



Jackson Local School District

# Five Year Forecast Financial Report

November 16, 2021

## Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.035 - Unrestricted Grants-in-Aid	7
1.040 & 1.045 - Restricted Grants-in-Aid	8
1.050 - Property Tax Allocation	9
1.060 - All Other Operating Revenues	10
2.070 - Total Other Financing Sources	11
Expenditures Overview	12
3.010 - Personnel Services	13
3.020 - Employee Benefits	14
3.030 - Purchased Services	15
3.040 - Supplies and Materials	16
3.050 - Capital Outlay	17
3.060 - 4.060 - Intergovernmental & Debt	18
4.300 - Other Objects	19
5.040 - Total Other Financing Uses	20
Five Year Forecast	21

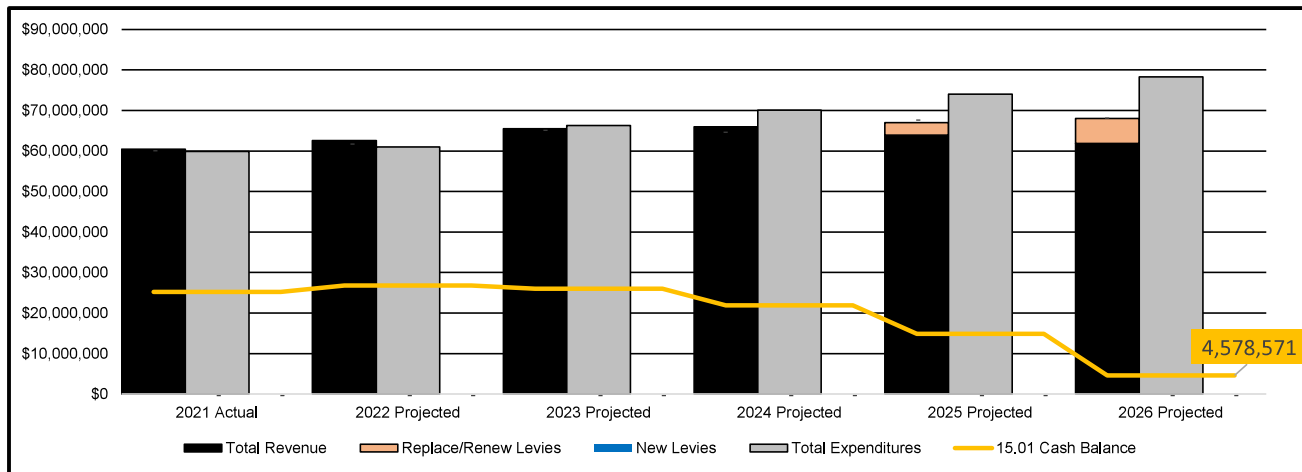
### Forecast Purpose/Objectives

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 Renewal/New Levies Modeled	25,239,777	26,778,721	25,997,837	21,888,485	14,859,583
+ Revenue	62,573,794	65,505,578	65,964,033	63,923,625	61,824,136
+ Proposed Renew/Replacement Levies	-	-	-	3,111,506	6,223,299
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(61,034,849)	(66,286,463)	(70,073,384)	(74,064,034)	(78,328,447)
= Revenue Surplus or Deficit	1,538,946	(780,885)	(4,109,351)	(7,028,902)	(10,281,012)
Line 7.020 Ending Balance with renewal/new levies	26,778,722	25,997,837	21,888,485	14,859,583	4,578,571

## Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,538,945	(780,885)	(4,109,351)	(10,140,408)	(16,504,311)
Ending Balance w/o Levies	26,778,721	25,997,837	21,888,485	11,748,077	(4,756,234)

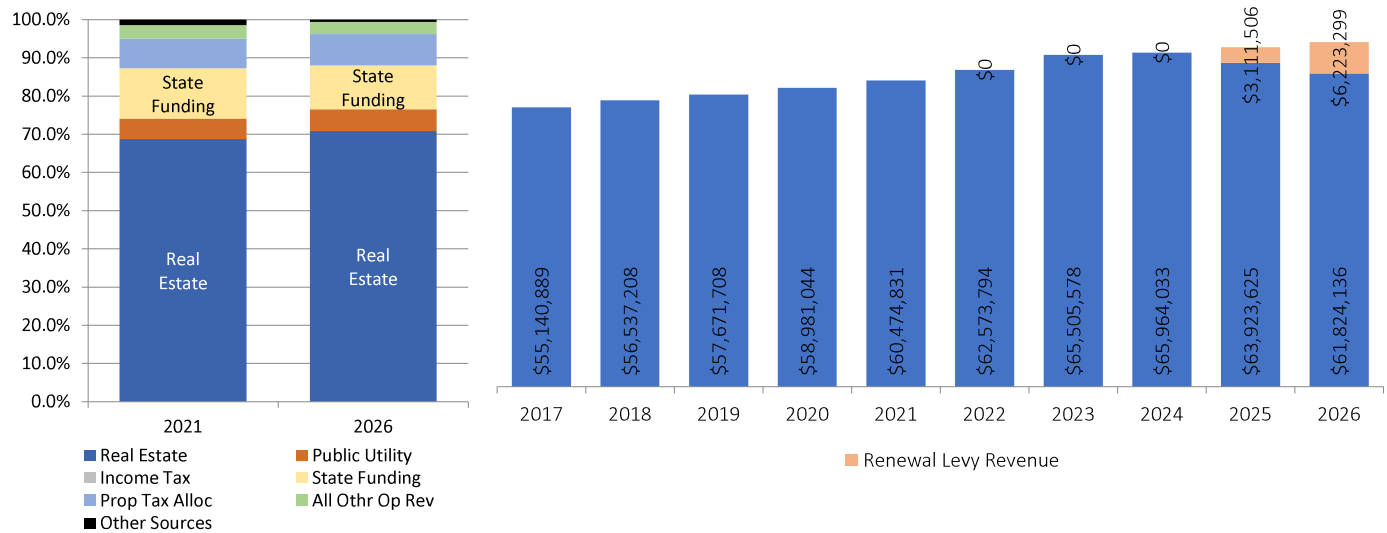
In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,538,945 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$16,504,311. The district would need to cut its FY 2026 projected expenses by 21.07% 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.

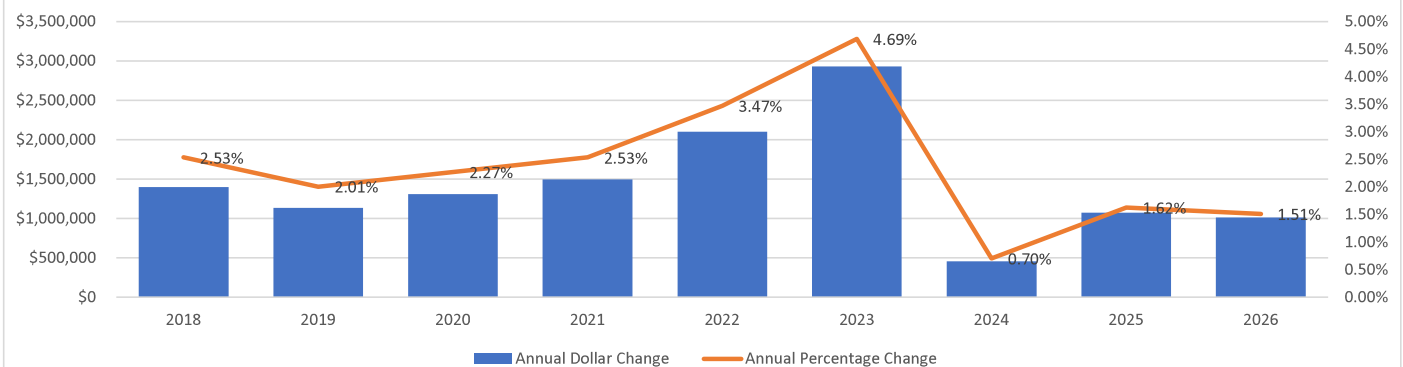
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$642,375 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change

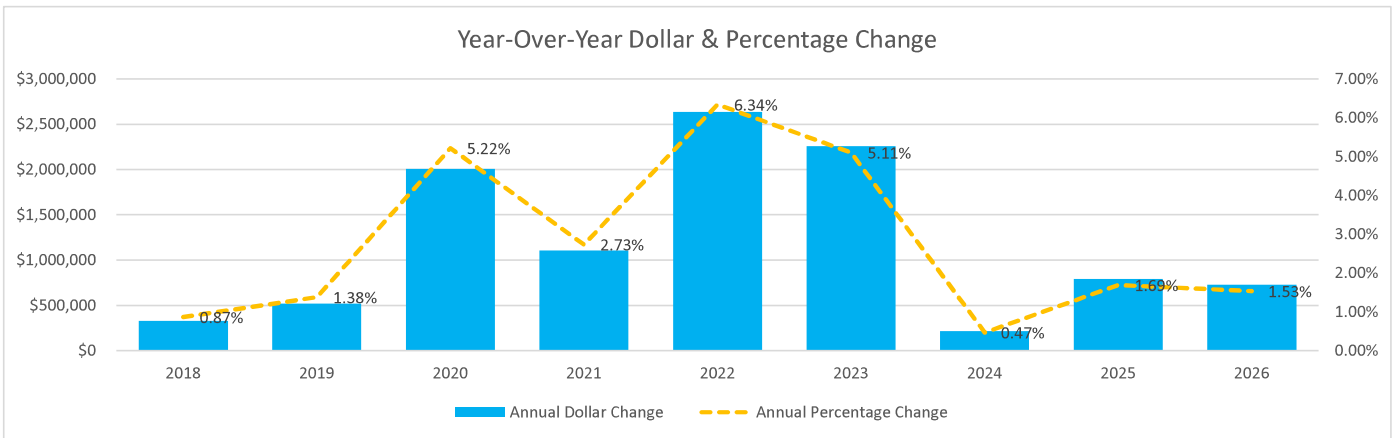
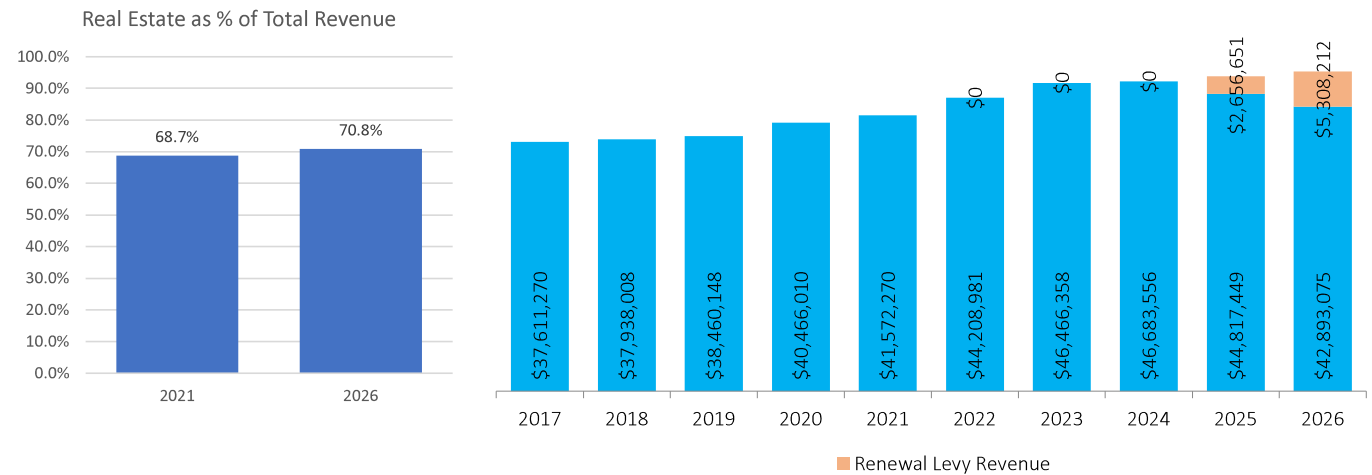


3-Year Historical Actual Average Annual Dollar Change  
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 2.22% or \$1,312,541 annually during the past five years and is projected to increase 2.30% or \$1,514,521 annually through FY2026. Other Sources has the most projected average annual variance compared to the historical average at -
Real Estate	\$1,211,421	\$1,325,803	\$114,382	\$272,479
Public Utility	\$158,139	\$133,998	(\$24,141)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$108,673)	(\$34,658)	\$74,014	
Prop Tax Alloc	(\$3,559)	\$175,905	\$179,464	
All Othr Op Rev	(\$130,738)	\$0	\$130,738	
Other Sources	\$185,951	(\$86,528)	(\$272,479)	
Total Average Annual Change	\$1,312,541 2.22%	\$1,514,521 2.30%	\$201,980 0.08%	

## 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).



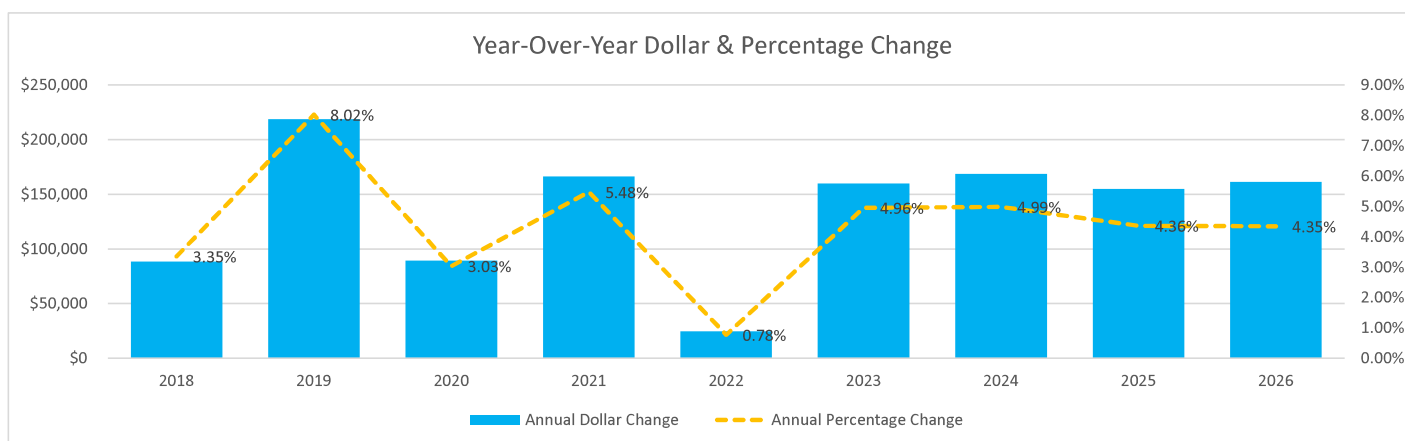
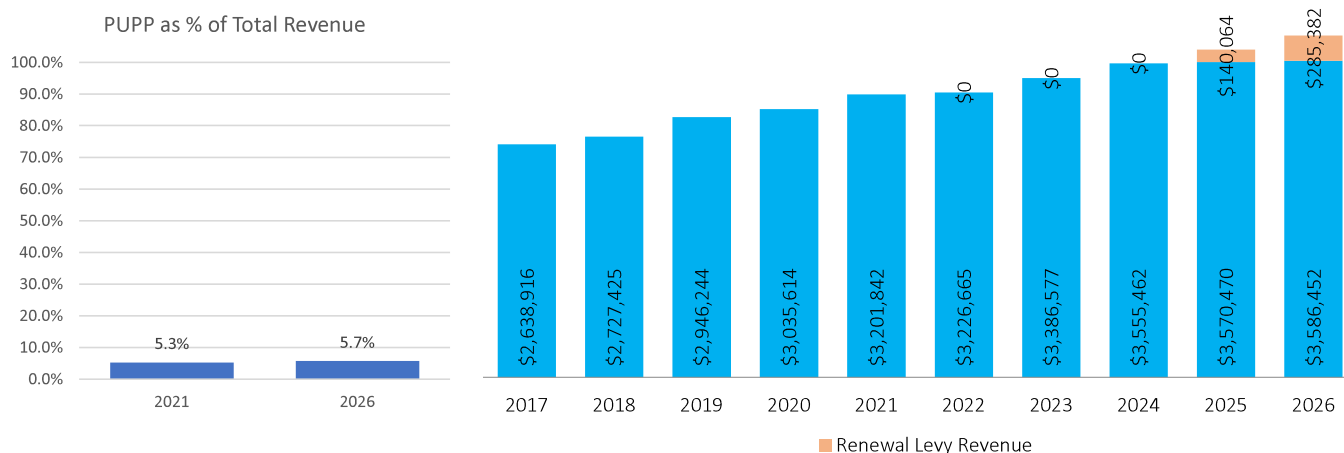
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	1,553,671,680	38,112,320	29.60	-	29.60	-	101.1%
2021	1,813,007,820	259,336,140	28.52	(1.08)	28.52	(1.08)	100.0%
2022	1,824,207,820	11,200,000	28.48	(0.04)	28.48	(0.04)	100.0%
2023	1,835,907,820	11,700,000	28.44	(0.04)	28.44	(0.04)	100.0%
2024	1,905,286,039	69,378,219	28.17	(0.27)	28.17	(0.27)	100.0%
2025	1,916,486,039	11,200,000	28.13	(0.03)	28.13	(0.03)	100.0%

Real estate property tax revenue accounts for 68.74% of total revenue. Class I or residential/agricultural taxes make up approximately 68.68% of the real estate property tax revenue. The Class I tax rate is 28.52 mills in tax year 2021. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 100.0% annually through tax year 2025. The revenue changed at an average annual historical rate of 3.02% and is projected to change at an average annual rate of 2.84% through FY 2026.

*\*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.



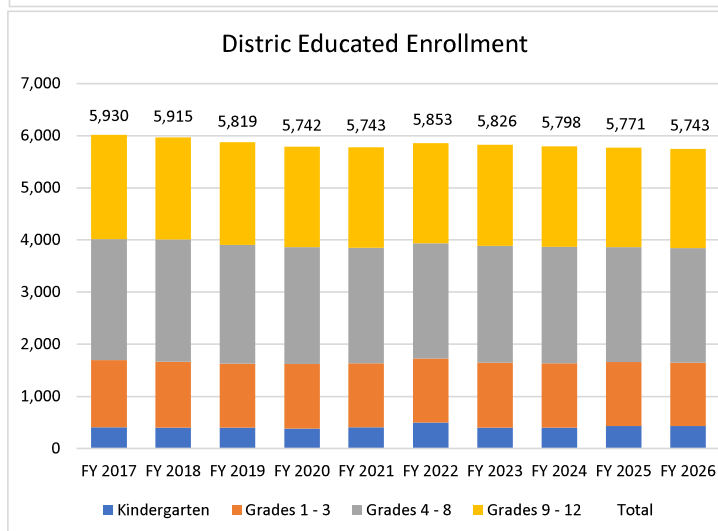
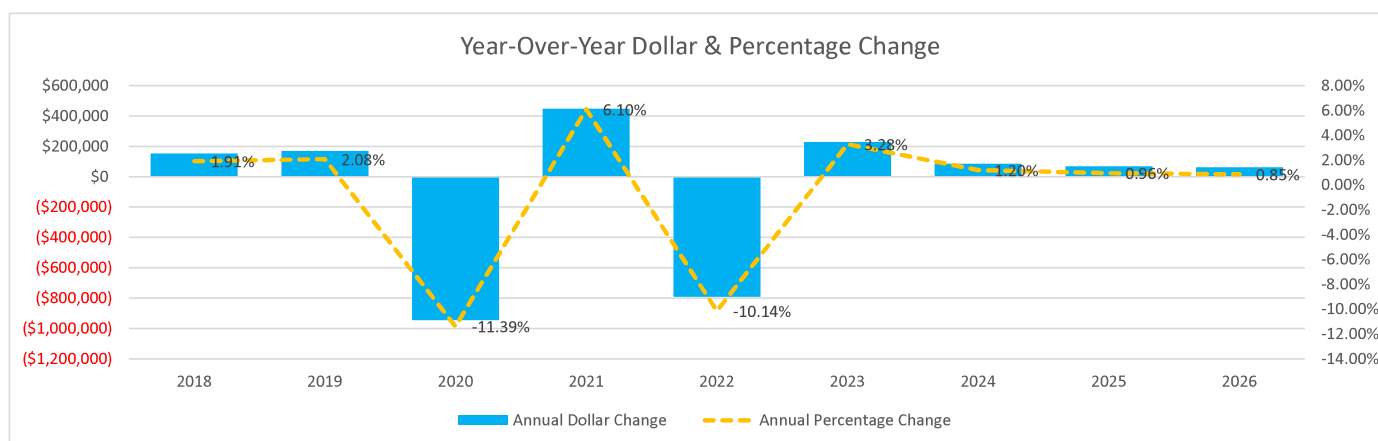
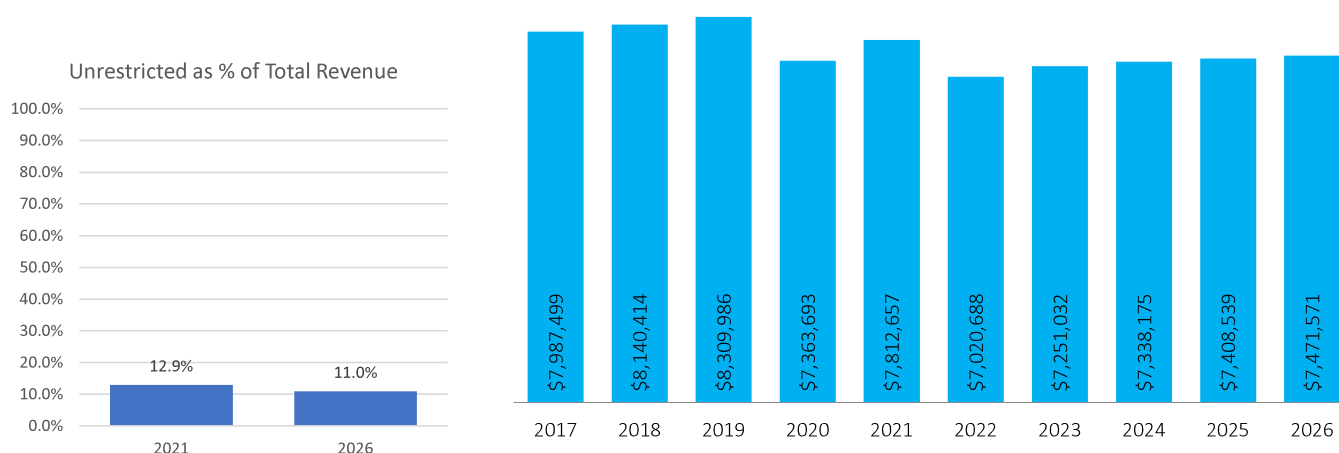
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	72,069,670	1,999,970	45.10	(0.10)	91.1%
2021	76,069,670	4,000,000	44.02	(1.08)	96.4%
2022	80,069,670	4,000,000	43.98	(0.04)	97.8%
2023	84,069,670	4,000,000	43.94	(0.04)	97.8%
2024	88,069,670	4,000,000	43.67	(0.27)	97.8%
2025	92,069,670	4,000,000	43.63	(0.03)	97.8%

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 5.29% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 44.02 mills. The forecast is modeling an average gross collection rate of 97.48%. The revenue changed historically at an average annual dollar amount of \$158,139 and is projected to change at an average annual dollar amount of \$133,998 through FY 2026.

*\*Projected % trends include renewal levies*

## 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



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.

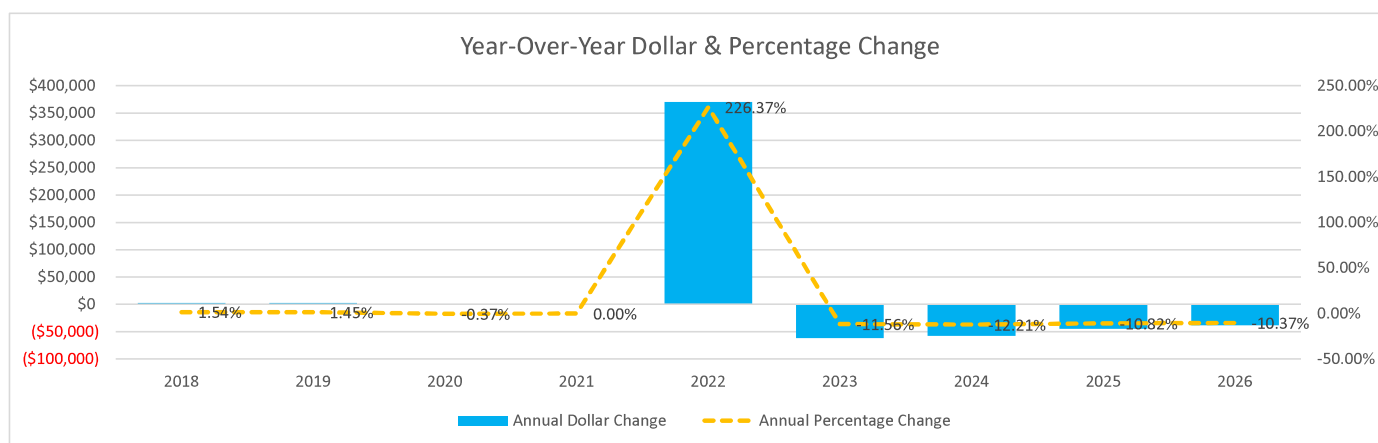
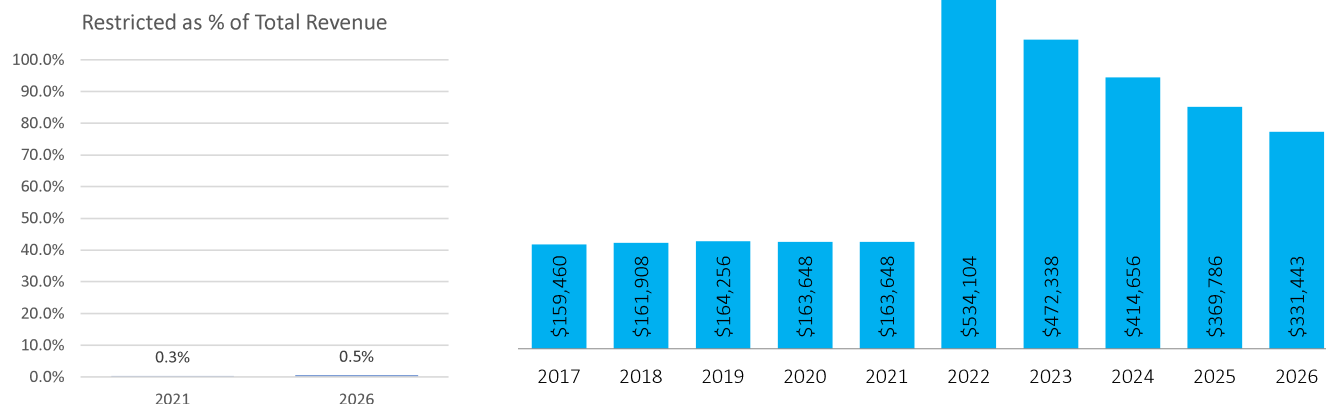
For Jackson Local School District the calculated Base Cost total is \$42,068,682 in FY 2022.

The state's share of the calculated Base Cost total is \$4,364,919 or \$746 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 \$1,418,059 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

## 1.040 & 1.045 - Restricted Grants-in-Aid

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

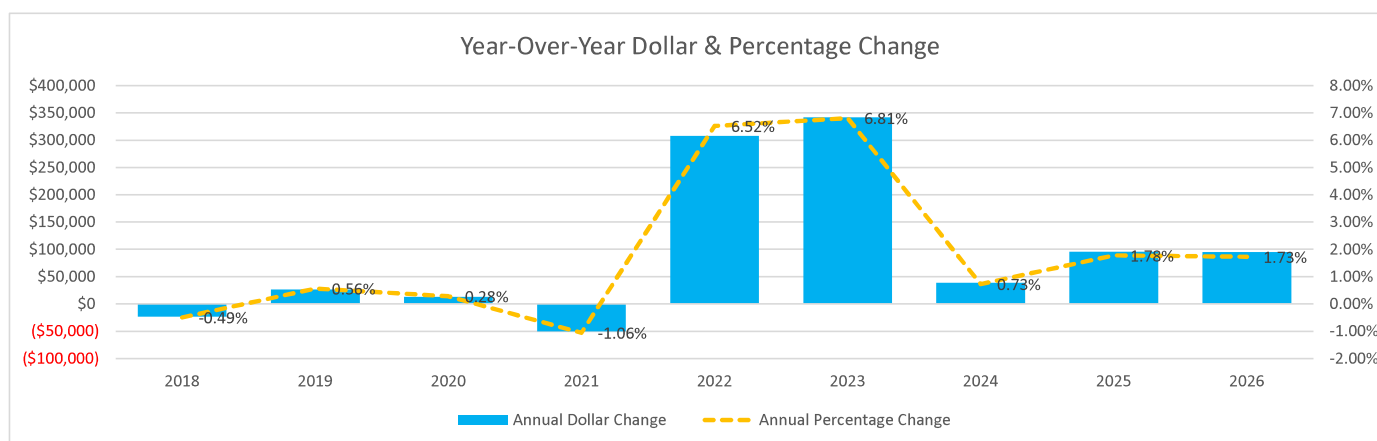
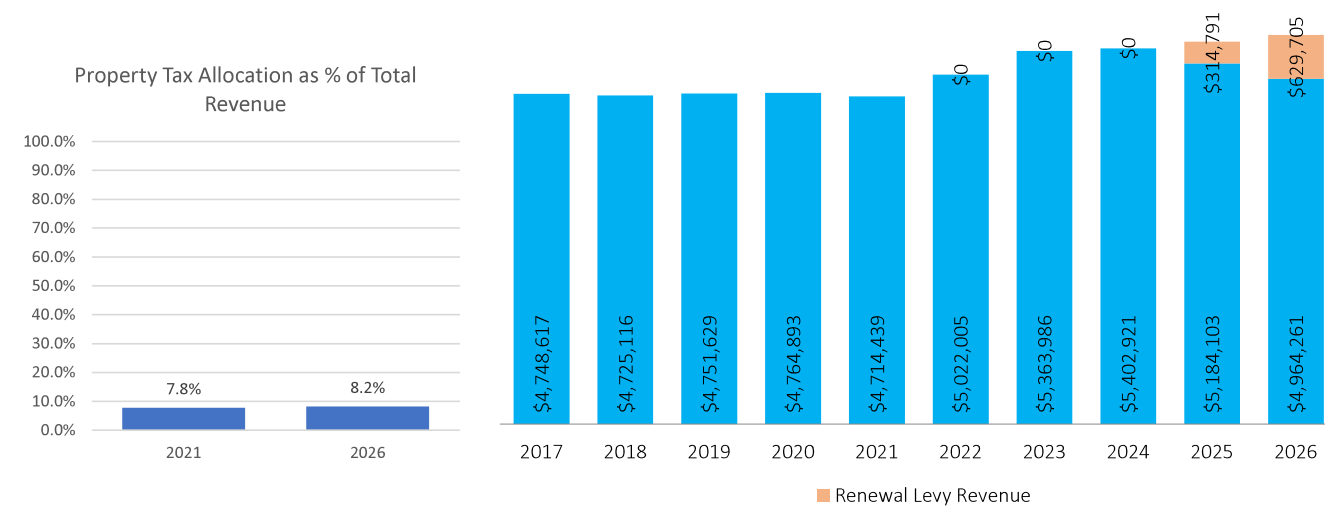


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$580 and is projected to change annually on average by \$33,559. Restricted funds represent 0.27% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$198,385. 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.



## 1.050 - Property Tax Allocation

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

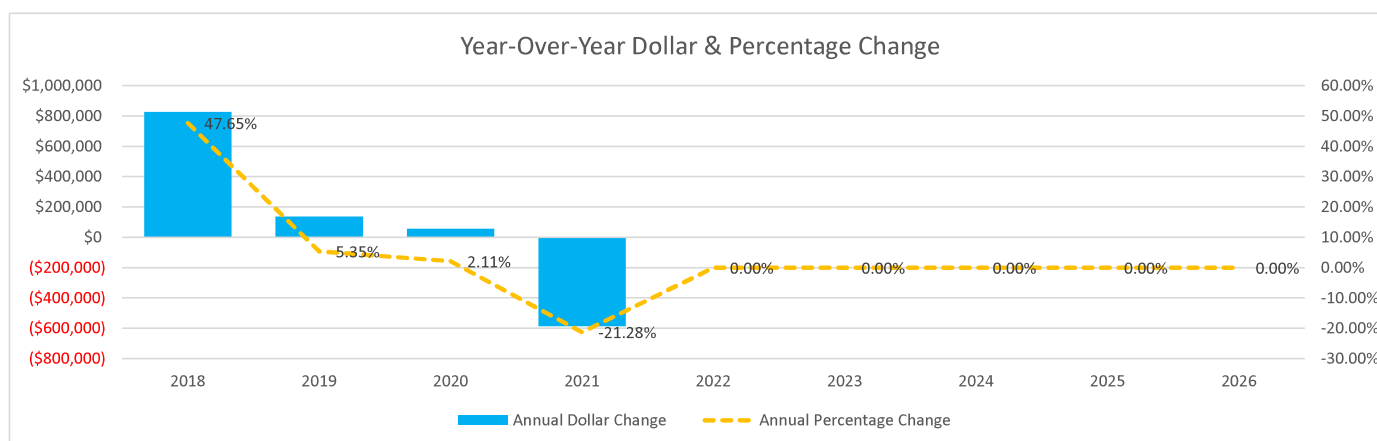
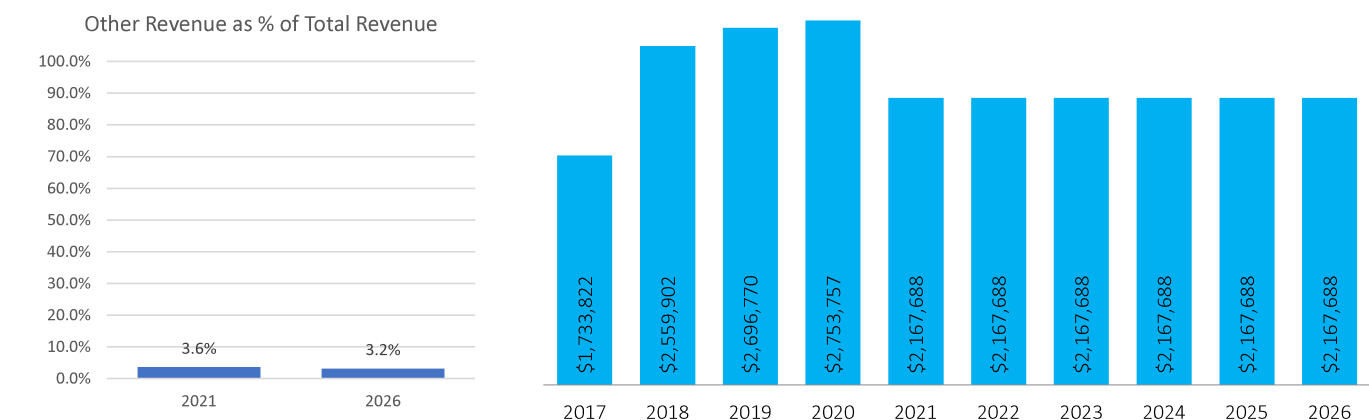


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 12.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.2% will be reimbursed in the form of qualifying homestead exemption credits.

*\*Projected % trends include renewal levies*

## 1.060 - All Other Operating Revenues

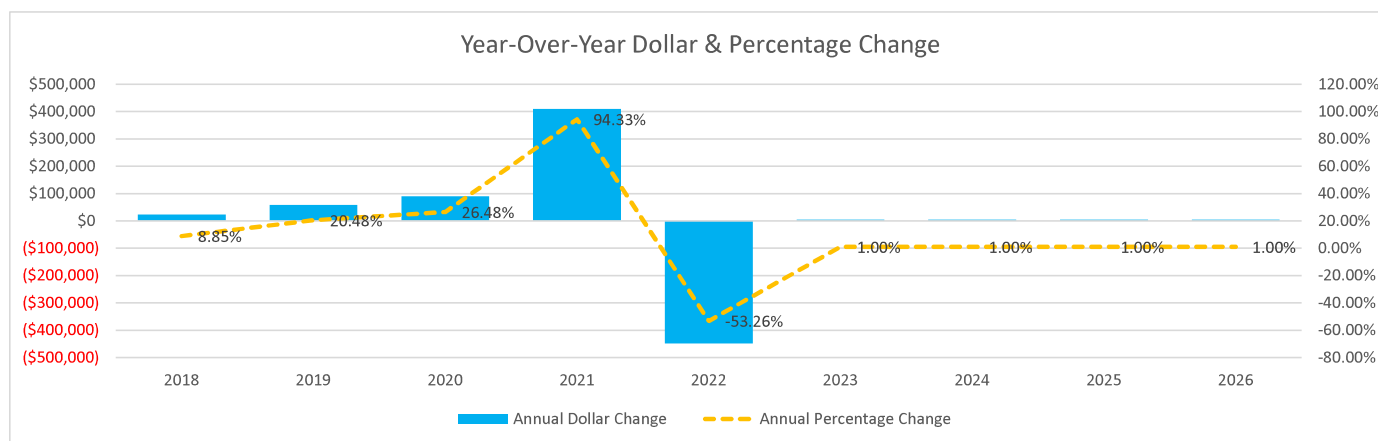
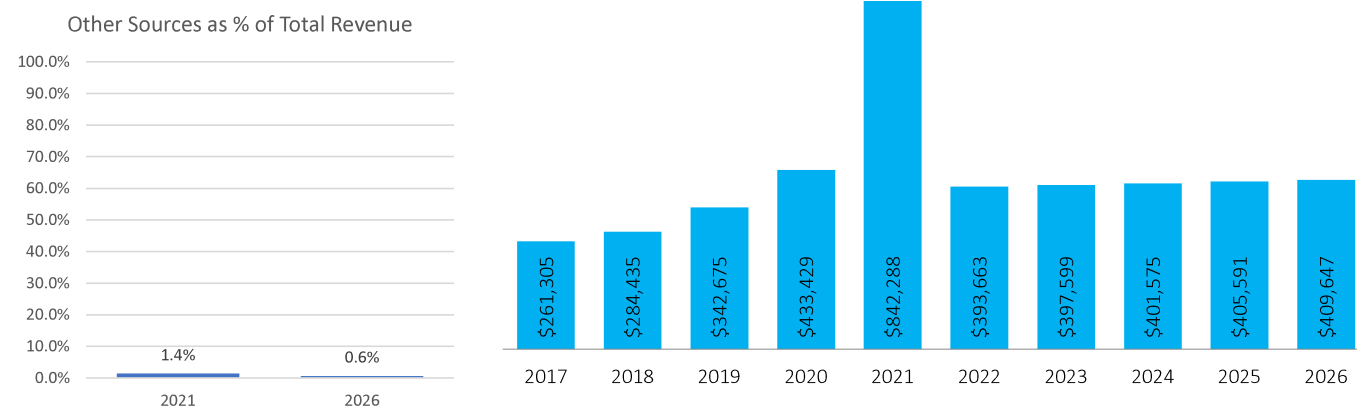
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$130,738. The projected average annual change is -0- through FY 2026.

## 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.

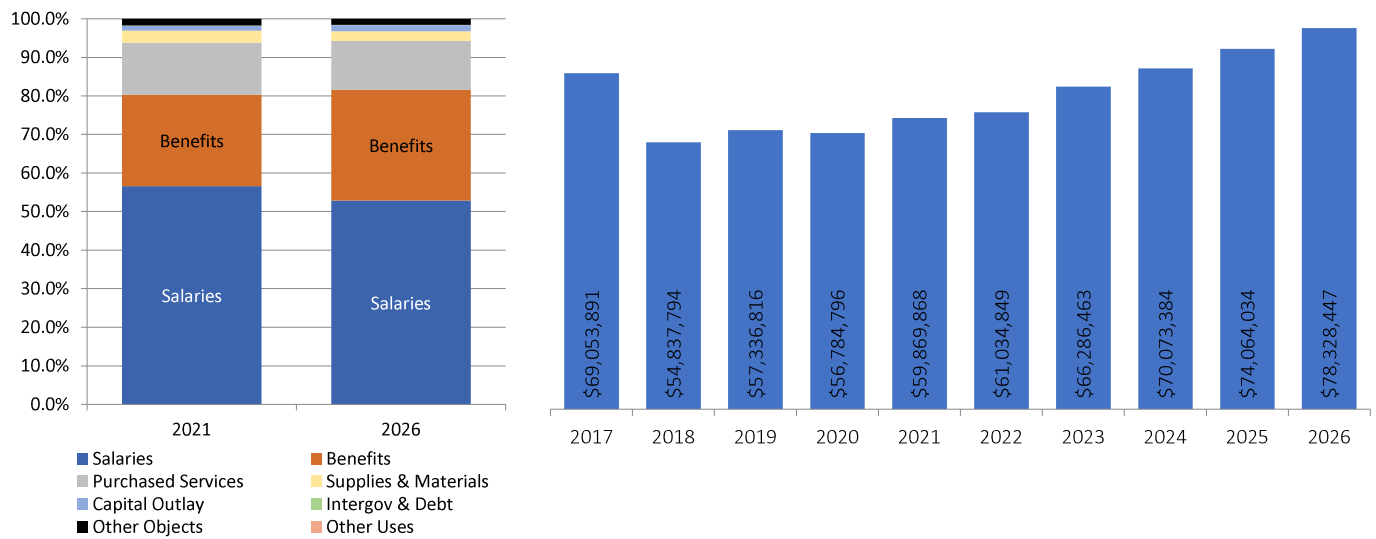


	2021	FORECASTED				
	2021	2022	2023	2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	(1,375)	-	-	-	-	-
All Other Financing Sources	843,663	393,663	397,599	401,575	405,591	409,647

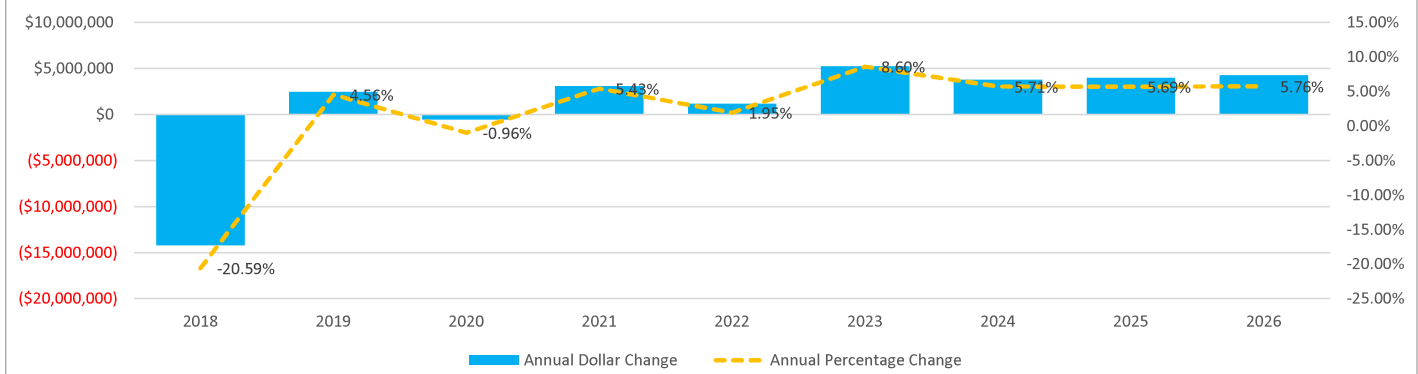
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted -\$1,375 as advances-in and is projecting advances of \$0 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$393,663 in FY 2022 and average \$403,603 annually through FY 2026.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



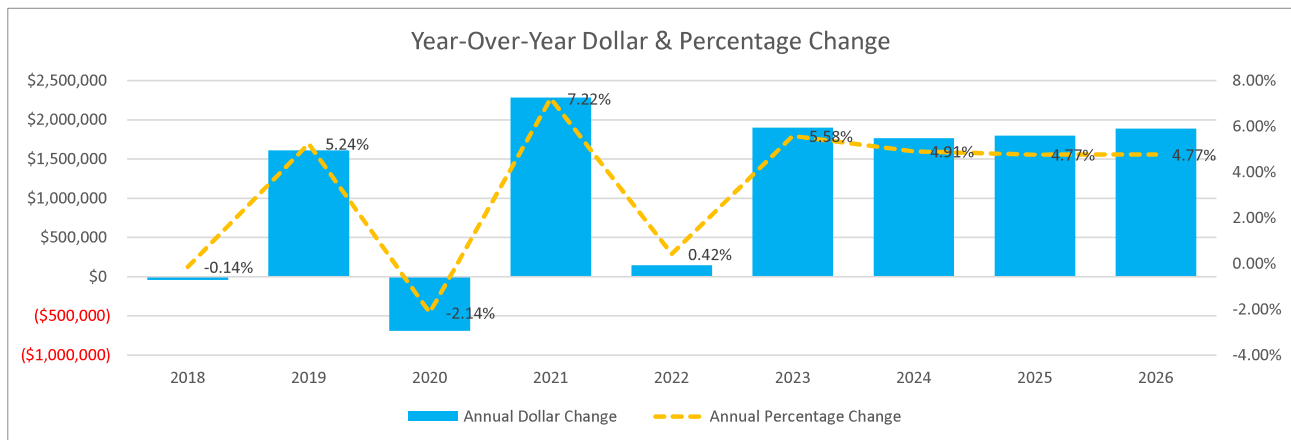
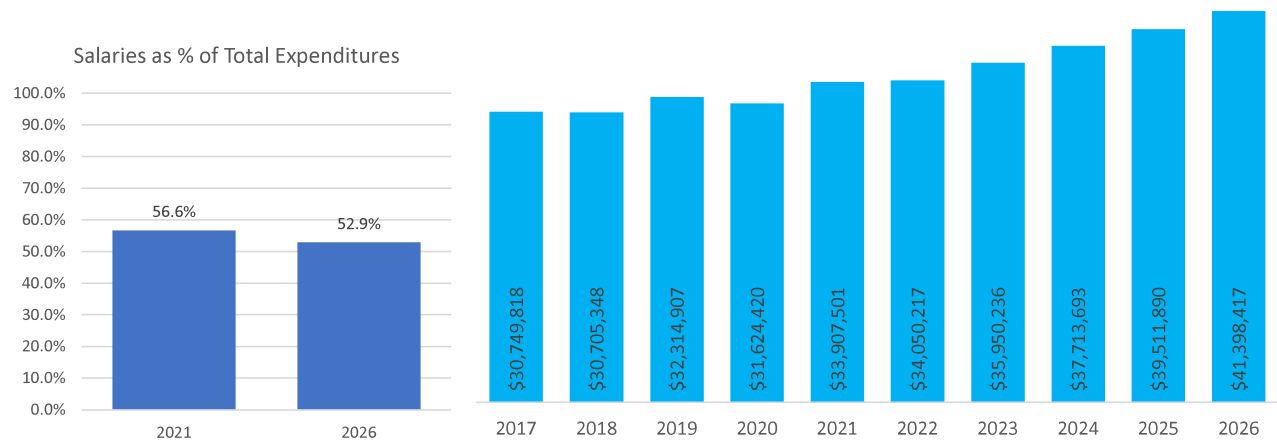
Year-Over-Year Dollar &amp; Percentage Change

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 2.89% or \$1,677,358 annually during the past five years and is projected to increase 6.17% or \$3,691,716 annually through FY2026. Benefits has the largest projected average annual variance compared to the historical average at \$1,302,138.
Salaries	\$1,067,385	\$1,498,183	\$430,799	
Benefits	\$359,145	\$1,661,284	\$1,302,138	
Purchased Services	\$370,142	\$381,418	\$11,275	
Supplies & Materials	\$40,876	\$21,243	(\$19,633)	
Capital Outlay	(\$183,814)	\$92,573	\$276,387	
Intergov & Debt	(\$14,836)	\$0	\$14,836	
Other Objects	\$38,487	\$37,016	(\$1,471)	
Other Uses	(\$26)	\$0	\$26	
Total Average Annual Change	\$1,677,358 2.89%	\$3,691,716 6.17%	\$2,014,358 3.27%	

### 3.010 - Personnel Services

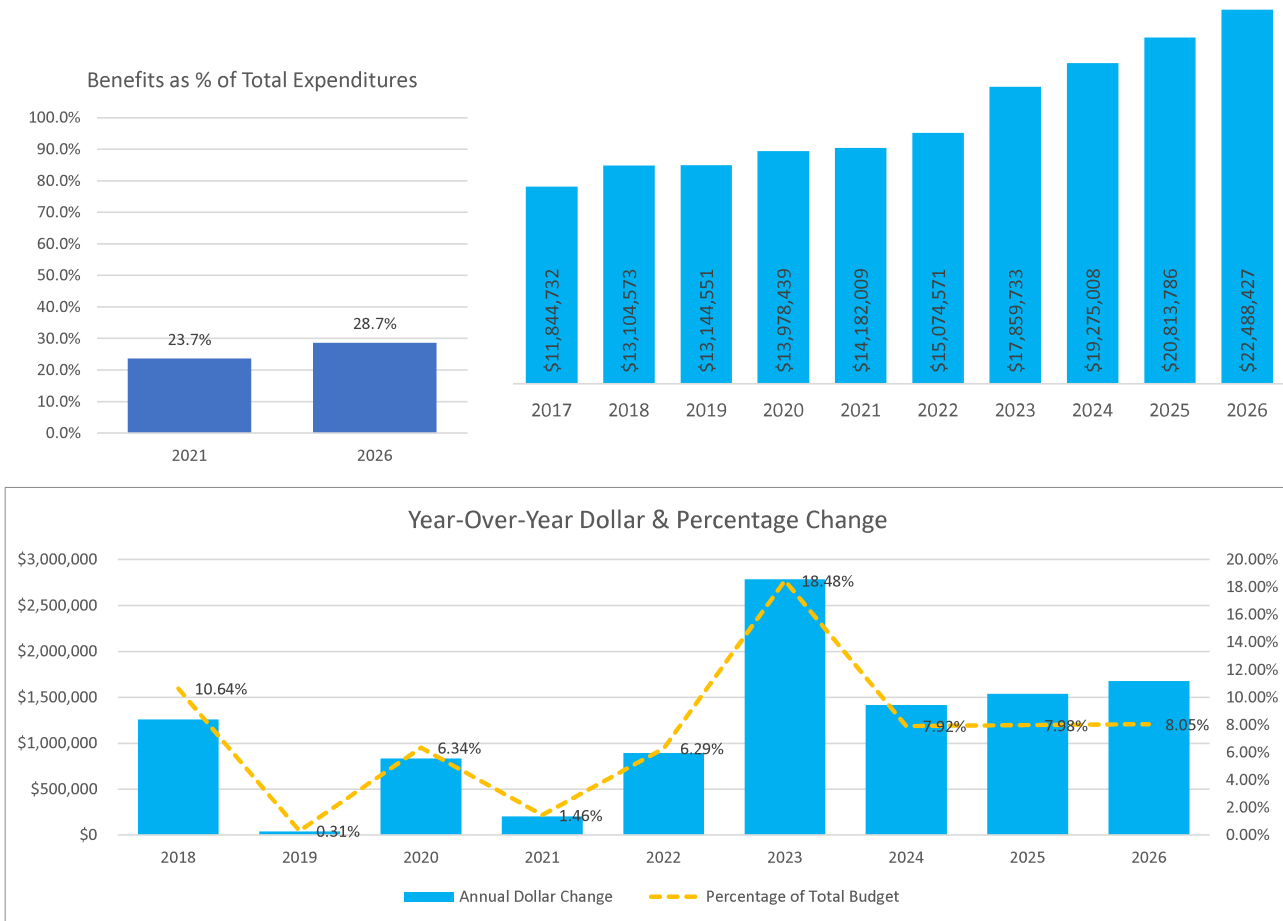
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 56.64% of total expenditures and increased at a historical average annual rate of 3.27% or \$1,067,385. This category of expenditure is projected to grow at an annual average rate of 3.97% or \$1,498,183 through FY 2026. The projected average annual rate of change is 0.70% more than the five year historical annual average.

### 3.020 - Employees' Benefits

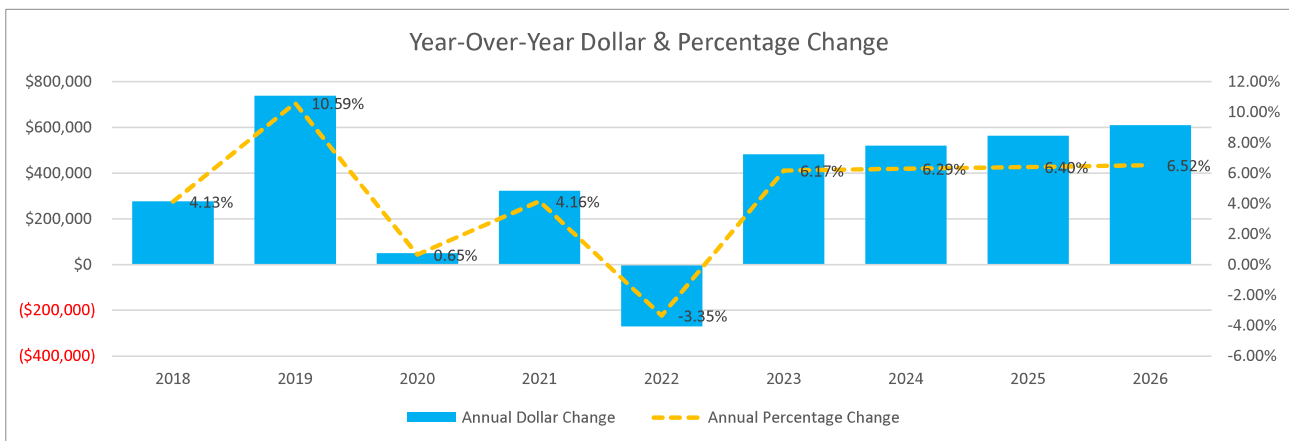
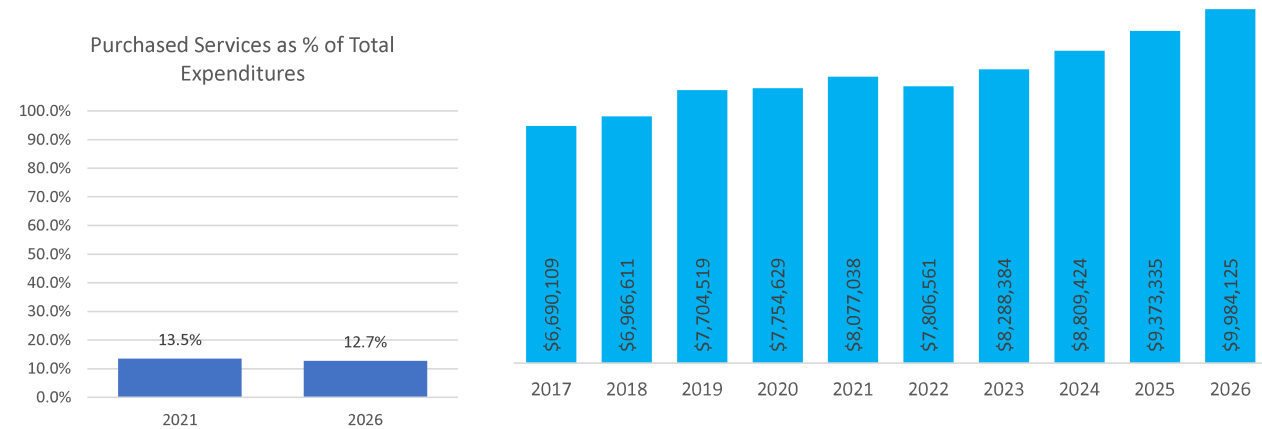
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 23.69% of total expenditures and increased at a historical average annual rate of 2.61%. This category of expenditure is projected to grow at an annual average rate of 8.70% through FY 2026. The projected average annual rate of change is 6.09% more than the five year historical annual average.

### 3.030 - Purchased Services

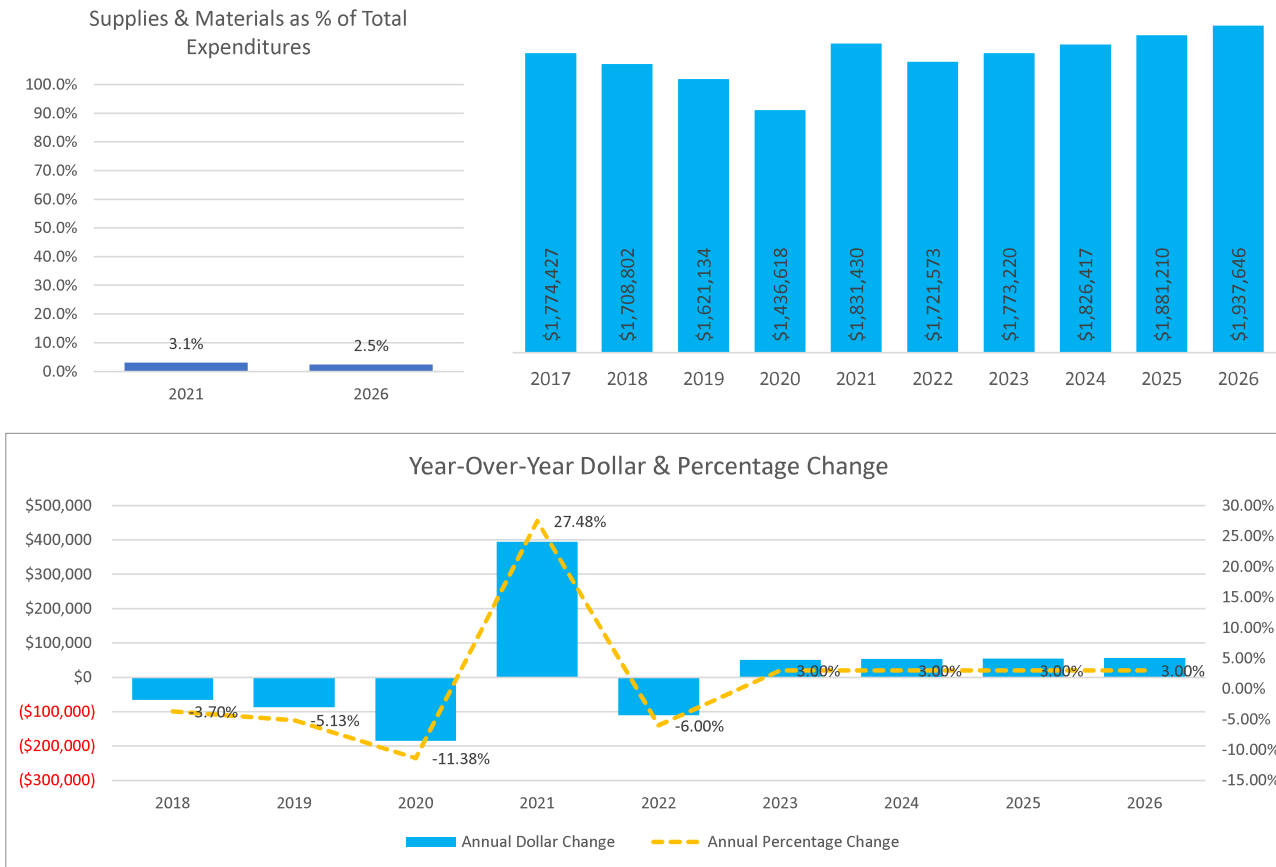
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 13.49% of total expenditures and increased at a historical average annual rate of 4.72%. This category of expenditure is projected to grow at an annual average rate of 4.31% 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 \$. The graph to the left reflects the difference between past formula enrolled compared to actual district educated. The state funding decrease is partially offset by other growing tuition costs which are also reflected in this line.

### 3.040 - Supplies & Materials

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

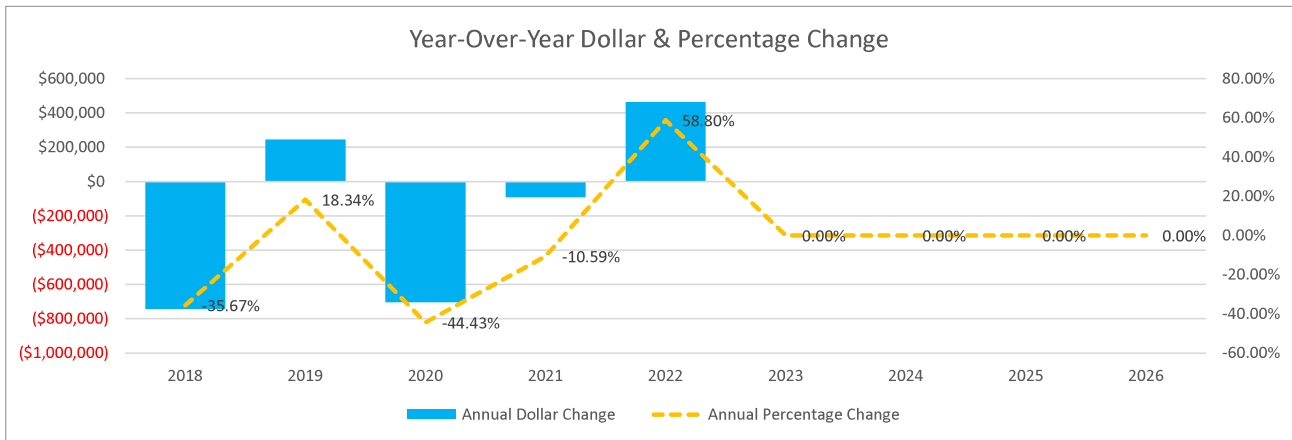
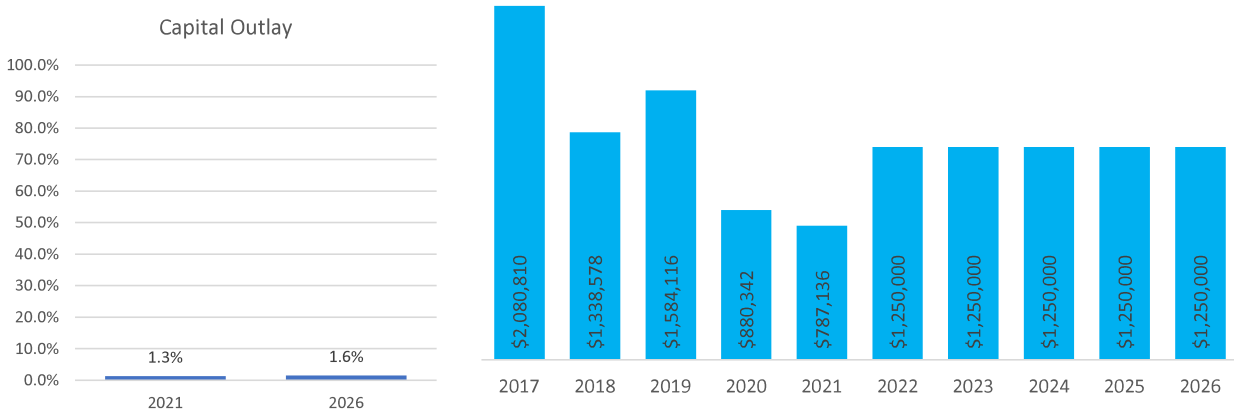


Supplies & Materials represent 3.06% of total expenditures and increased at a historical average annual rate of 2.51%. This category of expenditure is projected to grow at an annual average rate of 1.16% through FY 2026. The projected average annual rate of change is -1.35% less than the five year historical annual average.



### 3.050 - Capital Outlay

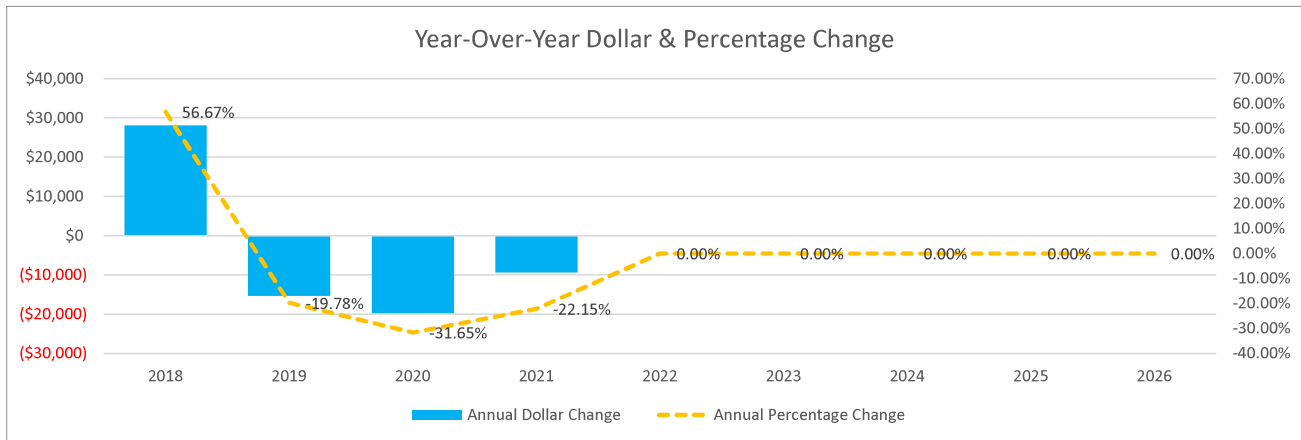
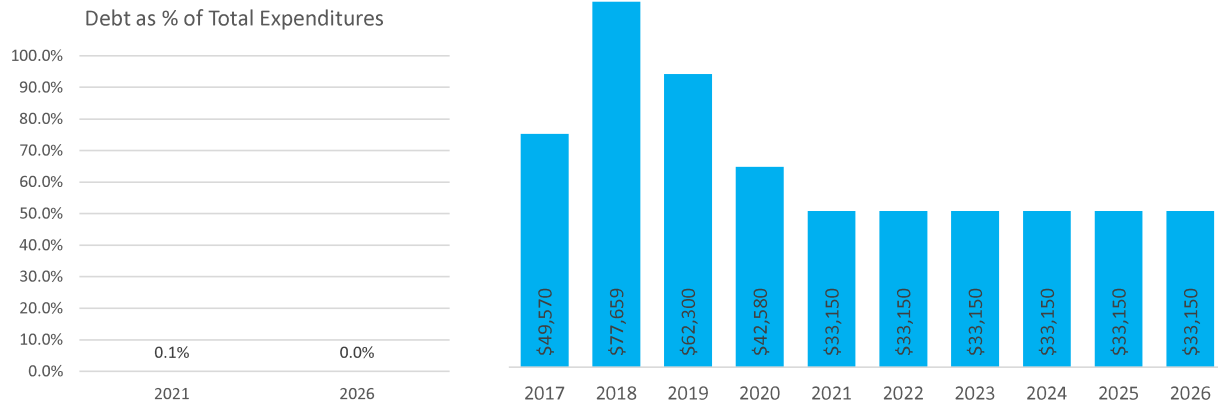
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



The district forecasts that each year we will expend \$1,250,000 in Capital Outlay.

### 3.060-4.060 - Intergovernmental & Debt

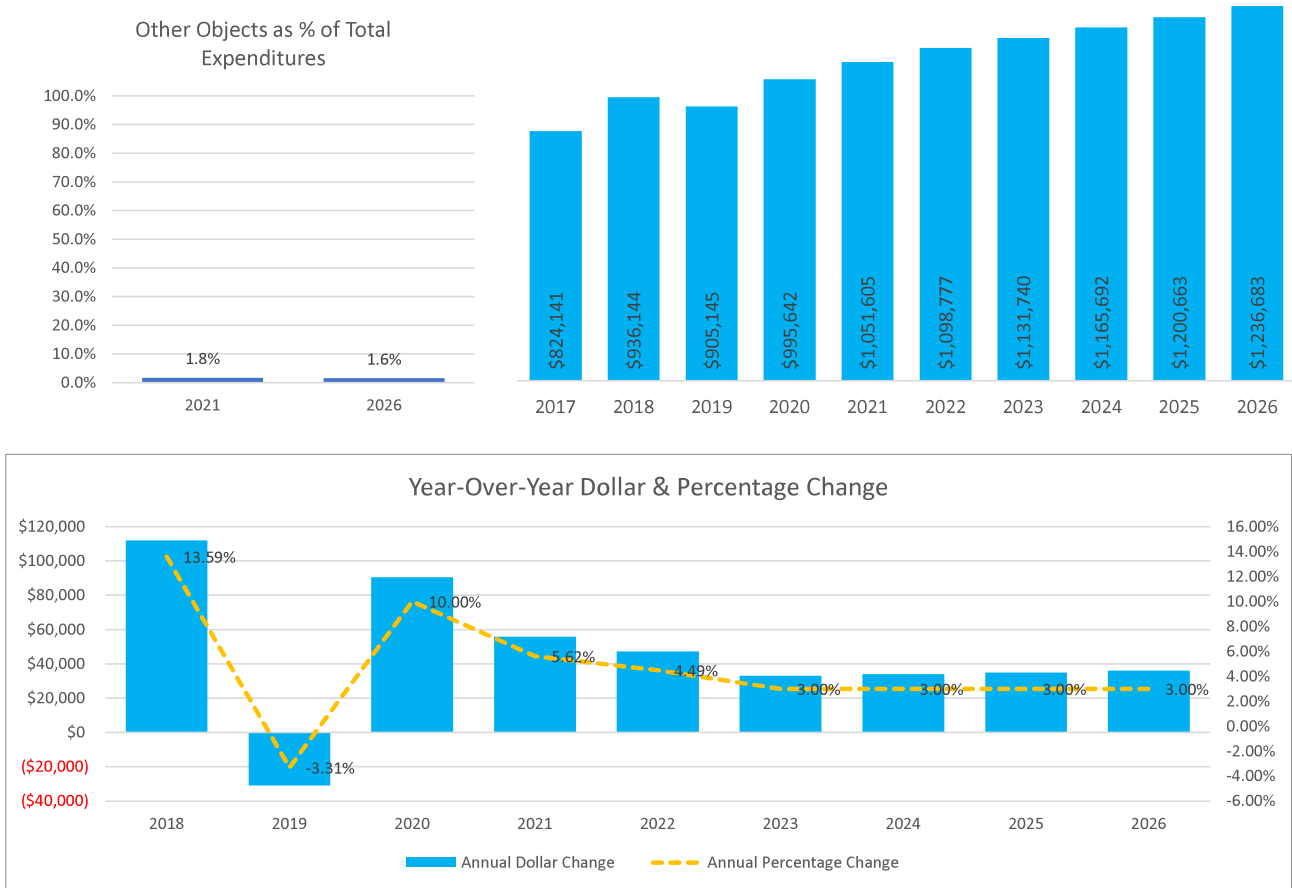
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

## 4.300 - Other Objects

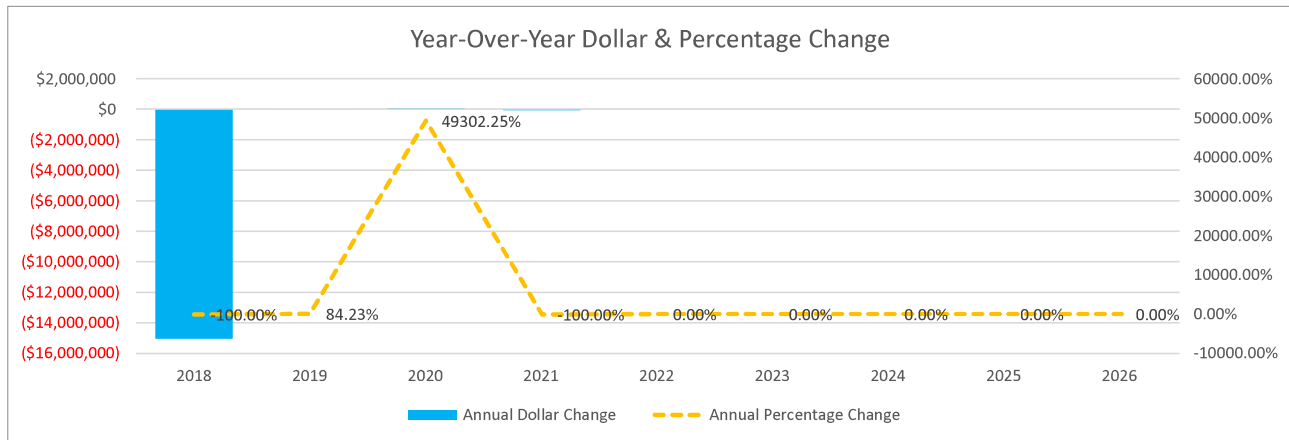
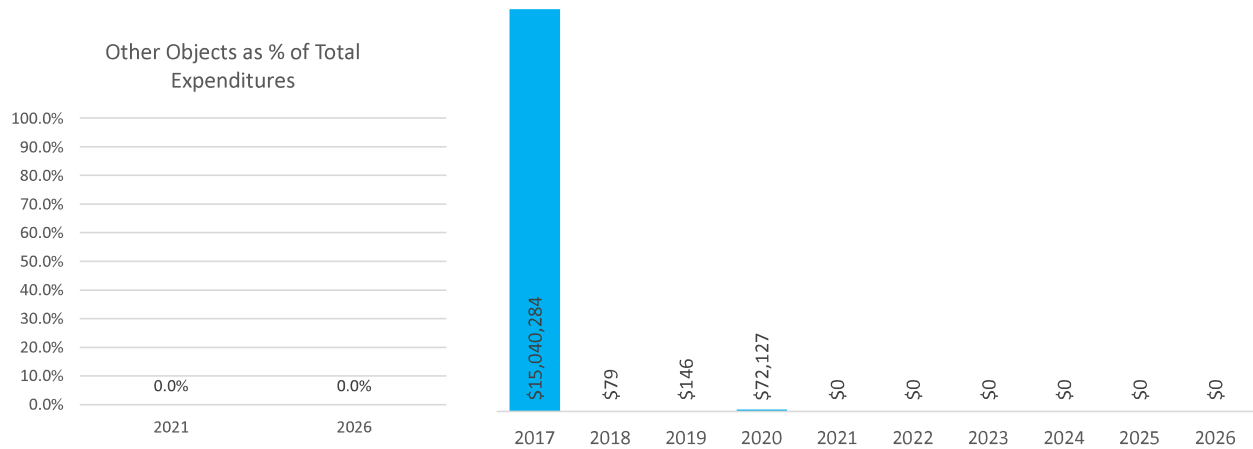
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.76% of total expenditures and increased at a historical average annual rate of 3.91%. This category of expenditure is projected to grow at an annual average rate of 3.17% through FY 2026. The projected average annual rate of change is -0.74% less than the five year historical annual average.

## 5.040 - Total Other Financing Uses

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



		FORECASTED				
	2021	2022	2023	2024	2025	2026
Transfers Out	-	-	-	-	-	-
Advances Out	-	-	-	-	-	-
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 2021 the district had no advances-out and has no advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2026. 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.

# Jackson Local School District

Stark

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;  
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenues										
1.010	General Property Tax (Real Estate)	38,460,148	40,466,010	41,572,270	4.0%	\$44,208,981	\$46,466,358	\$46,683,556	\$44,817,449	\$42,893,075
1.020	Tangible Personal Property Tax	2,946,244	3,035,614	3,201,842	4.3%	3,226,665	\$3,386,577	\$3,555,462	\$3,570,470	\$3,586,452
1.030	Income Tax									
1.035	Unrestricted State Grants-in-Aid	8,309,986	7,363,693	7,812,657	-2.6%	7,020,688	\$7,251,032	\$7,338,175	\$7,408,539	\$7,471,571
1.040	Restricted State Grants-in-Aid	164,256	163,648	163,648	-0.2%	534,104	\$472,338	\$414,656	\$369,786	\$331,443
1.045	Restricted Federal Grants-in-Aid - SFSF									
1.050	Property Tax Allocation	4,751,629	4,764,893	4,714,439	-0.4%	5,022,005	\$5,363,986	\$5,402,921	\$5,184,103	\$4,964,261
1.060	All Other Revenues	2,696,770	2,753,757	2,167,688	-9.6%	2,167,688	\$2,167,688	\$2,167,688	\$2,167,688	\$2,167,688
1.070	Total Revenues	57,329,033	58,547,615	59,632,544	2.0%	62,180,131	65,107,979	65,562,458	63,518,035	61,414,490
Other Financing Sources										
2.010	Proceeds from Sale of Notes									
2.020	State Emergency Loans and Advancements (Approved)									
2.040	Operating Transfers-In	14,838								
2.050	Advances-In		71,779	1,375-						
2.060	All Other Financing Sources	327,837	361,650	843,663	71.8%	393,663	397,599	401,575	405,591	409,647
2.070	Total Other Financing Sources	342,675	433,429	842,288	60.4%	393,663	397,599	401,575	405,591	409,647
2.080	Total Revenues and Other Financing Sources	57,671,708	58,981,044	60,474,832	2.4%	62,573,794	65,505,578	65,964,033	63,923,626	61,824,137
Expenditures										
3.010	Personal Services	\$32,314,907	\$31,624,420	\$33,907,501	2.5%	\$34,050,217	\$35,950,236	\$37,713,693	\$39,511,890	\$41,398,417
3.020	Employees' Retirement/Insurance Benefits	\$13,144,551	\$13,978,439	\$14,182,009	3.9%	\$15,074,571	\$17,859,733	\$19,275,008	\$20,813,786	\$22,488,427
3.030	Purchased Services	\$7,704,519	\$7,754,629	\$8,077,038	2.4%	\$7,806,561	\$8,288,384	\$8,809,424	\$9,373,335	\$9,984,125
3.040	Supplies and Materials	\$1,621,134	\$1,436,618	\$1,831,430	8.1%	\$1,721,573	\$1,773,220	\$1,826,417	\$1,881,210	\$1,937,646
3.050	Capital Outlay	\$1,584,116	\$880,342	\$787,136	-27.5%	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
3.060	Intergovernmental	\$62,300	\$42,580	\$33,150	-26.9%	\$33,150	\$33,150	\$33,150	\$33,150	\$33,150
Debt Service:										
4.010	Principal-All (Historical Only)									
4.020	Principal-Notes									
4.030	Principal-State Loans									
4.040	Principal-State Advancements									
4.050	Principal-HB 264 Loans									
4.055	Principal-Other									
4.060	Interest and Fiscal Charges									
4.300	Other Objects	\$905,145	\$995,642	\$1,051,605	7.8%	\$1,098,777	\$1,131,740	\$1,165,692	\$1,200,663	\$1,236,683
4.500	Total Expenditures	57,336,672	56,712,670	59,869,869	2.2%	61,034,849	66,286,463	70,073,384	74,064,034	78,328,448
Other Financing Uses										
5.010	Operating Transfers-Out									
5.020	Advances-Out		\$71,779							
5.030	All Other Financing Uses	146	348		19.2%					
5.040	Total Other Financing Uses	146	72,127		24601.0%					
5.050	Total Expenditures and Other Financing Uses	57,336,818	56,784,797	59,869,869	2.2%	61,034,849	66,286,463	70,073,384	74,064,034	78,328,448
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	334,890	2,196,247	604,963	241.7%	1,538,945	780,885-	4,109,351-	10,140,408-	16,504,311-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	22,103,675	22,438,565	24,634,812	5.7%	25,239,775	26,778,720	25,997,835	21,888,484	11,748,076
7.020	Cash Balance June 30	22,438,565	24,634,812	25,239,775	6.1%	26,778,720	25,997,835	21,888,484	11,748,076	4,756,235-
8.010	Estimated Encumbrances June 30									
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials									
9.020	Capital Improvements									
9.030	Budget Reserve									
9.040	DPIA									
9.045	Fiscal Stabilization									
9.050	Debt Service									
9.060	Property Tax Advances									
9.070	Bus Purchases									
9.080	Subtotal									
10.010	Fund Balance June 30 for Certification of Appropriations	22,438,565	24,634,812	25,239,775	6.1%	26,778,720	25,997,835	21,888,484	11,748,076	4,756,235-
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal									
11.020	Property Tax - Renewal or Replacement								\$3,111,506	\$6,223,299
11.300	Cumulative Balance of Replacement/Renewal Levies								3,111,506	9,334,805
12.010	Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	22,438,565	24,634,812	25,239,775	6.1%	26,778,720	25,997,835	21,888,484	14,859,582	4,578,570
Revenue from New Levies										
13.010	Income Tax - New									
13.020	Property Tax - New									
13.030	Cumulative Balance of New Levies									
14.010	Revenue from Future State Advancements									
15.010	Unreserved Fund Balance June 30	22,438,565	24,634,812	25,239,775	6.1%	26,778,720	25,997,835	21,888,484	14,859,582	4,578,570