

Galion City School District Crawford County Ohio



General Fund

Five Year Forecast

July 1, 2023 Through June 30, 2028

November 21, 2023

Presented By Charlene Parkinson, Treasurer

O.R.C. and O.A.C. Requirements

- O.R.C. 5705.391 and O.A.C. 3301-92-04
 - Require a Board of Education to submit a five-year projection of operational revenues and expenditures along with assumptions to the Ohio Department of Education prior to November 30th and an update by May 31st of each fiscal year.
 - Required funds to be included in the five-year forecast are:
 - General Funds (001)
 - Any special cost center associated with general fund money
 - Emergency levy funds (016)
 - Any debt service (002) activity that would otherwise have gone to the general fund.

Purposes and Objectives of the Forecast

- To engage the Board of Education and the community in long range planning and discussions of financial issues facing the school district.
- 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".
- To provide a method for the Ohio Department of Education and Auditor of State to identify school districts with potential financial problems.

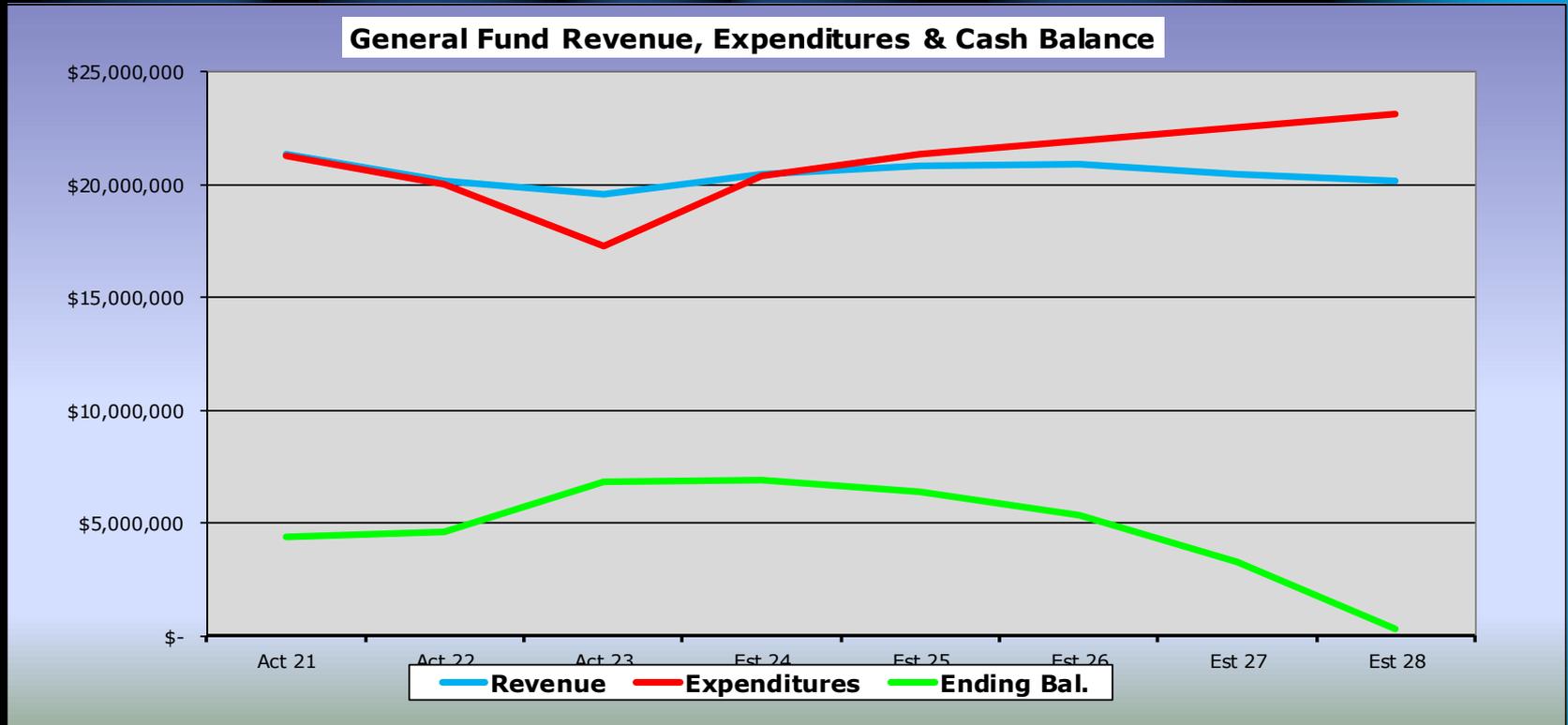
Before we get to the numbers...

- A financial forecast is somewhat like a painting of the future based upon a snapshot of today.
- The five-year forecast is viewed as a key management tool and should be updated periodically.
- In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, one must review and consider the Notes and Assumptions before drawing conclusions or using the data as a basis for other calculations.
- The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise.
- This helps district management to be proactive in meeting those challenges.

Forecast Overview

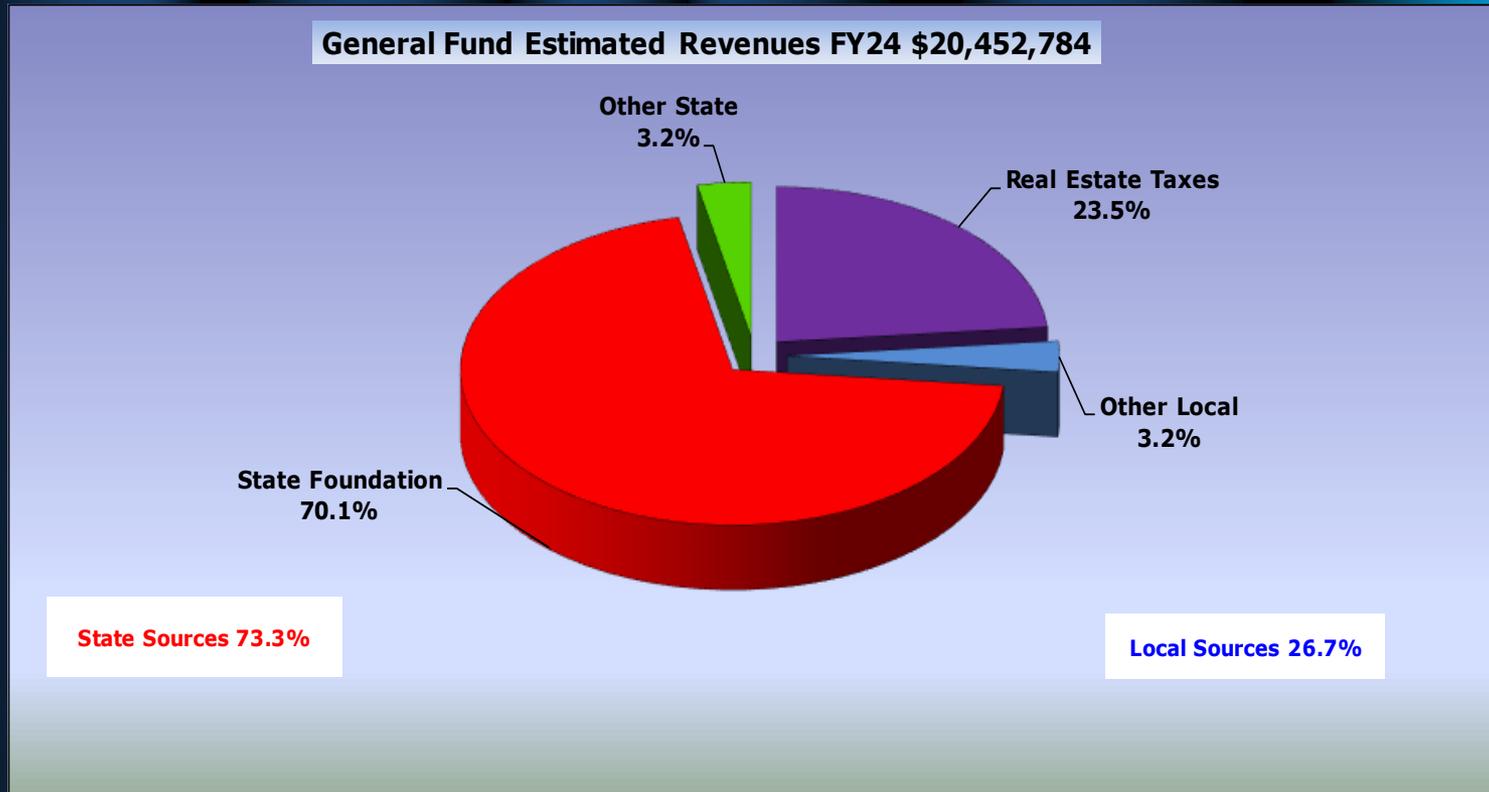
- Positive Cash Balance Projected through FY28.
- 73.3% of our revenue is from the State in FY24.
- Long term it will be vital to renew the 7.73 mill operating levy which expires December 2026.
- Property tax collections holding at 95%.
- Using ESSER Funds to stretch General Fund resources.
- Total revenue is estimated to grow by 2.36% annually over the next 5 years while expenses are estimated to grow by 7.34% a year.

Revenue Vs. Expenditure



- Spending more than bringing in beginning in FY24.
- We are working to have expenses match revenues.
- FY22 valley and spikes is due to HB110 new state funding.
- Dip in FY23 due to using ESSER funds to help General Fund.

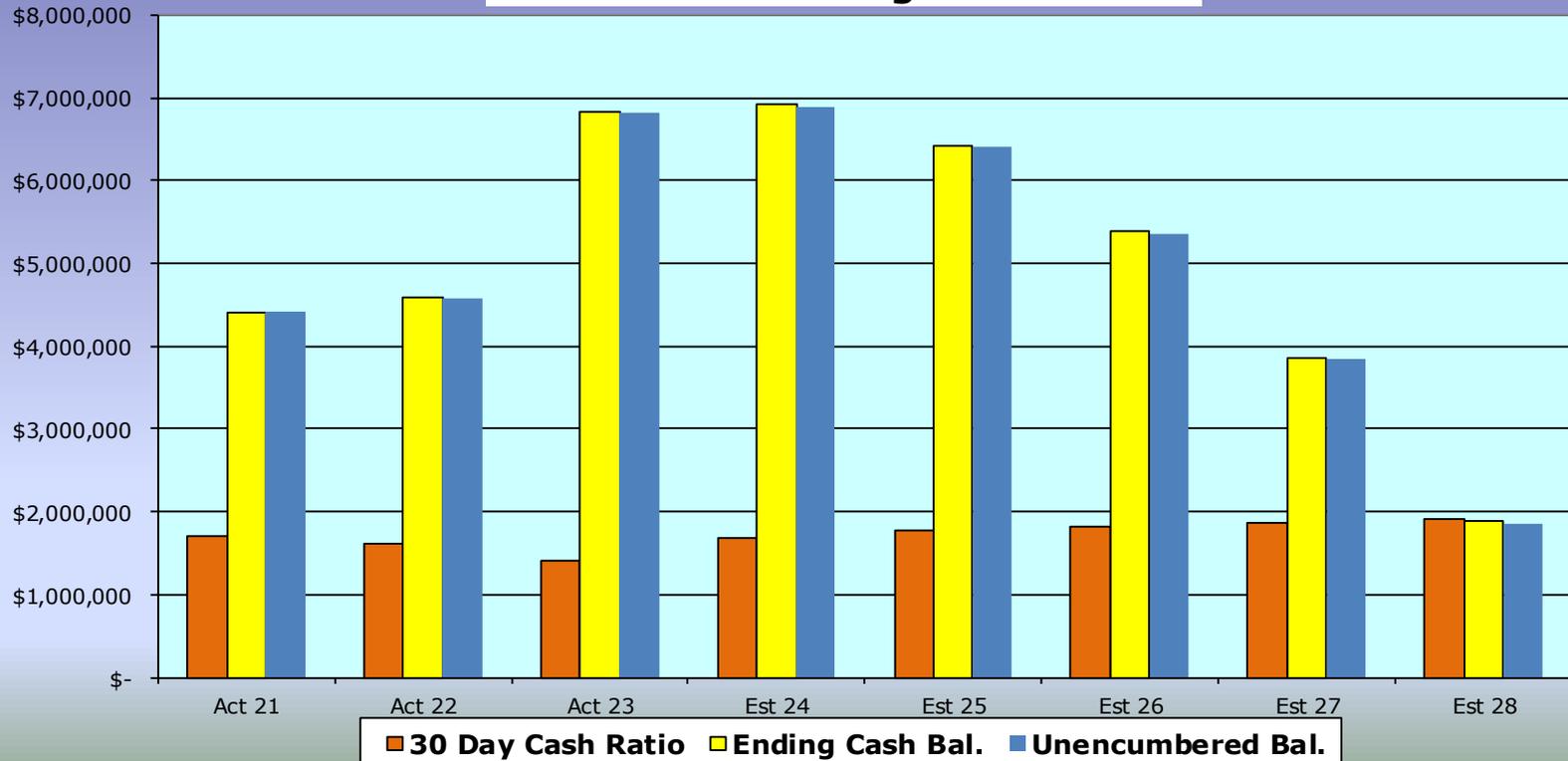
Est. General Fund Revenue Sources FY24



- State of Ohio contributes 73.3% in FY24.

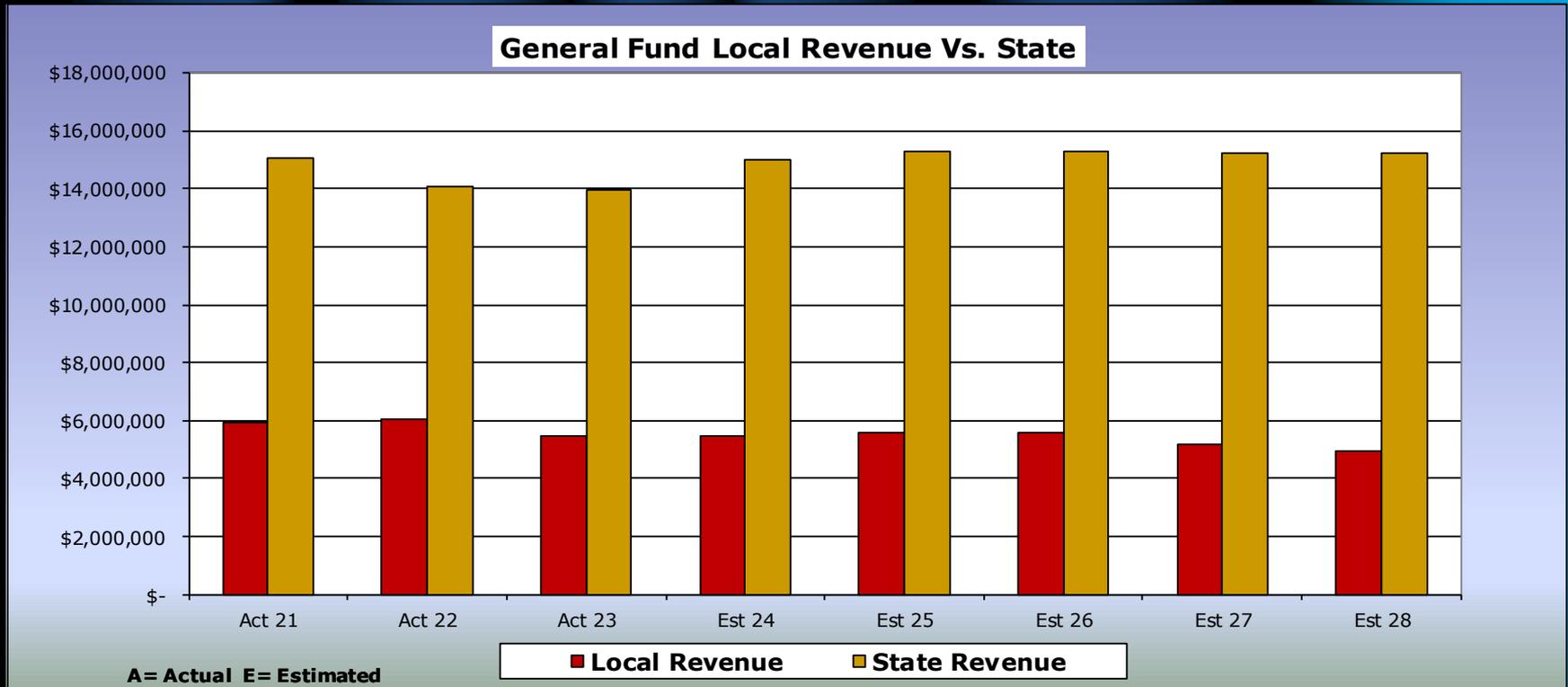
Ending Cash Balance

General Fund Ending Cash Balance



- 30 - 60 Day Cash Balance a responsible target to end year.
- No less than \$-0- required by Ohio law.

Local vs. State Funding



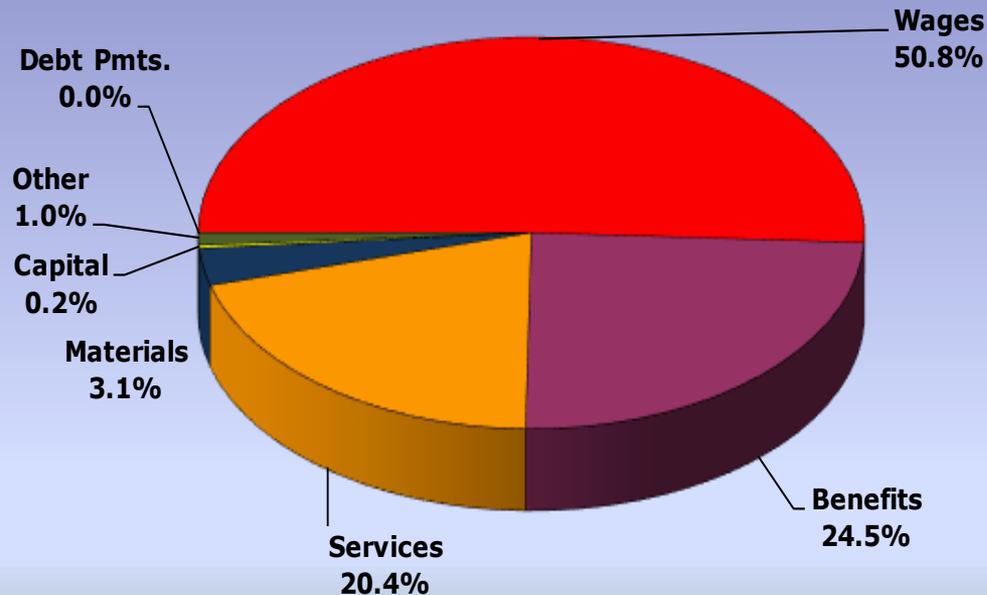
- HB33 establishes minimum funding to FY21 levels when considering direct payments.

Challenges To Operating Revenue

- HB33 the Fair School Funding Plan continues to fund students where educated.
- HB33 increased funding for FY24 & FY25.
- HB33 continues the state paying costs for direct payments for OE, Community & STEM schools and scholarships.
- HB33 increased funding across the state and we are now on the formula for FY24 & FY25.
- Total revenue is estimated to grow by less than 2.36% annually over the next 5 years while expenses are estimated to grow by 7.34% a year.
- Watch HB187/SB153 closely as this could alter our reappraisal numbers in the future.

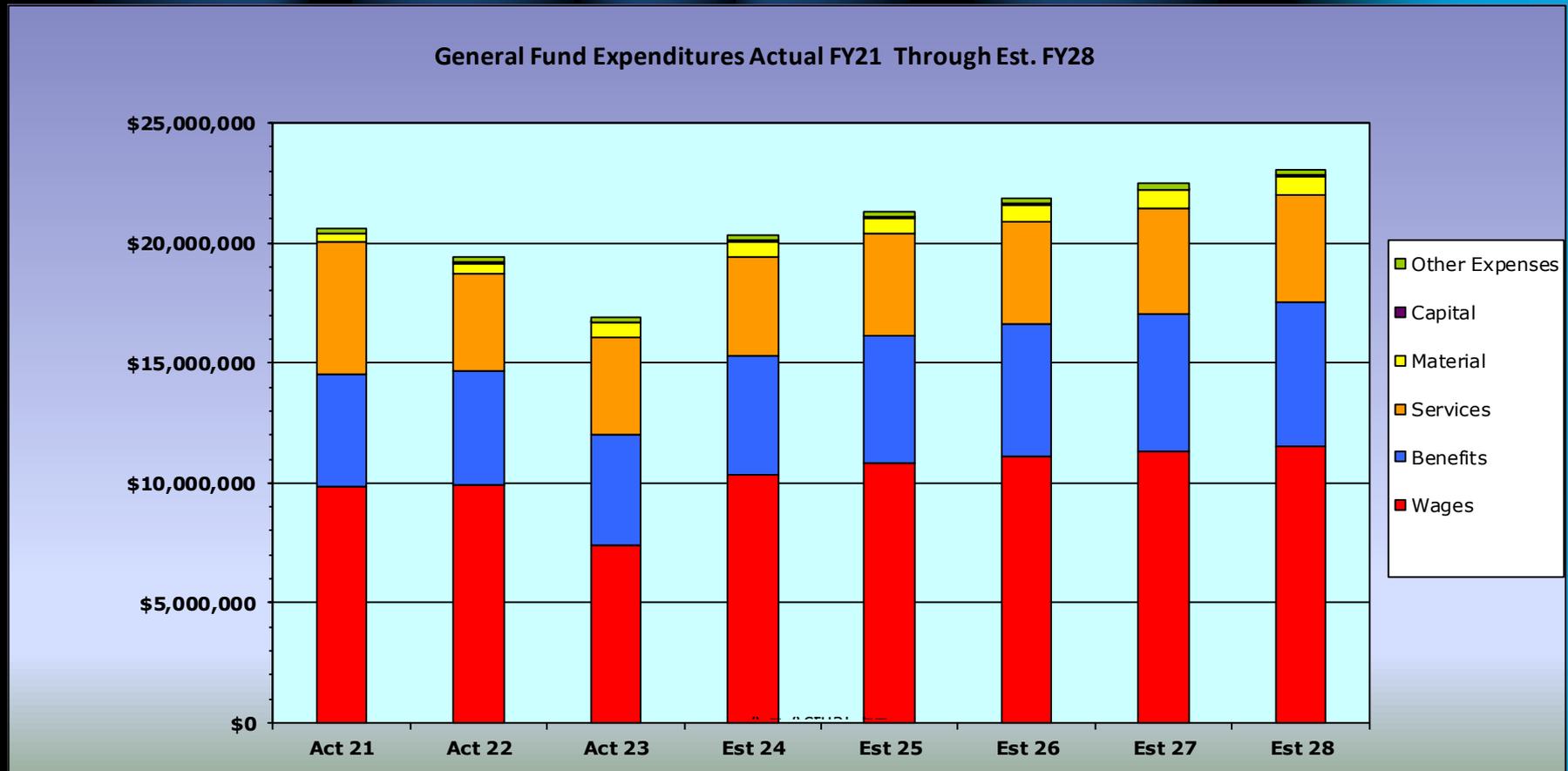
Est. General Fund Expenditures FY24

General Fund Operating Expenditures Estimated FY24 \$20,321,198



- Wages and benefits Est. 75.3% which is in the normal range for schools.
- Fringe Benefits is the 2nd highest cost.

General Fund Expenditures By Object FY21 through Est. FY28



- Costs continue to rise faster than inflation...note that benefits continue growing the fastest.
- Dip in FY23 due to using ESSER funds to help General Fund.

What Now

- Renewing our levy will be critical when it expires in 2026 but does not provide new revenue.
- 73.3% of our revenues controlled by the state budget process.
- Future funding is uncertain still for FY26-28 as Fair School Funding Plan not funded beyond FY25.
- ESSER Funds are being used to help reduce General Fund costs in FY22-24...but these funds are gone now.
- Continue to monitor costs closely noting that other costs like bus fuel, utilities and proposals like College Credit Plus, excess costs and tuition are expected to increase our costs going forward at higher inflationary levels.
- Expenses need to match revenues to remain viable long term.

Thank You for Listening

Questions and Answers

