

# **ANTHONY WAYNE LOCAL SCHOOLS~048207 FINANCIAL FORECAST ASSUMPTIONS – May 2023 (update)**

## **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 2023 (July 1, 2022-June 30, 2023) 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, 2022 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.

Fallen Timbers Mall TIF funding will reduce roughly \$225,000 in FY 2025, per the compensation agreement. This is on our radar, and hopefully will be offset through new construction and the reappraisal. Adjacent mall properties outside of our TIF agreement have been reduced just over \$6.7M through Board of Revision cases. The District is estimating a 2.15% increase in years 2024-2027.

**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 for 2022. 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 in August/September 2022, however, out of 13 counties, it was appealed by Lorain County and now at the Supreme Court level. This now puts everything on hold and we are uncertain of what to anticipate for funding. We took a middle of the line approach over the remainder of the forecast and a 3% increase is estimated for other existing PUPP revenue.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Real Estate	\$27,606,418	\$28,118,200	\$29,029,157	\$29,435,867	\$30,240,438	\$30,913,784	\$31,601,107	\$32,302,448
PUPP	\$1,704,760	\$1,775,848	\$1,876,839	\$1,934,833	\$1,994,620	\$2,056,253	\$2,119,711	\$2,185,293
NEXUS	\$1,205,130	\$1,840,894	\$2,109,319	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000
<b>Total</b>	<b>\$30,516,308</b>	<b>\$31,734,961</b>	<b>\$33,015,315</b>	<b>\$33,320,700</b>	<b>\$34,185,058</b>	<b>\$34,920,037</b>	<b>\$35,670,818</b>	<b>\$36,437,741</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 18-27
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, with the new biennium budget bill effective for FY 2022. 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 less State funding at this time, which is a result of shifting dollars that follow the students who attend Charter schools or are on the Autism/Jon Peterson scholarships. The new biennium budget (HB 33) for FY 2024 and 2025 has not yet been settled/approved and currently sits with the Senate. The latest simulations show the District could see an increase of \$305,592 in FY 2024 and \$211,867 in FY 2025. However, due to the uncertainty, funding is flat-lined at FY 2023 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 \$280,000 for the remaining years of the forecast.

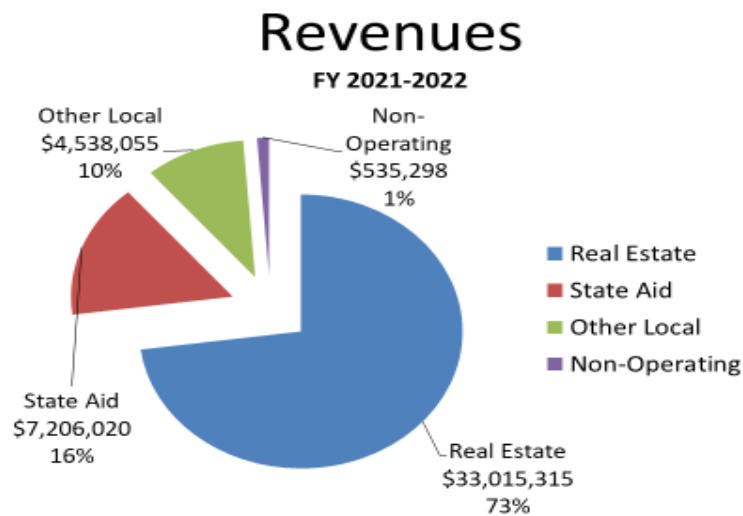
1.040 **Restricted Grants-In-Aid (State)** Disadvantage Pupil Impact Aid, Career Technical funding, English Learners, Gifted funding and Student Wellness & Success funding fall under this line item. Student Wellness and Success funds, formerly coded to a 467 fund, will now be reportable in the General 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 actually receiving less SWSF (\$200,475) in FY 2023, than in FY 2022 (\$244,278). It is flat-lined that over the remainder of the forecast at FY 2023 amount.

1.050 **Property Tax Allocation** – 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 actual revenue in FY 2023 and then reduces slightly each year as our overall funds reduce.

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 in 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 2023-2027 with less federal dollars received (ESSER).



## 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 2023 includes roughly a 2.10% increase to reflect current contract language. FY 2024 reflects a 3.00% base increase and FY 2025 a 2.75% base increase, pending Board approval (May 2023). The new contracts effective July 1, 2023, will expire June 30, 2025. FY 2026 and 2027 are estimated at 2.00%.

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 15% with 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 benefits.

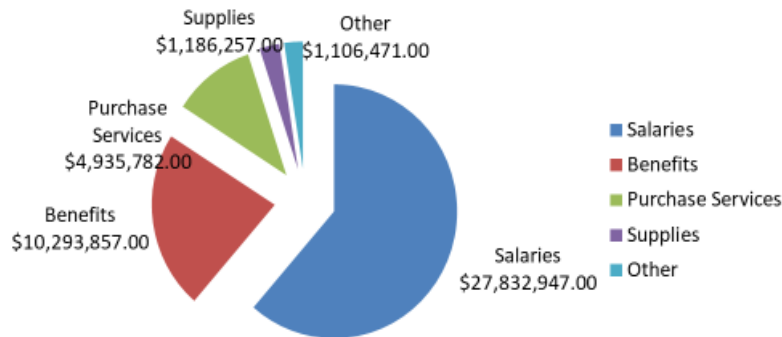
3.030 **Purchased Services** – This category represents such things as contracted equipment/building repairs, private contractors for special education services, Lucas County contracts, copier leases/rentals/maintenance agreements, property and fleet insurance, travel and meeting expense, all utility 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 added another \$50,000 to cover the increase in cost of Payment-in-Lieu. Unfortunately, with the increase costs in general, a mid-year increase of \$63,000 was needed. A 1% increase is estimated for FY 2024 - 2027 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.



# Expenditures

FY 2021-2022



## SUMMATION

The Anthony Wayne School District is very appreciative of the community support it continues to receive. 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.