

Norwood City School District

Five Year Forecast Financial Report

November, 2022

Julie A. Kamphaus, Treasurer/CFO



Table of Contents

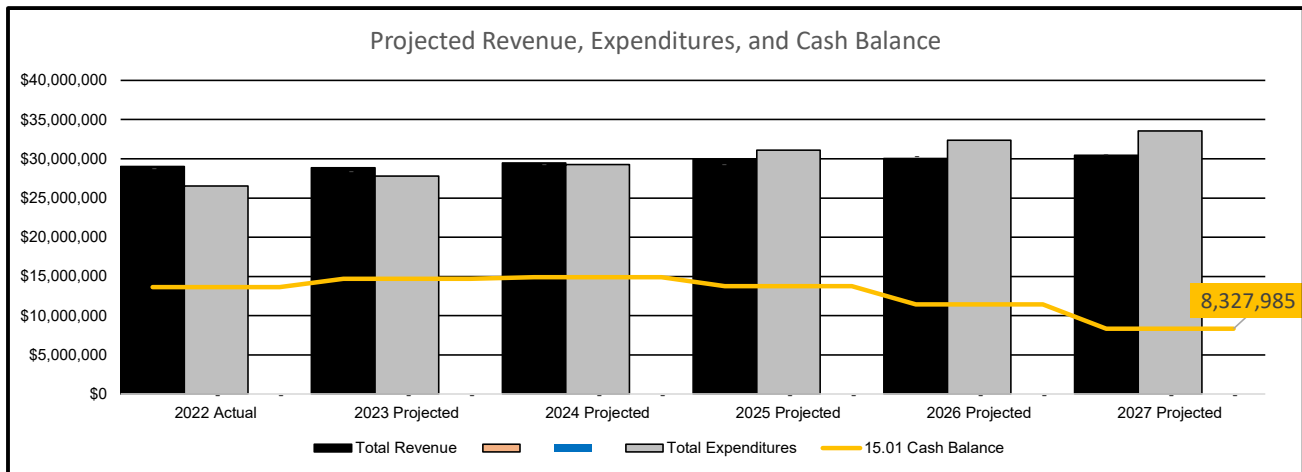
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22
PI FUND ANALYSIS	23
STATE FUNDING SUPPLEMENT	24
FALL REAL ESTATE SETTLEMENT DISCUSSION	25
Expiring Grant funds & Expected changes to Forecast	26

Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	13,635,980	14,695,891	14,906,287	13,769,154	11,438,244
+ Revenue	28,843,403	29,470,460	29,967,502	30,016,892	30,433,959
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(27,783,492)	(29,260,064)	(31,104,635)	(32,347,802)	(33,544,217)
= Revenue Surplus or Deficit	1,059,911	210,396	(1,137,133)	(2,330,910)	(3,110,258)
Line 7.020 Ending Balance with renewal/new levies	14,695,891	14,906,287	13,769,154	11,438,244	8,327,985

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,059,911	210,396	(1,137,133)	(2,330,910)	(3,110,258)
Ending Balance w/o Levies	14,695,891	14,906,287	13,769,154	11,438,244	8,327,985

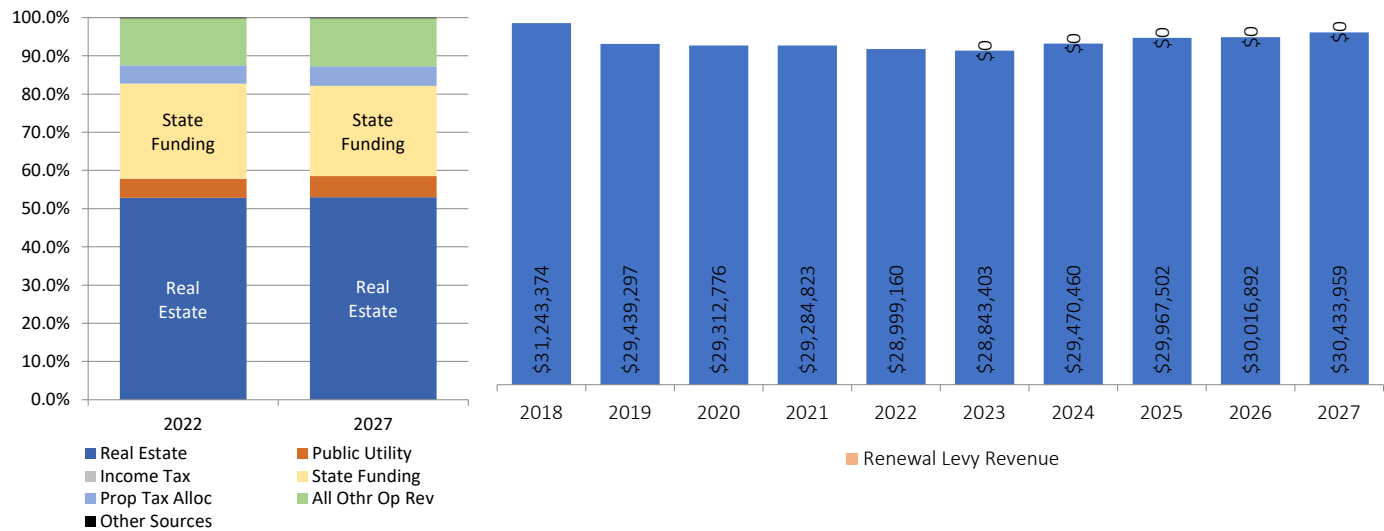
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,059,911 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$3,110,258. The district would need to cut its FY 2027 projected expenses by 9.27% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time. The district has a 90 day minimum cash balance policy. In FY23, we estimate ending the year at 202 days cash. In FY27, we estimate ending the year with just 92 days cash entirely too close to our minimum cash policy.

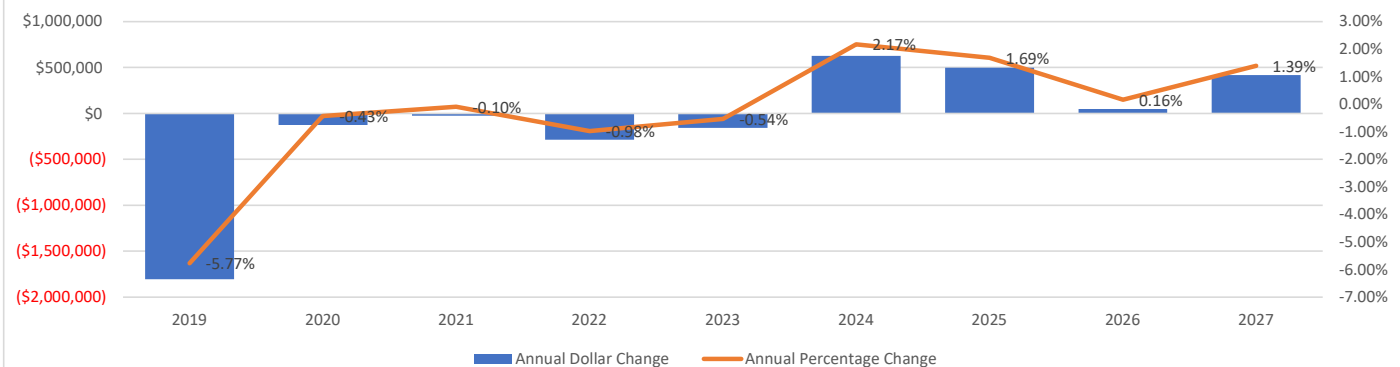
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



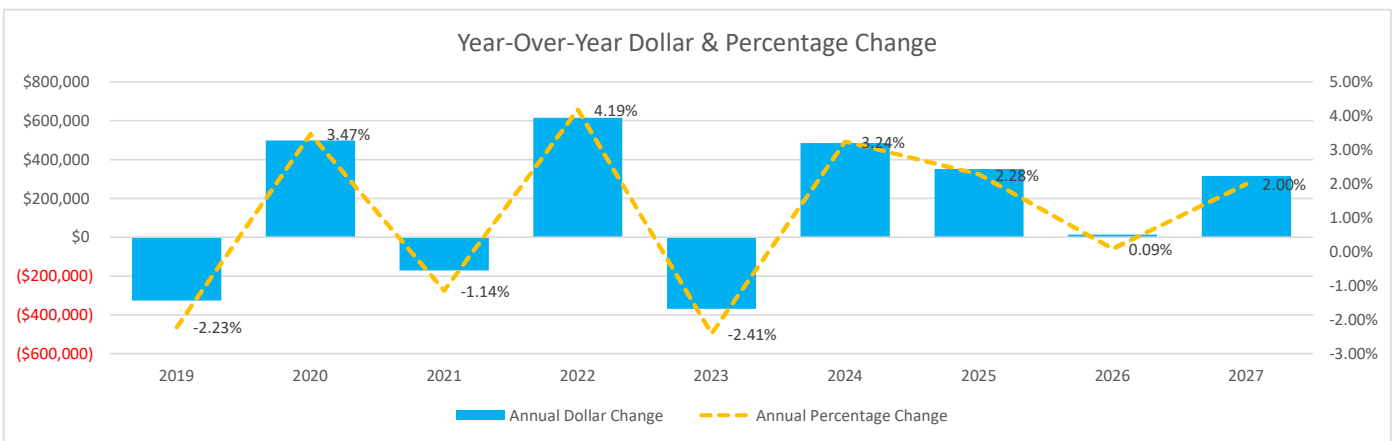
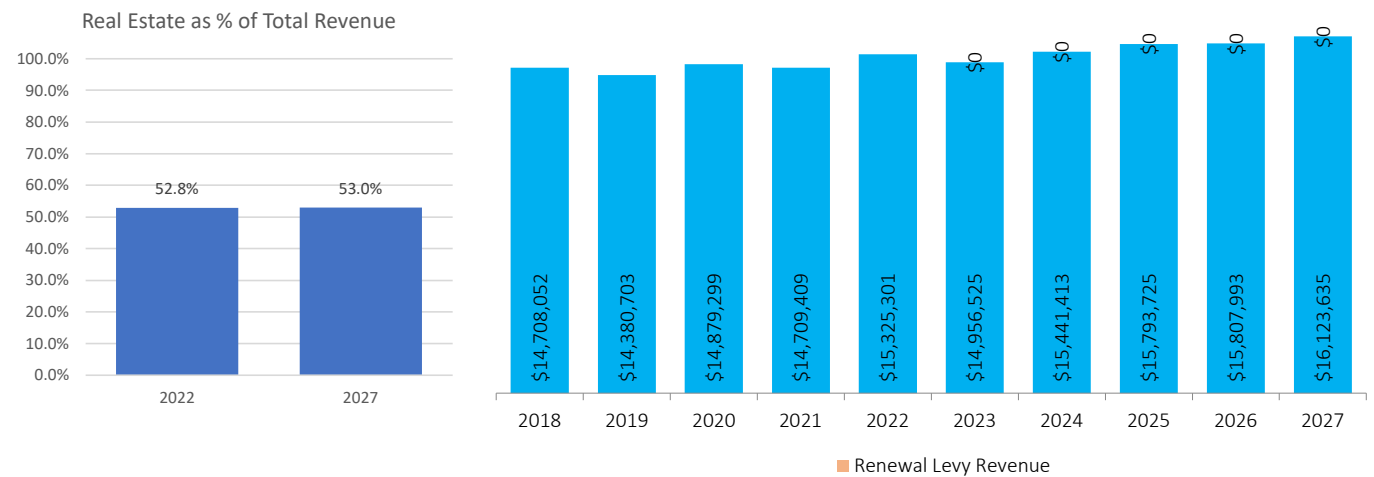
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 0.23% or \$69,615 annually during the past 5-Year period and is projected to increase 0.96% or \$286,960 annually through FY2027. Real Estate has the most projected average annual variance compared to the historical average at -\$237,989
Real Estate	397,656	159,667	(\$237,989)	
Public Utility	\$59,055	\$47,352	(\$11,703)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$223,919)	(7,327)	\$216,592	
Prop Tax Alloc	(\$130,754)	\$38,839	\$169,593	
All Othr Op Rev	\$33,541	\$49,736	\$16,195	
Other Sources	(\$65,963)	(\$1,306)	\$64,657	
Total Average Annual Change	69,615 0.23%	286,960 0.96%	\$217,344 0.73%	

Note: Expenditure average annual change is projected to be > \$1,407,318 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	432,877,870	(10,309,250)	37.54	-	40.93	-	99.9%
2022	424,466,770	(8,411,100)	37.95	0.41	42.49	1.55	99.9%
2023	474,116,770	49,650,000	36.15	(1.80)	39.76	(2.73)	99.9%
2024	467,616,770	(6,500,000)	36.40	0.25	40.95	1.20	99.9%
2025	468,666,770	1,050,000	36.39	(0.00)	41.00	0.05	99.9%
2026	504,466,770	35,800,000	35.29	(1.10)	39.43	(1.57)	99.9%

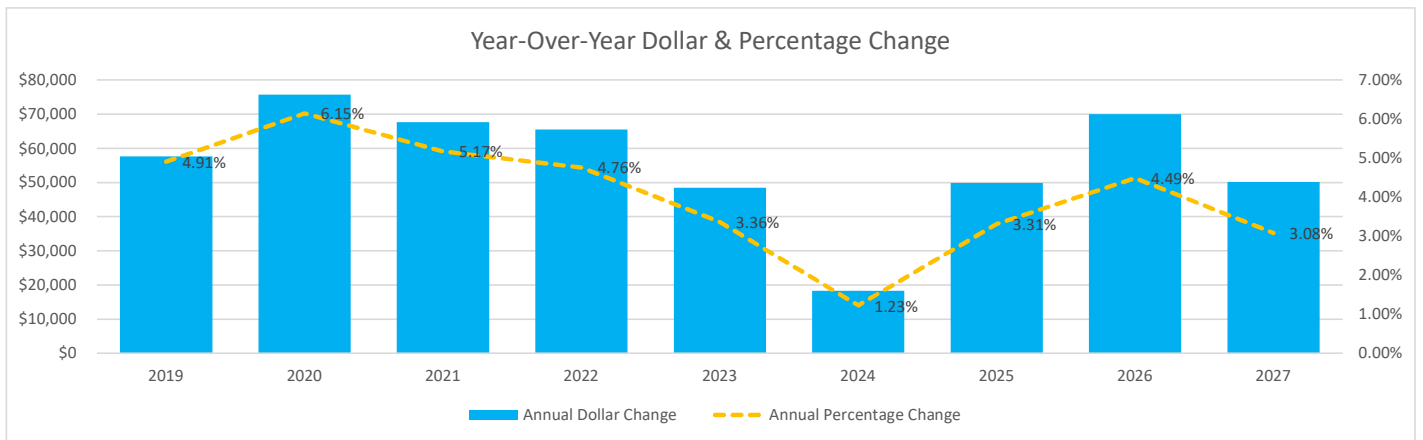
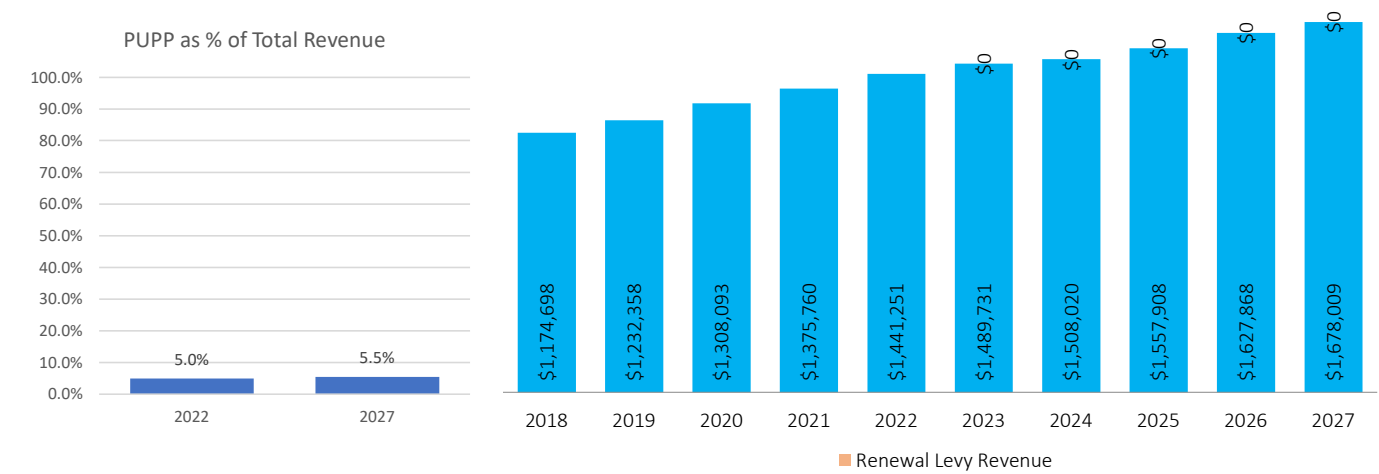
Real estate property tax revenue accounts for 52.85% of total revenue. Class I or residential/agricultural taxes make up approximately 52.74% of the real estate property tax revenue. The Class I tax rate is 37.95 mills in tax year 2022. The projections reflect an average gross collection rate of 99.9% annually through tax year 2026. The revenue changed at an average annual historical rate of 2.69% and is projected to change at an average annual rate of 1.02% through FY 2027.

In our FY23 fall settlement, we saw a loss in commercial tax revenue of \$470,000 when compared to the prior year. Residential increases have helped overcome a small portion of that loss. Due to the commercial delinquencies, our expected tax revenue for the forecast period have been decreased from the prior May forecast. See page 25 for more information on this issue.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	26,051,230	1,323,780	56.99	0.46	100.0%
2022	26,051,230	-	57.38	0.39	100.0%
2023	27,351,230	1,300,000	55.62	(1.76)	100.0%
2024	28,551,230	1,200,000	55.85	0.23	100.0%
2025	29,751,230	1,200,000	55.83	(0.01)	100.0%
2026	30,951,230	1,200,000	54.76	(1.08)	100.0%

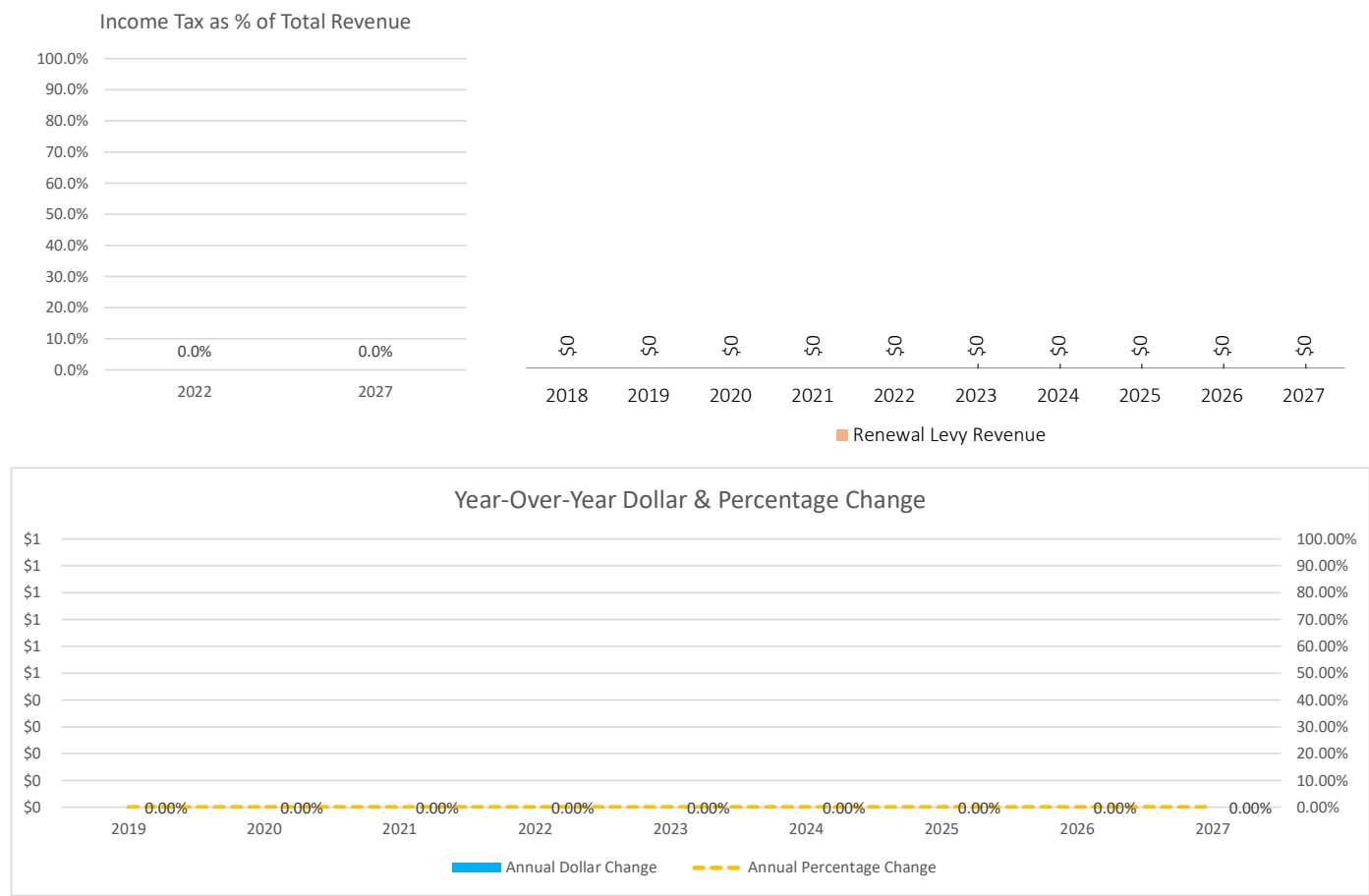
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 4.97% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 57.38 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$59,055 and is projected to change at an average annual dollar amount of \$47,352 through FY 2027.

In 2022, we expect no increase in public utility valuation due to a complaint on the value by a large utility company.

**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

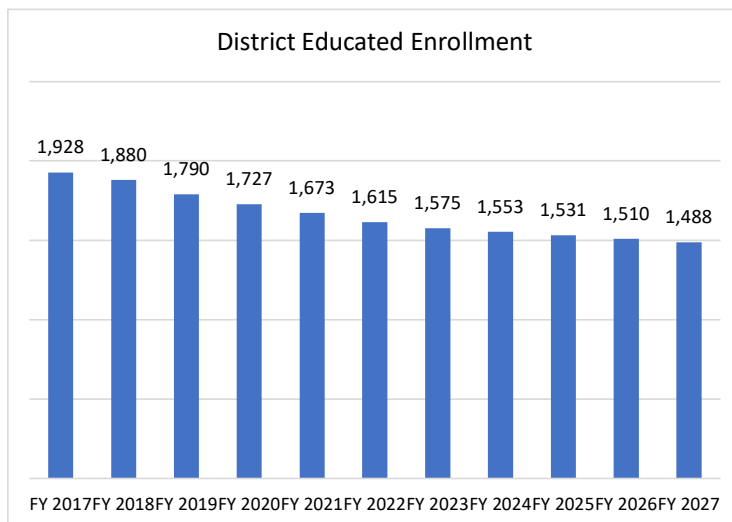
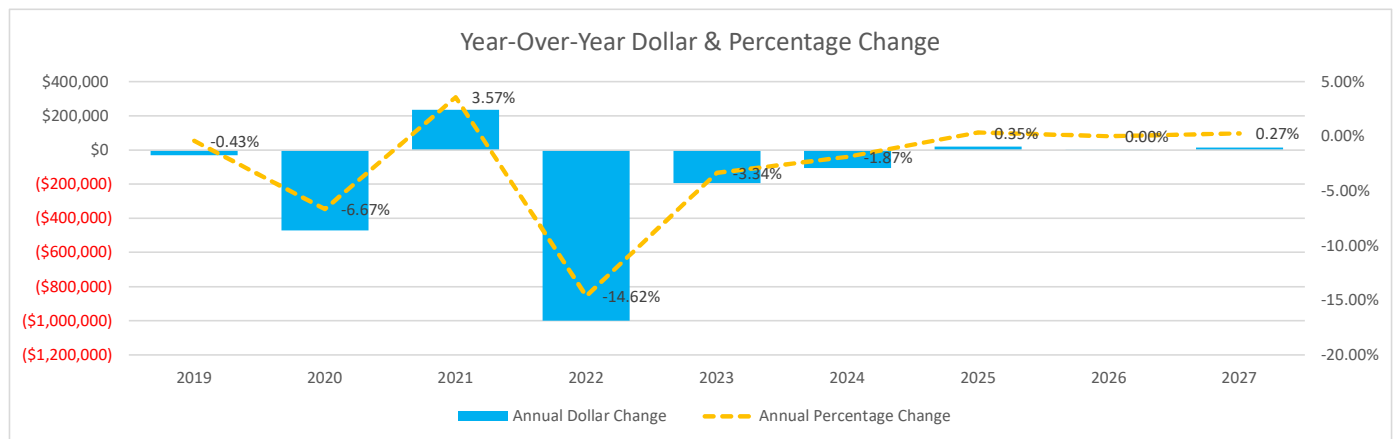
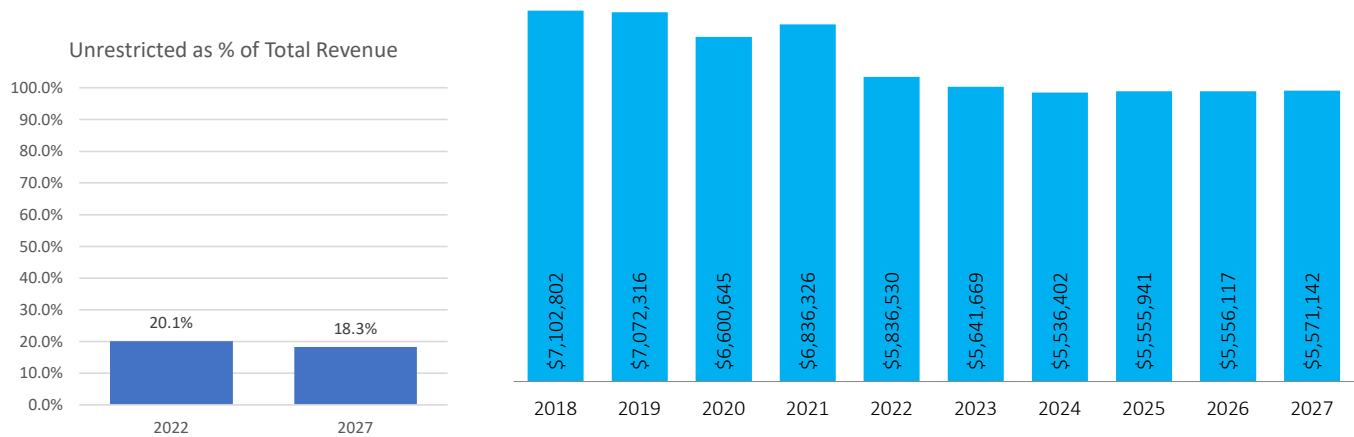


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

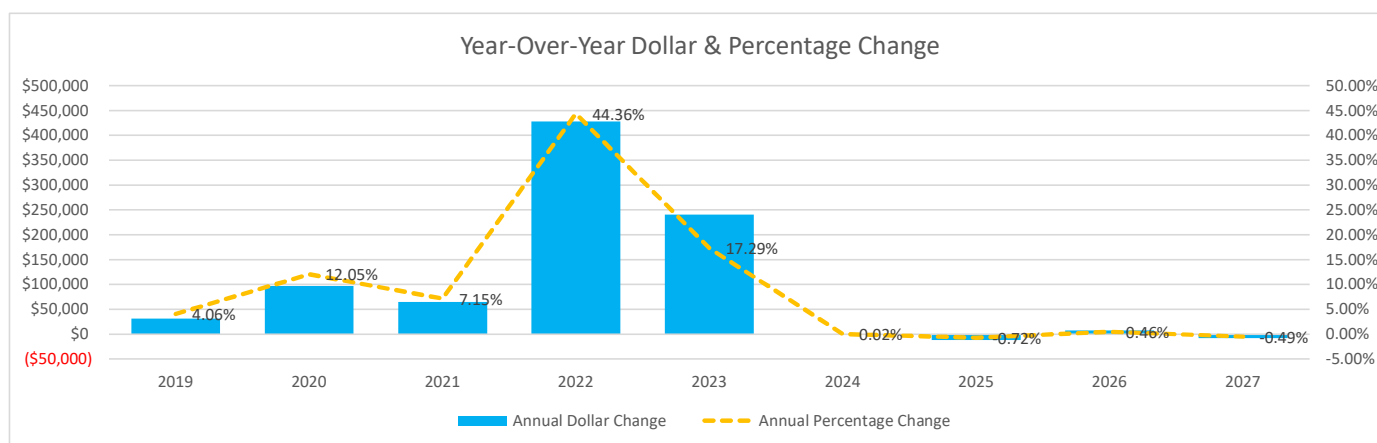
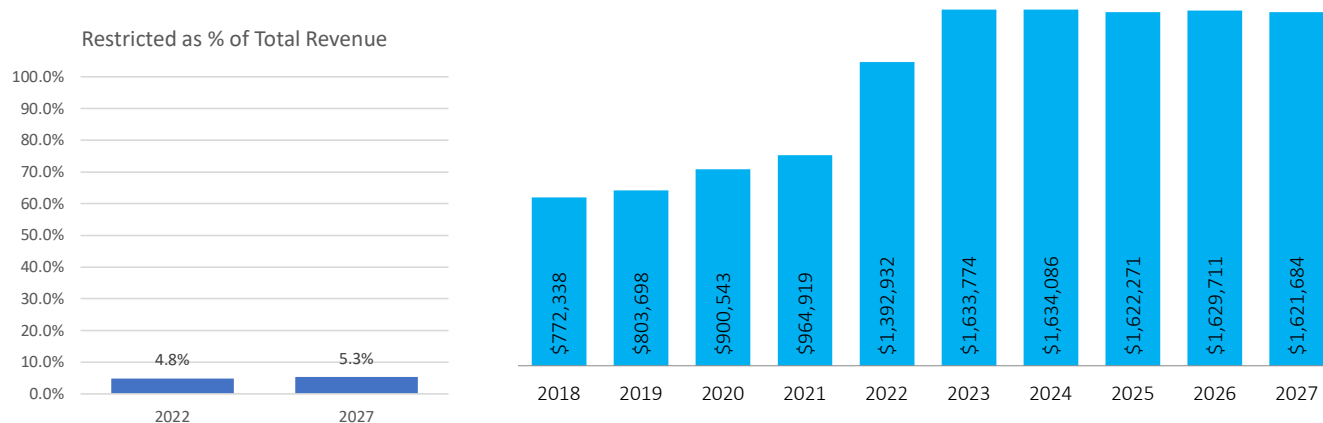
For Norwood City School District the calculated Base Cost total is \$12,160,371 in FY 2023.

The state's share of the calculated Base Cost total is \$3,087,875 or \$1,961 per pupil. Of the revenue amounts above, 17.8% of the total is due to guarantee funding. Due to falling student counts, the guarantee will continue to consume larger portions of total revenue in the future years.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$1,365,719 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

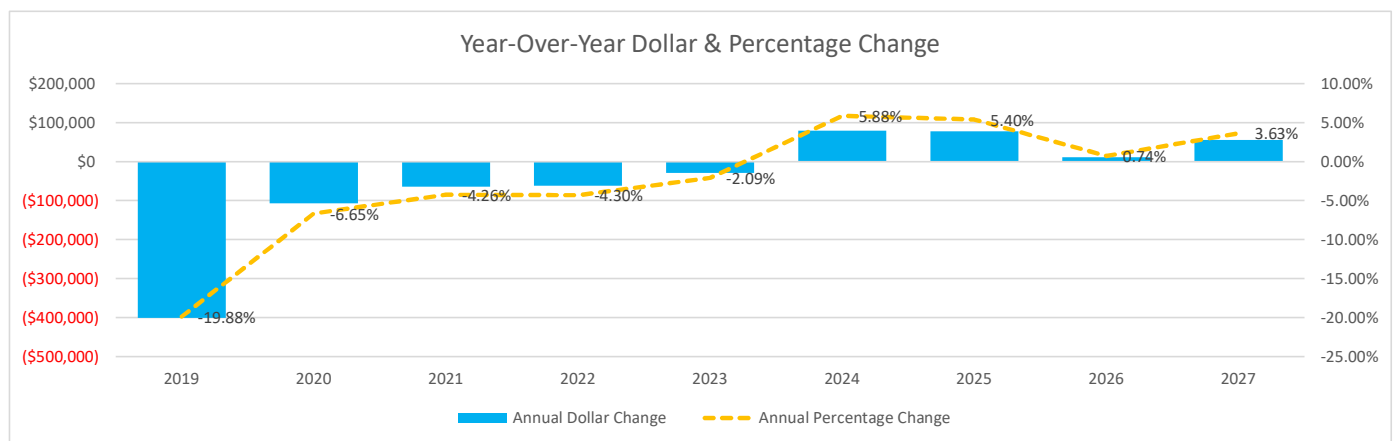
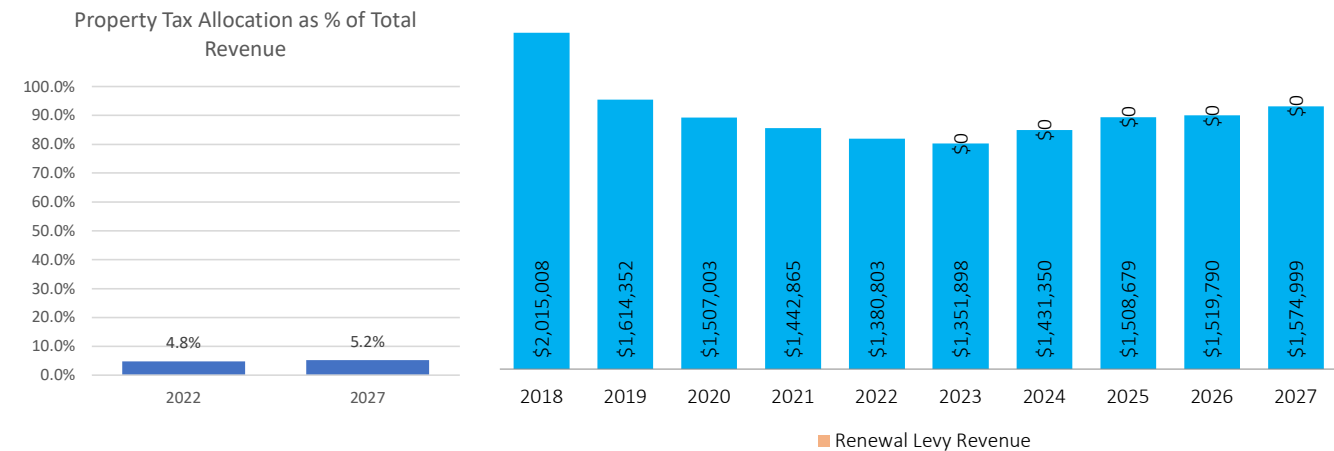
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$196,411 and is projected to change annually on average by \$45,750. Restricted funds represent 4.80% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$180,590. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



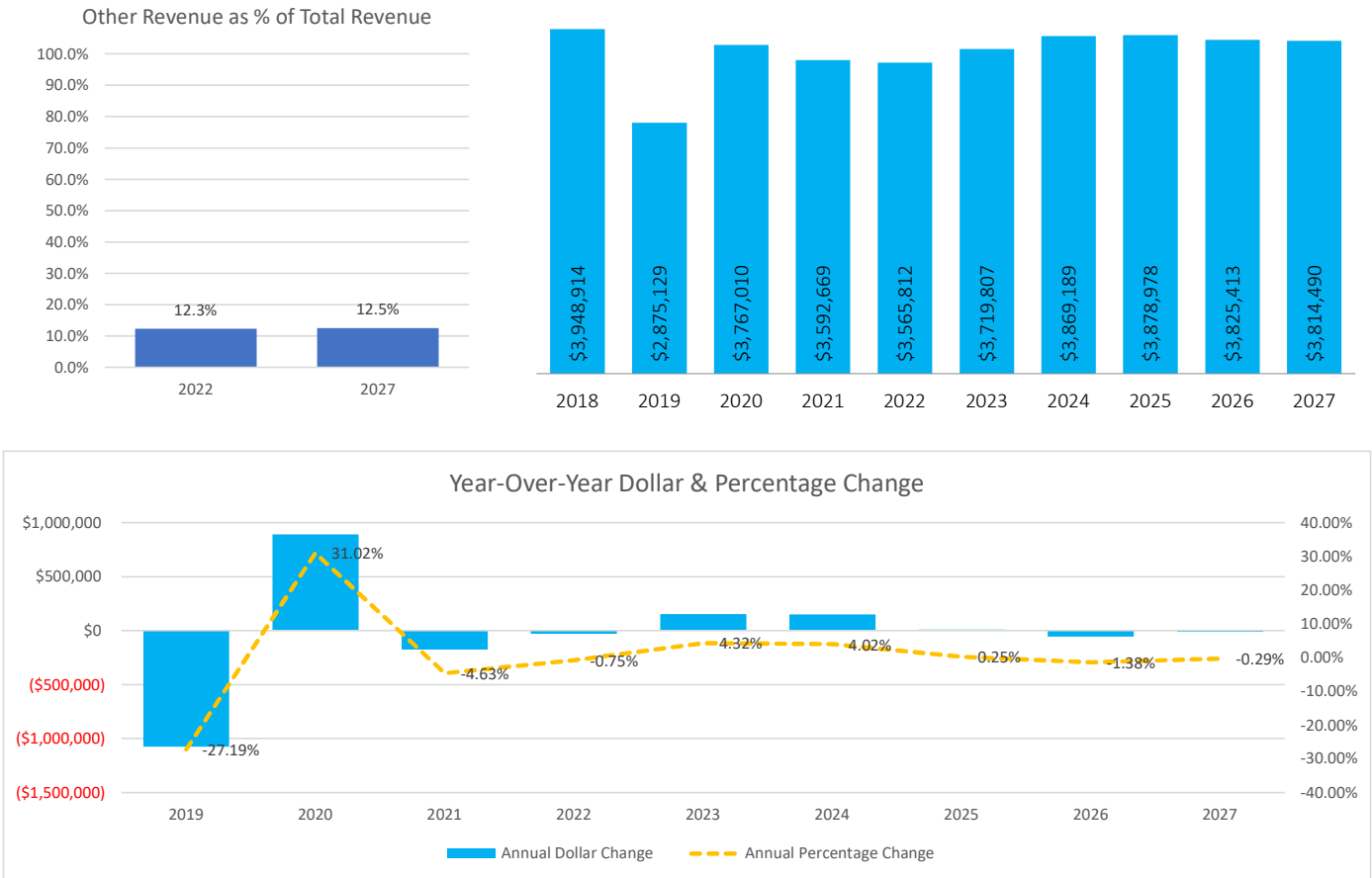
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.9% will be reimbursed in the form of qualifying homestead exemption credits.

Homestead payments from the state continue to decrease as now there are income requirements to be met before taxpayers qualify for this benefit. The district continues to see direct payment in real estate revenues though.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.

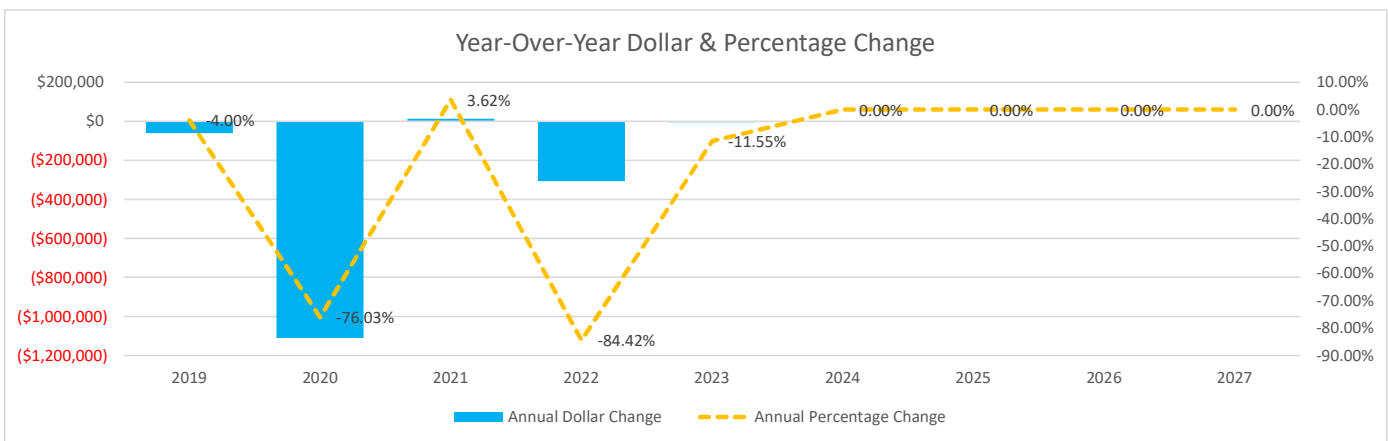
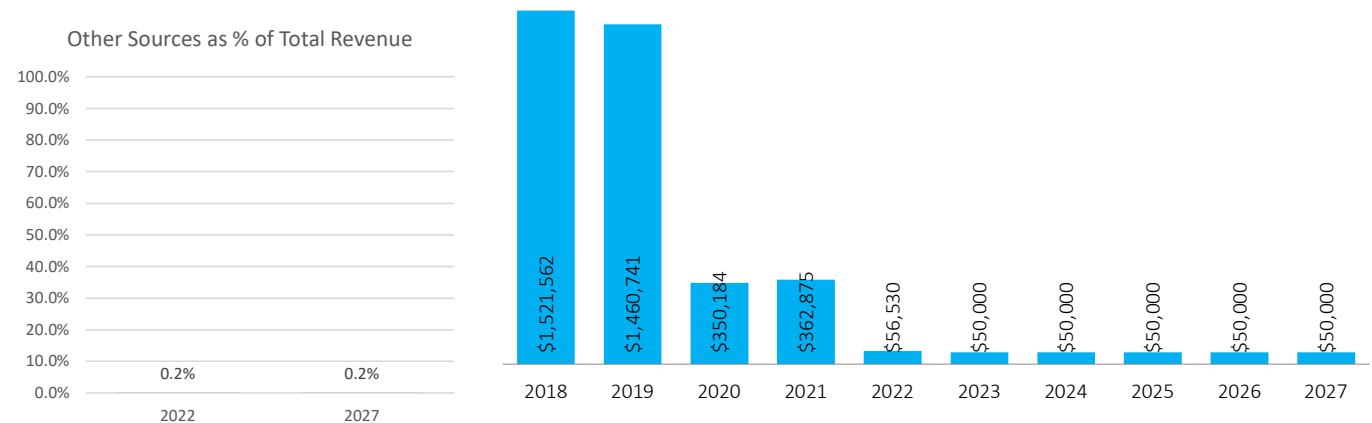


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$33,541. The projected average annual change is \$49,736 through FY 2027. The district did not post any revenue code 1227 open enrollment in revenue in FY 2021.

Investment rates have increased 3% in six months due to federal reserve policy. This has caused our interest revenues to increase rapidly, as are our annual revenue estimates. Volatility in the investment market is causing most of the variances in this category.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

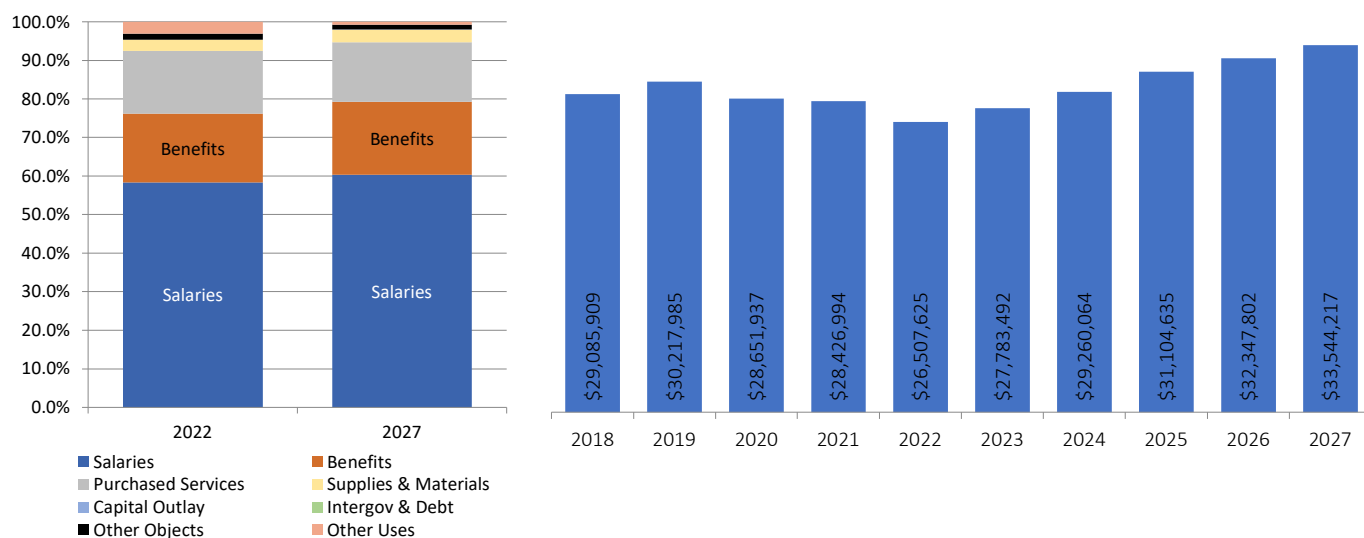


	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	-	(0)	(0)	(0)	(0)	(0)
All Other Financing Sources	56,530	50,000	50,000	50,000	50,000	50,000

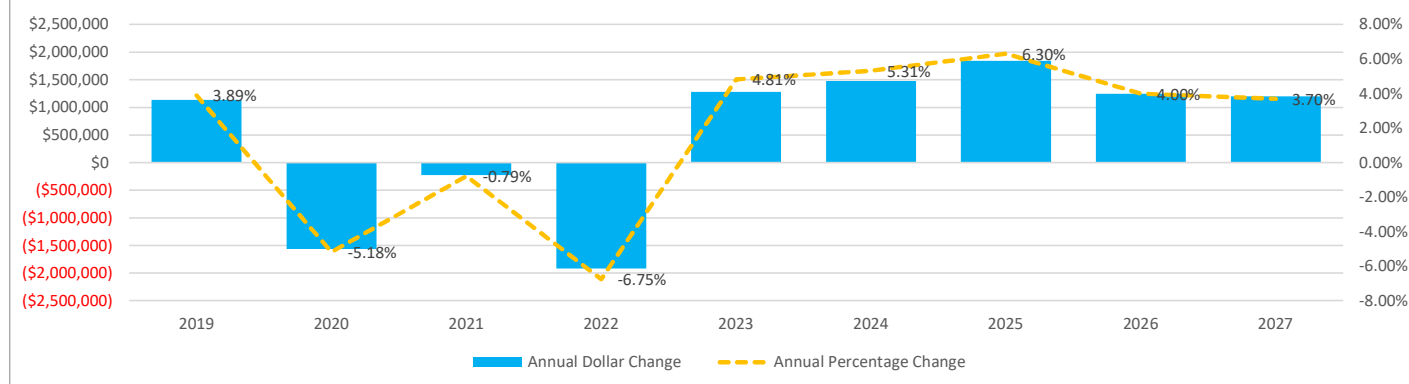
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$50,000 in FY 2023 and average \$50,000 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change

5-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

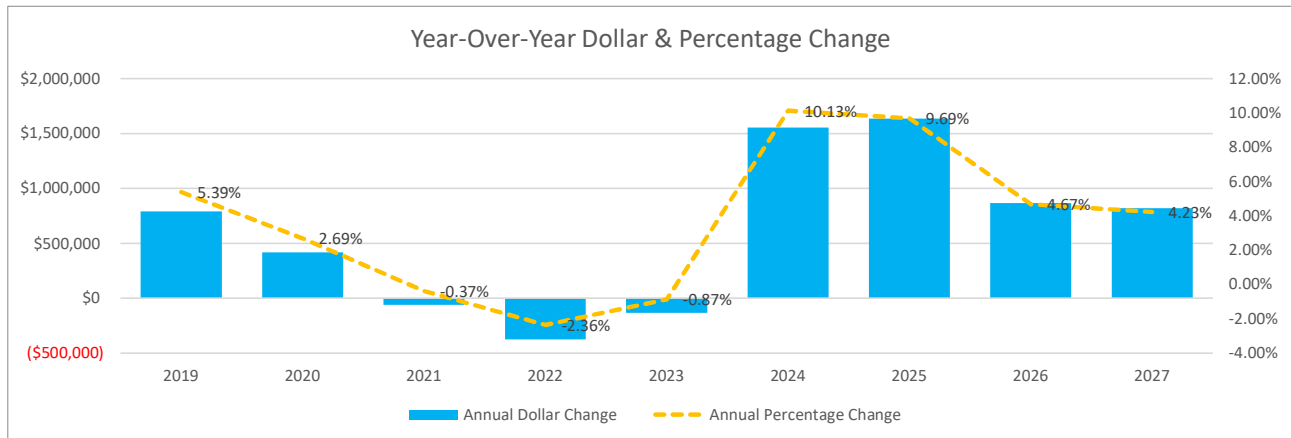
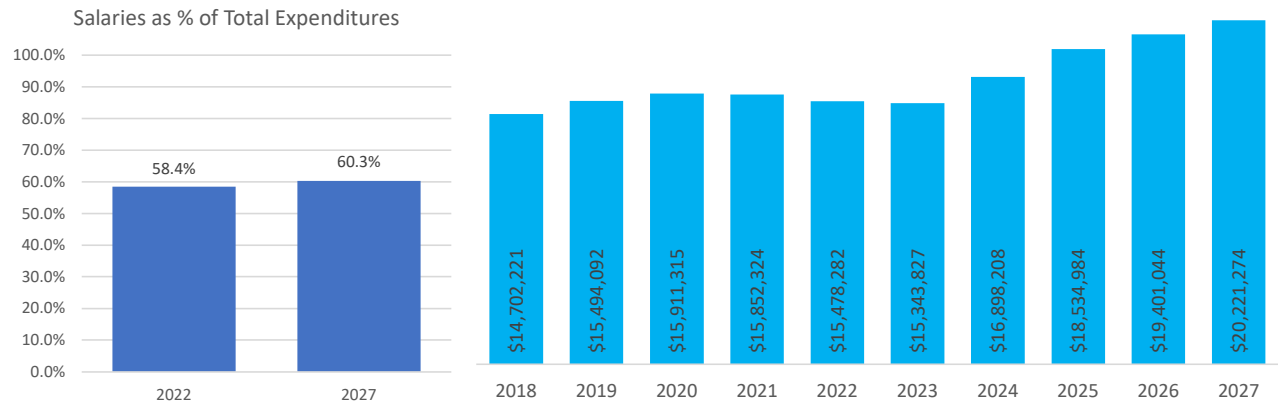
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures decreased -0.10% or -\$28,555 annually during the past 5-Year period and is projected to increase 5.31% or \$1,407,318 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$627,065. The large increase in expenses FY24 and 25 is due to ESSER grants expiring and all of those expenses must come back to the general fund.
Salaries	321,533	948,598	\$627,065	
Benefits	\$78,370	\$331,167	\$252,797	
Purchased Services	(\$367,149)	\$167,962	\$535,110	
Supplies & Materials	\$8,733	\$66,849	\$58,117	
Capital Outlay	(\$4,452)	\$1,869	\$6,321	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$21,620	\$5,078	(\$16,542)	
Other Uses	(\$87,210)	(\$114,205)	(\$26,994)	
Total Average Annual Change	(\$28,555)	\$1,407,318	\$1,435,873	
	-0.10%	5.31%	5.41%	

Note: Revenue average annual change is projected to be > \$286,960

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

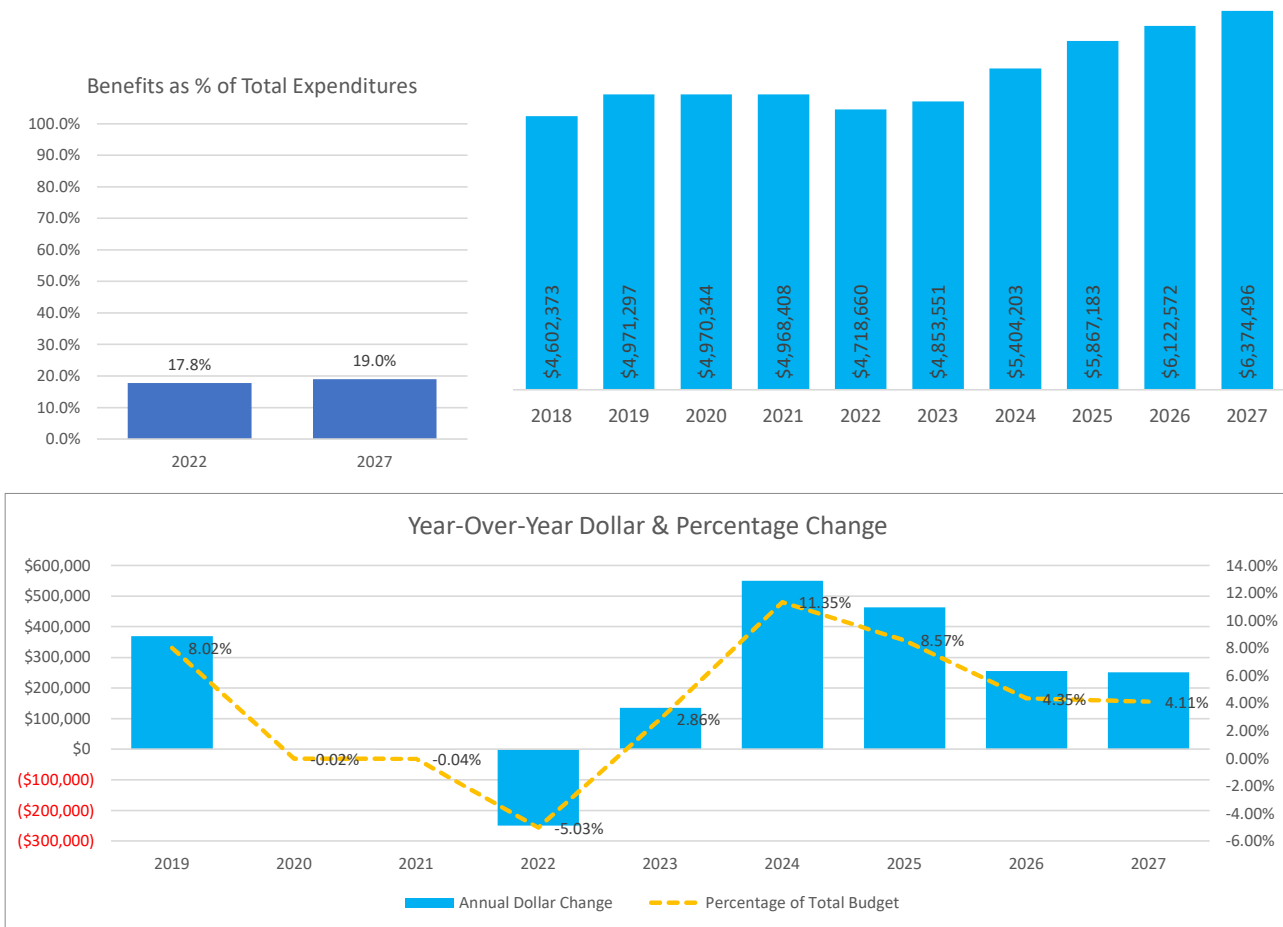


Salaries represent 58.39% of total expenditures and increased at a historical average annual rate of 2.08% or \$321,533. This category of expenditure is projected to grow at an annual average rate of 5.25% or \$948,598 through FY 2027. The projected average annual rate of change is 3.17% more than the five year historical annual average.

The large growth in salaries in FY24 and 25 is due to the expiring ESSER grant and the return of 24 staff members from ESSER funding to the General fund. The district's goal is to right size staffing to meet our smaller student counts by not replacing all staff that retire or resign. In fact, for the current year, we are down four teachers, one guidance counselor, and one maintenance worker.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

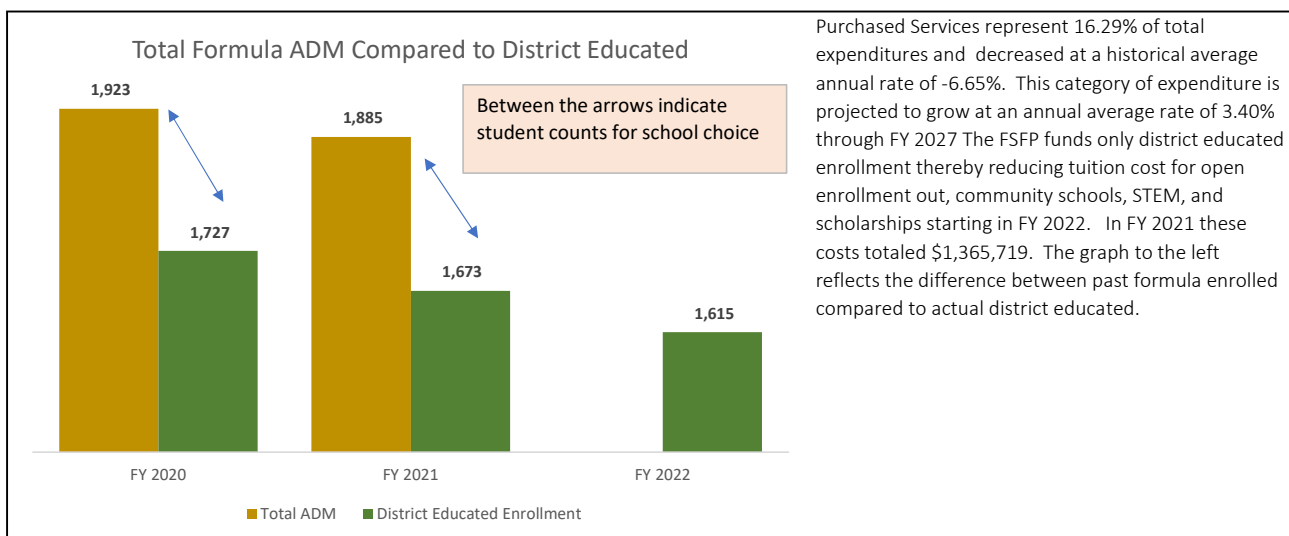
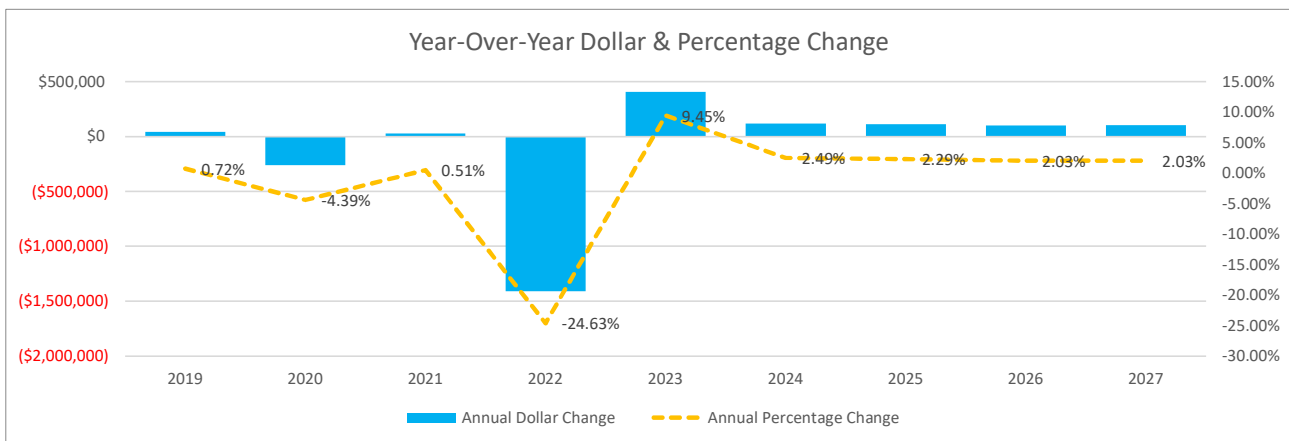
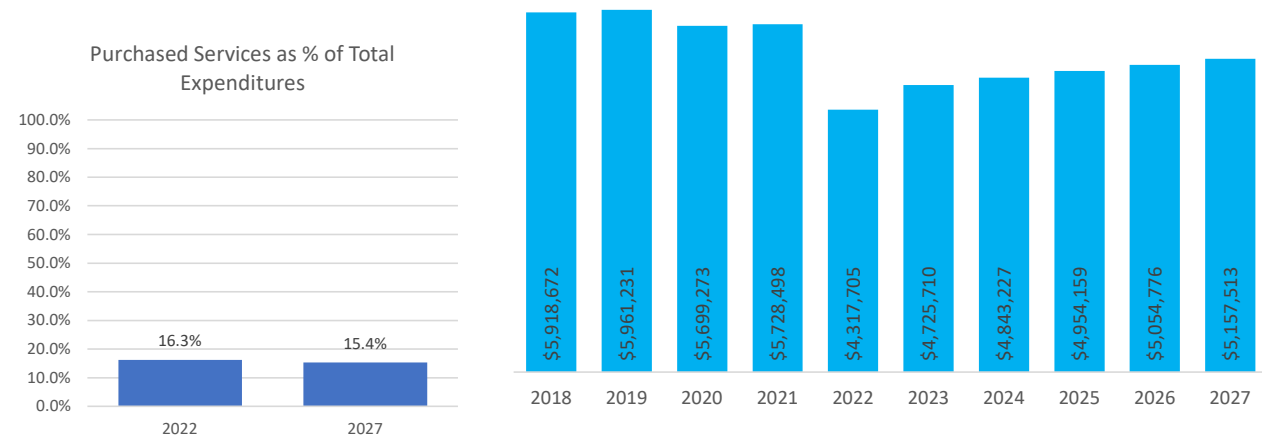


Benefits represent 17.80% of total expenditures and increased at a historical average annual rate of 1.62%. This category of expenditure is projected to grow at an annual average rate of 5.79% through FY 2027. The projected average annual rate of change is 4.17% more than the five year historical annual average.

Again, the large increase in FY24 and 25 is due to the expiring federal grant. All staff currently paid by ESSER must return to the general fund as ESSER expires. The district also saw an 8% increase in health insurance FY23, which we hope was a one time adjustment for delayed claims as staff and their families avoided routine medical care during COVID but last year got caught up.

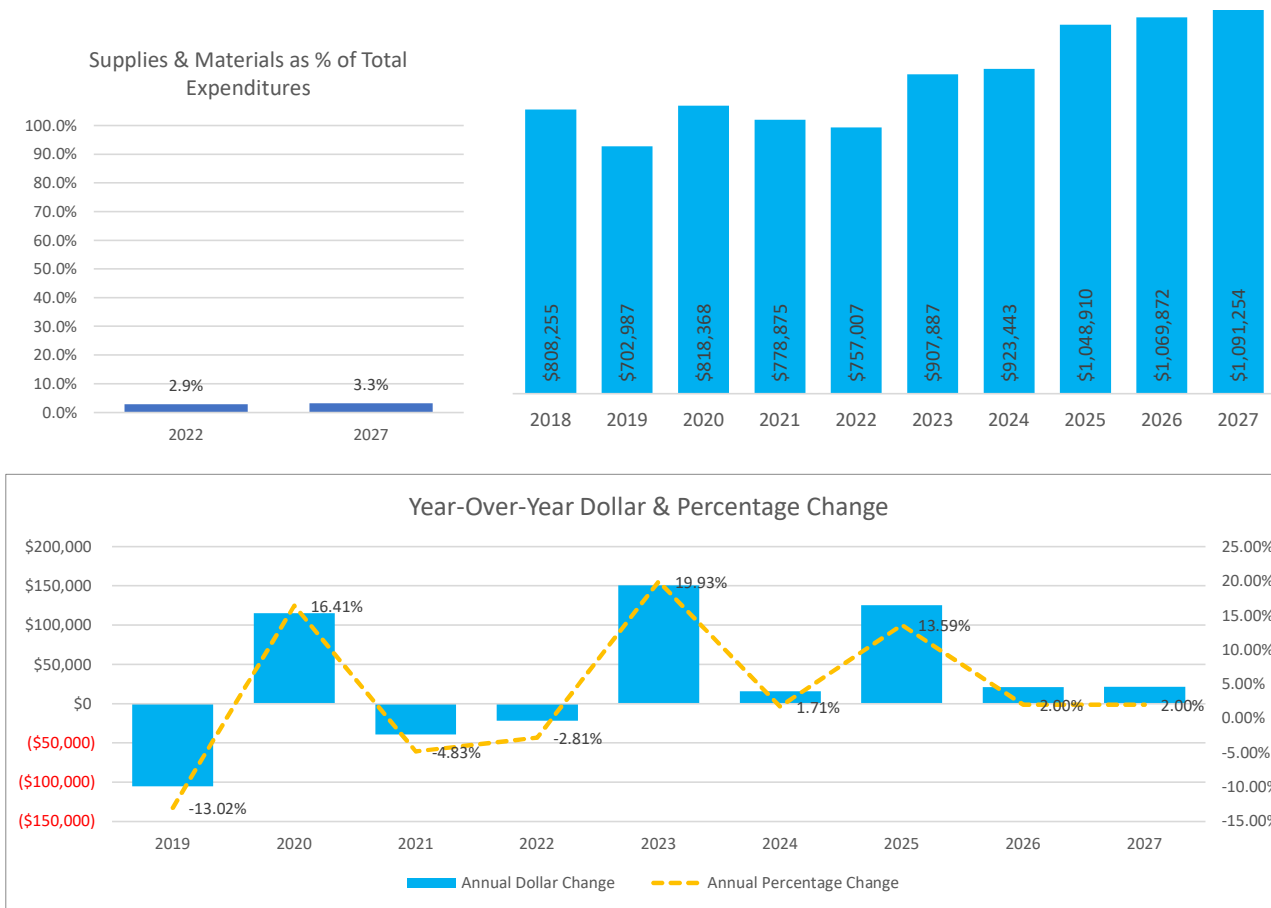
3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

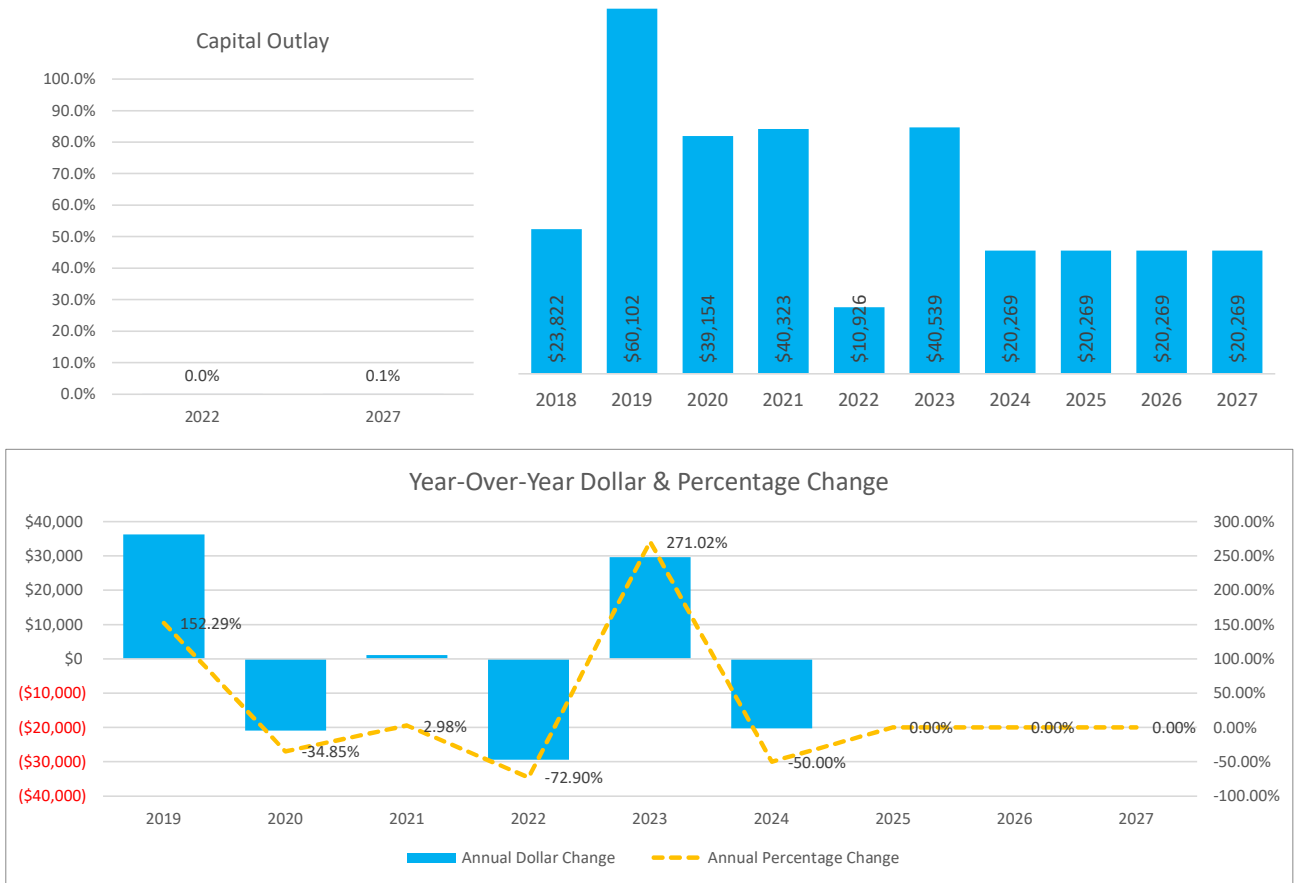


Supplies & Materials represent 2.86% of total expenditures and increased at a historical average annual rate of 1.13%. This category of expenditure is projected to grow at an annual average rate of 6.63% through FY 2027. The projected average annual rate of change is 5.50% more than the five year historical annual average.

The district is upgrading science instructional materials in FY23. The large increase in FY25 is due to the expiring ESSER grant. It is estimated that both cleaning supplies and the increased software needs will continue after the grant expires and that then must be paid from the general fund.

3.050 - Capital Outlay

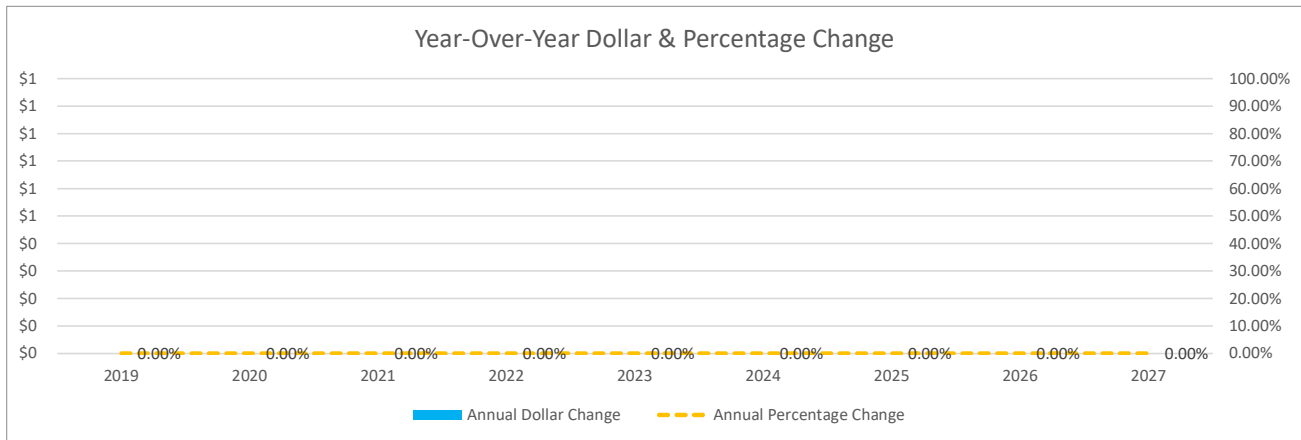
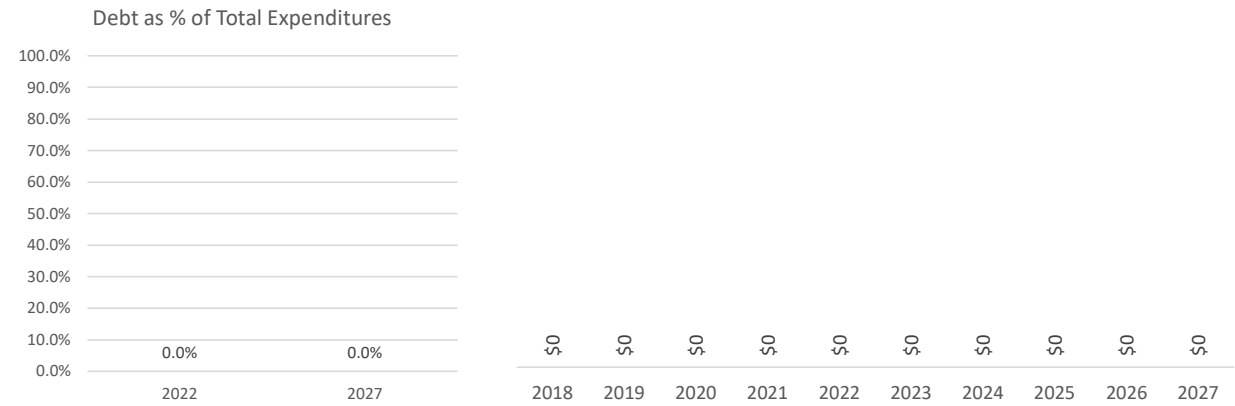
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.04% of total expenditures and decreased at a historical average annual amount of -\$4,452. This category of expenditure is projected to grow at an annual average rate of \$1,869 through FY 2027. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

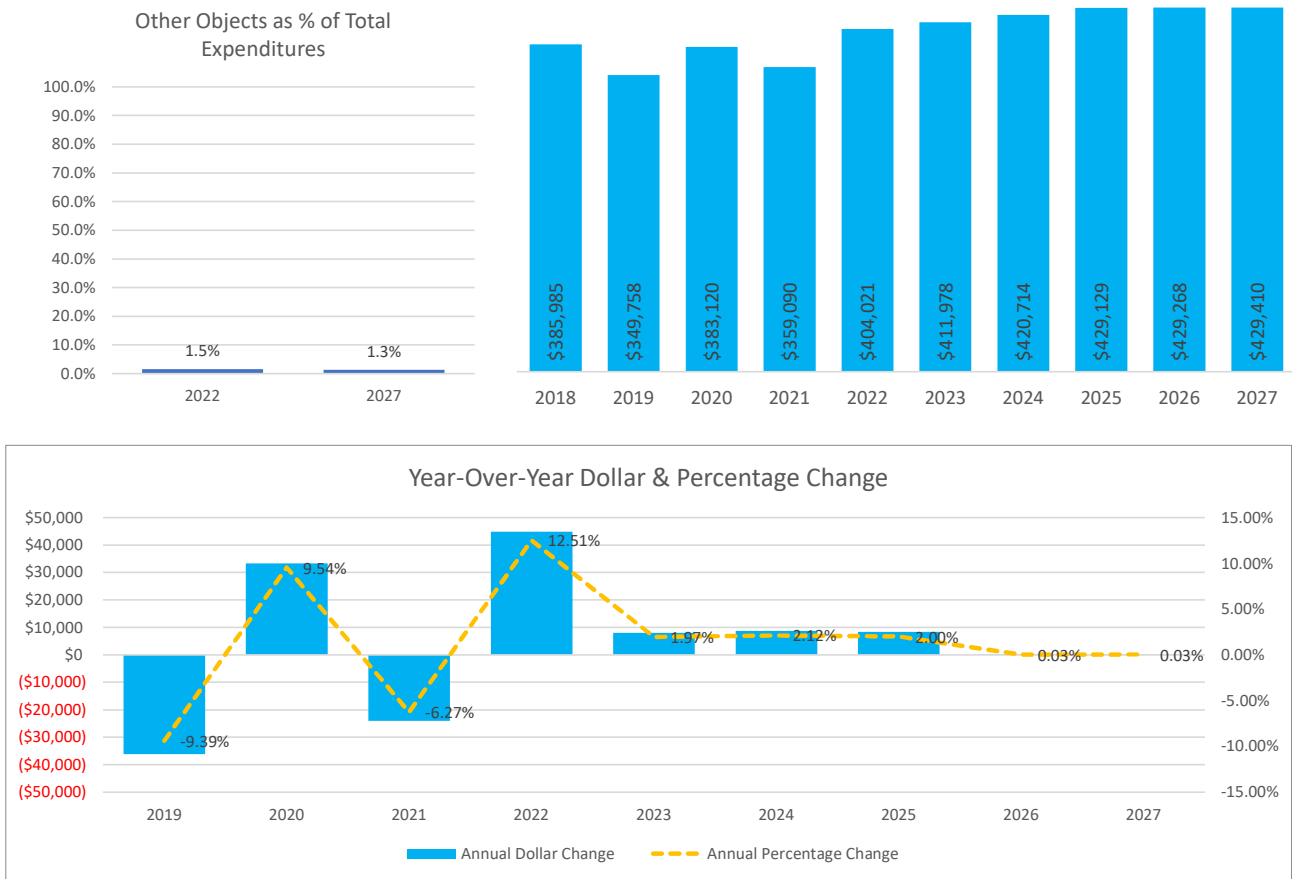
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

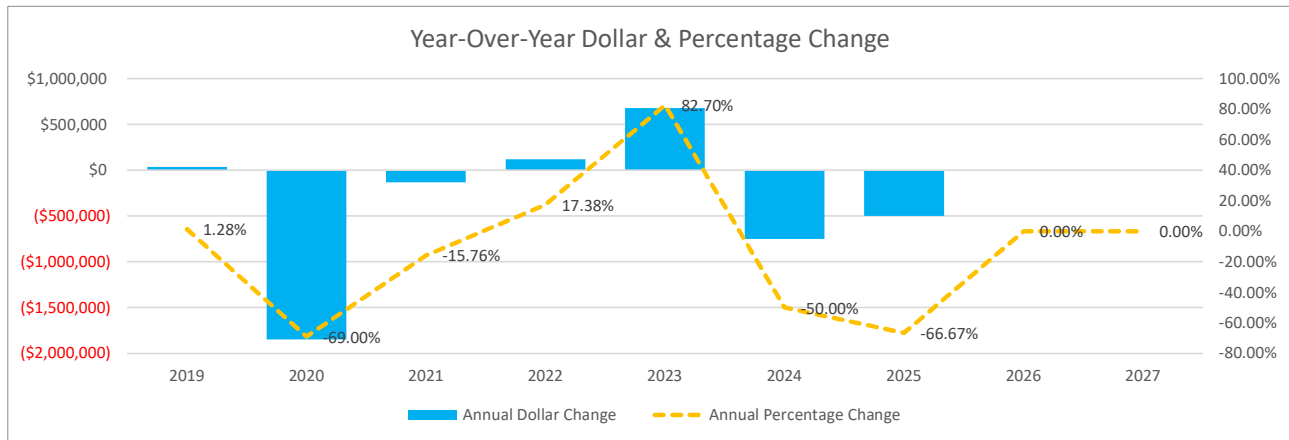
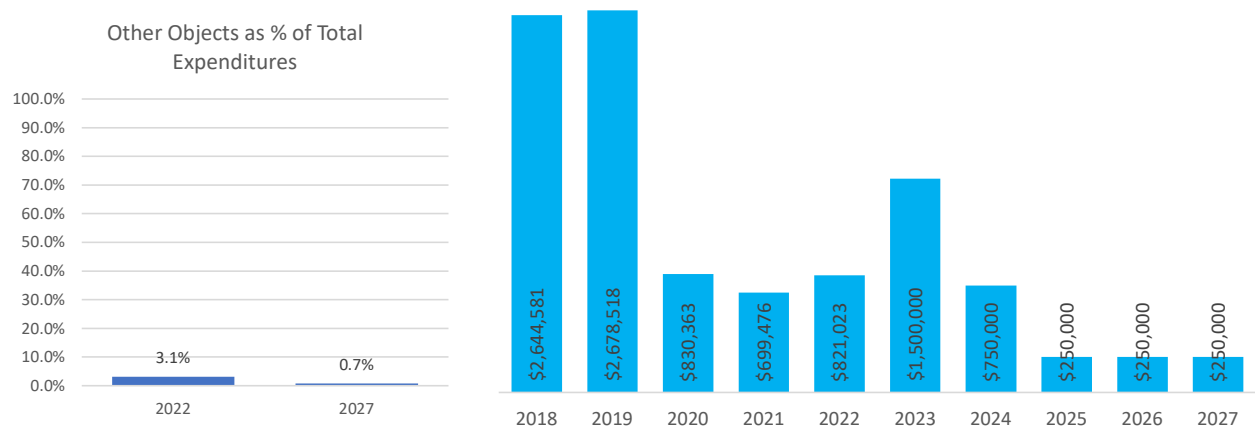
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.52% of total expenditures and increased at a historical average annual rate of 5.74%. This category of expenditure is projected to grow at an annual average rate of 1.20% through FY 2027. The projected average annual rate of change is -4.55% less than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers Out	821,023	1,500,000	750,000	250,000	250,000	250,000
Advances Out	-	(0)	(0)	(0)	(0)	(0)
Other Financing Uses	-	-	-	-	-	-

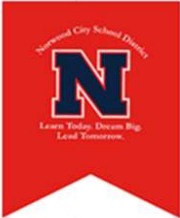
Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2022 the district had no advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

The district has planned transfers to the PI fund for FY22-24 as we have ongoing renovations to our historic buildings and updates to our playgrounds and front entrances. The district will no longer be able to transfer to permanent improvement funds once ESSER has expired. See the PI fund budget on page 23 of this document for more information.

Norwood City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	15,325,301	14,956,525	15,441,413	15,793,725	15,807,993	16,123,635
1.020 - Public Utility Personal Property	1,441,251	1,489,731	1,508,020	1,557,908	1,627,868	1,678,009
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,836,530	5,641,669	5,536,402	5,555,941	5,556,117	5,571,142
1.040 - Restricted Grants-in-Aid	1,392,932	1,633,774	1,634,086	1,622,271	1,629,711	1,621,684
1.050 - Property Tax Allocation	1,380,803	1,351,898	1,431,350	1,508,679	1,519,790	1,574,999
1.060 - All Other Operating Revenues	3,565,812	3,719,807	3,869,189	3,878,978	3,825,413	3,814,490
1.070 - Total Revenue	28,942,630	28,793,404	29,420,460	29,917,502	29,966,892	30,383,959
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	(0)	(0)	(0)	(0)	(0)
2.060 - All Other Financing Sources	56,530	50,000	50,000	50,000	50,000	50,000
2.070 - Total Other Financing Sources	56,530	50,000	50,000	50,000	50,000	50,000
2.080 - Total Rev & Other Sources	28,999,160	28,843,403	29,470,460	29,967,502	30,016,892	30,433,959
Expenditures:						
3.010 - Personnel Services	15,478,282	15,343,827	16,898,208	18,534,984	19,401,044	20,221,274
3.020 - Employee Benefits	4,718,660	4,853,551	5,404,203	5,867,183	6,122,572	6,374,496
3.030 - Purchased Services	4,317,705	4,725,710	4,843,227	4,954,159	5,054,776	5,157,513
3.040 - Supplies and Materials	757,007	907,887	923,443	1,048,910	1,069,872	1,091,254
3.050 - Capital Outlay	10,926	40,539	20,269	20,269	20,269	20,269
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	404,021	411,978	420,714	429,129	429,268	429,410
4.500 - Total Expenditures	25,686,602	26,283,493	28,510,064	30,854,635	32,097,802	33,294,217
Other Financing Uses						
5.010 - Operating Transfers-Out	821,023	1,500,000	750,000	250,000	250,000	250,000
5.020 - Advances-Out	-	(0)	(0)	(0)	(0)	(0)
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	821,023	1,500,000	750,000	250,000	250,000	250,000
5.050 - Total Exp and Other Financing Uses	26,507,625	27,783,492	29,260,064	31,104,635	32,347,802	33,544,217
6.010 - Excess of Rev Over/(Under) Exp	2,491,535	1,059,911	210,396	(1,137,133)	(2,330,910)	(3,110,258)
7.010 - Cash Balance July 1 (No Levies)	11,144,445	13,635,980	14,695,891	14,906,287	13,769,154	11,438,244
7.020 - Cash Balance June 30 (No Levies)	13,635,980	14,695,891	14,906,287	13,769,154	11,438,244	8,327,985
		Reservations				
8.010 - Estimated Encumbrances June 30	200,000	200,000	200,000	200,000	200,000	200,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	13,435,980	14,495,891	14,706,287	13,569,154	11,238,244	8,127,985
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	13,435,980	14,495,891	14,706,287	13,569,154	11,238,244	8,127,985
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	13,435,980	14,495,891	14,706,287	13,569,154	11,238,244	8,127,985

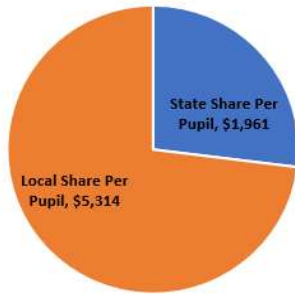
Norwood City Schools							
Permanent Improvement Fund							
							
Projected Fund Balances for PI Levy fund, Capital Project Fund, and Instructional Mobility Fund							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Beginning Balance	\$ 5,645,364	\$ 5,541,032	\$ 6,224,650	\$ 6,454,387	\$ 3,436,006	\$ 3,512,900	\$ 3,605,198
<i>PI Levy Fund</i>	\$ 1,994,112	\$ 2,949,878	\$ 3,868,085	\$ 3,813,007	\$ 3,436,007	\$ 3,512,901	\$ 3,605,199
<i>Capital Project Fund</i>	\$ 2,168,918	\$ 1,954,369	\$ 1,791,734	\$ 2,011,545	\$ (0)	\$ (0)	\$ (0)
<i>Instructional Mobility Fund</i>	\$ 1,482,334	\$ 636,785	\$ 564,832	\$ 629,836	\$ (0)	\$ (0)	\$ (0)
Tax Revenue	\$ 994,274	\$ 971,011	\$ 996,766	\$ 1,011,718	\$ 1,026,894	\$ 1,042,298	\$ 1,042,298
Other Revenues	\$ 15,786	\$ 14,121	\$ 412,036	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Transfers in	\$ -	\$ -	\$ 510,000	\$ 1,500,000	\$ 500,000	\$ -	\$ -
Total Revenues	\$ 1,010,060	\$ 985,132	\$ 1,918,802	\$ 2,546,718	\$ 1,561,894	\$ 1,077,298	\$ 1,077,298
Expenses	\$ 1,114,392	\$ 301,514	\$ 1,239,065	\$ 5,080,428	\$ 1,000,000	\$ 500,000	\$ 500,000
Debt Payments			\$ 450,000	\$ 484,671	\$ 485,000	\$ 485,000	\$ 485,000
Total Expenses	\$ 1,114,392	\$ 301,514	\$ 1,689,065	\$ 5,565,099	\$ 1,485,000	\$ 985,000	\$ 985,000
Revenues less Expenses	\$ (104,332)	\$ 683,618	\$ 229,737	\$ (3,018,381)	\$ 76,894	\$ 92,298	\$ 92,298
Ending Cash Balance	\$ 5,541,032	\$ 6,224,650	\$ 6,454,387	\$ 3,436,006	\$ 3,512,900	\$ 3,605,198	\$ 3,697,496

The PI Levy account is funded by a permanent improvement levy passed in 2016. The fund is used to offset renovation project shortfalls in FY22 and FY23 and is used to pay the debt service of the additional \$7.5 Million needed to finish the renovation project as intended when passed by voters. That is why the cash balance increases so rapidly at first and then diminishes so quickly. Finally, this fund will be used to provide funding for maintenance and repairs to buildings and for purchases for district technology.

The district also has a Capital Project Fund in which they have put aside money as available to help fund the renovation project. This money will be completely used in FY23 or FY24 for the beautification project, playground project or Shea Stadium renovations and the fund will be closed.

The district also has an Instructional Mobility Fund in which they have transferred cash as available for student technology purchases. It is estimated that this fund will be zero balanced and closed in FY25 after which technology must be purchased from the PI Levy fund or the general fund.

FY 2023 Total Base Cost Per Pupil = \$7,274



Guarantee Amounts Included in Bottom Line
State Formula Funding



Norwood City School

Ohio's Fair School Funding Plan - Transitional Aid "Guarantee Analysis"

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
FY 2020 Base Transitional Aid Guarantee	\$250,565	\$303,849	\$608,986	\$682,285	\$927,880
Calculated Formula Phased In	\$648,138	\$528,162	(\$95,923)	(\$256,751)	(\$762,613)
FY 2020 Guarantee as % of Calculated Formula	38.7%	57.5%	-634.9%	-265.7%	-121.7%
State Base Cost Per Pupil Funding	\$1,961	\$1,889	\$1,411	\$1,297	\$895
Memo Only: Guarantee Reflected as Student Count	128	161	432	526	1,037

Note: Concept only, if students were added PP Funding would change.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
FY 2021 Base Supplemental Transitional Guarantee	\$429,975	\$427,709	\$425,467	\$423,250	\$421,056
Calculated Formula Phased In	\$648,138	\$528,162	(\$95,923)	(\$256,751)	(\$762,613)
FY 2021 Guarantee as % of Calculated Formula	66.3%	81.0%	-443.6%	-164.8%	-55.2%
State Base Cost Per Pupil Funding	\$1,961	\$1,889	\$1,411	\$1,297	\$895
Memo Only: Guarantee Reflected as Student Count	219	226	302	326	470

State Funding Supplement

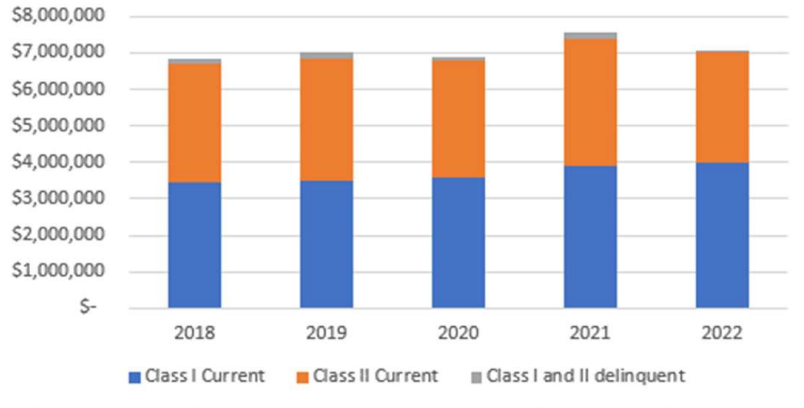
This forecast has estimated State Revenues using the SFSP, which is state law for school funding. SFSP funding is doled out considering the state's idea of staffing needed to serve each district by student count. After the funding is determined, other formulas are applied to separate the amount into state share and local share based on district real estate valuations and parent wealth. It is a very complicated formula with many variables, some of which are temporary, including the insertion of some funding guarantees. Norwood City Schools is funded with two such guarantees, which you will see in the blue bar graph above and in the chart above. Both the guarantees (indeed even the SFSP funding formula itself) are subject to the whims of legislation and could change quickly at which time, I would need to update the forecast. However, there is no reason to think that the State will drastically change funding to the district at this time.

In the graph above, you will see in FY23, the district is getting \$250,565 in FY2020 Base guarantees and \$429,975 in FY2021 Base guarantees. In this graph, it also shows that we would need to have student growth of 128 students to become a formula funded district and 219 for the FY21 base guarantee. Considering this information, it is clear that Norwood CSD is heavily invested in the guarantee due to years of reduced student counts. Most city schools are seeing this same result.

ANALYSIS OF TAX REVENUE-FALL SETTLEMENT

NORWOOD CITY SCHOOLS

Real Estate Property Tax Revenue-Fall Settlement



	2021	2022	YOY	% Change
Class I Current	\$ 3,915,465	\$ 4,008,038	\$ 92,573	2.36%
Class II Current	\$ 3,475,711	\$ 3,005,150	\$ (470,561)	-13.54%
Class I and II delinquent	\$ 151,834	\$ 61,043	\$ (90,791)	-59.80%
Collection rate				
Class I	96%	96%		
Class II	95%	87%		

Our commercial tax revenue for the fall settlement was down by \$470,000 or reduced by more than 13.5%. After investigating the possible reasons, we have determined that four or five very large commercial taxpayers paid current taxes based on future reduced valuations. As I have been sharing, a few commercial taxpayers have taken every advantage of tax reduction through Board of Revision. We saw large reductions in value despite appealing the BOR decisions. In my forecast for future tax revenues, I am estimating that these businesses have already taken their refunds for late decided valuation reductions in the current period. But of course, only time will tell.

In the above report to the Board of Education, I shared our fall settlement findings for commercial real estate. I am including that in my forecast assumptions to show the unpredictable nature of commercial real estate tax payments and this is before HB 126 became active!

- School districts are supposed to keep local funding stable so we provide routine predictable support for education
- We cannot rely on our very large commercial property owners for tax support.
- Some commercial property owners are cutthroat tax avoiders with legislative support.
- Due to HB126, we cannot protect our tax base as well as before HB126.
HB126 hastens the burden shift from commercial to residential taxpayers.

Expiring Grant funds & Expected changes to Forecast

Norwood City Schools					
Grant expiring-update to Five Year Forecast					
Staff Hired for Pandemic recovery - paid with ESSER funds					
	FY23	FTE	Salary	Benefits	FY to return to general fund
ESSER	<u>Classified</u>				
Maintenance	Hire	2	\$ 107,370	\$ 21,466	FY25
Technology staff	Hire	1	\$ 51,750	\$ 15,603	FY25
Health Aides	Hire	2	\$ 63,283	\$ 28,953	FY25
Translator	Hire	1	\$ 23,581	\$ 20,381	FY25
ESSER	<u>Certified</u>				
Teachers-recalled from RIF	Hire	1	\$ 63,455	\$ 17,411	FY25
New hire-MS Math	Hire	2	\$ 97,538	\$ 30,284	FY25
Teachers - ELL	Rehire	1	\$ 74,544	\$ 28,256	FY25
Re-assigned teachers	Stem	1	\$ 83,878	\$ 13,359	FY25
Supplanting	Supplanting	14	\$ 1,059,973	\$ 321,403	FY24
Return from SWSF	social workers	2	\$ 145,634	\$ 36,804	FY24

Above schedule details the resulting changes to the forecast once SWSF and ESSER grants expire.