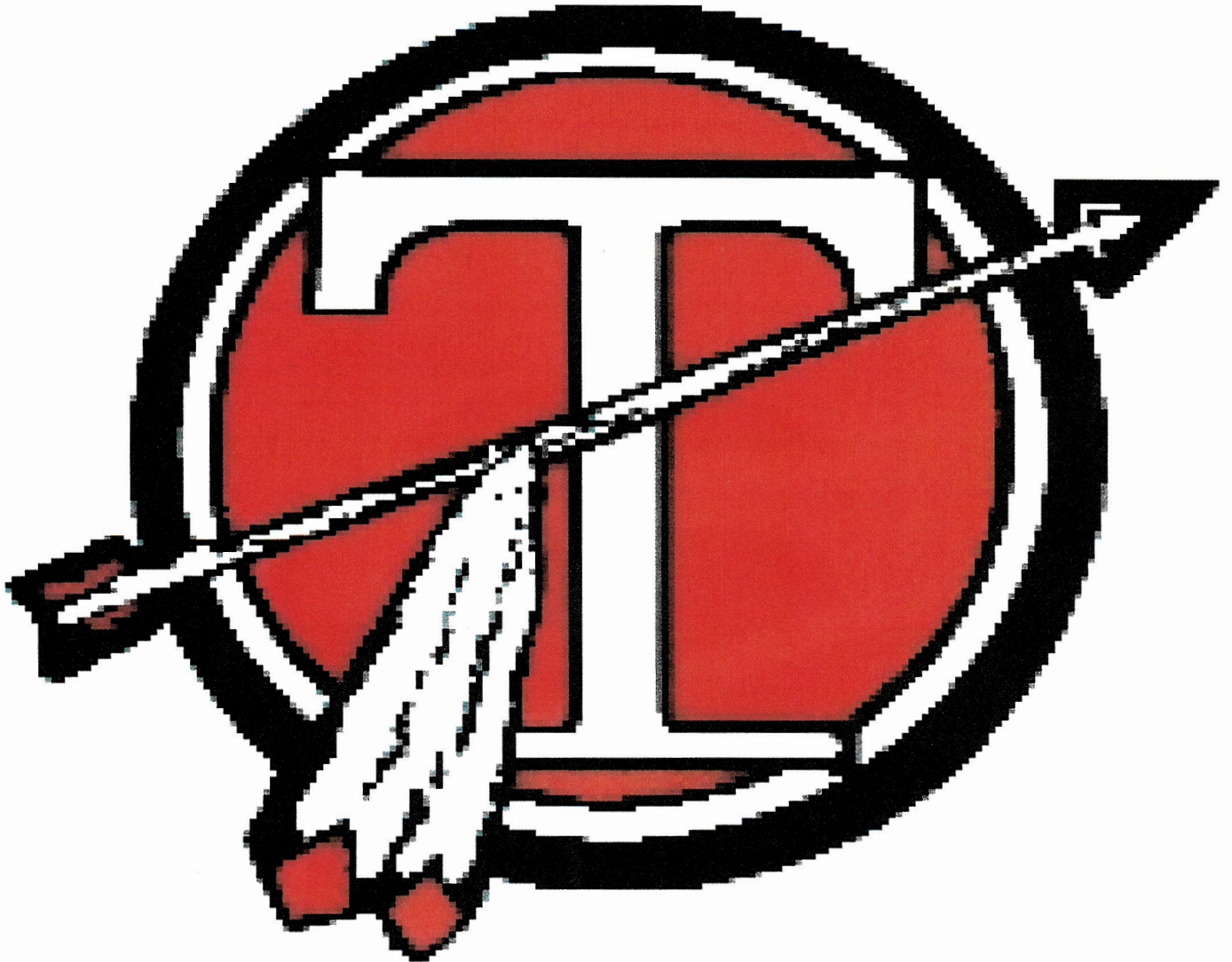


Tecumseh Local School District  
5 Year Forecast  
May 24, 2022





Tecumseh Local School District

# Five Year Forecast Financial Report

May 24, 2022

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

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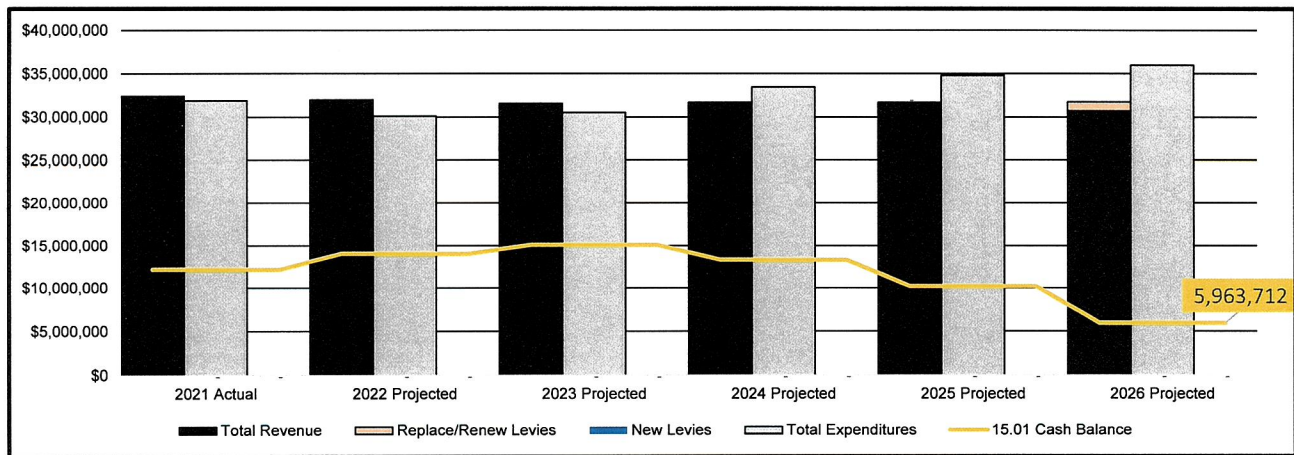
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### Forecast Purpose/Objectives

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 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	12,190,051	14,066,168	15,112,923	13,327,954	10,222,023
+ Revenue	31,995,372	31,566,179	31,670,581	31,682,496	30,718,544
+ Proposed Renew/Replacement Levies	-	-	-	-	1,008,327
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(30,119,255)	(30,519,423)	(33,455,550)	(34,788,426)	(35,985,182)
= Revenue Surplus or Deficit	1,876,116	1,046,755	(1,784,969)	(3,105,930)	(4,258,311)
Line 7.020 Ending Balance with renewal/new levies	14,066,168	15,112,923	13,327,954	10,222,023	5,963,712

#### Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,876,116	1,046,755	(1,784,969)	(3,105,930)	(5,266,638)
Ending Balance w/o Levies	14,066,168	15,112,923	13,327,954	10,222,023	4,955,385

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,876,116 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 \$5,266,638. The district would need to cut its FY 2026 projected expenses by 14.64% in order to balance its budget without additional revenue.

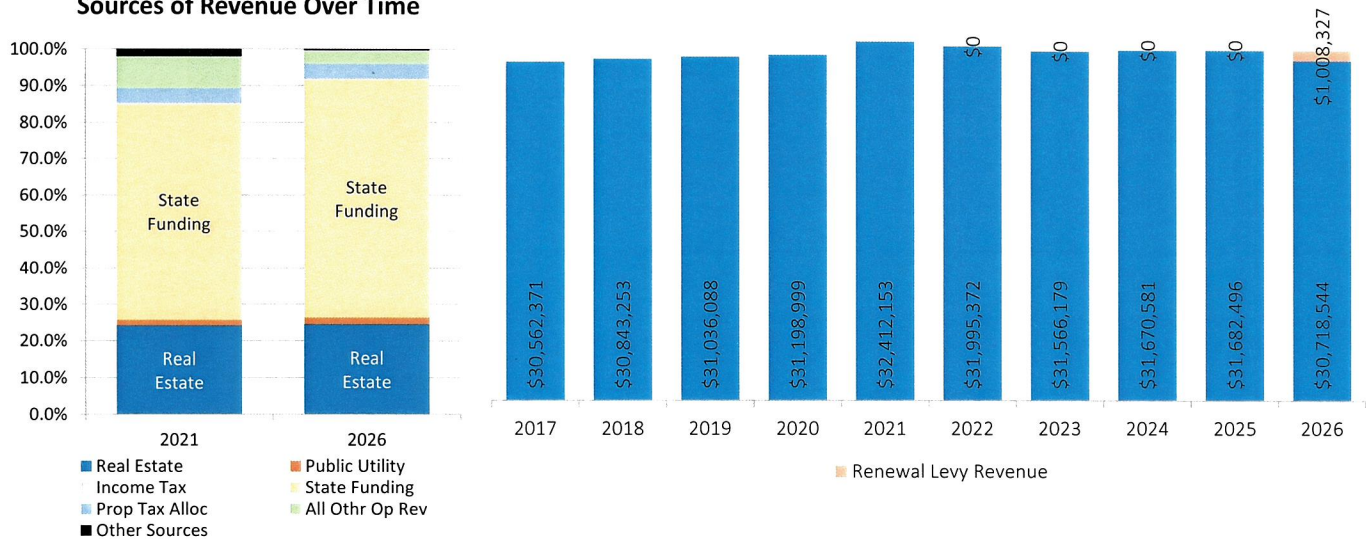
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$92,801 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 22.

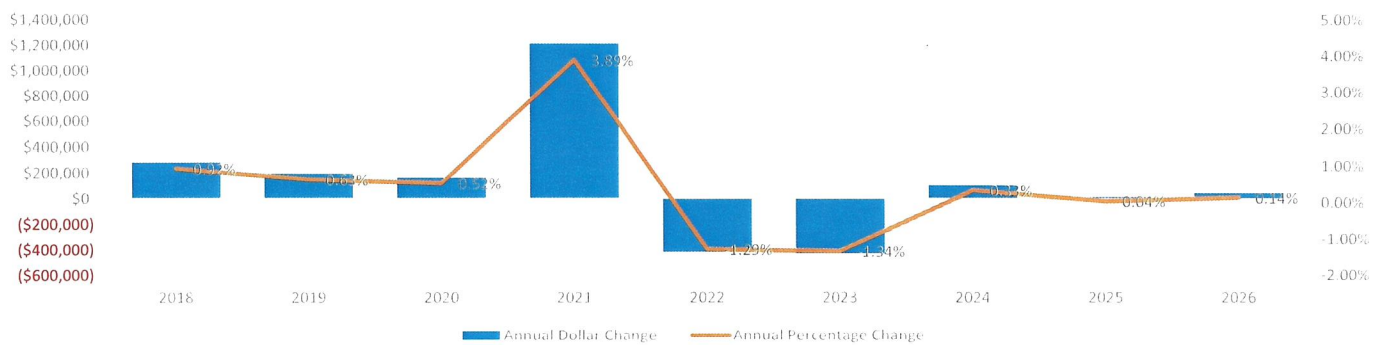


## Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



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

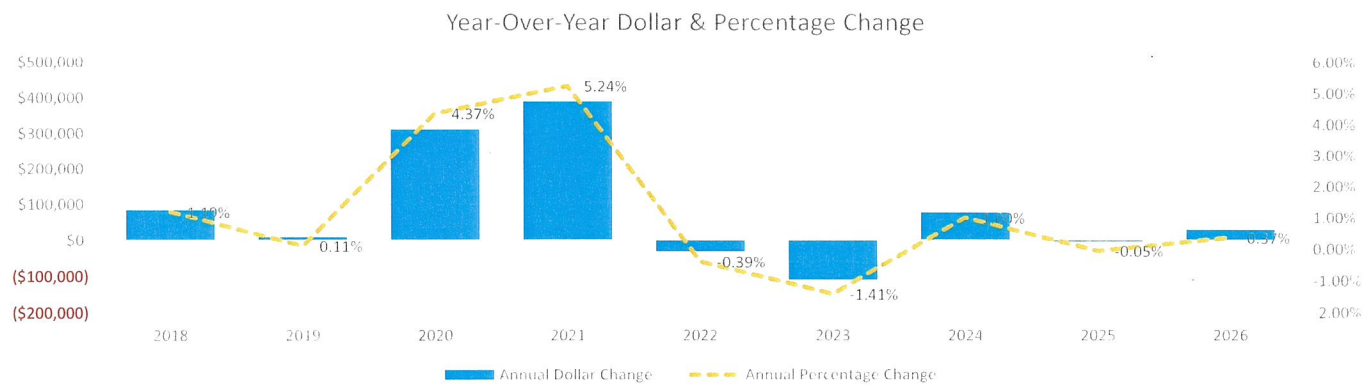
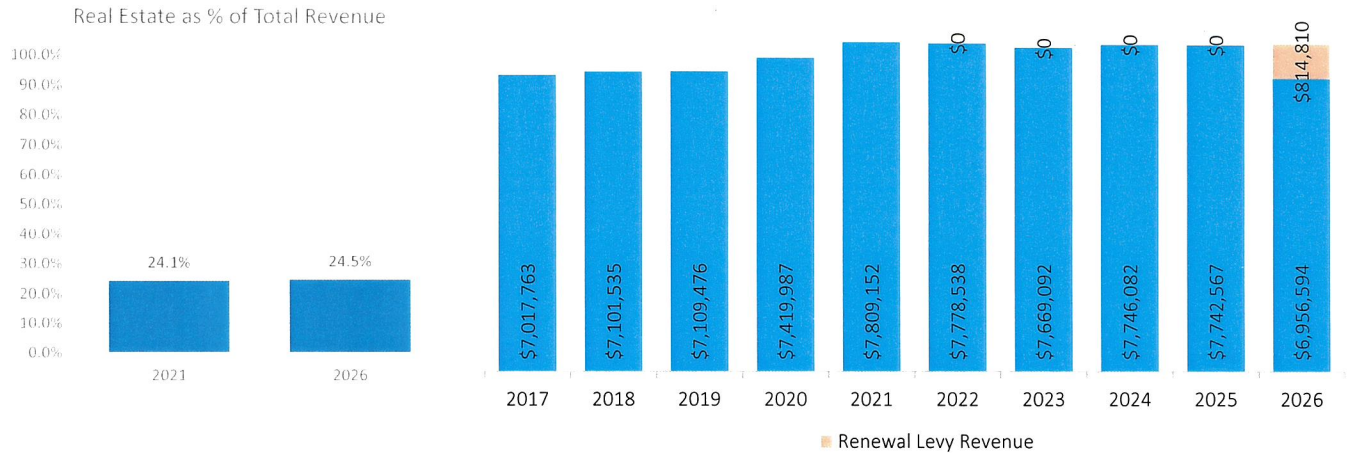
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 1.55% or \$484,771 annually during the past 5-Year period and is projected to decrease -0.43% or -\$137,056 annually through FY2026. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$491,601
Real Estate	183,559	(7,550)	(\$191,109)	
Public Utility	\$21,500	\$15,463	(\$6,038)	
Income Tax	\$0	\$0	\$0	
State Funding	\$54,863	292,702	\$237,838	
Prop Tax Alloc	(\$14,325)	(\$2,119)	\$12,206	
All Othr Op Rev	\$166,496	(\$325,105)	(\$491,601)	
Other Sources	\$72,678	(\$110,447)	(\$183,125)	
Total Average Annual Change	484,771	(137,056)	(\$621,828)	
	1.55%	-0.43%	-1.99%	

Note: Expenditure average annual change is projected to be >

\$820,812 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).



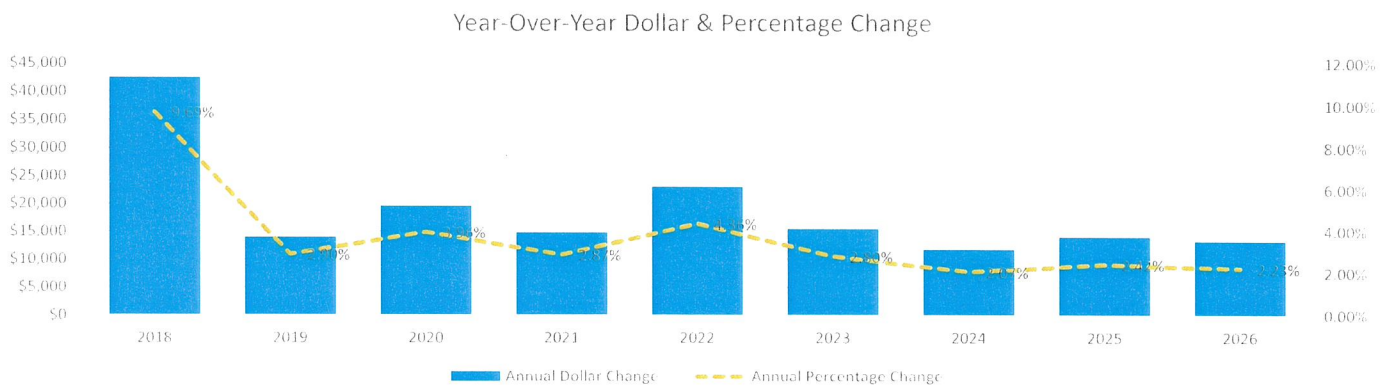
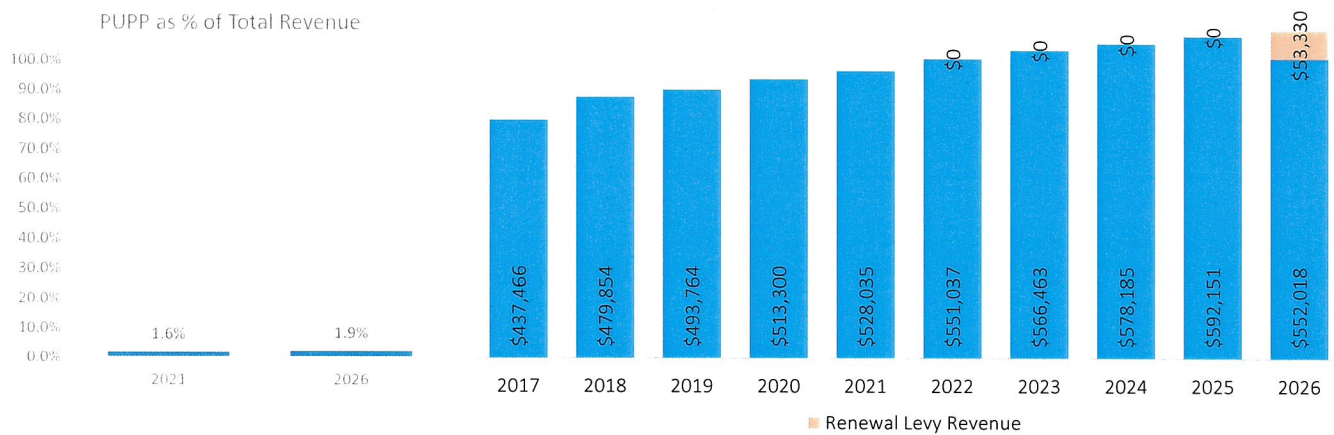
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	308,436,310	2,156,150	28.73	-	31.32	-	98.5%
2021	309,420,750	984,440	28.52	(0.21)	30.98	(0.34)	98.7%
2022	320,268,750	10,848,000	28.24	(0.28)	30.85	(0.14)	98.7%
2023	319,987,950	(280,800)	28.24	0.00	31.00	0.15	98.7%
2024	319,697,950	(290,000)	28.24	0.00	31.15	0.15	98.7%
2025	323,047,950	3,350,000	28.14	(0.10)	31.21	0.07	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 28.52 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 2.52% and is projected to change at an average annual rate of -0.10% 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.



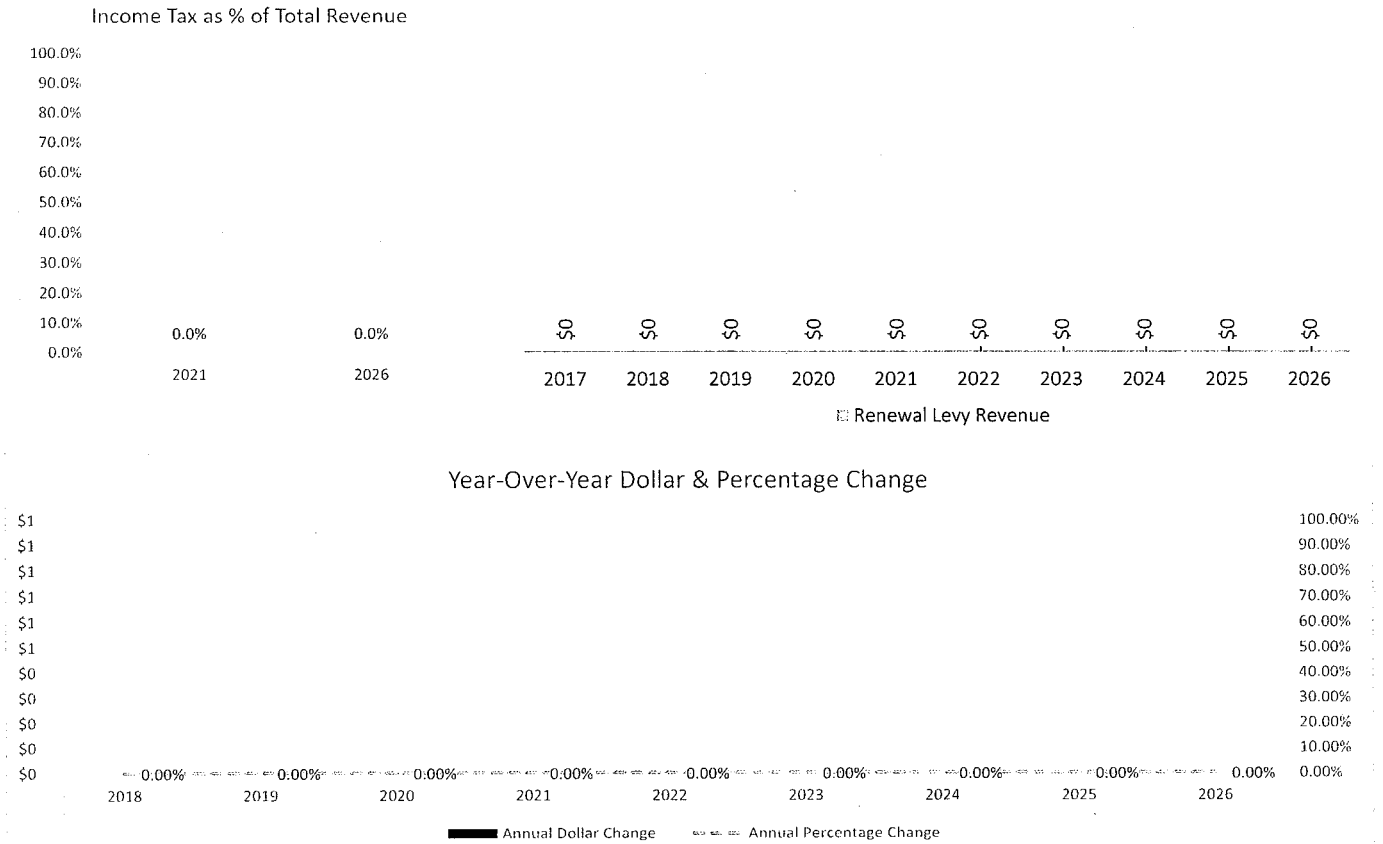
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	15,082,710	490,580	35.53	(0.12)	100.3%
2021	15,904,330	821,620	35.32	(0.21)	100.1%
2022	16,304,330	400,000	35.04	(0.28)	100.0%
2023	16,704,330	400,000	35.03	(0.00)	100.0%
2024	17,104,330	400,000	35.03	(0.00)	100.0%
2025	17,504,330	400,000	34.94	(0.09)	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 35.32 mills. The forecast is modeling an average gross collection rate of 100.03%. The revenue changed historically at an average annual dollar amount of \$21,500 and is projected to change at an average annual dollar amount of \$15,463 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.



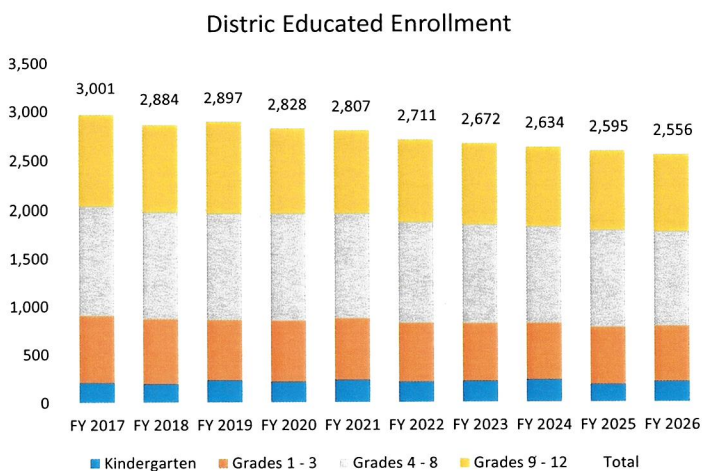
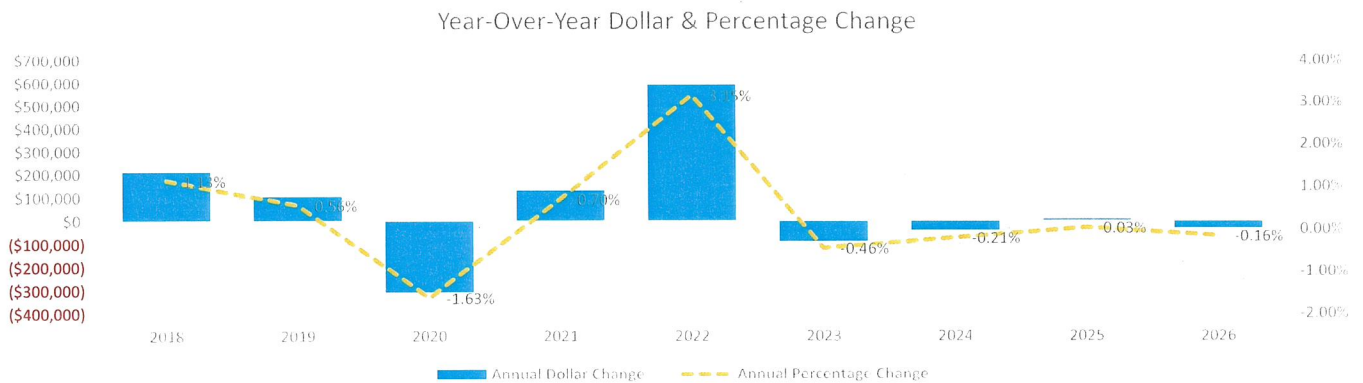
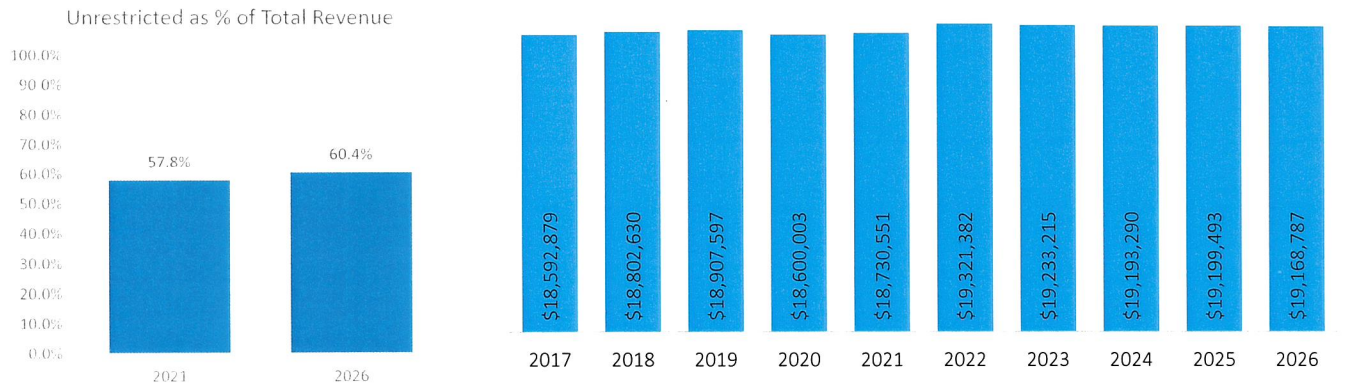
The district does not have an income tax levy.

*\*Projected % trends include renewal levies*



## 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



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 \$20,681,200 in FY 2022.

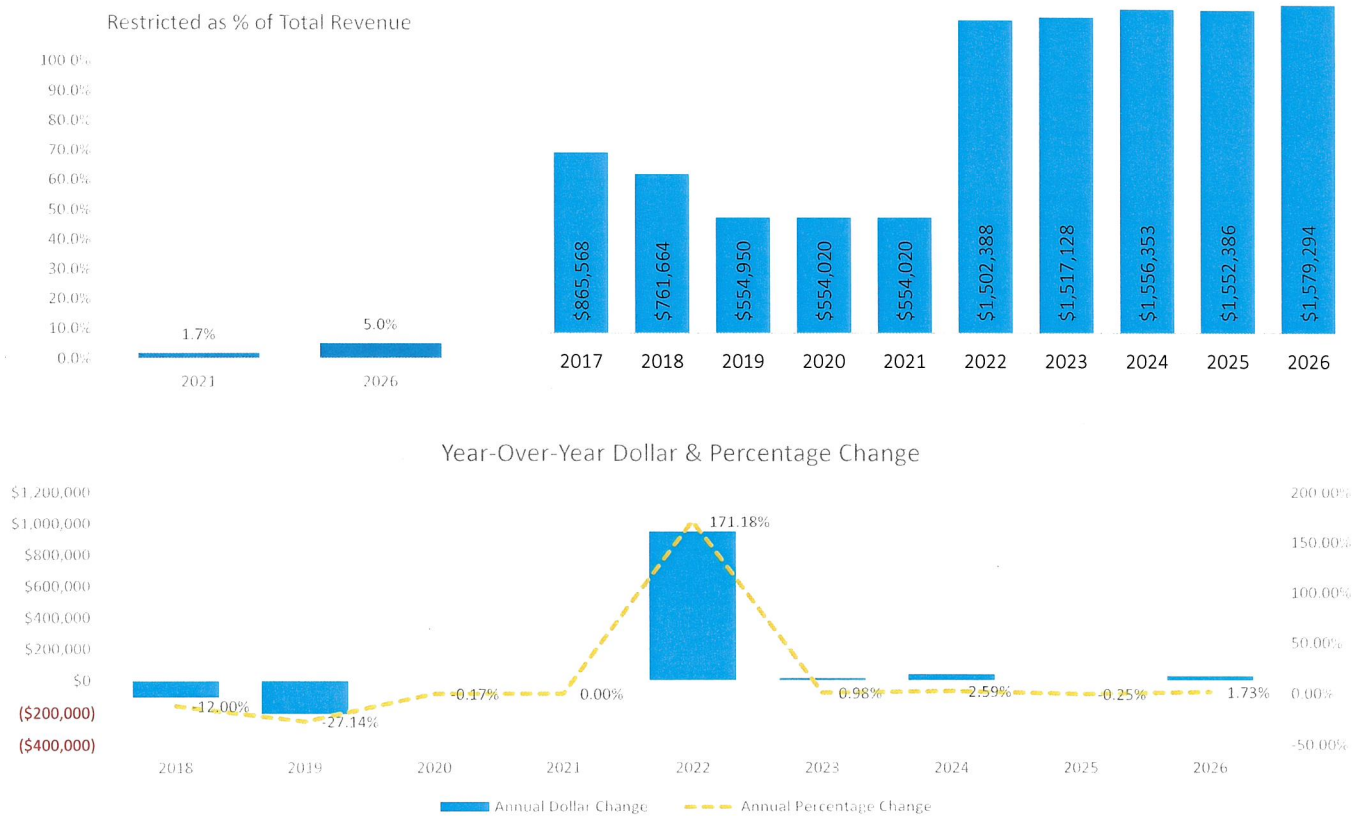
The state's share of the calculated Base Cost total is \$13,153,594 or \$4,852 per pupil.

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

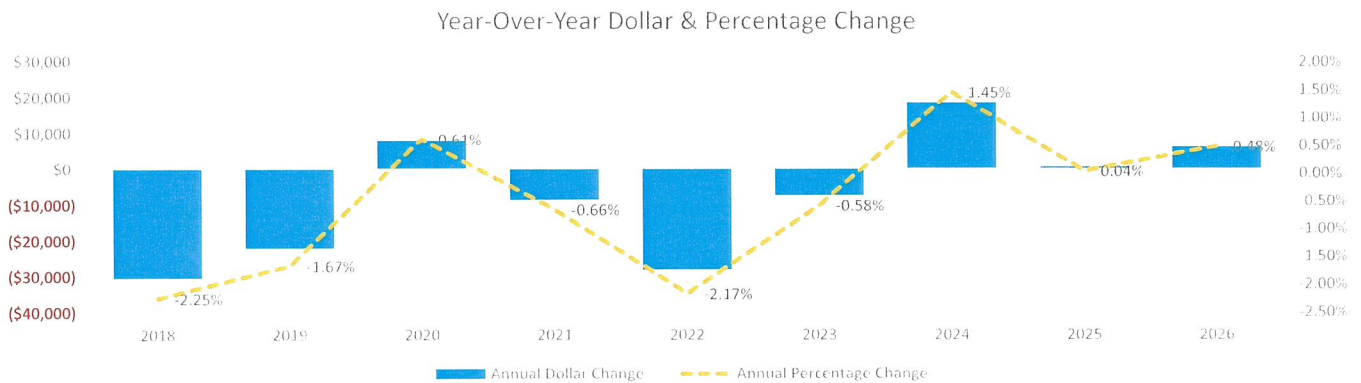
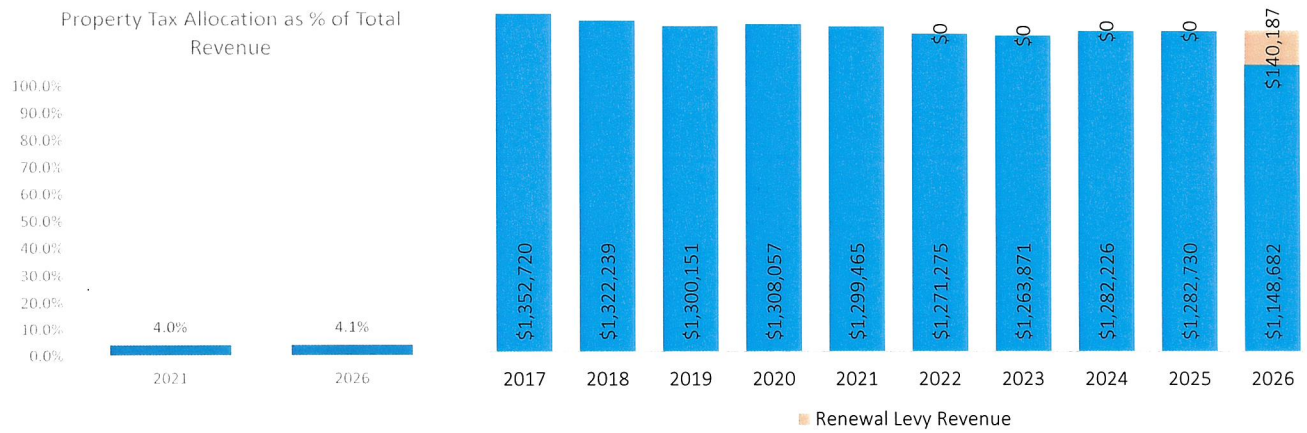
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 -\$69,215 and is projected to change annually on average by \$205,055. 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 \$609,593. 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.

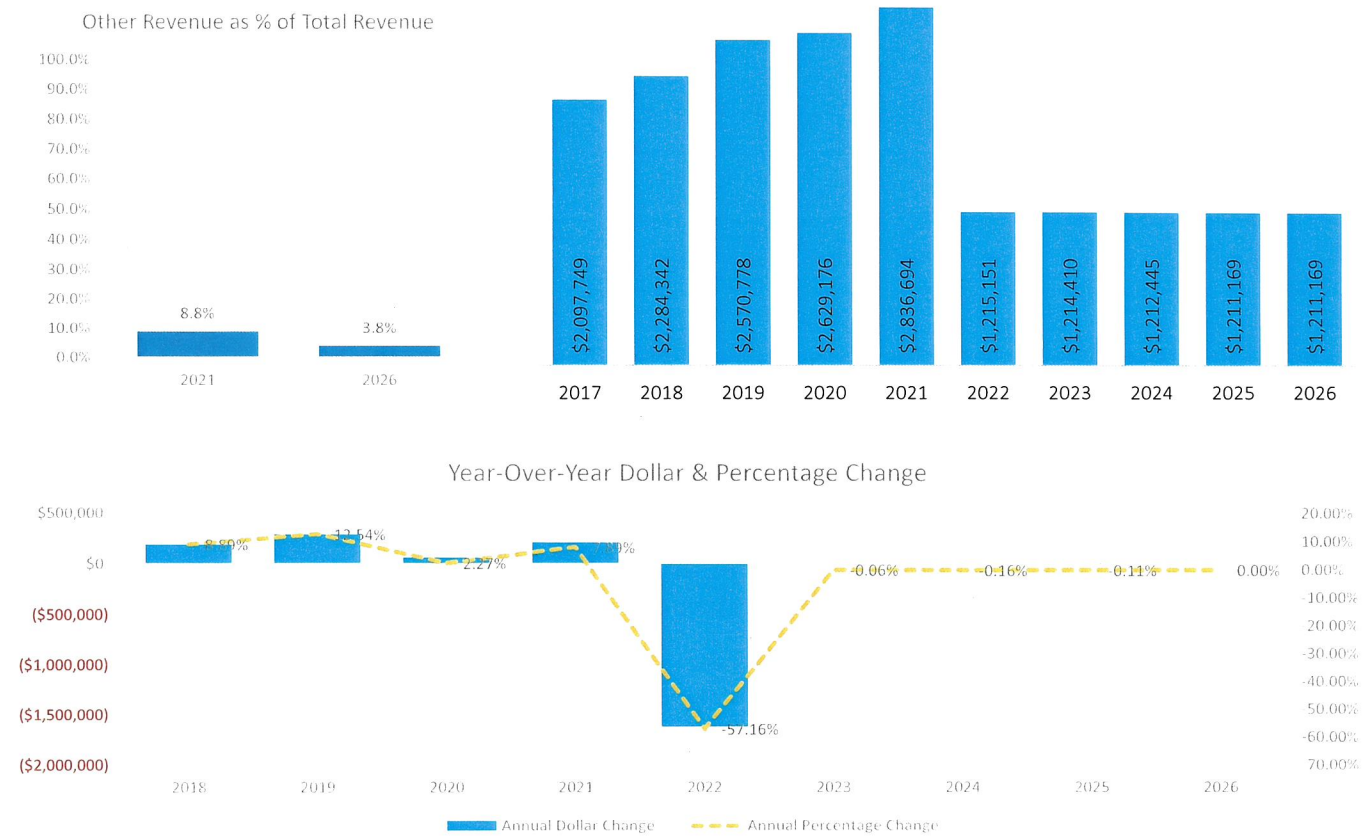


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, 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

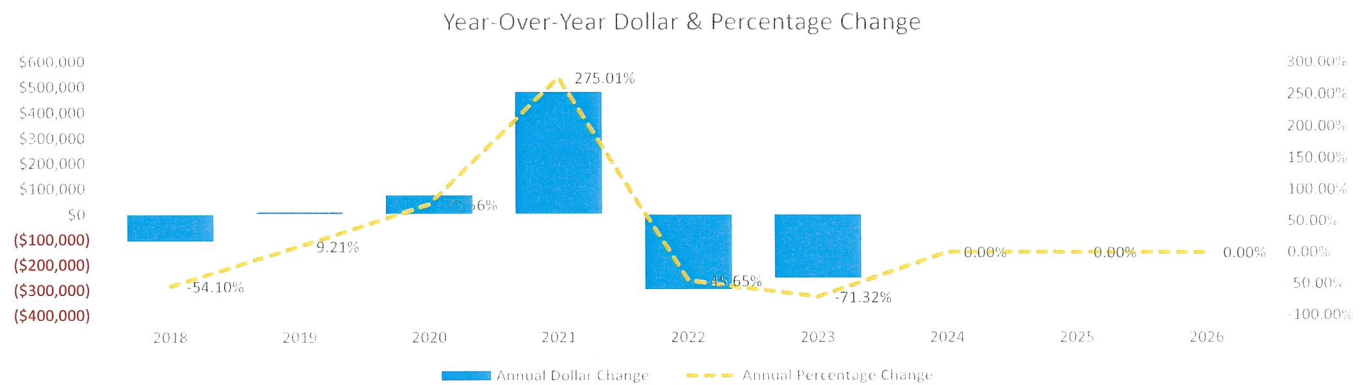
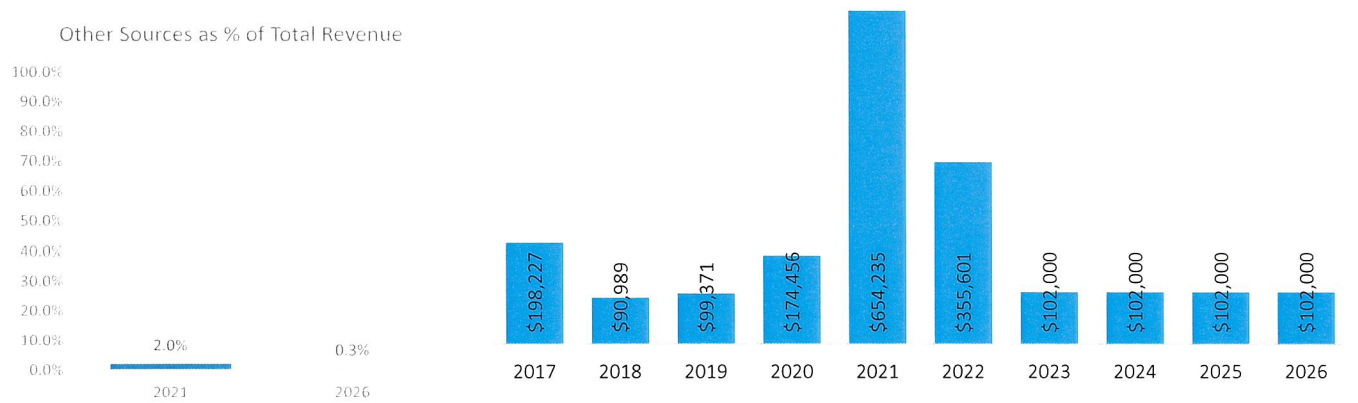
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$166,496. The projected average annual change is -\$325,105 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.



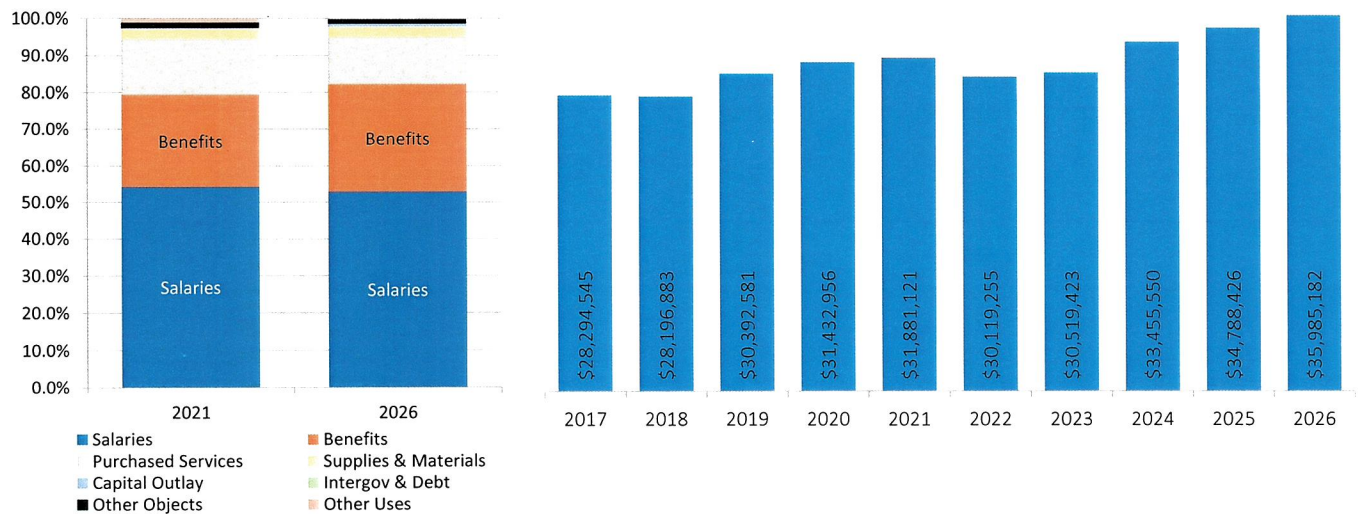
	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	652,306	353,601	100,000	100,000	100,000	100,000
All Other Financing Sources	1,929	2,000	2,000	2,000	2,000	2,000

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 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 \$2,000 in FY 2022 and average \$2,000 annually through FY 2026.

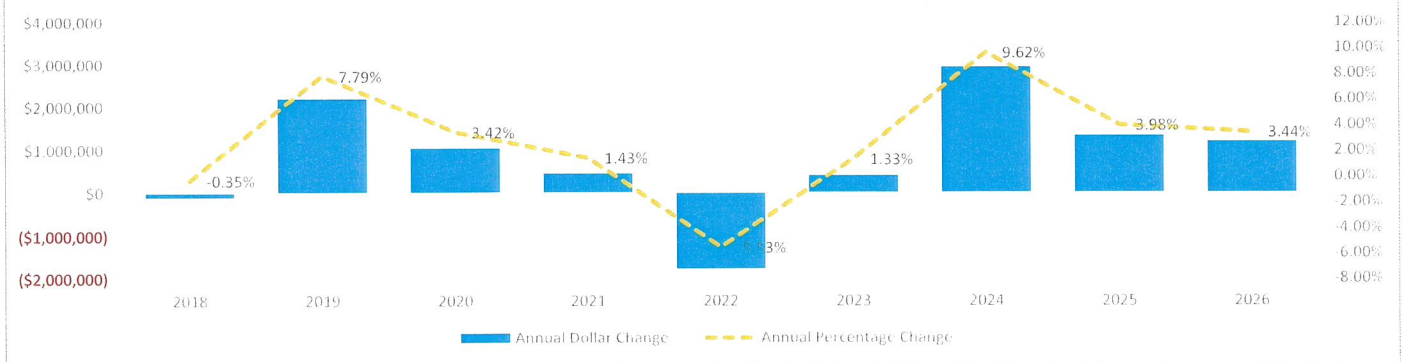


## Expenditure Categories and Forecast Year-Over-Year Projected Overview

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 3.08% or \$926,547 annually during the past 5-Year period and is projected to increase 2.57% or \$820,812 annually through FY2026. Benefits has the largest projected average annual variance compared to the historical average at \$209,684.
Salaries	394,580	349,504	(\$45,075)	
Benefits	\$291,429	\$501,113	\$209,684	
Purchased Services	\$172,234	(\$32,923)	(\$205,156)	
Supplies & Materials	\$4,790	\$19,951	\$15,161	
Capital Outlay	(\$2,194)	\$41,373	\$43,567	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$31,369	(\$7,486)	(\$38,855)	
Other Uses	\$34,339	(\$50,720)	(\$85,059)	
Total Average Annual Change	\$926,547	\$820,812	(\$105,735)	
	3.08%	2.57%	-0.51%	

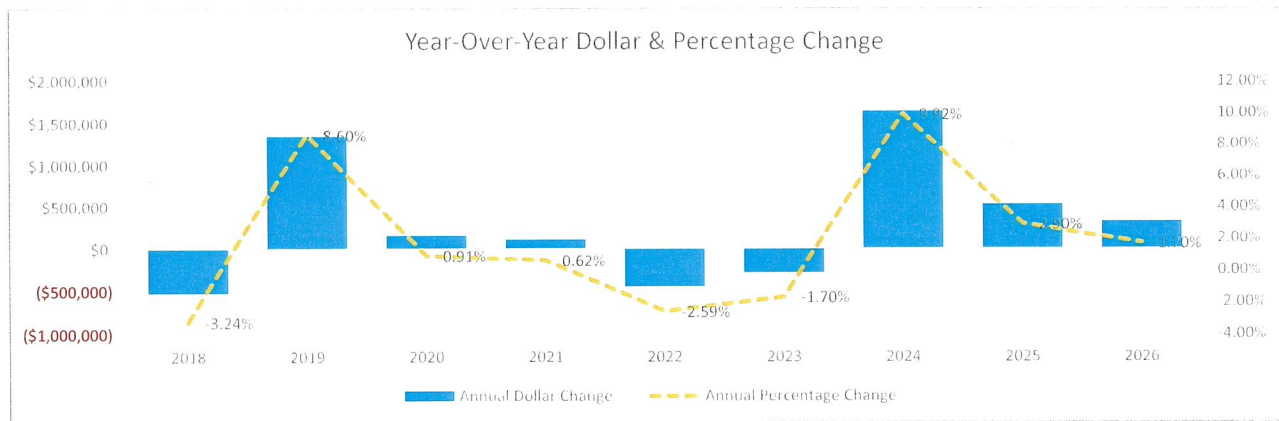
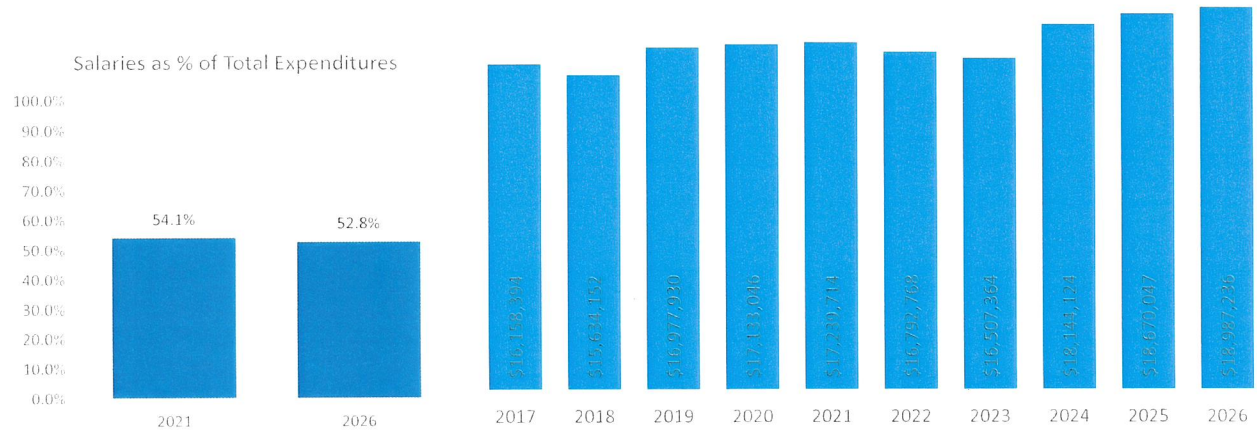
Note: Revenue average annual change is projected to be > (\$137,056)

On an annual average basis, revenue are projected to contract while expenditures grows



### 3.010 - Personnel Services

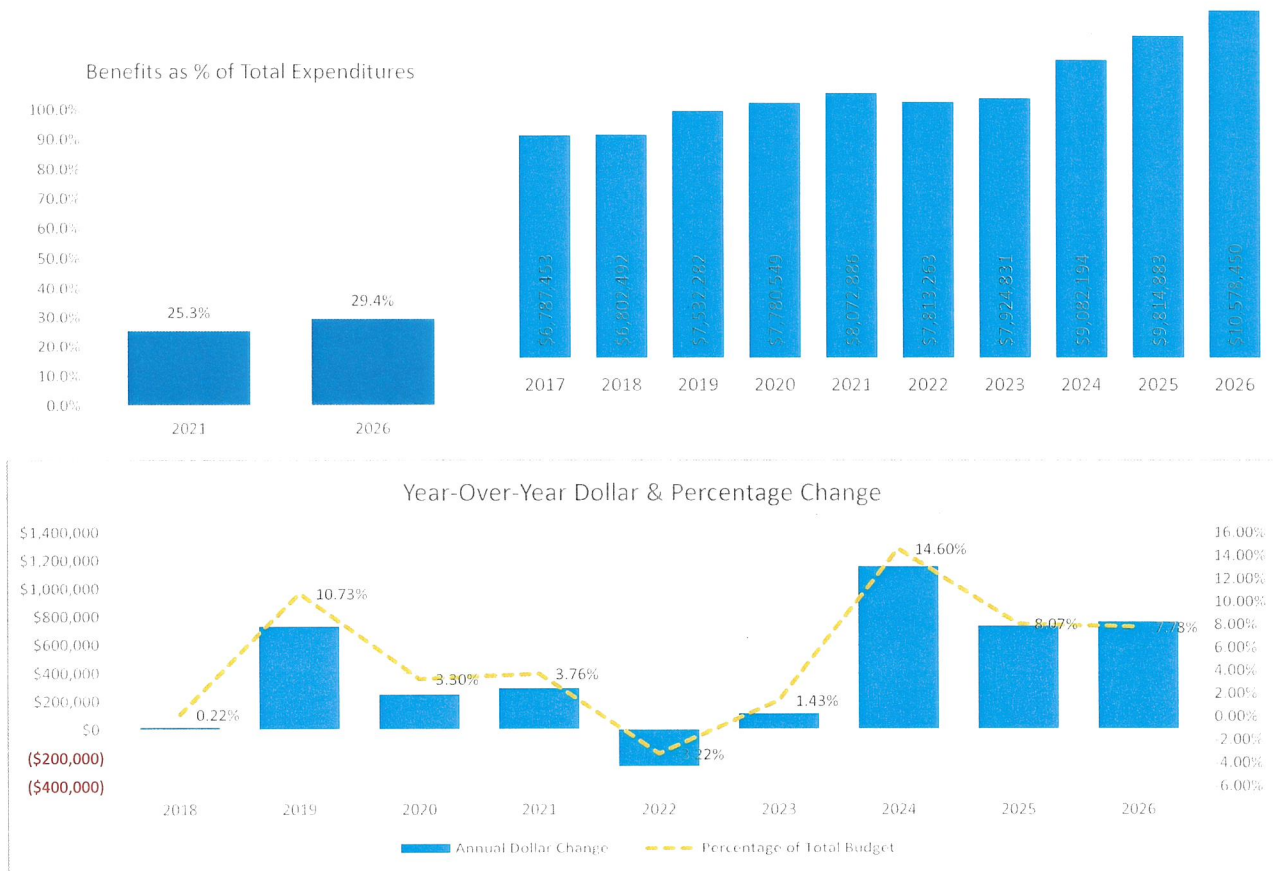
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc..



Salaries represent 54.07% of total expenditures and increased at a historical average annual rate of 2.37% or \$394,580. This category of expenditure is projected to grow at an annual average rate of 1.96% or \$349,504 through FY 2026. The projected average annual rate of change is -0.41% less than the five year historical annual average.

### 3.020 - Employees' Benefits

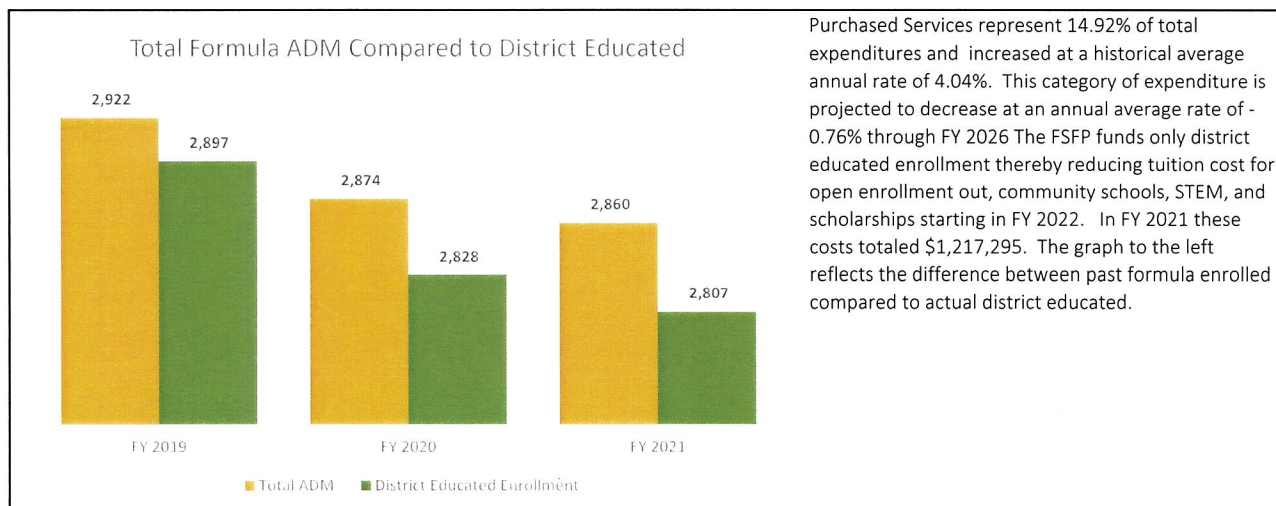
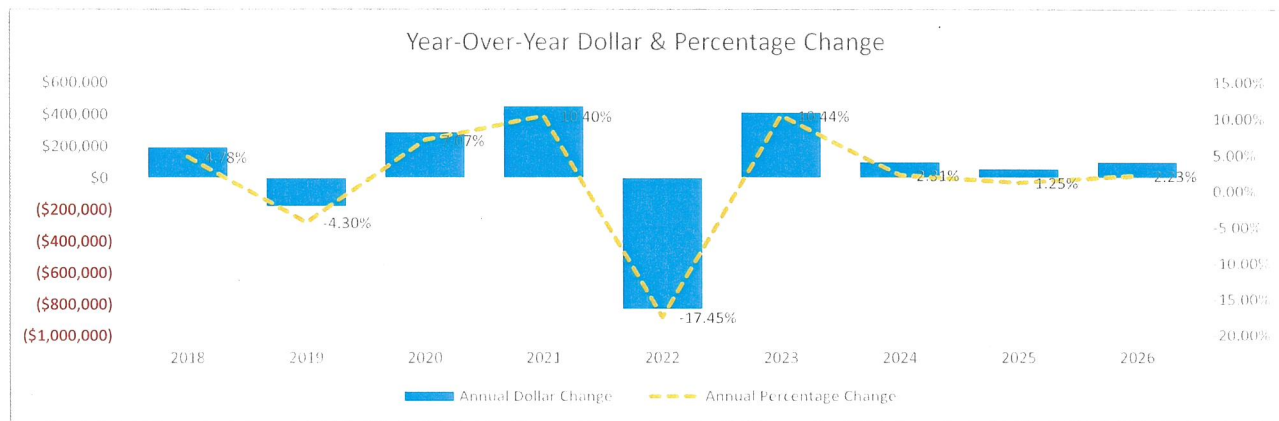
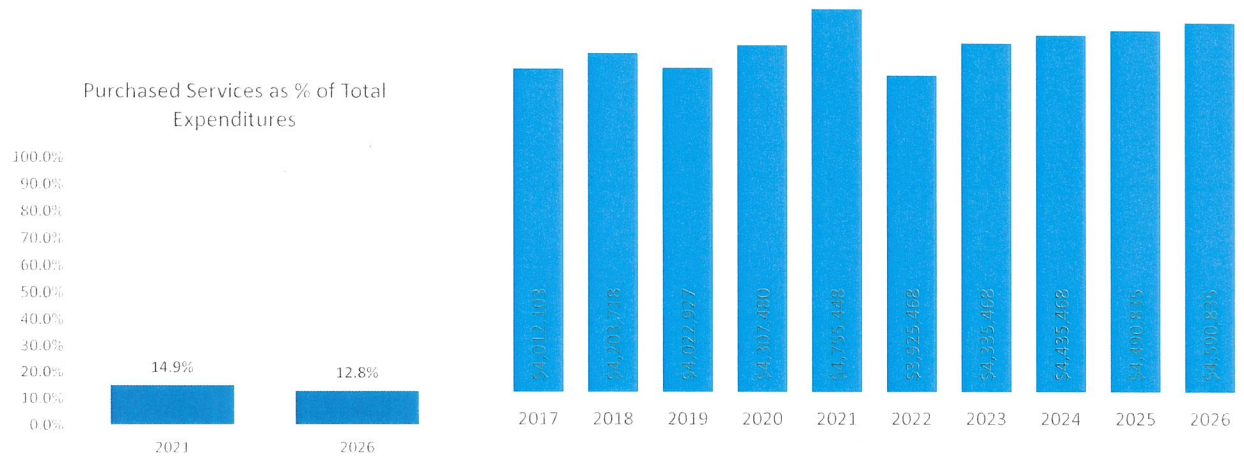
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health related insurances.



Benefits represent 25.32% of total expenditures and increased at a historical average annual rate of 3.94%. This category of expenditure is projected to grow at an annual average rate of 5.54% through FY 2026. The projected average annual rate of change is 1.60% more than the five year historical annual average.

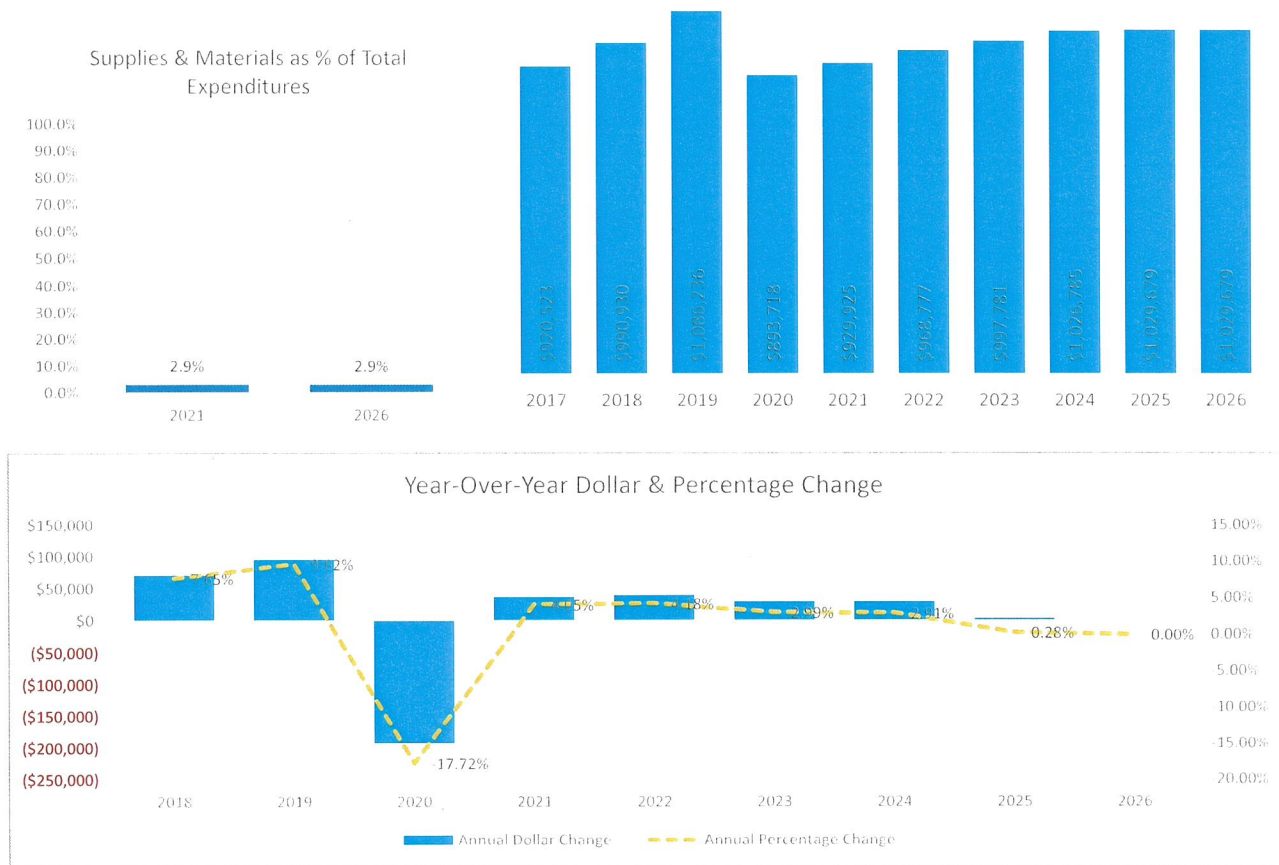
### 3.030 - Purchased Services

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.



### 3.040 - Supplies & Materials

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

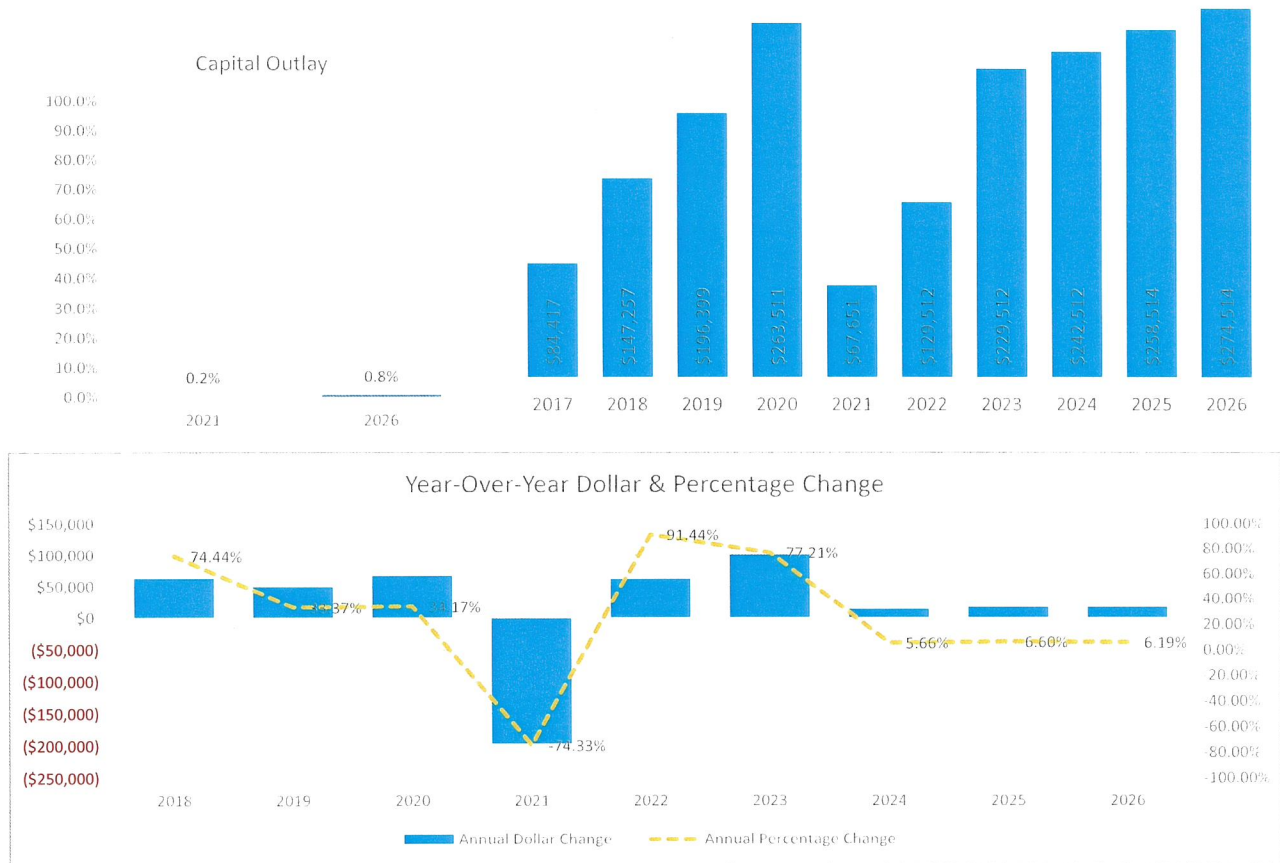


Supplies & Materials represent 2.92% of total expenditures and increased at a historical average annual rate of 0.50%. This category of expenditure is projected to grow at an annual average rate of 1.97% through FY 2026. The projected average annual rate of change is 1.48% more than the five year historical 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.

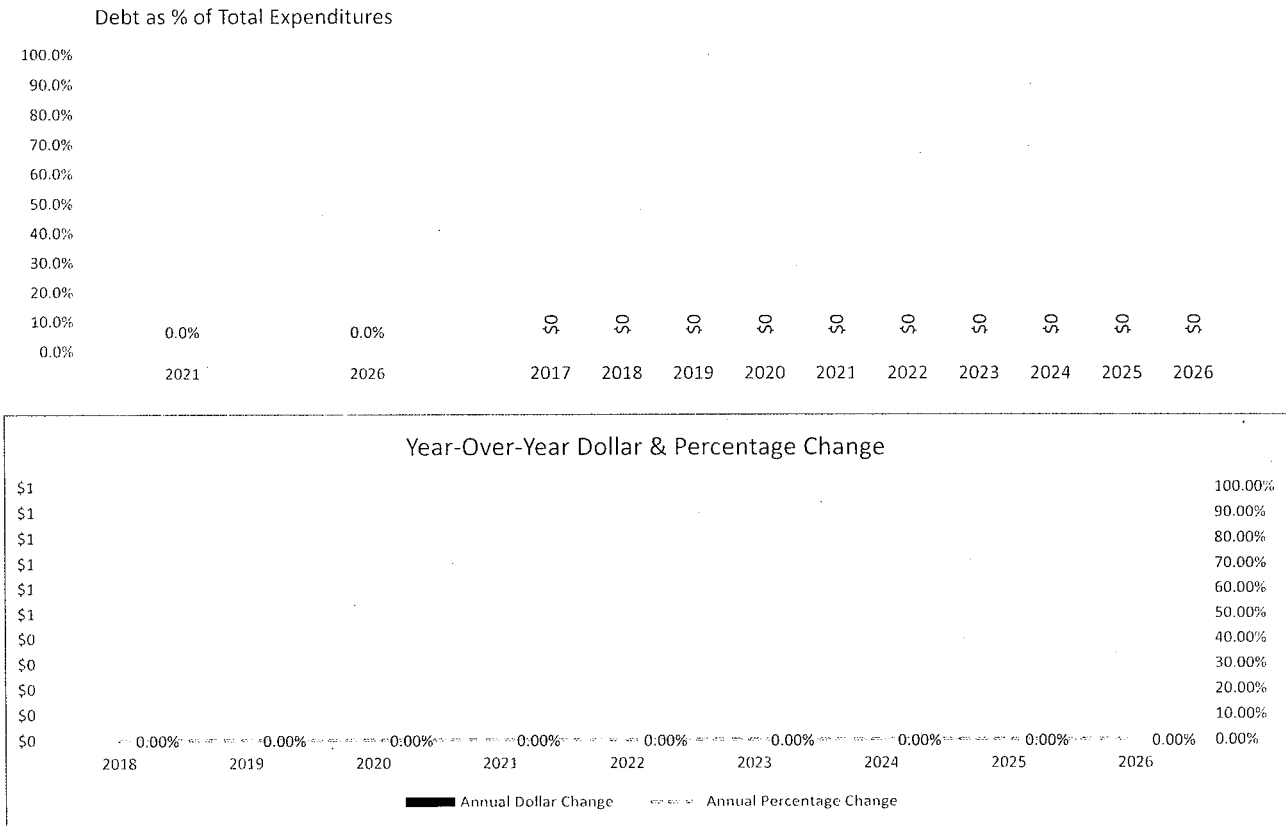


Capital Outlay represent 0.21% of total expenditures and decreased at a historical average annual amount of -\$2,194. This category of expenditure is projected to grow at an annual average rate of \$41,373 through FY 2026. The projected average annual change is more than the five year historical annual average.



### 3.060-4.060 - Intergovernmental & Debt

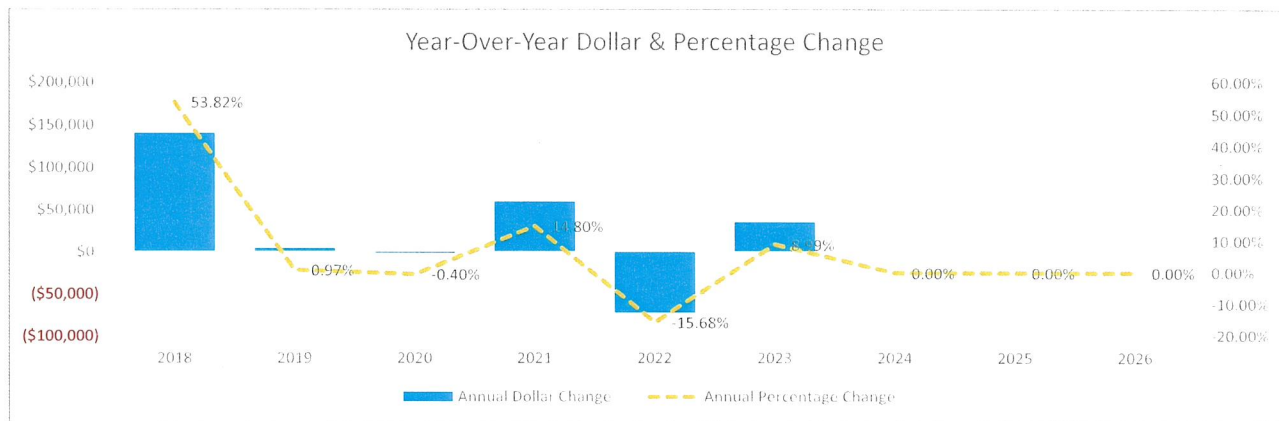
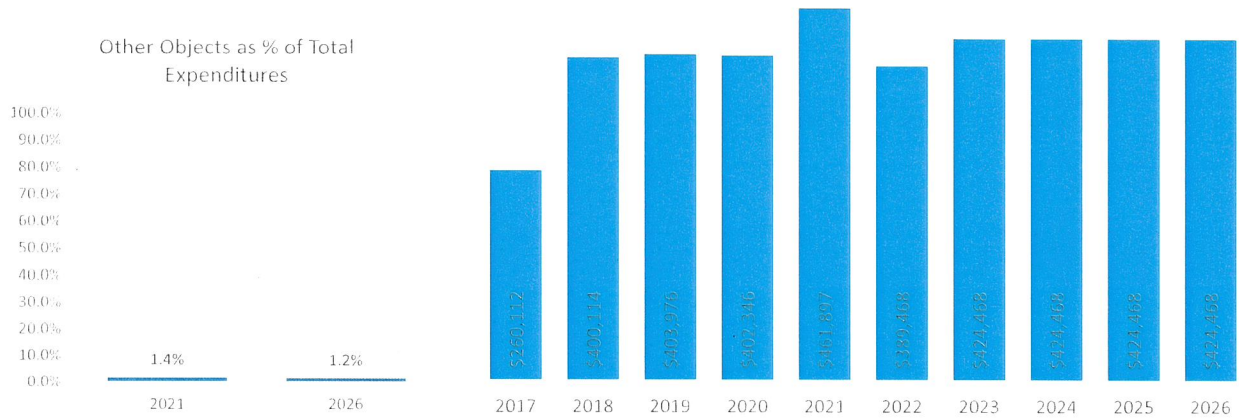
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

## 4.300 - Other Objects

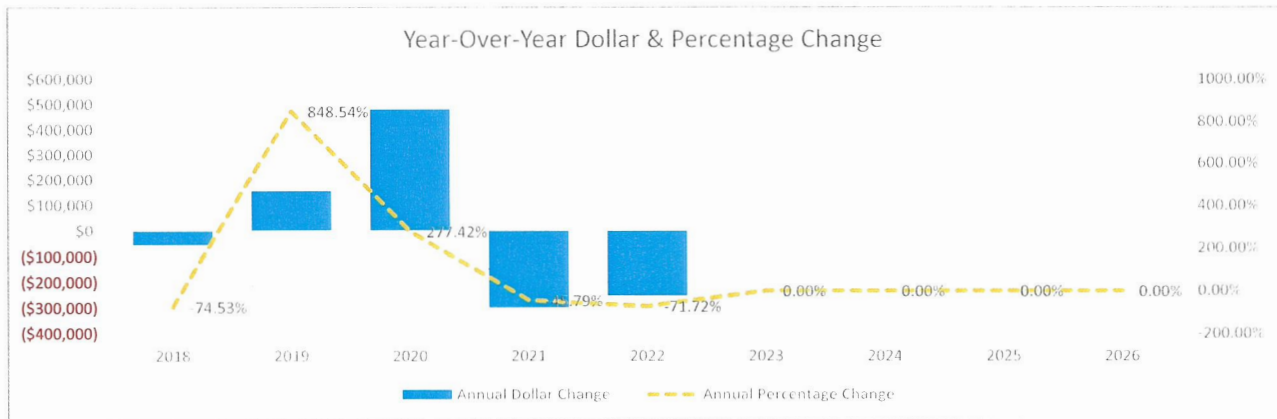
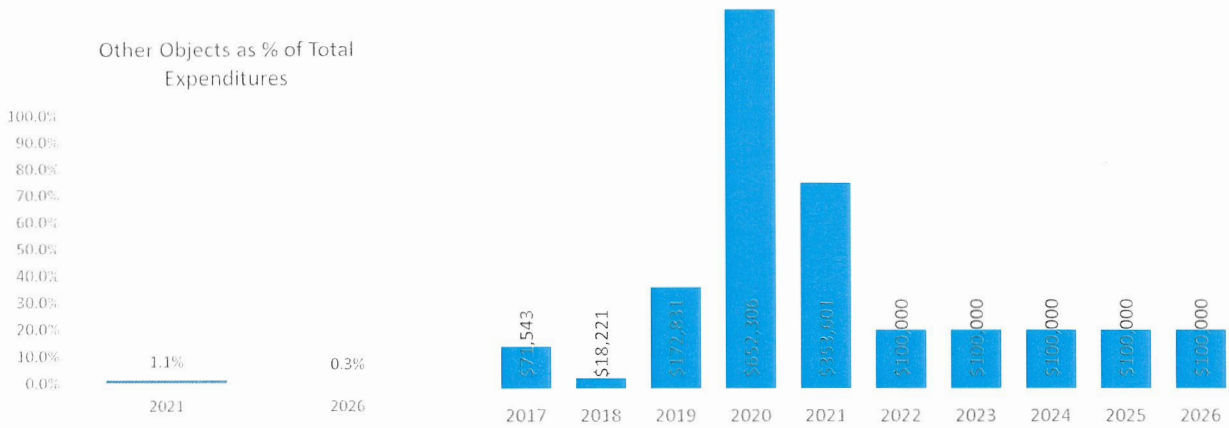
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.45% of total expenditures and increased at a historical average annual rate of 8.13%. This category of expenditure is projected to decrease at an annual average rate of -1.79% through FY 2026. The projected average annual rate of change is -9.93% 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	FORECASTED				
		2022	2023	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

May, 2022

Fiscal Year:	Actual			FORECASTED				
	2019	2020	2021	2022	2023	2024	2025	2026
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	7,109,476	7,419,987	7,809,152	7,778,538	7,669,092	7,746,082	7,742,567	6,956,594
1.020 - Public Utility Personal Property	493,764	513,300	528,035	551,037	566,463	578,185	592,151	552,018
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	18,907,597	18,600,003	18,730,551	19,321,382	19,233,215	19,193,290	19,199,493	19,168,787
1.040 - Restricted Grants-in-Aid	554,950	554,020	554,020	1,502,388	1,517,128	1,556,353	1,552,386	1,579,294
1.050 - Property Tax Allocation	1,300,151	1,308,057	1,299,465	1,271,275	1,263,871	1,282,226	1,282,730	1,148,682
1.060 - All Other Operating Revenues	2,570,778	2,629,176	2,836,694	1,215,151	1,214,410	1,212,445	1,211,169	1,211,169
<b>1.070 - Total Revenue</b>	<b>30,936,716</b>	<b>31,024,543</b>	<b>31,757,918</b>	<b>31,639,771</b>	<b>31,464,179</b>	<b>31,568,581</b>	<b>31,580,496</b>	<b>30,616,544</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	-	-	-	-	-	-	-	-
2.050 - Advances-In	18,388	172,831	652,306	353,601	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	80,983	1,625	1,929	2,000	2,000	2,000	2,000	2,000
<b>2.070 - Total Other Financing Sources</b>	<b>99,371</b>	<b>174,456</b>	<b>654,235</b>	<b>355,601</b>	<b>102,000</b>	<b>102,000</b>	<b>102,000</b>	<b>102,000</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>31,036,088</b>	<b>31,198,999</b>	<b>32,412,153</b>	<b>31,995,372</b>	<b>31,566,179</b>	<b>31,670,581</b>	<b>31,682,496</b>	<b>30,718,544</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	16,977,930	17,133,046	17,239,714	16,792,768	16,507,364	18,144,124	18,670,047	18,987,236
3.020 - Employee Benefits	7,532,282	7,780,549	8,072,886	7,813,263	7,924,831	9,082,194	9,814,883	10,578,450
3.030 - Purchased Services	4,022,927	4,307,480	4,755,448	3,925,468	4,335,468	4,435,468	4,490,835	4,590,835
3.040 - Supplies and Materials	1,086,236	893,718	929,925	968,777	997,781	1,026,785	1,029,679	1,029,679
3.050 - Capital Outlay	196,399	263,511	67,651	129,512	229,512	242,512	258,514	274,514
Intergovernmental & Debt Service	-	-	-	-	-	-	-	-
4.300 - Other Objects	403,976	402,346	461,897	389,468	424,468	424,468	424,468	424,468
<b>4.500 - Total Expenditures</b>	<b>30,219,750</b>	<b>30,780,651</b>	<b>31,527,520</b>	<b>30,019,255</b>	<b>30,419,423</b>	<b>33,355,550</b>	<b>34,688,426</b>	<b>35,885,182</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	-	-	-	-	-	-	-	-
5.020 - Advances-Out	172,831	652,306	353,601	100,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>172,831</b>	<b>652,306</b>	<b>353,601</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>30,392,581</b>	<b>31,432,956</b>	<b>31,881,121</b>	<b>30,119,255</b>	<b>30,519,423</b>	<b>33,455,550</b>	<b>34,788,426</b>	<b>35,985,182</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>643,507</b>	<b>(233,957)</b>	<b>531,032</b>	<b>1,876,116</b>	<b>1,046,755</b>	<b>(1,784,969)</b>	<b>(3,105,930)</b>	<b>(5,266,638)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>11,249,470</b>	<b>11,892,977</b>	<b>11,659,019</b>	<b>12,190,051</b>	<b>14,066,168</b>	<b>15,112,923</b>	<b>13,327,954</b>	<b>10,222,023</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>11,892,977</b>	<b>11,659,019</b>	<b>12,190,051</b>	<b>14,066,168</b>	<b>15,112,923</b>	<b>13,327,954</b>	<b>10,222,023</b>	<b>4,955,385</b>
<b>Reservations</b>								
8.010 - Estimated Encumbrances June 30	698,004	1,784,085	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	544,596	544,596
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>10,650,377</b>	<b>9,330,338</b>	<b>10,653,200</b>	<b>12,821,572</b>	<b>13,868,327</b>	<b>12,083,358</b>	<b>8,977,427</b>	<b>3,710,789</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-	-	1,008,327
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-	-	1,008,327
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>10,650,377</b>	<b>9,330,338</b>	<b>10,653,200</b>	<b>12,821,572</b>	<b>13,868,327</b>	<b>12,083,358</b>	<b>8,977,427</b>	<b>4,719,116</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>10,650,377</b>	<b>9,330,338</b>	<b>10,653,200</b>	<b>12,821,572</b>	<b>13,868,327</b>	<b>12,083,358</b>	<b>8,977,427</b>	<b>4,719,116</b>



Tecumseh Local School District  
Five Year Forecast Summary/Assumptions  
May 24th, 2022

**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 \$7,272 (\$2,420 local share; \$4,852 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.

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

Historically this line item represented approximately 2% 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.



#### **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, as well as a 2% base increase for classified staff for FY 23 and FY 24.

#### **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, medical will increase 2%, dental will increase 1.5% and vision will remain the same. I have forecasted an 11% increase projected for medical insurance for FY 24 – FY 26.

#### **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 23 - 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 23 – 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 23 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 1<sup>st</sup>, the funds will be advanced back to the General Fund.