

CLAYMONT CITY SCHOOL DISTRICT

FISCAL YEAR 2023 – MAY

FIVE-YEAR FINANCIAL FORECAST



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**Claymont City School District
Tuscarawas County**

**Significant Forecast Assumptions
Fiscal Years 2023 through 2027**

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 (22.4% 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. Reappraisals were completed in 2022 in Tuscarawas County. As provided by the Auditor, the District's total tax valuation will increase by \$37,414,090 for tax collections in calendar year 2023. This should result in \$748,281 in additional property tax with about \$636,000 coming from Real Estate taxes and \$112,000 from Public Utility Personal Property.

A 5 mills continuing, combined operating/permanent improvement levy was passed in April 2020, with collection beginning in 2021. This levy operating proceeds of 3 mills for the General Fund are accounted for on line 1.010.

General Property Tax and Public Utility Personal Property Tax collected \$3,663,845 and \$1,348,060, respectively, for fiscal year 2023. General Property Tax in fiscal year 2024 is estimated to increase by approximately 2.27% due to the second half collection of the reappraisal values with fiscal year 2025 returning to an estimated increase of 1% based on historical data (non-update, non-reappraisal year). Fiscal year 2026 will be an update year with an estimated increase of 3% and FY2027 of 2%. Public Utility Personal Property Tax is estimated to increase by 3% each year.

Line 1.035- Unrestricted Grants-in-Aid (59.7% of Total Revenue)

Unrestricted Grants-in-Aid is estimated at \$13,354,182 for fiscal year 2023. H.B. 110 was passed as part of the biennial budget in June, 2021. 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 saw 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.

The biennium budget will be set in June 2023. It appears the Fair School Funding Plan will continue its phase in with fiscal years 2024 at 50% and 2025 at 66.67%. Having seen the Governor's and the House's version of

the budget, an estimated increase of 2% was used for 2024 and assuming a 1% increase annually for 2025, 2026 and 2027. It is important to note the district's funding could change significantly due to any future reductions or any changes to the funding formulas or reduction in enrollment.

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 Revenue is estimated to increase 2% annually.

Line 1.04- Restricted Grants-in-Aid (11.5% of Total Revenue)

Restricted Grants-in-Aid is estimated at \$2,566,284 during fiscal year 2023 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 (2.2% of Total Revenue)

Property Tax Allocation is estimated at \$481,617 for fiscal year 2023. 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 (4.2% of Total Revenue)

All Other Revenues are estimated to be \$933,296 for fiscal year 2023 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. Fiscal year 2023 has also seen a substantial increase in interest income resulting in an increase of revenue for this line item. It is projected to continue at this level for fiscal year 2024, but reduce in the subsequent years.

Line 2.060- All Other Financing Sources

All Other Financing Sources are estimated to be \$3,000 for fiscal year 2023 based on refunds on prior year expenses. The majority of this revenue in prior years was the refund of Workers' Compensation Insurance. This refund did not continue in FY2022; therefore, the estimate is reduced from prior levels and projected to remain consistent 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 FY2023.

EXPENDITURES

Line 3.01- Personal Services (55.7% of Total Expenditures)

Personal service costs are estimated to be approximately \$12,294,041 during fiscal year 2023. These costs include all contracted days, supplemental pays, overtime hours, attendance incentives, and severance payments. Substantial costs in this line item that have been extremely volatile are substitute employee salaries and retirement costs. Beginning in November 2022, substitute teacher costs will be reflected in Line 3.03 as a purchased service. All classified substitutes and permanent teacher substitutes will still be reflected in this line item. Due to how pay dates land on the calendar, fiscal year 2023 will have 27 pays instead of 26 for twelve month classified employees, which will result in higher wages for this fiscal year.

Salary estimates include step/education level increases, as well as a percentage increase. Reductions in staffing in FY2020 and FY2021 resulted in cost savings. With a new negotiated agreement with the Claymont Education Association and a Me Too clause in the OAPSE agreement, a 5.5% increase has been included in the projections for FY2024 and a 3.5% increase for FY2025 through FY2027. One additional teacher position was included in fiscal year 2024 to accommodate the new dyslexia requirement. Any additional positions added in the future would negatively impact this forecast based off the current staffing levels in the district for FY2023.

The actual expense for FY2022 and the projections for FY2023 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 (28.5% 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 \$6,284,026 during fiscal year 2023, which includes known insurance moratoriums. One premium holiday for health, dental and vision insurance have already been taken for FY2023.

Fiscal year 2023 had a 7.35% increase in medical/prescription premiums and no increase for vision and dental, with one premium holiday. Fiscal year 2024 has an estimated increase of 7.98% for medical/prescription premiums, a 5.75% estimated increase for dental, and a 2.5% increase for vision as given by the insurance consortium. It is anticipated that fiscal year 2025 will again increase by 7% for medical/prescription and 5% for dental/vision and 2026-2027 have projected increases at approximately 6% for medical/prescription, and 5% for dental/vision 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 (10.1% of Total Expenditures)

Purchased services are anticipated to be approximately \$2,237,635 during fiscal year 2023. An increase is projected for fiscal year 2023 due to the increase in the natural gas contract for the district, increase due to inflationary costs, and the newly signed agreement with the Ohio Substitute Teacher Services. A consistent 1-2% increase for fiscal years 2024 through 2027 is projected. 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 actual for FY2022 and the estimate for FY2023 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 (2.3% of Total Expenditures)

Supplies and Materials are projected at \$505,651 for fiscal year 2023. 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 have increased from previous years' expenditures due to these funds being expended. Increases in estimates for fiscal years 2025 through 2027 include curriculum and chromebooks that have been purchased with ESSER funds the last couple of years and will no longer be available. A 1-3% increase is projected for other items for fiscal years 2024 through 2027. 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, supply costs and availability of supplies have made this line item volatile and will continue the next couple of years.

Line 3.05- Capital Outlay (1.5% of Total Expenditures)

Capital Outlay projects for fiscal year 2023 are budgeted at \$330,000, which includes regular operational capital outlay needs and two maintenance trucks. Fiscal years 2024-2027 are also budgeted at \$400,000 which is used in constructing 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 district continues to update the five-year capital outlay plan as deemed necessary. ESSER funds have been used to replace boilers at the Middle School and the Primary School this past year and at the Intermediate and Elementary School this year, as well as some repairs to roofs. Chillers will also be replaced using ESSER funds. These funds have helped the district concentrate on other needed repairs.

Line 4.01 and 4.06- Debt/Interest Payments (.5% of Total Expenditures)

Debt/Interest Payments are projected at \$125,320 for fiscal year 2023. The increases each year follow the debt schedule of the one Capital Improvement loan the district obtained in 2016. The last payment will be made in FY2026.

Line 4.30- Other Objects (.7% of Total Expenditures)

Other Objects expenditures are projected at \$151,313 for fiscal year 2023 based on anticipated increases. Other Objects expenditures are expected to remain consistent with an estimated 2% increase through fiscal year 2027.

Line 5.01- Operating Transfers-Out (.7% of Total Expenditures)

Operating Transfers-Out is projected at \$150,000 for FY2023 to cover any food service deficits or transfers to a severance fund. Future years' transfers may increase slightly in FY2024-2027. 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 years 2023-2027.

Line 8.01- Estimated Encumbrances

Estimated Encumbrances are projected at \$250,000 for fiscal years 2023 through 2027 based on the district's attempt to reduce outstanding purchase orders at fiscal year end.