



Tecumseh Local School District

# Five Year Forecast Financial Report

May 16, 2023

*Presented by: Denise L. Robinson, Treasurer/CFO*

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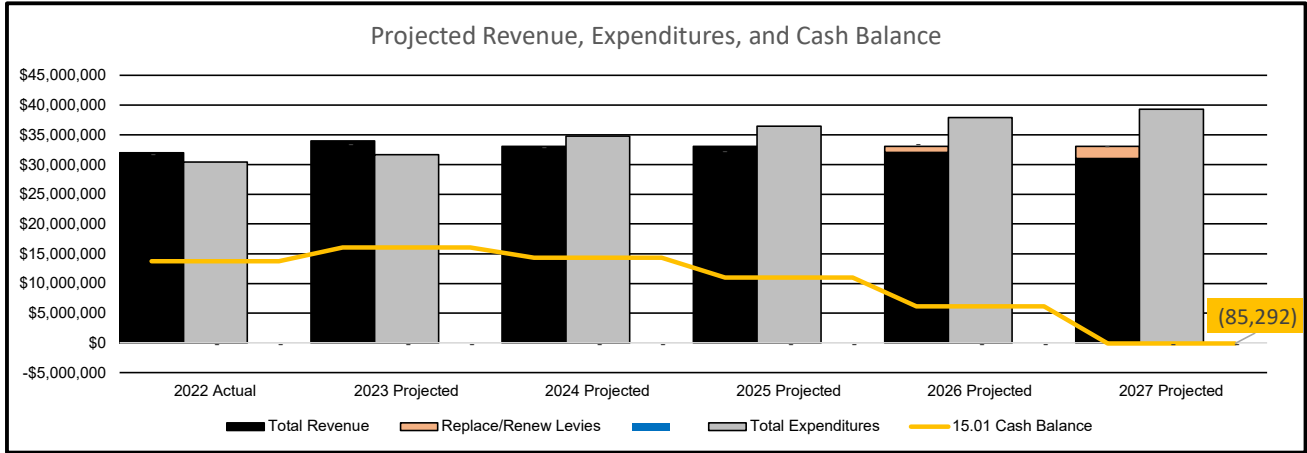
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### Forecast Purpose/Objectives

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.



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 Renewal/New Levies Modeled	13,749,123	16,080,783	14,369,445	10,986,735	6,169,439
+ Revenue	34,016,540	33,074,065	33,054,276	32,039,101	31,027,043
+ Proposed Renew/Replacement Levies	-	-	-	1,021,174	2,042,383
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(31,684,880)	(34,785,403)	(36,436,985)	(37,877,571)	(39,324,157)
= Revenue Surplus or Deficit	2,331,660	(1,711,339)	(3,382,709)	(4,817,296)	(6,254,731)
Line 7.020 Ending Balance with renewal/new levies	16,080,783	14,369,445	10,986,735	6,169,439	(85,292)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	2,331,660	(1,711,339)	(3,382,709)	(5,838,470)	(8,297,114)
Ending Balance w/o Levies	16,080,783	14,369,445	10,986,735	5,148,265	(3,148,849)

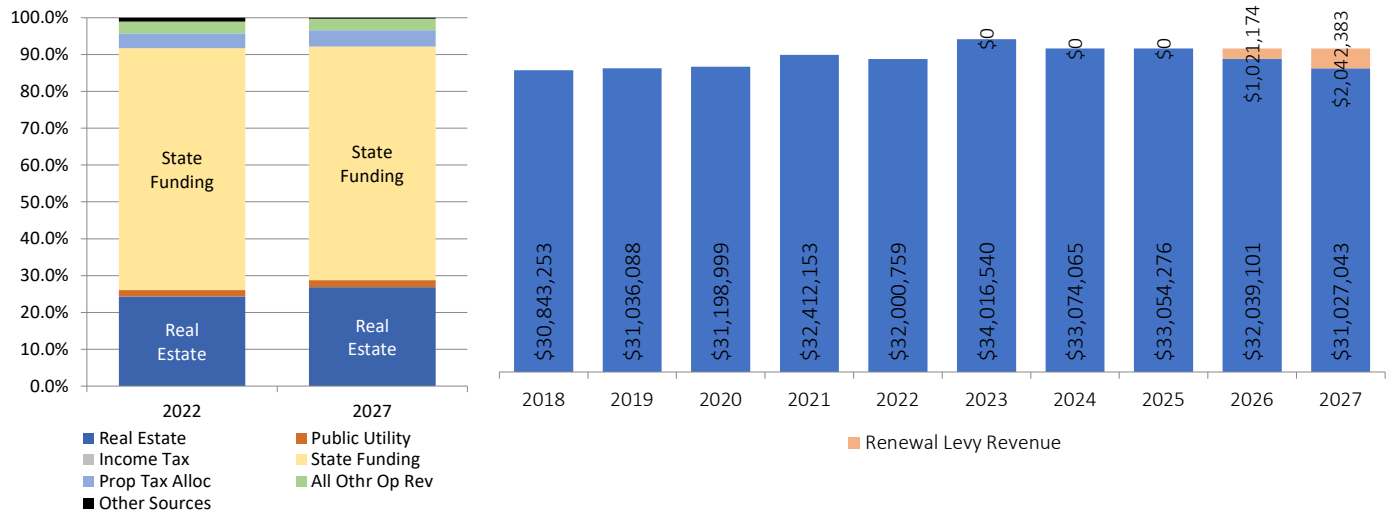
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$2,331,660 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$8,297,114. The district would need to cut its FY 2027 projected expenses by 21.10% 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.

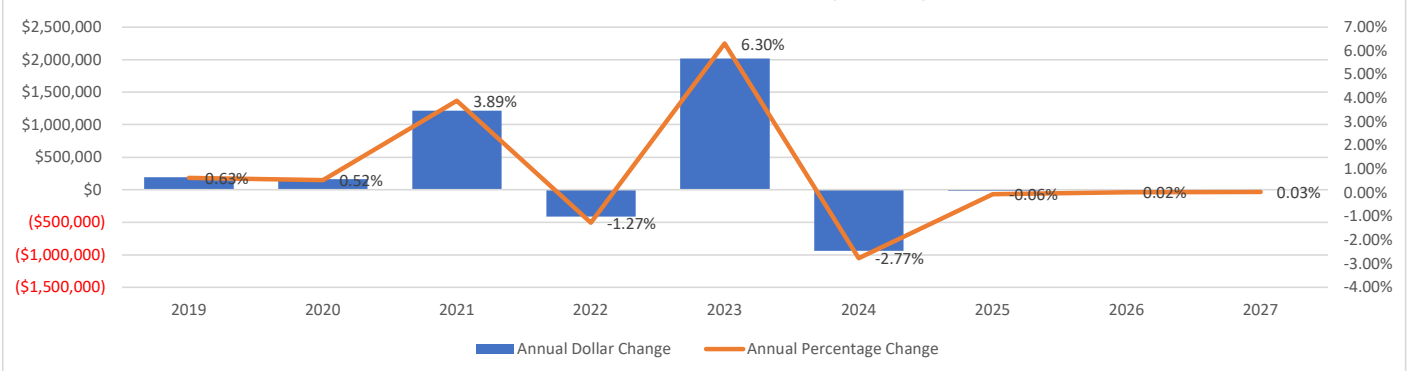
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$299,988 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a formula district in FY 2023.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



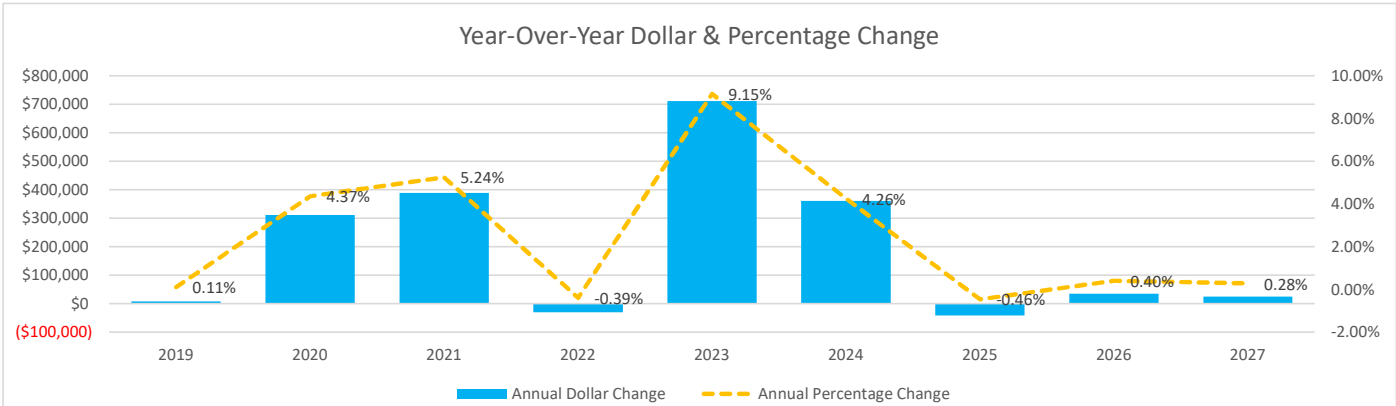
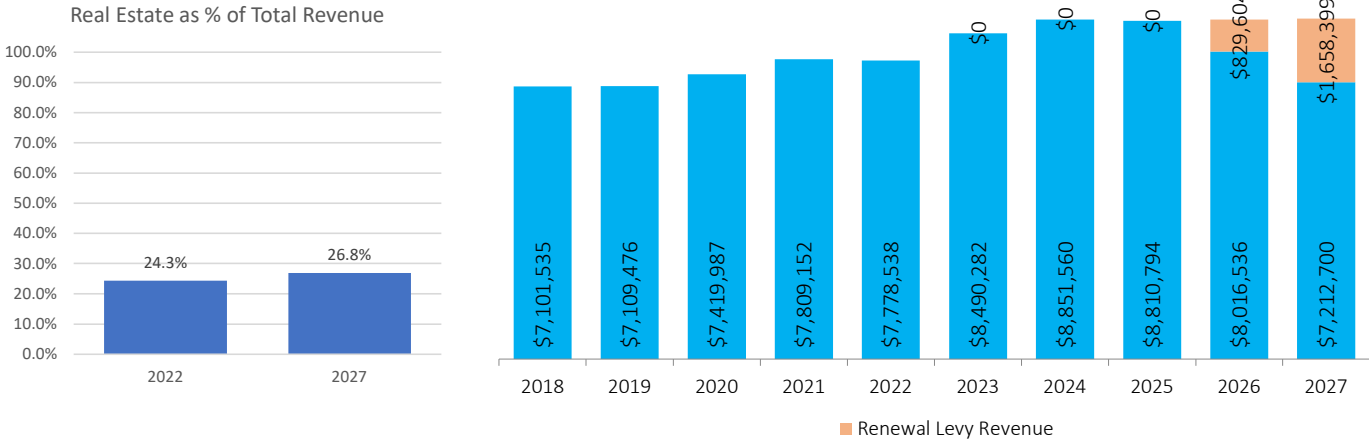
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 0.91% or \$287,677 annually during the past 5-Year period and is projected to increase 0.64% or \$213,733 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at - \$324,854
Real Estate	152,155	218,512	\$66,357	
Public Utility	\$22,714	\$13,555	(\$9,159)	
Income Tax	\$0	\$0	\$0	
State Funding	\$314,502	(10,352)	(\$324,854)	
Prop Tax Alloc	(\$16,289)	\$43,304	\$59,593	
All Othr Op Rev	(\$216,979)	(\$466)	\$216,513	
Other Sources	\$31,574	(\$50,819)	(\$82,393)	
<b>Total Average Annual Change</b>	<b>287,677</b>	<b>213,733</b>	<b>(\$73,944)</b>	
	0.91%	0.64%	-0.27%	

Note: Expenditure average annual change is projected to be > \$1,776,494 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).



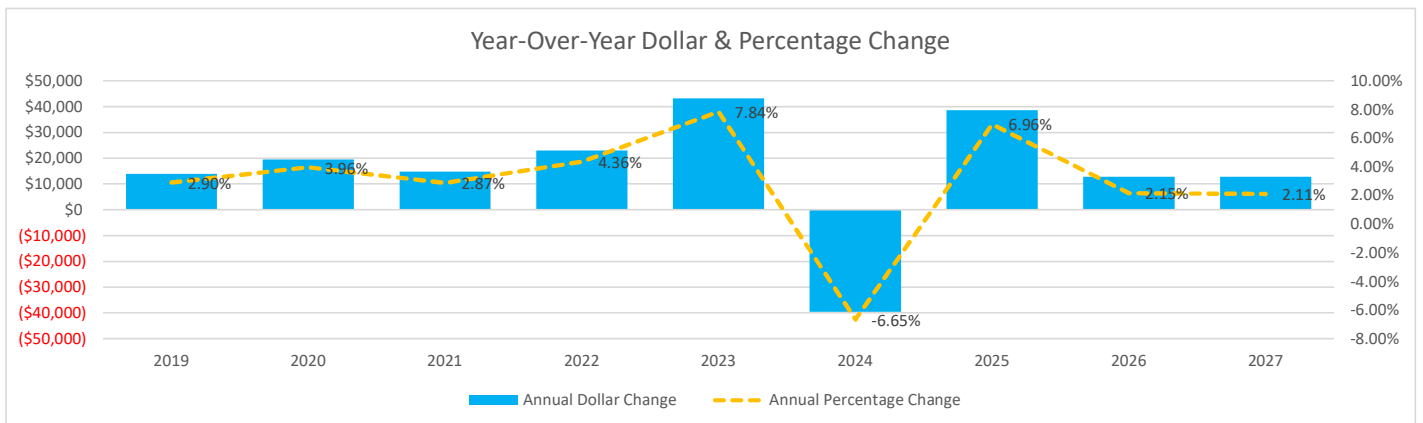
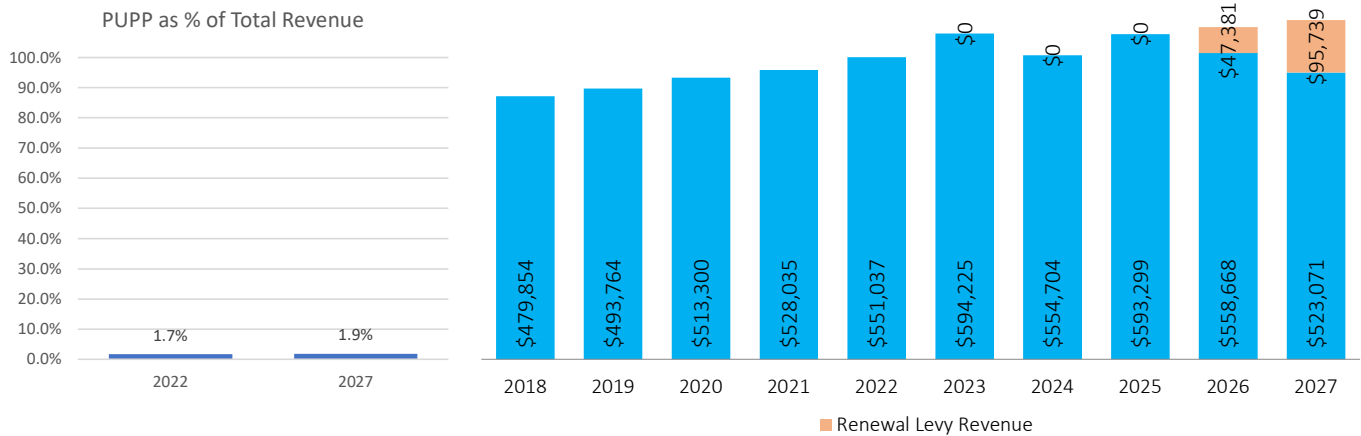
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	309,420,750	984,440	28.69	-	31.15	-	100.8%
2022	381,397,890	71,977,140	27.05	(1.64)	29.53	(1.62)	98.6%
2023	381,857,090	459,200	27.04	(0.01)	29.49	(0.04)	98.6%
2024	382,217,090	360,000	27.03	(0.01)	29.45	(0.04)	98.6%
2025	386,017,090	3,800,000	26.95	(0.08)	29.36	(0.10)	98.6%
2026	386,187,090	170,000	26.94	(0.00)	29.32	(0.03)	98.6%

Real estate property tax revenue accounts for 24.31% of total revenue. Class I or residential/agricultural taxes make up approximately 85.87% of the real estate property tax revenue. The Class I tax rate is 27.05 mills in tax year 2022. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 98.6% annually through tax year 2026. The revenue changed at an average annual historical rate of 2.04% and is projected to change at an average annual rate of 2.49% through FY 2027.

\*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.



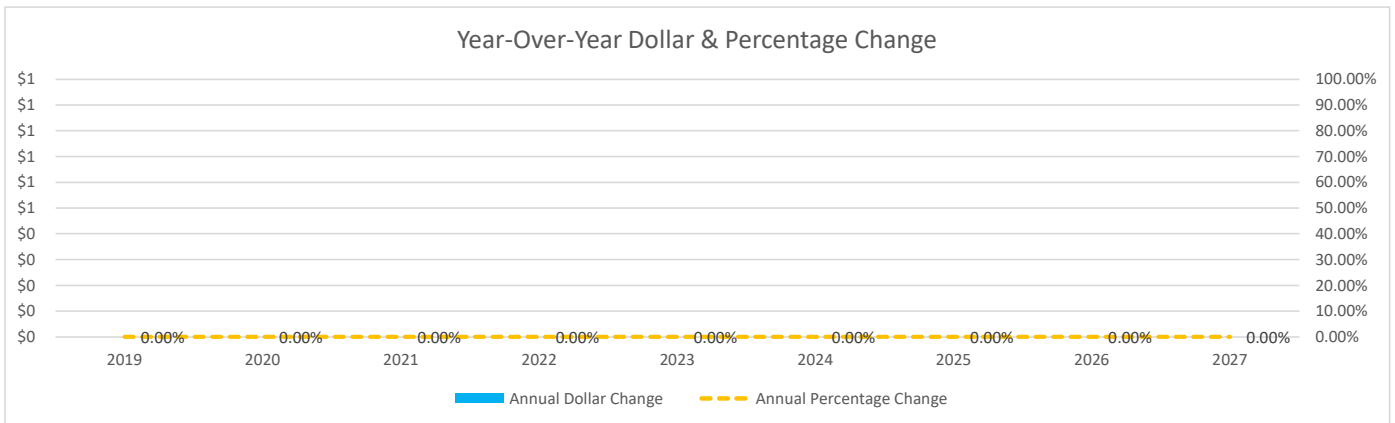
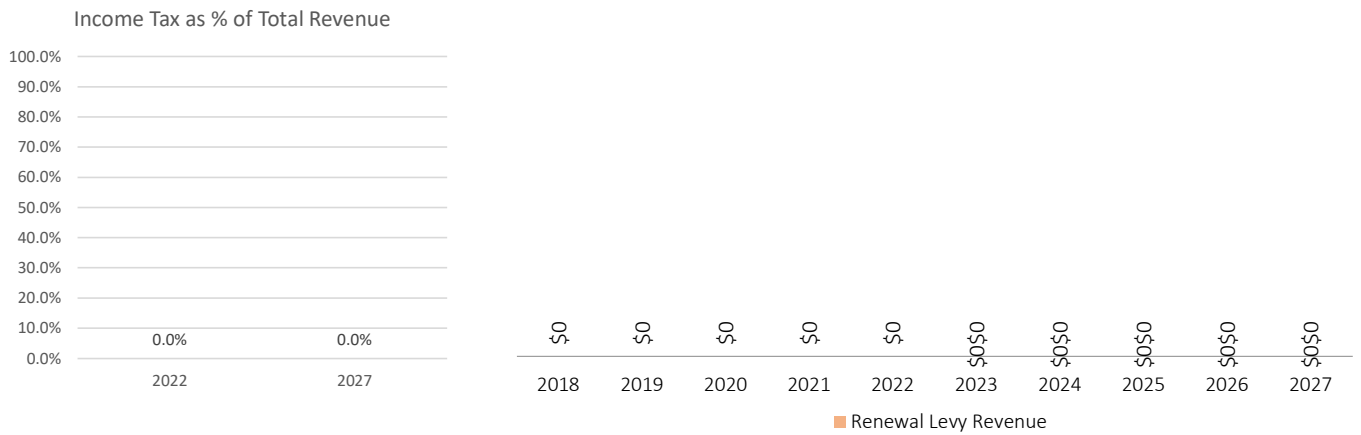
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2021	15,904,330	821,620	35.49	(0.04)	100.1%	
2022	16,939,400	1,035,070	33.85	(1.64)	100.0%	
2023	17,339,400	400,000	33.83	(0.02)	100.0%	
2024	17,739,400	400,000	33.82	(0.01)	100.0%	
2025	18,139,400	400,000	33.75	(0.07)	100.0%	
2026	18,539,400	400,000	33.74	(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 1.72% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 33.85 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$22,714 and is projected to change at an average annual dollar amount of \$13,555 through FY 2027.

\*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.

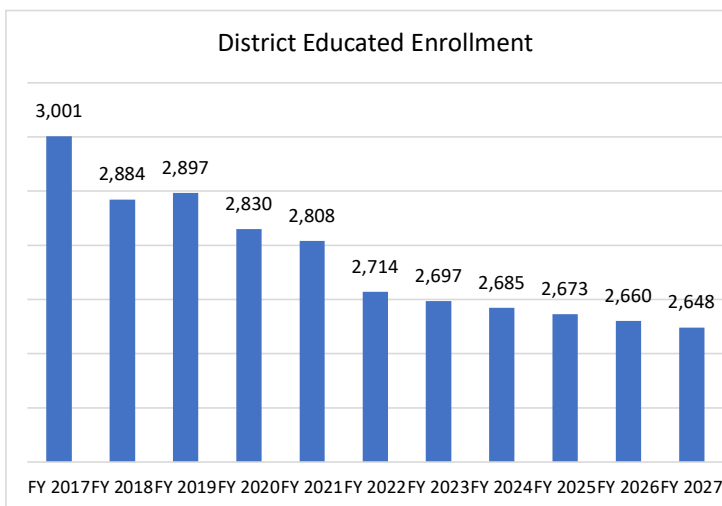
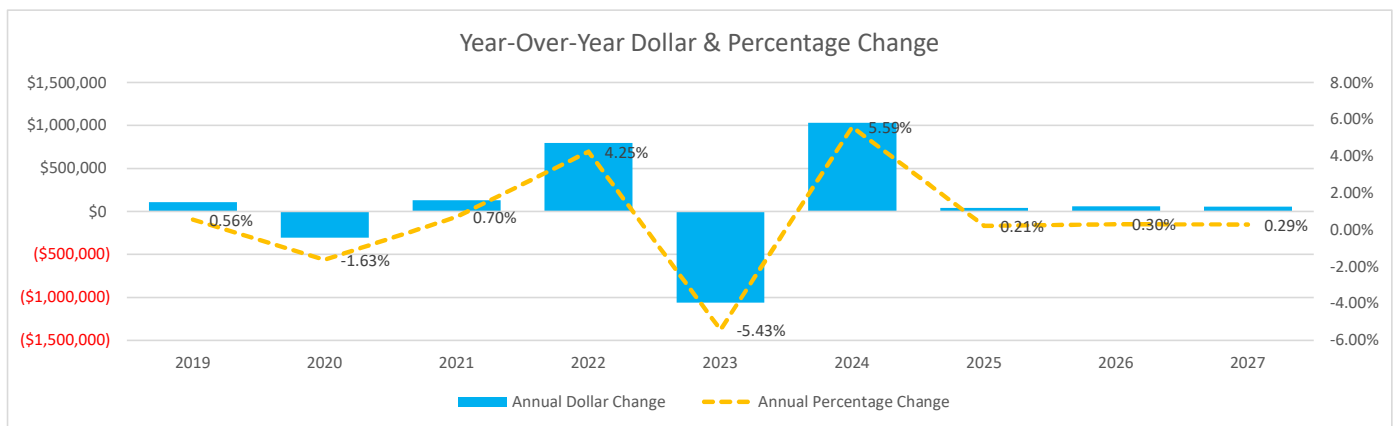
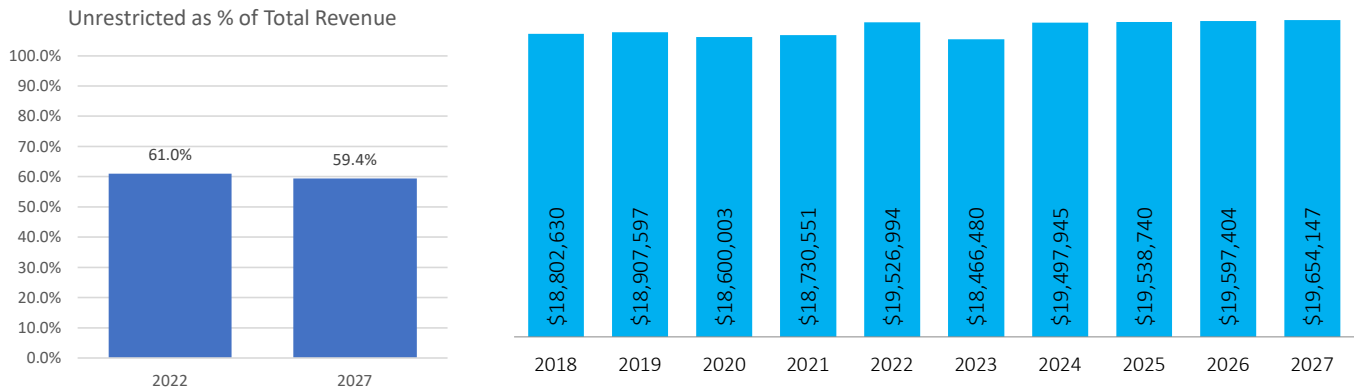


The district does not have an income tax levy.

*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



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.

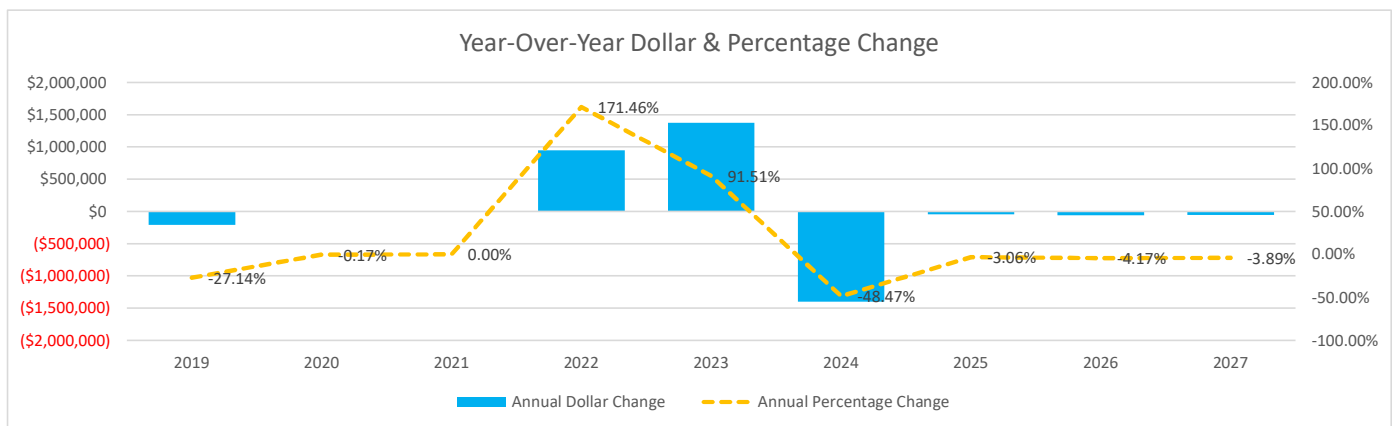
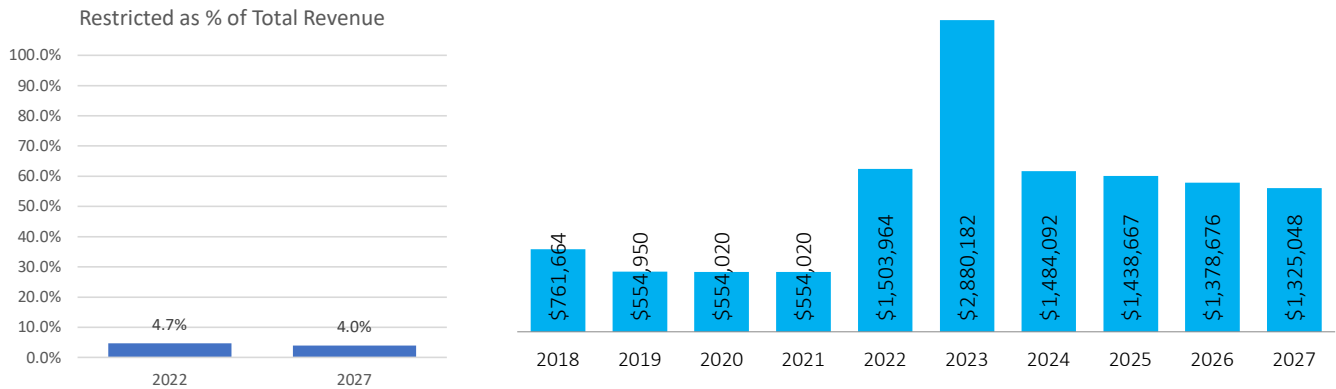
For Tecumseh Local School District the calculated Base Cost total is \$20,246,883 in FY 2023. The state's share of the calculated Base Cost total is \$12,460,560 or \$4,620 per pupil.

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 \$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

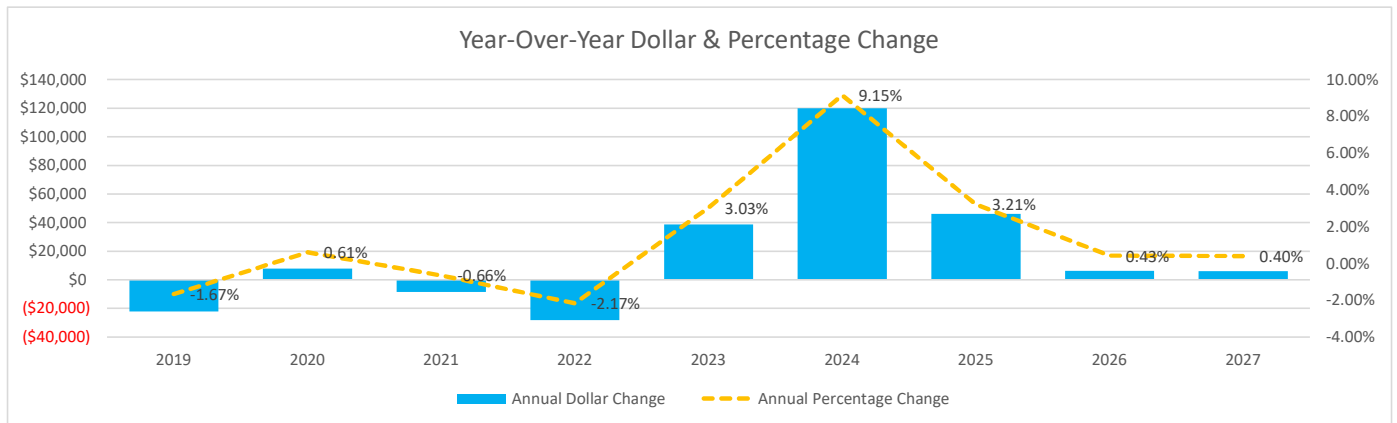
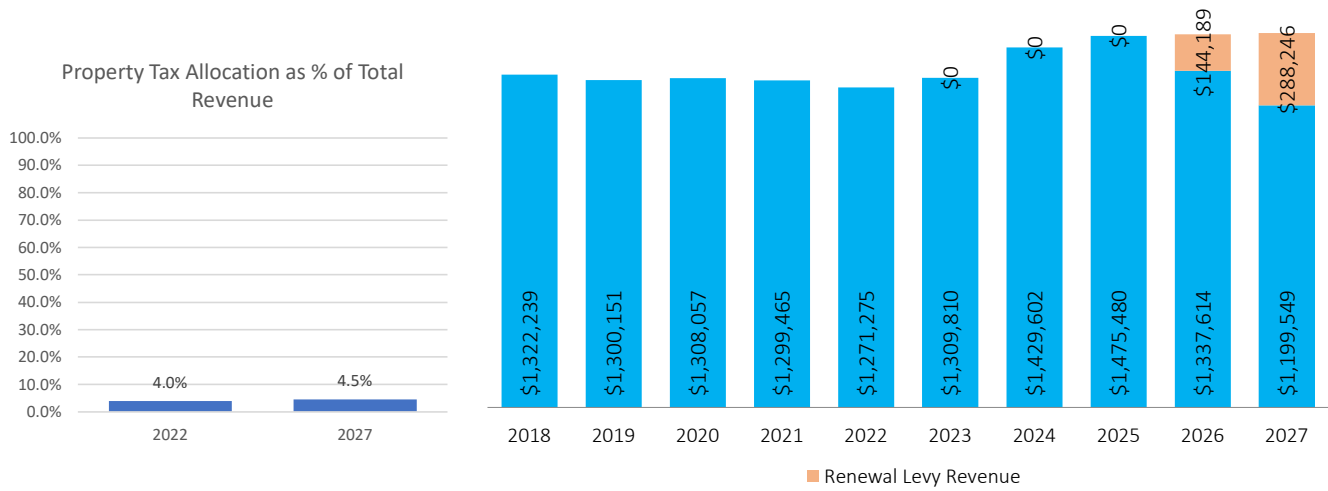
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$316,338 and is projected to change annually on average by -\$35,783. Restricted funds represent 4.70% 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 \$609,281. 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.

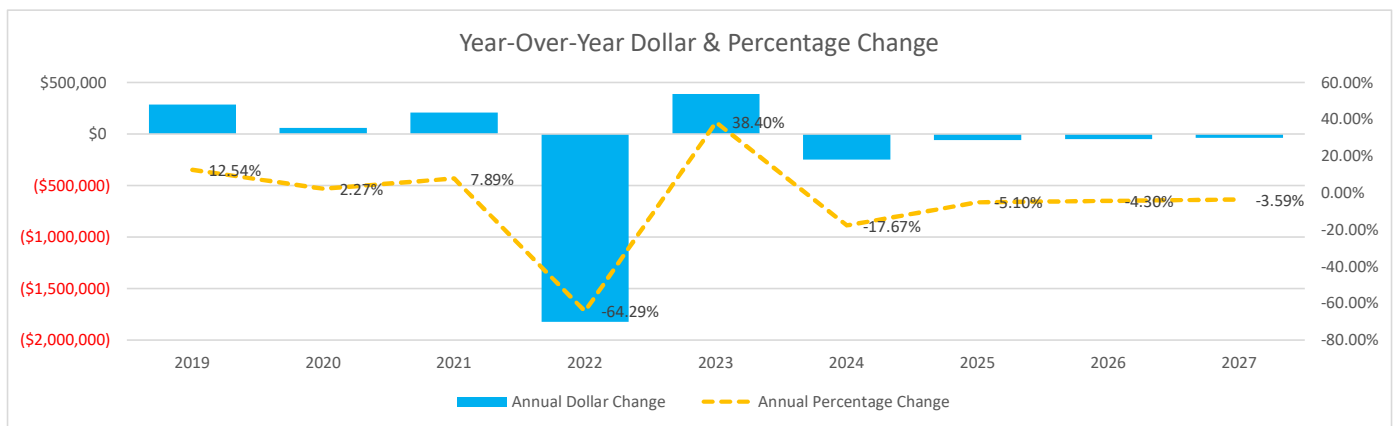
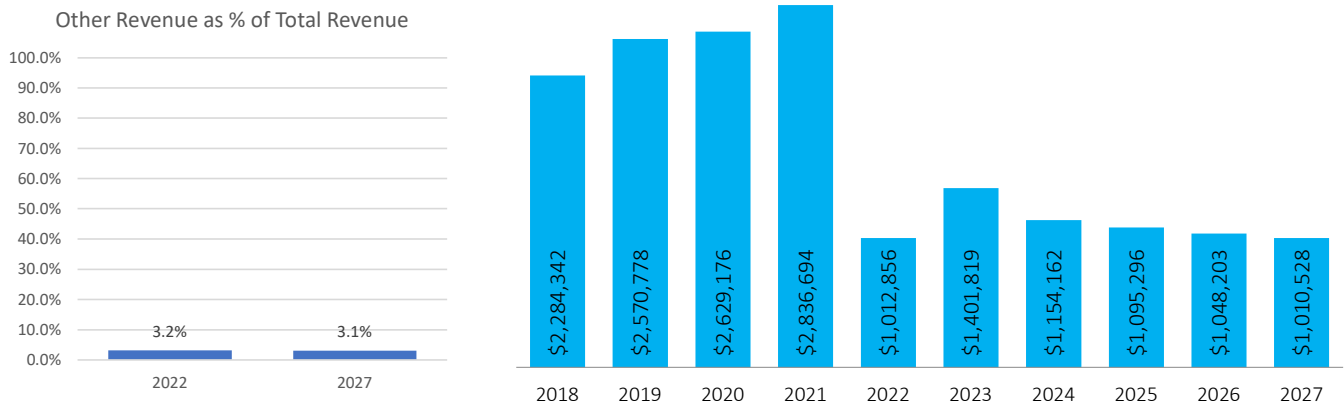


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.0% will be reimbursed in the form of qualifying homestead exemption credits.

\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

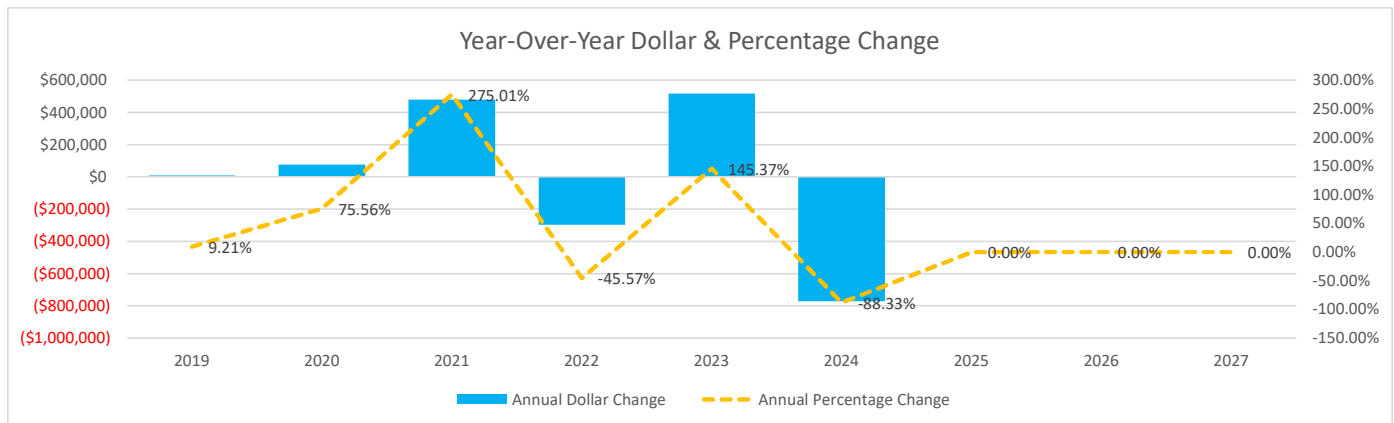
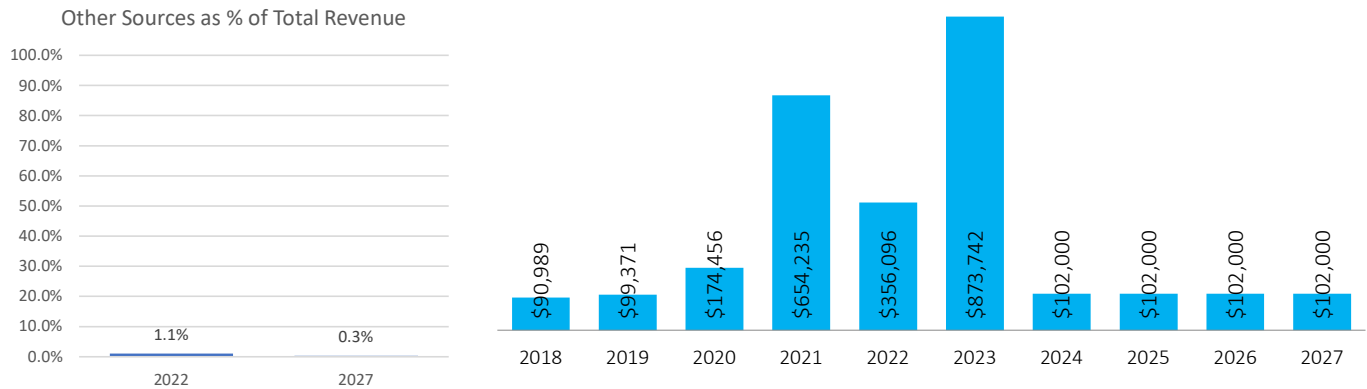
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$216,979. The projected average annual change is -\$466 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 \$1,216,724 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.

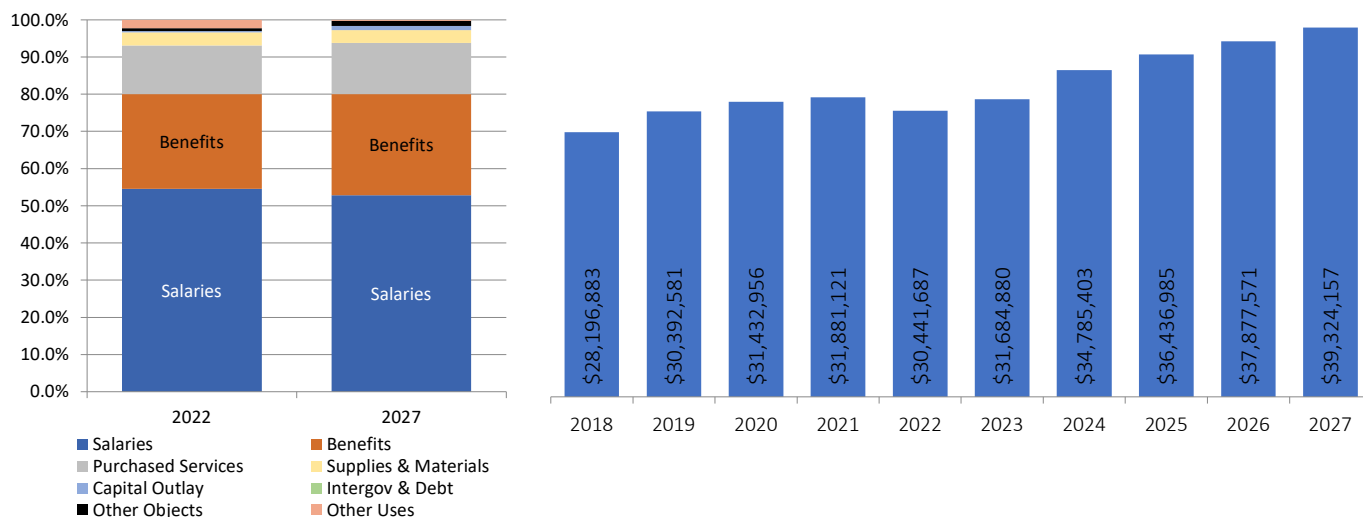


	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers In	-	195,211	-	-	-	-
Advances In	353,601	676,531	100,000	100,000	100,000	100,000
All Other Financing Sources	2,495	2,000	2,000	2,000	2,000	2,000

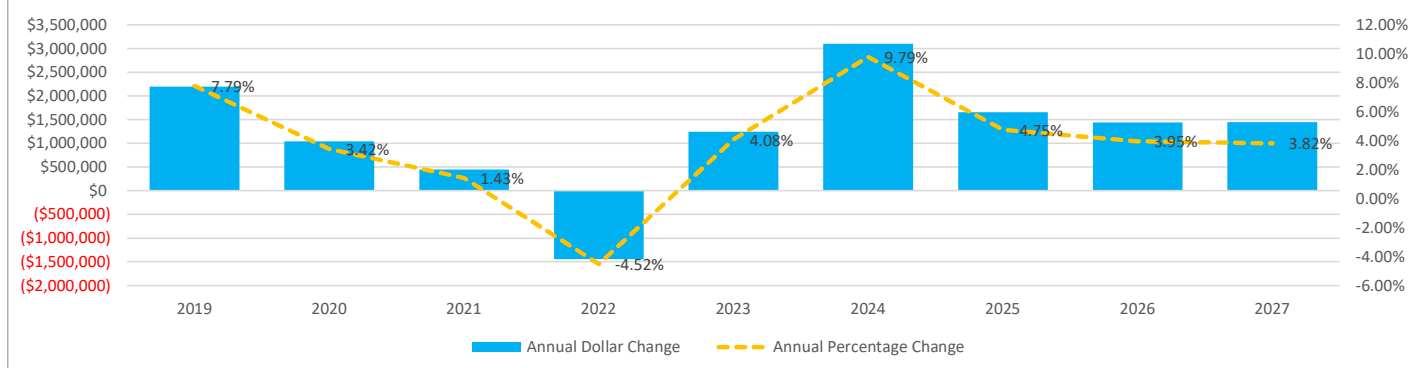
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$353,601 as advances-in and is projecting advances of \$676,531 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$2,000 in FY 2023 and average \$2,000 annually through FY 2027.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

### Expenditure Categories Over Time



### Year-Over-Year Dollar & Percentage Change



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

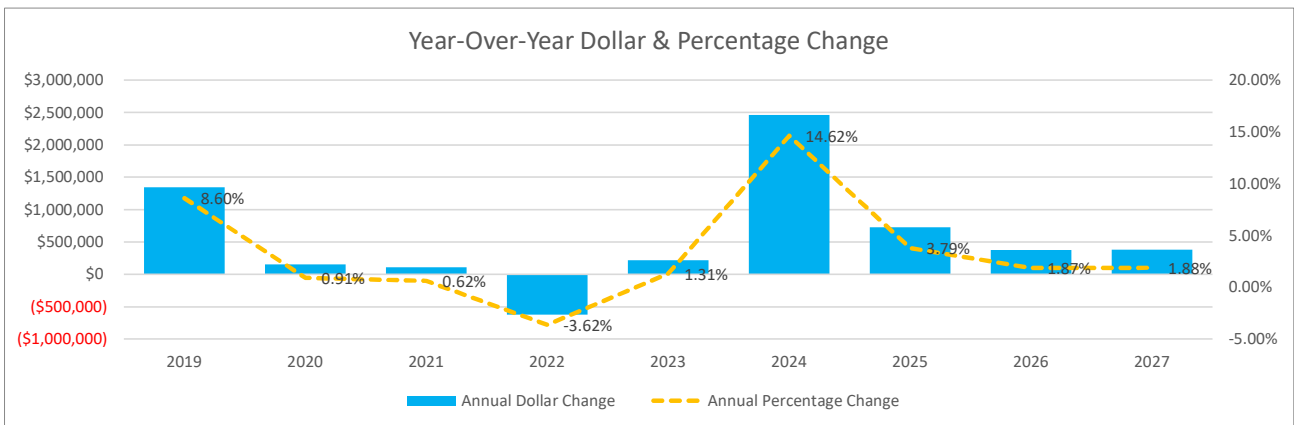
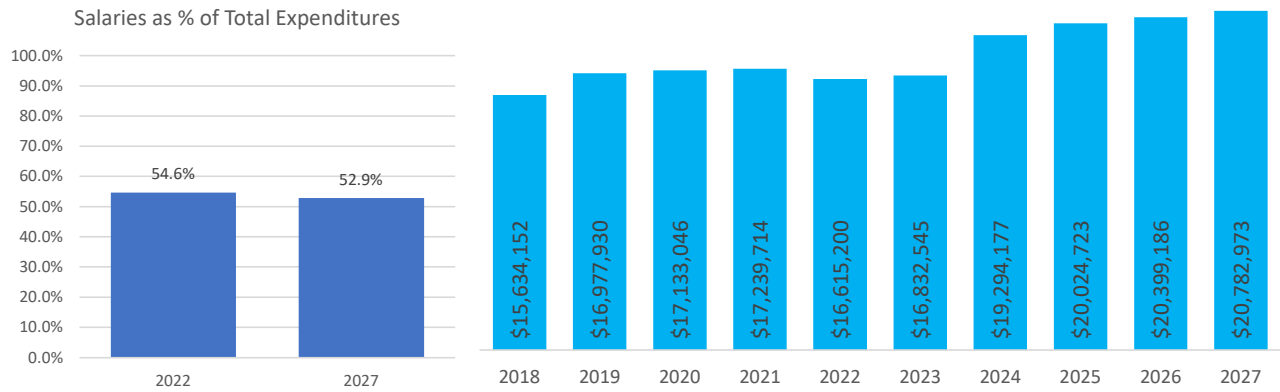
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.41% or \$429,428 annually during the past 5-Year period and is projected to increase 5.84% or \$1,776,494 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$742,193.
Salaries	91,361	833,555	\$742,193	
Benefits	\$195,467	\$589,960	\$394,492	
Purchased Services	(\$7,701)	\$282,544	\$290,244	
Supplies & Materials	\$28,734	\$54,742	\$26,008	
Capital Outlay	\$7,693	\$65,427	\$57,734	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	(\$7,125)	\$65,574	\$72,698	
Other Uses	\$120,998	(\$115,306)	(\$236,304)	
<b>Total Average Annual Change</b>	<b>\$429,428</b>	<b>\$1,776,494</b>	<b>\$1,347,066</b>	
	1.41%	5.84%	4.43%	

Note: Revenue average annual change is projected to be > \$213,733

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

### 3.010 - Personnel Services

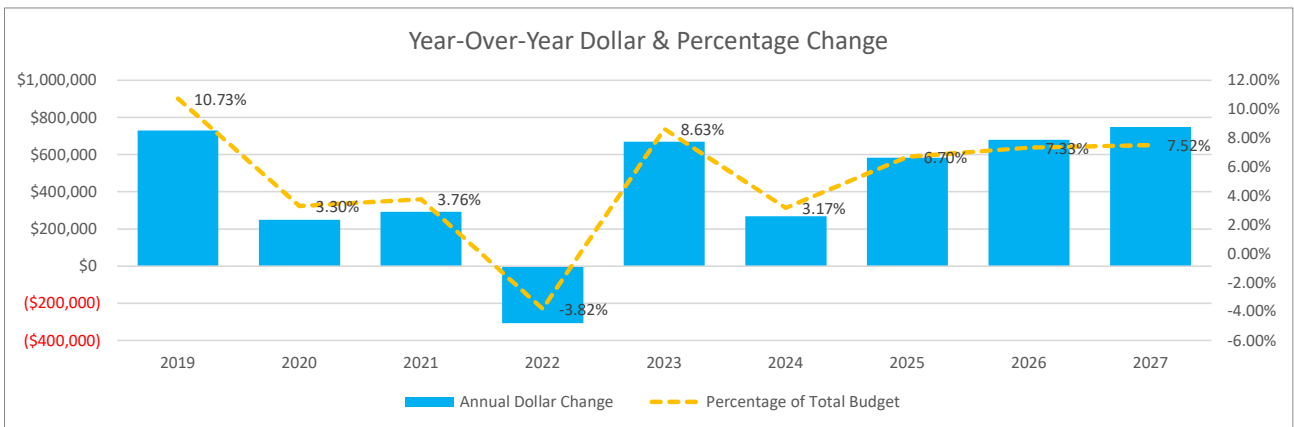
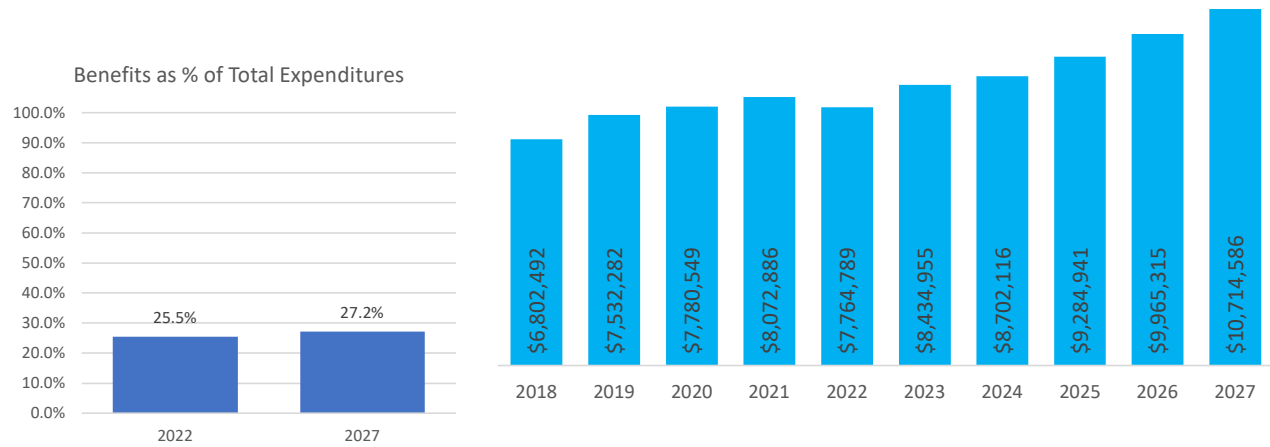
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 54.58% of total expenditures and increased at a historical average annual rate of 0.55% or \$91,361. This category of expenditure is projected to grow at an annual average rate of 4.28% or \$833,555 through FY 2027. The projected average annual rate of change is 3.74% more than the five year historical annual average.

### 3.020 - Employees' Benefits

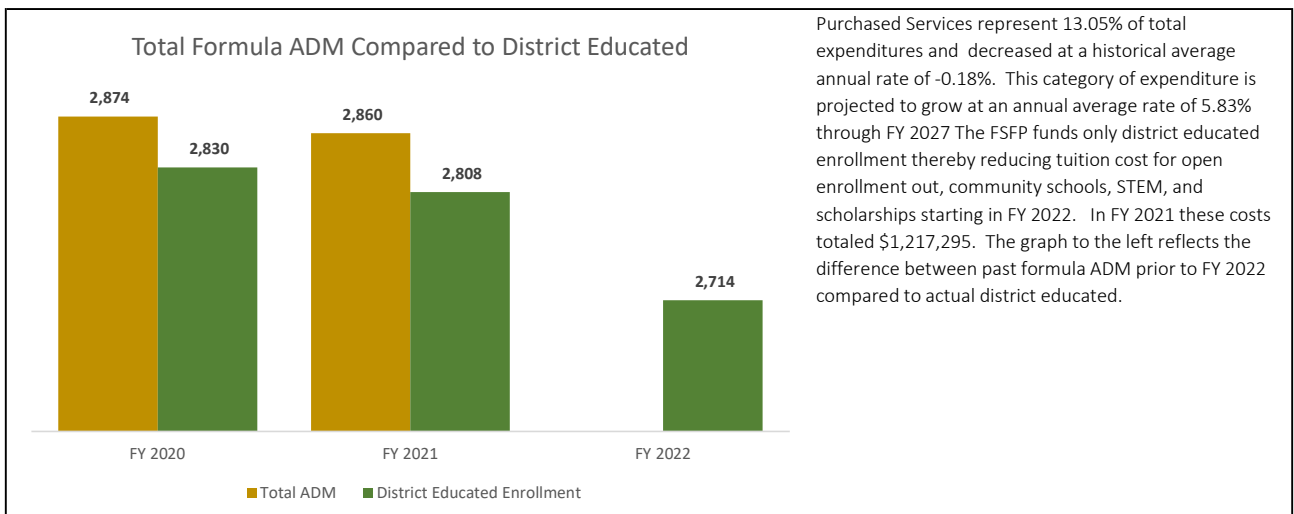
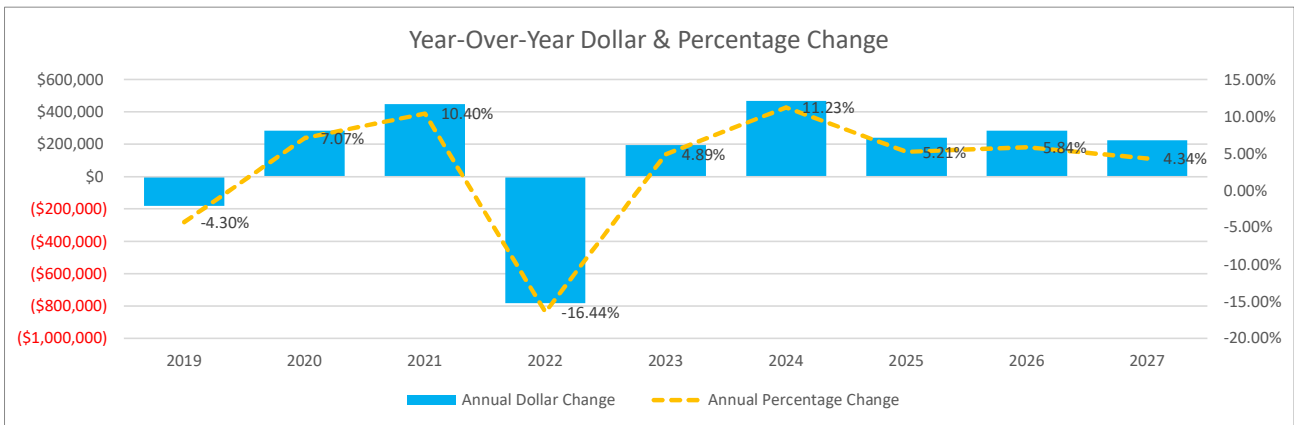
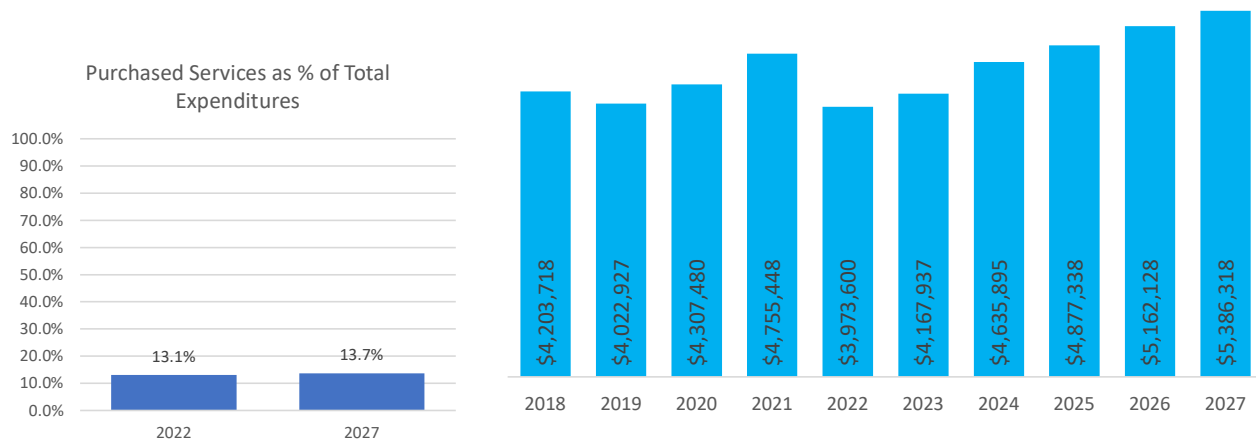
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 25.51% of total expenditures and increased at a historical average annual rate of 2.58%. This category of expenditure is projected to grow at an annual average rate of 6.26% through FY 2027. The projected average annual rate of change is 3.69% 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.

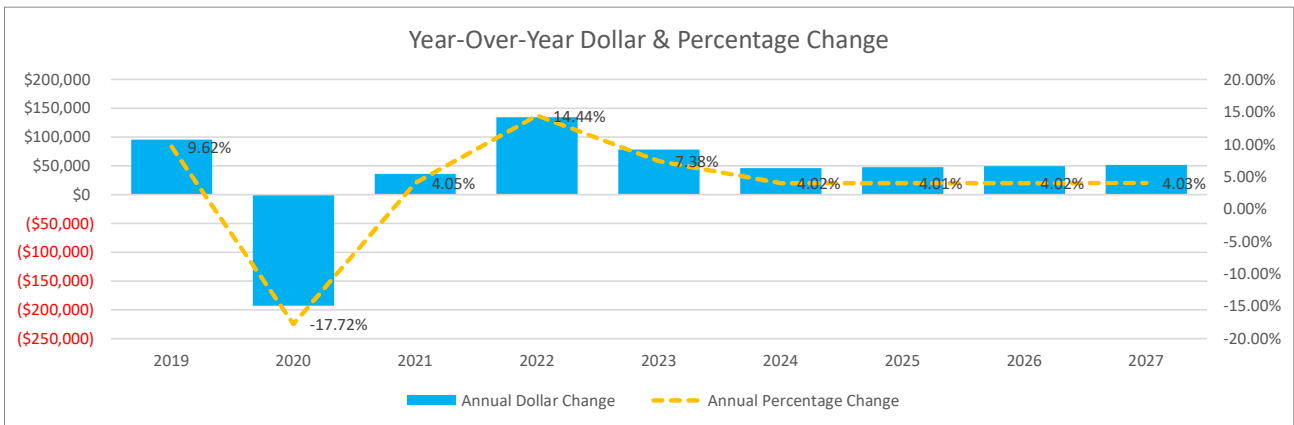
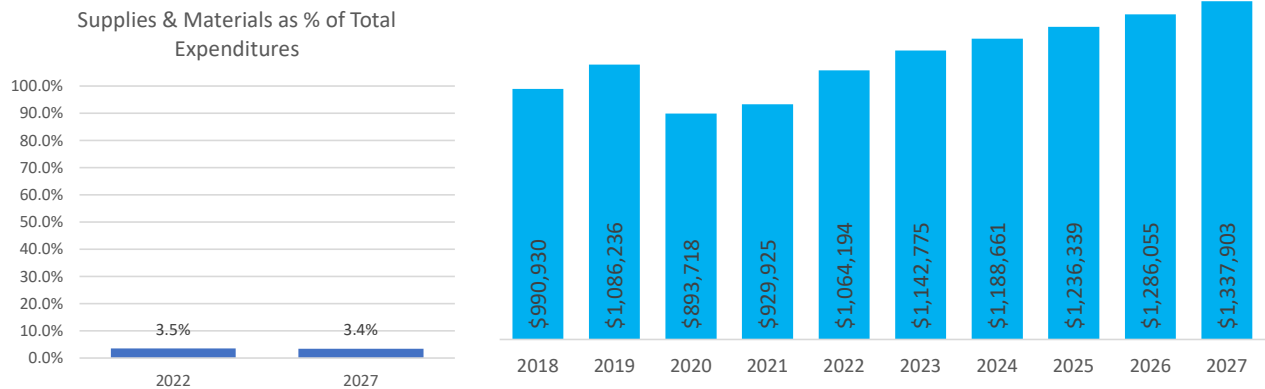


Purchased Services represent 13.05% of total expenditures and decreased at a historical average annual rate of -0.18%. This category of expenditure is projected to grow at an annual average rate of 5.83% through FY 2027. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$1,217,295. The graph to the left reflects the difference between past formula ADM prior to FY 2022 compared to actual district educated.



### 3.040 - Supplies & Materials

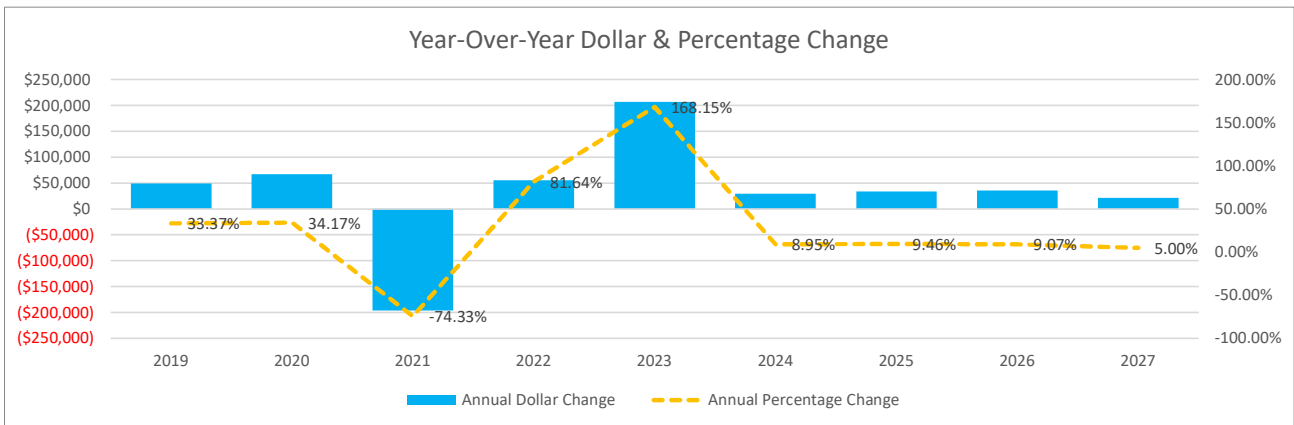
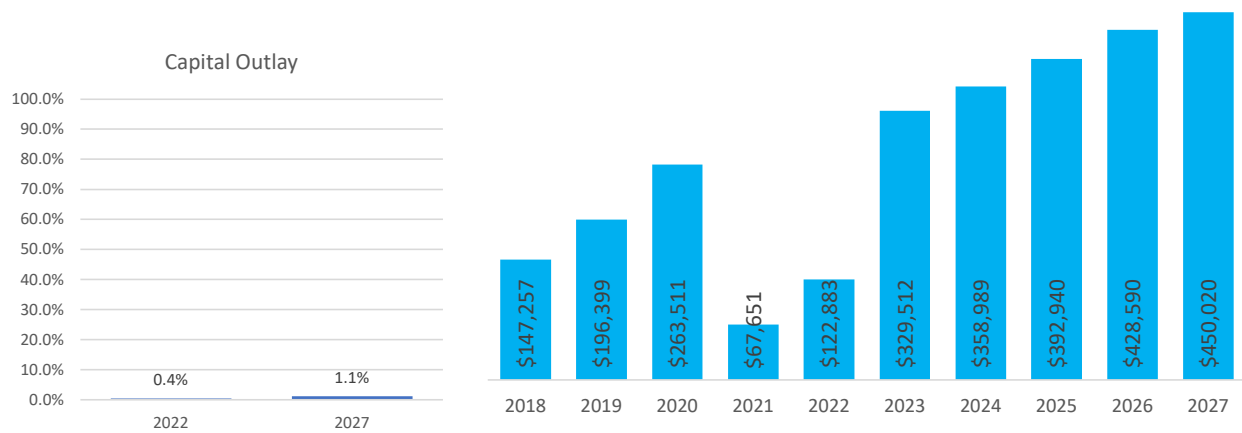
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.50% of total expenditures and increased at a historical average annual rate of 2.89%. This category of expenditure is projected to grow at an annual average rate of 4.42% through FY 2027. The projected average annual rate of change is 1.53% more than the five year historical annual average.

### 3.050 - Capital Outlay

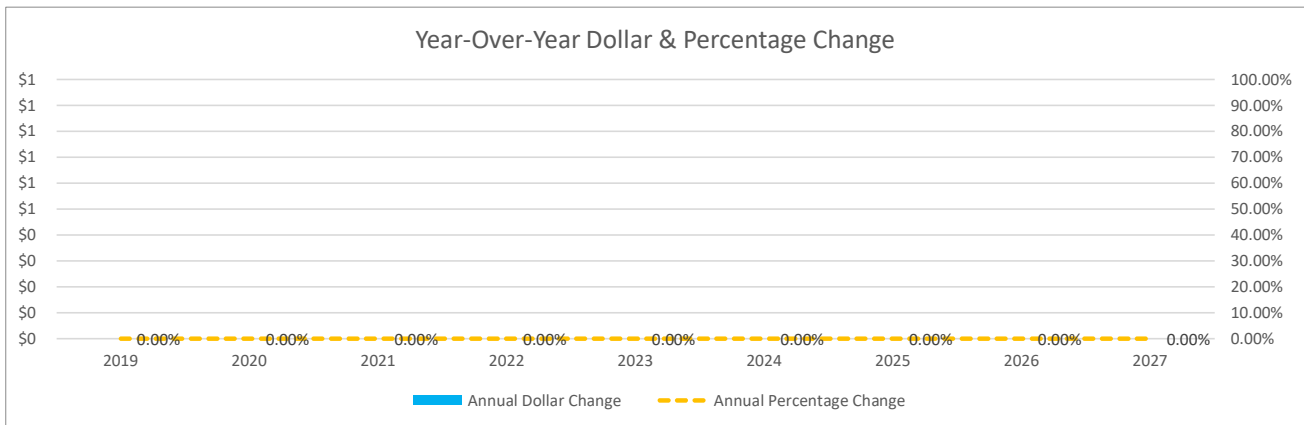
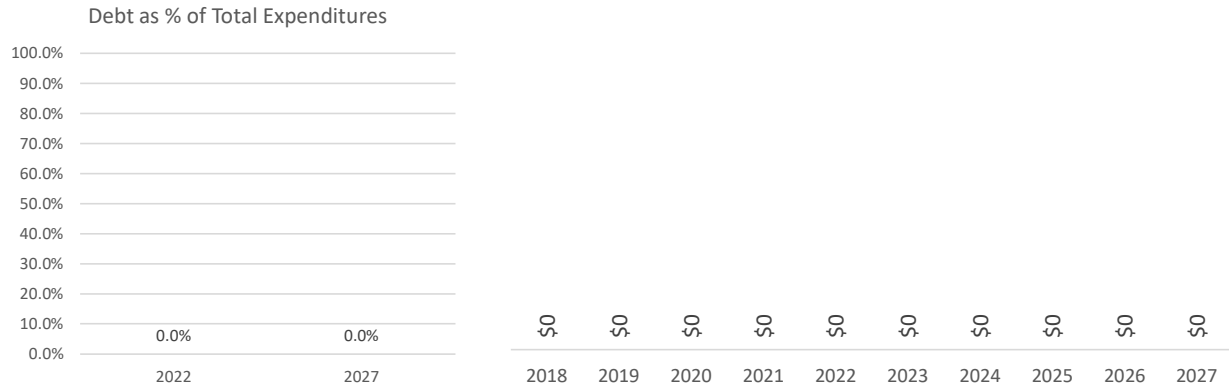
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.40% of total expenditures and increased at a historical average annual amount of \$7,693. This category of expenditure is projected to grow at an annual average rate of \$65,427 through FY 2027. 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.

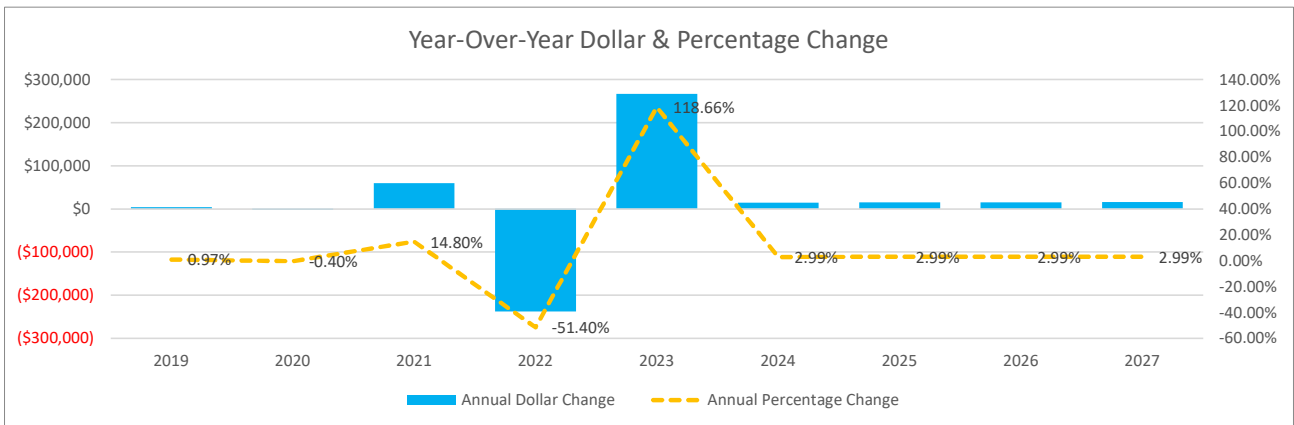
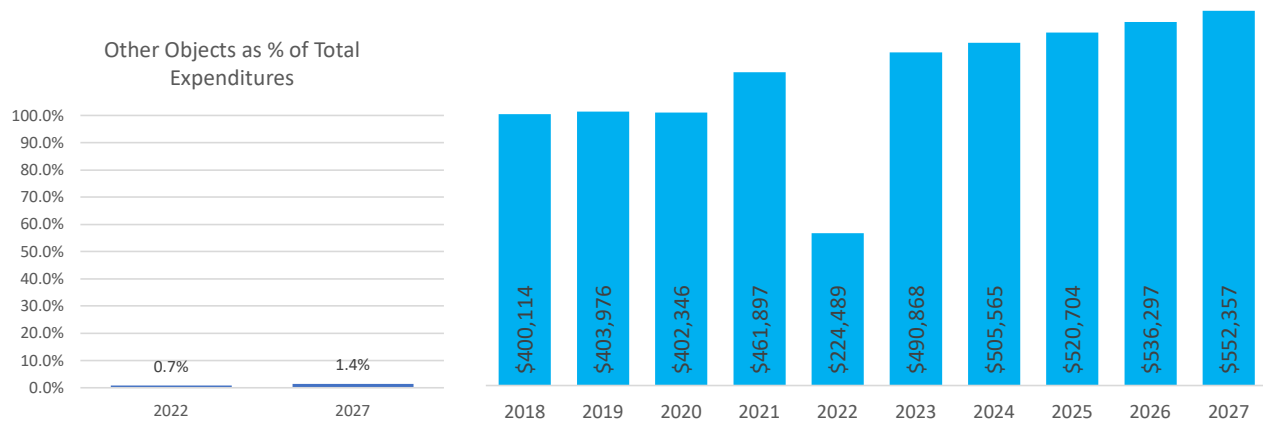


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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### 4.300 - Other Objects

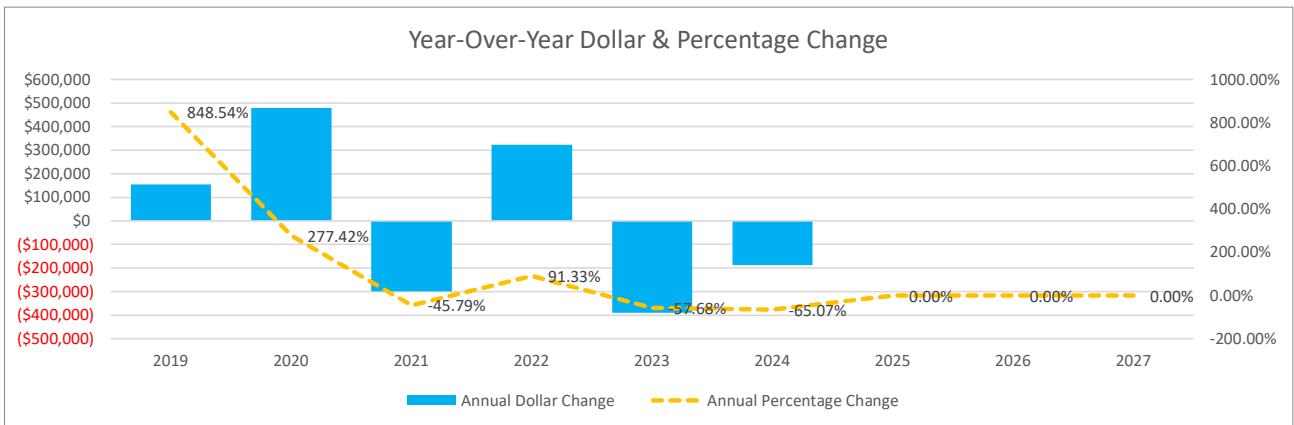
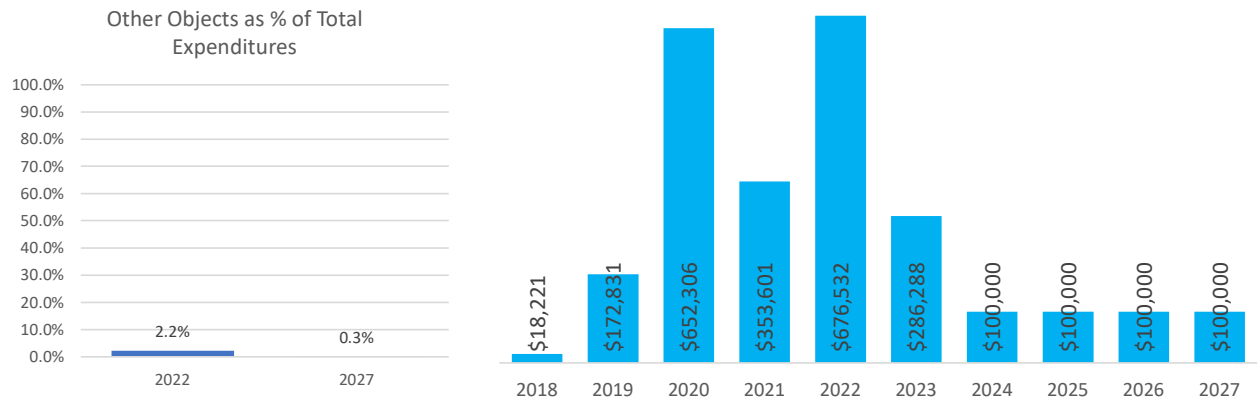
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.74% of total expenditures and decreased at a historical average annual rate of -1.88%. This category of expenditure is projected to grow at an annual average rate of 12.58% through FY 2027. The projected average annual rate of change is 14.46% more 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.



	2022	2023	2024	FORECASTED		
				2025	2026	2027
Transfers Out	-	186,288	-	-	-	-
Advances Out	676,532	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 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 and as the schedule above presents, the district has transfers forecasted through FY 2027. 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				
	2022	2023	2024	2025	2026	2027
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	7,778,538	8,490,282	8,851,560	8,810,794	8,016,536	7,212,700
1.020 - Public Utility Personal Property	551,037	594,225	554,704	593,299	558,668	523,071
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	19,526,994	18,466,480	19,497,945	19,538,740	19,597,404	19,654,147
1.040 - Restricted Grants-in-Aid	1,503,964	2,880,182	1,484,092	1,438,667	1,378,676	1,325,048
1.050 - Property Tax Allocation	1,271,275	1,309,810	1,429,602	1,475,480	1,337,614	1,199,549
1.060 - All Other Operating Revenues	1,012,856	1,401,819	1,154,162	1,095,296	1,048,203	1,010,528
<b>1.070 - Total Revenue</b>	<b>31,644,663</b>	<b>33,142,798</b>	<b>32,972,065</b>	<b>32,952,276</b>	<b>31,937,101</b>	<b>30,925,043</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	195,211	-	-	-	-
2.050 - Advances-In	353,601	676,531	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	2,495	2,000	2,000	2,000	2,000	2,000
2.070 - Total Other Financing Sources	356,096	873,742	102,000	102,000	102,000	102,000
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>32,000,759</b>	<b>34,016,540</b>	<b>33,074,065</b>	<b>33,054,276</b>	<b>32,039,101</b>	<b>31,027,043</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	16,615,200	16,832,545	19,294,177	20,024,723	20,399,186	20,782,973
3.020 - Employee Benefits	7,764,789	8,434,955	8,702,116	9,284,941	9,965,315	10,714,586
3.030 - Purchased Services	3,973,600	4,167,937	4,635,895	4,877,338	5,162,128	5,386,318
3.040 - Supplies and Materials	1,064,194	1,142,775	1,188,661	1,236,339	1,286,055	1,337,903
3.050 - Capital Outlay	122,883	329,512	358,989	392,940	428,590	450,020
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	224,489	490,868	505,565	520,704	536,297	552,357
<b>4.500 - Total Expenditures</b>	<b>29,765,156</b>	<b>31,398,592</b>	<b>34,685,403</b>	<b>36,336,985</b>	<b>37,777,571</b>	<b>39,224,157</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	-	186,288	-	-	-	-
5.020 - Advances-Out	676,532	100,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	676,532	286,288	100,000	100,000	100,000	100,000
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>30,441,687</b>	<b>31,684,880</b>	<b>34,785,403</b>	<b>36,436,985</b>	<b>37,877,571</b>	<b>39,324,157</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>1,559,072</b>	<b>2,331,660</b>	<b>(1,711,339)</b>	<b>(3,382,709)</b>	<b>(5,838,470)</b>	<b>(8,297,114)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>12,190,051</b>	<b>13,749,123</b>	<b>16,080,783</b>	<b>14,369,445</b>	<b>10,986,735</b>	<b>5,148,265</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>13,749,123</b>	<b>16,080,783</b>	<b>14,369,445</b>	<b>10,986,735</b>	<b>5,148,265</b>	<b>(3,148,849)</b>
		<b>Reservations</b>				
8.010 - Estimated Encumbrances June 30	1,585,028	700,000	714,000	728,280	742,846	757,703
9.080 - Reservations Subtotal	544,596	544,596	544,596	544,596	544,596	544,596
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>11,619,499</b>	<b>14,836,187</b>	<b>13,110,849</b>	<b>9,713,859</b>	<b>3,860,823</b>	<b>(4,451,148)</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	1,021,174	2,042,383
11.030 - Cumulative Balance of Levies	-	-	-	-	1,021,174	3,063,557
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>11,619,499</b>	<b>14,836,187</b>	<b>13,110,849</b>	<b>9,713,859</b>	<b>4,881,997</b>	<b>(1,387,591)</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>11,619,499</b>	<b>14,836,187</b>	<b>13,110,849</b>	<b>9,713,859</b>	<b>4,881,997</b>	<b>(1,387,591)</b>



Tecumseh Local School District  
Five Year Forecast Summary/Assumptions  
May 16th, 2023

**Forecast Summary:**

The forecast summary shows the district has a surplus for 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% of the district's revenue. A general reappraisal is mandated by Ohio Law every six years and an update every three years. 2022 was an update year for Clark County. The new values were effective January 1, 2023. According to the Clark County Auditor, values in our District increased approximately 22.4% for the update. We see an increase in revenue in regards to our 5.8 inside millage and because we are currently on the 20 mill floor. Normally, as property values increase, voted millage rates are decreased so that school districts don't collect any additional money on voted millage due to inflation. Over time, millage rates could be reduced to near zero. To keep this from happening, Ohio law establishes a minimum millage level, or floor, that millage rates cannot fall below. This minimum level is 20 mills. Once a district's total millage is reduced to 20 mills, it cannot be reduced any further, hence the 20 mill floor.

HB 1 will definitely affect this revenue stream if it passes. The district could lose over \$220,000 each year with inside millage revenue alone. There isn't a way to determine what will happen in regards to the rollback elimination – if that will become the burden of the individual taxpayers or be eliminated altogether.

**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 61% of the district's revenue. These are the funds received directly from the State through our foundation program.

State revenue 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 \$7,507 (\$2,887 local share; \$4,620 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 began in January 2022. A new budget will be signed by the Governor by June 30, 2023. This new budget will be for FY 24 and FY 25. From what can be gleaned so far, it looks the FSFP will continue – it's unclear however if the plan will be fully funded. Base costs under the Governor's budget are from 2018. The House version updated the base costs to 2022. However, I have left base costs at 2018 levels for this five year forecast – since that's what the Governor had proposed.

However, in April 2023, we learned that the District actually did NOT meet CEP guidelines. So, this will eventually restructure our funding once again – however, I left the funding in the five year forecast as ODE is currently reporting it – as if we are receiving CEP for FY 23. I believe I will need to file an updated forecast once the enrollment is updated, as well as the DPIA funding.

### **Restricted Grants in Aid:**

Historically this line item represented approximately 4.7% of total revenue. However, with the new FSFP, that percentage has increased. 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. In addition, during FY 23, the District qualified for the Community Eligibility Provision (CEP), where breakfast and lunch is free to all students. With that designation, our Economically Disadvantaged Funding increased from 46% to 99%. With that increase, the amount of restricted Economically Disadvantaged Funding also increased – by approximately \$1,400,000. However, since we had been a guarantee district (guaranteed to receive the same funding in FY 23 as we did in FY 20), our unrestricted funds were decreased by the entire amount of the guarantee funding (approximately \$1,200,000). Essentially that means that the district received an overall estimated increase of \$200,000 to restricted funding since we had our unrestricted funding reduced by the entire guarantee amount. However, as noted above, this will change in FY 24 and forward due to the district actually NOT qualifying for CEP.





**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 funding payment was in FY 2022.

Homestead and Rollback remain steady but are also affected 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. This line item fluctuates due to interest revenue and Medicaid reimbursements.

**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. The district has been using Student Wellness and Success Funds as well as ESSER funds to supplant salaries from the General Fund.

**Personnel Services:**

Personnel Services represents approximately 55% of the district's expenses. Salaries decreased in 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, as well as a 2% base increase for certified and classified staff for FY 24.

An additional 3<sup>rd</sup> grade teacher and intervention specialist is also including in the forecast beginning in FY 24.

Also, part of the Governor's budget mandates increasing base teacher salaries to \$40,000. Our current negotiated base pay for teachers for FY 24 is \$38,315. The cost of this increase to the general fund would be approximately \$525,000 for FY 24 – which would then carry forward each year. I have modeled this increase in the five year forecast.

**Employee Benefits:**

Employee Benefits represent approximately 25.5% of the district's expenses. This line item includes retirement, worker's compensation, Medicare, unemployment, and all health insurance. During FY 23, the district changed its pay cycle for insurance. There were two payments made in December 2022 so that we could get on a more cohesive pay schedule with the billing. Now we pay at the very end of the month for the following month.

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 2023 was 2% for medical insurance, 1.5% for dental and 0% for vision insurance. The rate increase beginning January 2024 is a 6.5% increase for medical insurance and 1.5% increase for both dental and vision insurance. I have forecasted an 11% increase for medical insurance for FY 24 – FY 27.

**Purchased Services:**

Purchased Services represents 13% of the district's expenses. This area is comprised of 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.

The expenditures in this area remain fairly stable throughout the forecast.



**Supplies & Materials:**

Supplies and Materials represents approximately 3.5% 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 24 - FY 27.

**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 four years, with the assumption that it will continue to be updated as we plan for the future. With that in mind, I have budgeted a 5% increase for FY 24 – FY 27 for those expenses, as well as recurring expenses. However, this line item will continue to be evaluated as additional purchases need to be made.

**Intergovernmental Debt:**

N/A

**Other Objects:**

Other Objects represents a small portion of the district's expenses. This line encompasses membership dues and fees, audit expenses, and auditor and treasurer fees. There is an increase in this line item starting in FY 23 due to Chromebook insurance (approximately \$80,000 per year) as well as an increase in auditor and treasurer fees. I am predicting an increase of 3% in this category for FY 24 to FY 27.

**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 1<sup>st</sup>, the funds will be advanced back to the General Fund.