

Dawson-Bryant Local School District

# Five Year Forecast Financial Report

November 2021

*Bradley Miller, Treasurer*

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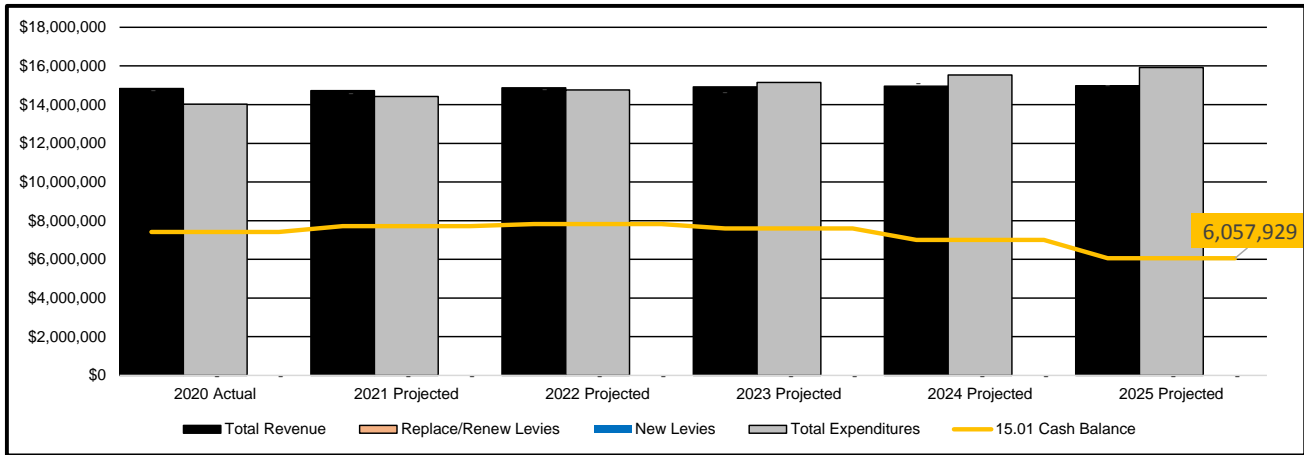
## Forecast Purpose/Objectives

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

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

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

### Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.  
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	7,422,796	7,723,413	7,826,142	7,593,575	7,003,519
+ Revenue	14,723,672	14,865,148	14,912,379	14,948,960	14,972,613
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(14,423,055)	(14,762,419)	(15,144,946)	(15,539,016)	(15,918,204)
= Revenue Surplus or Deficit	300,617	102,729	(232,567)	(590,056)	(945,590)
Ending Balance with renewal levies	7,723,413	7,826,142	7,593,575	7,003,519	6,057,929
Note: Not Reduced for Encumbrances					

Analysis Without Renewal Levies Included:

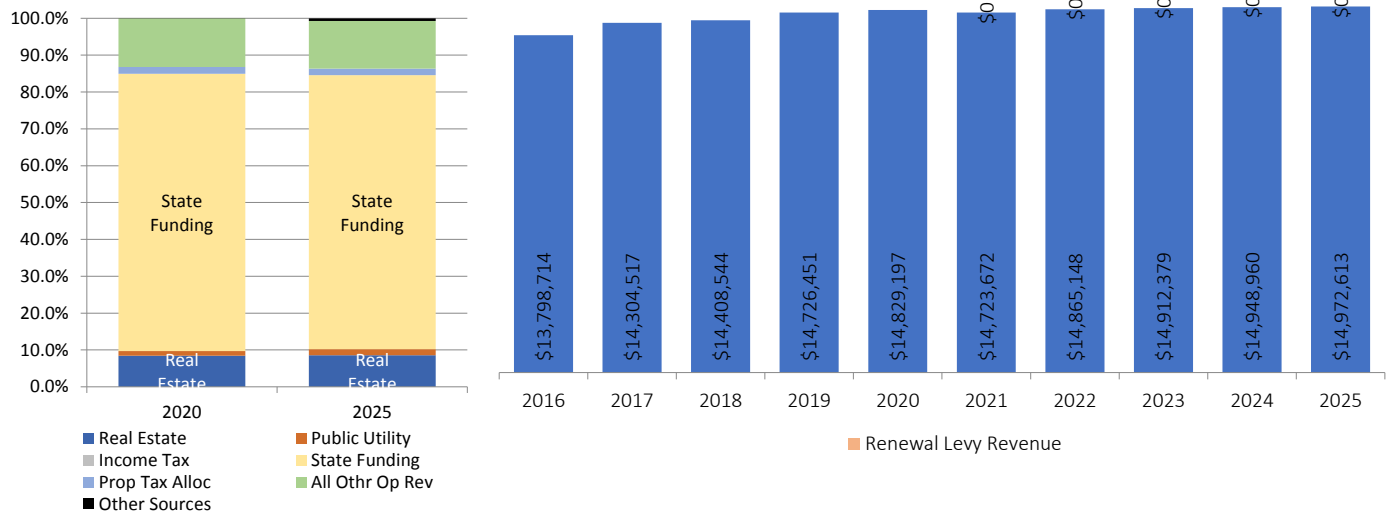
Revenue Surplus or Deficit w/o Levies	300,617	102,729	(232,567)	(590,056)	(945,590)
Ending Balance w/o Levies	7,723,413	7,826,142	7,593,575	7,003,519	6,057,929

In FY 2021 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$300,617 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$945,590. The district would need to cut its FY 2025 projected expenses by 6.32% in order to balance its budget without additional revenue.

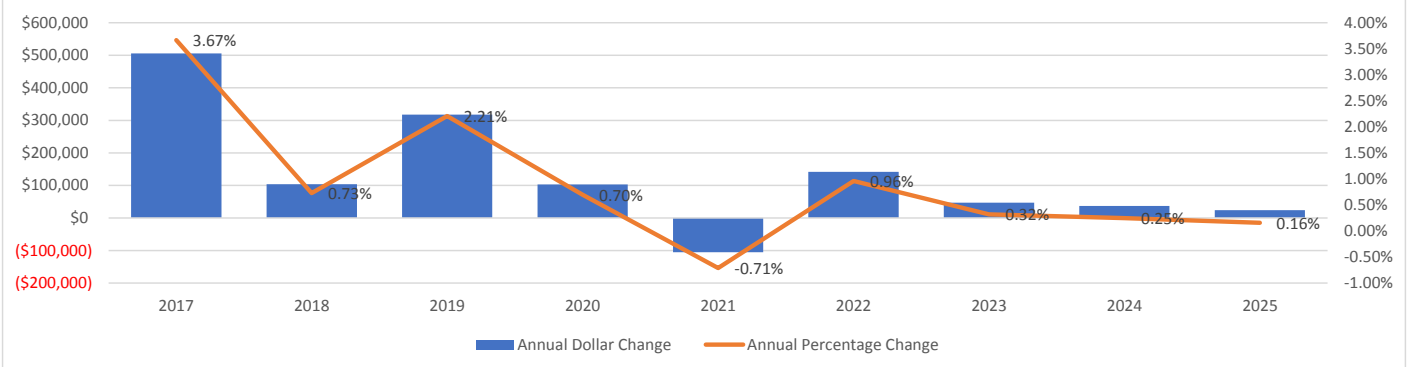
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

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

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



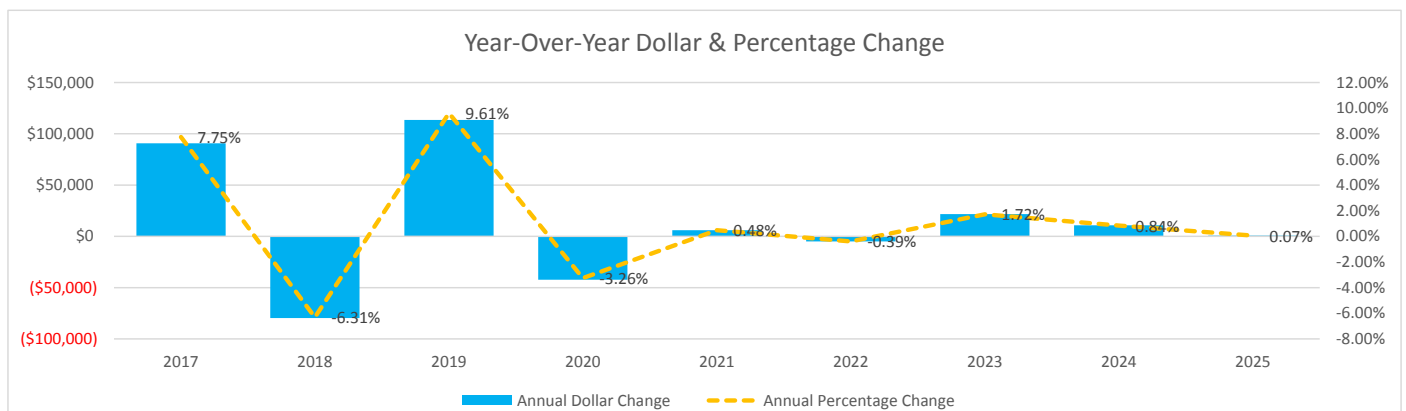
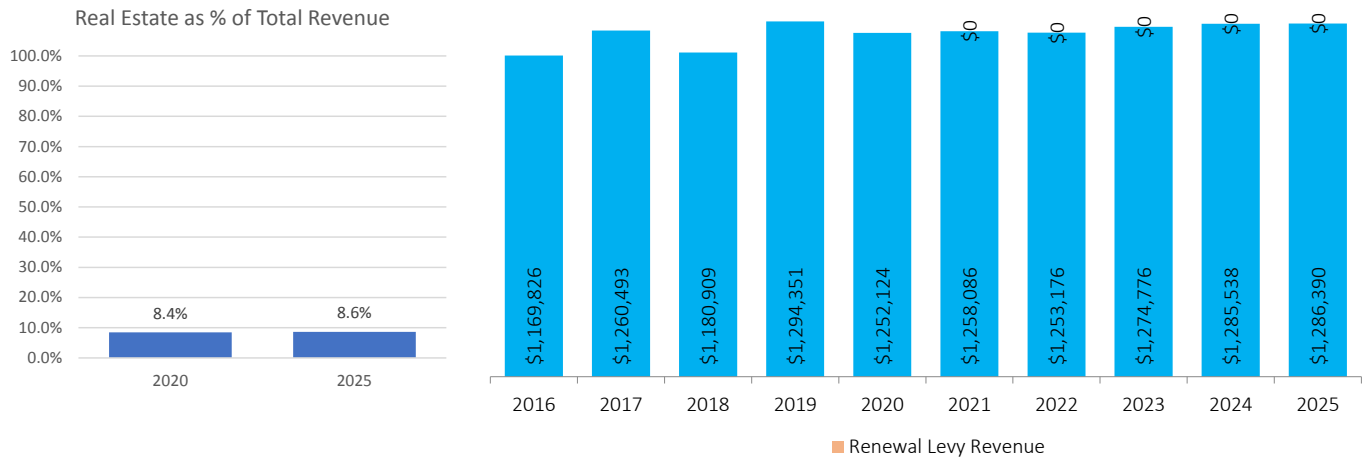
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	(\$2,790)	\$6,853	\$9,643	Total revenue increased 1.21% or \$174,893 annually during the past five years and is projected to increase 0.19% or \$28,683 annually through FY2025. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$145,551
Public Utility	\$20,085	\$10,051	(\$10,034)	
Income Tax	\$0	\$0	\$0	
State Funding	\$54,877	(\$3,438)	(\$58,315)	
Prop Tax Alloc	\$849	(\$369)	(\$1,218)	
All Othr Op Rev	\$141,138	(\$4,414)	(\$145,551)	
Other Sources	(\$39,266)	\$20,000	\$59,266	
<b>Total Average Annual Change</b>	<b>\$174,893</b> 1.21%	<b>\$28,683</b> 0.19%	<b>(\$146,210)</b> -1.02%	

Note: Expenditure average annual change is projected to be > \$378,815. 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).



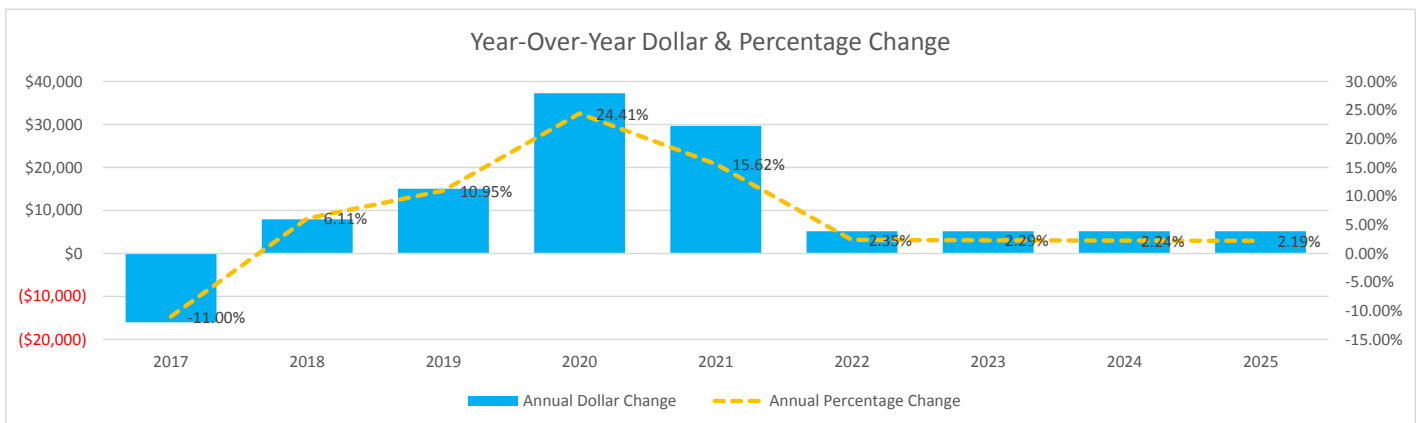
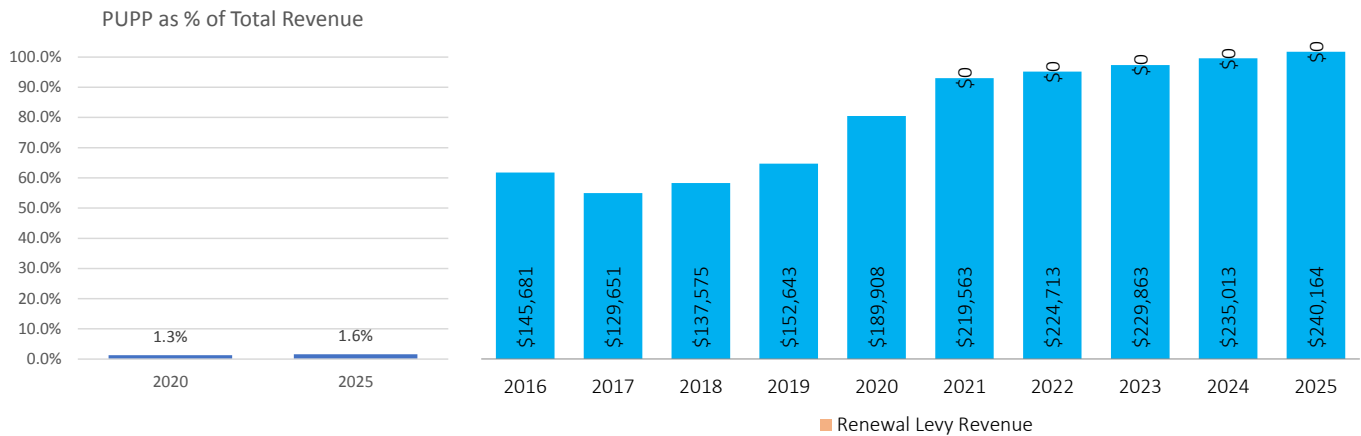
Values, Tax Rates and Gross Collections								Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change		
2019	76,105,450	2,881,250	20.00	-	20.00	-		100.4%
2020	75,980,450	(125,000)	20.05	0.05	20.00	(0.00)		99.0%
2021	75,855,450	(125,000)	20.11	0.05	20.00	-		99.0%
2022	78,180,450	2,325,000	20.00	(0.11)	20.00	-		99.0%
2023	78,055,450	(125,000)	20.05	0.05	20.00	-		99.0%
2024	77,930,450	(125,000)	20.10	0.05	20.00	-		99.0%

Real estate property tax revenue accounts for 8.44% of total revenue. Class I or residential/agricultural taxes make up approximately 95.55% of the real estate property tax revenue. The Class I tax rate is 20.05 mills in tax year 2020. The projections reflect an average gross collection rate of 99.0% annually through tax year 2024. The revenue changed at an average annual historical rate of 0.01% and is projected to change at an average annual rate of 0.54% through FY 2025.

\*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		
2019	10,533,280	2,638,310	20.60	-		100.0%
2020	10,783,280	250,000	20.60	-		100.0%
2021	11,033,280	250,000	20.60	-		100.0%
2022	11,283,280	250,000	20.60	-		100.0%
2023	11,533,280	250,000	20.60	-		100.0%
2024	11,783,280	250,000	20.60	-		100.0%

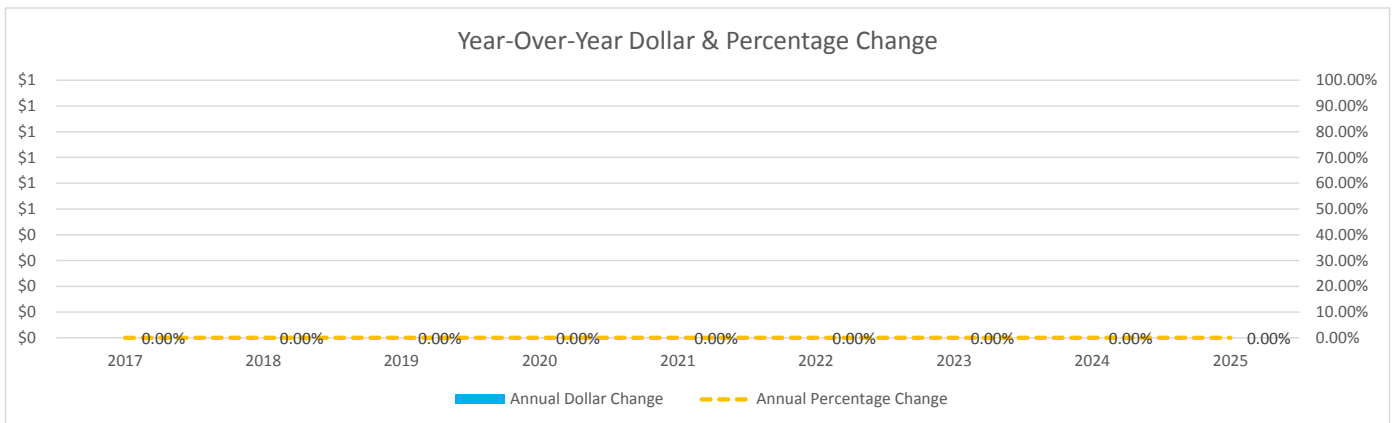
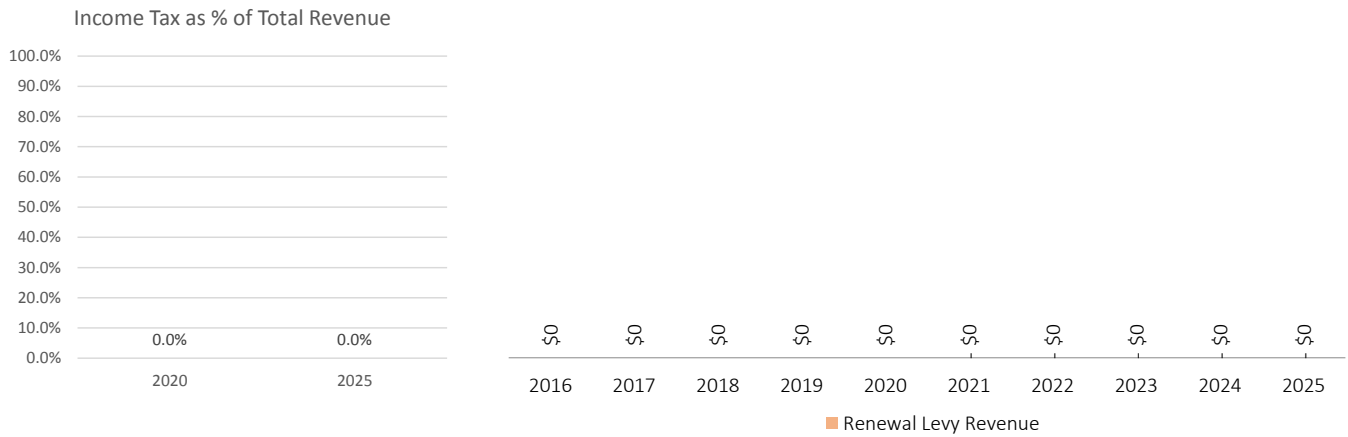
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 1.28% of total district revenue. The property is taxed at the full voted tax rate, which in tax year 2020 is 20.6 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$20,085 and is projected to change at an average annual dollar amount of \$10,051 through FY 2025.

It should be noted there is a new natural gas pipeline that is currently being installed. It appears that it will run approximately 4.5-5 miles through district lines. This 4.5-5 miles would be expected to add about \$12-\$14 million of taxable value. At the current tax rates, that would yield between \$250,000 and \$280,000 annually. This was not included in the forecast due to the uncertainty of both when the revenue would begin, and what the final valuation will be. The large increase in PUPP in tax year 2019 was mostly due to AEP utility upgrades.

*\*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.

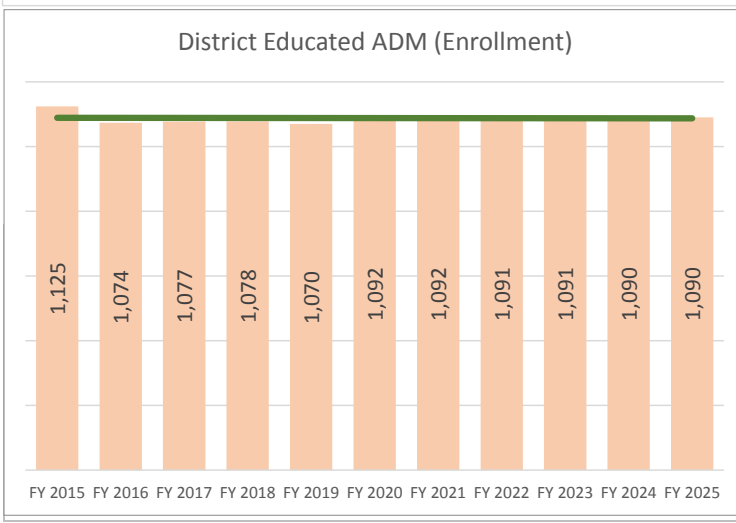
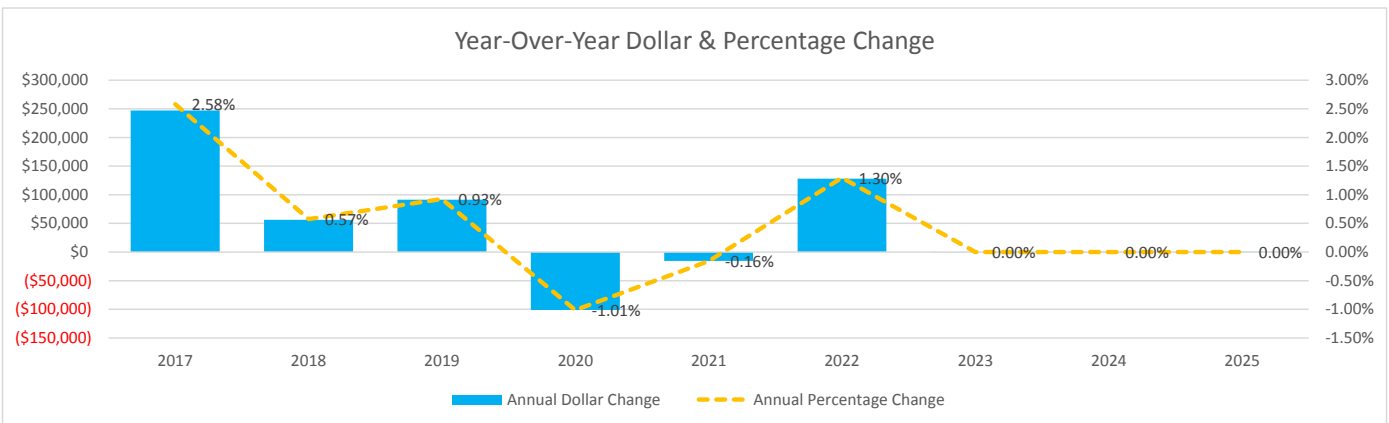
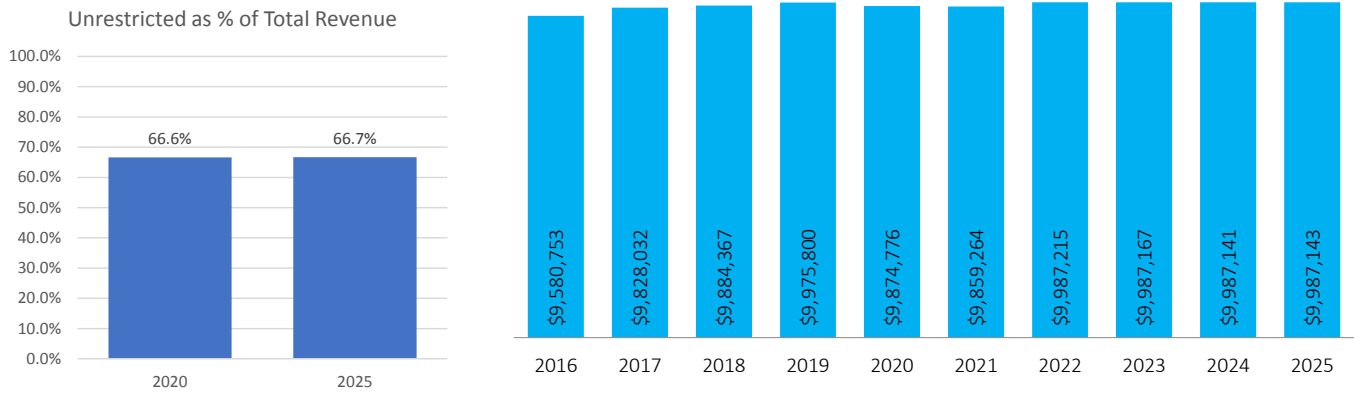


The district does not have an income tax levy.

\*Projected % trends include renewal levies

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



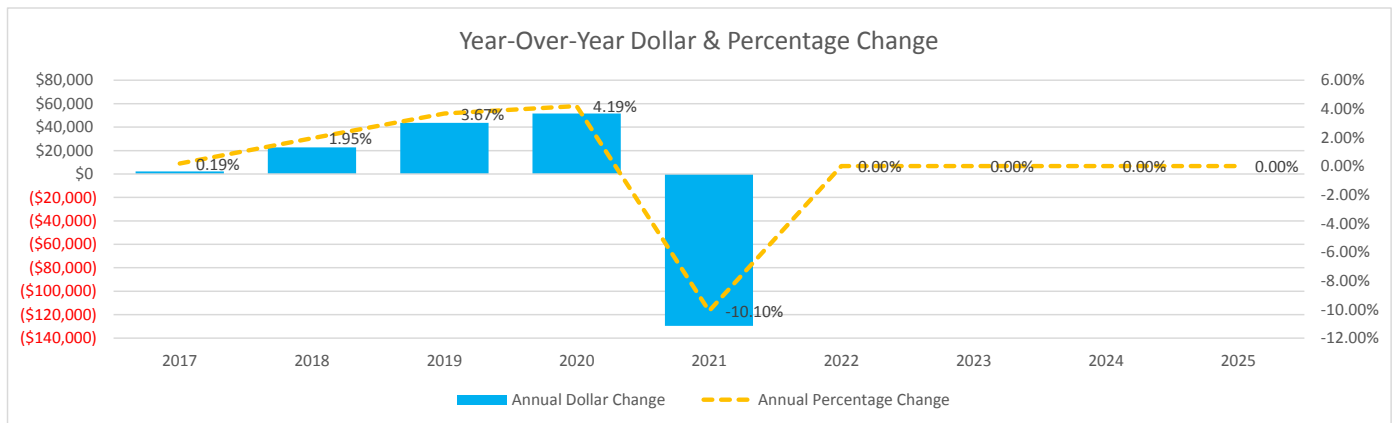
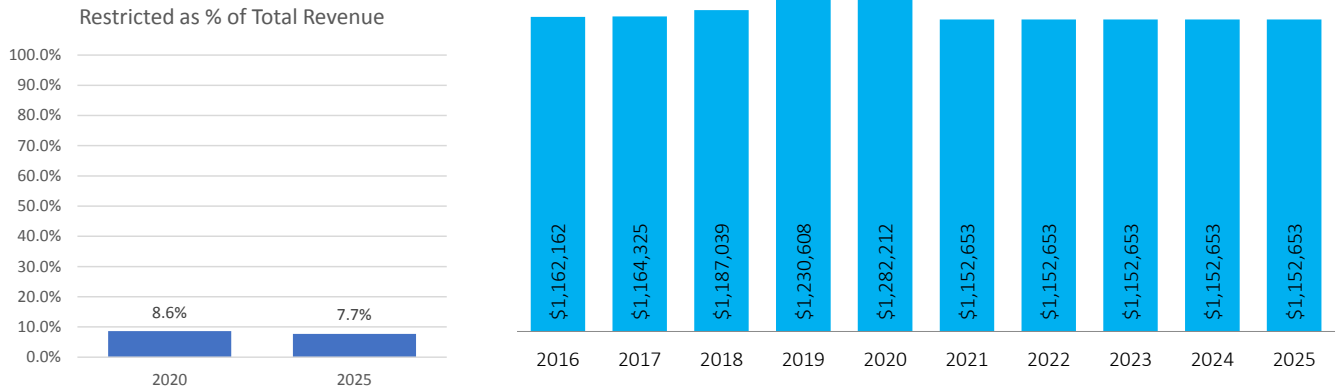
The FY 2019 per-pupil and foundation revenue amount is the base aid amount used in FY 2019. In addition to its FY 2021 base funding amount of \$9,798,092, the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$173,852. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed changes. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 0.32% Note: Wellness funding is not included in these calculations.

Based on historical trends, projected student enrollment has been flatlined for all forecasted years.



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

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

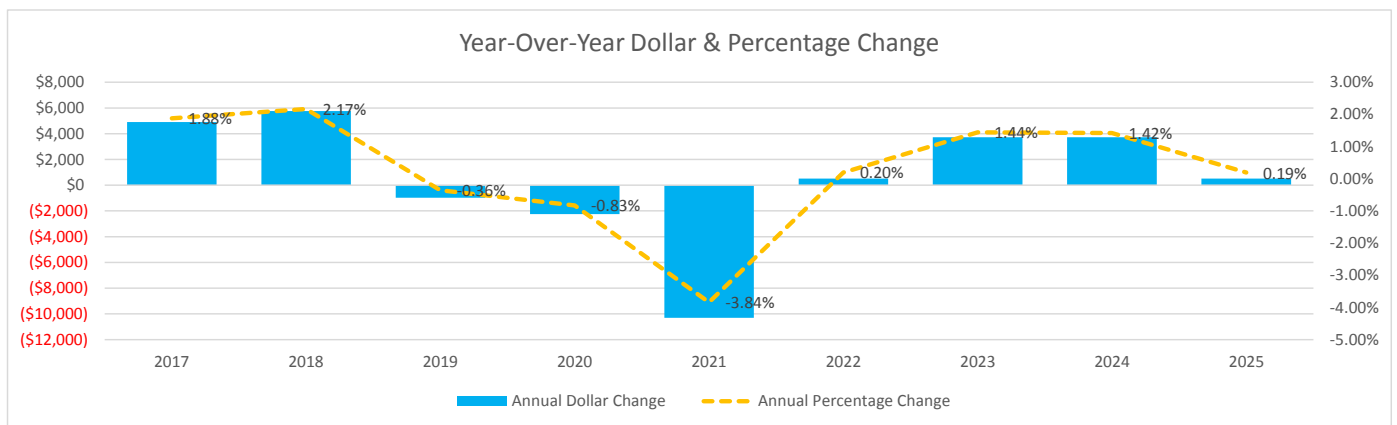
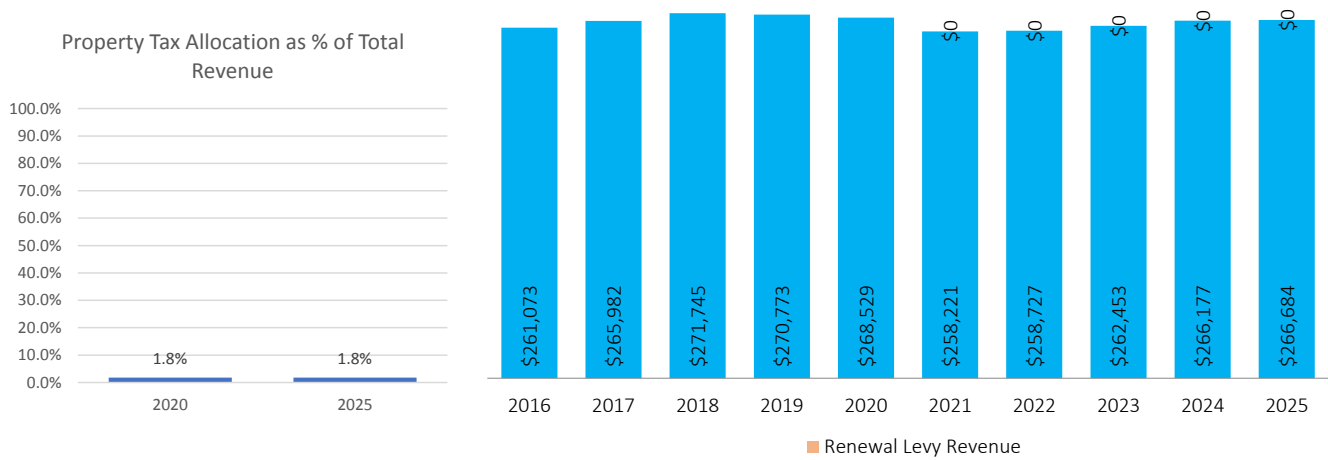


Restricted aid is the portion of state per-pupil funding that must be classified as restricted use. Historically, the district's restricted state aid changed annually on average by \$39,295 and is projected to change annually on average by -\$25,912. Restricted funds represent 8.65% of total revenue.

Restricted aid is predominantly economically disadvantaged funding.

### 1.050 - Property Tax Allocation

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

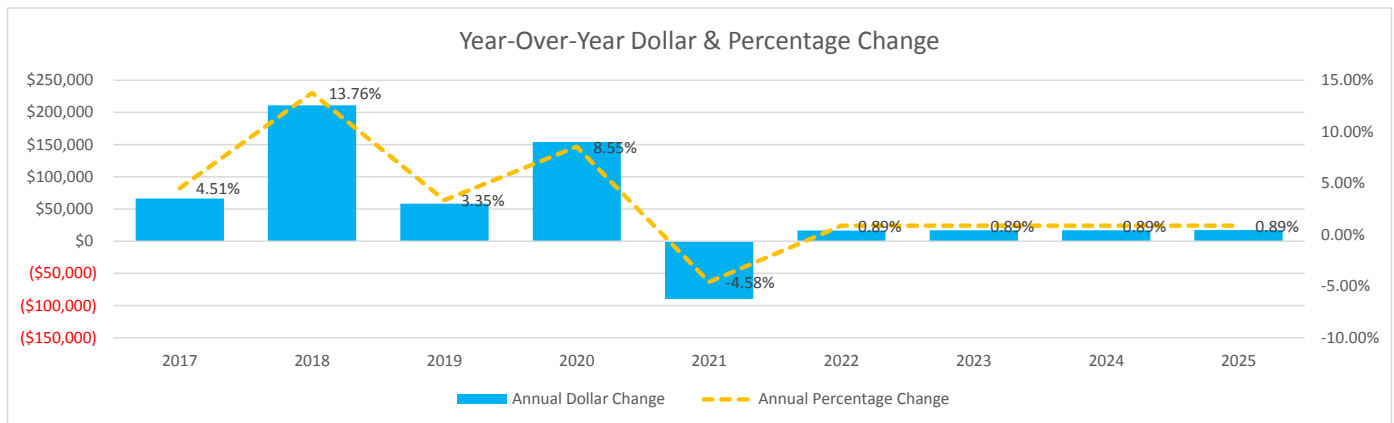
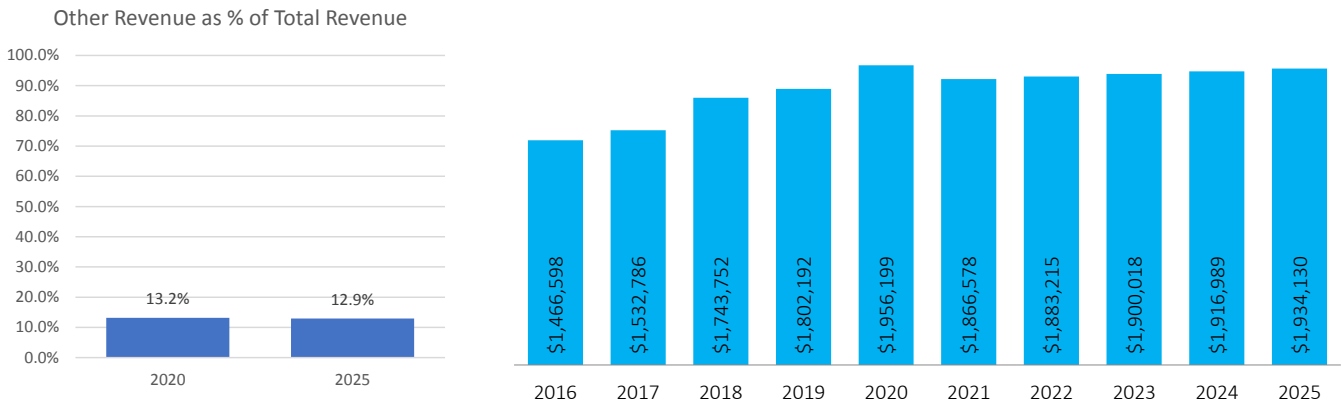


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 11.3% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 6.4% will be reimbursed in the form of qualifying homestead exemption credits.

\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

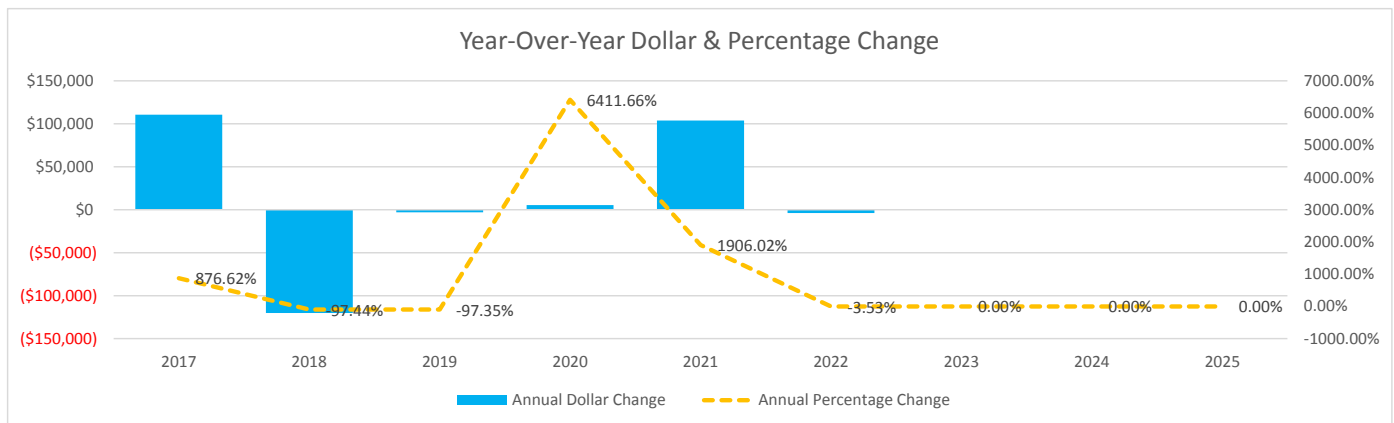
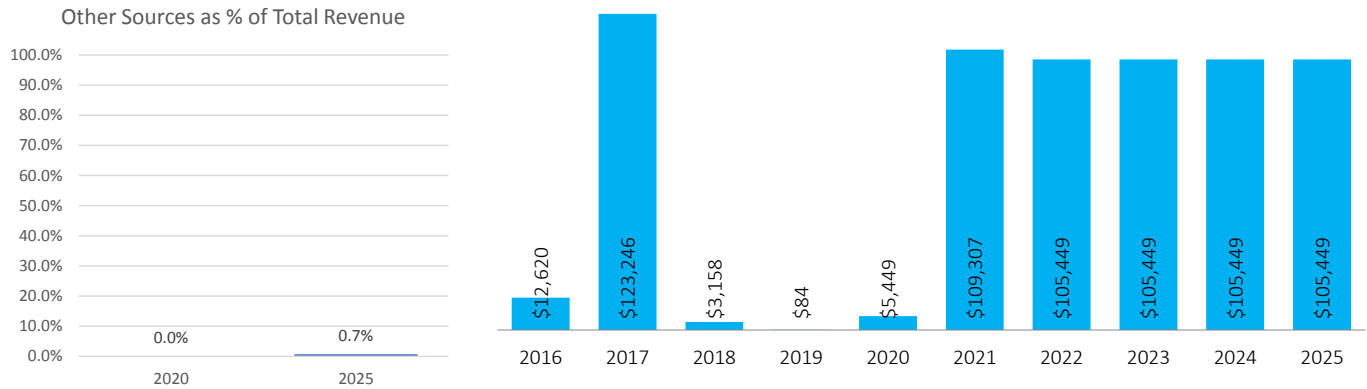
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$141,138. The projected average annual change is -\$4,414 through FY 2025.

## 2.070 - Total Other Financing Sources

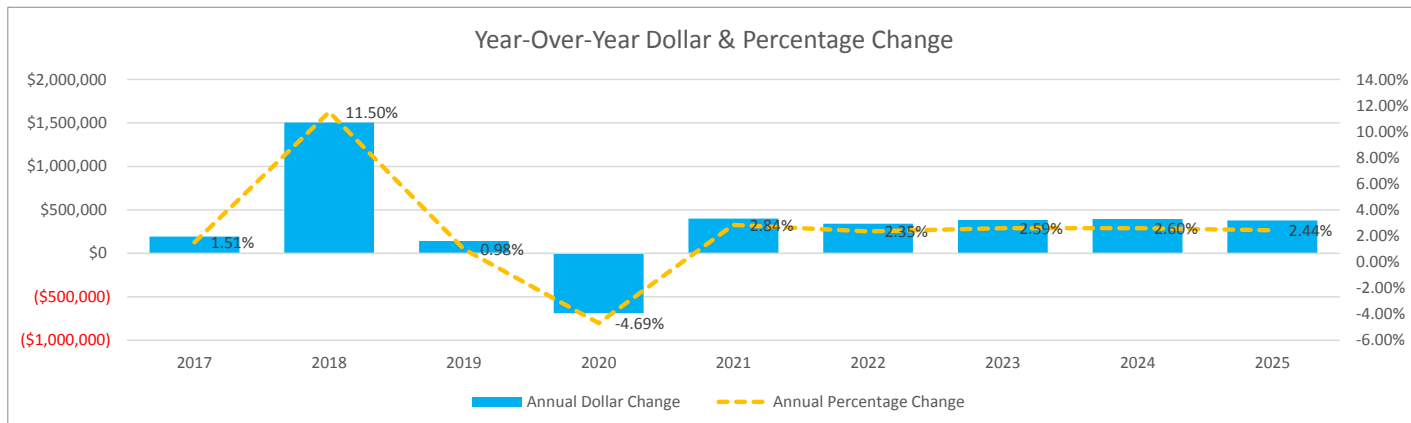
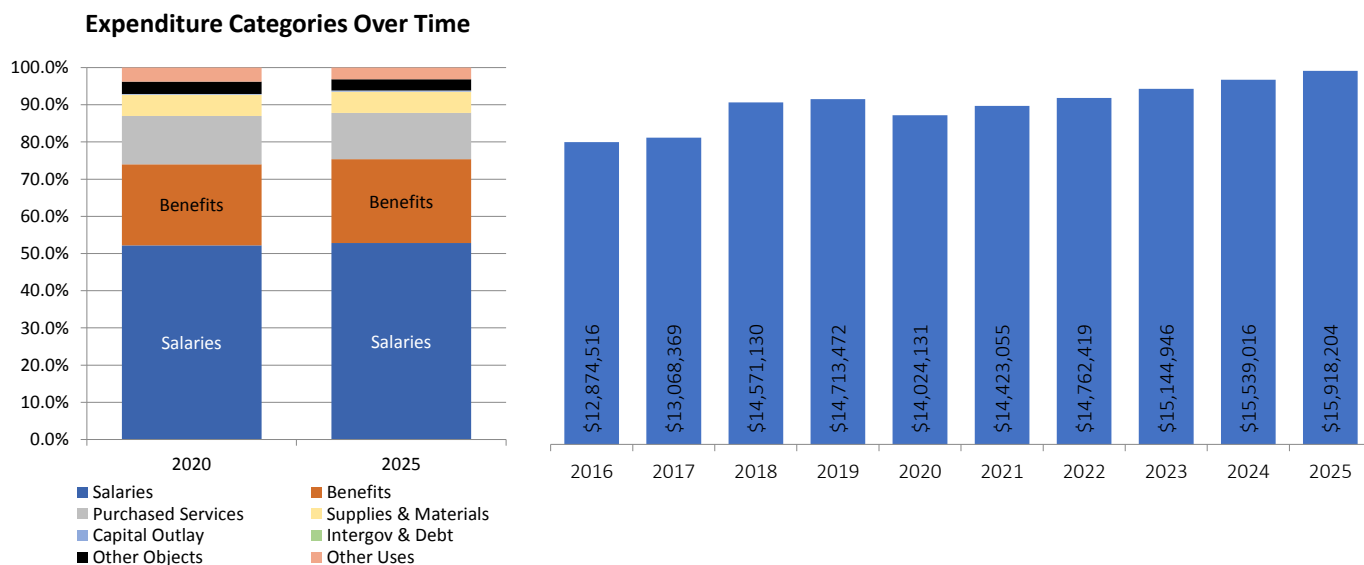
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	2020	FORECASTED				
		2021	2022	2023	2024	2025
Transfers In	-	103,858	100,000	100,000	100,000	100,000
Advances In	-	-	-	-	-	-
All Other Financing Sources	5,449	5,449	5,449	5,449	5,449	5,449

Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2021. 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 \$5,449 in FY 2021 and average \$5,449 annually through FY 2025.

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



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

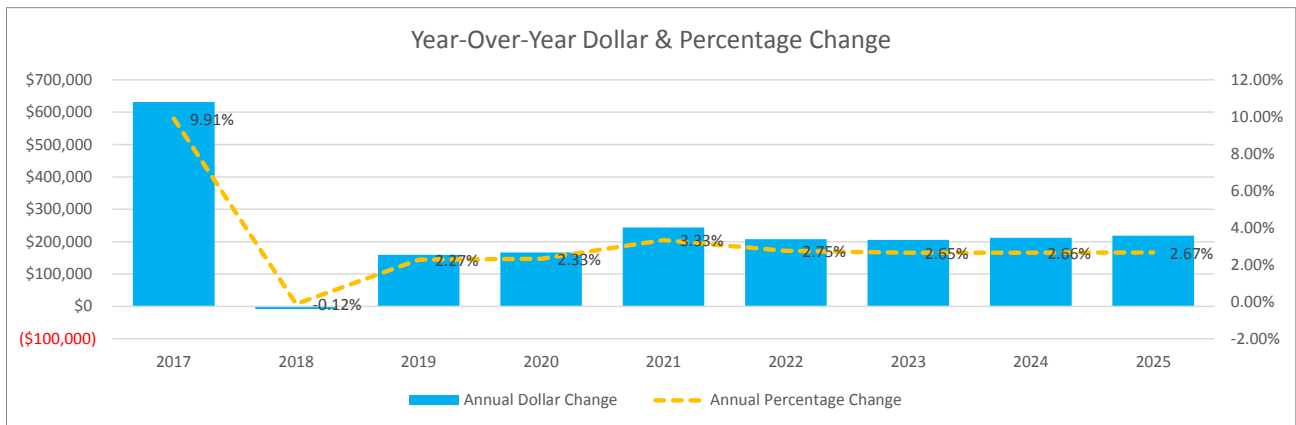
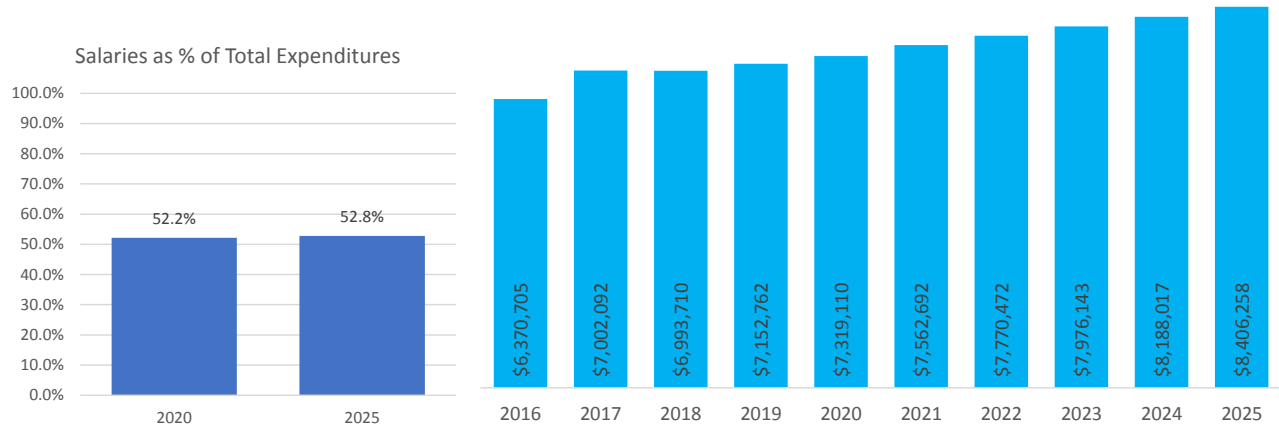
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$105,673	\$217,430	\$111,757	Total expenditures increased 2.60% or \$318,587 annually during the past five years and is projected to increase 2.70% or \$378,815 annually through FY2025. Purchased Services has the largest projected average annual variance compared to the historical average at \$148,756.
Benefits	\$186,280	\$106,951	(\$79,329)	
Purchased Services	(\$116,624)	\$32,132	\$148,756	
Supplies & Materials	\$96,140	\$21,247	(\$74,894)	
Capital Outlay	\$2,980	\$5,181	\$2,201	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$13,465	\$2,028	(\$11,437)	
Other Uses	\$30,673	(\$6,154)	(\$36,827)	
<b>Total Average Annual Change</b>	<b>\$318,587</b>	<b>\$378,815</b>	<b>\$60,227</b>	
	<b>2.60%</b>	<b>2.70%</b>	<b>0.10%</b>	

Note: Expenditure average annual change is projected to be > \$378,815

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.

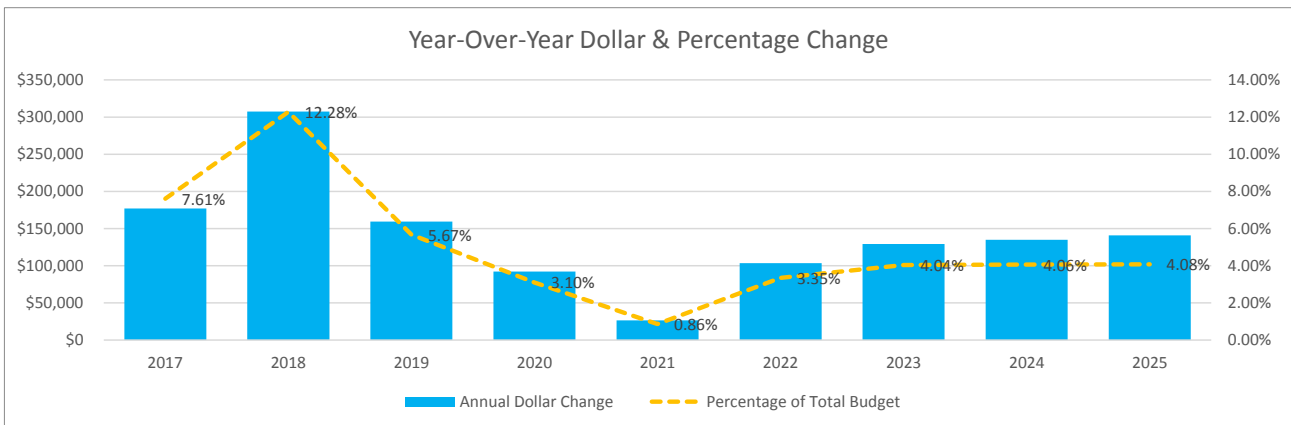
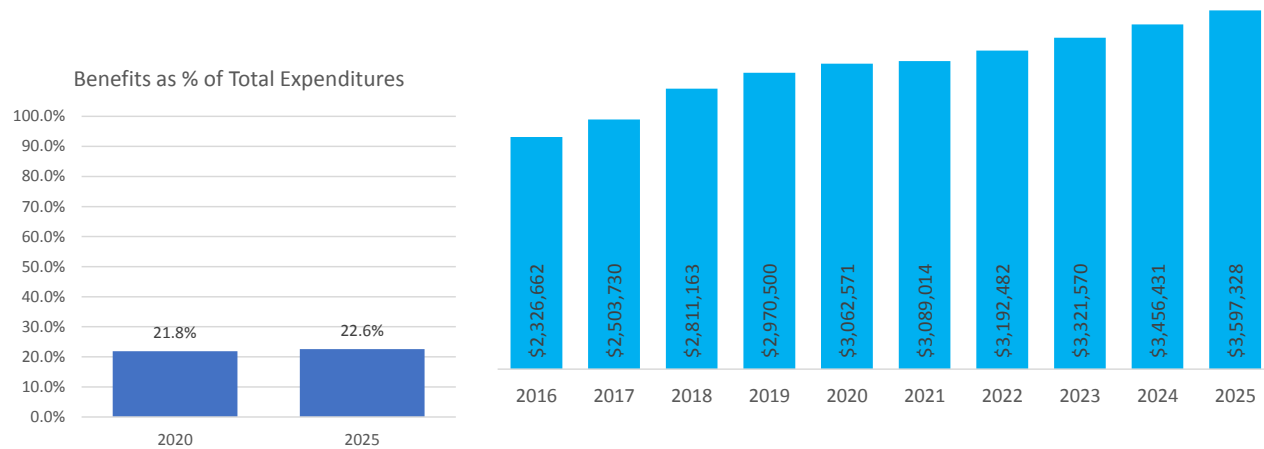


Salaries, which represent 52.19% of total expenditures, increased at a historical average annual rate of 1.49% or \$105,673. This category of expenditure is projected to grow at an average annual rate of 2.81% or \$217,430 through FY 2025. The projected average annual rate of change is 1.32% more than the five-year historical annual average.

Included in personnel services for all forecasted years are projected increases in base salaries, as well as projected average changes in salary schedule step/increment for all full-time staff.

### 3.020 - Employees' Benefits

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

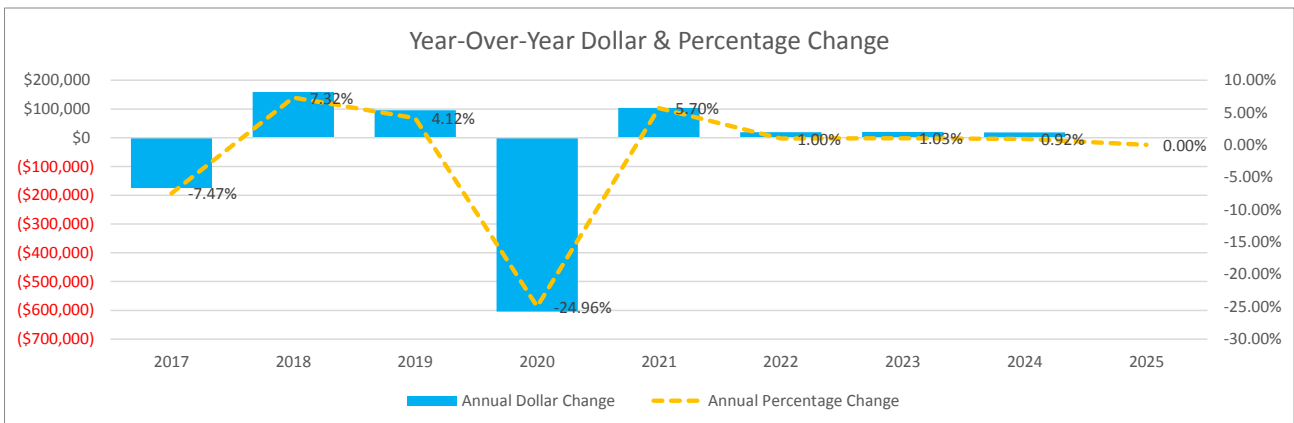
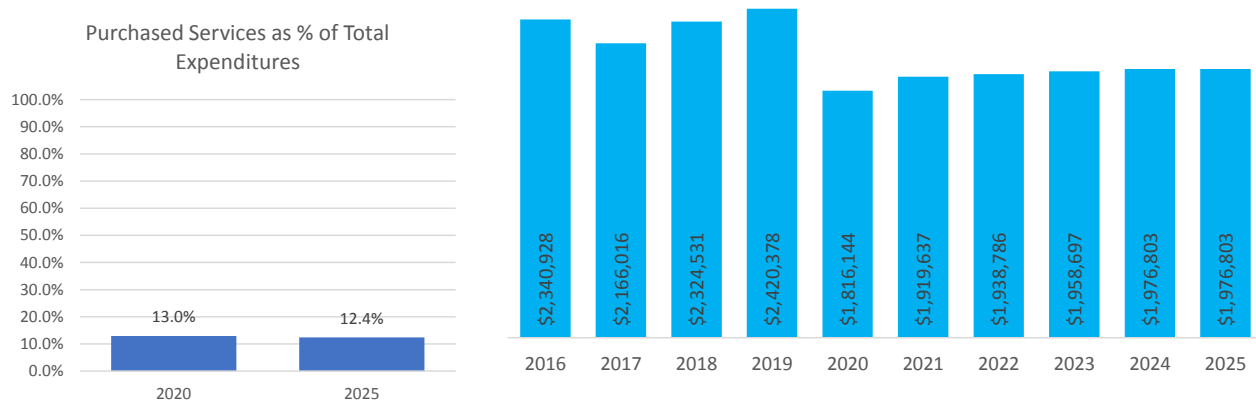


Benefits, which represent 21.84% of total expenditures, increased at a historical average annual rate of 7.02%. This category of expenditure is projected to grow at an annual average rate of 3.28% through FY 2025. The projected average annual rate of change is -3.74% less than relative to the five-year historical annual average.

Increases were included in employees' benefits for all forecasted years to account for annual changes in health insurance premiums as well as increases in the board share of retirement contributions, which are tied directly to increases in wages.

### 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.



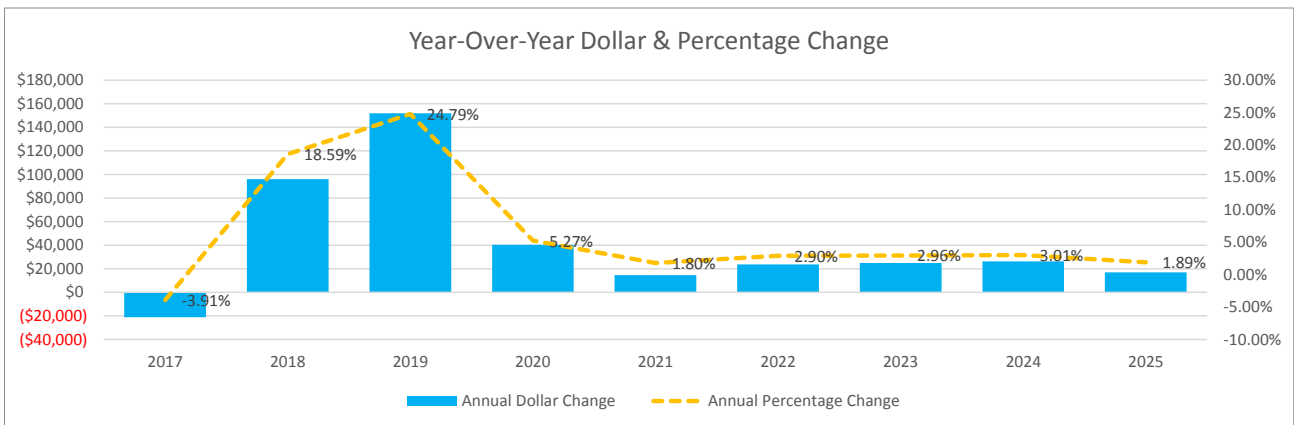
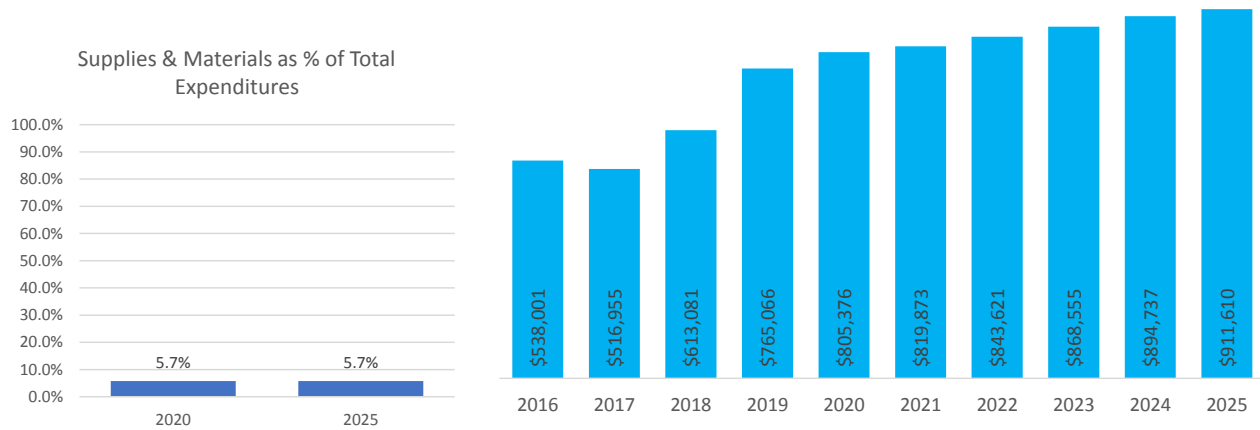
Purchased Services, which represent 12.95% of total expenditures, decreased at a historical average annual rate of -4.51%. This category of expenditure is projected to grow at an annual average rate of 1.73% through FY 2025. The projected average annual rate of change is 6.24% more than the five-year historical annual average.

Beginning in FY20, the school district began two new special education units at the elementary level. Mostly due to this, the purchased service line item decreased by approximately \$600,000 in FY20 relative to FY19. The district had previously been paying outside entities to provide this service.



### 3.040 - Supplies & Materials

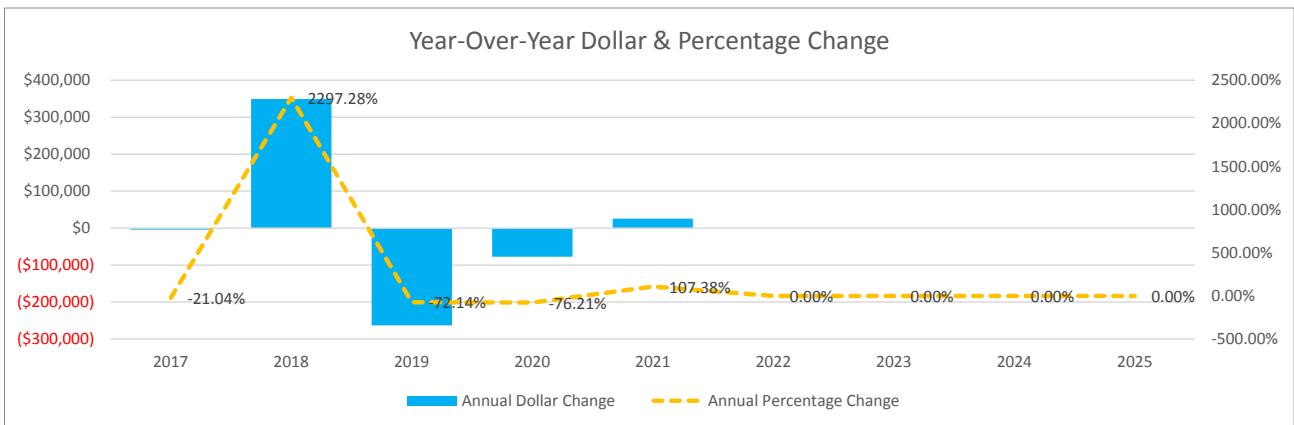
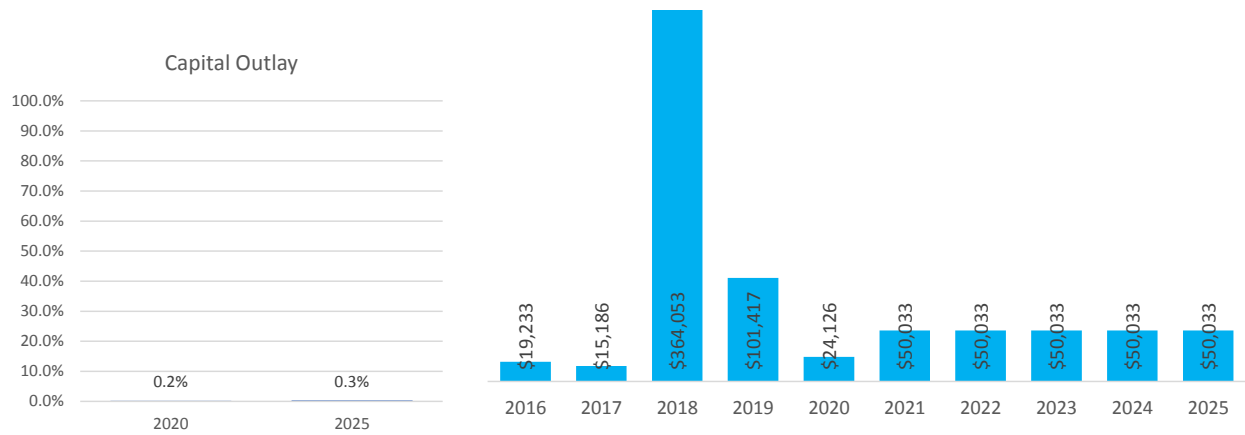
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 5.74% of total expenditures and increased at a historical average annual rate of 16.22%. This category of expenditure is projected to grow at an annual average rate of 2.51% through FY 2025. The projected average annual rate of change is -13.71% 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.

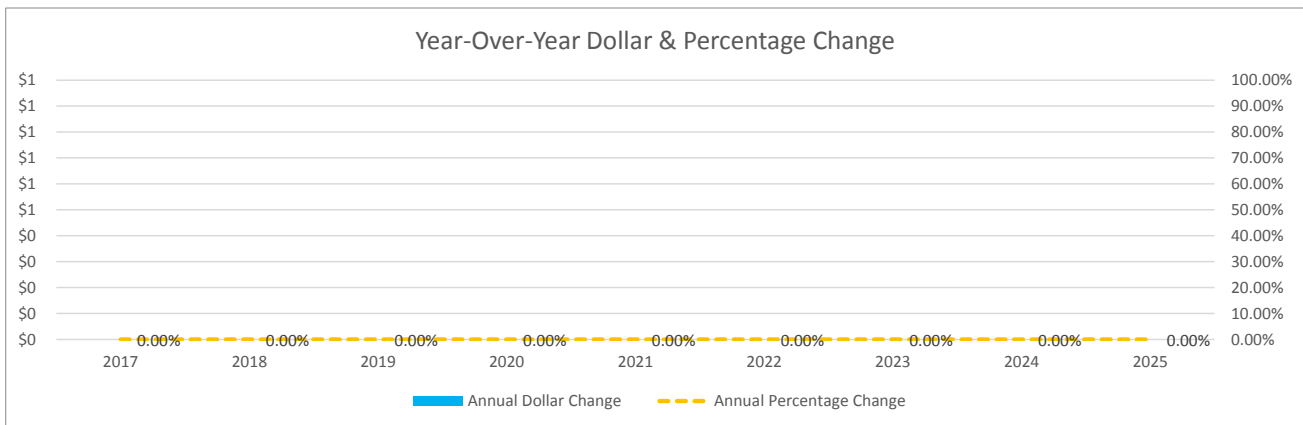
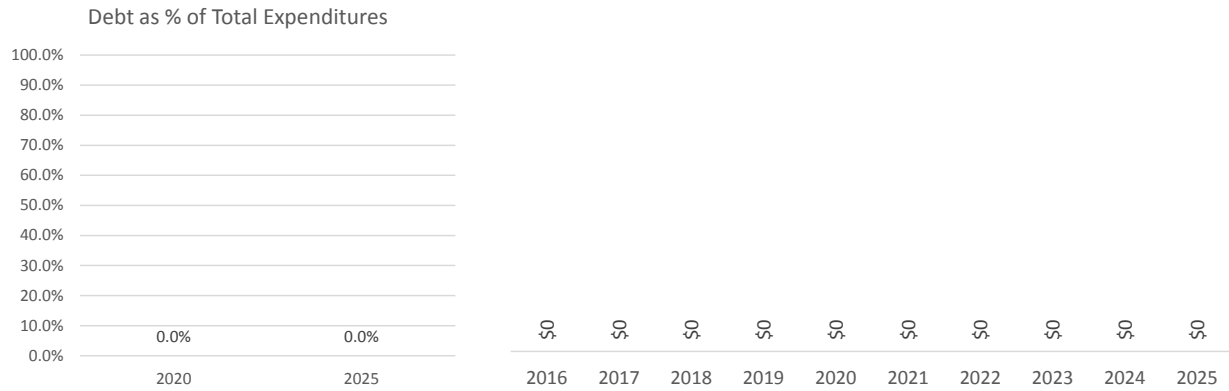


Capital Outlay represent 0.17% of total expenditures and increased at a historical average annual amount of \$2,980. This category of expenditure is projected to grow at an annual average amount of \$5,181 through FY 2025. The projected average annual change is less than the five year historical annual average.

In FY18, the district purchased and remodeled a building to serve as the board of education/administrative offices. Due to this, FY18's expenditures are an outlier when compared to historical trends.

### 3.060-4.060 - Intergovernmental & Debt

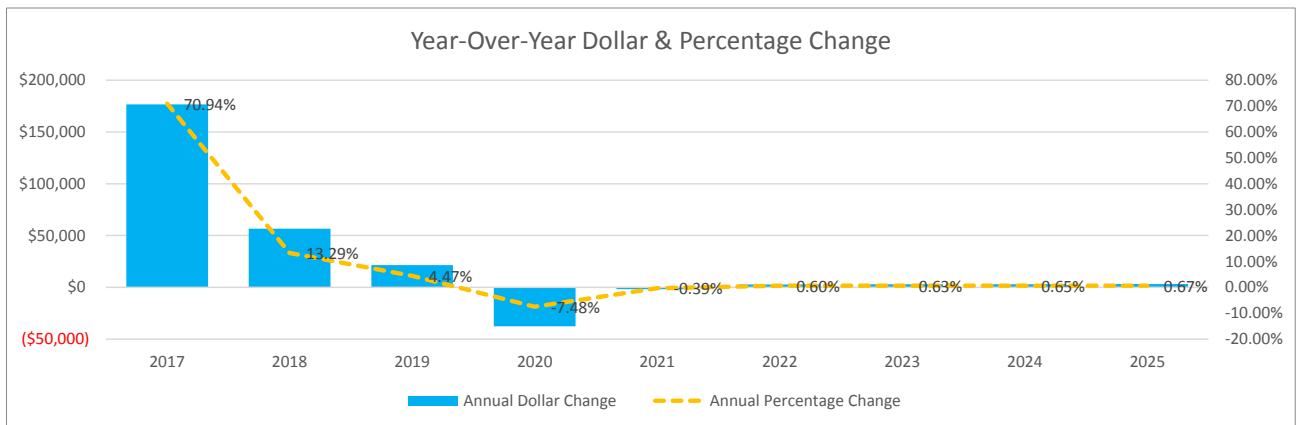
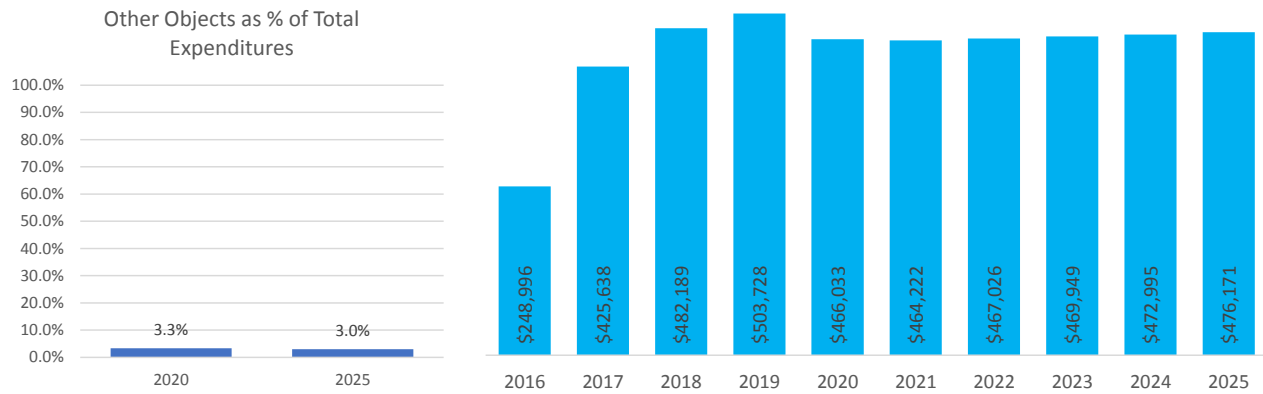
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

### 4.300 - Other Objects

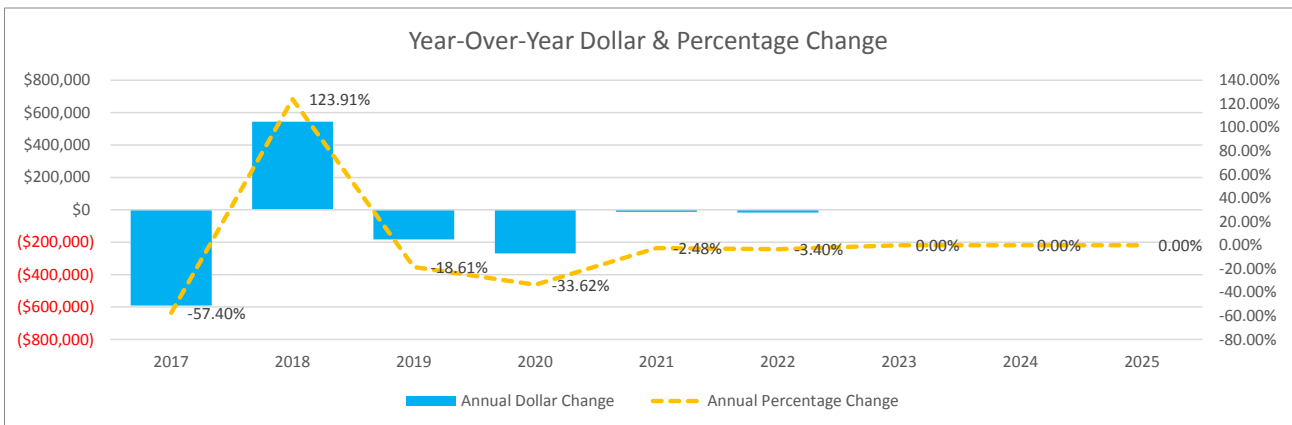
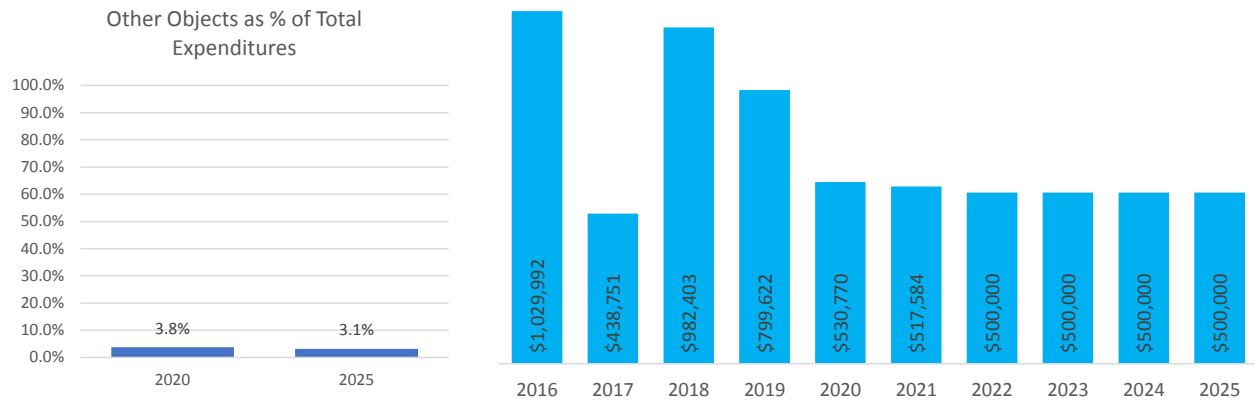
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 3.32% of total expenditures and increased at a historical average annual rate of 3.42%. This category of expenditure is projected to grow at an annual average rate of 0.43% through FY 2025. The projected average annual rate of change is -2.99% 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.



	2020	FORECASTED				
		2021	2022	2023	2024	2025
Transfers Out	530,770	517,584	500,000	500,000	500,000	500,000
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 2020 the district had no advances-out and has no advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2025. 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.

Dawson-Bryant Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	1,252,124	1,258,086	1,253,176	1,274,776	1,285,538	1,286,390
1.020 - Public Utility Personal Property	189,908	219,563	224,713	229,863	235,013	240,164
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	9,874,776	9,859,264	9,987,215	9,987,167	9,987,141	9,987,143
1.040 - Restricted Grants-in-Aid	1,282,212	1,152,653	1,152,653	1,152,653	1,152,653	1,152,653
1.050 - Property Tax Allocation	268,529	258,221	258,727	262,453	266,177	266,684
1.060 - All Other Operating Revenues	1,956,199	1,866,578	1,883,215	1,900,018	1,916,989	1,934,130
<b>1.070 - Total Revenue</b>	<b>14,823,748</b>	<b>14,614,365</b>	<b>14,759,699</b>	<b>14,806,930</b>	<b>14,843,511</b>	<b>14,867,164</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	-	103,858	100,000	100,000	100,000	100,000
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	5,449	5,449	5,449	5,449	5,449	5,449
<b>2.070 - Total Other Financing Sources</b>	<b>5,449</b>	<b>109,307</b>	<b>105,449</b>	<b>105,449</b>	<b>105,449</b>	<b>105,449</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>14,829,197</b>	<b>14,723,672</b>	<b>14,865,148</b>	<b>14,912,379</b>	<b>14,948,960</b>	<b>14,972,613</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	7,319,110	7,562,692	7,770,472	7,976,143	8,188,017	8,406,258
3.020 - Employee Benefits	3,062,571	3,089,014	3,192,482	3,321,570	3,456,431	3,597,328
3.030 - Purchased Services	1,816,144	1,919,637	1,938,786	1,958,697	1,976,803	1,976,803
3.040 - Supplies and Materials	805,376	819,873	843,621	868,555	894,737	911,610
3.050 - Capital Outlay	24,126	50,033	50,033	50,033	50,033	50,033
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	466,033	464,222	467,026	469,949	472,995	476,171
<b>4.500 - Total Expenditures</b>	<b>13,493,361</b>	<b>13,905,471</b>	<b>14,262,419</b>	<b>14,644,946</b>	<b>15,039,016</b>	<b>15,418,204</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	530,770	517,584	500,000	500,000	500,000	500,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>530,770</b>	<b>517,584</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>14,024,131</b>	<b>14,423,055</b>	<b>14,762,419</b>	<b>15,144,946</b>	<b>15,539,016</b>	<b>15,918,204</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>805,066</b>	<b>300,617</b>	<b>102,729</b>	<b>(232,567)</b>	<b>(590,056)</b>	<b>(945,590)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>6,617,730</b>	<b>7,422,796</b>	<b>7,723,413</b>	<b>7,826,142</b>	<b>7,593,575</b>	<b>7,003,519</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>7,422,796</b>	<b>7,723,413</b>	<b>7,826,142</b>	<b>7,593,575</b>	<b>7,003,519</b>	<b>6,057,929</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>7,422,796</b>	<b>7,723,413</b>	<b>7,826,142</b>	<b>7,593,575</b>	<b>7,003,519</b>	<b>6,057,929</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>7,422,796</b>	<b>7,723,413</b>	<b>7,826,142</b>	<b>7,593,575</b>	<b>7,003,519</b>	<b>6,057,929</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>7,422,796</b>	<b>7,723,413</b>	<b>7,826,142</b>	<b>7,593,575</b>	<b>7,003,519</b>	<b>6,057,929</b>



