

Warren City School District

Five Year Forecast Financial Report

May, 2023

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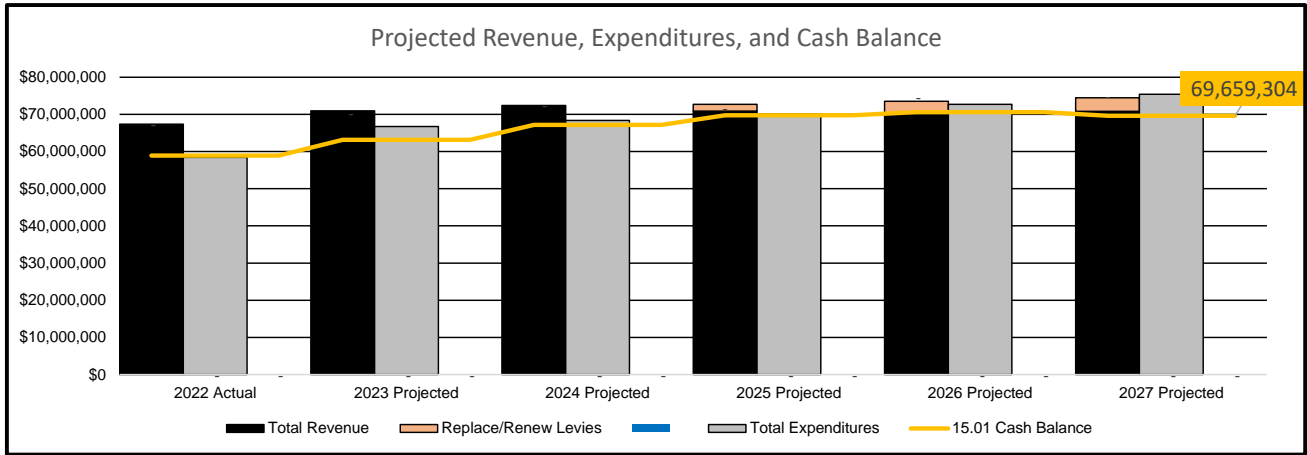
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Forecast Purpose/Objectives

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	58,923,559	63,144,514	67,182,598	69,778,961	70,610,554
+ Revenue	70,975,633	72,394,557	70,902,033	69,903,533	70,830,908
+ Proposed Renew/Replacement Levies	-	-	1,820,305	3,641,329	3,642,837
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(66,754,678)	(68,356,473)	(70,125,975)	(72,713,269)	(75,424,995)
= Revenue Surplus or Deficit	4,220,955	4,038,084	2,596,363	831,594	(951,250)
Line 7.020 Ending Balance with renewal/new levies	63,144,514	67,182,598	69,778,961	70,610,554	69,659,304

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	4,220,955	4,038,084	776,058	(2,809,735)	(4,594,087)
Ending Balance w/o Levies	63,144,514	67,182,598	67,958,656	65,148,920	60,554,833

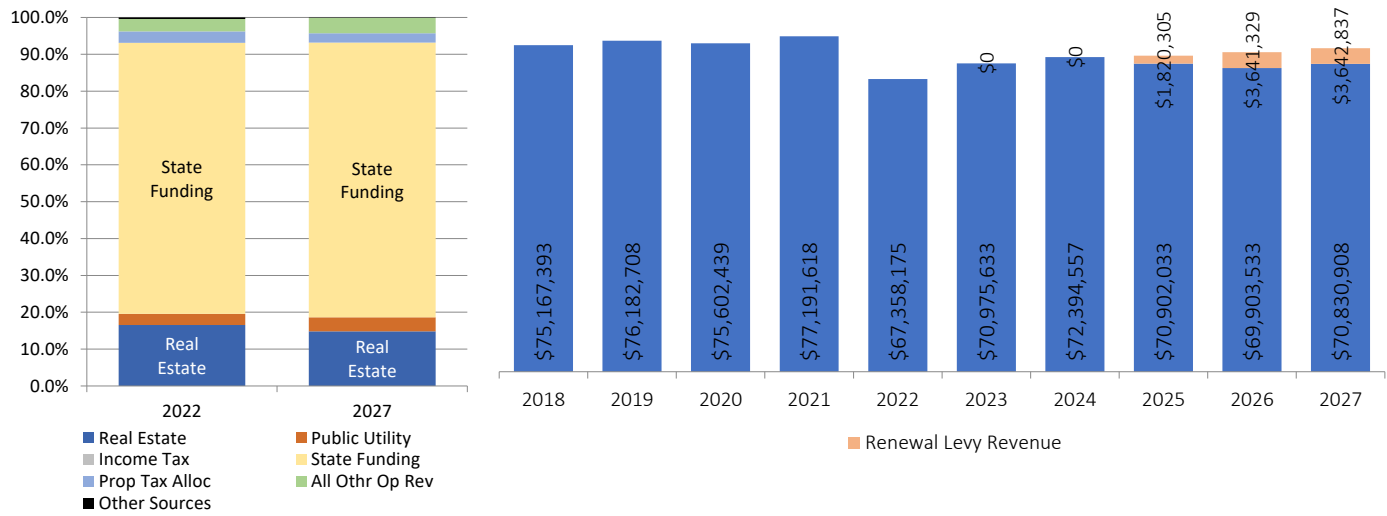
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$4,220,955 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,594,087. The district would need to cut its FY 2027 projected expenses by 6.09% 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.

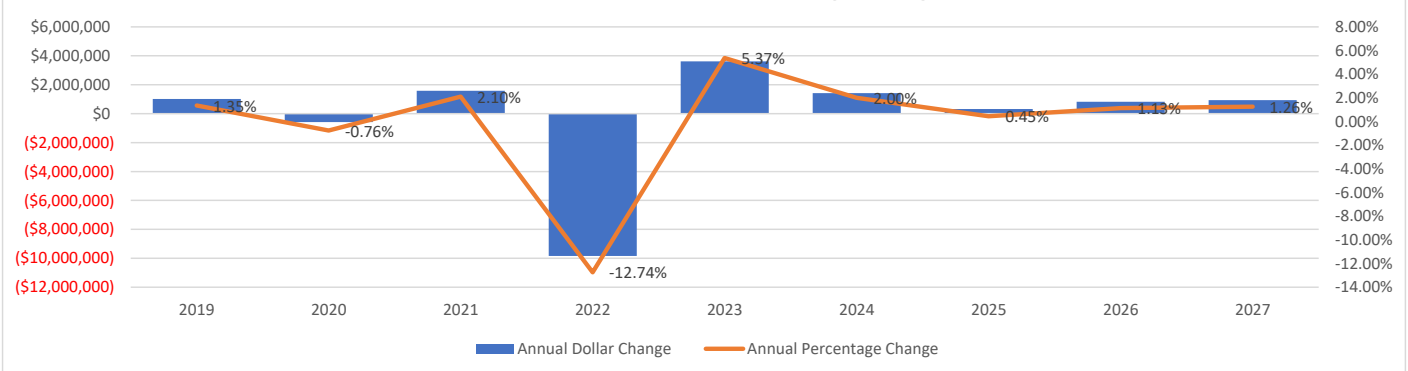
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$1,788,261 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates 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



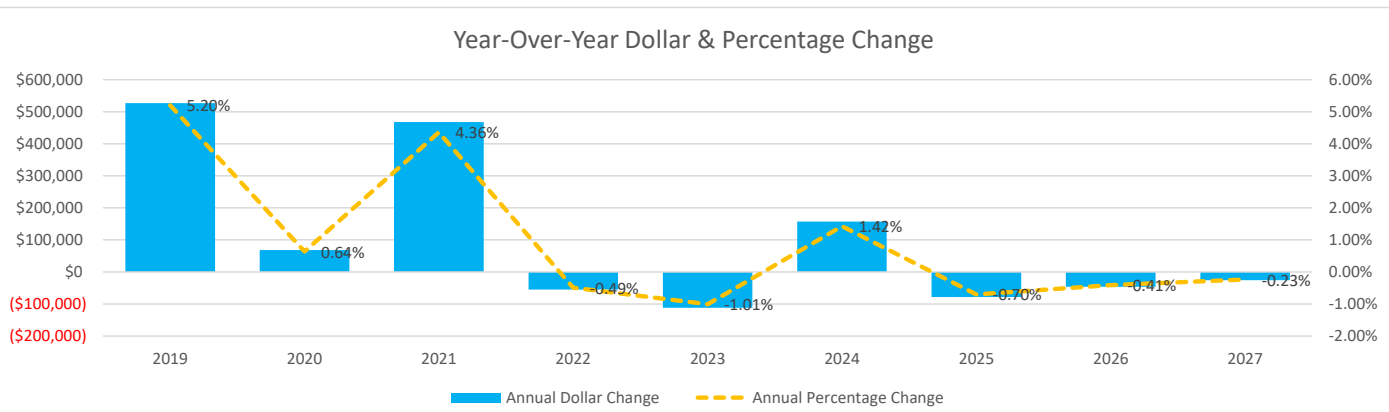
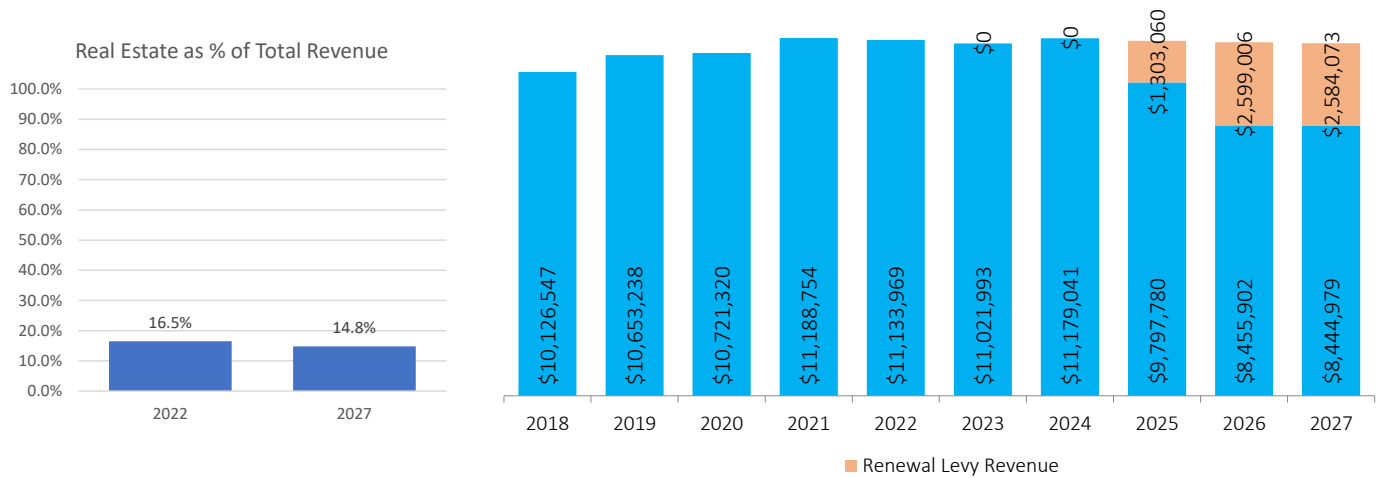
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue decreased -1.59% or -\$1,179,807 annually during the past 5-Year period and is projected to increase 1.95% or \$1,423,114 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at \$2,500,411
Real Estate	177,477	(20,983)	(\$198,461)	
Public Utility	\$137,793	\$157,903	\$20,110	
Income Tax	\$0	\$0	\$0	
State Funding	(\$1,302,595)	1,197,816	\$2,500,411	
Prop Tax Alloc	(\$178,323)	(\$42,956)	\$135,367	
All Othr Op Rev	(\$46,646)	\$172,826	\$219,471	
Other Sources	\$32,487	(\$41,492)	(\$73,979)	
Total Average Annual Change	(1,179,807)	1,423,114	\$2,602,921	
	-1.59%	1.95%	3.54%	

Note: Expenditure average annual change is projected to be > \$3,390,299 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).



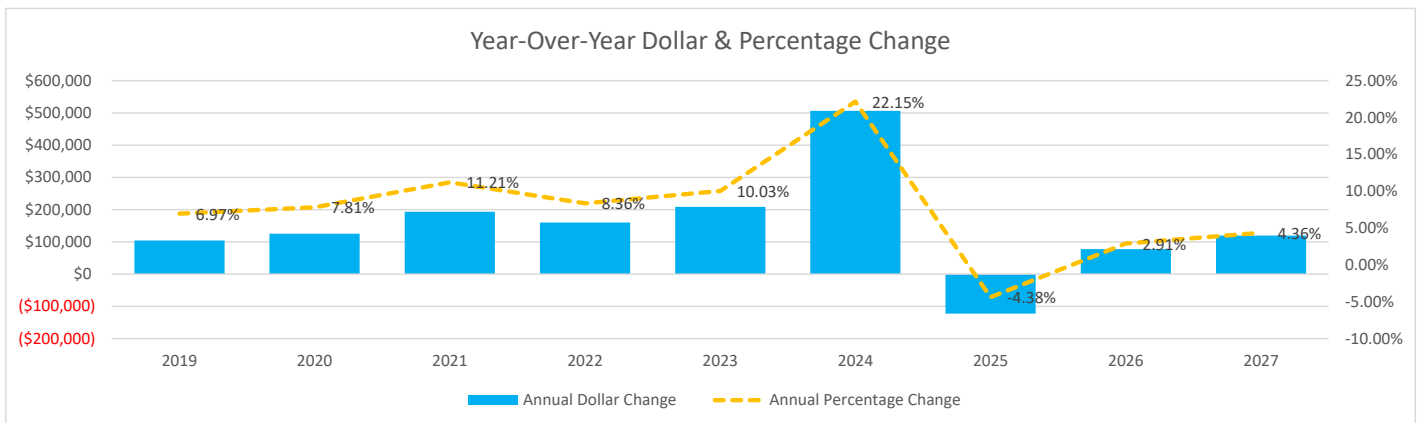
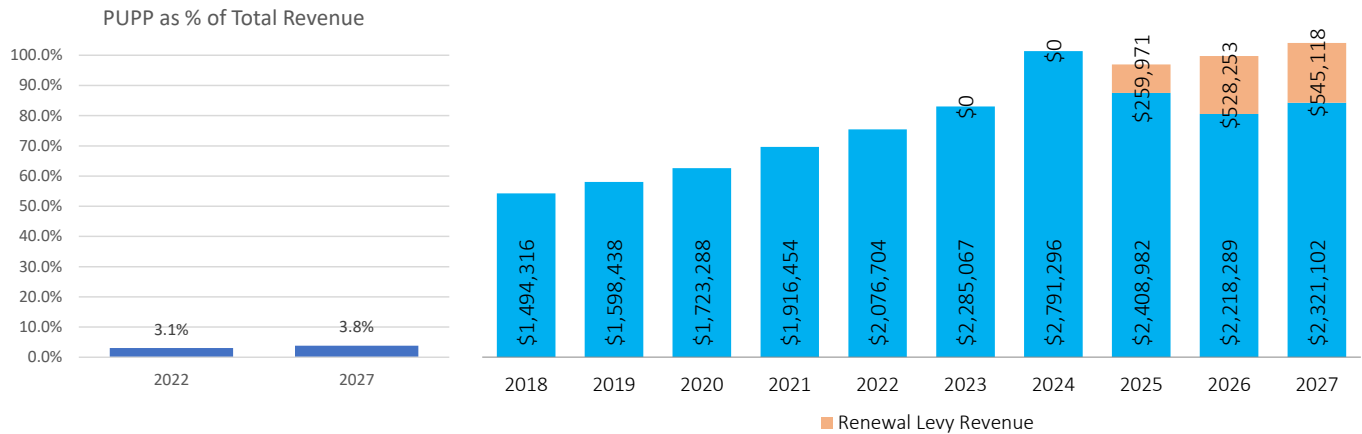
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	275,836,050	1,338,360	47.53	-	48.65	-	98.8%
2022	275,504,530	(331,520)	47.28	(0.25)	48.65	0.00	99.1%
2023	290,769,610	15,265,080	44.71	(2.58)	47.08	(1.57)	99.1%
2024	288,607,253	(2,162,357)	44.83	0.13	47.38	0.29	99.1%
2025	286,456,308	(2,150,945)	44.96	0.13	47.67	0.30	99.1%
2026	294,355,558	7,899,250	43.66	(1.30)	46.65	(1.03)	99.1%

Real estate property tax revenue accounts for 16.53% of total revenue. Class I or residential/agricultural taxes make up approximately 65.03% of the real estate property tax revenue. The Class I tax rate is 47.28 mills in tax year 2022. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 99.1% annually through tax year 2026. The revenue changed at an average annual historical rate of 1.65% and is projected to change at an average annual rate of -0.19% 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.



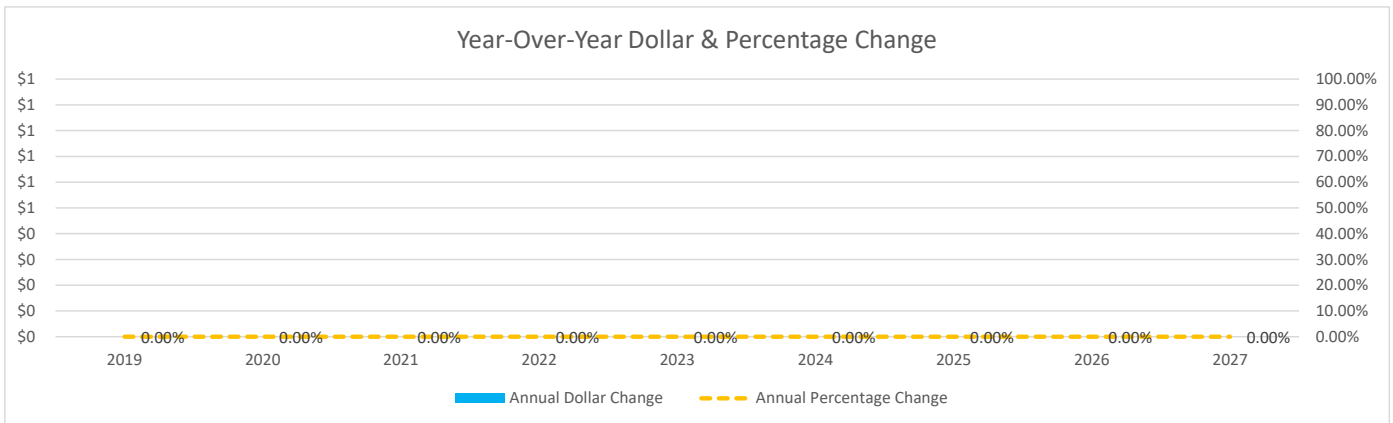
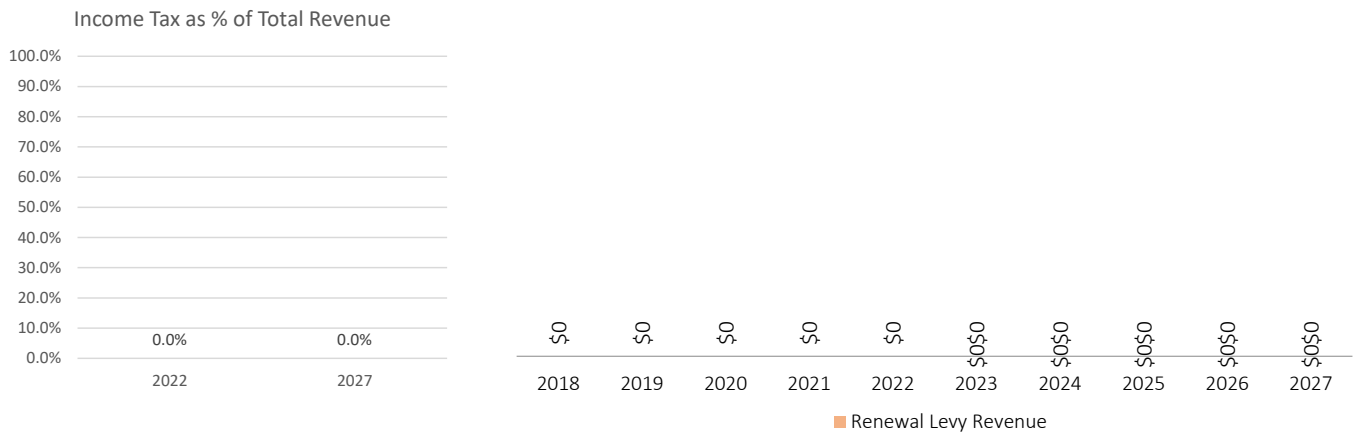
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	36,595,370	2,143,050	58.05	(0.15)	99.9%
2022	40,981,380	4,386,010	57.81	(0.24)	107.6%
2023	43,036,380	2,055,000	56.87	(0.95)	102.5%
2024	44,324,771	1,288,391	56.91	0.05	102.5%
2025	45,624,771	1,300,000	56.96	0.04	102.5%
2026	48,624,771	3,000,000	56.40	(0.55)	102.5%

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 3.08% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 57.81 mills. The forecast is modeling an average gross collection rate of 103.49%. The revenue changed historically at an average annual dollar amount of \$137,793 and is projected to change at an average annual dollar amount of \$157,903 through FY 2027.

*Projected % trends include renewal levies

1.030 - No 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.

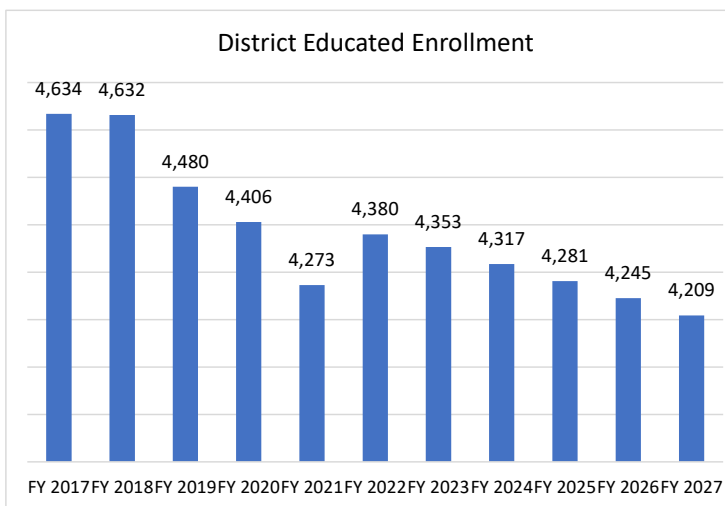
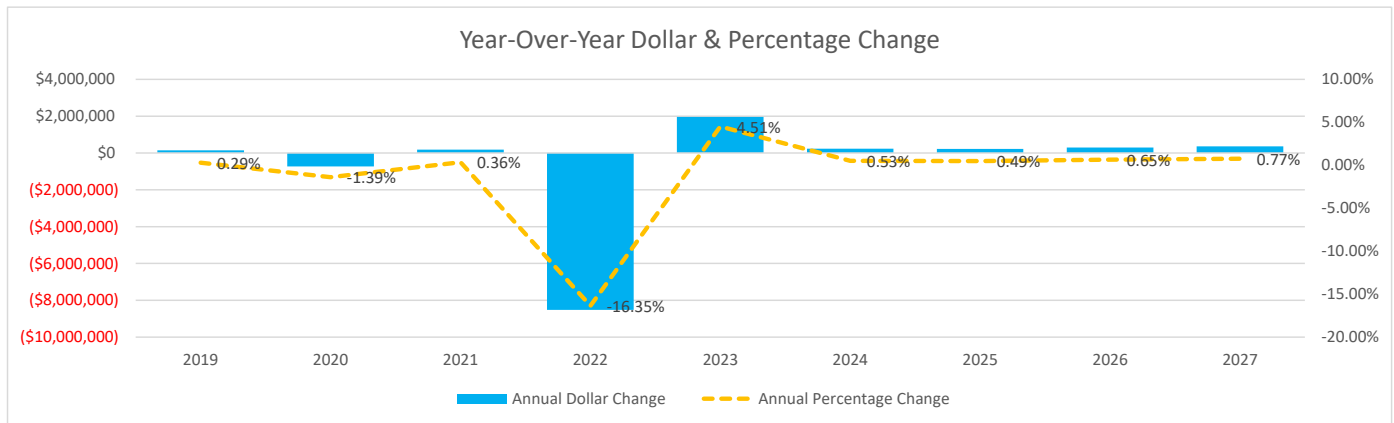
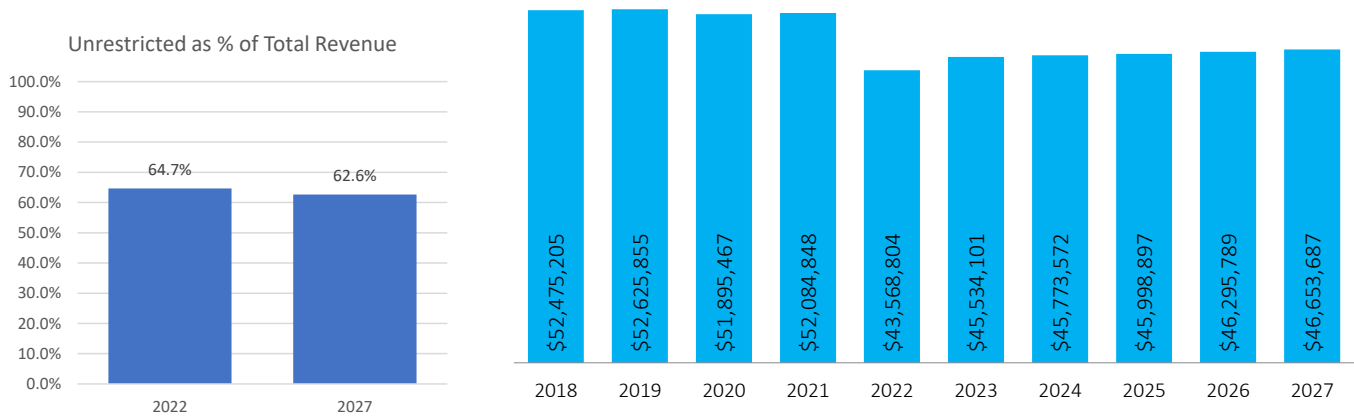


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



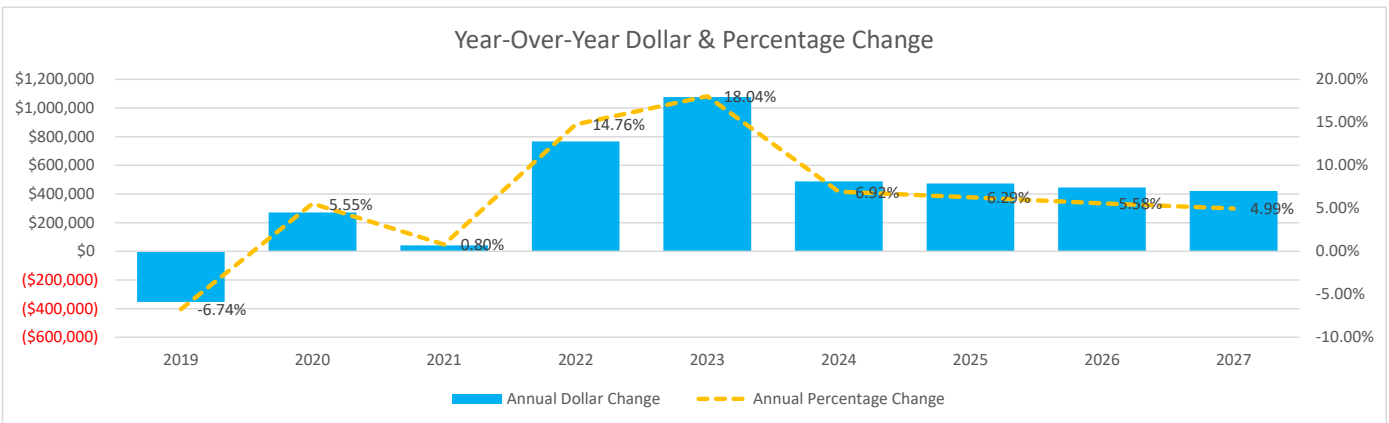
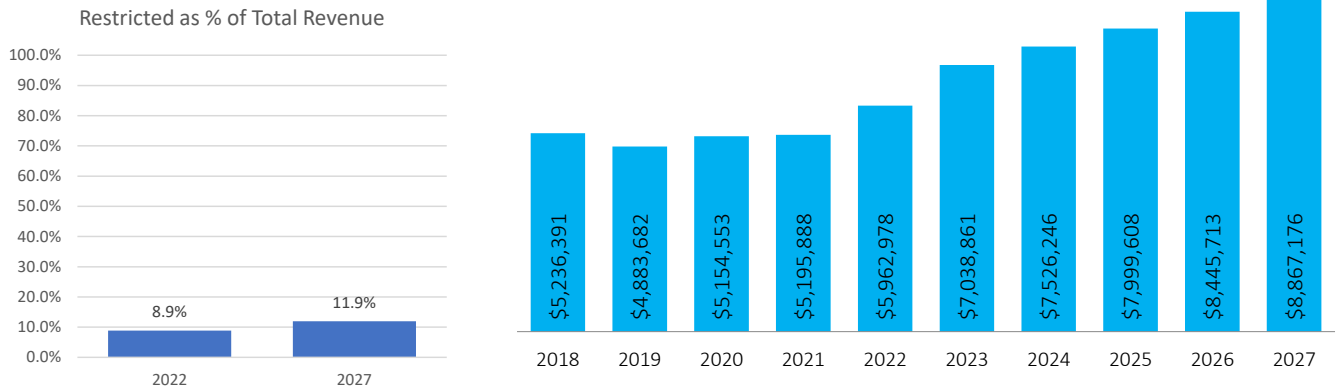
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Warren City School District the calculated Base Cost total is \$32,076,921 in FY 2023. The state's share of the calculated Base Cost total is \$27,120,756 or \$6,230 per pupil.

For reference: 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 \$11,861,783 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

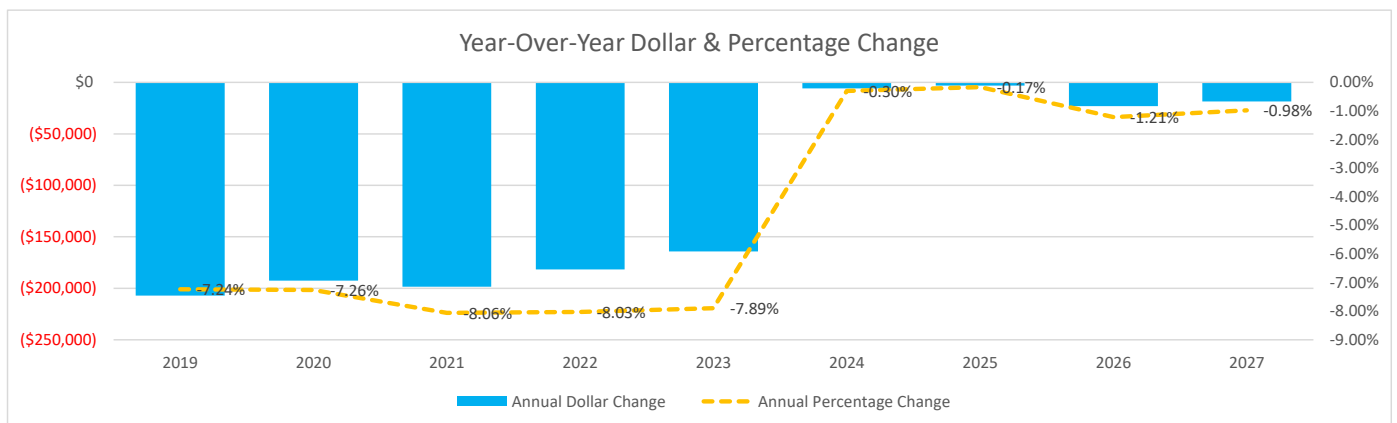
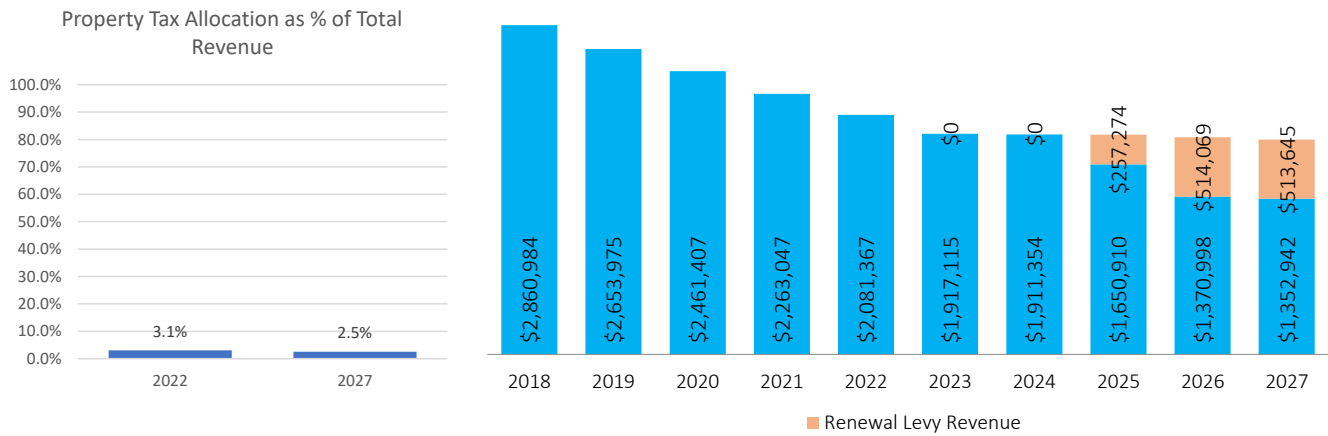
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$359,765 and is projected to change annually on average by \$580,840. Restricted funds represent 8.85% 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 \$1,207,984. 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.

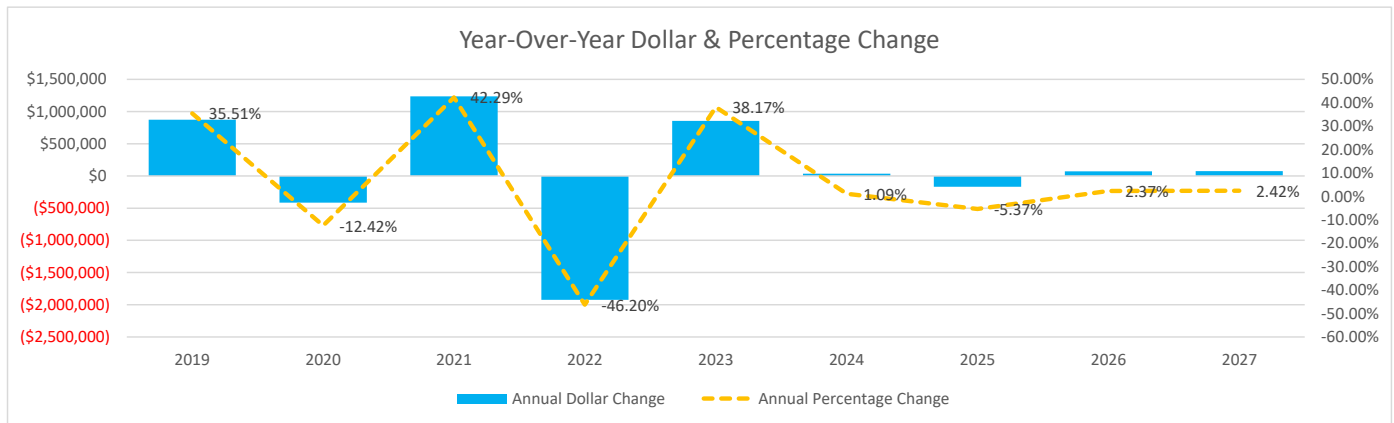
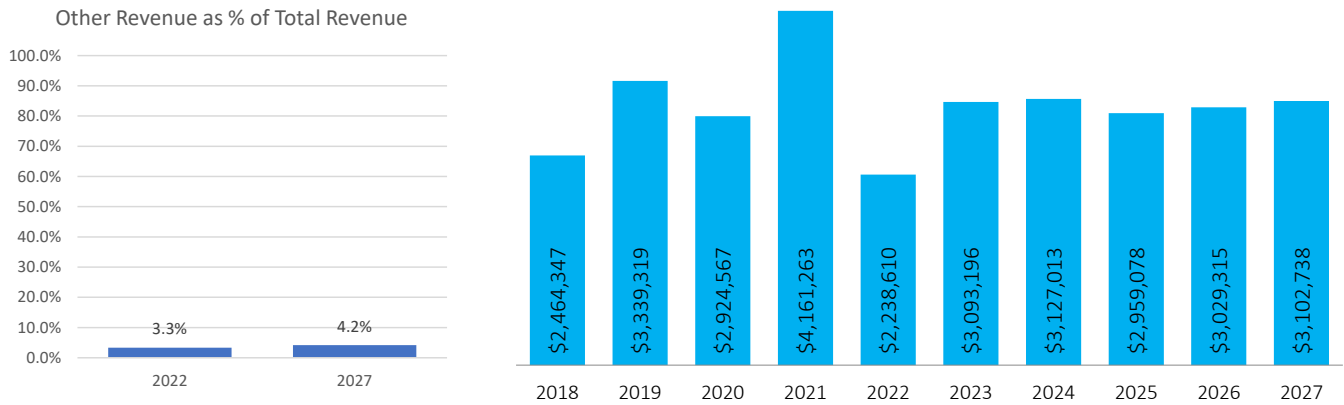


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 9.7% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

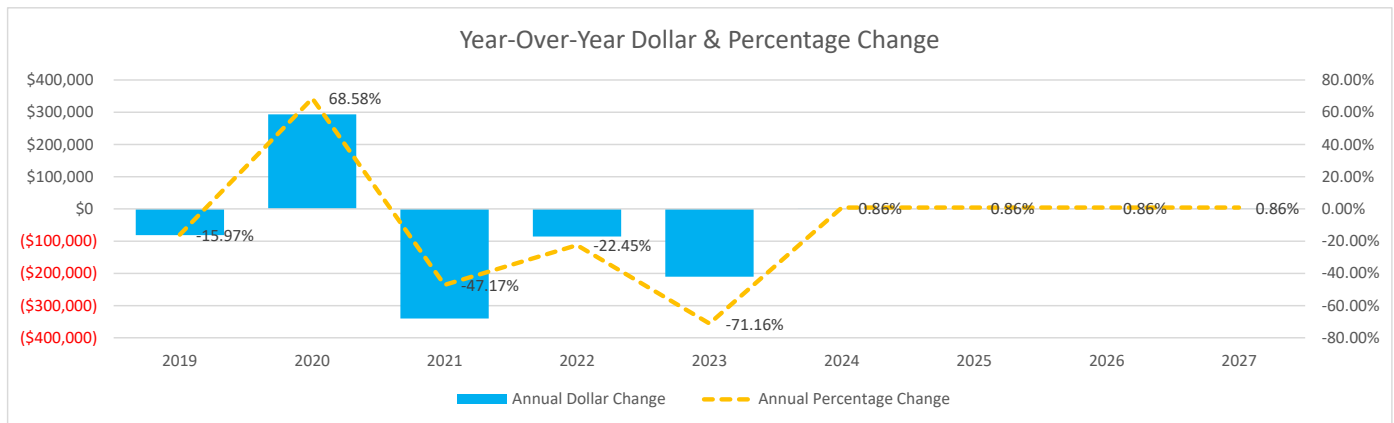
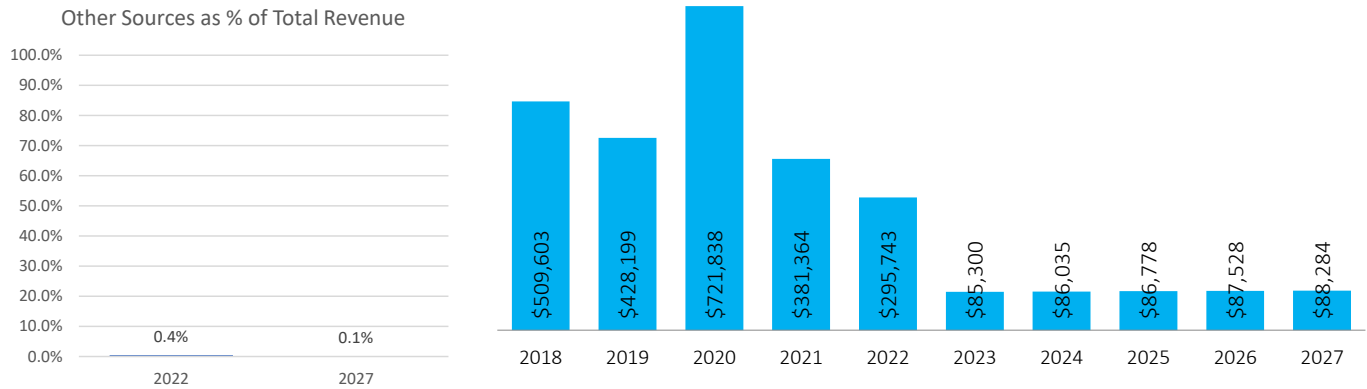
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$46,646. The projected average annual change is \$172,826 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 \$749,656 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.

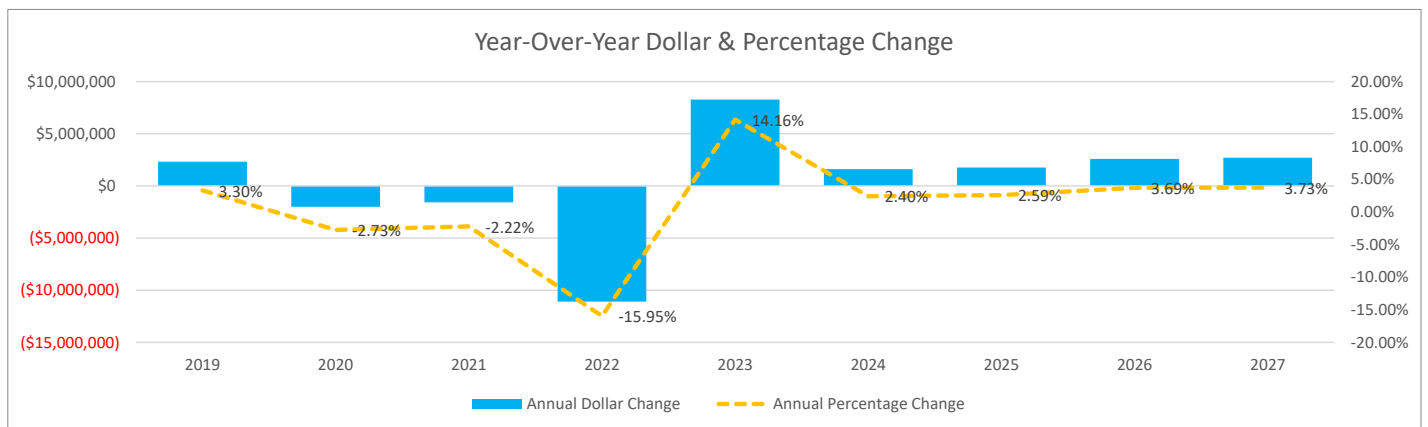
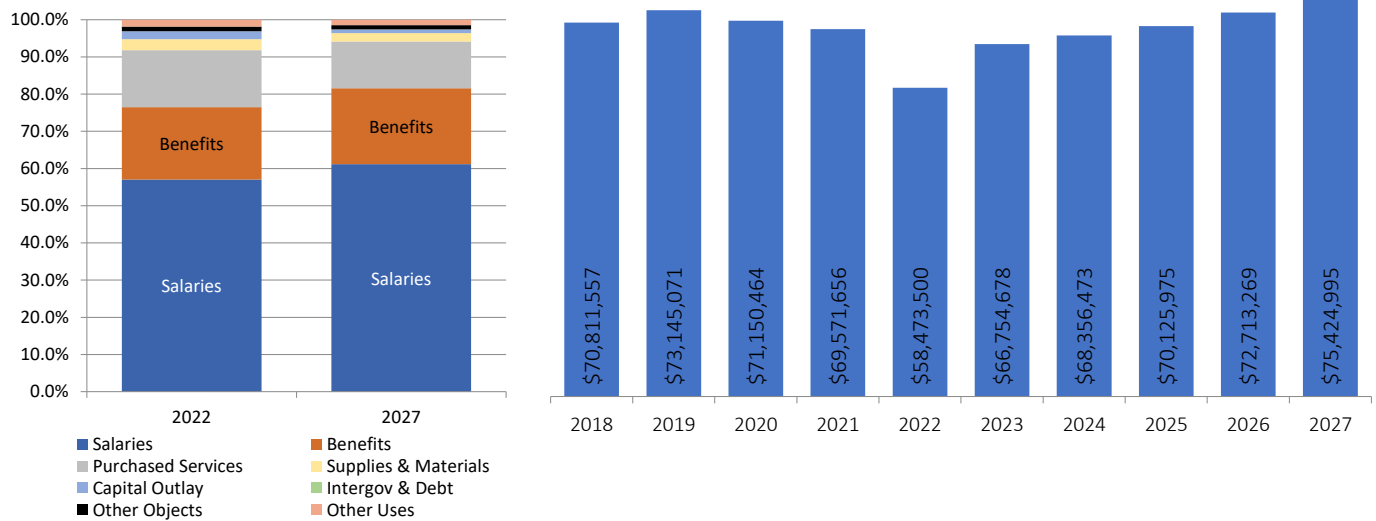


	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	295,743	85,300	86,035	86,778	87,528	88,284

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 \$85,300 in FY 2023 and average \$87,156 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



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

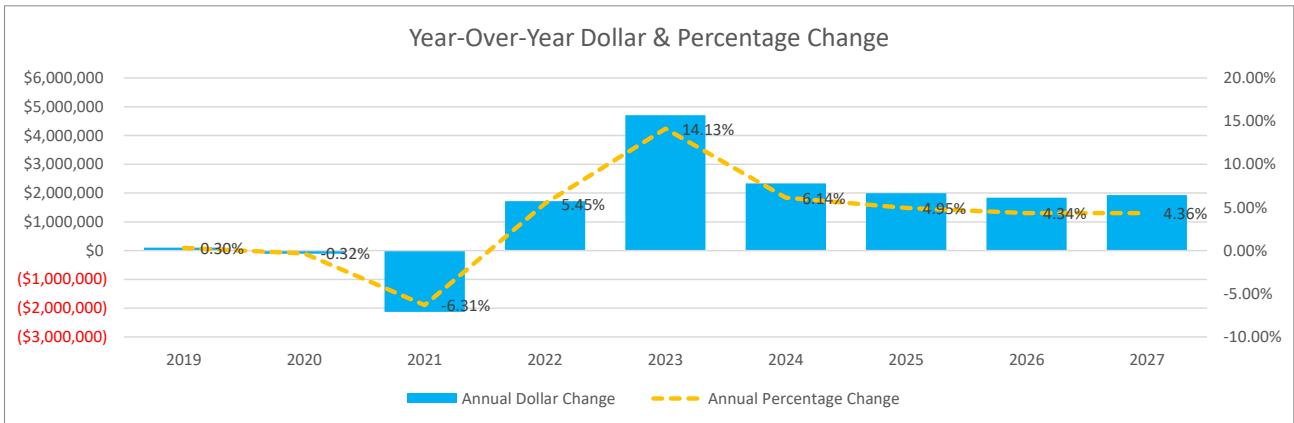
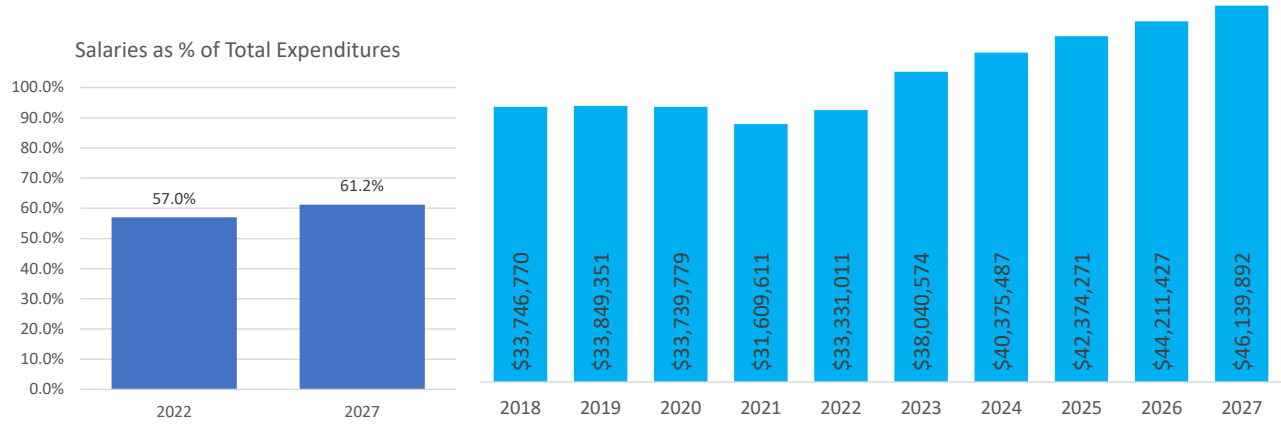
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures decreased -2.59% or -\$1,779,787 annually during the past 5-Year period and is projected to increase 5.80% or \$3,390,299 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$2,252,192.
Salaries	309,584	2,561,776	\$2,252,192	
Benefits	(\$282,376)	\$800,363	\$1,082,739	
Purchased Services	(\$2,147,271)	\$102,084	\$2,249,355	
Supplies & Materials	\$27,746	(\$2,755)	(\$30,500)	
Capital Outlay	\$90,441	(\$104,896)	(\$195,337)	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$18,800	\$31,462	\$12,662	
Other Uses	\$203,289	\$2,265	(\$201,025)	
Total Average Annual Change	(\$1,779,787)	\$3,390,299	\$5,170,086	
	-2.59%	5.80%	8.39%	

Note: Revenue average annual change is projected to be > \$1,423,114

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

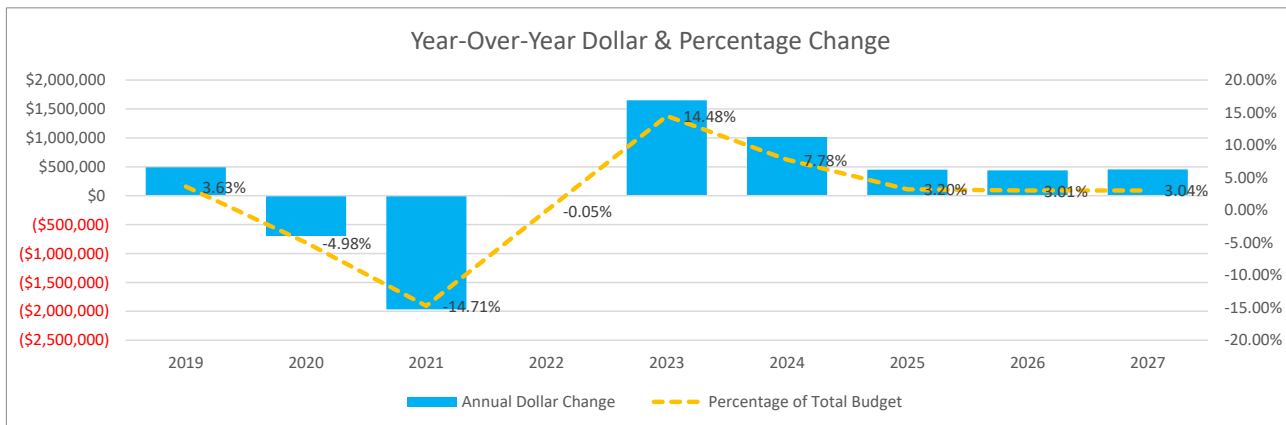
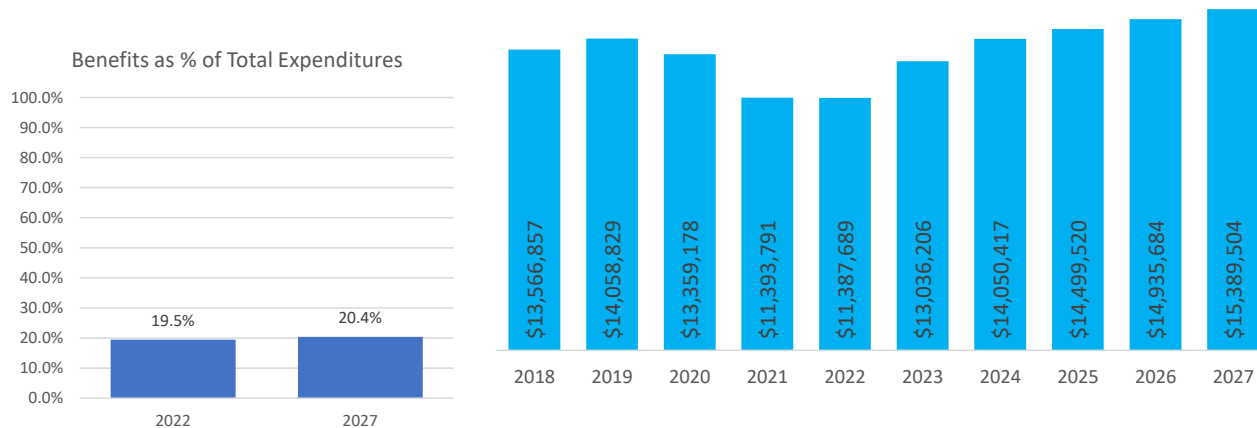
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 57.00% of total expenditures and increased at a historical average annual rate of 0.93% or \$309,584. This category of expenditure is projected to grow at an annual average rate of 6.07% or \$2,561,776 through FY 2027. The projected average annual rate of change is 5.14% more than the five year historical annual average.

3.020 - Employees' Benefits

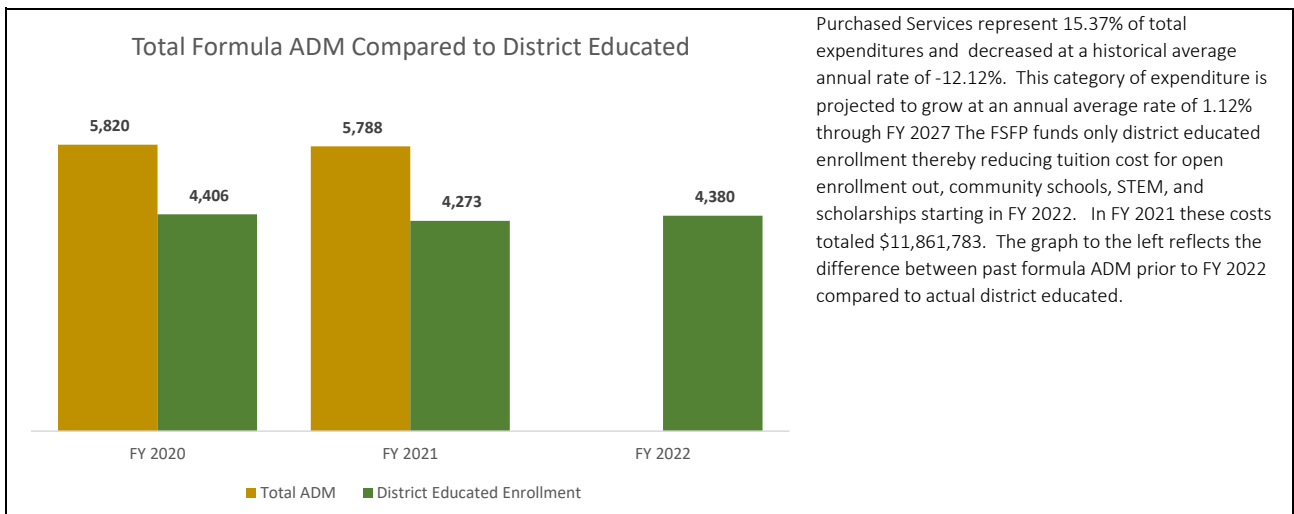
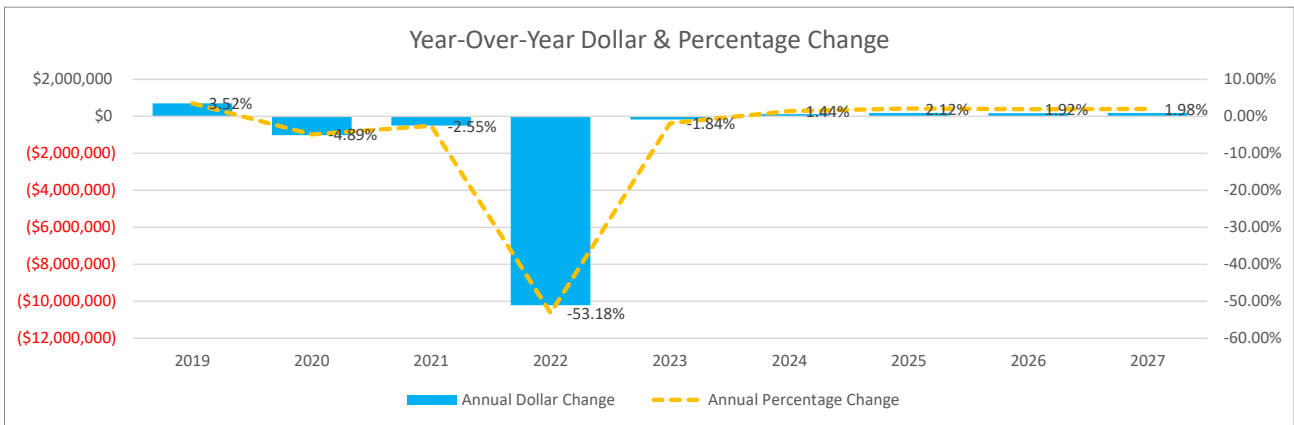
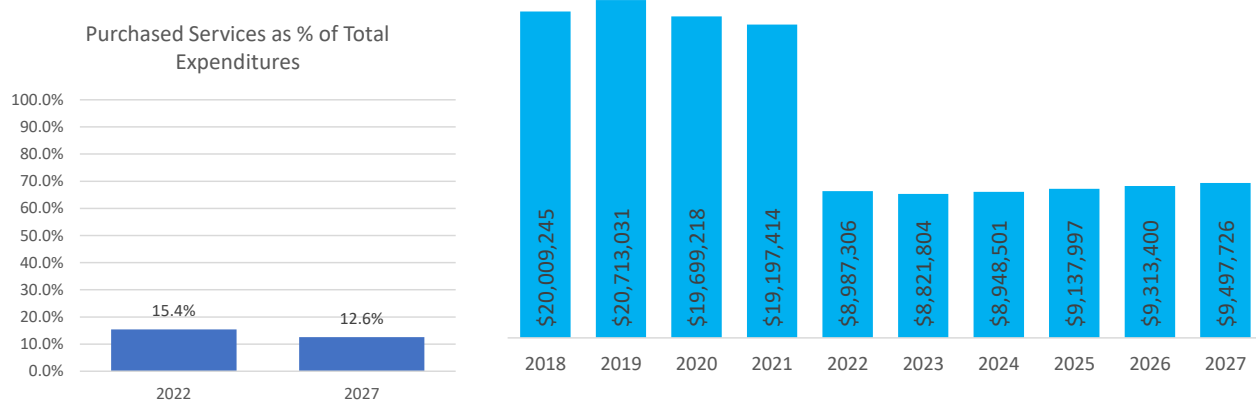
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.47% of total expenditures and decreased at a historical average annual rate of -2.21%. This category of expenditure is projected to grow at an annual average rate of 5.56% through FY 2027. The projected average annual rate of change is 7.78% more than the five year historical annual average.

3.030 - Purchased Services

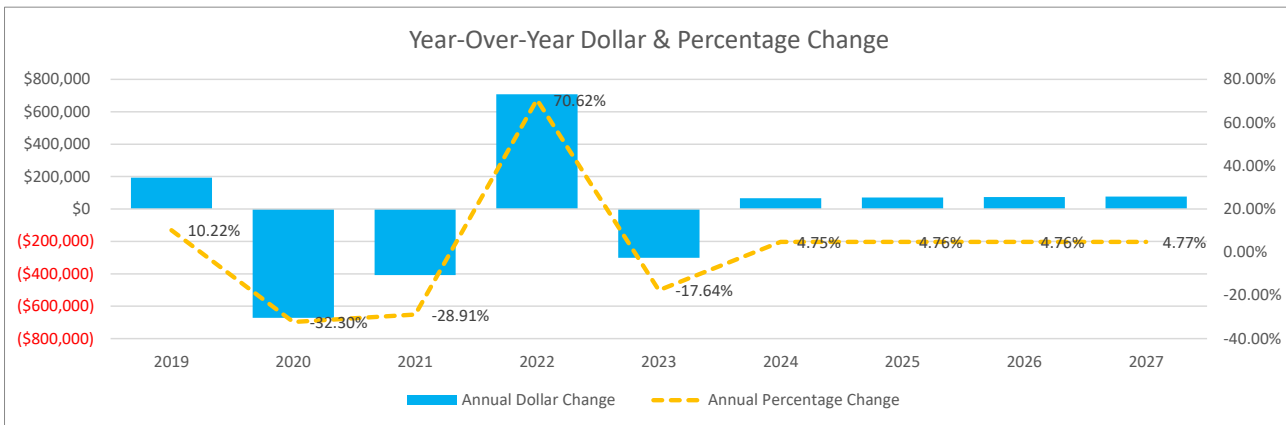
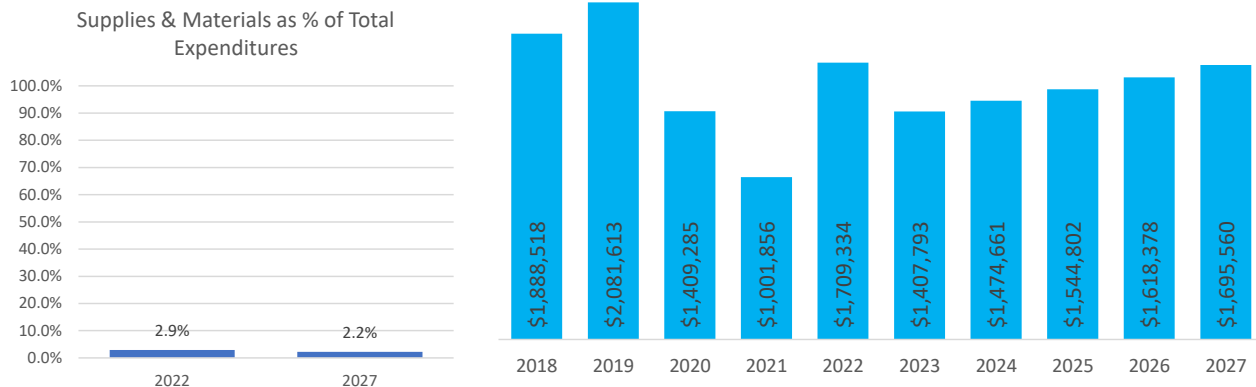
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 15.37% of total expenditures and decreased at a historical average annual rate of -12.12%. This category of expenditure is projected to grow at an annual average rate of 1.12% through FY 2027. The FSFP 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 \$11,861,783. The graph to the left reflects the difference between past formula ADM prior to FY 2022 compared to actual district educated.

3.040 - Supplies & Materials

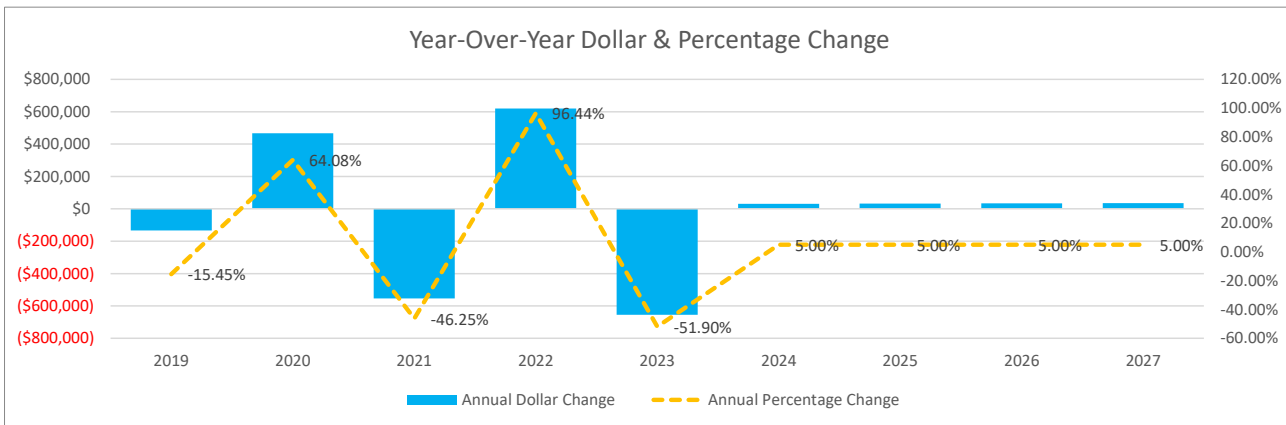
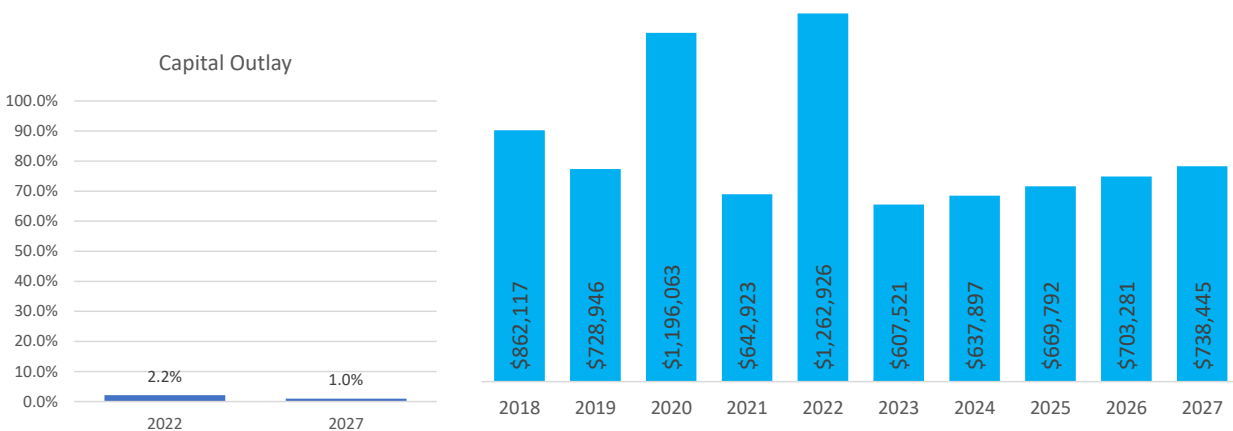
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.92% of total expenditures and increased at a historical average annual rate of 1.71%. This category of expenditure is projected to decrease at an annual average rate of -0.18% through FY 2027. The projected average annual rate of change is -1.89% less than the five year historical annual average.

3.050 - Capital Outlay

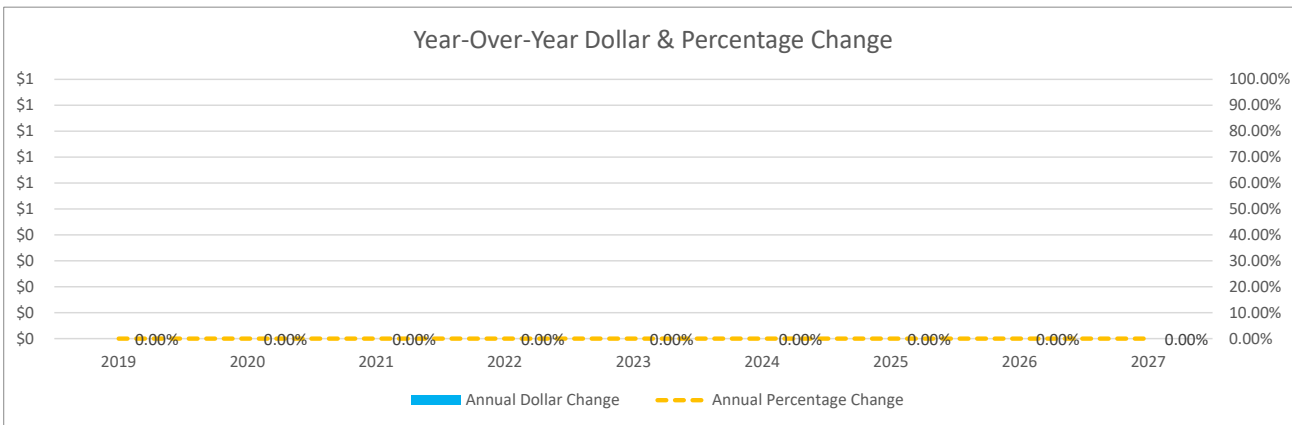
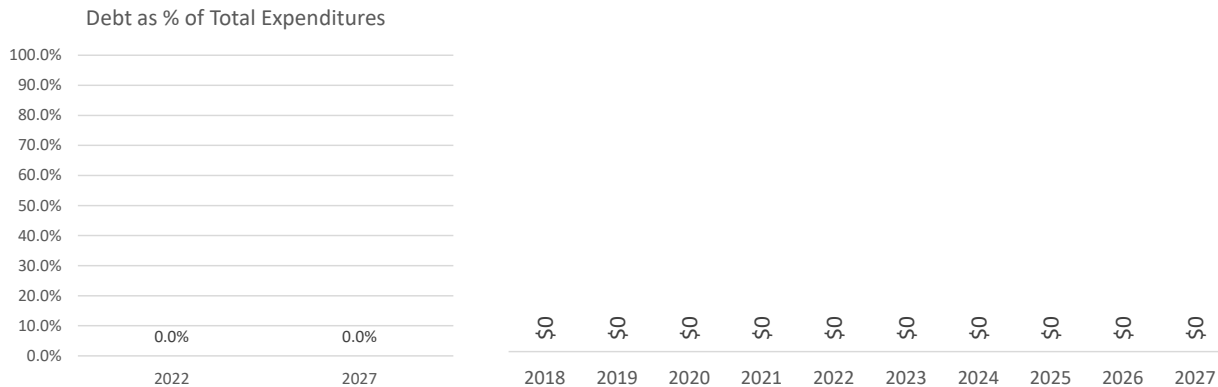
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 2.16% of total expenditures and increased at a historical average annual amount of \$90,441. This category of expenditure is projected to decrease at an annual average rate of -\$104,896 through FY 2027. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

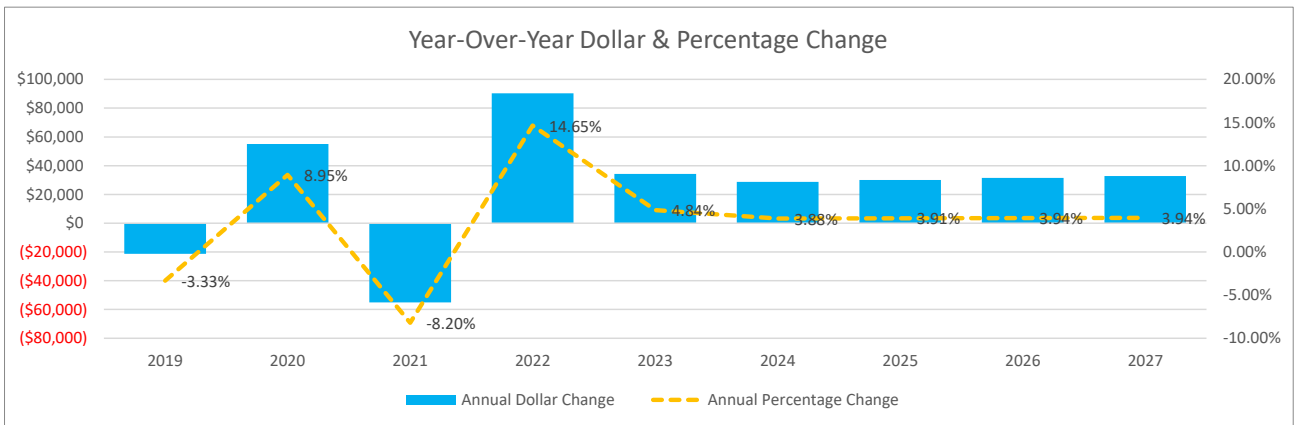
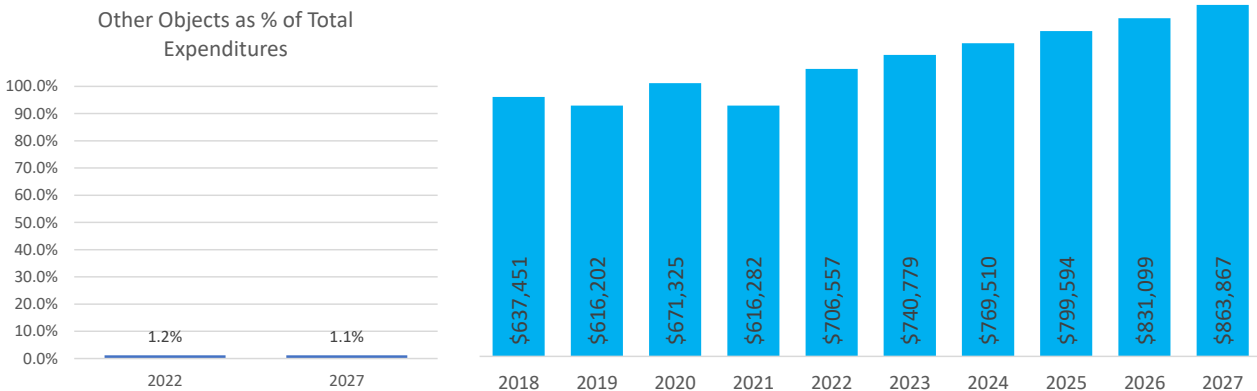
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

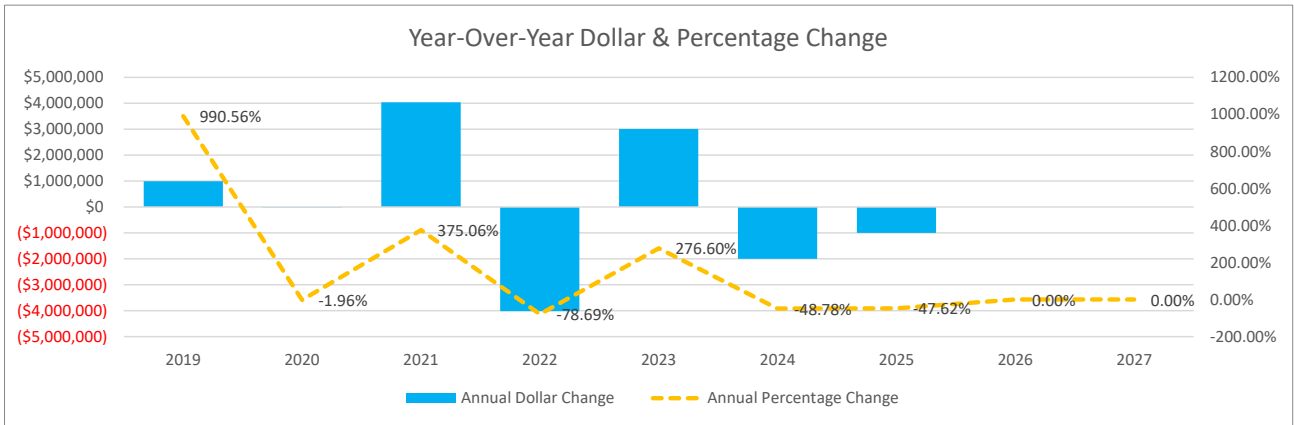
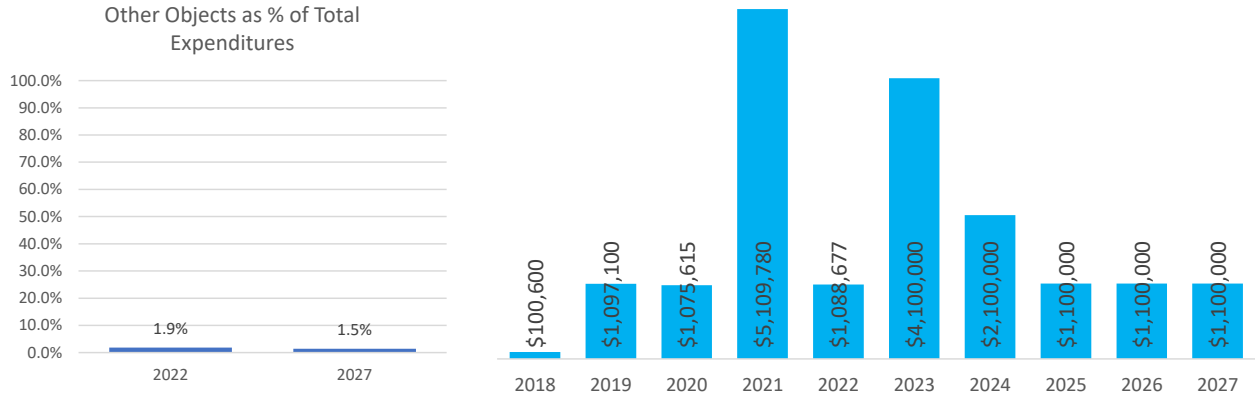
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.21% of total expenditures and increased at a historical average annual rate of 2.89%. This category of expenditure is projected to grow at an annual average rate of 3.93% through FY 2027. The projected average annual rate of change is 1.03% 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.



	2022	2023	2024	FORECASTED		
				2025	2026	2027
Transfers Out	1,088,677	4,100,000	2,100,000	1,100,000	1,100,000	1,100,000
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.

Warren City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	11,133,969	11,021,993	11,179,041	9,797,780	8,455,902	8,444,979
1.020 - Public Utility Personal Property	2,076,704	2,285,067	2,791,296	2,408,982	2,218,289	2,321,102
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	43,568,804	45,534,101	45,773,572	45,998,897	46,295,789	46,653,687
1.040 - Restricted Grants-in-Aid	5,962,978	7,038,861	7,526,246	7,999,608	8,445,713	8,867,176
1.050 - Property Tax Allocation	2,081,367	1,917,115	1,911,354	1,650,910	1,370,998	1,352,942
1.060 - All Other Operating Revenues	2,238,610	3,093,196	3,127,013	2,959,078	3,029,315	3,102,738
1.070 - Total Revenue	67,062,432	70,890,333	72,308,522	70,815,255	69,816,006	70,742,624
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	-	-	-	-	-	-
2.060 - All Other Financing Sources	295,743	85,300	86,035	86,778	87,528	88,284
2.070 - Total Other Financing Sources	295,743	85,300	86,035	86,778	87,528	88,284
2.080 - Total Rev & Other Sources	67,358,175	70,975,633	72,394,557	70,902,033	69,903,533	70,830,908
Expenditures:						
3.010 - Personnel Services	33,331,011	38,040,574	40,375,487	42,374,271	44,211,427	46,139,892
3.020 - Employee Benefits	11,387,689	13,036,206	14,050,417	14,499,520	14,935,684	15,389,504
3.030 - Purchased Services	8,987,306	8,821,804	8,948,501	9,137,997	9,313,400	9,497,726
3.040 - Supplies and Materials	1,709,334	1,407,793	1,474,661	1,544,802	1,618,378	1,695,560
3.050 - Capital Outlay	1,262,926	607,521	637,897	669,792	703,281	738,445
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	706,557	740,779	769,510	799,594	831,099	863,867
4.500 - Total Expenditures	57,384,823	62,654,678	66,256,473	69,025,975	71,613,269	74,324,995
Other Financing Uses						
5.010 - Operating Transfers-Out	1,088,677	4,100,000	2,100,000	1,100,000	1,100,000	1,100,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,088,677	4,100,000	2,100,000	1,100,000	1,100,000	1,100,000
5.050 - Total Exp and Other Financing Uses	58,473,500	66,754,678	68,356,473	70,125,975	72,713,269	75,424,995
6.010 - Excess of Rev Over/(Under) Exp	8,884,675	4,220,955	4,038,084	776,058	(2,809,735)	(4,594,087)
7.010 - Cash Balance July 1 (No Levies)	50,038,884	58,923,559	63,144,514	67,182,598	67,958,656	65,148,920
7.020 - Cash Balance June 30 (No Levies)	58,923,559	63,144,514	67,182,598	67,958,656	65,148,920	60,554,833
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	58,923,559	63,144,514	67,182,598	67,958,656	65,148,920	60,554,833
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	1,820,305	3,641,329	3,642,837
11.030 - Cumulative Balance of Levies	-	-	-	1,820,305	5,461,634	9,104,471
12.010 - Fund Bal June 30 for Cert of Obligations	58,923,559	63,144,514	67,182,598	69,778,961	70,610,554	69,659,304
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	58,923,559	63,144,514	67,182,598	69,778,961	70,610,554	69,659,304

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:

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