

2019 Athletic Facility Fund Raising For Chippewa Local School District

You have questions? We have answers. Give us a call.

Administration Building 330-658-6700

Bernadette Rohr, Board Member 330-208-7641

**In the meantime, below are answers to possible questions you may have.
(Answers provided by the district administration - collectively the Chippewa Local School District superintendent, treasurer, and board of the education)**

1) What is the Financial Health of the Chippewa School District?

At this time, the district is financially stable. The current Operating Budget (Revenues and Expenses) fluctuates year after year, but, in general, the district is an \$11 to \$14 million-dollar business. As of April 30, 2019, the balance in all “Funds” totals \$9.05 million dollars. Of the \$9.05 million dollars, \$3.78 million is encumbered; this is the amount needed to cover already incurred expenses not yet paid. This leaves \$5.27 million as unencumbered; this is the amount available for future Board approved expenses as seen in the chart below.

Chippewa Local Schools Operating Budget as of April 30, 2019

FUND	Beginning Balance	FYTD Receipts	FYTD Expenditures	Current Fund Balance	Current Encumbrances	Unencumbered Fund Balance
	(A)	(B)	(C)	(D)	(E)	(F)
				(A+B-C)		(D-E)
General Fund	5,878,375.83	10,862,389.43	9,686,401.54	7,054,363.72	1,662,717.65	5,391,646.07
Bond Retirement	592,764.25	833,573.06	881,242.85	545,094.46	-	545,094.46
Perm Improv	1,083,287.29	557.28	323,390.89	760,453.68	9,856.00	750,597.68
All Other*	4,142,011.61	3,241,475.32	6,684,232.32	699,254.61	2,113,227.59	(1,413,972.98)
Grand Total	11,696,438.98	14,937,995.09	17,575,267.60	9,059,166.47	3,785,801.24	5,273,365.23

**All Other: food Svs, Uniform, OFCC, Trust, Rotary, Prin Support, Agency, Classroom, Student, District, Auziliary, Mgmt, Preschool, OH Sch Safety, IDEA, Title I, Title II and Misc.*

Current Fund Balance (STAR OHIO \$3,614,796; STAR PLUS \$5,498,005 and Petty Cash \$2049 = \$9,059,166)

2) Where is the \$9 million dollars?

The funds are currently held in District Savings accounts: The Star Ohio balance is \$3.6 million (+/-) and these funds are accessible. The Star Plus balance is \$5.4 million (+/-) and these funds are somewhat accessible, as \$3 million is being invested for future earnings, so access is restricted based on the investment terms. The total balance of these 2 accounts (\$9.1 million) could be defined as our "Savings" accounts and are part of the full financial statements that are approved monthly at the Board meetings. District financial information is accessible today by contacting the Treasurer's office. In the near future, this information will also be available as attachments to the Board minutes on the District website.

3) Why not use these dollars instead of doing a fundraiser?

That question might be best answered if we walk through how we look at these dollars:

First, all funds (Bond, Perm Improvement and All others as noted above), *except the General Fund*, have restrictions as to how they can be used. For example: Dollars in the Food Svs fund must be used for the Food Svs purchases and cannot be used to improve our athletic facilities. So, in looking at the chart above, the Bond Ret. Fund of \$545K and the Perm. Improvements of \$750K are restricted to those specific allowable expenditures (see question 9 below). All other funds (excluding the General Fund) collectively are running negative at \$1.4 million. This leaves only the General Fund as available for future purchases, which is currently at \$5.4 million.

Next, we need to consider that each fund must end up in the black by June 30 each year. Funds that run in the negative (ex: Athletics & Food Services often do) require a transfer from the General Fund to cover the negative balance. In considering the April balances, it is likely we will need to transfer \$1.4 million (+/-) out of the General Fund to take all other funds to a zero balance on June 30. This will reduce the available \$5.4 million to \$4 million. *Note: this is a likely reality as the District receives 2/3 of our tax revenue in Jan/early Feb for all costs until the 3rd payment sometime between March-Oct. For the 2018/2019 School year, all funds from the tax revenue (Property & Income) have been received and, for the remaining 3 months of the school year, only State funding will be received.*

Next, we consider the past, knowing the district had gone through tough financial times leaving our buildings and athletic facilities neglected. In response to the tough financial times, the community passed a 1% Income Tax which has contributed to the financial stability to run and maintain our schools and school programs. Additionally, the community passed a bond issue to fund a new Jr-Sr High School and financially supported a transformation of the Fine Arts. As the district is now financially stable, it is the right time to address the athletic facilities, which requires a significant financial investment. Do we have funds available? Yes, **however**, if we are to be good stewards, we need to keep the District financially healthy, so a certain amount must be retained as a reserve. Though there is no "rule" as to the amount or percentage of operating budget that should be retained, it is advisable to hold somewhere between \$2.5 and \$3 million to insulate the District from unforeseen financial hardships. With this consideration, it reduces the available \$4 million to \$1.5 or \$1 million available dollars.

So, the Board is considering the available dollars to fund these projects to be \$1 million dollars.

As all spending requires Board approval, (three votes) following "proper public purpose" as defined by ORC, which the Board has taken into consideration and has approved the initial spending of \$400K of the Turf project (total cost est. at \$700k (+/-)). The remaining cost of \$300k (+/-) will come from investment earnings as well as anticipated fundraising dollars.

We hope you agree; your contribution to this fundraiser is needed if we are to improve our athletic facilities **and** maintain our financial health.

4) I heard that the Board already approved the “turf” project for the football/soccer field. So, if I support the fundraising where are my dollars going to be spent?

Yes, the Board has approved the funding of “turf” for our football/soccer field. As noted in the response above, the projected cost is estimated at \$700,000 (+/-) of which the first \$400,000 will be paid with your tax dollars held in the General Fund. The remaining cost will come from investment earnings as well as anticipated fundraising. This project is scheduled to start in early June. Field Turf won the bid and, with your generous support, we hope is the first of many projects identified to improve our athletic facilities.

Monies you donate through this fundraiser will be used to cover the already identified cost for the much-needed **locker rooms, various stadium issues and parking.**

5) Where are the pictures, diagrams, etc. for these other projects? I want to see what my money is going to buy.

For the turf project, these drawings are available at the Administration Building, will be shared at community events where the Board is engaged, and at the worksite when the project begins.

For the various other projects, pictures, drawings, etc. are simply not yet available. Though we feel the committee has identified the many projects that need addressed, until we know the funding dollars available, we don't know the specifics of what will be done. We know we need a new locker room at the park for example, but specifically what it will look like and how big it will be is yet to be determined. It will be influenced by the donations we receive. We are focused on controlling our expenses on things like blue-prints, etc. until we know what kind of support the community will provide. In short, the outcome of improvements made will be a direct result of the dollar value that is raised or in-kind donations that are received.

6) If I can't contribute financially, how else can I help? In-kind donations what is that?

Are you a carpenter or mason? Can you donate your time and skills to help us build a new locker room? Are you an electrician or plumber? Can you donate your time and talent to rewire or plumb the stadium or any new buildings? Have a truck or trailer? Can you draft blue-prints or take pictures? How about use a shovel? Can you help clean up as we build? Can you help the fundraising committee with outreach to businesses and the community? We are a blessed community with the many folks with many talents and resources, so, as you can see, your support is not limited to dollars by any means.

In-kind donations are any non-financial contribution made without a charge to the district to help off-set cost that would have otherwise been incurred (services like providing a truck at no charge, etc.).

7) What about the older buildings like Hazel Harvey and the bus garage? These need attention, too, so why is this just about athletics?

The Superintendent, Treasurer and Board are exploring options to address the needs of our aging facilities. That includes the vacant middle school property, CIS, Hazel Harvey, bus garage and athletic facilities. With the success of this fund-raiser, your tax dollars remain available to support future improvements for all other district buildings and grounds.

8) What happens if the district financial resources change – a levy expires or is not renewed, or what will happen if/when we get money from the pipeline?

If school funding would change or a levy expires and not renewed, the cash balance (General Funds) would be used to keep the school running. As prices increase, the school collects set amounts of tax dollars through voted and inside millage on property taxes. The income tax is a percentage of income and may bring in more local dollars as incomes in the Chippewa School district increase, but the amount could decrease if incomes decline. Keep in mind that school funding works in a collaborative manner and the state pays less to school districts that have more local money. As the local share increases (through local taxes or pipeline dollars), the state share decreases.

9) Don't we have exclusive sources of income for "capital" improvements like what is needed for the athletic buildings?

No. We do have two exclusive sources of "capital" funding, but they are restricted in their use.

- The Permanent Improvement Levy of .5% generates revenue for Permanent Improvement projects exclusively for maintaining our school buildings
- The OFCC Bond Project generated revenue (from the sale of Bonds) and the monies left must be spent on the Jr/Sr High or be returned to the State of Ohio.

10) Can I direct my contribution to a specific project?

Certainly. Any earmarked donation can be used exclusively for whatever the donor requests. However, since tracking and coding can be difficult, we are asking that earmarked donations are at a minimum \$500.

11) Why has it taken so long for the Board to provide the promised financial transparency?

Though the monthly financial statements are available for those that have requested from the Treasurer's office as approved monthly at each Board meeting and this new Board did approve the use of OhioCheckbook.com last year, we understand that those resources can be very confusing. It is our hope that the chart above will be easier to read and gives a clear understanding of the financial status of this district to answer the long-awaited financial transparency.

We realize there are other pieces we can share, such as the fact that the district payroll runs about \$300K per payroll and non-payroll expenses average \$700K per month. But, to provide a better visionary statement, there is a good bit of work yet to be done and, with our new Treasurer having only been in office a short period of time, we are asking for your continued patience and support. Molly has made significant improvements already during her short time in our district such as: significantly reducing the confirming expenditures, properly encumbering tax payer dollars, correcting and filing necessary reports with ODE, AOS & IRS (all neglected compliance issues) and investing available district dollars to better our financial position.

Regarding the continued desire to provide financial transparency, it is still going to take more time. Here is an example of why. If you were to ask how much was in the Food Svs Fund, we can tell you it is negative \$189K or Athletics is negative \$24K, but if you wanted to know the cost to run the Food program at CIS or the total spend on football, that level of detail was never part of the previous administration accounting process. Molly is working to develop this level of detail, but it will take time and data to have something of relevance and use.

The Board is asking for your continued support of our new Treasurer, Molly, and our new Superintendent, Todd, as they work to meet the daily needs of this district while developing new and improved programs, systems, reports and processes.