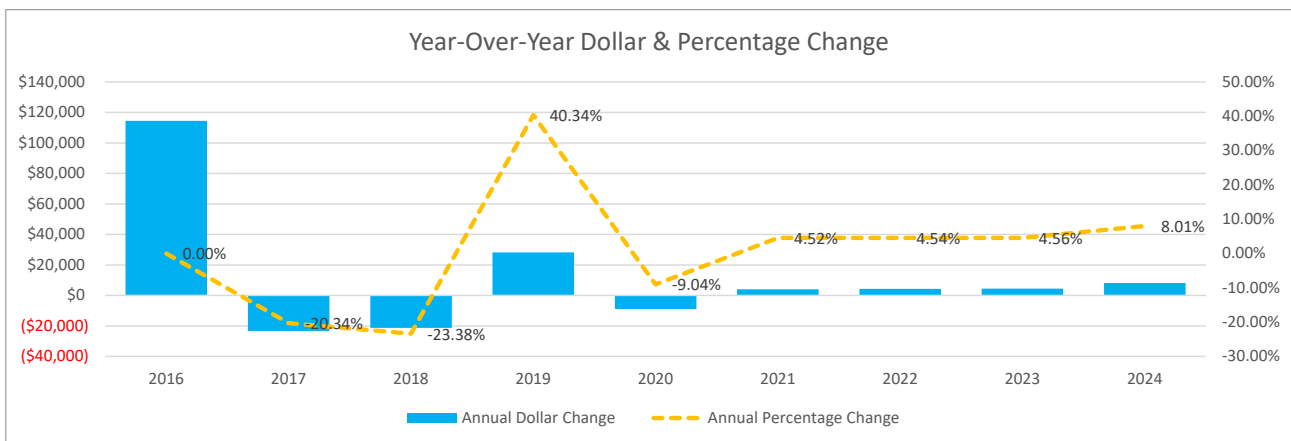
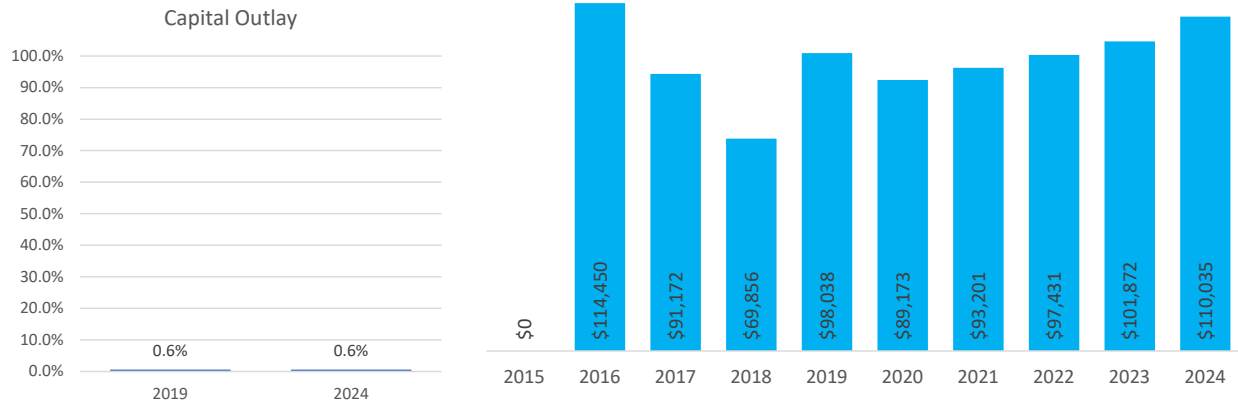


Supplies & Materials represent 3.05% of total expenditures and decreased at a historical average annual rate of -5.84%. This category of expenditure is projected to grow at an annual average rate of 1.08% through FY 2024. The projected average annual rate of change is 6.91% more than the five year historical annual average.

#REF!

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



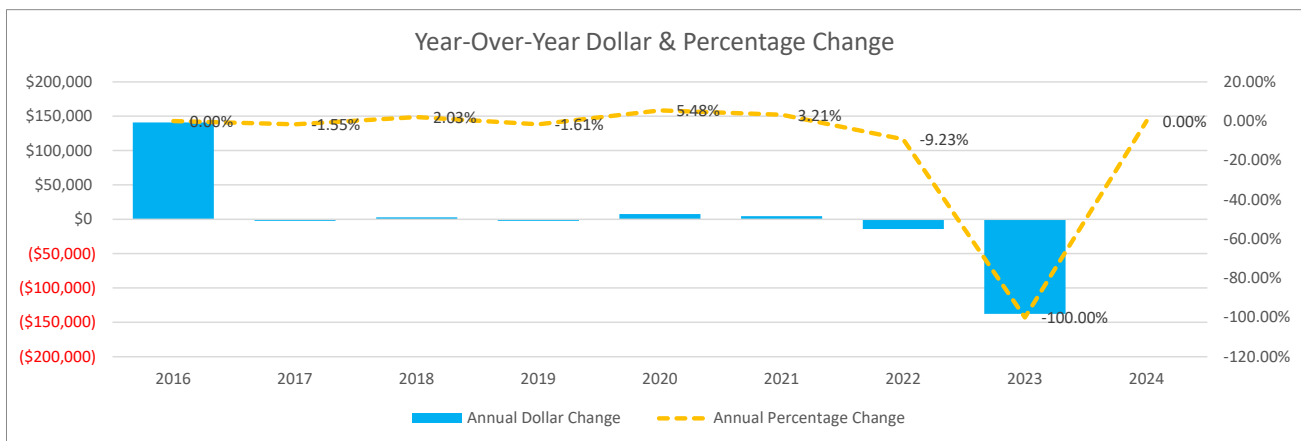
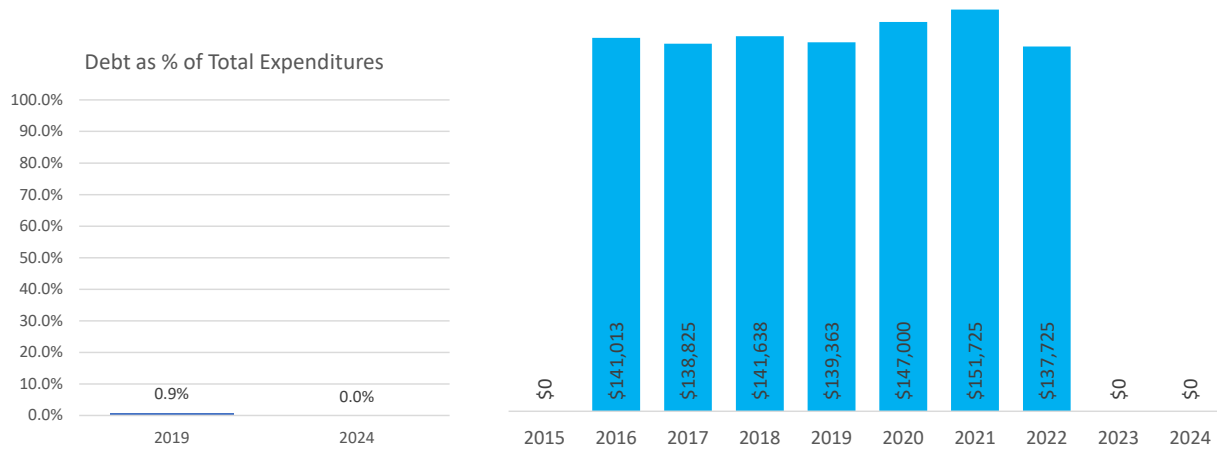
Capital Outlay represent 0.63% of total expenditures and decreased at a historical average annual amount of -\$5,471. This category of expenditure is projected to grow at an annual average amount of \$2,400 through FY 2024. The projected average annual change is more than the five year historical annual average.

Much of this line item is used for capital repairs. In FY21 it is the district's intent to minimize use of this expenditure item.

#REF!

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



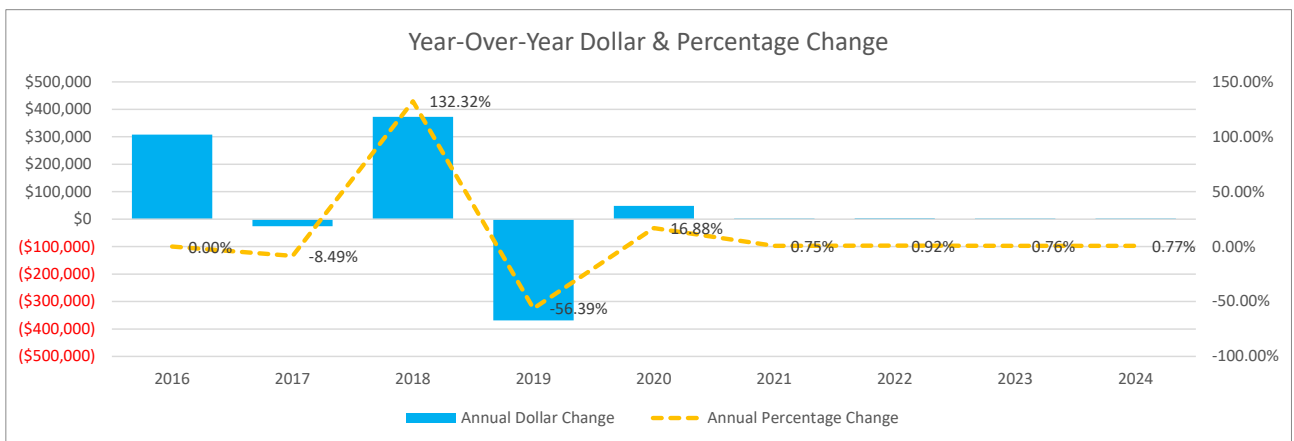
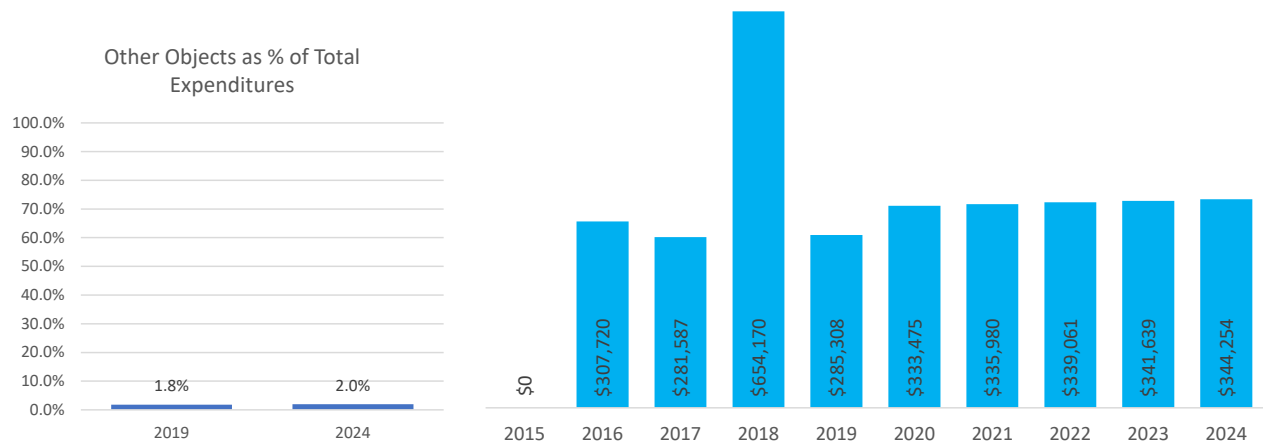
The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

These are lease/purchase agreements.

#REF!

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

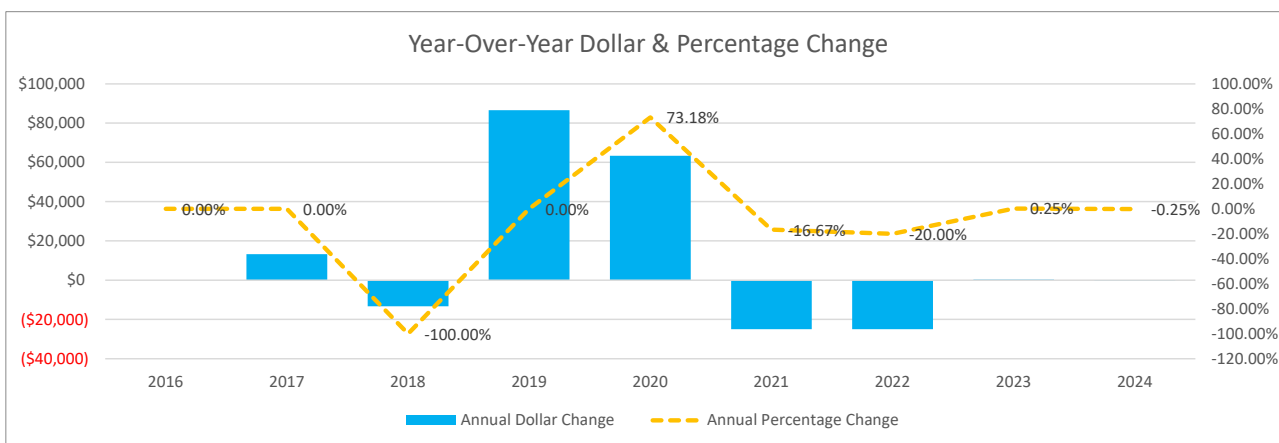
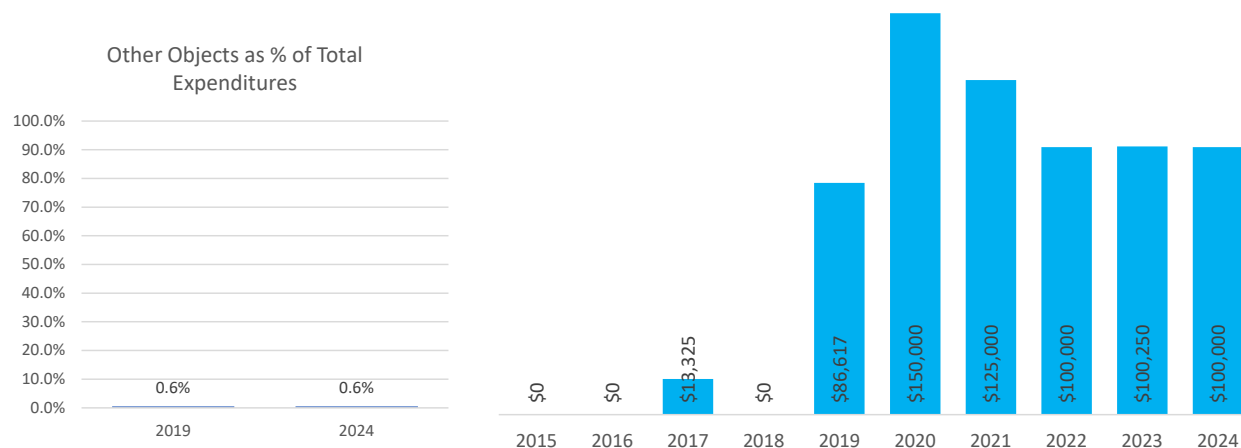


Other Objects represent 1.82% of total expenditures and increased at a historical average annual rate of 22.48%. This category of expenditure is projected to grow at an annual average rate of 4.02% through FY 2024. The projected average annual rate of change is -18.46% less than the five year historical annual average.

#REF!

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2019	2020	2021	FORECASTED		
				2022	2023	2024
Transfers Out	50,000	100,000	75,000	50,000	50,250	50,000
Advances Out	36,617	50,000	50,000	50,000	50,000	50,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2019 the district had advances-out and has advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2024. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

#REF!

Huron City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	9,134,698	9,770,688	9,957,500	10,065,982	10,157,281	10,180,742
1.020 - Public Utility Personal Property	642,505	698,645	739,117	759,993	776,476	793,437
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	2,394,707	2,054,869	2,151,834	2,271,858	2,391,682	2,391,421
1.040 - Restricted Grants-in-Aid	29,612	27,374	29,750	30,000	30,250	20,330
1.050 - Property Tax Allocation	1,453,332	1,337,716	1,354,871	1,346,116	1,348,274	1,351,963
1.060 - All Other Operating Revenues	1,284,742	1,489,369	1,445,512	1,402,582	1,383,801	1,363,456
1.070 - Total Revenue	14,939,597	15,378,662	15,678,584	15,876,531	16,087,764	16,101,349
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	73,234	50,000	50,000	50,000	50,000
2.060 - All Other Financing Sources	6,326	871	871	886	909	924
2.070 - Total Other Financing Sources	6,326	74,105	50,871	50,886	50,909	50,924
2.080 - Total Rev & Other Sources	14,945,923	15,452,767	15,729,454	15,927,417	16,138,673	16,152,273
Expenditures:						
3.010 - Personnel Services	8,317,592	8,525,266	8,572,081	8,713,613	8,797,382	8,873,361
3.020 - Employee Benefits	3,127,925	3,144,498	3,308,379	3,497,054	3,691,023	3,904,112
3.030 - Purchased Services	3,115,579	3,320,186	3,397,731	3,477,246	3,558,786	3,642,407
3.040 - Supplies and Materials	477,449	460,936	462,561	472,572	487,469	502,924
3.050 - Capital Outlay	98,038	89,173	93,201	97,431	101,872	110,035
Intergovernmental & Debt Service	139,363	147,000	151,725	137,725	-	-
4.300 - Other Objects	285,308	333,475	335,980	339,061	341,639	344,254
4.500 - Total Expenditures	15,561,253	16,020,534	16,321,659	16,734,702	16,978,171	17,377,092
Other Financing Uses						
5.010 - Operating Transfers-Out	50,000	100,000	75,000	50,000	50,250	50,000
5.020 - Advances-Out	36,617	50,000	50,000	50,000	50,000	50,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	86,617	150,000	125,000	100,000	100,250	100,000
5.050 - Total Exp and Other Financing Uses	15,647,871	16,170,534	16,446,659	16,834,702	17,078,421	17,477,092
6.010 - Excess of Rev Over/(Under) Exp	(701,948)	(717,767)	(717,205)	(907,285)	(939,748)	(1,324,819)
7.010 - Cash Balance July 1 (No Levies)	5,662,989	4,961,041	4,243,274	3,526,069	2,618,784	1,679,036
7.020 - Cash Balance June 30 (No Levies)	4,961,041	4,243,274	3,526,069	2,618,784	1,679,036	354,217
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	4,961,041	4,243,274	3,526,069	2,618,784	1,679,036	354,217
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	4,961,041	4,243,274	3,526,069	2,618,784	1,679,036	354,217
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	4,961,041	4,243,274	3,526,069	2,618,784	1,679,036	354,217

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