



Tecumseh Local School District

Five Year Forecast Financial Report

November 16, 2021

Presented by: Denise L. Robinson, Treasurer/CFO

Table of Contents

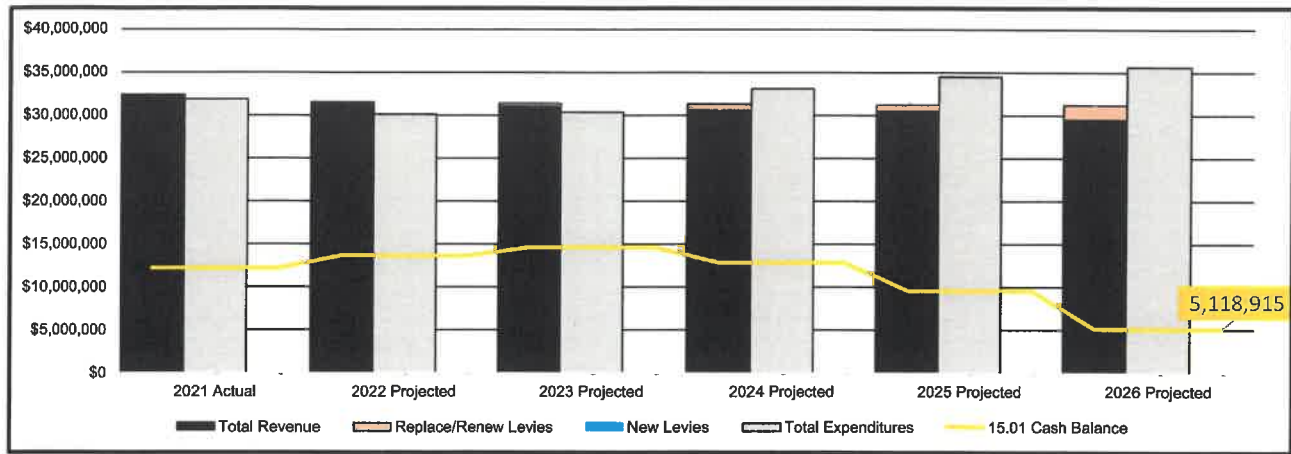
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

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.



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

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	12,194,778	13,613,509	14,628,894	12,850,988	9,552,766
+ Revenue	31,546,464	31,050,653	30,668,609	30,533,638	29,527,444
+ Proposed Renew/Replacement Levies	-	338,446	676,904	676,927	1,685,181
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(30,127,732)	(30,373,714)	(33,123,418)	(34,508,786)	(35,646,476)
= Revenue Surplus or Deficit	1,418,731	1,015,384	(1,777,905)	(3,298,222)	(4,433,851)
Line 7.020 Ending Balance with renewal/new levies	13,613,509	14,628,894	12,850,988	9,552,766	5,118,915

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,418,731	676,938	(2,454,809)	(3,975,149)	(6,119,032)
Ending Balance w/o Levies	13,613,509	14,290,448	11,835,638	7,860,489	1,741,457

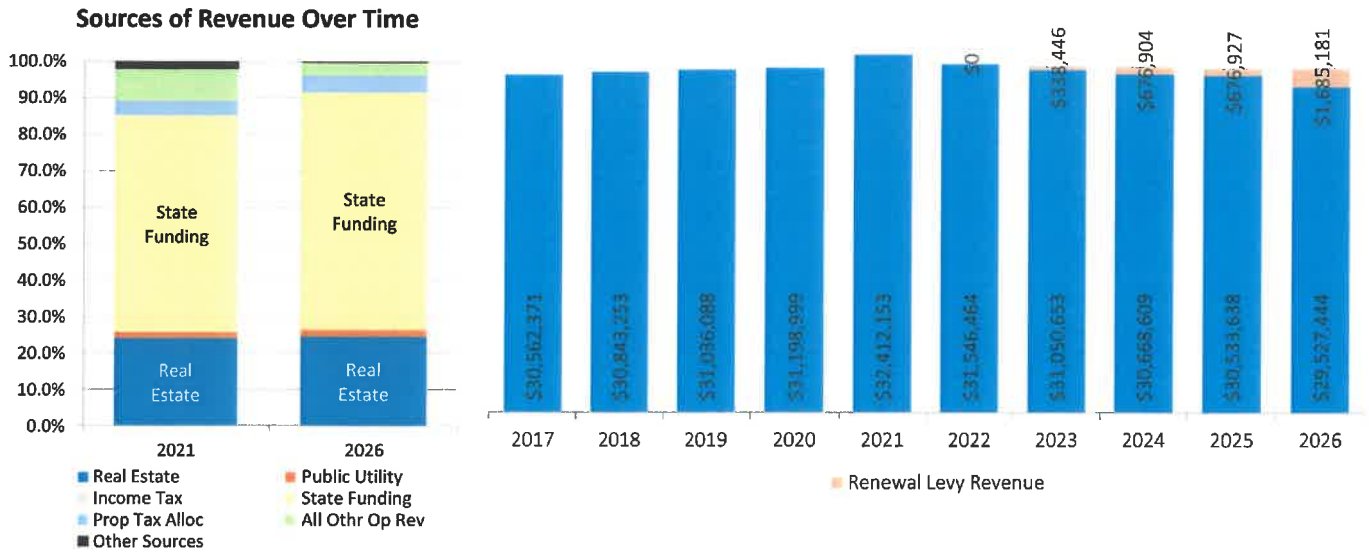
In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,418,731 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$6,119,032. The district would need to cut its FY 2026 projected expenses by 17.17% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

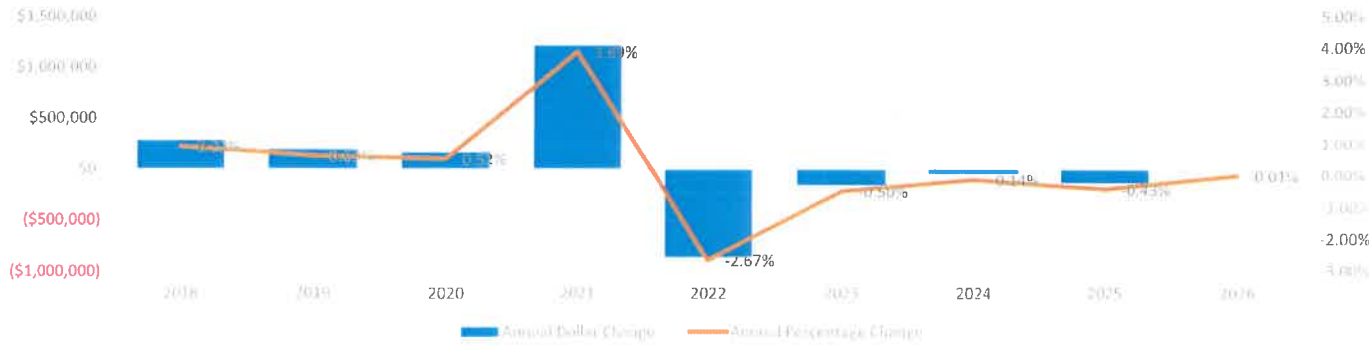
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$17,090 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a Guarantee district in FY 2022.

Guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview



Year-Over-Year Dollar & Percentage Change



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

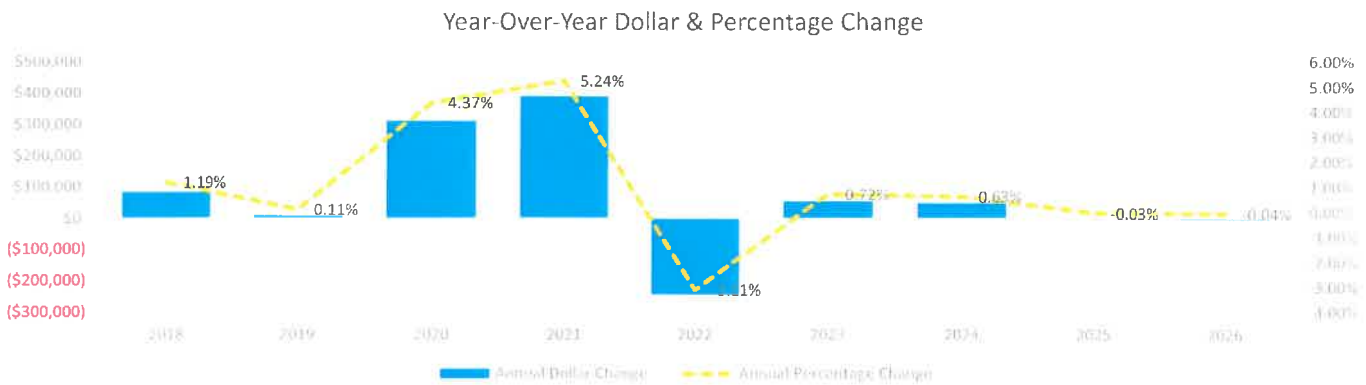
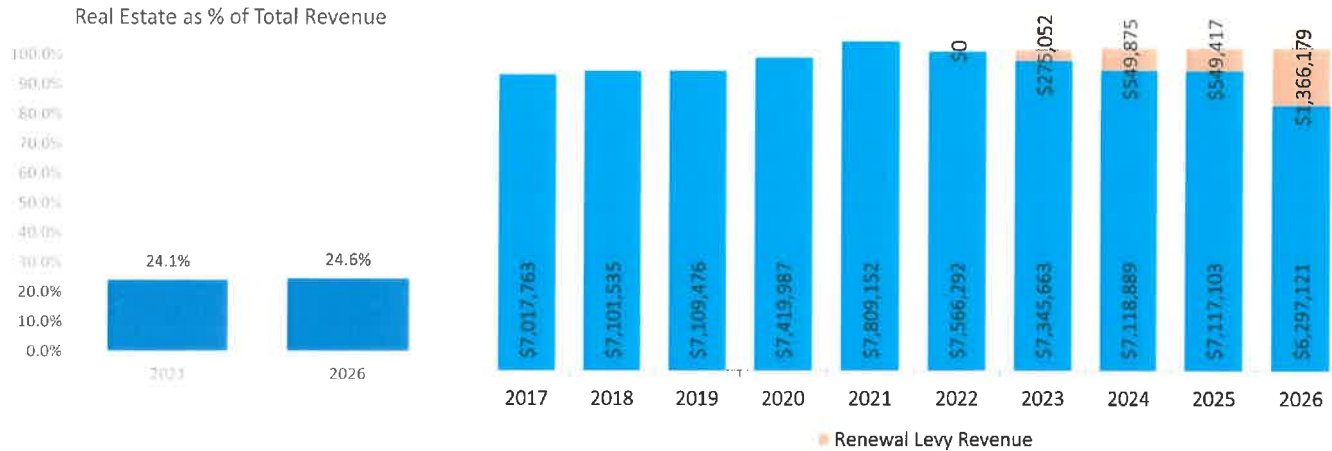
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.66% or \$522,967 annually during the past five years and is projected to decrease -0.77% or -\$239,906 annually through FY2026. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$535,195
Real Estate	\$235,872	(\$29,170)	(\$265,043)	
Public Utility	\$16,060	\$6,899	(\$9,161)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$93,241)	\$214,322	\$307,563	
Prop Tax Alloc	(\$7,591)	\$29,968	\$37,559	
All Othr Op Rev	\$184,117	(\$351,078)	(\$535,195)	
Other Sources	\$187,749	(\$110,847)	(\$298,596)	
Total Average Annual Change	\$522,967	(\$239,906)	(\$762,872)	
	1.66%	-0.77%	-2.42%	

Note: Expenditure average annual change is projected to be >

\$753,071 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business):



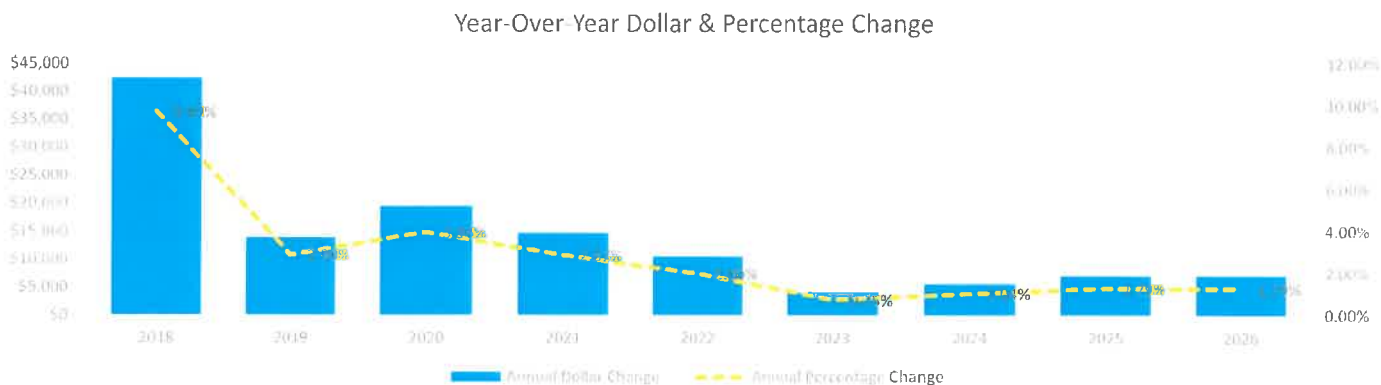
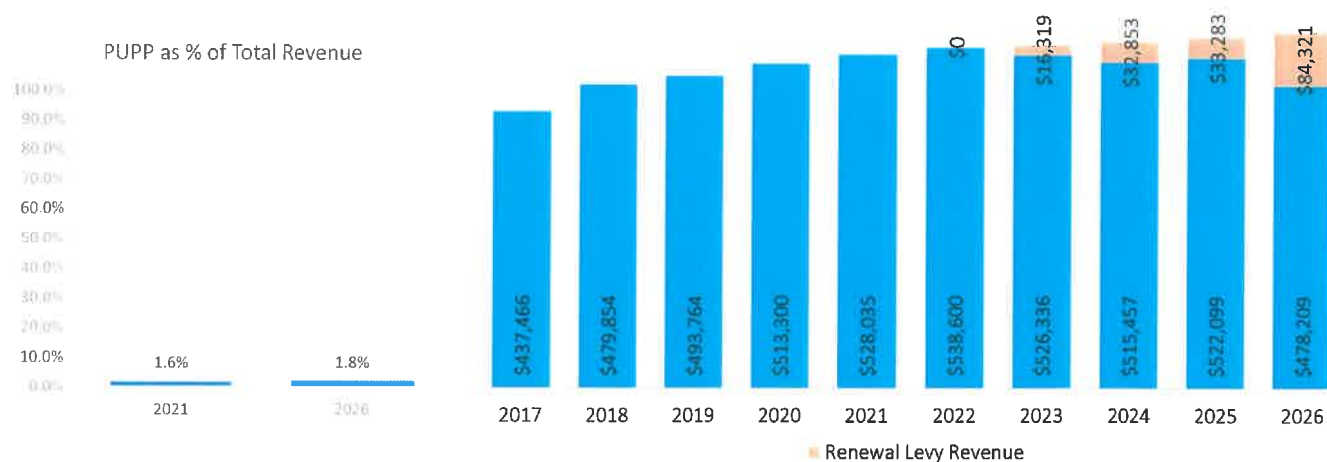
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	308,436,310	2,156,150	28.73	-	31.32	-	98.5%
2021	308,143,828	(292,482)	28.58	(0.15)	31.32	(0.01)	98.7%
2022	314,991,828	6,848,000	28.39	(0.19)	31.29	(0.03)	98.7%
2023	314,711,028	(280,800)	28.40	0.01	31.45	0.16	98.7%
2024	314,421,028	(290,000)	28.40	0.01	31.61	0.16	98.7%
2025	313,771,028	(650,000)	28.44	0.04	31.79	0.18	98.7%

Real estate property tax revenue accounts for 24.09% of total revenue. Class I or residential/agricultural taxes make up approximately 85.58% of the real estate property tax revenue. The Class I tax rate is 28.58 mills in tax year 2021. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 98.7% annually through tax year 2025. The revenue changed at an average annual historical rate of 3.17% and is projected to change at an average annual rate of -0.38% through FY 2026.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate



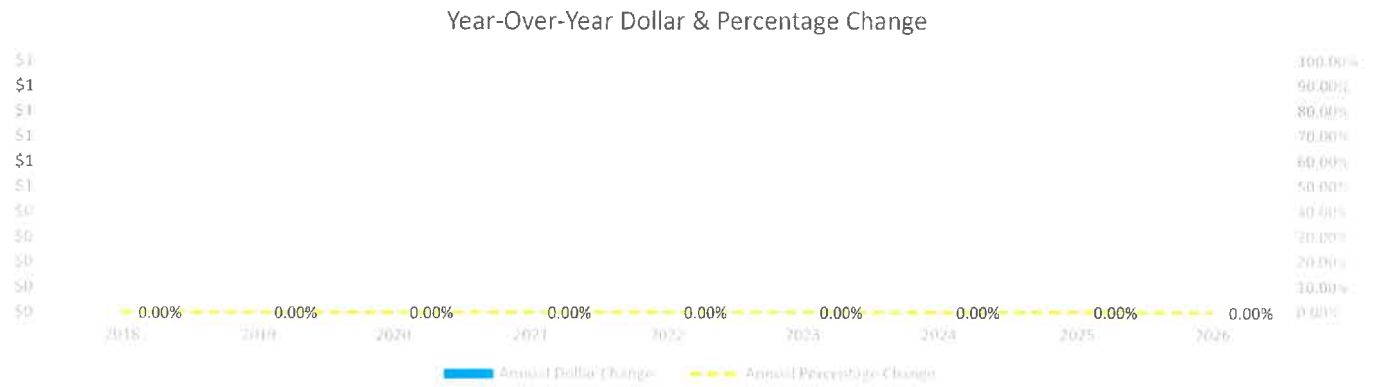
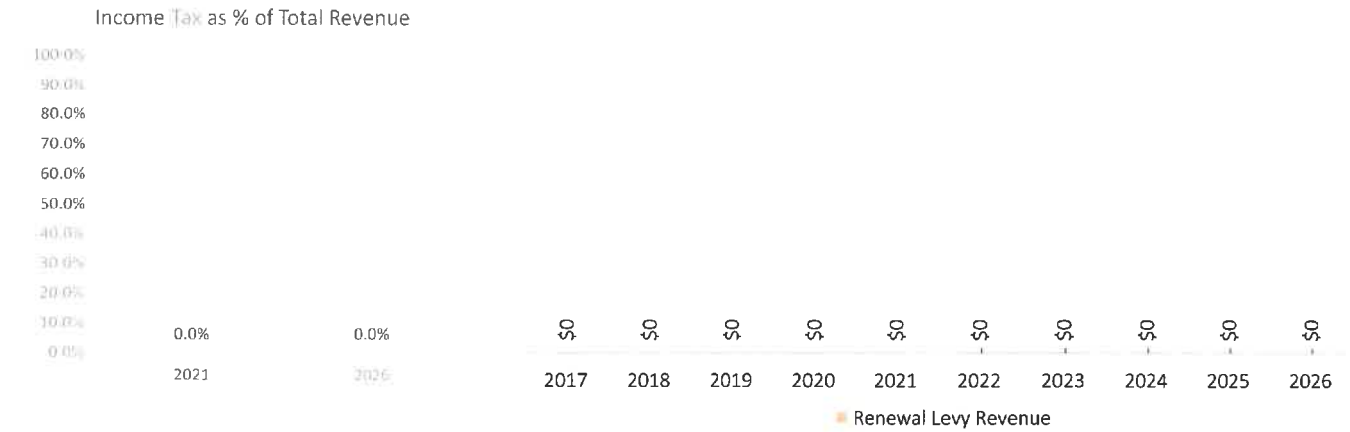
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	15,082,710	490,580	35.53	(0.12)	100.3%
2021	15,282,710	200,000	35.37	(0.16)	100.1%
2022	15,482,710	200,000	35.19	(0.18)	100.0%
2023	15,682,710	200,000	35.19	0.00	100.0%
2024	15,882,710	200,000	35.19	0.00	100.0%
2025	16,082,710	200,000	35.20	0.01	100.0%

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 1.63% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 35.37 mills. The forecast is modeling an average gross collection rate of 100.03%. The revenue changed historically at an average annual dollar amount of \$16,060 and is projected to change at an average annual dollar amount of \$6,899 through FY 2026.

*Projected % trends include renewal levies

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district, separate from federal, state and municipal income taxes



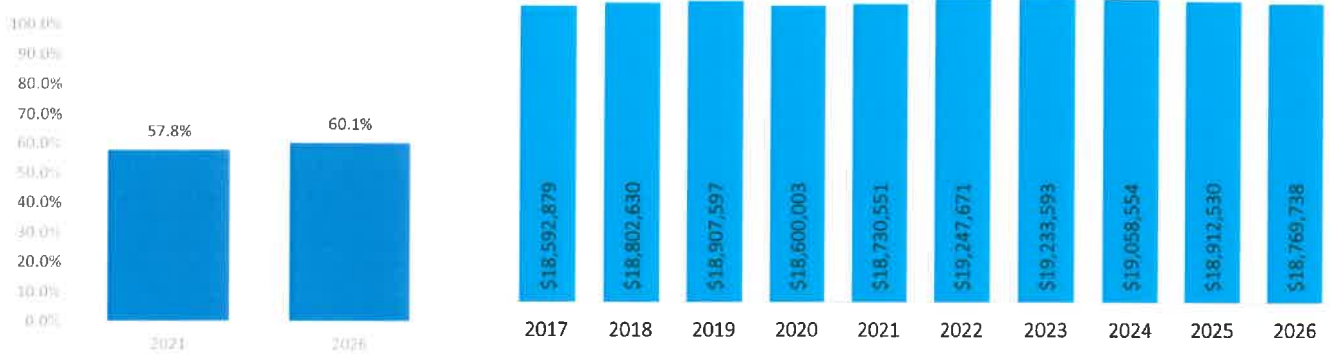
The district does not have an income tax levy.

**Projected % trends include renewal levies*

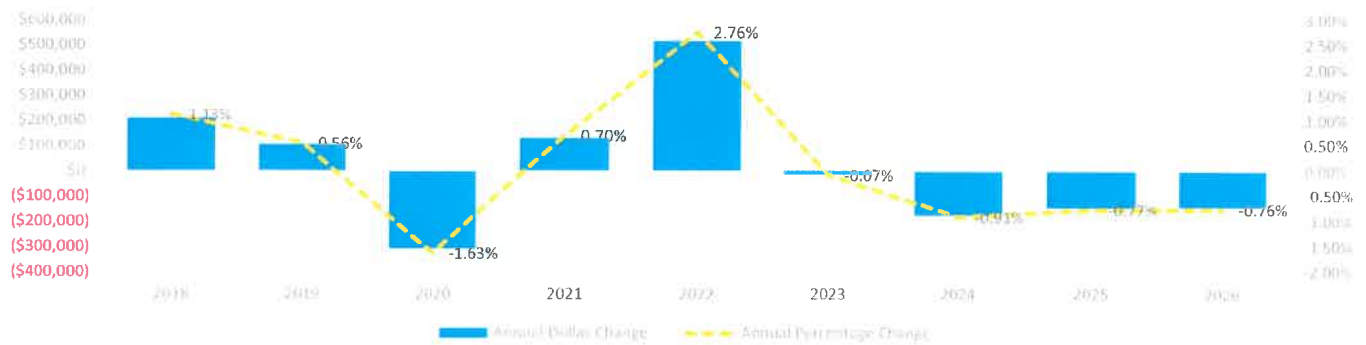
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

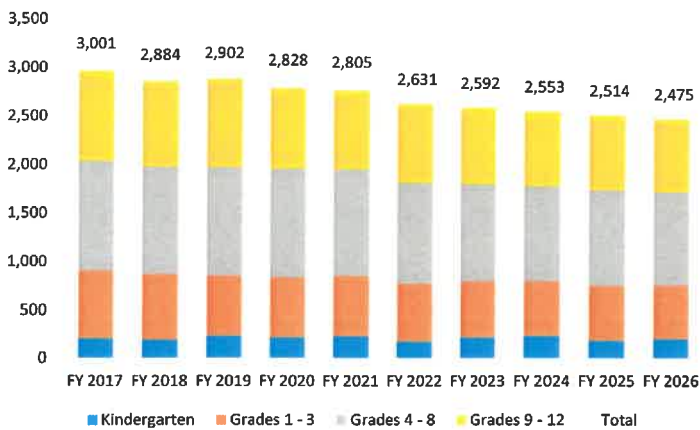
Unrestricted as % of Total Revenue



Year-Over-Year Dollar & Percentage Change



District Educated Enrollment



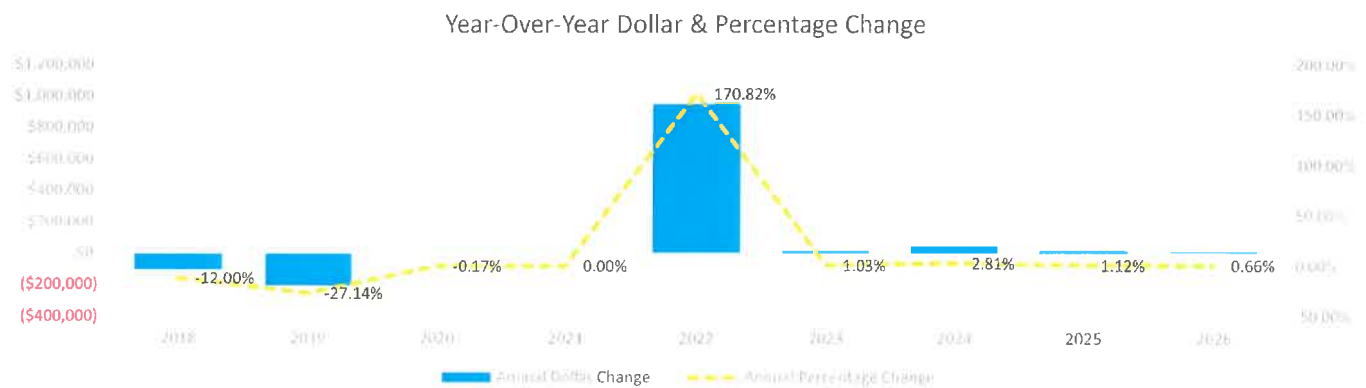
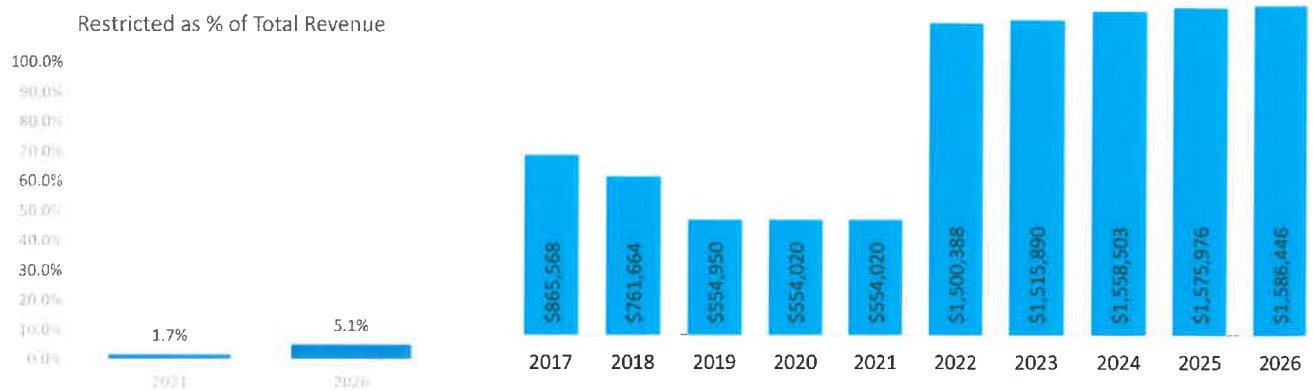
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Tecumseh Local School District the calculated Base Cost total is \$20,675,280 in FY 2022. The state's share of the calculated Base Cost total is \$12,755,782 or \$4,848 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$1,217,295 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

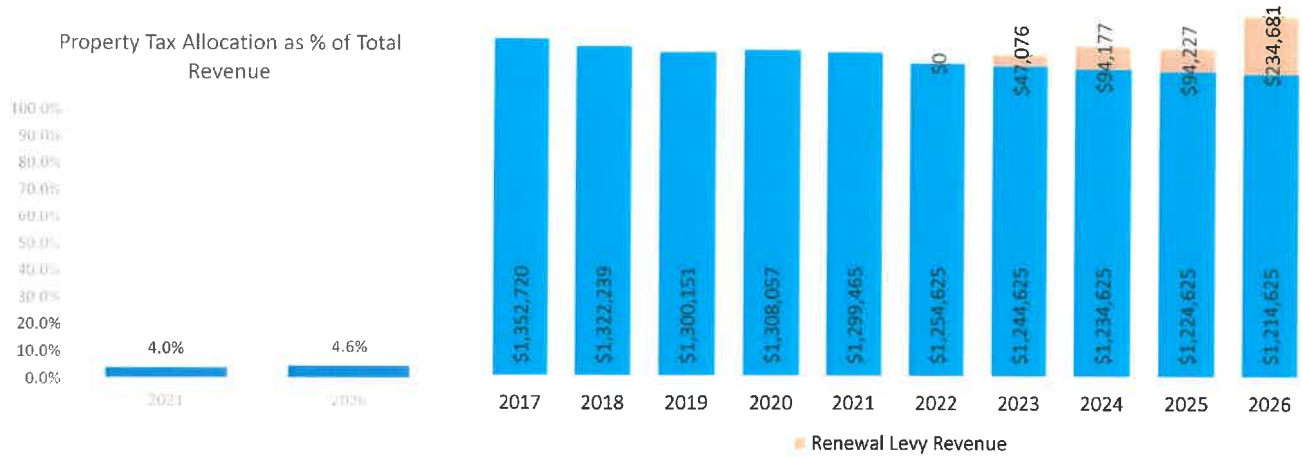
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



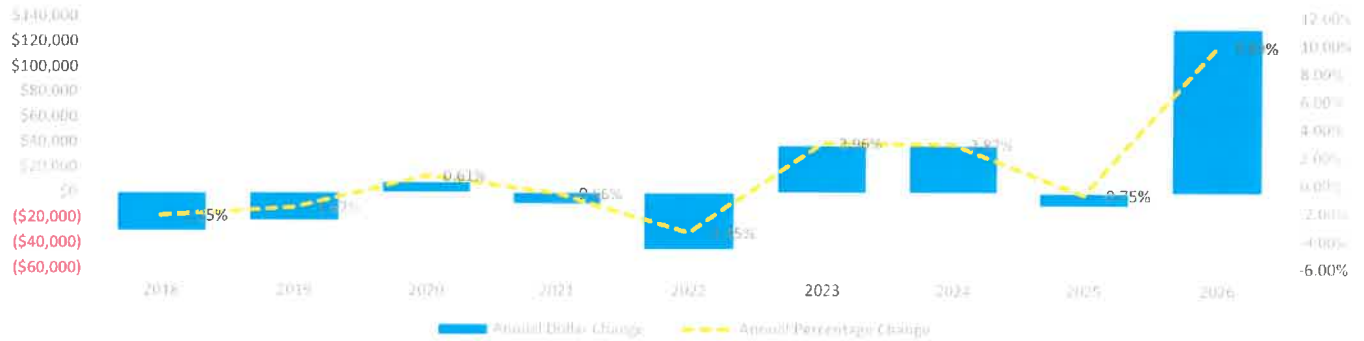
Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$69,215 and is projected to change annually on average by \$206,485. Restricted funds represent 1.71% of total revenue. 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 \$626,672. 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.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback



Year-Over-Year Dollar & Percentage Change

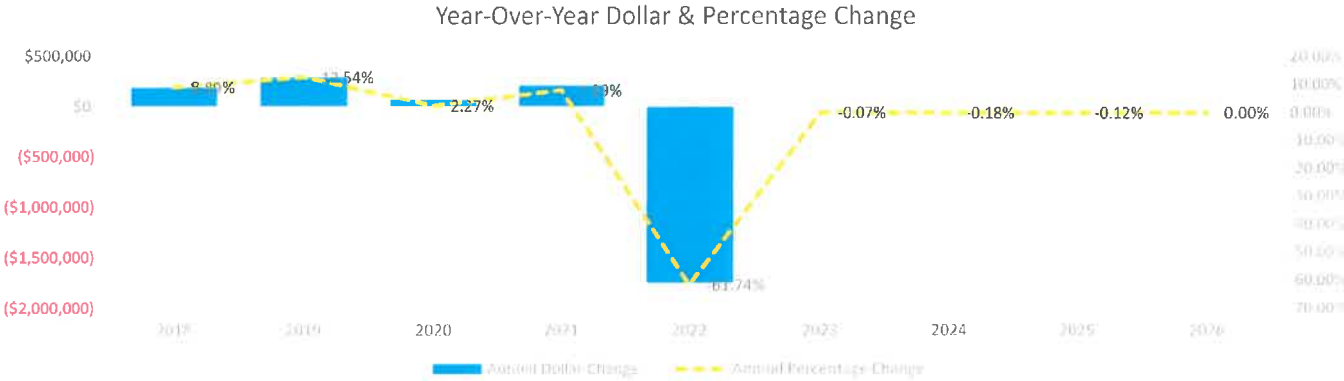
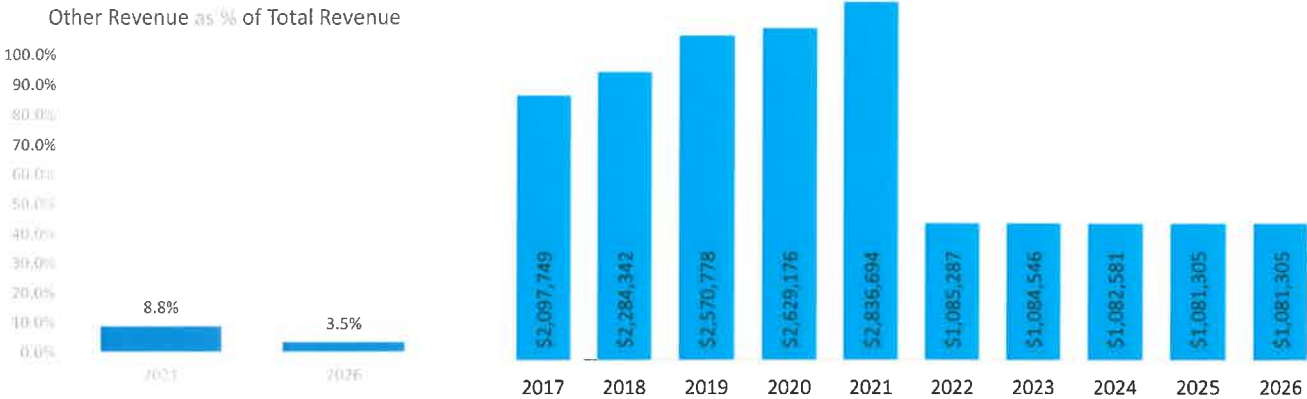


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.2% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

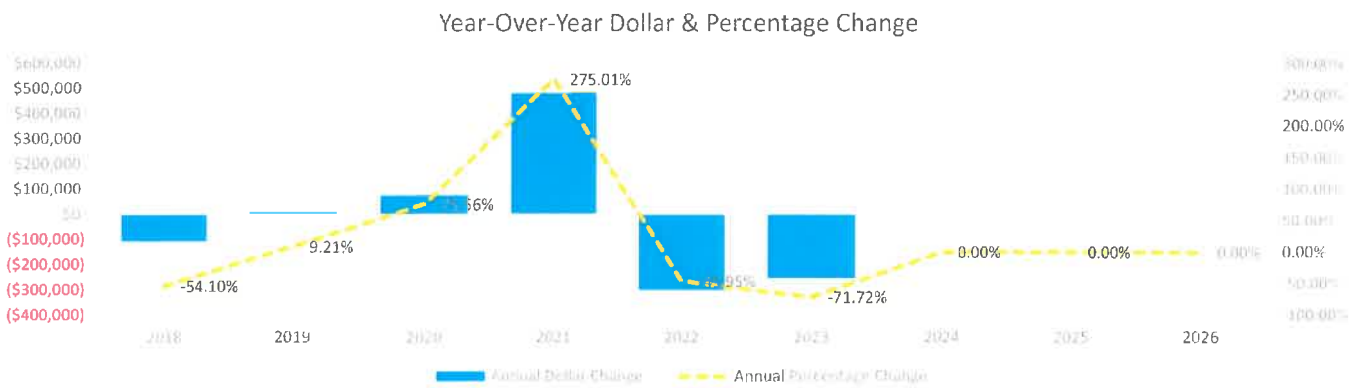
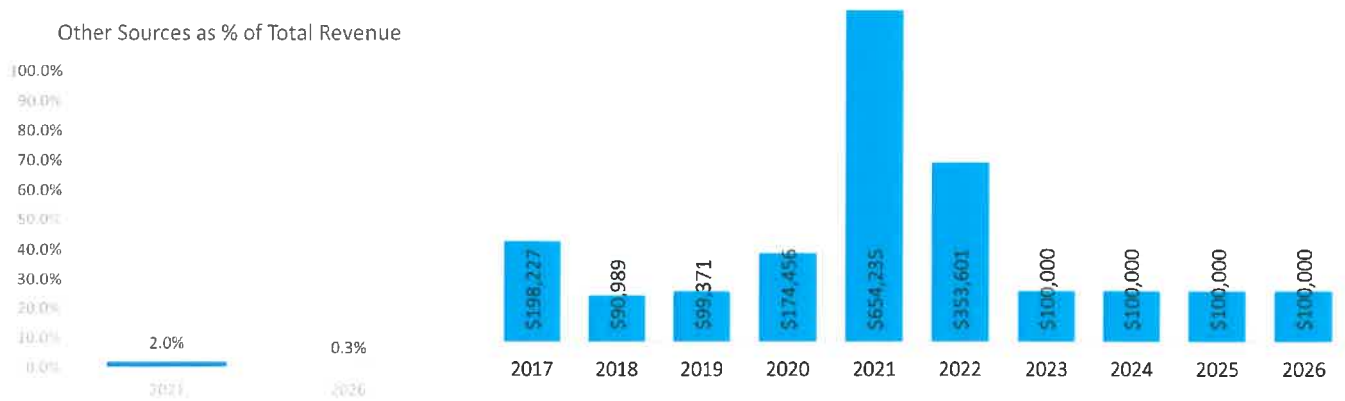
Operating revenue sources not included in other lines, examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$184,117. The projected average annual change is -\$351,078 through FY 2026. 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 \$1,216,724 in FY 2021.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

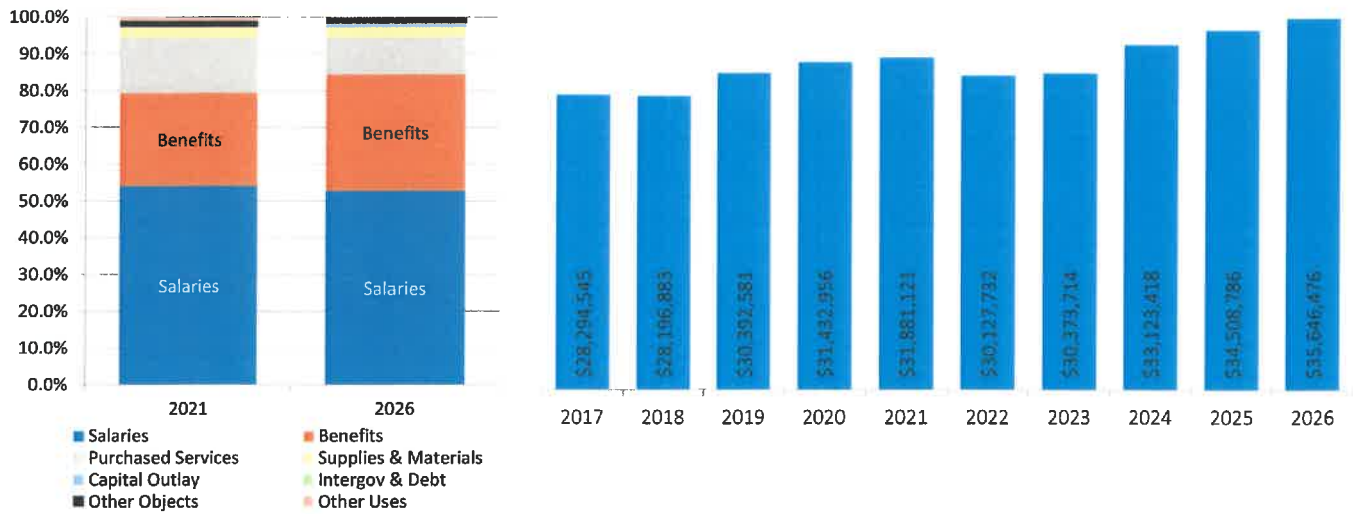


	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	652,306	353,601	100,000	100,000	100,000	100,000
All Other Financing Sources	1,929	-	-	-	-	-

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$652,306 as advances-in and is projecting advances of \$353,601 in FY 2022. 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 \$0 in FY 2022 and average \$0 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

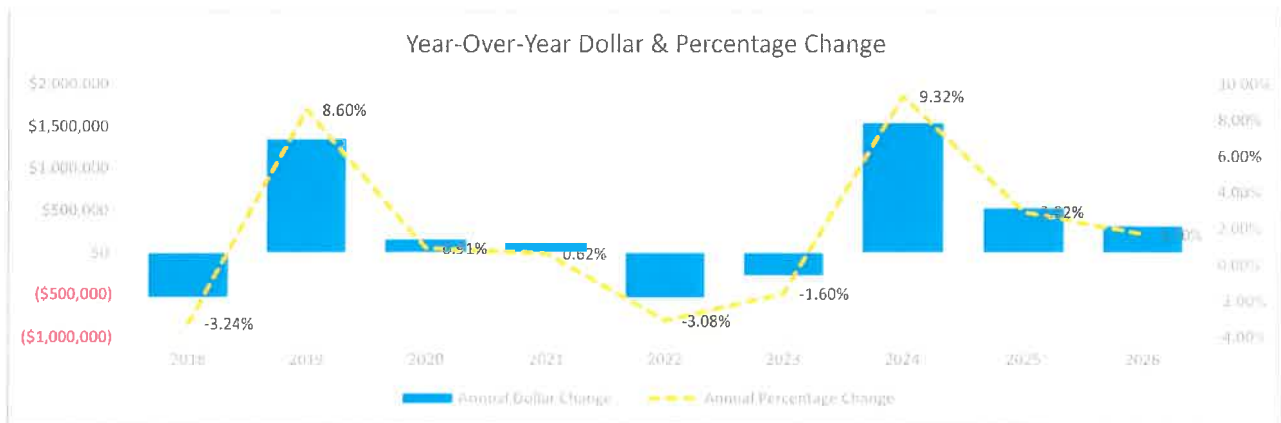
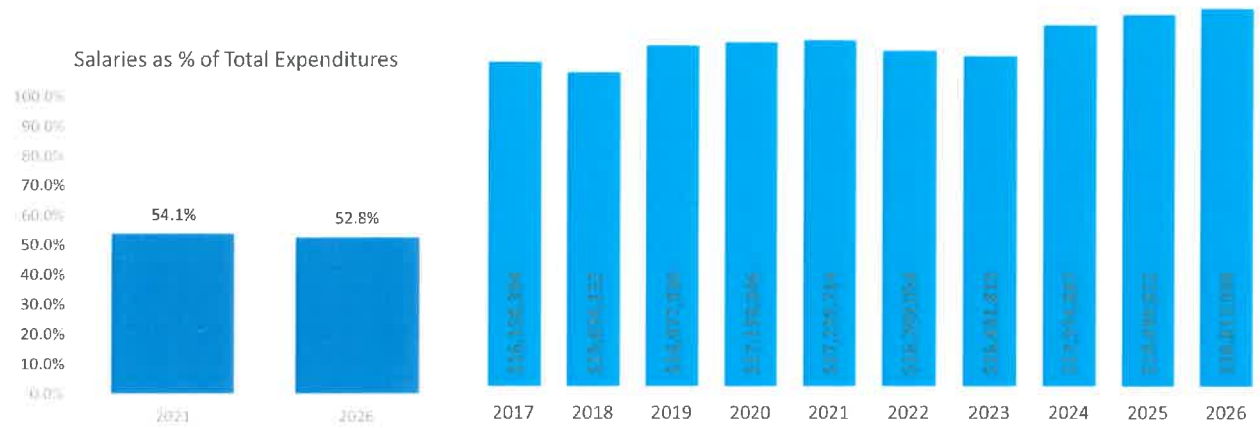
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.93% or \$1,228,079 annually during the past five years and is projected to increase 2.36% or \$753,071 annually through FY2026. Purchased Services has the largest projected average annual variance compared to the historical average at -\$416,836.
Salaries	\$535,187	\$314,857	(\$220,330)	
Benefits	\$423,465	\$643,181	\$219,716	
Purchased Services	\$183,910	(\$232,926)	(\$416,836)	
Supplies & Materials	(\$20,335)	\$22,822	\$43,157	
Capital Outlay	(\$26,536)	\$51,244	\$77,779	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$20,595	\$4,614	(\$15,981)	
Other Uses	\$111,793	(\$50,720)	(\$162,514)	
Total Average Annual Change	\$1,228,079	\$753,071	(\$475,008)	
	3.93%	2.36%	-1.57%	

Note: Expenditure average annual change is projected to be > \$753,071

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

3.010 - Personnel Services

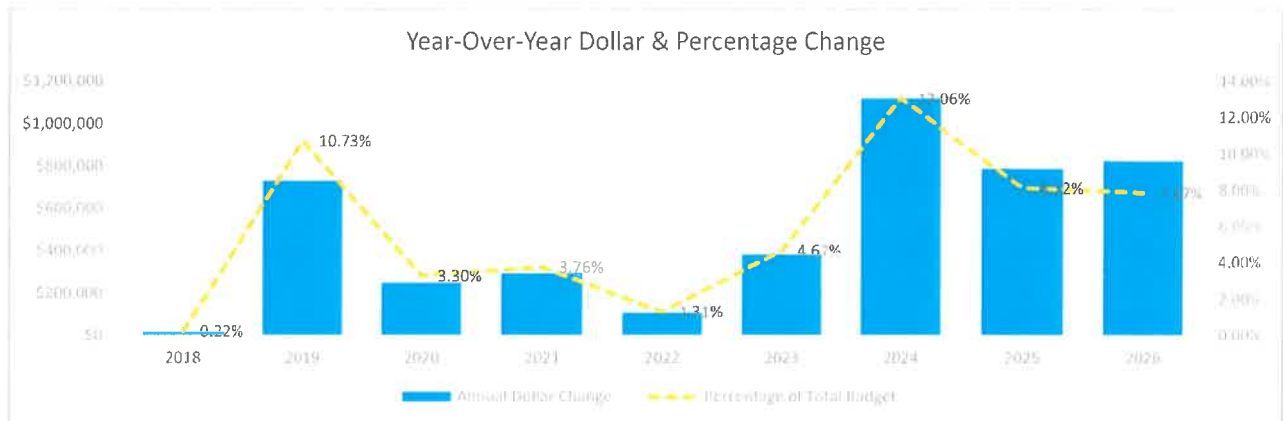
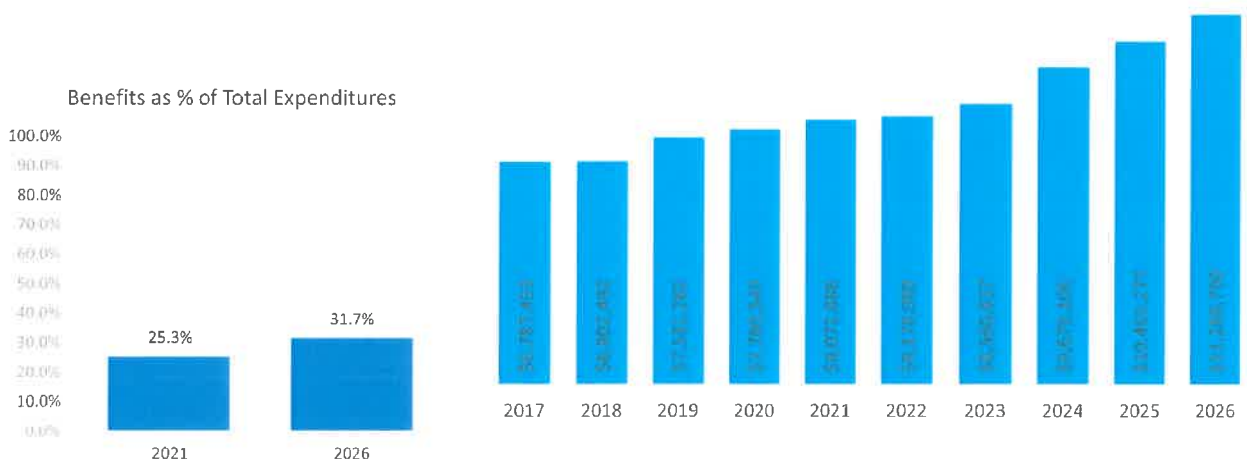
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 54.07% of total expenditures and increased at a historical average annual rate of 3.13% or \$535,187. This category of expenditure is projected to grow at an annual average rate of 1.78% or \$314,857 through FY 2026. The projected average annual rate of change is -1.35% less than the five year historical annual average.

3.020 - Employees' Benefits

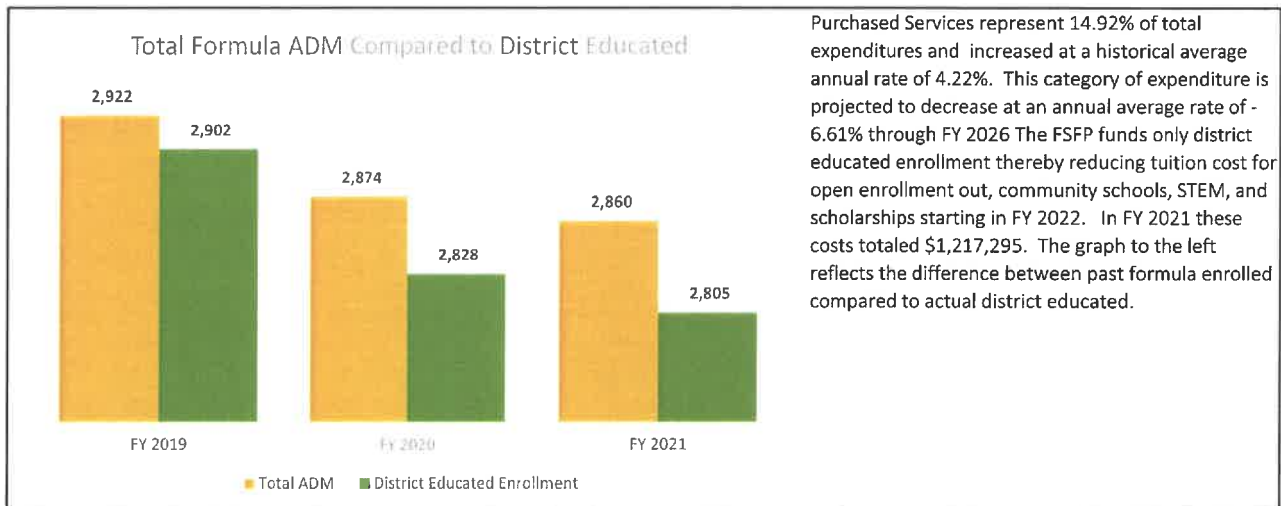
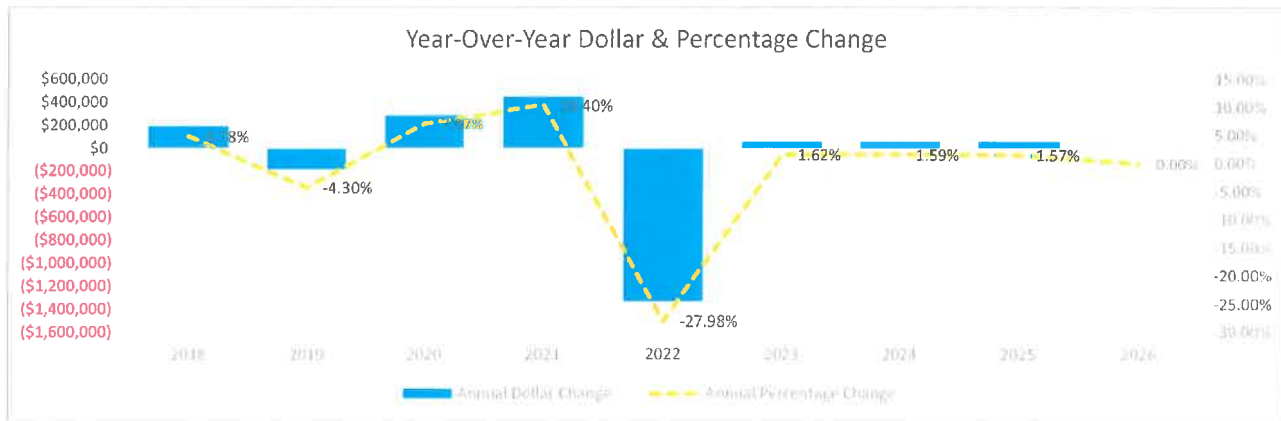
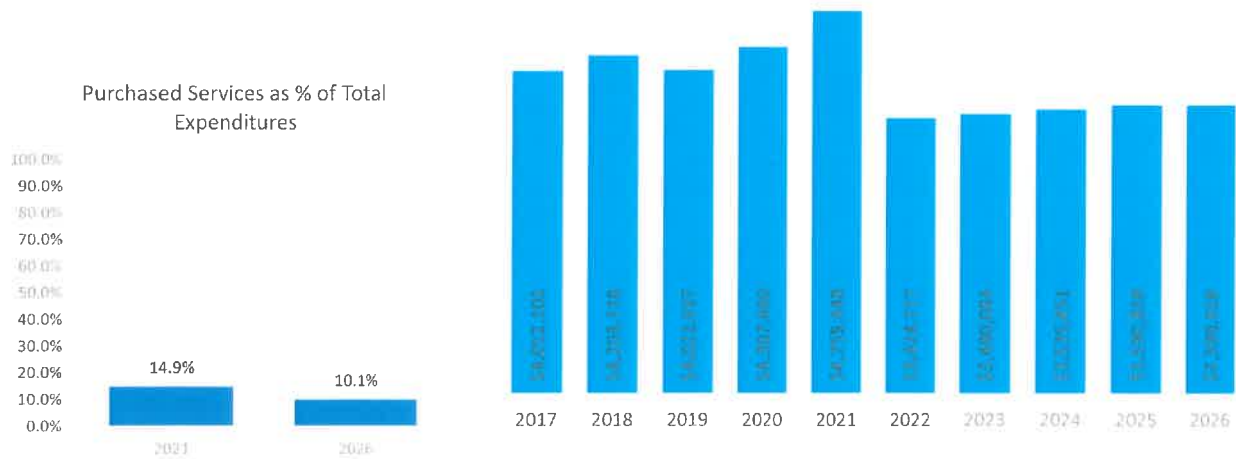
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 25.32% of total expenditures and increased at a historical average annual rate of 5.43%. This category of expenditure is projected to grow at an annual average rate of 6.68% through FY 2026. The projected average annual rate of change is 1.24% more than the five-year historical annual average.

3.030 - Purchased Services

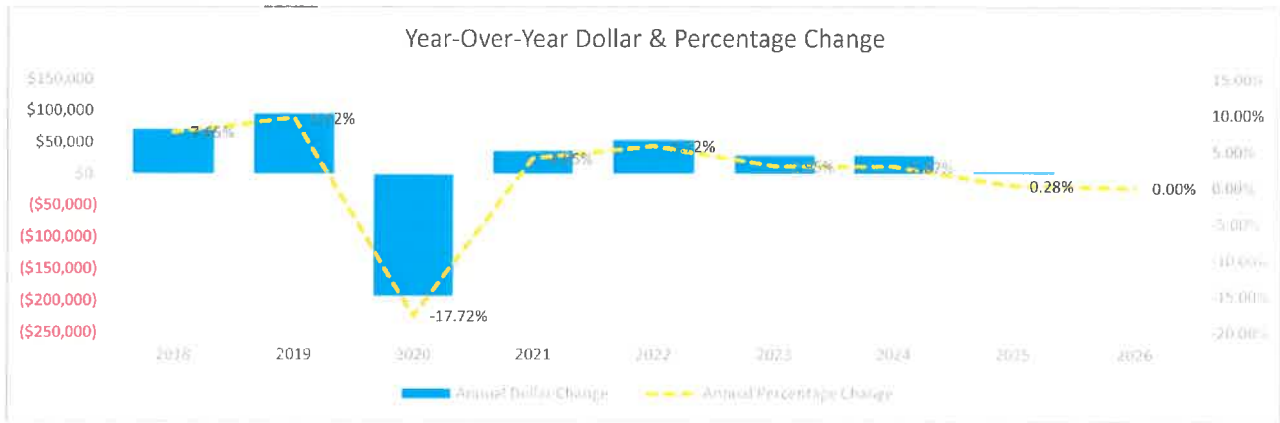
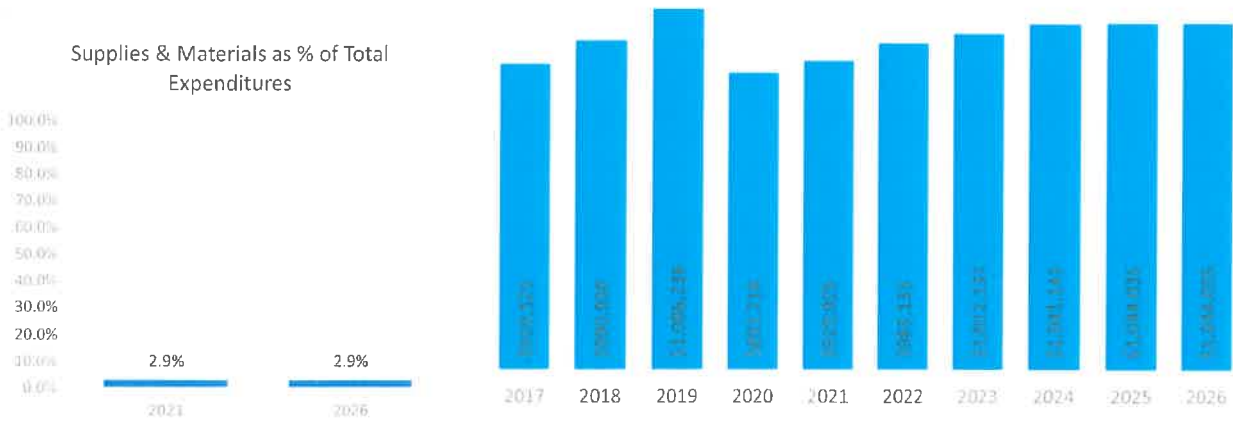
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase



Purchased Services represent 14.92% of total expenditures and increased at a historical average annual rate of 4.22%. This category of expenditure is projected to decrease at an annual average rate of -6.61% through FY 2026. 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 \$1,217,295. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

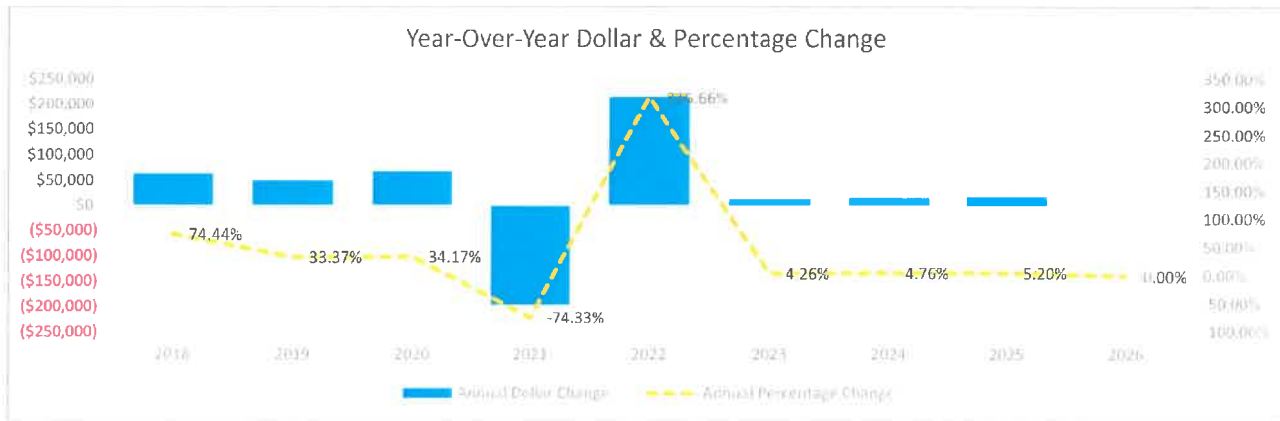
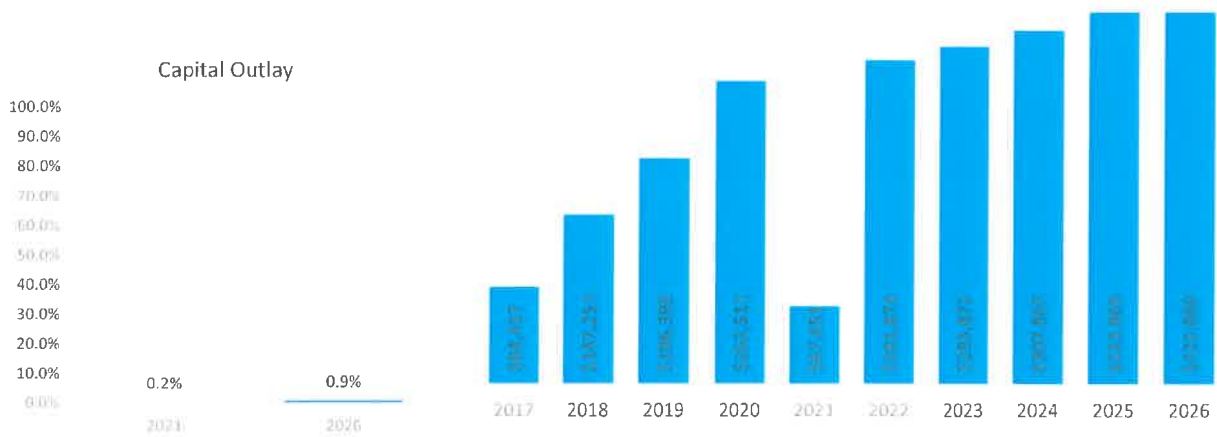
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies



Supplies & Materials represent 2.92% of total expenditures and decreased at a historical average annual rate of -2.10%. This category of expenditure is projected to grow at an annual average rate of 2.23% through FY 2026. The projected average annual rate of change is 4.32% more than the five year historical annual average.

3.050 - Capital Outlay

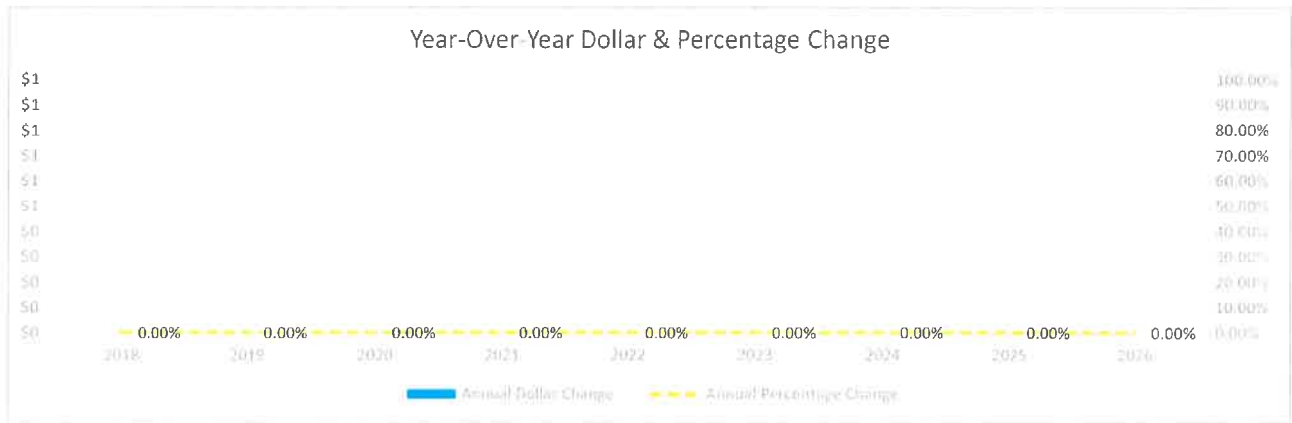
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.21% of total expenditures and decreased at a historical average annual amount of -\$26,536. This category of expenditure is projected to grow at an annual average rate of \$51,244 through FY 2026. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

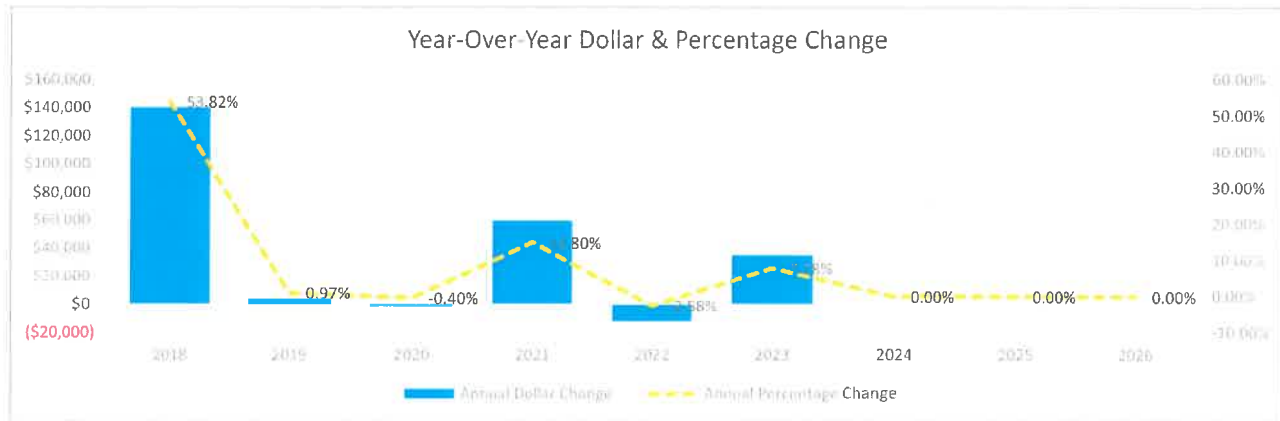
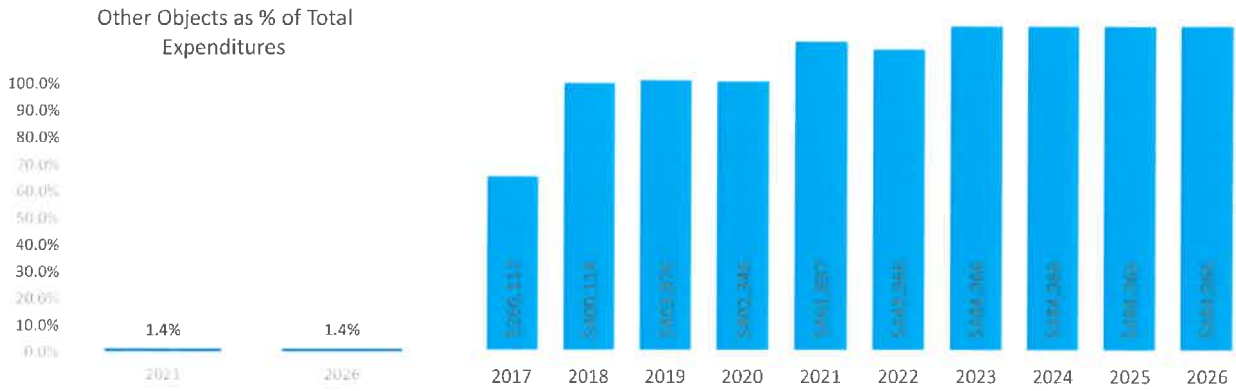
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

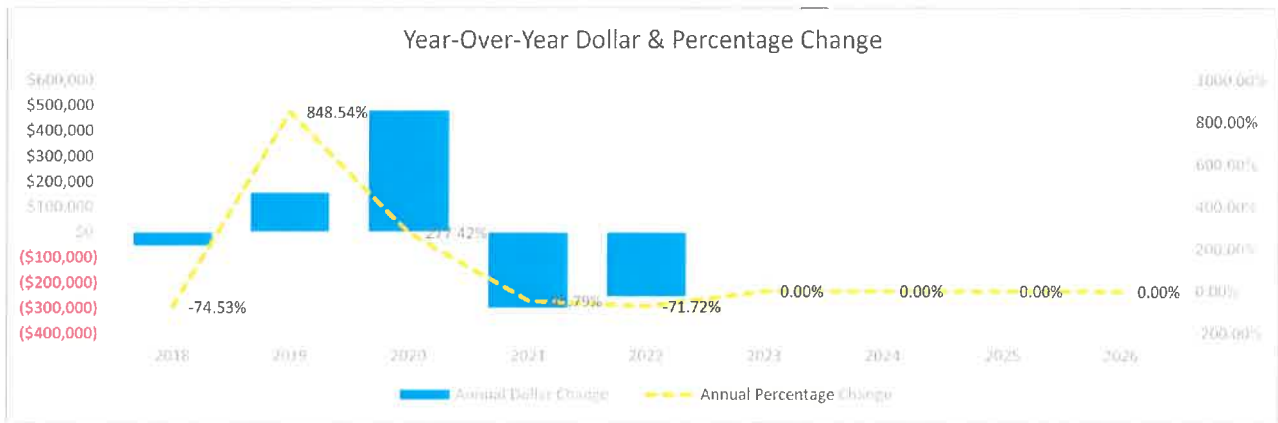
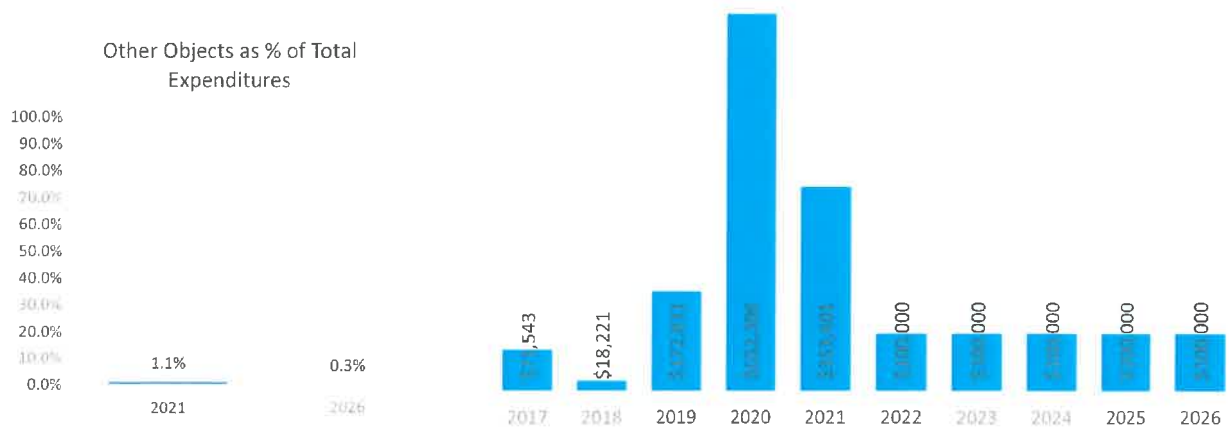
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.45% of total expenditures and increased at a historical average annual rate of 4.87%. This category of expenditure is projected to grow at an annual average rate of 0.97% through FY 2026. The projected average annual rate of change is -3.91% less than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers Out	-	-	-	-	-	-
Advances Out	353,601	100,000	100,000	100,000	100,000	100,000
Other Financing Uses	-	-	-	-	-	-

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 2021 the district had advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2026. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Tecumseh Local School District
Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	7,809,152	7,566,292	7,345,663	7,118,889	7,117,103	6,297,121
1.020 - Public Utility Personal Property	528,035	538,600	526,336	515,457	522,099	478,209
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	18,730,551	19,247,671	19,233,593	19,058,554	18,912,530	18,769,738
1.040 - Restricted Grants-in-Aid	554,020	1,500,388	1,515,890	1,558,503	1,575,976	1,586,446
1.050 - Property Tax Allocation	1,299,465	1,254,625	1,244,625	1,234,625	1,224,625	1,214,625
1.060 - All Other Operating Revenues	2,836,694	1,085,287	1,084,546	1,082,581	1,081,305	1,081,305
1.070 - Total Revenue	31,757,918	31,192,863	30,950,653	30,568,609	30,433,638	29,427,444
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	652,306	353,601	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	1,929	-	-	-	-	-
2.070 - Total Other Financing Sources	654,235	353,601	100,000	100,000	100,000	100,000
2.080 - Total Rev & Other Sources	32,412,153	31,546,464	31,050,653	30,668,609	30,533,638	29,527,444
Expenditures:						
3.010 - Personnel Services	17,239,714	16,709,054	16,441,819	17,974,887	18,499,822	18,813,998
3.020 - Employee Benefits	8,072,886	8,178,989	8,560,837	9,679,106	10,465,277	11,288,790
3.030 - Purchased Services	4,755,448	3,424,717	3,480,084	3,535,451	3,590,818	3,590,818
3.040 - Supplies and Materials	929,925	983,133	1,012,137	1,041,141	1,044,035	1,044,035
3.050 - Capital Outlay	67,651	281,874	293,872	307,867	323,869	323,869
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	461,897	449,966	484,966	484,966	484,966	484,966
4.500 - Total Expenditures	31,527,520	30,027,732	30,273,714	33,023,418	34,408,786	35,546,476
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	353,601	100,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	353,601	100,000	100,000	100,000	100,000	100,000
5.050 - Total Exp and Other Financing Uses	31,881,121	30,127,732	30,373,714	33,123,418	34,508,786	35,646,476
6.010 - Excess of Rev Over/(Under) Exp	531,032	1,418,731	676,938	(2,454,809)	(3,975,149)	(6,119,032)
7.010 - Cash Balance July 1 (No Levies)	11,663,746	12,194,778	13,613,509	14,290,448	11,835,638	7,860,489
7.020 - Cash Balance June 30 (No Levies)	12,194,778	13,613,509	14,290,448	11,835,638	7,860,489	1,741,457
		Reservations				
8.010 - Estimated Encumbrances June 30	992,255	700,000	700,000	700,000	700,000	700,000
9.080 - Reservations Subtotal	544,596	544,596	544,596	544,596	544,596	544,596
10.010 - Fund Bal June 30 for Cert of App	10,657,927	12,368,913	13,045,852	10,591,042	6,615,893	496,861
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	338,446	676,904	676,927	1,685,181
11.030 - Cumulative Balance of Levies	-	-	338,446	1,015,350	1,692,277	3,377,458
12.010 - Fund Bal June 30 for Cert of Obligations	10,657,927	12,368,913	13,384,298	11,606,392	8,308,170	3,874,319
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	10,657,927	12,368,913	13,384,298	11,606,392	8,308,170	3,874,319



Tecumseh Local School District
Five Year Forecast Summary/Assumptions
November 16th, 2021

Forecast Summary:

The forecast summary shows the district has a surplus for FY 22 and FY 23, and begins deficit spending in FY 24. The district will need to monitor spending in the next two fiscal years and look at other possible revenue streams to combat this trend.

Revenue Sources:

This section shows the percent change in each revenue line item through the five year forecast. Overall revenues are projected to stay fairly consistent over the forecast unless otherwise noted.

General Property Tax:

General Property Tax represents 24.09% of the districts revenue. As can be seen by the graph in my report, this revenue stream stays fairly consistent from year to year. A general reappraisal is mandated by Ohio Law every six years and an update every three years. 2019 was a reappraisal year for Clark County. The new values were effective January 1, 2020. According to the Clark County Auditor, values in our District increased approximately 13% for the reappraisal. We see an increase in revenue only in regards to our 5.8 inside millage. We do not see the entire increase in additional revenue due to House Bill 920. When property values increase, the effective tax rate decreases so that the amount of tax collected does not exceed what was originally levied. This line item stays fairly consistent year to year because we only have renewal levies and there are no additional tax levies projected in the five year forecast at this time.

Public Utility Personal Property:

Public Utility Personal Property (PUPP) makes up less than 2% of the district's revenue. This revenue stream continues to climb slightly each year, but is also dependent upon the renewal levies.

Income Tax:

Not applicable



Unrestricted Grants in Aid:

Unrestricted Grant in Aid represents approximately 58% of the district's revenue. These are the funds received directly from the State through our foundation program.

It is determined by the Governor's Budget, which is a two-year plan. The current budget is for FY 22 & FY 23 and is called the Fair School Funding Plan (FSFP). It is driven by a base cost methodology that incorporates the four components identified as necessary to the education process: Direct Classroom Instruction, Building Leadership & Operations, Instructional and Student Support, and District Leadership & Accountability. With the FSFP, Tecumseh's current calculated Base Cost per Pupil is approximately \$7,267 (\$2,419 local share; \$4,848 state share). This changes as enrollment and district wealth changes. This new funding formula is providing funds directly to schools where students are educated. This is a change from previous years. We used to receive funds from the state for all students and then we would have an expense in "Purchased Services" if the student left the district to attend a community school or STEM or open enrolled out of the district. The actual funding of this new formula is set to begin in December 2021.

Restricted Grants in Aid:

Historically this line item represented approximately 2% of total revenue. However, with the new FSFP, that percentage will increase. Before the new funding plan, Career Tech Funding and Economically Disadvantaged Funding were the only two restricted types of funds. The new plan has changed the name of Economically Disadvantaged Funding to Disadvantaged Pupil Impact Aid (DPIA), and has added Gifted Funding, English Language Learners (ELL), and Student Wellness and Success Funding (SWSF) to also be restricted funds. Not only are there restrictions to the use of these funds, but there is also additional state reporting that must occur as a result of spending the funds. We also must work with a "Community Partner" to develop a plan to spend the DPIA funds. The SWSF were previously required to be reported in a separate fund. Now, the funds are restricted in the general fund and all corresponding expenses will also be recorded in the general fund.



Property Tax Allocation:

Property Tax Allocation represents funds received from the Tangible Personal Property (TPP) Tax Reimbursement and Homestead and Rollback. For TPP, phase out started in August 2013 on business and telephone/telecommunications. Our last payment is projected to be in FY 2022.

Homestead and Rollback remain steady but are also effected by the renewals of the emergency levies. These payments come from the state due to revenue lost from property tax relief programs granted by the state. The homestead exemption allows low-income senior citizens and permanently and totally disabled Ohioans, to reduce their property tax bills, by shielding some of the market value of their homes from taxation. The exemption, which takes the form of a credit on property tax bills, allows qualifying homeowners to exempt up to \$25,000 of the market value of their homes from all local property taxes. For example, through the homestead exemption, a home with a market value of \$100,000 is billed as if it is worth \$75,000.

For Rollback, current state law (Revised Code Section 319.302) requires each county auditor to reduce all qualifying levies against real property taxes charged by a 10 percent Non-Business Credit. In addition, Section 323.152(B) requires the county auditor to further reduce the same qualifying levies against real property taxes on by a 2.5 percent Owner Occupancy credit. Owner-occupants who are age 65 or older or who are permanently and totally disabled may qualify for an additional reduction in their real property taxes by applying for a homestead exemption under Section 323.152(A).

All Other Operating Revenues:

Other Operating Revenues includes tuition, fees, interest earnings, rentals and donations.

There is a significant decrease in this line item for FY 22 and beyond.

- Interest Revenue continues to decrease due to lower interest rates.
- Open Enrollment In will no longer be funded here in this revenue line item. It is now part of the unrestricted revenue line item.
- In FY 21, the district received several BWC rebates totaling \$544,092. These large rebates cannot continue (BWC fund will eventually will be depleted of its surplus). So, in FY 22, I show a large decrease in Other Revenue and that trend continues going forward.

Total Other Financing Sources:

This area represents less than one percent of the district's revenue. This category includes operating transfers, sale of fixed assets, and refunds of prior year expenditures.



Expenditure Sources:

For expenditures, the largest change is in Salaries and Purchased Services. The district has been using Student Wellness and Success Funds as well as ESSER funds to supplant salaries from the General Fund. And Purchased Services decline significantly due to the new FSFP.

Personnel Services:

Personnel Services represents approximately 54% of the district's expenses. Salaries are predicted to decrease in FY 22 and FY 23 in the five year forecast due to supplanting general fund salaries with Student Wellness and Success Funds and ESSER funds. Those salaries come back into the forecast in FY 24. Some of the supplanted salaries include: Nurses, Health Teachers, Adolescent Skills Teacher, Guidance Counselors, District Directors/Coordinators, Maintenance Staff, Computer Technicians, etc.

I have added in the cost of step increases each year into the forecast, but not base increases.

Employee Benefits:

Employee Benefits represent a little over 25% of the district's expenses. This line item includes retirement, worker's compensation, Medicare, unemployment, and all health insurance. The district participates in the SOEPC (Southwest Ohio Educational Purchasing Cooperative) for insurance benefits. This co-op allows many school districts to pool their benefits to get a lower cost for insurance. Tecumseh LSD's rate increase beginning in January 2022 is 5.5% for medical insurance and 2% for both dental and vision insurance. For FY 23 and beyond, there is an 11% increase projected for medical insurance.

Purchased Services:

Purchased Services represents 15% of the district's expenses. The expenditures in this area significantly decrease from FY 22 forward on the forecast. This major change is due to the new FSFP. Open Enrollment Out, tuition paid to community schools, STEM, and scholarship costs are no longer being funded or deducted from the district. For FY 21, those amounts totaled over \$1,000,000. That is why there is such a significant drop from FY 21 to FY 22 in this expense line item.

Supplies & Materials:

Supplies and Materials represents approximately 2.92% of the district's expenses. This line item consists of general supplies, bus fuel, tires, and other maintenance supplies. The district is part of the SOEPC Co-op for supplies – which provides us discounts when purchasing. I have projected a 3% increase in supplies expense for FY 22 - FY 26.

Capital Outlay:

Capital Outlay represents less than one percent of the district's expenses. However, the district has implemented a Capital Improvement Plan that spans the next two years, with the assumption that it will continue to be updated as we plan for the future. With that in mind, I have budgeted \$200,000 for FY 22 – FY 26 for those expenses, as well as recurring expenses.



Intergovernmental Debt:

N/A

Other Objects:

Other Objects represents 1.45% of the district's expenses. This line encompasses membership dues and fees, audit expenses, and auditor and treasurer fees. I am only predicting an increase of 3% in this category for FY 22 to FY 26.

Total Other Financing Uses:

This area is for transfers out and advances to other funds. At the end of the fiscal year, the General Fund will advance money to the Federal Grant Funds because they will have a negative balance (reimbursable grants). This amount is unknown until year end. On July 1st, the funds will be advanced back to the General Fund.