ST. MARYS CITY SCHOOLS – AUGLAIZE COUNTY
FIVE-YEAR FORECAST ASSUMPTIONS

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

REVENUE ASSUMPTIONS

Property Taxes (General and Public Utility Personal Property)

Property tax - Property Tax revenue comprises 30% of total general fund revenue received by the District. Revenue estimates are based on the county auditor's projection and historical trends for FY21 through FY25. A five-year 6.8 mill emergency levy was renewed on May 8th of 2019 at 5.92 mills for an additional five years (collection in calendar years 2020 through 2024). Voted and inside millage on residential and agricultural land is currently being collected at an effective rate of 20.00 mills.

The 2017 reappraisal completed by the County Auditor indicated the following changes in the valuation of the district: Residential values increased about $11.5 million in 2017 while agricultural values fell by over $10 million due to the change in the CAUV (Current Agricultural Use Value). This net $1.5 million increase is less than 1%, resulting in minimal changes in total collection of property taxes, as a result of the 2017 reappraisal.

For the 2020 update for Auglaize County resulted in the following changes for the district: Residential values increased 18% or $34.3 million, agricultural values fell 27% or $12.5 million. The net effect will result in increased total collection of property taxes, as a result of the 2020 update.

Public Utility Personal Property - Revenue estimates are based on the county auditor's projection and historical trend for FY21 through FY25.

Revenues are based upon the public utility personal property valuations, and based upon the estimates from the county auditor; the district expects the valuation as well as revenues to remain fairly stable.

Income Tax - Income Tax revenue comprises 12% of total general fund revenue received by the District. With the passage of a five year 1.0% earned income tax levy in November of 2018, new revenue for the district is realized starting in calendar year 2019.

Unrestricted/Restricted Grants-in-Aid - Unrestricted Grants-in-Aid revenue comprises 45% of total general fund revenue received by the District. The district is considered a "guarantee" district, meaning we will not receive any less state dollars in FY21 and FY22 than we did in FY20, according to the state's biennium budget.

Due to State Budget reductions we received a reduction of foundation payments of $388,000 and $175,225 for FY20 and FY21 respectively. For FY22 through FY25, estimates return to normal.

As part of State's biennium budget, we received Student Wellness and Success Funds of approximately $492,600 and $646,125 in FY20 and FY21 respectively. These funds are not included in the Five-Year Forecast as indicated in guidance from the Auditor of State's Office.

Due to current economic conditions and closures of casinos, there was a shortfall in casino revenues. For FY21 a 25% reduction resulted in an approximate loss of $25,000 and is reflected in the forecast. For FY22 through FY25, estimates return to normal, and are projected at $100,000 per year.

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REVENUE ASSUMPTIONS (Cont.)

Restricted Grants-in-Aid - Career-Tech, economic disadvantaged and catastrophic aid dollars make up Restricted Grants-in-Aid. We are projecting the funding to remain fairly stable over the remaining term of the forecast. Economic disadvantage funding is just a pull-out from unrestricted money, based upon a continuation of the funding formula instituted by the State of Ohio in FY14. This revenue base could be impacted by declining enrollment, as well as district-wide wealth status.

Property Tax Allocation - Property tax allocation revenue estimates are based on the county auditor's projection and historical trend for FY21 through FY25.

Direct TPP reimbursement of $269,896, which was received in FY15 and FY16 and is phased out thereafter. TPP reimbursement received on the Emergency Levy of $233,728 will be reduced as follows: 10% in FY18, additional 30% in FY19, additional 50% in FY20, additional 70% in FY21, and eliminated altogether in FY22. This accounts for the decline in revenue for FY18 and forward.

Homestead and rollback credits at approximately $200,000 annually are received from the State of Ohio in connection with this emergency levy. Since the emergency levy was renewed in 2019, these credits will continue to be paid by the State.

All Other Operating Revenues - Revenues from all other sources are based on historical patterns. We also realized a shift in open enrollment with an increase of approximately $130,000 from FY18 to FY19. This is a result of additional students open enrolling in our district and a decline of our students open enrolling out. As FY20 is a transitional year for Tri-Star, students are enrolled with Celina City Schools, the loss of revenue resulted in approximately $600,000.

Due to current economic conditions, there is the potential shortfall in interest earnings. For FY21 an 80% and FY22 a 40% reduction could result in an approximate loss of $86,000 and $43,000 respectively, and are reflected in the forecast. For FY23 through FY25, estimates return to normal.

Due to Bond Refunding, for FY21 the potion of income associated from the sale of bonds at premium, which were used for issuance and underwriting, were approximately $172,200. In FY21 we received a BWC dividend of approximately $167,800.

Advances and Transfers - Advances to be returned in FY21 through FY25 are expected to be minimal.

All Other Financing Sources - Minimal revenue is expected during the forecast period in this category. In FY18, FY19 and FY20, we received a rebate from the BWC. We also received back pay from Medicaid in FY17 through FY20. In FY20 we received a refund of prior year excess funds generated by the Auglaize County ESC in the amount of $187,512. We also received an additional refund from BWC of 2018 premiums of approximately $60,000. For FY21 we received a refund from BWC of 2019 premiums of approximately $45,000.

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EXPENDITURE ASSUMPTIONS

Personnel Services – The decrease in personnel services from FY18 to FY19 is the net result of increasing class sizes, eliminating positions, absorbing programs/positions that had previously been contracted out with Auglaize County ESC, and the retirement of six employees. The District's forecast reflects a negotiated base wage freeze and step freeze for all staff for FY19.

FY20 and FY21 reflect a negotiated 0.75% base wage and step increases. For FY22 through FY25, we have forecasted a 1% base wage increase even though it has not been negotiated. The forecast also includes step and educational advancement increases for FY22 through FY25.

In FY20 and FY21, approximately $262,000 and $465,000 respectively is being used to offset general fund wages that meet Student Wellness and Success Funds criteria and guidelines. For FY22 through FY25, we have forecasted that these payroll expenses will be directed back to the general fund until new guidelines are provided by the State.

For FY20 through FY25, Tri-Star staff previously employed by St. Marys City Schools have been hired by Celina City Schools, the fiscal agent for the Tri-Star Career Compact. This change is reflected in a decrease in payroll and benefits.

The following accounts for the increase of approximately $965,600 from FY21 to FY22:

Payroll Increase from Previous Year Negotiated Contract (2 months, July and August)	$ 49,500
Various Staff Rearrangement	60,000
Additional Retirements	87,360
1% Base Increase	89,000
Step Increases	183,500
Student Wellness Payroll redirected back to General Fund, new position, base and step increases	496,240

Employees' Retirement/Insurance Benefits – Insurance costs continue to be of great concern for the District. Starting January 1st, 2019 the Mercer Auglaize Benefit Trust (MABT) voted to contract with the Southwestern Ohio Educational Purchasing Council in order to obtain lower premium increases and to streamline benefit services. For calendar year 2021 medical premiums will increase 7.5%, while dental and vision premiums will increase 2% respectively. For calendar year 2022 medical premiums will increase 5.5%, while dental and vision premiums will increase 2% respectively.

The subsequent years of the forecast have allowed for increases of 10% for medical/Rx, 2% for dental, and 2% vision insurances. We have allowed such an increase due to industry trends of insurance costs.

The MABT also voted to sunset the Alternate PPO medical plan on January 1, 2021. The result will be an annual savings of approximately $58,000 in medical insurance costs. All new hires after January 1, 2019 will only have the option of the High Deductible Health Plan.

In FY20 and FY21, approximately $112,500 and $182,000 respectively is being used to offset general fund benefits that meet Student Wellness and Success Funds criteria and guidelines. For FY22 through FY25, we have forecasted that these retirement/insurance benefit expenses will be directed back to the general fund until new guidelines are provided by the State.

In FY21 and FY22 the MABT voted to issue a premium holiday for medical premiums for one month. This will result in one-time savings of approximately $225,000 and $237,500 respectively, which is reflected in the forecast.

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EXPENDITURE ASSUMPTIONS (Cont.)

The following accounts for the increase of approximately $370,000 from FY21 to FY22:

Payroll Increase from Previous Year Negotiated Contract (2 months, July and August)	$ 8,000
1% Base Increase Benefits	15,000
Step Increase Benefits	32,000
Sunset Alt PPO Plan (1/2) of $58,000 annual savings	(29,000)
Student Wellness Benefits redirected back to General Fund	182,000
Premium Increases	162,000

Purchased Services - Starting in FY19, the District brought back programs from the County including multiple/cross categorical disabilities, opportunity/alternative, and autism classroom and speech services totaling approximately $430,000. Increase in the Districts salary and benefit costs related to these programs totaled approximately $150,000. This realized a net savings to the District of approximately $280,000.

For FY20 through FY25, students attending Tri-Star are now enrolled with Celina City Schools, resulting in an increase of approximately $215,000 of open-enrollment expenses. For FY20 additional students in the preschool program as well as the special education program has increased the cost to provide services at the Auglaize County ESC by approximately $210,000. For FY21 additional students and an additional Middle School class was added, services are provided by the Auglaize County ESC, resulting in additional costs of $120,000.

Other items included in this category are all utilities and some services still purchased through the Auglaize County ESC. For FY21 through FY25 these items include a projected 3.0% increase.

Supplies and Materials – FY21 through FY25 are based upon historical trends and are expected to remain fairly stable. For FY21, a one-time increase of supplies of $150,000 due to additional offset from Student Wellness and Success Funds.

Capital Outlay – FY21 through FY25 are based upon historical trends and include 4% increases for each year of the forecast. The goal of the District is to eliminate as much capital outlay from the General Fund as possible.

Other Objects – Increase expenses associated with FY20 include but not limited to Election Expenses, School District Income Tax Administration Expenses, Auditor and Treasurer Fees, and Auglaize ESC State Foundation Deduction for K-6. Moderate increases are projected in this category for FY21 through FY25.

Due to Bond Refunding, for FY21 the potion of income associated from the sale of bonds at premium, which were used for issuance and underwriting, were approximately $172,200.

Advances and Transfers - We anticipate only a minimal need for advances to other funds in FY21 through FY25 due to the elimination of the 009 fund in which expenses now flow into the general fund.

Encumbrances - Estimated encumbrances are based on history.

The St. Marys Board of Education approved the forecast on May 12, 2021.