



Five Year Forecast Financial Report

May, 2021

Shaunna Tafelski, Treasurer/CFO

Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

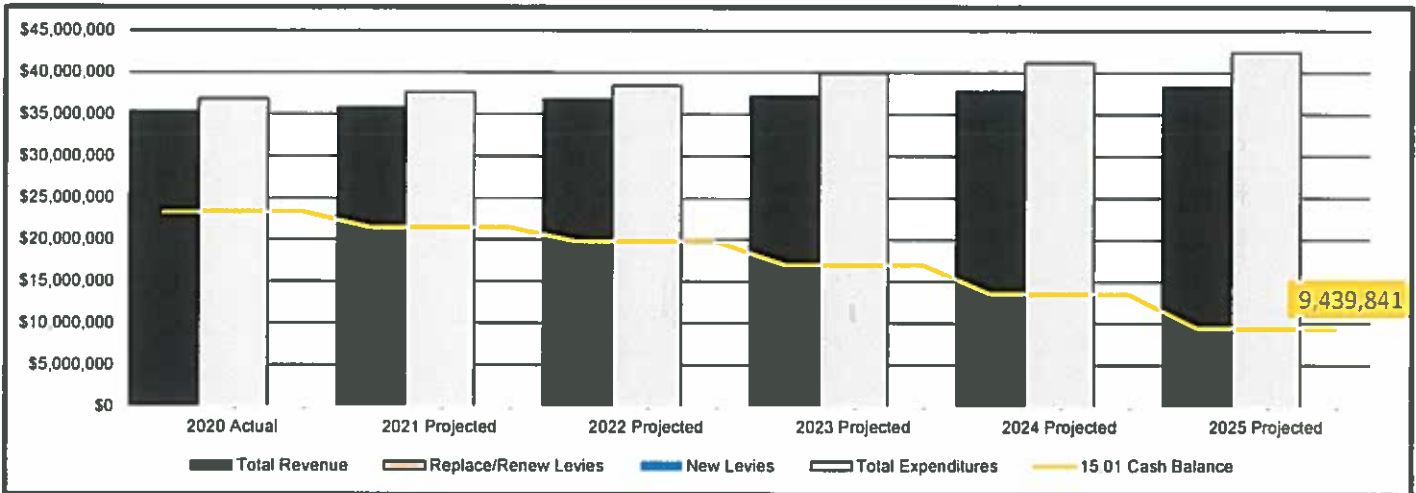
Forecast Purpose/Objectives

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.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast
 Cash balance is not reduced for encumbrances

Financial Forecast

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	23,260,575	21,421,700	19,774,248	16,992,344	13,520,621
+ Revenue	35,791,143	36,784,252	37,157,496	37,742,328	38,330,165
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(37,630,018)	(38,431,704)	(39,939,401)	(41,214,051)	(42,410,945)
= Revenue Surplus or Deficit	(1,838,875)	(1,647,452)	(2,781,905)	(3,471,723)	(4,080,780)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	21,421,700	19,774,248	16,992,344	13,520,621	9,439,841

Analysis Without Renewal Levies Included:

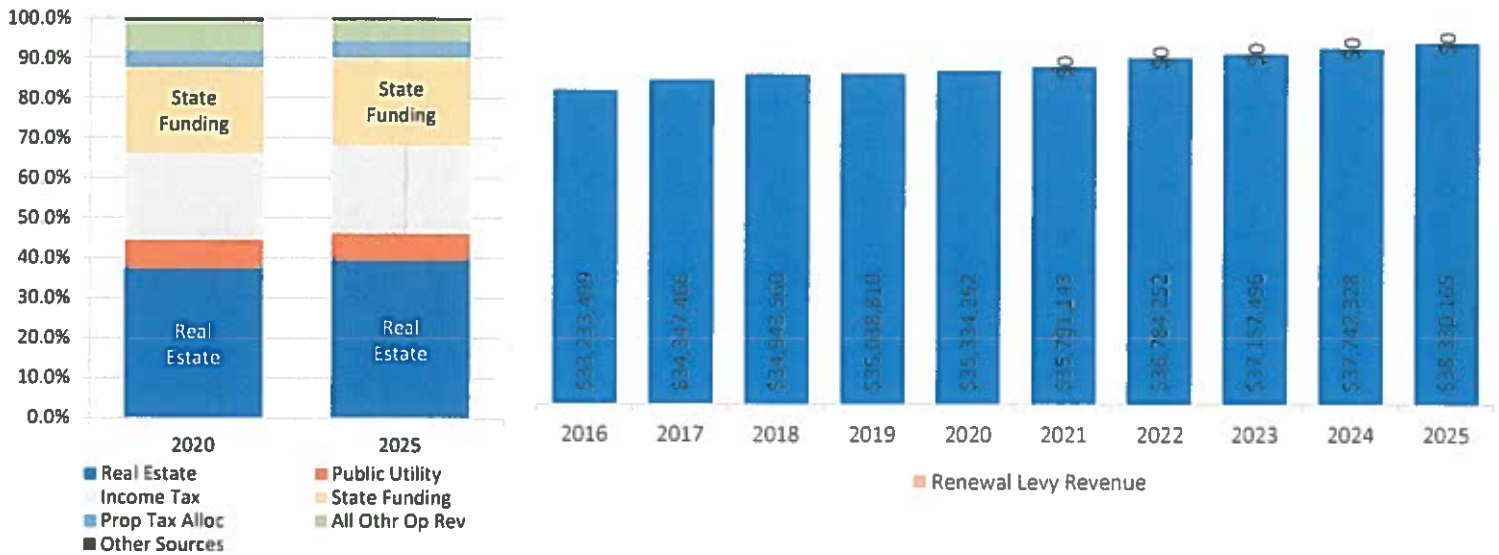
Revenue Surplus or Deficit w/o Levies	(1,838,875)	(1,647,452)	(2,781,905)	(3,471,723)	(4,080,780)
Ending Balance w/o Levies	21,421,700	19,774,248	16,992,344	13,520,621	9,439,841

In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$1,838,875 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,080,780. The district would need to cut its FY 2025 projected expenses by 9.62% in order to balance its budget without additional revenue.

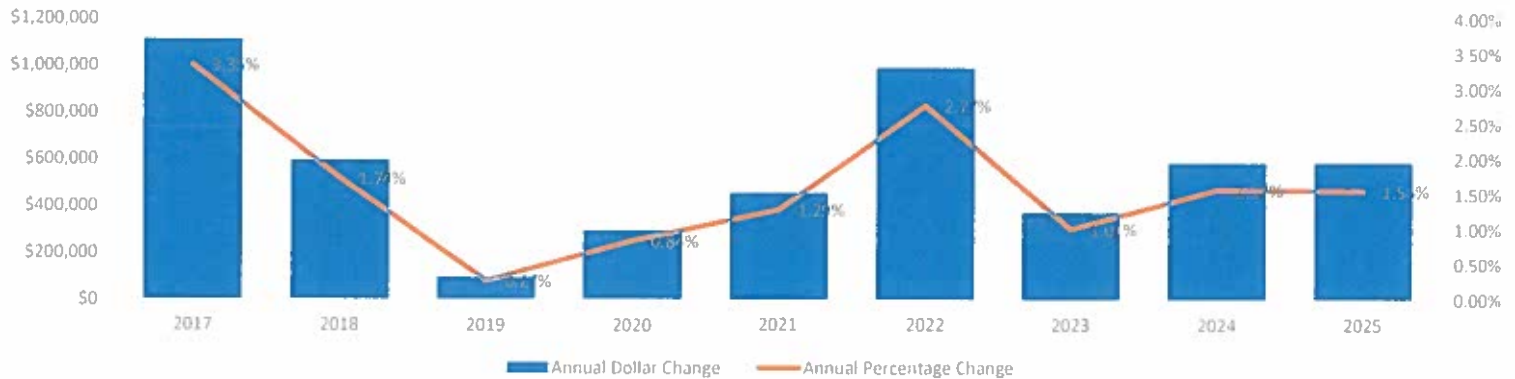
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



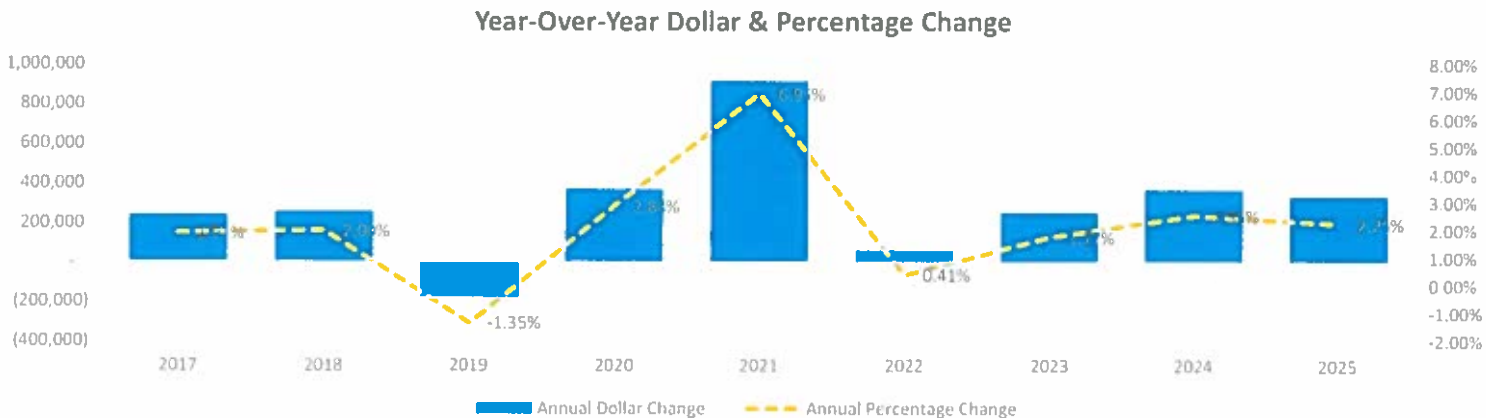
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 0.95% or \$328,929 annually during the past five years and is projected to increase 1.64% or \$599,182 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at \$381,986
Real Estate	\$149,275	\$384,926	\$235,651	
Public Utility	\$50,045	\$9,453	(\$40,591)	
Income Tax	\$252,887	\$162,053	(\$90,834)	
State Funding	(\$220,968)	\$161,018	\$381,986	
Prop Tax Alloc	(\$22,727)	\$23,164	\$45,891	
All Othr Op Rev	\$141,815	(\$111,368)	(\$253,183)	
Other Sources	(\$21,398)	(\$30,064)	(\$8,666)	
Total Average Annual Change	\$328,929 0.95%	\$599,182 1.64%	\$270,254 0.69%	

Note: Expenditure average annual change is projected to be > \$1,120,033. 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).



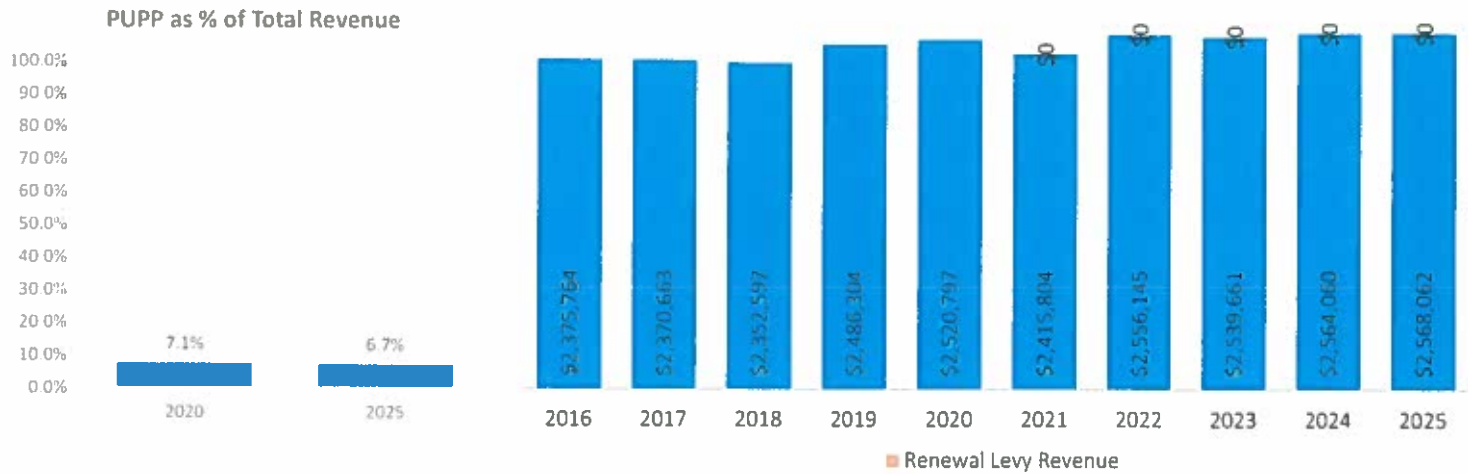
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2019	702,106,320	8,285,460	20.04	-	23.40	-	99.4%
2020	787,977,300	85,870,980	20.00	(0.04)	20.46	(2.94)	100.0%
2021	793,243,906	5,266,606	20.00	-	20.46	-	100.0%
2022	798,510,512	5,266,606	20.00	-	20.46	-	100.0%
2023	833,451,501	34,940,989	20.00	-	20.30	(0.16)	100.0%
2024	839,718,107	6,266,606	20.00	-	20.30	(0.00)	100.0%

Real estate property tax revenue accounts for 37.32% of total revenue. Class I or residential/agricultural taxes make up approximately 73.83% of the real estate property tax revenue. The Class I tax rate is 20. mills in tax year 2020. The projections reflect an average gross collection rate of 100.0% annually through tax year 2024. The revenue changed at an average annual historical rate of 1.18% and is projected to change at an average annual rate of 2.79% through FY 2025.

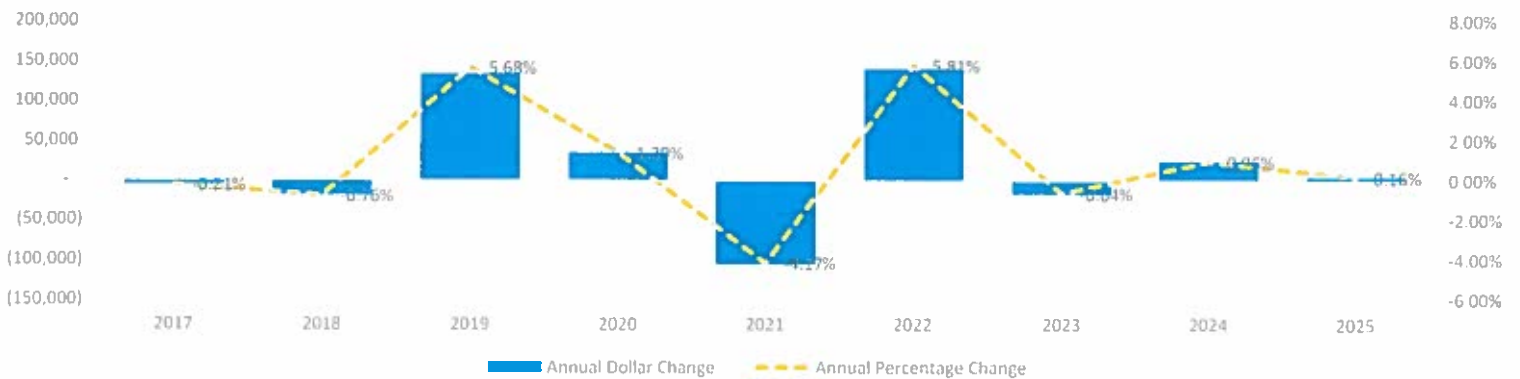
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



Year-Over-Year Dollar & Percentage Change



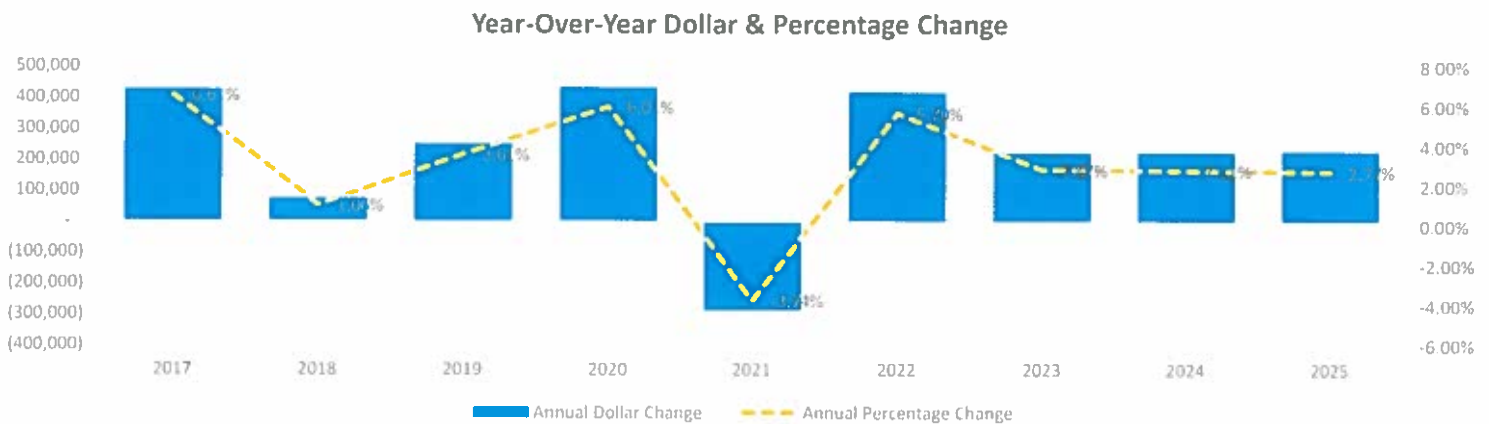
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2019	52,422,580	191,860	48.30	-	124.3%
2020	53,214,800	792,220	48.30	-	100.0%
2021	53,268,762	53,962	48.30	-	99.4%
2022	53,376,685	107,923	48.30	-	99.4%
2023	53,430,647	53,962	48.30	-	99.4%
2024	53,538,570	107,923	48.30	-	99.4%

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 7.13% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 48.3 mills. The forecast is modeling an average gross collection rate of 99.51%. The revenue changed historically at an average annual dollar amount of \$50,045 and is projected to change at an average annual dollar amount of \$9,453 through FY 2025.

*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.

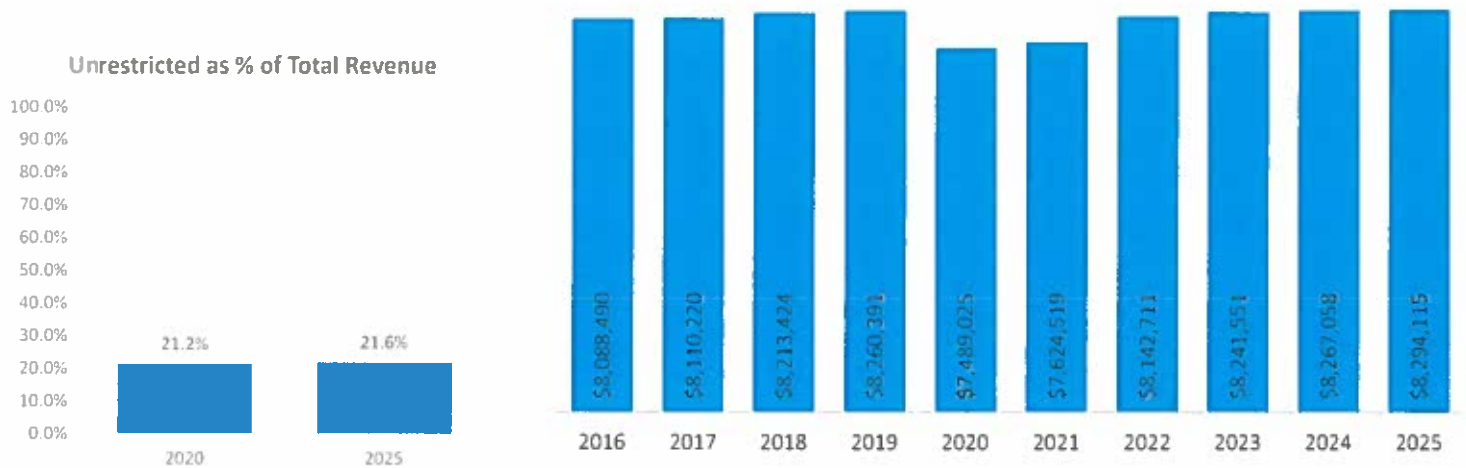


The district maintained one income tax levy in FY 2020. The average annual dollar change in total income tax revenue is forecasted to be \$162,053 through FY 2025. Income tax revenue is projected to account for 22.1% of total district revenue in FY 2025.

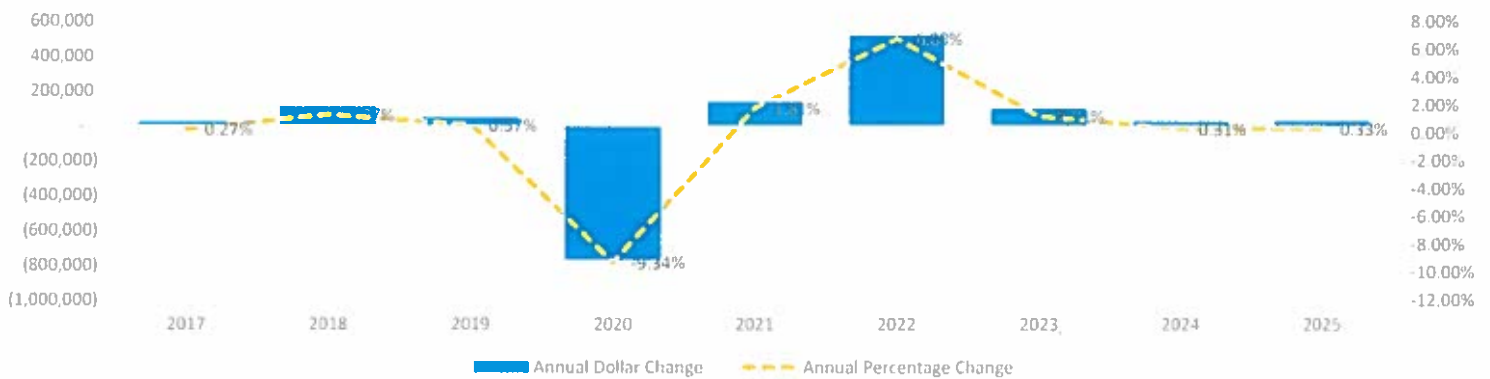
*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

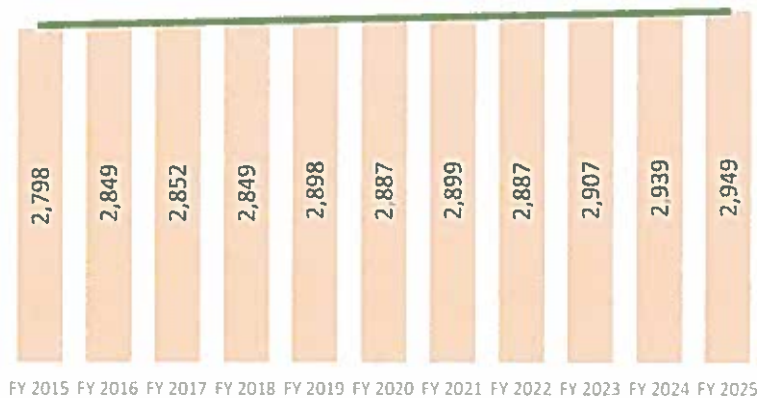
Funds received through the State Foundation Program with no restriction.



Year-Over-Year Dollar & Percentage Change



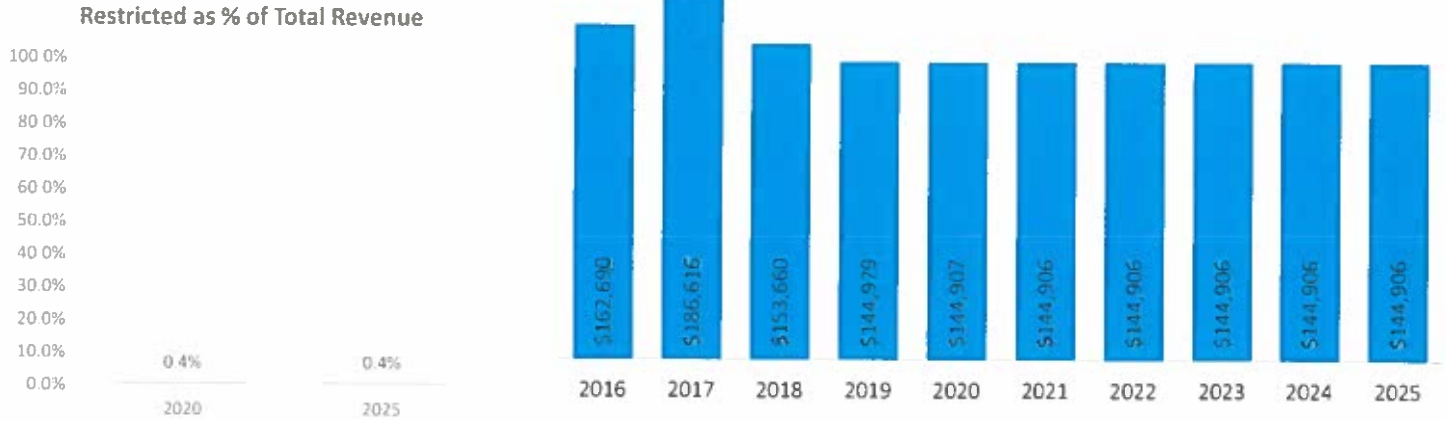
District Educated ADM (Enrollment)



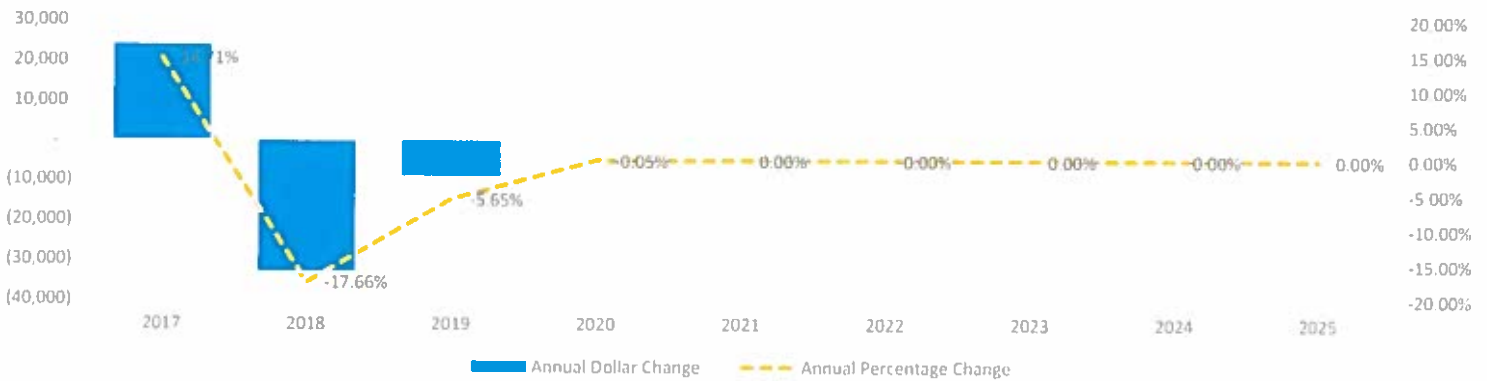
The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of \$7,818,936 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$292,152. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 2.16% Note: Wellness funding is not included in these calculations.

1.040 & 1.045 - Restricted Grants-in-Aid

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



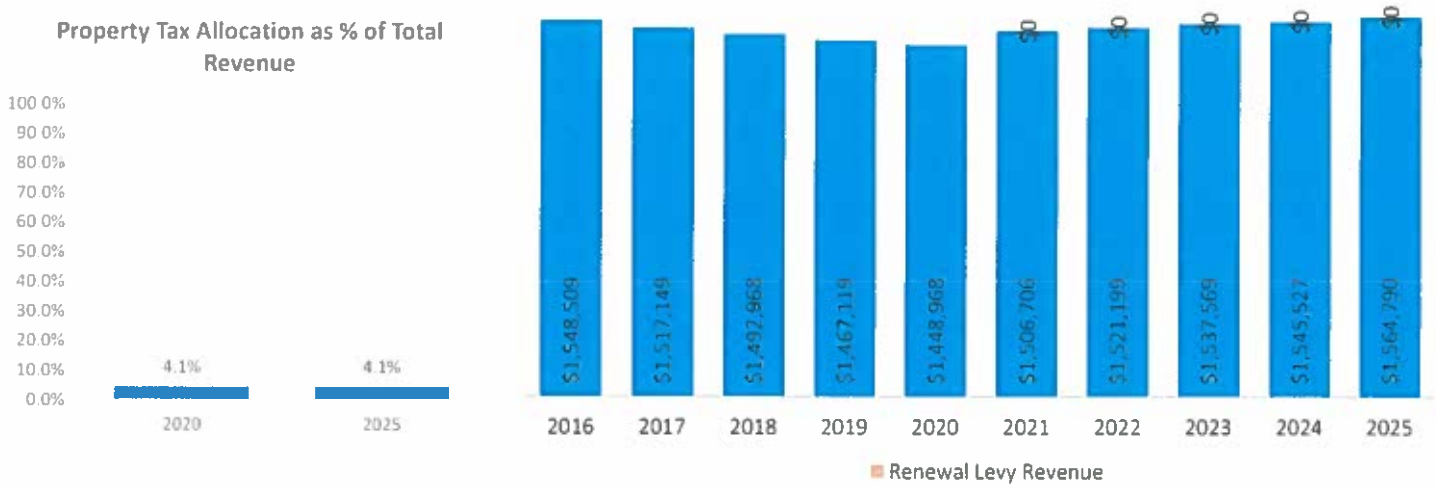
Year-Over-Year Dollar & Percentage Change



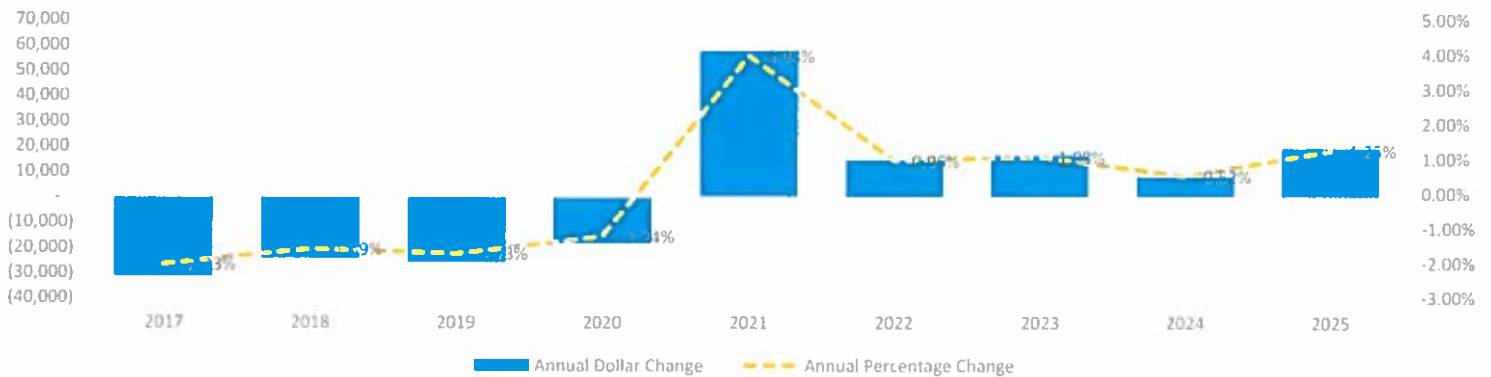
Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$13,903 and is projected to remain stable through the forecasted period. Restricted funds represent 0.41% of total revenue.

1.050 - Property Tax Allocation

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



Year-Over-Year Dollar & Percentage Change

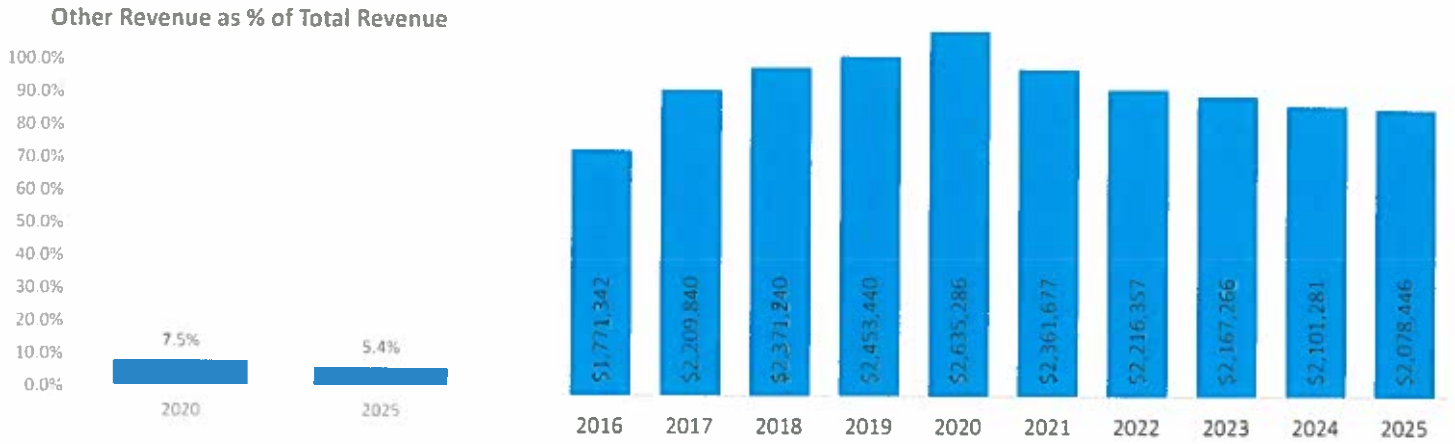


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 10.9% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.2% will be reimbursed in the form of qualifying homestead exemption credits.

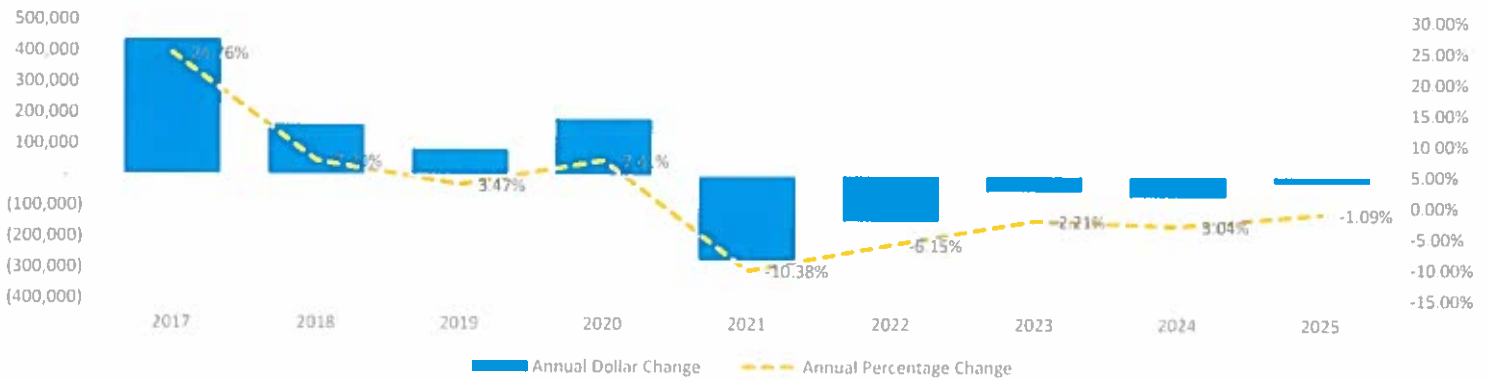
*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

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



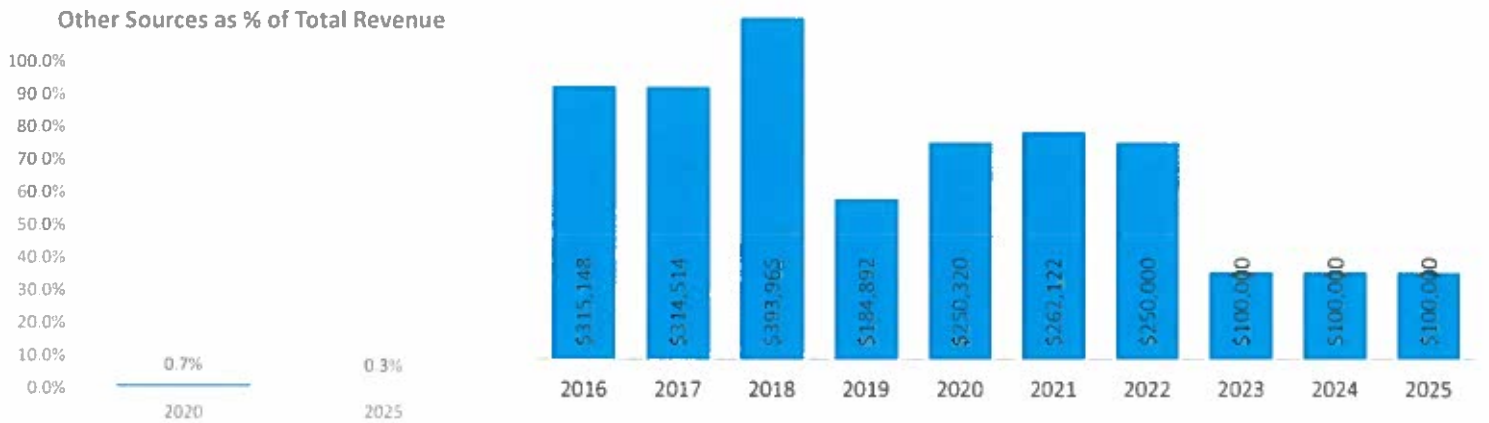
Year-Over-Year Dollar & Percentage Change



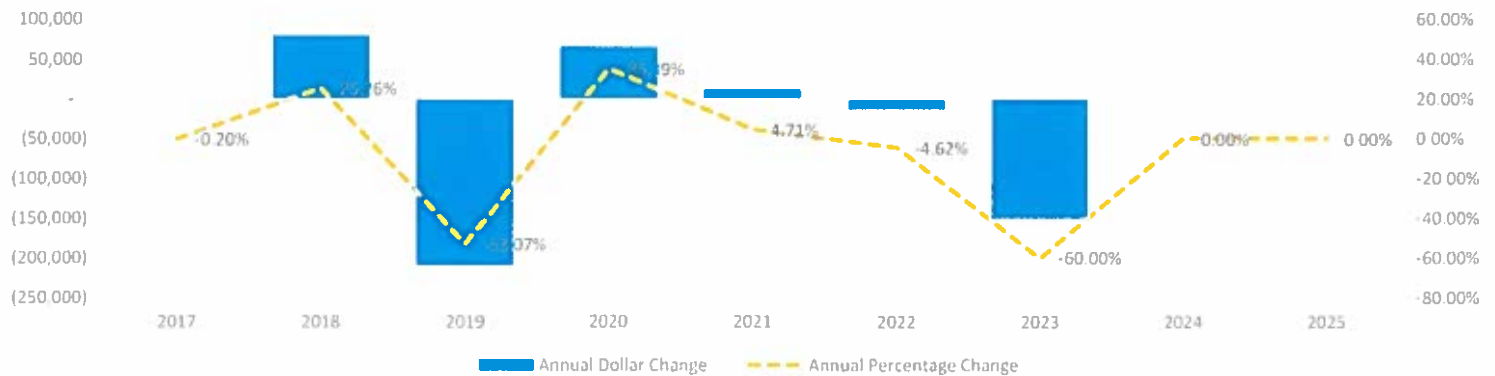
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$141,815. The projected average annual change is -\$111,368 through FY 2025.

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.



Year-Over-Year Dollar & Percentage Change

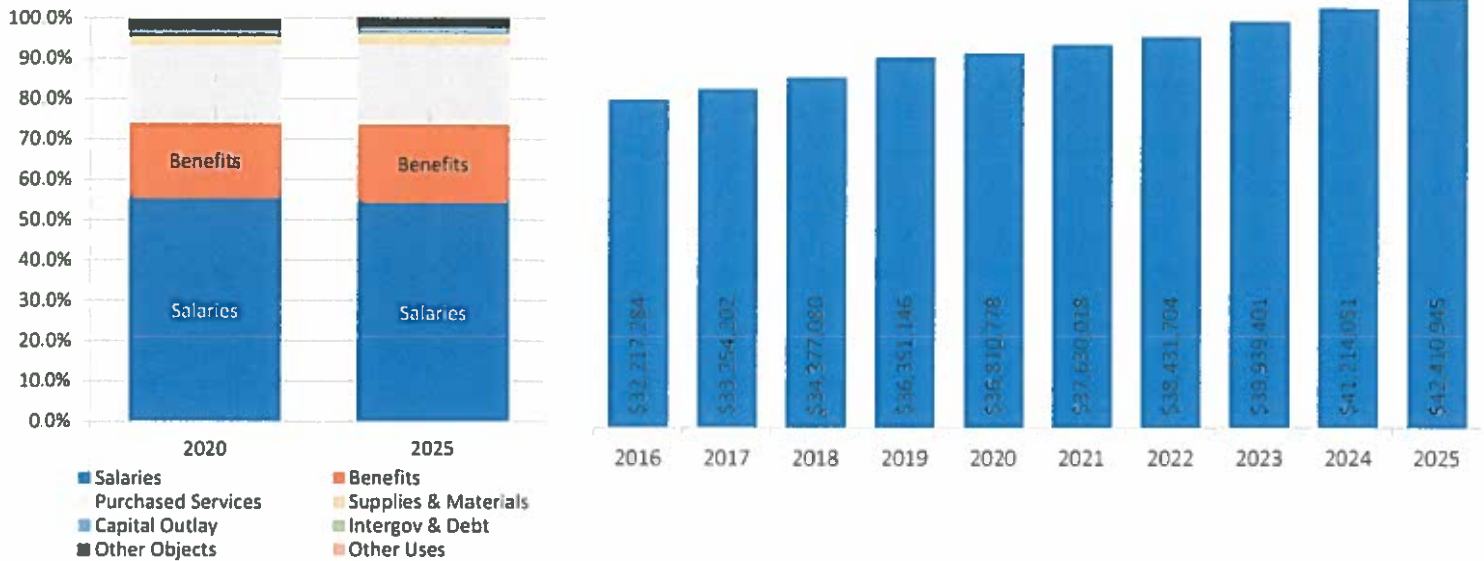


	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	-	26,070	150,000	-	-	-
All Other Financing Sources	250,320	236,052	100,000	100,000	100,000	100,000

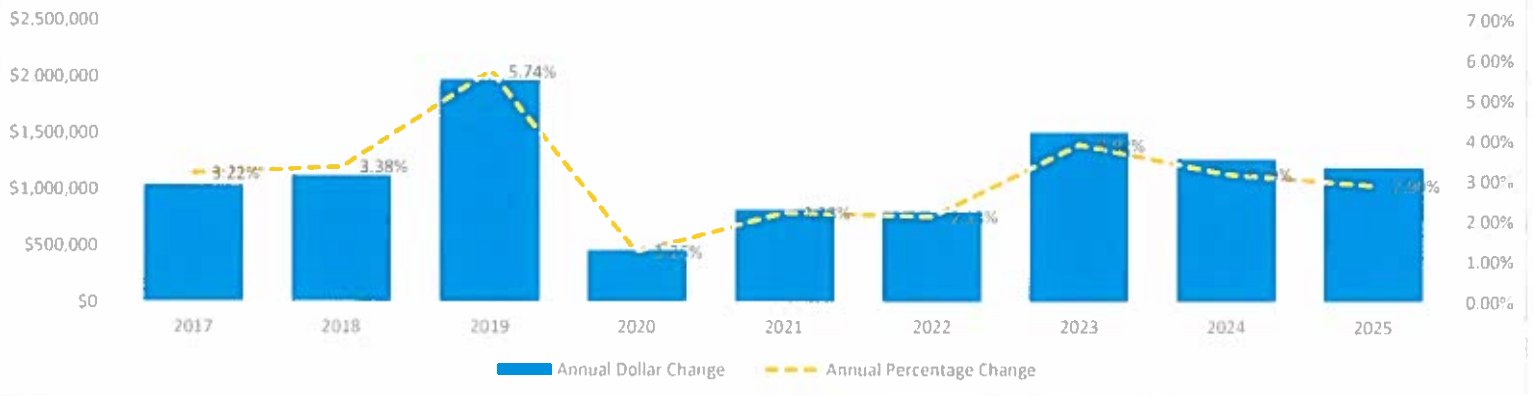
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district received \$0 as advances-in and is projecting advances of \$26,070 in FY 2021. 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 \$236,052 in FY 2021 and average \$100,000 annually through FY 2025.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

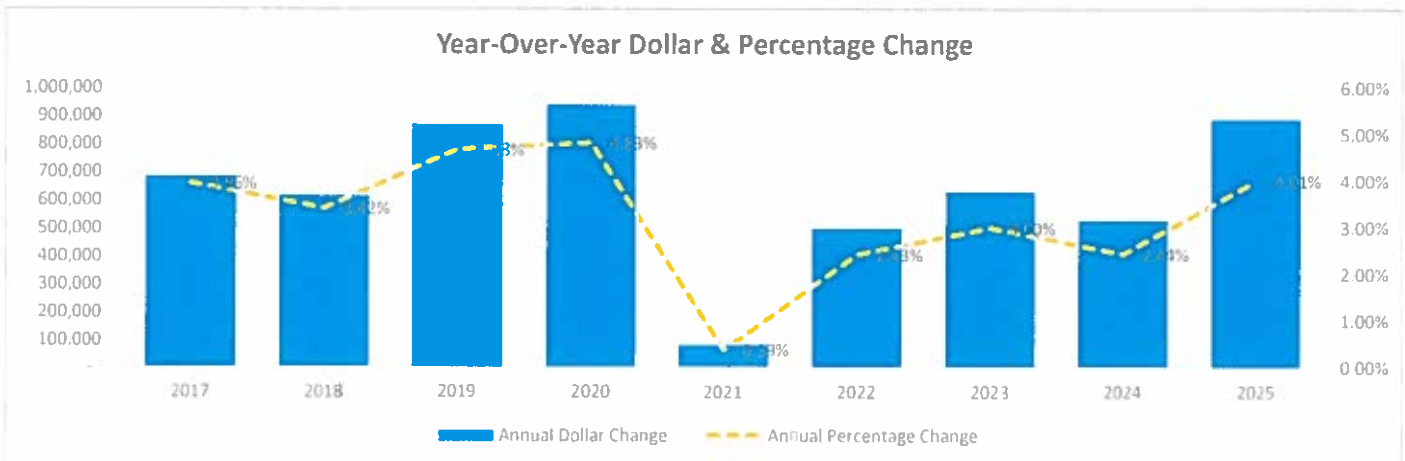
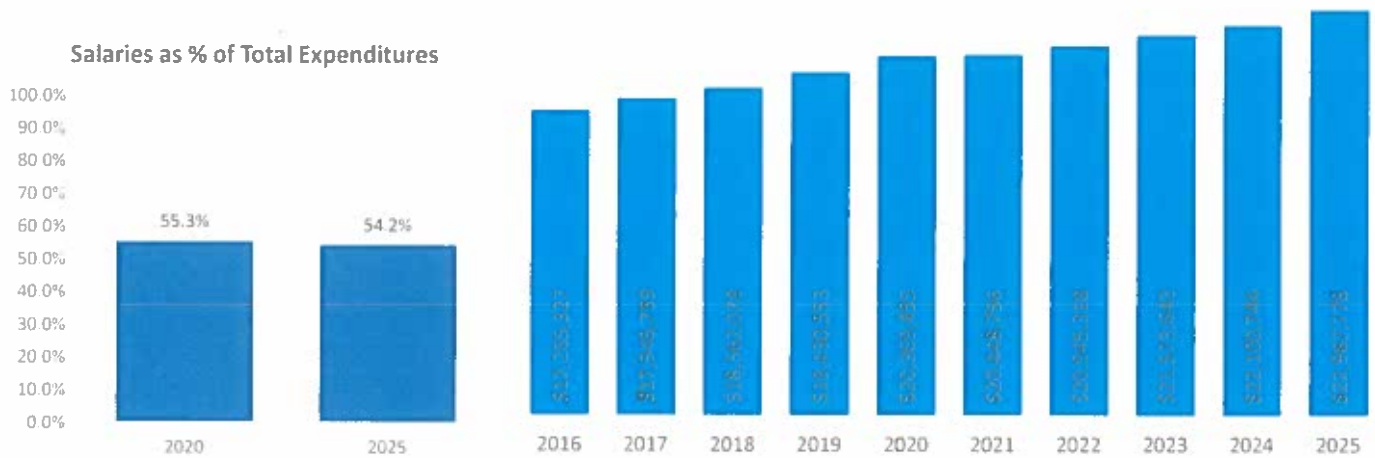
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.46% or \$1,185,525 annually during the past five years and is projected to increase 3.04% or \$1,120,033 annually through FY2025. Salaries has the largest projected average annual variance compared to the historical average at -\$283,234.
Salaries	\$806,899	\$523,665	(\$283,234)	
Benefits	\$177,140	\$281,556	\$104,415	
Purchased Services	(\$2,947)	\$247,713	\$250,660	
Supplies & Materials	\$40,429	\$64,932	\$24,503	
Capital Outlay	\$112,882	\$7,374	(\$105,509)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$42,432	\$8	(\$42,424)	
Other Uses	\$8,690	(\$5,214)	(\$13,904)	
Total Average Annual Change	\$1,185,525	\$1,120,033	(\$65,492)	
	3.46%	3.04%	-0.42%	

Note: Expenditure average annual change is projected to be > \$1,120,033

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.

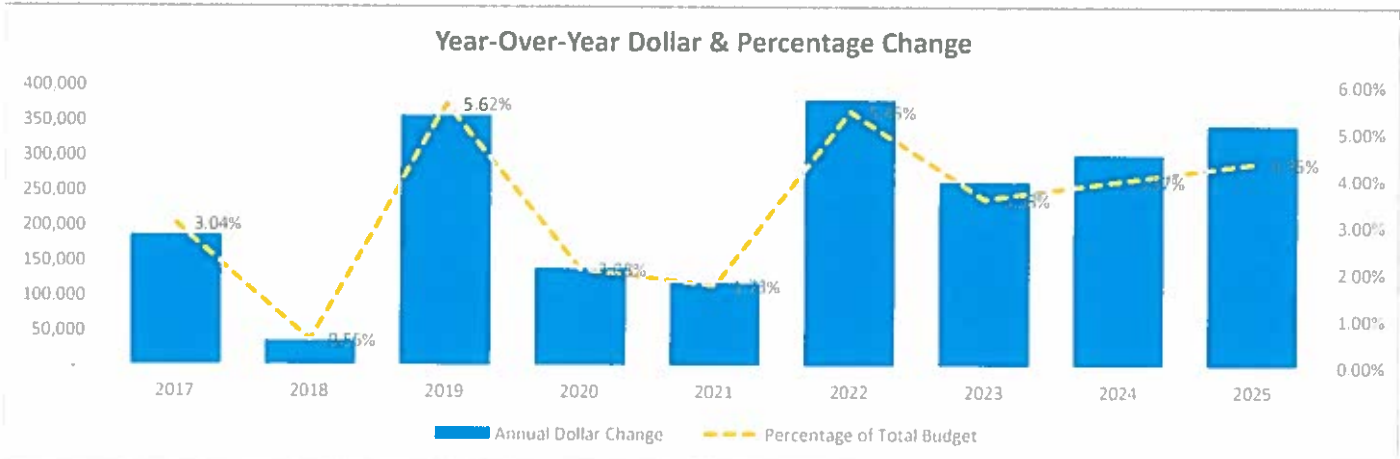
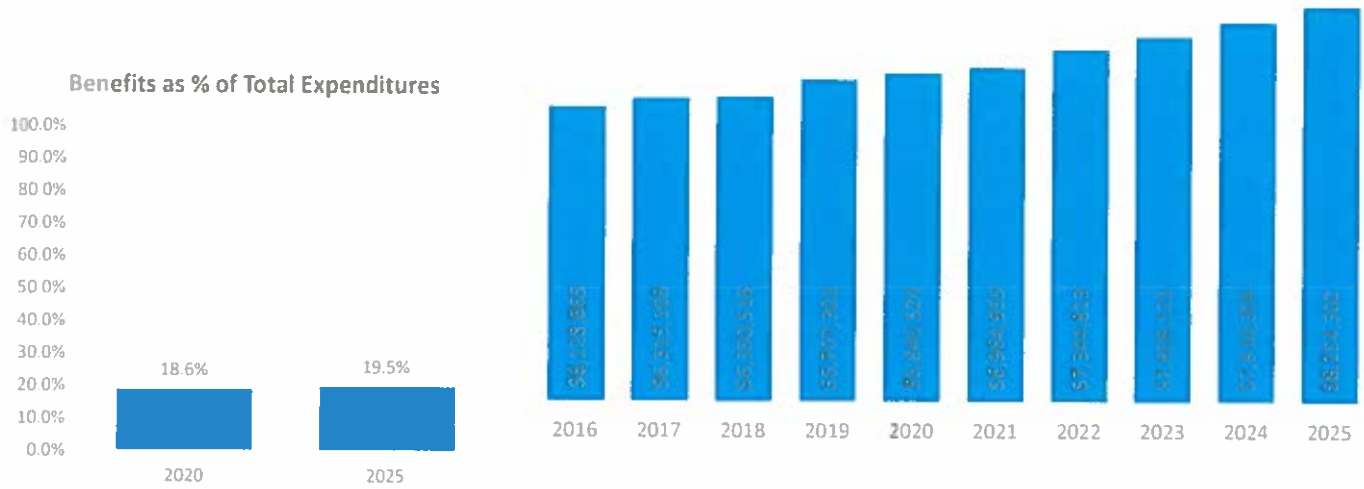


Salaries represent 55.34% of total expenditures and increased at a historical average annual rate of 4.31% or \$806,899. This category of expenditure is projected to grow at an average annual rate of 2.45% or \$523,665 through FY 2025. The projected average annual rate of change is -1.85% less than the five year historical annual average.

You will notice a Year-Over-Year decrease in this category for the 2021 SY. This is a direct correlation to moving some staff members over to the Student Wellness Success Fund (SWSF) established by Governor Dewine, as well as, having staff members retire at the end of 2020, with the District either replacing them with staff on a lower salary schedule step or not replacing them at all. It is 'assumed' that the staff members being paid from the SWSF will need to come back to the General Fund in FY2023.

3.020 - Employees' Benefits

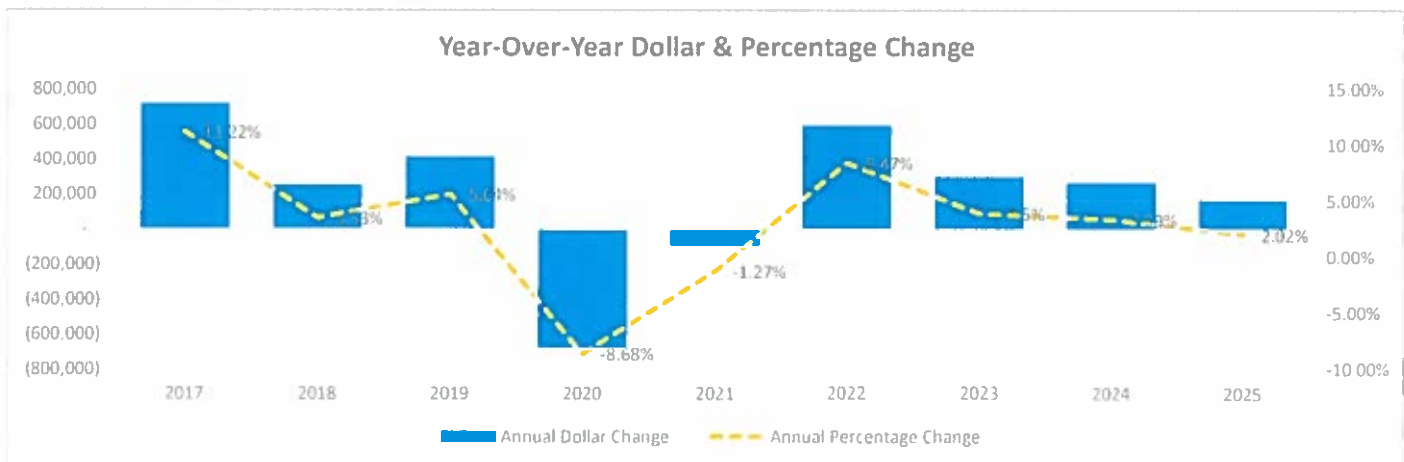
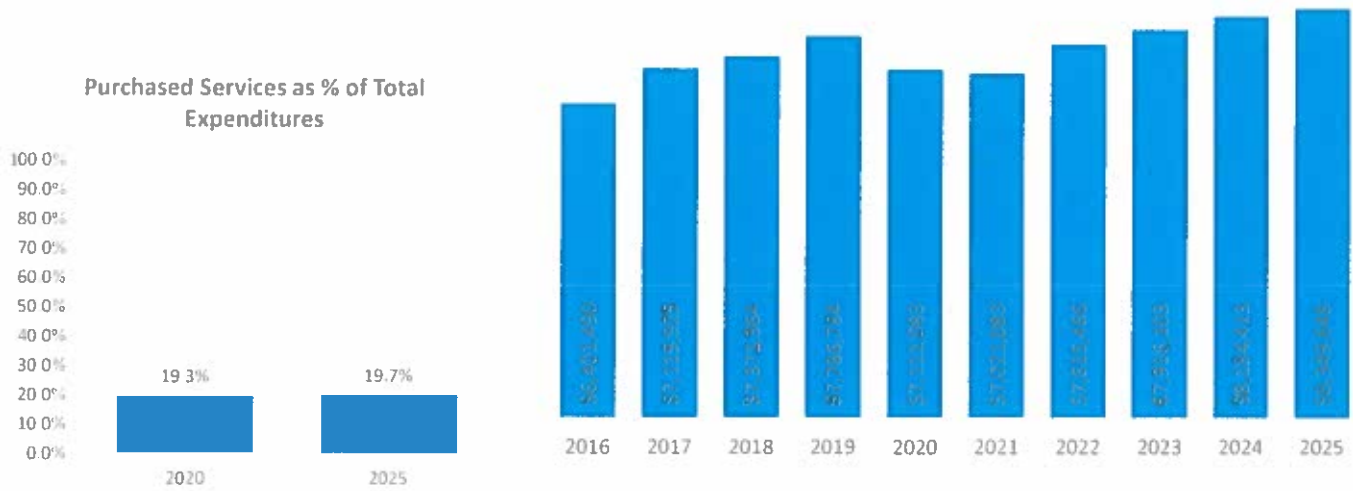
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 18.60% of total expenditures and increased at a historical average annual rate of 2.75%. This category of expenditure is projected to grow at an annual average rate of 3.82% through FY 2025. The projected average annual rate of change is 1.07% more than the five year historical annual average.

3.030 - Purchased Services

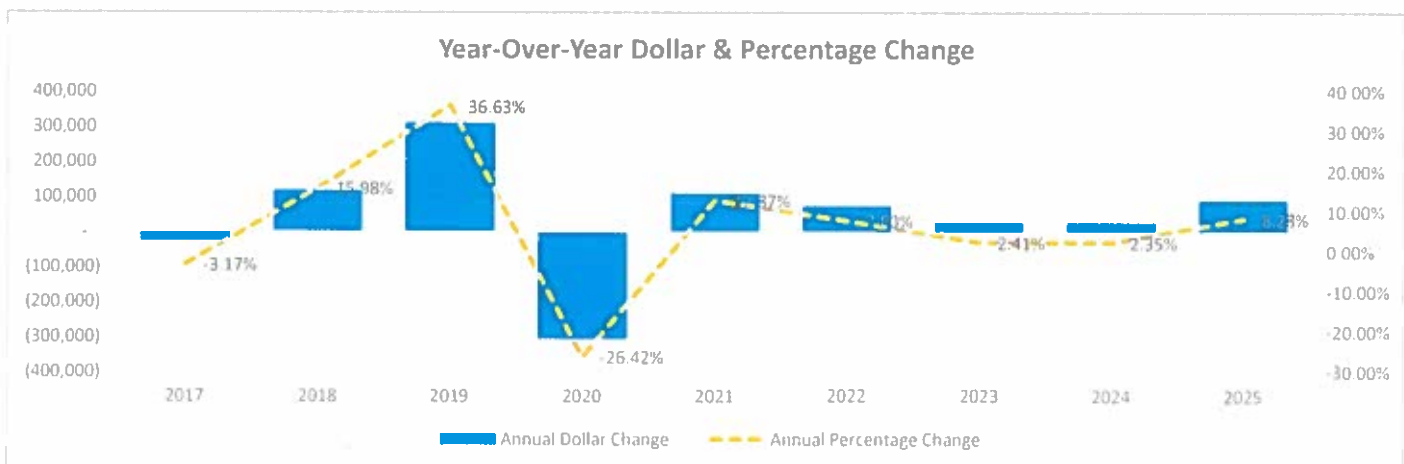
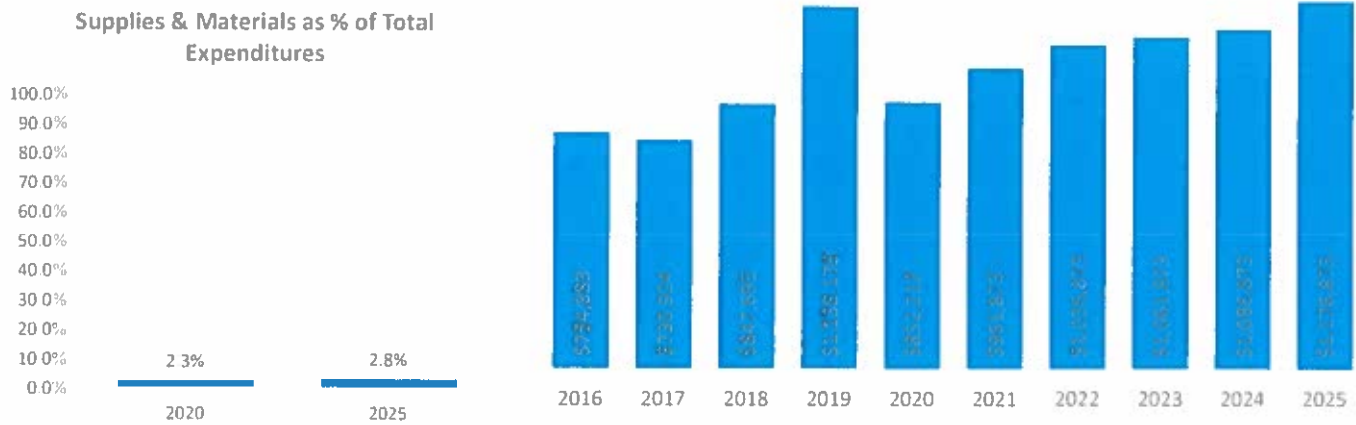
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 19.32% of total expenditures and increased at a historical average annual rate of 0.16%. This category of expenditure is projected to grow at an annual average rate of 3.31% through FY 2025. The projected average annual rate of change is 3.15% more than the five year historical annual average.

3.040 - Supplies & Materials

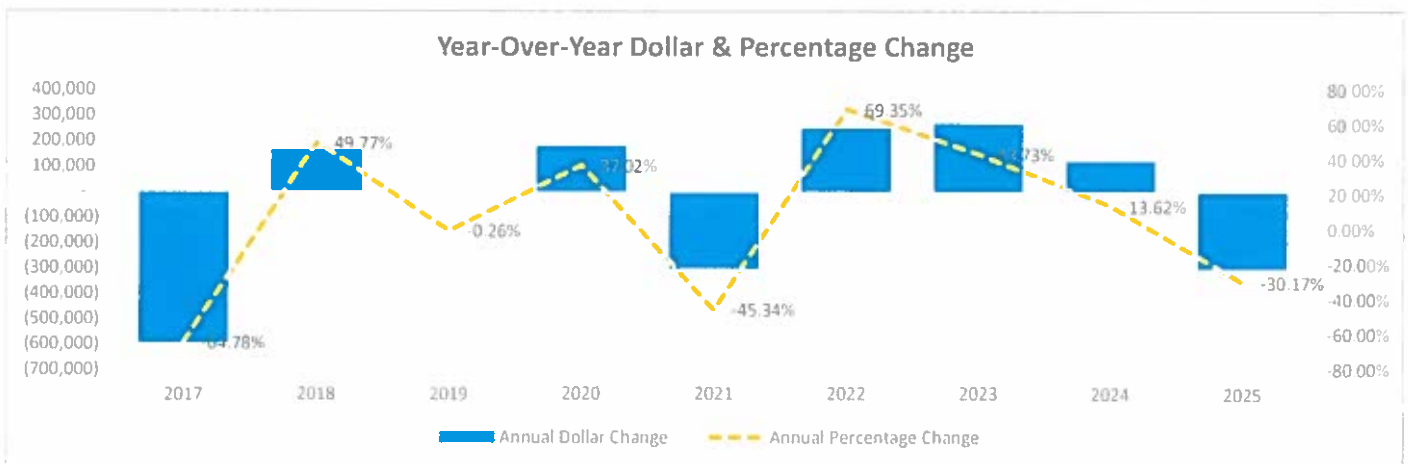
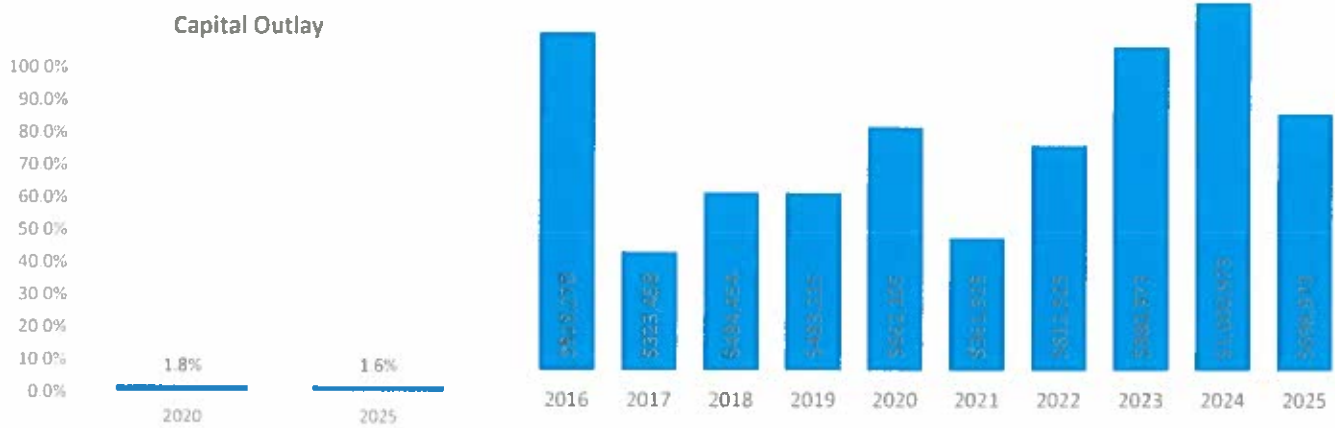
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.32% of total expenditures and increased at a historical average annual rate of 8.73%. This category of expenditure is projected to grow at an annual average rate of 6.74% through FY 2025. The projected average annual rate of change is -1.99% less 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 1.80% of total expenditures and increased at a historical average annual amount of \$112,882. This category of expenditure is projected to grow at an annual average amount of \$7,374 through FY 2025. The projected average annual change is less than the five year historical annual average.

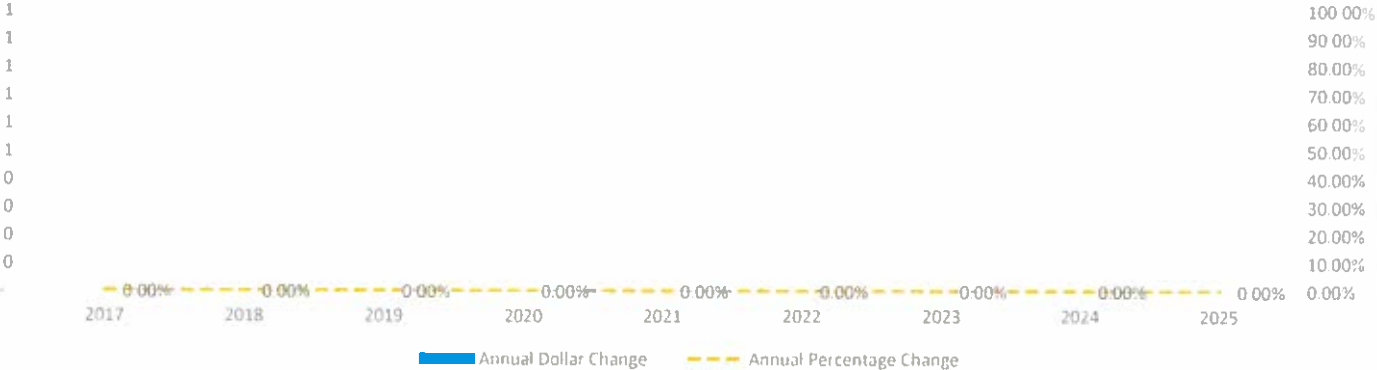
3.060-4.060 - Intergovernmental & Debt

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.

Debt as % of Total Expenditures



Year-Over-Year Dollar & Percentage Change

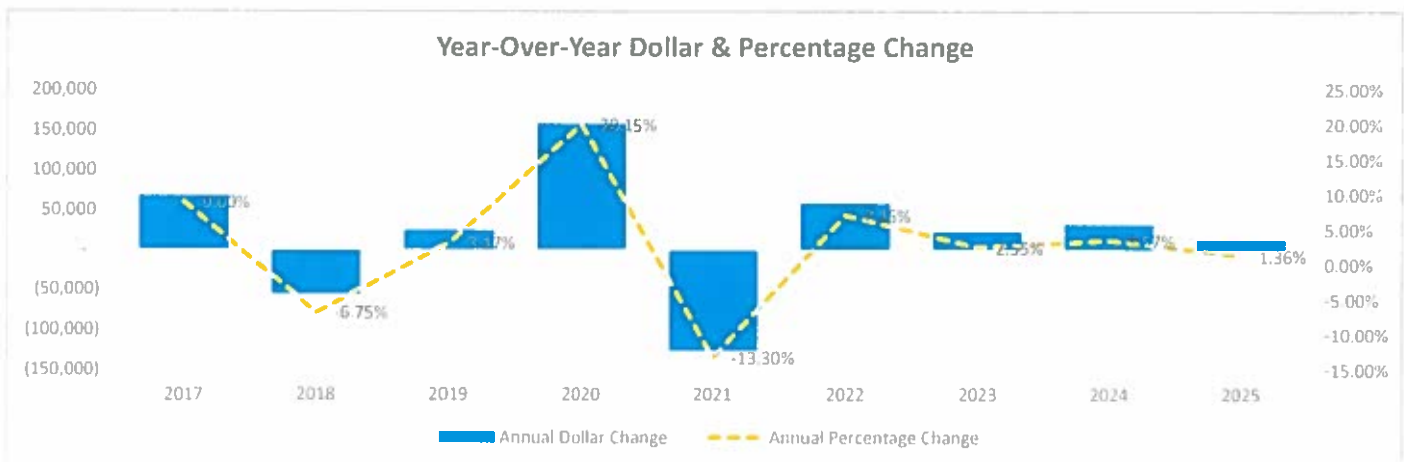
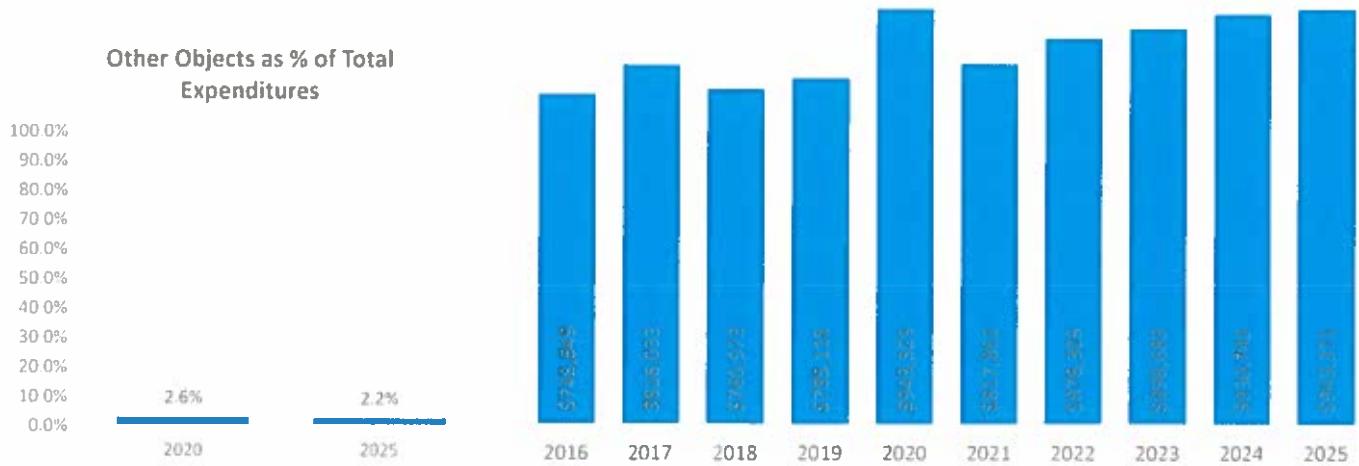


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

--

4.300 - Other Objects

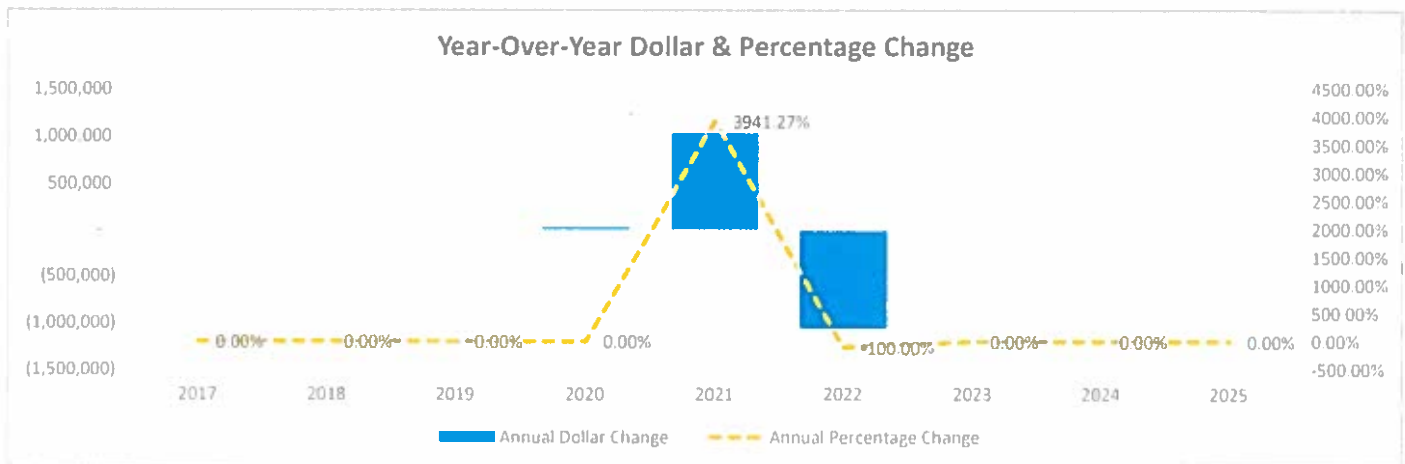
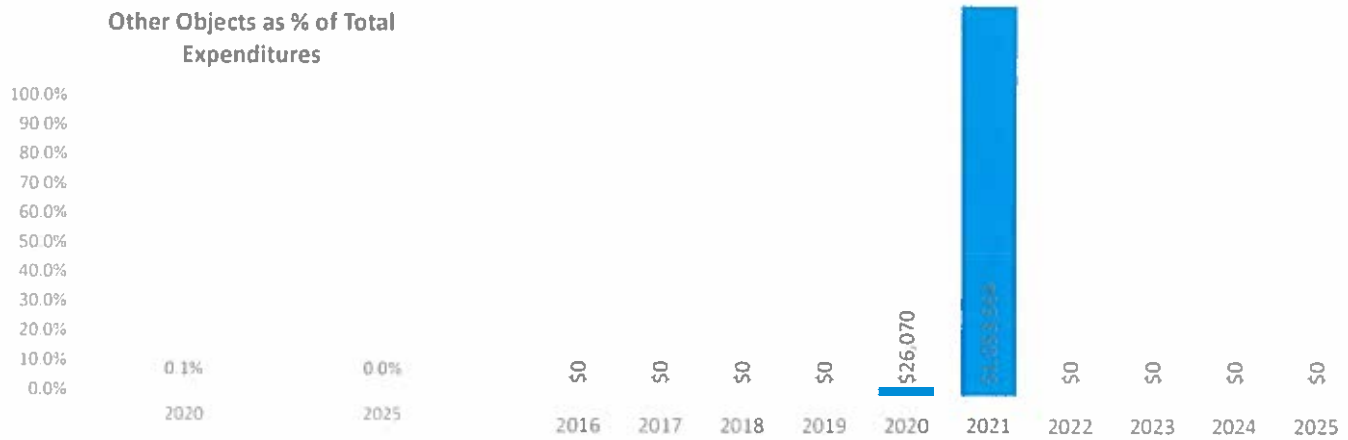
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 2.56% of total expenditures and increased at a historical average annual rate of 5.53%. This category of expenditure is projected to grow at an annual average rate of 0.26% through FY 2025. The projected average annual rate of change is -5.26% 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.



	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers Out	-	903,564	-	-	-	-
Advances Out	26,070	150,000	0	0	0	0
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 2020 the district had advances-out and has advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2025. 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.

Talawanda City School District
Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	13,185,094	14,102,103	14,159,655	14,409,929	14,777,285	15,109,724
1.020 - Public Utility Personal Property	2,520,797	2,415,804	2,556,145	2,539,661	2,564,060	2,568,062
1.030 - Income Tax	7,659,856	7,373,306	7,793,278	8,016,614	8,242,211	8,470,121
1.035 - Unrestricted Grants-in-Aid	7,489,025	7,624,519	8,142,711	8,241,551	8,267,058	8,294,115
1.040 - Restricted Grants-in-Aid	144,907	144,906	144,906	144,906	144,906	144,906
1.050 - Property Tax Allocation	1,448,968	1,506,706	1,521,199	1,537,569	1,545,527	1,564,790
1.060 - All Other Operating Revenues	2,635,286	2,361,677	2,216,357	2,167,266	2,101,281	2,078,446
1.070 - Total Revenue	35,083,932	35,529,021	36,534,251	37,057,496	37,642,328	38,230,164
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	26,070	150,000	-	-	-
2.060 - All Other Financing Sources	250,320	236,052	100,000	100,000	100,000	100,000
2.070 - Total Other Financing Sources	250,320	262,122	250,000	100,000	100,000	100,000
2.080 - Total Rev & Other Sources	35,334,252	35,791,143	36,784,252	37,157,496	37,742,328	38,330,165
Expenditures:						
3.010 - Personnel Services	20,369,455	20,448,756	20,945,318	21,573,642	22,100,744	22,987,778
3.020 - Employee Benefits	6,846,524	6,964,955	7,344,813	7,608,121	7,910,304	8,254,302
3.030 - Purchased Services	7,111,083	7,021,083	7,615,466	7,916,103	8,184,413	8,349,648
3.040 - Supplies and Materials	852,212	961,873	1,036,873	1,061,873	1,086,873	1,176,873
3.050 - Capital Outlay	662,105	361,925	612,925	880,973	1,000,973	698,973
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	943,329	817,862	876,309	898,689	930,745	943,371
4.500 - Total Expenditures	36,784,708	36,576,454	38,431,703	39,939,400	41,214,051	42,410,945
Other Financing Uses						
5.010 - Operating Transfers-Out	-	903,564	-	-	-	-
5.020 - Advances-Out	26,070	150,000	0	0	0	0
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	26,070	1,053,564	0	0	0	0
5.050 - Total Exp and Other Financing Uses	36,810,778	37,630,018	38,431,704	39,939,401	41,214,051	42,410,945
6.010 - Excess of Rev Over/(Under) Exp	(1,476,525)	(1,838,875)	(1,647,452)	(2,781,905)	(3,471,723)	(4,080,780)
7.010 - Cash Balance July 1 (No Levies)	24,737,100	23,260,575	21,421,700	19,774,248	16,992,344	13,520,621
7.020 - Cash Balance June 30 (No Levies)	23,260,575	21,421,700	19,774,248	16,992,344	13,520,621	9,439,841
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	23,260,575	21,421,700	19,774,248	16,992,344	13,520,621	9,439,841
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	23,260,575	21,421,700	19,774,248	16,992,344	13,520,621	9,439,841
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	23,260,575	21,421,700	19,774,248	16,992,344	13,520,621	9,439,841