

Sycamore Community Schools

Hamilton

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019			Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenues										
1.010 General Property Tax (Real Estate)	\$56,229,308	\$65,183,026	\$61,053,340	4.8%	\$64,678,440	\$61,519,000	\$63,552,000	\$64,667,000	\$64,833,000	
1.020 Public Utility Personal Property	2,934,229	3,415,729	3,772,817	13.4%	3,853,095	3,936,000	4,003,000	4,039,000	4,074,000	
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	5,584,452	4,515,536	4,179,315	-13.3%	2,425,000	2,375,000	4,100,000	4,100,000	4,100,000	
1.040 Restricted State Grants-in-Aid	436,038	348,158	412,814	-0.8%	375,000	375,000	375,000	375,000	375,000	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	10,723,976	9,743,746	8,701,110	-9.9%	7,650,000	6,523,000	5,422,000	4,605,000	4,627,000	
1.060 All Other Revenues	3,999,898	5,293,983	6,158,440	24.3%	7,170,000	6,236,000	6,653,000	6,695,000	6,695,000	
1.070 Total Revenues	79,907,901	88,500,178	84,277,836	3.0%	86,151,535	80,964,000	84,105,000	84,481,000	84,704,000	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In										
2.050 Advances-In	82,062	85,919	73,582	-4.8%	50,000	200,000	200,000	200,000	200,000	
2.060 All Other Financing Sources										
2.070 Total Other Financing Sources	82,062	85,919	73,582	-4.8%	50,000	200,000	200,000	200,000	200,000	
2.080 Total Revenues and Other Financing Sources	79,989,963	88,586,097	84,351,418	3.0%	86,201,535	81,164,000	84,305,000	84,681,000	84,904,000	
Expenditures										
3.010 Personal Services	45,292,740	46,410,441	47,690,351	2.6%	49,300,000	51,100,000	52,760,000	54,475,000	56,245,000	
3.020 Employees' Retirement/Insurance Benefits	15,108,107	15,353,530	16,003,152	2.9%	16,400,000	17,005,000	17,604,000	18,230,000	18,880,000	
3.030 Purchased Services	6,561,077	7,100,480	7,187,320	4.7%	6,900,000	7,150,000	7,150,000	7,150,000	7,150,000	
3.040 Supplies and Materials	2,430,324	2,376,316	2,700,542	5.7%	2,900,000	2,600,000	2,600,000	2,600,000	2,600,000	
3.050 Capital Outlay	477,284	414,323	273,518	-23.6%	220,000	220,000	220,000	220,000	220,000	
3.060 Intergovernmental										
Debt Service:										
4.010 Principal-All (Historical Only)	993,200	986,800	1,255,400	13.3%						
4.020 Principal-Notes										
4.030 Principal-State Loans										
4.040 Principal-State Advancements										
4.050 Principal-HB 264 Loans					1,040,000	1,008,000	1,000,000	975,000	950,000	
4.055 Principal-Other					175,000	182,000	187,000	187,000	192,000	
4.060 Interest and Fiscal Charges										
4.300 Other Objects	2,048,771	2,127,980	1,999,853	-1.1%	1,400,000	1,600,000	1,600,000	1,600,000	1,600,000	
4.500 Total Expenditures	72,911,503	74,769,870	77,110,136	2.8%	78,335,000	80,865,000	83,121,000	85,437,000	87,837,000	
Other Financing Uses										
5.010 Operating Transfers-Out	2,670,000	4,623,000	4,620,000	36.5%	4,770,000	1,970,000	2,620,000	2,620,000	2,620,000	
5.020 Advances-Out	87,508	50,850	85,646	13.3%	200,000	200,000	200,000	200,000	200,000	
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	2,757,508	4,673,850	4,705,646	35.1%	4,970,000	2,170,000	2,820,000	2,820,000	2,820,000	
5.050 Total Expenditures and Other Financing Uses	75,669,011	79,443,720	81,815,782	4.0%	83,305,000	83,035,000	85,941,000	88,257,000	90,657,000	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	4,320,952	9,142,377	2,535,636	0	2,896,535	-1,871,000	-1,636,000	-3,576,000	-5,753,000	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	33,953,673	38,274,625	47,417,002	18.3%	49,952,638	52,849,173	50,978,173	49,342,173	45,766,173	
7.020 Cash Balance June 30	38,274,625	47,417,002	49,952,638	14.6%	52,849,173	50,978,173	49,342,173	45,766,173	40,013,173	
8.010 Estimated Encumbrances June 30	580,101	684,391	437,905	-9.0%	600,000	600,000	600,000	600,000	600,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials										
9.020 Capital Improvements										
9.030 Budget Reserve	1,000,000	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
9.040 DPIA										
9.045 Fiscal Stabilization										
9.050 Debt Service										
9.060 Property Tax Advances										
9.070 Bus Purchases										
9.080 Subtotal	1,000,000	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
10.010 Fund Balance June 30 for Certification of Appropriations	36,694,524	45,732,611	48,514,733	15.4%	51,249,173	49,378,173	47,742,173	44,166,173	38,413,173	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal										
11.020 Property Tax - Renewal or Replacement										
11.300 Cumulative Balance of Replacement/Renewal Levies										
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	36,694,524	45,732,611	48,514,733	15.4%	51,249,173	49,378,173	47,742,173	44,166,173	38,413,173	
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	36,694,524	45,732,611	48,514,733	15.4%	51,249,173	49,378,173	47,742,173	44,166,173	38,413,173	

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund and any portion of Debt Service fund related to General fund debt



SYCAMORE COMMUNITY SCHOOLS
Five Year Forecast Assumptions
Fiscal Years 2020-2024
May, 2020

INTRODUCTION

The Ohio Department of Education (ODE) requires submission of a five year forecast of revenue and expenditures for the general operating fund of public school districts. This submission is required by November 30th of each fiscal year with a revision submitted prior to May 31st of each fiscal year. This forecast meets the May requirement.

Beyond meeting ODE's mandate, the five year forecast is an important planning tool for the district's Board of Education and administration. It is used to identify and to prepare for future funding issues of the district in support of its mission and vision. It is a key tool in meeting the district's strategic priority to respect the investment of taxpayers by providing responsible management of resources as we continue our commitment to student success. Issues that affect future priorities along with their impact on the Board's use of the forecast as a tool for financial planning follow.

This forecast is submitted in a time of great uncertainty due to the COVID-19 pandemic. State budget cuts for the current fiscal year have been announced with additional reductions likely in fiscal year 2021. Hamilton County has delayed collection of property taxes for the second half of 2020. The national unemployment rate is at a historic high and businesses have shut down. While the hope is the impact will be temporary, much is unknown. The district anticipates an uptick in foreclosures and property tax delinquencies. Operational costs for 2020-21 will likely be impacted to accommodate changes to the learning environment.

With this in mind, the forecast will be adjusted more frequently due to constantly changing information. The district will continue to utilize the Board's budget parameters through fiscal year 2021 and update projected revenue and expenditures through fiscal year 2024.

FINANCIAL PARAMETERS

The district's budget practices provide stability by giving a roadmap for financial planning. The district's financial parameters, initiated in 2005 and extended through fiscal year 2021 include goals related to expenditure trend, budget caps and reserve requirements. The district has worked diligently to meet the goal to contain costs while maintaining a broad array of programming. Investment in technology, transportation fleet and routine maintenance of facilities has been maintained.

STATE BUDGET – FISCAL YEARS 2020 and 2021

In May, 2020 Governor DeWine announced cuts to State foundation funding for fiscal year 2020 due to the pandemic's impact on state revenue. Sycamore's reduction is \$1.6 million or approximately 47% of this revenue source. No other state revenue sources are slated for reduction this fiscal year. The probability of a similar reduction of fiscal year 2021 state revenue is high and is included in the forecast. Results from last year's state budget process are referenced below.

The Ohio Legislature completed its two-year budget in July, 2019. The budget includes flat core aid (foundation funding) for fiscal years 2020 and 2021 for all Ohio districts. Districts experiencing enrollment growth may receive supplement funds. Sycamore is slated to receive approximately \$130,000 in fiscal year 2020 and approximately \$200,000 in fiscal year 2021. The budget did not change the phase out of TPP reimbursement for Sycamore. This funding source (\$3 million in fiscal year 2020) will be phased out over the next three fiscal years at a rate of \$1 million per year. A TPP supplement included in the last biennium budget was eliminated.

Finally, the Legislature approved a new revenue source, Student Wellness and Success funds. It is allocated to all districts based on socio-economic demographics and must be used for services or staff to support the physical, social, emotional and intellectual aspects of a child's well-being. Sycamore expects to receive \$190,000 in fiscal year 2020 and \$271,000 in fiscal year 2021. This funding source is not included in the forecast based on guidance from the Auditor of State and the Ohio Department of Education.

STATE BUDGET – FISCAL YEARS 2005-2019 – LOSS OF TPP Funds

An issue that has been noted in past forecasts is the impact of the State Budget (HB66) enacted in 2005. In that bill, sweeping changes were made in the taxation structure that funds Ohio's schools. House Bill 66 not only set State funding levels for schools, but also dramatically changed the tax structure for businesses in the State of Ohio, changes that directly impacted local funding of school districts. The biggest change that impacted Sycamore was the elimination of the tangible personal property tax (TPPT). In fiscal year 2005 (2004-05 school year) Sycamore received approximately \$12 million or over 16% of its funding from this revenue source.

State funding models approved from 2007 to 2017 included varying amounts of reimbursement of TPP funding lost as the tax was eliminated. By fiscal year 2019, Sycamore received only \$4.2 million in reimbursement of this \$12 million funding source foregone.

MAINTAINING THE COMMUNITY’S INVESTMENT – SUPPORTING STUDENT LEARNING

The district has utilized its general fund cash reserves to support on-going facility maintenance projects such as roof, paving and flooring replacement, upgrades to security systems and targeted renovation projects to support student learning. The district has invested in replacement of its bus fleet and technology replacement and infrastructure.

Capital funding is targeted to:

- Protect our community’s investment through on-going preventative maintenance
- Provide a safe and secure environment for our students, staff and community
- Maintain a safe fleet for the transportation of our students
- Update technology/facilities to support student learning and skills
- Include energy efficiency improvements to decrease usage and lower operational costs.
- Utilize a combination of funding sources, including the district’s cash reserve and an energy conservation borrowing program.

The capital plan utilizes a variety of funding sources, including some that impact this forecast. In 2010, the Ohio School Facilities Commission approved a HB264 energy conservation program for the district. Participation provided funding for the installation of energy conservation systems, i.e. HVAC, lighting, that have reduced energy usage and associated operating costs for the district. Utility and operational cost savings are utilized to pay for these improvements. These updates, along with negotiation of energy contracts, have reduced the district’s annual utility costs by more than the annual debt payment for the energy conservation bonds. We anticipate continued savings in future years to more than pay for the cost of these improvements. In September, 2017, the Board authorized a second HB264 project to address energy conservation and HVAC improvements. Like the 2010 project, it is anticipated that energy savings will cover payments on bonds issued for this purpose. The corresponding debt payments for both of these projects are shown in line 4.05 of this forecast. The district also utilizes its cash reserve to repay debt issued for construction of district offices through 2025. This is shown in line 4.055 of the forecast.

On November 5, 2019 the Sycamore Community approved a bond issue to replace and renovate aging facilities and to provide additional early childhood opportunities. There are no operational funds included in the bond issue and therefore no impact on this forecast.

REVENUE

Real Estate Taxes (Line 1.010):

Property tax collection for fiscal year 2020 was complete prior to impact of the pandemic and is reflected in the forecast. In April, the Hamilton County Treasurer announced a one-month delay in property tax collection for the second half of 2020 with hope that the economy would re-open and possibly reduce delinquencies both for homeowners and businesses. The forecast assumes an increase in delinquencies similar to that experienced in 2009 for fiscal year 2021 and continuing to a lesser degree in fiscal year 2022. The actual impact will be monitored and adjusted based on second half 2020 and first half 2021 collections.

The second factor to consider is impact on property tax values. The forecast assumes that economic development projects under construction will continue but those under consideration are on hold. The district will work with administration in the cities of Blue Ash and Montgomery and Symmes Township to monitor impact on the district's tax base, real estate revenue and student enrollment and will update the five year forecast accordingly.

Hamilton County will conduct a triennial update of property values in 2020 for collection in 2021. The result of this update is unknown, but growth in the tax base will likely be lower than anticipated prior to the pandemic.

No new operating levies are included in the forecast.

The following is included to provide information on historical variances included in the forecast. In Spring, 2018 the district realized a shift in collection of taxes impacting fiscal year 2018 receipts. Changes in the federal tax code incented the payment of property taxes in December 2017. The district realized a 5% increase in revenue collection (approx. \$2 million) due to property owners paying their full 2018 obligation in the first half of the calendar year instead of paying in two installments. The district also saw an unusual variance in the collection of delinquent taxes in the first half of the year. This situation created in a shift in tax collections for FY2018 and FY2019.

Public Utility Personal Property (PUPP) Tax (line 1.020):

Public Utility Personal Property taxes (PUPP) are levied utility infrastructure, is taxed at the full voted tax rate and is not subject to House Bill 920. In forecasts presented prior to fiscal year 2019, this source was included with general property tax. The forecast does not include reductions in this revenue source.

Unrestricted Grants-in-Aid - State Foundation (line 1.035):

State Core aid is reduced by \$1.6 million in both fiscal years 2020 and 2021 to reflect a confirmed cut in fiscal year 2020 and a likely one in fiscal year 2021. Also included in this category is revenue from Ohio's casinos estimated at \$250,000 in fiscal year 2020 and \$125,000 in fiscal year 2021. This category is restored to pre-pandemic levels beginning in fiscal year 2022.

Restricted Grants-in-Aid - Other State Income (line 1.040):

The forecast includes no changes in this category, but will be monitored due to potential cuts in the state budget. This category includes reimbursements received for catastrophic special education costs and Medicaid reimbursement. Beginning in fiscal year 2015, the district receives reimbursement from Medicaid for services such as speech, occupational and physical therapy. The district anticipates that this will generate approximately \$75K per year along with catastrophic reimbursement of approximately \$300K per year.

Property Tax Allocation (Rollback and Homestead (line 1.050):

The forecast includes no changes in this category, but will be monitored due to potential cuts in the state budget. This category includes State reimbursement to the District for property tax relief given to residential taxpayers through the Homestead & Rollback program (approximately \$4.5 million). It also includes reimbursement for Tangible Personal Property taxes (TPP) lost (initially \$12 million per year in 2005) in fiscal years 2020-2022 of the forecast. This funding source (\$3 million in fiscal year 2020) will be phased out over the next three fiscal years at a rate of \$1 million per year. Sycamore will receive no TPP reimbursement in fiscal years 2023 or 2024.

All Other Revenues -Investment Earnings and Other Local Income (line 1.060):

Other local income includes investment income, tuition from other districts, rental of school facilities, donations, Tax Increment Financing (TIF) payments and student fees. Projected investment income has been reduced due to rate decreases. Student fee income was impacted in fiscal year 2020 due to school closure and waiver of full day kindergarten tuition in April and May. The district received an unanticipated refund of approximately \$300,000 from the Bureau of Worker’s Compensation.

TIF supported projects in Blue Ash include the Whiting property, iTelligence, Target, Hills, IEL and Aprecia Pharmaceuticals. The Vintage Club and Triangle properties in Montgomery are also included. This revenue source continues to grow as projects are secured and construction completed. Development in Blue Ash at Summit Park that is projected to generate additional revenue for the district beginning in fiscal year 2021. Construction has begun at the former P&G facility on Reed Hartman, bringing Ensemble Health Partners to the community. Ensemble provides management and collection services for hospital systems nationwide. The project is slated to generate new revenue for the district beginning in 2021. Montgomery has approved the development of the Montgomery Quarter. The district will work with the city to determine the timeline for revenue growth from this project and will include in future forecasts when applicable. The district also receives TIF funding from projects in Sycamore Township and the Worldpay Processing Center project in Symmes Township.

Other Financing Sources - Advances In (line 2.050):

Advances- in are repayments to the general fund of monies loaned to finance other areas of the operation. In fiscal years 2021-2024, advances in may occur for repayment from federal grant programs if needed. You may note that line 5.02 - Advances out reflects the same amount of funding going out of the general fund to the federal grant programs.

EXPENDITURES

In spring, 2005, the Board of Education mandated financial parameters to control expenditure growth in the district and has approved extensions of those parameters through fiscal year 2021. The resolution approving this extension is included in these assumptions.

This forecast commits the Board and administration to these parameters and continues the budgeting practice that balances effective, efficient and controlled use of financial resources with

attainment of high academic achievement. The administration along with the Board of Education will continue to evaluate and set its budget on an annual basis, using the forecast as a long term planning tool. For the 2019-2000 school year, the Board approved operating expenditures (line 4.50) be set at \$79.3 million, a 2.8% increase over the prior year. The forecast reflects that expenditures will be less than the parameter due to costs not incurred in the fourth quarter as a result of the school closure.

The Board continued its commitment to cost controls by extending its financial parameters through fiscal year 2021. The financial parameters resolution approved at the August, 2016 Board of Education meeting follows:

WHEREAS, on February 16, 2005 the Sycamore Board of Education approved resolution #05-033 to adopt a 5-year General Operating Fund budget forecast targeting limits on expenditure growth; and;

WHEREAS, the Sycamore Board of Education monitored the use of parameters and the impact on expenditures, and continued utilization of parameters through fiscal year 2016 (2015-16 school year), and;

WHEREAS, the administration and staff of the Sycamore Community Schools outperformed the financial parameters since 2005 and therefore reduced the expenditure trend of the district, averaging less than 1% per year through this time period and;

WHEREAS, the Sycamore Board of Education has not requested an additional tax levy for operations since 2004, a twelve year span between requests for additional taxes for the day-to-day operations of our schools, and;

WHEREAS, the Sycamore Board of Education has requested approval of a 6.5 mill operating levy on November 8, 2016 and has committed that the levy will last five years, and

WHEREAS, the use of parameters has been a cornerstone of the Board's financial practices,

THEREFORE, the Sycamore Board of Education resolves to:

- Continue the utilization of financial parameters
- Continue its commitment to academic excellence
- Evaluate the condition of its facilities to maintain the community's investment in them, as well as, the need for technology infrastructure and equipment to provide tools to teach 21st century skills to Sycamore's students, utilizing cash reserve as prudent to meet identified needs in these areas

And FURTHER, the Sycamore Board of Education resolves to commit to new financial parameters as follows:

The Sycamore Community School General Operating Fund budget targets will be no more than an average of 2.5% growth of the budget for Fiscal Years FY17 through FY21. Annual deviation from the % growth may occur but in all cases the General Operating Fund Budget (Total Expenditures not including Other Financing Uses) will be capped at \$82 million for FY21 with a minimum ending cash balance for FY21 of not less than 25% of the General Operating Fund Budget. Deviations from these parameters must be approved by Board action.

This forecast includes operating expenditures of approximately \$81 million in fiscal year 2021 and cash reserve of approximately 63% of the operating budget, meeting the parameters.

Personnel Costs:

Personal Services - Salaries/Wages (line 3.010):

Salaries and wages reflect the impact of the collective bargaining agreements with SEA through 2020 and OAPSE through fiscal year 2022. Any costs associated with these or future settlements of these collective bargaining agreements will be included in the expenditure trend parameters set by the Board.

Employee's Retirement/Insurance Benefits (line 3.020):

Pension, medicare and worker's compensation premiums are estimated in line with salary projections. Health insurance premium rates increased by 2% for 2020 following a rate freeze in 2019. Costs are expected to increase in future years based on BHP historical combined with market trends. The district implemented use of the Butler Health Plan (BHP) for health and dental coverage for district employees in 2010. This change has and will continue to result in reduced costs of employee benefits for the district compared to purchase of health care independently.

Non-Personnel Costs:

Non-personnel costs include purchased services, supplies and materials, capital outlay and other objects. The district is currently evaluating all non-personnel areas for cost reductions.

Purchased Services (line 3.030):

This area includes items such as maintenance costs, utilities, contracted services and tuition to other districts.

Supplies and Materials (line 3.040):

Supply expenditures include instructional materials such as textbook licenses, software, etc. office and custodial supplies and fuel for buses.

Capital Outlay (line 3.050):

This area is primarily used to fund equipment purchases from building and departmental budgets. Capital outlay expenditures such as roof replacement, bus replacement, etc. are accounted for through the permanent improvement fund. (See Other Financing Sources and Uses).

HB264 (Line 4.05)

This area includes principal and interest payments on debt issued to fund energy conservation projects. Savings in operational and utility costs will be utilized to fund the debt. See page 4 for additional information on the impact of energy conservation improvements including the energy conservation project implemented in 2018.

Principal Payments – Other (Line 4.055)

This area includes payment for certificates of participation payments made for the construction of the district office project.

Other Objects (line 4.300):

This area includes such items as auditor and treasurer fees paid to the County Auditor, membership fees, liability insurance and fees for the annual district audit. The lease/purchase payments for the high school addition and Blue Ash elementary are included as a miscellaneous expense. This budget category decreased in fiscal year 2020 due to the expiration of the lease purchase agreement for the high school initiated in 1998.

Non-Operating Expenditures:

The following expenditures will not be included in the expenditure parameter calculation, but the use of cash reserve for these costs will be included as part of the cash reserve target.

Other Financing Uses (line 5.010):

The forecast reflects the annual allocation from the cash reserve used to support the district's capital plan. The Board determined that an increase in this allocation is needed through fiscal year 2020.

Reserved Funds (lines 8.010 and 9.030):

Two areas of the budget are currently reserved. The first is encumbrances, i.e. funds set aside for payment of goods or services ordered but not yet received at the end of the fiscal year. The second is a Budget Reserve. The Board has directed the Treasurer to maintain at least \$1 million in this reserve for emergencies.

Unreserved Funds (Line 15.010)

As a result of the district reducing its expenditure trend, dollars were allocated to unreserved funds, commonly referred to as the cash reserve. The cash reserve is important for financial planning and stability for many reasons:

- A portion of the cash reserve is earmarked for the district's capital improvement plan as noted in other financing uses above.
- Reserves can offset a portion of the state TPP reimbursement as the State further reduces funding until elimination in 2023.

- Reserves provide a buffer against future funding revisions and the cost of program mandates, as well as, provide a pool of funds for emergencies. This is important given possible changes in State funding and potential unfunded mandates.
- Stable and adequate reserves were an important factor in the district's receipt of a AAA bond rating from Standard & Poors.

Submitted by:

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