

Centerville City Schools  
Forecast Assumptions – May 2022

## **FORECAST REVISION – MAY 2022**

The financial forecast revisions for May include the following items:

- Updated to actual property tax collections.
- State funding adjustments to reflect the implementation of the Fair School Funding Plan.
- Slight expenditure adjustments for department budgets starting in FY2023.

All other assumptions (as noted below from November 2021) are still included with this forecast revision. The district is currently working through its budgeting process and will finalize a budget for FY2023 over the summer. This process will be the basis for the next forecasting period.

## **INTRODUCTION – FORECAST SUMMARY**

This financial forecast and significant assumptions are required by Ohio Revised Code Section 5705.391 to provide a method for the Ohio Department of Education and the Ohio Auditor of State to identify school districts that may be facing financial difficulty over the next five years. The format was designed by those agencies; however, the accuracy and reasonableness of the forecast and assumptions rest with the district administration and Board of Education. The projections in this forecast include the information known to the district at this time. While this document provides the reader with assumptions, it is recommended that interested parties contact the Treasurer's office for information on changes and assumptions. Laura Sauber can be contacted at [laura.sauber@centerville.k12.oh.us](mailto:laura.sauber@centerville.k12.oh.us) or 937-433-8841, extension 2023.

The Centerville City School District serves nearly 8,300 students in a 31 square mile area in the southeastern part of Montgomery County encompassing the City of Centerville and Washington Township. Today, the District operates twelve school buildings: 2 primary schools serving grades K-1; 6 elementary schools serving grades 2-5; 3 middle schools serving grades 6-8; and, 1 comprehensive high school serving grades 9-12. The District also operates a preschool within the primary buildings, and an alternative high school at a separate location.

## **COVID-19 PANDEMIC**

Like all businesses and schools, Centerville City Schools is feeling the impact of the COVID-19 pandemic that the nation and world have been facing this spring 2020. The district is prepared with alternative education plans that looks different than education from the past, including online and blended approaches to learning, personal protective equipment, and social distancing. The district has been able to respond to and prepare for the pandemic with various sources of federal funding.

## **REVENUE**

1.010 General Property Tax (Real Estate) – General property tax revenue is money that is collected from taxes assessed on property within the district. The district passed its most recent levy, a 6.9 mill

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continuing levy (5.9 mills for operations in the general fund and 1.0 mill for permanent improvements throughout the district), in November 2019. This forecast assumes renewal of a \$9,550,000 emergency levy that is set to expire on December 31, 2023. Other growth in the projected revenues is from the construction of new property in the district. Montgomery County went through a tax reappraisal in tax year 2020 and Centerville received a 14% increase in residential values. The next update will occur in 2023 (collection in calendar 2024).

1.020 Tangible Personal Property Tax – Tangible Personal Property tax revenue is limited to the Public Utility Personal Property values.

1.035 Unrestricted Grants-in-Aid (State Foundation Funding) – State funding can have significant changes from biennial budget to biennial budget. The State of Ohio approves a budget every two years. A new budget was approved in July 2021 that will cover FY 2022 and FY 2023. As of the date of this forecast, it is unclear how much state funding the district will receive. The new Fair School Funding Plan will be funding students where they are educated, which is a major change from prior funding models. State revenue and student expenses will both reduce with this concept. Future forecast submissions will reflect these changes when more information is available.

1.040 Restricted Grants-in-Aid – This revenue is restricted funding, primarily for Economically Disadvantage and Career Technology programs.

1.050 Property Tax Allocation (Rollback and Homestead Reimbursement) – The rollback and homestead reimbursements are tax credits by the State of Ohio granted to owners of real estate property. A 10% reduction in the property taxes paid by the owner is paid by the state to the school district. If the property owner occupies the property, then an additional 2.5% reduction in the property taxes is given to the property owner and is paid by the state to the school district. Rollback and homestead credits only apply to levies approved prior to November 2013.

1.060 All Other Revenues – Other local revenues include investment earnings, transportation fees, pay-to-participate fees, tuition and tuition for special education students. These revenue items can greatly fluctuate from year-to-year.

2.080 Total Revenues and Other Financing Sources – The revenue projections are based on the best information available at this time. It should be noted that while necessary for effective management, there is a great deal of volatility in forecasting five years of revenue in a state that budgets two years at a time. Variations to the forecast are expected. The district is closely monitoring changes in revenue to adjust as quickly as possible to a changing economy.

## **EXPENDITURES**

3.010 Personal Services – This line accounts for all salaries for the General Fund. The current agreement with the Centerville Classroom Teachers' Association is factored into this forecast. The district has applied these parameters to all other district employees. The agreement with the CCTA expires June 30, 2024. All future projections allow for steps and longevity and no increase to base salaries.

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Approximately 30 licensed positions were eliminated at the beginning of FY 2021. Staffing levels are expected to remain constant at today's levels moving forward.

3.020 Employees' Retirement/Insurance Benefits – This line accounts for the fringe benefits (board paid contributions to employee retirement systems, medical, dental and life insurance premiums, Medicare, and workers compensation) of the entire staff. Retirement cost and Medicare increases are in direct, positive correlation to salary and wage changes. The district maintains its own health insurance through a self-insurance fund. The health insurance market has been volatile in the last couple of years, requiring a 20% increase in 2019, a 7% increase in 2020, and a 5% increase in 2021. A 2% increase has been approved for 2022 and projected rates in this forecast are 5% - 7% per year.

3.030 Purchased Services – The main budget items in this area include all utilities (gas, electric, water, sewer, garbage), equipment repairs, liability, property and fleet insurance, postage, college credit plus tuition, special education tuition, services provided by the Montgomery County Educational Service Center, and other tuition and contracted services. These budget items are generally considered the fixed cost items to operating the district.

3.040 Supplies – The amount spent on supplies, materials and textbooks can vary significantly each year. The curriculum and subsequent textbook purchase cycle primarily account for this variation. In addition, timing may also play a significant role in cost reporting depending upon when the textbooks are ordered, delivered, and when the bill is paid.

3.050 Capital Outlay – Capital outlay includes all new and replacement equipment for the district. Capital outlay can vary significantly each fiscal year depending upon need, funding, timing, and the permanent improvement fund. The district expects minimal capital outlay from the general fund as a result of the permanent improvement fund for every year of the forecast.

4.300 Other Objects – The main budget items in this area include Montgomery County Auditor and Treasurer fees for collecting our local property taxes and distributing them to our district, election expenses, bank charges, and the annual financial audit. It is assumed that the County Auditor will continue to collect fees at an increased level as the district has experienced in the past few years.

## **CASH POSITION**

6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses – This data point on the forecast is the one used by administration and the Board of Education to plan from year-to-year and to look at the timing of future levies or budget reductions. If the number is positive, then the district received more revenue than it spent for the year. If the number is close to zero, the budget is a balanced budget for the year. If this number is negative, then the district is spending more than it receives in revenue for that respective year.

10.010 Fund Balance June 30 for Certification of Appropriations – The balance on this line (and all lines after this), are the indicators that the Ohio Department of Education and the Auditor of State use to identify the fiscal health of a district. In the event that balances do not meet the requirements by these

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agencies, the district will implement a plan to offset any projected shortfall. This contingency plan may include proposed additional tax levy requests and/or necessary budget reductions.

**CONCLUSION**

Finally, the information presented on this financial forecast is representative of what is known and available at this time. Changes will inevitably occur throughout the five year period that this document covers. While funding challenges lie ahead for the district, we are in a position today to make informed choices that will continue the tradition of excellence (including high academic results and sound fiscal management) for all of our students.