

Pleasant Local School District

# Five Year Forecast Financial Report

May,2023

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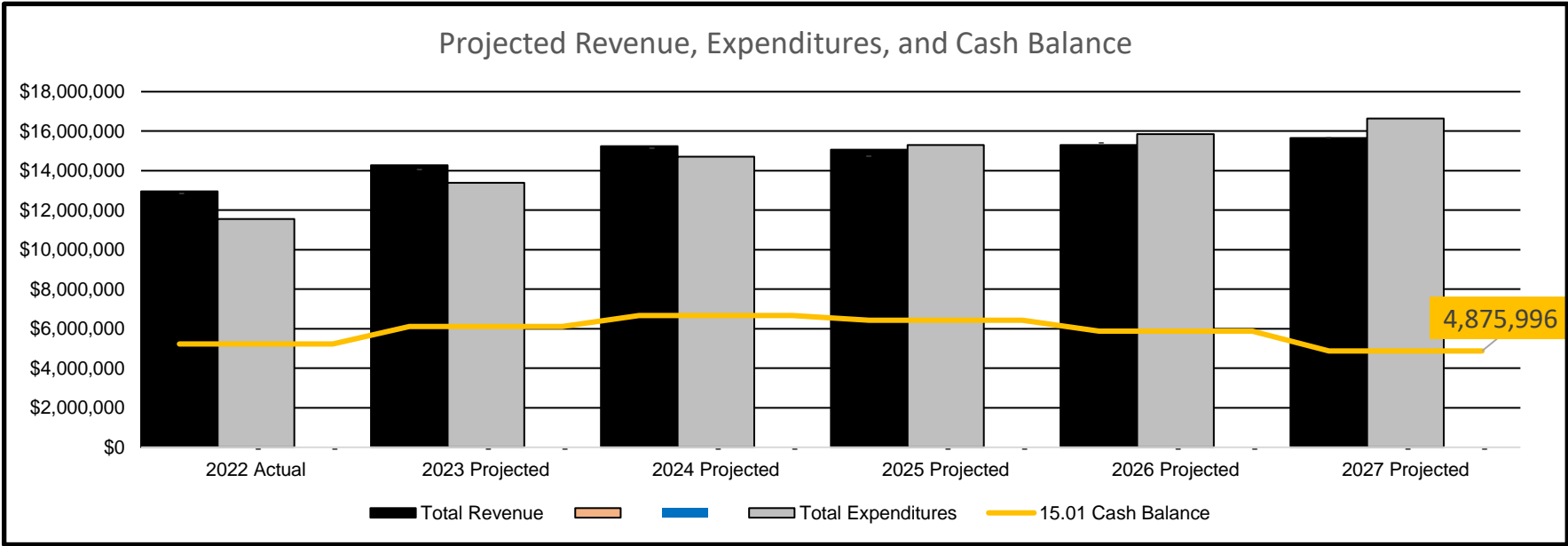
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Forecast Purpose/Objectives

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	6,124,079	6,669,817	6,428,056	5,877,663
+ Revenue	14,267,696	15,247,161	15,055,353	15,293,383	15,646,786
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(13,382,258)	(14,701,424)	(15,297,114)	(15,843,776)	(16,648,452)
= Revenue Surplus or Deficit	885,438	545,738	(241,761)	(550,393)	(1,001,666)
Line 7.020 Ending Balance with renewal/new levies	6,124,079	6,669,817	6,428,056	5,877,663	4,875,996

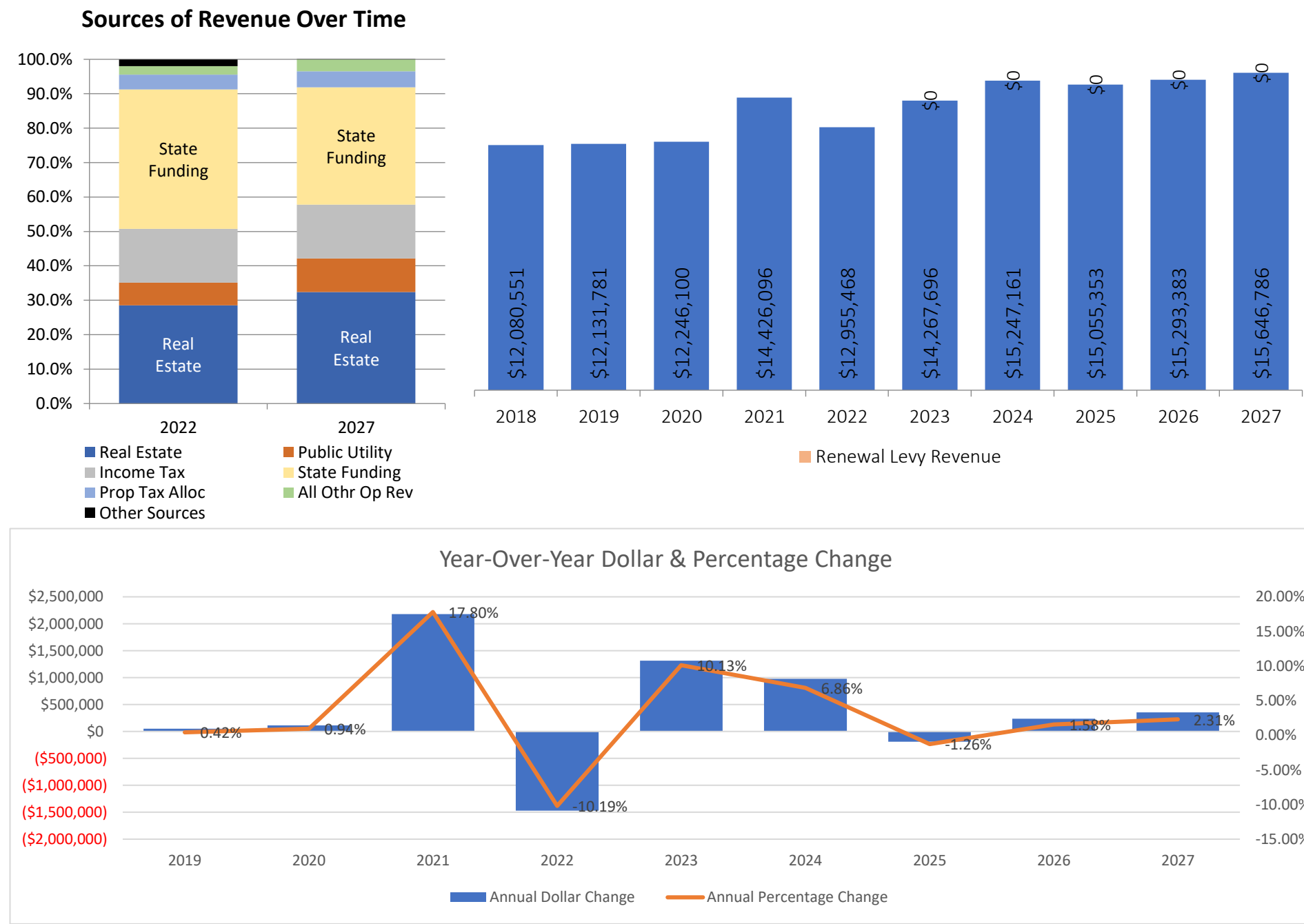
Analysis Without Renewal Levies Included:					
Revenue Surplus or Deficit w/o Levies	885,438	545,738	(241,761)	(550,393)	(1,001,666)
Ending Balance w/o Levies	6,124,079	6,669,817	6,428,056	5,877,663	4,875,996

In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$885,438 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 \$1,001,666. The district would need to cut its FY 2027 projected expenses by 6.02% 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 worsen 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



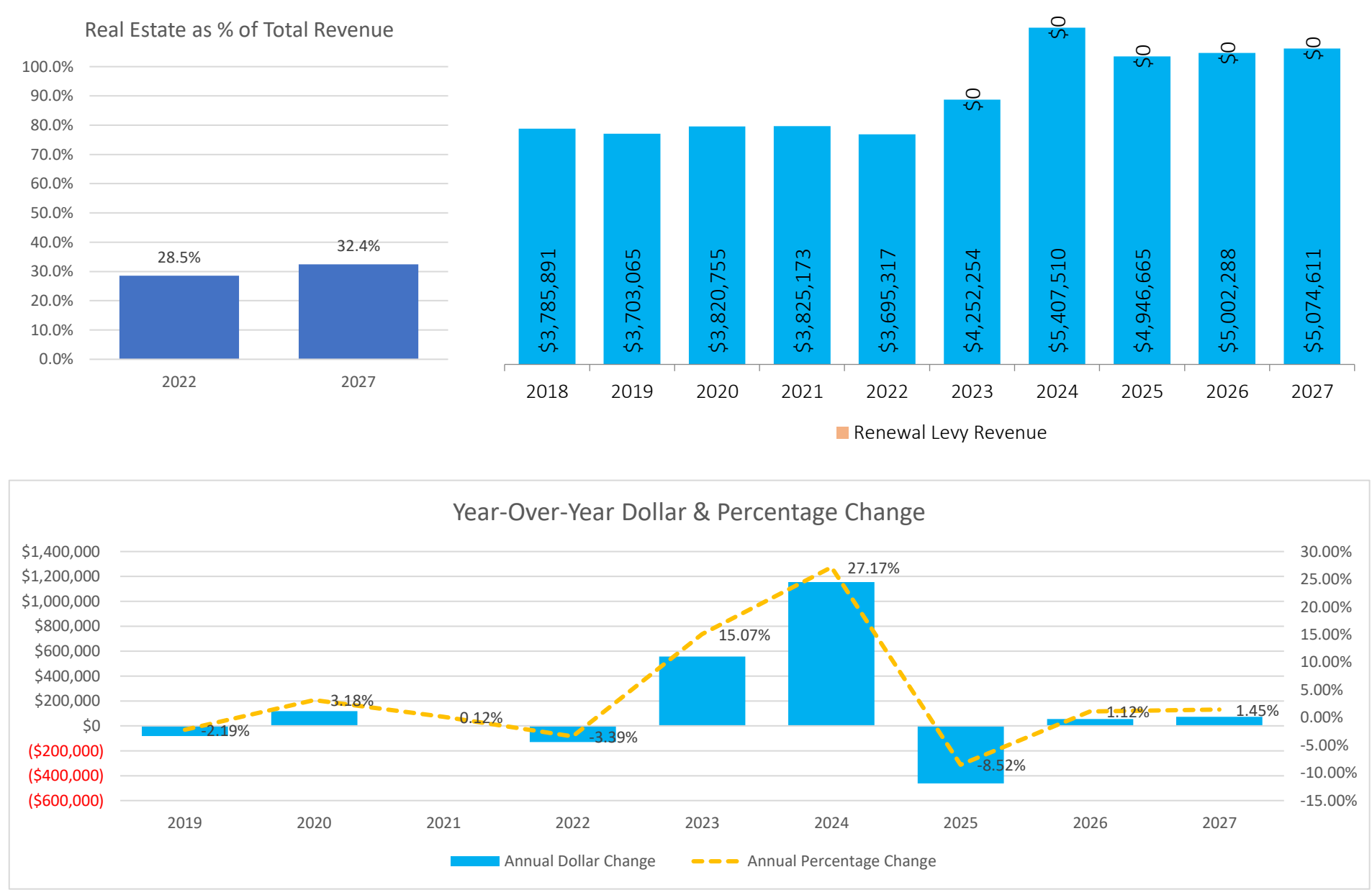
5-Year Historical Actual Average Annual Dollar Change  
Compared to 5-year Projected

	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 3.56% or \$538,264 annually through FY2027. All Othr Op Rev has the most projected average annual variance compared to the historical average at \$544,709
Real Estate	16,320	275,859	\$259,539	
Public Utility	\$63,732	\$132,254	\$68,521	
Income Tax	\$403,883	\$85,008	(\$318,875)	
State Funding	\$208,674	18,282	(\$190,392)	
Prop Tax Alloc	(\$4,130)	\$34,578	\$38,708	
All Othr Op Rev	(\$501,093)	\$43,616	\$544,709	
Other Sources	\$50,515	(\$51,333)	(\$101,848)	
Total Average Annual Change	237,901	538,264	\$300,363	
	1.86%	3.56%	1.70%	

Note: Expenditure average annual change is projected to be > \$1,018,764 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).



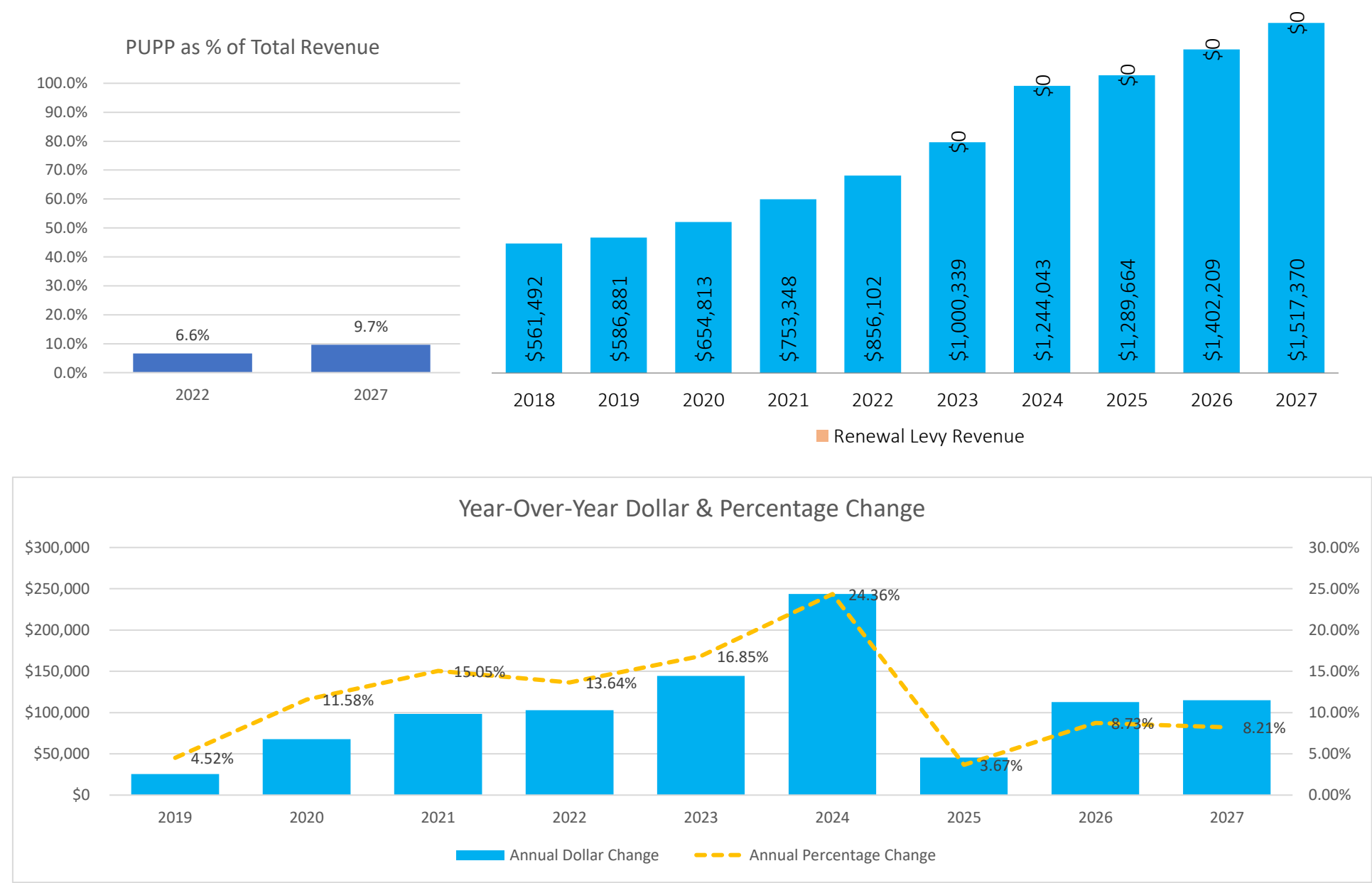
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	203,126,770	2,158,510	20.01	-	25.47	-	101.2%
2022	259,238,090	56,111,320	20.00	(0.01)	24.97	(0.49)	100.2%
2023	260,788,090	1,550,000	20.00	-	24.94	(0.04)	100.2%
2024	262,338,090	1,550,000	20.00	-	24.90	(0.04)	100.2%
2025	267,063,090	4,725,000	20.00	-	24.52	(0.37)	100.2%
2026	268,613,090	1,550,000	20.00	-	24.49	(0.04)	101.1%

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 100.3% 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 5.59% 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.



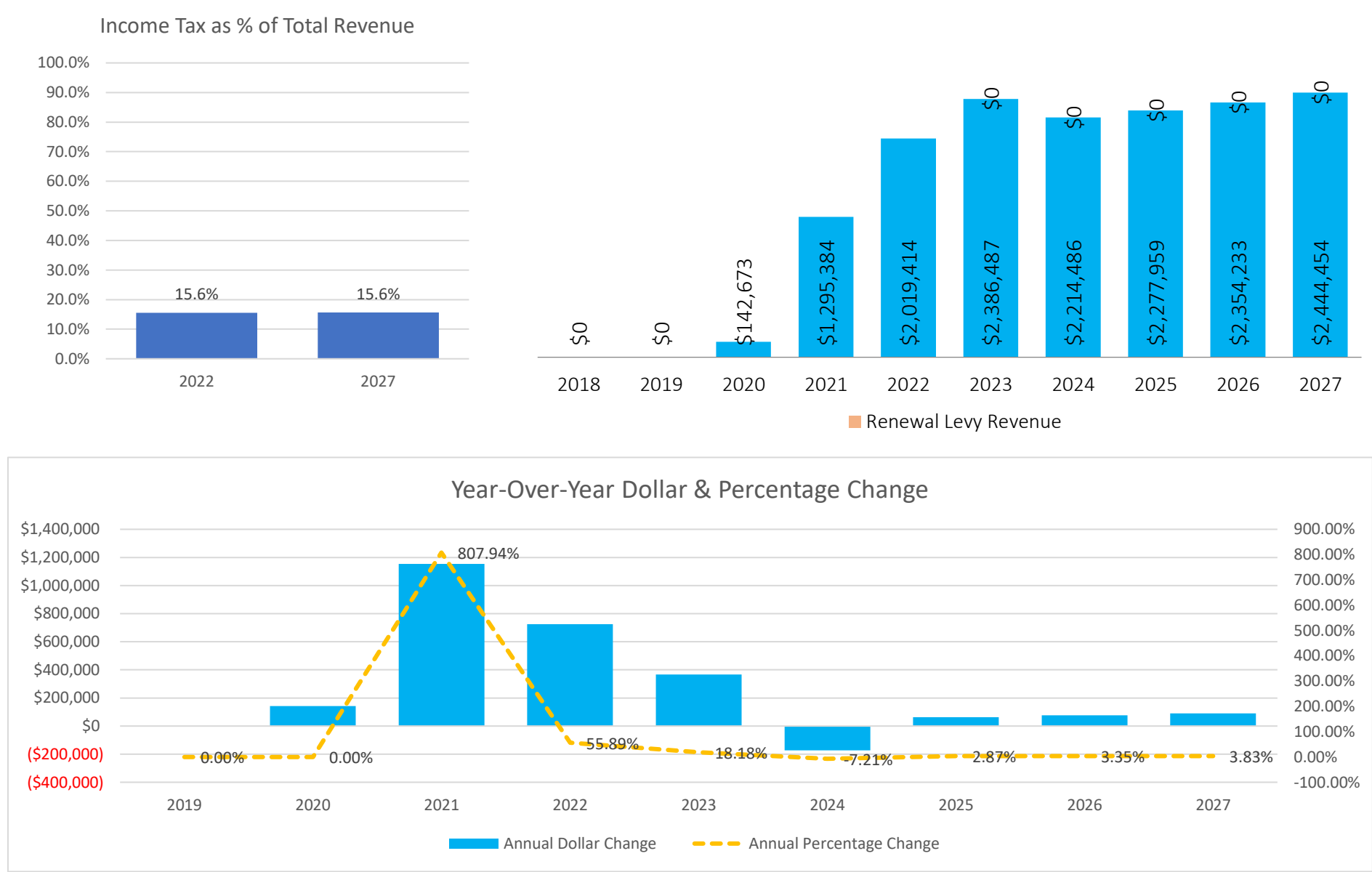
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	21,366,510	2,821,500	42.90	-	100.0%
2022	26,280,130	4,913,620	42.90	-	100.0%
2023	28,780,130	2,500,000	42.90	-	99.9%
2024	31,380,130	2,600,000	42.90	-	99.9%
2025	34,030,130	2,650,000	42.90	-	99.9%
2026	36,730,130	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 \$132,254 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.

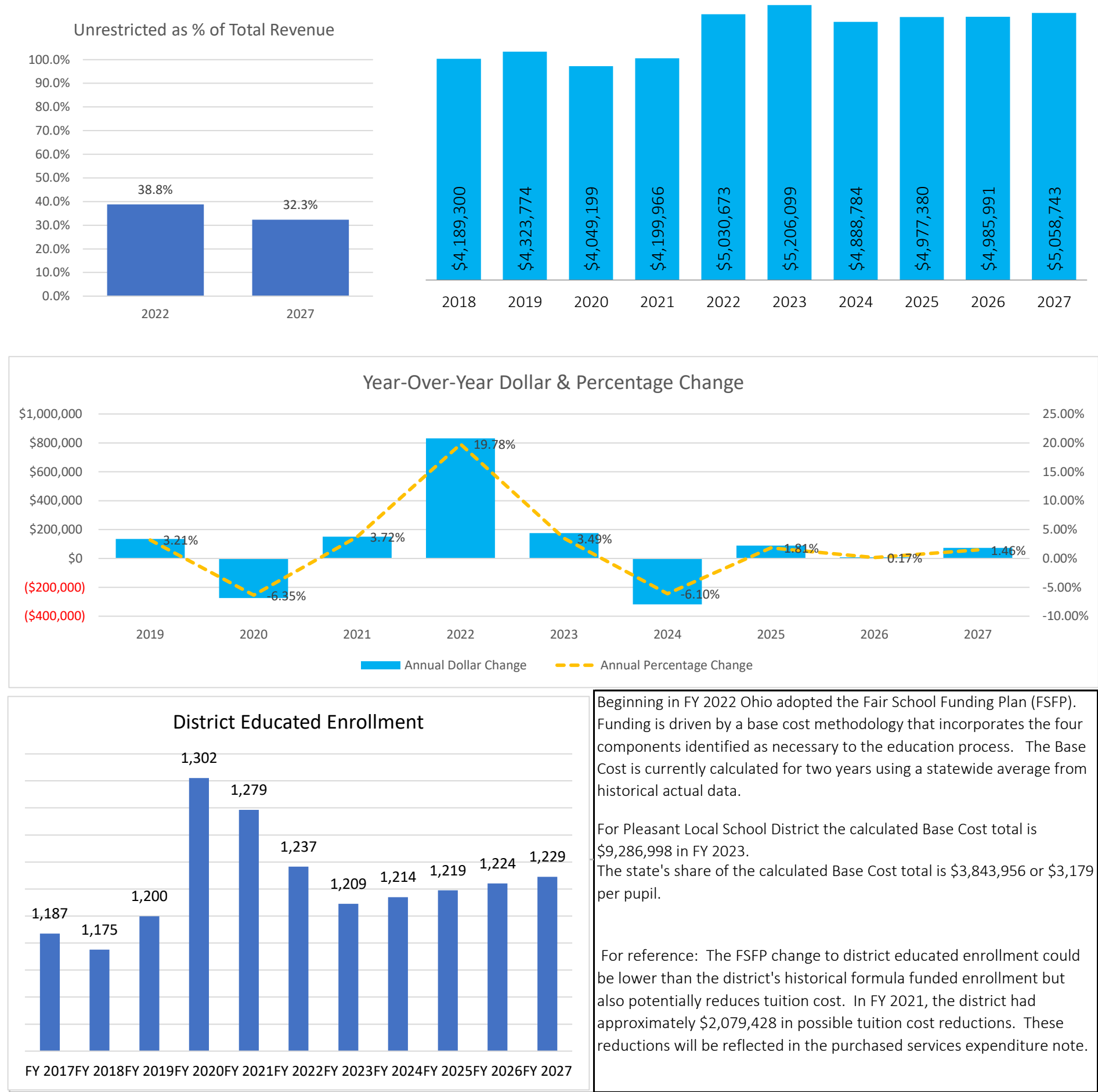


The district maintained one income tax levy in FY 2022. The average annual dollar change in total income tax revenue is forecasted to be \$85,008 through FY 2027. Income tax revenue is projected to account for 15.6% of total district revenue in FY 2027.

\*Projected % trends include renewal levies

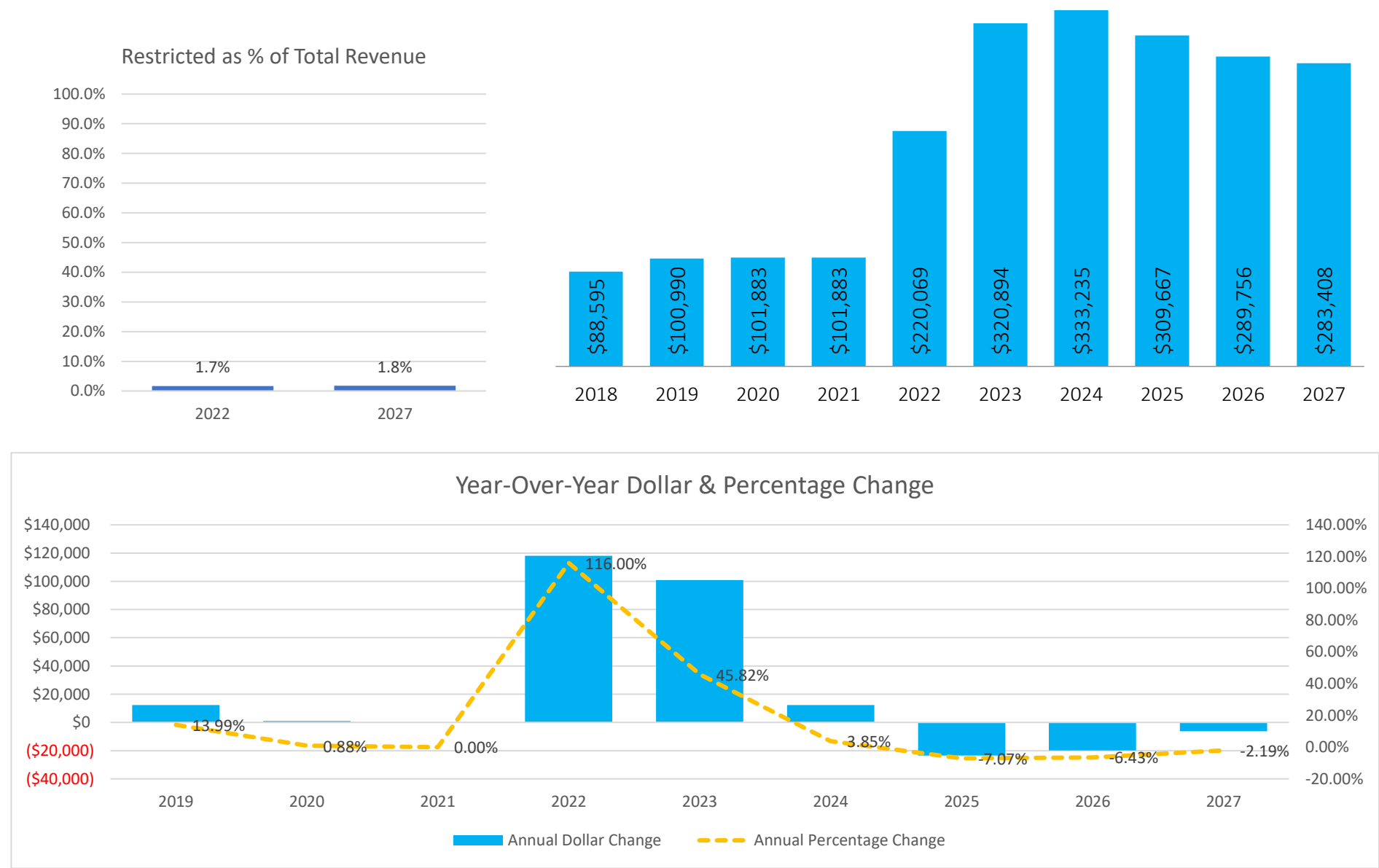
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



1.040 & 1.045 - Restricted Grants-in-Aid

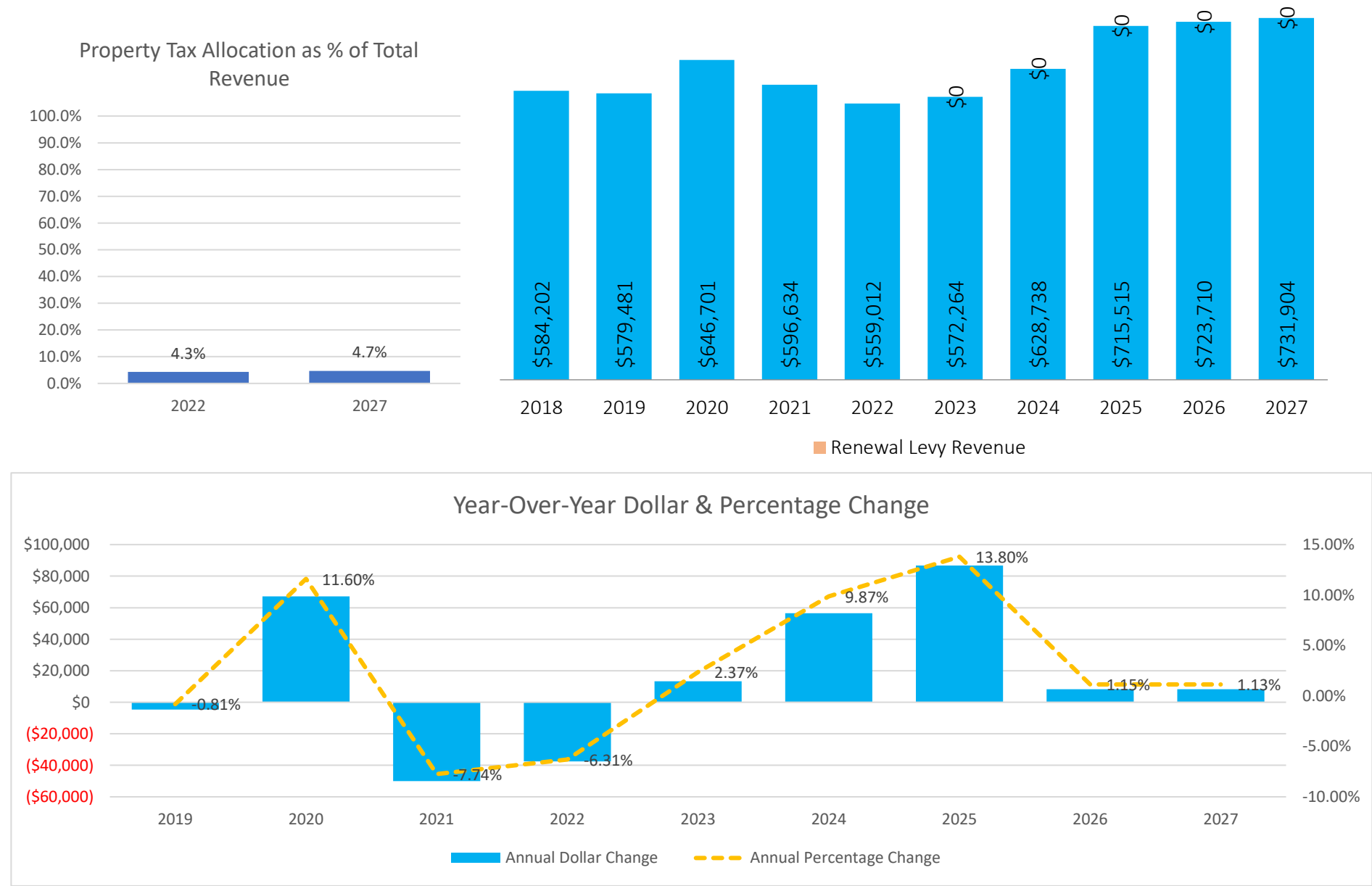
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$12,668. 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 \$178,595. 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.

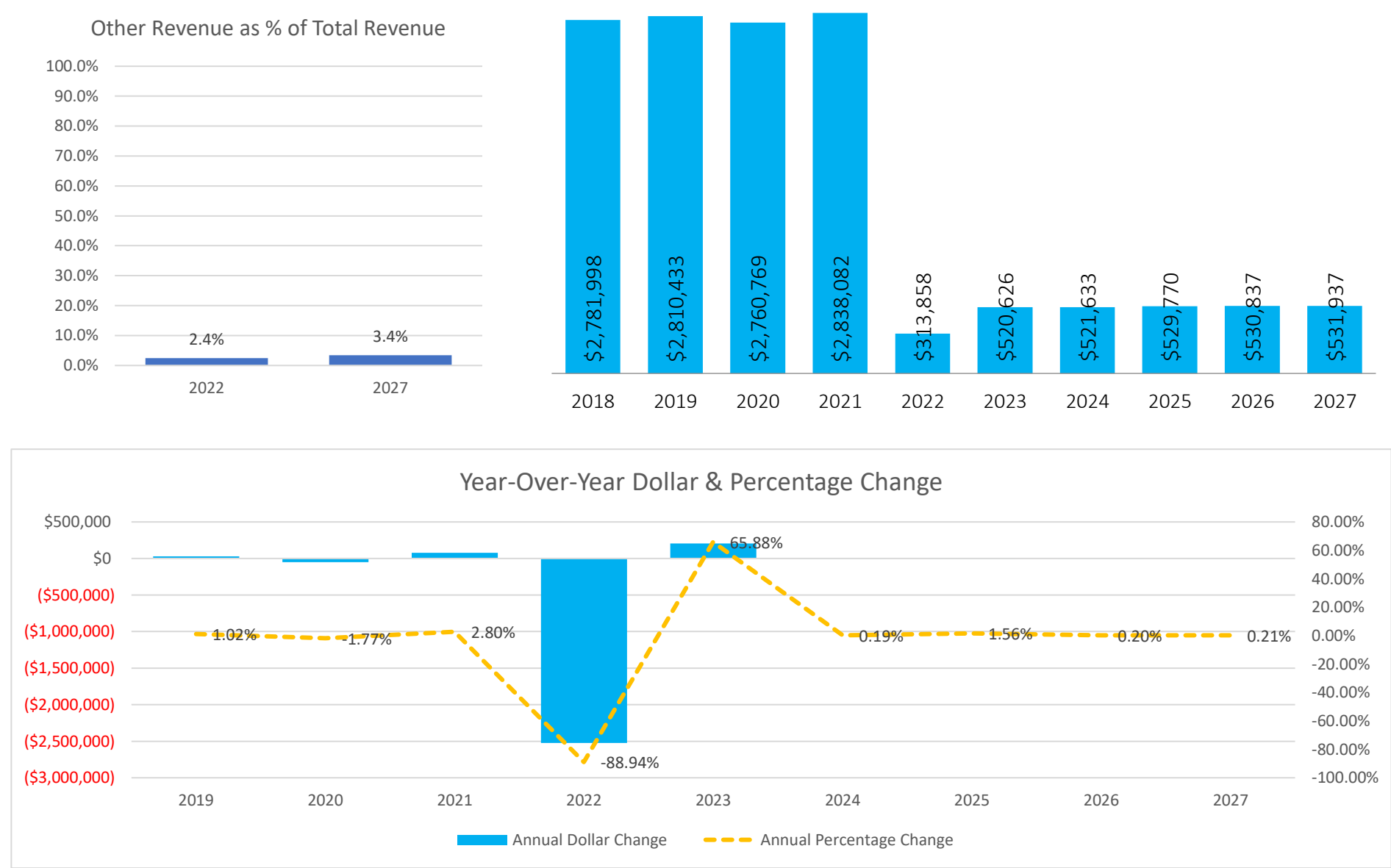


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, 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

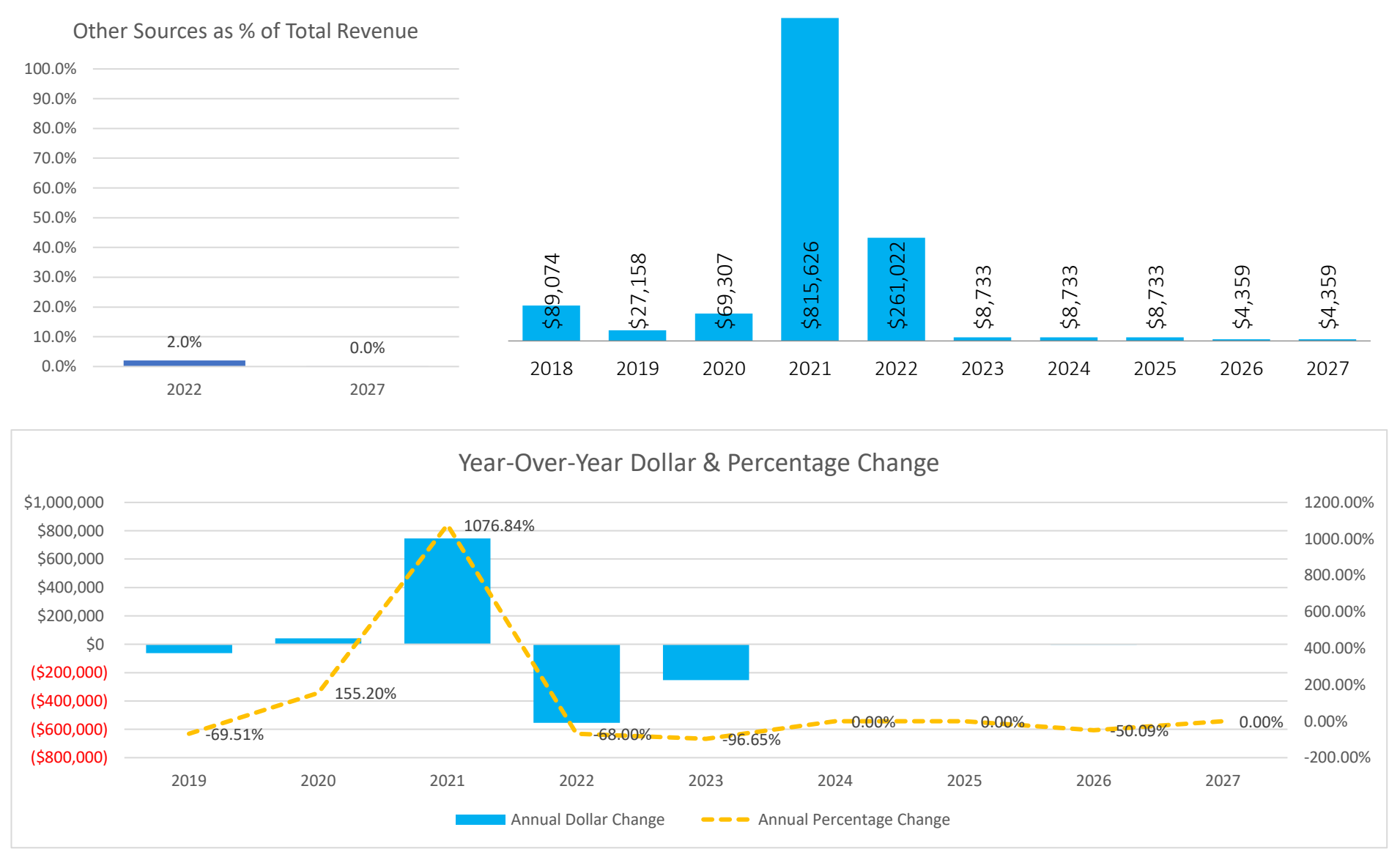
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$43,616 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

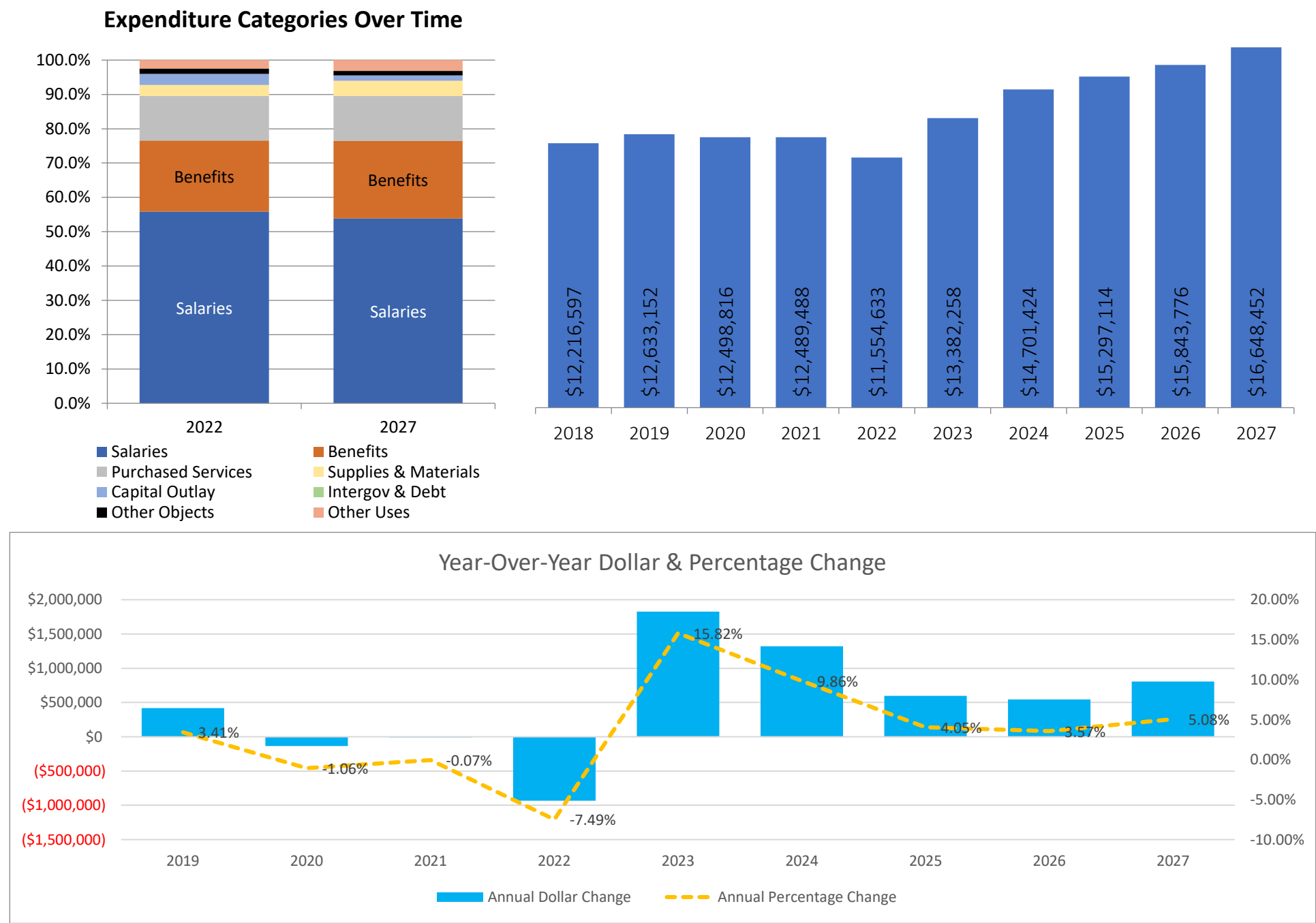
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers In	234,263	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	26,760	8,733	8,733	8,733	4,359	4,359

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 receipted \$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 \$8,733 in FY 2023 and average \$6,546 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



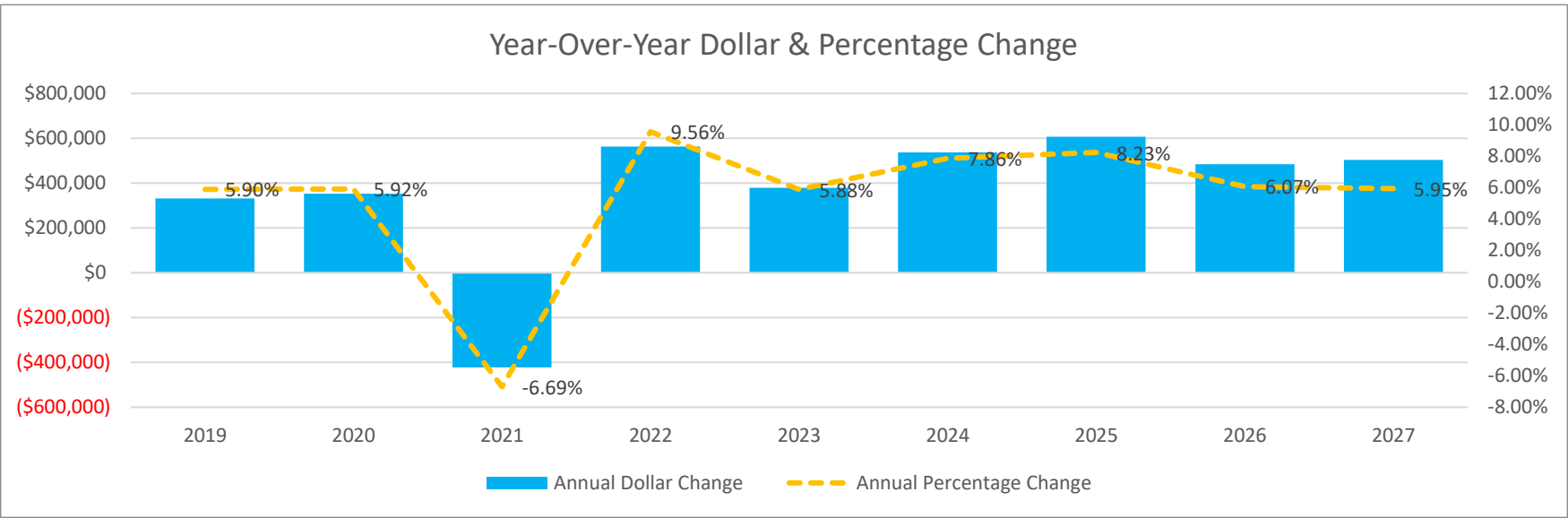
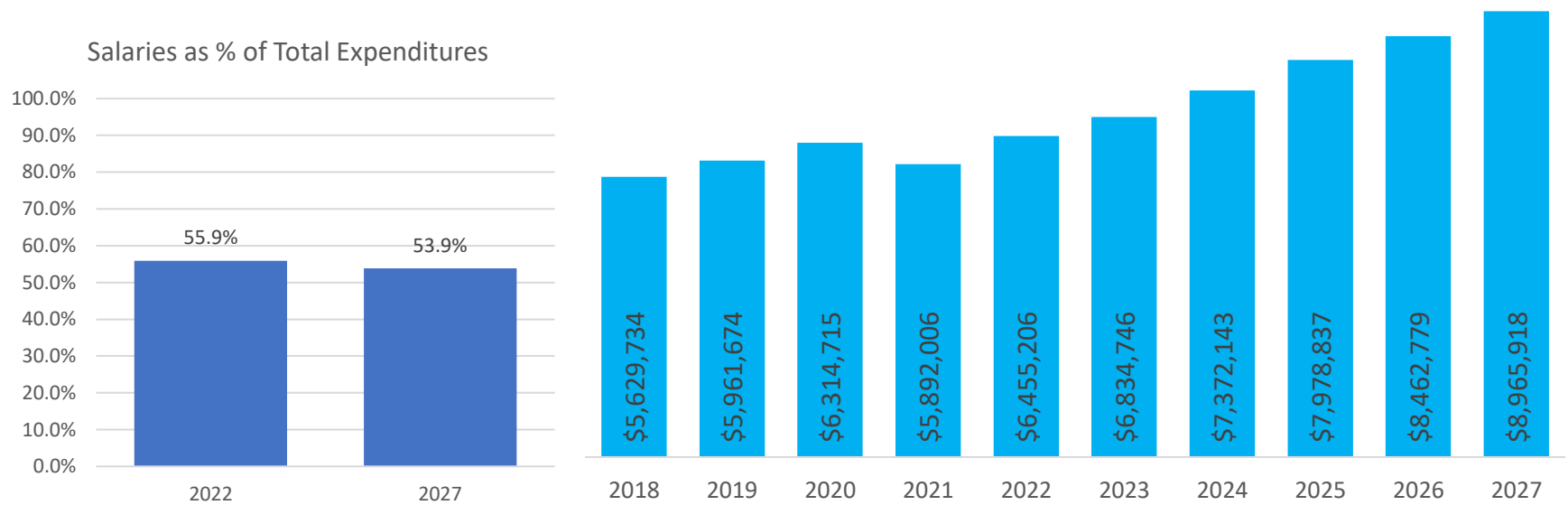
5-Year Historical Actual Average Annual Dollar Change  
Compared to 5-Year Projected

	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 8.82% or \$1,018,764 annually through FY2027. Purchased Services has the largest projected average annual variance compared to the historical average at \$616,935.
Salaries	202,750	502,142	\$299,392	
Benefits	\$98,724	\$274,423	\$175,699	
Purchased Services	(\$479,003)	\$137,932	\$616,935	
Supplies & Materials	(\$11,118)	\$70,570	\$81,688	
Capital Outlay	\$72,621	(\$22,618)	(\$95,240)	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$6,473	\$9,315	\$2,842	
Other Uses	\$55,033	\$46,999	(\$8,034)	
Total Average Annual Change	(\$59,847)	\$1,018,764	\$1,078,611	
	-0.49%	8.82%	9.30%	

Note: Revenue average annual change is projected to be > \$538,264 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

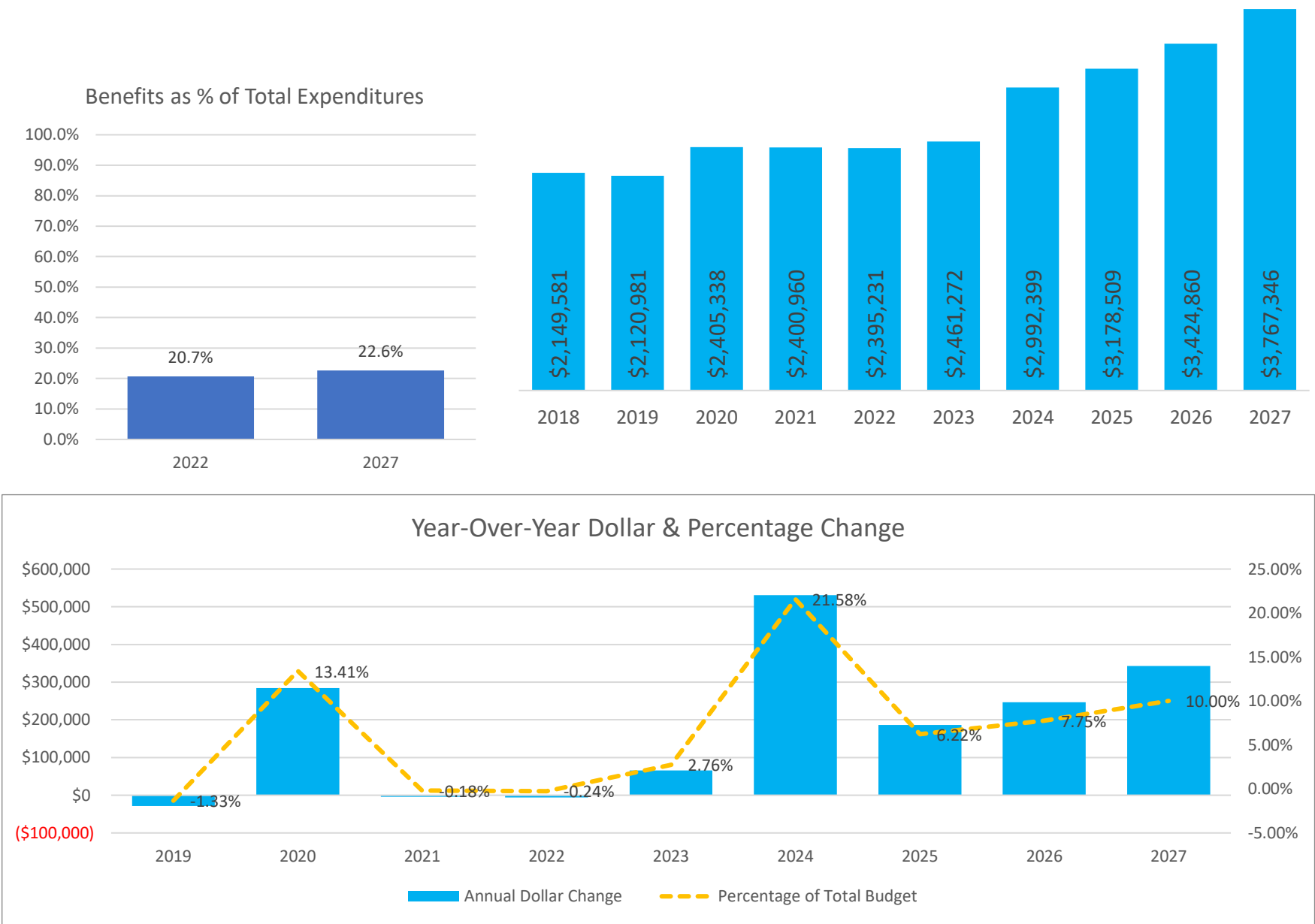
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



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 6.34% or \$502,142 through FY 2027. The projected average annual rate of change is 2.99% more than the five year historical annual average.

3.020 - Employees' Benefits

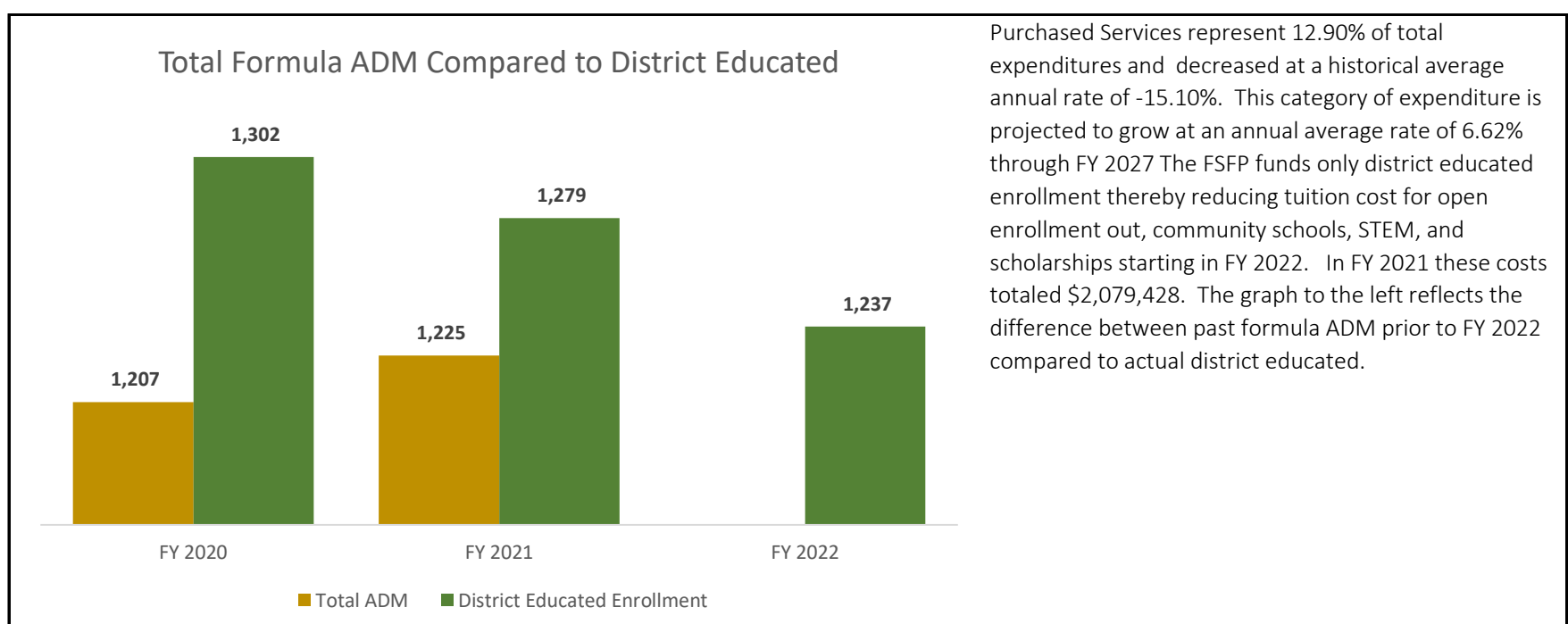
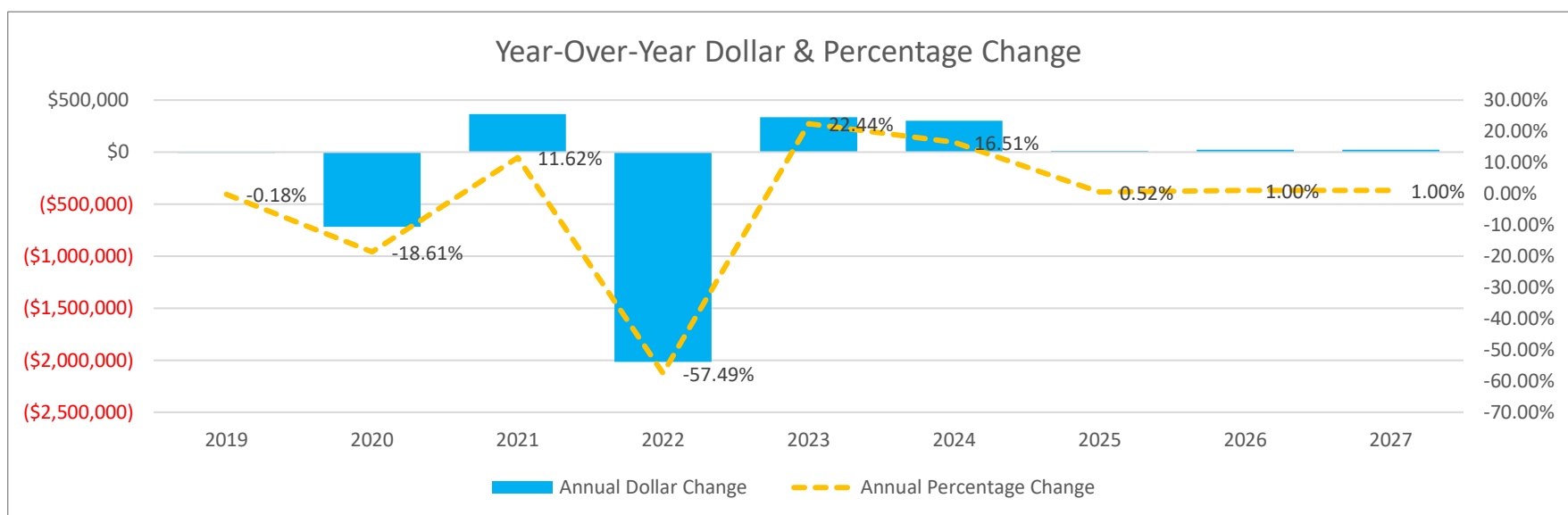
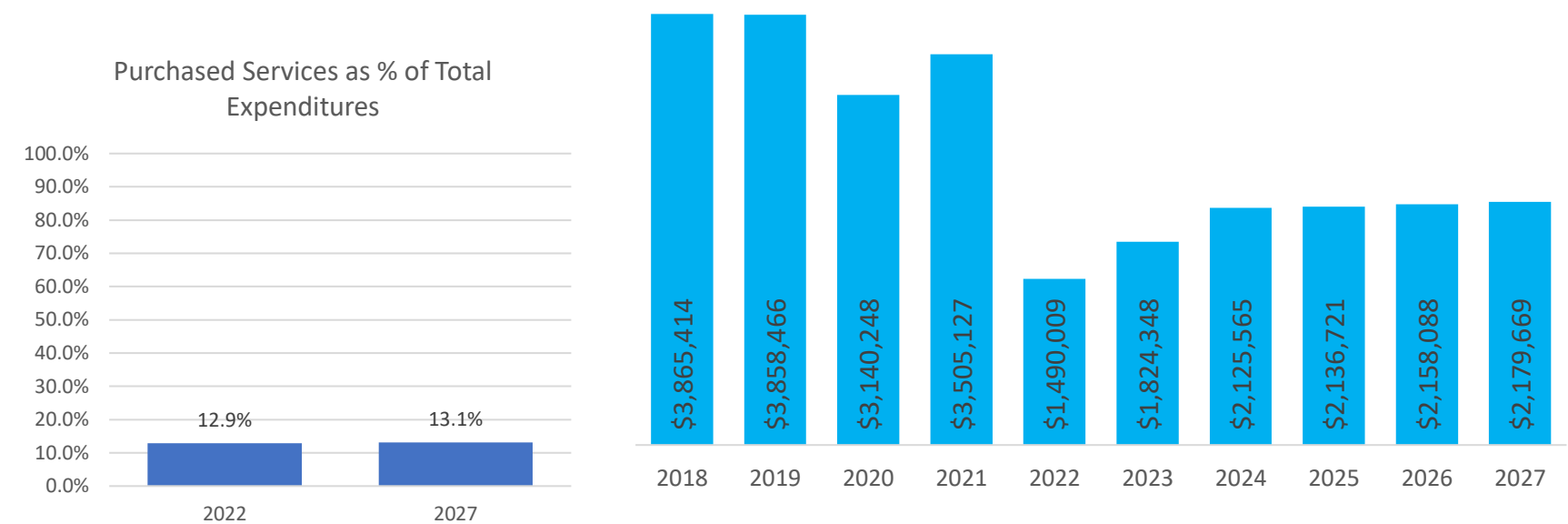
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



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 8.67% through FY 2027. The projected average annual rate of change is 4.37% more than the five year historical annual average.

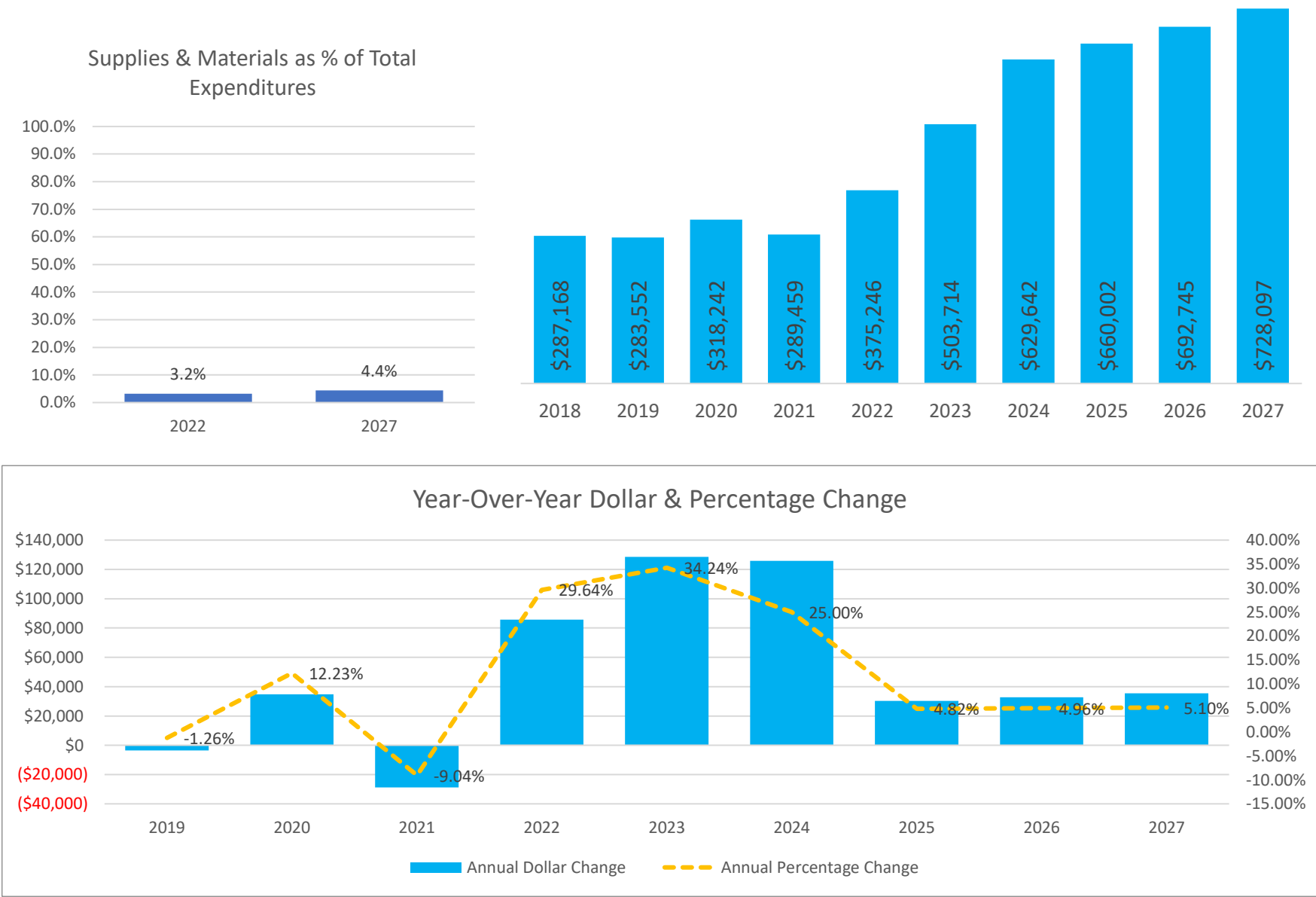
### 3.030 - Purchased Services

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.



3.040 - Supplies & Materials

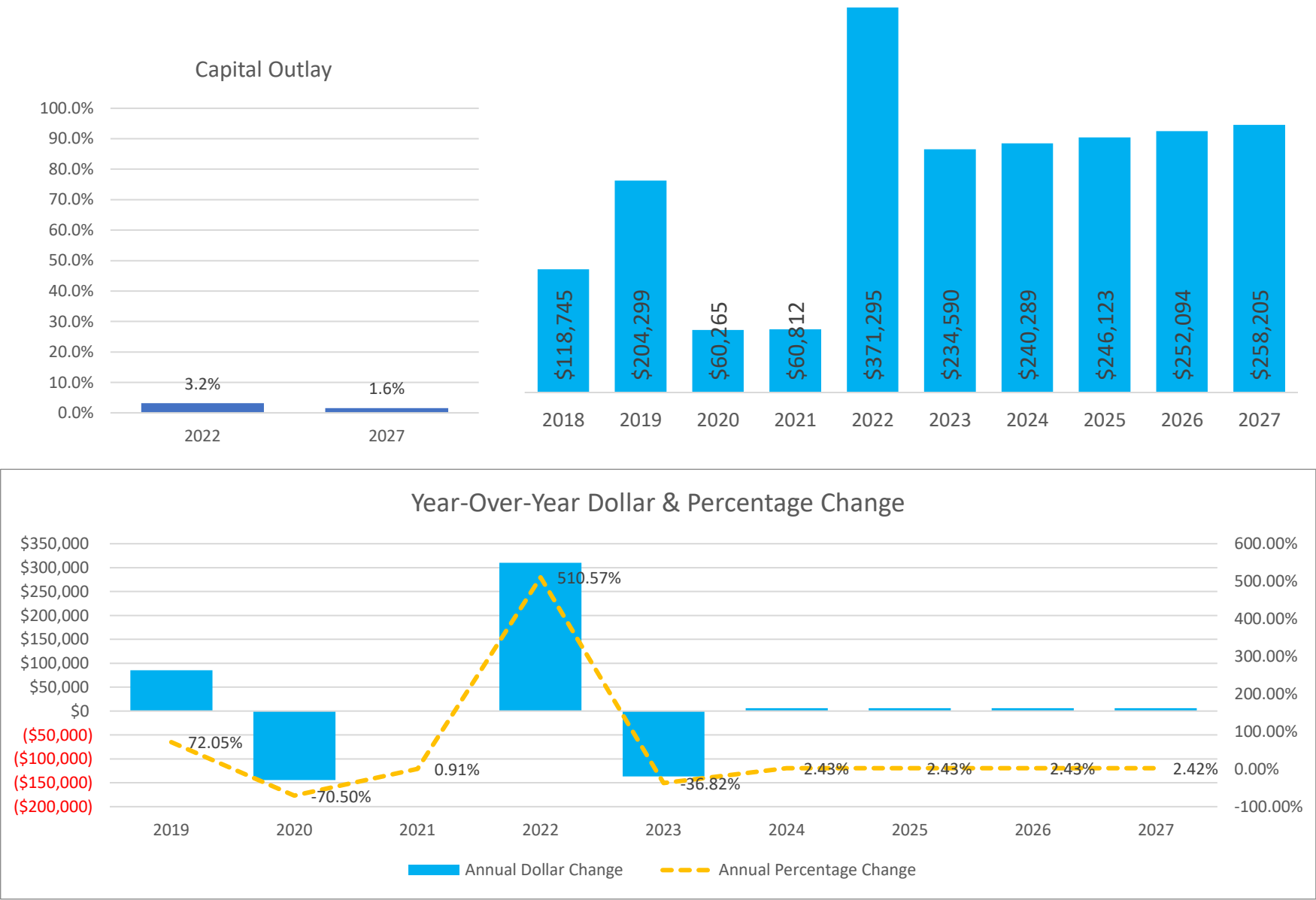
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



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 10.98% through FY 2027. The projected average annual rate of change is 14.56% more than the five year historical annual average.

3.050 - Capital Outlay

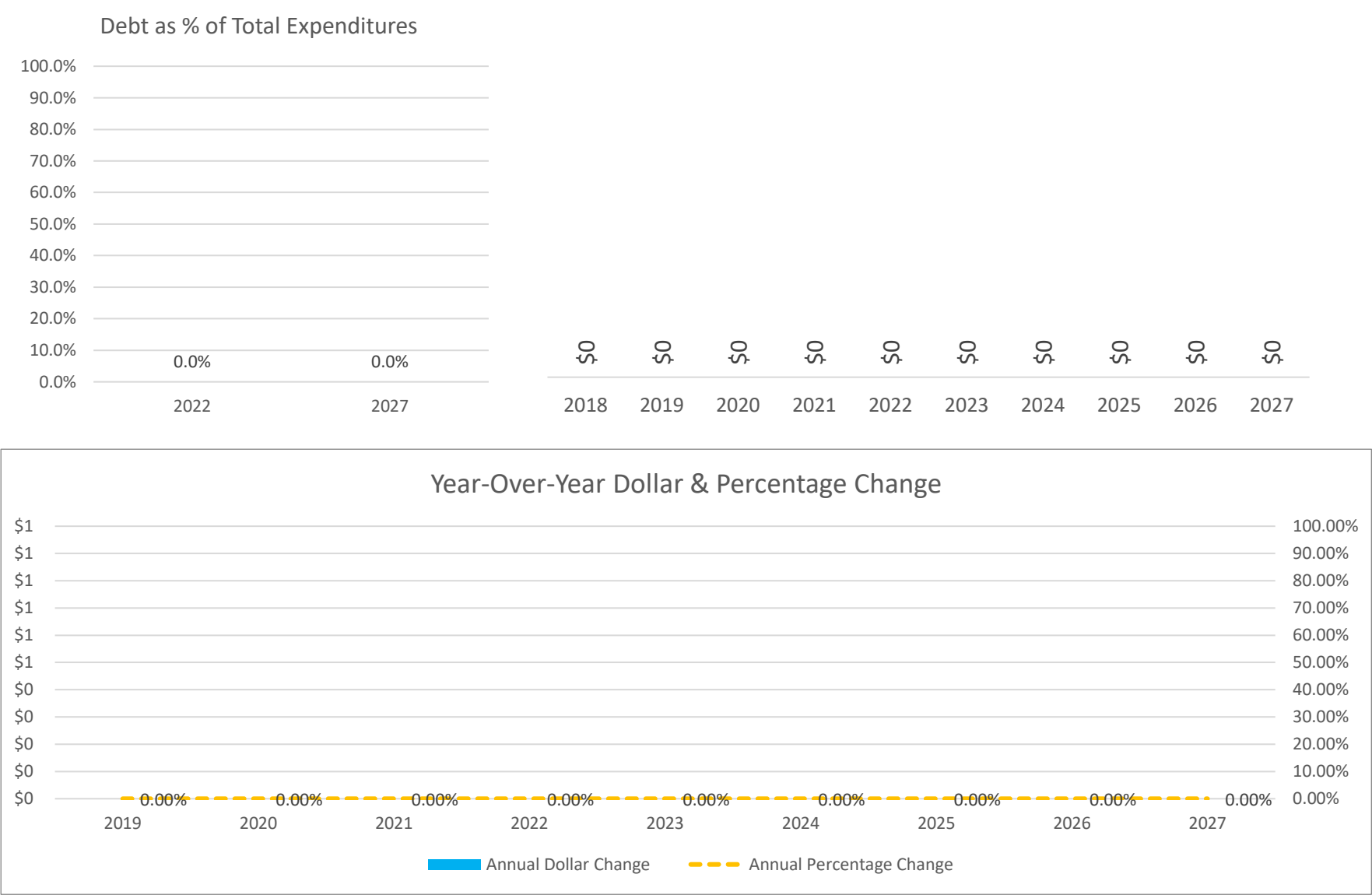
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



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 decrease at an annual average rate of -\$22,618 through FY 2027. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

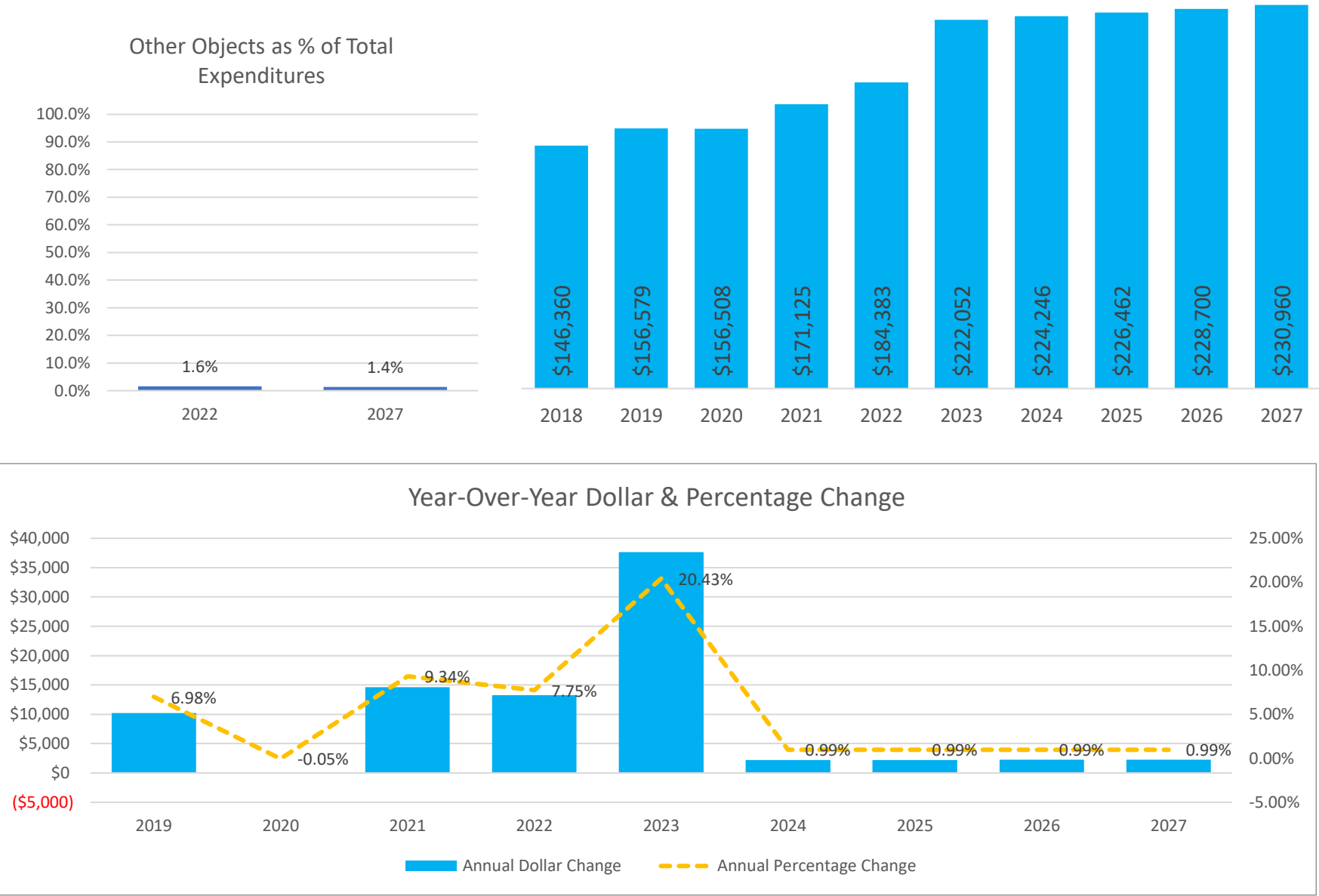
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

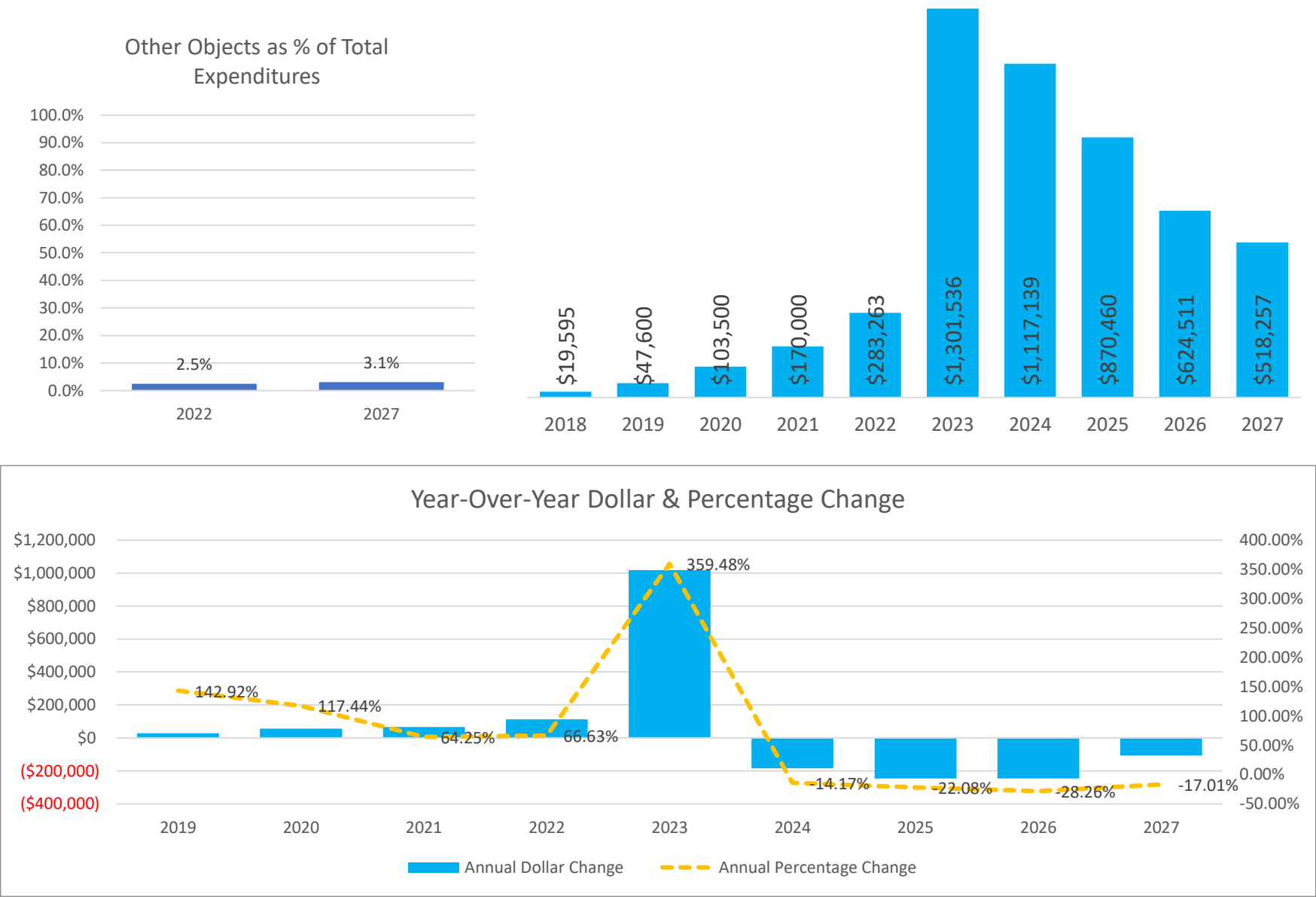
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



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 grow at an annual average rate of 4.11% through FY 2027. The projected average annual rate of change is 0.14% more 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.



		FORECASTED				
	2022	2023	2024	2025	2026	2027
Transfers Out	283,263	1,301,536	1,117,139	870,460	624,511	518,257
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
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	3,695,317	4,252,254	5,407,510	4,946,665	5,002,288	5,074,611
1.020 - Public Utility Personal Property	856,102	1,000,339	1,244,043	1,289,664	1,402,209	1,517,370
1.030 - Income Tax	2,019,414	2,386,487	2,214,486	2,277,959	2,354,233	2,444,454
1.035 - Unrestricted Grants-in-Aid	5,030,673	5,206,099	4,888,784	4,977,380	4,985,991	5,058,743
1.040 - Restricted Grants-in-Aid	220,069	320,894	333,235	309,667	289,756	283,408
1.050 - Property Tax Allocation	559,012	572,264	628,738	715,515	723,710	731,904
1.060 - All Other Operating Revenues	313,858	520,626	521,633	529,770	530,837	531,937
<b>1.070 - Total Revenue</b>	<b>12,694,445</b>	<b>14,258,963</b>	<b>15,238,429</b>	<b>15,046,620</b>	<b>15,289,025</b>	<b>15,642,427</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	234,263	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	26,760	8,733	8,733	8,733	4,359	4,359
<b>2.070 - Total Other Financing Sources</b>	<b>261,022</b>	<b>8,733</b>	<b>8,733</b>	<b>8,733</b>	<b>4,359</b>	<b>4,359</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>12,955,468</b>	<b>14,267,696</b>	<b>15,247,161</b>	<b>15,055,353</b>	<b>15,293,383</b>	<b>15,646,786</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	6,455,206	6,834,746	7,372,143	7,978,837	8,462,779	8,965,918
3.020 - Employee Benefits	2,395,231	2,461,272	2,992,399	3,178,509	3,424,860	3,767,346
3.030 - Purchased Services	1,490,009	1,824,348	2,125,565	2,136,721	2,158,088	2,179,669
3.040 - Supplies and Materials	375,246	503,714	629,642	660,002	692,745	728,097
3.050 - Capital Outlay	371,295	234,590	240,289	246,123	252,094	258,205
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	184,383	222,052	224,246	226,462	228,700	230,960
<b>4.500 - Total Expenditures</b>	<b>11,271,370</b>	<b>12,080,722</b>	<b>13,584,285</b>	<b>14,426,653</b>	<b>15,219,265</b>	<b>16,130,195</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	283,263	1,301,536	1,117,139	870,460	624,511	518,257
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>283,263</b>	<b>1,301,536</b>	<b>1,117,139</b>	<b>870,460</b>	<b>624,511</b>	<b>518,257</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>11,554,633</b>	<b>13,382,258</b>	<b>14,701,424</b>	<b>15,297,114</b>	<b>15,843,776</b>	<b>16,648,452</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>1,400,835</b>	<b>885,438</b>	<b>545,738</b>	<b>(241,761)</b>	<b>(550,393)</b>	<b>(1,001,666)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>3,837,806</b>	<b>5,238,641</b>	<b>6,124,079</b>	<b>6,669,817</b>	<b>6,428,056</b>	<b>5,877,663</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>5,238,641</b>	<b>6,124,079</b>	<b>6,669,817</b>	<b>6,428,056</b>	<b>5,877,663</b>	<b>4,875,996</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>5,238,641</b>	<b>6,124,079</b>	<b>6,669,817</b>	<b>6,428,056</b>	<b>5,877,663</b>	<b>4,875,996</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>5,238,641</b>	<b>6,124,079</b>	<b>6,669,817</b>	<b>6,428,056</b>	<b>5,877,663</b>	<b>4,875,996</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>5,238,641</b>	<b>6,124,079</b>	<b>6,669,817</b>	<b>6,428,056</b>	<b>5,877,663</b>	<b>4,875,996</b>

State Funding Budget Process and May Financial Forecast

At the start of the state's FY 2024 and 2025 budget process the Governor introduced these key elements regarding the Fair School Funding Plan which started July 1, 2022:

- The FSFP would continue.
- It would be funded at the same 2018 base cost calculations
- Original phase-ins of the new formula would continue

While there is no legislatively approved state budget, the May forecast as prepared assumes the Governor's proposal. The 2018 base cost components as used in FY 2022 and 2023 and proposed by the Governor would be extended as follows:

- Base per pupil cost (funding) is calculated at the 2018 level through FY 2027
- FSFP phase-in continues until culminating at 100% phased-in by FY 2027

The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost components to the 2022 cost data. This change is potentially significant for many districts, however some districts will benefit only minimally or not at all. While the state budget deliberations continue the 2022 base cost was modeled to see the potential impact on the district's forecast. This is only an estimate and is intended to show relative potential significance. The modeling assumes:

- That the 2022 base cost components will be used in FY 2024 and 2025.
- The 2022 base cost components will be updated to 2024 cost data in FY 2026 and 2027.
- That the formula is fully phased-in by FY 2027.

For our district the annual impact on revenue Over/(Under) the current forecast modeling is reflected below along with a cumulative potential impact on the district's cash balance. If warranted the Board may be asked to approve an amended forecast in June.

Other Observations:

Paste Your Visual Here