

Pleasant Local School District

Five Year Forecast Financial Report

November, 2022

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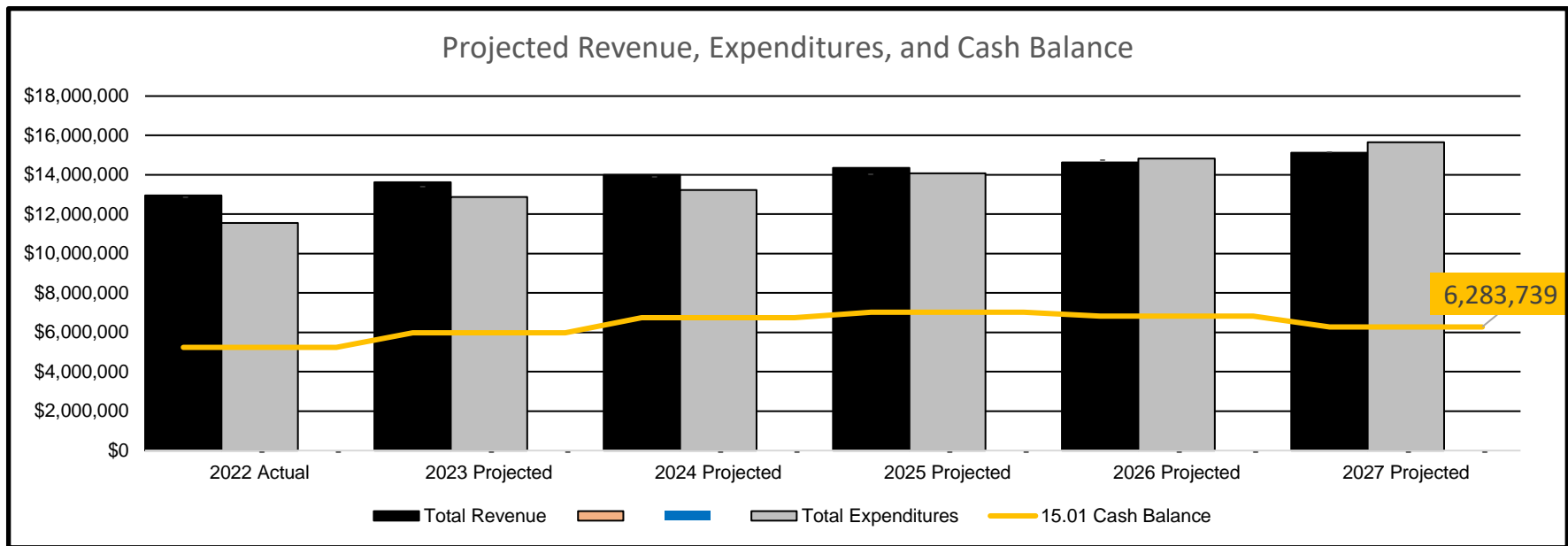
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Forecast Purpose/Objectives

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.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	5,238,641	5,986,008	6,749,638	7,023,989	6,824,040
+ Revenue	13,621,661	14,003,640	14,359,959	14,633,639	15,122,796
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(12,874,294)	(13,240,010)	(14,085,608)	(14,833,588)	(15,663,097)
= Revenue Surplus or Deficit	747,367	763,630	274,351	(199,949)	(540,301)
Line 7.020 Ending Balance with renewal/new levies	5,986,008	6,749,638	7,023,989	6,824,040	6,283,739

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	747,367	763,630	274,351	(199,949)	(540,301)
Ending Balance w/o Levies	5,986,008	6,749,638	7,023,989	6,824,040	6,283,739

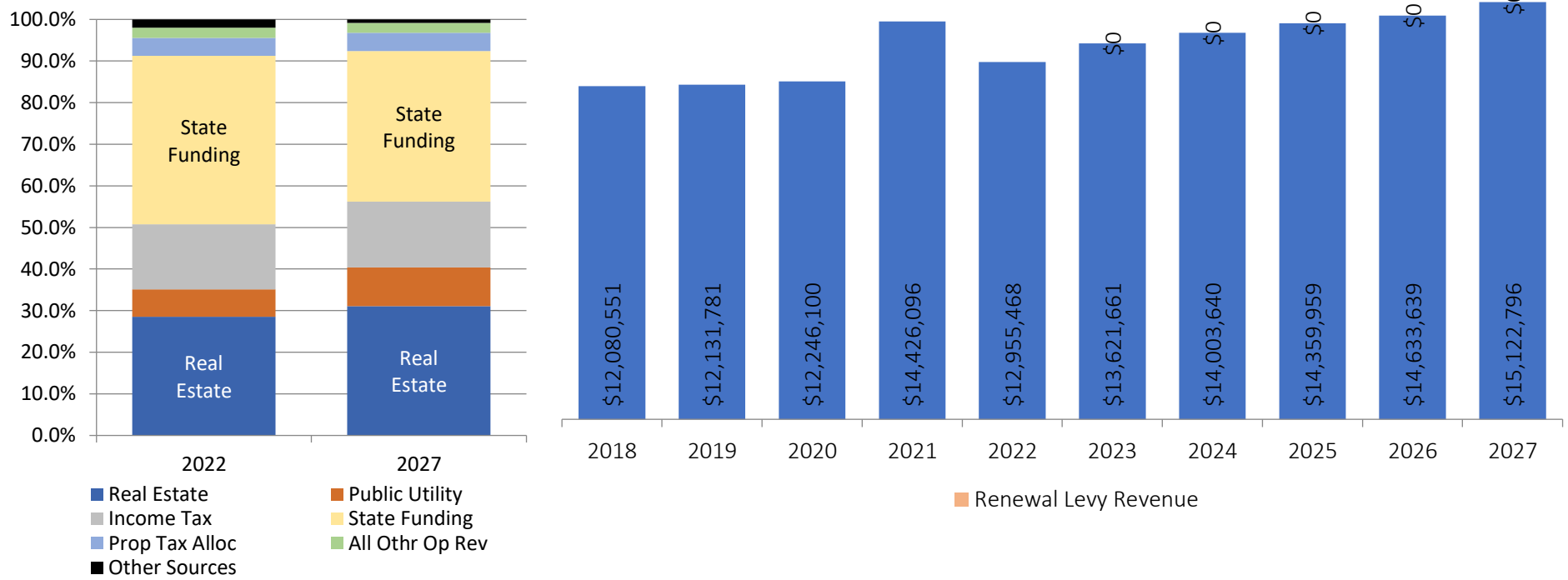
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$747,367 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$540,301. The district would need to cut its FY 2027 projected expenses by 3.45% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to improve by FY 2027. A worsening cash balance can erode the district's financial stability over time.

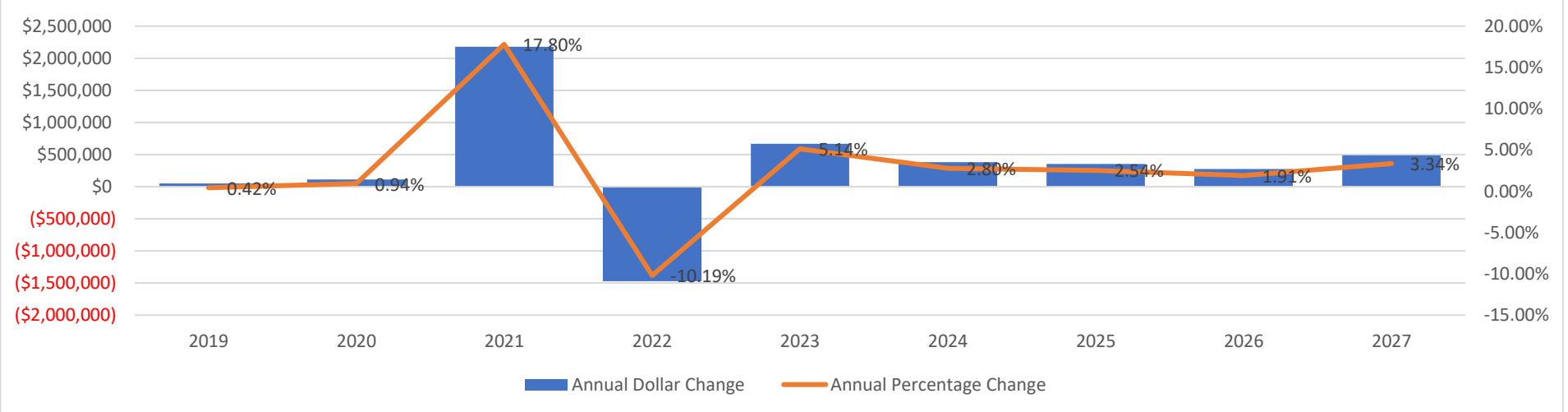
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$203,269 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a formula district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



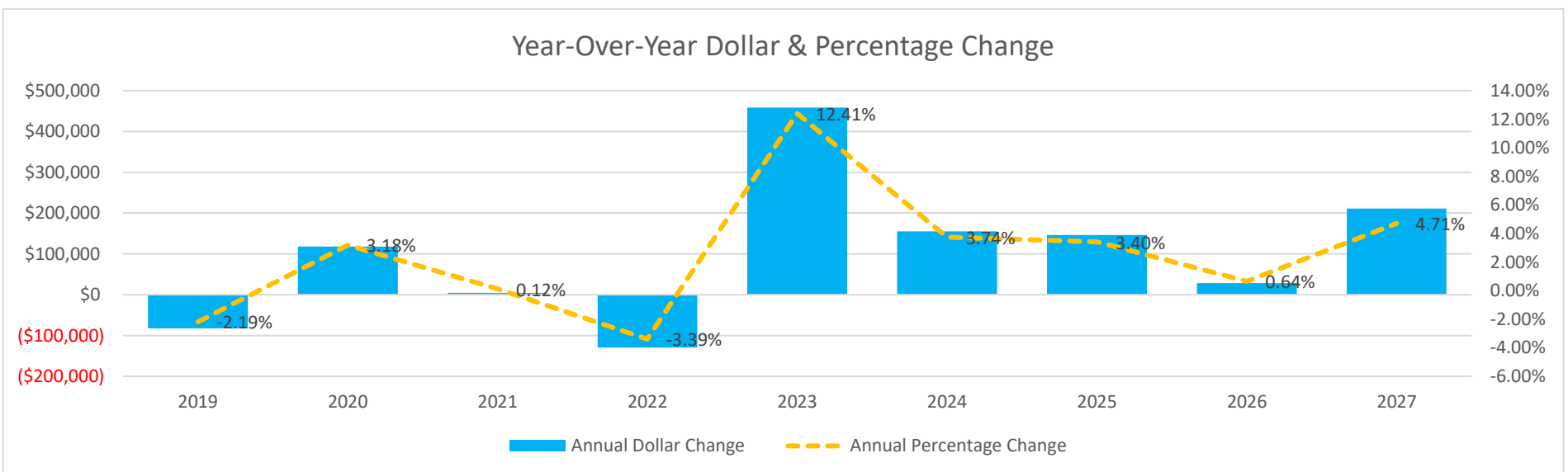
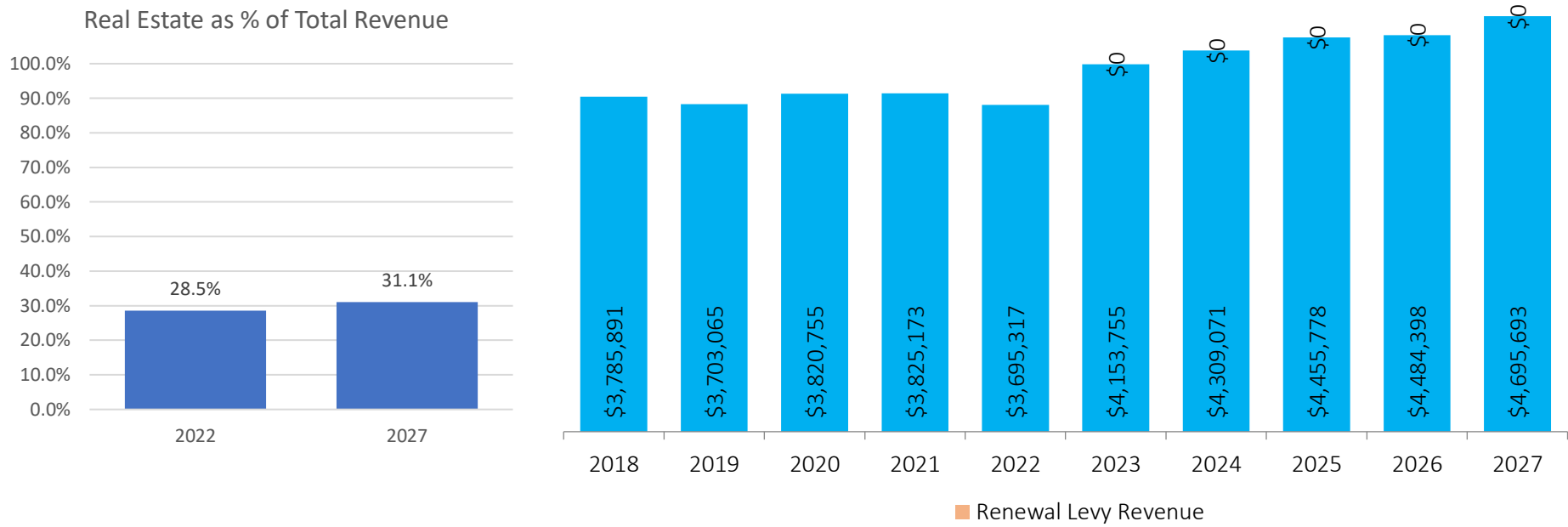
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.86% or \$237,901 annually during the past 5-Year period and is projected to increase 3.02% or \$433,466 annually through FY2027. All Othr Op Rev has the most projected average annual variance compared to the historical average at \$512,050
Real Estate	16,320	200,075	\$183,756	
Public Utility	\$63,732	\$111,980	\$48,248	
Income Tax	\$403,883	\$73,676	(\$330,206)	
State Funding	\$208,674	45,237	(\$163,437)	
Prop Tax Alloc	(\$4,130)	\$19,709	\$23,839	
All Othr Op Rev	(\$501,093)	\$10,957	\$512,050	
Other Sources	\$50,515	(\$28,169)	(\$78,684)	
Total Average Annual Change	237,901	433,466	\$195,565	
	1.86%	3.02%	1.16%	

Note: Expenditure average annual change is projected to be > \$821,693 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



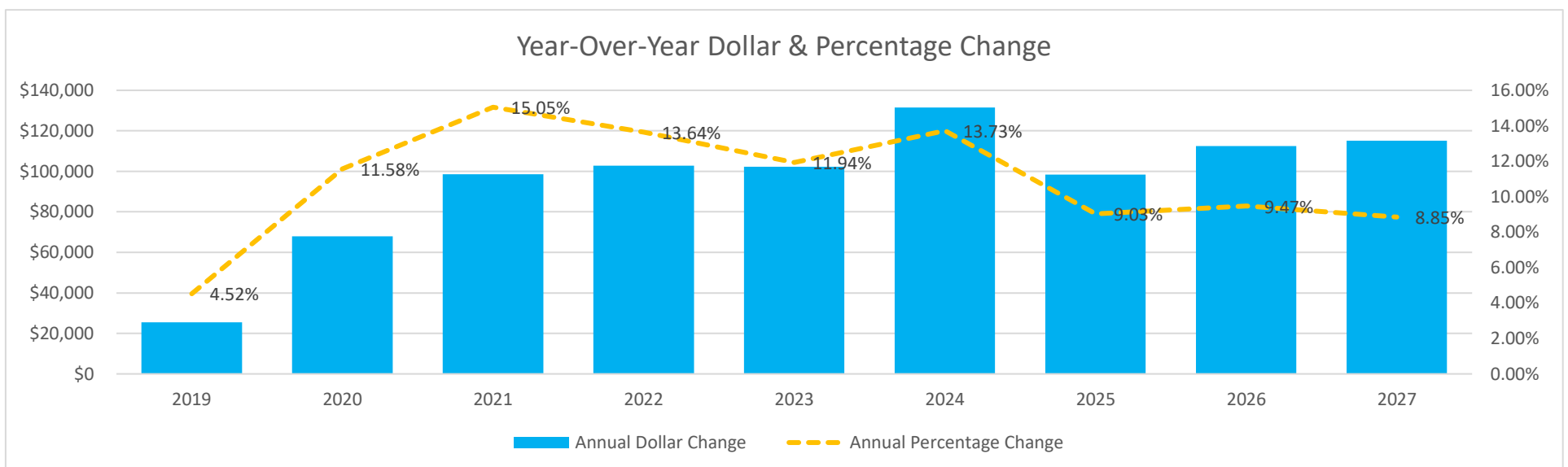
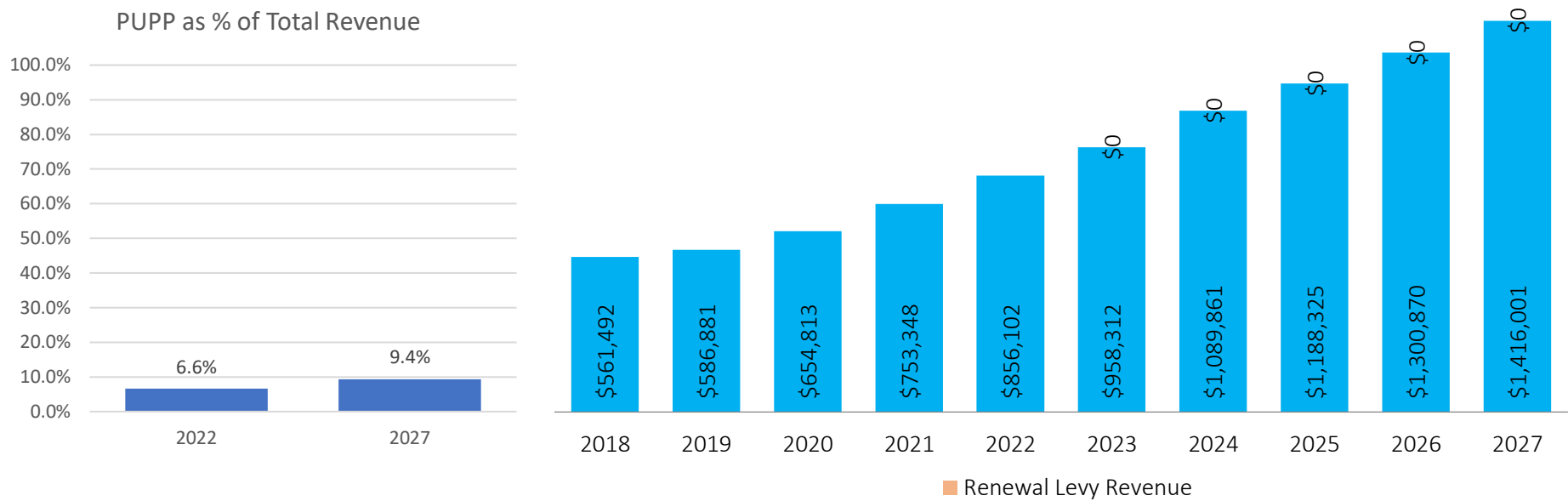
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	203,126,770	2,158,510	20.01	-	25.47	-	99.9%
2022	207,151,770	4,025,000	20.00	(0.01)	25.47	-	99.9%
2023	234,876,770	27,725,000	20.00	-	22.04	(3.42)	99.9%
2024	236,776,770	1,900,000	20.00	-	21.82	(0.22)	99.9%
2025	238,676,770	1,900,000	20.00	-	21.61	(0.21)	99.9%
2026	256,651,770	17,975,000	20.00	-	21.35	(0.26)	99.9%

Real estate property tax revenue accounts for 28.52% of total revenue. Class I or residential/agricultural taxes make up approximately 83.34% of the real estate property tax revenue. The Class I tax rate is 20. mills in tax year 2022. The projections reflect an average gross collection rate of 99.9% annually through tax year 2026. The revenue changed at an average annual historical rate of 0.43% and is projected to change at an average annual rate of 4.53% through FY 2027.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



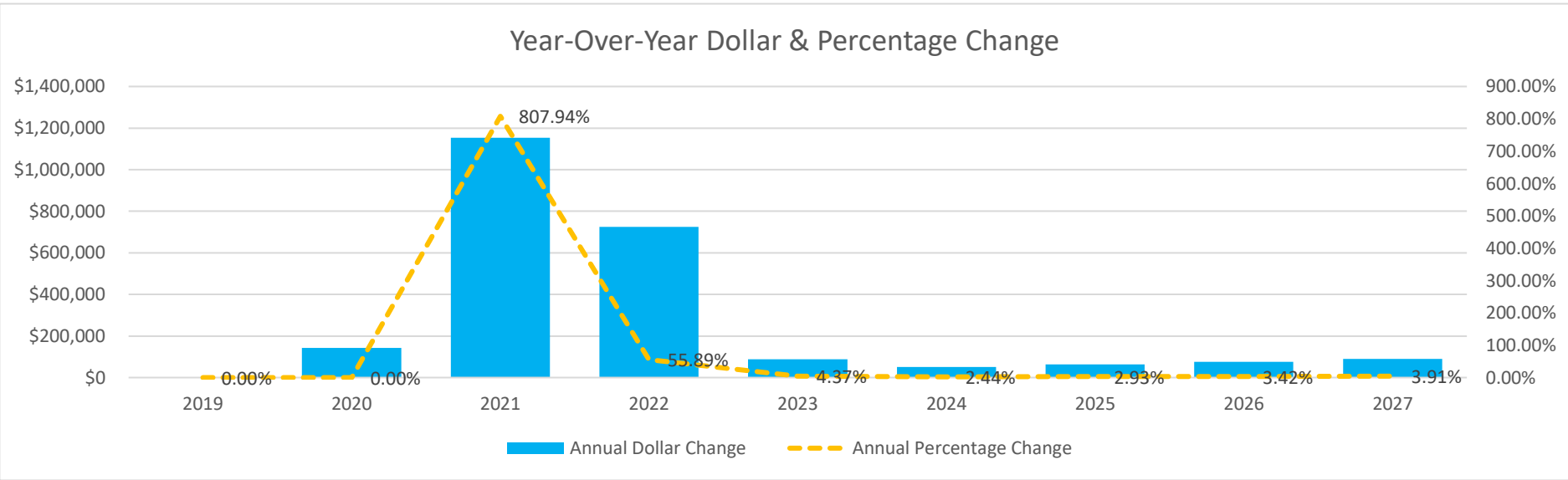
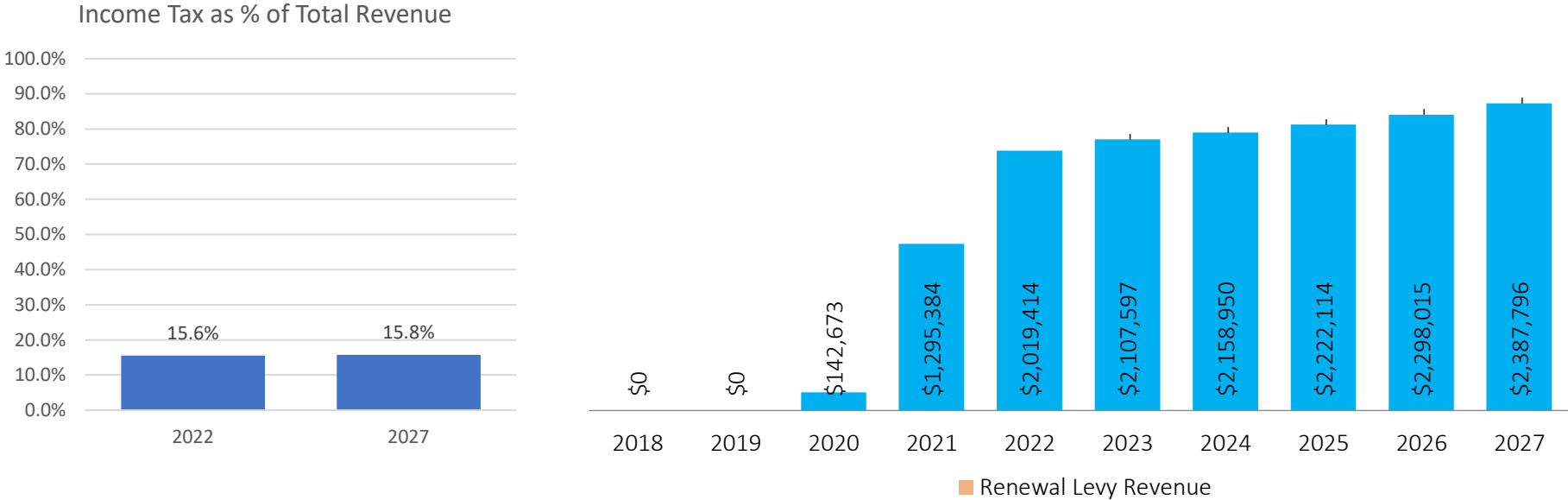
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	21,366,510	2,821,500	42.90	-	100.0%
2022	23,866,510	2,500,000	42.90	-	100.0%
2023	26,416,510	2,550,000	42.90	-	99.9%
2024	29,016,510	2,600,000	42.90	-	99.9%
2025	31,666,510	2,650,000	42.90	-	99.9%
2026	34,366,510	2,700,000	42.90	-	99.9%

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 6.61% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 42.9 mills. The forecast is modeling an average gross collection rate of 99.95%. The revenue changed historically at an average annual dollar amount of \$63,732 and is projected to change at an average annual dollar amount of \$111,980 through FY 2027.

*Projected % trends include renewal levies

1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

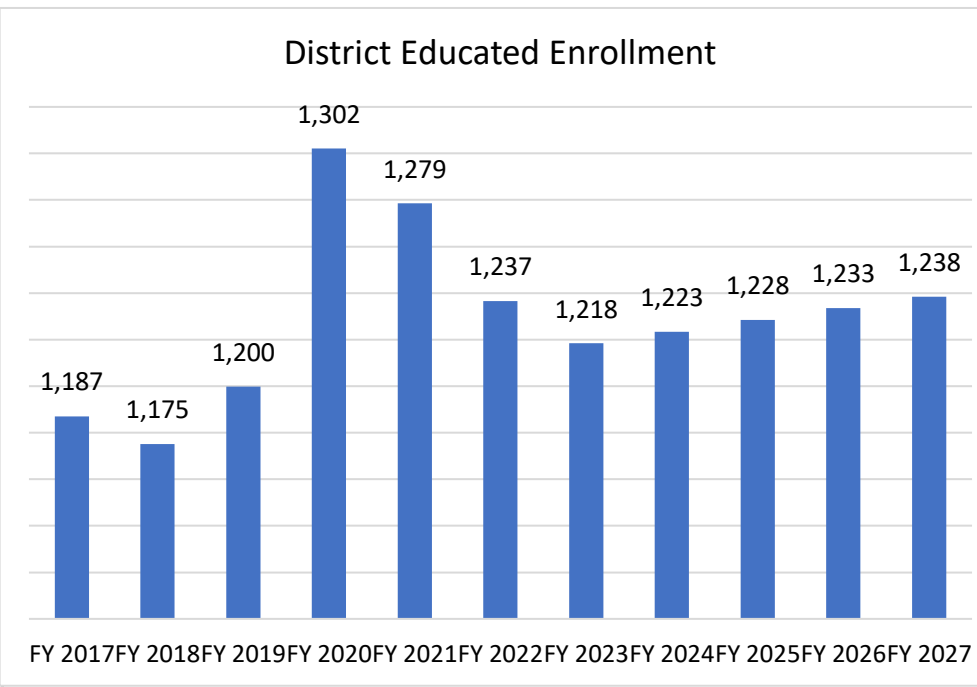
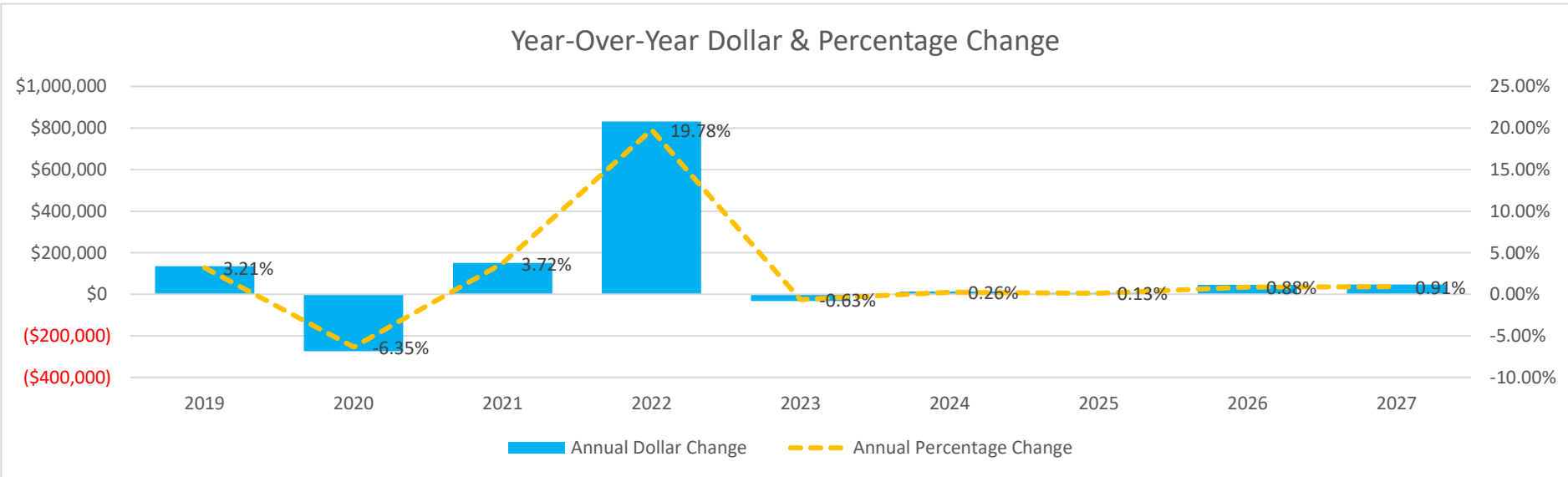
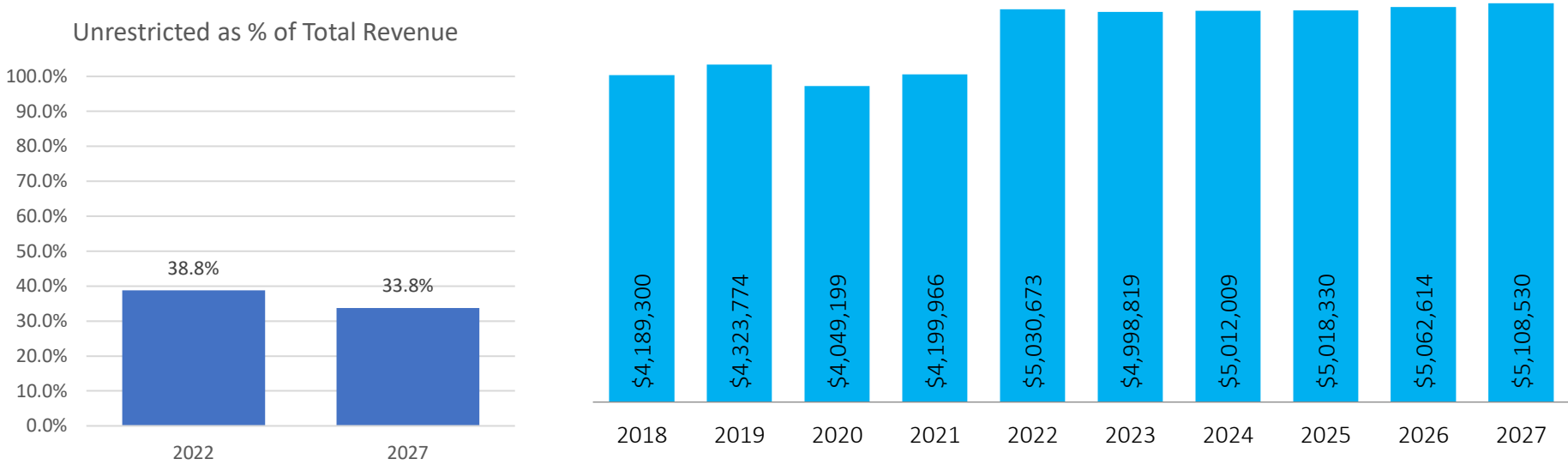


The district maintained one income tax levy in FY 2022. The average annual dollar change in total income tax revenue is forecasted to be \$73,676 through FY 2027. Income tax revenue is projected to account for 15.8% of total district revenue in FY 2027.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



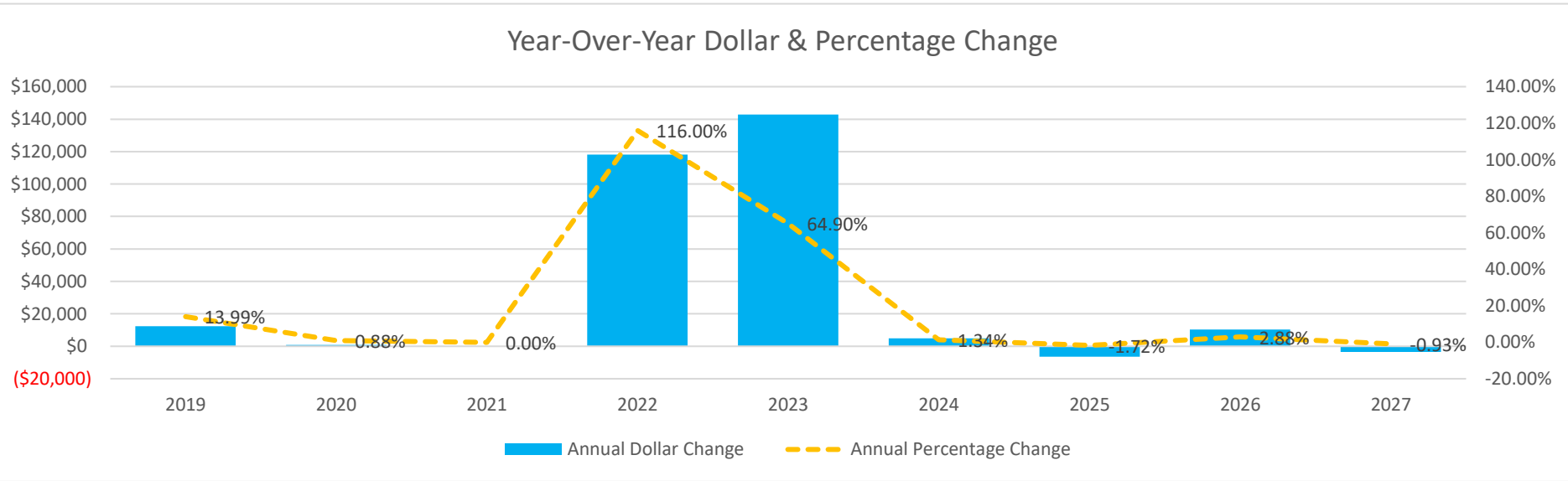
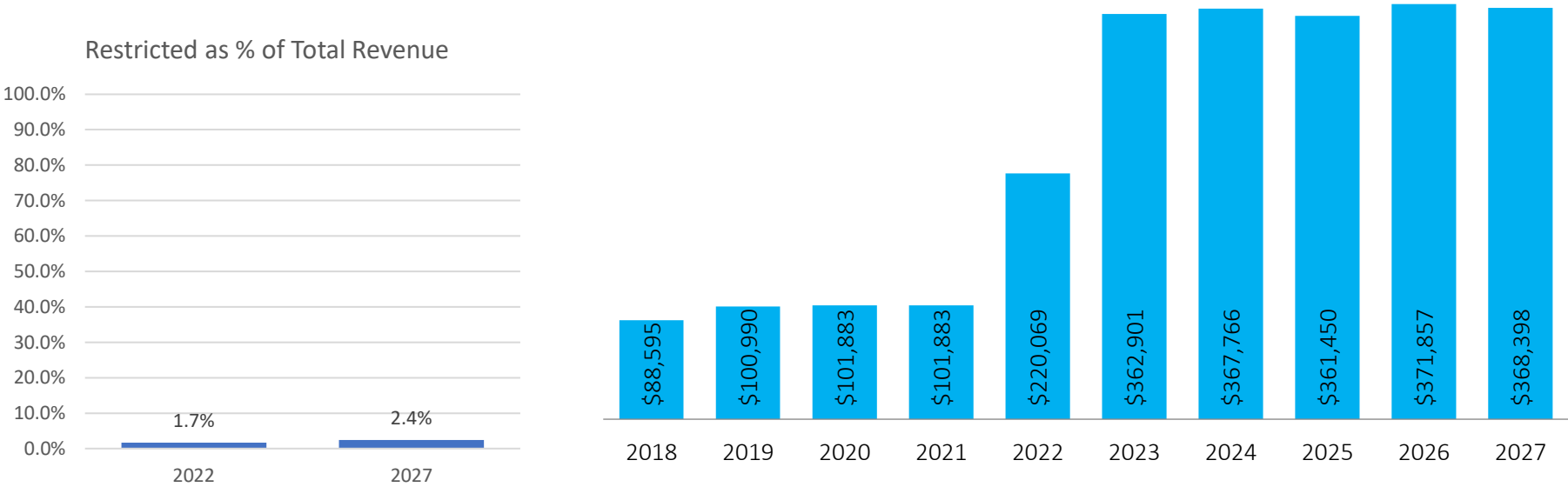
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Pleasant Local School District the calculated Base Cost total is \$9,316,632 in FY 2023. The state's share of the calculated Base Cost total is \$3,902,188 or \$3,203 per pupil.

For reference: CF63 The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$2,079,428 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

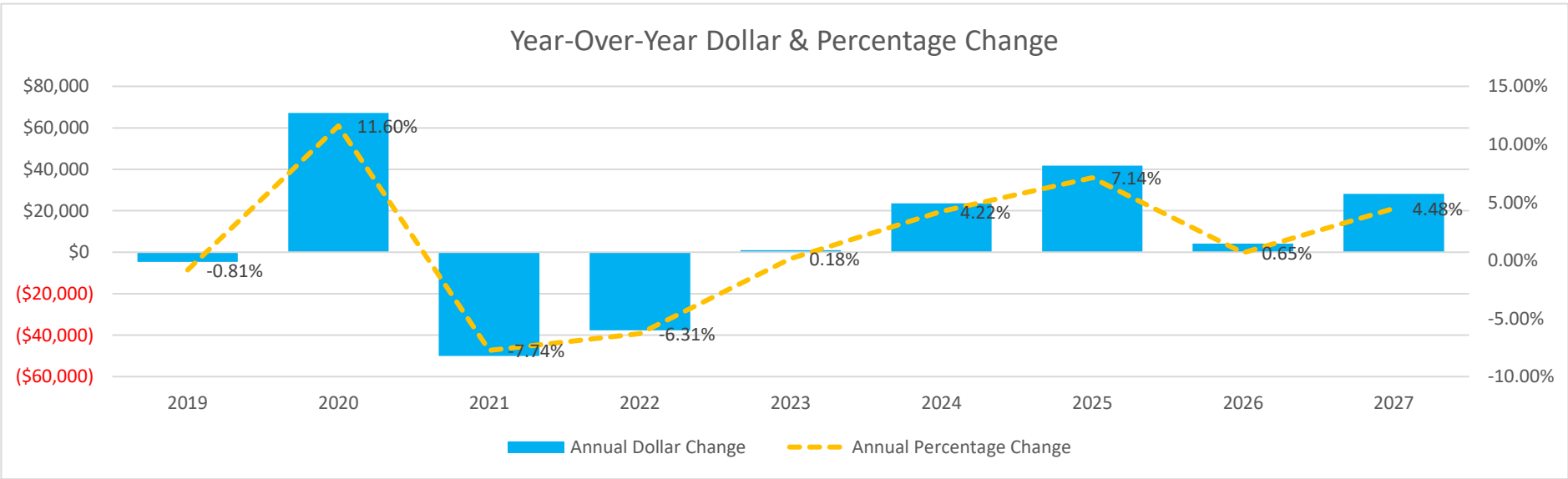
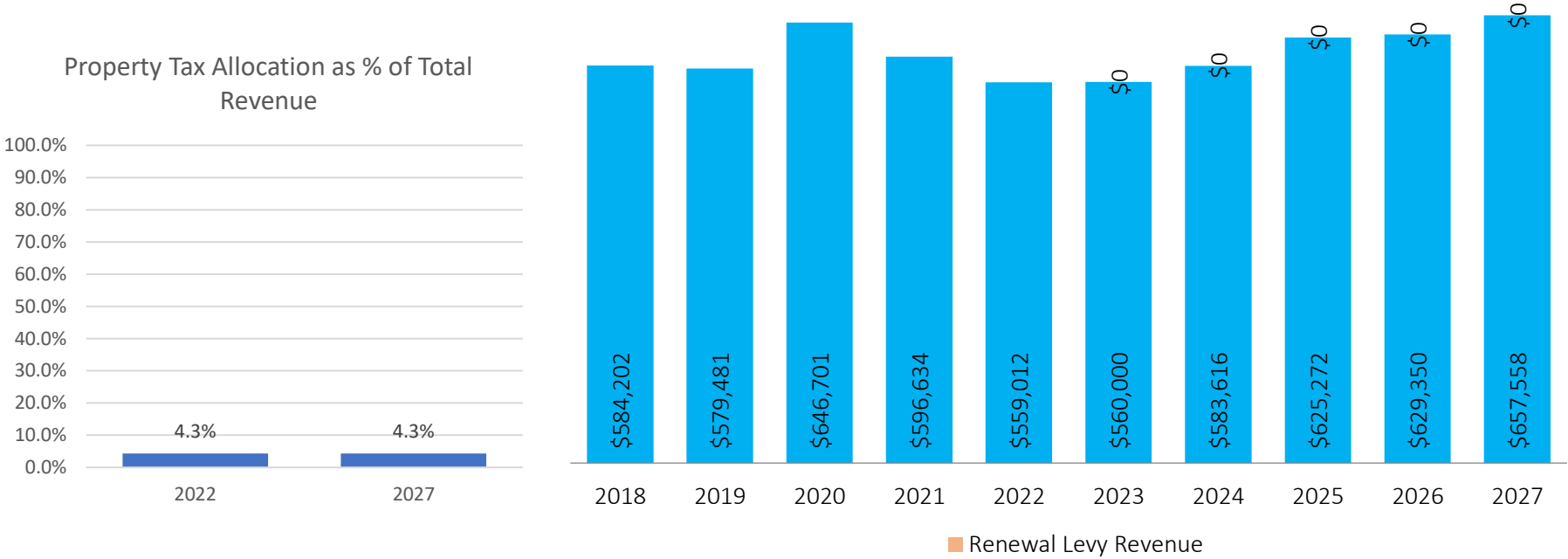
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$39,693 and is projected to change annually on average by \$29,666. Restricted funds represent 1.70% 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 \$176,688. 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.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

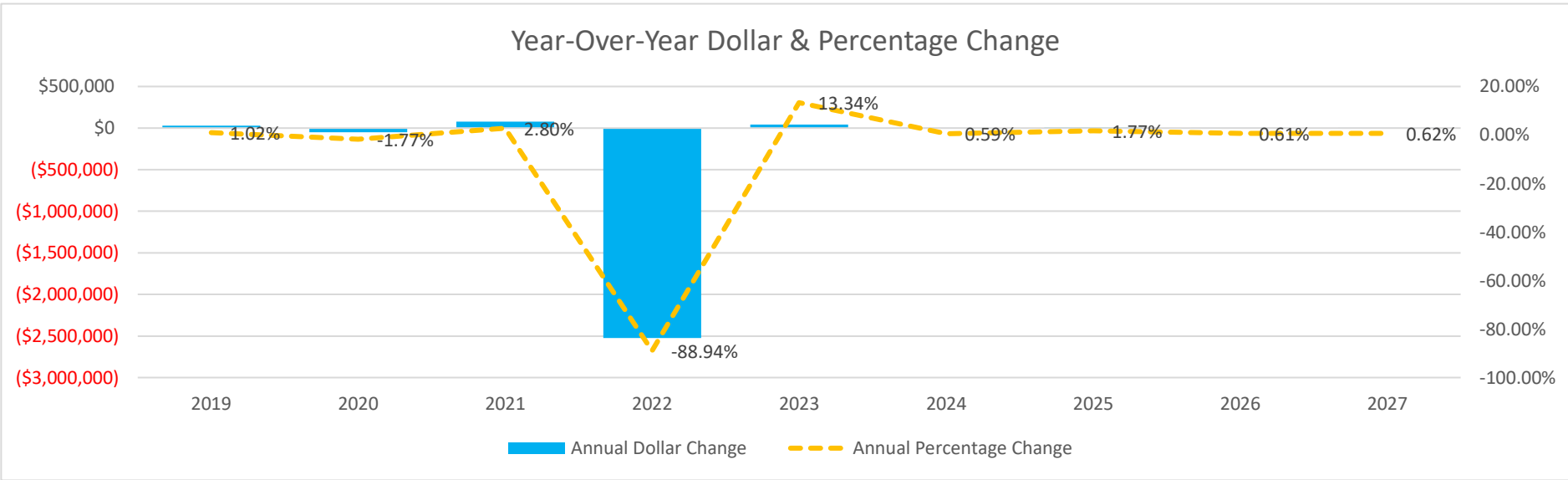
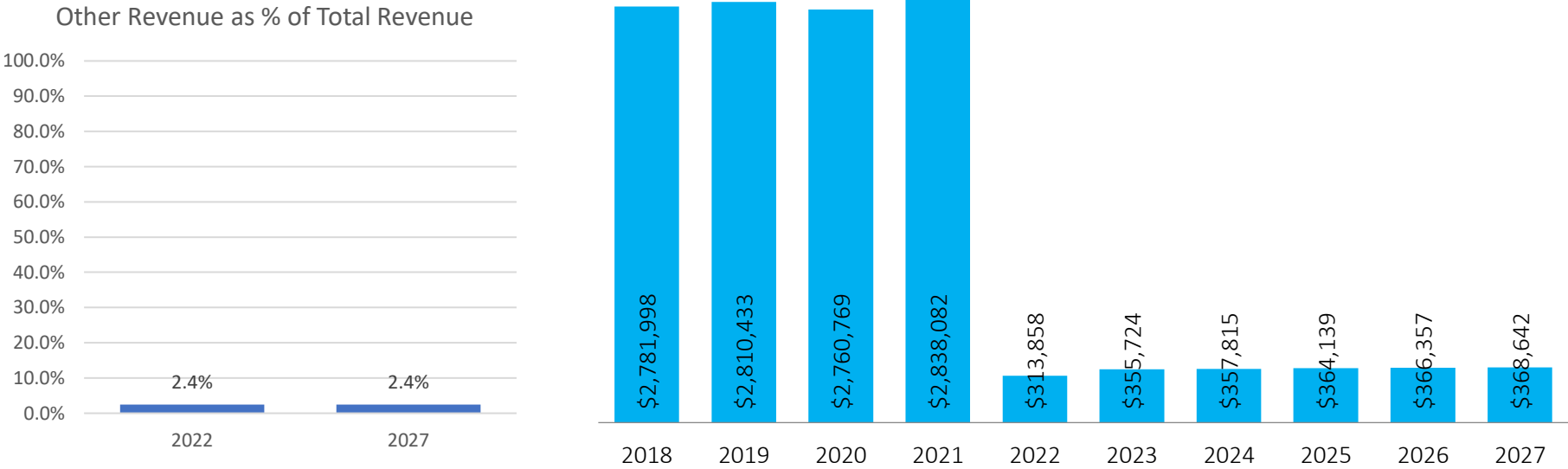


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.4% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

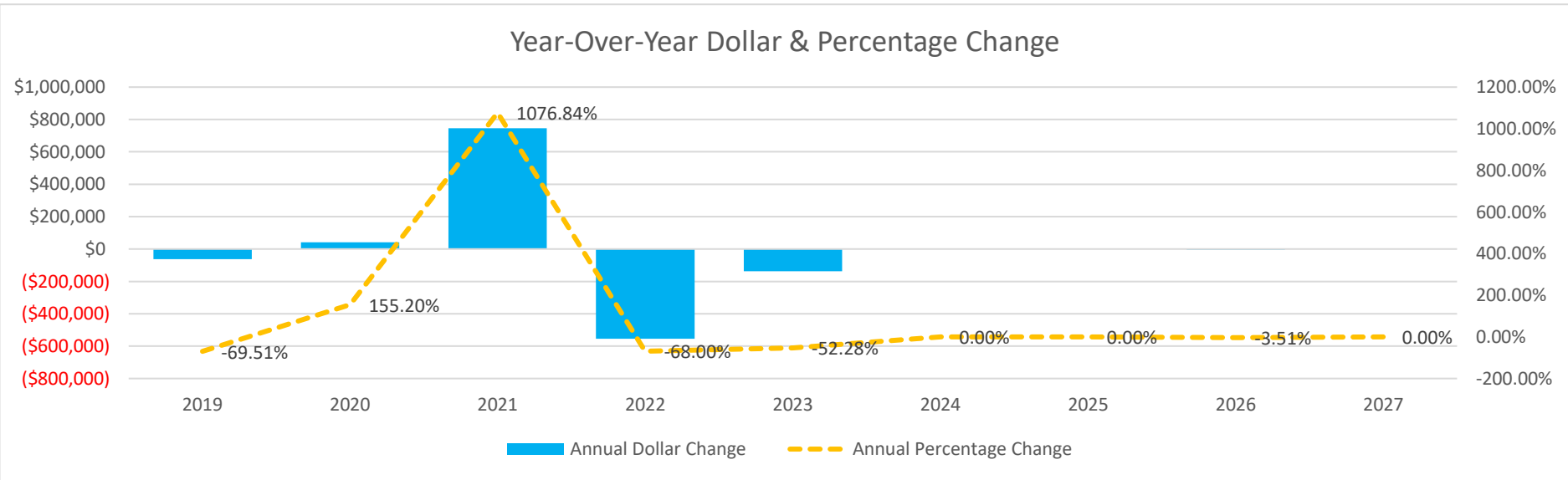
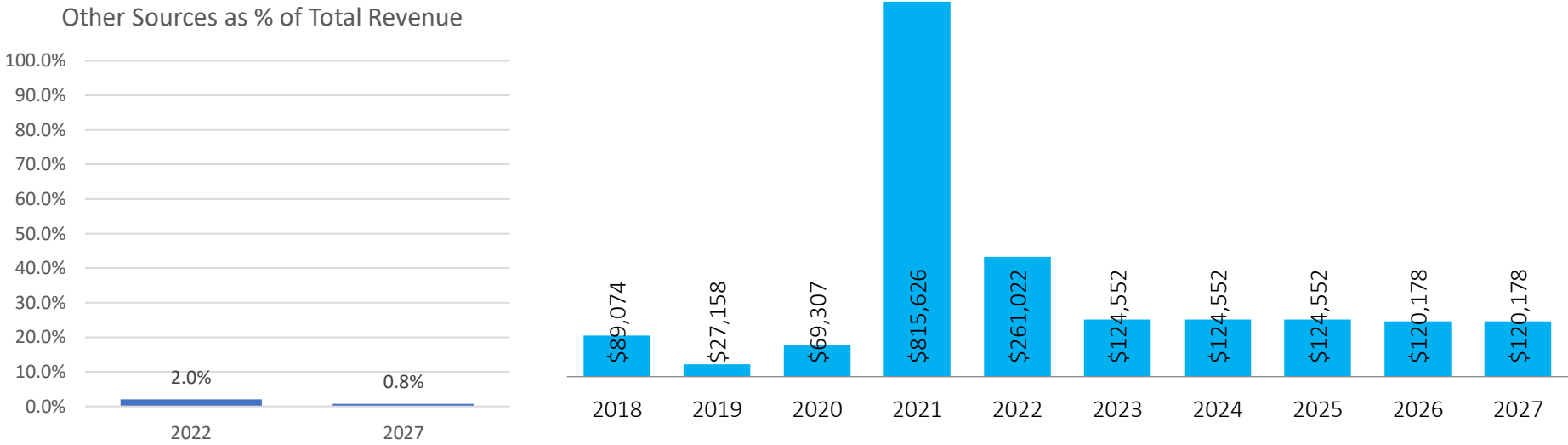
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$501,093. The projected average annual change is \$10,957 through FY 2027. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$2,426,976 in FY 2021.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

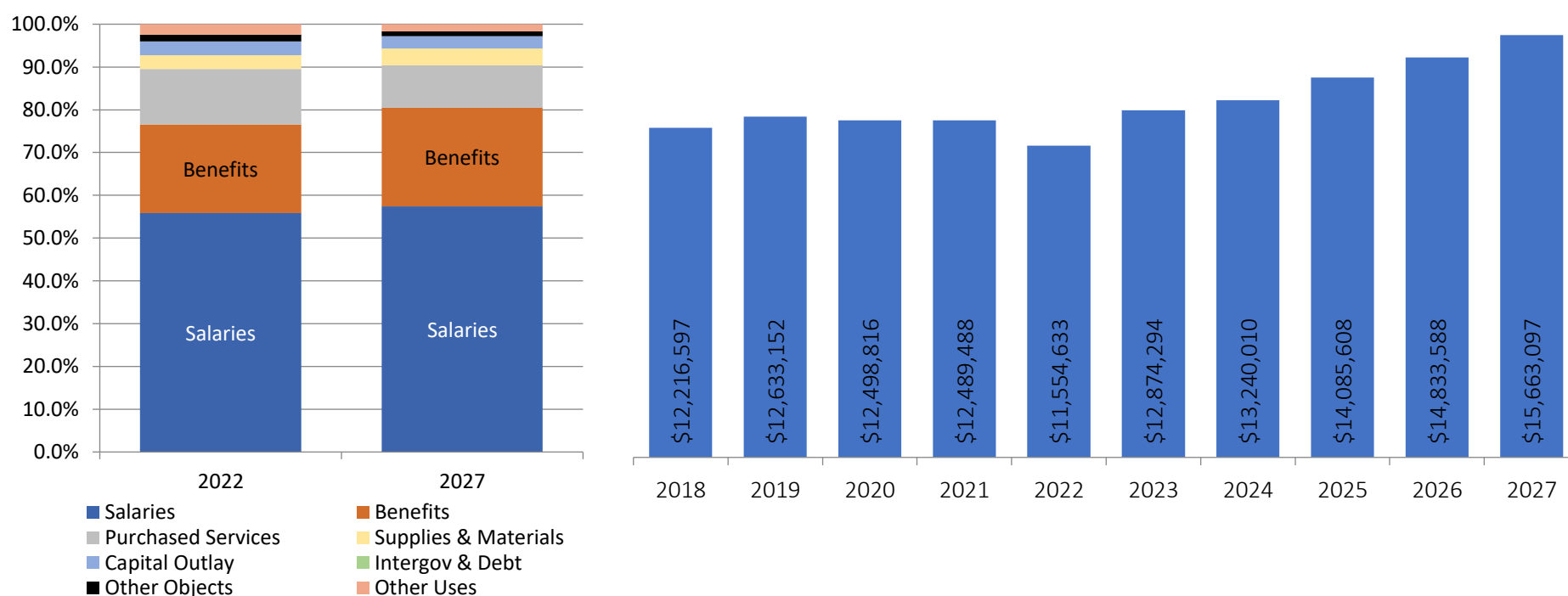


	2022	2023	2024	2025	2026	2027
Transfers In	234,263	97,792	97,792	97,792	97,792	97,792
Advances In	-	-	-	-	-	-
All Other Financing Sources	26,760	26,760	26,760	26,760	22,386	22,386

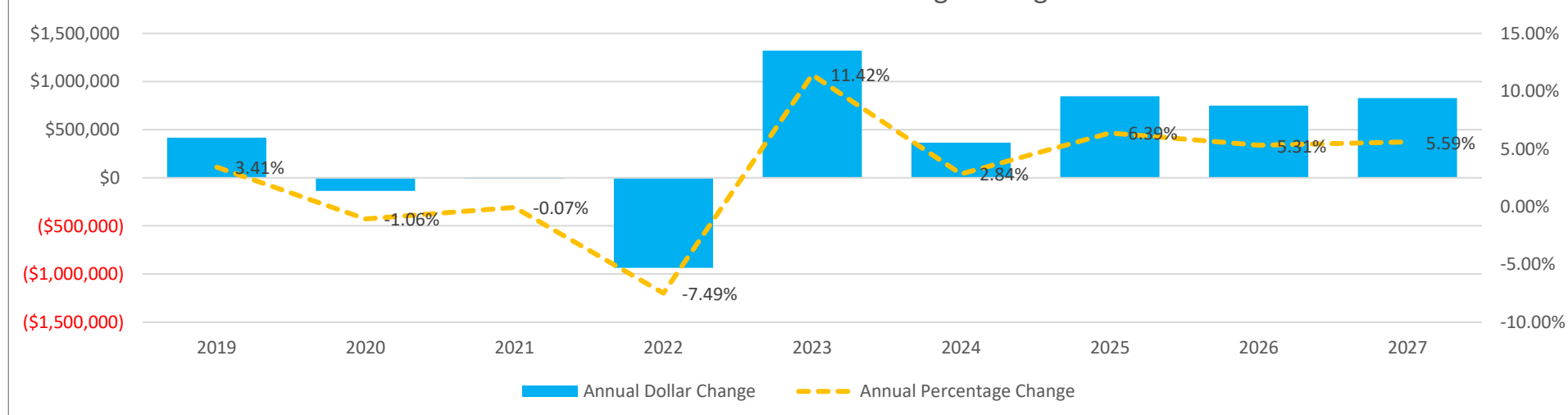
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$26,760 in FY 2023 and average \$24,573 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



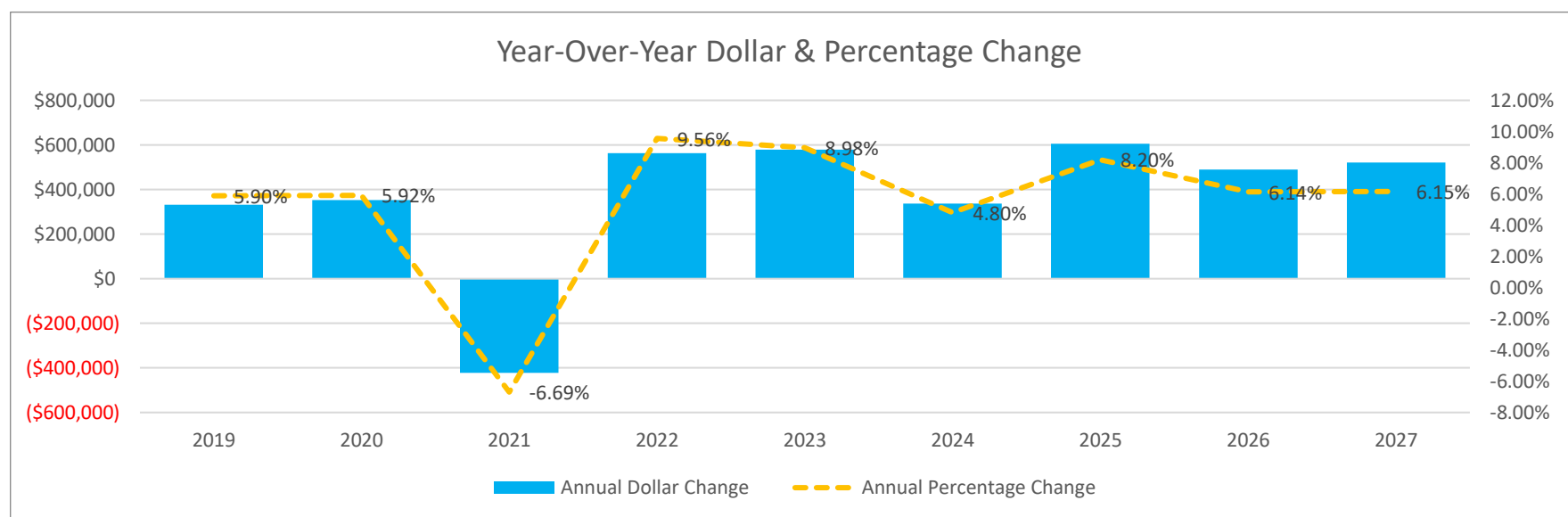
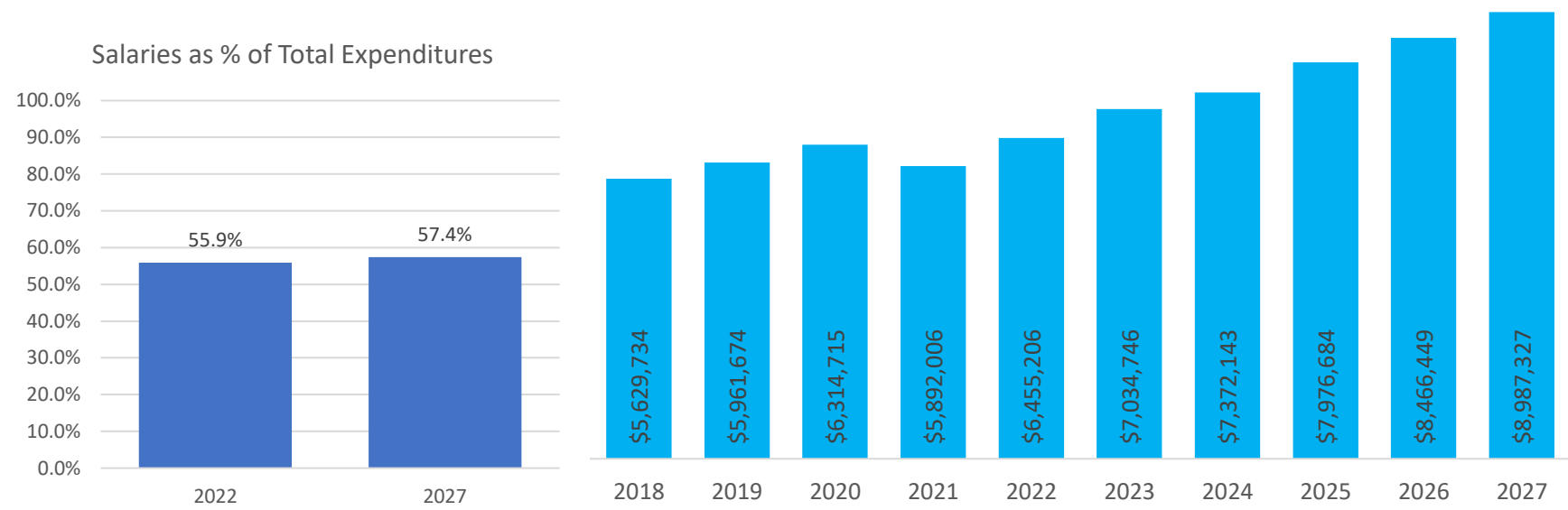
5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures decreased -0.49% or -\$59,847 annually during the past 5-Year period and is projected to increase 7.11% or \$821,693 annually through FY2027. Purchased Services has the largest projected average annual variance compared to the historical average at \$493,533.
Salaries	202,750	506,424	\$303,674	
Benefits	\$98,724	\$243,504	\$144,780	
Purchased Services	(\$479,003)	\$14,529	\$493,533	
Supplies & Materials	(\$11,118)	\$47,906	\$59,024	
Capital Outlay	\$72,621	\$15,953	(\$56,669)	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$6,473	(\$2,310)	(\$8,783)	
Other Uses	\$55,033	(\$4,313)	(\$59,346)	
Total Average Annual Change	(\$59,847)	\$821,693	\$881,540	
	-0.49%	7.11%	7.60%	

Note: Revenue average annual change is projected to be > \$433,466 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

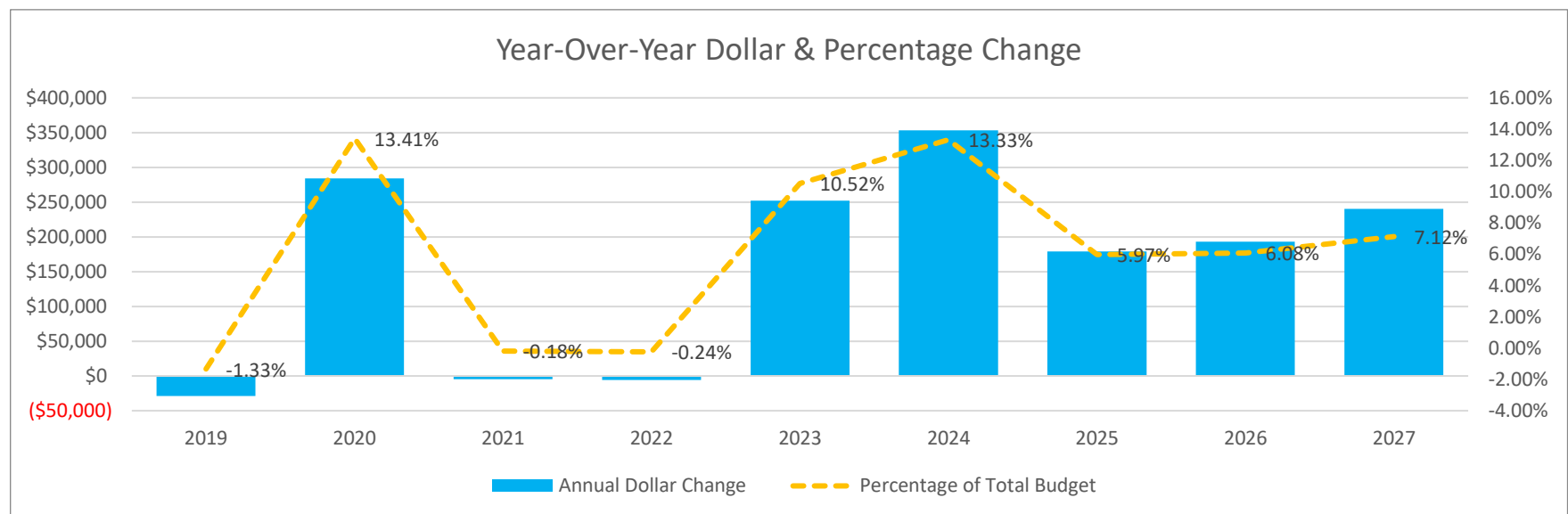
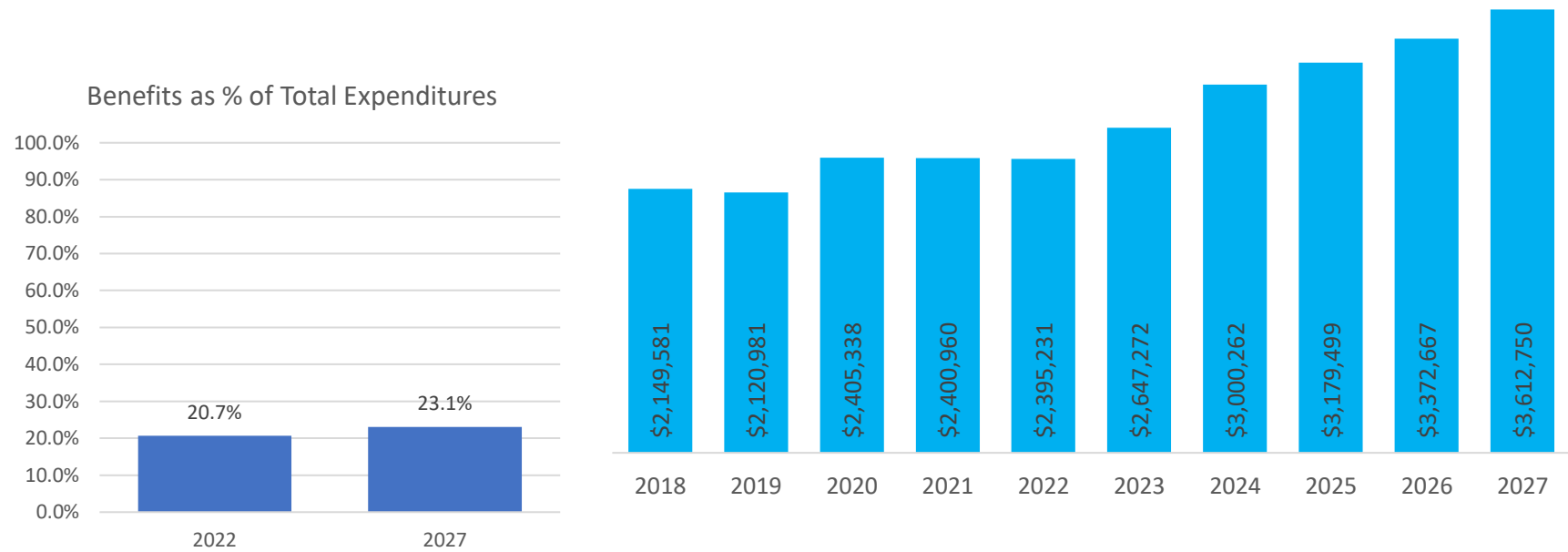
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 55.87% of total expenditures and increased at a historical average annual rate of 3.35% or \$202,750. This category of expenditure is projected to grow at an annual average rate of 6.36% or \$506,424 through FY 2027. The projected average annual rate of change is 3.01% more than the five year historical annual average.

3.020 - Employees' Benefits

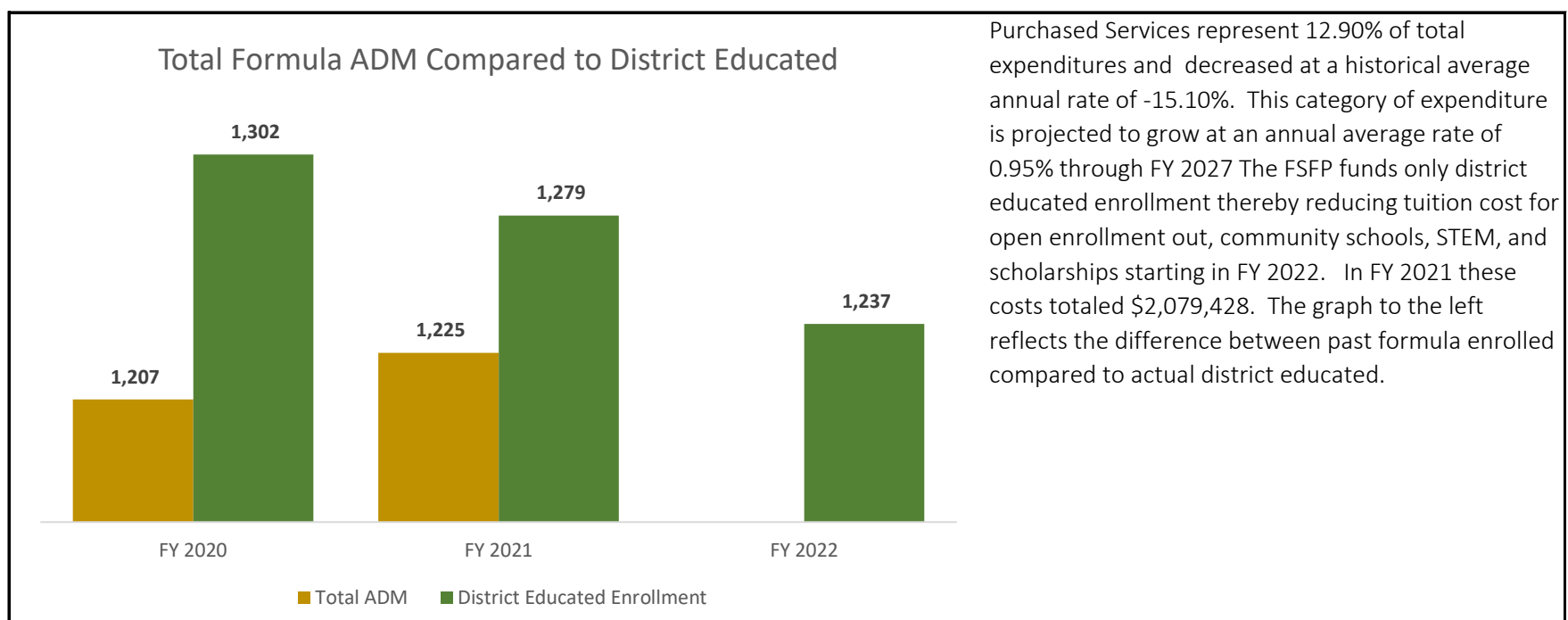
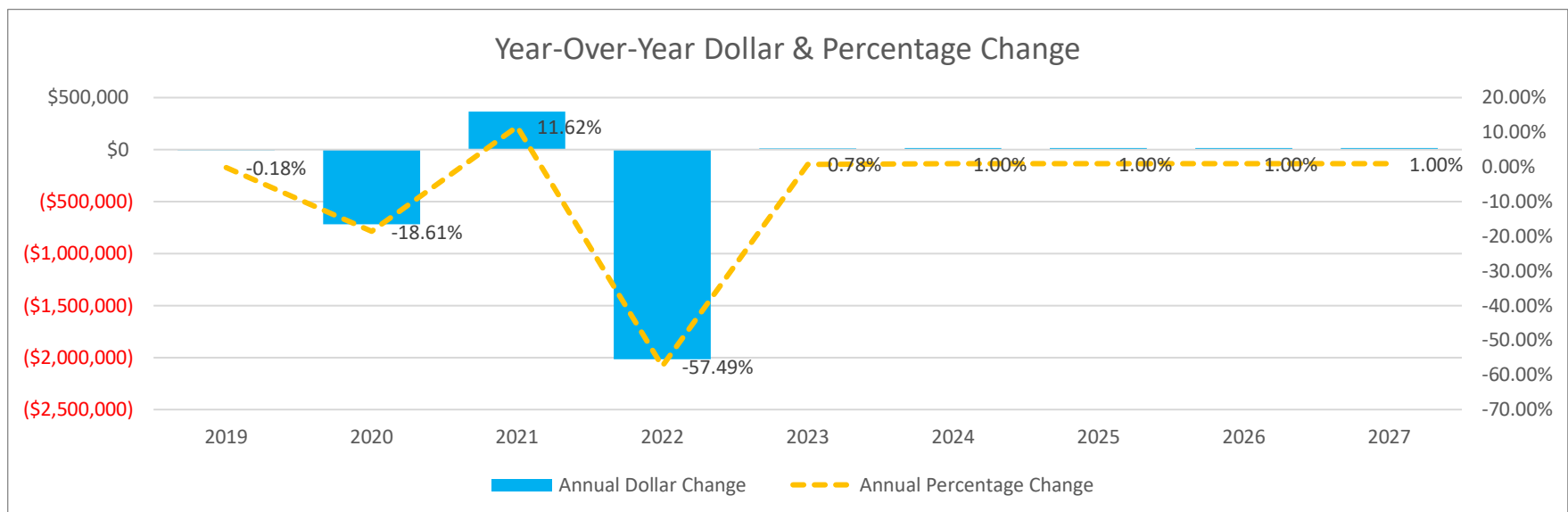
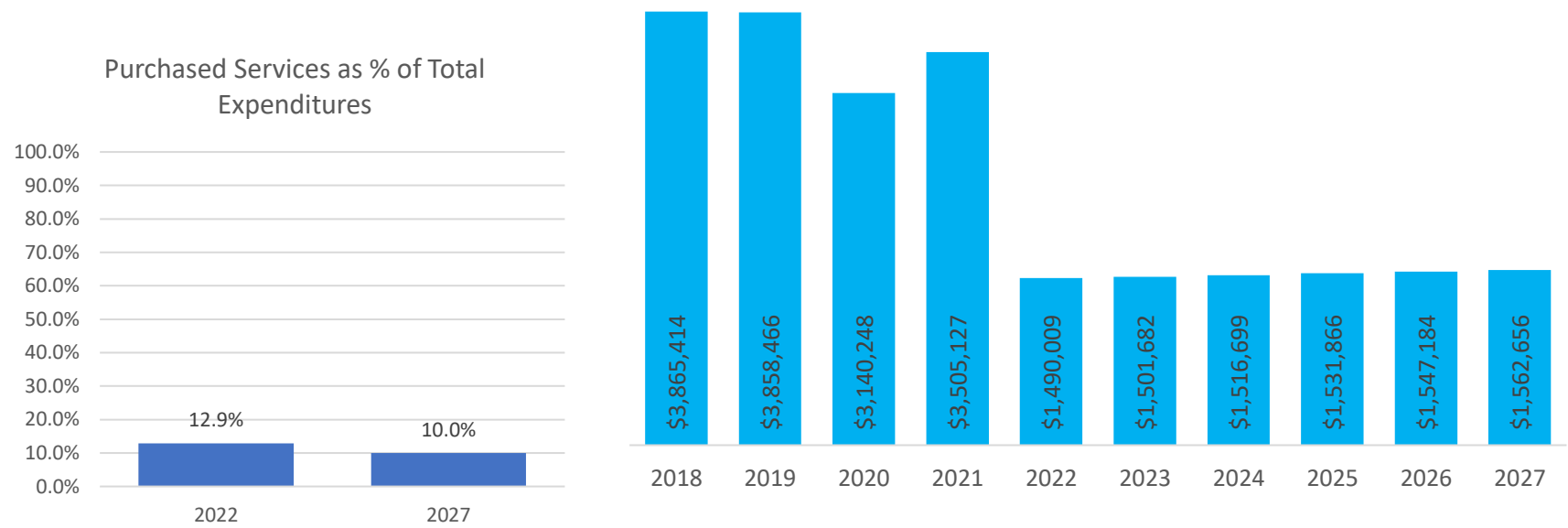
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.73% of total expenditures and increased at a historical average annual rate of 4.30% This category of expenditure is projected to grow at an annual average rate of 7.70% through FY 2027. The projected average annual rate of change is 3.40% more than the five year historical annual average.

3.030 - Purchased Services

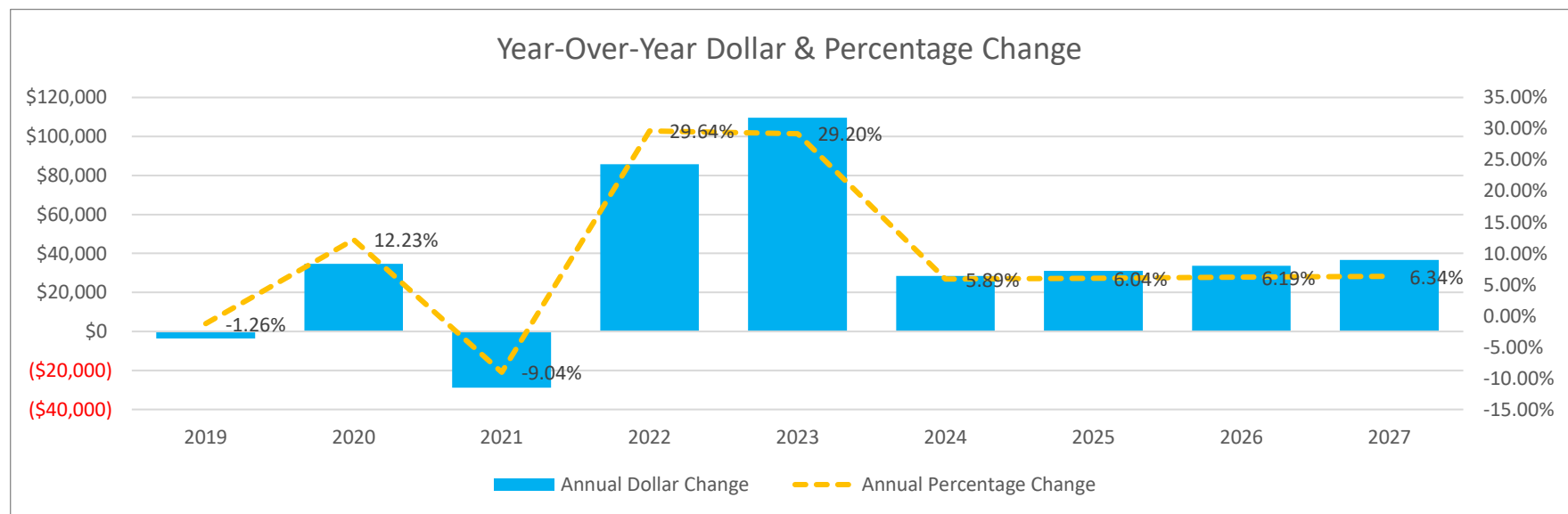
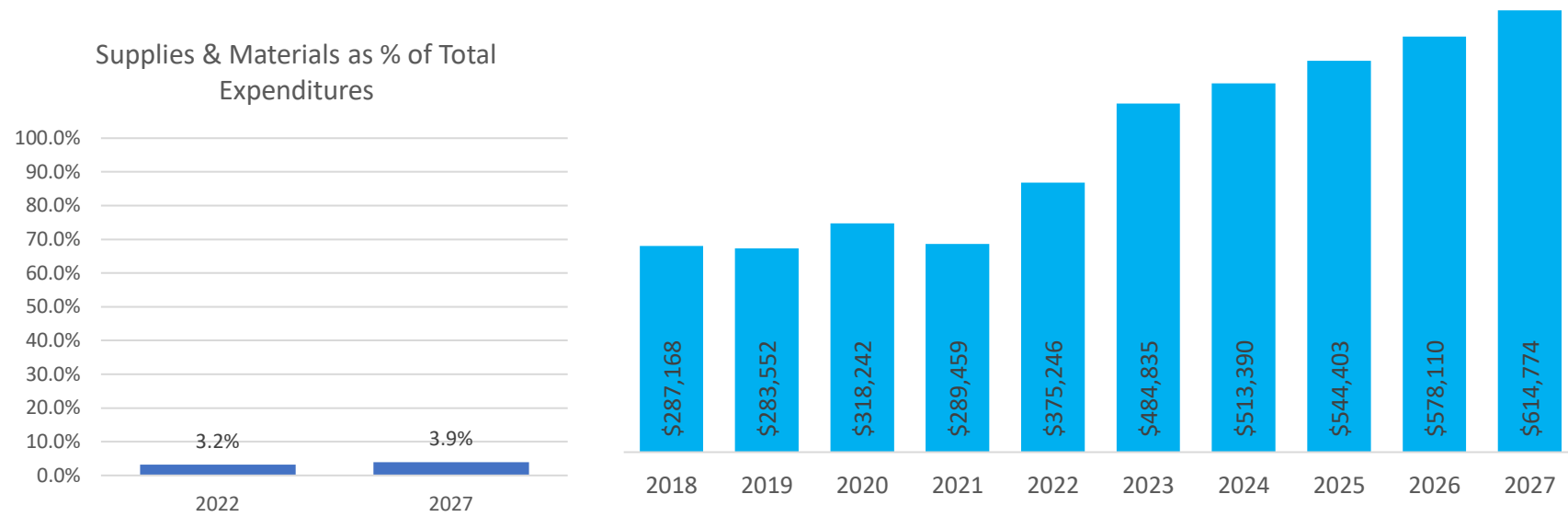
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 12.90% of total expenditures and decreased at a historical average annual rate of -15.10%. This category of expenditure is projected to grow at an annual average rate of 0.95% through FY 2027. The FSPF funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$2,079,428. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

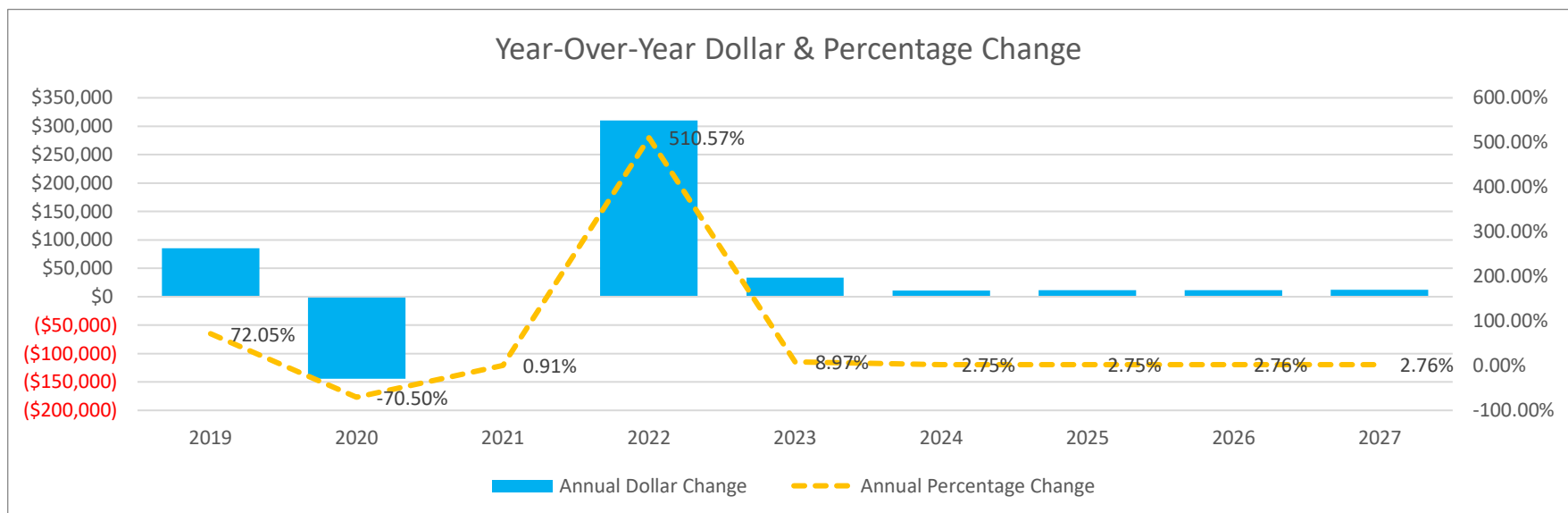
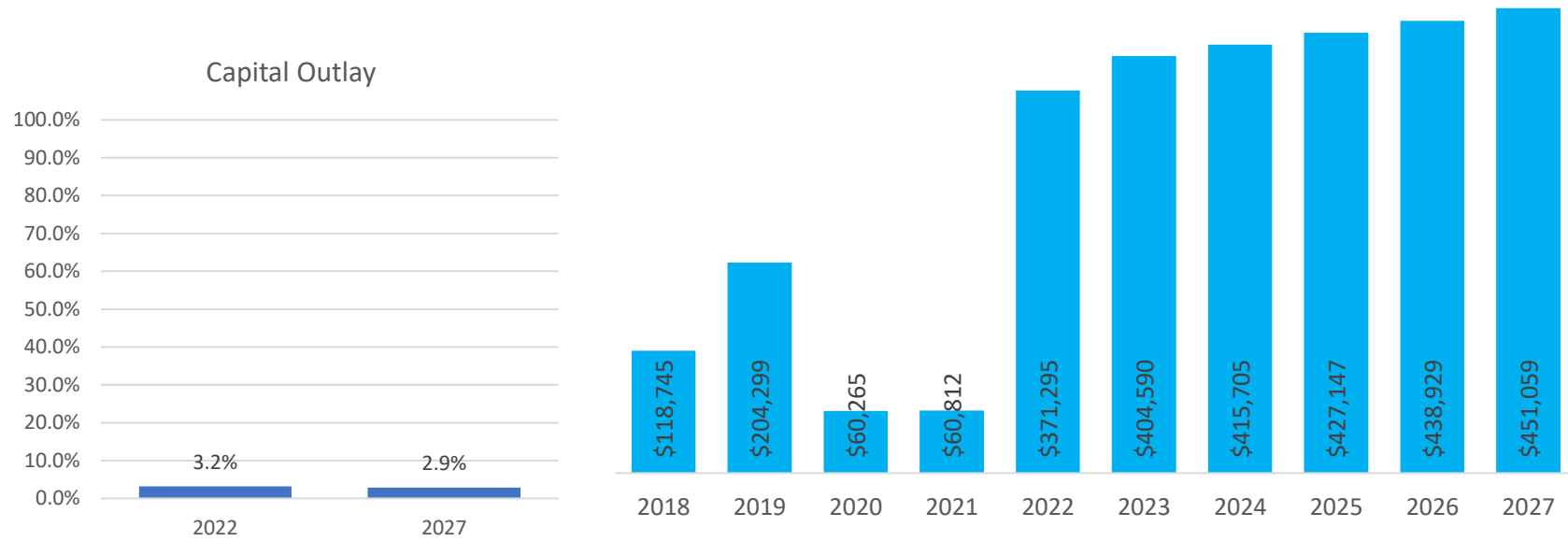
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.25% of total expenditures and decreased at a historical average annual rate of -3.58%. This category of expenditure is projected to grow at an annual average rate of 8.76% through FY 2027. The projected average annual rate of change is 12.33% more than the five year historical annual average.

3.050 - Capital Outlay

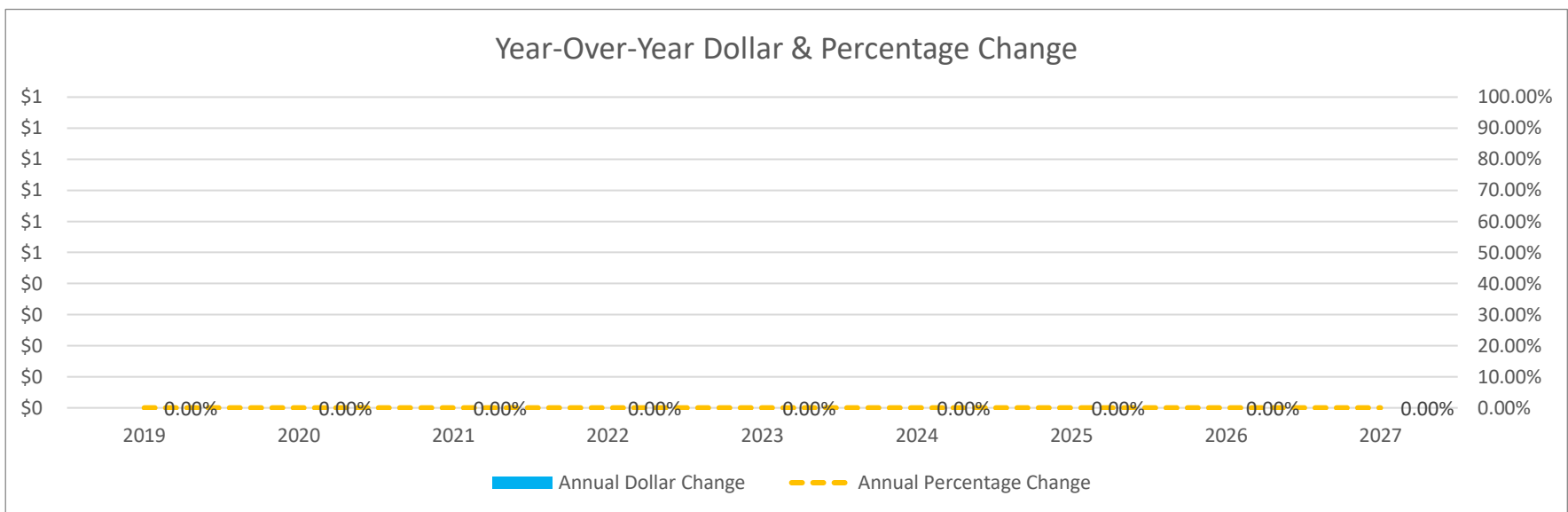
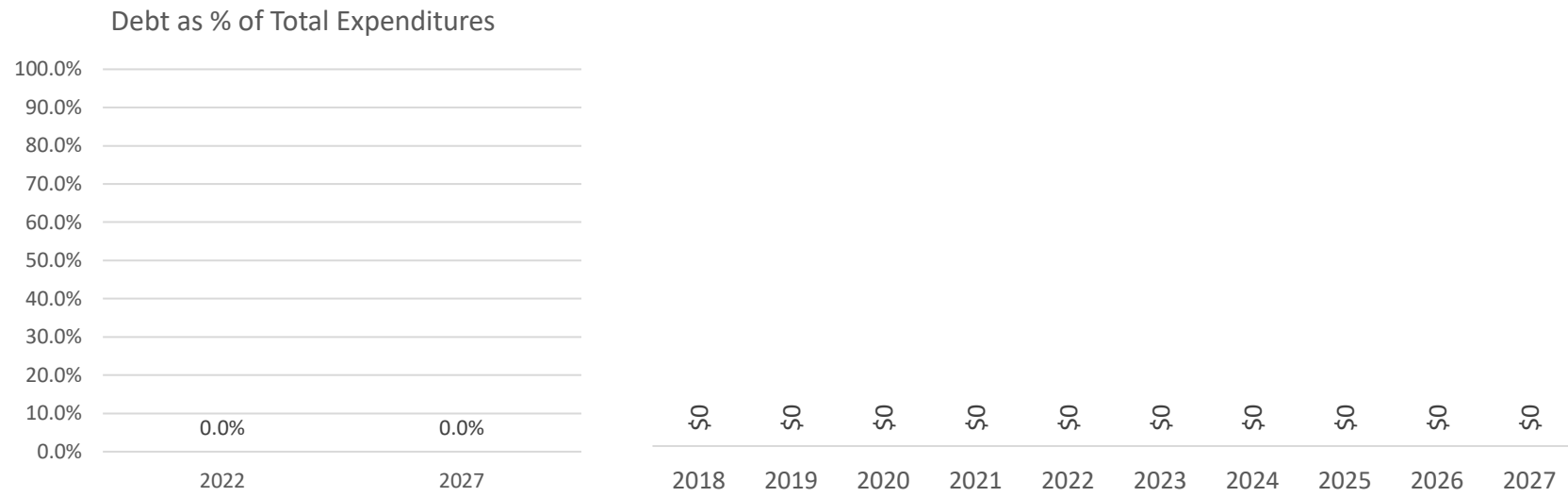
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 3.21% of total expenditures and increased at a historical average annual amount of \$72,621. This category of expenditure is projected to grow at an annual average rate of \$15,953 through FY 2027. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

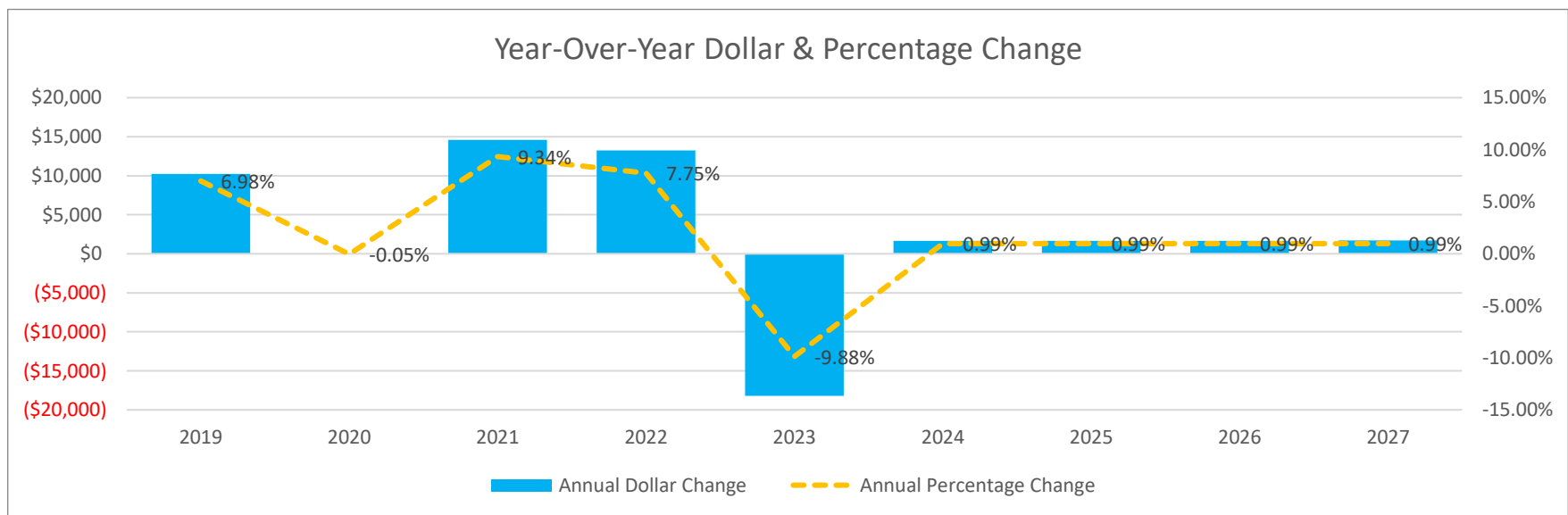
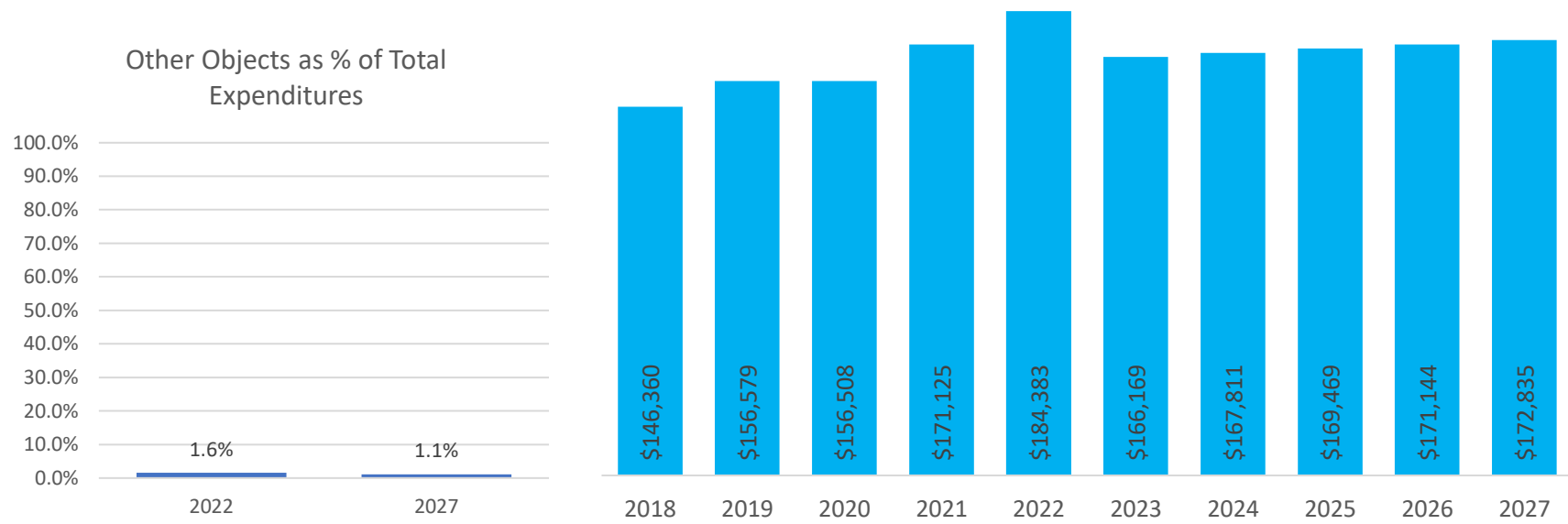
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

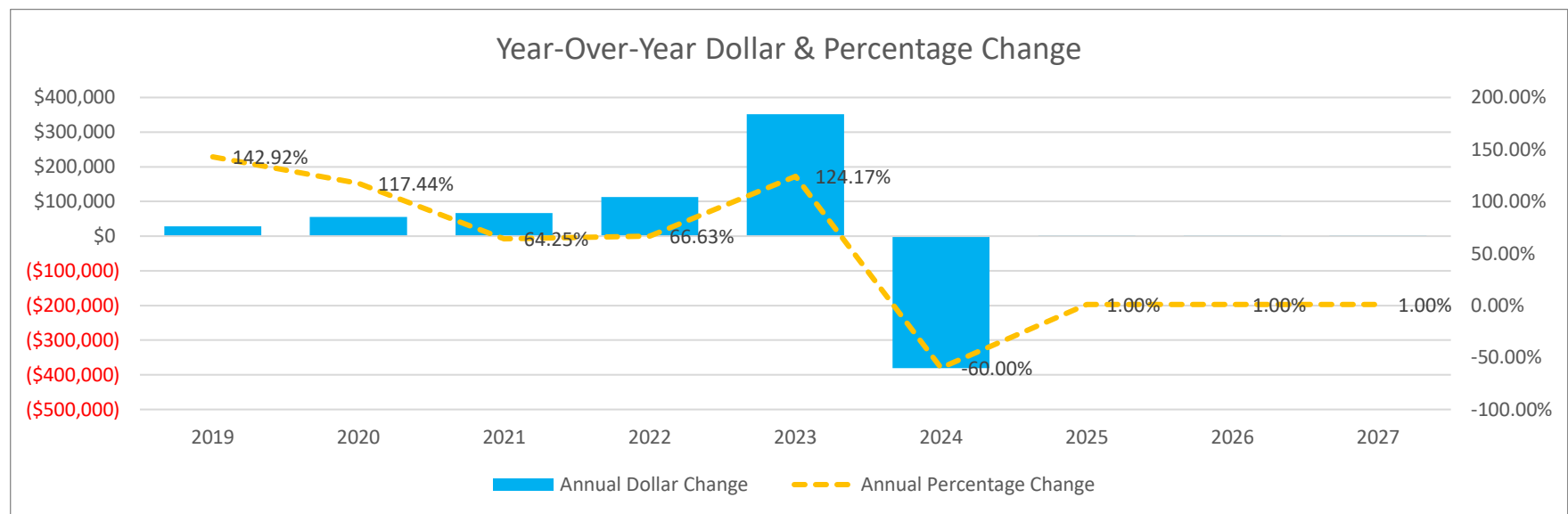
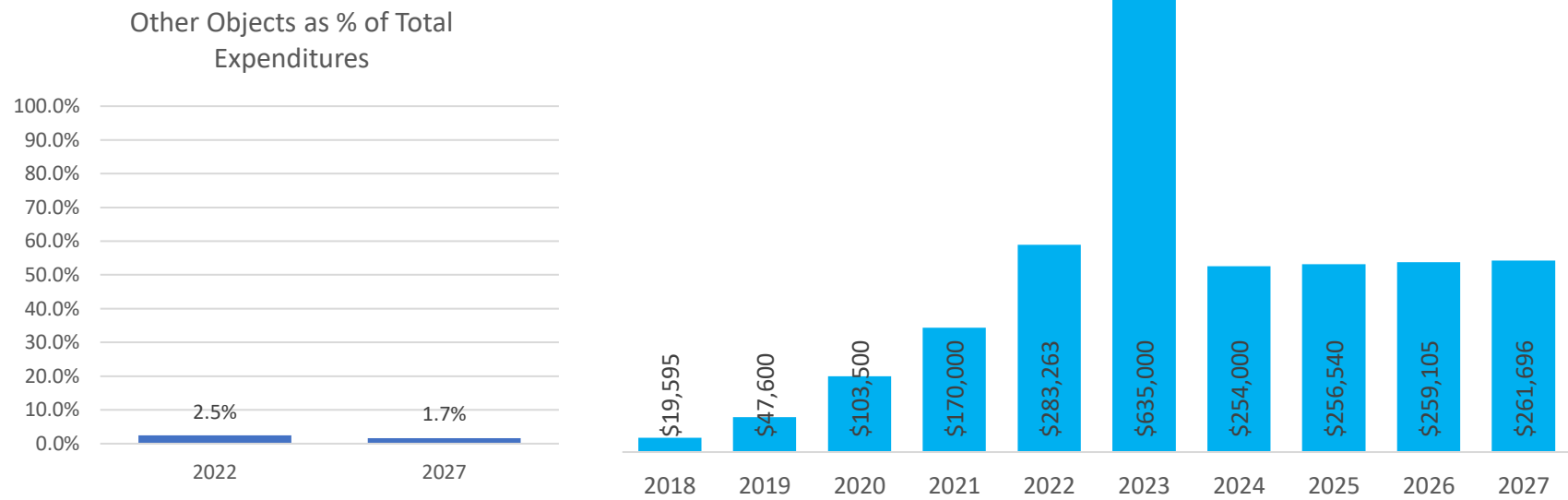
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.60% of total expenditures and increased at a historical average annual rate of 3.97%. This category of expenditure is projected to decrease at an annual average rate of -1.36% through FY 2027. The projected average annual rate of change is -5.33% less than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2022	2023	2024	FORECASTED		
				2025	2026	2027
Transfers Out	283,263	635,000	254,000	256,540	259,105	261,696
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

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 2022 the district had no advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Pleasant Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	3,695,317	4,153,755	4,309,071	4,455,778	4,484,398	4,695,693
1.020 - Public Utility Personal Property	856,102	958,312	1,089,861	1,188,325	1,300,870	1,416,001
1.030 - Income Tax	2,019,414	2,107,597	2,158,950	2,222,114	2,298,015	2,387,796
1.035 - Unrestricted Grants-in-Aid	5,030,673	4,998,819	5,012,009	5,018,330	5,062,614	5,108,530
1.040 - Restricted Grants-in-Aid	220,069	362,901	367,766	361,450	371,857	368,398
1.050 - Property Tax Allocation	559,012	560,000	583,616	625,272	629,350	657,558
1.060 - All Other Operating Revenues	313,858	355,724	357,815	364,139	366,357	368,642
1.070 - Total Revenue	12,694,445	13,497,109	13,879,088	14,235,408	14,513,461	15,002,618
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	234,263	97,792	97,792	97,792	97,792	97,792
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	26,760	26,760	26,760	26,760	22,386	22,386
2.070 - Total Other Financing Sources	261,022	124,552	124,552	124,552	120,178	120,178
2.080 - Total Rev & Other Sources	12,955,468	13,621,661	14,003,640	14,359,959	14,633,639	15,122,796
Expenditures:						
3.010 - Personnel Services	6,455,206	7,034,746	7,372,143	7,976,684	8,466,449	8,987,327
3.020 - Employee Benefits	2,395,231	2,647,272	3,000,262	3,179,499	3,372,667	3,612,750
3.030 - Purchased Services	1,490,009	1,501,682	1,516,699	1,531,866	1,547,184	1,562,656
3.040 - Supplies and Materials	375,246	484,835	513,390	544,403	578,110	614,774
3.050 - Capital Outlay	371,295	404,590	415,705	427,147	438,929	451,059
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	184,383	166,169	167,811	169,469	171,144	172,835
4.500 - Total Expenditures	11,271,370	12,239,294	12,986,010	13,829,068	14,574,483	15,401,401
Other Financing Uses						
5.010 - Operating Transfers-Out	283,263	635,000	254,000	256,540	259,105	261,696
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	283,263	635,000	254,000	256,540	259,105	261,696
5.050 - Total Exp and Other Financing Uses	11,554,633	12,874,294	13,240,010	14,085,608	14,833,588	15,663,097
6.010 - Excess of Rev Over/(Under) Exp	1,400,835	747,367	763,630	274,351	(199,949)	(540,301)
7.010 - Cash Balance July 1 (No Levies)	3,837,806	5,238,641	5,986,008	6,749,638	7,023,989	6,824,040
7.020 - Cash Balance June 30 (No Levies)	5,238,641	5,986,008	6,749,638	7,023,989	6,824,040	6,283,739
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	5,238,641	5,986,008	6,749,638	7,023,989	6,824,040	6,283,739
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	5,238,641	5,986,008	6,749,638	7,023,989	6,824,040	6,283,739
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	5,238,641	5,986,008	6,749,638	7,023,989	6,824,040	6,283,739

