

CLAYMONT CITY SCHOOL DISTRICT

FISCAL YEAR 2024 – MAY

FIVE-YEAR FINANCIAL FORECAST



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**Claymont City School District
Tuscarawas County**

**Significant Forecast Assumptions
Fiscal Years 2024 through 2028**

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 (23.1% 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. Reappraisals were completed in 2022 in Tuscarawas County. Updates to property values are scheduled in 2025 for Tuscarawas County.

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 \$3,755,448 and \$1,497,117, respectively, for fiscal year 2024. General Property Tax in fiscal year 2025 is estimated to increase by 1.5% 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%, returning to 1.5% for FY2028. Public Utility Personal Property Tax increased by 11% from FY2023 to FY2024. An estimated increase of 10% was used for FY2025, 9% for FY2026 and 8% each year thereafter.

Line 1.035- Unrestricted Grants-in-Aid (62.1% of Total Revenue)

Unrestricted Grants-in-Aid is estimated at \$14,108,460 for fiscal year 2024. H.B. 10 was passed as part of the biennial budget in June, 2021. This budget, which continues the provisions of the Fair School Funding Plan, will be in place for Fiscal year 2024 and fiscal year 2025. 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 phase in will continue for FY2024 at 50% and 66.67% in FY2025. 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 state budget did approve the increase in the inputs from FY2018 to FY2022 for the 2024 and 2025 budget term. This increases the funds received for students, staff and fringe benefits.

Formula Transition Supplement is being received in this line item as a guarantee built into the formula to ensure districts do not receive less in FY2024 than what was received in FY2020. This guarantee will be removed in FY2025 and beyond with the return of the Community Eligibility Provision to the District, which will shift the funds from this line item (Unrestricted) to line 1.04 (Restricted) constituting the increase in Disadvantage Pupil Impact Aid (DPIA).

Fiscal year 2025 illustrates the shift with an estimated 7% decrease with FY2026, 2027 and 2028 assuming 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 budget which will be set in June 2025. Any increase in enrollment should produce an increase in this funding.

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 .5% annually.

Line 1.04- Restricted Grants-in-Aid (7.5% of Total Revenue)

Restricted Grants-in-Aid is estimated at \$1,704,905 during fiscal year 2024 based on information from the state's most current foundation settlement report. A 0-1% increase is projected for future fiscal years. The Restricted Grants-in-Aid line item consists of Career Tech Aid, Disadvantaged Pupil Impact Aid, Student Wellness and Success Funds, Gifted, and English Language Learners. With the change in funding plans, these funds are calculated based on student counts.

A decrease in Poverty Based Assistance will be seen in FY2024 due to the district not qualifying for the Community Eligibility Provision. This resulted in over a \$923,000 loss in funding with \$578,451 being recouped in the Formula Transition Supplement and \$449,892 in Temporary Transitional Aid Guarantee in line item 1.035.

Line 1.05- State Share of Local Property Tax (2.1% of Total Revenue)

State Share of Local Property Tax collected at \$481,503 for fiscal year 2024. This line combines the Rollback tax and the Homestead Exemption. The Rollback tax is estimated to increase 1% in the remaining years, but the Homestead Exemption is expected to continue to decrease by 2% each year.

Line 1.06- All Other Revenues (5.1% of Total Revenue)

All Other Revenues are estimated to be \$1,160,959 for fiscal year 2024 based on estimated interest income, rentals, and miscellaneous receipts. Fiscal year 2024 has continued the substantial increase in interest income. It is projected to decrease in future years due to the interest rate, as well as, funds eligible for interest.

Line 2.060- All Other Financing Sources

All Other Financing Sources are estimated to be \$12,000 for fiscal year 2024 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 at \$10,000. The District has the potential to receive some refunds from The Bureau of Workers' Compensation from being a member of the Retrospective Program for two 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 FY2024.

EXPENDITURES

Line 3.01- Personal Services (55.3% of Total Expenditures)

Personal service costs are estimated to be approximately \$12,532,207 during fiscal year 2024. 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 was 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 landed on the calendar, fiscal year 2023 had 27 pays instead of 26, which resulted in higher wages for that fiscal year.

FY2024 salary estimates include step/education level increases. Reductions in staffing in FY2020 and FY2021 resulted in cost savings. A 3.5% increase has been included in the projections for FY2025-FY2028. 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 FY2024.

The actual 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 (28.7% 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 \$6,494,873 during fiscal year 2024, which includes known insurance moratoriums. One premium holiday for health, dental and vision insurance has already been taken for FY2024.

Fiscal year 2024 had a 7.98% increase in medical/prescription premiums, a 5.75% increase for dental, and a 2.5% increase for vision, with one premium holiday. Rates for fiscal year 2025 will increase by 6.48% for medical/prescription and 3.95% for dental/vision and 2026-2028 have projected increases at approximately 6% for medical/prescription, and 2% 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. Part of the increase was offset by an increase in the employee cost share.

Line 3.03- Purchased Services (10.0% of Total Expenditures)

Purchased services are anticipated to be approximately \$2,264,152 during fiscal year 2024. An increase was observed in 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 2025 through 2028 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 (2.2% of Total Expenditures)

Supplies and Materials are projected at \$489,875 for fiscal year 2024. 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 2028 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 2025 through 2028. 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 (1.8% of Total Expenditures)

Capital Outlay projects for fiscal year 2024 are budgeted at \$400,000, which includes regular operational capital outlay needs and a maintenance truck. Fiscal years 2025-2028 are also budgeted at \$400,000 which is used in constructing the district's five-year capital outlay plan. The needs include roofs, parking lots, technology infrastructure, etc. and the purchase of school buses and maintenance trucks. The district continues to update the five-year capital outlay plan as deemed necessary. ESSER funds have been used to replace boilers at every building besides the High School, and chillers at every building, as well as some repairs to roofs. 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 \$125,998 for fiscal year 2024. The payments 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 \$159,097 for fiscal year 2024 based on anticipated increases. These expenditures include professional memberships, charges for audits, property tax collection fees, liability insurance, and other miscellaneous expenses. Other Objects expenditures are expected to remain consistent with a 1-3% increase through fiscal year 2028.

Line 5.01- Operating Transfers-Out (.9% of Total Expenditures)

Operating Transfers-Out is projected at \$200,000 for FY2024 to cover any food service deficits and/or transfers to the severance fund. 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 2024-2028.

Line 8.01- Estimated Encumbrances

Estimated Encumbrances are projected at \$250,000 for fiscal years 2024 through 2028 based on the District's attempt to reduce outstanding purchase orders at fiscal year end.