



Five Year Forecast Financial Report

November, 2021

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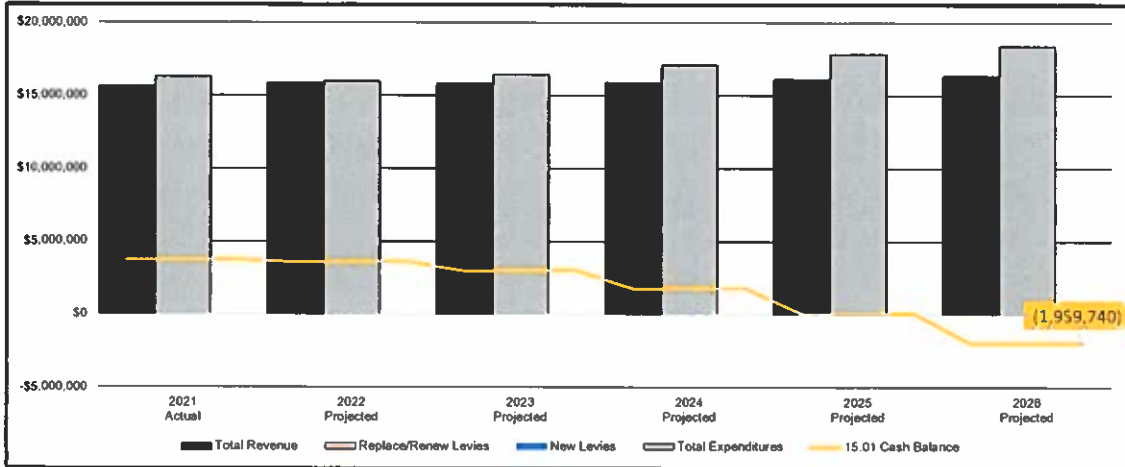
Forecast Purpose/Objectives

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 (line 7.020) plus any existing levy modeled as renewed or new during the forecast

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (line 7.010) Plus	3,737,205	3,597,723	2,991,226	1,788,443	76,467
+ Revenue	15,827,673	15,821,763	15,874,926	16,121,151	16,347,919
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(15,967,155)	(16,428,260)	(17,077,708)	(17,833,127)	(18,384,127)
= Revenue Surplus or Deficit	(139,482)	(606,497)	(1,202,783)	(1,711,975)	(2,036,208)
Line 7.020 Ending Balance with renewal/new levies	3,597,723	2,991,226	1,788,443	76,467	(1,959,740)

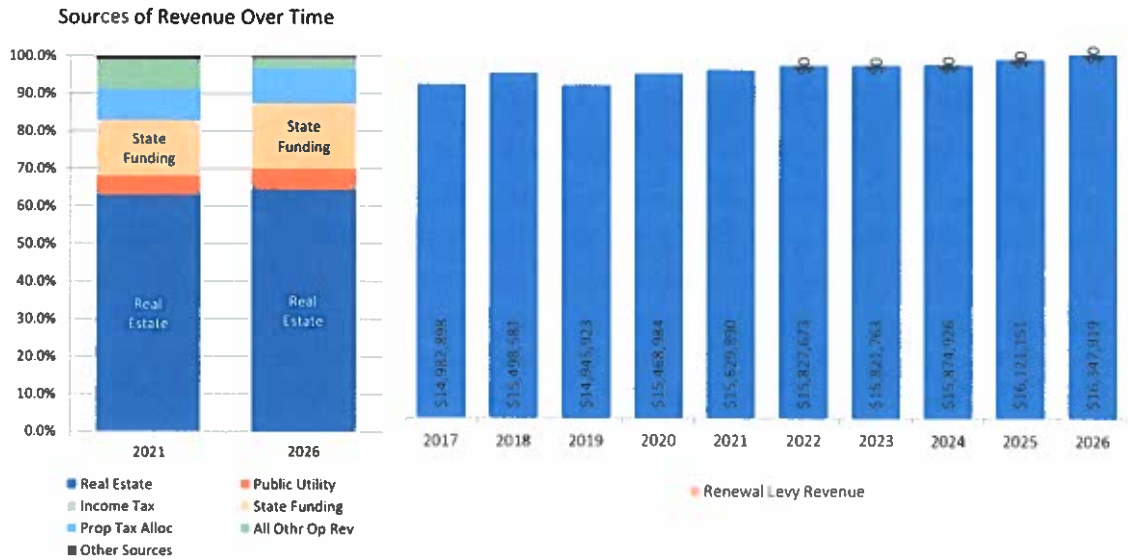
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(139,482)	(606,497)	(1,202,783)	(1,711,975)	(2,036,208)
Ending Balance w/o Levies	3,597,723	2,991,226	1,788,443	76,467	(1,959,740)

In FY 2022 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$139,482 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$2,036,208. The district would need to cut its FY 2026 projected expenses by 11.08% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview



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	\$248,198	\$140,429	(\$107,769)	Total revenue increased 0.29% or \$43,770 annually during the past five years and is projected to increase 0.90% or \$143,606 annually through FY2026. Prop Tax Alloc has the most projected average annual variance compared to the historical average at \$204,804
Public Utility	(\$34,959)	\$21,184	\$56,143	
Income Tax	\$0	\$0	\$0	
State Funding	(\$61,982)	\$108,513	\$170,495	
Prop Tax Allocation	(\$164,975)	\$39,829	\$204,804	
All Othr Op Rev	\$15,422	(\$150,862)	(\$166,284)	
Other Sources	\$42,066	(\$15,487)	(\$57,553)	
Total Average Annual Change	\$43,770 0.29%	\$143,606 0.90%	\$99,836 0.61%	

Note: Expenditure average annual change is projected to be > \$416,888. On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 62.89% of total revenue. Class I or residential/agricultural taxes make up approximately 80.73% of the real estate property tax revenue. The Class I tax rate is 27.76 mills in tax year 2021. The projections reflect an average gross collection rate of 98.9% annually through tax year 2025. The revenue changed at an average annual historical rate of 2.59% and is projected to change at an average annual rate of 1.36% through FY 2026.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

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 5.20% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 68.66 mills. The forecast is modeling an average gross collection rate of 100.01%. The revenue changed historically at an average annual dollar amount of -\$34,959 and is projected to change at an average annual dollar amount of \$21,184 through FY 2026.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. For Huron City School District the calculated Base Cost total is \$9,173,166 in FY 2022. The state's share of the calculated Base Cost total is \$660,520 or \$524 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$713,603 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

RESTRICTED STATE AID REVENUE

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 -\$1,511 and is projected to change annually on average by \$8,739. Restricted funds represent 0.19% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$89,616. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

PROPERTY TAX ALLOCATION REVENUE

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 2022, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.7% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

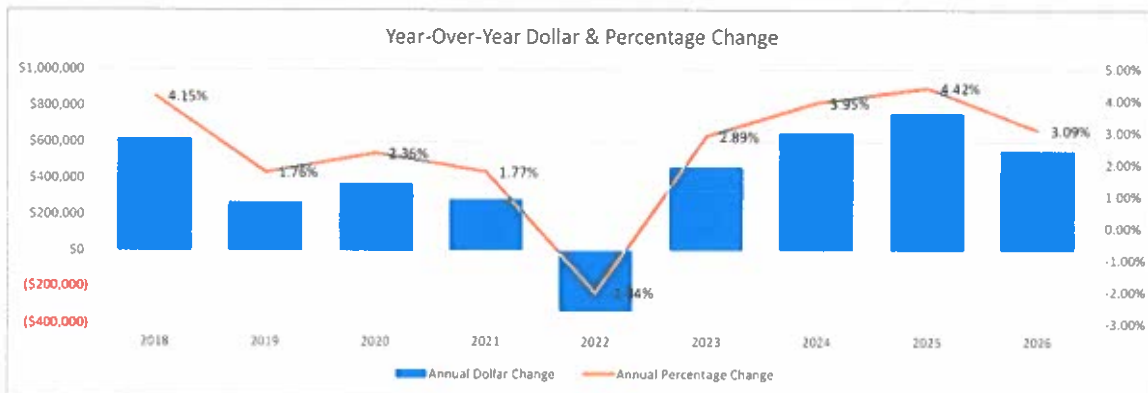
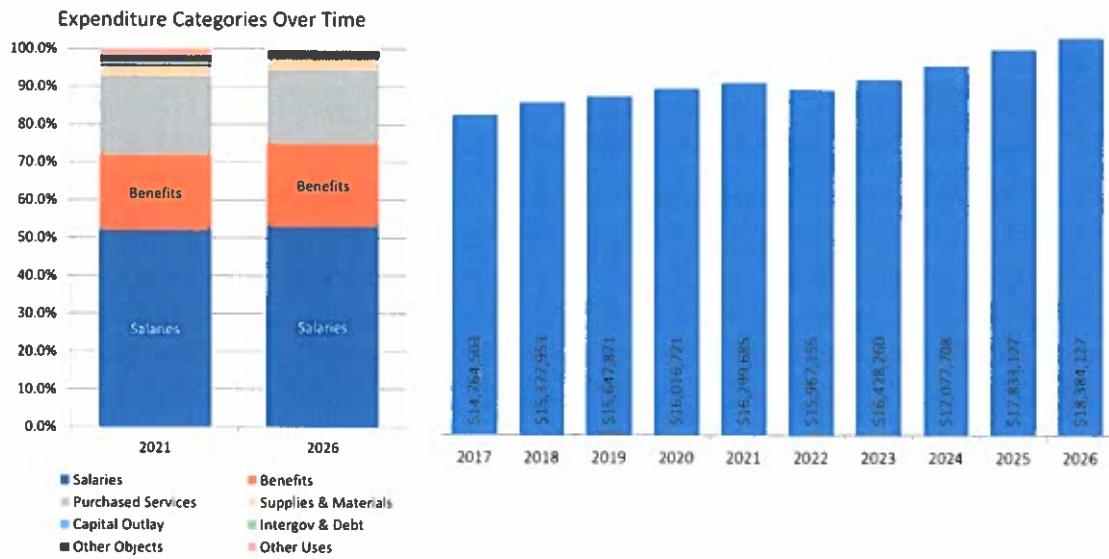
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$15,422. The projected average annual change is -\$150,862 through FY 2026. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in "other revenue" prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$742,137 in FY 2021.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances in are the most common revenue source. In FY 2021 the district received \$31,705 as advances-in and is projecting advances of \$246,339 in FY 2022. 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 \$0 in FY 2022 and average \$0 annually through FY 2026.

ADDITIONAL REVENUE NOTES

Expenditure Overview



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 1.92% or \$307,244 annually during the past five years and is projected to increase 2.56% or \$416,888 annually through FY2026. Other Objects has the largest projected average annual variance compared to the historical average at \$144,755.
Salaries	\$156,769	\$254,217	\$97,448	
Benefits	\$64,066	\$151,952	\$87,886	
Purchased Services	\$139,971	\$37,155	(\$102,816)	
Supplies & Materials	(\$24,737)	\$13,706	\$38,443	
Capital Outlay	\$246	\$9,067	\$8,820	
Intergov & Debt	(\$638)	(\$27,945)	(\$27,307)	
Other Objects	(\$130,050)	\$14,706	\$144,755	
Other Uses	\$101,615	(\$35,969)	(\$137,583)	
Total Average Annual Change	\$307,244 1.92%	\$416,888 2.56%	\$109,644 0.64%	

Note: Expenditure average annual change is projected

to be > \$416,888

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

Expenditure Notes

SALARY EXPENSE

Salaries represent 51.89% of total expenditures and increased at a historical average annual rate of 1.86% or \$156,769. This category of expenditure is projected to grow at an annual average rate of 2.76% or \$254,217 through FY 2026. The projected average annual rate of change is 0.90% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 19.99% of total expenditures and increased at a historical average annual rate of 2.02%. This category of expenditure is projected to grow at an annual average rate of 4.21% through FY 2026. The projected average annual rate of change is 2.19% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 20.94% of total expenditures and increased at a historical average annual rate of 4.28%. This category of expenditure is projected to grow at an annual average rate of 1.13% through FY 2026. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$713,603. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 2.40% of total expenditures and decreased at a historical average annual rate of -5.70%. This category of expenditure is projected to grow at an annual average rate of 3.09% through FY 2026. The projected average annual rate of change is 8.78% more than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 0.43% of total expenditures and increased at a historical average annual amount of \$246. This category of expenditure is projected to grow

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

Other Objects represent 1.62% of total expenditures and decreased at a historical average annual rate of -45.31%. This category of expenditure is projected to grow at an annual average rate of 4.50% through FY 2026. The projected average annual rate of change is 49.81% more than the five year historical annual

OTHER USES EXPENSES

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 2021 the district had advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2026. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

Huron City School District

Five Year Forecast

November, 2021

Fiscal Year:	Actual			FORECASTED				
	2019	2020	2021	2022	2023	2024	2025	2026
Revenue:								
1.010 - General Property Tax (Real Estate)	9,134,698	9,770,688	9,830,215	10,079,977	10,193,554	10,243,355	10,397,074	10,532,362
1.020 - Public Utility Personal Property	642,505	698,646	813,487	837,146	865,355	886,927	903,995	919,407
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	2,394,707	2,081,551	2,276,098	2,740,956	2,758,228	2,723,353	2,749,066	2,774,965
1.040 - Restricted Grants-in-Aid	29,612	27,800	30,165	70,397	59,063	66,522	69,568	73,861
1.050 - Property Tax Allocation	1,453,332	1,362,547	1,301,945	1,367,325	1,407,092	1,413,715	1,457,807	1,501,090
1.060 - All Other Operating Revenues	1,284,742	1,454,506	1,250,545	485,534	488,471	491,054	493,641	496,234
1.070 - Total Revenue	14,939,597	15,395,738	15,502,455	15,581,335	15,771,763	15,824,926	16,071,151	16,297,919
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	31,705	246,339	50,000	50,000	50,000	50,000
2.060 - All Other Financing Sources	6,326	12	95,731	(0)	(0)	(0)	(0)	(0)
2.070 - Total Other Financing Sources	6,326	73,246	127,435	246,339	50,000	50,000	50,000	50,000
2.080 - Total Rev & Other Sources	14,945,923	15,468,984	15,629,890	15,827,673	15,821,763	15,874,926	16,121,151	16,347,919
Expenditures:								
3.010 - Personnel Services	8,317,592	8,515,856	8,457,859	8,683,431	8,981,156	9,139,266	9,456,717	9,728,942
3.020 - Employee Benefits	3,127,925	3,113,242	3,258,180	3,186,880	3,421,745	3,601,239	3,815,355	4,017,940
3.030 - Purchased Services	3,115,579	3,287,949	3,412,670	2,939,741	3,035,722	3,331,560	3,541,790	3,598,446
3.040 - Supplies and Materials	477,449	433,287	391,790	427,359	435,906	444,624	451,293	460,319
3.050 - Capital Outlay	98,038	80,905	70,596	147,227	100,089	108,592	110,409	115,929
Intergovernmental & Debt Service	139,363	142,088	139,725	142,229	7,373	0	0	0
4.300 - Other Objects	285,308	311,689	264,021	315,289	321,268	327,427	332,561	337,550
4.500 - Total Expenditures	15,561,253	15,885,017	15,994,841	15,842,155	16,303,260	16,952,708	17,708,127	18,259,127
Other Financing Uses								
5.010 - Operating Transfers-Out	50,000	100,000	58,504	75,000	75,000	75,000	75,000	75,000
5.020 - Advances-Out	36,617	31,705	246,339	50,000	50,000	50,000	50,000	50,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	86,617	131,705	304,844	125,000	125,000	125,000	125,000	125,000
5.050 - Total Exp and Other Financing Uses	15,647,871	16,016,721	16,299,685	15,967,155	16,428,260	17,077,708	17,833,127	18,384,127
6.010 - Excess of Rev Over/(Under) Exp	(701,948)	(547,738)	(669,794)	(139,482)	(606,497)	(1,202,783)	(1,711,975)	(2,036,208)
7.010 - Cash Balance July 1 (No Levies)	5,656,685	4,954,737	4,406,999	3,737,205	3,597,723	2,991,226	1,788,443	76,467
7.020 - Cash Balance June 30 (No Levies)	4,954,737	4,406,999	3,737,205	3,597,723	2,991,226	1,788,443	76,467	(1,959,740)
Reservations								
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	4,954,737	4,406,999	3,737,205	3,597,723	2,991,226	1,788,443	76,467	(1,959,740)
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	4,954,737	4,406,999	3,737,205	3,597,723	2,991,226	1,788,443	76,467	(1,959,740)
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	4,954,737	4,406,999	3,737,205	3,597,723	2,991,226	1,788,443	76,467	(1,959,740)