

Reynoldsburg City School District

Five-Year Forecast Assumptions and Notes

For the Period July 1, 2020 Through June 30, 2027

May 16, 2023

Overview

The five-year forecast is a planning tool that uses current available data and reasonable assumptions to form a hypothetical representation of Reynoldsburg City Schools' financial future. Forecasts, by their nature, are not designed to be exact, but are rather a tool to provide information to assist the community and stakeholders in the planning and assessment of the financial condition of the District.

The five-year forecast is a working document based on a set of assumptions that can change as more up-to-date information becomes available. Any financial forecast has inherent uncertainty and the COVID-19 Pandemic and resulting economic issues have contributed to this uncertainty. The effects of the pandemic continue to impact our state, country, and global economy. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.

As a result of the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and can be extended into fiscal year 2025 for ESSER III expenses. The ESSER funds will assist our district in providing vital services to our students.

The District is projecting that expenditures will start to surpass revenues this fiscal year, however the influx of ESSER funds may reduce the negative cash flow in FY2023. In addition, our healthy cash balance will help to mitigate the projected future deficits in the short term, however additional revenues will need to be generated in the future, most likely via an operating levy.

Our financial situation will continue to evolve in this ever-changing environment. We are consistently monitoring the situation and adjusting to new information as it becomes available. Even in these challenging times, we have not lost focus of our responsibilities and commitment to the students and the taxpayers in the District.

The following provides more detailed information on the assumptions used in this forecast. For additional information, please make an appointment with Angele Latham, Reynoldsburg City School's Treasurer, by calling 614-501-2259.

----Revenues----

Real Estate Tax (line 1.010)

Real estate taxes are based on property values in the District. Property values are determined and taxes are assessed on a calendar year. Property values for CY21 are \$896M, which is an increase of 19% over CY20 due to triennial update and new construction. This resulted in an increase of tax collections of \$1M in FY21 and an additional \$600K increase in FY22. In addition, modest increases are forecasted to reflect reappraisal in CY24 and new construction.

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Real Estate Taxes	23.2M	24.2M	24.8M	24.7M	24.7M	25.0M	25.1M	25.1M
Rollbk/Hmsite/Hmstd	2.9M	2.9M	2.9M	2.9M	2.9M	2.9M	2.9M	2.9M
Total	26.1M	27.1M	27.7M	27.7M	27.6M	27.9M	28.0M	28.0M

See Appendix A for additional information on property values and tax collections.

Income Tax (line 1.030)

The District receives revenues from a continuing .5% income tax levy. From FY2019 to FY2020, income tax collections increased an average 3.8%. Due to the decline in incomes from the economic shutdown due to COVID, collections declined by 4.5% in FY2021. In FY2022, collections were 8.0% over FY2020 amounts as the economy recovered. In FY2023, collections are forecasted to increase by 10% and 1.5% each year thereafter.

See Appendix B for additional information.

State Funding (line 1.035 & line 1.040)

The State sets funding for school districts every two years as part of the biennial budget. FY2023 is the final year of the FY22-FY23 biennial budget.

The actual release of the new state school funding formula, known as the Fair School Funding Plan, was implemented in December and is being phased in over six years pending legislation to continue the phase-in in the next biennial budget in FY24. This forecast does not include the additional phase in in FY24-FY27. This will be monitored

State Funding	FY23	FY24	FY25	FY26	FY27
Basic Aid	\$40,784,646	\$42,122,851	\$43,560,197	\$43,560,940	\$43,561,744
Restricted Aid	\$3,918,685	\$4,210,640	\$4,501,318	\$4,501,318	\$4,501,318
Sub-Total	\$44,856,840	\$46,333,491	\$48,061,515	\$48,062,258	\$48,063,062
Casino Revenue	\$466,363	\$478,100	\$490,100	\$502,367	\$514,983
Total	\$45,169,694	\$46,811,591	\$48,551,615	\$48,564,655	\$48,578,045

Property Tax Allocation (line 1.050)

This line item of the forecast includes reimbursement for the Rollback and Homestead deductions which are deducted from taxpayers’ property tax bills. The State reimburses the District for these deductions. In FY2023, this is estimated to be approximately \$2.9M and remain relatively flat for the forecast period.

See Appendix A for additional information on property values and tax collections.

Other Revenues (line 1.060)

Other revenues include tuition from other districts, revenue in lieu of taxes (TIF receipts), interest on investments, etc. The breakdown of other revenues for FY2023 is:

TIF Receipts	\$2.45M
Tuition & Spec Ed Reimb.	\$0.77M
Interest Income	\$1.13M
All Other	<u>\$0.81M</u>
Total	\$5.16M

In FY2013, the District began accepting open enrollment students. The funding for these students used to come to the District as other revenue. Under the new state school funding system, these students will be funded along with resident students and be included in state funding.

All Other Financing Sources (line 2.060)

This line includes refunds of prior years’ expenditures, Workers’ Compensation refunds, insurance reimbursements, and other items not categorized as revenues. In FY21, the District received a one-time large Workers’ Compensation refund.

----Expenditures----

Salaries (line 3.010) and Benefits (line 3.020)

Salaries

Teacher Contract

The District approved a two-year contract with teaching staff effective 8/1/2021 through 7/31/2023. The District is currently negotiating with Reynoldsburg Education Association. The forecast includes a step increase and an additional 1.5% base salary increase for all teaching staff in FY24-FY26.

Classified Contract

The District approved a three-year contract with classified staff effective 7/1/2021 through 6/30/24. The contract includes a step increase each year for most classified staff and a 3% base salary increase for all classified staff in FY22 and 2.5% in FY23 and FY24.

For forecast years not covered by a negotiated agreement, an annual step increase was used to estimate personnel costs.

Benefits

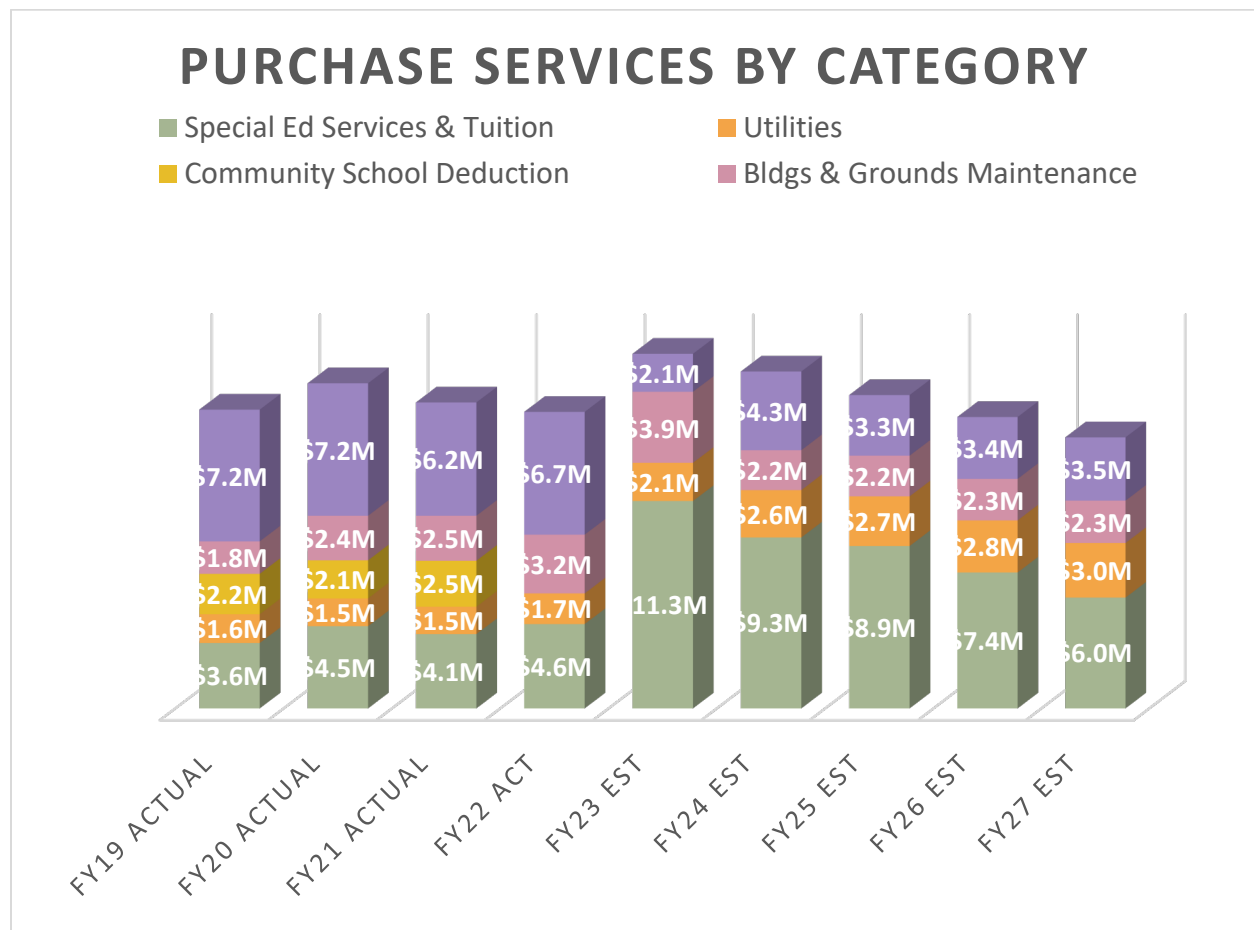
Benefits include employer contributions to the School Employees Retirement System, State Teacher Retirement System, Medicare, and Workers' Compensation. These benefits are calculated as a percentage of salaries.

Benefits also include health insurance. Health insurance rates are renewed every January 1st. Rates are forecasted to increase 15% on January 1, 2024 and 10% each January 1st thereafter for the remainder of the forecast.

Tuition reimbursements, unemployment, and custodial uniform allowance are also included in benefits. See Appendix D for additional information.

Purchased Services (line 3.030)

Purchased Services



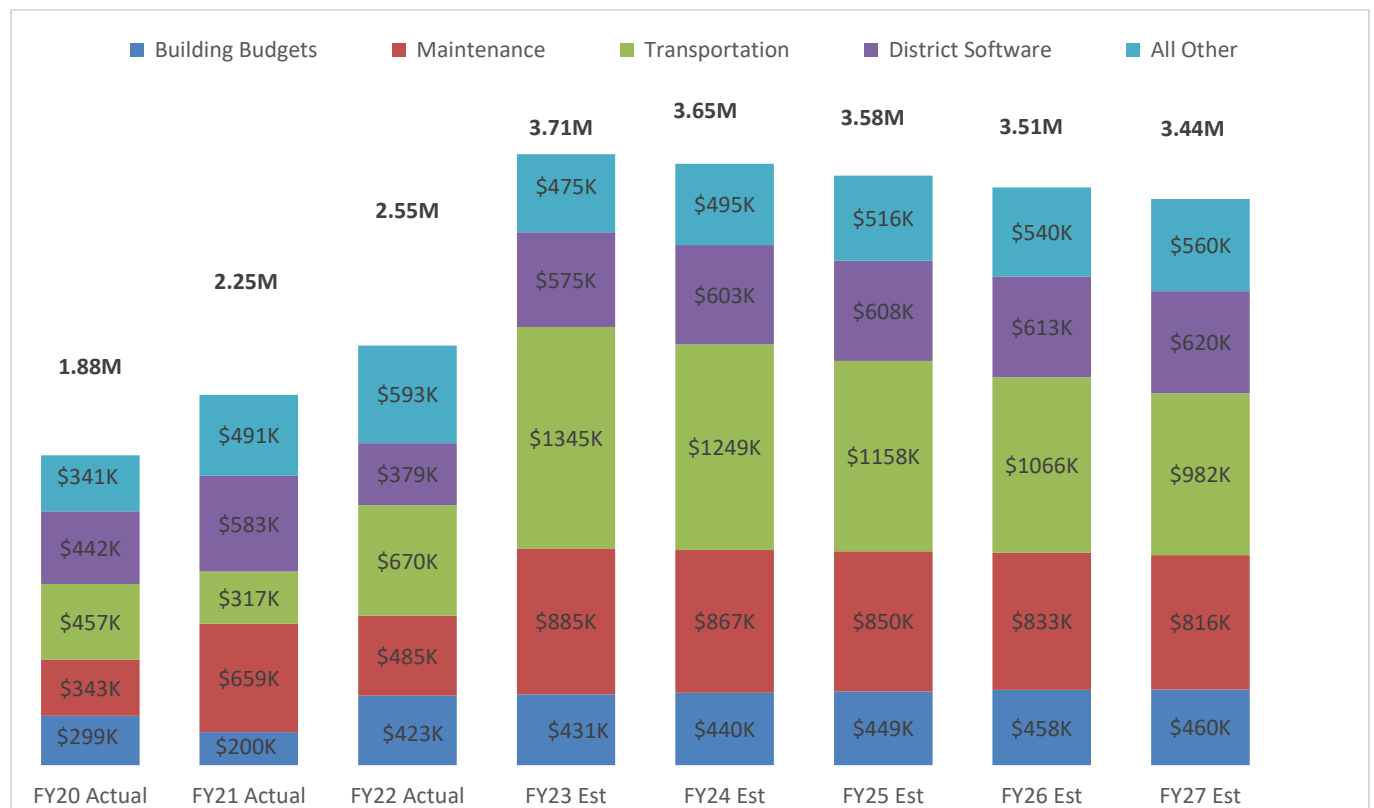
Purchased services include, among other things, utilities, building repairs and maintenance, bus repairs and maintenance, service agreements, copier leases, META computer services, meeting and mileage expenses, special education tuition and special education services. This line item accounts for 22% of total expenditures (line 4.500) and is the most volatile. Many of the items in this category, such as special education costs can vary widely from year to year.

Prior to the new state school funding system, deductions for students attending other districts as open enrollment students or community schools were recorded as expenditures in purchased services. Starting in FY22, the districts/schools educating these students receive their funding directly and the expenditure is no longer reflected in the forecast.

The top 3 expenditures in FY23 makeup over half of this line item.

- Special Education Services & Tuition \$11.3M
- Bldgs & Grounds Maint \$3.9M
- Utilities (Including Phone/Connectivity) \$2.1M
- All Other \$2.1M
- Total \$19.4M

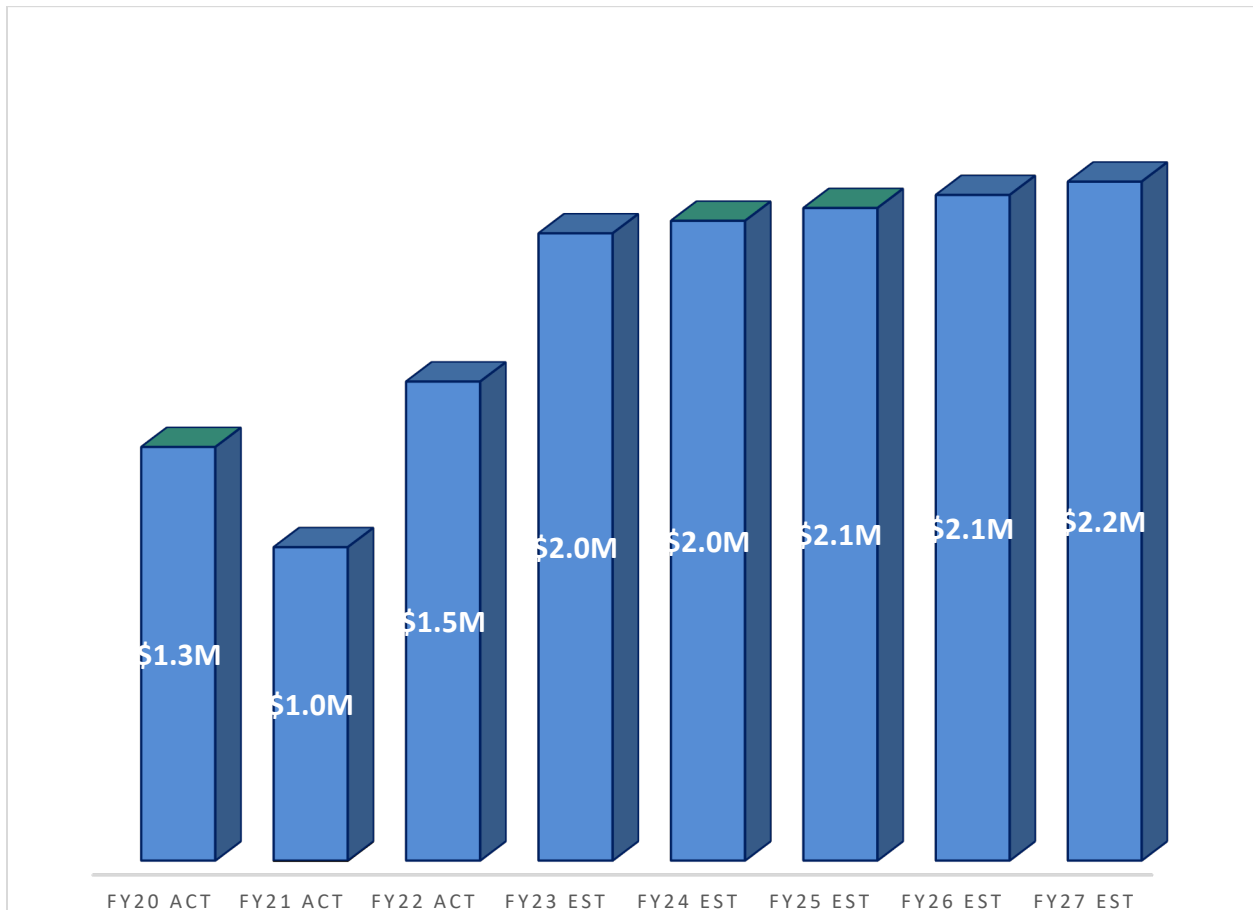
Supplies and Materials (line 3.040)



Materials and supplies are estimated at \$3.71M for FY2023 and account for about 4% of the expenditures. This line item includes instructional supplies, maintenance supplies, and bus fuel.

The increase in FY23 is largely due to inflation in the cost of maintenance supplies and fuel.

Capital Outlay (line 3.050)



Capital outlay is a relatively small part of the District’s operating budget, accounting for just over 1% of total expenditures. The District has set aside monies in a Permanent Improvement Fund to purchase busses and in a Technology Capital Outlay Fund to purchase technology equipment and infrastructure.

The increase in FY23 is due to capital projects through-out the District. With the failure of the combination bond/permanent improvement levy on November 2, 2021 the general fund has needed to absorb additional maintenance and capital improvement costs. No additional capital improvement costs are forecasted in future periods as the District develops a capital improvement plan.

Principal and Interest (lines 4.055 and 4.060)

In October of 2017, the Board approved a contract with Dynamix Engineering to upgrade the HVAC systems and lighting throughout the District. The project is funded by a \$13.5M loan through CapitalOne and \$2M of General Fund monies. The District will make principal and interest payments from the General Fund until the debt is paid off in December 2032.

Other Expenditures (line 4.300)

The majority of Other Expenditures includes fees paid to the county auditor and treasurer to collect the District's property taxes, membership fees, and the cost of the annual audit.

Operating Transfers Out (line 5.010)

In FY2023, the forecast includes the following transfers (estimated) totaling \$300,000:

- \$200,000 to the PI Fund for Bus Purchases
- \$60,500 to the Athletic Fund to reduce pay-to-participate fees
- \$25,000 the Music Funds for supplemental contracts
- \$14,500 to the LPDC Fund per the teacher negotiated agreement

In FY2022, the forecast includes the following transfers (estimated) totaling \$2,320,996:

- \$98,505 to the Athletic Fund to reduce pay-to-participate fees
- \$2,203,768 building budget transfers
- \$16,573 the Music Funds to reduce pay-to-participate fees
- \$2,150 to the Athletic Fund for facility rental credit

In FY2021, the forecast includes the following transfers totaling \$967,455:

- \$500,000 to the Technology Capital Outlay Fund
- \$200,000 to the PI Fund for Bus Purchases
- \$119,790 to the Athletic Fund to reduce pay-to-participate fees
- \$70,268 set-aside of building budgets
- \$18,200 to the Music Funds for supplemental contracts
- \$44,783 to the 034 Maintenance Fund per the Construction Project Master Agreement
- \$14,414 to the LPDC Fund per the teacher negotiated agreement

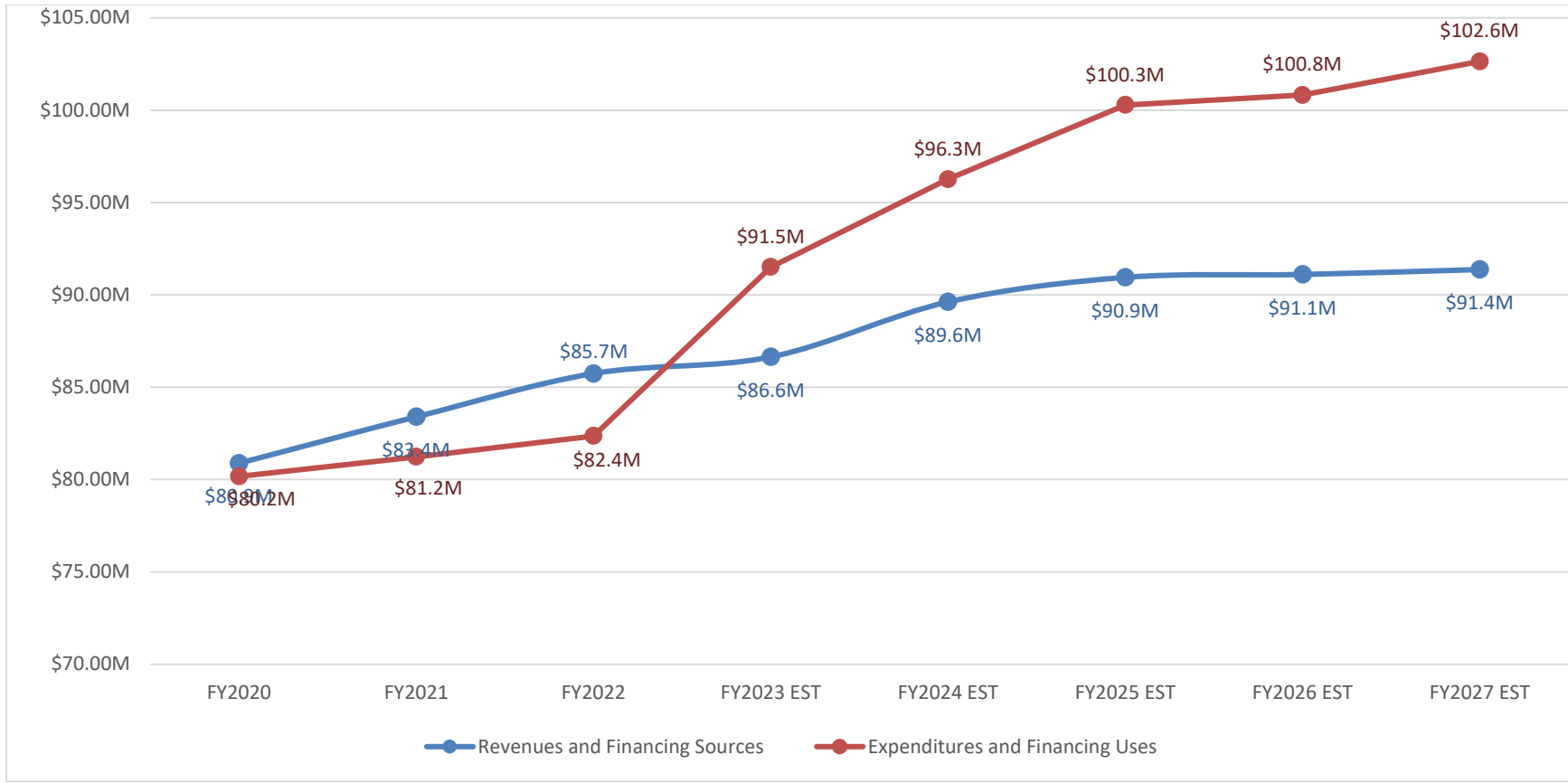
In FY2020, transfers to other funds totaled \$951,480:

- \$500,000 to the Technology Capital Outlay Fund
- \$200,000 to the PI Fund for Bus Purchases
- \$157,250 to the Athletic Fund to reduce pay-to-participate fees
- \$23,590 to the music funds to reduce pay-to-participate fees
- \$51,216 to the 034 Maintenance Fund per the Construction Project Master Agreement
- \$14,274 to the LPDC Fund per the teacher negotiated agreement
- \$5,150 to the Athletic Fund for facility rental credit

Advances Out (line 5.020)

Advances are temporary loans from the General Fund to other District funds, usually grants. FY23 includes \$985,587 in advances to the federal grants. These monies will be repaid to the General Fund once the grants are complete.

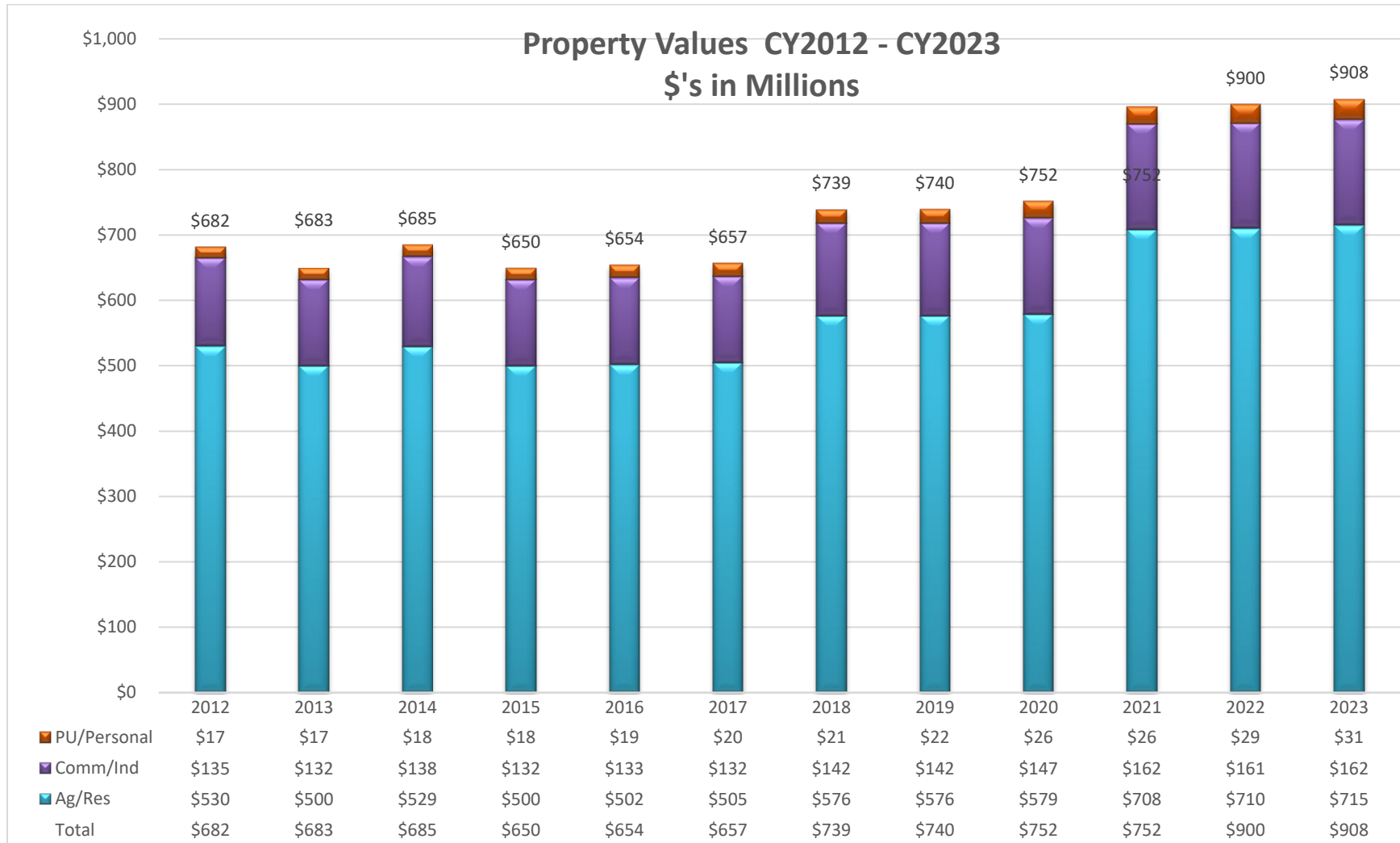
Appendix A – Revenues vs. Expenditures



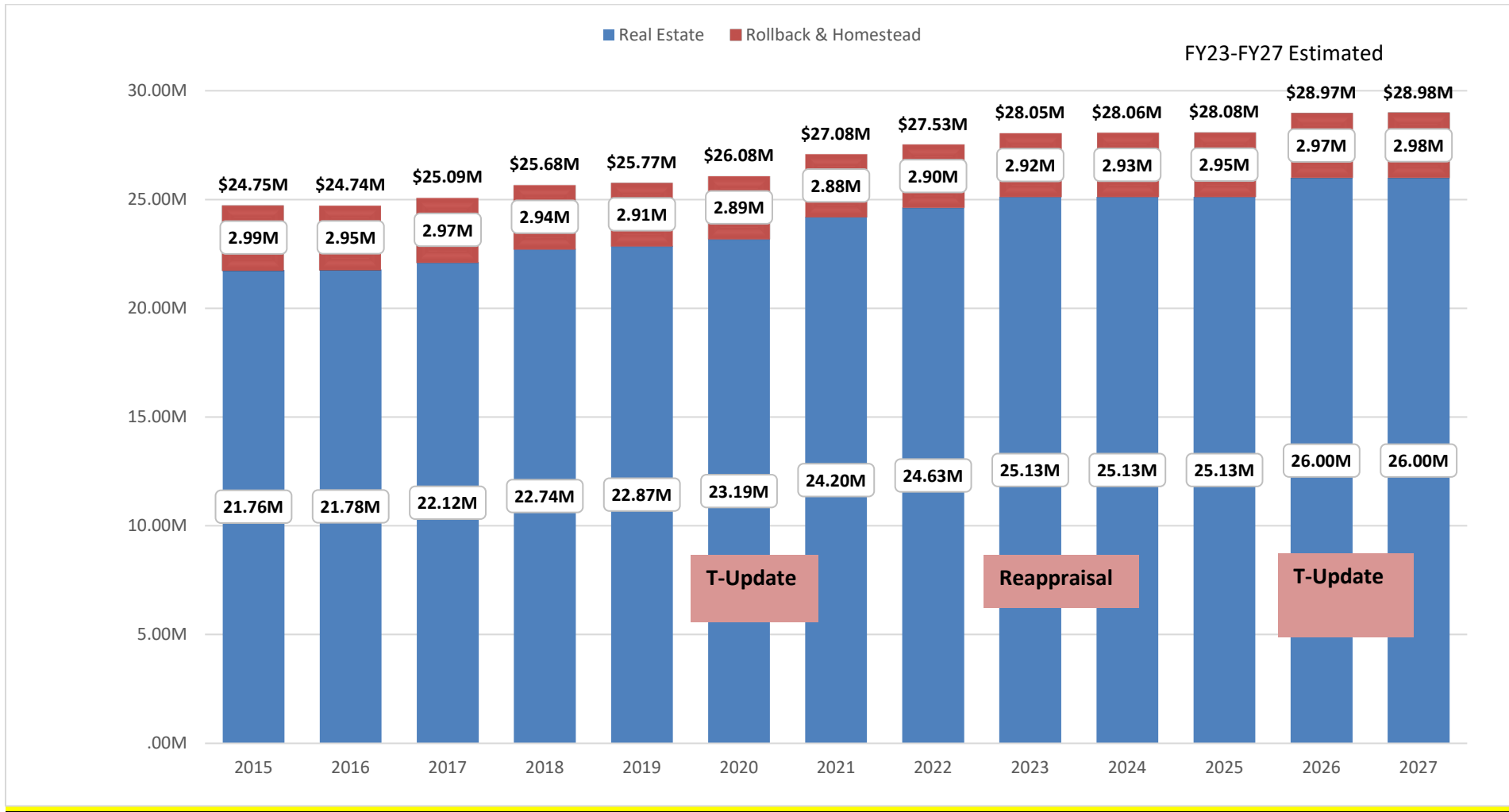
Appendix A – Cash Balance



Appendix A - Property Values/Tax Collections



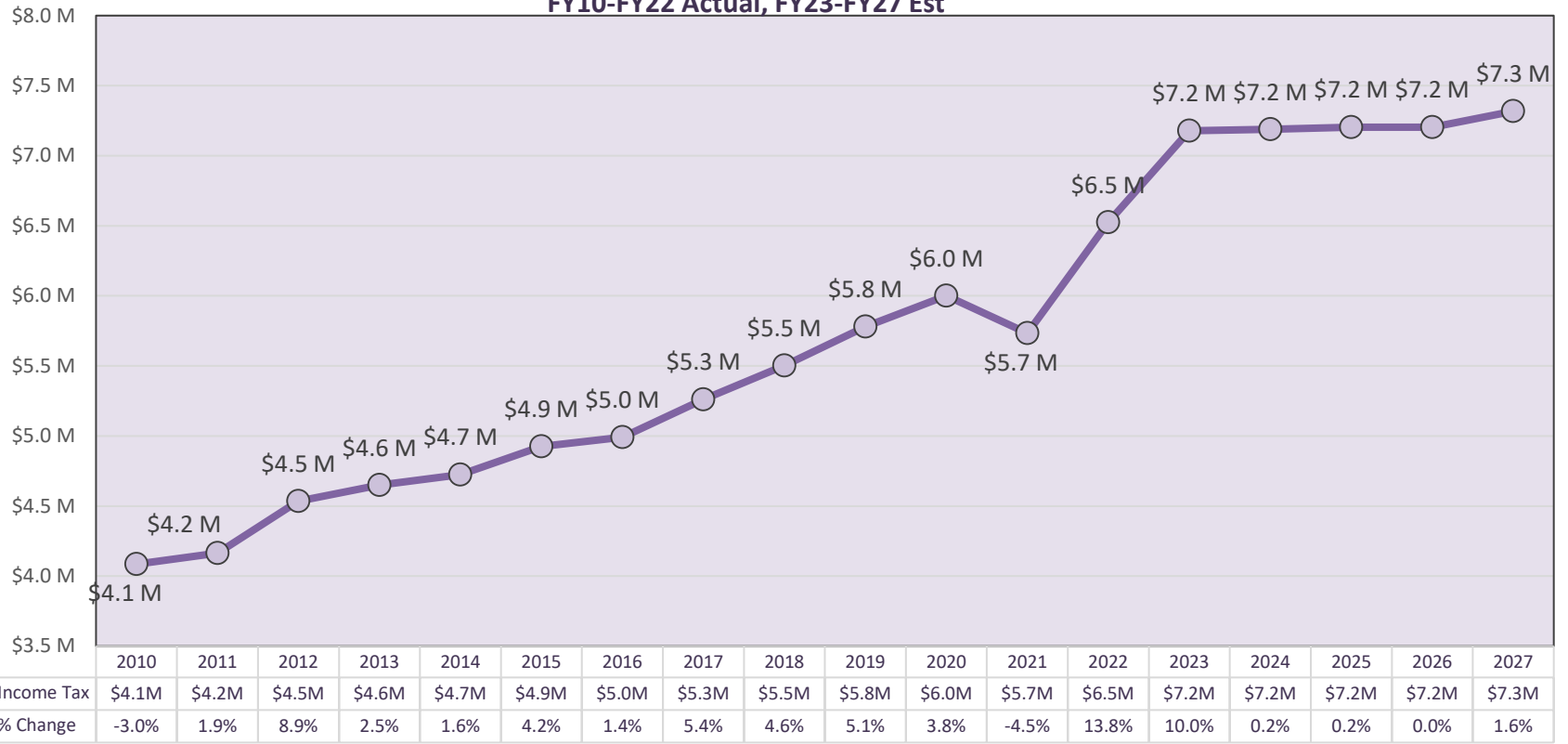
Appendix A - Property Values/Tax Collections



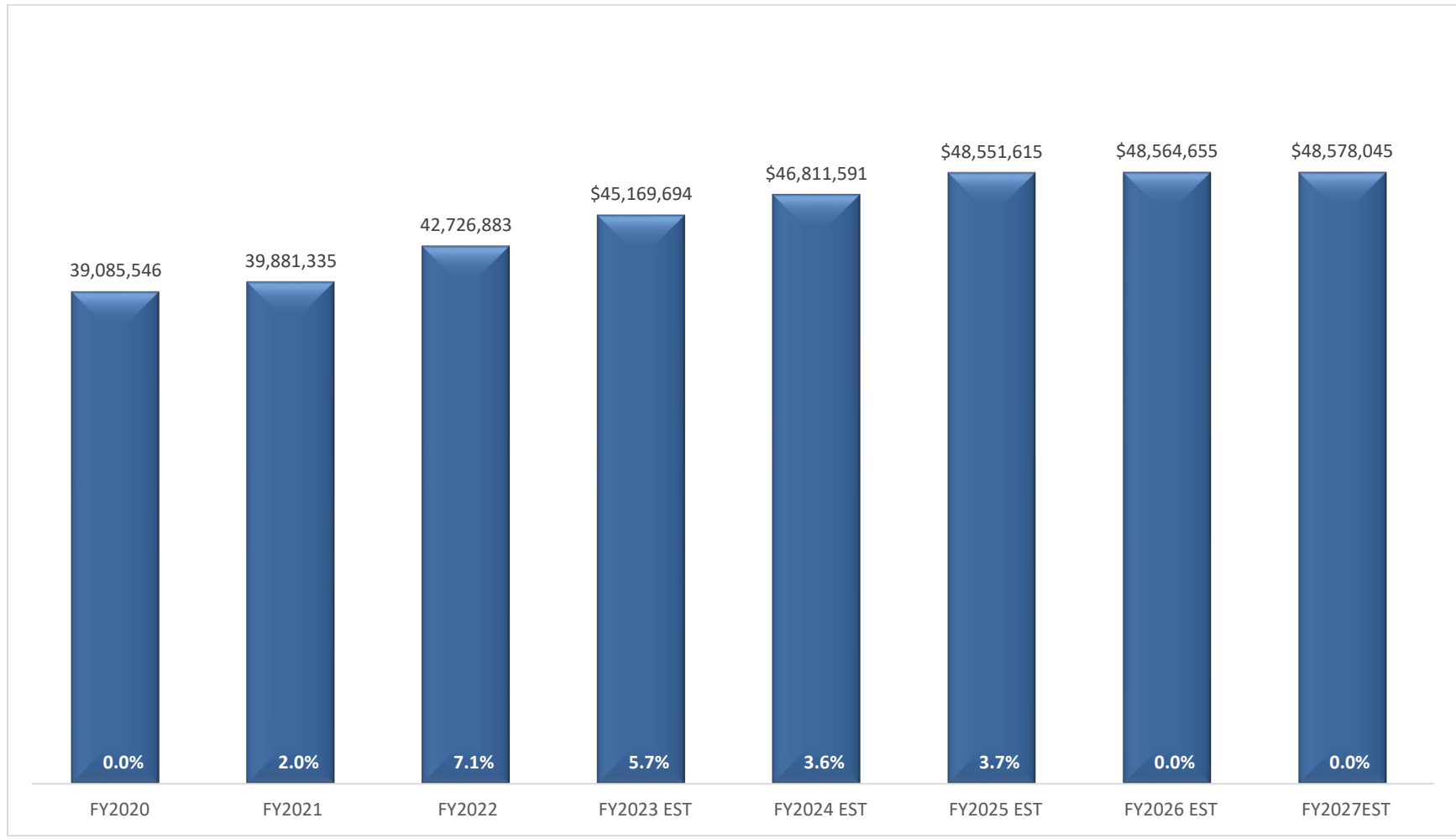
Appendix B - Income Tax

Income Tax

FY10-FY22 Actual, FY23-FY27 Est



Appendix C- State Funding



Appendix D- Salaries and Benefits

