# ANTHONY WAYNE LOCAL SCHOOLS~048207
# FINANCIAL FORECAST ASSUMPTIONS – November 2022

## 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% increase in years 2023-2027.

**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. 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 | $27,606418 | $28,118,200 | $29,029,157 | $29,635,866 | $30,240,438 | $30,857,343 | $31,486,833 | $32,129,164 |
| PUPP | $1,704,760 | $1,775,848 | $1,876,839 | $1,934,833 | $1,994,620 | $2,056,253 | $2,119,792 | $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 |
| **Total** | **$30,516,308** | **$31,734,961** | **$33,015,315** | **$33,520,699** | **$34,185,058** | **$34,863,596** | **$35,556,625** | **$36,264,457** |

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 18-27 |
|---|---|---|---|---|---|---|---|
| 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 2020-21 biennium budget was reflected in the forecast. It also reflected the reinstatement of funds (made in February 2021) due to the Governor's budget cuts in May 2020. FY 20 shows the funding reduction of $778,514.

The **Fair School Funding Plan** was passed in June 2021, with the new biennium budget bill effective for FY 22. 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. Simulations show the district receiving additional funds of $180,998 in FY 22 and $188,884 in FY 23.

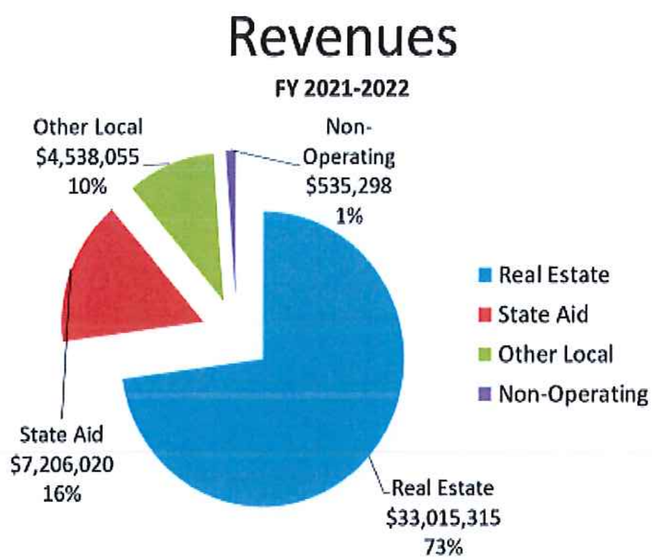
**Casino** revenues were received ($21.00 per pupil) in FY13 and that amount was projected to increase to $51.00 per pupil in FY 2014; however, casino revenues are not warranting that continued increase pattern. Currently, we are receiving approximately $31.00 per pupil. **The District reduced Casino revenue in FY 21 due to COVID-19 and it rebounded in FY 22.** We are estimating $260,000 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 22 shows 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 23 ($244,278 in FY 22) and it is flat-lined that over the remainder of the forecast.

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, fuel reimbursement, and other miscellaneous revenues. The estimate is flat-lined based on the average of the last three years collections. 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 FY22 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 21 and FY 22 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 23 includes a 2.10% increase to reflect current contract language. The union contracts expire in FY 23.

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 of the psychology personnel was paid through SWSF. It is hopeful the District will see a reduction in substitute expenditures with COVID-19 behind us. Staffing paid through federal dollars will return to the general fund in FY 2024. Negotiations will begin in the spring of FY 23. A 2.25% increase is estimated in FY 2023-2027.

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-19.
**FY 22 and 23 reflects a 0% increase in health care premiums due to an agreement with Paramount Health Care signed in FY 2021. Employees paid and additional 1% of the premiums (15%) starting in FY 22.**
A 2% increase is estimated over the remainder of the forecast at this time.

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 22, 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 22. In FY 23, the District added another School Resource Officer and added another $50,000 to cover the increase in cost of Payment-in-Lieu. A 1% increase is estimated for FY 24 - 27 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 21 was reduced due to partial remote learning. FY 23 is increased to $1,350,000, due to the price of fuel, tires and other supplies. FY 2024 -2027 are flat-lined back at $1,250,000, with the hope that some of the costs adjust down.

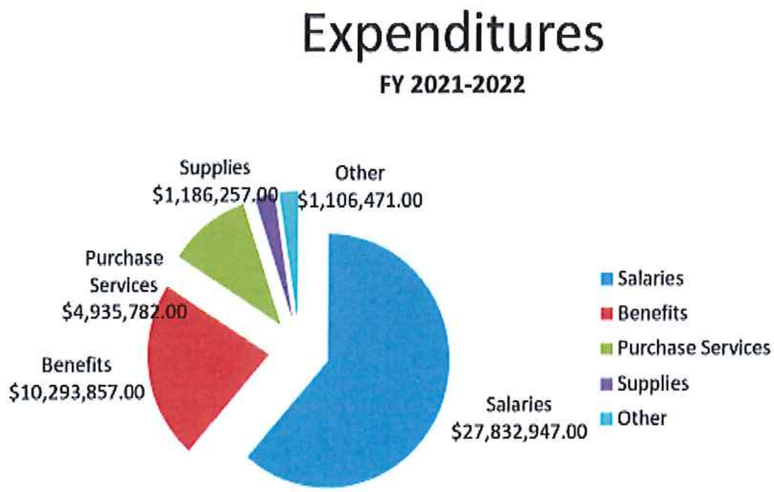
3.050 **Capital Outlay** – This category includes the purchase of new and replacement equipment for the District. In an effort to offset the loss of revenue in TPP, the District replaced capital outlay expenditures with funds from the Permanent Improvement Fund (PI). Purchases for FY 23-27 will also 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.

**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 General Fund 5 Year Forecast | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 |
|---|---|---|---|---|---|---|---|---|
| Beginning Balance | $5,214,823 | $5,214,823 | $5,228,630 | $5,168,004 | $4,716,241 | $4,149,306 | $3,361,933 | $2,348,735 |
| Revenues | $43,451,333 | $45,242,886 | $45,294,688 | $45,783,432 | $46,486,006 | $47,203,202 | $47,935,337 | $48,682,731 |
| Expenditures | $43,575,814 | $45,104,598 | $45,355,314 | $46,235,195 | $47,052,941 | $47,990,574 | $48,948,535 | $49,927,270 |
| Revenue Surplus or Deficit Spend | -$124,481 | $138,288 | -$60,626 | -$451,763 | -$566,935 | -$787,373 | -$1,013,198 | -$1,244,540 |
| Cash Balance | $5,090,342 | $5,228,630 | $5,168,004 | $4,716,241 | $4,149,306 | $3,361,933 | $2,348,735 | $1,004,196 |
| True Cash Days | 42.64 | 42.31 | 41.59 | 37.23 | 32.19 | 25.57 | 17.51 | 7.34 |




## 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.