



Tecumseh Local School District

# Five Year Forecast Financial Report

5/21/2024

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

## Table of Contents

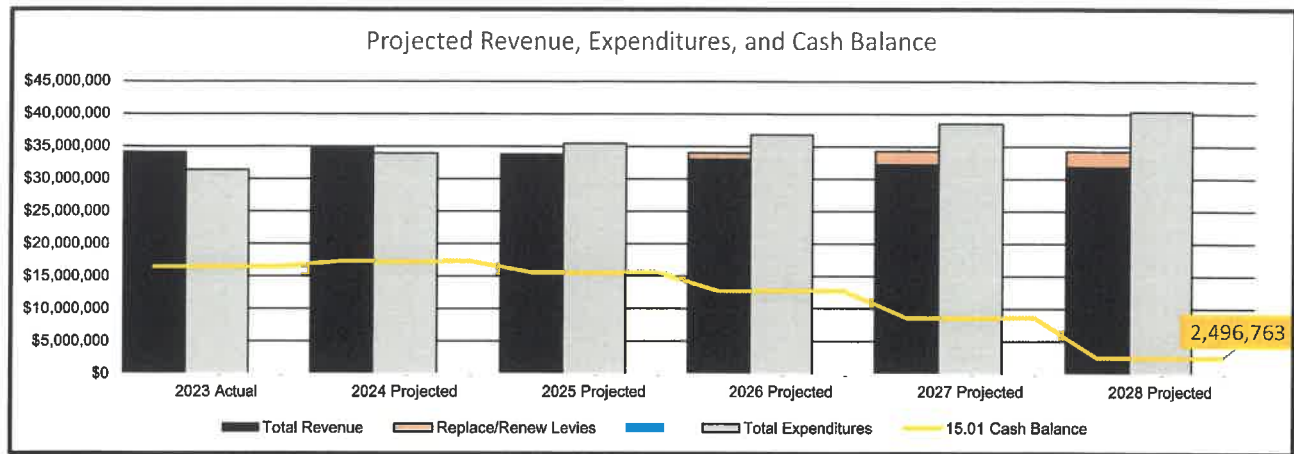
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - State Share-Local Property Taxes	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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	16,467,392	17,234,307	15,570,812	12,784,203	8,559,020
+ Revenue	34,698,368	33,789,087	33,015,353	32,245,960	31,868,623
+ Proposed Renew/Replacement Levies	-	-	1,022,491	2,045,135	2,394,073
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(33,931,453)	(35,452,582)	(36,824,452)	(38,516,278)	(40,324,953)
= Revenue Surplus or Deficit	766,915	(1,663,495)	(2,786,609)	(4,225,183)	(6,062,257)
Line 7.020 Ending Balance with renewal/new levies	17,234,307	15,570,812	12,784,203	8,559,020	2,496,763

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	766,915	(1,663,495)	(3,809,100)	(6,270,318)	(8,456,330)
Ending Balance w/o Levies	17,234,307	15,570,812	11,761,712	5,491,394	(2,964,936)

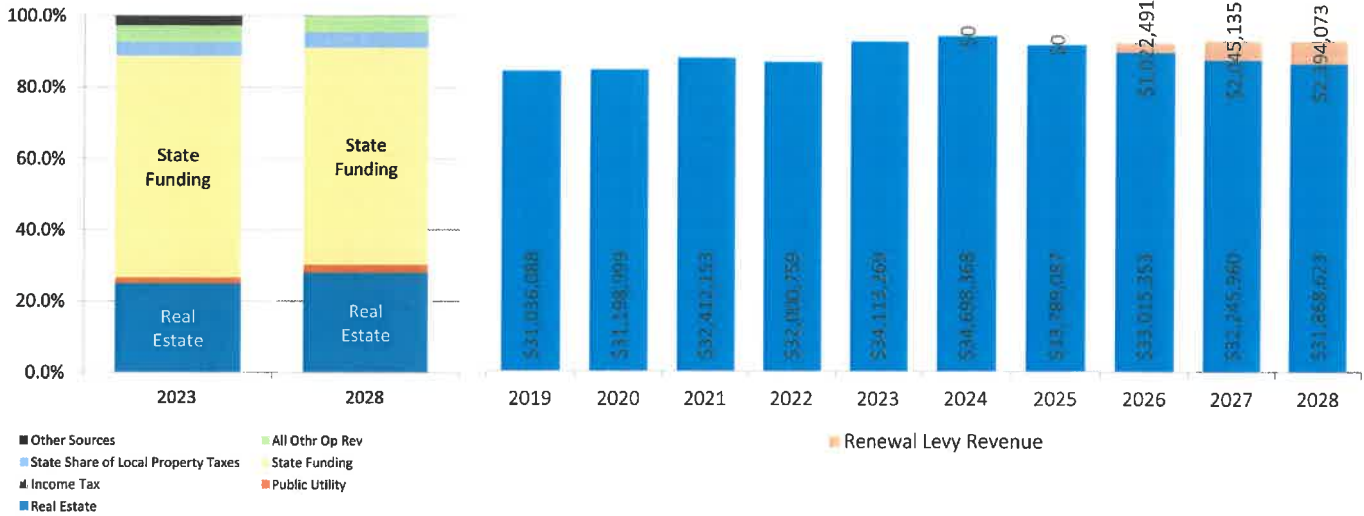
In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$766,915 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$8,456,330. The district would need to cut its FY 2028 projected expenses by 20.97% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

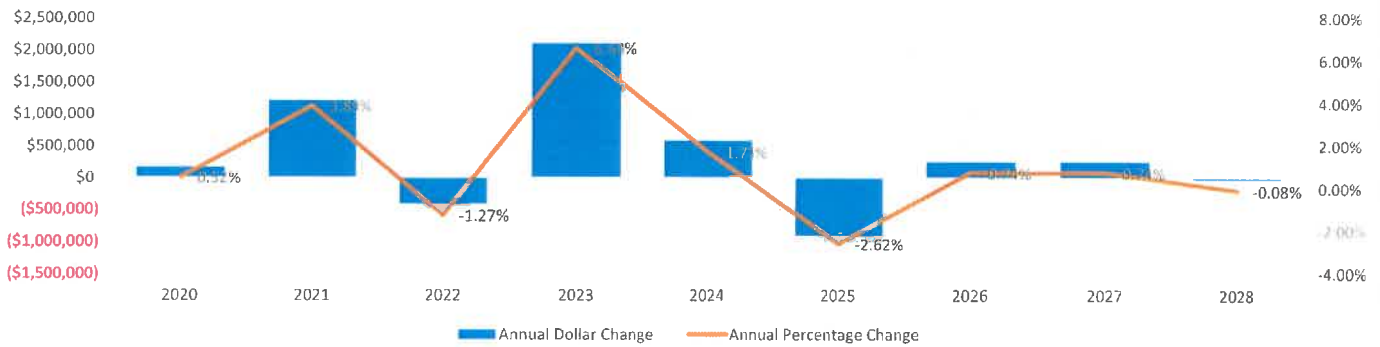
Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Tecumseh Local School District the calculated Base Cost total is \$22,301,453 in FY 2024. The state's share of the calculated Base Cost total is \$13,732,457 or \$5,302 per pupil.

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

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



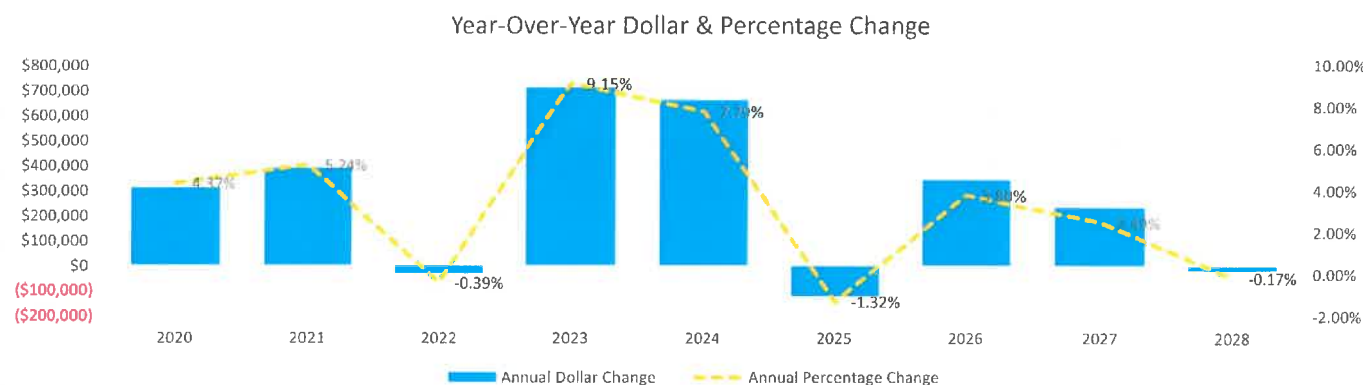
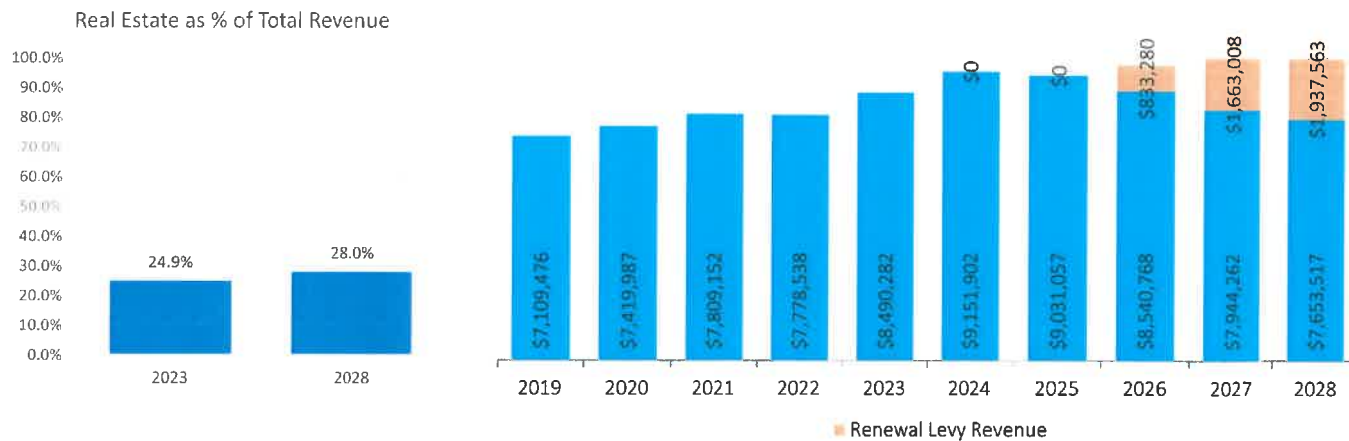
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 2.44% or \$769,295 annually during the past 4-Year period and is projected to increase 0.10% or \$29,885 annually through FY2028. State Funding has the most projected average annual variance compared to the historical average at - \$498,913
Real Estate	345,202	220,160	(\$125,042)	
Public Utility	\$25,115	\$36,163	\$11,048	
Income Tax	\$0	\$0	\$0	
State Funding	\$430,006	(68,906)	(\$498,913)	
Prop Tax Alloc	\$7,603	\$32,754	\$25,151	
All Other Op Rev	(\$233,948)	(\$15,058)	\$218,890	
Other Sources	\$195,317	(\$175,227)	(\$370,545)	
<b>Total Average Annual Change</b>	<b>769,295</b>	<b>29,885</b>	<b>(\$739,410)</b>	
	2.44%	0.10%	-2.34%	

Note: Expenditure average annual change is projected to be > \$1,785,991 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).



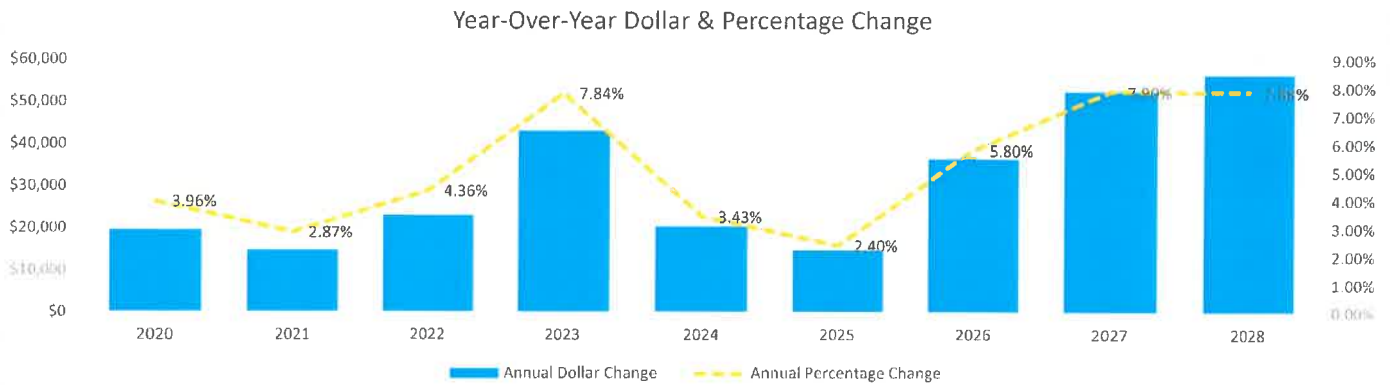
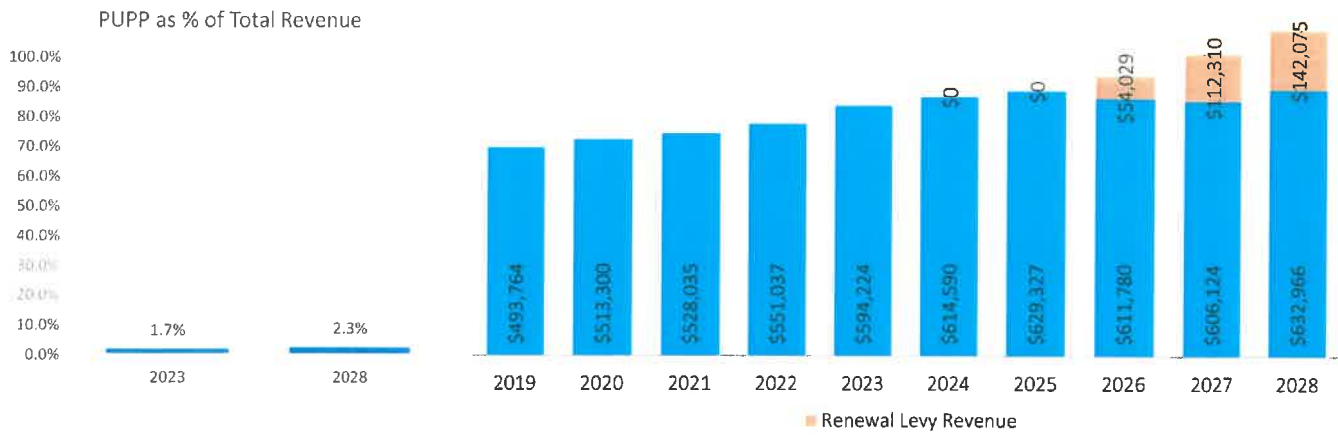
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	381,397,890	71,977,140	27.12	-	29.60	-	101.1%
2023	383,896,820	2,498,930	27.04	(0.08)	29.45	(0.16)	100.1%
2024	384,334,820	438,000	27.00	(0.04)	29.41	(0.04)	99.6%
2025	420,434,820	36,100,000	26.40	(0.60)	28.66	(0.74)	99.4%
2026	420,684,820	250,000	26.37	(0.03)	28.63	(0.03)	99.1%
2027	420,934,820	250,000	26.34	(0.03)	28.60	(0.03)	99.1%

Real estate property tax revenue accounts for 24.89% of total revenue. Class I or residential/agricultural taxes make up approximately 86.24% of the real estate property tax revenue. The Class I tax rate is 27.04 mills in tax year 2023. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 99.5% annually through tax year 2027. The revenue changed at an average annual historical rate of 4.59% and is projected to change at an average annual rate of 2.52% through FY 2028.

\*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.



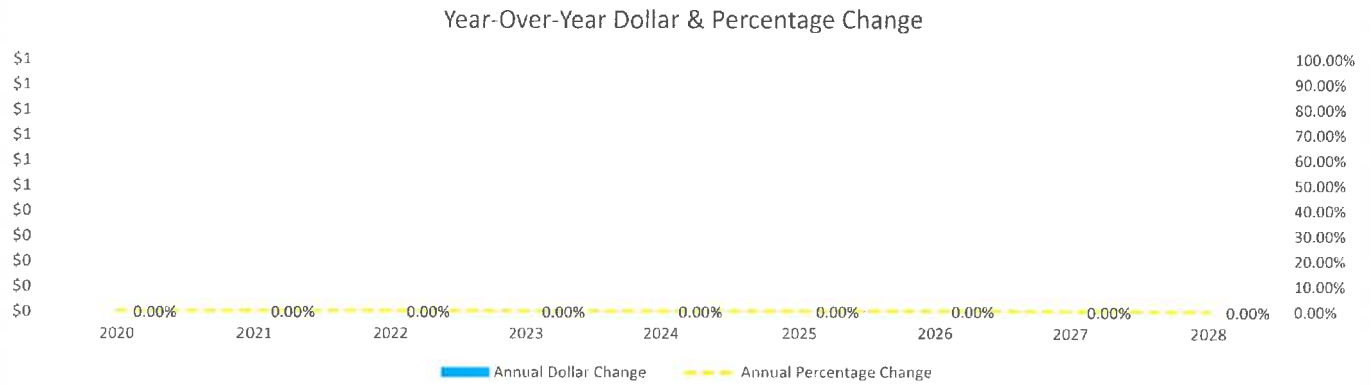
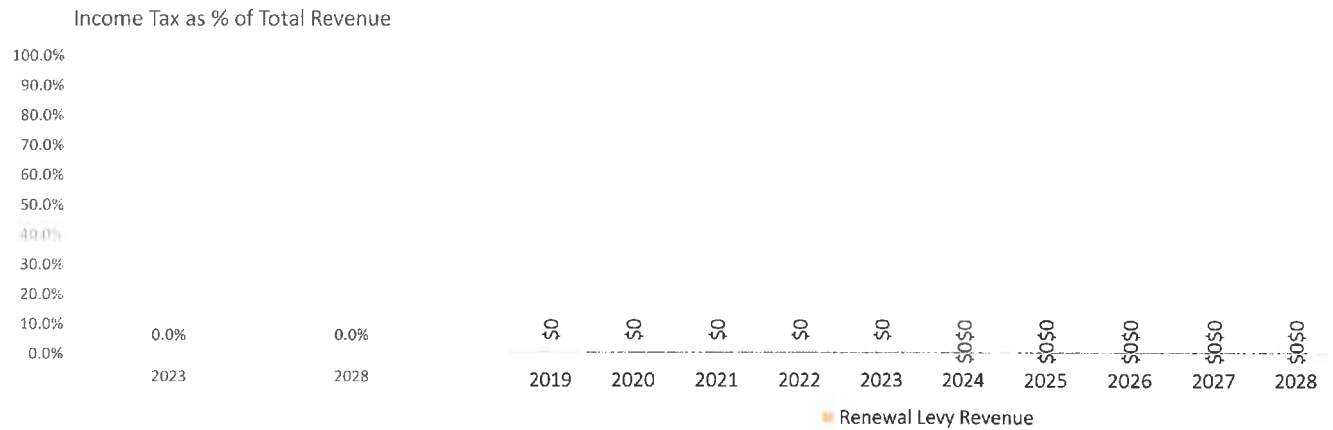
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	16,939,400	1,035,070	33.92	(1.57)	100.0%
2023	18,835,030	1,895,630	33.84	(0.08)	87.6%
2024	20,735,030	1,900,000	33.80	(0.04)	90.9%
2025	22,635,030	1,900,000	33.20	(0.60)	90.9%
2026	24,535,030	1,900,000	33.17	(0.03)	90.9%
2027	26,435,030	1,900,000	33.14	(0.03)	90.9%

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 1.74% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 33.84 mills. The forecast is modeling an average gross collection rate of 90.27%. The revenue changed historically at an average annual dollar amount of \$25,115 and is projected to change at an average annual dollar amount of \$36,163 through FY 2028.

\*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.

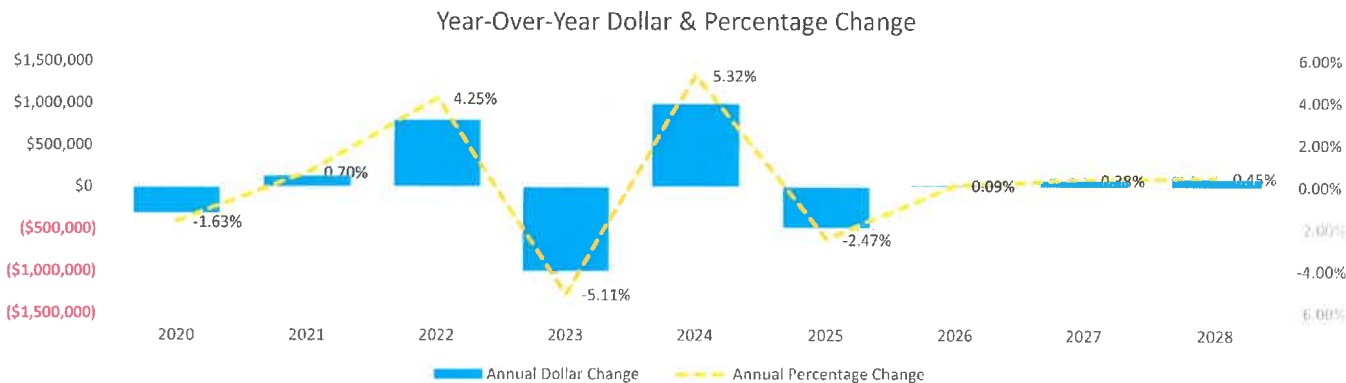
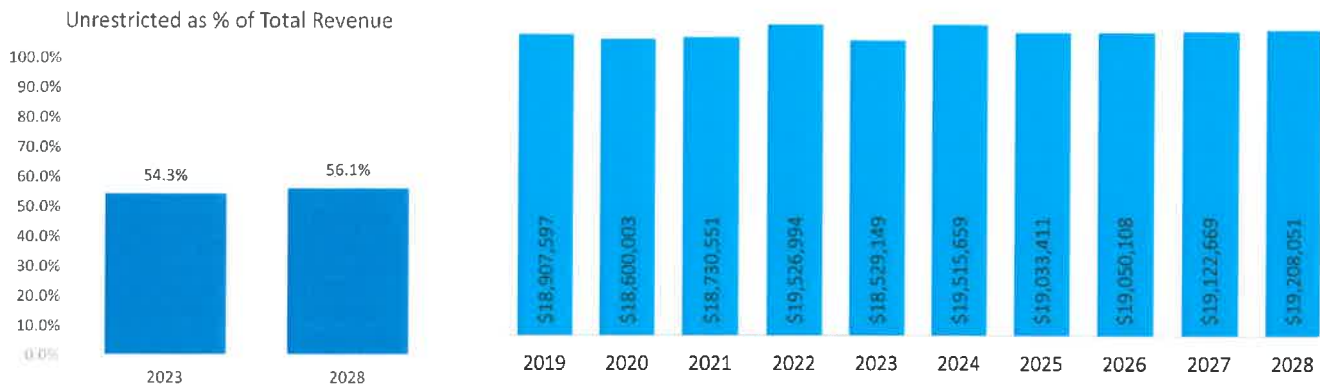


The district does not have an income tax levy.

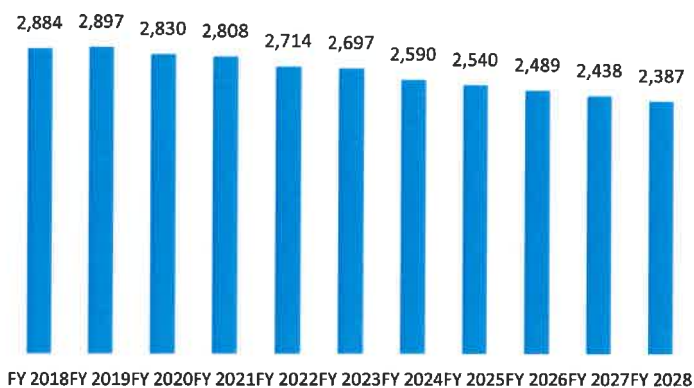
*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction



#### 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.

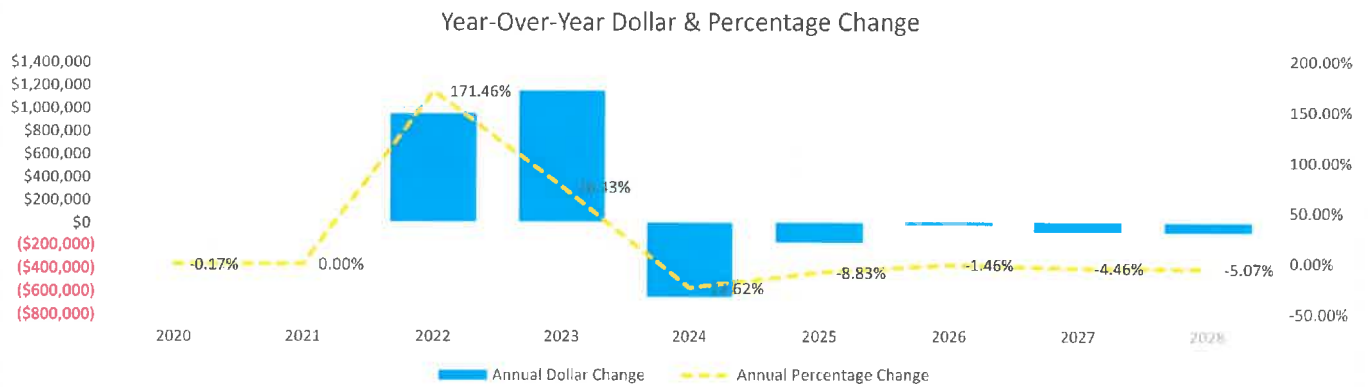
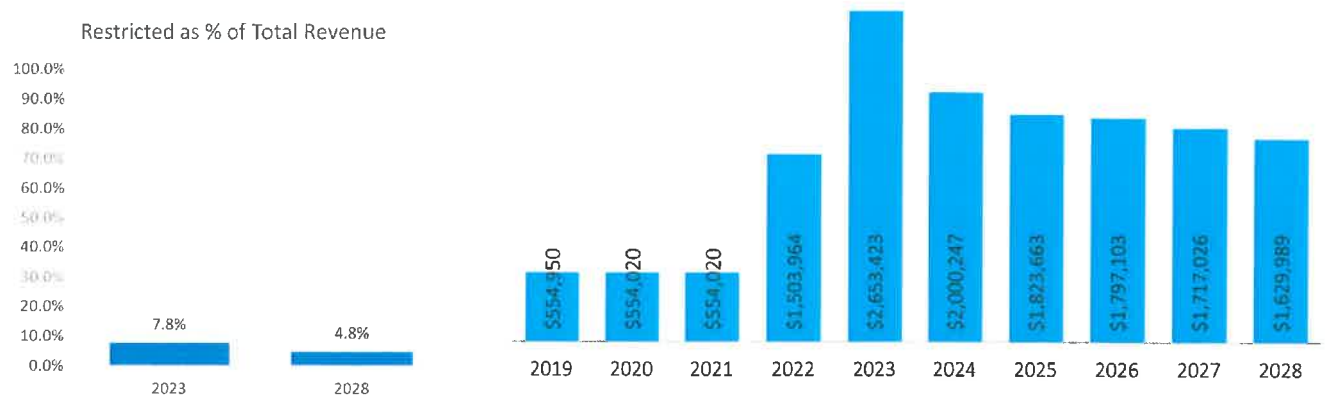
For Tecumseh Local School District the calculated Base Cost total is \$22,301,453 in FY 2024. The state's share of the calculated Base Cost total is \$13,732,457 or \$5,302 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.



### 1.040 & 1.045 - Restricted Grants-in-Aid

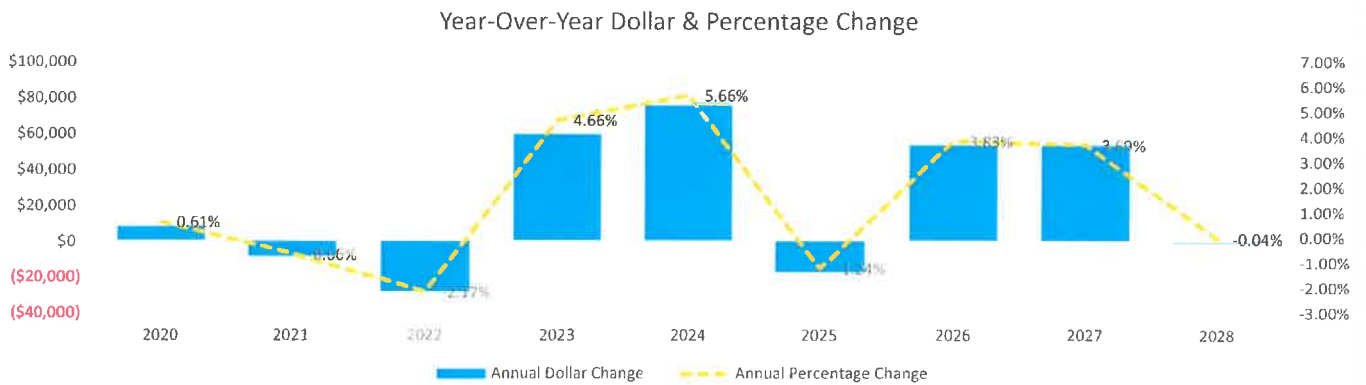
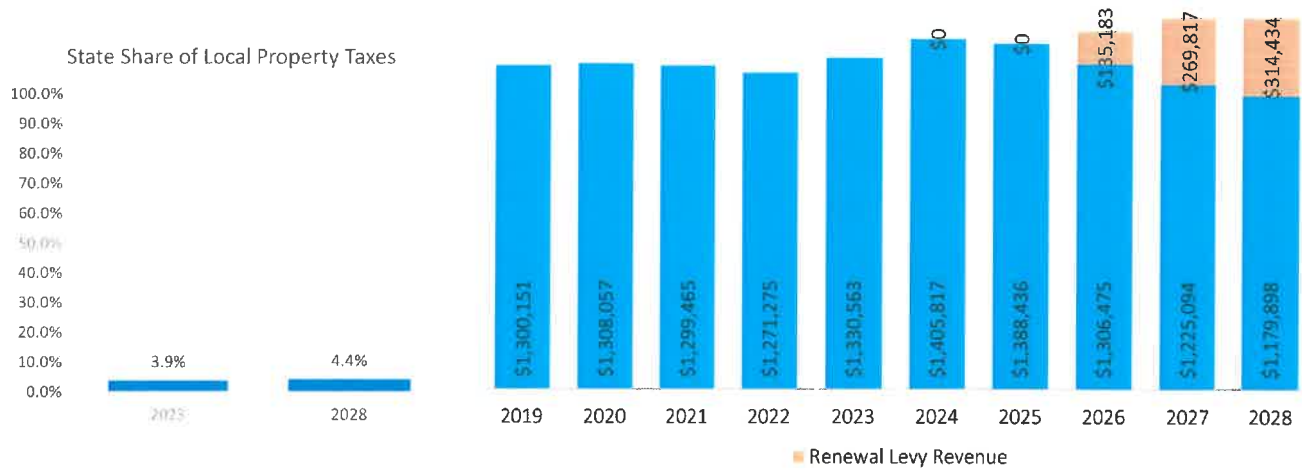
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$699,801 and is projected to change annually on average by -\$204,687. Restricted funds represent 7.78% 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 \$629,714. 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 - State Share of Local Property Taxes

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

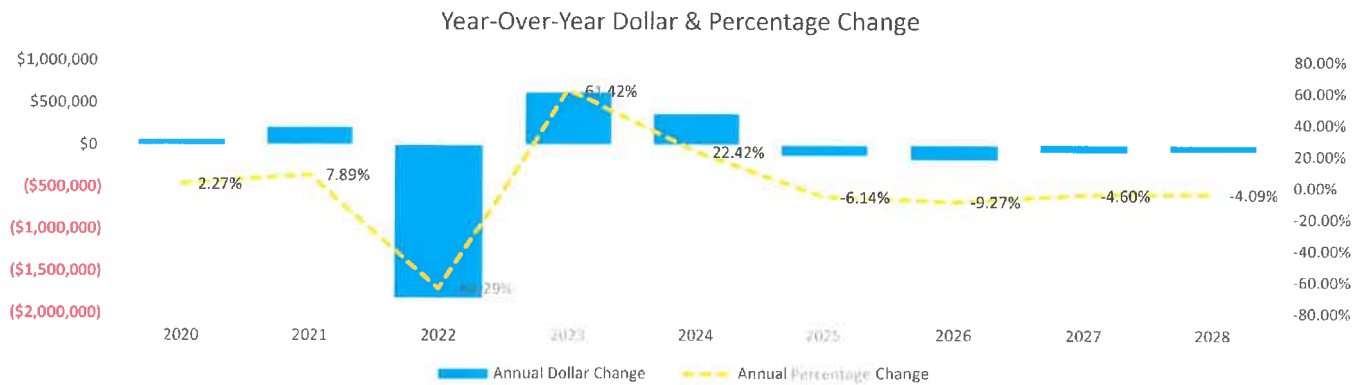
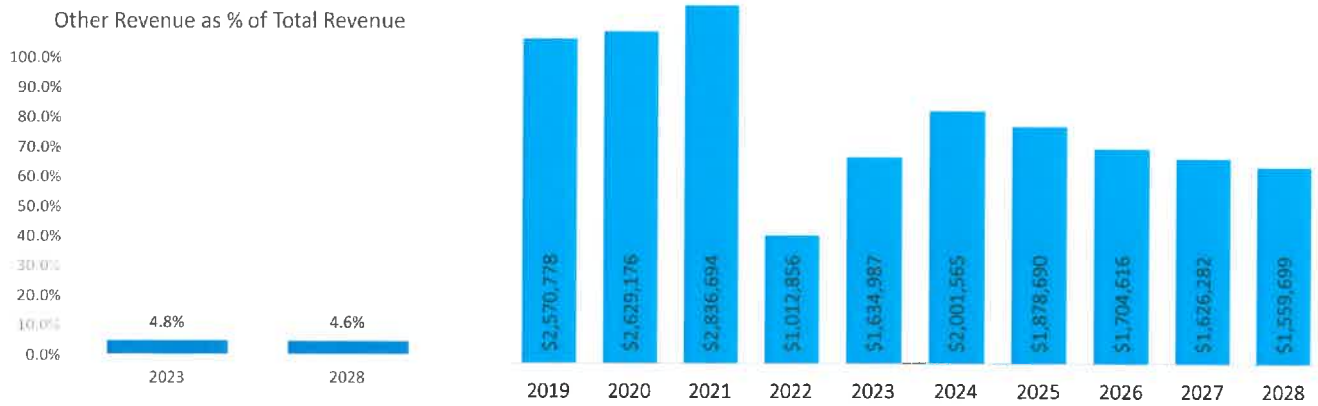


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.1% will be reimbursed in the form of qualifying homestead exemption credits.

*\*Projected % trends include renewal levies*

### 1.060 - All Other Operating Revenues

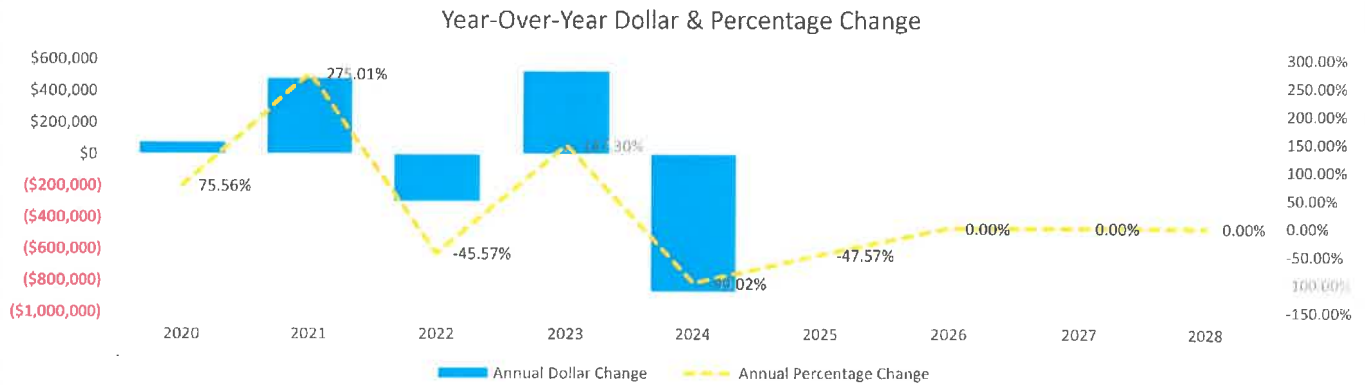
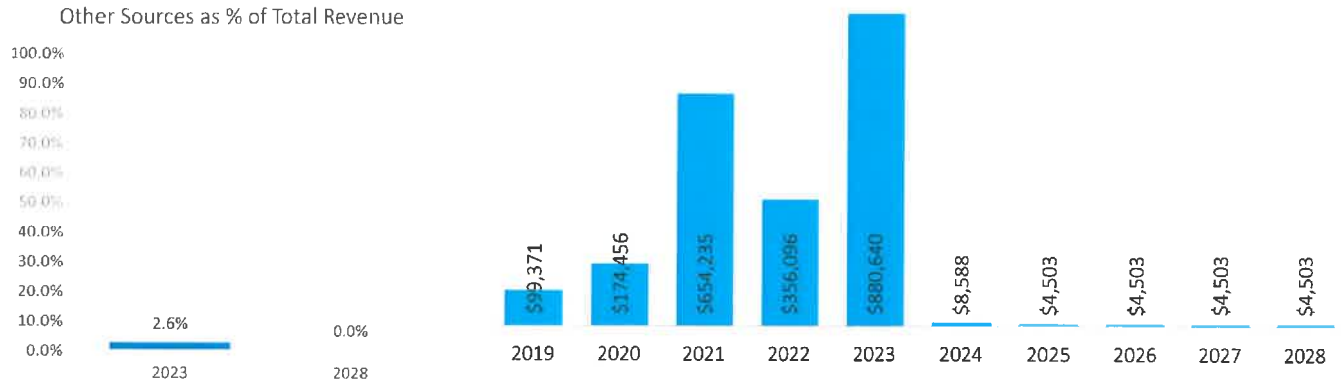
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations



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 -\$233,948. The projected average annual change is -\$15,058 through FY 2028.

## 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

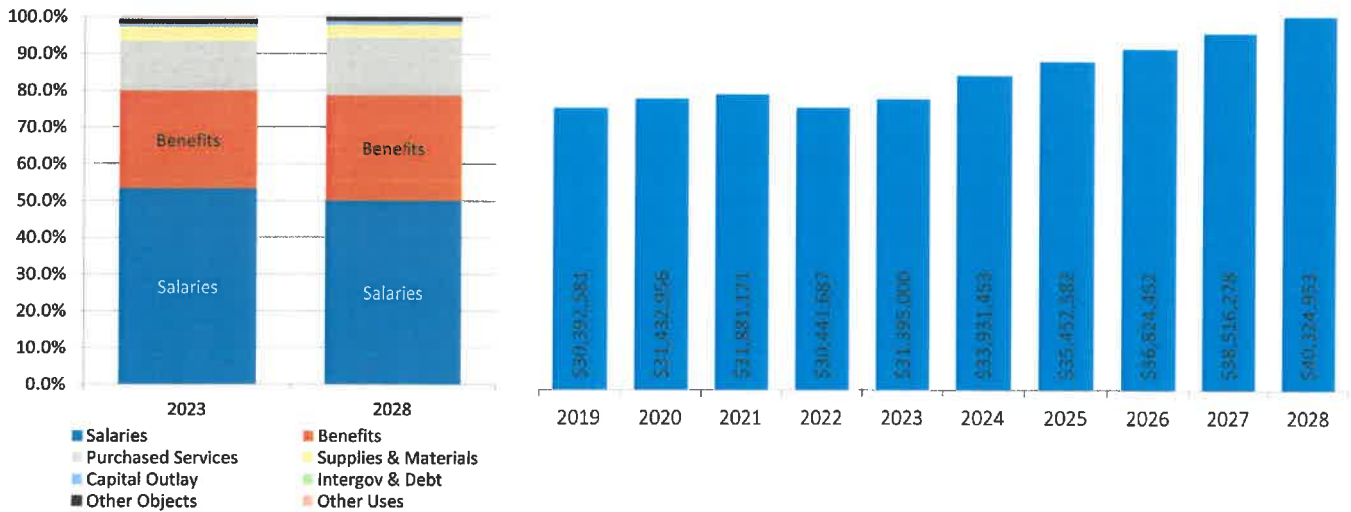


	2023	2024	2025	2026	2027	2028
Transfers In	195,211	4,085	-	-	-	-
Advances In	676,532	-	-	-	-	-
All Other Financing Sources	8,897	4,503	4,503	4,503	4,503	4,503

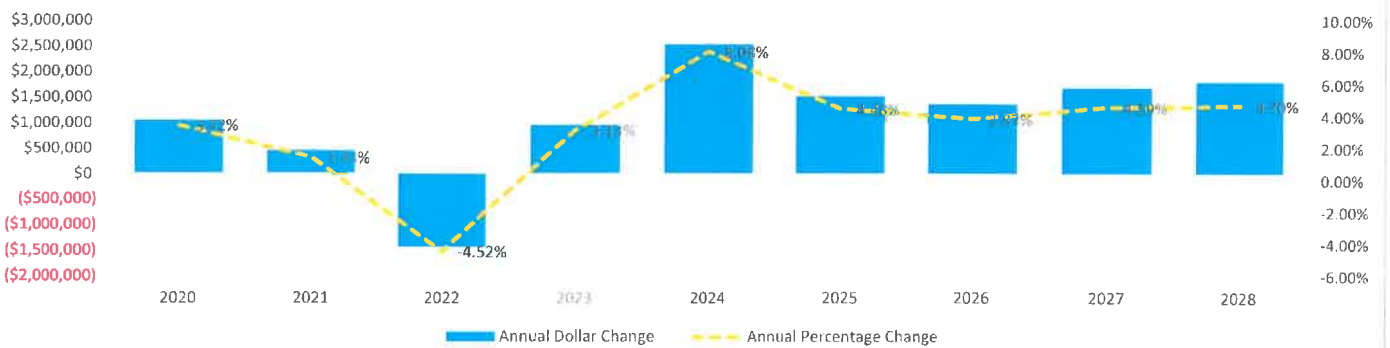
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$676,532 as advances-in and is projecting advances of \$0 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$4,503 in FY 2024 and average \$4,503 annually through FY 2028.

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

### Expenditure Categories Over Time



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



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

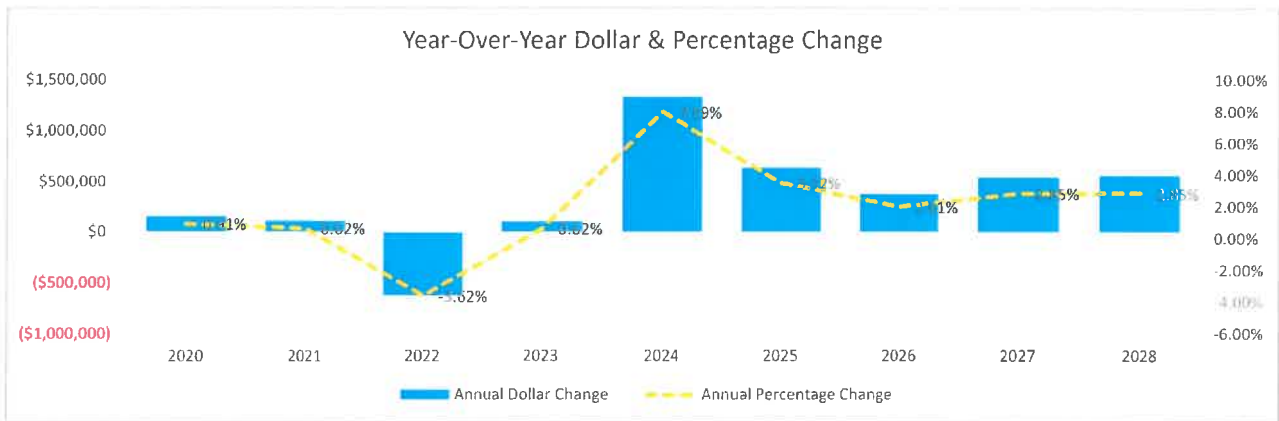
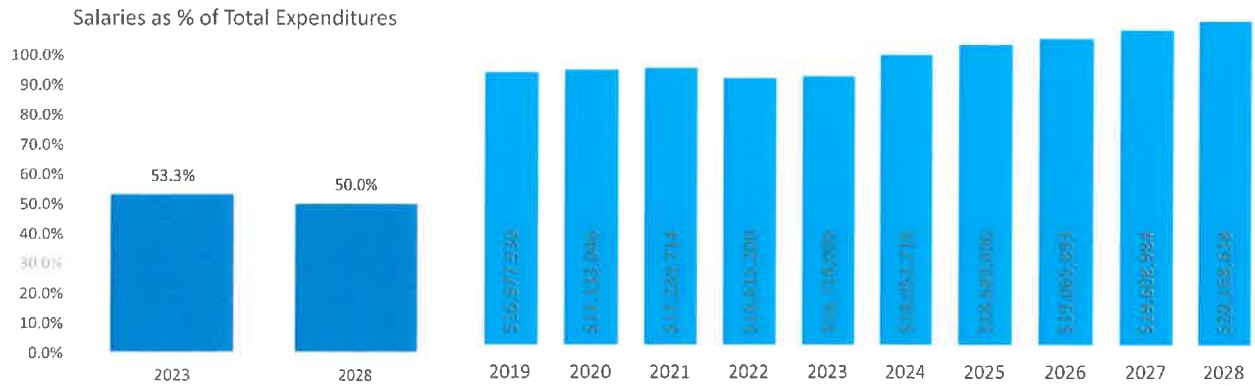
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 0.87% or \$250,605 annually during the past 4-Year period and is projected to increase 5.69% or \$1,785,991 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$755,065.
Salaries	(64,958)	690,108	\$755,065	
Benefits	\$213,586	\$636,656	\$423,070	
Purchased Services	\$47,530	\$413,742	\$366,212	
Supplies & Materials	\$36,071	\$37,385	\$1,314	
Capital Outlay	\$22,257	\$34,930	\$12,673	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$7,246)	\$10,427	\$17,673	
Other Uses	\$3,364	(\$37,258)	(\$40,622)	
<b>Total Average Annual Change</b>	<b>\$250,605</b> 0.87%	<b>\$1,785,991</b> 5.69%	<b>\$1,535,386</b> 4.82%	

Note: Revenue average annual change is projected to be > \$29,885

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

### 3.010 - Personnel Services

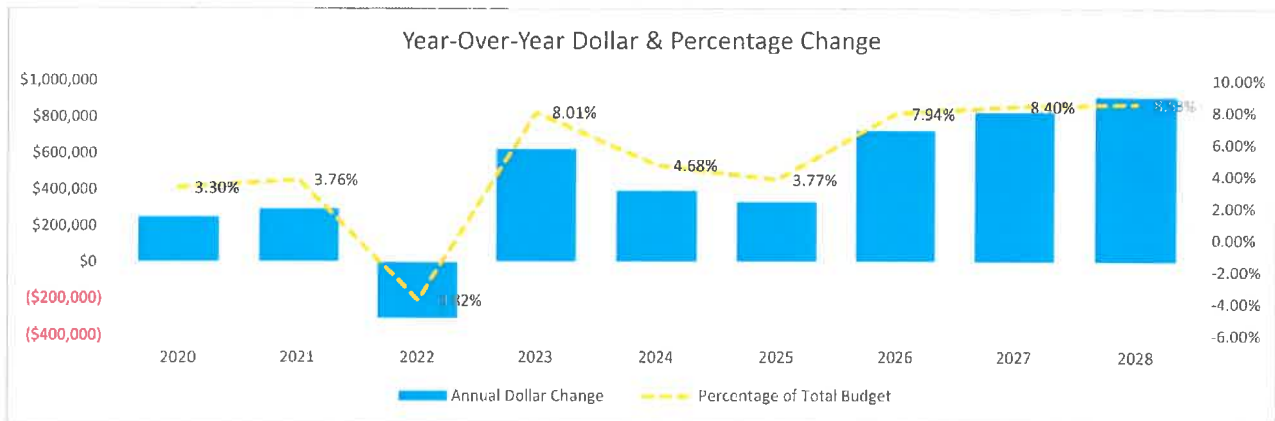
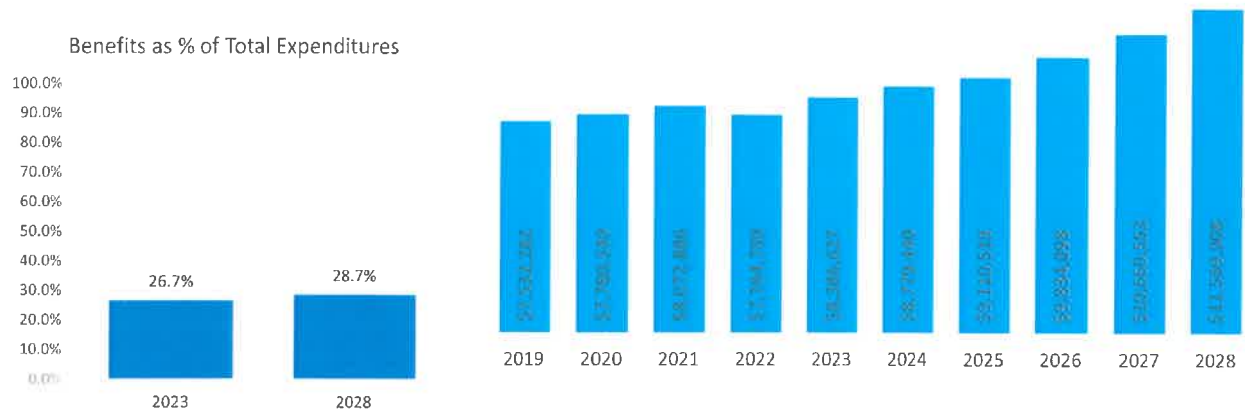
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 53.25% of total expenditures and decreased at a historical average annual rate of -0.37% or -\$64,958. This category of expenditure is projected to grow at an annual average rate of 3.85% or \$690,108 through FY 2028. The projected average annual rate of change is 4.21% more than the five year historical annual average.

### 3.020 - Employees' Benefits

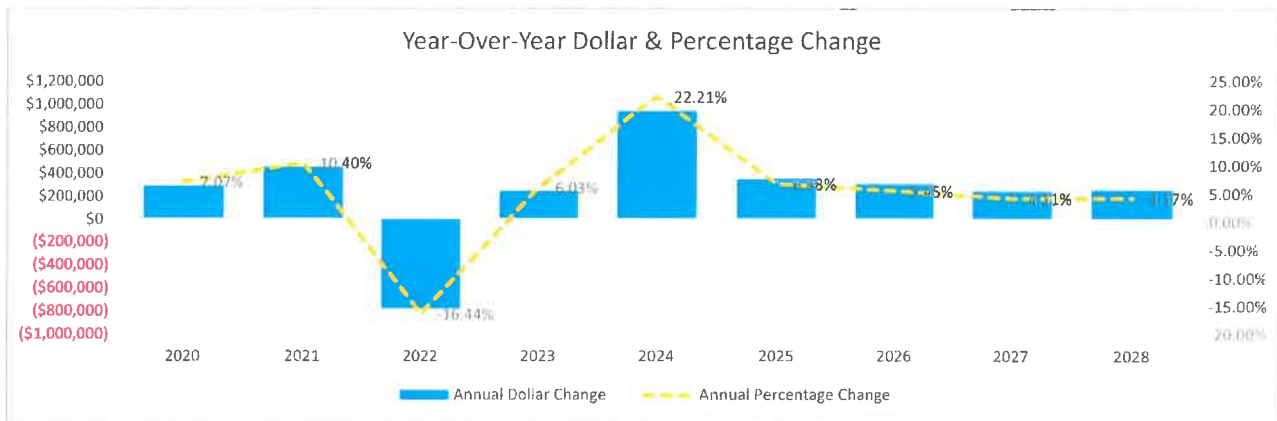
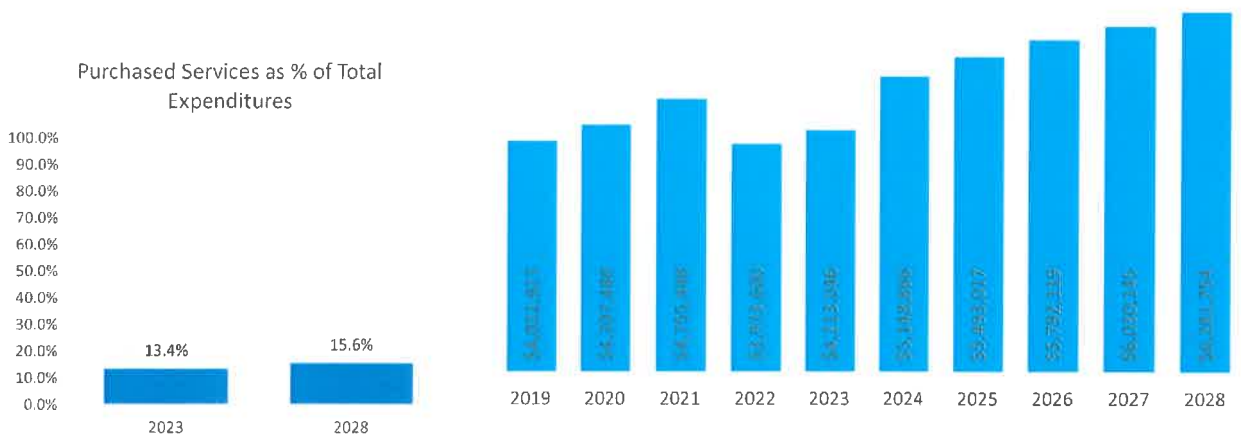
Retirement for all employees, Workers Compensation, *early retirement* incentives, Medicare, unemployment, pickup *or* pickup, and all health-related *insurances*.



Benefits represent 26.71% of total expenditures and increased at a historical average annual rate of 2.81%. This category of expenditure is projected to grow at an annual average rate of 6.67% through FY 2028. The projected average annual rate of change is 3.85% 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

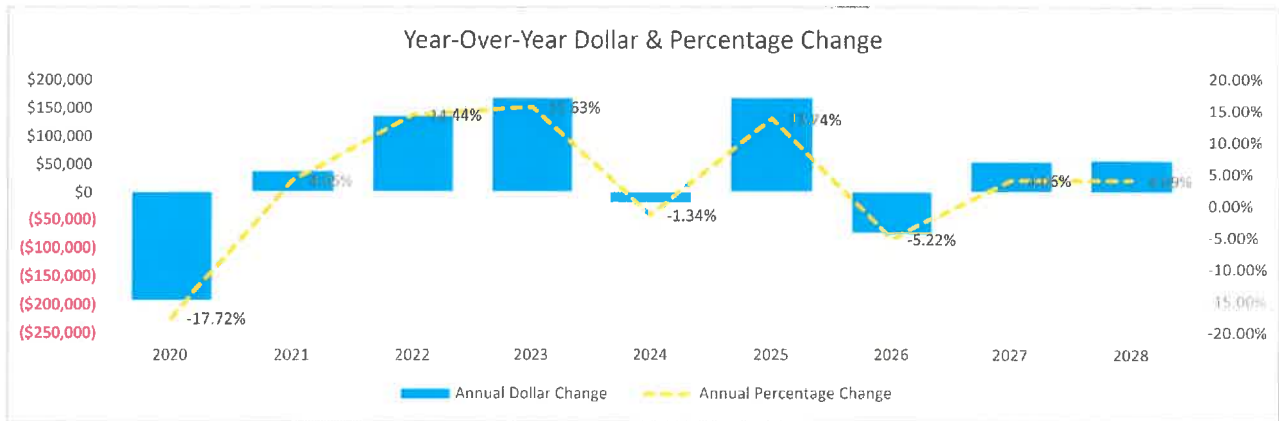
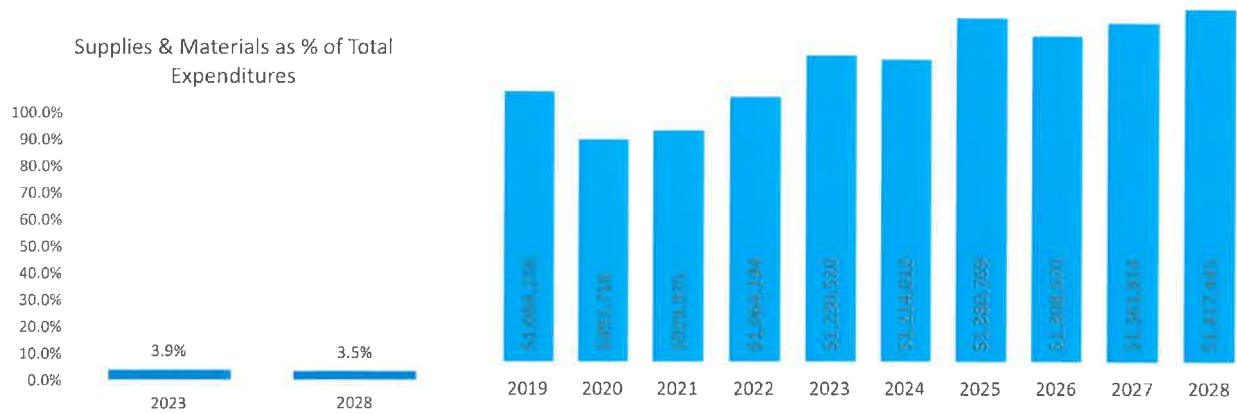


Purchased Services represent 13.42% of total expenditures and increased at a historical average annual rate of 1.76%. This category of expenditure is projected to grow at an annual average rate of 8.52% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.



### 3.040 - Supplies & Materials

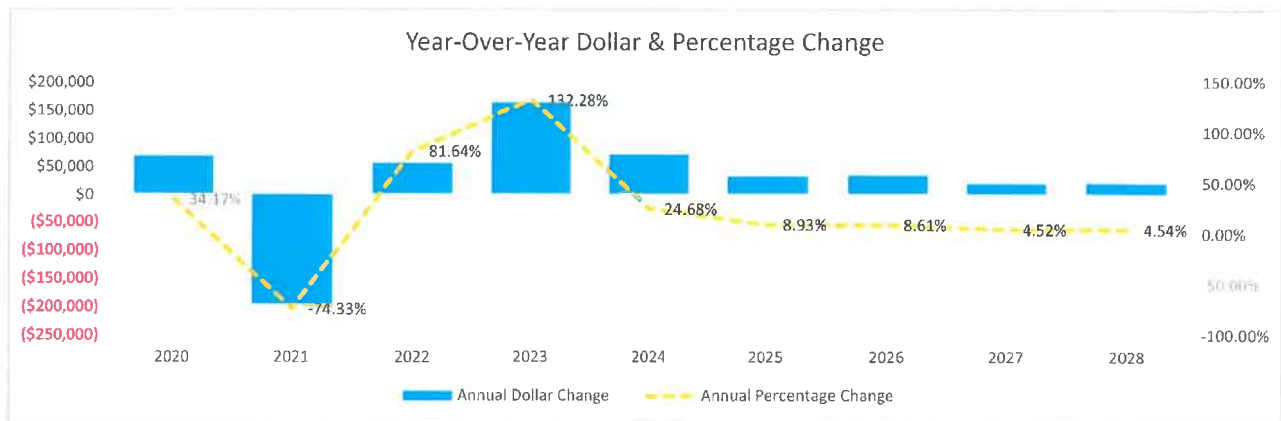
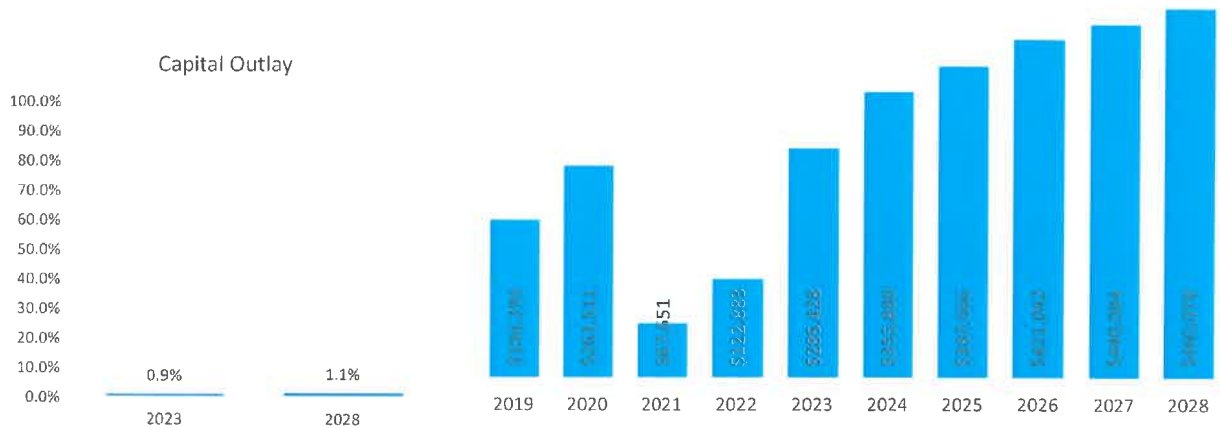
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.92% of total expenditures and increased at a historical average annual rate of 4.10%. This category of expenditure is projected to grow at an annual average rate of 3.06% through FY 2028. The projected average annual rate of change is -1.04% less than the five year historical annual average.

### 3.050 - Capital Outlay

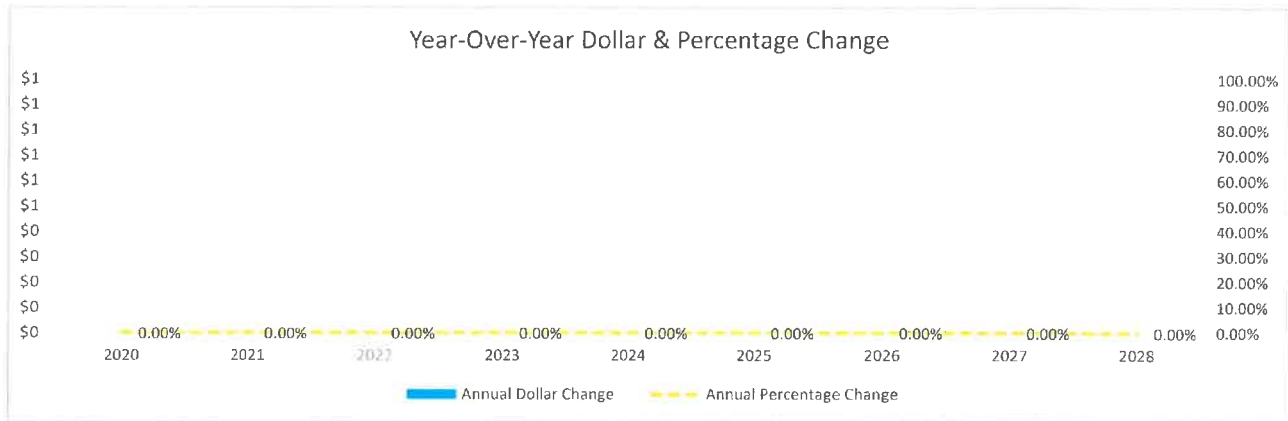
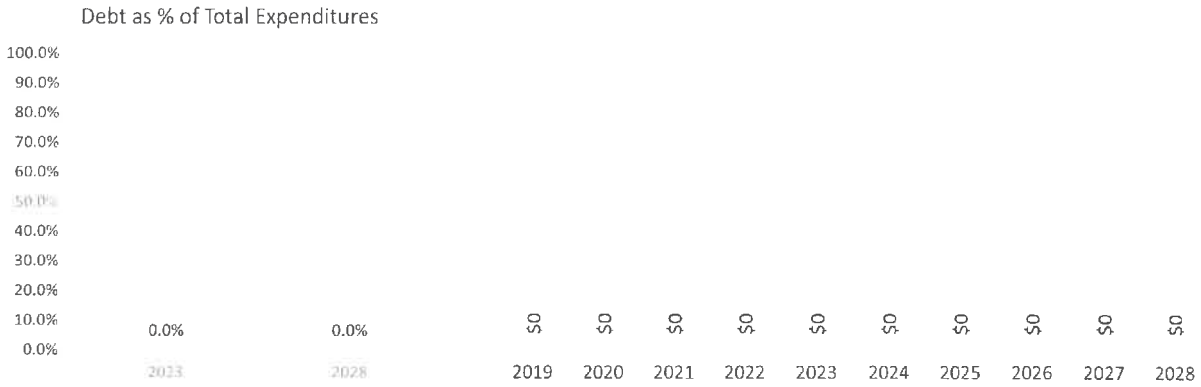
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.91% of total expenditures and increased at a historical average annual amount of \$22,257. This category of expenditure is projected to grow at an annual average rate of \$34,930 through FY 2028. The projected average annual change is less than the five year historical annual average.

### 3.060-4.060 - Intergovernmental & Debt

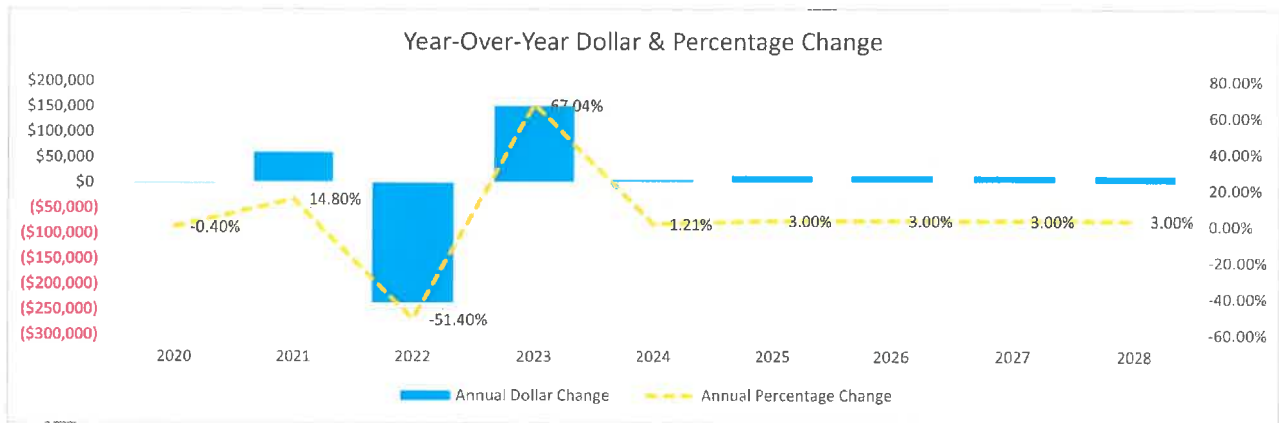
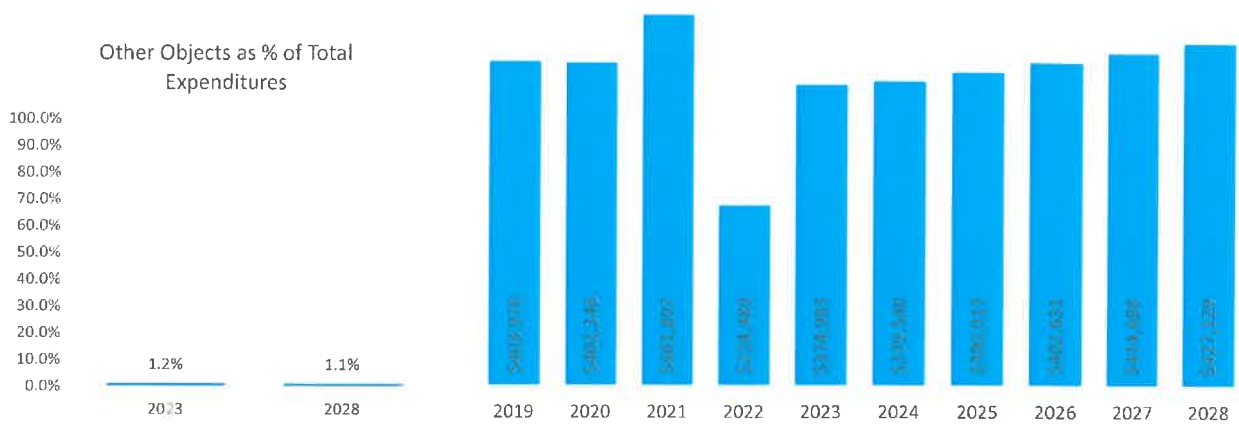
These lines account for pass-through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

### 4.300 - Other Objects

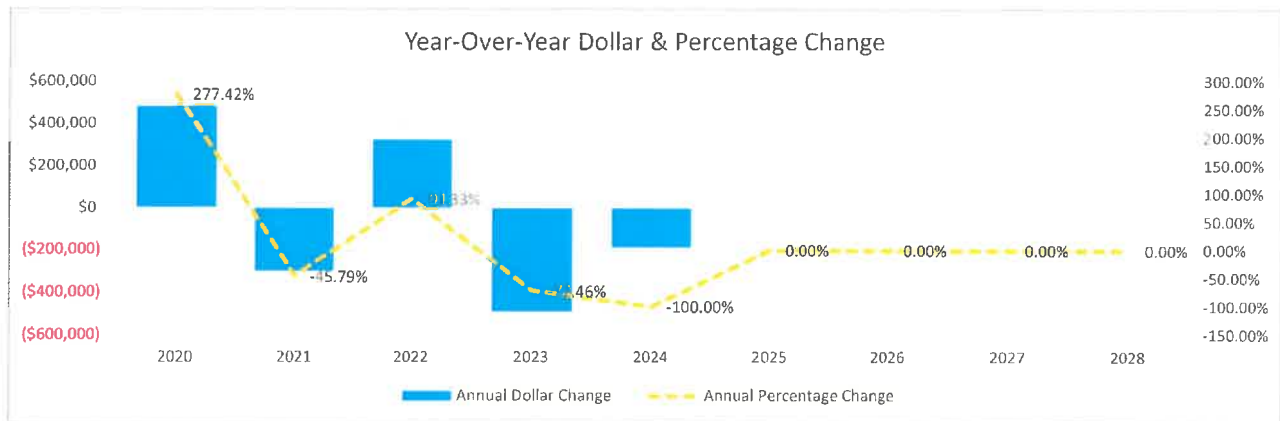
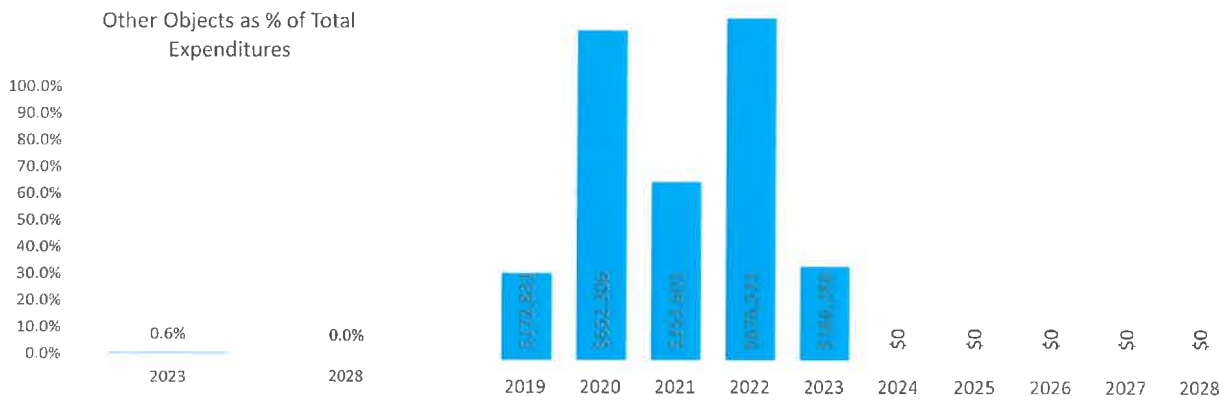
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses and election expenses.



Other Objects represent 1.19% of total expenditures and increased at a historical average annual rate of 7.51%. This category of expenditure is projected to grow at an annual average rate of 2.64% through FY 2028. The projected average annual rate of change is -4.87% 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.



	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers Out	186,288	-	-	-	-	-
Advances Out	-	-	-	-	-	-
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 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. 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 2028. 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				
	2023	2024	2025	2026	2027	2028
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	8,490,282	9,151,902	9,031,057	8,540,768	7,944,262	7,653,517
1.020 - Public Utility Personal Property	594,224	614,590	629,327	611,780	606,124	632,966
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	18,529,149	19,515,659	19,033,411	19,050,108	19,122,669	19,208,051
1.040 - Restricted Grants-in-Aid	2,653,423	2,000,247	1,823,663	1,797,103	1,717,026	1,629,989
1.050 - State Share-Local Property Taxes	1,330,563	1,405,817	1,388,436	1,306,475	1,225,094	1,179,898
1.060 - All Other Operating Revenues	1,634,987	2,001,565	1,878,690	1,704,616	1,626,282	1,559,699
1.070 - Total Revenue	33,232,629	34,689,779	33,784,584	33,010,850	32,241,457	31,864,120
<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	4,085	-	-	-	-
2.050 - Advances-In	676,532	-	-	-	-	-
2.060 - All Other Financing Sources	8,897	4,503	4,503	4,503	4,503	4,503
2.070 - Total Other Financing Sources	880,640	8,588	4,503	4,503	4,503	4,503
2.080 - Total Rev & Other Sources	34,113,269	34,698,368	33,789,087	33,015,353	32,245,960	31,868,623
<b>Expenditures:</b>						
3.010 - Personnel Services	16,718,099	18,053,716	18,689,696	19,065,893	19,608,984	20,168,638
3.020 - Employee Benefits	8,386,627	8,779,440	9,110,519	9,834,098	10,660,553	11,569,908
3.030 - Purchased Services	4,213,046	5,148,866	5,493,017	5,792,119	6,030,145	6,281,754
3.040 - Supplies and Materials	1,230,520	1,214,012	1,380,769	1,308,670	1,361,814	1,417,445
3.050 - Capital Outlay	285,428	355,880	387,666	421,042	440,084	460,078
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	374,993	379,540	390,915	402,631	414,698	427,129
4.500 - Total Expenditures	31,208,712	33,931,453	35,452,582	36,824,452	38,516,278	40,324,953
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	186,288	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	186,288	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	31,395,000	33,931,453	35,452,582	36,824,452	38,516,278	40,324,953
6.010 - Excess of Rev Over/(Under) Exp	2,718,269	766,915	(1,663,495)	(3,809,100)	(6,270,318)	(8,456,330)
7.010 - Cash Balance July 1 (No Levies)	13,749,123	16,467,392	17,234,307	15,570,812	11,761,712	5,491,394
7.020 - Cash Balance June 30 (No Levies)	16,467,392	17,234,307	15,570,812	11,761,712	5,491,394	(2,964,936)
		Reservations				
8.010 - Estimated Encumbrances June 30	1,339,244	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
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	14,583,552	15,189,711	13,526,216	9,717,116	3,446,798	(5,009,532)
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	1,022,491	2,045,135	2,394,073
11.030 - Cumulative Balance of Levies	-	-	-	1,022,491	3,067,626	5,461,699
12.010 - Fund Bal June 30 for Cert of Obligations	14,583,552	15,189,711	13,526,216	10,739,607	6,514,424	452,167
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	14,583,552	15,189,711	13,526,216	10,739,607	6,514,424	452,167





Tecumseh Local School District  
Five Year Forecast Assumptions  
May 21<sup>st</sup>, 2024

**Forecast Summary:**

The forecast summary shows the district is deficit spending in FY 25, as well as the other three years in the five year forecast. The district will need to continue to monitor spending 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 24.9% of the district's revenue. A general reappraisal is mandated by Ohio Law every six years and an update every three years. Calendar Year 2019 was a reappraisal year, therefore 2022 was an update year for Clark County. Calendar Year 2025 will be another reappraisal year. If there is an increase in property values, we will see an increase in revenue in regards to our 5.8 inside millage. We may 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. However, we are at the 20 mill floor, which will allow for growth as values continue to increase. This line item increased over previous years due to the 22.4% increase in property values from the 2022 update. 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 fluctuates slightly each year..

**Income Tax:**

Not applicable





**Unrestricted Grants in Aid:**

Unrestricted Grants in Aid represents approximately 54.3% of the district's revenue. These are the funds received directly from the State through our foundation program.

This line item is determined by the Governor's Budget, which is a two-year plan. The current budget is for FY 24 & FY 25 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 \$8,140 (\$2,838 local share; \$5,302 state share). This changes as enrollment and district wealth changes. This funding formula was first introduced in the last budget cycle. It continues to provide funds directly to schools where students are educated.

**Restricted Grants in Aid:**

This line item represents approximately 7.8% of total revenue. With the FSFP, Career Tech Funds, Disadvantaged Pupil Impact Aid (DPIA), Gifted Funding, English Language Learners (ELL), and Student Wellness and Success Funding (SWSF) are all 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, as well as a Mental Health Organization. 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. The decrease in these funds is a result of the reduction of DPIA funding due to the district no longer qualifying for the Community Eligibility Provision (CEP).



**State Share of Local Property Taxes:**

The State Share of Local Property Taxes 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 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 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).

**Other Operating Revenues:**

Other Operating Revenues include tuition, fees, interest earnings, rentals and donations. This line item is predicted to stay fairly consistent over the forecast. Interest revenue is showing a significant increase over last year, but student fee revenue is showing a slight decrease.

**Total Other Financing Sources:**

This area currently represents a little more than two and one half percent of the district's revenue. This category includes operating transfers, sale of fixed assets, and refunds of prior year expenditures. The advance in and out of the general fund from one year to the next is due to the general fund advancing funds to all negative grant funds at June 30<sup>th</sup> and then receiving those exact funds back on July 1<sup>st</sup>.



**Expenditure Sources:**

For expenditures, the largest change is in Salaries and Benefits. The district has been using Student Wellness and Success Funds as well as ESSER funds to supplant salaries and benefits from the General Fund since FY 21, however those salaries and benefits came back into the General Fund in FY 24. Those funds are no longer available for the district to use.

**Personnel Services:**

Personnel Services represents approximately 53.3% of the district's expenses. Salaries are predicted to increase every year. The increase for FY 24 was in regards to salaries coming back into the General Fund (ESSER II and ESSER III supplanted salaries) plus the 2% increase given to staff during FY 24.

I have added the cost of step increases each year into the forecast, as well as a 1% base increase for all staff for FY 25 - FY 28.

**Employee Benefits:**

Employee Benefits represent approximately 26.7% 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 2024 was 6.5% for medical insurance and 1.5% for dental and vision insurance. I have forecasted an 11% increase projected for medical insurance for FY 25 – FY 28.

**Purchased Services:**

Purchased Services represents a little over 13% of the district's expenses. The expenditures in this line item consist 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. From FY 23 to FY 24, there was an increase of over \$900,000. The Clark County ESC contract for FY 24 increased by over \$560,000 from FY 23. Speech services for students had the largest increase. We also had to add an entire preschool classroom. We also have a new autism student in FY 24. Other areas that increased significantly for this line item were: electricity charges (increased over \$25,000); tuition paid to other districts (increased over \$25,000); excess costs for our students being educated in other districts (increased over \$15,000); other special education costs (increased over \$42,000); telephone costs (increased over \$37,000 with new phone system); and Montgomery County ESC costs for hearing and vision services (increased over \$20,000). Moving forward, I have forecasted a 3% increase in this line item.

**Supplies & Materials:**

Supplies and Materials represent approximately 3.9% 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 3-5% increase in supplies expense for FY 25 - FY 28.

**Capital Outlay:**



Capital Outlay represents a little less than one percent of the district's expenses. The district has implemented a Capital Improvement Plan that spans the next three 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 in this line item each year of the forecast.

**Intergovernmental Debt:**

N/A

**Other Objects:**

Other Objects represent a little more than 1% of the district's expenses. This line encompasses membership dues and fees, audit expenses, and auditor and treasurer fees. I am forecasting an increase of 3% in this category for FY 25 to FY 28.

**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.

Questions regarding the five year forecast and/or the assumptions can be emailed to Denise Robinson, Treasurer/CFO at [denise.robinson@tecumsehlocal.org](mailto:denise.robinson@tecumsehlocal.org) or by calling 937-845-3576.