

Sidney City School District

Five Year Forecast Financial Report

November, 2024

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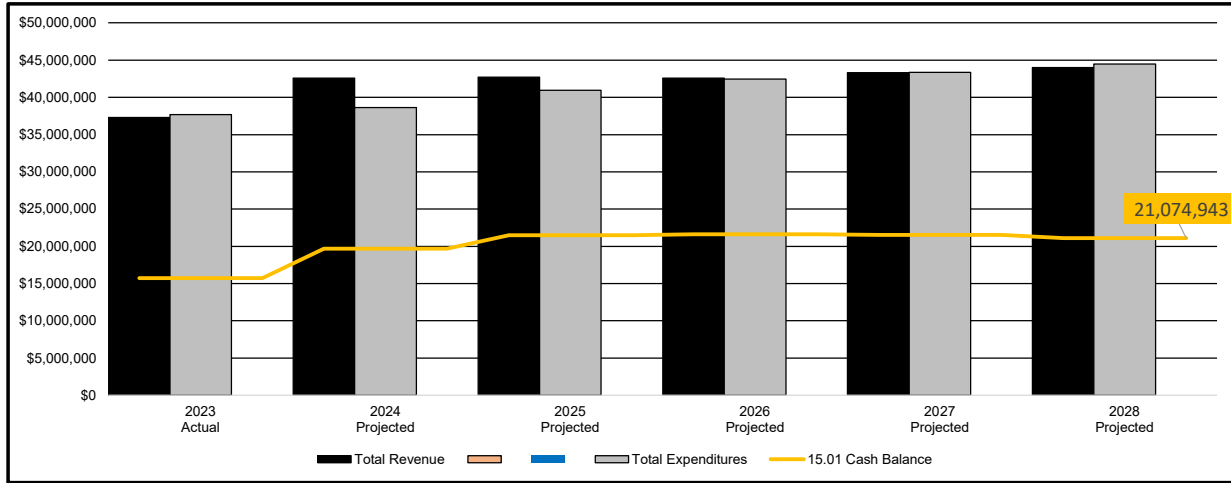
Forecast Purpose/Objectives

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.

Forecast Summary



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

Financial Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus	15,709,628	19,689,385	21,465,425	21,595,559	21,542,451
+ Revenue	42,595,792	42,712,527	42,586,291	43,316,479	44,011,554
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(38,616,035)	(40,936,487)	(42,456,157)	(43,369,587)	(44,479,062)
= Revenue Surplus or Deficit	3,979,757	1,776,040	130,134	(53,108)	(467,508)
Line 7.020 Ending Balance with renewal/new levies	19,689,385	21,465,425	21,595,559	21,542,451	21,074,943

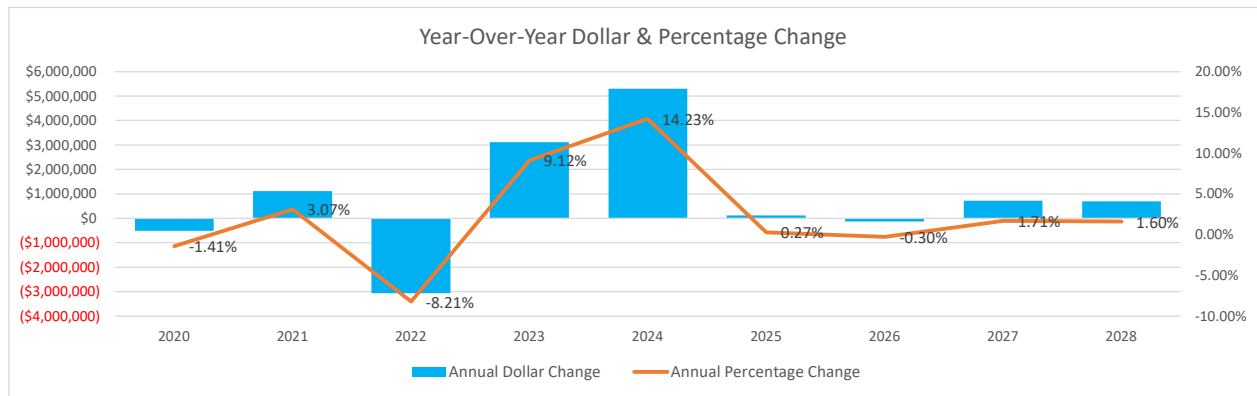
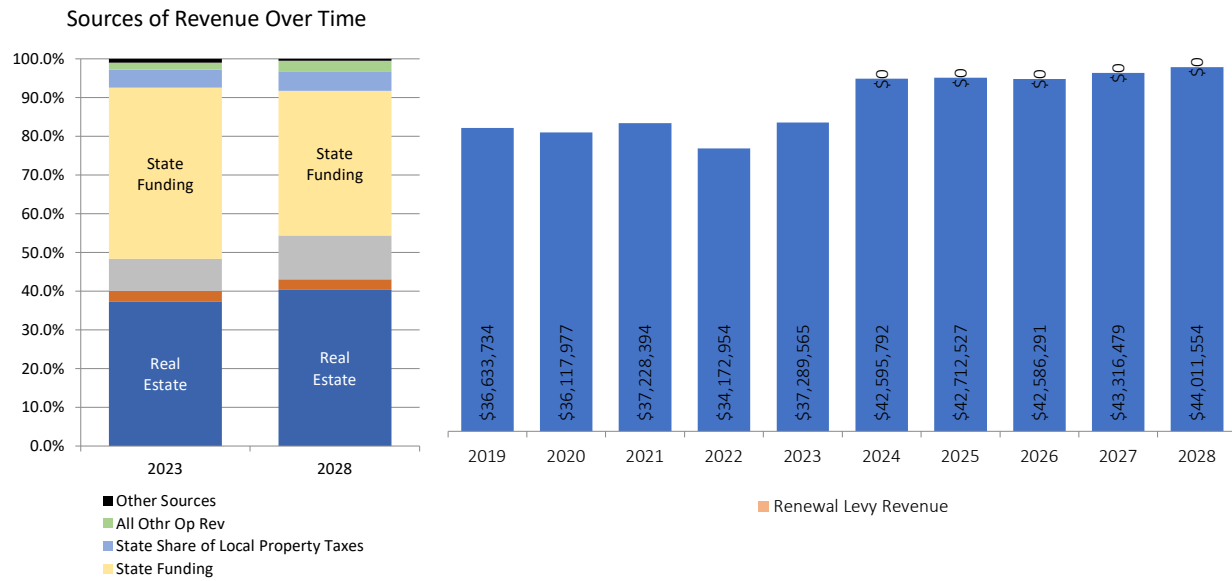
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	3,979,757	1,776,040	130,134	(53,108)	(467,508)
Ending Balance w/o Levies	19,689,385	21,465,425	21,595,559	21,542,451	21,074,943

In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$3,979,757 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$467,508. The district would need to cut its FY 2028 projected expenses by 1.05% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to improve by FY 2028. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview



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

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$332,037	\$759,792	\$427,756	Total revenue increased 0.64% or \$163,958 annually during the past 4-Year period and is projected to increase 3.51% or \$1,344,398 annually through FY2028. State Funding has the most projected average annual variance compared to the historical average at \$752,318
Public Utility	\$61,207	\$42,755	(\$18,452)	
Income Tax	\$770,244	\$379,283	(\$390,961)	
State Funding	(\$765,385)	(\$13,067)	\$752,318	
State Share-Local Prop. Taxes	(\$59,544)	\$103,960	\$163,504	
All Othr Op Rev	(\$243,633)	\$105,324	\$348,957	
Other Sources	\$69,033	(\$33,649)	(\$102,682)	
Total Average Annual Change	\$163,958 0.64%	\$1,344,398 3.51%	\$1,180,440 2.86%	

Note: Expenditure average annual change is projected to be > \$1,355,313 On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 37.36% of total revenue. Class I or residential/agricultural taxes make up approximately 69.21% of the real estate property tax revenue. The Class I tax rate is 26.97 mills in tax year 2023. The projections reflect an average gross collection rate of 99.4% annually through tax year 2027. The revenue changed at an average annual historical rate of 2.61% and is projected to change at an average annual rate of 5.02% through FY 2028.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

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 2.74% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 40.87 mills. The forecast is modeling an average gross collection rate of 100.52%. The revenue changed historically at an average annual dollar amount of \$61,207 and is projected to change at an average annual dollar amount of \$42,755 through FY 2028.

INCOME TAX REVENUE

The district maintained one income tax levy in FY 2023. The average annual dollar change in total income tax revenue is forecasted to be \$379,283 through FY 2028. Income tax revenue is projected to account for 11.3% of total district revenue in FY 2028.

UNRESTRICTED STATE AID REVENUE

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 Sidney City School District the calculated Base Cost total is \$23,577,038 in FY 2024. The state's share of the calculated Base Cost total is \$11,696,494 or \$4,315 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

RESTRICTED STATE AID REVENUE

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 \$291,268 and is projected to change annually on average by -\$61,510. Restricted funds represent 4.02% 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 \$515,480. 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.

STATE SHARE OF LOCAL PROPERTY TAXES REVENUE

State Share of Local Property Taxes 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 2024, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.0% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

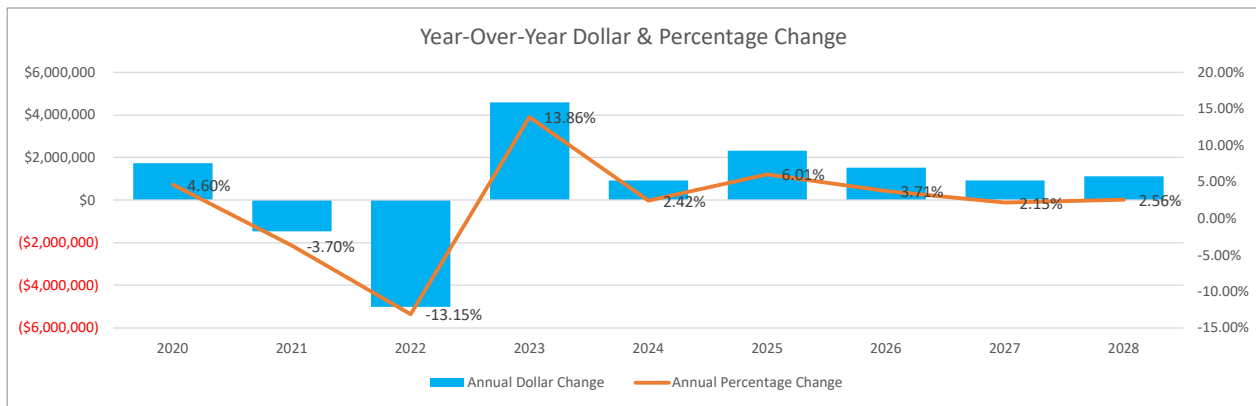
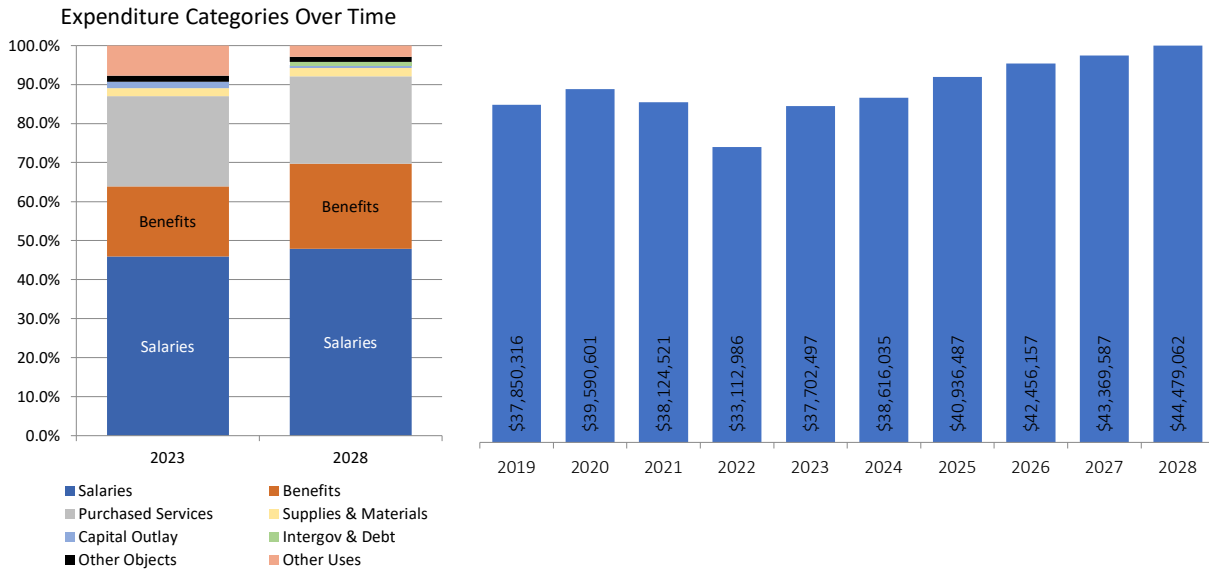
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$243,633. The projected average annual change is \$105,324 through FY 2028.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$0 as advances-in and is projecting advances of \$573,323 in FY 2024. 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 \$596,866 in FY 2024 and average \$200,000 annually through FY 2028.

ADDITIONAL REVENUE NOTES

Expenditure Overview



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 increased 0.40% or -\$36,955 annually during the past 4-Year period and is projected to increase 3.59% or \$1,355,313 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$1,406,191.
Salaries	(\$606,250)	\$799,941	\$1,406,191	
Benefits	(\$214,098)	\$581,050	\$795,148	
Purchased Services	\$126,494	\$254,750	\$128,256	
Supplies & Materials	\$30,282	\$29,672	(\$610)	
Capital Outlay	(\$32,859)	(\$57,771)	(\$24,912)	
Intergov & Debt	\$0	\$71,087	\$71,087	
Other Objects	\$22,853	\$8,908	(\$13,944)	
Other Uses	\$636,624	(\$332,324)	(\$968,948)	
Total Average Annual Change	0.40%	3.59%	3.19%	

Note: Expenditure average annual change is projected to be > \$1,355,313 On an annual average basis, revenues are projected to grow slower than expenditures.

Expenditure Notes

SALARY EXPENSE

Salaries represent 45.91% of total expenditures and decreased at a historical average annual rate of -3.20% or -\$606,250. This category of expenditure is projected to grow at an annual average rate of 4.29% or \$799,941 through FY 2028. The projected average annual rate of change is 7.49% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 17.99% of total expenditures and decreased at a historical average annual rate of -2.30% This category of expenditure is projected to grow at an annual average rate of 7.44% through FY 2028. The projected average annual rate of change is 9.74% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 23.08% of total expenditures and increased at a historical average annual rate of 4.24%. This category of expenditure is projected to grow at an annual average rate of 2.80% through FY 2028 The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 2.08% of total expenditures and increased at a historical average annual rate of 4.77%. This category of expenditure is projected to grow at an annual average rate of 4.40% through FY 2028. The projected average annual rate of change is -0.37% less than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 1.69% of total expenditures and decreased at a historical average annual amount of -\$32,859. This category of expenditure is projected to decrease at an annual average rate of -\$57,771 through FY 2028. The projected average annual change is less than the five year historical annual average.

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

Other Objects represent 1.46% of total expenditures and increased at a historical average annual rate of 4.74%. This category of expenditure is projected to grow at an annual average rate of 1.57% through FY 2028. The projected average annual rate of change is -3.17% less than the five year historical annual average.

OTHER USES EXPENSES

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 2023 the district had advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2028. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

Sidney City School District

Five Year Forecast

November, 2024

Fiscal Year:	Actual			FORECASTED				
	2021	2022	2023	2024	2025	2026	2027	2028
Revenue:								
1.010 - General Property Tax (Real Estate)	13,131,397	14,194,217	13,930,250	15,413,275	16,794,923	16,793,773	17,267,191	17,729,212
1.020 - Public Utility Personal Property	847,919	887,768	1,020,692	998,857	1,108,732	1,147,417	1,190,897	1,234,465
1.030 - Income Tax	-	305,173	3,080,974	4,267,629	4,610,554	4,729,236	4,851,478	4,977,388
1.035 - Unrestricted Grants-in-Aid	19,087,967	15,144,608	14,998,544	16,148,736	15,292,655	15,027,506	15,197,271	15,240,758
1.040 - Restricted Grants-in-Aid	626,842	1,294,897	1,500,657	1,560,788	1,480,873	1,387,676	1,236,833	1,193,109
1.050 - State Share-Local Property Taxes	1,810,114	1,770,073	1,720,755	1,862,178	2,045,563	2,116,115	2,182,632	2,240,557
1.060 - All Other Operating Revenues	1,479,391	542,156	669,448	1,174,140	1,179,227	1,184,568	1,190,177	1,196,066
1.070 - Total Revenue	36,983,630	34,138,892	36,921,320	41,425,603	42,512,527	42,386,291	43,116,479	43,811,554
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	-	-	-	573,323	-	-	-	-
2.060 - All Other Financing Sources	244,764	34,062	368,245	596,866	200,000	200,000	200,000	200,000
2.070 - Total Other Financing Sources	244,764	34,062	368,245	1,170,189	200,000	200,000	200,000	200,000
2.080 - Total Rev & Other Sources	37,228,394	34,172,954	37,289,565	42,595,792	42,712,527	42,586,291	43,316,479	44,011,554
Expenditures:								
3.010 - Personnel Services	18,357,024	17,486,536	17,310,943	17,741,036	19,634,548	20,311,080	20,727,488	21,310,646
3.020 - Employee Benefits	8,040,705	6,877,122	6,784,219	7,275,094	8,272,140	8,740,901	9,185,600	9,689,468
3.030 - Purchased Services	9,755,564	6,691,838	8,702,726	9,402,522	9,404,950	9,591,573	9,782,055	9,976,478
3.040 - Supplies and Materials	666,780	645,516	782,729	980,688	820,882	890,375	910,438	931,088
3.050 - Capital Outlay	246,818	404,126	638,858	350,000	350,001	350,001	350,001	350,001
Intergovernmental & Debt Service	-	-	-	57,551	354,954	354,841	354,841	355,436
4.300 - Other Objects	497,630	492,283	551,403	569,318	575,837	582,447	589,149	595,945
4.500 - Total Expenditures	37,564,521	32,597,421	34,770,878	36,376,210	39,413,312	40,821,217	41,899,572	43,209,062
Other Financing Uses								
5.010 - Operating Transfers-Out	560,000	515,565	2,358,296	2,239,825	1,523,175	1,634,940	1,470,015	1,270,000
5.020 - Advances-Out	-	-	573,323	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	560,000	515,565	2,931,619	2,239,825	1,523,175	1,634,940	1,470,015	1,270,000
5.050 - Total Exp and Other Financing Uses	38,124,521	33,112,986	37,702,497	38,616,035	40,936,487	42,456,157	43,369,587	44,479,062
6.010 - Excess of Rev Over/(Under) Exp	(896,127)	1,059,969	(412,932)	3,979,757	1,776,040	130,134	(53,108)	(467,508)
7.010 - Cash Balance July 1 (No Levies)	15,958,718	15,062,592	16,122,560	15,709,628	19,689,385	21,465,425	21,595,559	21,542,451
7.020 - Cash Balance June 30 (No Levies)	15,062,592	16,122,560	15,709,628	19,689,385	21,465,425	21,595,559	21,542,451	21,074,943
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	15,062,592	16,122,560	15,709,628	19,689,385	21,465,425	21,595,559	21,542,451	21,074,943
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	15,062,592	16,122,560	15,709,628	19,689,385	21,465,425	21,595,559	21,542,451	21,074,943
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	15,062,592	16,122,560	15,709,628	19,689,385	21,465,425	21,595,559	21,542,451	21,074,943