

**MARLINGTON LOCAL SCHOOL DISTRICT
BOARD OF EDUCATION**

November 5, 2020 Special Meeting

November 5, 2020

Electronic Remote Technology Meeting
Special Meeting Minutes

6:00 P.M.

I. Call to Order

II. Roll Call

Carolyn Gabric	Present
Josh Hagan	Present
Karen Humphries	Present
Scott Mason	Present
Danielle Stevens	Present

III. Adoption of Meeting Agenda – Mrs. Carolyn Gabric

A. Additions or Corrections
None

B. Recommend that the Marlinton Local Board of Education adopt the following agenda for the November 5, 2020 special meeting.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric		x				Final Resolution:	x		
Josh Hagan	x	x				Resolution No.	296.20		
Karen Humphries		x							
Scott Mason		x							
Danielle Stevens	x	x							

IV. Enter into Executive Session in accordance with ORC 121.22 to discuss matters required to be kept confidential by federal law or regulations or state statutes.

IN: 6:03 p.m. OUT: 6:32 p.m.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan		x	x			Resolution No.	297.20		
Karen Humphries			x						
Scott Mason			x						
Danielle Stevens	x		x						

V. Discussion (6:50 p.m. ending time)

A. Renovations of Lexington and Washington Elementary School

Dr. Shreffler states that interest rates from Consumer Bank for under 2% which is competitive with Huntington Bank. Mrs. Gabric asks about prepayment penalties. Dr. Shreffler states that penalties during the first three years is the reason for the lower interest rates.

Rebecca Princehorn states that the lease purchase is like a home mortgage. She states that the district should negotiating the terms with the bank. Mrs. Princehorn states that Nexus is paying on the undisputed amount which is 38% until the hearing in May 2021. She adds that the appeal could go to the Supreme Court. Mrs. Princehorn states that cash flow should be matched with debt service under current interest rates. She adds that Marvin Founds with the Baker Tilly Firm could assist the district.

Dr. Mason asks about the appeal date in May 2021. Becky Princehorn states that the appeal process will take some time. She recommends the district base the lease amount on the undisputed amount. Mrs. Gabric asks for thoughts on the appeal outcome. Mrs. Princehorn states that the appeal is a complicated case. She states the three arguments in the appeal which includes the previous ruling of not providing adequate evidence, proving a hardship, and the oversupply of gas causing a misalignment of the business model for Nexus. Mrs. Princehorn states the belief there will be some relief for Nexus. Mr. Hagan asks about the overrun of expenses argument in the appeal. Mrs. Princehorn stated that she was puzzled by that argument. Mrs. Gabric asks about options for Nexus once this appeal is settled. Becky Princehorn stated the fight is now because future years are bases on the cost to construct.

Mrs. Gabric asks Becky Princehorn to explain the reasoning for creating a capital projects fund for Nexus revenues. Mrs. Princehorn stated that creating the capital projects fund allows districts to also transfer money out if needed. Mr. Hagan asks about the ability to transfer funds back to the general fund and the impact on state funding. Mrs. Princehorn states that the new formula addresses districts with more than a 10% increase in public utilities.

Dr. Shreffler thanks Mrs. Princehorn and states that he will pass along any questions from the Board. Mrs. Gabric asks if there are additional questions.

VI. Adjournment: 7:10 p.m.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan		x	x			Resolution No.	298.20		
Karen Humphries			x						
Scott Mason			x						
Danielle Stevens	x		x						

**MARLINGTON LOCAL SCHOOL DISTRICT
BOARD OF EDUCATION
November 5, 2020 Meeting**

November 5, 2020

Electronic Remote Technology Meeting
Regular Meeting Minutes

7:00 P.M.

I. Call to Order: 7:12 p.m.

A. Pledge of Allegiance

B. Reading of Mission Statement – Dr. Scott Mason

In collaboration with staff, community, parents, and students, the Marlinton Local School District will develop lifelong learners who understand and apply knowledge, and demonstrate excellence in pursuing the highest standards with effective intervention to challenge every student.

II. Roll Call

This meeting is a meeting of the Board of Education in public for the purpose of conducting the school district’s business and is not to be considered a public community meeting.

Carolyn Gabric	Present
Josh Hagan	Present
Karen Humphries	Present
Scott Mason	Present
Danielle Stevens	Present

III. Adoption of Meeting Agenda – Mrs. Carolyn Gabric

A. Additions or Corrections
None

B. Recommend that the Marlinton Local Board of Education adopt the following agenda for the November 5, 2020 regular meeting.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan	x		x			Resolution No.	299.20		
Karen Humphries			x						
Scott Mason			x						
Danielle Stevens		x	x						

IV. Public Participation

Persons wishing to present information or items to the Board shall submit a written statement, along with their names and directory information, in a WORD format to the Treasurer on or before 3:00 p.m. on the Friday prior to the regular meeting of the Board. The Treasurer shall then submit such timely written statements to each board member before the next regular meeting of the Board. At the next regular meeting of the Board, the Treasurer shall identify the name of each person who submitted a written statement and such written statement shall be entered into the minutes but not read aloud at the regular board meeting. There shall be no public participation at special board meetings.

No documents received for presentation.

V. Special Presentations

A video was presented honoring each student.

A. Students of the Month

<u>Student Name</u>		<u>Award</u>	<u>Parents Name</u>
Laura Kohmann	HS	Elk Student of the Month	Jim & Amy Kohmann
Philip Ryan	HS	Elk Student of the Month	Mac & Greta Ryan
LeAnn Wagler	MMS	Student of the Month	Gary & Diane Wagler
Jake Harper	MMS	Student of the Month	Joshua & Tina Harper
Taniyah Spencer	LEX	Kiwanis Student of the Month	Trina Spencer
Jordynn Martz	MARL	Kiwanis Student of the Month	Todd & Kelly Martz
Scarlet Schuld	WASH	Kiwanis Student of the Month	William & Diane Schuld

VI. Old Business

A. Resolution Approval Settlement Agreement

Recommend the motion to approve the Settlement Agreement between the Marlinton Local School District Board of Education and Joseph Knoll as presented and marked "Exhibit YYY".

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan	x		x			Resolution No.	300.20		
Karen Humphries			x						
Scott Mason			x						
Danielle Stevens		x	x						

VII. New Business

A. Marlinton In Motion – Opportunities for Improvement: Comments Moving Forward

Mrs. Humphries states a recommendation to amend a sentence in the Markling contract requiring monthly billing June 20th, 2020 to replace the statement which allows billing time to be determined by the firm. Mr. The Board discusses the ability to pass a resolution in order to change a contract.

Mrs. Gabric states that this motion would need to be made when additions for corrections to the agenda were requested. Mrs. Humphries states that the motion can be presented at the next meeting. She adds that legal expenses are a concern and the community should be aware of the amount. Mrs. Gabric states that Dr. Shreffler is using the services of Mr. Markling only as needed; therefore, anticipates the bill to be much lower than previous invoices. Mrs. Humphries states that the previous invoice included conversations and emails with specific board members and all board members should be aware of those conversations. Mrs. Gabric states that conversations with attorneys are confidential and should not be discussed in open sessions. Mrs. Gabric asks Dr. Shreffler to offer suggestions. Dr. Shreffler states that he cannot estimate the bill, however, both he and Dr. Patty have reached out to Mr. Markling. Mrs. Humphries states a concern that Mr. Markling is not fulfilling his contract for billing.

Dr. Mason asks when the public will be able to participate in public speaks. He adds that 8 months has passed since allowing public speaks. Dr. Mason states that technology could bring public speaks back into our meetings and the public could feel heard. He adds that writing and submitting ideas is not equal to speaking during public speaks. Mr. Hagan asks about a format to implement public speaks. Mrs. Stevens states that the members of the board are available and willing to listen. She asks about the possibility of accommodating public speaks requests. Mr. Davis states that this is possible by navigating a few hurdles. Mrs. Humphries agrees that the public could speak during meetings. Mr. Hagan asks for a resolution to address this item at the next board meeting. Dr. Shreffler states that he will explore this item and report details to the board.

Mrs. Gabric thanks Dr. Shreffler for sending out a congratulation message to athletes and staff. Mr. Hagan asks about the possibility of a video option for the athletes.

B. New/Revised/Deleted Board Policies

Recommend the motion to approve the first reading of Board Policy 2431 – **Interscholastic Athletics.**

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan		x	x			Resolution No.	301.20		
Karen Humphries			x						
Scott Mason	x		x						
Danielle Stevens			x						

C. Business Advisory Resolution

Recommend the motion to appoint Carolyn Gabric as a representative to the Greater Stark County School/Business Advisory Board.

Mrs. Gabric provides a brief overview of the Greater Stark County Advisory Board. She states that the group is comprised of about 50 members with varying levels of education representing different businesses. Mrs. Gabric states that the purpose of the committee is to build and augment relationships between our education system and businesses. She adds that the meeting was informative and plans to attend future meetings. Mrs. Gabric states that her attendance at these meetings will provide representation for Marlinton Schools and information for our students.

Mrs. Stevens thanks Mrs. Gabric for attending these meetings and representing the district.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan		x	x			Resolution No.	302-20		
Karen Humphries			x						
Scott Mason			x						
Danielle Stevens	x		x						

VIII. Treasurer's Agenda - Dr. Patty Main

A. Finance Committee Report – Mrs. Carolyn Gabric and Dr. Scott Mason

Mrs. Gabric states that the finance committee met on November 4th. Present was the finance committee members Mrs. Gabric and Dr. Mason as well as Dr. Shreffler, Dr. Main, Mrs. Leslie Pierce and Ryan Ghizonni. The five-year forecast was discussed and questions were answered. She added that there were good discussions during the committee meeting.

B. Discussion – Five Year Forecast**C.**

Dr. Main introduces Mr. Ryan Ghizonni, a senior advisor for Forecast 5. She states that Mr. Ghizonni was a treasurer for 17 years, received the Outstanding Treasurer Award, and his district received the Meritorious Budget Award. Dr. Main thanks Mr. Ghizonni for his insight and guidance during the development of the five-year forecast. She asks Mr. Ghizonni to present the board with an overview of the tool used during the process and an overview of the five-year forecast.

Mr. Ghizonni states that Forecast 5 works with about 230 districts as large as urban districts to smaller districts with budgets of \$2-3 million. He states that databases are pulled from the school district as well as the taxation department for use in the predictions. Mr. Ghizonni states that the beginning cash balance for 2021 was \$6.7 million dollars. Revenues expected at about \$24M and expenditures at about \$26M. He adds that this results in spending of about \$2M of the district savings ending in a cash balance of \$4.6M. Mr. Ghizonni states that based on expense trends the district will continue to deficit spend and appears to have a negative cash balance by 2023 due to continued deficit spending. He adds that deficit spending began in 2017. Mr. Ghizonni states a rise in revenue from 2019-2020 due to Nexus pipeline payment with future revenue predicted to be flat due to HB 920 that relates to property values. Mr. Ghizonni states that as property values rise that no inflationary growth can be experienced by the district until you reach the 20 mil floor. Mr. Ghizonni states that the district may reach the 20 mil floor in 2025 which would provide additional revenue. He adds that no additional cuts are predicted and any changes to the current funding formula will be incorporated into future forecasts. Mr. Ghizonni states that Nexus has filed for a reduction and may continue appeals through 2022 – 2023. He adds that these possible appeals as well as the renewal levy in 2024-2025 is reflected in the forecast. Mr. Ghizonni stated that a one-time time payment is reflected in 2020 as well as lower interest on investments.

Mrs. Gabric asks about the COVID reduction and offsetting COVID expenditures through use of grant money. Mr. Ghizonni states that the forecast only reflects general fund and the COVID grant provided by the state is a 507 or 510 fund which is not included in the forecast. Current COVID expenditures and additional expenditures incurred during this transition period were moved to those grant funds.

Mr. Ghizonni states that some additions to staffing from opening Marlboro in 2020 are reflected as increased expenditures. He states that negotiated agreements costs are reflected for the next two years as well as longevity steps during the years after. Mr. Ghizonni stated that no increases are built into the forecast for salary increases beyond steps as well as no staff retirements or reductions are projected in the forecast past 2021. He adds that health insurance premium are forecasted with two premium holidays and a 5% increase. Mr. Ghizonni states that purchased services has increased in the area of tuition. Mr. Ghizonni states that Dr. Main uploads the ledger monthly which has shown an increase in purchased services during the recent months for ESC student services as well as students placed in facilities. Mr. Ghizonni states that the district experienced a decrease in educational supplies as well as an increase in transportation and custodial supply costs. He adds that Dr. Main made a change to decrease capital outlay expenses by moving expenses to permanent improvement funds. Mr. Ghizonni states a district need to increase revenue and/or decrease expenses. Mr. Ghizonni adds that 2023 reflects a negative cash balance for the district and additional cash may be needed in 2023 for payroll.

The board thanks Ryan for his assistance and presentation.

C. Five Year Forecast Resolution

Recommend the motion to approve the Five Year Forecast as presented and marked “Exhibit ZZZ”.

Mrs. Humphries states that she is concerned about moving forward with a lease purchase. She states that additional options should be considered. Mrs. Humphries states a loss of 134 students in district enrollment.

Mrs. Stevens states a risky lease purchase was considered earlier by board members. She adds that the talents of all board members should be considered and respected. Mrs. Humphries states that options were presented to the community during the past. Mr. Hagan asks about previous community presentations to close an elementary building. Mrs. Humphries states that a past proposal was presented to the community based on increased expenditures and flatlined funding for the district.

Mr. Hagan states that increased expenditures happened over several years. He adds that a new elementary was a larger expenditure while proposed upgrades are a fraction of the cost. Mr. Hagan states that improvements are needed for older buildings and should be completed while we have Nexus Funds. He states that the need for a levy can be evaluated at a future time.

Mrs. Humphries states a concern for support for the upcoming renewal levy as well as the ability for the district to pay additional debt with the current financial situation.

Mrs. Stevens addresses common sense, the election of board members and working together for a solution. Mrs. Humphries states that various options should be presented to the community. Mr. Hagan asks about the district savings during the closure of Marlboro. Dr. Mason states that savings for the building closure appears to be \$1.6 M. Mr. Hagan states the savings at \$230,000 in salaries plus utilities which equates to less than 1% of our budget to close one school. Mrs. Humphries states that the forecast assumption notes predict utility costs to increase by \$54,000 and grow by 2% annually. Mrs. Humphries states that necessary costs should be considered. She states that educational programming may not increase if moving forward with a lease purchase.

Mrs. Gabric states that Nexus funds will be received at 38% of the projected value and decrease slightly due to depreciation. She adds that Becky Princehorn recommended a repayment structure based on the current Nexus funding. Mrs. Gabric adds that Nexus revenues are in a capital project fund and the elementary needs still remain. She adds that building needs will compound if not addressed. Mrs. Gabric states that the message from community members is for elementary buildings to remain open. She adds that Nexus funding will be resolved within a few years and the district should receive more than 38% of the projected funds with a possible settlement to include interest and penalties. Mrs. Gabric states the present time requires responsibility and tightening our belt rather than going to voters. She adds that purchased service expenses and staffing should be reviewed. Mrs. Gabric read comments that Dr. Shreffler sent which included renovating elementary buildings together as well as entering in a lease purchase because interest rates are historically low. She adds that a savings will occur with utilities and repairs. Mrs. Gabric stated that she is in agreement with Mr. Hagan that repairing the remaining elementary buildings will result in a 21st Century education for our students as well as a great place to work for our staff. She stated that asking voters for more money may be an option in the future.

Mr. Hagan stated that our expenses should be reviewed and explore a possible operating levy rather than a bond levy. He states that upgrades to the elementary buildings should be addressed now rather than later. Mrs. Humphries states that further debt is not the solution. Mrs. Gabric states that she developed and sent to each board member a spreadsheet containing actual amounts for past forecasts from the ODE website. Dr. Mason asks Dr. Main to share comments she presented at the finance committee meeting. Board members discuss various aspects of past building maintenance. Mr. Hagan stated that the focus should be air conditioning for the Washington and Lexington buildings and next the high school building roof.

Mrs. Stevens states that the board appreciates the hard work of the maintenance and other staff in preparing and opening Marlboro. Mrs. Humphries asks Dr. Main for her recommendations. Dr. Main states that we need to increase our revenue or decrease our expenditures. She adds that there is a need to look at everything to include staff to student ratio, all departments, programming, open enrolled students going out and coming into the district as well as develop a plan to move forward. Dr. Main added that 2023 will come quickly.

Mrs. Gabric states that to keep the Nexus Funds from cutting our state foundation funding a capital project fund was created. She adds that using the funds for buildings and the high school roof will free up our operating money. Mrs. Gabric states that reviewing our expenses will assist in balancing the budget. Mr. Hagan states that a balanced approach needs to be taken for this situation. Mrs. Stevens states that three elementary buildings allowed us to more effectively social distance during COVID.

Mrs. Gabric thanks Dr. Main and Mrs. Pierce for the work in developing the five-year forecast. Dr. Mason states that he supports a balanced approach. Board Members discussed a possible cash flow situation in 2022 or 2023. Dr. Shreffler states that he will work with Dr. Main and Mrs. Sutton on scenarios to share with the board. He adds as a reminder that the supreme court has deemed school funding as unconstitutional multiple times. He adds that there are limitations when working within the current funding system. Dr. Shreffler adds that the board conversation has been healthy with all members contributing.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan			x			Resolution No.	303-20		
Karen Humphries	x		x						
Scott Mason		x	x						
Danielle Stevens			x						

IX. Announcements:

- November 7-10 Virtual Capital Conference
- November 12 Virtual Parent/Teacher Conferences
- November 19 Virtual Parent/Teacher Conferences

Mr. Hagan asks that the previous five-year forecast and the new forecast be placed on the website. Dr. Main stated she will work towards posting those.

X. Next Board of Education Meeting:

Regular Meeting

November 19, 2020

7:00 P.M.

Electronic Remote Technology Meeting

XI. Adjournment 8:36 p.m.

BOE Member	1st Motion	2nd Motion	Yea	Nay	Abst.		Approved	Not Approved	Table
Carolyn Gabric			x			Final Resolution:	x		
Josh Hagan		x	x			Resolution No.	304-20		
Karen Humphries			x						
Scott Mason			x						
Danielle Stevens	x		x						

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between the Marlinton Local School District Board of Education ("Board") and Joseph Knoll ("Knoll") (collectively, "Parties") in order to compromise, resolve, and settle any and all pending and/or imminent disputes, grievances, arbitrations, administrative actions, lawsuits, and appeals between the Parties, who hereby agree to the following:

1. On July 31, 2020, Knoll ceased employment with the Board.
2. On August 28, 2020, the Board paid Knoll a total amount of **Thirty-One Thousand Two Hundred Eight Dollars and Seventy-Seven Cents (\$31,208.77)** for unused accumulated vacation leave.
3. In consideration for the promises described in this Agreement and to settle any and all disputes by and between the Parties as to any and all employment disputes related to the Parties; the Board shall pay Knoll an additional total and final amount of **Five Thousand Three Hundred Sixty-Six Dollars and Forty-Eight Cents (\$5,366.48)** for unused accumulated vacation leave on or before November 20, 2020, pursuant to the Board's ordinary payroll process.
4. In consideration for the promises described in this Agreement and to settle any and all disputes by and between the Parties as to any and all employment disputes related to the Parties; Knoll, as well as Knoll's respective agents, legal representatives, parents, guardians, former spouses, spouses, heirs, administrators, executors, assigns, and/or other representatives in both their respective individual and official capacities, hereby releases, discharges, and covenants not to sue the Board, as well as the Board's respective officers, members, employees, agents, legal representatives, administrators, executors, assigns, and/or other representatives in both their respective individual and official capacities from the beginning of time and in the future from (1) any and all claims, grievances, demands, actions, causes of actions, and/or suits at law and/or equity and/or whatever kind of nature now known as of the date this Agreement is approved by the Board and from continuing effects therefrom and (2) any and all claims, grievances, demands, actions, causes of actions, and/or suits at law and/or equity and/or whatever kind of nature arising out of or in any way related to any and all employment disputes between the Board and Knoll whether now known or unknown as of the date this Agreement is approved by the Board and from continuing effects therefrom.
5. Knoll agrees to withdraw any and all pending and/or imminent disputes, grievances, arbitrations, administrative actions, lawsuits, and appeals as of the date the Board approves this Agreement.
6. This Agreement shall not constitute a waiver of any right and/or defense either Knoll and/or the Board may have under R.C. Chapter 2744.

Settlement Agreement - Joseph Knoll and Marlinton Local School District Board of Education

7. This Agreement shall not be precedent in any other matter between the Parties and shall not be referred to by any party in any other matter unrelated to this Agreement.
8. The Parties acknowledge that this Agreement and the consideration for it involves the resolution of disputed claims and that no presumption or construction shall be made in favor of or against any party based on the authorship of this Agreement.
9. The Parties affirm that the only consideration for signing this Agreement are the terms stated above; that no other promises and/or agreements of any kind have been made to cause the Parties to execute this Agreement; that the Parties fully understand the meaning and intent of this Agreement, including, but not limited to, its final and binding effect; and that the Parties executed this Agreement freely and voluntarily, after the opportunity for explanation, review, and approval by legal counsel.
10. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by electronic means shall be effective the same as the delivery of a manually executed counterpart.
11. Any person signing this Agreement for a party represents and warrants that such person has the express authority to sign this Agreement for that party and to bind that party to this Agreement. Any person signing this Agreement further agrees to hold the opposing party harmless for any costs or consequences of the absence of actual authority to sign this Agreement.

THIS AGREEMENT HAS BEEN ENTERED INTO FOLLOWING OPPORTUNITY FOR FULL DISCUSSION, DISCLOSURE, AND CONSULTATION WITH LEGAL COUNSEL. AS A RESULT OF A FULL UNDERSTANDING OF THE CONTENTS OF THIS AGREEMENT, THE PARTIES VOLUNTARILY AND WITHOUT DURESS ENTER INTO THIS AGREEMENT.

[Signature Page To Follow]

FOR THE MARLINGTON LOCAL SCHOOL DISTRICT BOARD OF EDUCATION:

Carolyn Gabric, Board President*
(In Official Capacity Only)

Dr. Patty Main, Treasurer/Chief Fiscal Officer*
(In Official Capacity Only)

Dr. Michael Shreffler, Superintendent/Chief Executive Officer*
(In Official Capacity Only)

Authorized pursuant to Board Resolution No. _____ (November 5, 2020)
*This Agreement has no legal effect absent Board approval.

FOR JOSEPH KNOLL:



Joseph Knoll Date 10/28/20

Reviewed and Approved By:
Dennis L. Pergram
Manos, Martin & Pergram Co., LPA
50 North Sandusky Street
Delaware, Ohio 43015-1926
Phone: 1.740.363.1313, Ext. 212
Fax: 1.740.363.1314
Attorney for Joseph Knoll

[Treasurer Certificates To Follow]

**MARLINGTON LOCAL SCHOOL DISTRICT BOARD OF EDUCATION
R.C. 5705.41 AND R.C. 5705.412 CERTIFICATES**

We certify that the Marlinton Local School District Board of Education has in effect for the remainder of the fiscal year and succeeding fiscal years the authorization to levy taxes including the renewal or replacement of existing levies, which when combined with the estimated revenues from all other sources available to the district at the time of certification, are sufficient to provide operating revenues necessary to enable the Marlinton Local School District Board of Education to maintain all personnel and programs for all the days set forth in its adopted school calendars for the current fiscal year and for a number of days in succeeding fiscal years equal to the number of days instruction was held or is scheduled for the current fiscal year. We additionally certify that the amount required to meet the obligation of the fiscal years in which the attached contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

**Carolyn Gabric, Board President
(In Official Capacity Only)**

**Dr. Patty Main, Treasurer/Chief Fiscal Officer
(In Official Capacity Only)**

**Dr. Michael Shreffler, Superintendent/Chief Executive Officer
(In Official Capacity Only)**

Marlington Local School District

Stark

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	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
Revenues										
1.010 General Property Tax (Real Estate)	8,002,751	8,202,303	8,314,324	1.9%	\$8,175,213	\$8,145,698	\$8,263,285	\$7,924,118	\$7,725,333	
1.020 Tangible Personal Property Tax	652,355	676,153	1,570,915	68.0%	2,408,074	\$2,357,138	\$2,318,709	\$2,105,186	\$1,894,638	
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	9,300,574	9,260,219	8,747,369	-3.0%	8,750,171	\$9,174,237	\$9,183,372	\$9,179,954	\$9,176,301	
1.040 Restricted State Grants-in-Aid	355,792	327,402	354,296	0.1%	354,401	\$354,401	\$354,401	\$354,401	\$354,401	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	1,077,537	1,038,774	1,030,889	-2.2%	1,009,390	\$1,002,974	\$1,018,347	\$1,002,961	\$1,009,697	
1.060 All Other Revenues	3,207,349	3,211,400	3,849,802	10.0%	3,224,887	\$3,167,450	\$3,194,484	\$3,220,594	\$3,241,876	
1.070 Total Revenues	22,596,358	22,716,251	23,867,595	2.8%	23,922,136	24,201,898	24,332,598	23,787,214	23,402,246	
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										
2.060 All Other Financing Sources	125,029	206,328	263,974	46.5%	168,180	135,676	106,046	130,000	130,000	
2.070 Total Other Financing Sources	125,029	206,328	263,974	46.5%	168,180	135,676	106,046	130,000	130,000	
2.080 Total Revenues and Other Financing Sources	22,721,387	22,922,579	24,131,569	3.1%	24,090,316	24,337,574	24,438,644	23,917,214	23,532,246	
Expenditures										
3.010 Personal Services	\$11,625,515	\$11,804,763	\$11,928,503	1.3%	\$12,360,855	\$13,002,804	\$13,155,049	\$13,328,177	\$13,601,507	
3.020 Employees' Retirement/Insurance Benefits	\$5,318,165	\$5,221,325	\$5,539,650	2.1%	\$5,841,779	\$5,939,699	\$6,169,933	\$6,485,421	\$6,689,894	
3.030 Purchased Services	\$4,087,468	\$4,338,009	\$4,540,143	5.4%	\$4,765,820	\$4,867,009	\$4,996,605	\$5,130,022	\$5,254,781	
3.040 Supplies and Materials	\$784,942	\$840,067	\$675,231	-6.3%	\$800,000	\$838,209	\$856,694	\$873,387	\$865,946	
3.050 Capital Outlay	\$74,008	\$371,362	\$387,491	203.1%	\$60,159	\$71,952	\$89,662	\$107,506	\$142,483	
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	\$74,276	\$77,775	\$38,661	-22.8%	\$79,625	\$81,492	\$83,405	\$85,356		
4.055 Principal-Other	\$181,438	\$225,848	\$69,082	-22.5%	\$55,000	\$56,000	\$53,000	\$52,000	\$50,000	
4.060 Interest and Fiscal Charges	\$17,425	\$12,021	\$7,902	-32.6%	\$8,602	\$8,000	\$6,000	\$4,000	\$2,000	
4.300 Other Objects	\$429,209	\$423,905	\$400,963	-3.3%	\$496,821	\$484,416	\$494,104	\$503,986	\$514,066	
4.500 Total Expenditures	22,592,446	23,315,075	23,587,626	2.2%	24,468,661	25,349,581	25,904,452	26,569,855	27,120,677	
Other Financing Uses										
5.010 Operating Transfers-Out	\$1,102,361	\$1,000,000	\$943,088	-7.5%	\$1,644,815	\$1,469,815	\$1,444,815	\$1,419,815	\$1,394,815	
5.020 Advances-Out										
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	1,102,361	1,000,000	943,088	-7.5%	1,644,815	1,469,815	1,444,815	1,419,815	1,394,815	
5.050 Total Expenditures and Other Financing Uses	23,694,807	24,315,075	24,530,714	1.8%	26,113,476	26,819,396	27,349,267	27,989,670	28,515,492	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	973,420-	1,392,496-	399,145-	-14.1%	2,023,160-	2,481,822-	2,910,623-	4,072,456-	4,983,246-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	9,476,446	8,503,026	7,110,530	-13.3%	6,711,385	4,688,225	2,206,403	704,220-	4,776,676-	
7.020 Cash Balance June 30	8,503,026	7,110,530	6,711,385	-11.0%	4,688,225	2,206,403	704,220-	4,776,676-	9,759,922-	
8.010 Estimated Encumbrances June 30										
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials										
9.020 Capital Improvements										
9.030 Budget Reserve										
9.040 DPIA										
9.045 Fiscal Stabilization										
9.050 Debt Service										
9.060 Property Tax Advances										
9.070 Bus Purchases										
9.080 Subtotal										
10.010 Fund Balance June 30 for Certification of Appropriations	8,503,026	7,110,530	6,711,385	-11.0%	4,688,225	2,206,403	704,220-	4,776,676-	9,759,922-	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal										
11.020 Property Tax - Renewal or Replacement								\$586,647	\$1,037,174	
11.300 Cumulative Balance of Replacement/Renewal Levies								586,647	1,623,821	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	8,503,026	7,110,530	6,711,385	-11.0%	4,688,225	2,206,403	704,220-	4,190,029-	8,136,101-	
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	8,503,026	7,110,530	6,711,385	-11.0%	4,688,225	2,206,403	704,220-	4,190,029-	8,136,101-	
ADM Forecasts										
20.010 Kindergarten - October Count										
20.015 Grades 1-12 - October Count										
State Fiscal Stabilization Funds										
21.010 Personal Services SFSF										
21.020 Employees Retirement/Insurance Benefits SFSF										
21.030 Purchased Services SFSF										
21.040 Supplies and Materials SFSF										
21.050 Capital Outlay SFSF										
21.060 Total Expenditures - SFSF										

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Marlington - DRAFT Key Assumptions

November 2020 Five Year Forecast - as of 11.2.2020

Revenue

1.010 General Property Tax

- Includes triennial update estimated increases in residential values of 9.82% for Tax Year 2018 and 5.47% additional increase in Tax Year 2024 due to reappraisal.
- Actual 2020 tax revenue collections were within \$37,723 of the amounts estimated for the collection year.
- 99.61% Gross collection rate is estimated for future collection years.

1.020 Tangible Personal Property

- Public utility (pipeline) values have been adjusted for tax year 2020 to account for anticipated reductions due to Nexus Tax Appeal
- Gross collection rate estimated to be 100% for future fiscal years.

1.035 Unrestricted State Grants – In – Aid

- Maintains \$408,237 COVID reduction for FY 2021.
- Based on the current funding formula, FY 2022 – FY 2025 base funding levels will be at the FY 2019 level.
- District anticipates that student wellness funds will continue, offsetting General Fund expenses. If these funds are eliminated by the State, expenses will need to be paid from the General Fund.
- Anticipates reduced casino revenue for FY 2021 and FY 2022. FY 2023 – 2025 returns to FY 2019 levels.

1.040 Restricted State Grants-In-Aid

- FY 2021 – FY 2025 revenue estimates are flatlined at the FY 2020 levels.

1.060 All Other Revenues

- Interest income is estimated to be reduced by 50% for FY 2021.
- Open Enrollment Revenue is expected to increase slightly over FY 2020 levels to total \$2,638,624 and grow by 1% per year thereafter.
- One-time property tax appeal payment that was received in FY 2020 is not included in FY 2021 projections. FY21 to date includes FY20 bus purchase reimbursement of ~\$215k and sale of student laptops ~\$182k.

Expenses

3.010 Personal Services

- Five Year Forecast assumes district will continue paying for counselors from 467 – student wellness funds, if revenue is discontinued by the State, these expenses will need to be paid out of General Fund
- FY 2021 projections include reduction of position = \$70,000.
- FY 2021 and FY 2022 projections include 2.5% negotiated raise and 2% step increase for certified staff and 1.2% for classified staff. Only step increases are included in FY 2023 – FY 2025 projections.
- Certified Salary projections include \$150,000 less due to non recurrence of FY20 one time payment due to tax settlement.
- Classified and administrative salary projections include increased salary for reopening of Marlboro, totaling \$230,000.
- Classified salary projections also include \$47,000 in savings from previous year due to non recurrence of FY20 one time payment due to tax settlement.

3.020 Retirement/Insurance Benefits

- Health Insurance is anticipated to increase by 4% in FY 2021 and 7% in each FY 2022 thru 2025.
- Current forecast projections also assume two premium holidays annually FY21 thru FY25. If this were not to occur, the forecast would need to be adjusted by ~\$400k additional expense per year.
- Retirement and other salary driven benefits are calculated based on historic trends and fluctuations in total salary projections.

3.030 Purchased Services

- Based on historic trends and actual year-to-date expenses incurred, tuition related expenses are expected to increase by \$118,000 for the current fiscal year and grow by 3.05% each year thereafter.
- Property services including repairs are expected to increase \$60,000 for the current fiscal year, to total \$428,341 and then go down to \$394,766 in FY 2022. Inflationary growth of 1.50% is expected in each year thereafter.
- Utilities are expected to increase by \$54,000 for FY 2021 due to the Marlboro reopening and grow by 2% each year thereafter.

3.040 Supplies/Materials

- Due to the COVID shutdown in FY 2020, total supplies and materials decreased by \$164,000 when compared to FY 2019. For FY 2021, these costs are expected to increase to a total of \$800,000 annually.
- 2% inflationary growth is projected for FY 2022 – FY 2025.

3.050 Capital Outlay/Equipment

- The district is intending to pay for most of the capital outlay expenditures out of the P.I. fund. Therefore, \$60,159 in total capital outlay expenses are projected for FY 2021, followed by \$71,952 in FY 2022. Additional increases are included in FY 2023 – FY 2025 to provide for the technology replacement plan.

5.010 Operating Transfers-Out

- Annual transfers are included out of the general fund to move the Nexus pipeline tax revenue to the Capital Projects Fund. These transfers are estimated to be as high as \$1,644,815 in FY 2021 and fluctuate annually due to anticipated changes in tax revenue levels from the pipeline.

6.010 Excess of Revenues Over/(Under) Expenditures

- The district is expected to have an operating deficit of \$2,023,160 or 7.75% of the operating budget in FY 2021. This grows to \$3,946,072 (after inclusion of the renewal levy) or 13.8% of the operating budget in FY 2025.

12.010 Cash Balance including Passage of renewal levies.

- As a result of the deficit spending noted in line 6.010, the district will substantially reduce the ending cash balance from \$6,711,384 in FY 2020 to \$4,688,224 in FY 2021. By FY 2023, current forecast projections indicate that the district will have a negative fund balance by the end of the fiscal year. However, the district may incur negative cash balances within the fiscal year as early as FY 2022 due to the timing of revenue collections and expenditures.