



OTSEGO LOCAL SCHOOLS

September 2023 Financial Newsletter

Prepared by Treasurer Steve Carroll

Welcome to the September 2023 edition of our Financial Newsletter at Otsego Local Schools, where we are thrilled to showcase our unwavering commitment to maximizing the value of every dollar entrusted to us by our community. Our dedication to fiscal responsibility and prudent financial management remains steadfast, and we are pleased to share with you the outcomes of our efforts, the factors impacting our financial situation, and future plans.

Efficiency has been our goal as we have successfully identified numerous cost saving strategies to enhance district efficiency. However, just like many of our households, as a school district we also experience increasing expenses. Procuring essential commodities required to operate a school district can become significantly costly even with minor price hikes. We are diligently managing these expenses, budgeting effectively, and strategically preparing for future increases.

We deeply appreciate the vital financial support our local community extends to our district, and we take our role as stewards of these funds very seriously. Our community's unwavering support is a source of great fortune, and we remain dedicated to minimizing costs while consistently providing the best possible educational environment for our students.

We believe this information will provide a comprehensive view of our financial journey, and our ongoing commitment to delivering the highest quality education while managing resources effectively. Thank you for taking the time to review this information, and we sincerely appreciate your continued support.

Current Levy Request

Otsego Local Schools will bring an Income Tax proposal to the community on the November ballot. To provide more detailed context, we found ourselves on the brink of needing to propose a levy just before the onset of the COVID-19 pandemic. Thankfully, we were able to secure sufficient funding through ESSER and COVID grants, which we directed toward our operating expenses. This strategic allocation kept us from having to request a levy during those challenging times. However, as of last year, all the grant funds have been exhausted.

We have diligently scrutinized our budget, identifying and trimming any non-essential expenses. At the same time, we are committed to preserving the quality of educational offerings available to our students. Consequently, the School Board has opted to pursue an Income Tax levy request rather than a property tax, as this approach has a more equitable impact on our taxpayers.

Should the levy gain approval, the funds allocated would be utilized to bring balance to our budget, thus enabling us to sustain the excellent educational opportunities we extend to our students. Over time we have observed a rise in various costs, while unfortunately, our revenue has not kept pace. Furthermore, we have essential safety, educational, and maintenance projects on the horizon that require attention.

NEXUS

As many may recall, in 2019, we presented a levy proposition. Just before the vote, we were informed that NEXUS had plans to construct a pipeline through our area, promising an annual contribution of nearly a million dollars. This particular amount had been carefully calculated and mutually approved by NEXUS. In light of this substantial financial commitment from NEXUS, we believed it was in the best interest of our taxpayers to withdraw the levy proposition.

However, once the pipeline was completed, NEXUS disputed the agreed-upon value, and they have been remitting only 38% of the originally established sum since that time. This has had a significant impact on all the schools that fall within the path of the NEXUS pipeline, including Otsego. Although litigation has been on-going for four years there is still uncertainty regarding whether the percentage will ultimately increase. At this juncture, we find the best step forward is to approach with caution and are planning for no change in these values. It appears evident that NEXUS had intended this course of action from the outset, and regrettably, we withdrew our levy proposition from the ballot in 2019 based on the initial agreed-upon terms.

Comparative Analysis

Property Taxes

Otsego currently adheres to the "20 mil floor," signifying that we maintain the minimum tax rate mandated for financing public schools. In Ohio, public education predominantly relies on a blend of state contributions and locally imposed property and income taxes.

To ensure an essential level of funding for schools and promote fairness across districts, Ohio has implemented a system that enforces a minimum tax rate that school districts must enact within their geographic boundaries. This "20 mil floor" represents the lowest requirement, corresponding to 20 mills (or 2%) of property tax applied to the taxable value within the district. Otsego stands as one of the few districts in the region operating at this minimal level of property tax funding. The taxpayers in Otsego are paying less per \$100,000 home value than most school districts in the region.

Home County Name	School District Name	Class I 20-mill Floor Rate	Total cost 100k home
LUCAS	OTTAWA HILLS LSD	71.63	\$ 2,732.09
LUCAS	WASHINGTON LSD (LUCAS CO.)	43.86	\$ 1,712.88
WOOD	PERRYSBURG EVSD	20.00	\$ 1,658.30
LUCAS	MAUMEE CSD	42.27	\$ 1,620.43
WOOD	NORTHWOOD LSD	39.08	\$ 1,560.16
LUCAS	SYLVANIA CSD	39.06	\$ 1,514.37
WOOD	ROSSFORD EVSD	32.77	\$ 1,488.00
LUCAS	TOLEDO CSD	29.34	\$ 1,440.68
LUCAS	OREGON CSD	33.60	\$ 1,352.93
FULTON	WAUSEON EVSD	20.00	\$ 1,351.15
LUCAS	SPRINGFIELD LSD (LUCAS CO.)	30.97	\$ 1,325.47
WOOD	LAKE LSD (WOOD CO.)	29.26	\$ 1,263.39
FULTON	GORHAM-FAYETTE LSD	25.29	\$ 1,184.04
WOOD	NORTH BALTIMORE LSD	25.50	\$ 1,164.35
FULTON	PIKE-DELTA-YORK LSD	20.00	\$ 1,159.03
HENRY	HOLGATE LSD	24.80	\$ 1,136.40
HENRY	NAPOLEON CSD	25.58	\$ 1,124.33
HENRY	PATRICK HENRY LSD	24.79	\$ 1,111.50
FULTON	PETTISVILLE LSD	20.94	\$ 1,078.22
LUCAS	ANTHONY WAYNE LSD	22.24	\$ 1,058.25
HENRY	LIBERTY CENTER LSD	20.02	\$ 997.36
FULTON	EVERGREEN LSD	21.08	\$ 930.52
FULTON	ARCHBOLD AREA LSD	20.01	\$ 920.69
FULTON	SWANTON LSD	20.00	\$ 918.75
WOOD	BOWLING GREEN CSD	21.54	\$ 908.33
WOOD	OTSEGO LSD	20.00	\$ 852.25
WOOD	ELMWOOD LSD	20.00	\$ 819.32
WOOD	EASTWOOD LSD	20.00	\$ 792.23

(The difference between Otsego, Elmwood and Eastwood are their current bond rates. While we are all on the 20 mil floor, our bond rate is slightly higher. We have a bond payment from the construction of the High School. This bond will be paid off in 2032, removing that tax burden from our citizens.)

Expenses Per Student

We are proud to highlight that our school district has a comparatively low cost per student while looking at local schools. This cost-effectiveness stems from our commitment to operating with exceptional efficiency. We have focused on effective staffing, appropriate resource allocation, being energy efficient, and a continuous effort to find new ways to preserve our taxpayer money.

2022 CUPP REPORT DATA										
Cost Per Student	OTSEGO	Bowling Green	Perrysburg	Elmwood	Eastwood	Evergreen	Genoa	Lake	Liberty Center	State Avg.
Admin Expenditure Per Pupil	\$ 1,569	\$ 1,752	\$ 1,652	\$ 1,474	\$ 2,157	\$ 1,731	\$ 1,484	\$ 1,674	\$ 1,800	\$ 1,914
Building Operation Expenditure Per Pupil	\$ 2,109	\$ 2,815	\$ 1,852	\$ 2,732	\$ 2,916	\$ 2,738	\$ 1,783	\$ 2,403	\$ 3,132	\$ 2,696
Instructional Expenditure Per Pupil	\$ 7,025	\$ 7,949	\$ 8,224	\$ 8,556	\$ 8,406	\$ 8,685	\$ 7,053	\$ 7,719	\$ 9,368	\$ 8,524
Other Expenditure Per Pupil	\$ 783	\$ 1,438	\$ 1,207	\$ 1,326	\$ 785	\$ 1,042	\$ 503	\$ 832	\$ 1,182	\$ 1,552
Total Operating Expenditure Per Pupil	\$ 11,486	\$ 13,954	\$ 12,936	\$ 14,089	\$ 14,264	\$ 14,197	\$ 10,825	\$ 12,628	\$ 15,483	\$14,686
*All Data Rounded										

This table shows 2022 data from Ohio Department of Education's (ODE) CUPP report. This outlines that our cost per pupil is lower than many schools in the region. Our ability to maintain a low cost per student compared to local schools is a testament to our dedication to operational efficiency and financial responsibility. This commitment allows us to offer quality education that is both accessible and sustainable for our community.

Ways We Have Saved

Energy Efficiency Initiatives

Sustainability is not just a buzzword for us; it's a fundamental benchmark of our daily operations. We have translated our commitment into action by implementing a range of energy-efficient initiatives across our campus. This encompasses meticulous monitoring of HVAC systems to ensure peak performance and the successful completion of our extensive solar panel project.

The solar panel project had a straightforward concept. We equipped an underutilized section of our property to install solar panels. We entered into an agreement to purchase all the generated power from this company at a fixed rate of 9.5 cents per kilowatt-hour for a duration of 25 years. Any surplus power we require is still procured from the Village of Tontogany at prevailing rates. All excess electricity produced by the solar panels is fed back into the grid, and we receive a credit for those metrics. This not only secured our electricity costs at a very competitive rate but also paid for the installation of LED lighting throughout our entire campus, reducing our overall energy consumption. Our cost savings grow each year as energy prices rise while our locked-in rate remains lower. Depending on factors like the month and weather conditions, our solar field supplies us with anywhere between 32% and 65% of our power. It's important to note that the solar field generates electricity exclusively during daylight hours, with optimal output during minimal cloud cover.

In September 2021, the Village of Tontogany increased their power rates by 20%. However, our rate for the power generated by the solar field remains unchanged. Since the solar field doesn't produce enough electricity to fully meet our building's constant demands, our power needs are supplemented with electricity from the Village. Thus, a significant portion of our savings stems from avoiding the impact of the 20% rate increase on our entire electric consumption.

	Average KWs Used	Current Cost Per KW not from Solar Field	Cost of KW from Solar Field, locked for 30 Years	Percentage of Power From Solar Field
Cost of Total KW @ .10243	\$ 2,800,000	0.10243	0.095	48%
Cost of Total KW @ .095	\$ 286,804			
	\$ 266,000	Savings Per	0.00743	
Annual Savings, Considering 48% Usage, and .007 savings	\$ 6,720			
Average Annual Credits for Power Put back on the grid from the Solar Field	\$ 24,000			
Cost Avoidance to District Annually while KW is .11	\$ 30,720			
As KW costs increase, Annual Savings, Considering 48% Usage, and .05 savings	\$ 67,200			
Average Annual Credits for Power Put back on the grid from the Solar Field	\$ 24,000			
Cost Avoidance to District Annually if KW move to .14	\$ 91,200			

It is important to note, this is just the KW charge. We are also saving on Kilowatt Tax, Line Maintenance Fees, and Demand Charges. These charges can fluctuate, but with pulling 48% of our power from the solar field we are cutting these costs.

Administrative Efficiencies

Efficiency in administration forms the cornerstone of our financial management strategy. By simplifying and streamlining administrative processes, we have significantly reduced overhead costs. Our steadfast commitment to transparency ensures that every dollar spent is meticulously tracked and directed towards educational priorities.

When it comes to administrative staffing, for both Full-Time Equivalent (FTE) employees and associated costs, we stand out as notably lower compared to public school norms. This achievement has been made possible by our careful selection of highly qualified personnel and their thorough training to enhance their efficiency. Our relentless efforts to operate as efficiently as possible resonate throughout the entire district, with our administrative operations serving as a prime example of this dedication.

2022 CUPP REPORT DATA										
	Bowling								Liberty	State
	OTSEGO	Green	Perrysburg	Elmwood	Eastwood	Evergreen	Genoa	Lake	Center	Avg.
Enrolled Students	1464	2450	4995	1105	1354	1089	1229	1548	993	2413
# of Administrators	8	24	33	12	10	14	12	12	16	21
Pupil Administrator Ratio	181	102	151	92	131	78	102	127	62	118

**All Data Rounded*

The graphic provides a compelling illustration of our efficient administrative staffing ratio, with 181 students per administrative position. This insightful data is sourced from the ODE CUPP report, revealing that we maintain a significantly lower ratio compared to many neighboring districts.

This lower ratio reflects our commitment to optimizing administrative resources for the benefit of our students. It's important to note that our focus on efficiency not only ensures that administrative tasks are handled effectively but also allows us to direct more resources towards enhancing the educational experience for our students.

Grants and Partnerships

Our ability to access state and federal grants has been a significant asset, and it became particularly vital during the challenging times of the COVID-19 pandemic. We received an impressive sum of over 1 million dollars in COVID Relief grants. While some districts allocated these funds for various upgrades, including athletic facilities, we took a different approach.

We made the strategic decision to utilize these COVID relief funds to sustain our

day-to-day operations without burdening our taxpayers. This prudent use of the COVID-related funds allowed us to avoid seeking additional financial support through a levy for at least a couple of years, easing the fiscal pressure on our community during a critical period.

Even though the COVID grants have been fully expended, our commitment to financial responsibility remains unwavering. We continue to make the most of available resources, including Special Education and other Instructional grants, to ensure that our operations remain efficient and sustainable, safeguarding the financial well-being of our district and community.

Transportation Fleet Upgrades

Several years ago, we embarked on a strategic initiative to transition our transportation fleet from diesel to propane. Over time, as our aging buses were phased out and we acquired replacements, we successfully completed the full transition to propane-powered vehicles. This deliberate shift has brought about numerous advantages, making propane buses a clear choice for our district. To review the benefits in more detail:

1. **Cost-Effective Maintenance:** Propane buses have proven to be more cost-effective to maintain. They often require less frequent and less expensive repairs compared to their diesel counterparts. This translates into significant long-term savings for our district.
2. **Fuel Cost Efficiency:** Propane, as a fuel source, offers a more favorable cost structure compared to diesel. This economic advantage not only lowers our operational expenses but also contributes to our overall fiscal responsibility.
3. **Enhanced Reliability:** Propane buses have demonstrated increased reliability in variable weather conditions. This reliability ensures that our students can count on safe and consistent transportation, even during challenging circumstances.

Our decision to adopt propane as the primary fuel source for our entire bus fleet underscores our unwavering dedication to cost-effective practices and efficient resource management. This transition aligns with our ongoing mission to provide economically viable, dependable, and sustainable transportation solutions for our students and community.

	MPG	Cost Per Gal.	Cost Per Mile	Annual Cost
Propane	5	\$ 1.29	\$ 0.26	\$ 89,493.75
Diesel	7	\$ 4.25	\$ 0.61	\$ 210,602.68
Total Annual Miles (School, Field Trip, and Athletic)				346,875
Annual Savings in Fuel Costs				\$ 121,108.93

This table shows how much money we save in fuel costs by using all propane buses, with the price and miles driven taken into consideration. While prices remain as shown, we save approximately \$120,000 a year.

Propane Tank Investment

In summer 2022, we made a forward-looking investment of \$15,000 to acquire an additional propane tank. This strategic move enables us to receive propane in larger quantities, delivered by semi-trucks rather than standard propane delivery trucks. This operational adjustment translates to significant savings of approximately \$0.20 per gallon of propane. Given our annual propane consumption of approximately 80,000 gallons, this \$15,000 investment is expected to yield annual savings of approximately \$16,000.

This tank is designed for long-term use, meaning we will continue to reap these savings for as long as we operate propane buses in our fleet. This investment not only underscores our commitment to financial efficiency but also ensures that we maximize cost savings over an extended period.

Yellow Bus Cost Analysis

The Ohio Department of Education puts this data out to compare district's effectiveness in providing transportation. These are miles driven for school transportation, not field trips and sporting events.

"Yellow Bus Cost Analysis"

** Data provided at reports.education.ohio.gov

	<u>State</u>	<u>Otsego</u>	<u>Eastwood</u>	<u>Anthony Wayne</u>	<u>Perrysburg</u>	<u>BG</u>
Total Staff Costs	\$573,876,667	\$662,097	\$791,416	\$1,703,633	\$1,403,059	\$645,594
Total Staff Costs Per Mile	\$4.30	\$2.43	\$3.39	\$3.43	\$3.46	\$2.30
Fuel	\$81,867,131	\$77,248	\$136,603	\$308,737	\$427,760	\$119,000
Fuel Cost Per Mile	\$0.61	\$0.28	\$0.69	\$0.62	\$1.04	\$0.42
Maintenance and Repair	\$35,285,531	\$43,800	\$71,618	\$165,053	\$210,998	\$50,432
Maint. and Repair Cost Per Mile	\$0.26	\$0.16	\$0.31	\$0.33	\$0.52	\$0.18
Total Non Staff Cost	\$174,565,795	\$301,607	\$301,821	\$592,054	\$1,180,102	\$219,992
Total Non Staff Cost Per Mile	\$1.31	\$1.10	\$1.29	\$1.19	\$2.88	\$0.78

We are operating at a very efficient level when compared to local and state averages. We spend much less per mile on fuel, maintenance and staff costs.

	<u>State</u>	<u>Otsego</u>	<u>Eastwood</u>	<u>Anthony Wayne</u>	<u>Perrysburg</u>	<u>BG</u>
Buses	13167	14	14	40	41	21
Miles	146360880	272,160	233,460	496,260	409,500	280,260
Riders	680391	1,244	777	2,234	2,433	1,225
Miles Per Rider	215.11	218.78	300.46	222.14	168.31	228.78

This shows the efficiency of Eva's routing. Our district covers a very large area, and our miles per rider is less than many surrounding districts. When looking at the state Miles Per Rider, its important to consider how these numbers would change in urban areas that have significantly more students and much smaller areas.

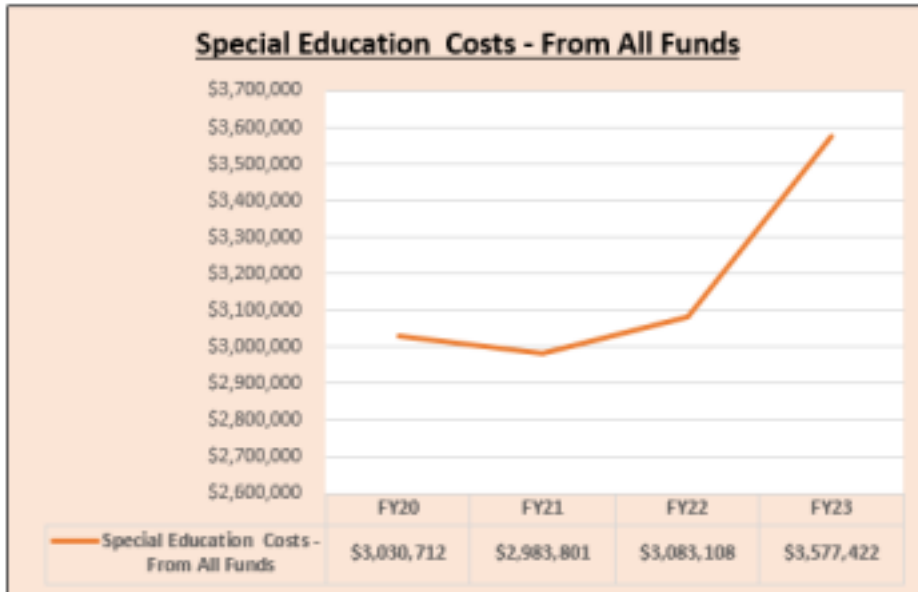
<u>Grand Totals</u>	<u>State</u>	<u>Otsego</u>	<u>Eastwood</u>	<u>Anthony Wayne</u>	<u>Perrysburg</u>	<u>BG</u>
Total Expenses	\$867,099,246	\$963,704	\$1,093,237	\$2,295,687	\$2,583,161	\$865,586
Cost Per Mile	\$5.92	\$3.54	\$4.68	\$4.63	\$6.31	\$3.08
Cost Per Rider	\$1,274	\$775	\$1,407	\$1,028	\$1,062	706.6***

***We are transporting students to and from school cheaper than the state average and most local schools. It's important to note that BG does not transport students within two miles of their schools, which saves them a lot of money, and skews this data.

Expenses

Similar to households, our school has experienced significant cost increases in various areas over the past few years. Given the scale of our operations, the purchasing volume of items for cleaning, maintenance, student transportation, and more are notable, but still, even slight cost hikes can have substantial repercussions on our budget.

Specifically, one of the most significant cost escalations we've encountered pertains to Special Education expenses. Our unwavering commitment to delivering the highest quality education to all our students remains our foremost priority. However, it's important to acknowledge that these costs have been rising at a rate faster than the revenue can support.



This graphic outlines the increase we have seen in spending from all funds on Special Education. We have had a fluctuation in grants available to be used, but this illustrates the spending as a whole. A portion of this was being funded by COVID grants the last several years, those funds of which have been exhausted, these expenses now exclusively belong to the General Fund. We do not foresee a future where the forecasting models show a decrease in this expense.

Increases in Other Essential Operating Items:

The items presented in the table below are a snapshot of some of our budget items, chosen to demonstrate the increases we have seen over the last two years. These are not decision-based purchases; rather, they are essential for the operation of our district. We have thoroughly scrutinized our budget numerous times in an attempt to eliminate unnecessary costs, but these particular items are indispensable; they cannot be reduced or eliminated. Our commitment is to diligently search for the best prices available to safeguard taxpayer money.

Object	Description	FY21	FY23	Change Over 2 Years
241 & 251	Medical Insurance	\$ 1,656,032	\$ 2,174,521	31%
423	Repairs / Maint.	\$ 115,334	\$ 210,001	82%
471	MH Tuition	\$ 14,803	\$ 32,057	117%
424	Property Insurance	\$ 59,749	\$ 67,385	13%
483	Special Education Transportation	\$ 6,072	\$ 10,643	75%
581	Bus Supplies	\$ 48,208	\$ 110,073	128%

Completion of COVID Grants

As mentioned earlier, we received grants totaling over a million dollars in response to the COVID pandemic. These funds were allocated to cover our ongoing operating expenses and assisted in preventing the need for a school district levy in the last five years; without the impact of COVID and the subsequent grants, we would have likely had to request a levy in 2020 or 2021. Utilizing the grants to address our current operating costs provided us with a temporary reprieve before seeking additional financial support. During this period, we made concerted efforts to reduce other budgetary items to the best of our ability.

Future Projects

As we engage in strategic planning, we have identified four key areas that demand our utmost attention and resources. These priorities underscore our unwavering commitment to cultivating a safe, enriching, and dynamic learning environment for both our students and dedicated staff. Each of these focal points plays a pivotal role in shaping the future of our educational institution:

1. Safety Enhancements: In our ongoing pursuit of excellence, the safety and well-being of our school community remain paramount. To this end, we have recently introduced the crucial position of a full-time safety coordinator. This dedicated role is charged with overseeing a comprehensive array of safety-related initiatives. Our ultimate objective is to continually enhance and refine our safety protocols, ensuring that our school remains a secure haven for all students and staff. We understand that many of these improvements require financial investment, and we are fully committed to making them to protect and support our school community.

2. Infrastructure Renovation: The condition of our parking lot has been a lingering concern. While we have redirected funds in the past to address other critical needs, such as acquiring new school buses, making campus upgrades that directly benefit our students, and covering essential instructional expenses, we acknowledge that the time has come to prioritize the renovation of our parking facilities. We recognize that a well-maintained parking lot is not just a matter of convenience but also a reflection of our commitment to providing a safe and welcoming environment for everyone who visits our campus.

3. Curriculum Advancements: Continuous improvement in our educational offerings is a core element of our mission. Our leadership team is diligently evaluating our curriculum to ensure that it meets the highest standards of educational excellence. While we already maintain rigorous academic expectations, we believe that there is always room for enhancement. Investing in our curriculum is an investment in the future success of our students. We are dedicated to providing them with the knowledge, skills, and opportunities they need to excel in an ever-evolving world.

4. Technology Upgrades: In today's rapidly changing educational landscape, technology plays a pivotal role in our students' learning experiences. We have been fortunate to secure grants that have allowed us to make substantial improvements in classroom technology. However, we must maintain the commitment to this evolving landscape. As students increasingly rely on technology for their education, we are

allocating more resources toward digital subscriptions rather than traditional textbooks. These subscriptions offer durability and constantly updated content. Yet, to harness their full potential, we must ensure that our classrooms are equipped with the necessary technology infrastructure. This not only fosters efficient operations but also empowers our students to thrive in a tech-centric future.

In summary, these four pillars (Safety, Infrastructure, Curriculum, and Technology) represent our dedication to providing a holistic and forward-thinking education that prepares our students for success while fostering a safe, innovative, and supportive environment for our entire school community.

Moving Forward

Our commitment to financial excellence remains unwavering, and we continuously evaluate our financial performance and our capacity to achieve our objectives. In our pursuit of fiscal responsibility, we actively seek opportunities for improvement. Despite our longstanding dedication to sound financial practices, we are steadfast in our quest to uncover ways to enhance our financial efficiency and effectiveness.

We deeply appreciate the substantial support we receive from our local tax base, and it is our utmost priority to serve as responsible stewards of these funds. Our goal is to optimize every dollar, ensuring it is invested wisely to provide the best possible education for our students and uphold the trust and confidence our community places in our district's leadership and staff.

Thank you for taking the time to read our financial newsletter. Your engagement and support are integral to our ongoing success, and we look forward to your continued partnership in our mission to provide an exceptional educational experience for all. If you have any questions about the information presented, please feel free to email Steve at scarroll@otsegoknights.org.