



Bellefontaine City School District

Five Year Forecast Financial Report

May 2023

Submitted by Joshua L. Wasson, Treasurer/CFO

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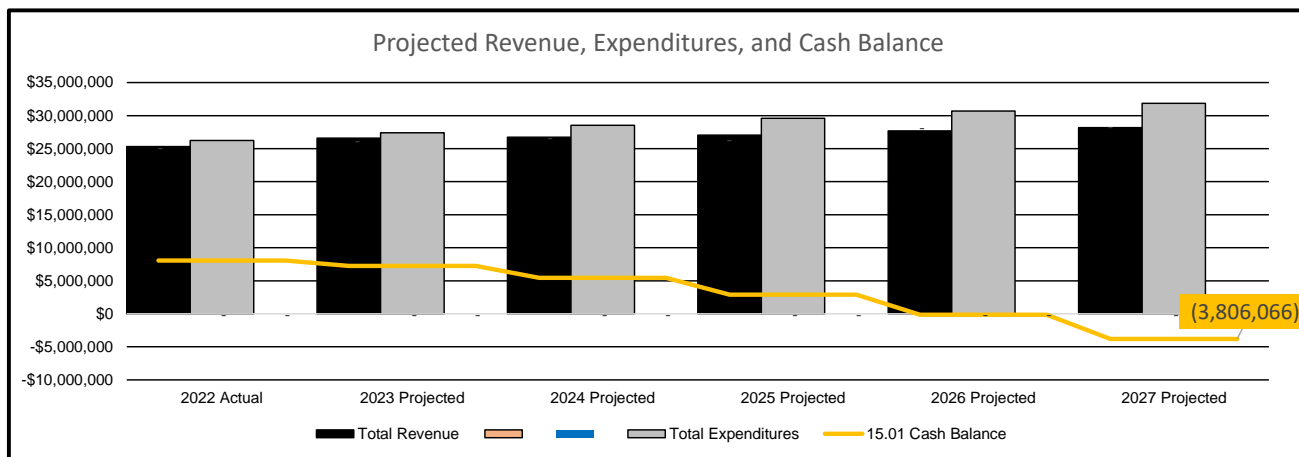
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Forecast Purpose/Objectives

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

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

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



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	8,065,546	7,236,713	5,457,326	2,900,093	(126,280)
+ Revenue	26,572,025	26,737,818	27,033,363	27,668,164	28,162,915
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(27,400,858)	(28,517,205)	(29,590,596)	(30,694,537)	(31,842,700)
= Revenue Surplus or Deficit	(828,833)	(1,779,387)	(2,557,233)	(3,026,373)	(3,679,786)
Line 7.020 Ending Balance with renewal/new levies	7,236,713	5,457,326	2,900,093	(126,280)	(3,806,066)

Analysis Without Renewal Levies Included:

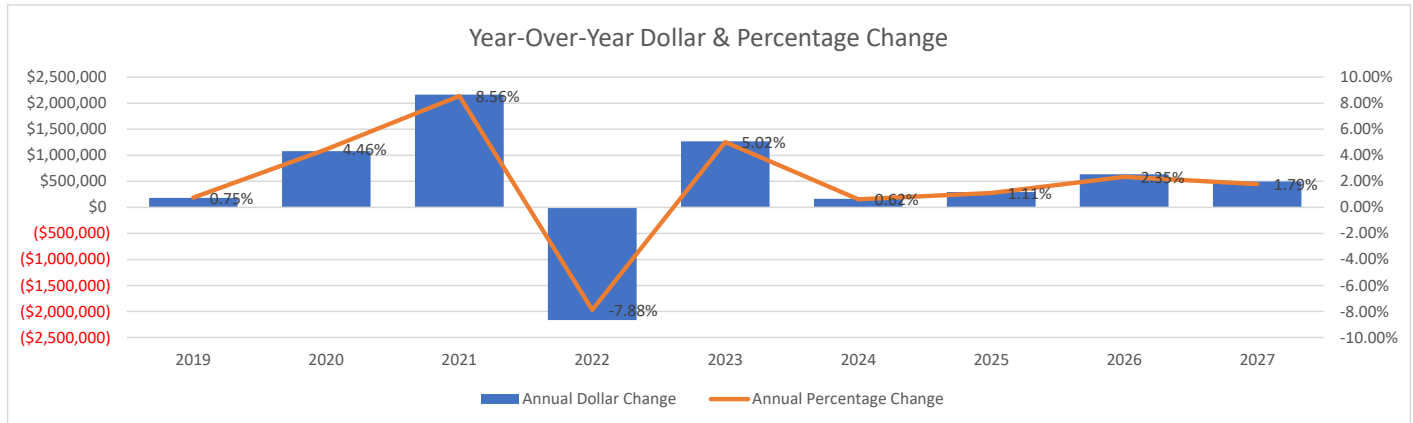
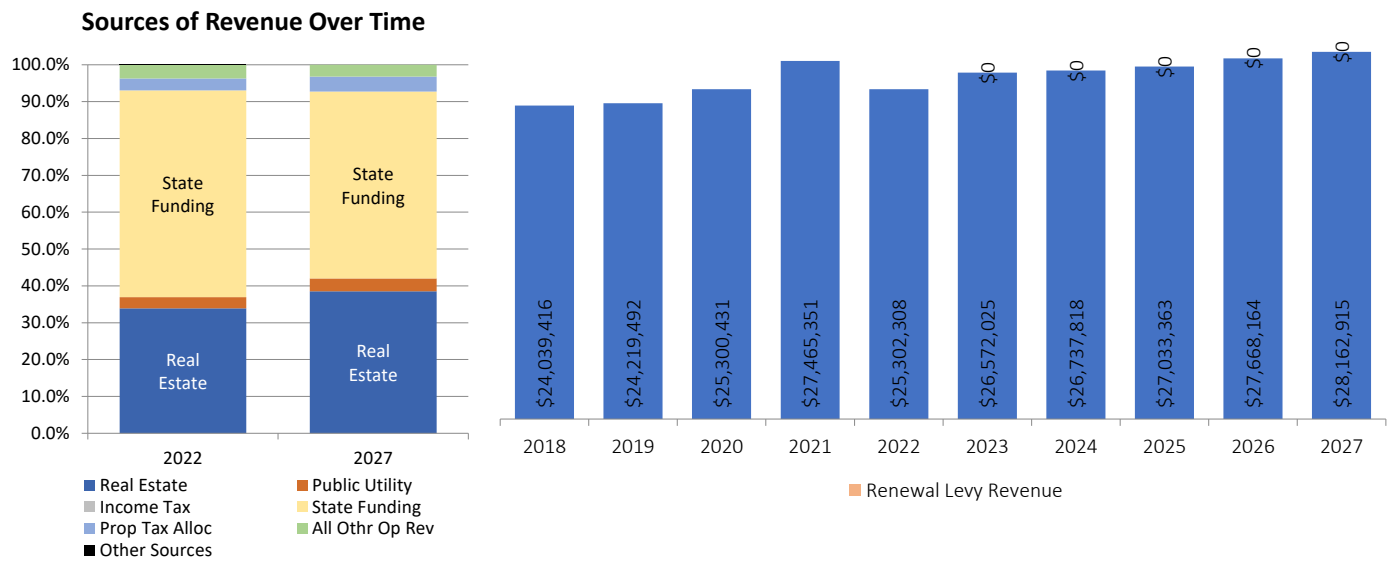
Revenue Surplus or Deficit w/o Levies	(828,833)	(1,779,387)	(2,557,233)	(3,026,373)	(3,679,786)
Ending Balance w/o Levies	7,236,713	5,457,326	2,900,093	(126,280)	(3,806,066)

In FY 2023 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$828,833 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$3,679,786. The district would need to cut its FY 2027 projected expenses by 11.56% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$335,535 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview



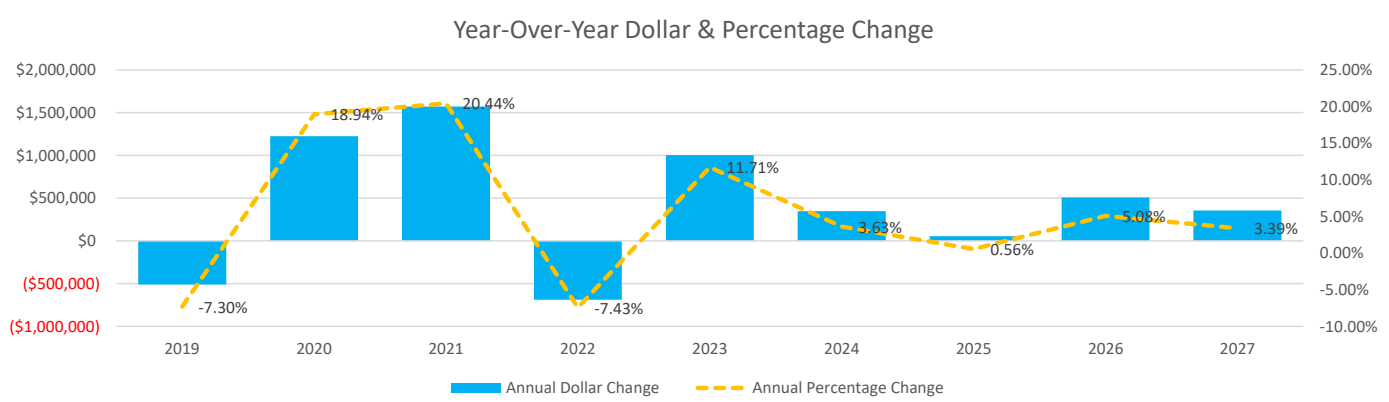
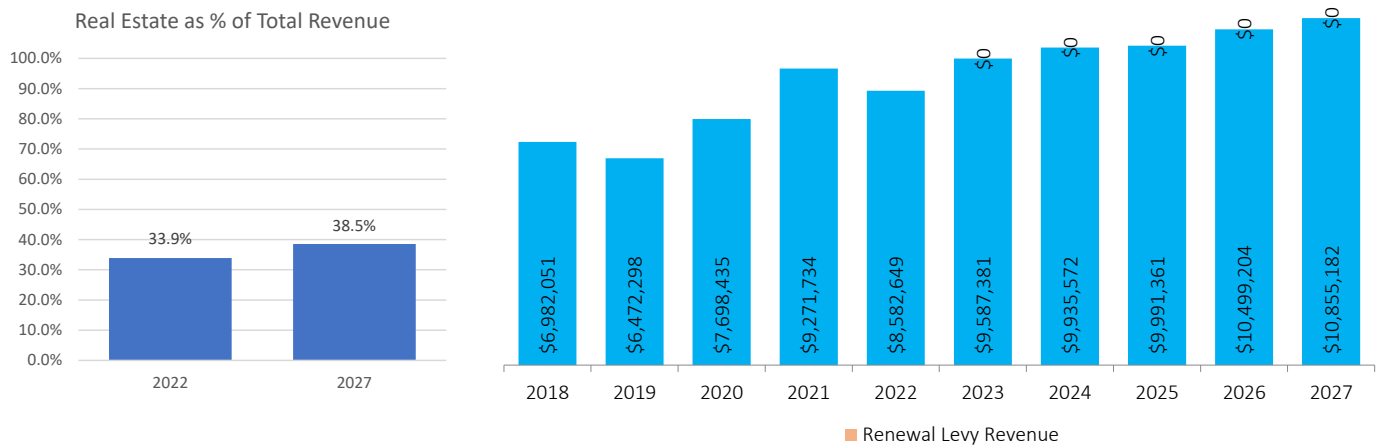
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 1.54% or \$389,763 annually during the past 5-Year period and is projected to increase 2.10% or \$572,121 annually through FY2027. Public Utility has the most projected average annual variance compared to the historical average at -\$107,030
Real Estate	351,256	454,507	\$103,251	
Public Utility	\$151,993	\$44,962	(\$107,030)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$5,027)	15,738	\$20,764	
Prop Tax Alloc	\$6,388	\$65,164	\$58,776	
All Othr Op Rev	(\$114,955)	(\$8,142)	\$106,813	
Other Sources	\$108	(\$108)	(\$215)	
Total Average Annual Change	389,763	572,121	\$182,358	
	1.54%	2.10%	0.56%	

Note: Expenditure average annual change is projected to be > \$1,120,633. On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	304,184,970	2,641,180	29.55	-	37.18	-	104.6%
2022	373,883,320	69,698,350	27.82	(1.73)	32.76	(4.42)	99.8%
2023	378,571,580	4,688,260	27.71	(0.11)	32.67	(0.09)	99.8%
2024	384,259,840	5,688,260	27.58	(0.13)	32.56	(0.10)	99.8%
2025	428,048,100	43,788,260	26.82	(0.76)	31.58	(0.98)	99.8%
2026	434,711,360	6,663,260	26.71	(0.11)	31.49	(0.09)	99.8%

Real estate property tax revenue accounts for 33.92% of total revenue. Class I or residential/agricultural taxes make up approximately 64.91% of the real estate property tax revenue. The Class I tax rate is 27.82 mills in tax year 2022. The projections reflect an average gross collection rate of 99.8% annually through tax year 2026. The revenue changed at an average annual historical rate of 4.50% and is projected to change at an average annual rate of 4.47% through FY 2027.

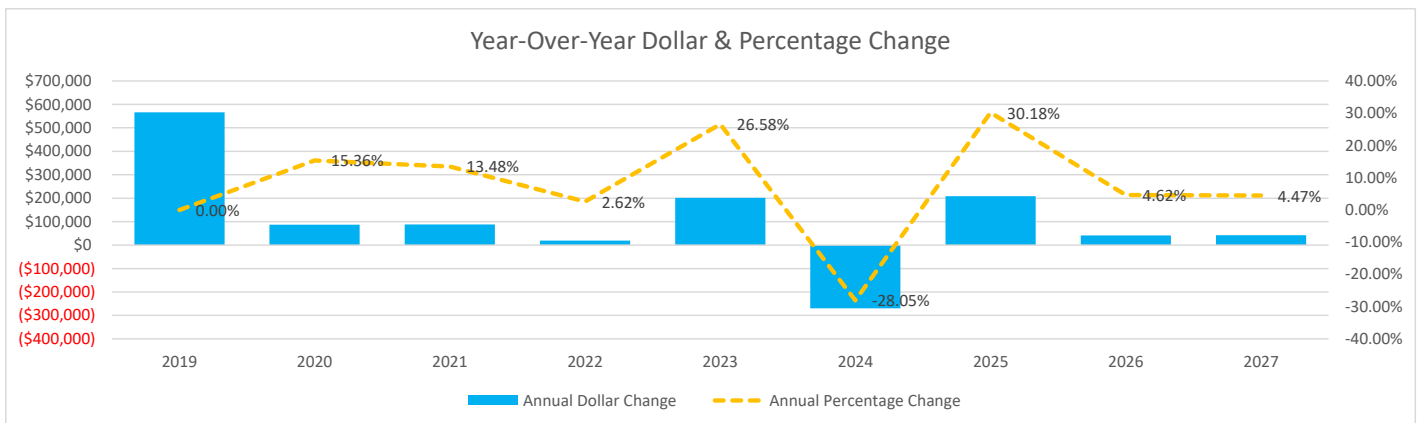
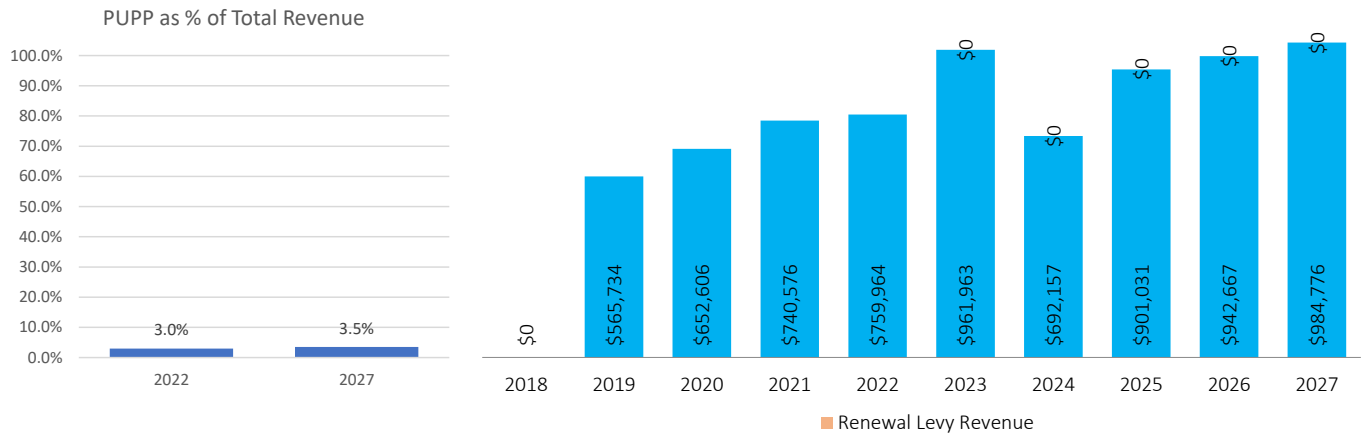
The dip in FY 2022 is due to an over-collection that occurred with the First Half collections of CY 2021. This was corrected in the Second Half collections of CY 2021. This shifted cash flow from FY 2022 to FY 2021.

The Substitute Emergency levy the district passed in November 2021 for a continuing period of time to replace the Traditional Emergency levy that was due to expire at the end of CY 2022 will begin collecting with the Spring 2023 tax settlement. Until that time, it is difficult to accurately predict the effect this change will have on the five-year forecast. Therefore, for the time being, it is being forecast as if the traditional emergency levy was a continuing levy. As more information is gathered, this will be re-visited. The Treasurer/CFO anticipates being able to more accurately model this starting with the FY24 November forecast.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



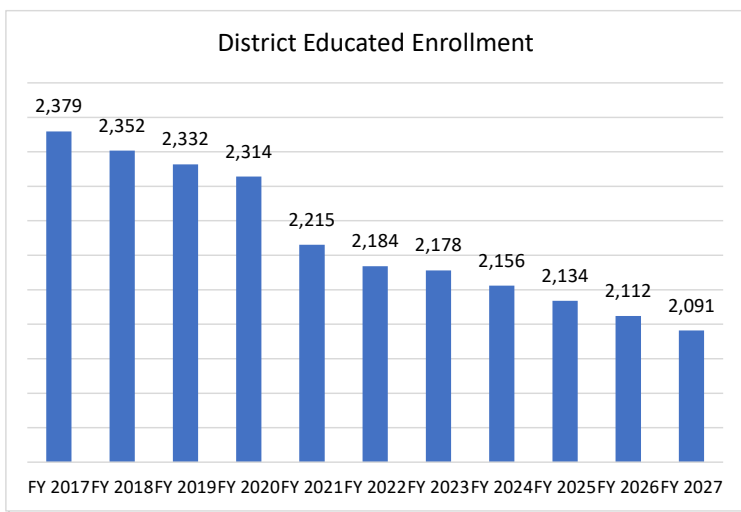
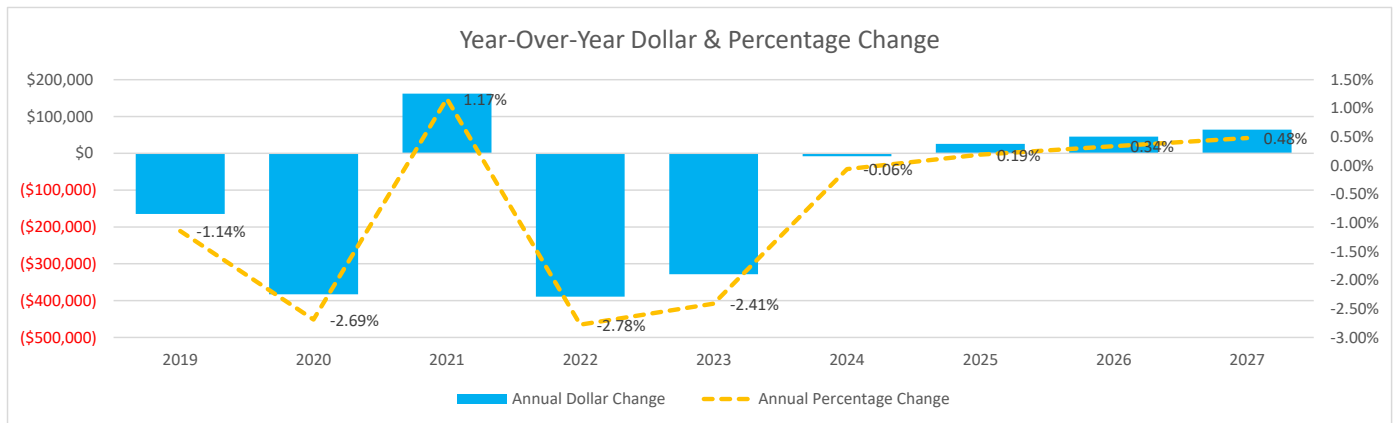
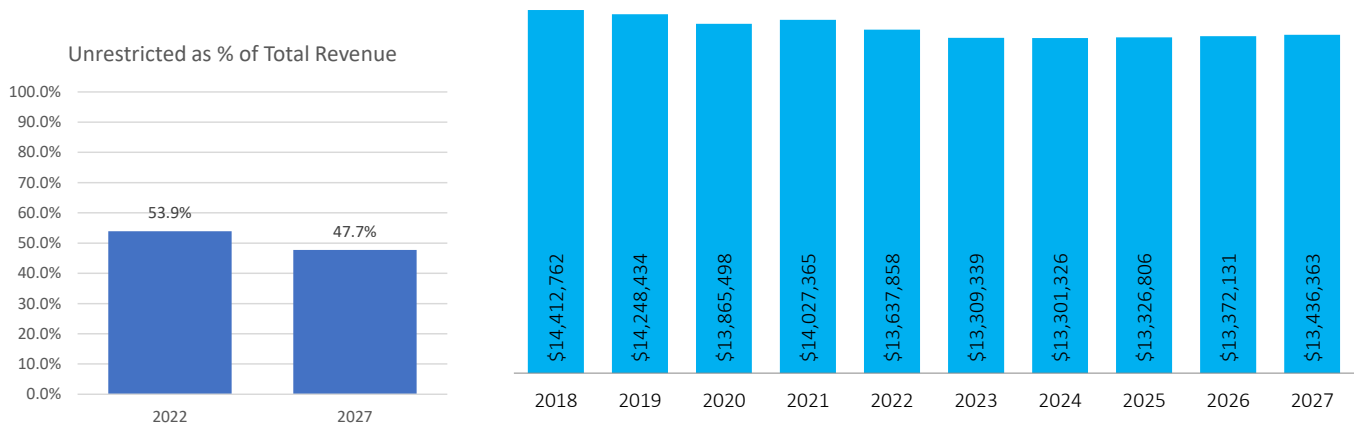
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	14,716,860	984,170	53.78	(1.05)	98.1%
2022	15,698,580	981,720	52.05	(1.73)	100.0%
2023	16,623,580	925,000	51.94	(0.11)	101.5%
2024	17,573,580	950,000	51.81	(0.13)	101.5%
2025	18,523,580	950,000	51.05	(0.76)	101.5%
2026	19,498,580	975,000	50.94	(0.11)	101.5%

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 3.00% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 52.05 mills. The forecast is modeling an average gross collection rate of 101.23%. The revenue changed historically at an average annual dollar amount of \$151,993 and is projected to change at an average annual dollar amount of \$44,962 through FY 2027.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



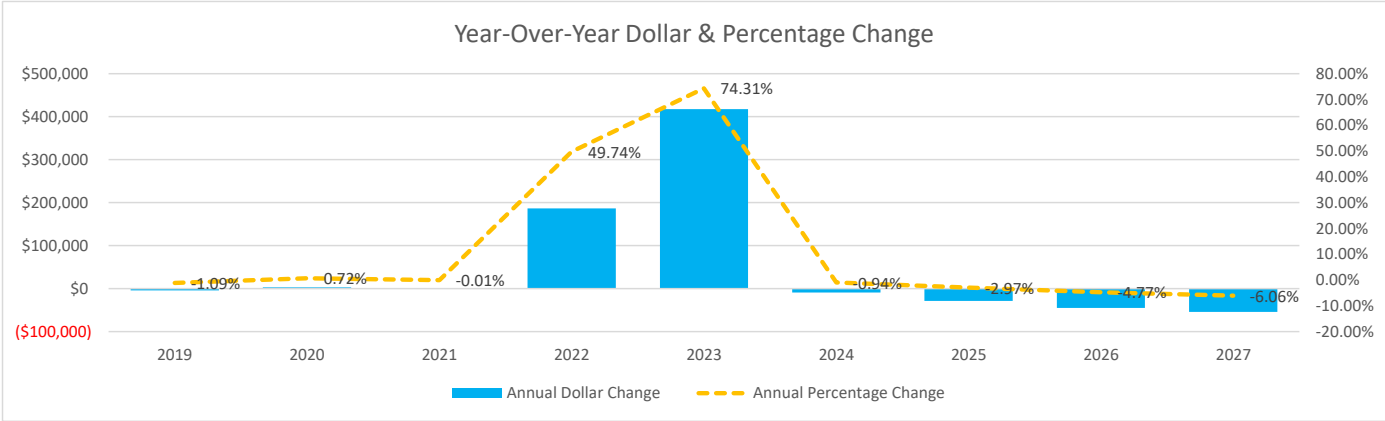
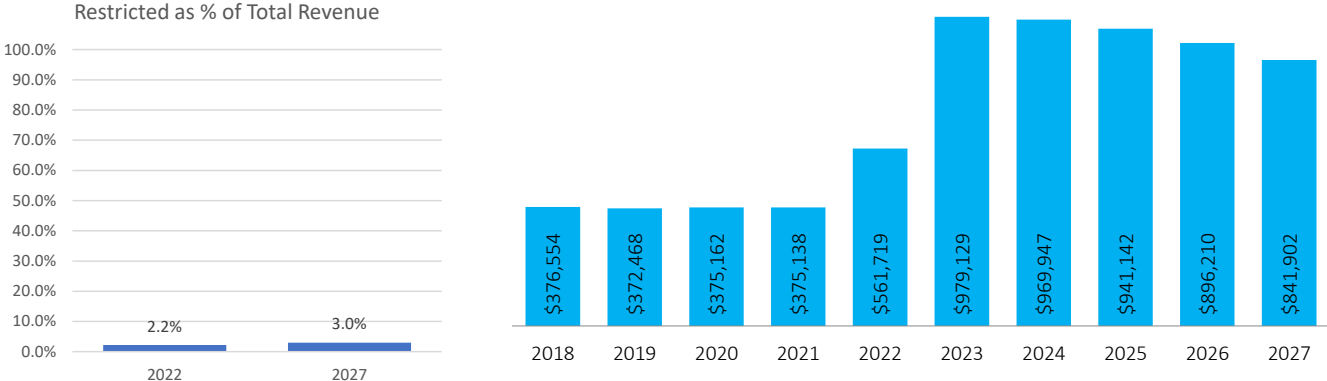
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Bellefontaine City School District the calculated Base Cost total is \$16,190,657 in FY 2023. The state's share of the calculated Base Cost total is \$9,369,757 or \$4,302 per pupil.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$2,270,197 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

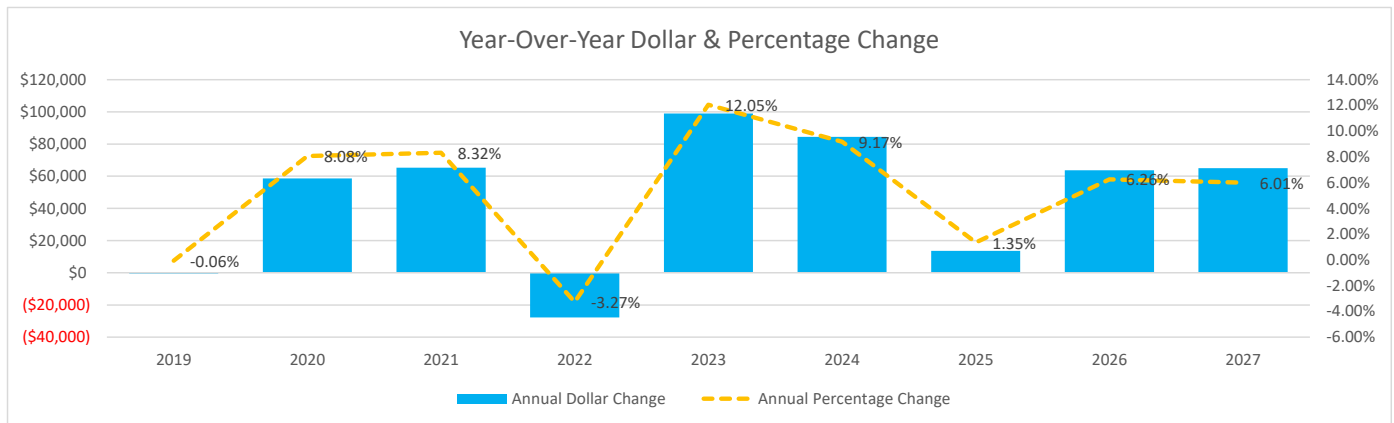
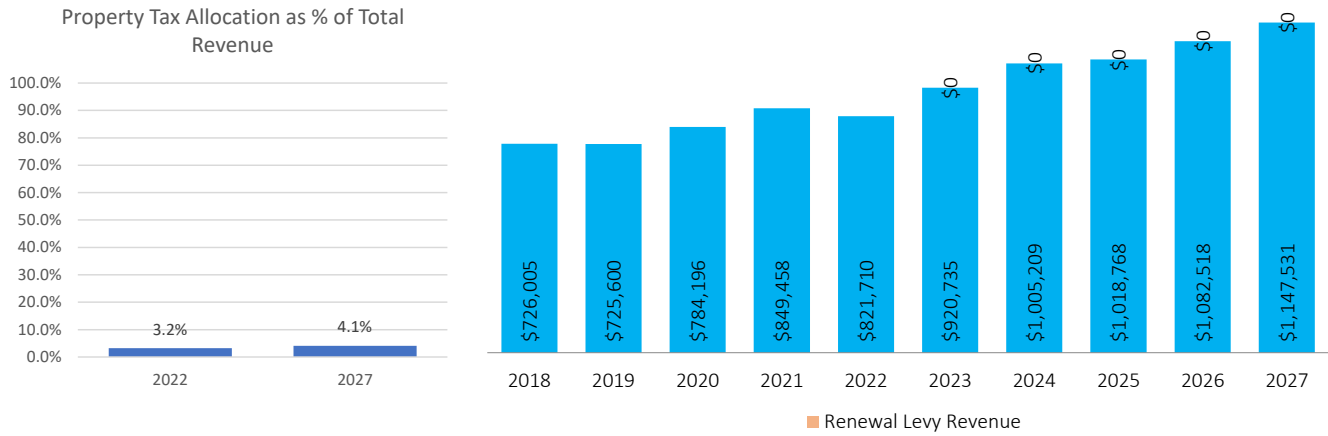
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$63,084 and is projected to change annually on average by \$56,037. Restricted funds represent 2.22% 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 \$439,329. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

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



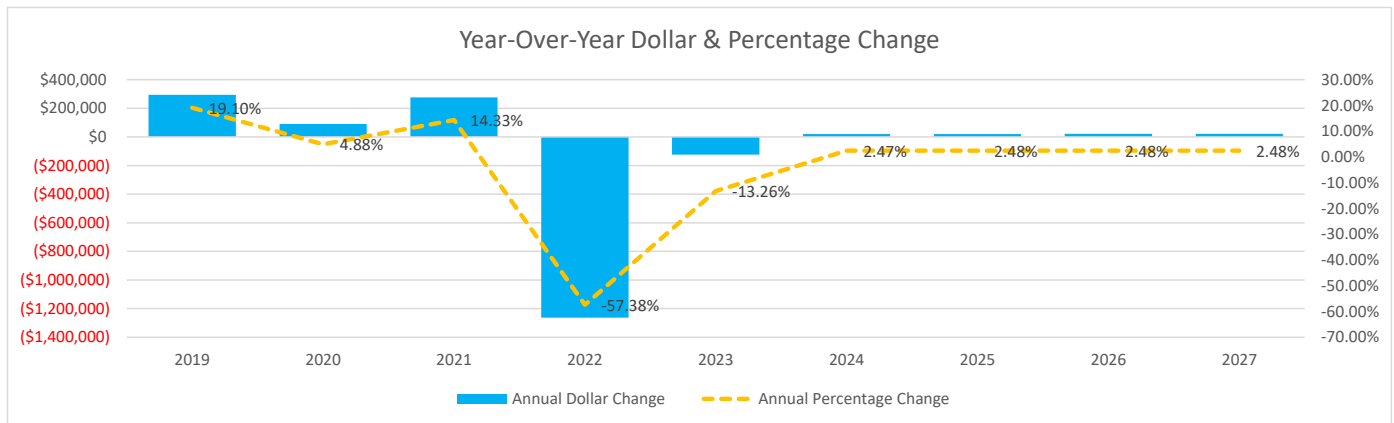
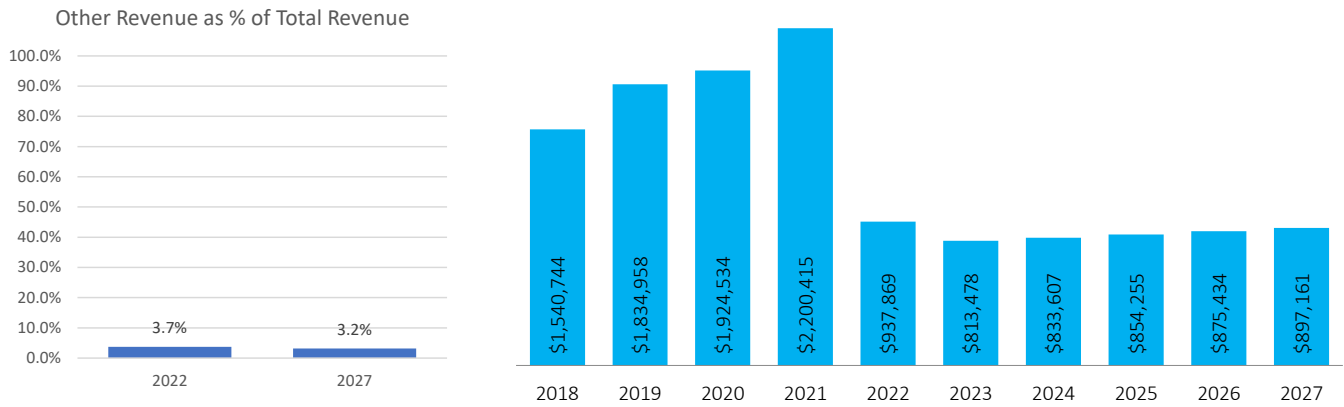
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 9.4% 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.

Similar to what was stated in Section 1.010 (General Property Tax), the dip in FY 2022 is due to an over-collection that occurred with the First Half collections of CY 2021. This was corrected in the Second Half collections of CY 2021. This shifted cash flow from FY 2022 to FY 2021.

**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.

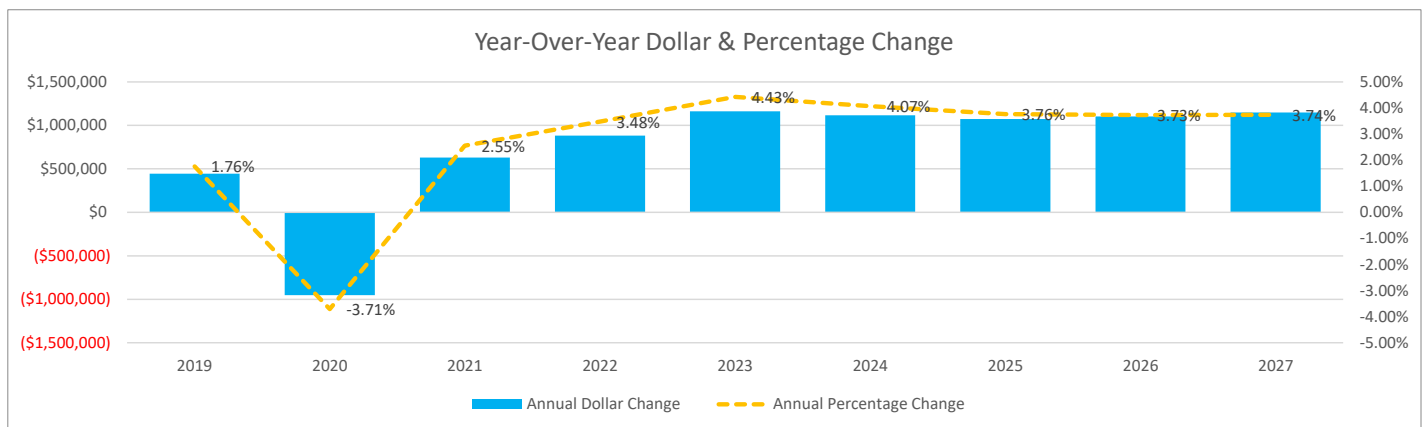
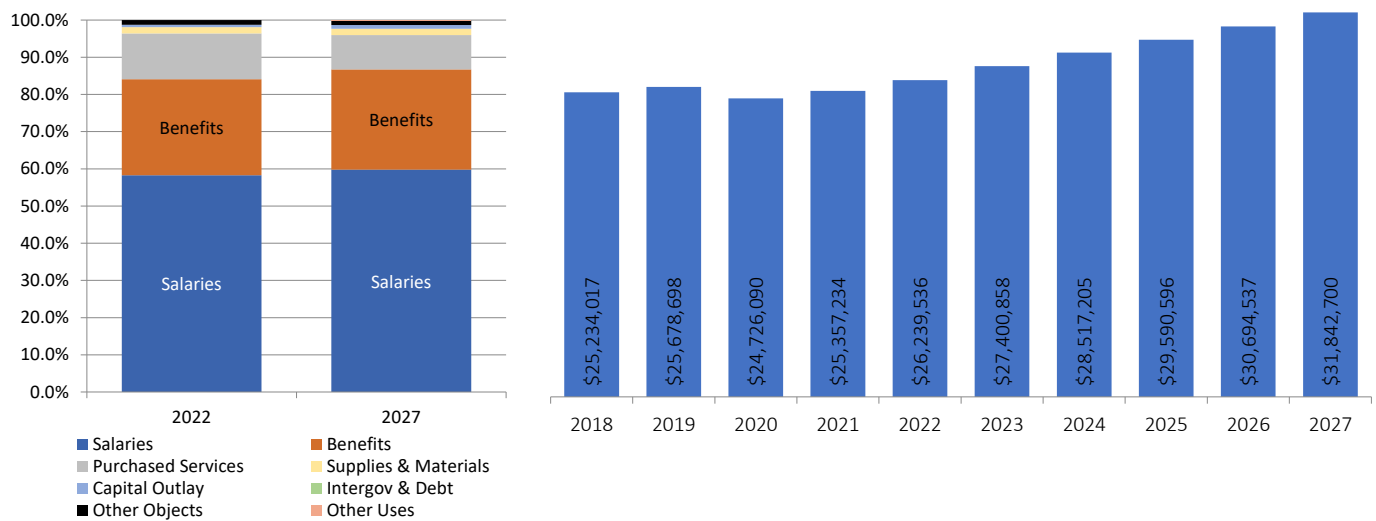


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$114,955. The projected average annual change is -\$8,142 through FY 2027. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$916,113 in FY 2021.

Also, there were significant rebates/refunds issued by Ohio Bureau of Workers' Compensation upon direction from Gov. DeWine during FY 2020 and FY 2021. As anticipated, these did not continue at these levels/amounts into FY2022, causing the dip that is observed.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



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

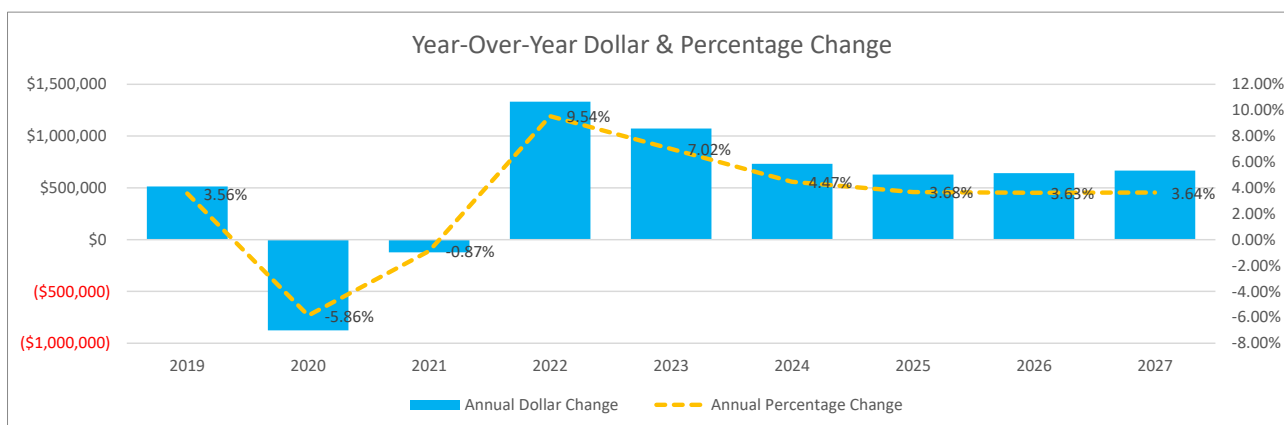
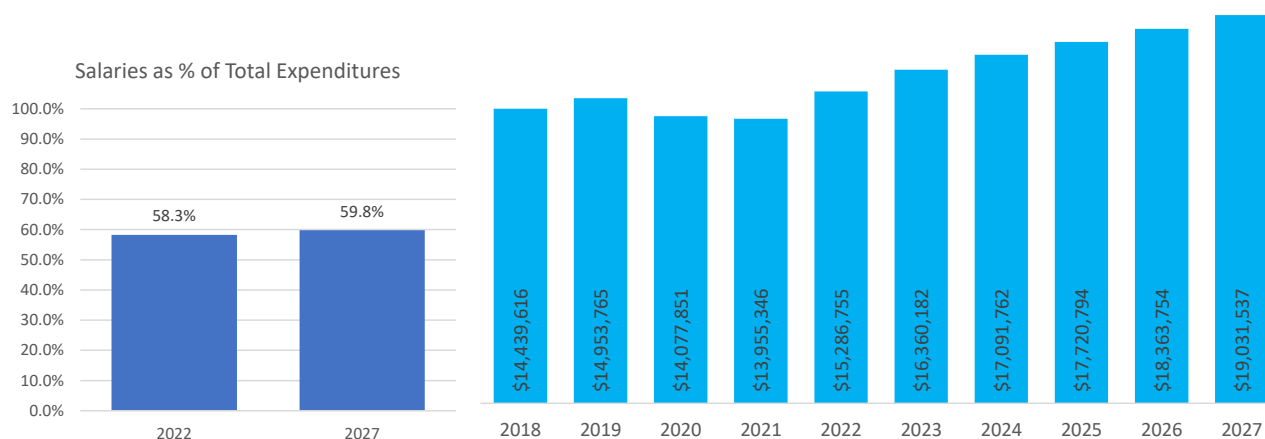
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.23% or \$313,766 annually during the past 5-Year period and is projected to increase 4.27% or \$1,120,633 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$609,515.
Salaries	139,441	748,956	\$609,515	
Benefits	\$272,977	\$362,113	\$89,136	
Purchased Services	(\$79,171)	(\$57,043)	\$22,128	
Supplies & Materials	\$711	\$17,099	\$16,388	
Capital Outlay	\$6,446	\$30,776	\$24,330	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	(\$26,639)	\$8,732	\$35,371	
Other Uses	\$0	\$10,000	\$10,000	
Total Average Annual Change	\$313,766	\$1,120,633	\$806,867	
	1.23%	4.27%	3.04%	

Note: Revenue average annual change is projected to be > \$572,121

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 58.26% of total expenditures and increased at a historical average annual rate of 0.96% or \$139,441. This category of expenditure is projected to grow at an annual average rate of 4.23% or \$748,956 through FY 2027. The projected average annual rate of change is 3.27% more than the five year historical annual average.

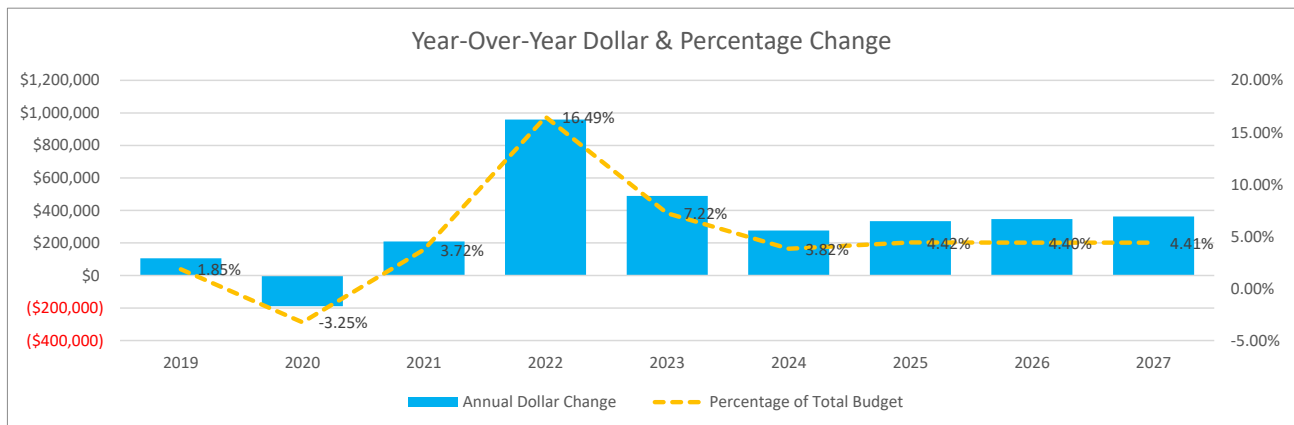
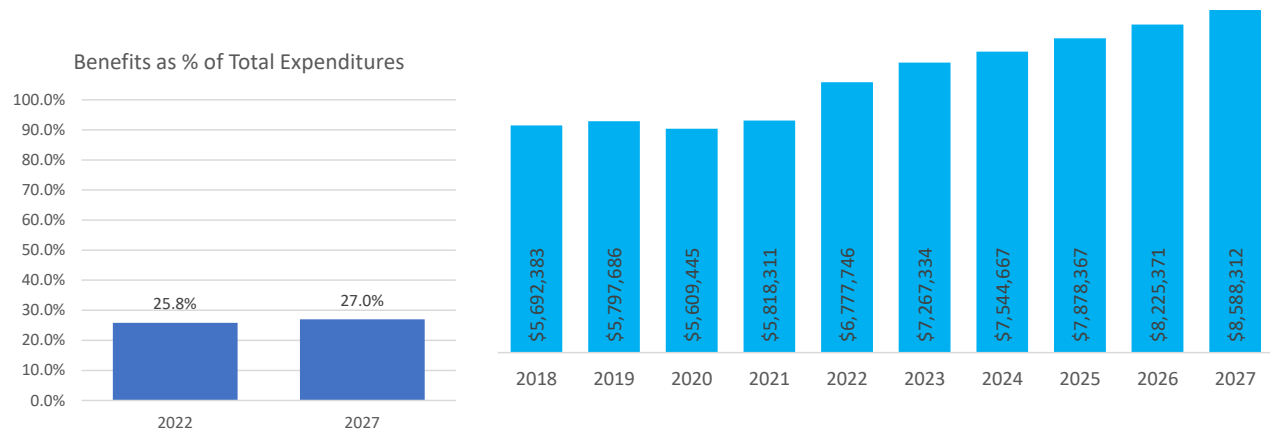
As mentioned on page 8 in the Resticted Grants-in-aid section of the forecast, Student Wellness & Success funding was moved into the General Fund. Therefore, those costs which were being expended out of this dedicated fund (Fund 467) must also be moved into the General Fund. For the Bellefontaine City School District, this was all composed of certain salaries and benefits. This accounts for some of the significant increase to Personnel Services as well as the following section, Employees' Benefits.

Almost all of the remaining increase can be attributed to the 2.5% increase that was negotiated for staff covered by the BEA CBA and significant increases negotiated for staff covered by the OAPSE CBA as well as other increases granted to other non-represented staff for the 2022-2023 contract year. Due to the district's historically slight but steady decline in enrollment, it would be prudent to continue examining our level of staffing needs. A "right-sizing" through attrition and non-renewals in order to stabilize this line item is recommended.

For FY24, a 1.50% increase to wages has been modeled as a placeholder during negotiations with BEA and OAPSE, which are currently ongoing. A 1.00% increase has been modeled for each of the final three years of the forecast.

3.020 - Employees' Benefits

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



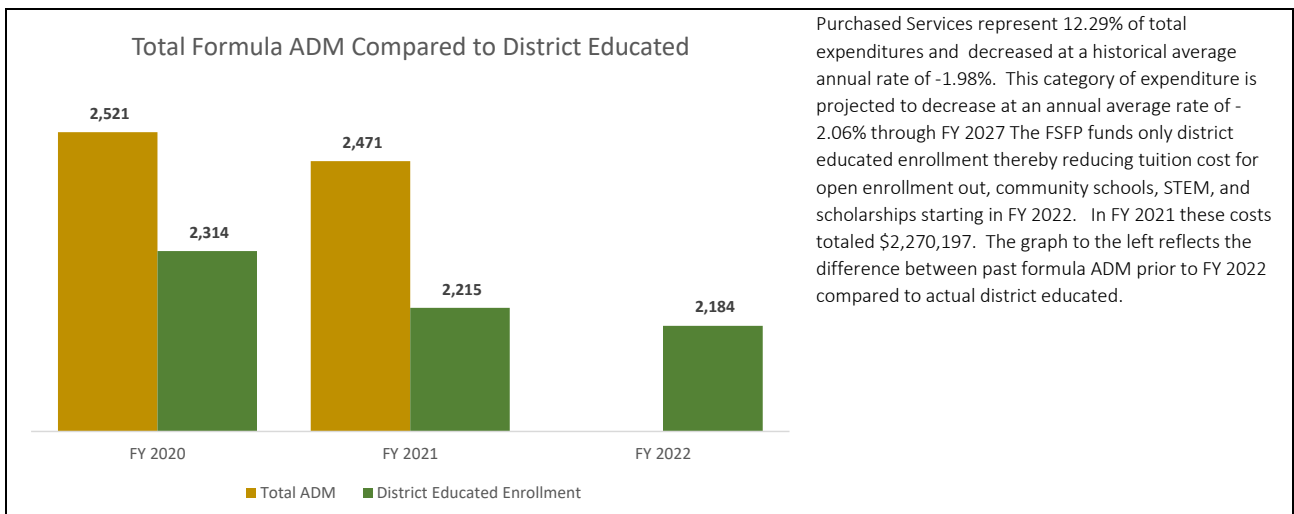
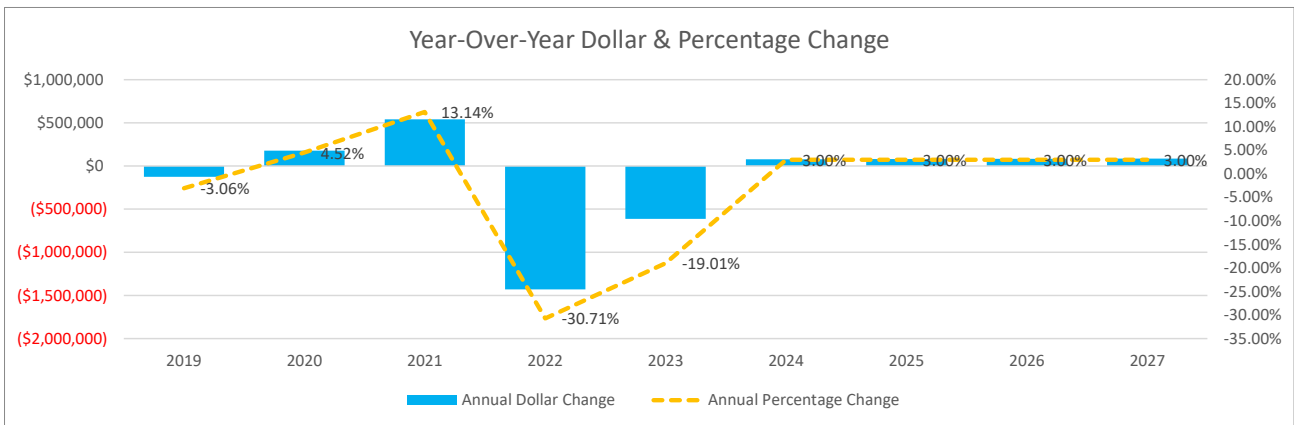
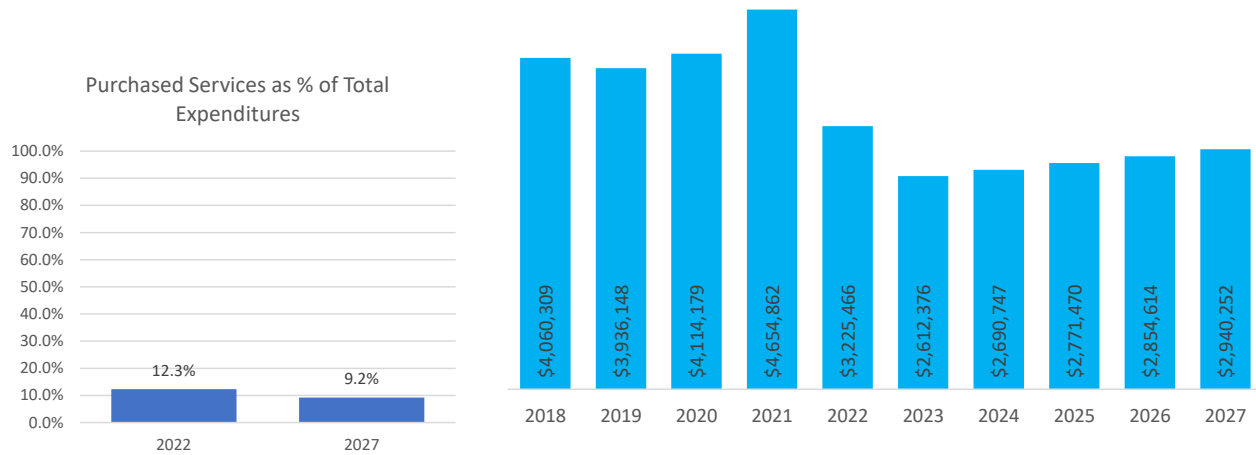
Benefits represent 25.83% of total expenditures and increased at a historical average annual rate of 4.60%. This category of expenditure is projected to grow at an annual average rate of 4.58% through FY 2027. The projected average annual rate of change is -0.01% less than the five-year historical annual average.

Quite a bit of this category is driven by salaries. Therefore, as salaries increase, so does employee benefits. This category also includes insurance benefits costs. A small portion of the savings from the budget cuts of the summer of 2019 was offset by a 19% increase to medical insurance rates and a 5% increase to dental insurance rates effective in April 2020. The district was forced to make another increase to medical insurance rates in the amount of 16% effective April 2021. These increases effected the Five-Year Forecast beginning in FY 2021 and continued into FY 2022, which can be seen in the graph above.

In April 2022, the district adopted a new insurance claim pricing strategy in an effort to reduce claims cost. Hopefully, this new pricing strategy will minimize the need for insurance premium increases in the future. At the time of completion of this forecast, it appears this strategy is very beneficial to our District. Our reserve funding in the Self-Insurance Fund is in a much healthier position now. Our District was able to announce a very modest increase to medical insurance premiums beginning in April 2023.

3.030 - Purchased Services

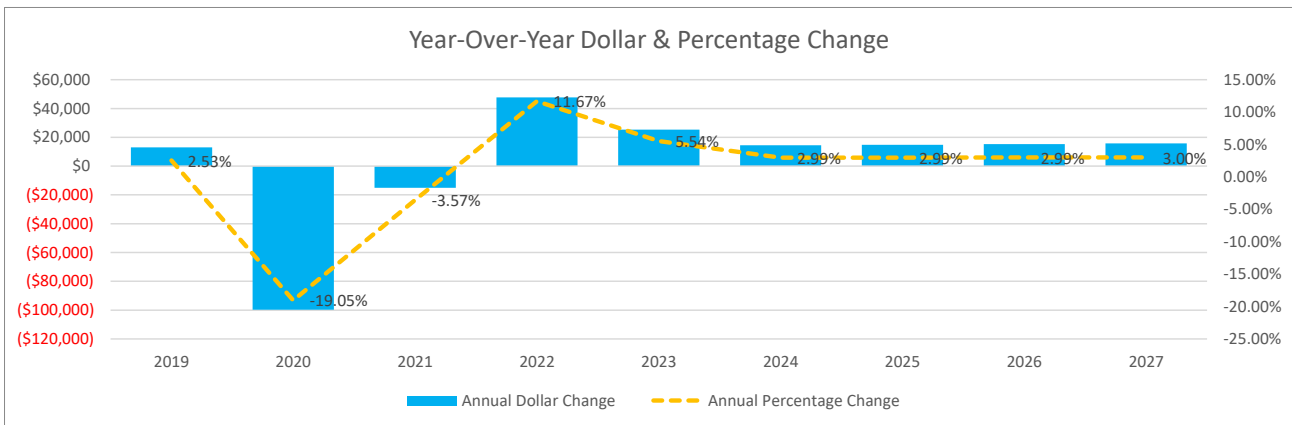
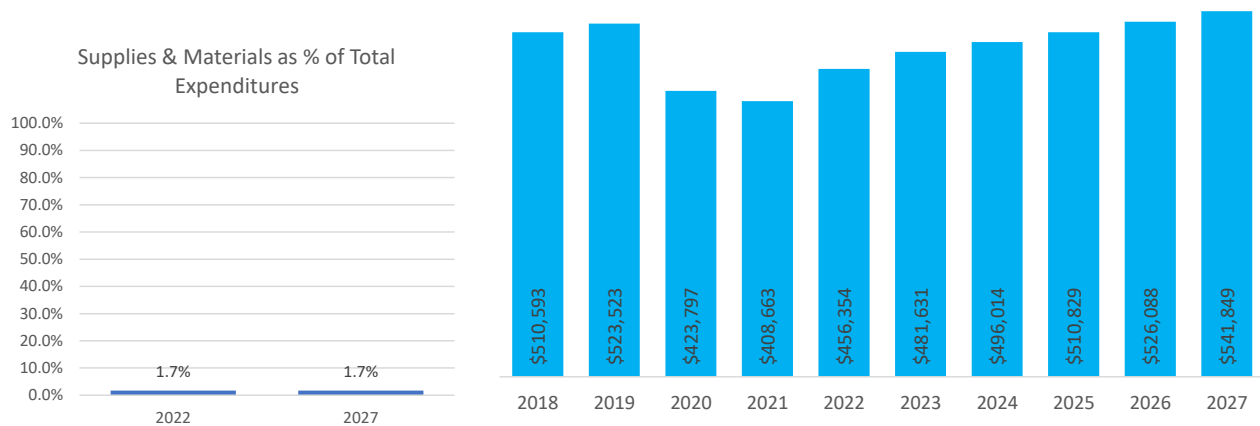
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 12.29% of total expenditures and decreased at a historical average annual rate of -1.98%. This category of expenditure is projected to decrease at an annual average rate of -2.06% through FY 2027. The FSP 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 \$2,270,197. The graph to the left reflects the difference between past formula ADM prior to FY 2022 compared to actual district educated.

3.040 - Supplies & Materials

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

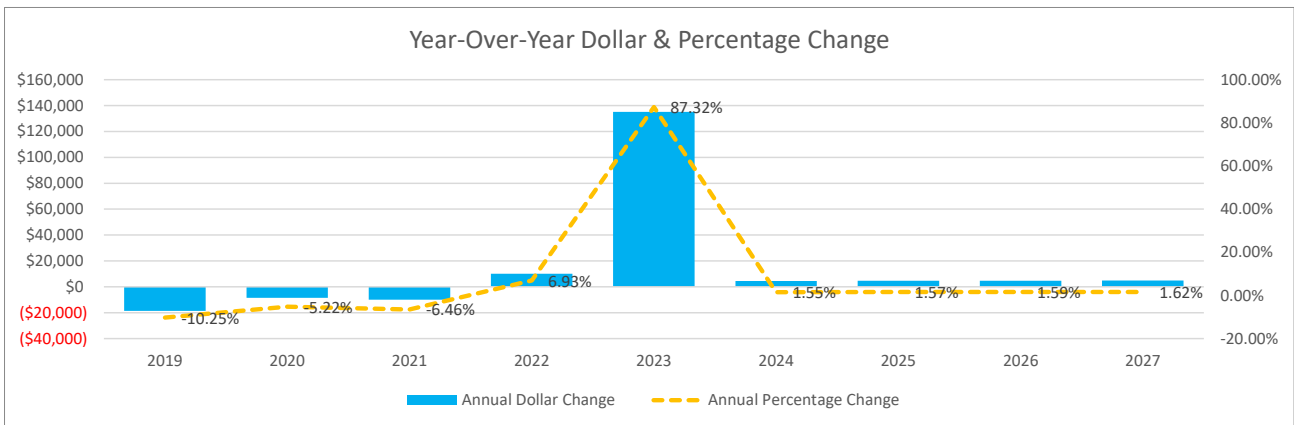
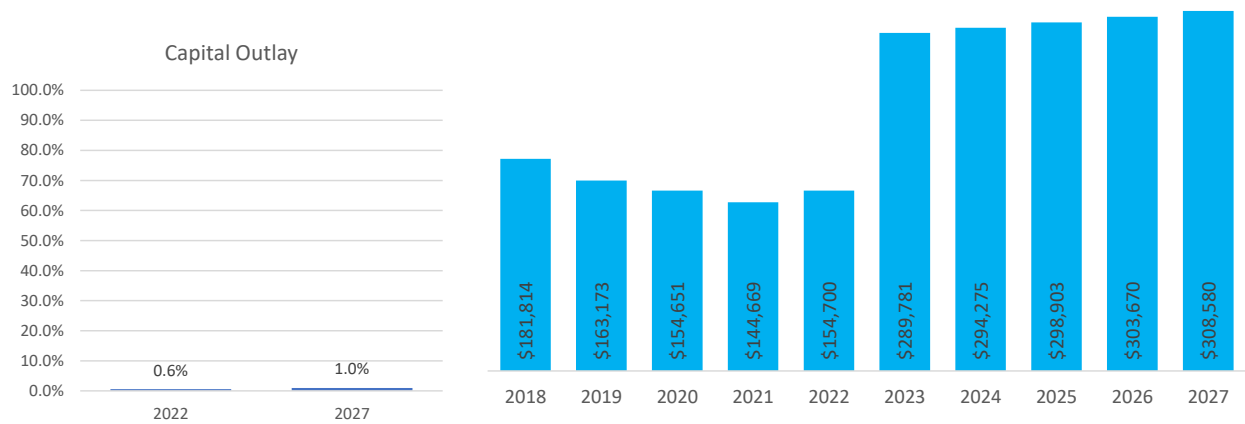


Supplies & Materials represent 1.74% of total expenditures and increased at a historical average annual rate of 0.15%. This category of expenditure is projected to grow at an annual average rate of 3.34% through FY 2027. The projected average annual rate of change is 3.19% more than the five year historical annual average.

The district continues to strictly monitor expenses. This category was greatly affected during FY 2020 and FY 2021 due to COVID-19. As expected, the Supplies and Materials category increased in FY 2022 to a level closer to that prior to COVID. An average increase of 2% has been modeled in this category for FY 2023 and beyond.

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.

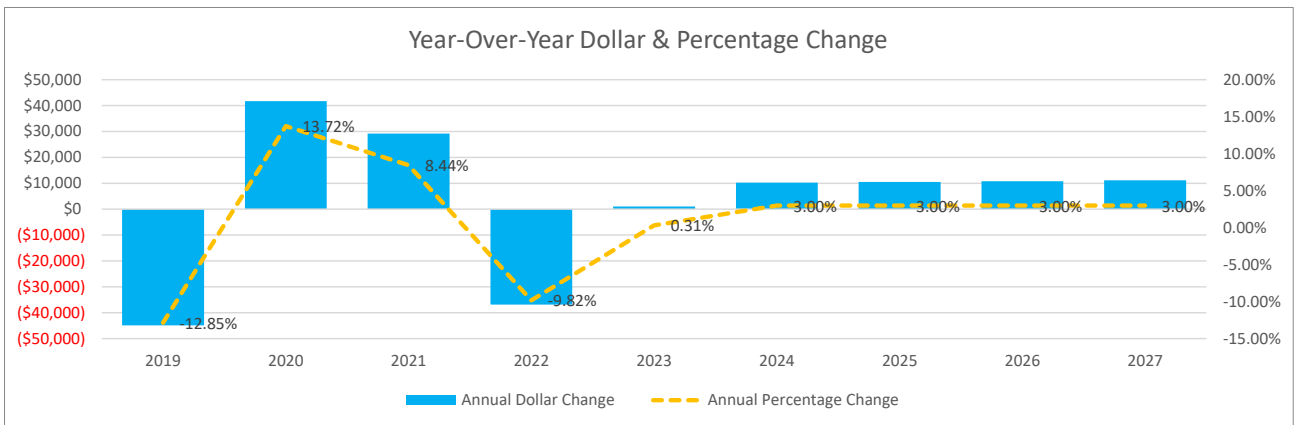
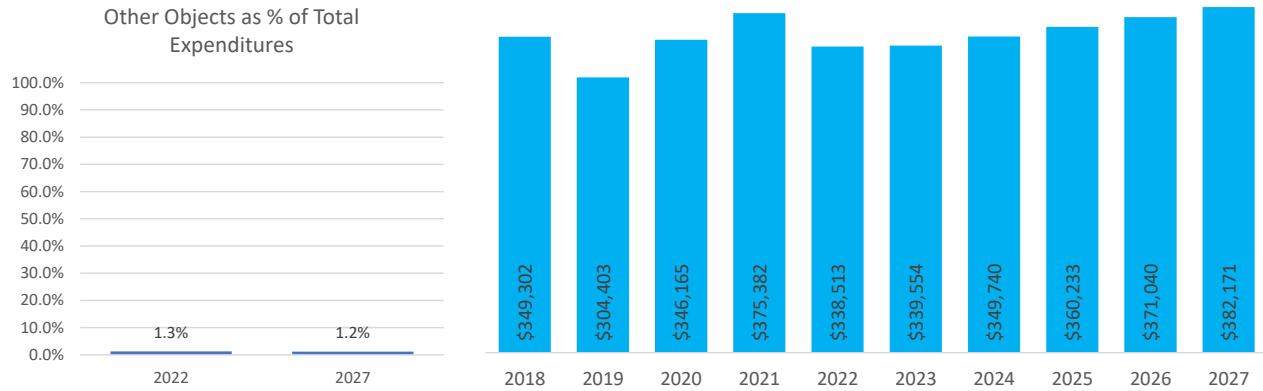


Capital Outlay represent 0.59% of total expenditures and increased at a historical average annual amount of \$6,446. This category of expenditure is projected to grow at an annual average rate of \$30,776 through FY 2027. The projected average annual change is more than the five year historical annual average.

An average annual increase of approximately 2% has been modeled for FY 2023 and beyond.

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 1.29% of total expenditures and decreased at a historical average annual rate of -7.77%. This category of expenditure is projected to grow at an annual average rate of 2.42% through FY 2027. The projected average annual rate of change is 10.19% more than the five year historical annual average.

Bellefontaine City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	8,582,649	9,587,381	9,935,572	9,991,361	10,499,204	10,855,182
1.020 - Public Utility Personal Property	759,964	961,963	692,157	901,031	942,667	984,776
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	13,637,858	13,309,339	13,301,326	13,326,806	13,372,131	13,436,363
1.040 - Restricted Grants-in-Aid	561,719	979,129	969,947	941,142	896,210	841,902
1.050 - Property Tax Allocation	821,710	920,735	1,005,209	1,018,768	1,082,518	1,147,531
1.060 - All Other Operating Revenues	937,869	813,478	833,607	854,255	875,434	897,161
1.070 - Total Revenue	25,301,770	26,572,025	26,737,818	27,033,363	27,668,164	28,162,915
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	538	-	-	-	-	-
2.070 - Total Other Financing Sources	538	-	-	-	-	-
2.080 - Total Rev & Other Sources	25,302,308	26,572,025	26,737,818	27,033,363	27,668,164	28,162,915
Expenditures:						
3.010 - Personnel Services	15,286,755	16,360,182	17,091,762	17,720,794	18,363,754	19,031,537
3.020 - Employee Benefits	6,777,746	7,267,334	7,544,667	7,878,367	8,225,371	8,588,312
3.030 - Purchased Services	3,225,466	2,612,376	2,690,747	2,771,470	2,854,614	2,940,252
3.040 - Supplies and Materials	456,354	481,631	496,014	510,829	526,088	541,849
3.050 - Capital Outlay	154,700	289,781	294,275	298,903	303,670	308,580
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	338,513	339,554	349,740	360,233	371,040	382,171
4.500 - Total Expenditures	26,239,536	27,350,858	28,467,205	29,540,596	30,644,537	31,792,700
Other Financing Uses						
5.010 - Operating Transfers-Out	-	50,000	50,000	50,000	50,000	50,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	-	50,000	50,000	50,000	50,000	50,000
5.050 - Total Exp and Other Financing Uses	26,239,536	27,400,858	28,517,205	29,590,596	30,694,537	31,842,700
6.010 - Excess of Rev Over/(Under) Exp	(937,228)	(828,833)	(1,779,387)	(2,557,233)	(3,026,373)	(3,679,786)
7.010 - Cash Balance July 1 (No Levies)	9,002,774	8,065,546	7,236,713	5,457,326	2,900,093	(126,280)
7.020 - Cash Balance June 30 (No Levies)	8,065,546	7,236,713	5,457,326	2,900,093	(126,280)	(3,806,066)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	8,065,546	7,236,713	5,457,326	2,900,093	(126,280)	(3,806,066)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	8,065,546	7,236,713	5,457,326	2,900,093	(126,280)	(3,806,066)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	8,065,546	7,236,713	5,457,326	2,900,093	(126,280)	(3,806,066)

State Funding Budget Process and May Financial Forecast

At the start of the state's FY 2024 and 2025 budget process the Governor introduced these key elements regarding the Fair School Funding Plan which started July 1, 2022:

- The FSFP would continue.
- It would be funded at the same 2018 base cost calculations
- Original phase-ins of the new formula would continue

While there is no legislatively approved state budget, the May forecast as prepared assumes the Governor's proposal. The 2018 base cost components as used in FY 2022 and 2023 and proposed by the Governor would be extended as follows:

- Base per pupil cost (funding) is calculated at the 2018 level through FY 2027
- FSFP phase-in continues until culminating at 100% phased-in by FY 2027

The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost components to the 2022 cost data. This change is potentially significant for many districts, however some districts will benefit only minimally or not at all. While the state budget deliberations continue the 2022 base cost was modeled to see the potential impact on the district's forecast. This is only an estimate and is intended to show relative potential significance. The modeling assumes:

- That the 2022 base cost components will be used in FY 2024 and 2025.
- The 2022 base cost components will be updated to 2024 cost data in FY 2026 and 2027.
- That the formula is fully phased-in by FY 2027.