

Garaway Local School District

Five Year Forecast Financial Report

November, 2023

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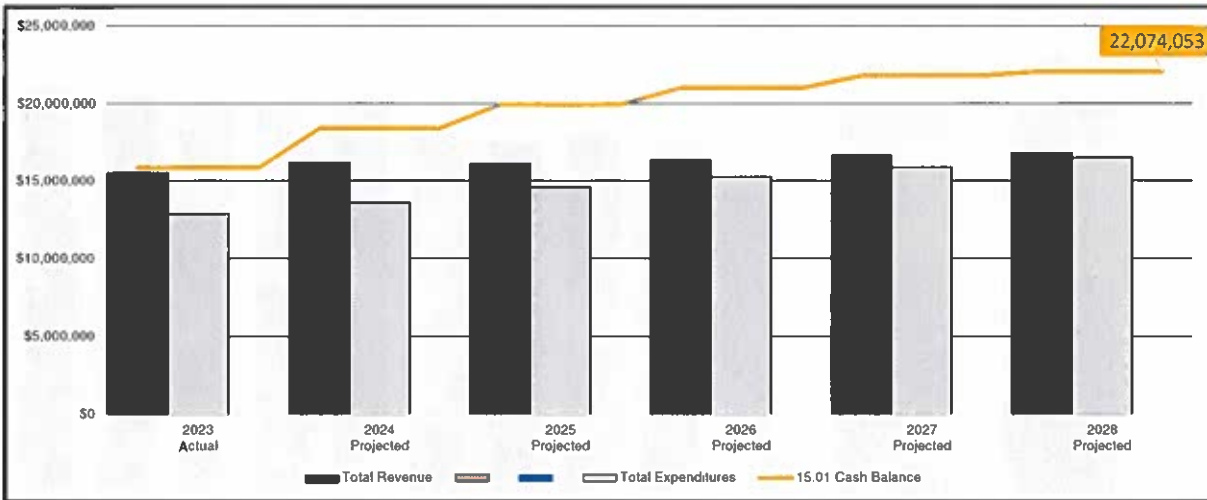
Forecast Purpose/Objectives

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus	15,871,678	18,425,865	19,937,876	21,015,155	21,785,519
+ Revenue	16,149,113	16,092,432	16,320,447	16,623,835	16,770,136
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(13,594,926)	(14,580,421)	(15,243,168)	(15,853,470)	(16,481,603)
= Revenue Surplus or Deficit	2,554,187	1,512,010	1,077,280	770,364	288,533
Line 7.020 Ending Balance with renewal/new levies	18,425,865	19,937,876	21,015,155	21,785,519	22,074,053

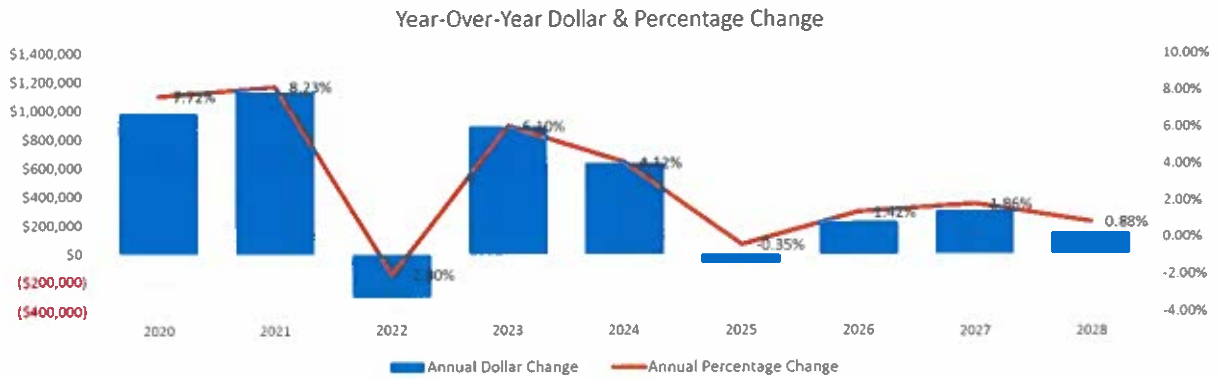
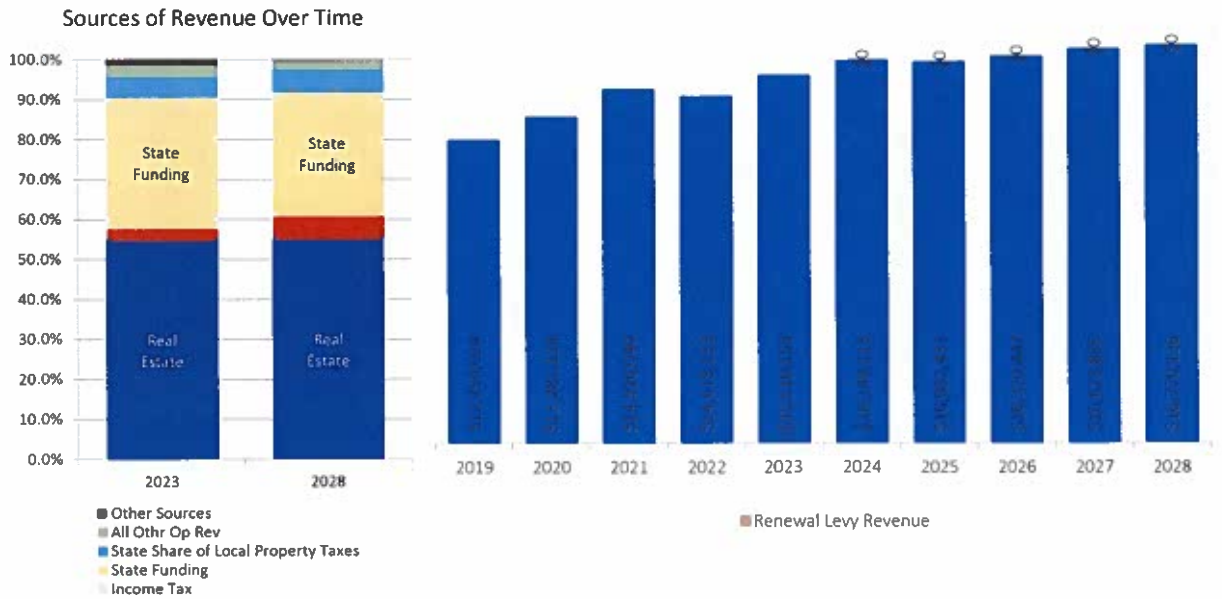
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	2,554,187	1,512,010	1,077,280	770,364	288,533
Ending Balance w/o Levies	18,425,865	19,937,876	21,015,155	21,785,519	22,074,053

In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$2,554,187 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue surplus where expenditures are projected to be less than revenue by -\$288,533. The district would need to cut its FY 2028 projected expenses by -1.75% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to improve by FY 2028. 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	
Real Estate	\$729,933	\$148,277	(\$581,656)	Total revenue increased 5.01% or \$679,032 annually during the past 4-Year period and is projected to increase 1.58% or \$251,997 annually through FY2028. Real Estate has the most projected average annual variance compared to the historical average at - \$581,656
Public Utility	(\$46,003)	\$105,107	\$151,110	
Income Tax	\$0	\$0	\$0	
State Funding	\$198,319	\$17,585	(\$180,734)	
State Share-Local Prop. Taxes	\$16,846	\$28,107	\$11,261	
All Othr Op Rev	(\$262,186)	(\$13,770)	\$248,416	
Other Sources	\$42,123	(\$33,310)	(\$75,433)	
Total Average Annual Change	\$679,032 5.01%	\$251,997 1.58%	(\$427,036) -3.43%	

Note: Expenditure average annual change is projected to be >

\$723,205 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 54.65% of total revenue. Class I or residential/agricultural taxes make up approximately 80.30% of the real estate property tax revenue. The Class I tax rate is 27.45 mills in tax year 2023. The projections reflect an average gross collection rate of 99.3% annually through tax year 2027. The revenue changed at an average annual historical rate of 11.41% and is projected to change at an average annual rate of 1.70% through FY 2028.

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 2.95% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 49.15 mills. The forecast is modeling an average gross collection rate of 97.50%. The revenue changed historically at an average annual dollar amount of -\$46,003 and is projected to change at an average annual dollar amount of \$105,107 through FY 2028.

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 Garaway Local School District the calculated Base Cost total is \$9,276,752 in FY 2024. The state's share of the calculated Base Cost total is \$2,159,158 or \$2,033 per pupil.

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

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 \$69,351 and is projected to change annually on average by -\$32,382. Restricted funds represent 1.95% 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 \$137,103. 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.

STATE SHARE OF LOCAL PROPERTY TAXES REVENUE

State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 10.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.0% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

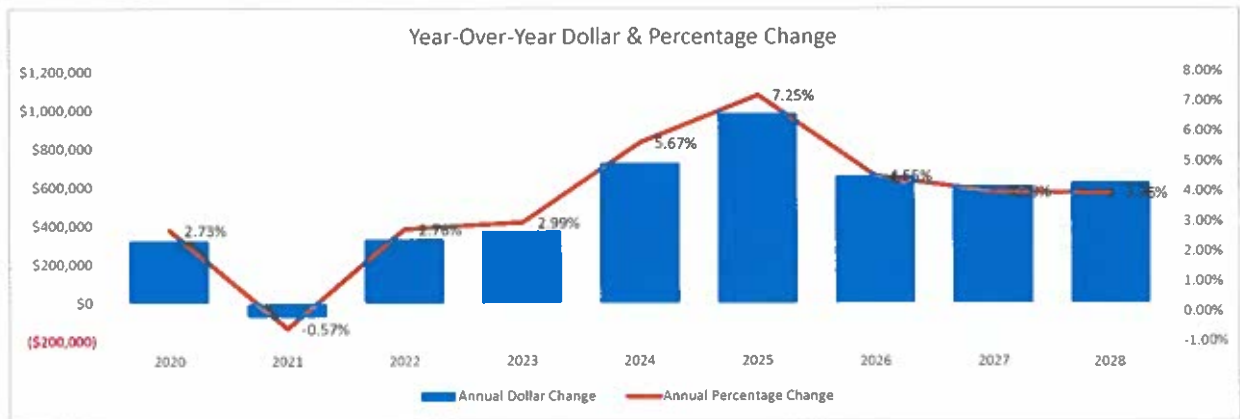
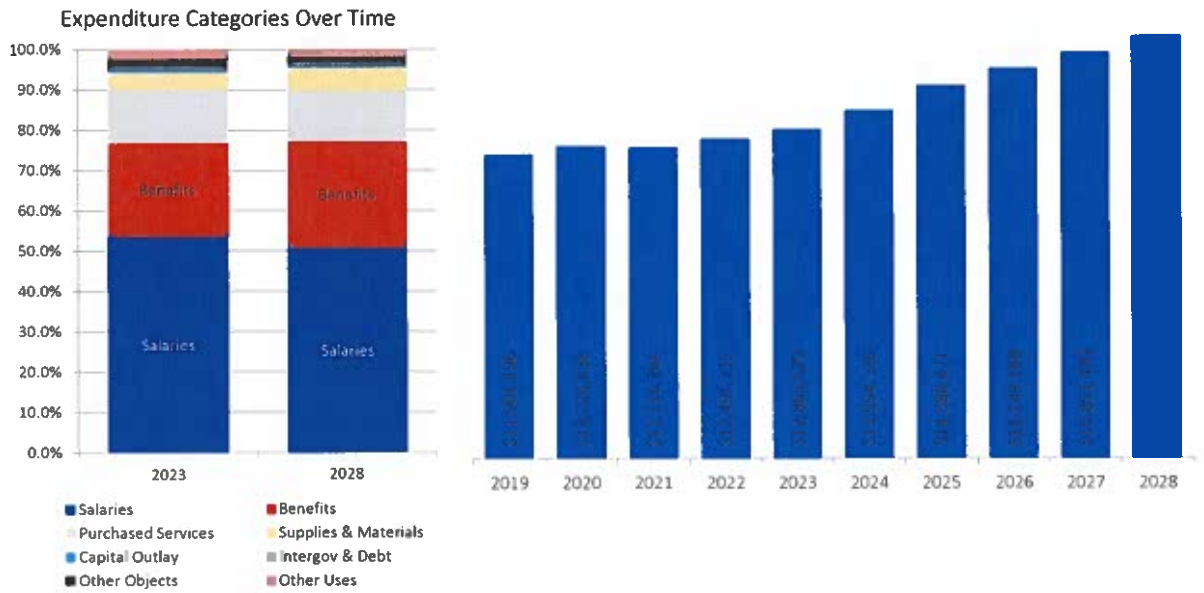
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$262,186. The projected average annual change is -\$13,770 through FY 2028.

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 2023 the district received \$171,391 as advances-in and is projecting advances of \$73,558 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$194,067 in FY 2024 and average \$37,000 annually through FY 2028.

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	
Salaries	\$158,013	\$295,741	\$137,728	Total expenditures increased 1.98% or \$241,096 annually during the past 4-Year period and is projected to increase 5.62% or \$723,205 annually through FY2028. Purchased Services has the largest projected average annual variance compared to the historical average at \$220,325.
Benefits	\$105,492	\$273,733	\$168,241	
Purchased Services	(\$152,258)	\$68,067	\$220,325	
Supplies & Materials	\$17,857	\$83,722	\$65,865	
Capital Outlay	\$30,024	\$6,691	(\$23,333)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$19,527	(\$3,228)	(\$22,754)	
Other Uses	\$62,441	(\$1,522)	(\$63,963)	
Total Average Annual Change	\$241,096	\$723,205	\$482,109	
	1.98%	5.62%	3.64%	

Note: Expenditure average annual change is projected to be > \$723,205

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

Expenditure Notes

SALARY EXPENSE

Salaries represent 53.65% of total expenditures and increased at a historical average annual rate of 2.50% or \$158,013. This category of expenditure is projected to grow at an annual average rate of 3.96% or \$295,741 through FY 2028. The projected average annual rate of change is 1.46% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 23.11% of total expenditures and increased at a historical average annual rate of 3.96%. This category of expenditure is projected to grow at an annual average rate of 7.89% through FY 2028. The projected average annual rate of change is 3.93% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 13.27% of total expenditures and decreased at a historical average annual rate of -6.95%. This category of expenditure is projected to grow at an annual average rate of 3.71% through FY 2028. The FSPF funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 4.30% of total expenditures and increased at a historical average annual rate of 5.44%. This category of expenditure is projected to grow at an annual average rate of 14.16% through FY 2028. The projected average annual rate of change is 8.71% more than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 1.33% of total expenditures and increased at a historical average annual amount of \$30,024. This category of expenditure is projected to grow at an annual average rate of \$6,691 through FY 2028. 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 1.96% of total expenditures and increased at a historical average annual rate of 10.35%. This category of expenditure is projected to decrease at an annual average rate of -1.07% through FY 2028. The projected average annual rate of change is -11.42% 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 2023 the district had advances-out and has advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2028. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

Garaway Local School District
Five Year Forecast
November, 2023

Fiscal Year:	Actual			FORECASTED				
	2021	2022	2023	2024	2025	2026	2027	2028
Revenue:								
1.010 - General Property Tax (Real Estate)	7,497,717	7,364,923	8,475,850	8,420,277	8,507,952	8,864,621	9,117,232	9,217,233
1.020 - Public Utility Personal Property	757,847	796,831	457,299	852,254	886,581	916,707	948,208	982,836
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,166,562	4,744,075	4,812,135	4,783,189	4,825,763	4,931,806	5,053,804	5,061,969
1.040 - Restricted Grants-in-Aid	98,866	317,780	302,795	269,961	227,326	188,242	139,885	140,885
1.050 - State Share-Local Property Taxes	782,789	772,101	812,191	858,785	875,856	912,116	942,363	952,727
1.060 - All Other Operating Revenues	1,590,820	594,545	446,335	697,022	581,954	469,955	385,343	377,486
1.070 - Total Revenue	14,894,601	14,590,254	15,306,605	15,881,488	15,905,432	16,283,447	16,586,835	16,733,136
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	-	1,435	171,391	73,558	150,000	(0)	(0)	(0)
2.060 - All Other Financing Sources	21,439	26,444	32,157	194,067	37,000	37,000	37,000	37,000
2.070 - Total Other Financing Sources	21,439	27,879	203,548	267,625	187,000	37,000	37,000	37,000
2.080 - Total Rev & Other Sources	14,916,040	14,618,133	15,510,153	16,149,113	16,092,432	16,320,447	16,623,835	16,770,136
Expenditures:								
3.010 - Personnel Services	6,198,326	6,559,638	6,901,823	7,165,446	7,547,601	7,833,272	8,101,895	8,380,529
3.020 - Employee Benefits	2,774,124	2,927,542	2,973,170	3,345,041	3,607,396	3,835,232	4,079,752	4,341,836
3.030 - Purchased Services	2,366,095	1,952,064	1,707,332	1,812,743	1,871,616	1,930,123	1,988,026	2,047,667
3.040 - Supplies and Materials	359,970	436,605	553,264	545,753	891,917	921,375	949,016	971,872
3.050 - Capital Outlay	148,062	79,930	170,483	185,112	189,612	194,247	199,021	203,938
Intergovernmental & Debt Service	-	-	-	-	-	-	-	-
4.300 - Other Objects	200,515	198,595	251,899	215,831	222,279	228,920	235,761	235,761
4.500 - Total Expenditures	12,047,093	12,154,373	12,557,971	13,269,926	14,330,421	14,943,168	15,553,470	16,181,603
Other Financing Uses								
5.010 - Operating Transfers-Out	108,187	225,000	175,000	175,000	250,000	300,000	300,000	300,000
5.020 - Advances-Out	1,435	112,339	132,608	150,000	-	-	-	-
5.030 - All Other Financing Uses	50	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	109,672	337,339	307,608	325,000	250,000	300,000	300,000	300,000
5.050 - Total Exp and Other Financing Uses	12,156,764	12,491,712	12,865,579	13,594,926	14,580,421	15,243,168	15,853,470	16,481,603
6.010 - Excess of Rev Over/(Under) Exp	2,759,276	2,126,421	2,644,574	2,554,187	1,512,010	1,077,280	770,364	288,533
7.010 - Cash Balance July 1 (No Levies)	8,341,407	11,100,683	13,227,104	15,871,678	18,425,865	19,937,876	21,015,155	21,785,519
7.020 - Cash Balance June 30 (No Levies)	11,100,683	13,227,104	15,871,678	18,425,865	19,937,876	21,015,155	21,785,519	22,074,053
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	11,100,683	13,227,104	15,871,678	18,425,865	19,937,876	21,015,155	21,785,519	22,074,053
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	11,100,683	13,227,104	15,871,678	18,425,865	19,937,876	21,015,155	21,785,519	22,074,053
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	11,100,683	13,227,104	15,871,678	18,425,865	19,937,876	21,015,155	21,785,519	22,074,053