

# MATHEWS

## TRUMBULL

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 2025

	Actual			Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
<b>Revenues</b>								
1.010 General Property Tax (Real Estate)	\$4,606,574	\$4,596,628	\$4,689,086	\$4,781,820	\$4,781,820	\$4,425,865	\$3,330,006	\$1,966,181
1.020 Tangible Personal Property Tax	\$407,688	\$398,663	395,717	375,182	375,182	374,792	374,402	374,402
1.030 Income Tax								
1.035 Unrestricted State Grants-in-Aid	\$2,549,229	\$2,445,755	\$2,280,954	\$2,270,065	\$2,447,667	\$2,452,667	\$2,457,667	\$2,457,669
1.040 Restricted State Grants-in-Aid	\$69,760	\$60,714	\$52,521	\$47,266	\$47,266	\$47,266	\$47,266	\$47,267
1.045 Restricted Federal Grants-in-Aid - SFSF								
1.050 Property Tax Allocation	\$755,974	\$719,408	\$719,939	\$702,951	\$702,951	\$702,951	\$702,951	\$702,952
1.060 All Other Revenues	\$703,220	\$766,698	\$873,151	\$737,900	\$737,900	\$737,900	\$737,900	\$737,900
<b>1.070 Total Revenues</b>	<b>9,092,445</b>	<b>8,987,866</b>	<b>9,011,368</b>	<b>8,915,183</b>	<b>9,092,785</b>	<b>8,741,441</b>	<b>7,650,192</b>	<b>6,286,371</b>
<b>Other Financing Sources</b>								
2.010 Proceeds from Sale of Notes								
2.020 State Emergency Loans and Advancements (Approved)								
2.040 Operating Transfers-In								
2.050 Advances-In	64,559	49,378	61,000	74,070	70,000	20,000	20,000	20,000
2.060 All Other Financing Sources	67,049	5,774	100,810	123,367	16,000	16,000	16,000	16,000
2.070 Total Other Financing Sources	131,608	55,152	161,810	197,437	86,000	36,000	36,000	36,000
<b>2.080 Total Revenues and Other Financing Sources</b>	<b>9,224,053</b>	<b>9,043,018</b>	<b>9,173,178</b>	<b>9,112,620</b>	<b>9,178,785</b>	<b>8,777,441</b>	<b>7,686,192</b>	<b>6,322,371</b>
<b>Expenditures</b>								
3.010 Personal Services	4,020,984	4,184,416	4,108,450	4,017,946	4,128,801	4,279,811	4,454,151	4,546,416
3.020 Employees' Retirement/Insurance Benefits	1,593,132	1,687,912	1,622,644	1,646,741	1,688,750	1,731,926	1,739,260	1,784,134
3.030 Purchased Services	2,215,302	2,253,030	2,172,522	2,273,394	2,353,743	2,426,603	2,500,565	2,587,848
3.040 Supplies and Materials	208,038	275,527	216,171	225,000	250,000	260,000	275,000	275,000
3.050 Capital Outlay	84,013	89,961	25,652	35,000	60,000	120,000	60,000	60,000
3.060 Intergovernmental								
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	143,355	129,894	160,526	166,946	150,000	160,000	160,000	160,000
<b>4.500 Total Expenditures</b>	<b>8,264,824</b>	<b>8,620,740</b>	<b>8,305,965</b>	<b>8,365,026</b>	<b>8,631,295</b>	<b>8,978,341</b>	<b>9,188,976</b>	<b>9,413,398</b>
<b>Other Financing Uses</b>								
5.010 Operating Transfers-Out	258,996	269,900	277,000	325,000	305,000	295,000	285,000	285,000
5.020 Advances-Out	73,578	70,200	74,070	70,000	20,000	20,000	20,000	20,000
5.030 All Other Financing Uses								
5.040 Total Other Financing Uses	332,574	340,100	351,070	395,000	325,000	315,000	305,000	305,000
<b>5.050 Total Expenditures and Other Financing Uses</b>	<b>8,597,398</b>	<b>8,960,840</b>	<b>8,657,035</b>	<b>8,760,026</b>	<b>8,956,295</b>	<b>9,293,341</b>	<b>9,493,976</b>	<b>9,718,398</b>
<b>6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>626,655</b>	<b>82,178</b>	<b>516,143</b>	<b>352,594</b>	<b>222,490</b>	<b>(515,900)</b>	<b>(1,807,783)</b>	<b>(3,396,027)</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Rep	3,151,269	3,777,924	3,860,102	4,376,245	4,728,839	4,951,329	4,435,430	2,627,646
<b>7.020 Cash Balance June 30</b>	<b>3,777,924</b>	<b>3,860,102</b>	<b>4,376,245</b>	<b>4,728,839</b>	<b>4,951,329</b>	<b>4,435,430</b>	<b>2,627,646</b>	<b>(768,381)</b>
8.010 Estimated Encumbrances June 30	163,521	40,282	26,885	50,000	50,000	50,000	50,000	50,000
<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>3,614,403</b>	<b>3,819,820</b>	<b>4,349,360</b>	<b>4,678,839</b>	<b>4,901,329</b>	<b>4,385,430</b>	<b>2,577,646</b>	<b>(818,381)</b>
<b>Revenue from Replacement/Renewal Levies</b>								
11.010 Income Tax - Renewal								
11.020 Property Tax - Renewal or Replacement				0	0	355,954	1,451,814	2,815,638
11.300 Cumulative Balance of Replacement/Renewal Levies	0			0	0	355,954	1,807,768	4,623,406
<b>12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>3,614,403</b>	<b>3,819,820</b>	<b>4,349,360</b>	<b>4,678,839</b>	<b>4,901,329</b>	<b>4,741,384</b>	<b>4,385,414</b>	<b>3,805,026</b>

# Mathews Local School District

## 5-Year Forecast

### November 2020



Mathews Local School District Board of Education:

Michele Garman, Board President

James Pegg, Board Vice President

Tarin Brown, Board Member

Kenneth Wallace, Board Member

Prepared by: Bradley Panak, Treasurer

Beth Haddle, Board Member

**Mathews Local School District**  
Trumbull County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2021

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**The School District**

The Mathews Local School District (the School District) is located in Trumbull County and includes Vienna and Fowler Townships in Ohio. The School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. The School District currently operates three instructional buildings. The School District is staffed by approximately 40 non-certified and 64 certificated personnel who provide services to approximately 670 students and other community members.

**Nature of the Forecast**

This financial forecast presents, to the best of the Mathews Local School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of November 18, 2020, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

**Nature of the Presentation**

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund revenues received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require the general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the School District's general fund supported debt is also included in the general fund.

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## **Significant Assumptions for Revenues and Other Financing Sources**

### **1.010 & 1.020 - General and Tangible Personal Property Taxes**      **57% of FY21 total revenues**

Property taxes are applied to real property, public utility real and personal property and manufactured homes which are located within the School District. Property taxes are collected for, and distributed to, the School District by the county auditor and treasurer. Settlement dates, on which collections are distributed to the School District, are established by State statute. The School District may request advances from the Trumbull County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising, delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Property tax revenue received during calendar year 2020 (the collection year) for real and public utility property taxes represents collections of 2019 taxes (the tax year). First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the forecast line "Property Tax Allocation".

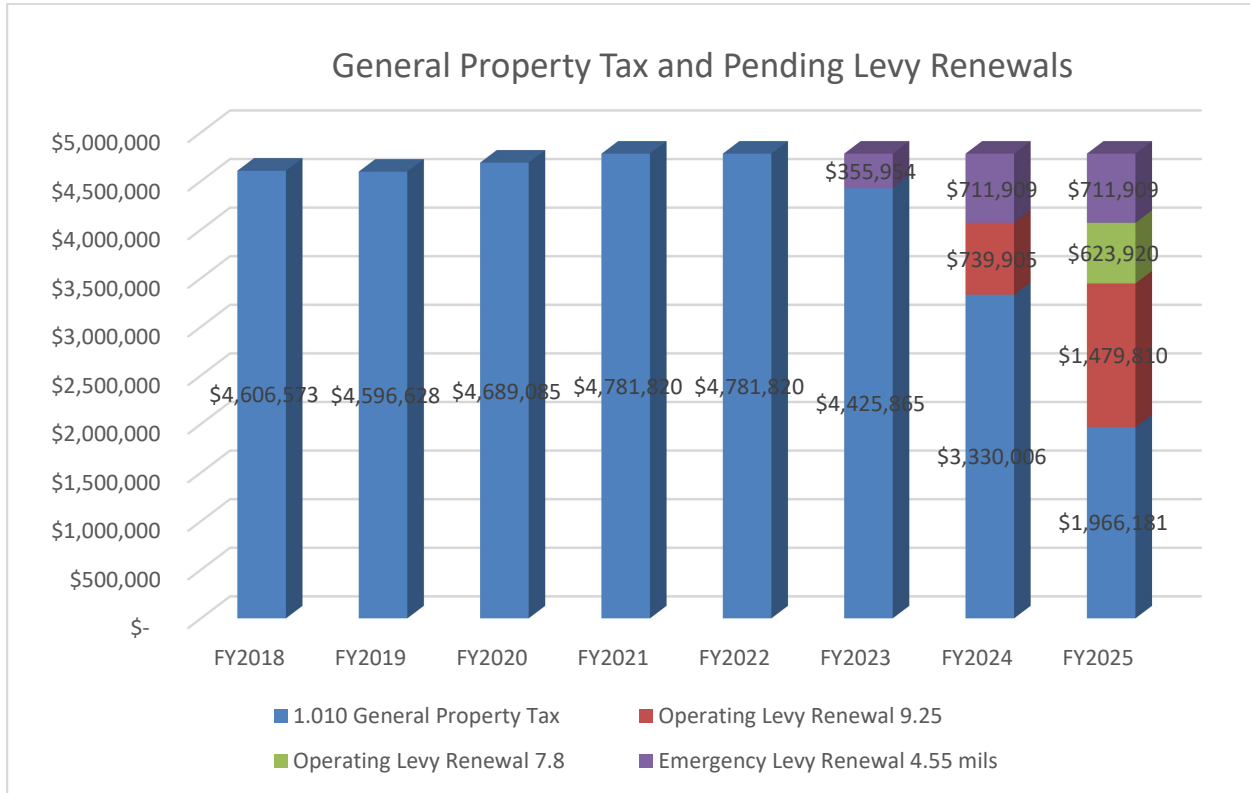
The property tax revenues for the general fund are generated from several levies. The levies being collected for the general fund, the year approved, first and last year of collection and the full tax rate are as follows:

Tax Levies	Year Approved	First Calendar Year of Collection	Last Calendar Year of Collection	Full Tax Rate (per \$1,000 of assessed valuation)
Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	5.90
Operating	1976	1977	n/a	22.20
Operating	1981	1982	n/a	4.30
Operating	2019	2020	2025	9.25
Operating	2014	2021	2026	7.80
Emergency (\$680,000	2016	2017	2022	4.40
Total Tax Rate				53.85

The School District also has a permanent improvement levy totaling \$2.00 per \$1,000 of assessed valuation. The School District's total rate is \$55.85 per \$1,000 of valuation.

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The School District has a renewal levy that needs to be voted on during the life of the forecast. While the School District anticipates renewing this levy, voter approval is uncertain and the tax revenues have been excluded from the revenues section and presented under the heading “Revenue from Renewal Levies”. The graph above explains the property tax collections and levies that will need voter approval. The financial health of the Mathews Local School District is very reliant on the passage of all three levies.

**1.035 Unrestricted/1.040 Restricted Grants-in-Aid**

**25% of FY21 total revenues**

Governor Mike DeWine passed a new biannual budget (HB 166) for fiscal years 2020 and 2021. The new funding formula is similar to previous funding formulas and guarantee’s districts the same formula funding as the previous year. However, the new biannual budget does include addition funding for Student Success and Wellness. These funds are not recorded in the general fund and not reflected on the forecast as revenues. Due to the COVID-19 pandemic, the governor announced that the State has reduced the funding for schools in fiscal year 2020 by over 300 million dollars. As a result, Mathews is going to lose \$167,602 in the current fiscal year and forecasted 12% lose to funding in FY2021 and 6% lose in FY2022. Casino closures has also led to Mathews forecasting loses to casino revenues in future year.

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Career technology education and Economic Disadvantage funding are included in Restricted Grants-in-Aid. Restricted Grants-in-Aid also includes Catastrophic Cost reimbursement from the State. These annual reimbursements are projected to remain fixed for the life of the forecast. A new biannual budget will be enacted for FY2022 and 2023. Though no changes are forecasted in these years, optimism is growing for a new funding formula, and if passed changes will be reflected on the May forecast.

**1.050 Property Tax Allocation**      **8% of FY21 total revenues**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. Beginning in tax collection year 2008, the State expanded the homestead exemption to allow eligible homeowners to shield the first \$25,000 in market value from taxation. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Under the HB 59 Biennial Budget bill, a broad tax reform package was announced, including the elimination of the 10% and 2-1/2% rollback replacement payments for property taxpayers on new and replacement levies.

**1.060 All Other Revenues**      **8% of FY21 total revenues**

All other revenues include open enrollment, interest on investments, classroom fees, and other receipts. The chart below illustrates the funding changes through open enrollment into the School District over the past seven years:

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Students	86.68	82.77	90.37	87.82	81.79	86.63	82
Per Pupil Amount	\$ 5,745.00	\$ 5,800.00	\$ 5,900.00	\$ 6,000.00	\$ 6,010.00	\$ 6,020.00	\$ 6,020.00
Funding	\$497,976.60	\$ 480,066.00	\$533,183.00	\$526,920.00	\$491,557.90	\$521,512.60	\$493,640.00
Year over Year Student Change:		-3.91	7.6	-2.55	-6.03	4.84	-4.63

Interest is based on historical investment practices and anticipated rates and cash balances during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation being to the general fund.

Classroom fees are approved by the School Board and are forecasted to remain consistent for the life of the forecast. The District received two years of Medicaid reimbursement in FY2020, and future years will include only one year of reimbursement. All revenue sources in other revenue are expected to remain fairly consistent for the life of the forecast.

**2.070 Other Financing Sources**

Other Financing Sources includes refunds of prior year expenditures. In fiscal year 2020 the district received a refund of estimated costs of special services in fiscal year 2019 from the Trumbull County ESC in the amount of \$52,338. This is not expected in the future, and only BWC refunds are forecasted

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for years 2021 to 2025. The BWC has already approved two COVID-19 relief funds in fiscal year 2021, totaling over \$100,000. Also, included in Other Financing Sources, are advances back from the Cafeteria Fund.

### **Significant Assumptions for Expenditures and Other Financing Uses**

#### **3.010 – Personal Services      46% of FY21 total expenditures**

Personal services expenditures represent the salaries and wages paid to certified employees, classified and administrative staff, substitutes, tutors and board members. In addition to regular salaries, it includes payment for overtime and substitutes. All employees receive their compensation on a semi monthly basis. Administrative and non-bargaining unit salaries are set by the Board of Education.

Staff salaries are based on a negotiated agreement which includes step increases and educational incentives for existing staff. The agreement between the Mathews Local School Board of Education and the Mathews Educational Association was approved for August 2018 through July 2021. The agreement included increases to the base salary of the salary schedule of 2% in FY2019, 1.5% in FY2020, and 1.5% in FY2021. The current contract salary schedule allows for annual step increases ranging from 2.5 to 5 percent. The forecasted salaries for fiscal year 2021 through fiscal year 2025 also include step increases and educational incentives.

Classified salaries are based on the negotiated agreement between the Ohio Association of Public School Employees Local #611 and the Mathews Board of Education, which was approved and expires June 2022. The agreement included 3% annual raises for three years.

Staffing levels are forecasted to remain fairly consistent throughout the life of the forecast. Severance Pay and Supplemental wages are expended out of different funds, and transfers are made to those funds from the General Fund. Due to the COVID-19 pandemic, the federal government passed the CARES act to help schools and other businesses. Mathews was granted \$156,925. These funds plan to be used to continue paying a teacher for FY21 and FY22.

A breakdown of Personnel Services is presented below:

	Forecasted Fiscal Year 2021	Forecasted Fiscal Year 2022	Forecasted Fiscal Year 2023	Forecasted Fiscal Year 2024	Forecasted Fiscal Year 2025
Certified Salaries	\$ 3,028,802	\$ 3,100,901	\$ 3,229,678	\$ 3,381,550	\$ 3,462,094
Classified Salaries	\$ 792,744	\$ 826,000	\$ 842,733	\$ 859,701	\$ 865,923
Substitute Salaries	\$ 132,400	\$ 136,900	\$ 141,400	\$ 145,900	\$ 150,400
Other Salaries and Wages	\$ 64,000	\$ 65,000	\$ 66,000	\$ 67,000	\$ 68,000
	\$ 4,017,946	\$ 4,128,801	\$ 4,279,811	\$ 4,454,151	\$ 4,546,416

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**Employees' Retirement/Insurance Benefits    19% of FY21 total expenditures**

Employees' retirement and insurance benefits include employer contributions to the State pension systems, health care, Medicare, workers' compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the employers' contribution rate of 14 percent of salaries for STRS and SERS and an additional SERS surcharge levied to fund health care benefits for employees earning less than a minimum salary amount. Payments to both retirement systems are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from differences between the estimated and actual expenditures are prorated over the next calendar year.

Under the negotiated agreement, the employees entered the Trumbull County Educational Service Center Health Consortium and benefits will be provided under a fully funded plan for medical and prescription drug coverage, vision, and dental insurance. If employees hired after 2008 elect to enroll in health insurance benefits, they must contribute ten percent of the total premium of PPO Plan 2. Employees hired before 2008 can enroll in PPO Plan 1. Effective January 2020, the Health Consortium will increase for two tiers to four tiers, those tiers being; single, employee and children, employee and spouse, and family. Due to increased medical claims, the School District expects approximately a 5% increase to premiums each forecasted year. In January 2023, the Trumbull County Educational Service Center Health Consortium has voted to move all PPO1 plans to PPO2 and fiscal year 2024 reflects those changes. In the future, District Administration will investigate premium structures and health consortiums, in order to decrease forecasted insurance expenditures.

Life insurance premiums are based on the coverage amount and the anticipated number of employees participating in the program.

Workers' compensation is based on the School District's assigned rate and the amount of wages paid in a calendar year. Premiums are paid in the following calendar year.

Presented below is the forecast period:

	Forecasted Fiscal Year 2021	Forecasted Fiscal Year 2022	Forecasted Fiscal Year 2023	Forecasted Fiscal Year 2024	Forecasted Fiscal Year 2025
Employer's Retirement	\$ 638,295	\$ 657,444	\$ 677,167	\$ 697,482	\$ 718,407
Medical, Dental, Vision, Life	\$ 914,773	\$ 935,318	\$ 956,386	\$ 940,948	\$ 962,369
Workers Compensation	\$ 22,279	\$ 22,947	\$ 23,636	\$ 24,345	\$ 25,075
Medicare	\$ 54,894	\$ 56,541	\$ 58,237	\$ 59,984	\$ 61,784
Other	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500
	\$ 1,646,741	\$ 1,688,750	\$ 1,731,926	\$ 1,739,260	\$ 1,784,134



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**Purchased Services**      **26% of FY21 total expenditures**

Presented below are the purchased services expenditures for the forecast period:

	Forecasted Fiscal Year 2021	Forecasted Fiscal Year 2022	Forecasted Fiscal Year 2023	Forecasted Fiscal Year 2024	Forecasted Fiscal Year 2025
Tuition Payments	\$ 1,084,400	\$ 1,129,080	\$ 1,165,200	\$ 1,201,320	\$ 1,249,625
All Other Services	\$ 1,188,994	\$ 1,224,663	\$ 1,261,403	\$ 1,299,245	\$ 1,338,223
	\$ 2,273,394	\$ 2,353,743	\$ 2,426,603	\$ 2,500,565	\$ 2,587,848

Tuition Payments – includes open enrollment out, community school payments, scholarship payments, post-secondary education payments, and foster and court placed students. Community school enrollment and open enrollment out of the district has increased over the past few years, and the district anticipates open enrollment out and community school payments to continue to increase over the life of the forecast. Community school payments increased by over \$50,000 in fiscal year 2021, due to virtual learning during the COVID-19 pandemic. District administration must monitor the loss of resident student and curtail the negative trend over the past few years.

All Other Services – include professional services, legal fees, internet services, special transportation, property insurances, and utilities. Also included in these services are special services provided by the Trumbull County ESC. The district's special education enrollment had decreased in FY20, but is forecasted to remain at FY20 levels in future years. These services are forecasted to increase to FY2019 totals in FY2021, and increase further in future years due to inflation.

**Supplies and Materials**      **3% of FY21 total expenditures**

Expenditures for supplies and materials include general and office supplies, maintenance supplies, transportation supplies, teaching aids, dispensary supplies, software materials, textbooks, and library books. Forecasted years are based on district needs.

**Capital Outlay**      **1% of FY21 total expenditures**

The costs of property, plant and equipment acquired or constructed for general services are recorded as capital outlay expenditures. The District purchased a new bus in fiscal year 2018 and plans to purchase one in FY2022.

**Other Objects**      **2% of FY21 total expenditures**

Other objects expenditures consist of dues and fees, insurance and awards. Also, included in this section is the Trumbull County ESC deduction from the District's State Foundation Funding. Other objects expenditures are forecasted to increase slightly each year for the life of the forecast.

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**Operating Transfers and Advances Out 5% of FY21 total expenditures**

Transfers are noted for athletic and student activity funds that may not generate sufficient funds to remain solvent. It is anticipated that the transfers to the athletic fund will increase slightly each year with total athletic transfer ranging between approximately \$180,000 and \$200,000 each year. Transfers are also forecasted for uniform supplies (workbooks) and termination benefits (severance) funds. Advances out are forecasted for the Cafeteria Fund for each year.

**Encumbrances**

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. For fiscal year 2021 through 2025 remaining encumbrances are forecasted to be \$50,000, for each year.

**Cash Balance Summary**

Mathews enjoys a solid cash balance for the life of the forecast, but is heavily reliant on the passage of two 5-year operating levies and one 5-year emergency levy. Ultimately, the cash balance will sustain the district, but it is important to note that slight deficit spending occurs in years FY2023-FY2025 of the forecast. As with the forecast in general, these figures are based on the current projections and assumptions made which are subject to change once additional information is known. The District realizes that prudent management is necessary to continue to provide the resources necessary to meet student needs. The district has taken cost cutting measures in recent years including the non-replacement of staff that has retired, reductions in staff, modified practices and procedures in purchasing, and re-negotiated agreements with district associations. The district will also need to monitor on-going changes to revenues due to the Coronavirus pandemic, and adjust accordingly. Continual work is necessary to maintain district solvency and will be addressed on an on-going basis.