

CLAYMONT CITY SCHOOL DISTRICT

FISCAL YEAR 2022 – MAY

FIVE-YEAR FINANCIAL FORECAST



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**Claymont City School District
Tuscarawas County**

**Significant Forecast Assumptions
Fiscal Years 2022 through 2026**

As with any financial forecast, the document accompanying these written assumptions is based on factors known as of this date, and/or as clarified in these assumptions. All forecasts include the inherent assumption that changes will occur over the time of the forecast, and that as these changes occur, the outcome of the forecast will change as well. Both factors that the Board of Education has no control over, and those factors they may control, will impact the amounts reflected in the forecast.

REVENUES

Line 1.01/1.020- General Property Tax/Public Utility Personal Property Tax (22.1% of Total Revenue)

Property values are established each year by the County Auditor based on new construction and updated values. A reappraisal is mandated by Ohio law every six years, with an update at the three-year midpoint. Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First-half tax collections are received in the second-half of the fiscal year and second-half tax collections occur in the first-half of the following fiscal year. The Tuscarawas County Auditor performed an update in 2019, which took affect with tax collections in calendar year 2020. Reappraisals have begun in the county for the 2022 tax year.

The District had a \$470,000 emergency levy that was originally approved in November 1990. It has been renewed 5 times, the last being May 6, 2014. The last full year of collection was for the 2019 tax year, collected in 2020, mid-way through FY2021. This levy expired, and was not renewed. A new 5 mil continuing, combined operating/permanent improvement levy was passed in April 2020, with collection beginning in 2021. The new levy operating proceeds are accounted for on line 1.010.

General Property Tax and Public Utility Personal Property Tax collected totaled \$3,580,607 and \$1,177,950, respectively, for fiscal year 2022 based on the most recent tax data estimates obtained from the Tuscarawas County Auditor's Office and the Ohio Department of Taxation. General Property Tax in fiscal year 2023 and 2024 are estimated to increase by approximately 5% due to it being a reappraisal year with fiscal year 2025 and 2026 returning to an estimated increase of 1% based on historical data (non-update, non-reappraisal year). Public Utility Personal Property Tax is estimated to increase by 3% each year.

Line 1.035- Unrestricted Grants-in-Aid (62.2% of Total Revenue)

Unrestricted Grants-in-Aid is estimated at \$13,406,272 for fiscal year 2022. H.B. 110 was passed as part of the biennial budget this past June. This budget, which includes the provisions of the Fair School Funding Plan, will be in place for Fiscal year 2022 and fiscal year 2023. The funding plan calls for a phased in plan that is expected to take six years to fully implement. Fiscal year 2022 will see a phase in of 16.67% and 33.33% in 2023. The Fair School Funding Plan will have three components determining funding: Base Cost considering the "whole student", State and Local Share which uses both property values and resident income to identify each community's capacity to pay their fair share, and Categorical Aid – Outside of Base cost such as poverty, preschool, special education, gifted education, and English Language Learners. The phase-in, the components, and any transitional guarantees will be re-examined regularly by the Oversight Commission established in the bill and every two years through the budget process.

Fiscal years 2023, 2024, 2025, and 2026 assumes a 1% increase annually. It is important to note the district's

funding could change significantly due to any future reductions or any changes to the funding formulas developed at the next biennium budgets.

Additionally, this line item includes Casino Revenues received in August and January of each year, as well as miscellaneous adjustments made to the foundation calculations throughout the fiscal year. Casino Revenues is estimated to increase 2% annually.

Line 1.04- Restricted Grants-in-Aid (10.5% of Total Revenue)

Restricted Grants-in-Aid is estimated at \$2,256,707 during fiscal year 2022 based on information from the state's most current foundation settlement report. A 0% increase is projected for future fiscal years. The Restricted Grants-in-Aid line item consists of Career Tech Aid, Economic Disadvantaged Funding, Student Wellness and Success Funds, Gifted, and English Language Learners. With the change in funding plans, these funds are calculated based on student counts.

Line 1.05- Property Tax Allocation (2.3% of Total Revenue)

Property Tax Allocation collected was \$487,994 for fiscal year 2022. The property tax allocation line is expected to increase at 1% annually. Due to legislation, a portion of the district's real estate property tax is now received via the property tax allocation line item due to the homestead exemption.

Line 1.06- All Other Revenues (2.9% of Total Revenue)

All Other Revenues are estimated to be \$623,617 for fiscal year 2022 based on estimated interest income, rentals, and miscellaneous receipts. This is a drastic decrease from previous years due to the change in the State foundation calculation removing open enrollment in revenues. These funds are now reflected in line 1.035.

Line 2.060- All Other Financing Sources

All Other Financing Sources are estimated to be \$8,000 for fiscal year 2022 based on refunds on prior year expenses. The majority of this revenue in prior years was the refund of Workers' Compensation Insurance. This refund is not expected to continue into FY2022 and beyond; therefore, the estimate is reduced from prior levels with a slight increase the remaining years.

Line 2.04- Operating Transfers-In

Operating Transfers-In are not projected. Transfers that are expended and received by the same fund are not included in this line item.

Line 2.05- Advances-In

No advances are anticipated for FY2022.

EXPENDITURES

Line 3.01- Personal Services (56.9% of Total Expenditures)

Personal service costs are estimated to be approximately \$11,618,517 during fiscal year 2022. These costs include all contracted days, supplemental pays, overtime hours, substitute wages, attendance incentives, and severance payments. Substantial costs in this line item that have been extremely volatile are substitute employee salaries and retirement costs. FY2022 salary estimates include step/education level increases. Reductions in staffing in FY2020 and FY2021 resulted in cost savings. A 3% increase has been included in the projections for FY2023-FY2025 and a 3.5% increase for FY2026. Any additional positions added in the future would negatively impact this forecast based off the current staffing levels in the District for FY2022.

The projections for FY2022 and beyond have increased from prior levels due to the Student Wellness and Success Funds being included in our state foundation payments and allocated within the General Fund, rather than a separate special fund. These funds offset expenses the past two years.

Line 3.02- Employee Benefits (27.8% of Total Expenditures)

Health care costs are based on the coverage terms of the existing health insurance contracts, the anticipated number of employees participating in the program, and current monthly premiums. Fringe Benefits are estimated at \$5,675,990 during fiscal year 2022, which includes known insurance moratoriums. Two premium holidays for health, dental and vision insurance have already been taken for FY2022.

Fiscal year 2022 had a 3.9% increase in medical/prescription premiums and no increase for vision and dental, with two premium holidays. There was also no increase in life insurance premiums. Fiscal year 2023 has an estimated increase of 7.35% as given by the insurance consortium, with no increase for vision and dental, and only one premium holiday. Fiscal years 2024 through 2026 projections also consider average annual inflation in insurance coverage, which has averaged 5.04% over the last five years. For that reason, it is anticipated that fiscal year 2024-2026 projected increases are approximately 6% for medical/prescription premiums, 1% for vision and dental expenses and 1% for life insurance expenses each year based on current health care trends. It is also historically projected that at least one premium holiday will be observed each fiscal year. Also included in this line item are wage driven benefits such as SERS/STRS contributions, Medicare contributions, the SERS Surcharge, Worker's Compensation premiums, self-funded deductible costs and unemployment costs. Please note that these types of benefits will increase in accordance with employee raises.

Line 3.03- Purchased Services (9.5% of Total Expenditures)

Purchased services are anticipated to be approximately \$1,939,066 during fiscal year 2022. An increase of approximately 5% is projected for fiscal year 2023 due to the increase in the natural gas contract for the district. A consistent 1.87% increase from fiscal years 2024 through 2026 to incorporate inflationary costs. This calculation considers professional services, utilities (telephone service, postage, electricity, heating/cooling, etc.), and maintenance/repair agreements. The nature of these expenses can be extremely volatile and may fluctuate significantly on an annual basis, based on the current needs of the district at any point in time. The difference in the estimate for FY2022 from prior years reflects the Fair School Funding Plan. Open enrollment out, community school, and scholarships for students who reside in our district, but attend another district, will be paid directly from the state to that district. It will not flow through our foundation payment; therefore, will not show as an expense on the forecast.

Line 3.04- Supplies and Materials (2.0% of Total Expenditures)

Supplies and Materials are projected at \$413,173 for fiscal year 2022. The district believes it is necessary to allocate resources annually to instructional supplies and will continue to invest these dollars accordingly. Due to

receiving ESSER funds used to purchase supplies relating to COVID-19, supplies remained under previous year's expenditures for FY2021 and FY2022. A 2-3% increase is projected for fiscal years 2023 through 2026. Other expenditures included within this line-item are maintenance/janitorial supplies, bus supplies, bus fuel, technology supplies, etc. With inflation seeing an all-time high, supplies costs and availability of supplies will make this line item volatile the next couple of years.

Line 3.05- Capital Outlay (1.7% of Total Expenditures)

Capital Outlay projected for fiscal year 2022 is estimated at \$338,000, which includes regular operational capital outlay needs and a school van. Fiscal years 2023-2026 are estimated according to the district's five-year capital outlay plan. The needs include roofs, chillers, parking lots, technology infrastructure, etc. and the purchase of school buses and maintenance trucks. Please note that the district continues to make minor capital improvements and/or upgrades to equipment as funds become available. The longer the district operates without making equipment upgrades, as well as making capital improvements, a greater amount of dollars will be needed in the future to remedy these neglected areas. The district continues to update the five-year capital outlay plan as deemed necessary. ESSER funds were used to replace boilers at the Middle School and the Elementary School this past year. The boiler at the Intermediate School will be replaced next summer, as well as repair to some roofs. This will help the District concentrate on other needed repairs.

Line 4.30- Other Objects (.8% of Total Expenditures)

Other Objects expenditures are projected at \$159,976 for fiscal year 2022 based on anticipated increases. Other Objects expenditures are expected to remain consistent with a 2% increase through fiscal year 2026.

Line 5.01- Operating Transfers-Out (.8% of Total Expenditures)

Operating Transfers-Out is projected at \$150,000 for FY2022 to cover any food service deficits. Future year's transfers may increase slightly in FY2023-2026. Transfers that are expended and received by the same fund are not included in this line item.

Line 5.02- Advances-Out

No advances are expected for fiscal year 2022-2026.

Line 8.01- Estimated Encumbrances

Estimated Encumbrances are projected at \$250,000 for fiscal years 2022 through 2026 based on the District's attempt to reduce outstanding purchase orders at fiscal year end.