

James A Garfield Local School District

Five Year Forecast Financial Report

November, 2022

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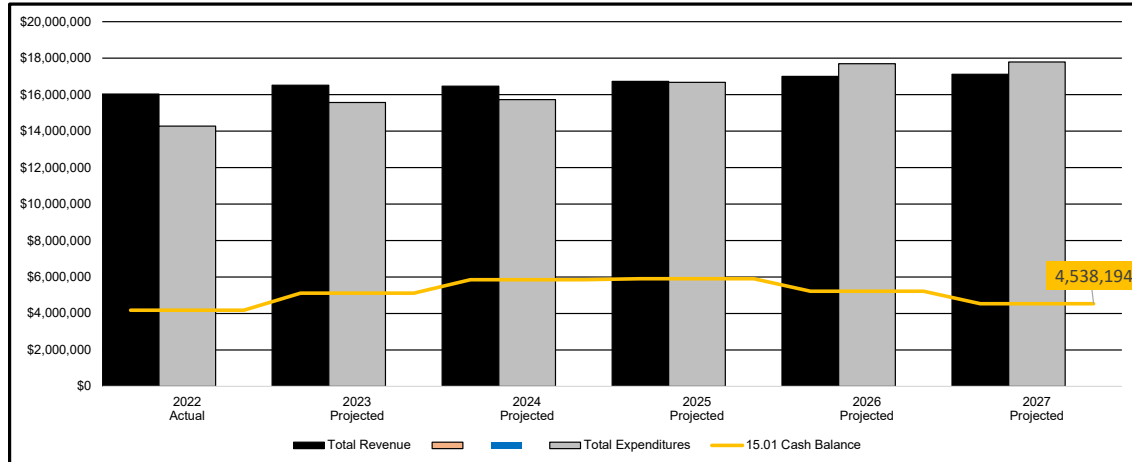
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the 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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus	4,177,315	5,117,266	5,852,461	5,905,094	5,213,580
+ Revenue	16,511,208	16,459,066	16,723,372	17,004,183	17,112,976
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(15,571,257)	(15,723,871)	(16,670,739)	(17,695,697)	(17,788,362)
= Revenue Surplus or Deficit	939,951	735,195	52,633	(691,514)	(675,385)
Line 7.020 Ending Balance with renewal/new levies	5,117,266	5,852,461	5,905,094	5,213,580	4,538,194

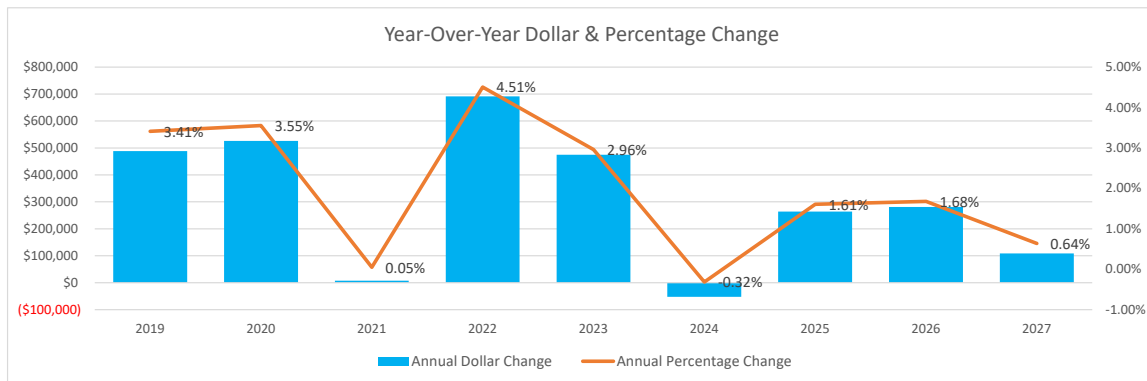
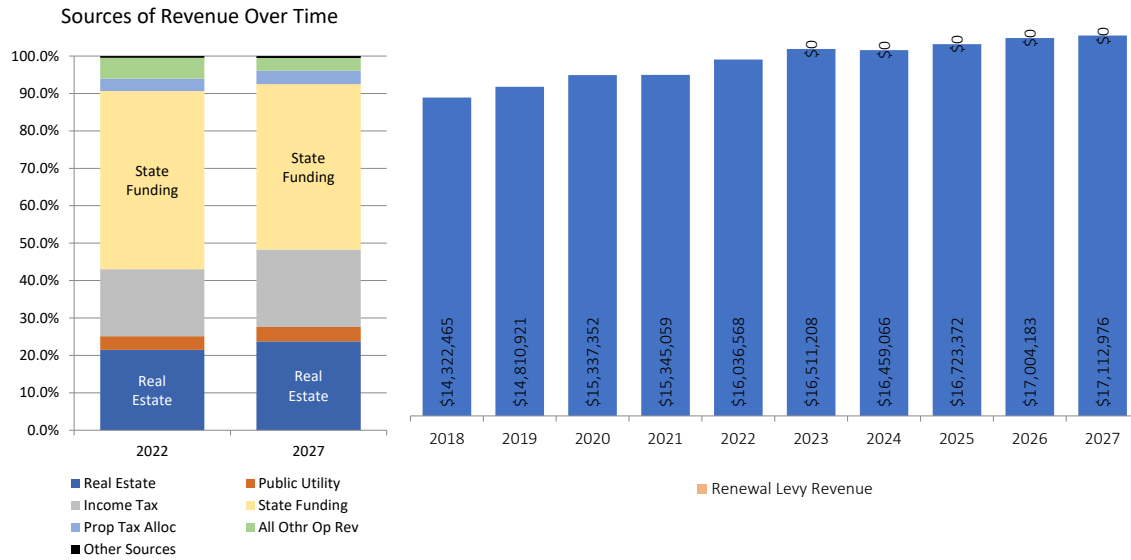
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	939,951	735,195	52,633	(691,514)	(675,385)
Ending Balance w/o Levies	5,117,266	5,852,461	5,905,094	5,213,580	4,538,194

In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$939,951 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$675,385. The district would need to cut its FY 2027 projected expenses by 3.80% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview



Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 2.33% or \$352,724 annually during the past 5-Year period and is projected to increase 1.28% or \$215,282 annually through FY2027. Income Tax has the most projected average annual variance compared to the historical average at - \$442,662
Real Estate	(\$52,649)	\$123,541	\$176,190	
Public Utility	\$25,314	\$14,202	(\$11,111)	
Income Tax	\$575,098	\$132,437	(\$442,662)	
State Funding	\$233,689	(\$11,623)	(\$245,312)	
Prop Tax Allocation	(\$12,574)	\$16,705	\$29,279	
All Othr Op Rev	(\$228,939)	(\$62,500)	\$166,439	
Other Sources	(\$187,215)	\$2,519	\$189,735	
Total Average Annual Change	\$352,724 2.33%	\$215,282 1.28%	(\$137,443) -1.04%	

Note: Expenditure average annual change is projected to be >

\$702,432 On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 21.49% of total revenue. Class I or residential/agricultural taxes make up approximately 86.60% of the real estate property tax revenue. The Class I tax rate is 20. mills in tax year 2022. The projections reflect an average gross collection rate of 98.9% annually through tax year 2026. The revenue changed at an average annual historical rate of -1.48% and is projected to change at an average annual rate of 3.19% through FY 2027.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 3.64% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 57.3 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$25,314 and is projected to change at an average annual dollar amount of \$14,202 through FY 2027.

INCOME TAX REVENUE

The district maintained one income tax levy in FY 2022. The average annual dollar change in total income tax revenue is forecasted to be \$132,437 through FY 2027. Income tax revenue is projected to account for 20.7% of total district revenue in FY 2027.

UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. For James A Garfield Local School District the calculated Base Cost total is \$8,963,069 in FY 2023. The state's share of the calculated Base Cost total is \$4,133,042 or \$3,614 per pupil.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$752,760 in possible tuition cost reductions. These reductions will be reflected in the purchased services from outside states.

RESTRICTED STATE AID REVENUE

Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$108,015 and is projected to change annually on average by -\$13,800. Restricted funds represent 2.57% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$236,022. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

PROPERTY TAX ALLOCATION REVENUE

Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.8% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

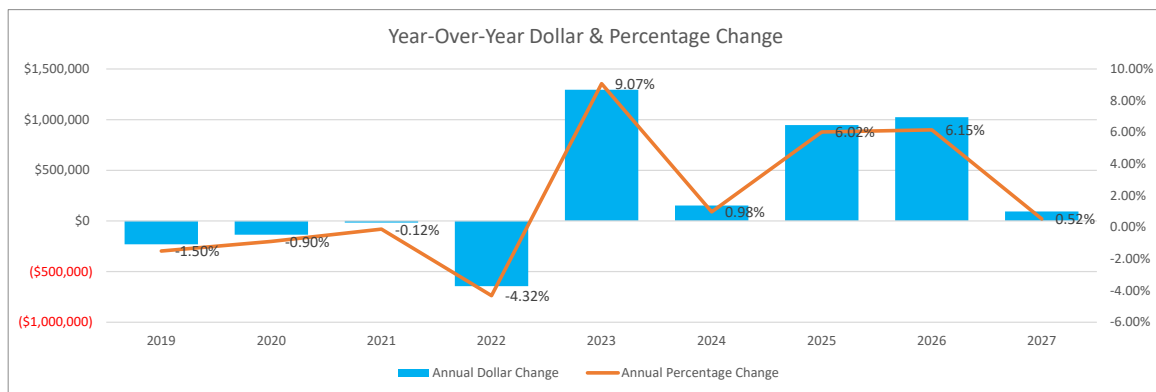
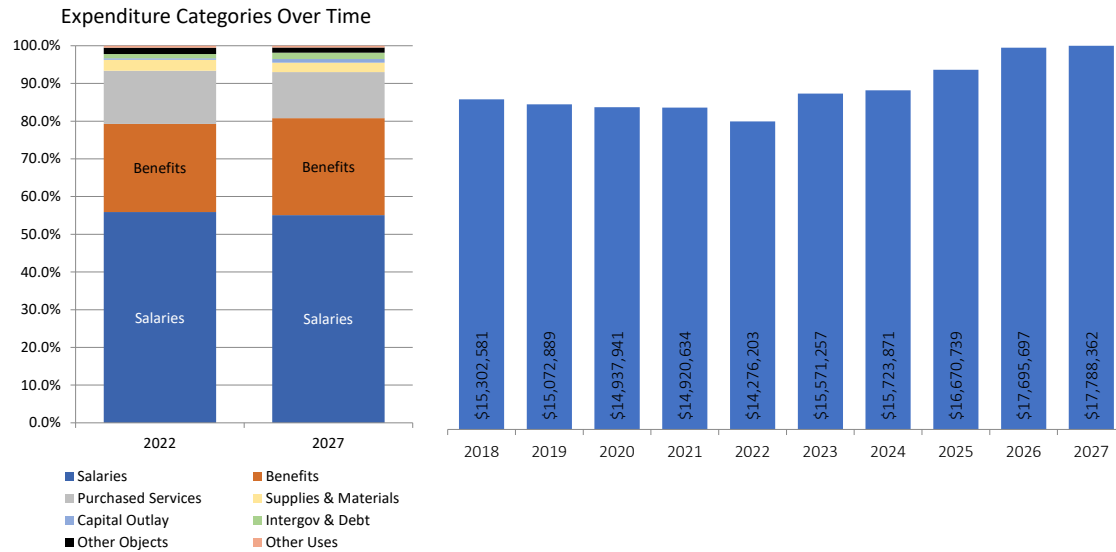
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$228,939. The projected average annual change is -\$62,500 through FY 2027. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$1,373,957 in FY 2021.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$58,151 as advances-in and is projecting advances of \$80,000 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$6,283 in FY 2023 and average \$6,283 annually through FY 2027.

ADDITIONAL REVENUE NOTES

Expenditure Overview



Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures decreased -0.61% or -\$90,913 annually during the past 5-Year period and is projected to increase 4.92% or \$702,432 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$228,731.
Salaries	\$133,521	\$362,252	\$228,731	
Benefits	\$31,217	\$247,828	\$216,611	
Purchased Services	(\$50,237)	\$34,090	\$84,327	
Supplies & Materials	(\$24,897)	\$3,871	\$28,768	
Capital Outlay	(\$32,404)	\$23,569	\$55,974	
Intergov & Debt	\$31,834	\$28,000	(\$3,833)	
Other Objects	\$7,478	\$1,857	(\$5,622)	
Other Uses	(\$186,337)	\$965	\$187,302	
Total Average Annual Change	(\$90,913)	\$702,432	\$793,344	
	-0.61%	4.92%	5.53%	

Note: Expenditure average annual change is projected

to be > \$702,432

On an annual average basis, revenues are projected to grow slower than expenditures.

Expenditure Notes

SALARY EXPENSE

Salaries represent 55.91% of total expenditures and increased at a historical average annual rate of 1.73% or \$133,521. This category of expenditure is projected to grow at an annual average rate of 4.00% or \$362,252 through FY 2027. The projected average annual rate of change is 2.27% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 23.36% of total expenditures and increased at a historical average annual rate of 0.94% This category of expenditure is projected to grow at an annual average rate of 6.04% through FY 2027. The projected average annual rate of change is 5.11% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 14.08% of total expenditures and decreased at a historical average annual rate of -2.02%. This category of expenditure is projected to grow at an annual average rate of 1.63% through FY 2027 The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$752,760. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 2.93% of total expenditures and decreased at a historical average annual rate of -6.42%. This category of expenditure is projected to grow at an annual average rate of 0.77% through FY 2027. The projected average annual rate of change is 7.19% more than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 0.39% of total expenditures and decreased at a historical average annual amount of -\$32,404. This category of expenditure is projected to grow at an annual average rate of \$23,569 through FY 2027. The projected average annual change is more than the five year historical annual average.

INTERGOVERNMENTAL & DEBT EXPENSE

The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

OTHER OBJECTS EXPENSE

Other Objects represent 1.67% of total expenditures and increased at a historical average annual rate of 3.45%. This category of expenditure is projected to grow at an annual average rate of 0.75% through FY 2027. The projected average annual rate of change is -2.70% less than the five year historical annual average.

OTHER USES EXPENSES

Other Uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2022 the district had advances-out and has advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds, the district has no transfers forecasted through FY 2027. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

James A Garfield Local School District

Five Year Forecast

November,2022

Fiscal Year:	Actual			FORECASTED				
	2020	2021	2022	2023	2024	2025	2026	2027
Revenue:								
1.010 - General Property Tax (Real Estate)	3,604,895	3,221,182	3,446,353	3,697,261	3,692,514	3,887,491	4,051,668	4,064,060
1.020 - Public Utility Personal Property	501,243	529,525	583,357	607,383	619,129	630,876	642,622	654,369
1.030 - Income Tax	1,747,519	2,523,863	2,875,492	3,316,610	3,255,150	3,354,178	3,444,670	3,537,674
1.035 - Unrestricted Grants-in-Aid	6,240,464	6,322,843	7,222,219	7,207,513	7,178,313	7,187,052	7,190,021	7,233,103
1.040 - Restricted Grants-in-Aid	91,791	82,489	411,875	373,222	397,342	382,571	380,032	342,875
1.050 - Property Tax Allocation	567,489	503,942	530,093	547,082	550,596	581,267	611,577	613,619
1.060 - All Other Operating Revenues	1,911,884	1,898,252	893,493	675,854	679,739	613,654	597,309	580,993
1.070 - Total Revenue	14,665,286	15,082,096	15,962,881	16,424,925	16,372,783	16,637,089	16,917,900	17,026,693
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	485,732	79,299	-	-	-	-	-	-
2.050 - Advances-In	67,426	29,000	58,151	80,000	80,000	80,000	80,000	80,000
2.060 - All Other Financing Sources	118,908	154,664	15,536	6,283	6,283	6,283	6,283	6,283
2.070 - Total Other Financing Sources	672,066	262,963	73,687	86,283	86,283	86,283	86,283	86,283
2.080 - Total Rev & Other Sources	15,337,352	15,345,059	16,036,568	16,511,208	16,459,066	16,723,372	17,004,183	17,112,976
Expenditures:								
3.010 - Personnel Services	7,488,564	7,801,601	7,982,524	8,198,177	8,568,109	9,152,574	9,549,090	9,793,784
3.020 - Employee Benefits	3,320,657	3,405,745	3,335,363	3,559,649	3,793,164	4,126,072	4,450,287	4,574,501
3.030 - Purchased Services	2,816,042	2,666,988	2,010,491	1,991,931	2,041,003	2,086,598	2,133,236	2,180,939
3.040 - Supplies and Materials	346,544	457,988	418,328	604,651	424,812	429,060	633,350	437,684
3.050 - Capital Outlay	170,413	176,722	55,088	285,147	166,284	172,936	227,935	172,936
Intergovernmental & Debt Service	110,619	108,413	159,168	602,352	401,150	374,150	372,450	299,169
4.300 - Other Objects	227,392	214,200	238,242	247,524	247,524	247,524	247,524	247,524
4.500 - Total Expenditures	14,480,231	14,831,658	14,199,203	15,489,432	15,642,046	16,588,914	17,613,872	17,706,537
Other Financing Uses								
5.010 - Operating Transfers-Out	427,257	-	-	-	-	-	-	-
5.020 - Advances-Out	29,552	87,151	77,000	80,000	80,000	80,000	80,000	80,000
5.030 - All Other Financing Uses	901	1,825	-	1,825	1,825	1,825	1,825	1,825
5.040 - Total Other Financing Uses	457,710	88,976	77,000	81,825	81,825	81,825	81,825	81,825
5.050 - Total Exp and Other Financing Uses	14,937,941	14,920,634	14,276,203	15,571,257	15,723,871	16,670,739	17,695,697	17,788,362
6.010 - Excess of Rev Over/(Under) Exp	399,411	424,425	1,760,365	939,951	735,195	52,633	(691,514)	(675,385)
7.010 - Cash Balance July 1 (No Levies)	1,593,113	1,992,525	2,416,950	4,177,315	5,117,266	5,852,461	5,905,094	5,213,580
7.020 - Cash Balance June 30 (No Levies)	1,992,525	2,416,950	4,177,315	5,117,266	5,852,461	5,905,094	5,213,580	4,538,194
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	1,992,525	2,416,950	4,177,315	5,117,266	5,852,461	5,905,094	5,213,580	4,538,194
Rev from Replacement/Renewal Levies								
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	1,992,525	2,416,950	4,177,315	5,117,266	5,852,461	5,905,094	5,213,580	4,538,194
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	1,992,525	2,416,950	4,177,315	5,117,266	5,852,461	5,905,094	5,213,580	4,538,194