

Wooster City School District

# Five Year Forecast Financial Report

November, 2021

Amy Welty, Treasurer

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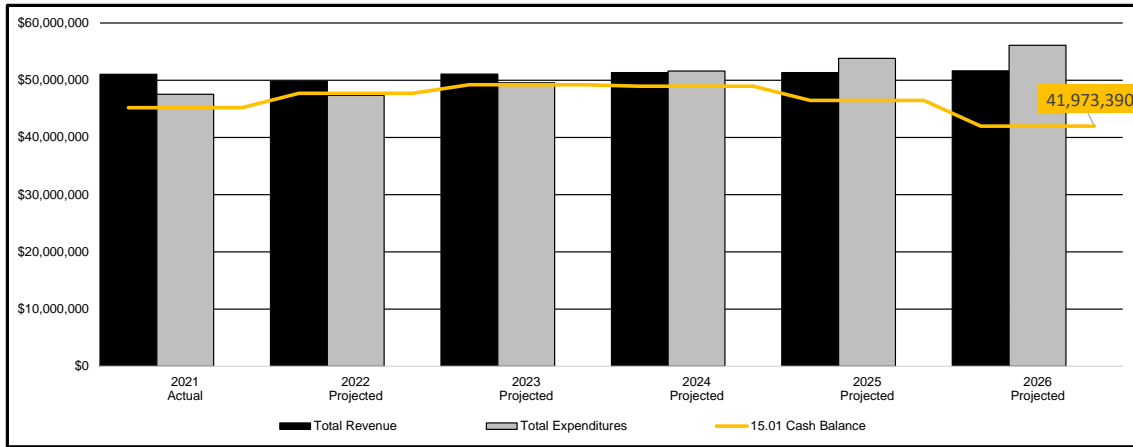
### **Forecast Purpose/Objectives**

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 (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	45,198,565	47,703,607	49,208,693	48,944,569	46,451,879
+ Revenue	49,831,653	51,073,367	51,327,161	51,317,858	51,624,604
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(47,326,611)	(49,568,280)	(51,591,285)	(53,810,549)	(56,103,094)
= Revenue Surplus or Deficit	2,505,041	1,505,086	(264,124)	(2,492,690)	(4,478,489)
Line 7.020 Ending Balance with renewal/new levies	47,703,607	49,208,693	48,944,569	46,451,879	41,973,390

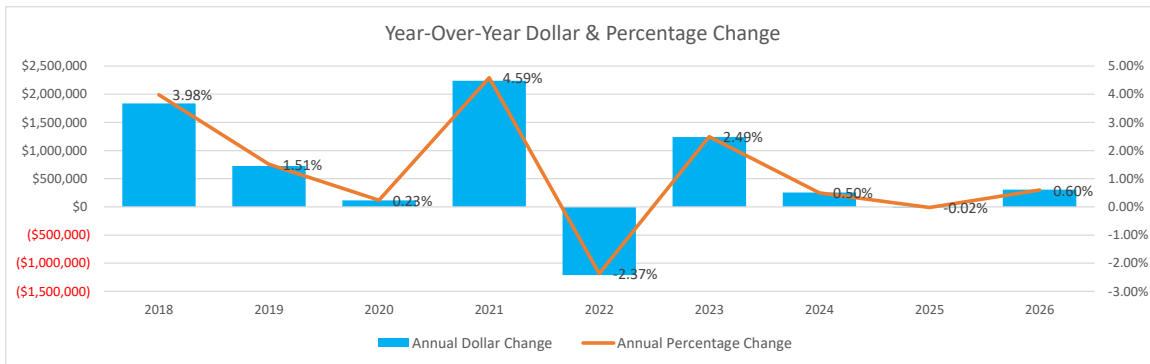
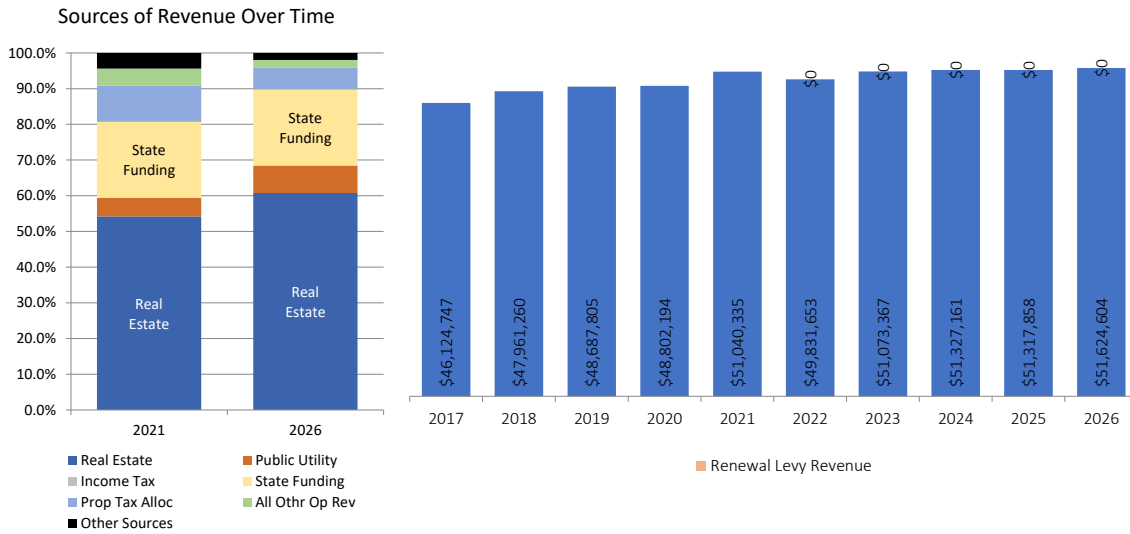
**Analysis Without Renewal Levies Included:**

Revenue Surplus or Deficit w/o Levies	2,505,041	1,505,086	(264,124)	(2,492,690)	(4,478,489)
Ending Balance w/o Levies	47,703,607	49,208,693	48,944,569	46,451,879	41,973,390

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$2,505,041 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 \$4,478,489. The district would need to cut its FY 2026 projected expenses by 7.98% 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.

## Revenue Overview



### 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 2.07% or \$1,026,358 annually during the past five years and is projected to increase 0.23% or \$116,854 annually through FY2026. Real Estate has the most projected average annual variance compared to the historical average at \$648,274
Real Estate	\$92,452	\$740,725	\$648,274	
Public Utility	\$886,561	\$264,899	(\$621,662)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$26,813)	\$20,422	\$47,235	
Prop Tax Allocation	(\$402,225)	(\$402,675)	(\$450)	
All Othr Op Rev	\$105,641	(\$260,756)	(\$366,397)	
Other Sources	\$370,743	(\$245,761)	(\$616,504)	
<b>Total Average Annual Change</b>	<b>\$1,026,358</b> 2.07%	<b>\$116,854</b> 0.23%	<b>(\$909,504)</b> -1.84%	

Note: Expenditure average annual change is projected to be > \$1,715,354. On an annual average basis, expenditures are projected to grow faster than revenue.

## Revenue Notes

### REAL ESTATE REVENUE

Real estate property tax revenue accounts for 54.20% of total revenue. Class I or residential/agricultural taxes make up approximately 58.50% of the real estate property tax revenue. The Class I tax rate is 41.6 mills in tax year 2021. The projections reflect an average gross collection rate of 98.0% annually through tax year 2025. The revenue changed at an average annual historical rate of 0.35% and is projected to change at an average annual rate of 2.40% through FY 2026.

### PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

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 5.21% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 79.67 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$886,561 and is projected to change at an average annual dollar amount of \$264,899 through FY 2026.

### INCOME TAX REVENUE

The district does not have an income tax levy.

### UNRESTRICTED STATE AID REVENUE

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 Wooster City School District the calculated Base Cost total is \$23,759,161 in FY 2022. The state's share of the calculated Base Cost total is \$8,614,438 or \$2,650 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$3,015,276 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

### RESTRICTED STATE AID REVENUE

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 -\$12,334 and is projected to change annually on average by \$188,574. Restricted funds represent 0.75% 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 \$319,847. 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.

### PROPERTY TAX ALLOCATION REVENUE

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 9.8% 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.

### OTHER REVENUE

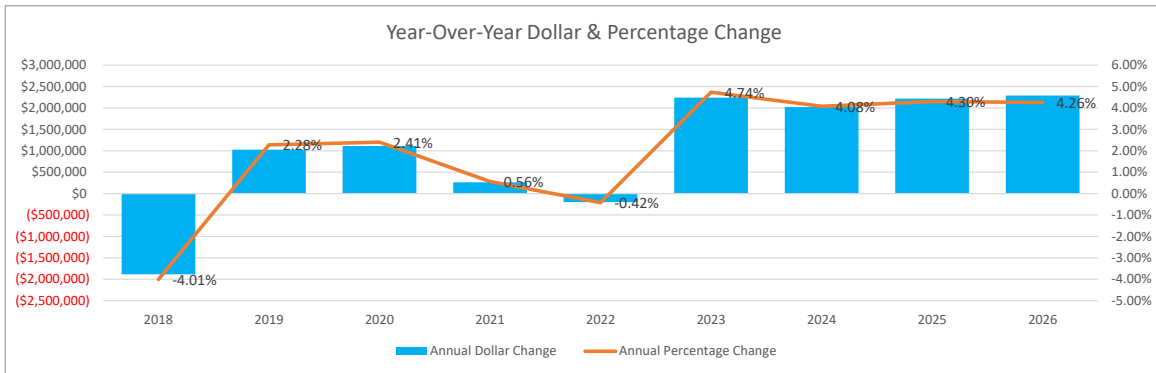
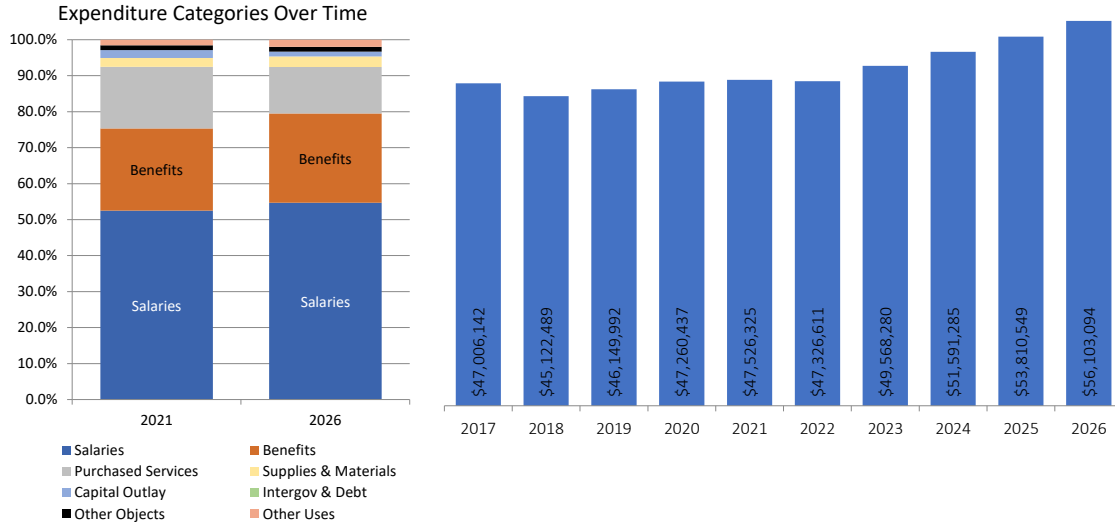
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$105,641. The projected average annual change is -\$260,756 through 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 \$875,318 in FY 2021.

### OTHER FINANCING SOURCES

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 \$920,250 as advances-in and is projecting advances of \$717,750 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$0 in FY 2022 and average \$0 annually through FY 2026.

### ADDITIONAL REVENUE NOTES

### Expenditure Overview



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

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.71% or \$801,278 annually during the past five years and is projected to increase 3.61% or \$1,715,354 annually through FY2026. Other Uses has the largest projected average annual variance compared to the historical average at \$531,586.
Salaries	\$680,128	\$1,144,813	\$464,685	
Benefits	\$341,557	\$613,092	\$271,535	
Purchased Services	\$209,711	(\$177,154)	(\$386,865)	
Supplies & Materials	(\$69,536)	\$97,036	\$166,572	
Capital Outlay	\$78,569	(\$56,163)	(\$134,732)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$15,984	\$17,280	\$1,296	
Other Uses	(\$455,136)	\$76,450	\$531,586	
<b>Total Average Annual Change</b>	<b>\$801,278</b> 1.71%	<b>\$1,715,354</b> 3.61%	<b>\$914,075</b> 1.90%	

Note: Expenditure average annual change is projected to be > \$1,715,354 On an annual average basis, revenues are projected to grow slower than expenditures.

## Expenditure Notes

### **SALARY EXPENSE**

Salaries represent 52.49% of total expenditures and increased at a historical average annual rate of 2.78% or \$680,128. This category of expenditure is projected to grow at an annual average rate of 4.05% or \$1,144,813 through FY 2026. The projected average annual rate of change is 1.27% more than the five year historical annual average.

### **BENEFIT EXPENSE**

Benefits represent 22.87% of total expenditures and increased at a historical average annual rate of 3.26% This category of expenditure is projected to grow at an annual average rate of 4.88% through FY 2026. The projected average annual rate of change is 1.62% more than the five year historical annual average.

### **PURCHASED SERVICES EXPENSE**

Purchased Services represent 17.12% of total expenditures and increased at a historical average annual rate of 2.62%. This category of expenditure is projected to decrease at an annual average rate of -2.63% through FY 2026 The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$3,015,276. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

### **SUPPLIES & MATERIALS EXPENSE**

Supplies & Materials represent 2.45% of total expenditures and decreased at a historical average annual rate of -5.87%. This category of expenditure is projected to grow at an annual average rate of 6.33% through FY 2026. The projected average annual rate of change is 12.20% more than the five year historical annual average.

### **CAPITAL OUTLAY EXPENSE**

Capital Outlay represent 2.17% of total expenditures and increased at a historical average annual amount of \$78,569. This category of expenditure is projected to decrease at an annual average rate of -\$56,163 through FY 2026. The projected average annual change is less than the five year historical annual average.

### **INTERGOVERNMENTAL & DEBT EXPENSE**

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

### **OTHER OBJECTS EXPENSE**

Other Objects represent 1.36% of total expenditures and increased at a historical average annual rate of 2.59%. This category of expenditure is projected to grow at an annual average rate of 2.50% through FY 2026. The projected average annual rate of change is -0.09% less than the five year historical annual average.

### **OTHER USES EXPENSES**

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, the district has transfers forecasted through FY 2026. The district can also have other uses of funds.

### **ADDITIONAL EXPENDITURE NOTES**

**Wooster City School District**

Five Year Forecast

November, 2021

Fiscal Year:	Actual			FORECASTED				
	2019	2020	2021	2022	2023	2024	2025	2026
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	25,343,282	26,443,107	27,662,051	29,945,127	30,914,514	31,100,160	31,265,455	31,365,677
1.020 - Public Utility Personal Property	1,944,467	2,243,570	2,660,708	2,982,551	3,268,148	3,507,167	3,746,185	3,985,203
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	10,854,502	10,169,425	10,503,682	9,160,300	9,161,571	9,268,359	9,342,936	9,662,919
1.040 - Restricted Grants-in-Aid	381,885	382,093	382,068	1,308,708	1,356,438	1,438,994	1,310,838	1,324,940
1.050 - Property Tax Allocation	5,970,332	5,565,656	5,157,667	4,639,682	4,279,840	3,903,851	3,527,578	3,144,292
1.060 - All Other Operating Revenues	2,316,612	2,567,256	2,445,354	1,077,536	1,092,856	1,108,631	1,124,867	1,141,574
<b>1.070 - Total Revenue</b>	<b>46,811,080</b>	<b>47,371,105</b>	<b>48,811,530</b>	<b>49,113,904</b>	<b>50,073,367</b>	<b>50,327,162</b>	<b>50,317,859</b>	<b>50,624,605</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	-	-	1,209,710	(0)	(0)	(0)	(0)	(0)
2.050 - Advances-In	1,876,395	1,430,750	920,250	717,750	1,000,000	1,000,000	1,000,000	1,000,000
2.060 - All Other Financing Sources	329	339	98,845	(0)	(0)	(0)	(0)	(0)
<b>2.070 - Total Other Financing Sources</b>	<b>1,876,724</b>	<b>1,431,089</b>	<b>2,228,804</b>	<b>717,749</b>	<b>999,999</b>	<b>999,999</b>	<b>999,999</b>	<b>999,999</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>48,687,805</b>	<b>48,802,194</b>	<b>51,040,335</b>	<b>49,831,653</b>	<b>51,073,367</b>	<b>51,327,161</b>	<b>51,317,858</b>	<b>51,624,604</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	23,949,788	24,588,909	24,947,148	26,034,297	27,107,709	28,243,223	29,430,210	30,671,214
3.020 - Employee Benefits	9,799,959	10,716,637	10,867,687	11,331,062	11,851,498	12,463,416	13,176,268	13,933,146
3.030 - Purchased Services	7,689,561	8,184,870	8,134,400	6,015,490	6,599,284	6,808,848	7,025,221	7,248,630
3.040 - Supplies and Materials	1,343,638	1,047,439	1,163,344	1,425,763	1,470,289	1,516,213	1,598,578	1,648,523
3.050 - Capital Outlay	1,112,383	725,309	1,030,814	750,000	750,000	750,000	750,000	750,000
Intergovernmental & Debt Service	-	-	-	-	-	-	-	-
4.300 - Other Objects	598,288	607,024	645,182	650,000	669,500	689,585	710,273	731,581
<b>4.500 - Total Expenditures</b>	<b>44,493,618</b>	<b>45,870,187</b>	<b>46,788,575</b>	<b>46,206,611</b>	<b>48,448,280</b>	<b>50,471,285</b>	<b>52,690,549</b>	<b>54,983,094</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	225,624	470,000	20,000	120,000	120,000	120,000	120,000	120,000
5.020 - Advances-Out	1,430,750	920,250	717,750	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>1,656,374</b>	<b>1,390,250</b>	<b>737,750</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>1,120,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>46,149,992</b>	<b>47,260,437</b>	<b>47,526,325</b>	<b>47,326,611</b>	<b>49,568,280</b>	<b>51,591,285</b>	<b>53,810,549</b>	<b>56,103,094</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>2,537,813</b>	<b>1,541,757</b>	<b>3,514,010</b>	<b>2,505,041</b>	<b>1,505,086</b>	<b>(264,124)</b>	<b>(2,492,690)</b>	<b>(4,478,489)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>37,604,985</b>	<b>40,142,798</b>	<b>41,684,555</b>	<b>45,198,565</b>	<b>47,703,607</b>	<b>49,208,693</b>	<b>48,944,569</b>	<b>46,451,879</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>40,142,798</b>	<b>41,684,555</b>	<b>45,198,565</b>	<b>47,703,607</b>	<b>49,208,693</b>	<b>48,944,569</b>	<b>46,451,879</b>	<b>41,973,390</b>
				<b>Reservations</b>				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>40,142,798</b>	<b>41,684,555</b>	<b>45,198,565</b>	<b>47,703,607</b>	<b>49,208,693</b>	<b>48,944,569</b>	<b>46,451,879</b>	<b>41,973,390</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>40,142,798</b>	<b>41,684,555</b>	<b>45,198,565</b>	<b>47,703,607</b>	<b>49,208,693</b>	<b>48,944,569</b>	<b>46,451,879</b>	<b>41,973,390</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>40,142,798</b>	<b>41,684,555</b>	<b>45,198,565</b>	<b>47,703,607</b>	<b>49,208,693</b>	<b>48,944,569</b>	<b>46,451,879</b>	<b>41,973,390</b>