



Five Year Forecast Financial Report

November, 2020

Forecast Provided By
TALAWANDA CITY SCHOOL DISTRICT
Treasurer's Office
Shaunna Tafelski, Treasurer/CFO
November 16, 2020

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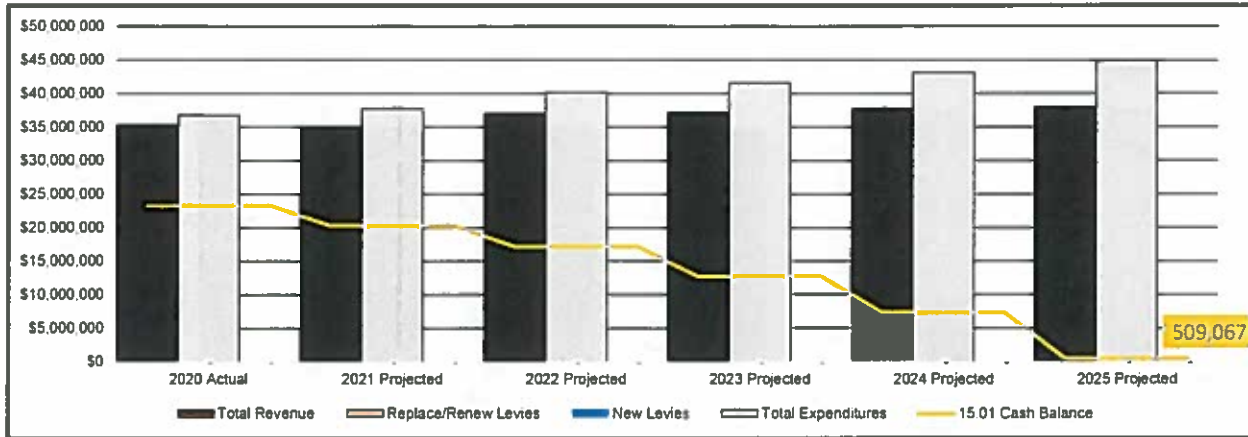
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Forecast Purpose/Objectives

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 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	20,337,201	17,199,316	12,756,001	7,361,328
+ Revenue	34,886,929	37,068,532	37,156,858	37,777,079	38,026,357
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(37,810,303)	(40,206,417)	(41,600,173)	(43,171,753)	(44,878,618)
= Revenue Surplus or Deficit	(2,923,374)	(3,137,885)	(4,443,315)	(5,394,673)	(6,852,261)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	20,337,201	17,199,316	12,756,001	7,361,328	509,067

Analysis Without Renewal Levies Included

Revenue Surplus or Deficit w/o Levies	(2,923,374)	(3,137,885)	(4,443,315)	(5,394,673)	(6,852,261)
Ending Balance w/o Levies	20,337,201	17,199,316	12,756,001	7,361,328	509,067

In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$2,923,374 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 \$6,852,261. The district would need to cut its FY 2025 projected expenses by 15.27% 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



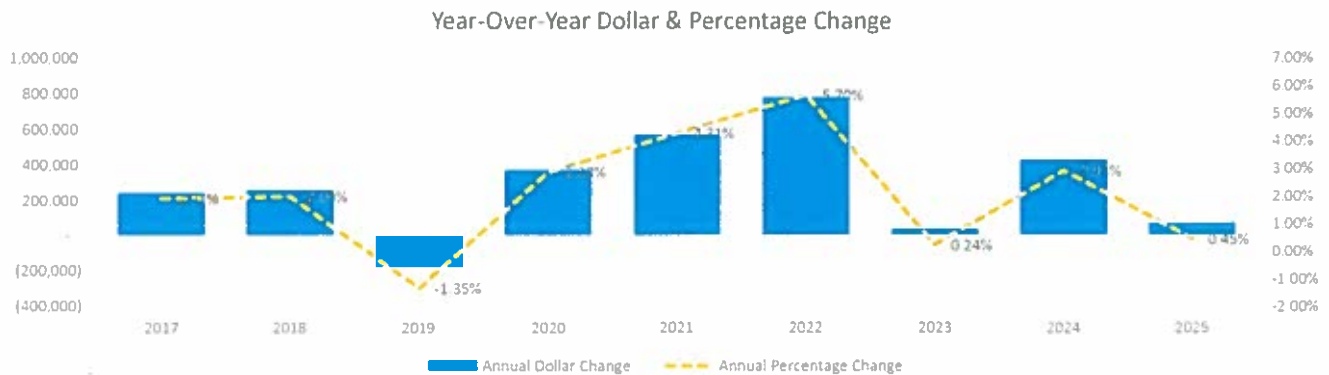
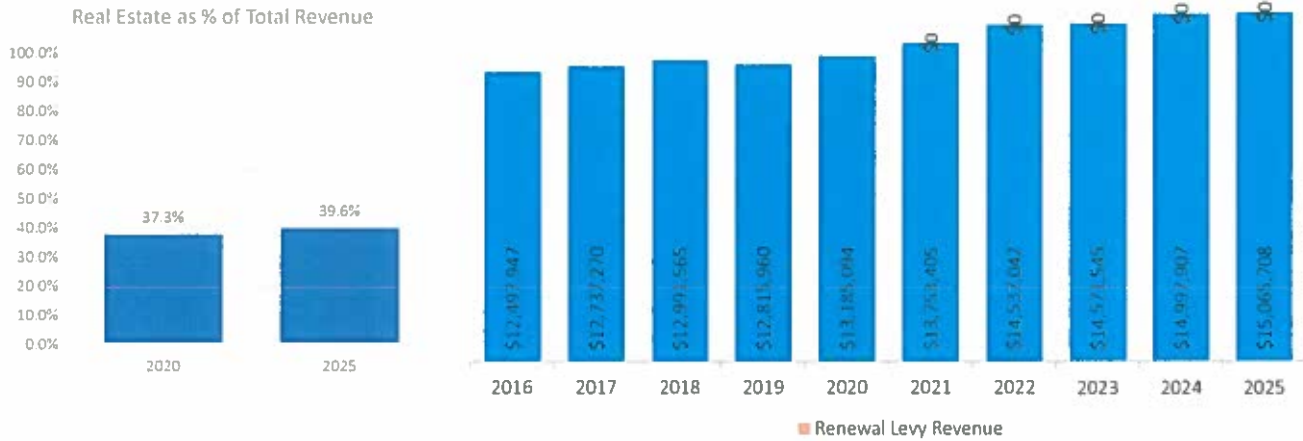
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Real Estate	\$149,275	\$376,123	\$226,848	Total revenue increased 0.95% or \$328,929 annually during the past five years and is projected to increase 1.51% or \$538,421 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at \$381,986
Public Utility	\$50,045	\$2,882	(\$47,162)	
Income Tax	\$252,887	\$124,708	(\$128,180)	
State Funding	(\$220,968)	\$161,018	\$381,986	
Prop Tax Alloc	(\$22,727)	\$15,206	\$37,933	
All Othr Op Rev	\$141,815	(\$129,517)	(\$271,332)	
Other Sources	(\$21,398)	(\$12,000)	\$9,398	
Total Average Annual Change	\$328,929 0.95%	\$538,421 1.51%	\$209,492 0.56%	

Note: Expenditure average annual change is projected to be > \$1,613,568. 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)



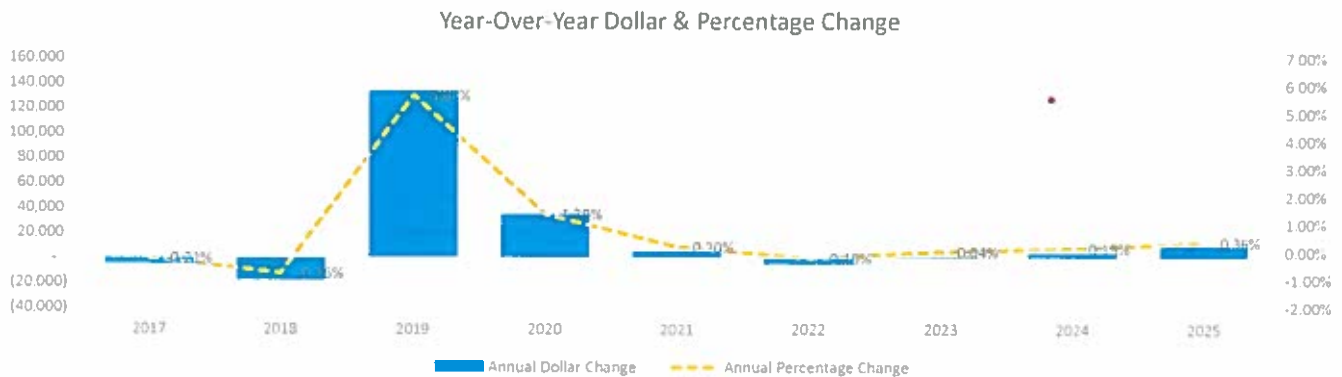
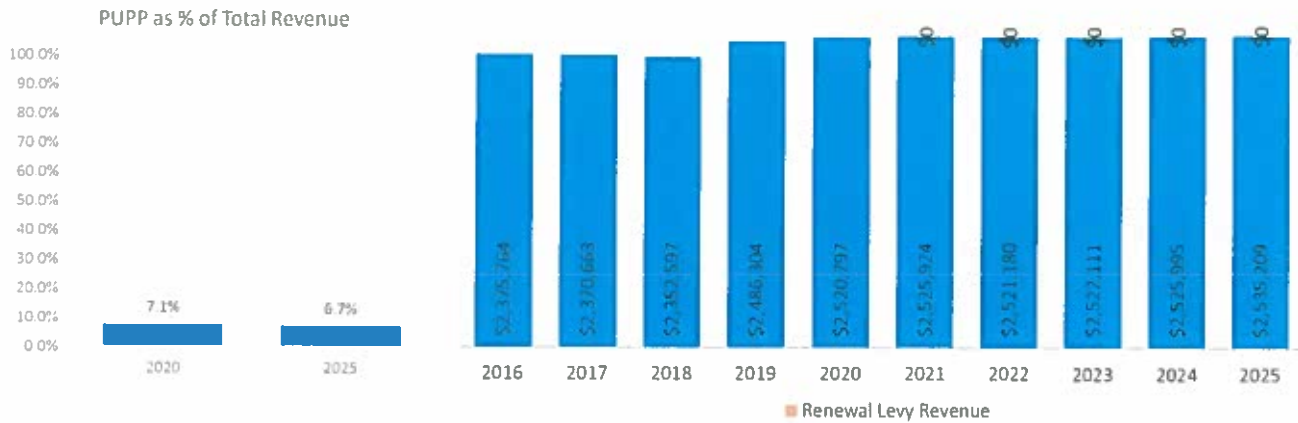
Values, Tax Rates and Gross Collections								Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change		
2019	702,106,320	8,285,460	20.04	-	23.40	-		99.4%
2020	773,826,403	71,720,083	20.00	(0.04)	22.99	(0.41)		100.0%
2021	779,093,009	5,266,606	20.00	-	22.99	-		100.0%
2022	784,359,615	5,266,606	20.00	-	22.99	-		100.0%
2023	819,300,604	34,940,989	20.00	-	22.78	(0.21)		100.0%
2024	825,567,210	6,266,606	20.00	-	22.78	(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 2.72% 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.



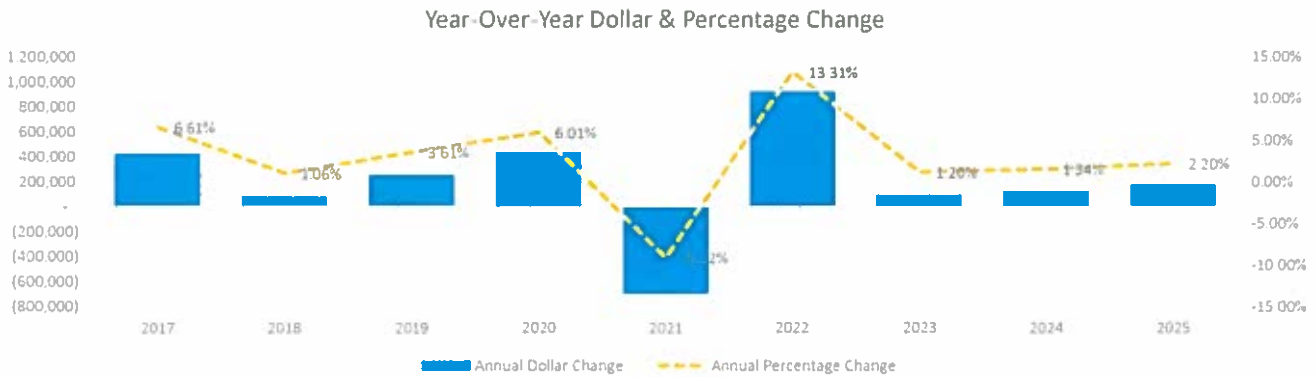
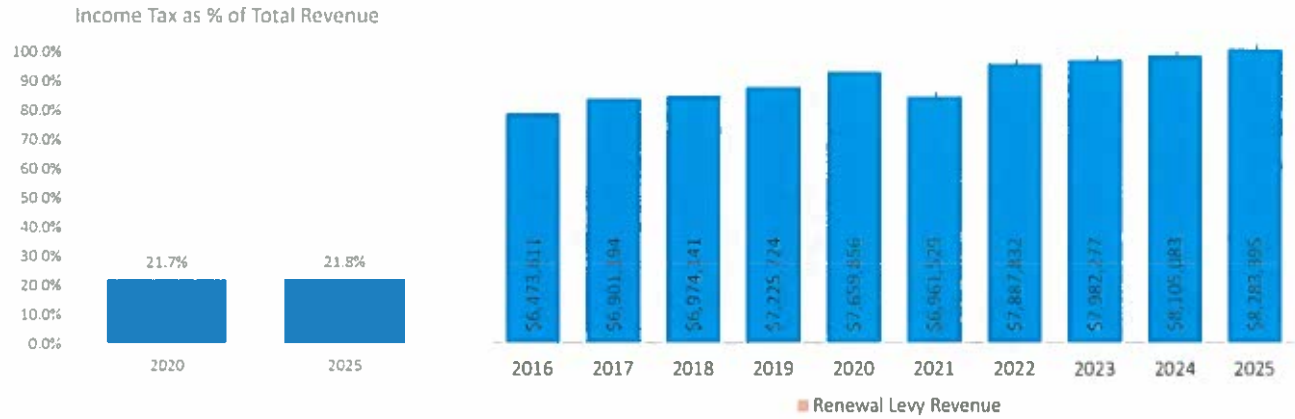
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2019	52,422,580	191,860	48.30	-	124.3%	
2020	52,530,503	107,923	48.30	-	100.0%	
2021	52,584,465	53,962	48.30	-	99.4%	
2022	52,692,388	107,923	48.30	-	99.4%	
2023	52,746,350	53,962	48.30	-	99.4%	
2024	52,854,273	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 \$2,882 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

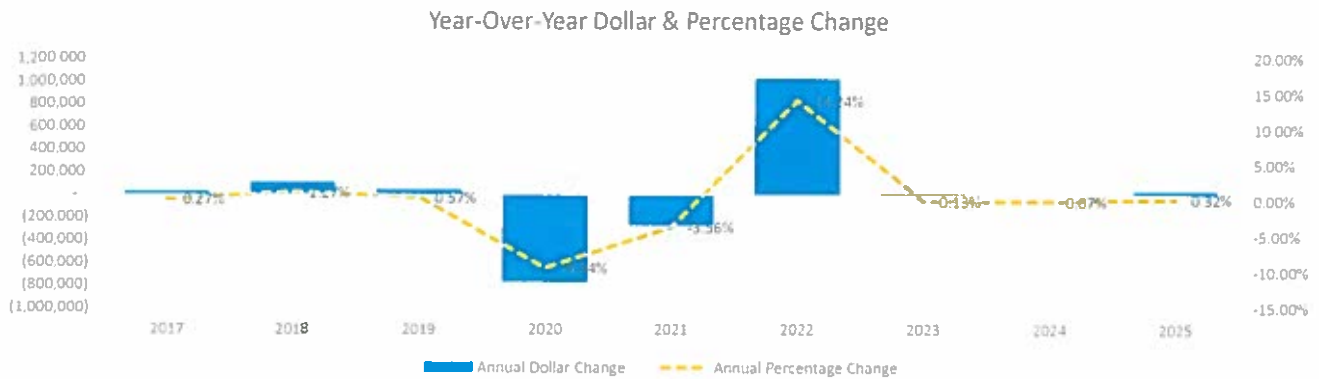
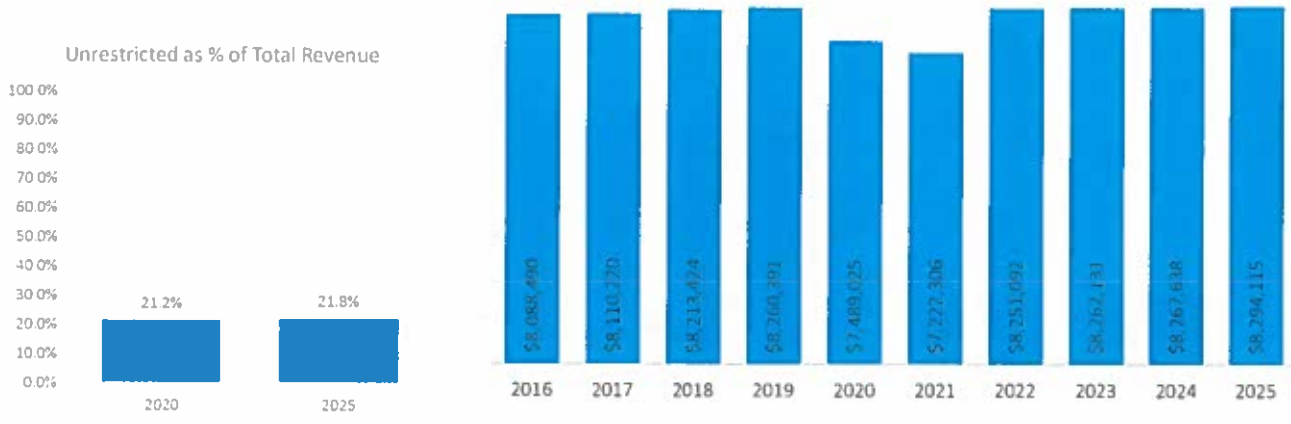


The district maintained one income tax levy in FY 2020. The average annual dollar change in total income tax revenue is forecasted to be \$124,708 through FY 2025. Income tax revenue is projected to account for 21.8% of total district revenue in FY 2025.

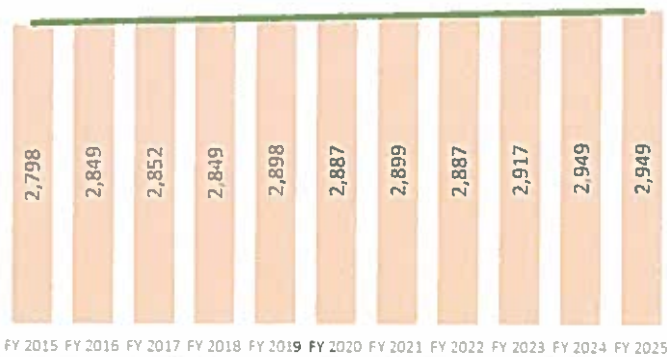
**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



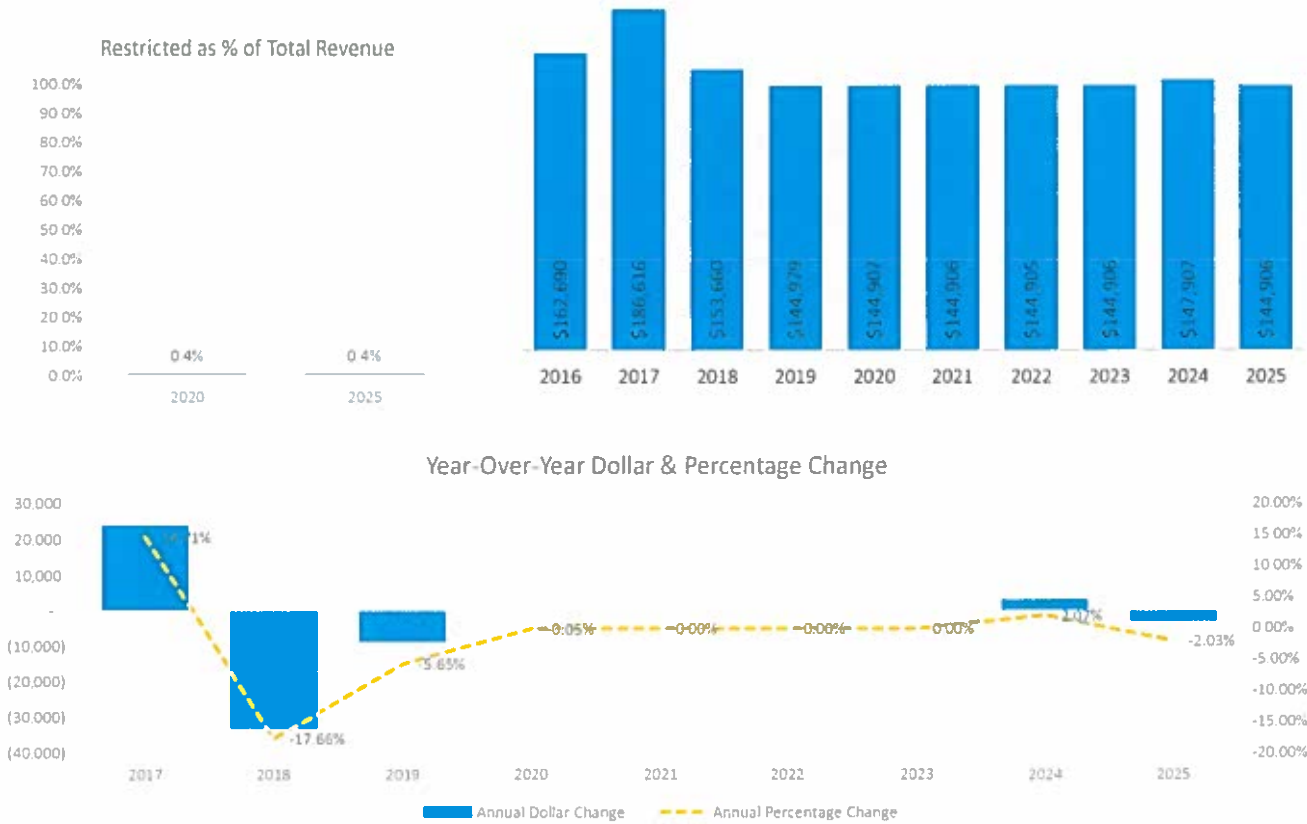
District Educated ADM (Enrollment)



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 special ed, preschool, casino of \$327,591. 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 3.69%. Note: Wellness funding is not included in these calculations.

1.040 & 1.045 - Restricted Grants-in-Aid

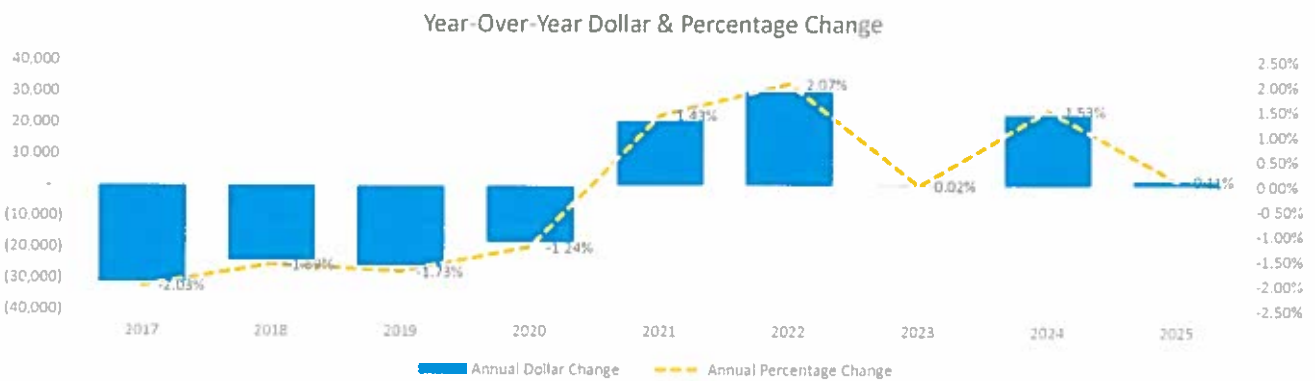
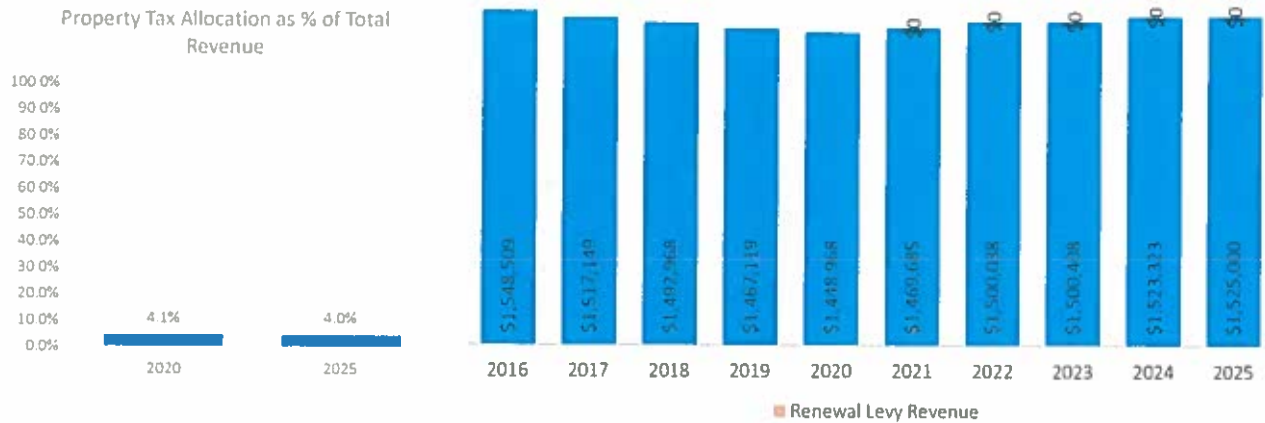
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes



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.

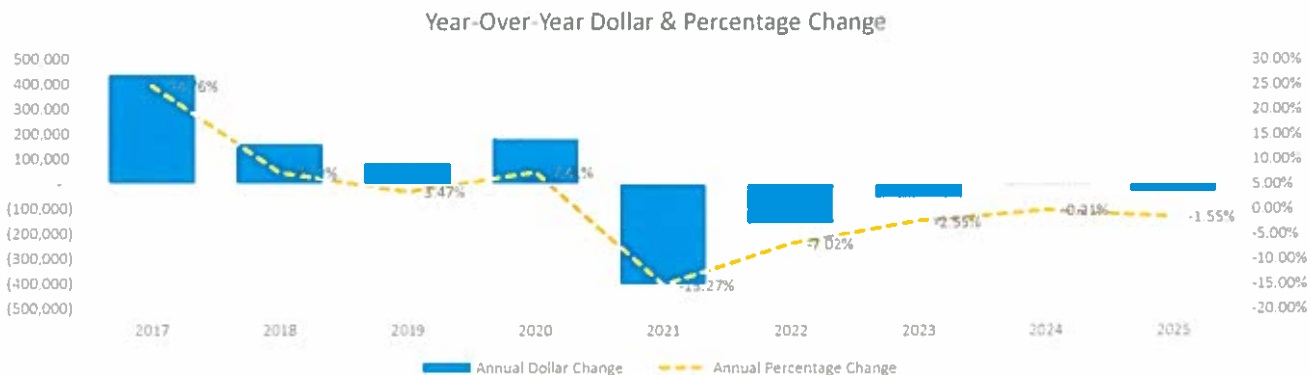
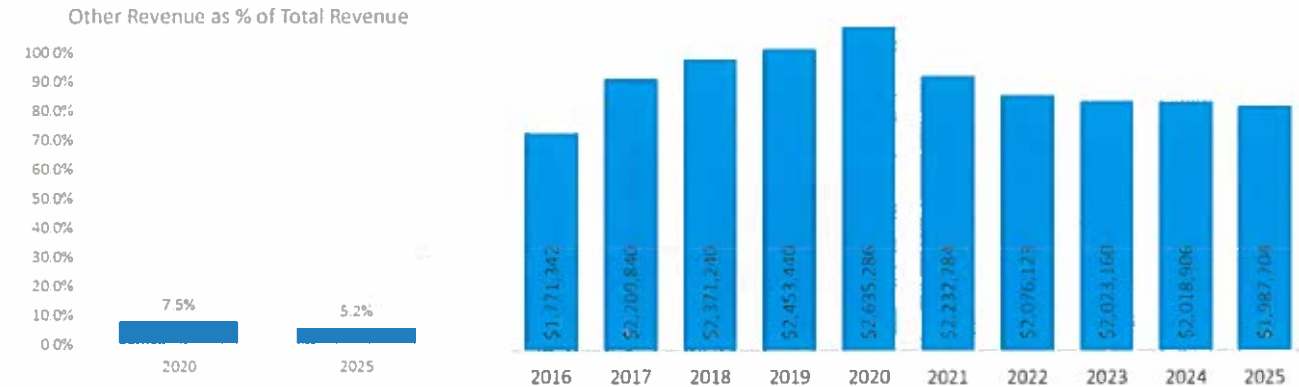


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, 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

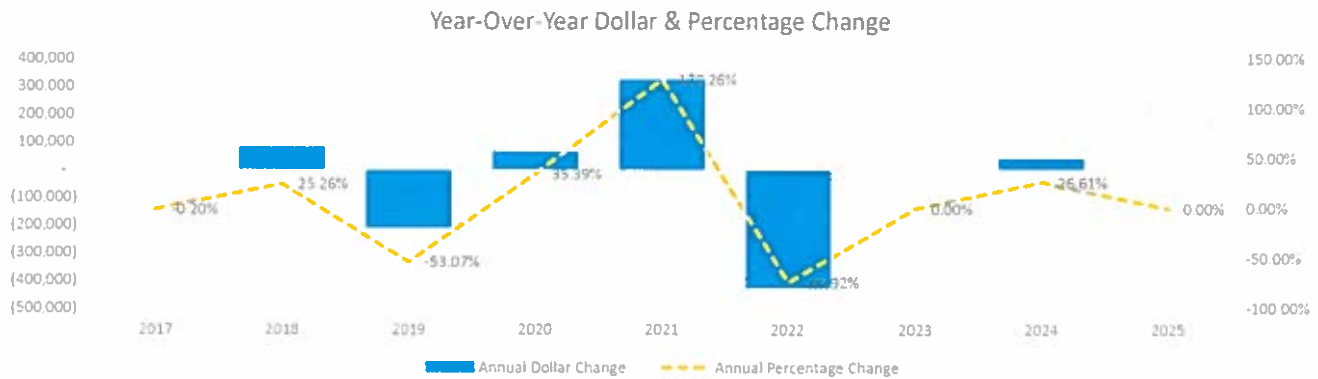
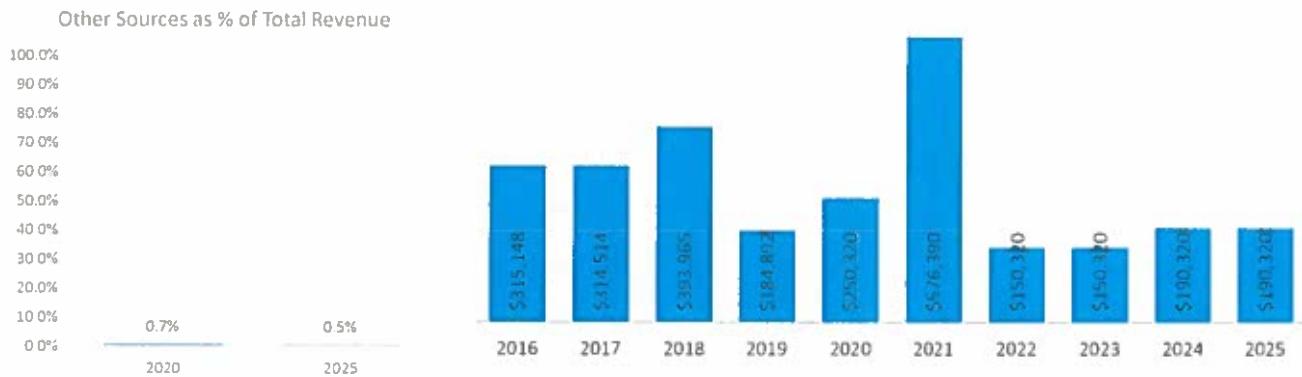
Operating revenue sources not included in other lines. examples include tuition, fees, earnings on investments, rentals, and donations



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 -\$129,517 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.

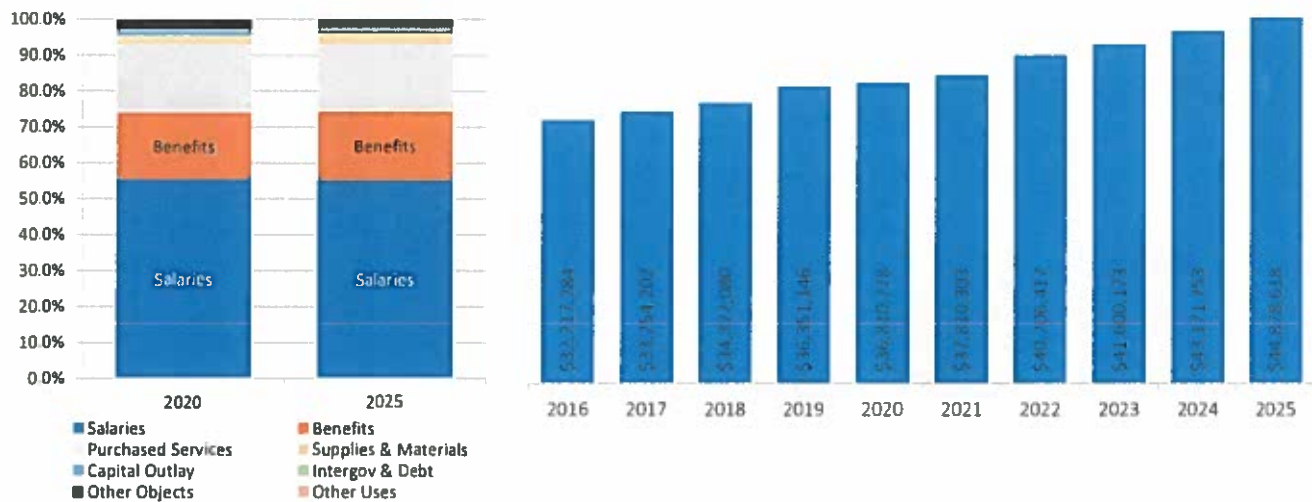


	2020	2021	FORECASTED			
			2022	2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	-	26,070	-	-	40,000	40,000
All Other Financing Sources	250,320	550,320	150,320	150,320	150,320	150,320

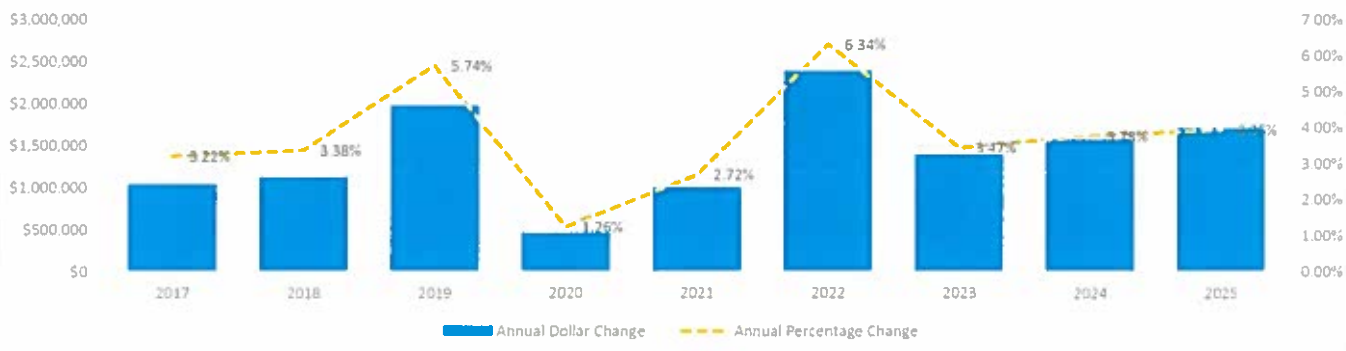
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district receipted \$0 as advances-in and is projecting advances of \$26,070 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 \$550,320 in FY 2021 and average \$150,320 annually through FY 2025.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



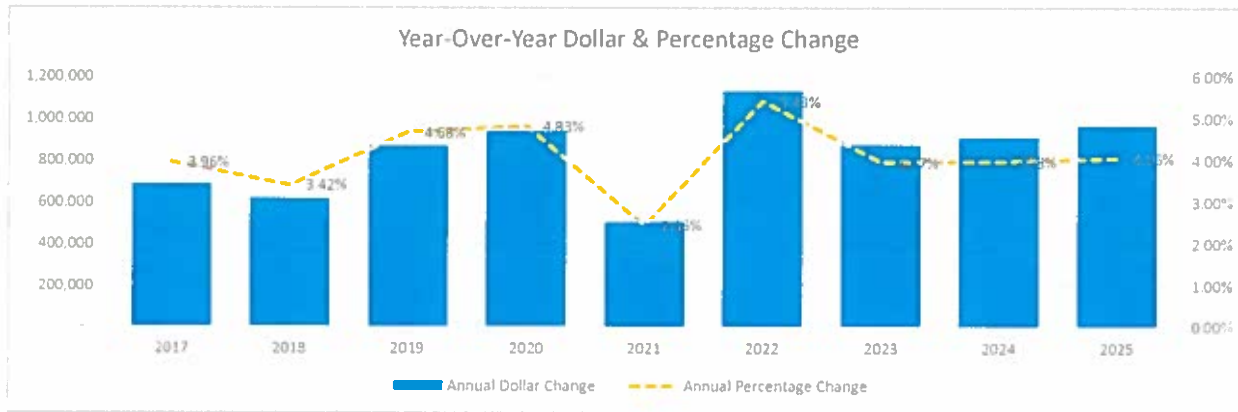
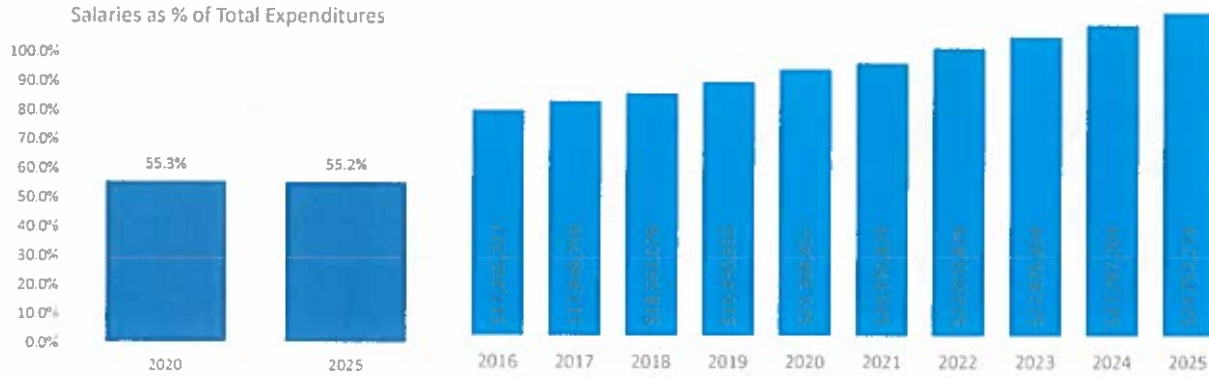
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$806,899	\$876,564	\$69,665	Total expenditures increased 3.46% or \$1,185,525 annually during the past five years and is projected to increase 4.38% or \$1,613,568 annually through FY2025. Purchased Services has the largest projected average annual variance compared to the historical average at \$272,959
Benefits	\$177,140	\$354,453	\$177,312	
Purchased Services	(\$2,947)	\$270,011	\$272,959	
Supplies & Materials	\$40,429	\$88,561	\$48,132	
Capital Outlay	\$112,882	\$5,665	(\$107,217)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$42,432	\$15,528	(\$26,904)	
Other Uses	\$8,690	\$2,786	(\$5,904)	
Total Average Annual Change	\$1,185,525 3.46%	\$1,613,568 4.38%	\$428,043 0.92%	

Note: Expenditure average annual change is projected to be > \$1,613,568. On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

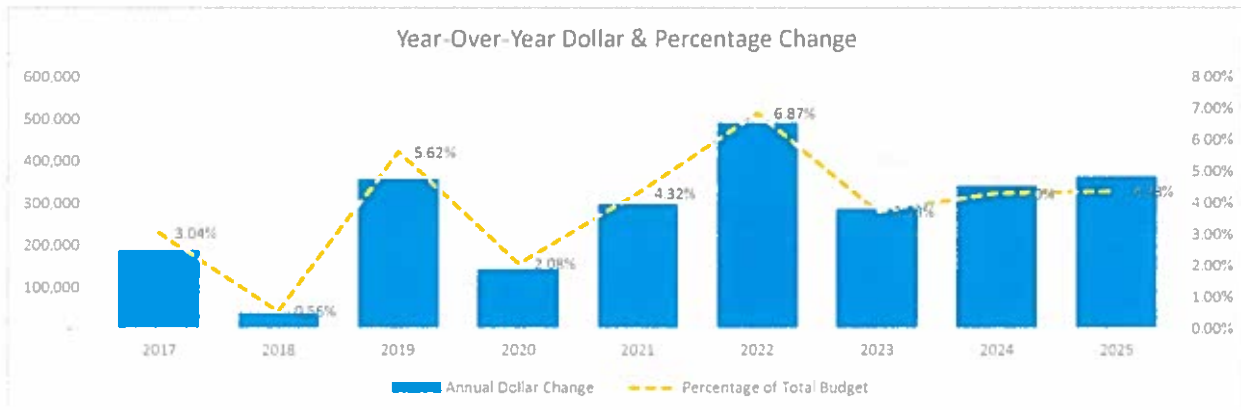
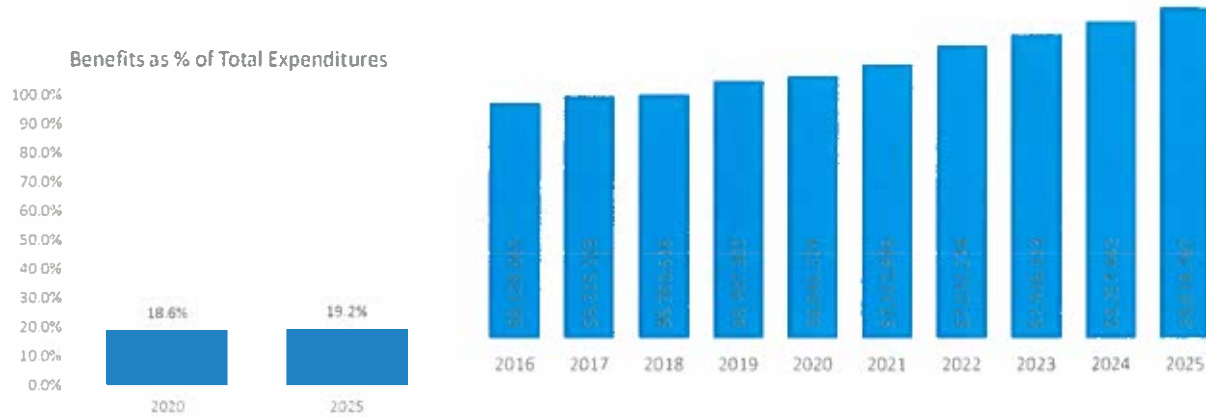
Employee salaries and wages including extended time, severance pay, supplemental contracts, etc.



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 3.98% or \$876,564 through FY 2025. The projected average annual rate of change is 0.33% less than the five year historical annual average.

3.020 - Employees' Benefits

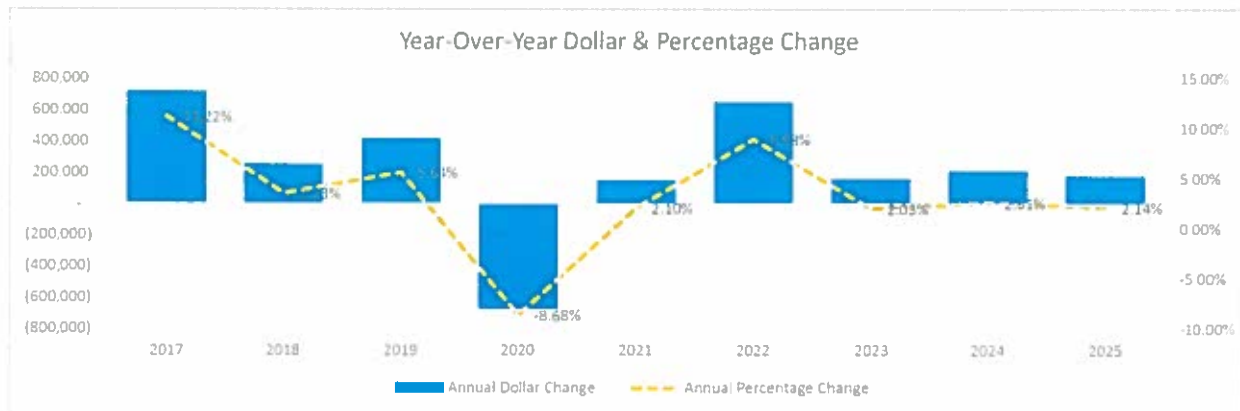
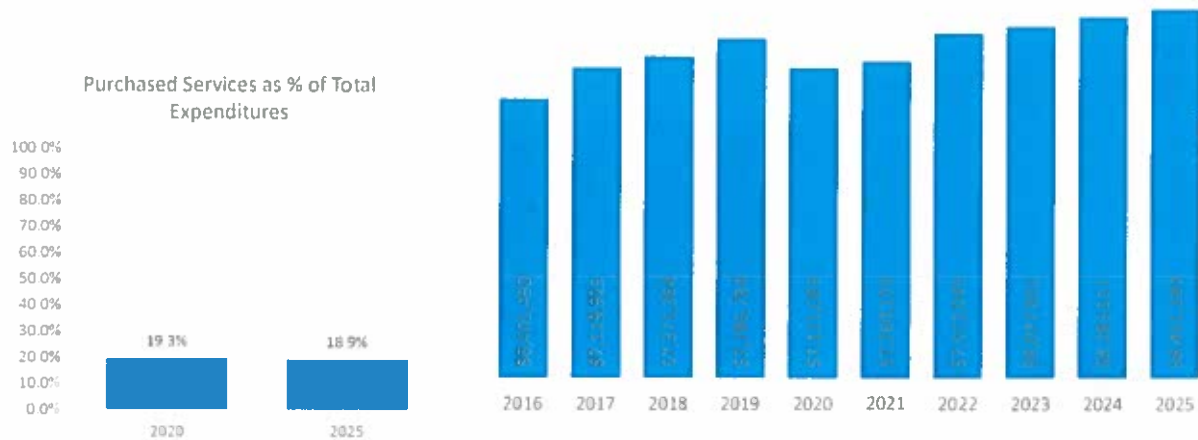
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment pickup on pickup, and all health-related insurances



Benefits represent 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 4.72% through FY 2025. The projected average annual rate of change is 1.97% more than the five year historical annual average.

3.030 - Purchased Services

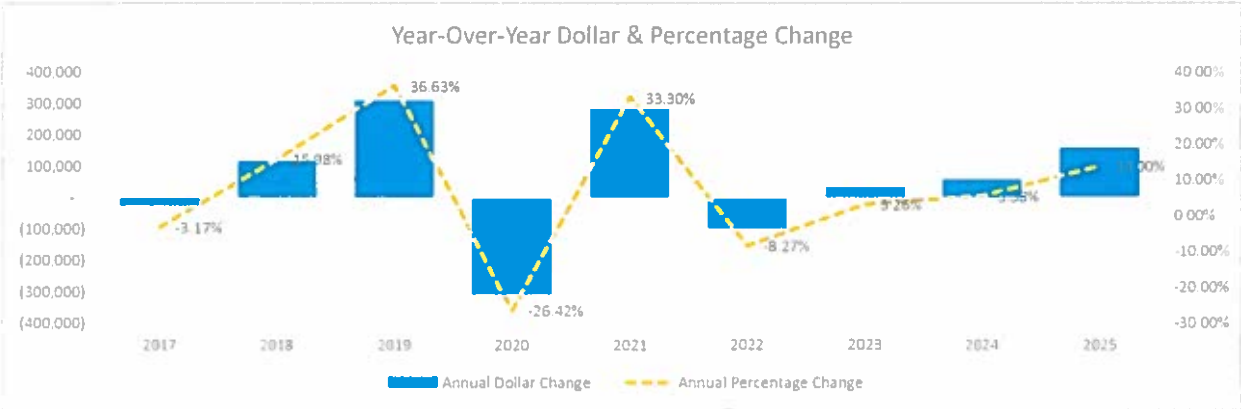
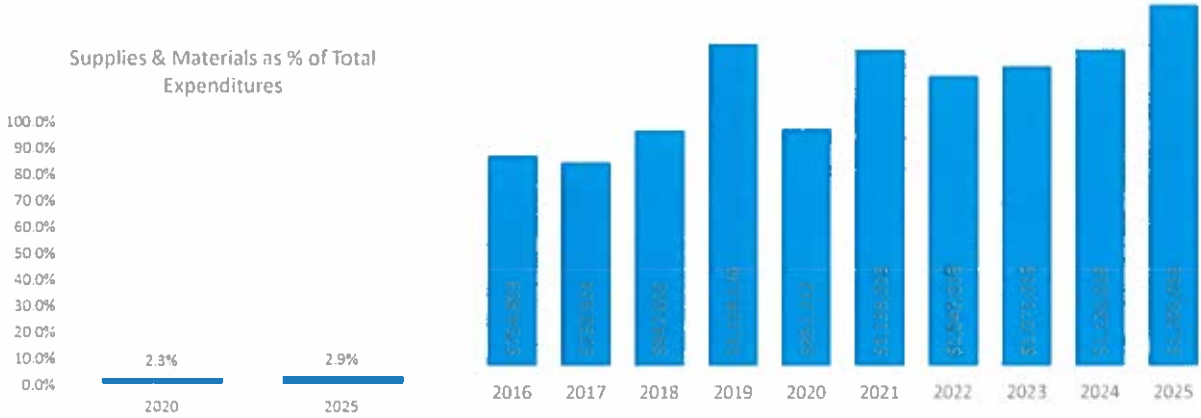
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase



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 3.57% through FY 2025. The projected average annual rate of change is 3.41% more than the five year historical annual average.

3.040 - Supplies & Materials

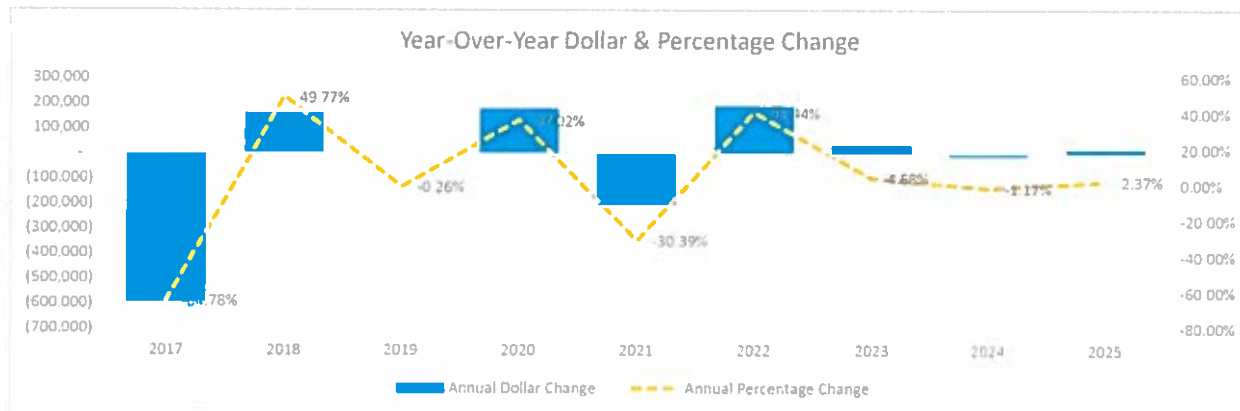
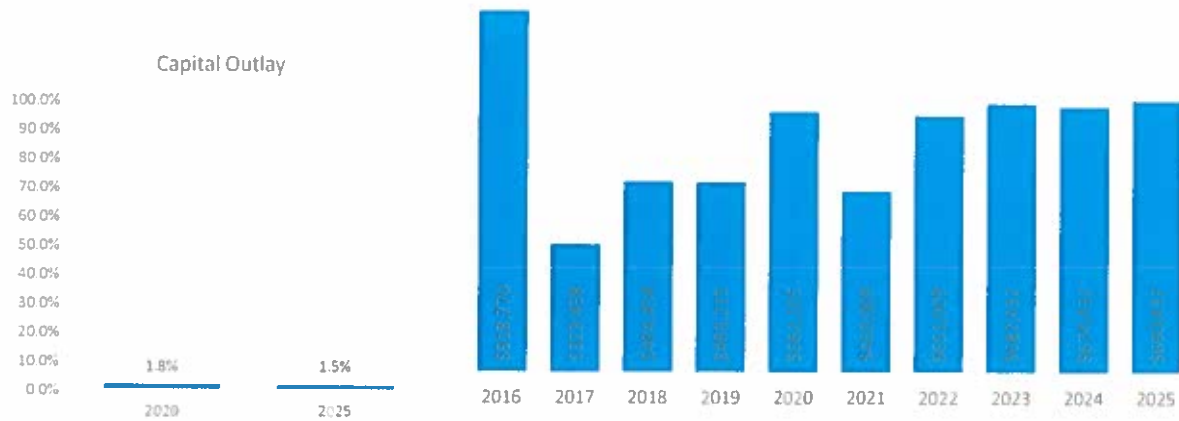
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies



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 9.57% through FY 2025. The projected average annual rate of change is 0.84% more than the five year historical annual average.

3.050 - Capital Outlay

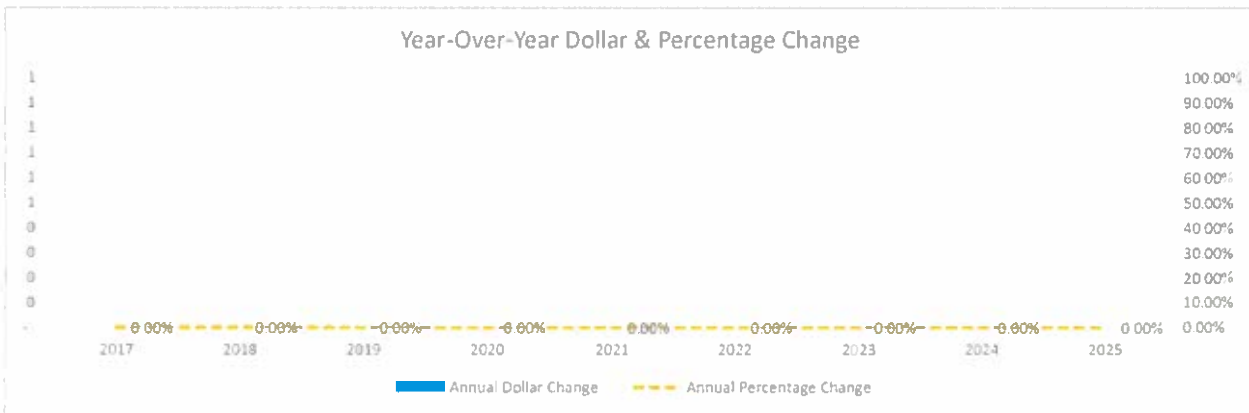
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 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 \$5,665 through FY 2025. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

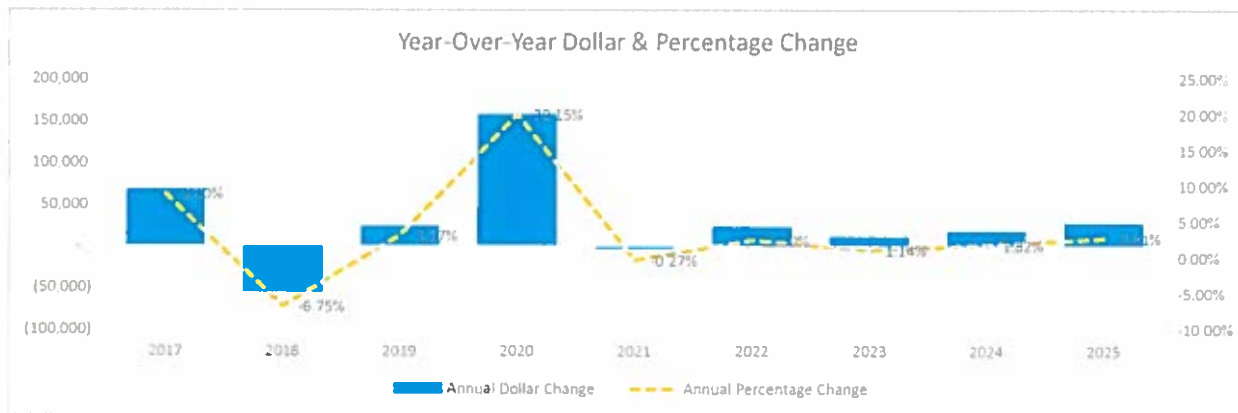
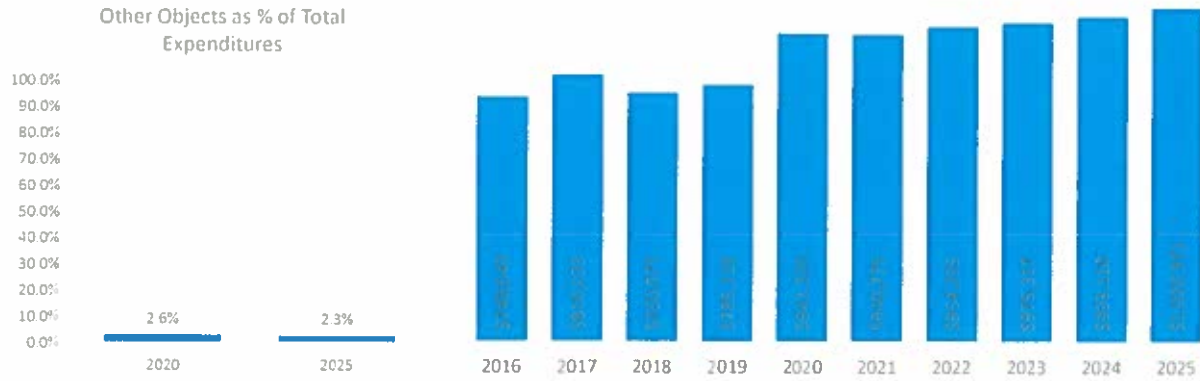
These lines account for pass through payments as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

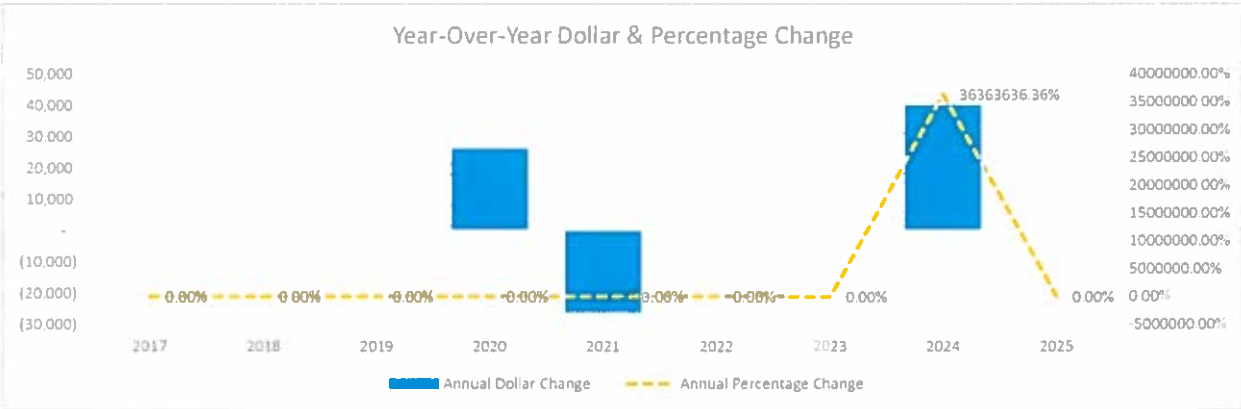
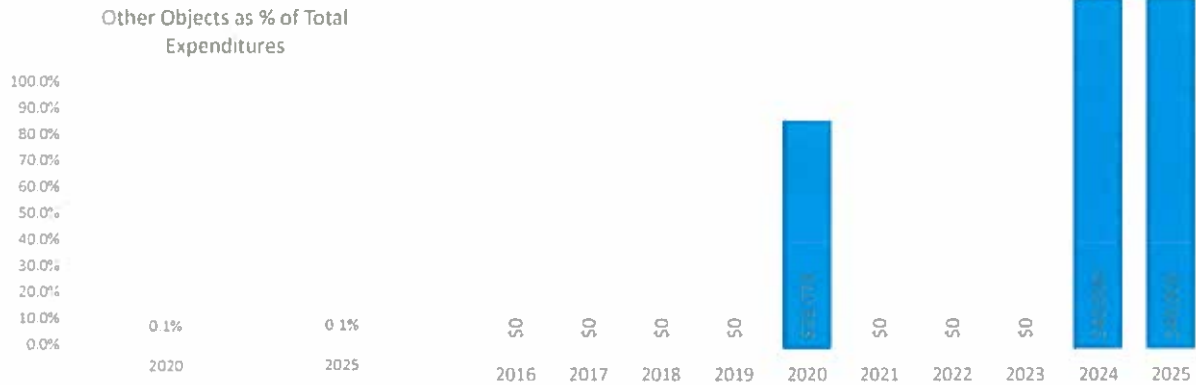
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



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 1.60% through FY 2025. The projected average annual rate of change is -3.93% 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	-	-	-	-	-	-
Advances Out	26,070	0	0	0	40,000	40,000
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 no 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

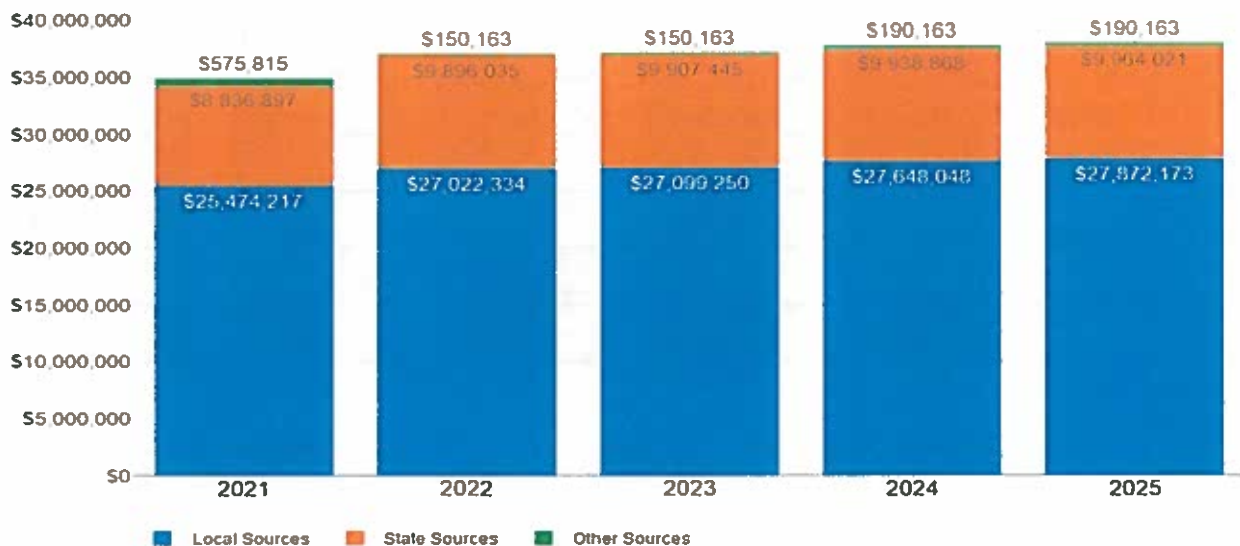
Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	13,185,094	13,753,405	14,537,042	14,571,545	14,997,907	15,065,708
1.020 - Public Utility Personal Property	2,520,797	2,525,924	2,521,180	2,522,111	2,525,995	2,535,209
1.030 - Income Tax	7,659,856	6,961,529	7,887,832	7,982,277	8,105,083	8,283,395
1.035 - Unrestricted Grants-in-Aid	7,489,025	7,222,306	8,251,092	8,262,131	8,267,638	8,294,115
1.040 - Restricted Grants-in-Aid	144,907	144,906	144,905	144,906	147,907	144,906
1.050 - Property Tax Allocation	1,448,968	1,469,685	1,500,038	1,500,408	1,523,323	1,525,000
1.060 - All Other Operating Revenues	2,635,286	2,232,784	2,076,123	2,023,160	2,018,906	1,987,704
1.070 - Total Revenue	35,083,932	34,310,539	36,918,212	37,006,538	37,586,759	37,836,037
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	-	-	40,000	40,000
2.060 - All Other Financing Sources	250,320	550,320	150,320	150,320	150,320	150,320
2.070 - Total Other Financing Sources	250,320	576,390	150,320	150,320	190,320	190,320
2.080 - Total Rev & Other Sources	35,334,252	34,886,929	37,068,532	37,156,858	37,777,079	38,026,357
Expenditures:						
3.010 - Personnel Services	20,369,455	20,870,434	22,003,879	22,876,694	23,787,203	24,752,273
3.020 - Employee Benefits	6,846,524	7,141,976	7,632,274	7,916,913	8,257,442	8,618,787
3.030 - Purchased Services	7,111,083	7,260,193	7,912,045	8,072,802	8,283,551	8,461,140
3.040 - Supplies and Materials	852,212	1,136,016	1,042,016	1,076,016	1,136,016	1,295,016
3.050 - Capital Outlay	662,105	460,909	651,909	682,432	674,432	690,432
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	943,329	940,775	964,295	975,317	993,110	1,020,971
4.500 - Total Expenditures	36,784,708	37,810,303	40,206,417	41,600,173	43,131,753	44,838,618
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	26,070	0	0	0	40,000	40,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	26,070	0	0	0	40,000	40,000
5.050 - Total Exp and Other Financing Uses	36,810,778	37,810,303	40,206,417	41,600,173	43,171,753	44,878,618
6.010 - Excess of Rev Over/(Under) Exp	(1,476,525)	(2,923,374)	(3,137,885)	(4,443,315)	(5,394,673)	(6,852,261)
7.010 - Cash Balance July 1 (No Levies)	24,737,100	23,260,575	20,337,201	17,199,316	12,756,001	7,361,328
7.020 - Cash Balance June 30 (No Levies)	23,260,575	20,337,201	17,199,316	12,756,001	7,361,328	509,067
Reservations						
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	23,260,575	20,337,201	17,199,316	12,756,001	7,361,328	509,067
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	20,337,201	17,199,316	12,756,001	7,361,328	509,067
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	20,337,201	17,199,316	12,756,001	7,361,328	509,067

FORECAST SUMMARY

- Revenue is not growing with the same inflation rate as our expenses due to HB920 and the current state funding formula. Our district has been on a downward spiral with our expenses exceeding our revenues starting in FY19, with continued deficit spending in FY20 through the end of the forecast. This means programming may not be sustainable without making cuts or bringing in new revenue.
- HB166, the current state budget for FY20/21, has us flat funded and on the 'guarantee' for state funding. Due to COVID-19, the Governor gave all schools a reduction in our foundation payments (10% for both years, resulting in a revenue loss of \$1.5M. HB166 also continues the provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as: College Credit Plus (these costs continue to increase as this program becomes more understood), Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. Expansion of these (or creation of new programs) will expose the district to new expenditures that are not currently planned in the forecast.
- We are seeing a shortfall in our SDIT due to the pandemic and the increase in unemployment in our area. We planned for economic recovery in FY22 with a modest 4% growth through 2025 based on historical data.
- 2020 is a Reappraisal year for Butler County with the county auditor projecting a 15-20% increase in residential valuations. Tax revenue does not automatically increase due to a reappraisal, as only new levies can generate additional income. When valuations increase the auditor is forced to reduce the millage on every voted levy, keeping the collections the same as when they were originally voted on.
- HB59 eliminated the Rollback exemption on any future new or replacement levies after 2013. Taxpayers will no longer receive the 12.5% reduction on any new levies. This could make passing any new levies more difficult. This does not affect the total collections for the district but will shift the tax burden from the State of Ohio onto local taxpayers.
- With the current decline in federal interest rates we are forecasting a 50% reduction in revenue for FY21 with an additional 25% cut in FY22. As our EOY cash balances continue to erode, our interest revenue will have a similar pattern.

Forecasted General Fund Revenues by Source



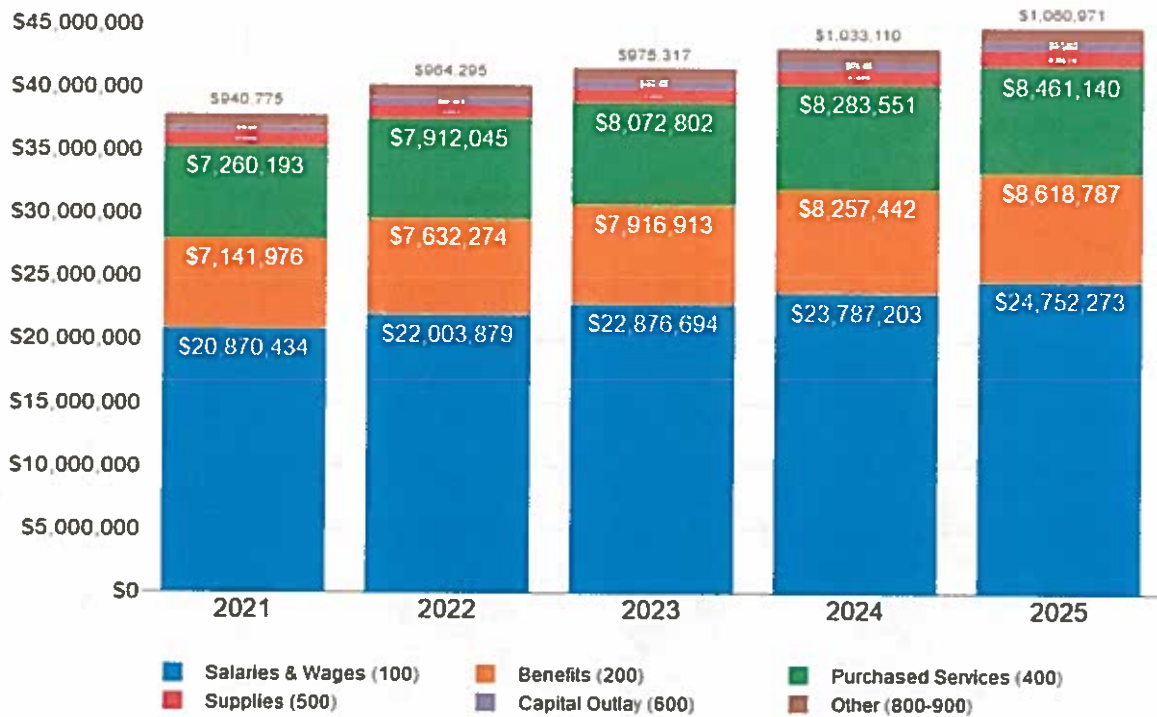
Locally Funded: 73%

State Funded: 25.35%

Other Sources: 1.65%

- The Forecast includes the FY21 net savings from changes in staffing (\$500K) through attrition, the savings due to Student Wellness Funding from the Governor which allowed us to move current staff from the GF into the 467 fund (TSD had already implemented the mental health initiatives), and CARES/CRF funds that we received from the State, Oxford Township and the City of Oxford which alleviated the additional burden on the GF for COVID-19 related expenditures. FY22 – FY25 are not forecasted with any of these grants and initiatives, which pushes these related costs back into the GF.
- The district received a 6% increase in CY 2021 health insurance premiums due to higher claim increases in 2020. We have continued this increase in each of the following years of the forecast.
- Preschool was brought in-house starting in FY21 creating an upswing in Purchased Services to Personnel/Benefits.
- Although we started the school year with a remote learning model, October 20 brought us back F2F; this forecast does not take into consideration the potential that schools may be forced to close again in FY21. As we receive more information from the Governor we will update the forecast.
- Negotiated agreements expire June 30, 2021 for TCSA and July 31, 2021 for TEA.
- This forecast was created with the information and data that we had available to us in the first quarter of FY21. The outlying years are projections and estimates based on historical trends, current contractual obligations, and depending on the line item a 2.5 – 5% CPI increase; and needs to be treated as a 'snapshot in time'.

Forecasted General Fund Expenses by Object



Salaries/Benefits: 74.4% Purchased Services: 19% Supplies: 3% Capital: 1.1% Other: 2.5%