# DISTRICT FIVE YEAR FORECAST OVERVIEW

November 2022

# FORECAST PURPOSE/OBJECTIVES

- ODE's purposes and objectives for the five-year forecast are:
  - To engage the local board of education and the community in the long-range planning and discussions of financial issues facing the school district.
  - To serve as a basis for determining the school district's ability to sign the certificate required by ORC 5705.412, commonly known as the "412 certificate."
  - To provide a method for the Ohio Department of Education and Auditor of State to identify school districts with potential financial problems.

# FORECAST METHODOLOGY

- The Five-Year Forecast is required by the State to be adopted by the Board twice per year; November and May

- Levies that are not already passed by the voters cannot be included in the adopted forecast

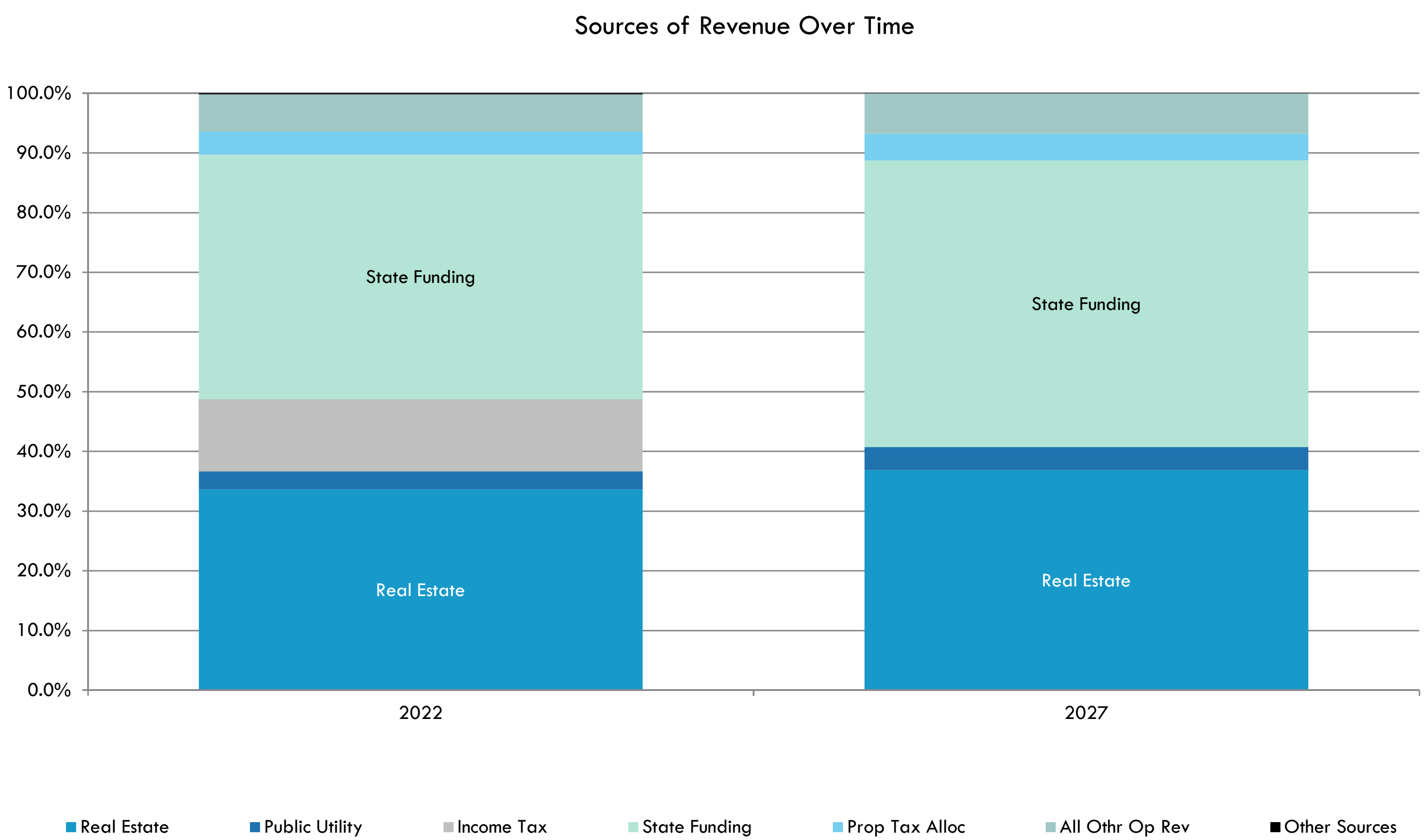
- Prepared based on historical trends and current factors. Forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. Intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

# FISCAL YEAR 2022 REVIEW

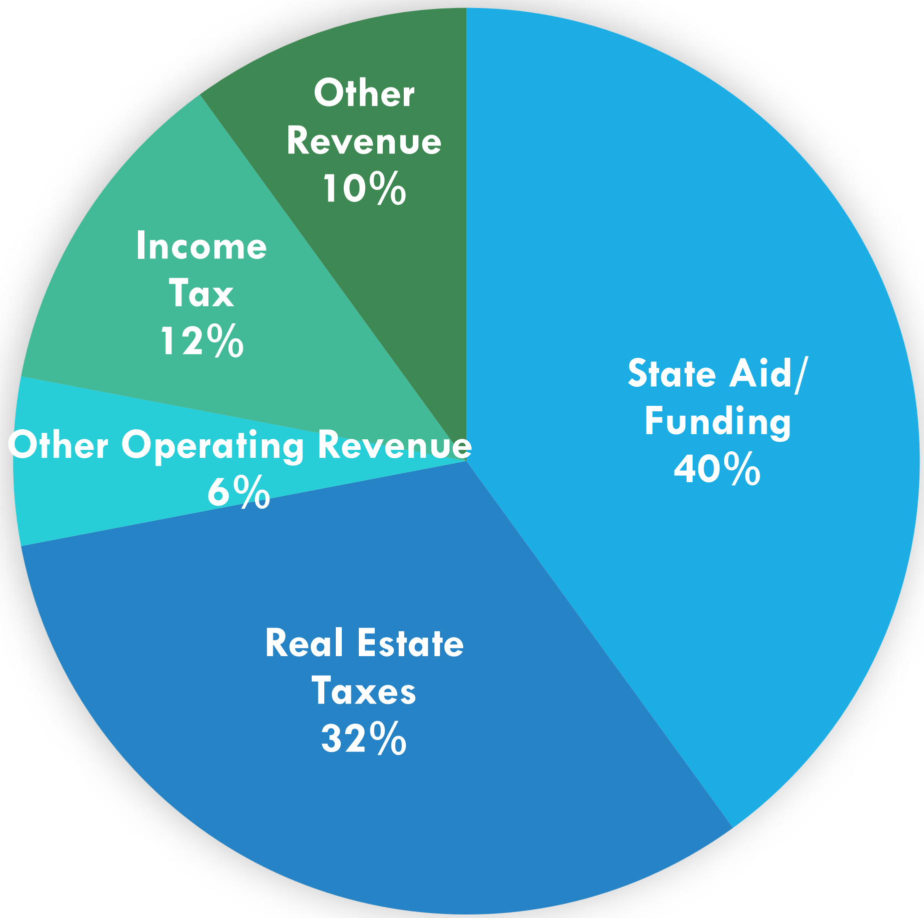
- Cash balance increased by $2,141,780 from fiscal year 2021
- First year in the new biennium with the Fair School Funding Plan (FSFP) at a phase-in of 16.67% in most areas
- Income tax receipts came in higher than projected by the Ohio Department of Taxation

# FISCAL YEAR 2023 AT A GLANCE

- Final year of the State Biennium Budget
- Final year that the Fair School Funding Plan is written into law
  - Guarantee in place that no District will receive less funding than fiscal year 2021 funding after funding cuts were restored, net of transfers and deductions, plus Student Wellness and Success Funds and other additional aid items
  - General phase-in percentage of 33.33% compared to the 16.67% last year
    - DPIA phase-in is 14% this fiscal year, last year it was flat funded
- Revenue shortfall is expected by approximately $159,658. Cash balance at fiscal year-end is expected to be positive despite the anticipated revenue shortfall.

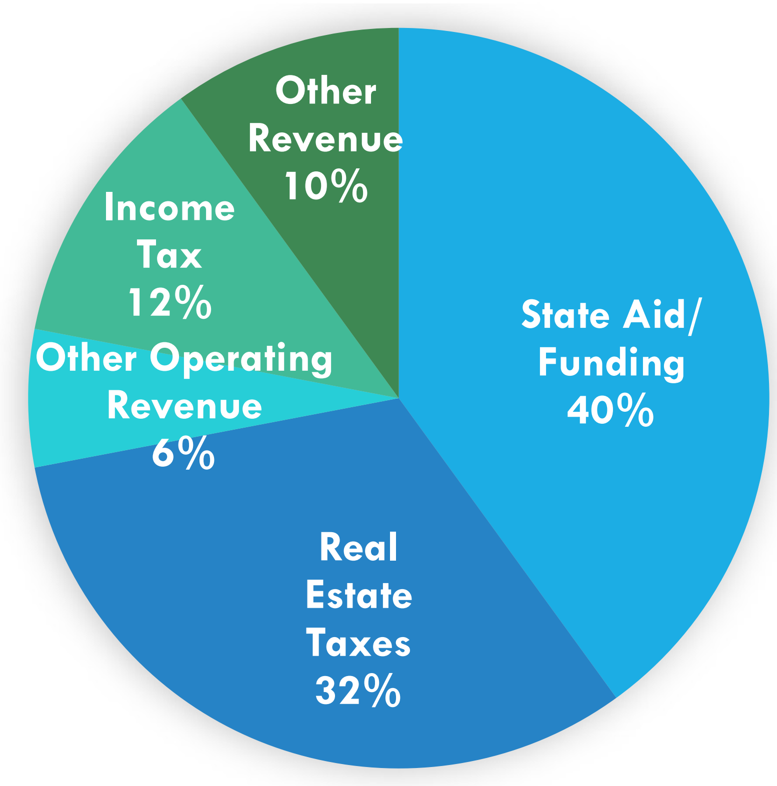

Sources of Revenue Over Time
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
State Funding
Real Estate
State Funding
Real Estate
2022
2027
Real Estate
Public Utility
Income Tax
State Funding
Prop Tax Alloc
All Othr Op Rev
Other Sources

# REVENUE



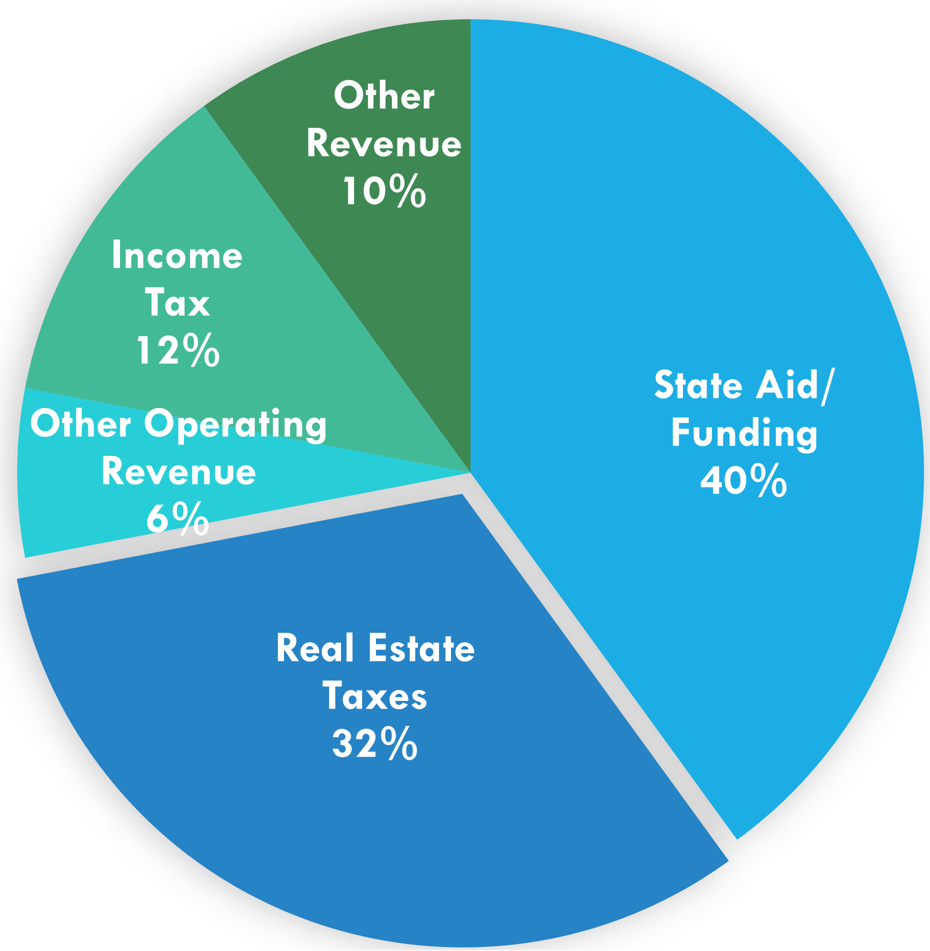
Other Revenue 10%
Income Tax 12%
Other Operating Revenue 6%
Real Estate Taxes 32%
State Aid/ Funding 40%

# REVENUE



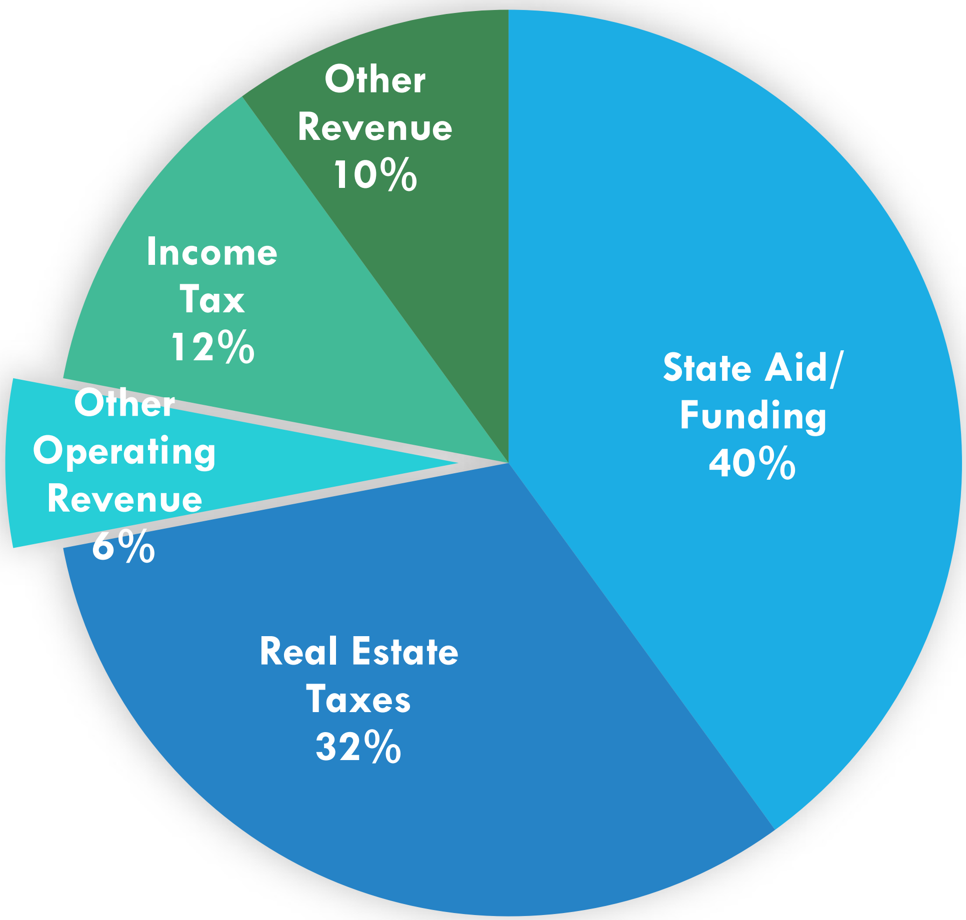

- 40% of total revenue
- Funding is driven by a base cost methodology
- Base cost for FY23 is $13,444,004
  - State's share of the base cost for FY23 is $6,466,294 or $3,452 per pupil

# REVENUE



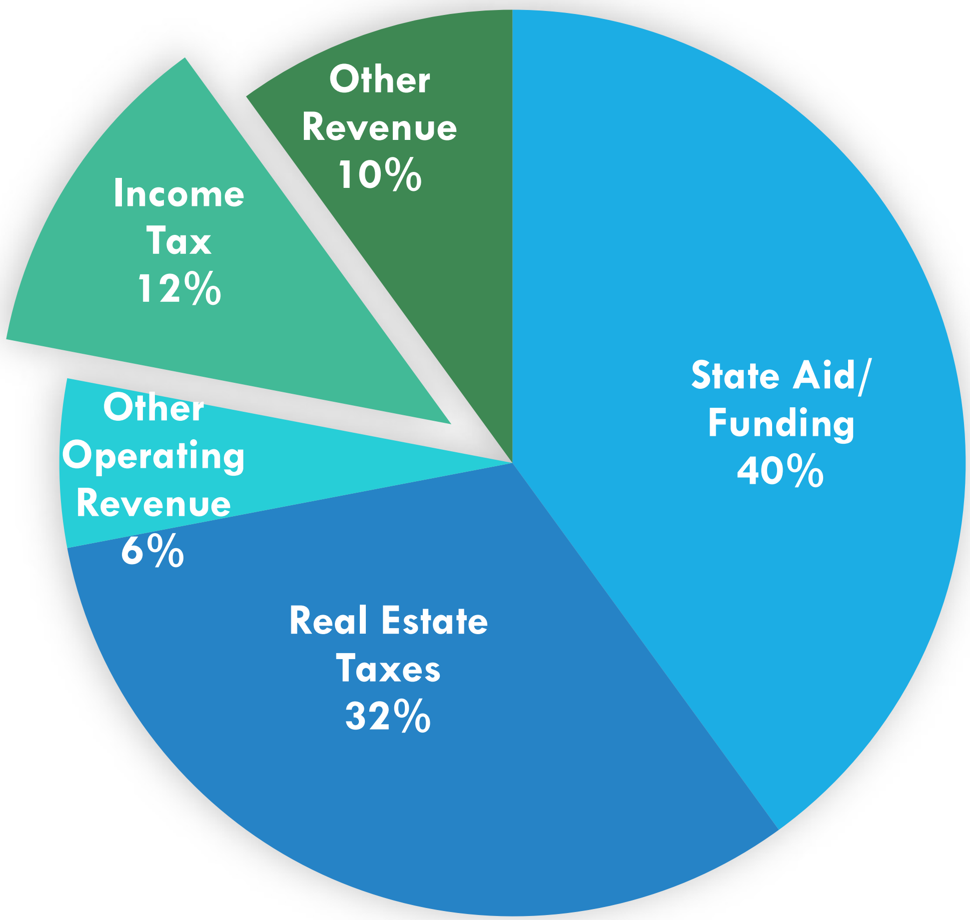

- 32% of Total Revenue
- Forecasted based on track record with settlements
- Residential/agricultural make up approximately 72% of the real estate property tax revenue
- RE collection rate is based off of 3-year average of 100.2%

# REVENUE



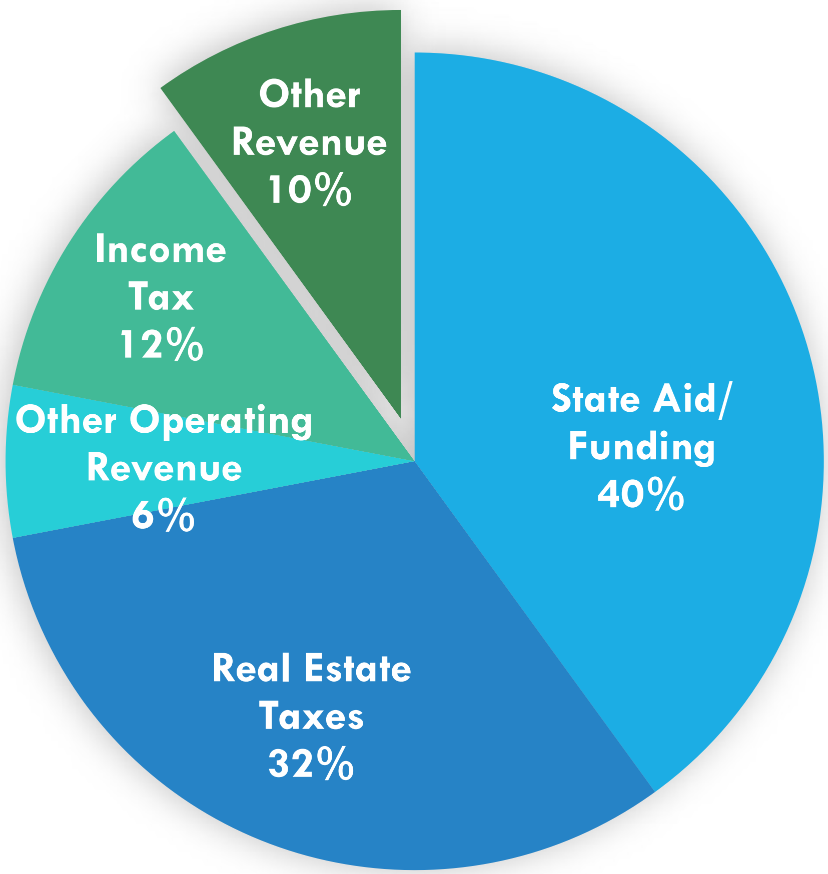

- 6% of total revenue
- No longer includes open enrollment, which resulted in a significant decrease in how much other operating revenue we receive as a district beginning in fiscal year 2022
- Still includes: Rehab facility, special education reimbursements and all other revenue streams that do not fit in other categories

# REVENUE



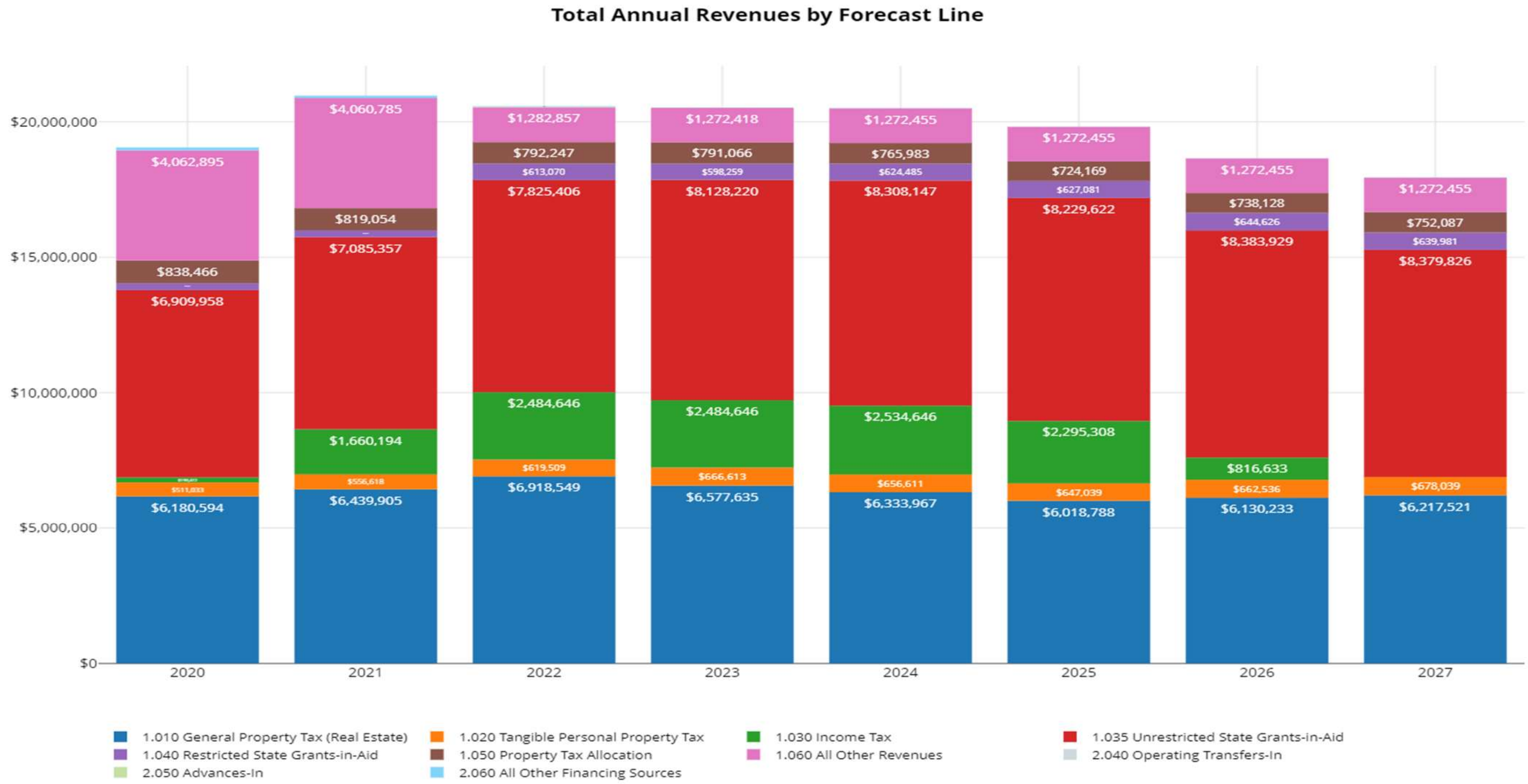

- 12% of Total Revenue
- Collections continue to come in higher than estimated based on ODT tax tables
- Assumptions:
  - Over 90% is collected through payroll withholdings
  - More people are paying current rather than having delinquent tax receipts when taxes are filed

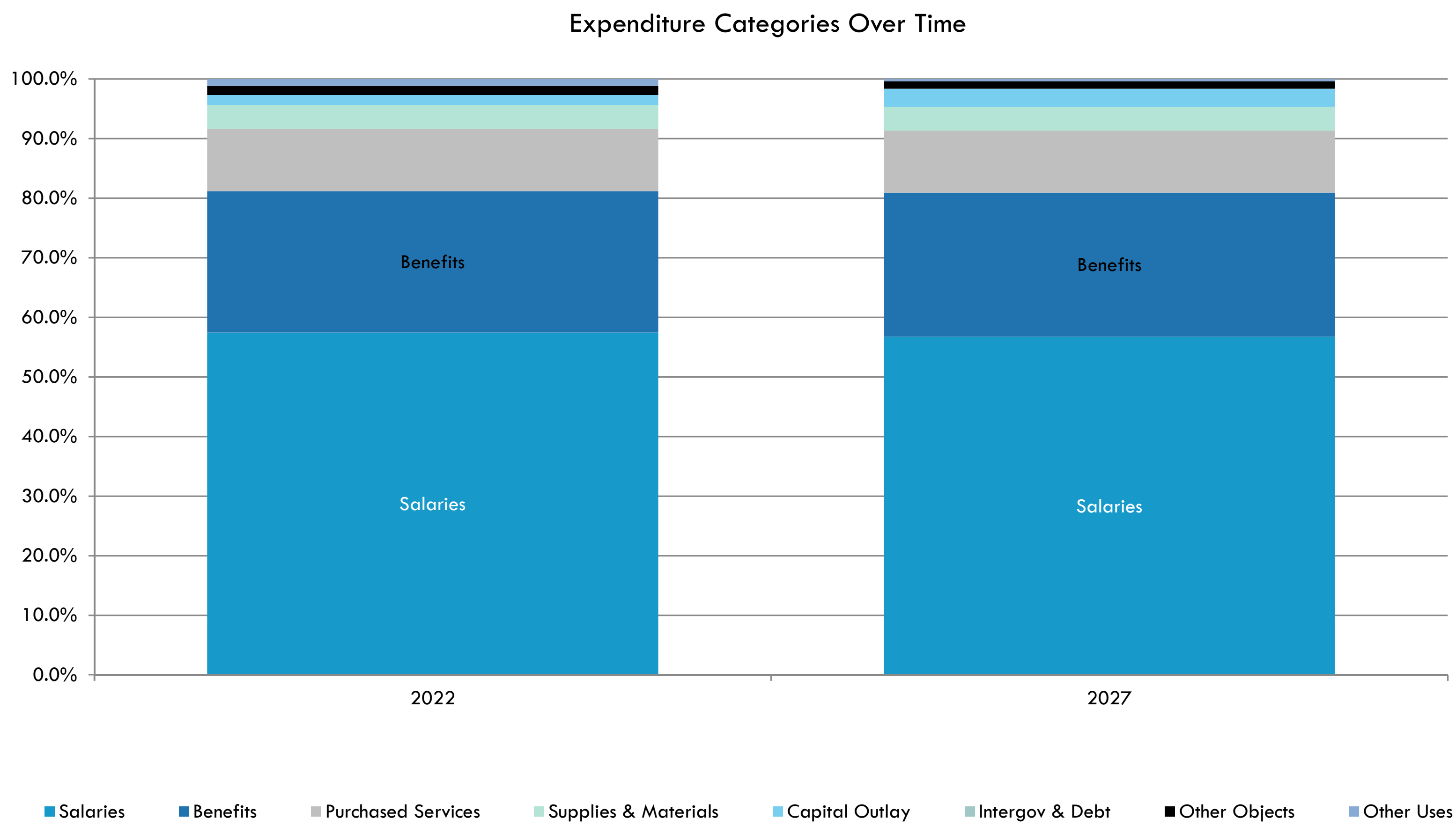
# REVENUE



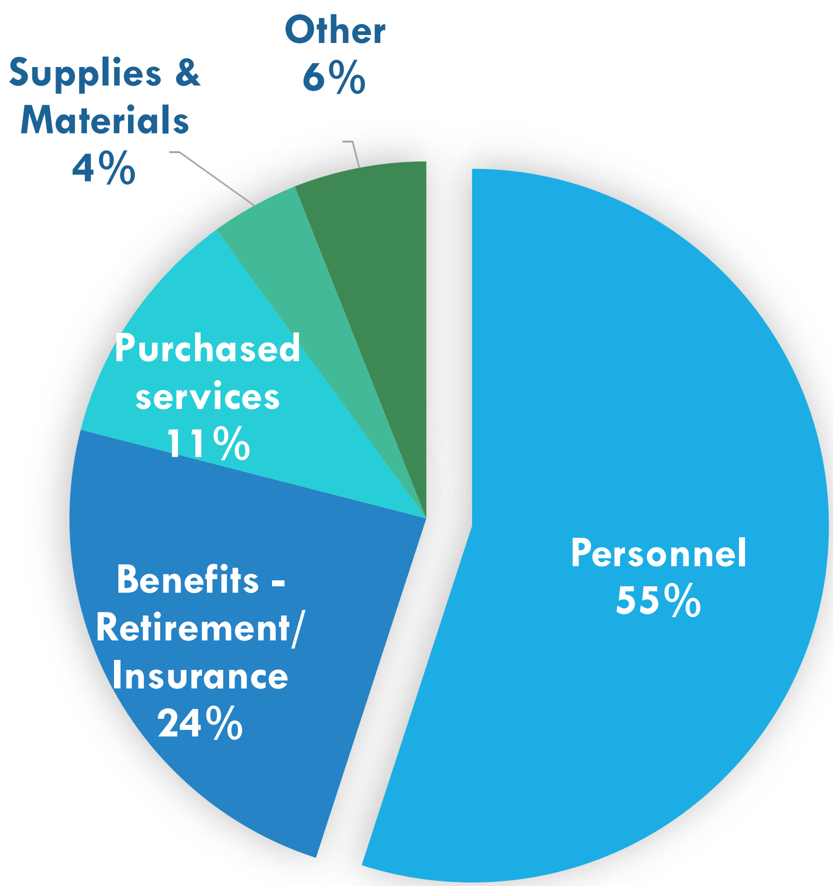

- Four other categories of revenue include:
  - Public Utility (3%)
  - Restricted Grants-in-Aid (3%)
  - Property tax allocation (3%)
  - Other financing sources (1%)
- Total of 10% of District revenues
- Full voted millage is used for PUPP
  - Every mill for PUPP will pay the amount of the full voted millage
- PUPP collection is based off of 3-year average of 100%

# YEAR OVER YEAR REVENUE COMPARISON



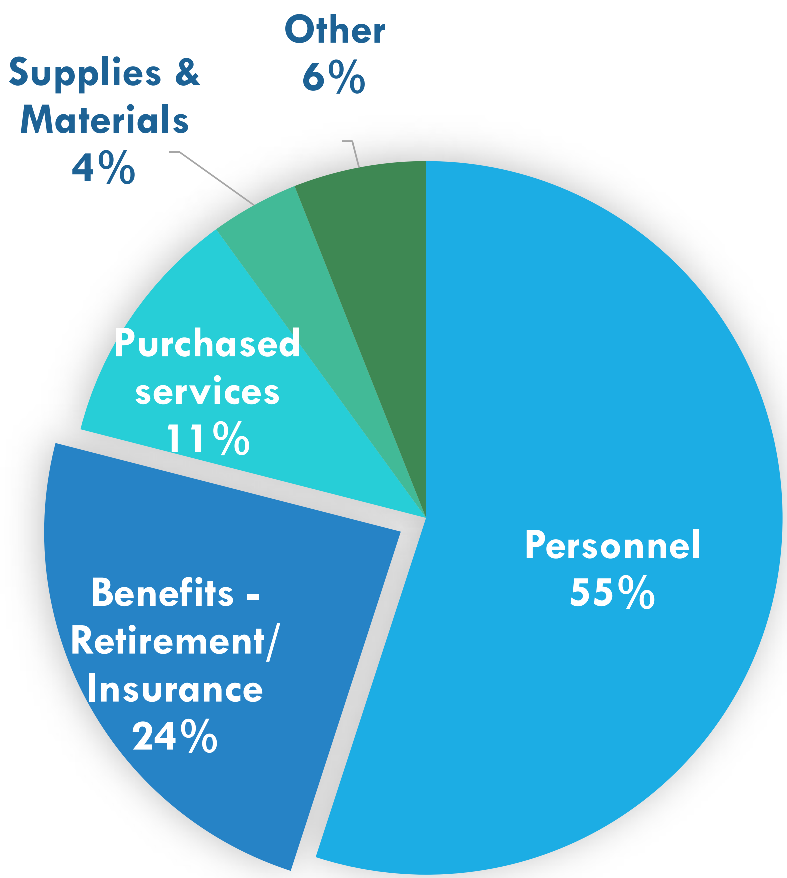

Expenditure Categories Over Time
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Benefits
Salaries
Benefits
Salaries
2022
2027
Salaries
Benefits
Purchased Services
Supplies & Materials
Capital Outlay
Intergov & Debt
Other Objects
Other Uses

# EXPENDITURES



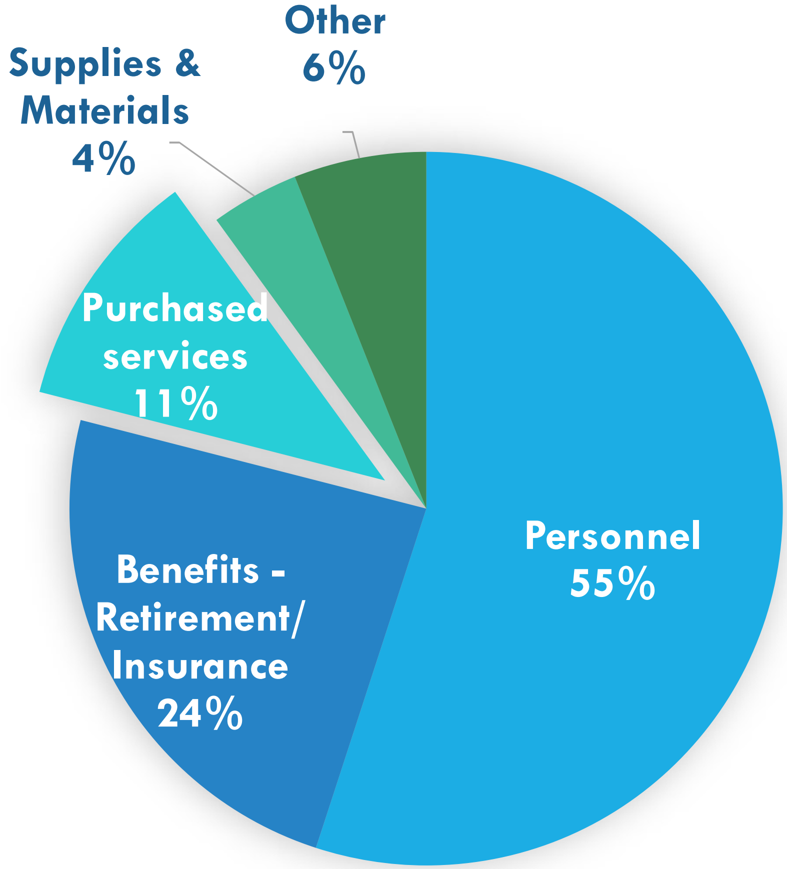

- Personnel is the District's largest expenditure
- 55% of total expenses

# EXPENDITURES



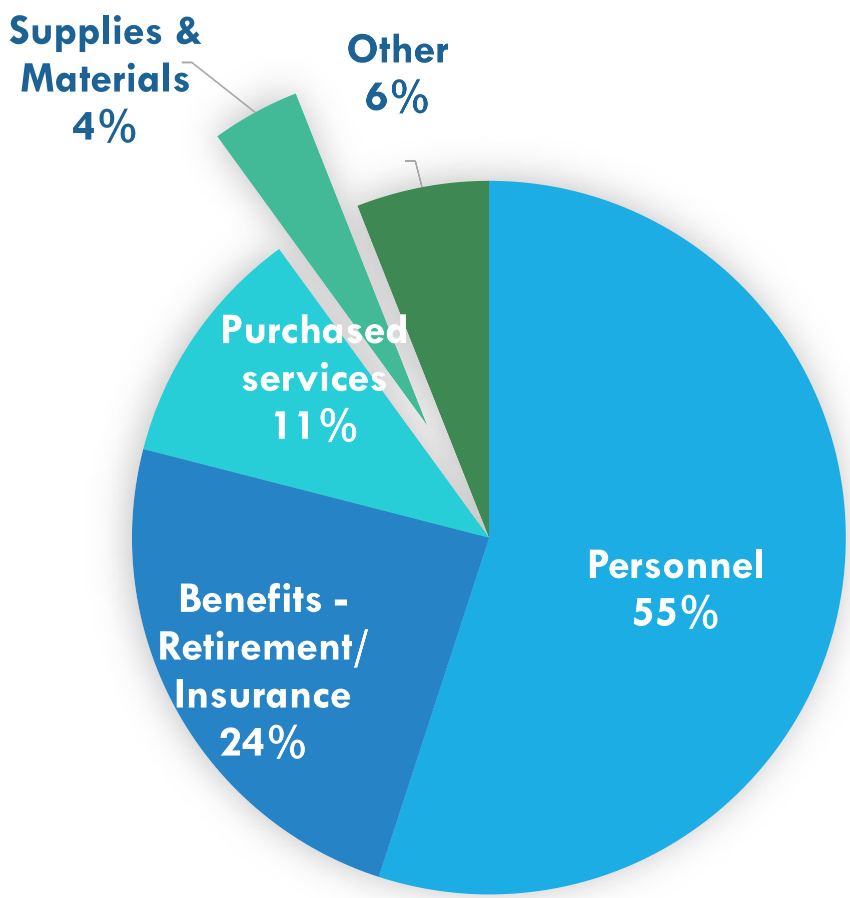

- Retirement/Insurance Benefits are the second largest expenditure
- 24% of total expenses
- Includes:
  - Retirement contributions paid by the Board
    - Increases as salaries continue to increase due to being calculated based off gross earnings
  - Insurance premiums paid by the Board
  - Other fringe benefits paid by the Board

# EXPENDITURES



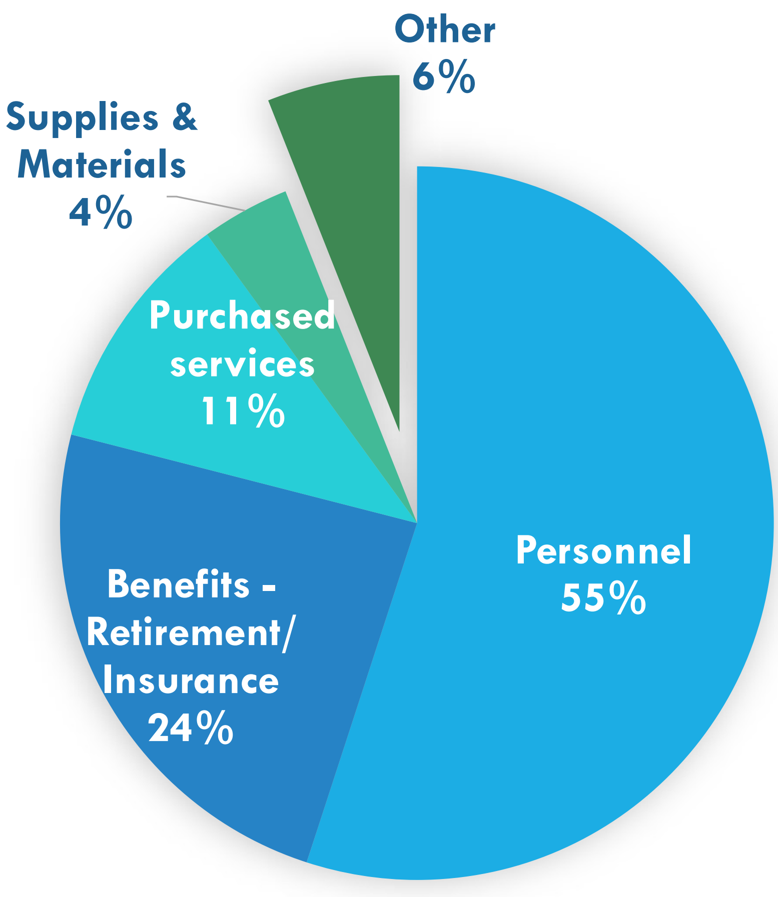

- Purchased services is the third largest expenditure
- 11% of total expenses
- Includes services, such as:
  - Utilities
  - Liability and Property Insurance
  - Personnel services
  - No longer includes open enrollment out, community school tuition or scholarships

# EXPENDITURES



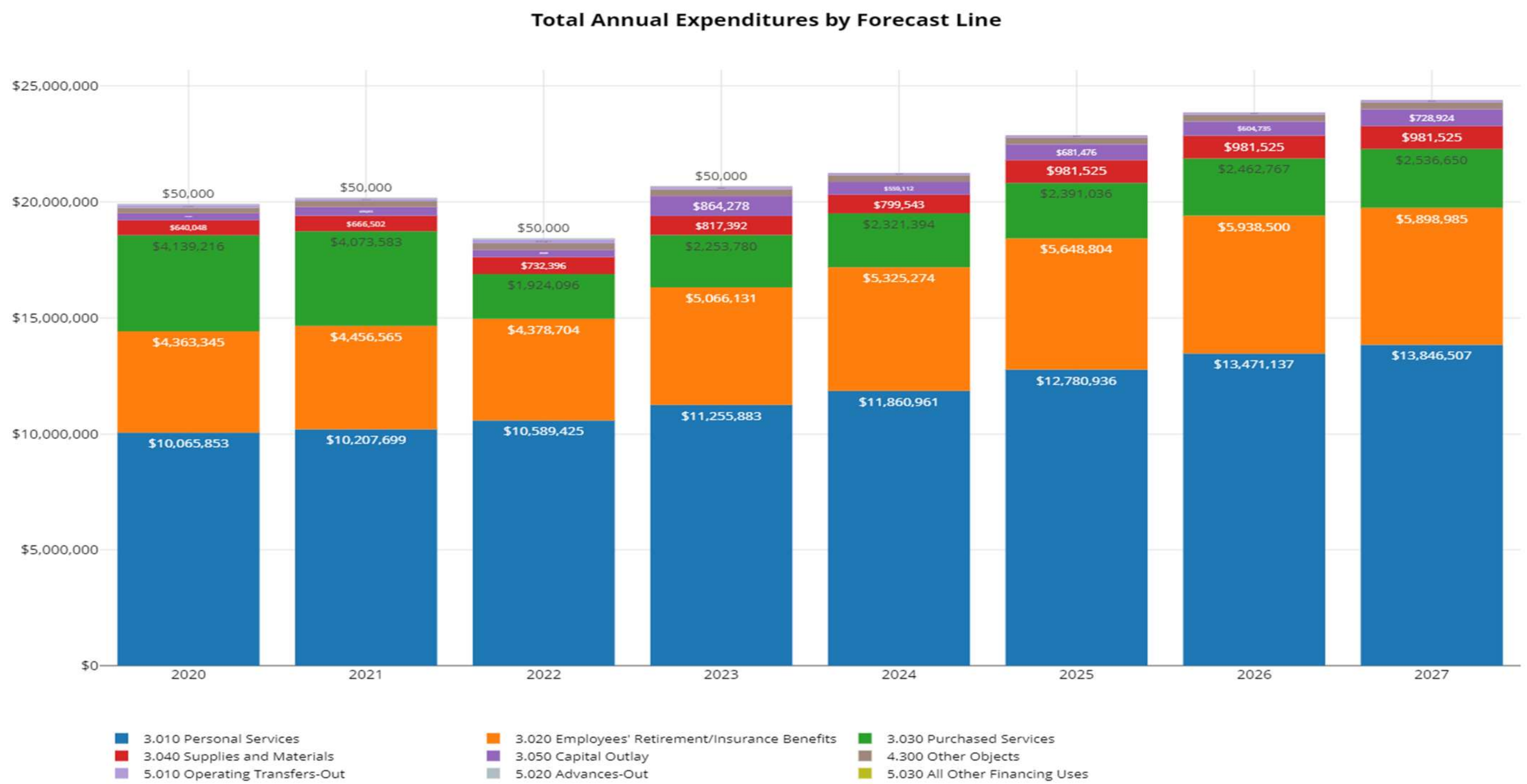

- 4% of total expenses
- Increased expenses this year due to updating programs, custodial/maintenance needs and costs increasing

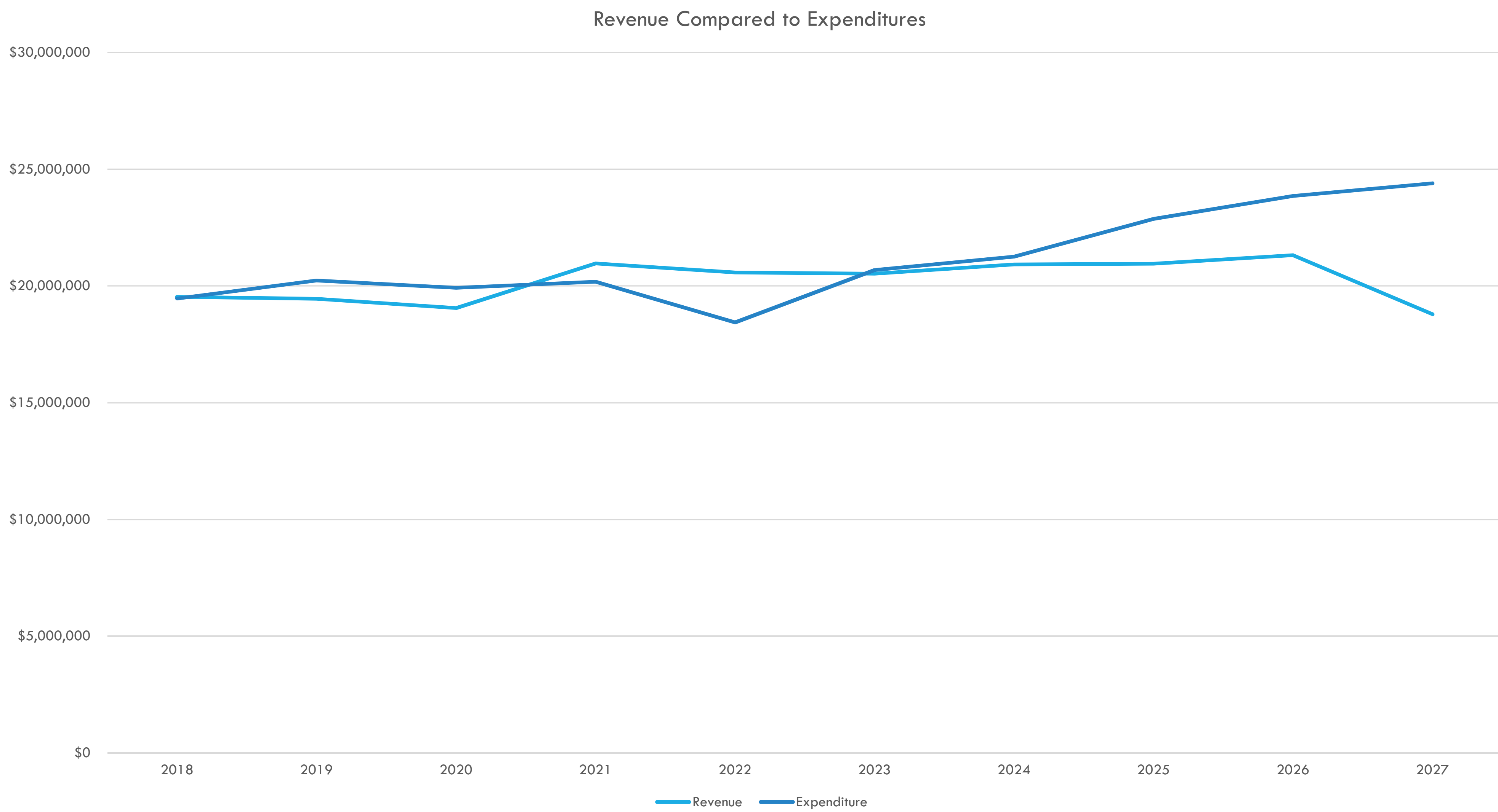
# EXPENDITURES



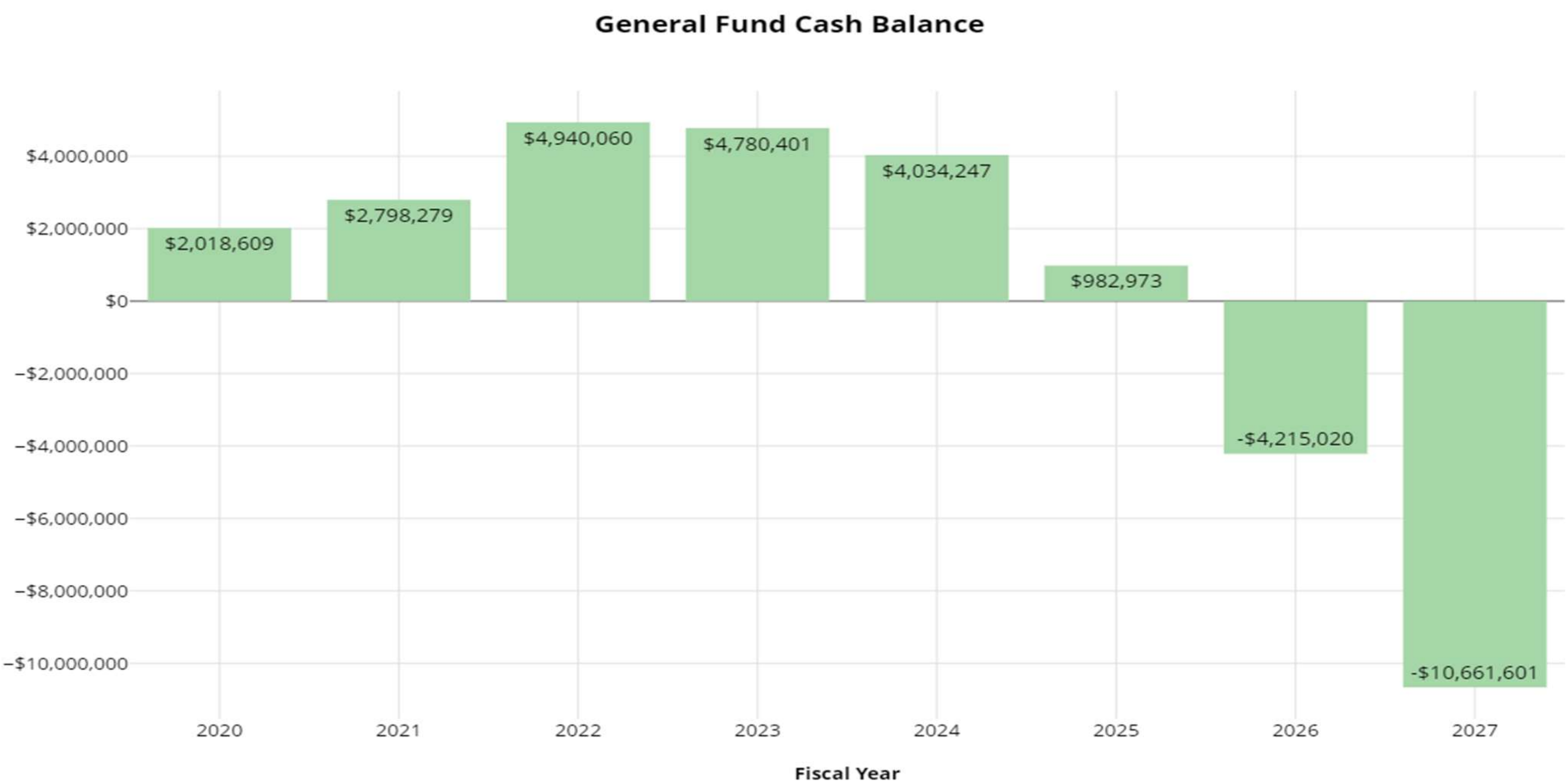

- Other line items:
  - Capital outlay
  - HB264 repayment
  - Other objects
  - Other financial uses
- 6% of total expenses
- Fluctuate based on need

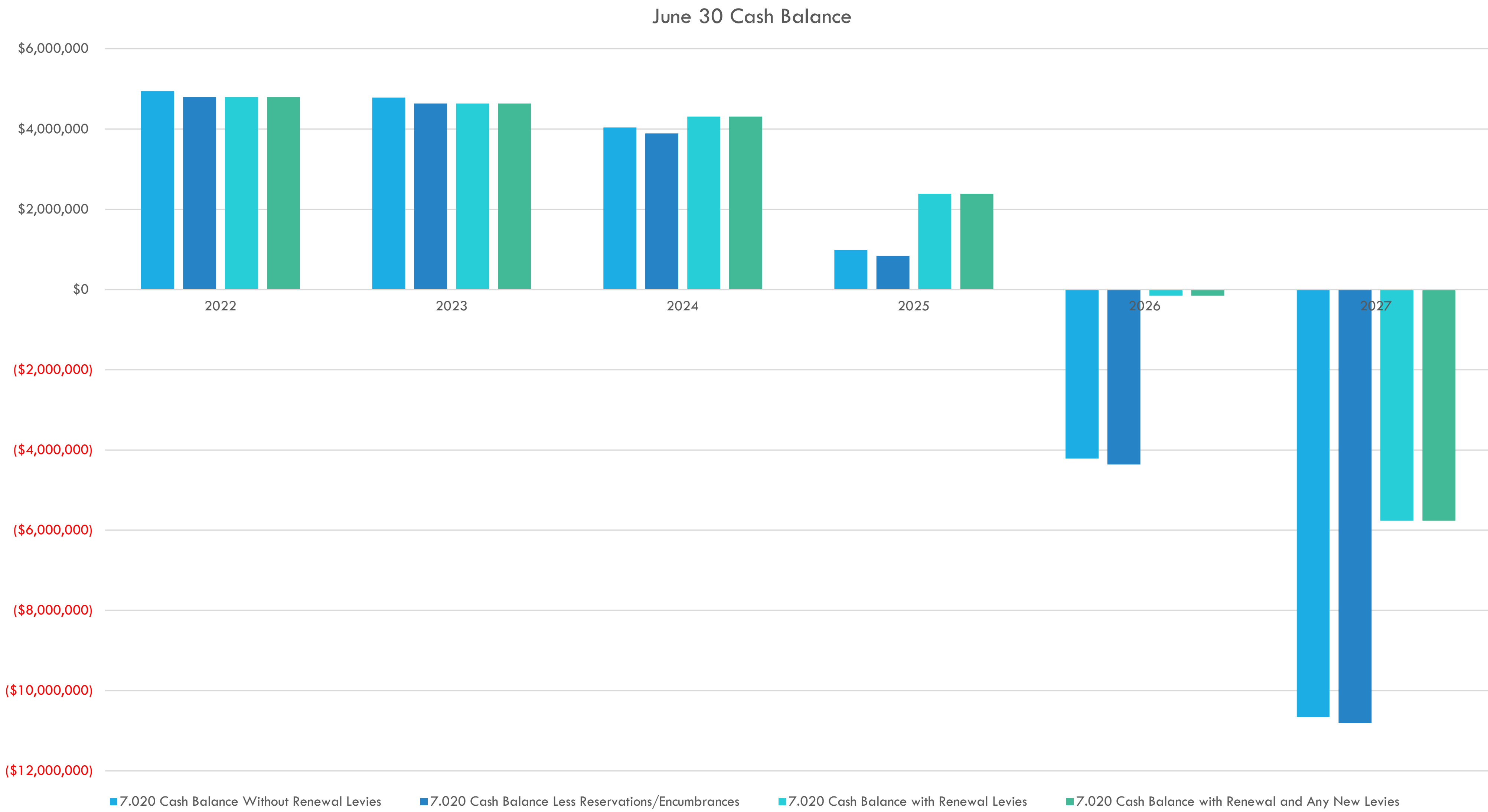
# YEAR OVER YEAR EXPENSE COMPARISON




Revenue Compared to Expenditures
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
Revenue
Expenditure

# PROJECTED CASH BALANCES




June 30 Cash Balance
$6,000,000
$4,000,000
$2,000,000
$0
($2,000,000)
($4,000,000)
($6,000,000)
($8,000,000)
($10,000,000)
($12,000,000)
2022
2023
2024
2025
2026
2027
7.020 Cash Balance Without Renewal Levies
7.020 Cash Balance Less Reservations/Encumbrances
7.020 Cash Balance with Renewal Levies
7.020 Cash Balance with Renewal and Any New Levies

# CONSIDERATIONS AND ANALYSIS

- In FY2023 a revenue shortfall is expected
  - Expenses are estimated to exceed revenues by $159,658
  - This shortfall is anticipated to continue throughout each year of the forecast, but significantly worsen over time
- The district's cash balance is estimated to be positive at year-end in FY2023 and projected to worsen by FY2026 and into FY2027
  - Worsening cash balance can erode the district's financial stability over time

# CONSIDERATIONS AND ANALYSIS

- Working to find ways to prevent expenses from exceeding revenues will be crucial to the district's long-term financial stability
- Need to continue to monitor budget changes at the state level as we near the end of this biennium. Currently there is no guarantee that the FSFP will continue after this biennium, which leaves the level of funding from the state uncertain after this fiscal year (ending June 30, 2023)
- Continued capital outlay, repairs and maintenance needs as our buildings age and we purchase new equipment according to our capital improvement plan
- Current revenue streams vital to the District's financial well-being
  - Emergency levy falling off in FY2024
  - Income Tax levy falling off in FY2026
- Expenditures will need to be closely monitored as we progress through the forecast to prevent deficit spending and a decreased cash balance
- The district website will be updated with this presentation and a copy of the forecast after the Board's approval. A link to the website where the forecast and presentation are located will also be included in the next Voice of the Valley.