


SCHOOL FINANCE 101

*January 14, 2020
2:45pm*



**Auburn
Career Center** 

SCHOOL FINANCE 101

Basics of School Funding in Ohio:

- ✓ It is a shared responsibility between the state and local community
- ✓ The local share is collected through property taxes and the state share is distributed through the *State Foundation Program*
- ✓ The wealthier the district, the less the state contributes for each student
- ✓ Wealth is determined by property value (valuation)

SCHOOL FINANCE 101

How Do Schools Raise Additional Funds?

Only Two Options Currently Available:

- ☐ Tax Levies – *Operating*, Permanent Improvement and Bond Issue
- ☐ Additional State Funding

SCHOOL FINANCE 101

What are the different types of school levies?
And how can they be used?

- ❖ **Operating:** General Fund – Day-to-day operating expenses
 - ❖ Wages, benefits, instructional supplies, equipment and utilities
- ❖ **Bond:** Debt Service – New construction and renovations
- ❖ **Permanent Improvement:** PI – Capital improvements and major purchases that will last a minimum of five years
 - ❖ Technology, parking lots, roofs, etc.



SCHOOL FINANCE 101

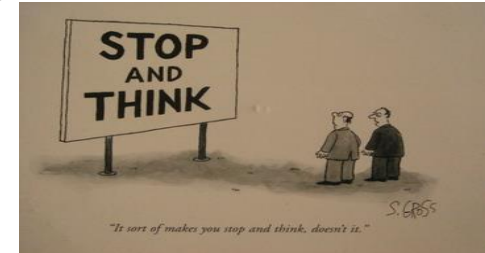
Did you know?

□ Auburn is:

- operating with the same voted 1.5 mills that were approved prior to 1976 (actually it was authorized by voters on 1/23/68 on a continuing basis)
- unable to receive additional state funding under any current state funding formula model
 - Currently over \$1.56 million of the state funds being received are “*transitional aid*”. This means if the state changes the state formula to eliminate the “*guarantee*” than Auburn would stand to lose approximately 88% of our current state funding.
 - » Very Political – Governor impacts this every two years when the state is preparing its budget

SCHOOL FINANCE 101

Think about this-



What are some of the economic challenges that have occurred since 1976?

- ✓ Two Recessions (1979-82, 1990)
- ✓ Stock Market Crash (1987)
- ✓ Savings & Loan Crisis (aka the “Bank” Collapse) (1989)
- ✓ Unemployment Rates ranging from 7.8% ('76) to 9/9% ('09)
- ✓ Bank Crisis (2008)
 - ✓ Mortgage Loan Crisis
 - ✓ Another Recession
 - ✓ HUGE Property Value Declines
 - ✓ Foreclosures
 - ✓ Vacant Home
 - ✓ Delinquencies – no one to pay taxes

SCHOOL FINANCE 101



Five Year Forecast

- Ohio law requires that the Treasurer prepare a Five Year Forecast twice a year and submit to the Ohio Department of Education. This document is used by both ODE and the State Auditor's Office to determine the financial position of the district over a five year period.
- If a district is showing a steady decline in the general fund reserve ("cash balance"), the department will request that the board provide a financial plan to address the deficit.
 - The best practice in school budgeting is to maintain a general fund cash balance of **no less** than two months regular general fund operating expenditures. For Auburn, this is approximately \$1.8 million dollars.
- The Five Year forecast is the tool used by Administration to evaluate the District's current financial status and the impacts of any changes either known or potential and act accordingly.

SCHOOL FINANCE 101

❖ Discussion

❖ Exhibit A

❖ Exhibit B

SCHOOL FINANCE 101

The final two graphs in the presentation are for your information.

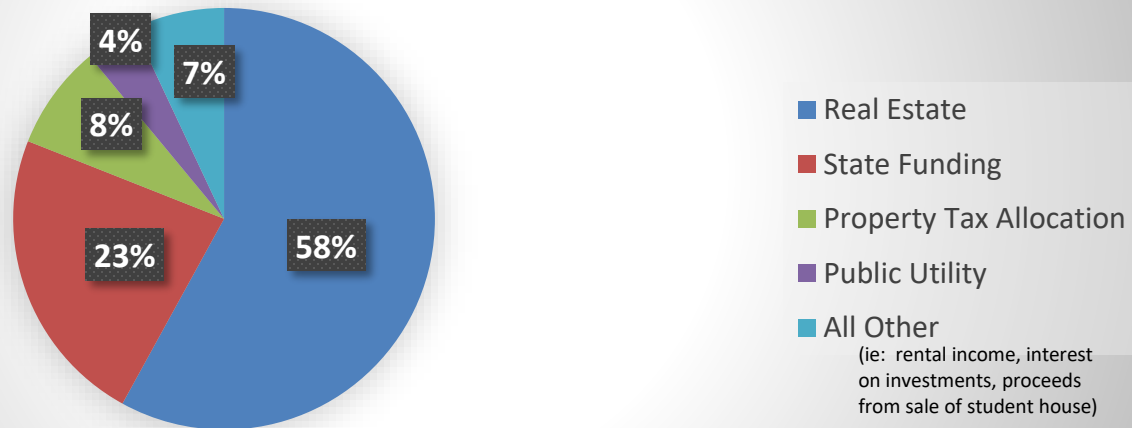


Thank you for your attention,

SCHOOL FINANCE 101

❑ *Where does ACC school funding come from?*

Revenue Sources – General Fund



SCHOOL FINANCE 101

❑ *Where does ACC school funding actually go?*

