

# ANTHONY WAYNE LOCAL SCHOOLS~048207

## FINANCIAL FORECAST ASSUMPTIONS – November 2023

### INTRODUCTION

The five (5)-year forecast is a financial management tool that is updated as needed to reflect the current financial picture of the District.

There are at least three purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in 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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education to file a five-year financial forecast by November of each year and an update of the forecast the following May of each fiscal year.

The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. For the forecast, fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. The November forecast reflects the most current economic data available to us to meet the November 30, 2023 required submissions.

### GENERAL ASSUMPTIONS

The 5-year forecast is for the GENERAL FUND ONLY and does not include information on other funds. It is based on information and data available at the time of preparation using historical trends and current facts. There are many variables in the forecast that can change several times throughout a fiscal year, which can have a negative or positive effect on the ending cash balance. It is the District's intention to provide financial transparency to the community through financial stability and sustainability.

The District received Federal stimulus dollars, roughly \$4 million, through the CARES Act and other Federal sources (ESSER I, II and III [ESSER ARP]). The District allocated these funds which will have some impact on the 5-year forecast. Some general fund salaries/benefits and purchases will be paid from ESSER funds which are accounted for as Federal grants and not included in the forecast. ESSER funding has allowed us to hire additional short-term staff that permits the

District to focus on learning loss and social and emotional health, while working to advance academics.

## REVENUE ASSUMPTIONS

### 1.0 General Property Tax –

The Anthony Wayne Board of Education was successful on the November 2013 ballot for a 4.9 mills new operating levy. Collections began in January 2014 and generate roughly \$4 million annually. The 2003 Emergency levy was renewed in November 2012. This same levy renewed for an additional 10 years on November 8, 2022, for uninterrupted collections through December 31, 2033.

The District continues to see new growth in a number of new homes being built throughout the community along with commercial and industrial development. It is hopeful the District will continue to see increases in Real Estate Revenue as well in District valuation. Current valuation increased to \$1,314,004,310 this year which is up \$145,082,610 from last year. Property values are established each year by the Lucas County Auditor based on new construction and complete reappraisal (2018) or triennial update (2021), which occur every three (3) years. 2024 will be a reappraisal year (for collection in CY 2025).

Fallen Timbers Mall TIF funding will reduce roughly \$225,000 in FY 2024, per the compensation agreement. This is included in the forecast and hopefully will be offset through new construction and the reappraisal.

The District is estimating a 3% in FY 2025 from the reappraisal in CY 2024. Other years average 2.15% increase.

**NOTE: The District was on the ballot for a NEW 2.9 mill levy to generate \$3,875,000 annually for a continuing period of time on November 7, 2023. This was rejected by our voters. We have 3 new incoming Board of Education members and will determine our plan of action once they take office in January 2024.**

**Public Utility Personal Property (PUPP)** is also included in this line item. This line item is based on local collections. The district did start receiving Nexus pipeline revenue in March 2020. The pipeline value is a good portion of the increase in district valuation. Unfortunately, the whole value of the pipeline is added but the pipeline is only paying at 38.5% (tender pay). Nexus and the Ohio Department of Taxation (Tax Commissioner) reached an agreement back in August/September 2022, however, out of 13 counties, it was appealed by Lorain County. There was a court hearing on October 24, 2023, with no resolution at this time. **Nexus short paid their FY 2023 payment by nearly \$1M . We took a more aggressive approach and estimated \$1.2M over the remainder of the forecast. This has a HUGE impact on the forecast.**

Existing PUPP revenue is estimated at 3% over the remainder of the forecast.



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Real Estate	\$28,118,200	\$29,029,157	\$30,004,057	\$30,564,460	\$31,367,185	\$32,082,184	\$32,809,710	\$33,550,021
PUPP	\$1,775,848	\$1,876,839	\$1,934,832	\$1,994,619	\$2,056,252	\$2,119,791	\$2,185,293	\$2,252,818
NEXUS	\$1,840,894	\$2,109,319	\$917,276	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
<b>Total</b>	<b>\$31,734,961</b>	<b>\$33,015,315</b>	<b>\$32,856,165</b>	<b>\$33,759,079</b>	<b>\$34,623,437</b>	<b>\$35,401,975</b>	<b>\$36,195,003</b>	<b>\$37,002,839</b>

1.020 **Tangible Personal Property Tax** – Tangible Personal Property Tax was phased out over FY 2016 (\$913,000) and FY 2017 (\$174,152) and eliminated. Because of this, the district saw a loss of revenue.

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18-28
Tangible PP	\$3,199,721.00	\$1,660,752.00	\$1,652,284.00	\$1,638,674.00	\$913,000.00	\$174,152.00	0.00%

1.035 **Unrestricted Grants-In-Aid** – This figure is composed of the receipts from the State Foundation Program.

The **Fair School Funding Plan** was passed in June 2021, and continues with the new biennium budget bill effective for FY 2024. There was a multi-year phase-in, as the bill was/is not fully funded, but hopefully the rainy-day fund will help with this. The new funding model did not debut until December 2021.

The District is receiving an additional \$333,635.82 in FY 2024 and \$237,741.32 in FY 2025. FY 2026-2028 are flatlined at the FY 2025 funding level.

**Casino** revenues were received starting in FY 2013, with our first full fiscal year collection in FY 2014, receiving \$225,431.74 at roughly \$49.72 per pupil. The revenue has dropped to \$215,722 in FY 2017, while reaching a high of \$282,888 in FY 2023. The District reduced Casino revenue in FY 2021 due to COVID-19 and it rebounded in FY 2022. We are estimating \$282,888 for the remaining years of the forecast, based on FY 2023 actual revenue.

1.040 **Restricted Grants-In-Aid (State)** Disadvantage Pupil Impact Aid, Career Technical funding, English Learners, Gifted funding and Student Wellness & Success funding fall under this line item. Student Wellness and Success funds, formerly coded to a 467 fund, will now be reportable in the General Fund and appear as restricted funding. These funds will remain restricted in usage and can not solely be used for general operations. We currently use the funds to help fund a Social Worker, Psychologist along with professional development and educational programs/materials for student wellness. FY 2022 showed the net amount of other restricted funding adjustments due to the new funding formula mid-year implementation, but the District is receiving \$207,696, in FY 2024 in SWSF and is flat-lined that over the remainder of the forecast at FY 2024 amount.

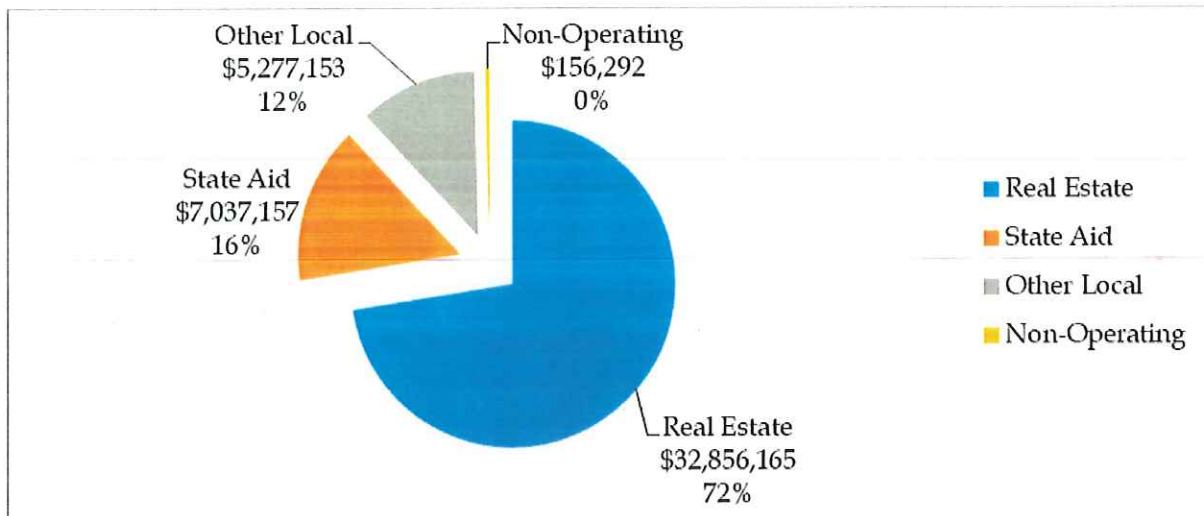
1.050 **State Share of Local Property Taxes** – This category contains the 10% & 2.5% rollback and homestead exemptions of property taxes reimbursed to the district by the State of Ohio. With the proposed legislation in the new biennium budget, we do have some uncertainty with these funds. 1.15% is estimated as an annual increase at this time.

1.060 **All Other Revenues** – This figure is a combination of a number of things including tuition and excess cost billed to other districts, investment earnings, fuel reimbursement, and other miscellaneous revenues. The estimate reflects a decrease in FY 2024 as we will have less investment revenue and then again in FY 2025 to \$1,250,000 and flatlined for the remainder if the forecast.

NOTE: forecast included BWC dividends and Billions Back in FY 2020 for \$111,551 and FY 2021 for \$357,524. These funds were not received since FY 2022 and are not included in the remainder of the forecast.

2.060 **All Other Financing Sources** – This is primarily refunds of prior year expenditures and advances. This amount is increased in FY 2021 and FY 2022 due to an increase in grant funds and reduced in FY 2024-2028 with less federal dollars received (ESSER funding).

**Revenues FY 2022-2023**





## EXPENDITURE ASSUMPTIONS

3.010 **Personnel Services** – These figures are based on salaries paid to all staff including certified, classified, supplementals, administrators, substitutes, tutors, etc. These figures are based on the current negotiated agreement with the teaching and non-teaching unions. FY 2024 includes a 3.00% base increase and FY 2025 a 2.75% base increase. The new contracts were effective July 1, 2023, will expire June 30, 2025. FY 2026 - 2028 are estimated at 2.25%.

Staffing paid through ESSER dollars will return to the general fund in FY 2025. We are looking at attrition from FY 2023 and FY 2024 to help offset this increase.

3.020 **Employees' Retirement/Insurance Benefits** – The retirement portion of this number is a derivative of the salary amounts above, (14%). The insurance (medical, dental, vision and life) benefit portion is included in this line item as well.

**FY 2022 and 2023 reflected a 0% increase in health care premiums due to an agreement with Paramount Health Care signed in FY 2021. This agreement was RENEWED at 0% for FY 2024 and FY 2025. Employees pay an additional 1% of the premiums (16%) starting in FY 2024.**

A 2% increase is estimated over the remainder of the forecast at this time to offset the increase in the retirement (STRS/SERS), Medicare and workers compensation share of benefits.

3.030 **Purchased Services** – This category represents such things as contracted equipment/building repairs, private contractors for special education services, Lucas County contracts, copier leases/rentals/maintenance agreements, property and fleet insurance, travel and meeting expense, all utility costs – phone, gas, electric, garbage, water & sewer, and College Credit Plus (CCP - unfunded mandate). With the new budget bill beginning mid-year FY 2022, the Ohio Department of Education (ODE) will direct pay the educating district for those students that participate in the Autism and Peterson scholarships and Community Schools. This line item reduced roughly \$1M in FY 2022. In FY 2023, the District added another School Resource Officer and \$50,000 to cover the increase in cost of Payment-in-Lieu. FY 2024 is increased due to the increased cost in Contracted Services agreements. A 1% increase is estimated for FY 2025 - 2028 of the forecast.

3.040 **Supplies and Materials** – This category represents the supplies and materials used in the various classrooms, for meetings, printing, supplies needed for school buses, fuel for all the district vehicles, including school buses, janitorial supplies, media center supplies, etc. FY 2021 was reduced due to partial remote learning. FY 2023 was increased to \$1,250,000, due to the price of fuel, tires and other

educational supplies. FY 2025 -2028 remain flat-lined \$1,250,000, with the hope that some of the costs adjust down.

3.050 **Capital Outlay** – This category includes the purchase of new and replacement equipment for the District. In an effort to offset the loss of revenue in TPP, the District replaced capital outlay expenditures with funds from the Permanent Improvement Fund (PI). Purchases for FY 2024-2028 will also be allocated out of the PI fund.

4.300 **Other Objects** – This category is composed of primarily the Auditor and Treasurer Fees that are deducted from every tax settlement the District receives from each of the three county auditors that the District resides in, audit charges for annual audit and property taxes (farm). These figures are based on historical information as well as being a function of the property and tangible taxes collected.

5.40 **Other Uses** - This category is used to offset negative cash balances in grant accounts due to the time the funds are received. General funds are repaid when grant revenue is received, usually early July. Grant allocations are much less; therefore, the amount to advance at June 30 will reflect that as well.

### Expenditures 2022-2023



**True Cash Days** is another way to look at ending cash. In other words, how many days could the district operate at year end if no additional revenues were received. The Government Finance Officers Association (GFOA) recommends no less than three (3) months or 90 days cash to be on hand at year end (this is depending on risk factors for revenue collections).

True Cash Days	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
General Fund 5 Year Forecast	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Balance	\$5,090,311	\$5,228,731	\$5,168,108	\$3,480,085	\$1,959,416	(\$764,178)	(\$3,670,786)	(\$6,767,108)
Revenues	\$15,242,886	\$15,294,688	\$15,326,766	\$16,465,338	\$17,351,975	\$18,172,597	\$19,005,163	\$19,852,992
Expenditures	\$15,104,493	\$15,355,314	\$17,014,789	\$17,986,007	\$50,078,569	\$51,079,205	\$52,101,485	\$53,145,893
Revenue Surplus or Deficit Spend	\$138,393	-\$60,626	-\$1,688,023	-\$1,520,669	-\$2,723,594	-\$2,906,608	-\$3,096,322	-\$3,292,901
Cash Balance	\$5,228,731	\$5,168,108	\$3,480,085	\$1,959,416	-\$764,178	-\$3,670,786	-\$6,767,108	\$10,060,009
True Cash Days	42.31	41.59	27.02	14.90	-5.57	-26.23	-47.41	-69.09

### SUMMATION

The Anthony Wayne School District has been very appreciative of the community support. A great deal of effort goes into allocating the District's resources to provide an excellent education to the children of this community. School districts are often faced with challenges out of their control, such as unfunded mandates, loss in State funding, technology requirements, College Credit Plus, increase in fuel costs, etc. The District strives to continue to operate as efficiently as possible without affecting the educational programs and services it provides so all Anthony Wayne students are empowered to be future ready.