Executive Summary

This year was a stern reminder of how quickly circumstances can change and the importance of a sound financial plan. Public schools faced an unprecedented health crisis in early spring that abruptly shut down Ohio's economy. As a result, $300 million was reduced from this year's education budget, with Sylvania's share totaling nearly $1.7 million. While it remains unclear when Ohio's economy will be restored, it is with great certainty public schools will see a similar reduction in fiscal year 2021.

Adapting to the current environment is not without challenges. District leaders were tasked with designing a virtual learning platform in real time while simultaneously operating existing educational programs. What appeared as a short-term interruption to "normal" education has evolved into diversified learning opportunities for students. The insight gained from this unique circumstance, will serve as the framework moving forward to the upcoming academic year.

In this uncertain time, it is a priority to accommodate the educational needs of students while managing the shortfall of financial resources. To accomplish both, it is necessary to evaluate all aspects of the organization and right size appropriately. This will allow the district to maintain and enhance instruction while preserving its cash reserves, postponing the need for a new levy.

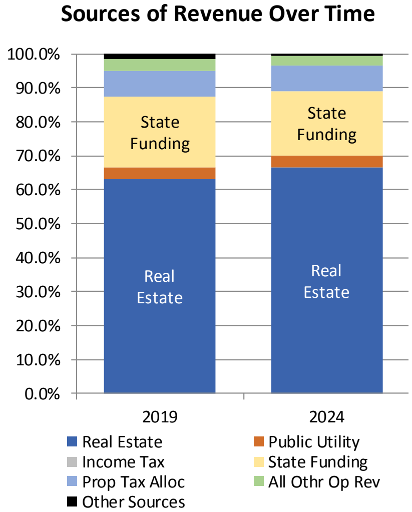
Financial Forecast	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	20,999,888	24,553,795	22,150,936	19,490,277	13,347,841
+ Revenue	94,442,304	92,039,223	95,252,979	95,572,169	96,028,084
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(90,888,397)	(94,442,083)	(97,913,637)	(101,714,606)	(105,733,321)
= Revenue Surplus or Deficit	3,553,907	(2,402,860)	(2,660,658)	(6,142,437)	(9,705,237)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	24,553,795	22,150,936	19,490,277	13,347,841	3,642,604

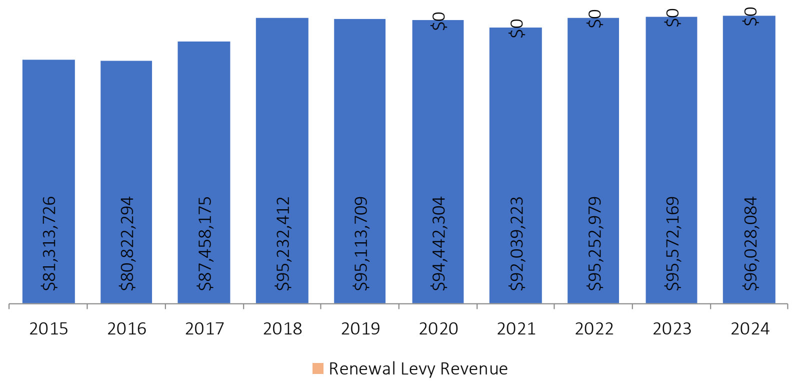
Analysis Without Renewal Levies Included:

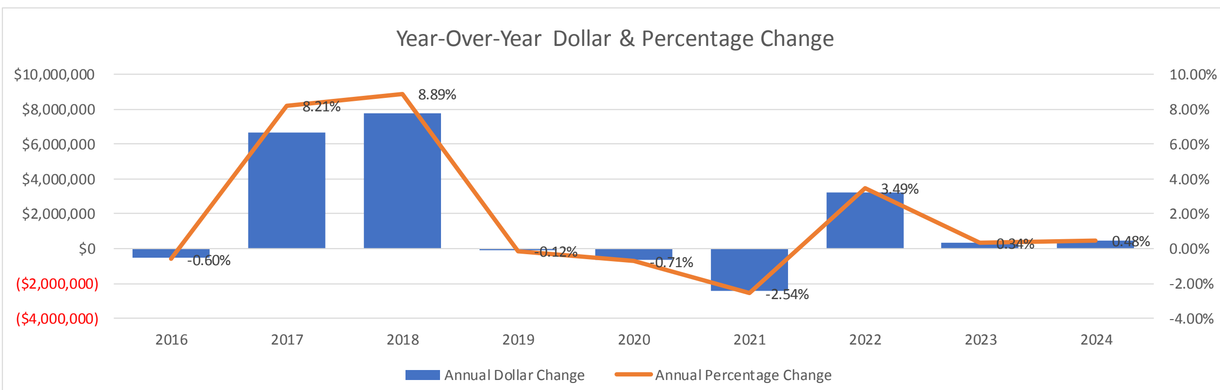
Revenue Surplus or Deficit w/o Levies	3,553,907	(2,402,860)	(2,660,658)	(6,142,437)	(9,705,237)
Ending Balance w/o Levies	24,553,795	22,150,936	19,490,277	13,347,841	3,642,604

Revenue

Revenue Sources and Forecast Year-Over-Year Projected Overview





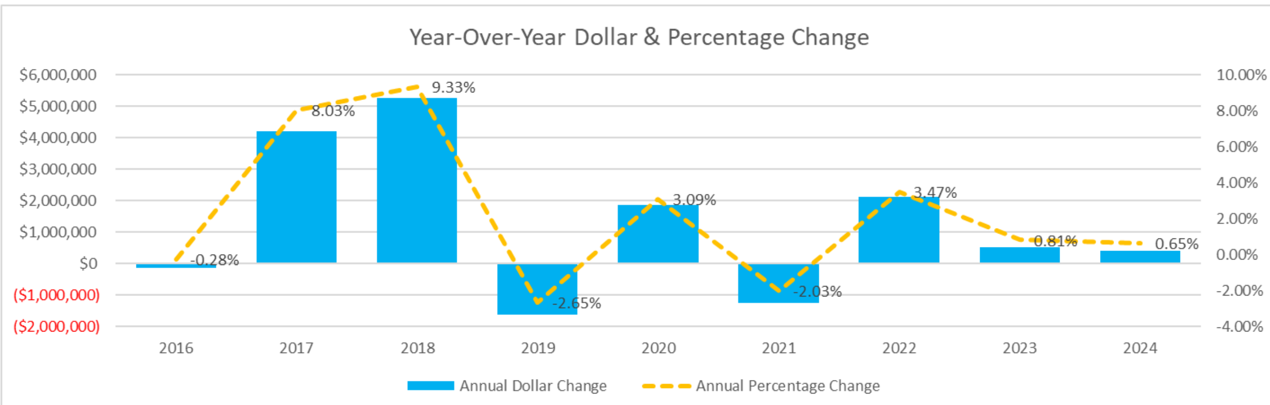


Real Estate Revenue

Real estate revenue is the largest funding source for the district and generates approximately 65% of total revenue. Lucas County went through a reappraisal in 2018 and assessed values increased over 10%. However, the increase to assessed values is expected to be offset considerably due to the influx of requests from homeowners to lower home values filed with the Board of Revision. When home values are lowered the homeowner is issued a refund which is deducted from real estate collections paid to the District. Due to the volume of requests to decrease property values this year, refunds are expected to be significantly higher in fiscal year 2020, lowering property tax receipts.

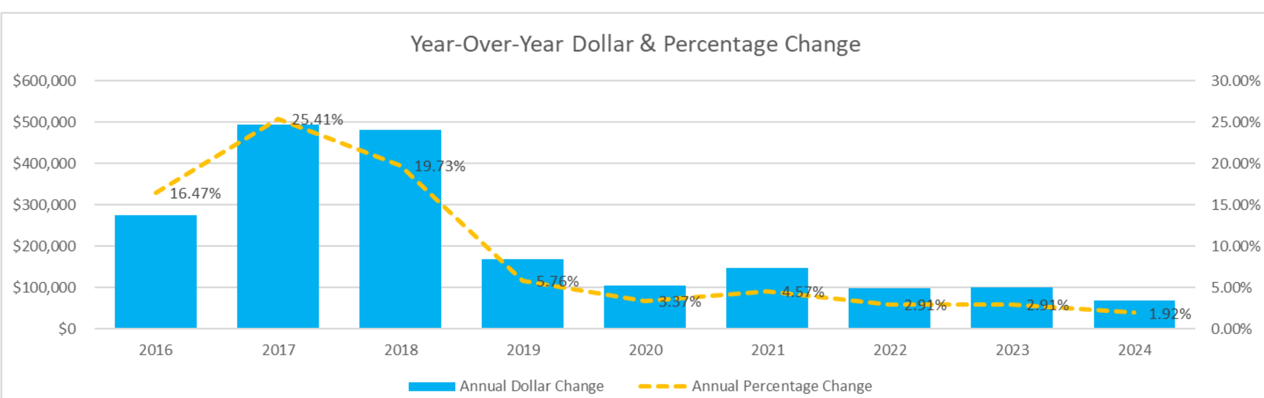
While systematic reappraisals produce a minimal increase in tax revenue, maintaining correct values protects the district's tax base. Assessed values are used to calculate the appropriate millage for levies. When assessed values fall below levels used to determine millage amounts for levies, the levies collect less than what voters approved. This occurred after the triennial update in 2009 and the reappraisal in 2012. In both instances, values dropped below that which was approved by voters for three existing levies. The financial impact to the district is a shortfall of $2.2 million each year.

An anticipated change to the tax status of a large commercial property will generate a one-time refund and lower tax receipts in 2021. The loss will be offset by a boost in commercial new construction that was added to the district's tax abstract in 2019 for first collection in 2020.



Public Utility Personal Property (PUPP)

Public Utility Personal Property consists of personal property of a small group of utility companies that conduct business in the district. PUPP values have increased annually on average 12.5% the past five years from the expansion of primarily two companies, Columbia Gas of Ohio and American Transmission System (a subsidiary of First Energy). In fiscal year 2020, preliminary values estimate an increase of 6.4%. Estimates for fiscal years 2021 through 2024 include an annual estimate of 3% each year.



Unrestricted Grants in Aid – State funding

The amount of state funding a district receives is based on a comprehensive calculation that is driven primarily by student enrollment and the property wealth of the district. Simply stated, the wealthier a district, the less state funding it receives. In the 2013-2014 fiscal year, the funding cap limit became part of the state funding calculation. The funding cap limited the amount of growth a district could receive from one year to the next. As a result of the cap limit, Sylvania Schools was underfunded over $22.5 million during the fiscal years 2013-2019.

The biennial budget that went into effect on July 1, 2019, includes key changes to funding for fiscal years 2020 and 2021. In this budget, the state moved away from a base aid calculation and eliminated the funding cap. At the start of the year, the biennial budget allocated funding to public schools that was equal to the fiscal year 2019 allocation. New funding components, Student Wellness and Success and Growing District Aid, were added to the funding model.

As a result of the health crisis that began in early spring, the state was forced to reduce its total education budget by $300 million. Sylvania Schools' share of the reduction is $1,679,422 in fiscal year 2020. As the crisis continues, it is estimated an additional 10% reduction will be necessary for the state to balance its budget.

Restricted Aid

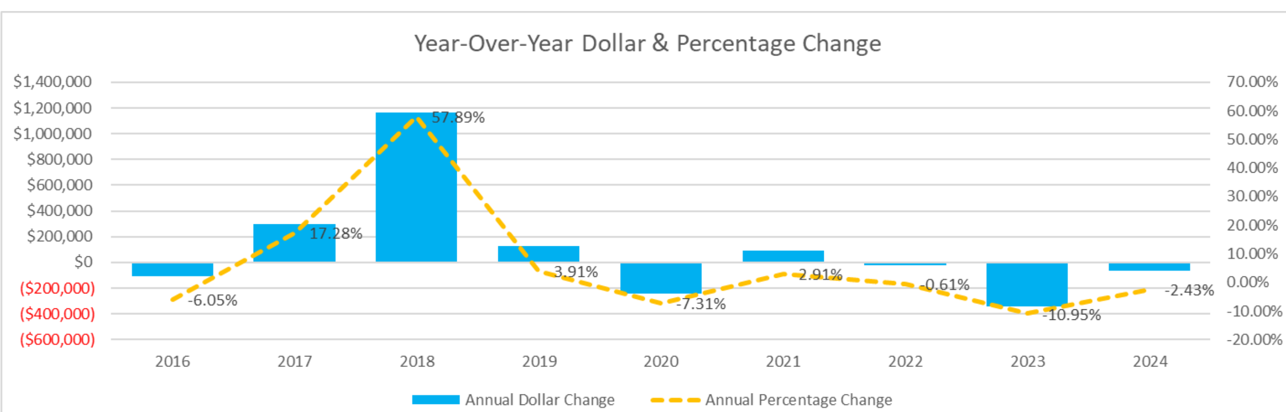
Restricted aid is provided by the state and assigned to specific educational programs such as Career Tech and Catastrophic cost reimbursement. The largest share of restricted funding is for Career Technical programs. The current budget allocates funding for CTE programs at the 2019 level and does not provide for new/additional programs or increases in enrollment. Catastrophic costs reimbursement is state funding for special education students whose costs exceeded $27,375 or $32,850 in the prior year. Projections for CTE funding for fiscal years 2020 - 2024 is based on what was received in fiscal year 2019 and funding for Catastrophic costs reimbursement assumes flat enrollment with minimal annual increases.

Property Tax Allocation

Property Tax Allocation payments are made from the state to school districts to reimburse revenue lost due to property tax relief programs granted by the state to taxpayers under the 10% and 2.5% property tax rollback programs and the Homestead Exemption program. In fiscal year 2019, the payment received for homestead exemption reimbursement dropped 12.75% compared to the prior year. The decline is expected to continue and has been estimated in each year of the forecast.

All Other Operating Revenue

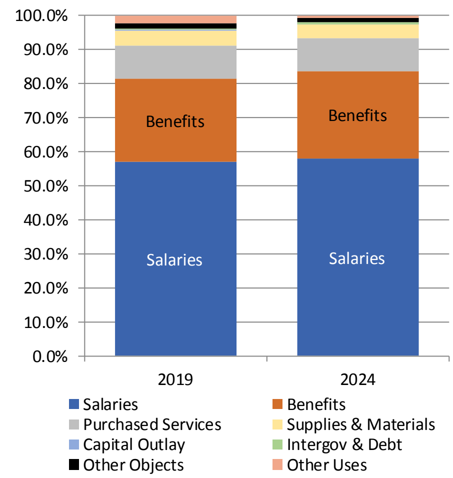
All other operating revenue includes revenue from various sources such as tax abatements, Medicaid reimbursement, manufactured homes tax revenue, athletic and co-curricular participation fees, tuition paid by other districts, etc. Factors impacting revenue in fiscal year 2019 include an adjustment for the timing of tuition payments from 2018 and an increase in interest income. Medicaid reimbursement in fiscal year 2020 has been reduced as a result of the spring school closure. Interest income is reduced to accommodate the drop in rates that was experienced this past spring. Due to the reduction in state funding, it is anticipated cash reserves will be used to offset the loss, further reducing interest in future years. Fiscal years 2021 and 2022 include a donation from ProMedica in the amount of $250,000 each year. The donation reimburses the General Fund for the FY19 transfer in the amount of $500,000 to the Permanent Improvement Fund for construction of the Northview Wellness Center. All other estimates are based on historical increases/decreases for this revenue source.

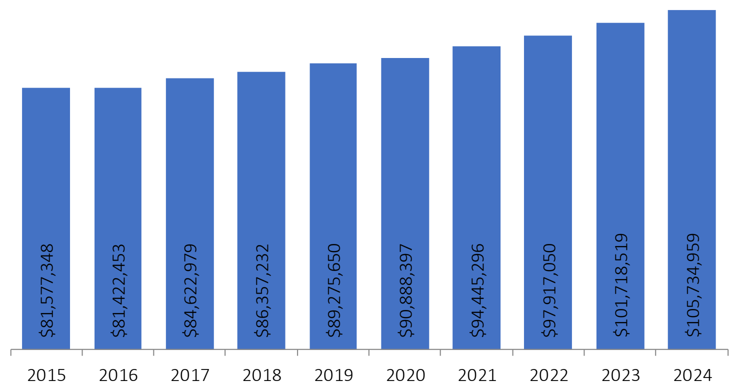


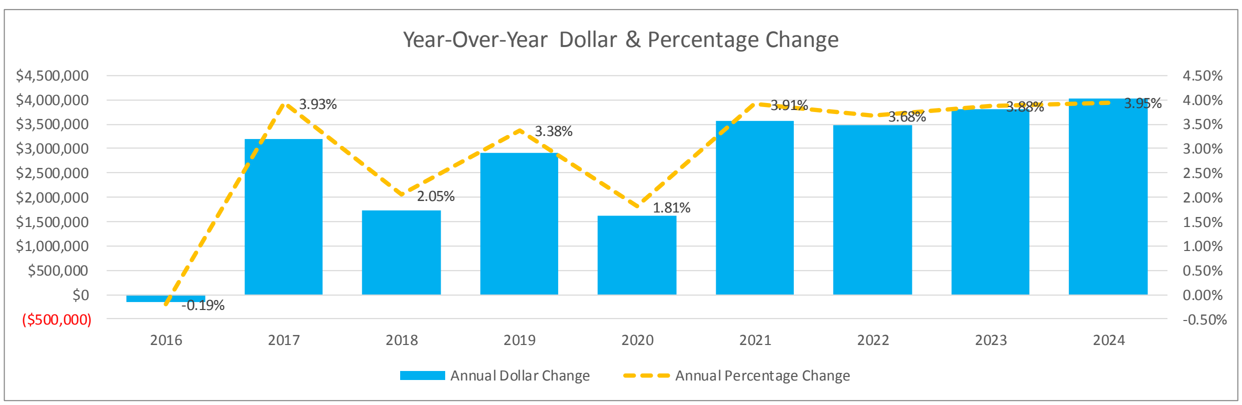
Expenditures

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time





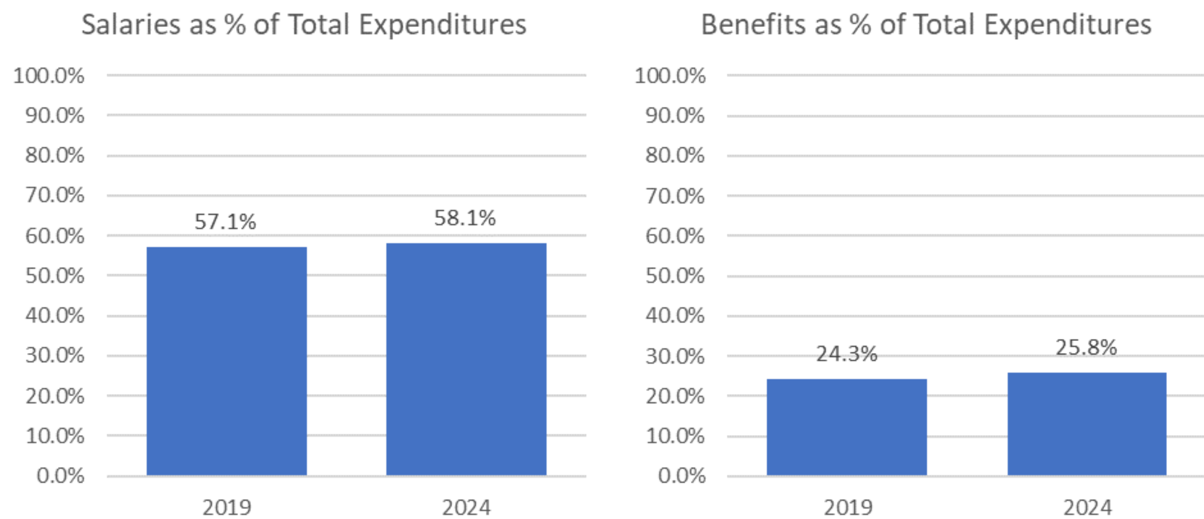


Personnel Services

Personnel Services encompasses all forms of salaries and wages paid to District employees. Collective bargaining agreements are in effect through June 30, 2020 with the Sylvania Education Association and OAPSE through June 30, 2020. Base increases for all employees for the contract period are as follows:

FY2018 – 3.00%, FY2019 – 1.25%, FY2020 – 1.25%

Salaries and benefits equaled 81.4% of total expenditures in fiscal year 2019. Included in salaries/wages estimates are contractual obligations for steps, experience level advances and longevity across all employee groups. The savings from anticipated employee retirements have been included in salary estimates through the end of the forecast period. Additionally, proposed increases to personnel beyond fiscal year 2020 include staffing priorities identified by the district's leadership team for implementation in future years. Any increase to staffing is completed after careful examination of educational or operational need and with great consideration to cost.



Employees' Retirement/Insurance benefits

Retirement - The employer's share of retirement contributions is proportional to anticipated growth in salary costs.

Insurance – The district is currently under a multiyear contract with Paramount for health and vision insurance. The agreement includes the following annual premium increases:

Calendar year 2019 = 4%, 2020 = 0%, 2021 = not to exceed 8%.

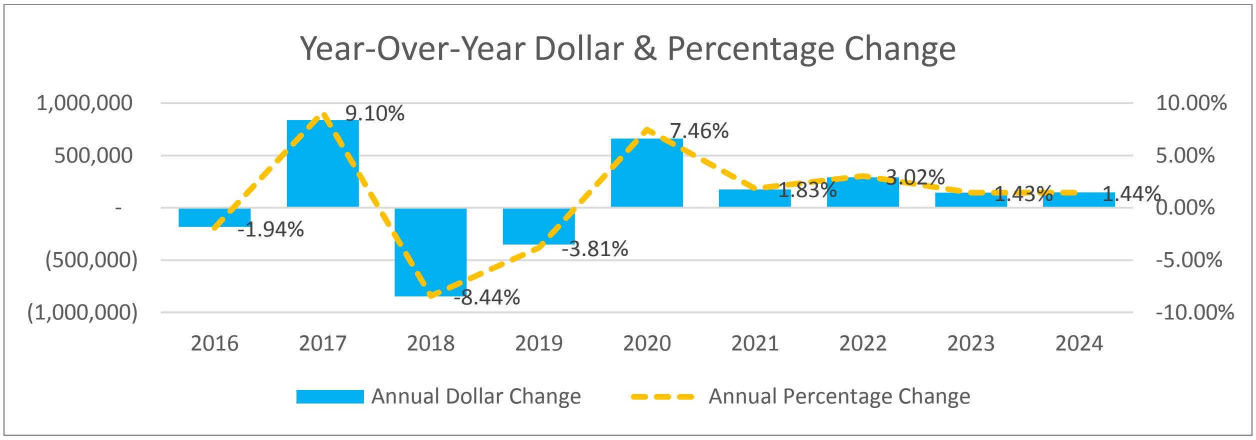
Estimates for future years – Calendar year 2022 = 8%, 2023 = 8%, 2024 = 8%

To further reduce health insurance costs, on January 1, 2019, the district transitioned to a four-tier plan offering for all employee health insurance plans and implemented a spousal carve out provision. The result of these changes is reflected in cost estimates within the forecast.

Purchased Services

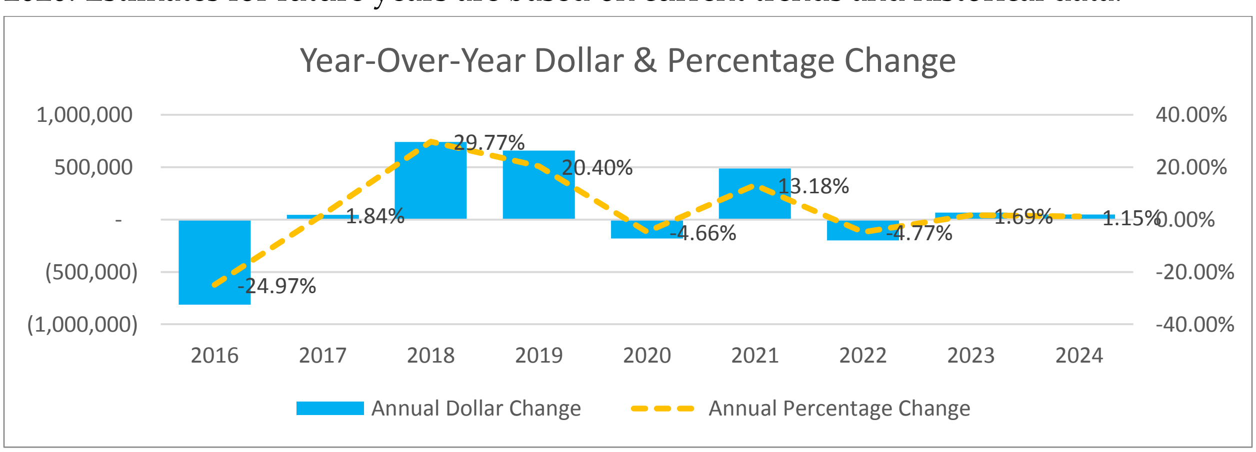
Purchased Services includes expenditures for legal fees, contracted services with the Educational Service Center, maintenance and repairs to buildings, utilities, tuition paid to other districts, copier maintenance agreements, professional development for staff, postage, open enrollment, College Credit Plus tuition, pupil transportation, ITC services, etc. Beginning in fiscal year 2020, tuition costs will increase to accommodate

Ed Choice payments to parochial schools. Estimates for fiscal years 2021-2024 are based on actual data and historical trends for all purchased services.



Supplies and Materials

Supplies and materials expenditures encompass both instructional and operational purchases. Beginning in fiscal year 2018, the District increased its investment in instructional materials by reestablishing a textbook replacement schedule, increasing building supply budgets and expanding technology curriculum. In fiscal year 2019, there was a one-time purchase of transportation equipment and the implementation of a district wide furniture replacement budget. In addition, increases were also experienced in the transportation department in fiscal year 2019. However, these increases were related to a change in the classification of expenditures and was not the result of actual cost increases. Estimates for 2021 have been adjusted to include instructional materials purchases that would have normally been made in fiscal year 2020. Estimates for future years are based on current trends and historical data.



Capital Outlay

Capital outlay includes purchases for all operational and instructional equipment. In fiscal year 2019, an equipment replacement budget in the amount of $100,000 was implemented to address needs for new and replacement equipment in the buildings. In fiscal year 2020 a cost increase of 25% is projected to accommodate carryover of a portion of 2019 funds. A 2% increase is estimated in years 2021-2024

Other Objects

Other objects include expenditures for audit costs, professional memberships, auditor/ treasurer fees, election expenses, fleet/liability insurance, and other similar expenditures. The largest expense is Lucas County Auditor/Lucas County Treasurer fees, totaling 65% of costs in this line item. All other increases in fiscal years 2020-2024 are based on historical data and current trends.

Other Uses of Funds

In fiscal year 2019 funds in the amount of $500,000 were transferred from the General Fund to the Permanent Improvement Fund for the Northview Wellness Center project. The amount transferred ($500,000) will be repaid to the General Fund in 2021 and 2022 in $250,000 installments from ProMedica. The donation amount is included in Other Revenue in the forecast.

Encumbrances

Encumbrances at the end of each fiscal year are estimated at $500,000.