



Keystone Local School District

Five Year Forecast Notes and Assumptions

18-May-20

Michael Resar Sr., Treasurer

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Introduction

The following are the official notes and assumptions for the FY20-24 five-year forecast. The Ohio Revised Code states that the five-year forecast must be approved by the Board of Education each year, and filed with the Ohio Department of Education by November 30th and must be revised and filed again by May 31st. The five-year forecast is for the General Fund (001) only, which covers the operational, or day-to-day, expenses of the district.

It is important to recognize that the five-year forecast and assumptions change continuously based on new information. All assumptions are based on the most current information available at the time of the computation/filing. The assumptions and Five year forecast change throughout the course of the fiscal year as new information becomes available. Many areas have a positive and/or negative impact on the five-year forecast. There are several items that are unresolved at this time that will have a significant impact on the five-year forecast. These items include, but are not limited to:

- Nexus Pipeline Valuations (Line 1.02)
- State Educational Budget/Funding for FY21-24 (Line 1.035)
- Labor Negotiations FY22-24 (Lines 3.01 and 3.02)
- Health Insurance Premiums FY21-24 (Line 3.02)
- Litigation over Facility Construction (Lines 3.03 and 4.055)

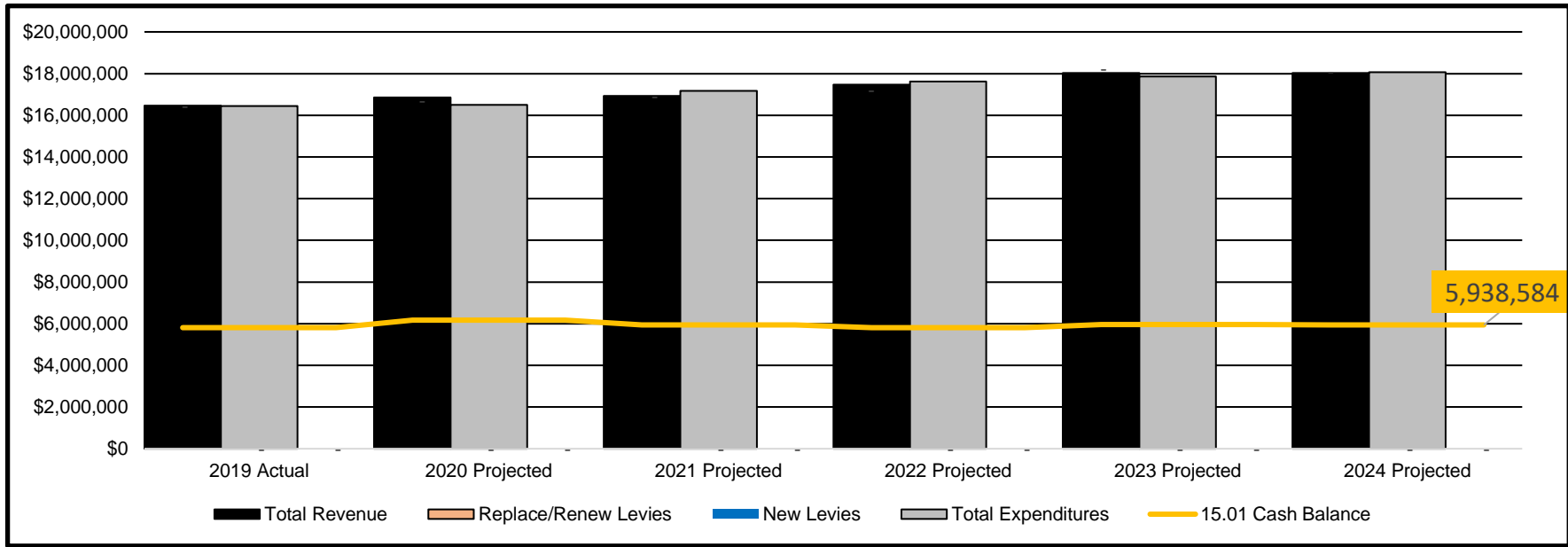
For the reasons listed above, this five-year forecast will need to be updated as more information becomes available.

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.



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	5,815,392	6,169,363	5,944,430	5,808,172	5,966,756
+ Revenue	16,858,285	16,936,050	17,477,356	18,024,159	18,032,833
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(16,504,314)	(17,160,983)	(17,613,614)	(17,865,575)	(18,061,005)
= Revenue Surplus or Deficit	353,971	(224,933)	(136,258)	158,584	(28,172)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	6,169,363	5,944,430	5,808,172	5,966,756	5,938,584

Analysis Without Renewal Levies Included:

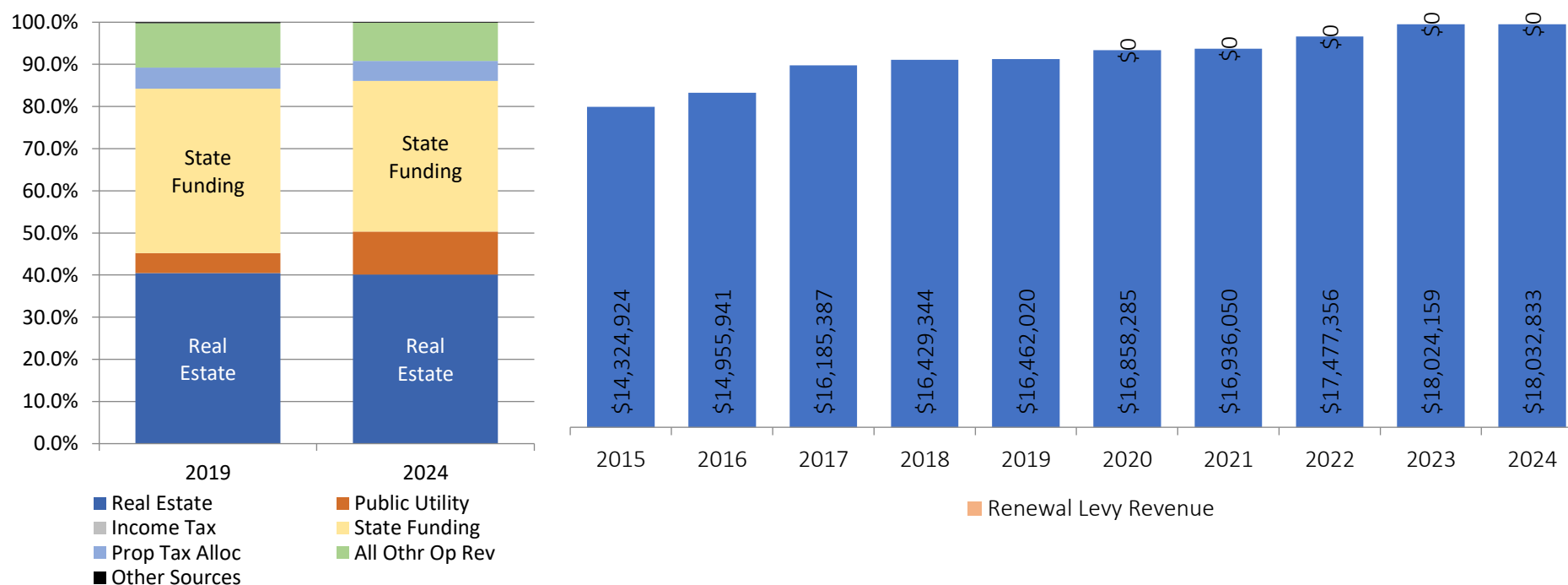
Revenue Surplus or Deficit w/o Levies	353,971	(224,933)	(136,258)	158,584	(28,172)
Ending Balance w/o Levies	6,169,363	5,944,430	5,808,172	5,966,756	5,938,584

In FY 2020 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$353,971 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$28,172. The district would need to cut its FY 2024 projected expenses by 0.16% in order to balance its budget without additional revenue.

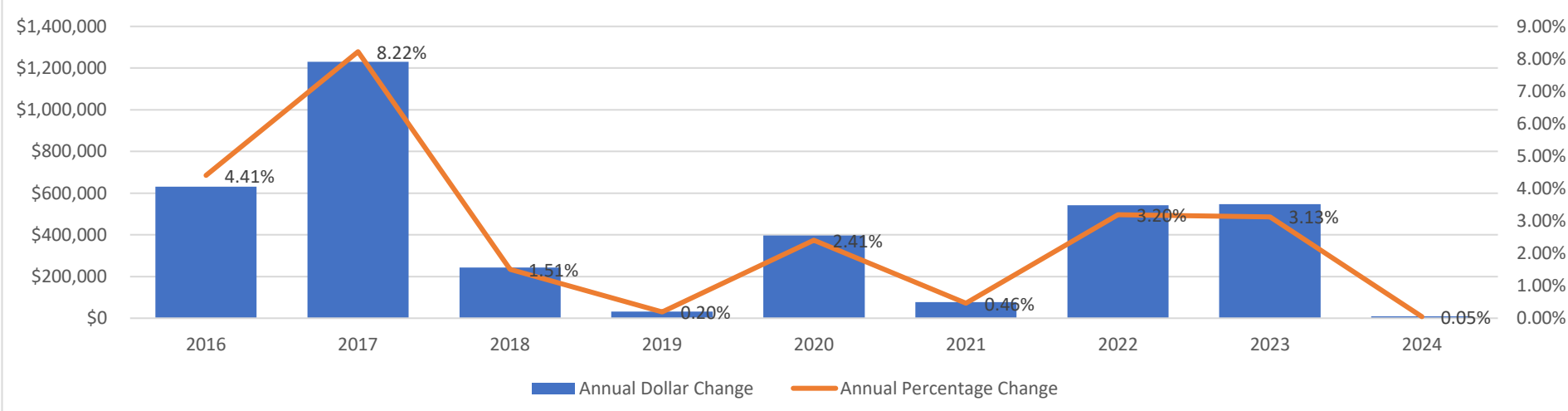
The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



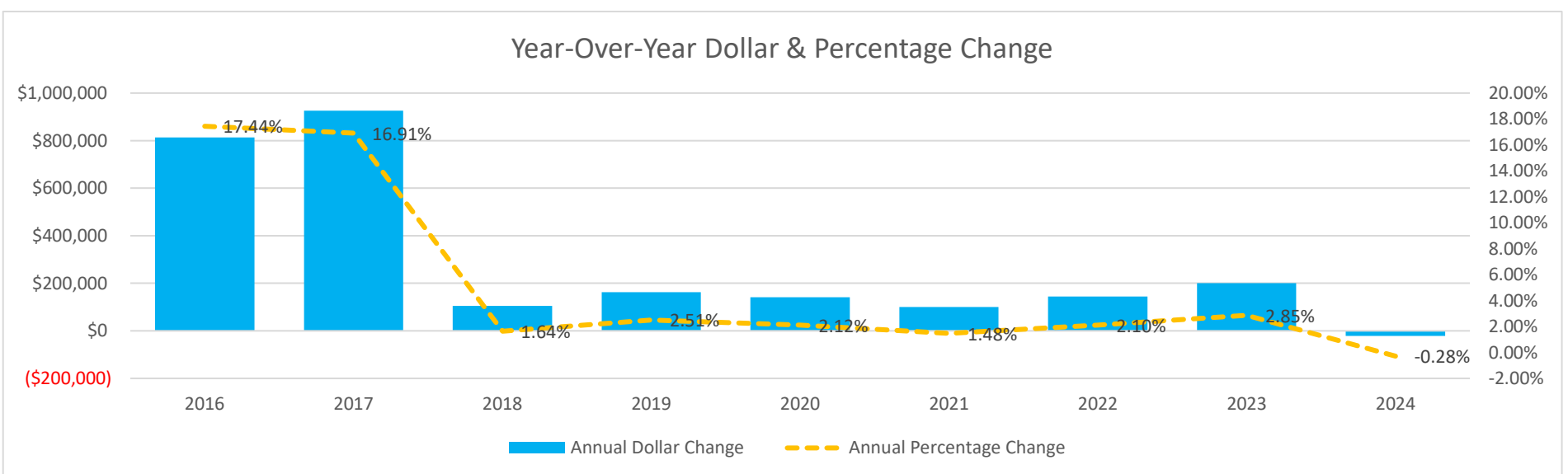
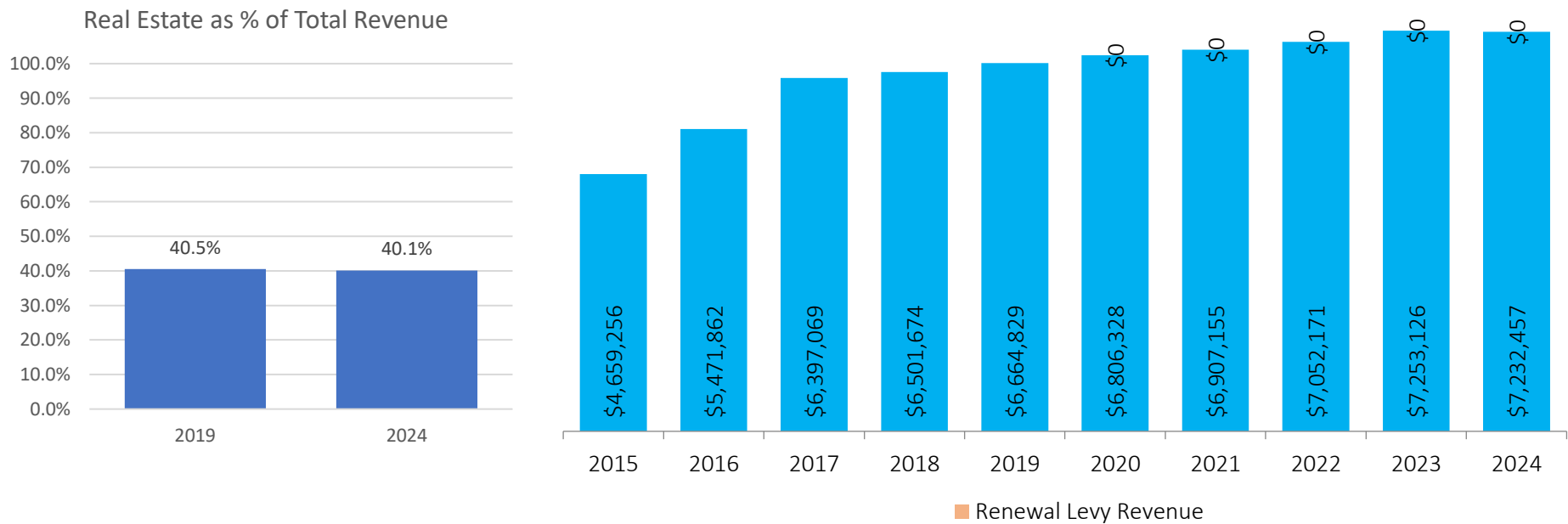
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Real Estate	\$397,656	\$113,526	(\$284,130)	Total revenue increased 3.31% or \$502,026 annually during the past five years and is projected to increase 1.85% or \$314,163 annually through FY2024. Real Estate has the most projected average annual variance compared to the historical average at -\$284,130
Public Utility	\$68,042	\$212,242	\$144,200	
Income Tax	\$0	\$0	\$0	
State Funding	(\$18,871)	\$4,277	\$23,149	
Prop Tax Alloc	\$23,746	\$9,140	(\$14,606)	
All Othr Op Rev	\$36,140	(\$24,196)	(\$60,336)	
Other Sources	(\$4,686)	(\$826)	\$3,860	
Total Average Annual Change	\$502,026	\$314,163	(\$187,864)	
	3.31%	1.85%	-1.46%	

Note: Expenditure average annual change is projected to be > \$323,753 On an annual average basis, expenditures are projected to grow faster than revenue.

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	
2018	274,395,420	30,069,180	27.68	-	26.84	-	100.5%
2019	281,669,620	7,274,200	27.68	0.00	27.48	0.64	100.0%
2020	284,271,070	2,601,450	27.68	(0.01)	27.59	0.11	97.0%
2021	292,263,408	7,992,338	27.20	(0.48)	27.03	(0.56)	101.5%
2022	293,389,860	1,126,452	27.20	(0.01)	27.49	0.46	101.5%
2023	294,920,506	1,530,646	27.19	(0.01)	27.60	0.11	100.0%

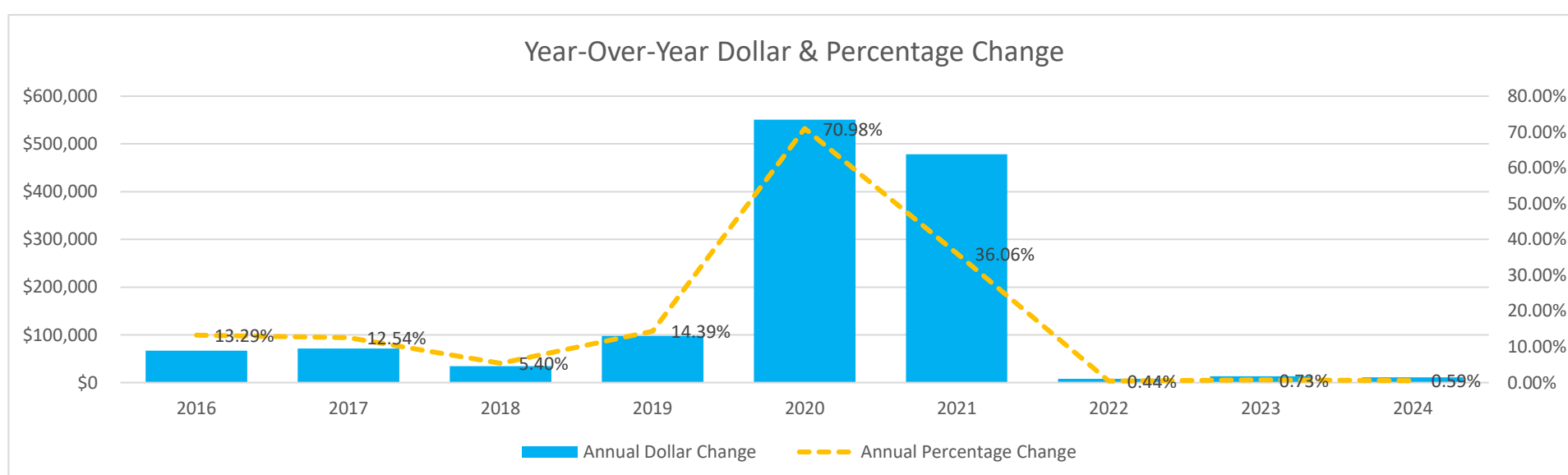
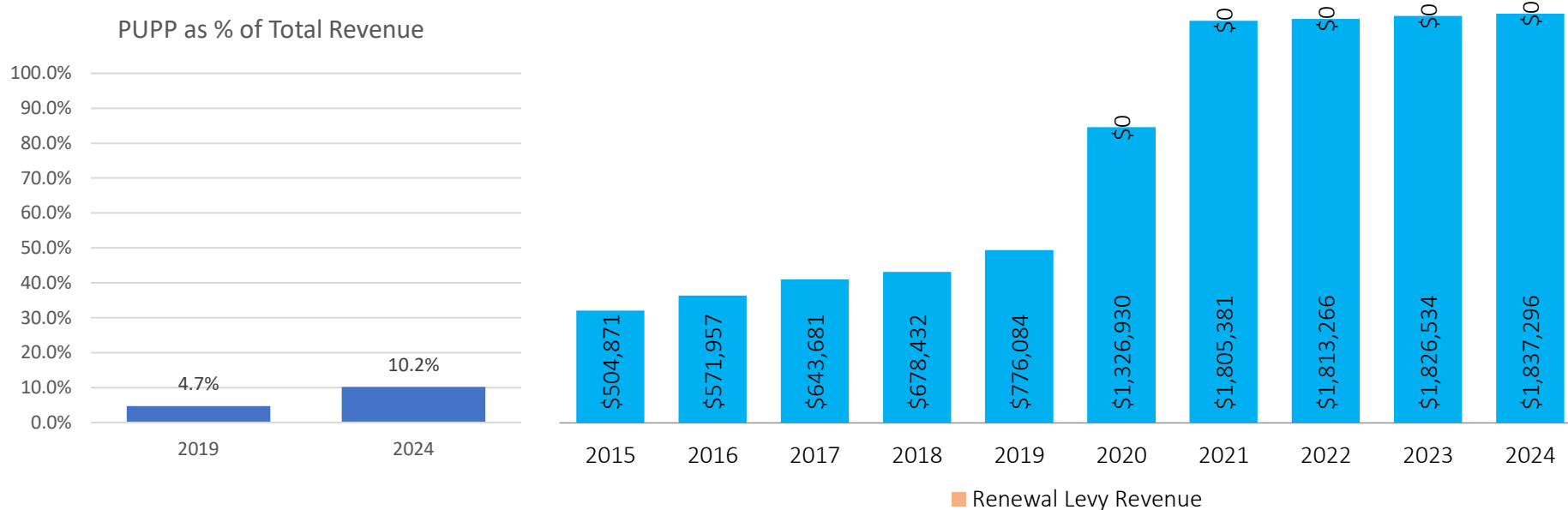
Real estate property tax revenue accounts for 40.49% of total revenue. Class I or residential/agricultural taxes make up approximately 91.88% of the real estate property tax revenue. The Class I tax rate is 27.68 mills in tax year 2019. The projections reflect an average gross collection rate of 100.0% annually through tax year 2023. The revenue changed at an average annual historical rate of 7.02% and is projected to change at an average annual rate of 1.65% through FY 2024.

However, the district is anticipating an increase in delinquencies in tax year 2020, collectable in FY21. The district decreased collection rates by 3%. Due to the economic conditions, the district is showing low growth in valuations for tax year 2022 - 2023. Further, the district is expecting a decrease of 1.5% in new construction in tax year 2021 - 2023. New construction occurring in 2019 and early 2020 is projected to come on the tax duplicate in 2020 as expected. Property values are reappraised by the County Auditor every six years and are updated every three years in between appraisals (triennial update). Property taxes are based on collections, Board of Revision appeals, scheduled updates (reappraisal and triennial), and projections from the County Auditor. The next update, will not take place until 2021 where a 2.50% increase is projected.

**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	
2018	16,835,490	3,062,890	50.55	-	100.0%
2019	50,876,570	34,041,080	50.55	(0.00)	100.0%
2020	35,726,570	(15,150,000)	50.55	0.00	70.2%
2021	36,046,391	319,821	50.55	-	100.0%
2022	36,246,854	200,463	50.55	-	100.0%
2023	36,473,349	226,495	50.55	-	100.0%

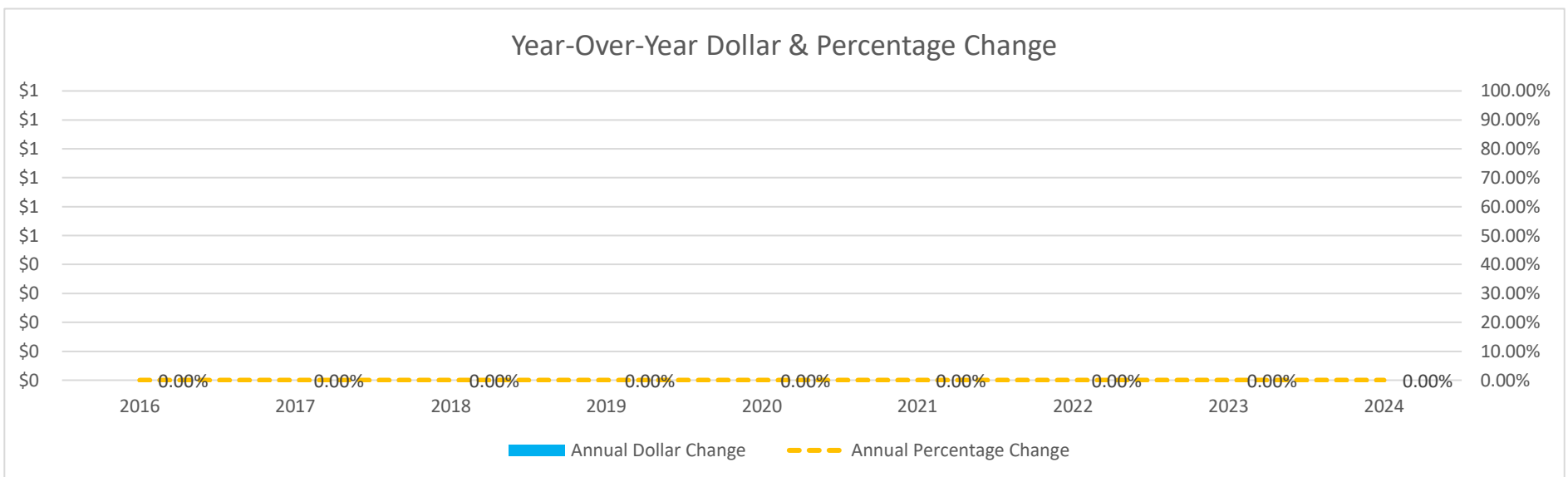
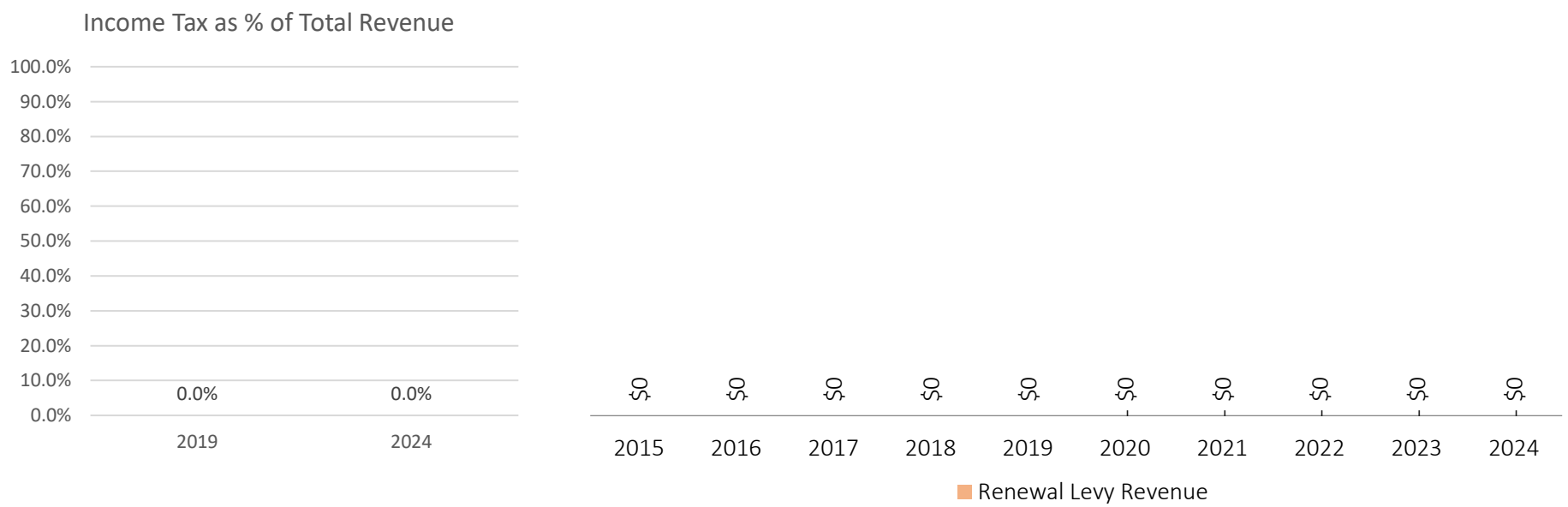
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 4.71% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 50.55 mills. The forecast is modeling an average gross collection rate of 94.02%. The revenue changed historically at an average annual dollar amount of \$68,042 and is projected to change at an average annual dollar amount of \$212,242 through FY 2024.

PUPP valuations have increased by an average of 4.8% percent dating back to tax year 2014. In tax year 2018, the valuations increased by 22.8%. The District believes this is due to added infrastructure from new construction. The District's PUPP valuation increased from \$16,835,490 to \$50,876,570 mainly as a result of the construction of the Nexus pipeline. However, the District was notified by the County Auditor on December 6th, 2019, that Nexus has appealed the valuation with the Ohio Department of Taxation. Nexus had requested the valuation be reduced from \$28,693,160 to \$17,644,340. Nexus amended their appeal asking the State for further reductions to \$13,540,170. This is a request for a decrease of \$15,152,990, or 47.19%. The District will forecast increases in PUPP to the extent of the un-appealed valuation until the appeal process has been resolved. The District received half of the un-appealed revenue in spring of 2020 (FY20). Beginning in FY21, the district will recognize full collections on the Nexus revenue. The District is projecting minimal future growth in PUPP values/revenue. This is due to a combination of an estimated 3% annual depreciation on the Nexus pipeline, and a historical 4% appreciation on pre-Nexus values.

*Projected % trends include renewal

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

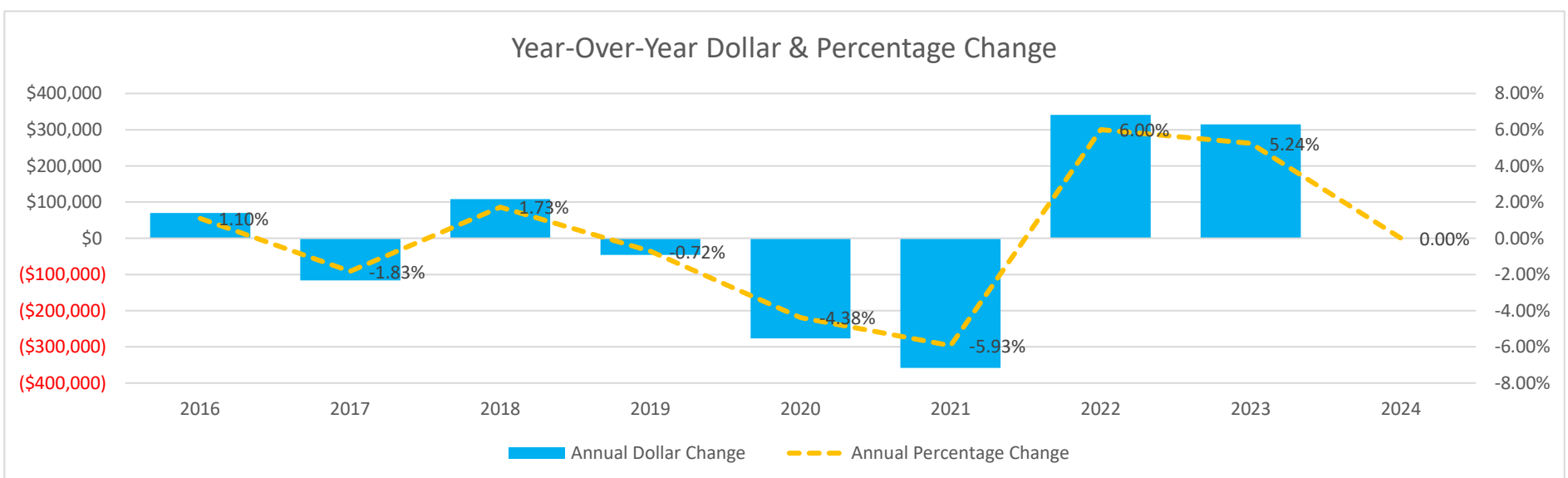
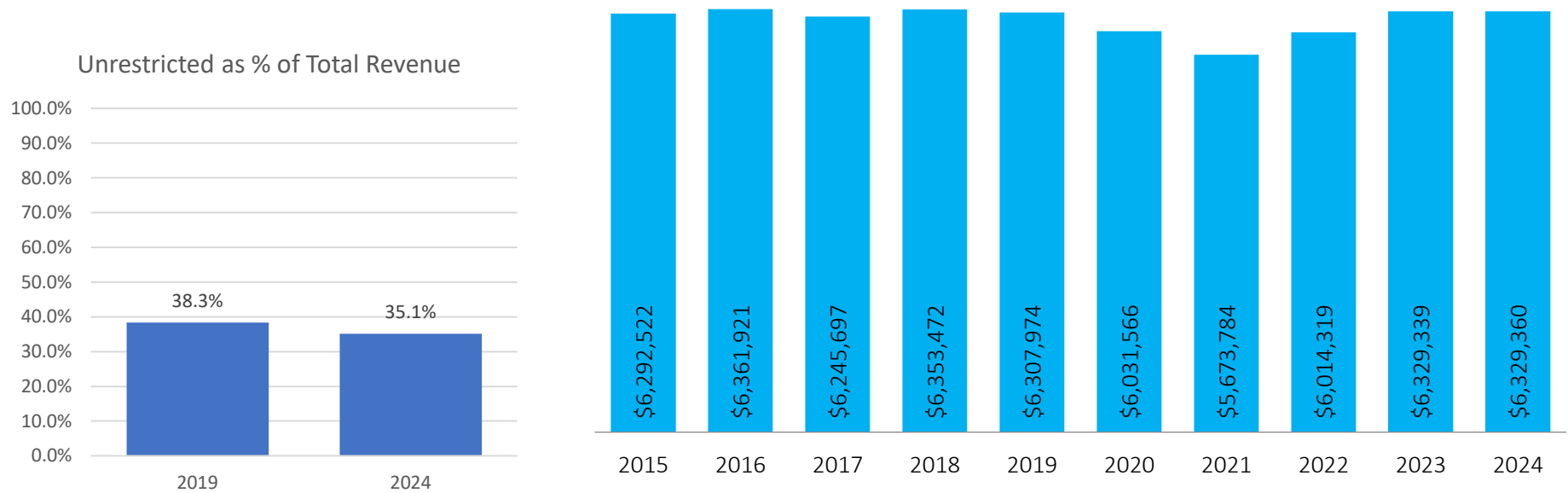


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



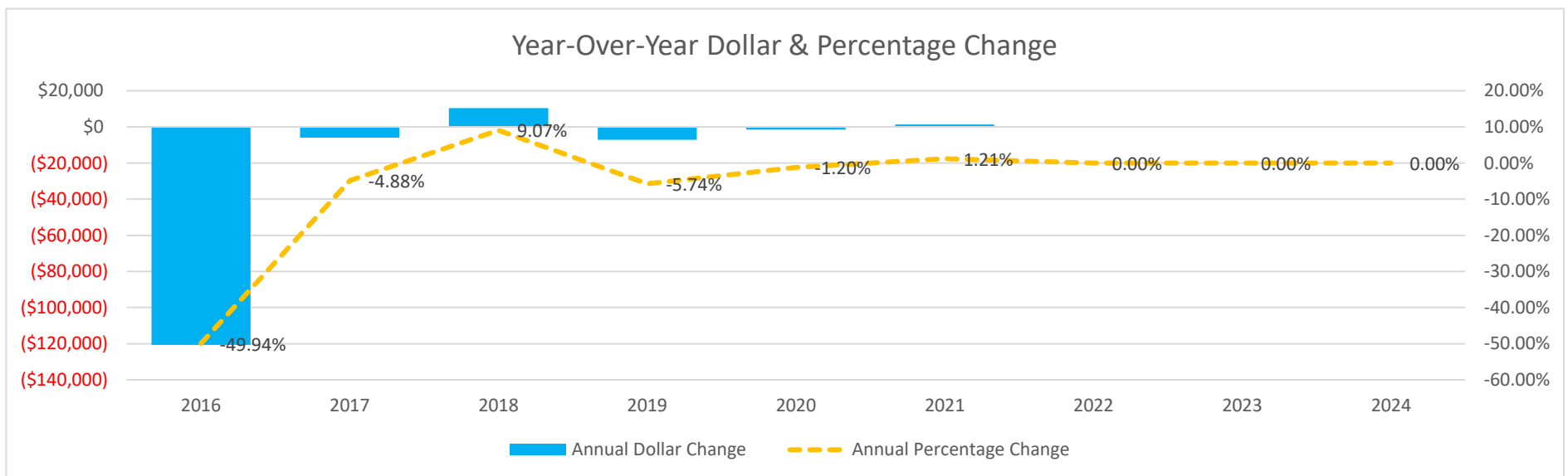
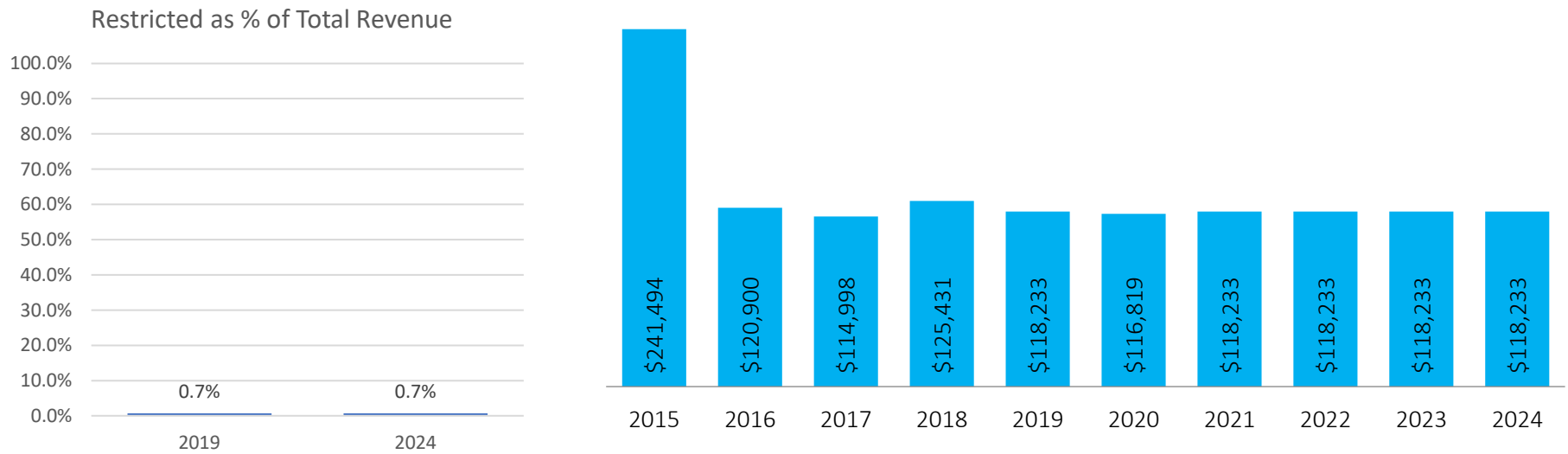
The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2020 base funding amount of \$6,100,020 the district is projected to receive FY 2020 categorical funding of \$77,889. Wellness dollars included in this amount are recorded in a special revenue fund and not included in this forecast. The district has the option to move some expenditures from the general fund to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 3.7%

The State funding formula for schools has changed significantly over the last decade. During this time, Keystone has received state funds through the SF-3, PASS, Bridge, and now the SFPR. The SFPR, or School Finance Payment Report, is part of a two-year state education budget cycle. The formula evaluated the wealth of the district in comparison to the wealth of the State and calculates a state share index for Keystone. The SFPR formula, resulted in no new revenue for Keystone in FY18 or FY19. In fact, Keystone lost, roughly, \$20,000 each year as a result of changes made to the formula. This is because Keystone is on the 'Transitional Aid Guarantee,' as a result of an ineffective funding formula. The uncertainty regarding the Transitional Aid Guarantee, and the funding formula in general, are a great concern to the district. Any reduction in the guarantee will have an adverse impact on the district's ability to operate effectively. As a result of unfavorable economic conditions, the Governor has cut the K-12 state budget by \$300 million. Keystone will recognize a \$313,000 decrease, or 5% cut, in state aid in FY20. The state had made it known that further cuts could happen in FY21 depending on when and how well the economic conditions improve. Keystone is projecting an additional \$313,000 decrease, or 10% decrease, in FY21. Projections include a 5% increase in state aid in FY22 and FY23, and would return state aid to the pre-COVID-19, or FY19, levels for FY23 and FY24.

The District is also receiving "Student Wellness Success Funds." However, the State has given instruction that these funds are "restricted" in nature and are to be accounted for in fund 467. These funds are not being treated as operating funds. Considering the District was instructed to account for these funds in a separate funds concerns the district that these funds will not be sustainable. The District will receive \$66,446 in FY20 and \$95,058 in FY21 to be used for wrap around services (mental health, social worker, etc.). As of this filing, the Student Wellness and Success Funds have not been reduced as a result of the state budget cuts. Casino Revenue has been reduced by 50% in FY21 as a result of mandated closures and poor economic conditions. Casino revenue collections were \$82,000 in FY20, and are projected to be \$41,000 in FY21. The district is projecting increases in Casino funding back to normal levels in FY22.

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 -\$889 and is projected to change annually on average by -\$0. Restricted funds represent 0.72% of total revenue.

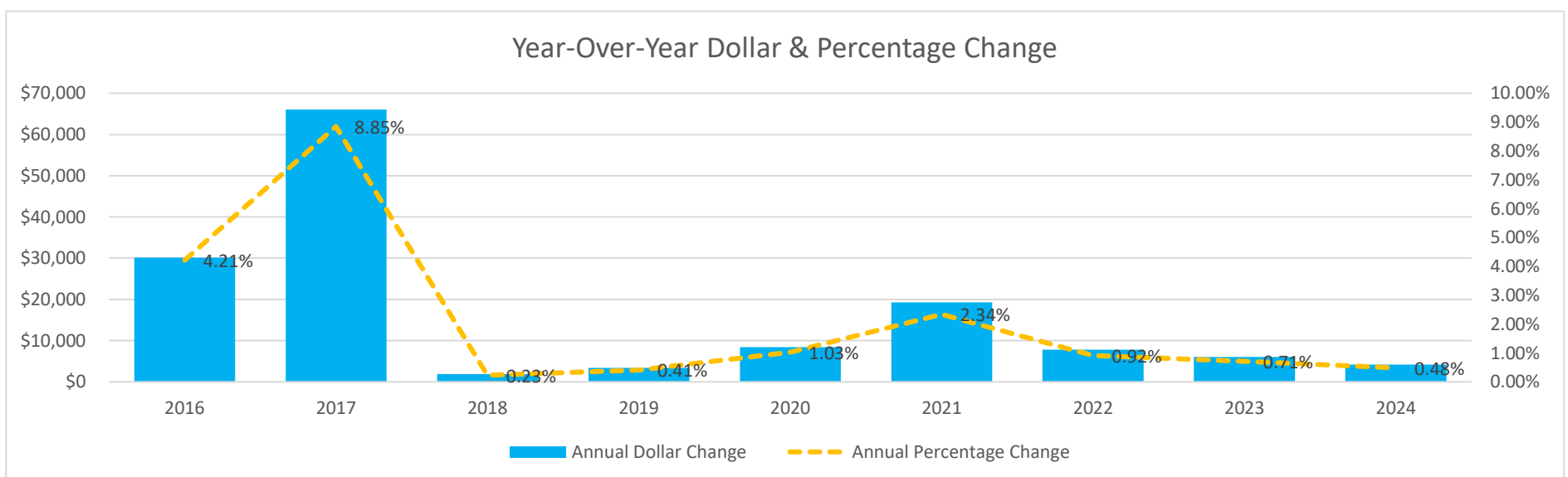
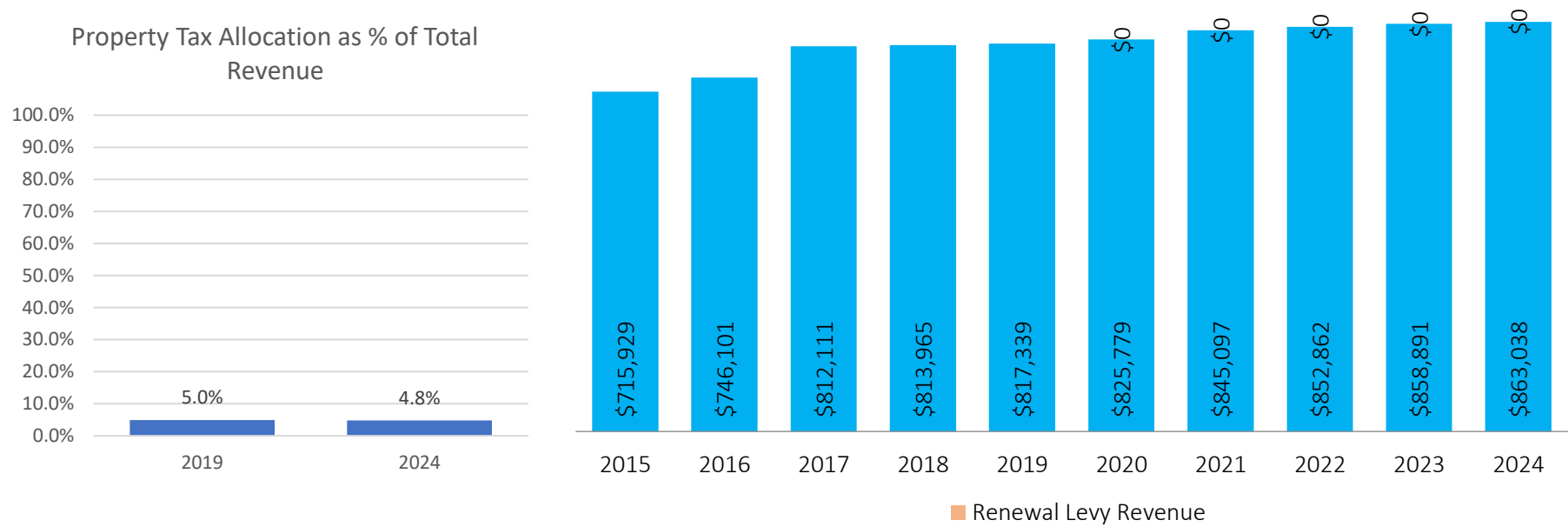
Restricted grants included Special Education Catastrophic Aid Reimbursement. This line includes the Career Tech and Economically Disadvantaged funding.

The reimbursement received in FY19 was in the amount of \$77,348. We anticipate receiving similar reimbursements through the life of the forecast. A \$77,348 reimbursement in Catastrophic Aid has been projected for FY20-24.

Career Tech funding is currently \$9,613 and is projected at that level throughout the forecast. Economically Disadvantaged funding is currently \$31,856 and is projected at that level throughout the life of the forecast.

1.050 - Property Tax Allocation

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

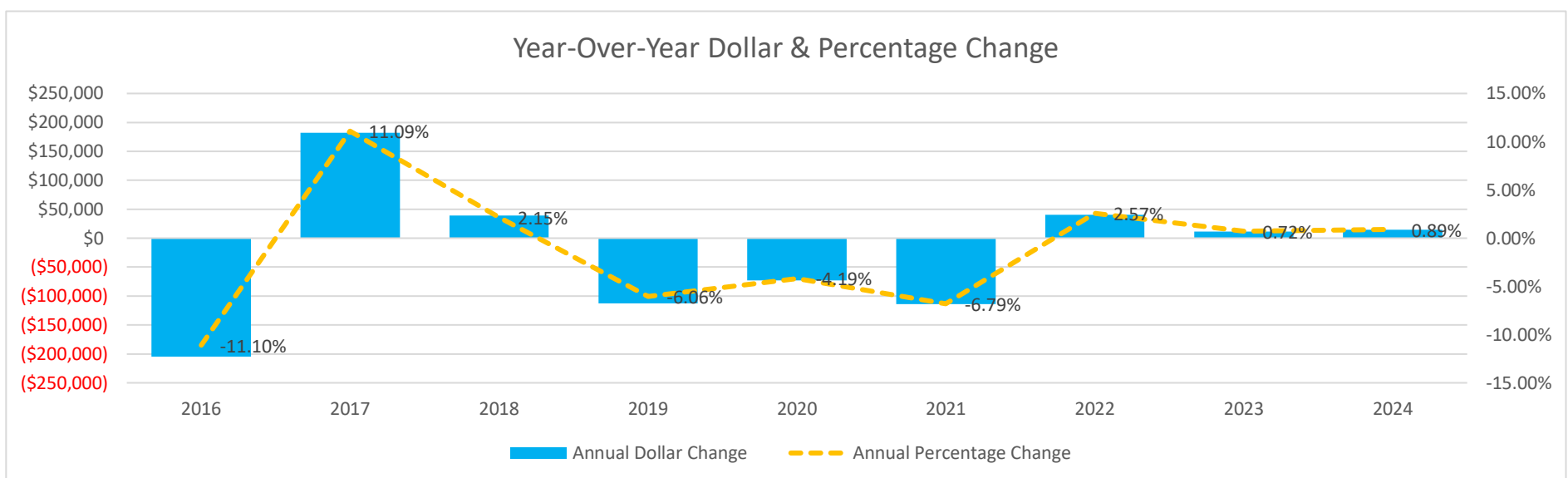
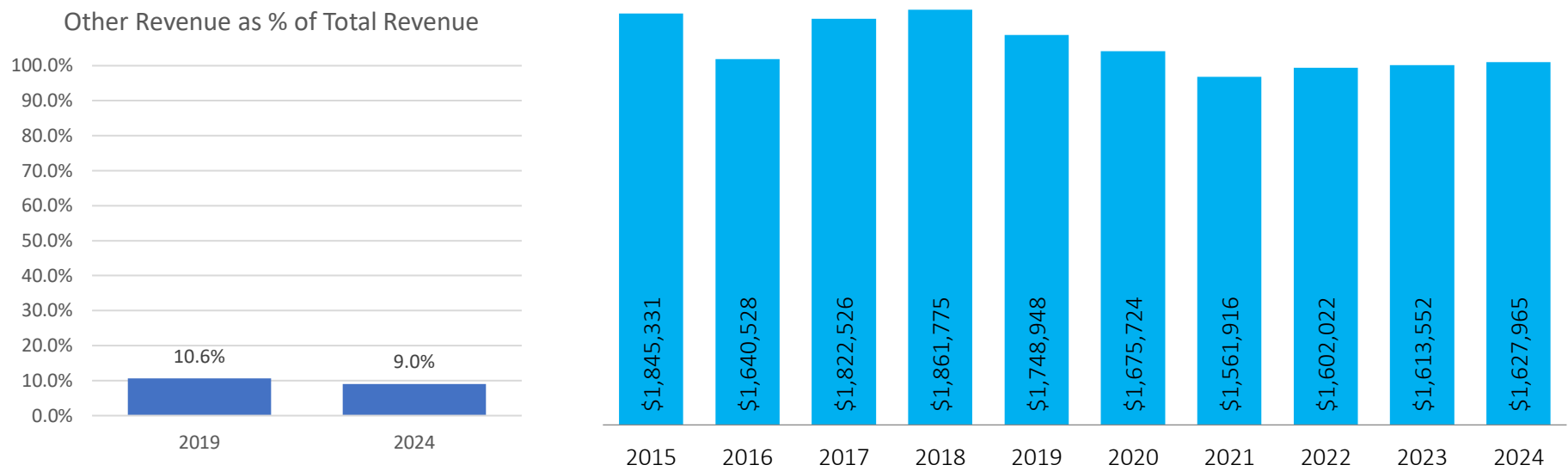


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 8.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.6% 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.



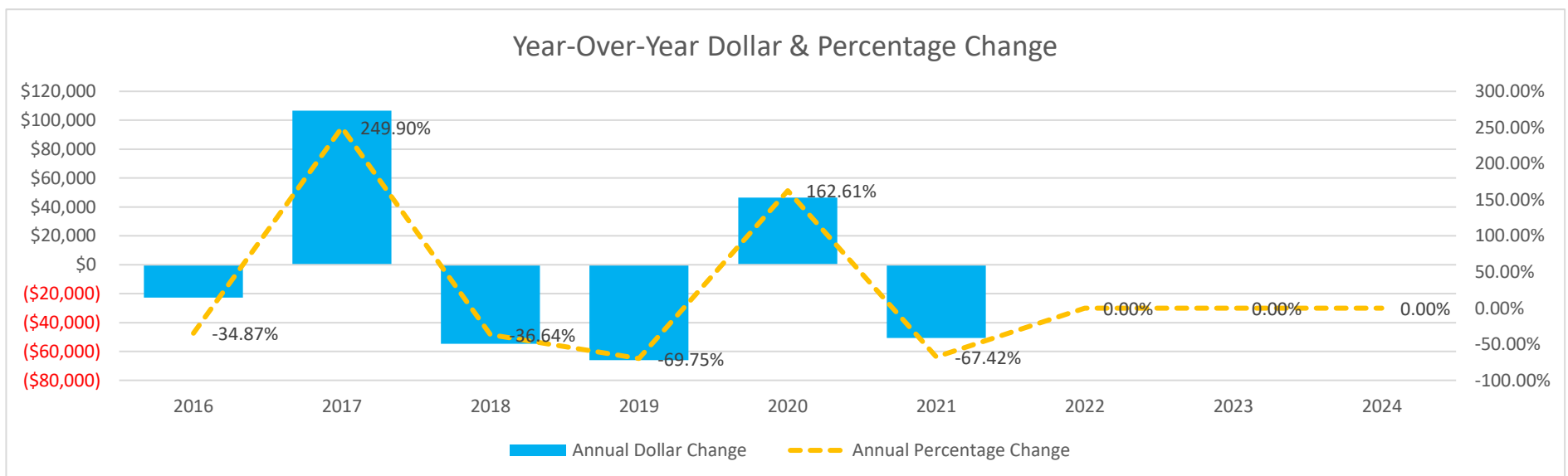
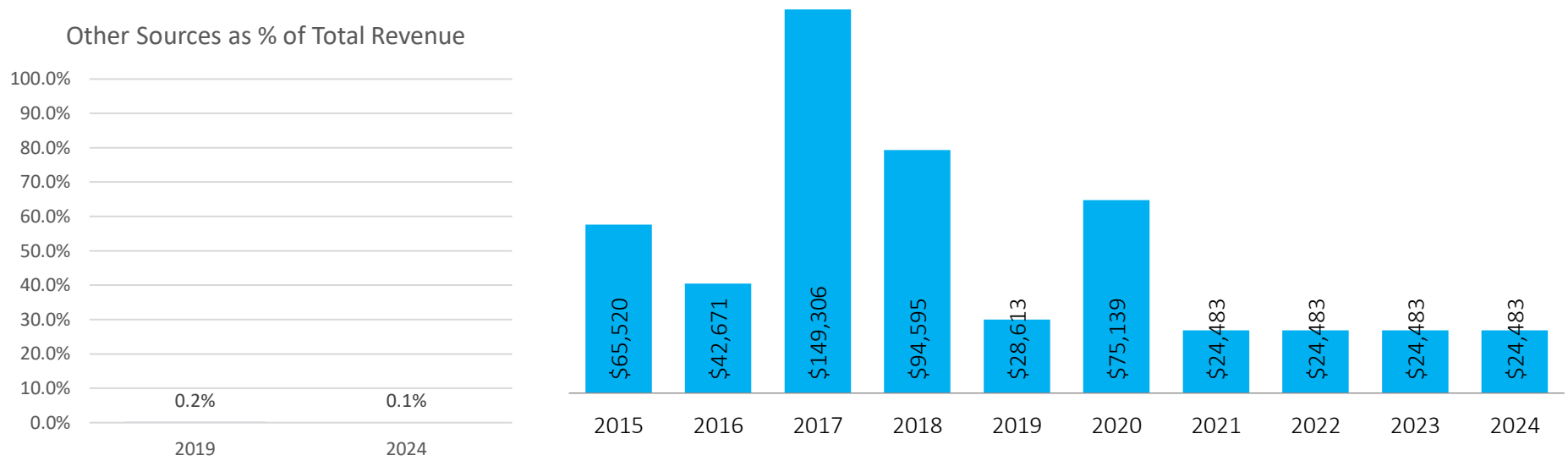
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$36,140. The projected average annual change is -\$24,196 through FY 2024.

All Other Revenue includes all other locally collected revenue such as mobile home taxes, interest income, open enrollment, student fees, pay to participate fees, and tuition from other districts. It is unclear what impact COVID-19 will have on Open enrollment, which has been projected at FY20 levels. If Open enrollment varies significantly, an amended forecast will be needed to be filed. Further Pay-to-play athletic revenue has decreased by roughly \$46,000 due to the cancellation of spring sports. This could further affect All Other Revenue if fall sports are cancelled or if students opt out of sports due to COVID-19. The poor economic conditions have resulted in projections of a significant decrease in interest revenue in FY21 and FY22, with an increase in FY23 and FY24 as economic conditions are expected to improve.

In the December 2019 forecast, the district received \$594,000 as a settlement for faulty construction into the general fund. An accounting adjustment will be made in FY20 to properly receipt this settlement revenue in the 'Building Fund (004), where the initial expense occurred. This revenue will be used to pay for future debt obligations/KHS lease purchase agreement payments. This is noted because this is a significant change from the December 2019 forecast, and the proper accounting for these funds.

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.

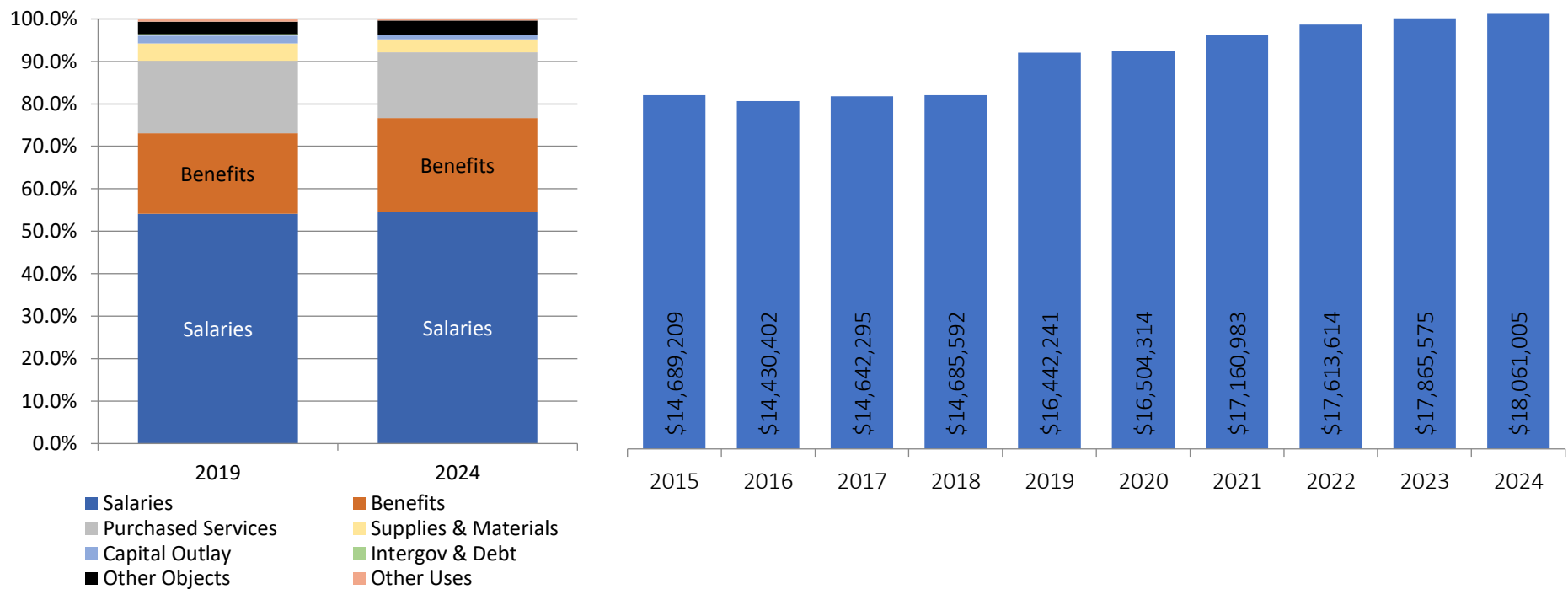


	2019	2020	2021	2022	2023	2024
Transfers In	-	0	0	0	0	0
Advances In	26,593	20,656	20,000	20,000	20,000	20,000
All Other Financing Sources	2,021	54,483	4,483	4,483	4,483	4,483

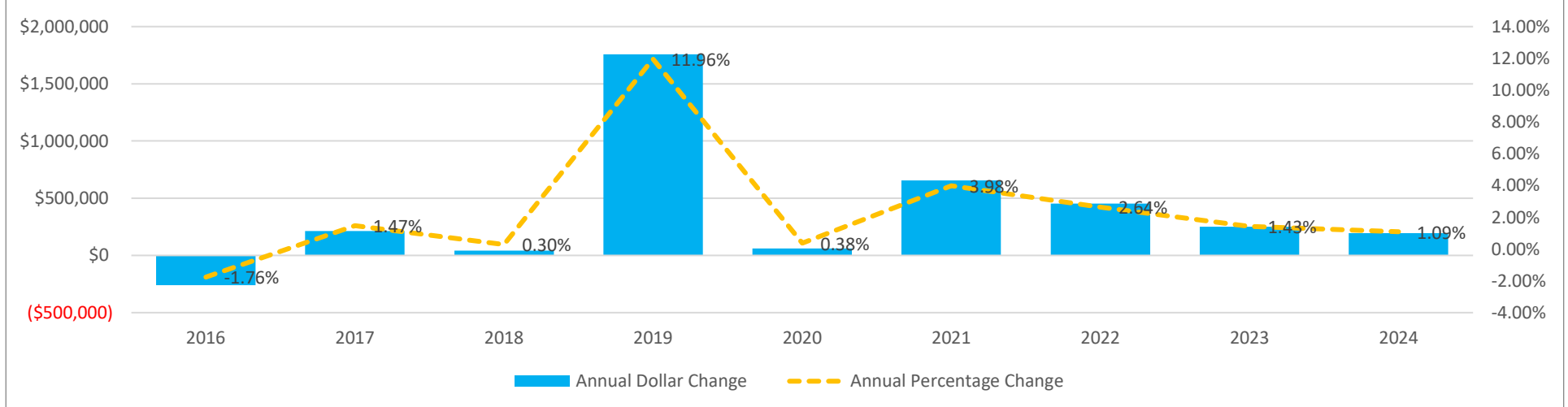
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district receipted \$26,593 as advances-in and is projecting advances of \$20,656 in FY 2020. 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 \$54,483 in FY 2020 and average \$4,483 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

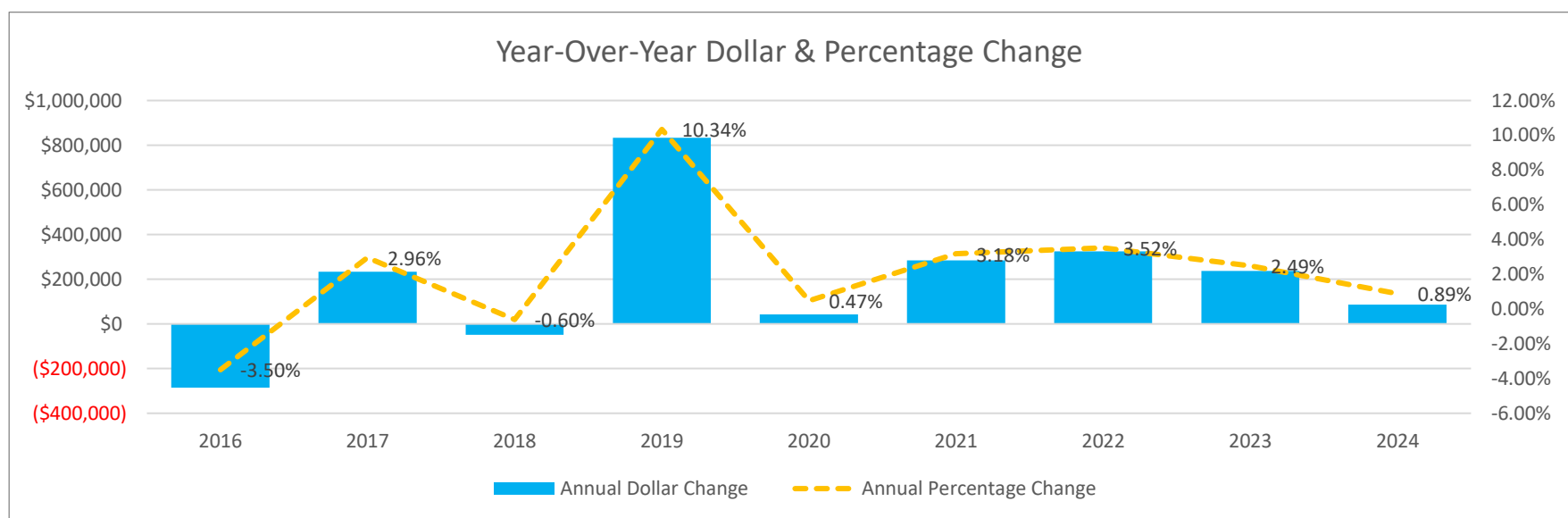
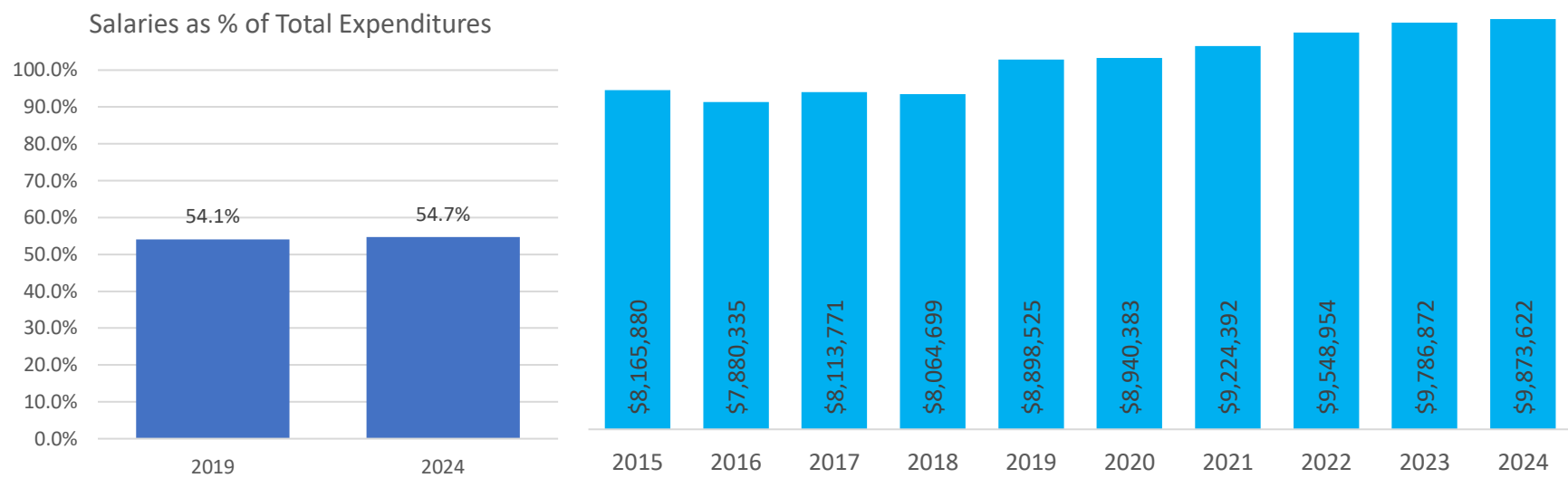
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 4.58% or \$670,613 annually during the past five years and is projected to increase 1.97% or \$323,753 annually through FY2024. Benefits has the largest projected average annual variance compared to the historical average at \$150,224.
Salaries	\$339,397	\$195,019	(\$144,377)	
Benefits	\$17,968	\$168,192	\$150,224	
Purchased Services	\$138,408	\$3,403	(\$135,005)	
Supplies & Materials	\$71,286	(\$27,146)	(\$98,432)	
Capital Outlay	\$66,433	(\$25,578)	(\$92,011)	
Intergov & Debt	\$16,413	(\$9,848)	(\$26,261)	
Other Objects	\$74,487	\$27,342	(\$47,146)	
Other Uses	(\$53,778)	(\$7,631)	\$46,147	
Total Average Annual Change	\$670,613	\$323,753	(\$346,860)	
	4.58%	1.97%	-2.61%	

Note: Expenditure average annual change is projected to be > \$323,753

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

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



Salaries represent 54.12% of total expenditures and increased at a historical average annual rate of 4.23% or \$339,397. This category of expenditure is projected to grow at an average annual rate of 2.11% or \$195,019 through FY 2024. The projected average annual rate of change is -2.12% less than the five year historical annual average.

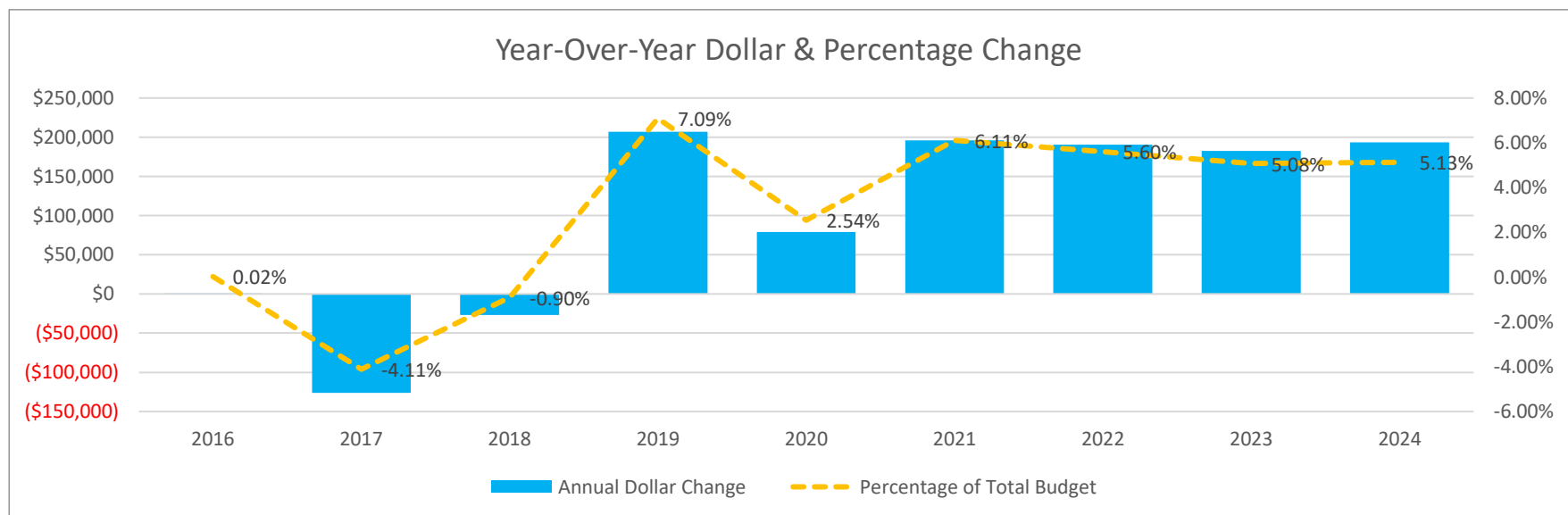
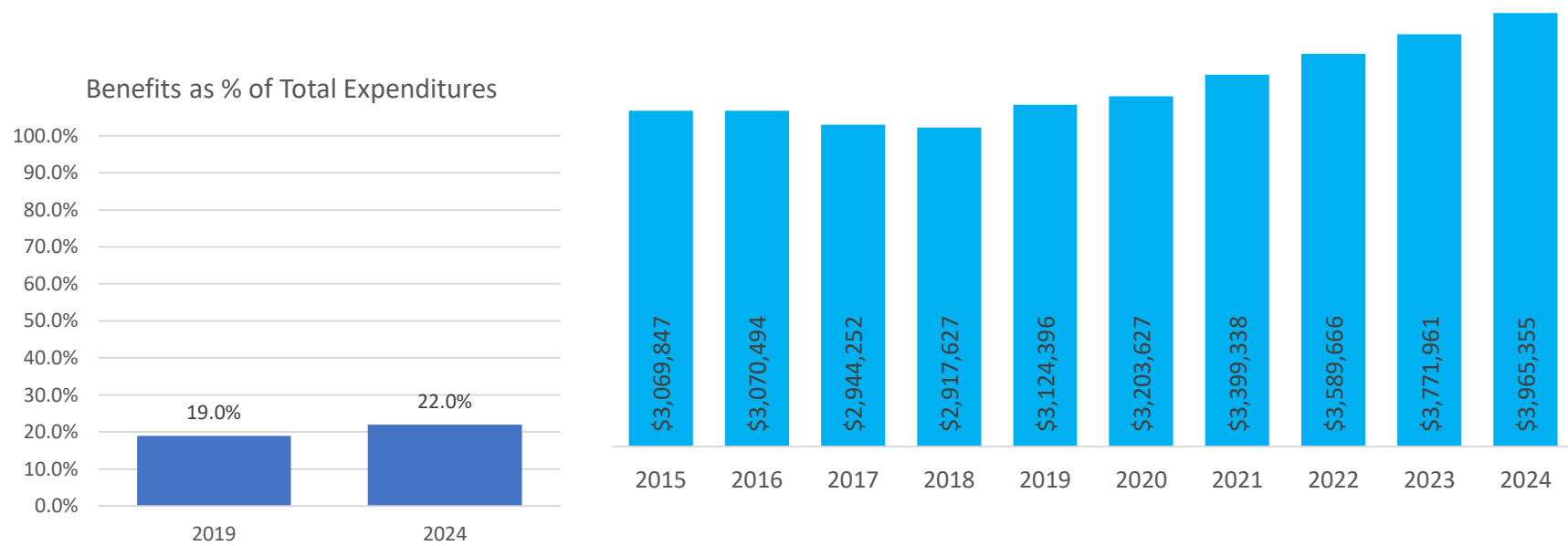
FY19 Increase of 10.34% was a result of 25 of the 26 payrolls occurring in FY18 due to a three week payroll skip - thus understating FY18 salaries. Further, FY19 included an increase in staffing based on increased enrollment and the strategic plan.

Salaries are based on the Keystone Local Education Association (KLEA) Collective Bargaining Agreement (CBA) that was ratified by the union and approved by the Board of Education in May of 2019. The KLEA CBA includes increases on the base of 1%, 2%, respectively for FY20 and FY21. The District and KLEA will reopen negotiations in the Spring of 2021 to discuss FY22 salaries. The CBA is for a three-year period beginning on July 1, 2019 and ending on June 30, 2022. The district has forecasted only step increases in FY22-24. The current Ohio Association of Public-School Employees (OAPSE) CBA, provides a 2% increase on the base in each year of the agreement, FY20-22. The district has forecasted only step increases in FY23-24.

Salaries are projected at current and future step placements. The district is expected to receive \$127,000 in CARES funding. The district is reducing general fund salaries by \$127,000, which will be charged to this grant.

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 19.00% of total expenditures and increased at a historical average annual rate of 0.69%. This category of expenditure is projected to grow at an annual average rate of 4.89% through FY 2024. The projected average annual rate of change is 4.20% more than the five year historical annual average.

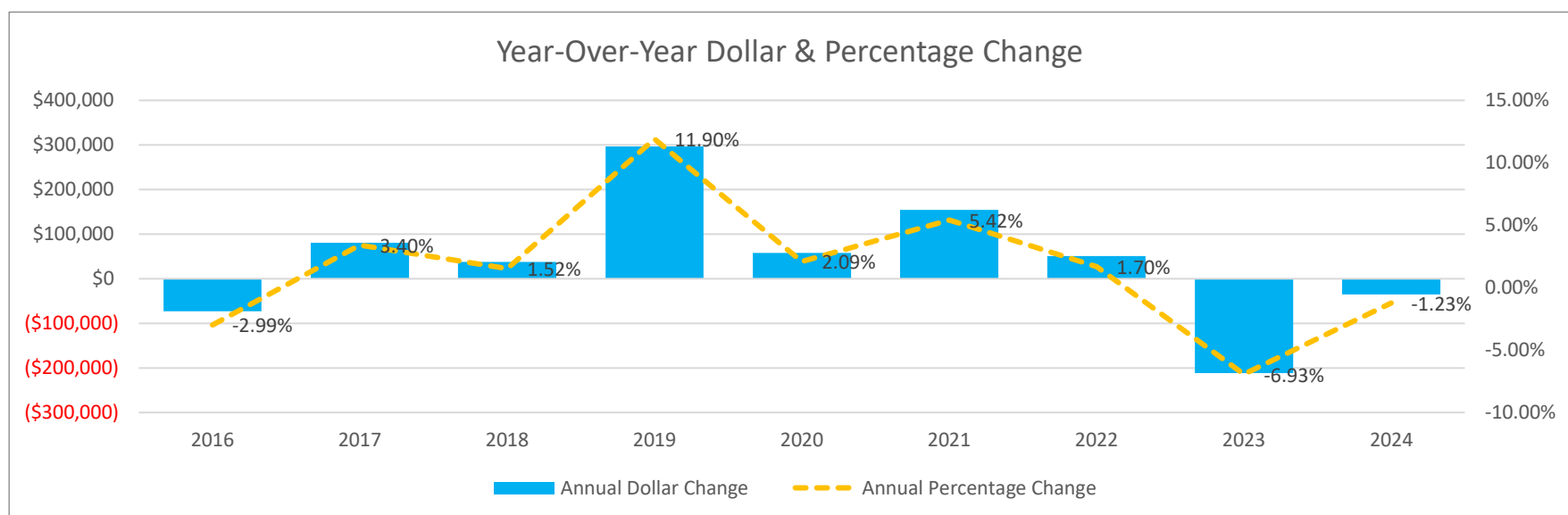
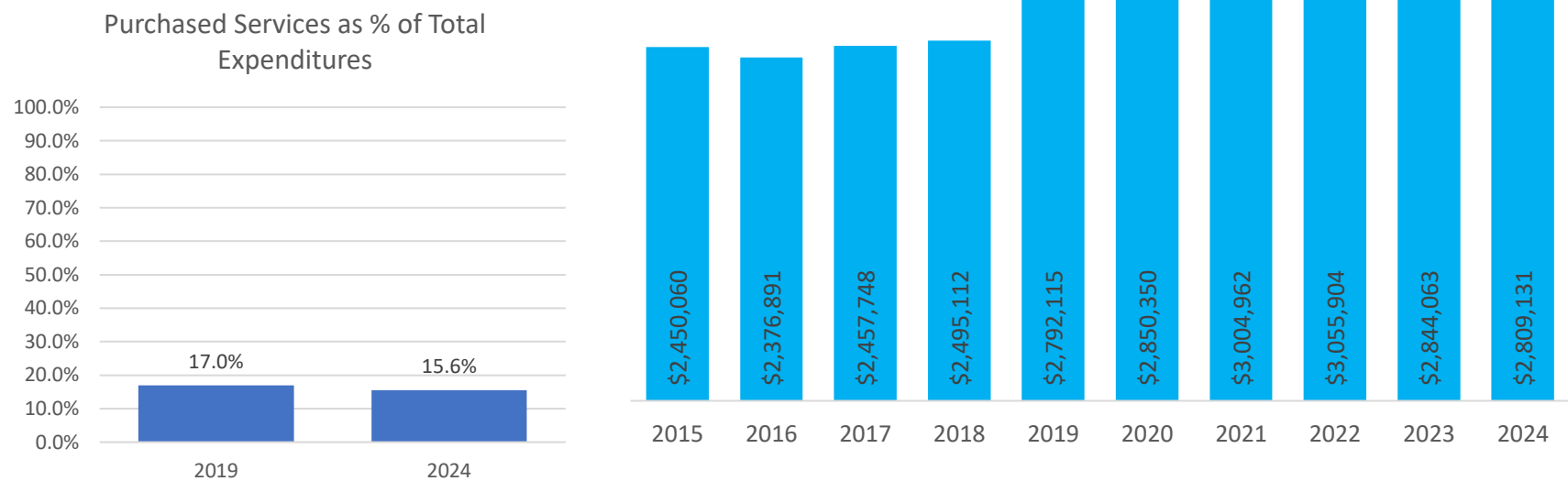
Employee benefits for retirement (14%), Medicare (1.45%) and Workers Compensation (variable) are driven by salaries.

Keystone pays 85% of the premium contributions for certified staff and 86.5% for classified staff and administration. Health insurance premiums increased by 1.89% and 0% percent for FY18 and FY19, respectively, due to low claim history as determined by the health consortium's Actuary. FY20 health insurance premiums will increase by 5%. In FY21, premiums will increase by 6.5% as overall claims have increased and high cost claims exceeding \$100,000 have nearly doubled. FY22 - FY24 premiums are projected to increase by 8% based on the current market as recommended by the health consortiums actuary.

In FY17, FY18, and FY20 the district received a premium holiday, which resulted in savings of approximately \$138,000 each year. It is unknown at this time if there will be premium holiday beyond FY20. Therefore no other premium holidays are included in the forecast.

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 16.98% of total expenditures and increased at a historical average annual rate of 5.61%. This category of expenditure is projected to grow at an annual average rate of 0.21% through FY 2024. The projected average annual rate of change is -5.40% less than the five year historical annual average.

Purchased services include repairs, contracted agreements, legal services, property insurances, utilities, communications, special education services and payments to Community Schools. Special Education costs are volatile due to enrollment and services are evaluated each year annually resulting in large fluctuations from year to year.

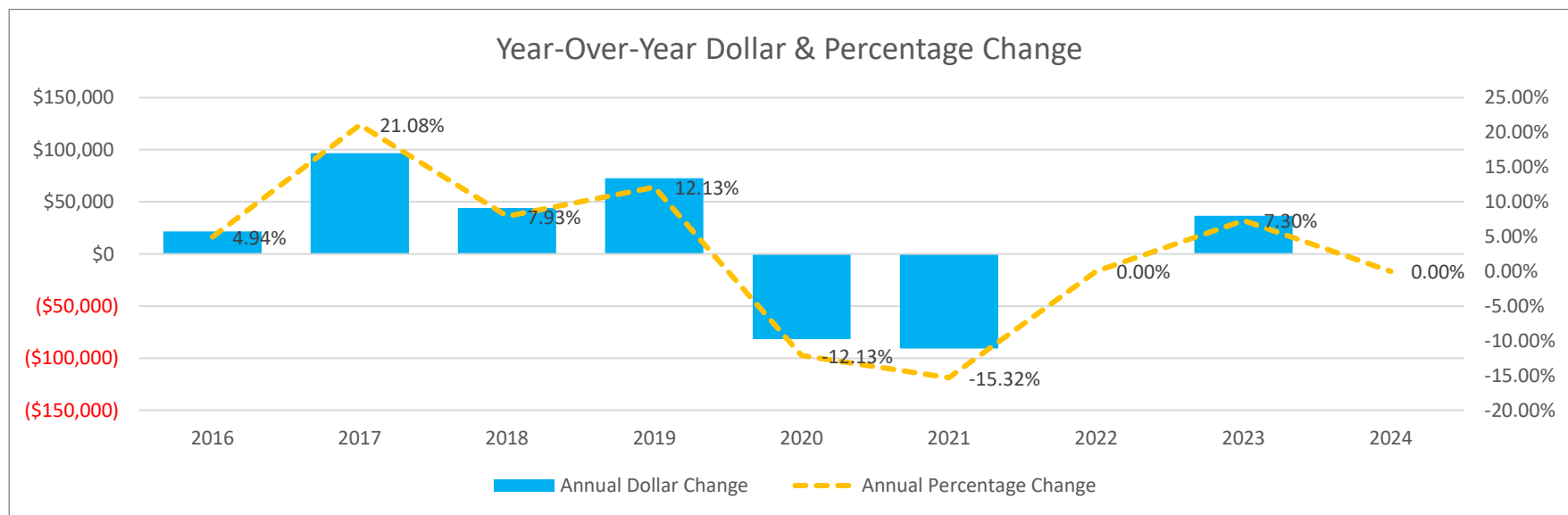
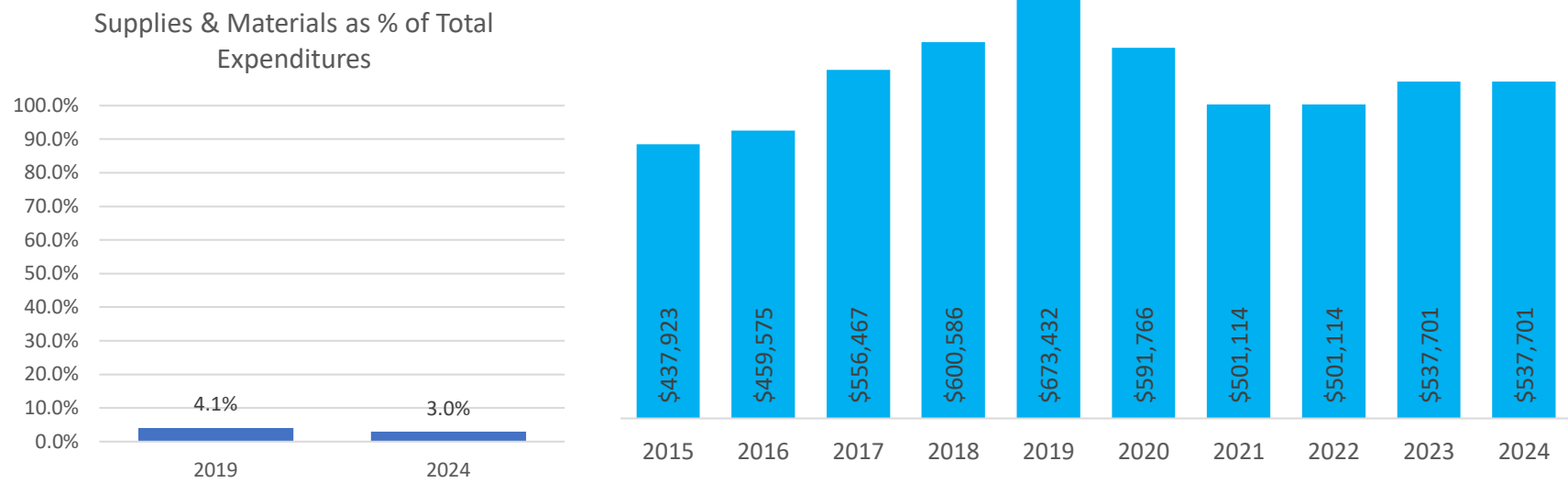
A. Litigation – As a result of litigation involving the District’s High School, Middle School, and now, potentially the Elementary School, the District has forecasted increase in attorney fees in FY20 – FY22 with theses costs tapering off in FY23. The district is hopeful litigation will be resolved sooner, but felt it is prudent to forecast these costs into FY23.

B. Special Education - As stated above, special education outside placements are a large cost and are difficult to predict year to year based on enrollment and required services in the IEP. A 5% year over year increase in special education professional services has been projected.

C. No other increase in professional services have been projected, as administration works to decrease spending as a result of budget concerns over the next several fiscal years.

3.040 - Supplies & Materials

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



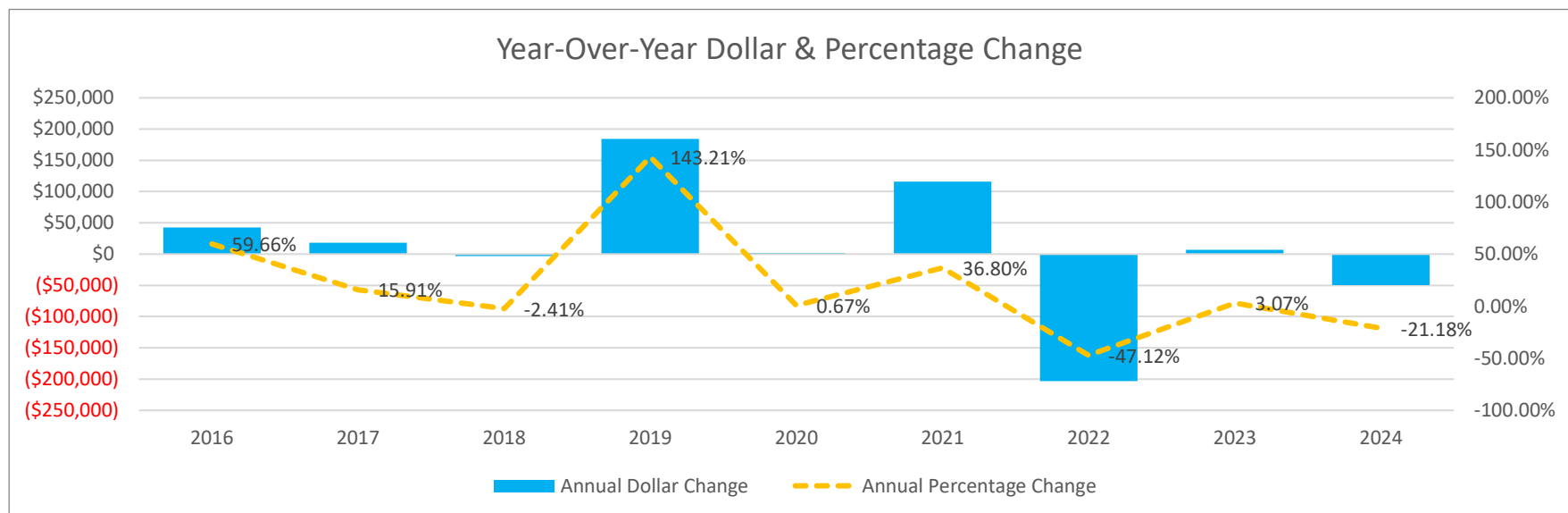
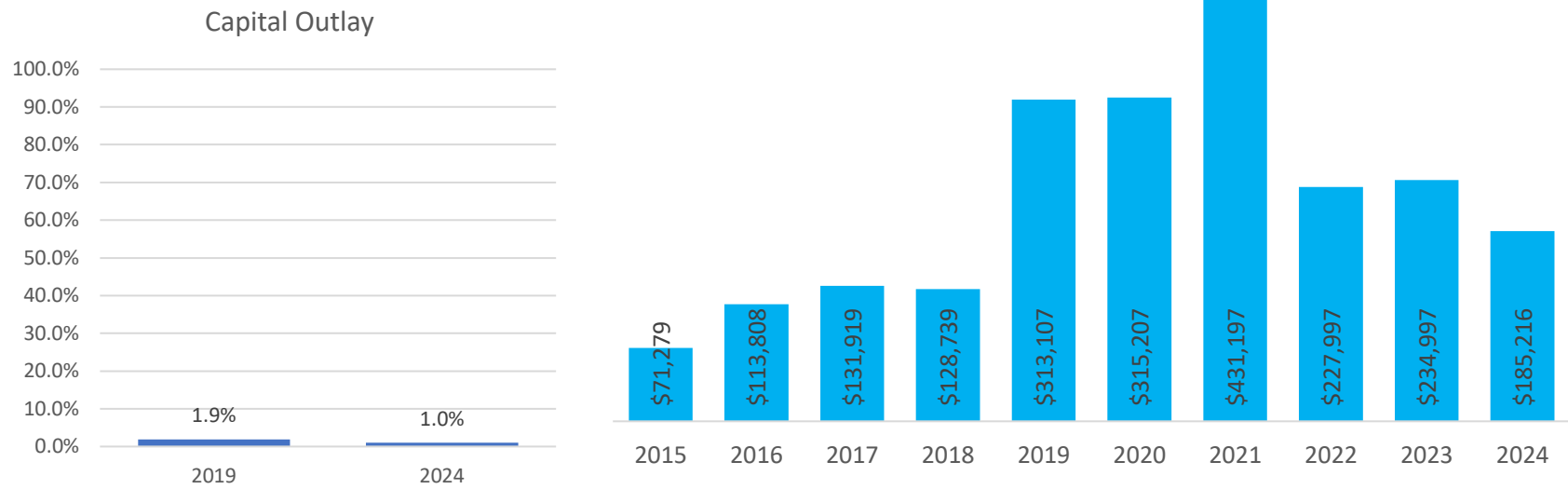
Supplies & Materials represent 4.10% of total expenditures and increased at a historical average annual rate of 13.71%. This category of expenditure is projected to decrease at an annual average rate of -4.03% through FY 2024. The projected average annual rate of change is -17.74% less than the five year historical annual average.

Supplies, materials and textbook adoptions are included in this line item. Building departmental budgets have been cut in previous fiscal years due to levy failures and have not been fully restored despite a successful May 2015 levy campaign. The district will be making further cuts to building/department budgets in FY21 and beyond as a result of the state aid budget cuts resulting from COVID-19.

Large textbooks and other costly initiatives in this line item are temporarily put on hold as the district develops a plan to adjust to the budget cuts resulting from the COVID-19 related economic conditions.

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.



Capital Outlay represent 1.90% of total expenditures and increased at a historical average annual amount of \$66,433. This category of expenditure is projected to decrease at an annual average amount of -\$25,578 through FY 2024. The projected average annual change is less than the five year historical annual average.

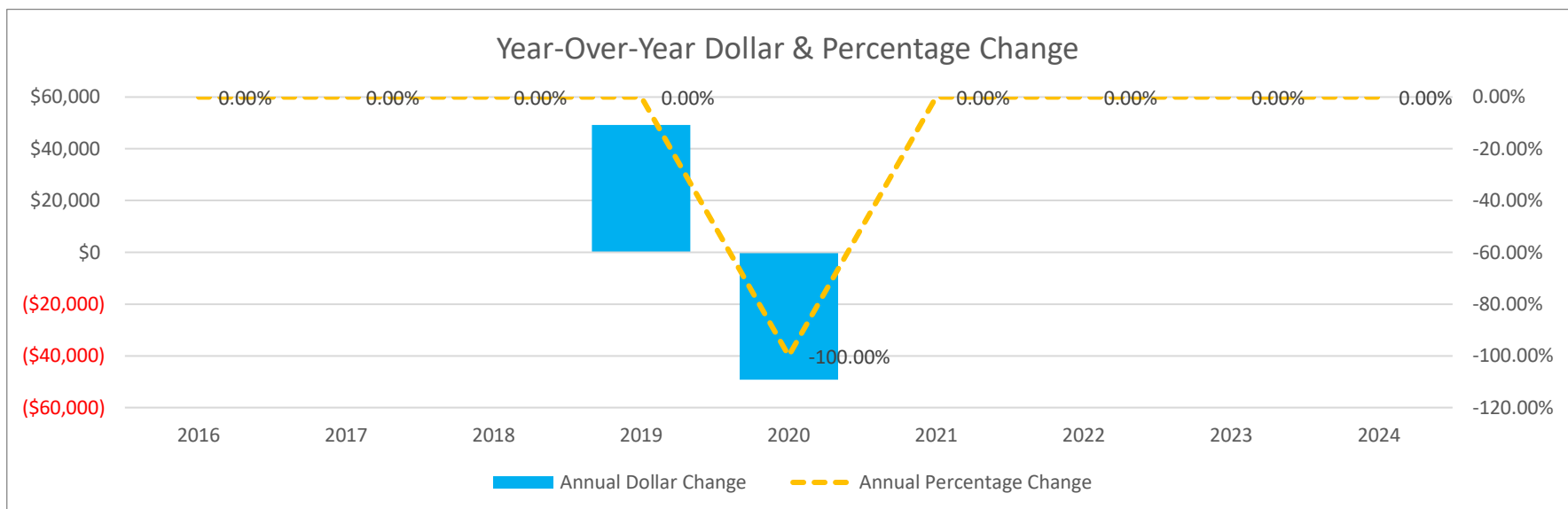
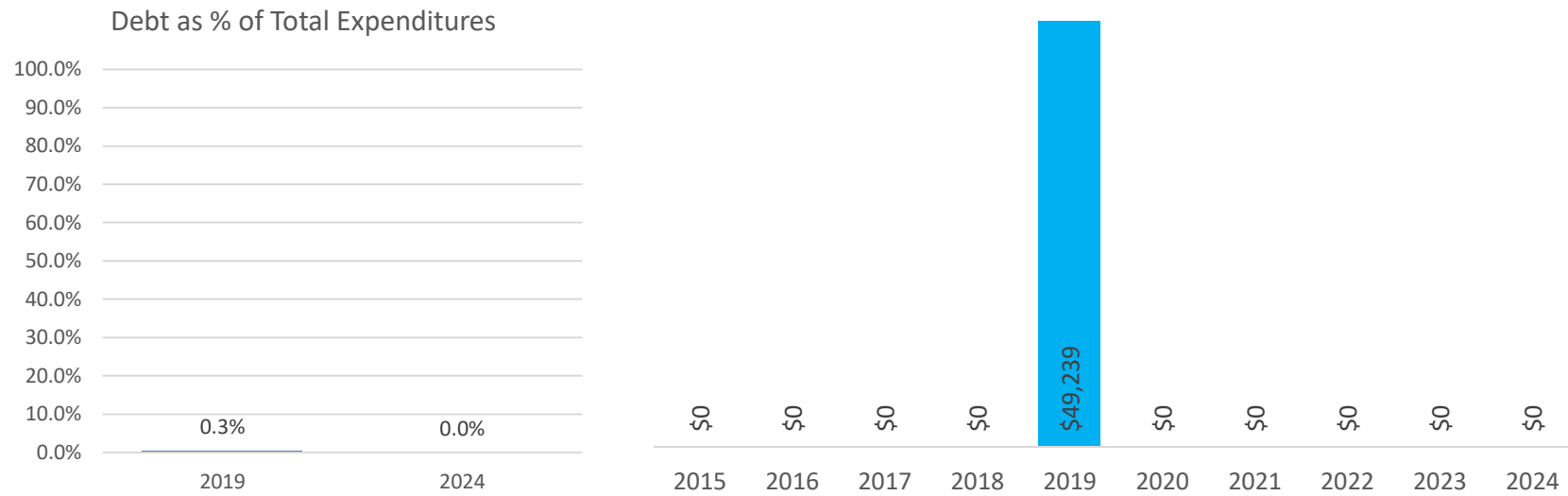
Capital outlay includes instructional, maintenance, and transportation equipment. Beginning with FY15, the district's casino revenue has been earmarked for technology equipment. Projections include purchases of new chrome books for students, new teacher laptops and network/server upgrades.

The district purchases larger Capital Outlay expenditures including building/site improvements, equipment, buses, vehicles, etc. from the General Fund. The District's Permanent Improvement (PI) funds cannot fully support these purchases.

Despite the economic conditions, the district has committed to a wifi upgrade in FY20. This wifi project will be funded by the federal government's erate programm, where the district will bare, roughly, 40% of the cost of the entire project, or \$110,000. In FY21, the district is projected to purchase three new buses in an effor to manage the aging bus fleet. The district is taking advantage of \$30,000 in grant funds from the state to do so. The district will explor grant oppourtunities to further offset this cost. In FY22-FY24 the district is projecting to purchase one bus a year. This line item also includes replacing teacher laptops, servers, etc.

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.



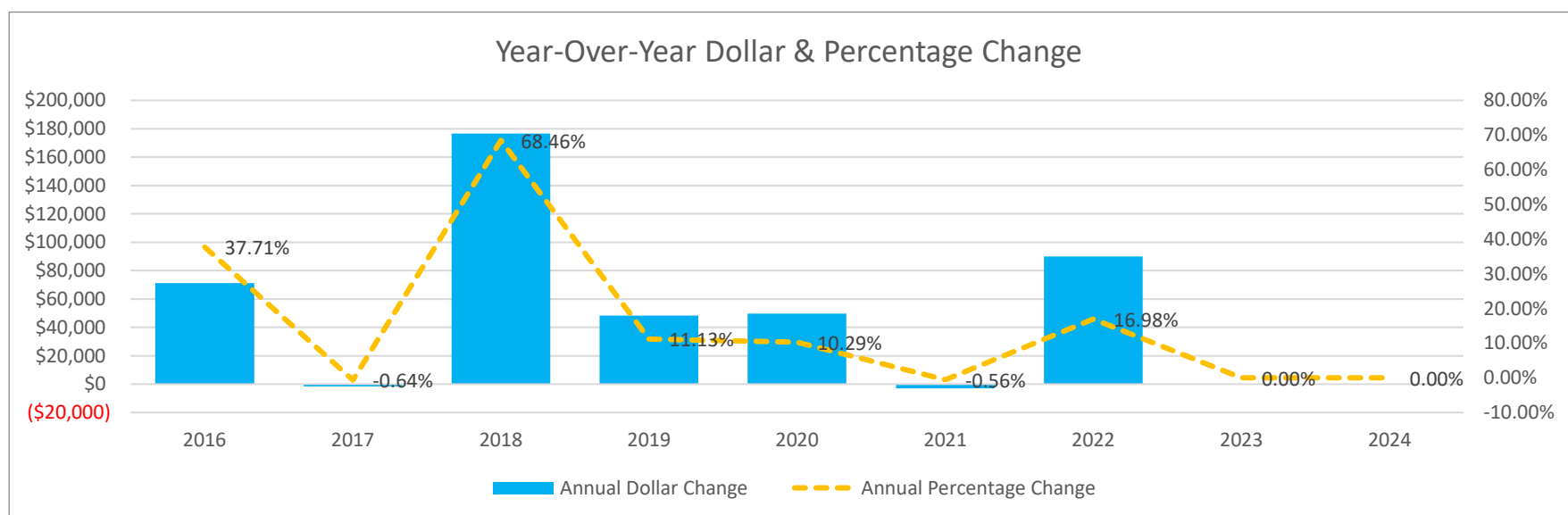
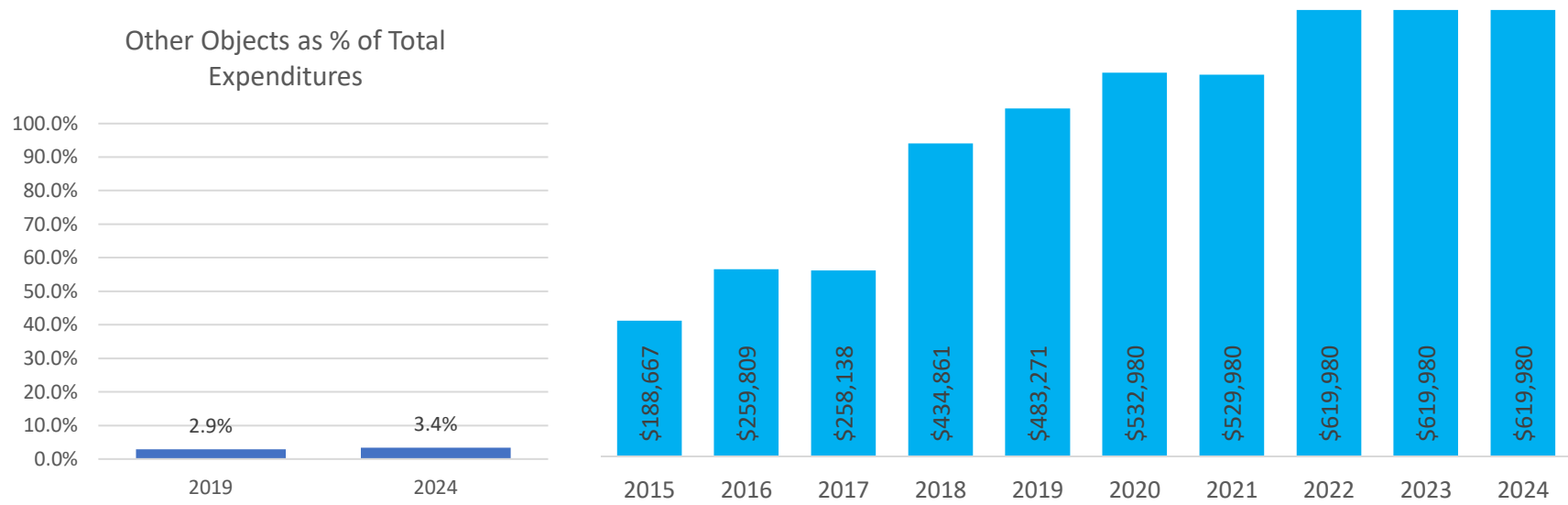
The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

Keystone refinanced the 2004 High School bonds with a savings to taxpayers of over \$2.7 million over the remaining life of the bonds in 2012 and 2013 in two separate issuances. The \$11,500,000 bond issue (to fund the new Middle School) as well as the High School bonds are paid from bond retirement funds. In June 2014, the district refinanced a portion of the Middle School bonds saving taxpayers an additional \$1,065,000 over the life of the bonds. The elementary school, which opened in the fall of 2015, was funded entirely by the State of Ohio. The transactions pertaining to this debt are recorded in the Debt Service Fund (002) - not the general fund (001).

The district is financed a remedial project replacing the KHS roof. The maintenance fund cannot alone support this payment. In FY19, the general fund supported this payment. In FY20, once the project was complete, and significant change orders were not needed, the Building Fund (004) supported the remainder of this payment.

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.



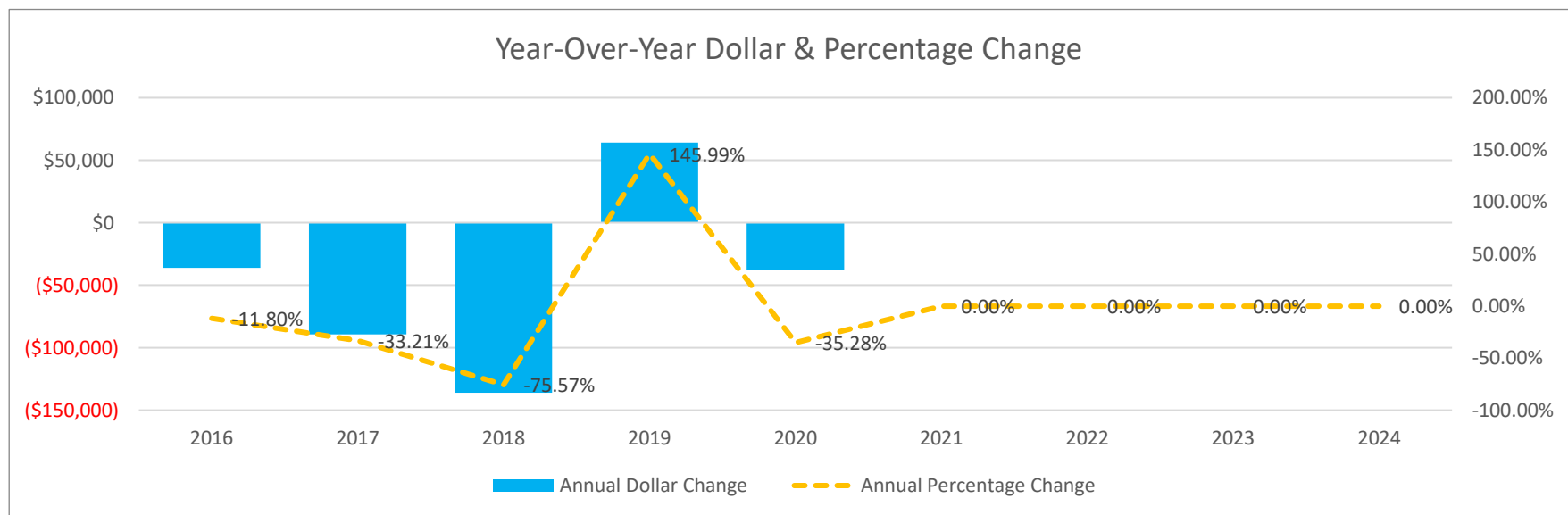
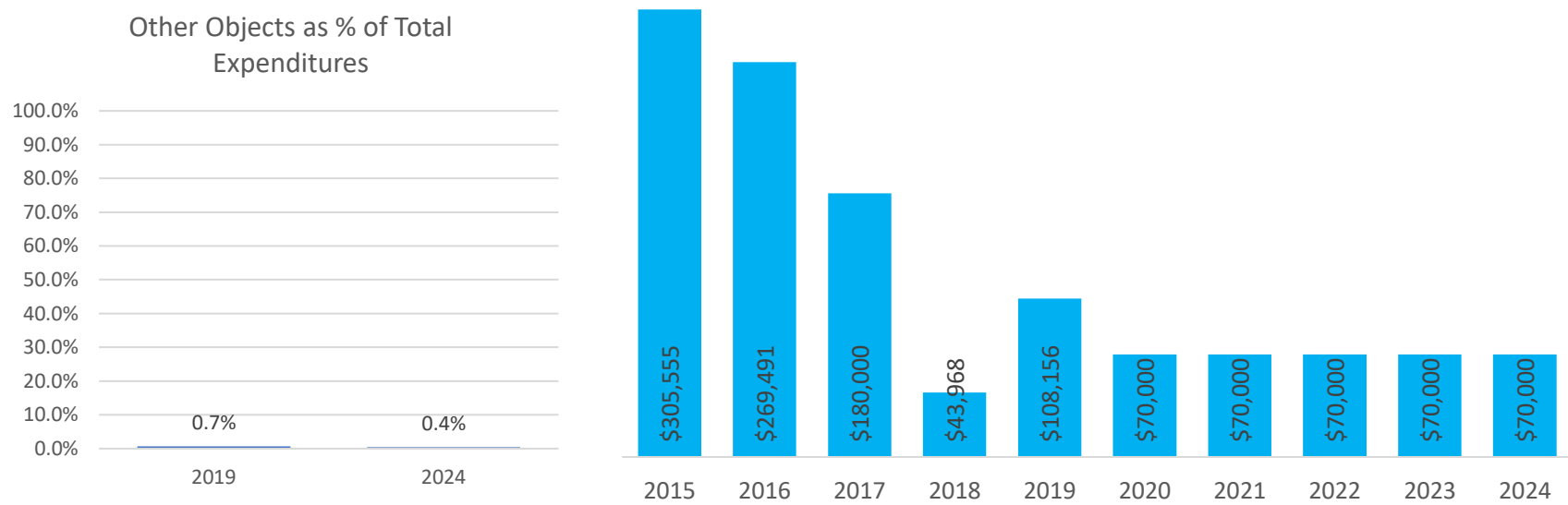
Other Objects represent 2.94% of total expenditures and increased at a historical average annual rate of 26.32%. This category of expenditure is projected to grow at an annual average rate of 5.34% through FY 2024. The projected average annual rate of change is -20.98% less than the five year historical annual average.

Other Objects include expenditures such as insurances, dues, tax collection fees, ESC services, settlement agreements and election expenses. Minimal inflationary increases of 1% are projected throughout the forecast.

The ESC services are charged to this line item. While the district have contracted to increase the part time social worker to full time and have hired a part time BCBA in FY21, this line item has increased. However, the forecast includes a reduction of expense due to the Student Wellness and Success Funds. The distict will use its FY20 and FY21 SWSF for the purposes of the BCBA and social worker in FY20 and FY21. The future of the SWSF is unknown at this time due to the pandemic, and is not forecasted beyond FY21.

5.040 - Total Other Financing Uses

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



	2019	FORECASTED				
		2020	2021	2022	2023	2024
Transfers Out	87,500	50,000	50,000	50,000	50,000	50,000
Advances Out	20,656	20,000	20,000	20,000	20,000	20,000
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 2019 the district had advances-out and has advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2024. 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.

Operating transfers out historically consist of funds transferred to our retirement severance fund. The district is projecting \$50,000 be transferred in each year of the forecast. Advances of \$30,000 will be returned to the general fund in the following fiscal year.

Keystone Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	6,664,829	6,806,328	6,907,155	7,052,171	7,253,126	7,232,457
1.020 - Public Utility Personal Property	776,084	1,326,930	1,805,381	1,813,266	1,826,534	1,837,296
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,307,974	6,031,566	5,673,784	6,014,319	6,329,339	6,329,360
1.040 - Restricted Grants-in-Aid	118,233	116,819	118,233	118,233	118,233	118,233
1.050 - Property Tax Allocation	817,339	825,779	845,097	852,862	858,891	863,038
1.060 - All Other Operating Revenues	1,748,948	1,675,724	1,561,916	1,602,022	1,613,552	1,627,965
1.070 - Total Revenue	16,433,407	16,783,146	16,911,566	17,452,873	17,999,675	18,008,349
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	0	0	0	0	0
2.050 - Advances-In	26,593	20,656	20,000	20,000	20,000	20,000
2.060 - All Other Financing Sources	2,021	54,483	4,483	4,483	4,483	4,483
2.070 - Total Other Financing Sources	28,613	75,139	24,483	24,483	24,483	24,483
2.080 - Total Rev & Other Sources	16,462,020	16,858,285	16,936,050	17,477,356	18,024,159	18,032,833
Expenditures:						
3.010 - Personnel Services	8,898,525	8,940,383	9,224,392	9,548,954	9,786,872	9,873,622
3.020 - Employee Benefits	3,124,396	3,203,627	3,399,338	3,589,666	3,771,961	3,965,355
3.030 - Purchased Services	2,792,115	2,850,350	3,004,962	3,055,904	2,844,063	2,809,131
3.040 - Supplies and Materials	673,432	591,766	501,114	501,114	537,701	537,701
3.050 - Capital Outlay	313,107	315,207	431,197	227,997	234,997	185,216
Intergovernmental & Debt Service	49,239	-	-	-	-	-
4.300 - Other Objects	483,271	532,980	529,980	619,980	619,980	619,980
4.500 - Total Expenditures	16,334,085	16,434,314	17,090,983	17,543,614	17,795,575	17,991,005
Other Financing Uses						
5.010 - Operating Transfers-Out	87,500	50,000	50,000	50,000	50,000	50,000
5.020 - Advances-Out	20,656	20,000	20,000	20,000	20,000	20,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	108,156	70,000	70,000	70,000	70,000	70,000
5.050 - Total Exp and Other Financing Uses	16,442,241	16,504,314	17,160,983	17,613,614	17,865,575	18,061,005
6.010 - Excess of Rev Over/(Under) Exp	19,778	353,971	(224,933)	(136,258)	158,584	(28,172)
7.010 - Cash Balance July 1 (No Levies)	5,795,614	5,815,392	6,169,363	5,944,430	5,808,172	5,966,756
7.020 - Cash Balance June 30 (No Levies)	5,815,392	6,169,363	5,944,430	5,808,172	5,966,756	5,938,584
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	5,815,392	6,169,363	5,944,430	5,808,172	5,966,756	5,938,584
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	5,815,392	6,169,363	5,944,430	5,808,172	5,966,756	5,938,584
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	5,815,392	6,169,363	5,944,430	5,808,172	5,966,756	5,938,584

Summary

As a person reviews the five-year forecast, the lines that are most crucial to understand are lines 6.010 "Excess of Revenue over Expenditures" and 7.020 "Cash Balance June 30". The school funding cycle is best represented in line 6.010. This shows whether the school is spending more or less money than revenue received for that year. Ending cash balance for each year is reflected in line 7.02. This is a brief summation of the many changes or influences of the district's forecast. Please contact the Keystone Treasurer's Office, Michael Resar Sr., Treasurer/CFO (440-355-2424) for more information.