

ANTHONY WAYNE LOCAL SCHOOLS~048207 FINANCIAL FORECAST ASSUMPTIONS – November 2021

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; that 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). 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, social and emotional health, as well as 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. Our 2003 Emergency levy was renewed in November 2012. The renewal was for 10 years. We will seek renewal in November 2022.

The district continues to see new construction...a noticeable number of new homes being built through the community as well as commercial and industrial development. It is hopeful we will continue to see increases in Real Estate revenue as well in our district valuation. Current valuation increased to \$1,168,921,700 this year which is up \$34,050,510 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.

Due to the elimination of S.A.L.T. for tax year 2018, real estate was down in FY 2019 due to \$1,255,810 being prepaid in FY 2018. This revenue (most) came back to the district in FY 2020.

Fallen Timbers Mall TIF 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. Adjacent mall properties outside our TIF agreement have been reduced just over \$6.7M through Board of Revision cases. We are estimating a 3% growth annually in year FY 22 due to the triennial update and a 2% in years 2023-2026.

Public Utility Personal Property (PUPP) PUPP Tax is included in this line item. This line item is based on local collections. The district did start receiving **Nexus pipeline** revenue in March 2020. Currently, Nexus is appealing the State Tax Commissioners decision to reduce their values to the State Board of Tax Appeals. Hearing is scheduled for February 14, 2022. To determine the amount of revenue the district will receive moving forward is a challenge, however, we are going to look at the worst case scenario and estimate their request of a 38.5% (\$1,840,893) reduction at this time. A 4% increase is estimated for other existing PUPP revenue.

| | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Real Estate | \$26,360,233 | \$27,606,418 | \$28,118,200 | \$28,987,072 | \$29,578,408 | \$30,181,808 | \$30,797,517 | \$31,425,786 |
| PUPP | \$1,578,160 | \$1,704,760 | \$1,775,847 | \$1,849,901 | \$1,927,042 | \$2,007,400 | \$2,091,108 | \$2,178,307 |
| NEXUS | 0 | \$1,205,130 | \$1,840,893 | \$1,840,893 | \$1,840,893 | \$1,840,893 | \$1,840,893 | \$1,840,893 |
| Total | \$27,938,393 | \$30,516,308 | \$31,734,940 | \$32,677,866 | \$33,346,343 | \$34,030,101 | \$34,729,518 | \$35,444,986 |

1.020 **Tangible Personal Property Tax** – Tangible Personal Property Tax was phased out over FY16 (\$913,000) and FY17 (\$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 18-26 |
|-------------|----------------|----------------|----------------|----------------|--------------|--------------|----------|
| 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 is a multi-year phase in, as the bill is not fully funded at this time. The new funding model was intended to be released in October 2021 and has been moved to December 2021. We are receiving less State funding at this time, which is a result of shifting dollars that follow the students who attend Charter schools or on the Autism/Jon Peterson scholarships. Simulations show the district receiving additional funds of \$180,998 in FY 22 and \$188,884 in FY 23.

The 2020-21 biennium budget was reflected in the forecast. It also reflects the **reinstatement of funds** (made in February 2021) **due to the Governor's budget cut in May 2020. FY 20 shows the funding reduction of \$778,514.**

Casino revenues were received (\$21.00 per pupil) in FY13 and that amount was projected to increase to \$51.00 per pupil in FY 2014, however casino revenues are not warranting that continued increase pattern. **We reduced Casino revenue in**

FY 21 due to COVID 19 and planned to phase the funds back however; we are estimating \$230,000 for the remaining years of the forecast.

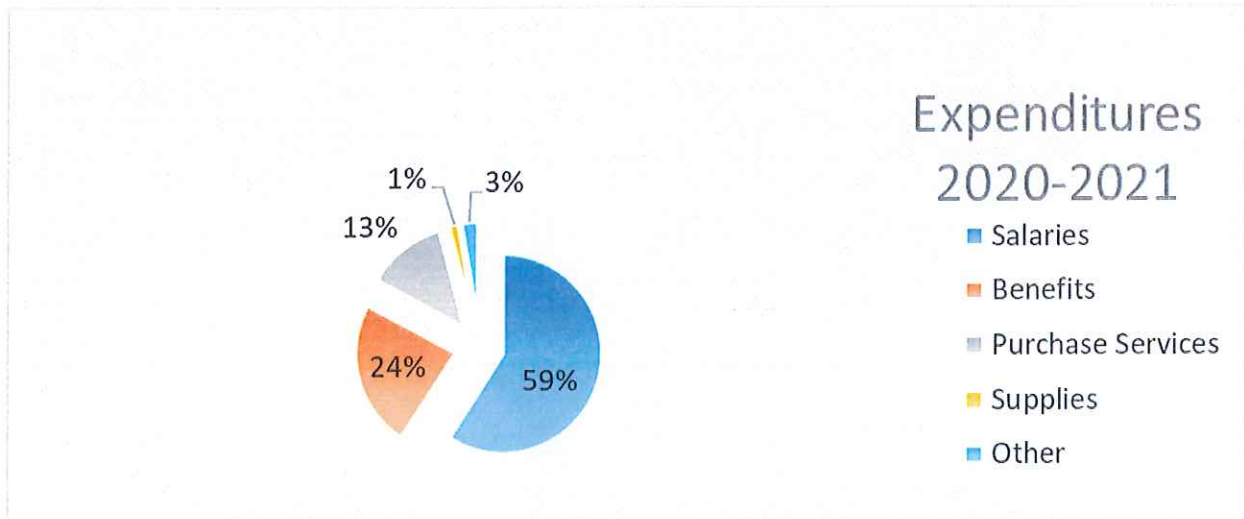
- 1.040 **Restricted Grants-In-Aid** (State/Federal)- FY 2022 – 2026 has no allocation, due to the new budget (unknowns at this time). With the new budget bill, Student Wellness and Success funds formerly coded to a 467 fund will now be reportable in the general fund and likely appear as a line item on the 5-year forecast. These funds will remain restricted in usage and can not solely be used for general operations. We currently use the funds to help funds Resource Officers, Psychologist, counseling, professional development and educational programs/materials for student wellness.
- 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. 1.15% is estimated as an annual increase.
- 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 (which continues to be minimal), fuel reimbursement, and other miscellaneous revenues. The estimate is flat-lined based on the average of the last 3 years collections. NOTE: forecast included BWC dividends and Billions Back in FY 2020 for \$111,551 and FY 2021 for \$357,524.
- 2.060 **All Other Financing Sources** – This is primarily refunds of prior year expenditures and advances. This amount is increased in FY 2021 and 2022 due to an increase in grant funds and reduced in FY 2023-2026 being less federal dollars will be 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 our teaching and non-teaching unions. **FY 2022 and 2023 include a 2% and steps, with 2% for the remaining years of the forecast.**
FY 2019-20 personnel services were reduced due to the close of school in March 2020. Although salaries continued, the cost of substitutes saved the district \$300,000.00 and a portion psychology personnel was paid through SWSF. Staffing paid through federal dollars will return to the general fund and likely offset attrition.
- 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 2019-20 employee benefits were reduced due to the reduction in personnel services, therefore saving \$72,000.00 due to COVID.
FY 22 and 23 reflects a 0% increase in health care premiums due to agreement with Paramount Health Care signed in FY 2021. Employees will pay and additional 1% of the premiums for starting in FY 22.
- 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 CCP (unfunded mandate). With the new budget bill beginning FY 22, the Autism and Peterson scholarship, community school charge-off, will no longer run through the district, therefore will reduce this line roughly \$1M (this is to offset the State Funding). A 1% increase is estimated for FY 23 - 26 of the forecast.
- 3.040 **Supplies and Materials** – This category represents the supplies and materials used in the various classrooms, for meetings, printer cartridges, 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 and FY 2022 -2026 are flat-lined back at \$950,000. This increase is due to the price of fuel and additional learning software.
- 3.050 **Capital Outlay** – This category includes the purchase of new and replacement equipment for the district. In effort to offset the loss of revenue in TPP, we reduced general fund expenditures (and made out of PI fund). There is no estimate in FY 22 - 26 due to revenue reductions as well. Purchases we will be allocated out of PI fund.

4.300 **Other Objects** – This category is composed of primarily the Auditor and Treasurer Fees that are deducted from every tax settlement we receive from each of the three county auditors that our 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. Our grant allocations are much less; therefore, the amount to advance at June 30th will reflect that as well.



| True Cash Days | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Fund 5 Year Forecast | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Beginning Balance | \$6,507,327 | \$5,214,823 | \$5,090,342 | \$5,228,630 | \$5,840,147 | \$6,179,460 | \$6,378,070 | \$6,434,622 |
| Revenues | \$41,514,556 | \$43,451,333 | \$45,242,886 | \$45,421,938 | \$45,978,112 | \$46,700,005 | \$47,438,003 | \$48,192,495 |
| Expenditures | \$42,807,060 | \$43,575,814 | \$45,104,598 | \$44,810,421 | \$45,638,799 | \$46,501,395 | \$47,381,451 | \$48,279,333 |
| Revenue Surplus or Deficit | | | | | | | | |
| Spend | -\$1,292,504 | -\$124,481 | \$138,288 | \$611,517 | \$339,313 | \$198,610 | \$56,552 | -\$86,838 |
| Cash Balance | \$5,214,823 | \$5,090,342 | \$5,228,630 | \$5,840,147 | \$6,179,460 | \$6,378,070 | \$6,434,622 | \$6,347,784 |
| True Cash Days | 44.46 | 42.64 | 42.31 | 47.57 | 49.42 | 50.06 | 49.57 | 47.99 |

Summation – Trying to allocate resources to provide an excellent education to the children of the Anthony Wayne LSD is always a challenge when factoring in the unfunded mandates, such as technology requirements, evaluation system, third

grade reading guarantee, college credit plus, scholarships, payment in lieu, etc, etc....! We continue to operate as efficiently as we can without affecting our educational programs and services provided.

***PLEASE NOTE:** meeting the statutory requirement for this forecasting period continues to be a **work-in-progress** and extremely challenging to provide a prudent and useful forecast for financial guidance than any other previously required submissions.