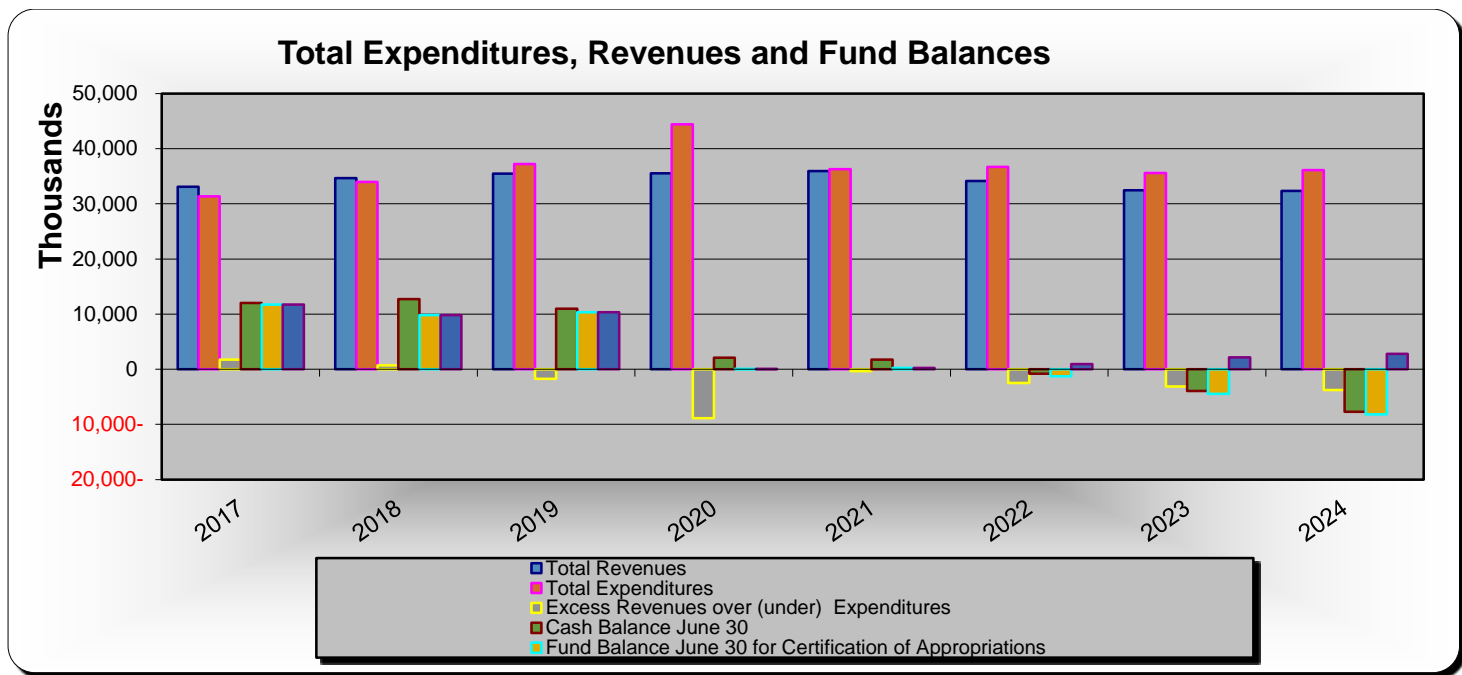


# ASHLAND CITY SCHOOL DISTRICT, Ashland County

## Assumptions Used to Prepare the Five Year Forecast Forecasted Fiscal Years Ending June 30, 2020 through 2024

The Treasurer of Ashland City School District has prepared this forecast in good faith and within the scope of employment. The Ashland City School District Board of Education has reviewed and at a Regular Meeting of the Board voted to adopt this financial forecast and the underlying assumptions on November 18, 2019. The following information represents the assumptions that support the five-year financial forecast.

The Ashland City School District Board of Education's five year projection shows that the district will have a cash balance on June 30, 2020 (Line 7.02) of \$87,439 which provides the district with <1 day cash operation. The 9.9 mill operating levy is due to be renewed by 2021.



## **REVENUES:**

### **1.010 And 1.020 Local Tax Revenue:**

Property tax revenue estimates are based on historical growth patterns, including scheduled updates and reappraisals.

Fiscal year 2017 and fiscal year 18 collections included a large collection of delinquent taxes. Ashland County will reappraise property values in 2020. Due to the provision of H.B. 920, the amount collected from our voted levies will remain fairly consistent. A very slight increase is assumed as the amount of delinquencies outstanding is substantially reduced.

The Rover pipeline (natural gas) came "on-line" in calendar year 18, payable in calendar year 19. The second line is to start transmitting in calendar year 19, collection in 2020. Amount of collection is not available at this time, the county auditor will provide an estimate, however an appeal could be filed by December 2, 2019. Only a slight increase is projected as this is a new venture and therefore unknown if the revenue will be consistent in

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future years. The remitter paid taxes for a full year in FY19, it is not known whether the owner will choose to pay in a “lump” sum in FY20 or in two payments in FY20 and FY21.

#### **Line 1.035 Unrestricted State Grant-in-Aid:**

The new state budget went into effect on July 1, 2019 with no increase in state funding for 2020 and 2021. A revised funding formula (Cupp-Patterson) was presented to the state legislature, however, it is not likely that it will be implemented into this new budget cycle.

The new budget bill provided funds for Student Wellness and Success in a formula outside of the General Fund. The amount will be allocated in two payments during the fiscal year. The district will receive approximately \$528,000.00 in fiscal year 2020 and approximately \$767,000 in fiscal year 2021. These are restricted funds, meaning the funds can only be spent on certain projects. The funds can be supplanted, but since the funds are not guaranteed beyond the current budget cycle, supplanting should be kept to a minimum.

Forecasted amounts for state funding remain constant for fiscal years 2020 through 2024.

Casino revenue is not increasing significantly. The District received approximately \$173,000 in fiscal year 2019. This revenue stream is forecast to remain constant throughout the forecasted years.

#### **Line 1.040 Restricted State Grants-in-Aid:**

The revenue source in this line is restricted because it must be spent according to state guidelines. Included in restricted grants are: Vocational Education Weighted funding and Economic Disadvantaged funding. No increase in the state funding for Economic Disadvantaged and Career Tech over the biennium. These funds are forecast to remain fairly constant over the forecast years.

#### **Line 1.050 Property Tax Allocation**

This line reflects state reimbursements of the 10% Rollback, the Senior Homestead and the 2.5% Reduction, which reduces the property owners’ tax payments. In the 2014-2015 state budget, the 10% Rollback and the 2.5% Reduction to property owners has been eliminated on new levies. Current levies are not affected. This would not reduce the amount received by the district, but would increase the tax burden on the property owners and as a result may impact the passage of new levies.

Additionally, this line includes hold harmless revenues collected from the State due to the elimination of the tangible personal property (TPP) tax on general business. House Bill 66, the 2006-2007 biennium budget bill, began the phase out of the tax. At that time, the School District received approximately \$3,500,000 from the TPP tax. Due to the State’s elimination of TPP tax and the hold harmless provisions over the past years, the School District collected only \$1,099,963 from the State during fiscal year 2017. Governor Kasich has passed H.B. 64 which continues to eliminate the State’s hold harmless provisions. Starting with fiscal year 2016, the state will decrease the amount of hold harmless each year until the entire amount has been eliminated. The tangible personal property tax reimbursement is planned to be eliminated in fiscal year 2020.

# ASHLAND CITY SCHOOL DISTRICT, Ashland County

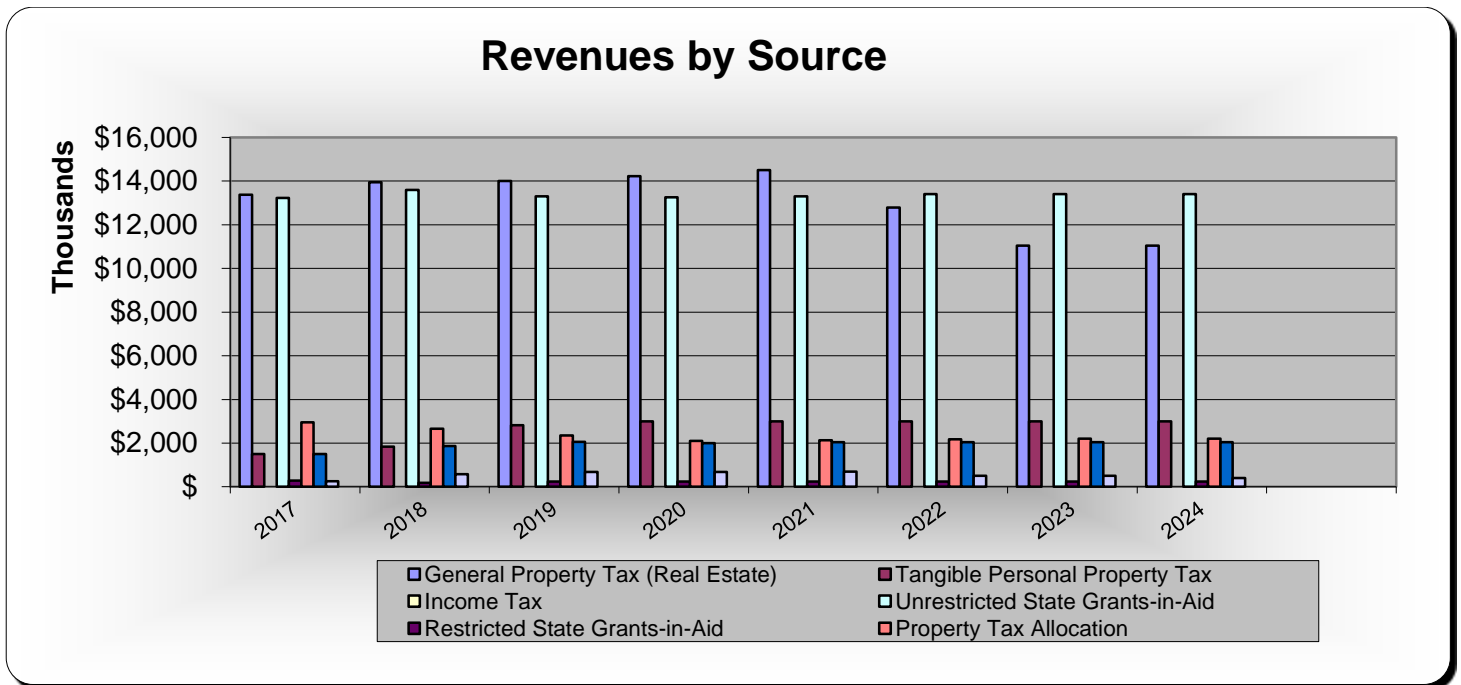
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## **Line 1.060 All Other Revenue:**

All other revenue includes tuition, open enrollment revenue, interest earnings, school fees, building rental income and other miscellaneous income. The number of outgoing open enrollment students has exceeded the number of incoming students. Due to state of Ohio legislation, school workbook fees are required to be waived for students receiving free lunches under the National School Lunch Program.

## **Line 2.04 and 2.05 Transfers In and Advances In:**

In fiscal year 2019 the district advanced \$2,000,000 to the Permanent Improvement Fund to help fund the construction of the Keith Wygant Memorial Fieldhouse. As donations continue to be received for the field house, the advance will be returned. If the advance is not returned, the district will need to permanently transfer those funds. Project is anticipated to be completed in FY20.



## **EXPENDITURES**

### **Line 3.010 Personal Services:**

This line item reflects all salaries, wages, overtime, substitute costs, and supplemental contracts paid to employees. The Ashland City School District negotiates with two bargaining units, the Ashland City Teachers Association and OAPSE Local #233. The district reached agreements through June 30, 2019 and December 31, 2020 respectively. Slight increases in salaries reflected in the forecast are based on step increases. To date, a new agreement has not been reached and therefore, increases are listed for education/step increases and in accordance with the last best offer by the Board of Education. In addition to bargaining unit employees, the district also employs personnel exempt from the bargaining units and administrative personnel.

## *ASHLAND CITY SCHOOL DISTRICT, Ashland County*

Assumptions Used to Prepare the Five Year Forecast  
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### **Line 3.020 Employees' Retirement/Insurance Benefits:**

This line item reflects STRS/SERS employer contributions, Medicare, Worker's Compensation and health insurance premiums paid on behalf of employees. These items are increased according to the salary increases discussed in 3.010. The district participates in a Workers' Compensation Group Rating program. The district is self-insured for health benefits; increases are forecast to be minimal.

### **Line 3.030 Purchased Services:**

Expenses in this area include items such as utilities, educational service contracts, open enrollment losses, community school deductions, repairs, maintenance agreements, lease expenses, legal fees, and special education excess costs. Contracted services for preschool, open enrollment-out, community school-out (charter schools), therapy, maintenance, and utilities. This line continues to grow due to the needs of students for special services. Utilities and fuel are expected to remain constant.

### **Line 3.040 Supplies and Materials:**

This line item includes the cost of fuel, instructional supplies, office supplies, repair parts, and supplies used for the care and upkeep of the buildings and grounds. Material and supply expenditures are based on historical trends. The district has noticed an increase in instructional materials due to the waiver of fees noted above and the increase in electronic instruction. Amounts forecast beyond fiscal year 2020 are projected to remain constant.

### **Line 3.050 Capital Outlay:**

This line represents major equipment purchases and major repairs/improvements to the district. Estimates included may be used to purchase technology, security, furniture and equipment, as needed. The district has completed several large improvement projects in the area of ADA compliance and the installation of HVAC in the elementary schools.

### **Line 4.050 and Line 4.060 Debt Service**

In fiscal year 2013, the School District issued \$3,045,000 in general obligation bonds to finance a HB 264 energy conservation project. The bonds were issued for a ten year period with a final maturity at November 1, 2023. Principle and interest payments on the bond are reflected in this line item.

### **Line 4.300 Other Objects Expenditures:**

This line item includes property and fleet insurance, professional dues, audit fees, county auditor and treasurer fees, and Educational Service Center fees. These costs are projected to remain stable over the five year forecast.

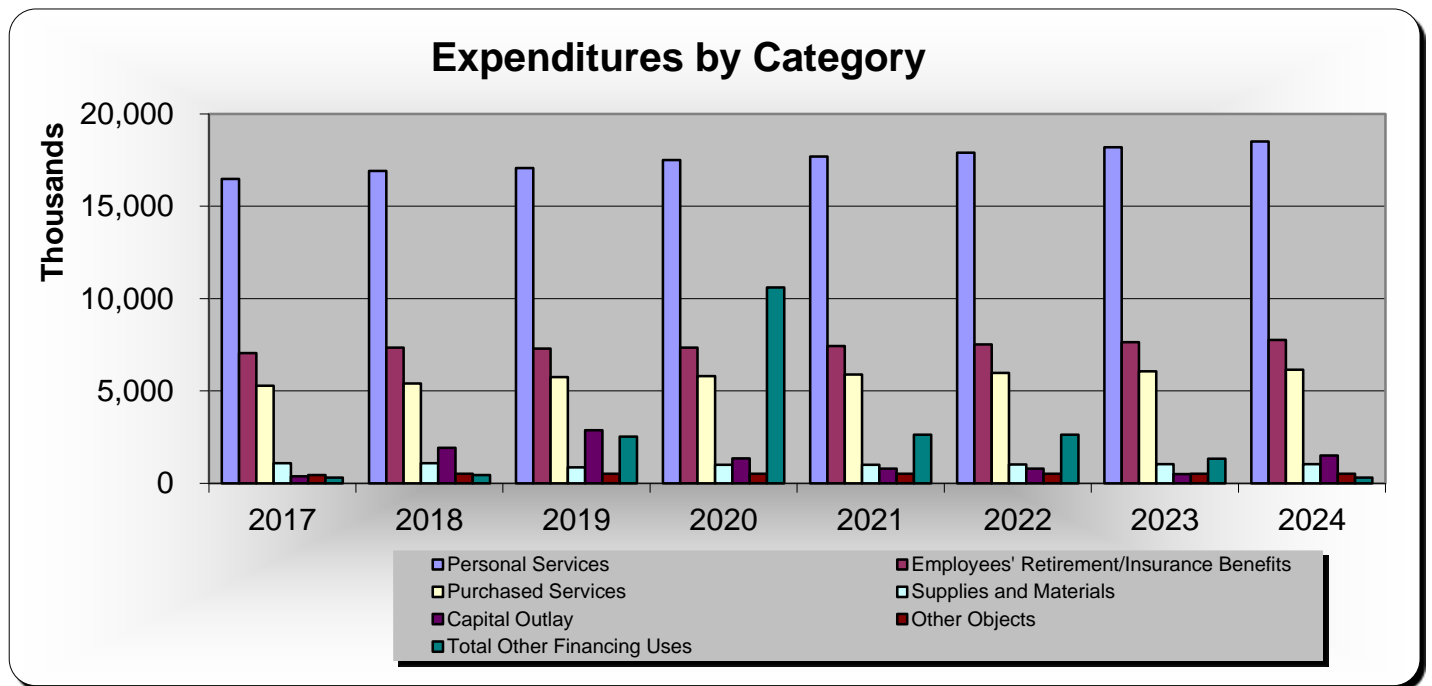
## ASHLAND CITY SCHOOL DISTRICT, Ashland County

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### **Line 5.010 and 5.020 Other Financing Uses – Operating Transfers-Out and Advances-Out:**

This line item includes advances/transfers to other internal accounts, refunds of prior years' expenditures and other miscellaneous transactions that require budgetary control. The Board has contracted to equip the high school with HVAC, new windows, renovate the cafeteria and the science wing in order to accommodate STEM classes over the forecast period. The Board of Education will fund these projects through the general fund rather than asking for a levy from the taxpayers. Therefore, this line has increased considerably. The new Keith Wygant Athletic complex is near completion; funds have been advanced to a permanent improvement fund to finance the project. Advanced funds will be returned to the general fund through donations to the project. The high school renovation project which will occur in fiscal years 2020 and 2021, funds will be transferred to the Building Fund (004) for this project.

**Line 6.010 Revenue Over/ (Under) Expenditures:** The District continues to carefully monitor this line. Deficit spending during the forecast period is due to the capital projects discussed in Line 5.01 and 5.02. The administration and board continue to monitor this line. The Strategic Plan was finalized in fiscal year 2018.



### **ADM Forecast**

The total enrollment for fiscal year 2019 is estimated at 3,300 students. The District allows open enrollment students.

*"Please visit the Ohio Department of Education website at <ftp://ftp.ode.state.oh.us/geodoc/5-yrForecast/>."*