



Monthly Financials June 2022

- Fiscal Year 2022 is complete.

FISCAL YEAR 2022 REVENUE AND EXPENDITURE ANALYSIS THROUGH JUNE

1. ACTUAL COMPARED TO FORECAST VARIANCE AND NET FAVORABILITY ANALYSIS

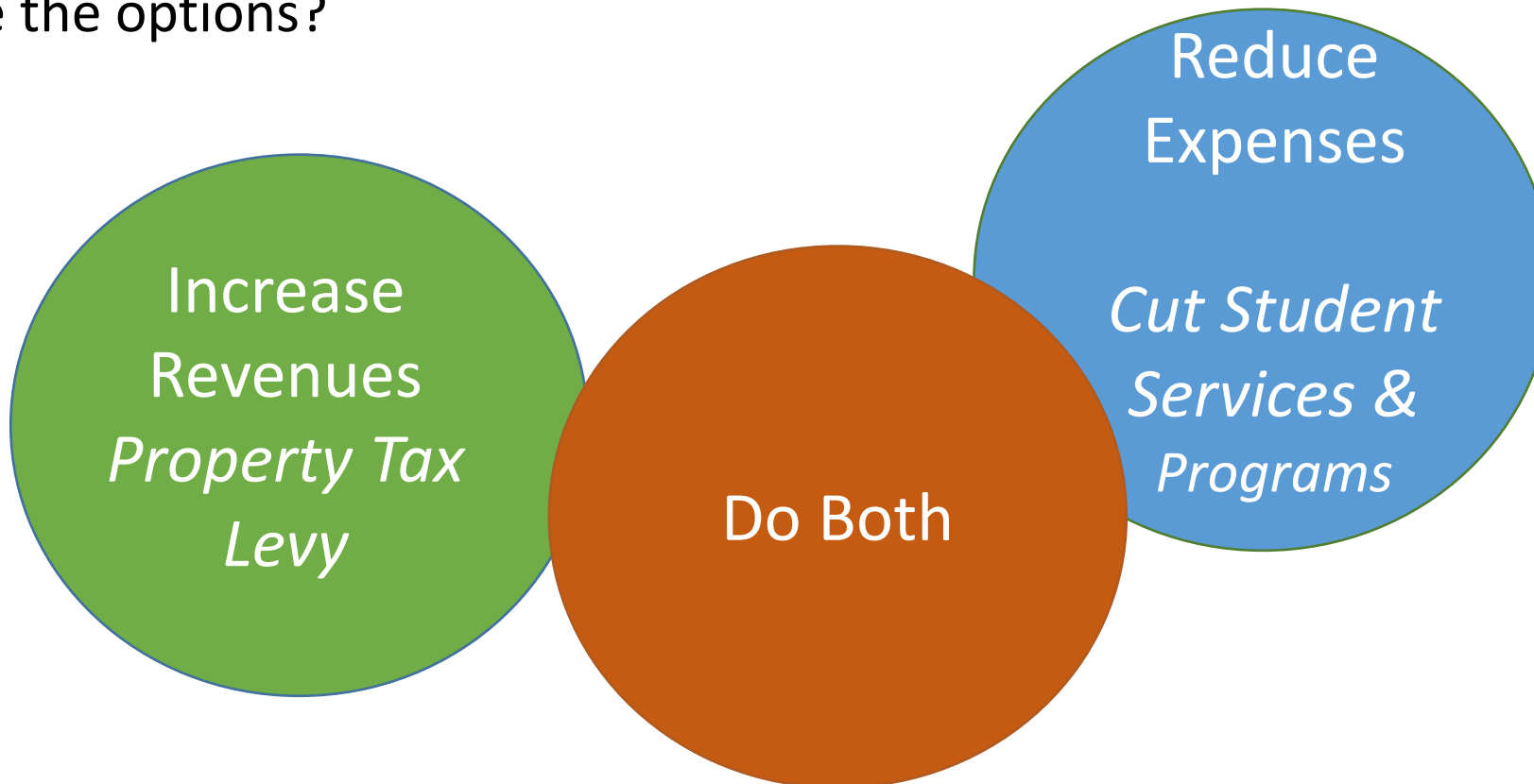


- Expenditures include \$1,537,971 of temporary advances to federal funds that will be returned in July.
- The expenditure variance is an Unfavorable \$300,926 for against forecast after adjusting for the temporary advances.
- The impact on the cash balance variance is a Favorable \$190,436 after adjusting for temporary advances and encumbrances.



Maintaining Financial Stability

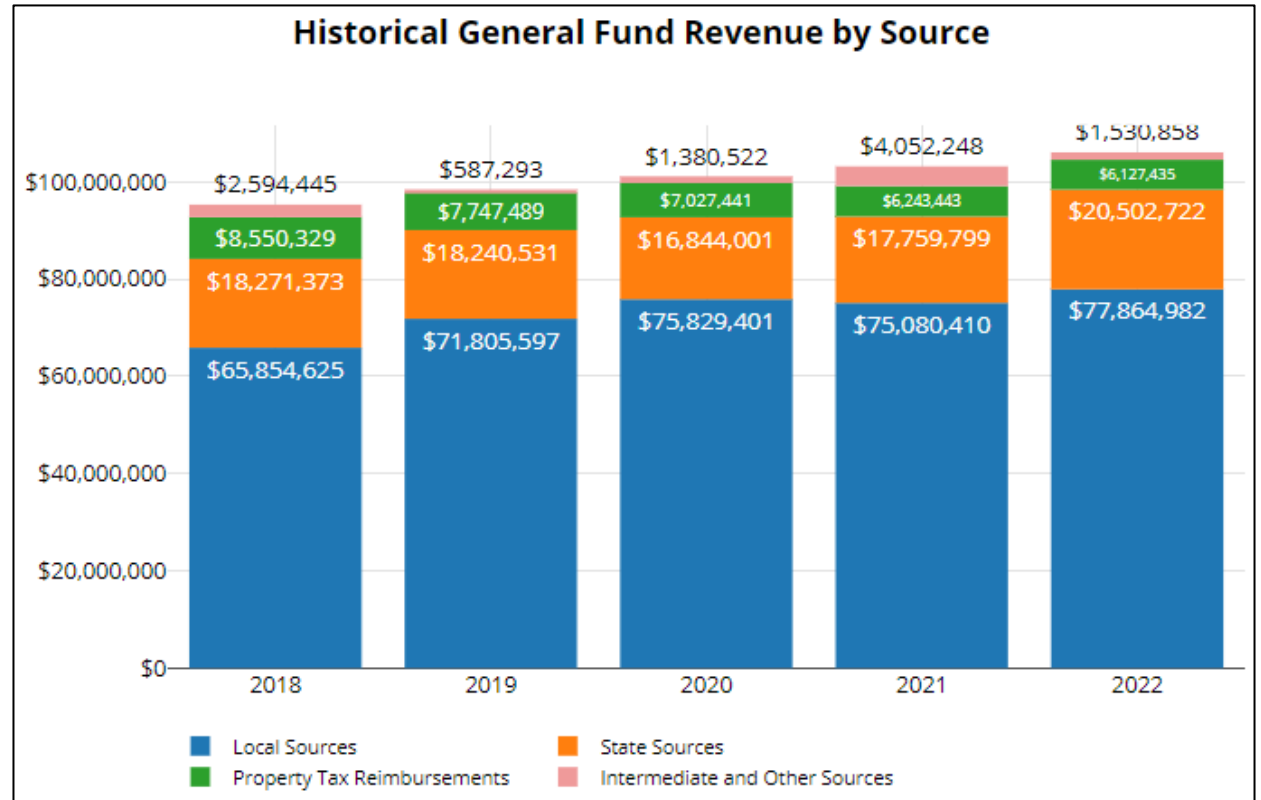
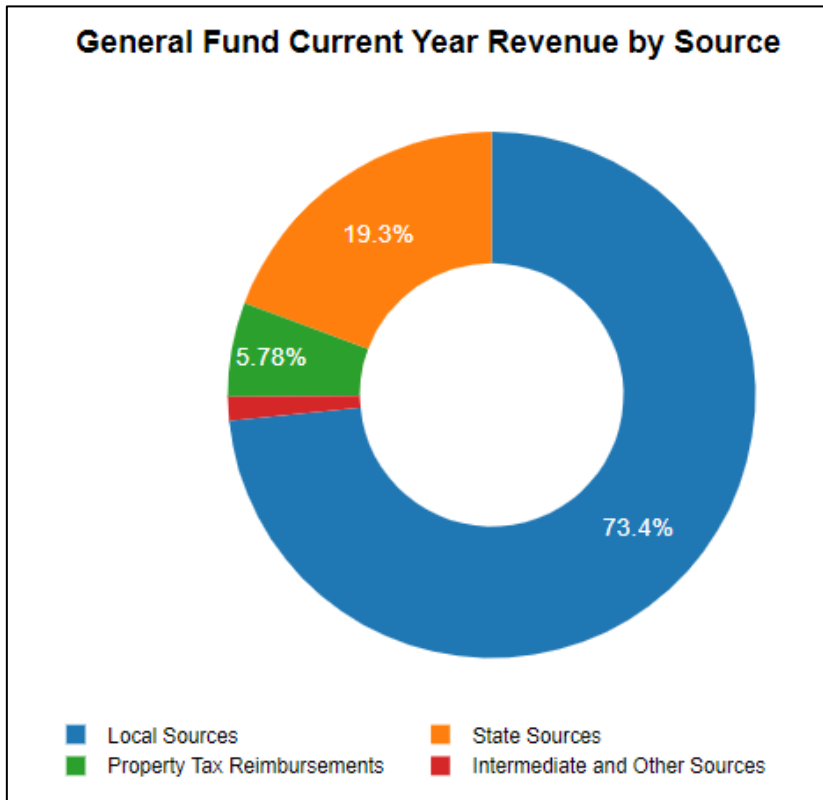
What are the options?





Financial Review

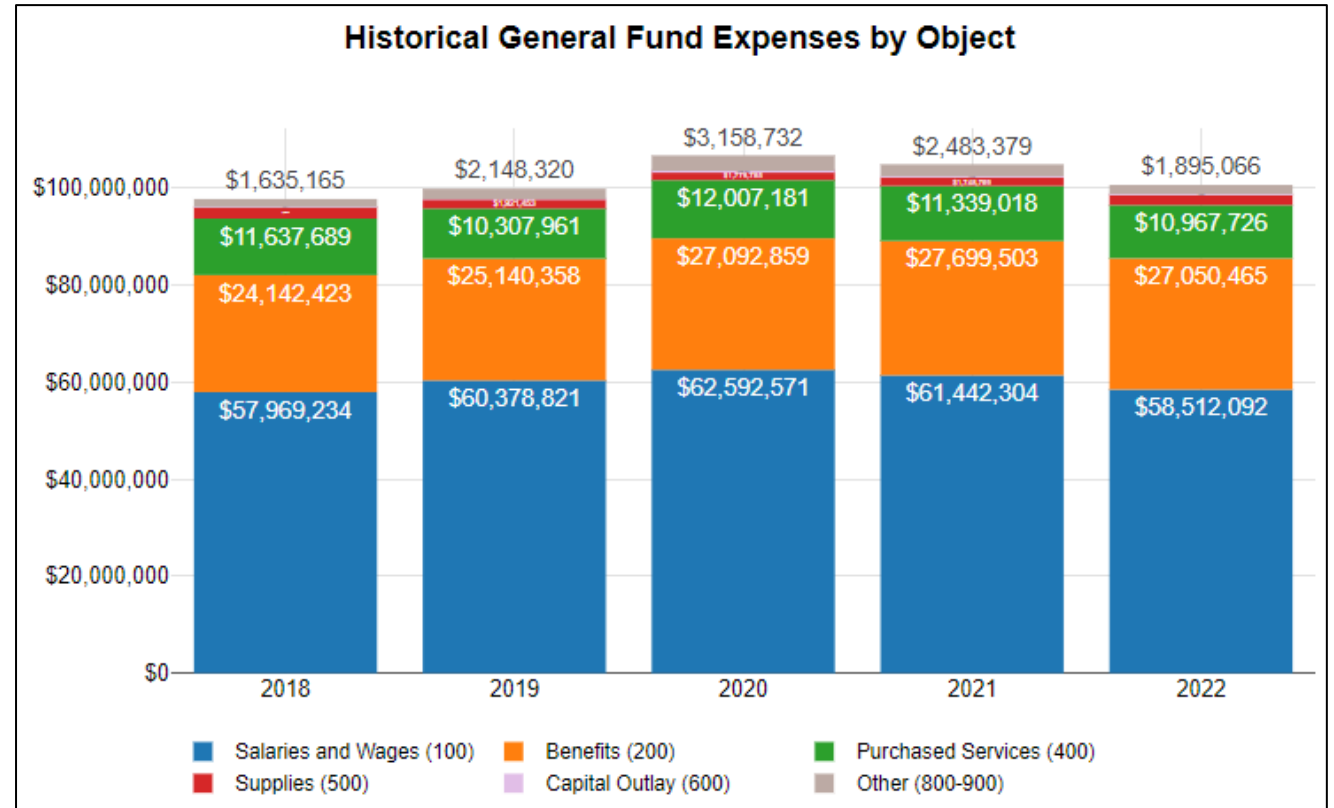
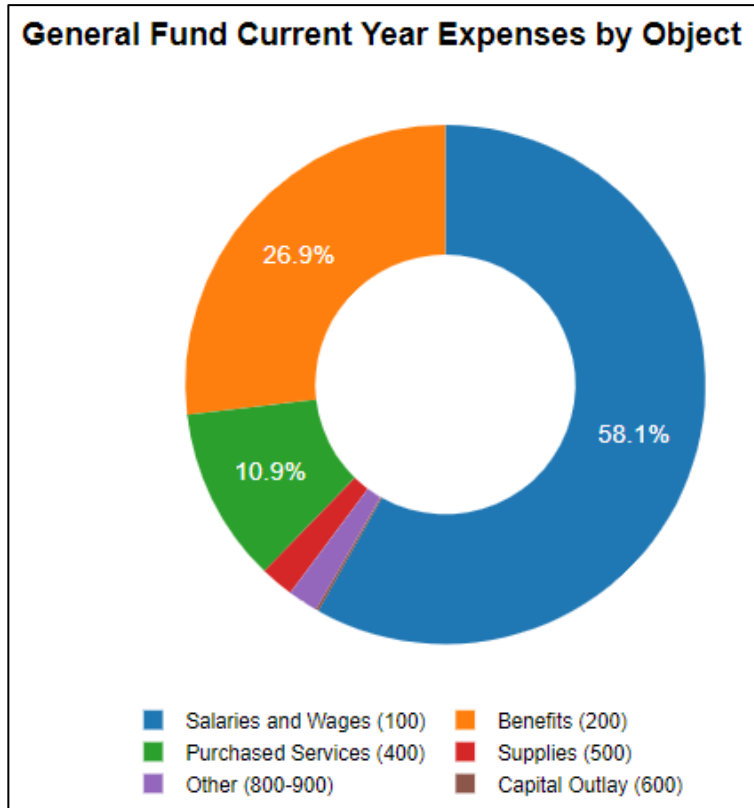
- Kettering is primarily a locally funded school district.
- Historical revenue has increased by 2.48% since 2018, including the 2018 operating levy.
- Projected revenue is expected to increase by 1.17% in years 2023-2026.





Financial Review

- Historical spending has increased by 3.55% since 2018.
- Projected spending is expected to increase by 3.94% in years 2023-2026.
- 85% of budget is staffing.





Financial Review

- Key Revenue Assumptions

- Stable property values and tax collections. No new construction is assumed.
- Fair School Funding Model (FSFM) is assumed for FY 2022 and FY 2023 based on current law enacted by HB 1.
 - FSFM is designed to be phased in over a 6-Year period. (Approx. 16% annually)
 - Given the unpredictability of state funding and the biennial priorities of each legislative session a phase in of 2.5% is forecasted.
 - Full phase could generate in excess of \$10M annually for Kettering compared to forecast.
- ESSER and ARP money will be exhausted by December 31, 2022.



Financial Review

- **Key Expenditure Assumptions**

- Salaries based on current labor agreements through July 31, 2024, with KEA and July 31, 2023, with OAPSE. Steps + 1% base increases assumed thereafter.
- No additional staffing and no reduction in staffing. Retirements and attrition based on historical trend is included in the forecast.
- Health care is based on 2023 renewal and a 7.5% inflation factor thereafter. No savings of the current health care initiative are forecasted. (EMS)
- Short-term savings from COVID shut down are in the historical data but are not assumed going forward.
- Expenditures for digital instructional materials and textbooks are shifting from capital funds to the operating fund (Approx. \$450K).
- Projections for Fuel, Utilities and Substitute Personnel have been adjusted upward due to inflationary pressure.



Maintaining Financial Stability

- May 2022 Five-Year Forecast projected an operating deficit(s) through June 30, 2026.
- District has accumulated a cash reserve since the 2018 levy and utilized ESSER and ARP federal pandemic support to continue services without interruption. The District is positioned to utilize reserves and federal support to operate through June 30, 2024, when cash reserves will be exhausted.
- The May 2022 Forecast Update demonstrated a need for an operating levy in November 2022 to maintain current programs and services.
 - It takes 18 months for a new levy to be fully collected on a fiscal year basis.
 - District has a 24-month supply of cash on June 30, 2022.



Maintaining Financial Stability

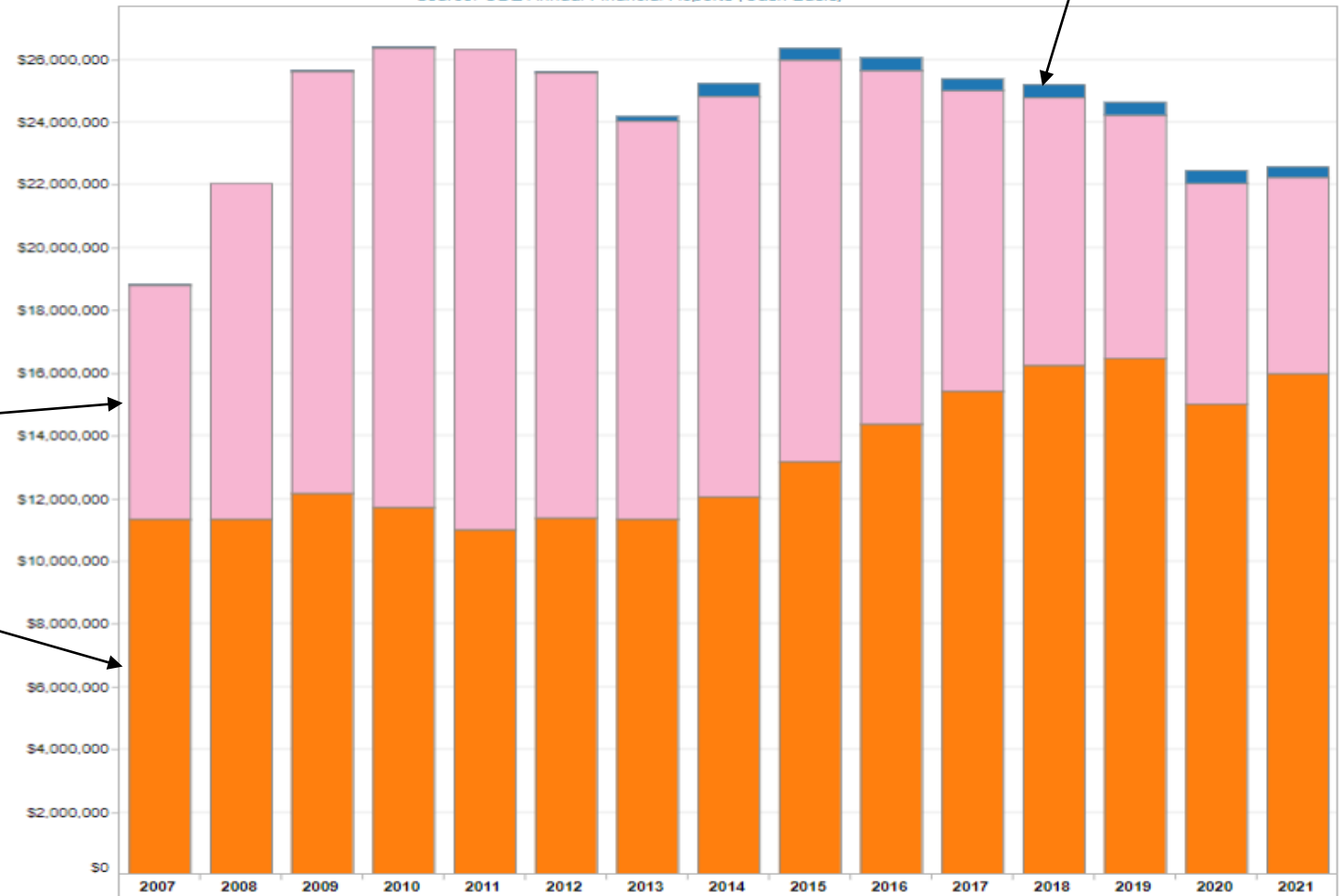
Why does Kettering need a levy?

The chart to right is historical State aid. Support from the State of Ohio has not kept up.

TPP Reimbursement

Basic Aid

Revenue Bar Chart
 Kettering City School District
 By: Detail Source
 Source: ODE Annual Financial Reports (Cash Basis)



- Analysis Type (Revenue)**
- 3190 OTHER UNRESTRICTED GRANTS-IN-AID
 - 3130 PROPERTY TAX ALLOCATION
 - 3110 SCHOOL FOUNDATION BASIC ALLOWANCE



Maintaining Financial Stability

Why does Kettering need a levy?

HB 920 Doesn't let existing levies grow with inflation.

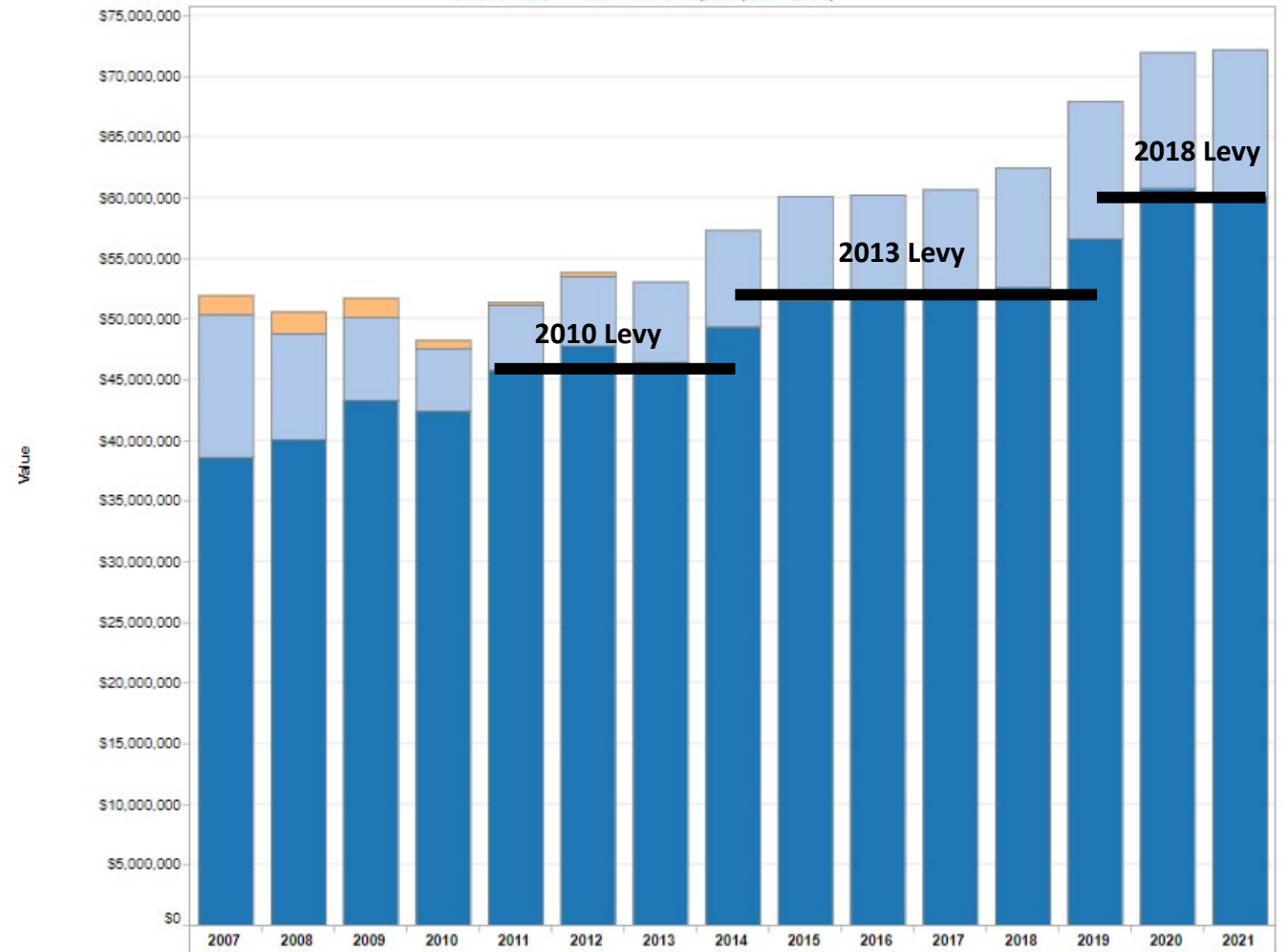
The chart demonstrates that real estate revenue only grows with a levy approval.

Analysis Type (Revenue)

- 1190 OTHER RECEIPTS (LOCAL TAXES)
- 1120 TANGIBLE PERSONAL PROPERTY TAX (GRO...)
- 1110 GENERAL PROPERTY TAX-REAL ESTATE (GR...)

Revenue Bar Chart
Kettering City School District
By: Detail Source

Source: ODE Annual Financial Reports (Cash Basis)





Maintaining Financial Stability

- District has utilized \$13.7M in federal pandemic relief from ESSER and ARP programs to preserve services over the past 2 years.
 - Federal funds-maintained class sizes, course offerings, co-curricular programs and extracurricular programs despite the virtual environment and lower enrollment.
 - The 2018 levy that was projected to last 3 years, was able to be stretched for (4) years through 2022.
- The District has continued to meet service level expectations of the community.



Maintaining Financial Stability

New Money Operating Levy History – Past 20 years

- 6.90 mills March 2, 2004
- 4.90 mills November 6, 2007
- 4.90 mills November 2, 2010
- 4.89 mills November 5, 2013
- 5.99 mills November 6, 2018
- 5.99 mills November 8, 2022 (Recommended by Treasurer and Superintendent)

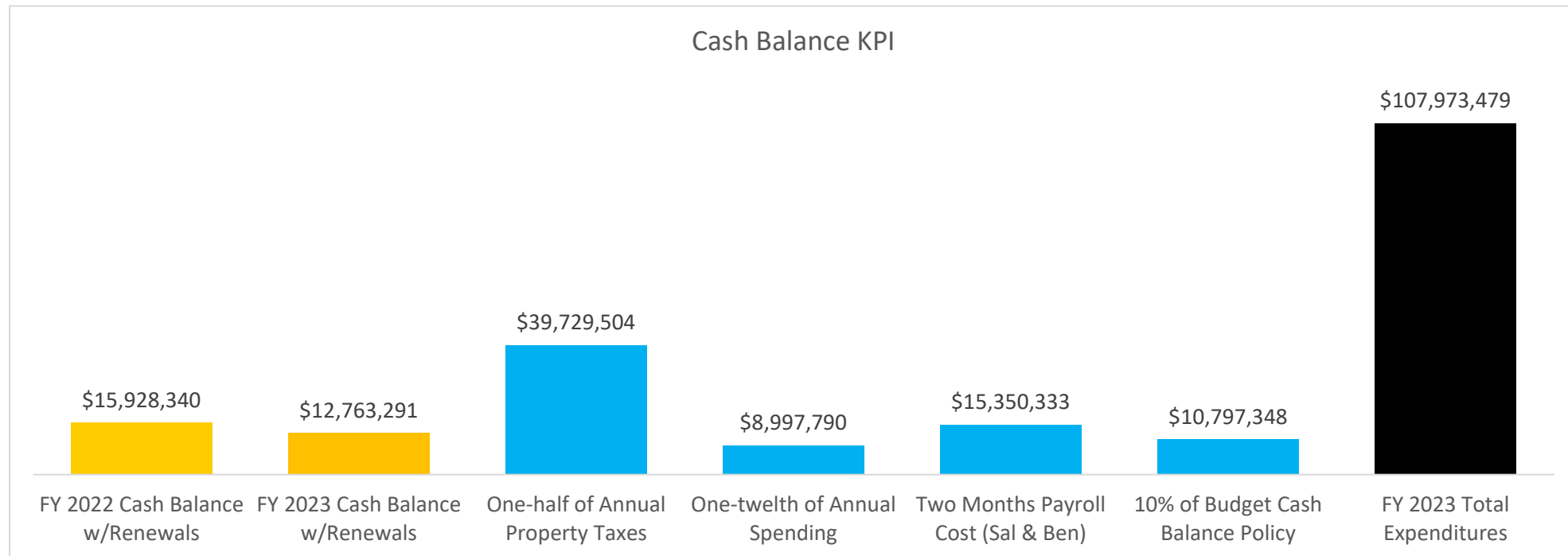
Historically, levy requests have been 3-4 years and 4-5 mills. The District has employed a “Just in Time” levy approach. Not asking for more than is needed any sooner than needed.



Maintaining Financial Stability

How is a levy amount determined?

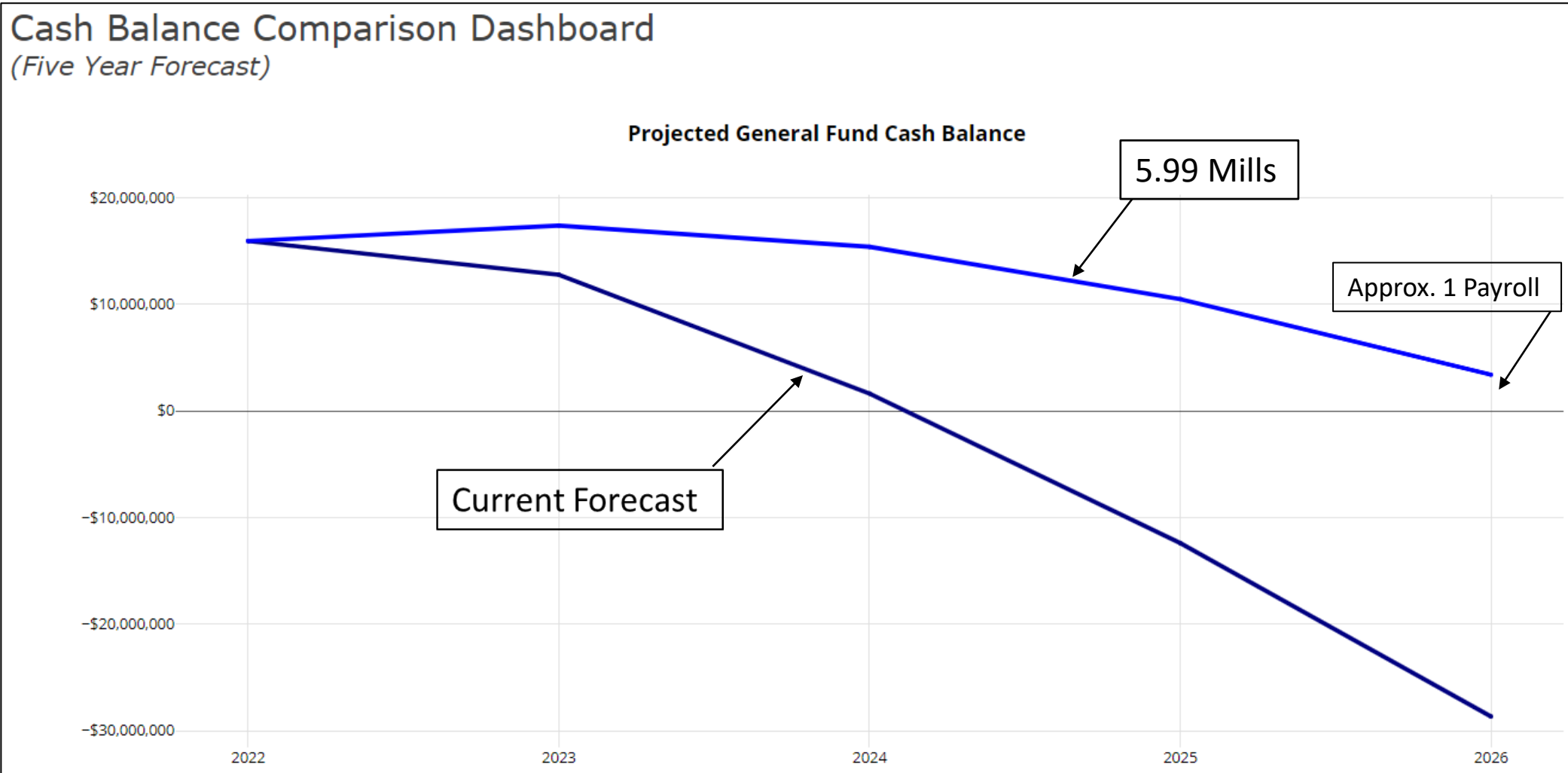
- Comparative analysis with Key Performance Indicators (KPI)
 - Cash Balances projected at June 30, 2022 and 2023 equal to or below most KPI
 - Projected cash balance at June 30, 2024, (+\$1,618,612) will be below all KPI





Maintaining Financial Stability

Cash Balance Comparison Dashboard
(Five Year Forecast)





Maintaining Financial Stability

What would the levy millage amount be if Board waited until 2023?

- A new levy option would generate approximately \$9M annually. Waiting until 2023 or a levy failure in 2022 would cost \$9M in revenue.
- For a levy to be considered in 2023 at the same millage as a 2022 the District would need to eliminate \$3M annually or \$9M in total over the 3-year expected life of the levy.
- Or, the millage would have to be approximately 1.95 mills higher in 2023 than compared to 2022.



Maintaining Financial Stability

Board of Education Focus

- Declare Necessity of Levy – July 12th
- Legislation to Proceed – August 2nd
- Community Decision – November 8th