

Twinsburg City School District

Summit County, Ohio



Five-Year Forecast Review
July 1, 2023 Through June 30, 2028

May 15, 2024

Presented By:
Julia Rozsnyai, Treasurer CFO

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 include:**
 - 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 Ohio 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.

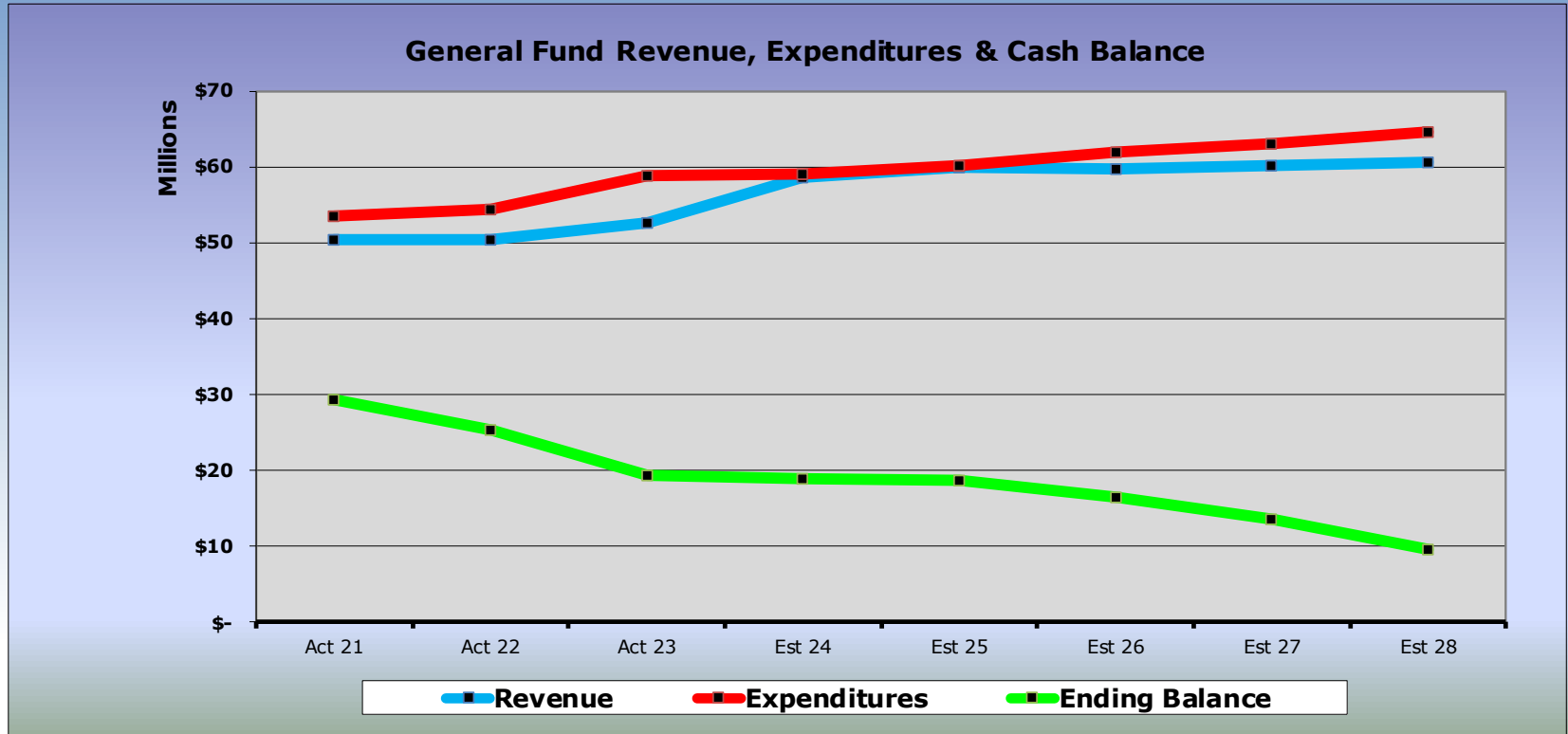


Key Line Items

- The five-year forecast is divided into two sections: 1) Revenue; and 2) Expenditures.
- A district's revenue is made up of two main sources: 1) Local; and 2) State funding.
- The expenditures mostly consist of salary and wages, benefits, purchased services, and supplies and materials.

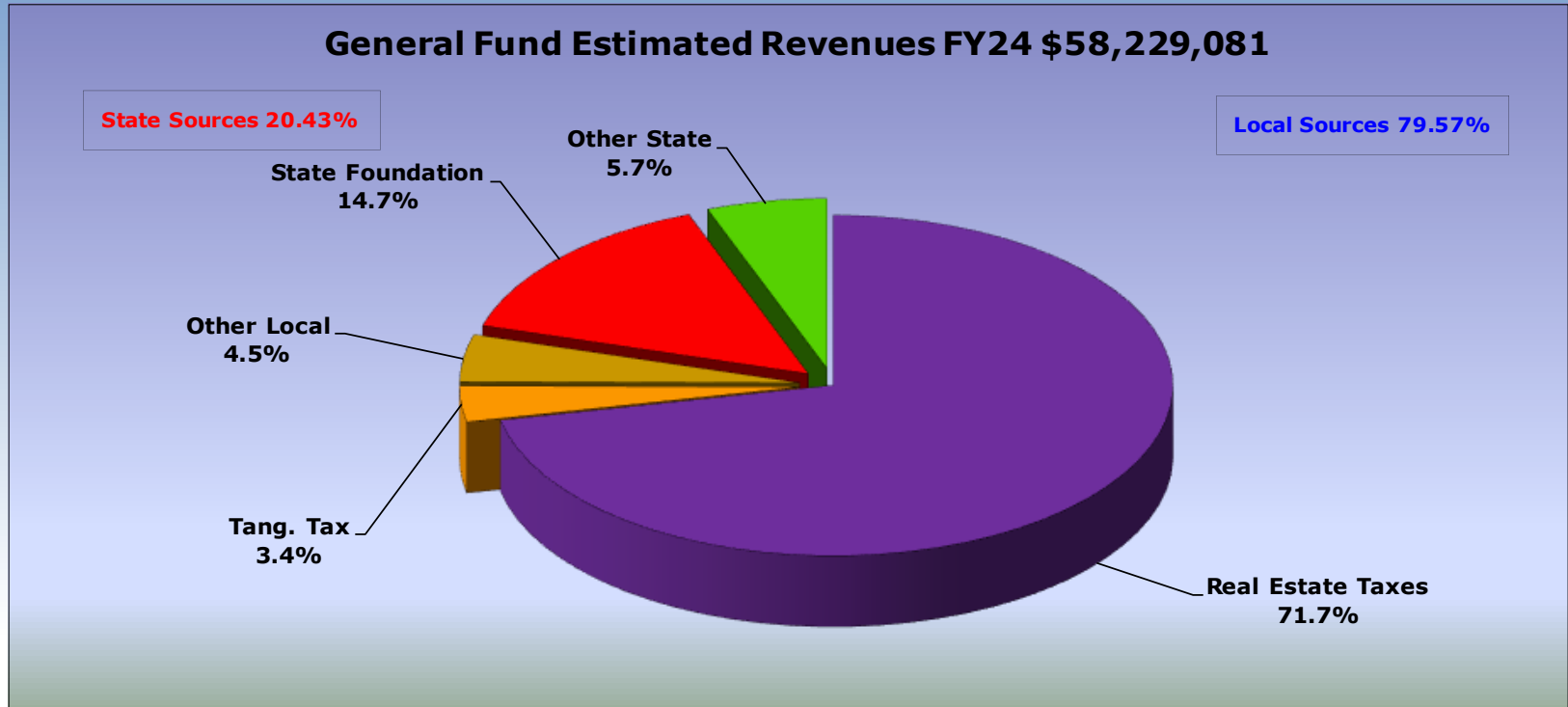


Revenue Vs. Expenditure



- Thanks to our supportive community, the \$6,210,000 levy passed on November 7, 2023, which has a major positive impact in our revenues.
- Models most current state revenue data for FY24 & FY25 with HB33 funding model.
- Expenditures still exceed revenues in each year of the forecast.

Est. General Fund Revenue Sources FY24



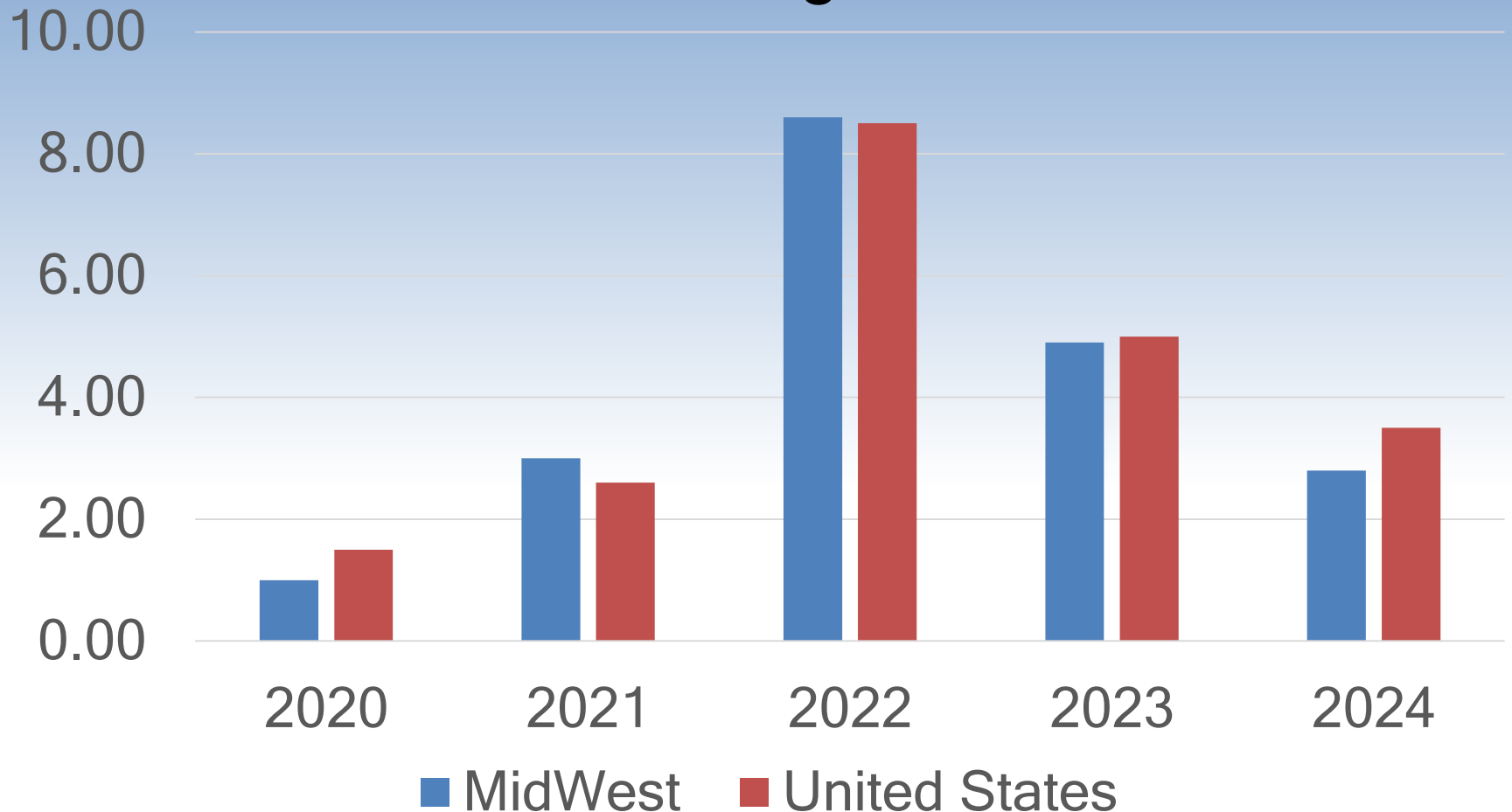
- State of Ohio only contributes 20.43% in FY24 - they are not much of a partner for funding our District.
- District mostly reliant on local taxpayers for support.

Challenges To Operating Revenue

- TPP state reimbursement ended in FY22 when we received our final payment of \$633,610. As a recap, in FY19 we received \$3,108,754, and in FY15 we received \$6,671,486.
- Department of Education and Workforce released a new calculator in January 2024 in which the District State Foundation revenues are reduced for the next school year.
- Inflation.



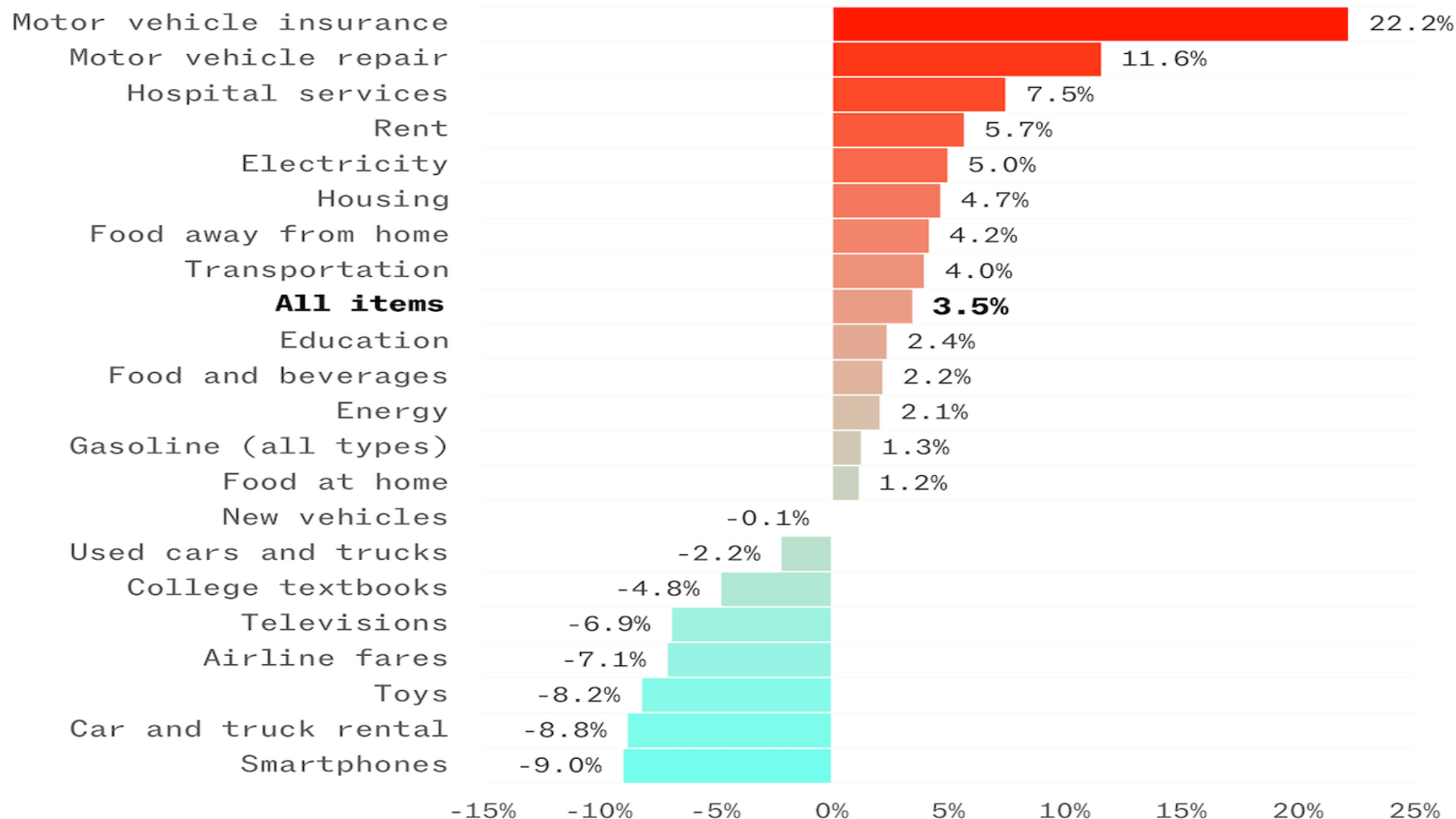
Inflation Rates - Midwest vs United States for the Period Ending March 31st 2024



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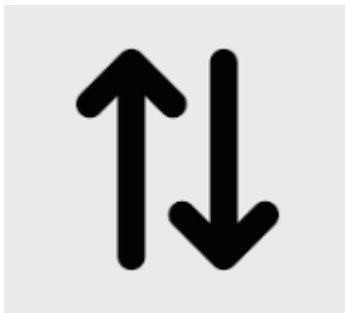
Where Are Prices Still Rising?

Inflation [Selected categories, US CPI, 12-month % change, Mar 2023-24]



What Happens to Millage Rates of Levies When Property Values Increase?

- When Property Values increase, millage rates on **voted levies** are reduced to bring in the same tax revenue to the District as prior to the property reappraisal (as a result of HB 920, which was passed in the mid 1970's).
- **Inside Millage**, which makes up 4.97 mills for Twinsburg City School District, millage is not adjusted; therefore, collections do increase.



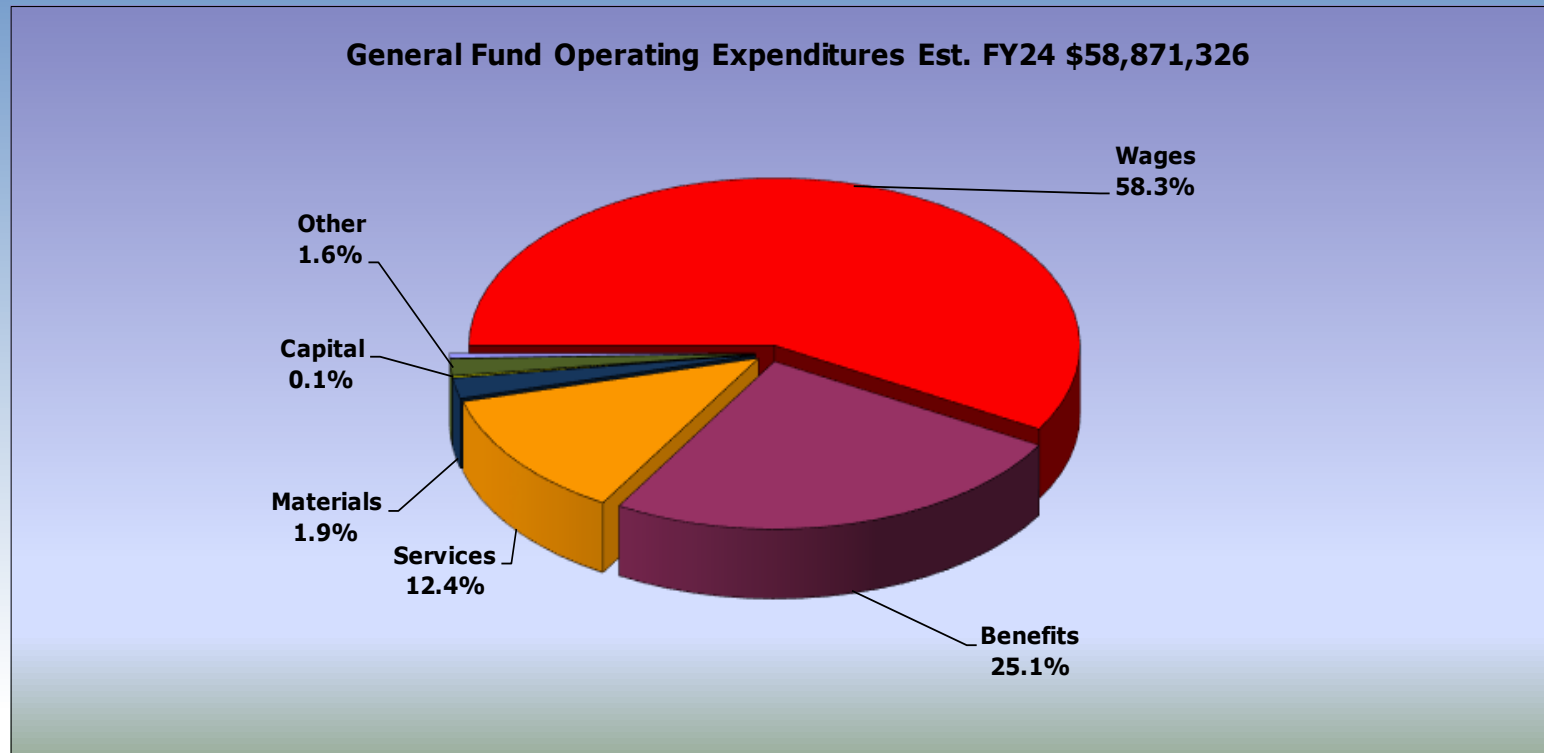
Real Estate Settlement Comparison

Spring 2023 to Spring 2024

	GENERAL FUND	GENERAL FUND 79A	GENERAL FUND 86A	GENERAL FUND 18R	GENERAL EM FUND 21R	GENERAL EM FUND 19R	GENERAL FUND 12A	GENERAL FUND 17A	GENERAL EM FUND 23A	PERM IMP FUND 08R	TOTAL
TOTAL GROSS DISTRIBUTION 2024	6,587,805.89	1,169,266.90	1,197,680.68	2,586,196.59	2,493,088.75	1,918,731.59	2,108,933.56	3,298,559.38	3,267,011.37	1,024,685.46	25,651,960.17
TOTAL GROSS DISTRIBUTION 2023	5,886,231.96	1,156,316.90	1,186,372.98	2,564,058.00	2,501,328.07	1,933,297.40	2,091,058.31	3,264,631.50	0	1,015,910.82	21,599,205.94
DIFF TOTAL GROSS DIST 2024-2023	\$ 701,573.93	\$ 12,950.00	\$ 11,307.70	\$ 22,138.59	\$ (8,239.32)	\$ (14,565.81)	\$ 17,875.25	\$ 33,927.88	\$ 3,267,011.37	\$ 8,774.64	\$ 4,052,754.23



Est. General Fund Expenditures FY24



- Wages and benefits are estimated at 83.9%. We also have additional wages in the “Purchased Services” section through the Educational Service Center of NE Ohio and City of Twinsburg.
- Fringe benefits follow wages and is the 2nd highest cost and the fastest growing category in this forecast.

Increased Expenses Expected Next Fiscal Year

- The Board of Education is currently in negotiations with both Associations, which will impact the wage line of expenditures in the November 2024 forecast.
- Fringe Benefits:

The Stark County Schools Council of Governments' Board of Directors is expected to take action at its May Board of Directors meeting on the following health care rate increases for the upcoming 2024-2025 year.

- 6.48% Premium increase for medical/prescription drug
- 3.95% Premium increase for dental
- 0.00% Premium increase for vision

They are also planning to move forward with one premium holiday.



Rate and Premium History

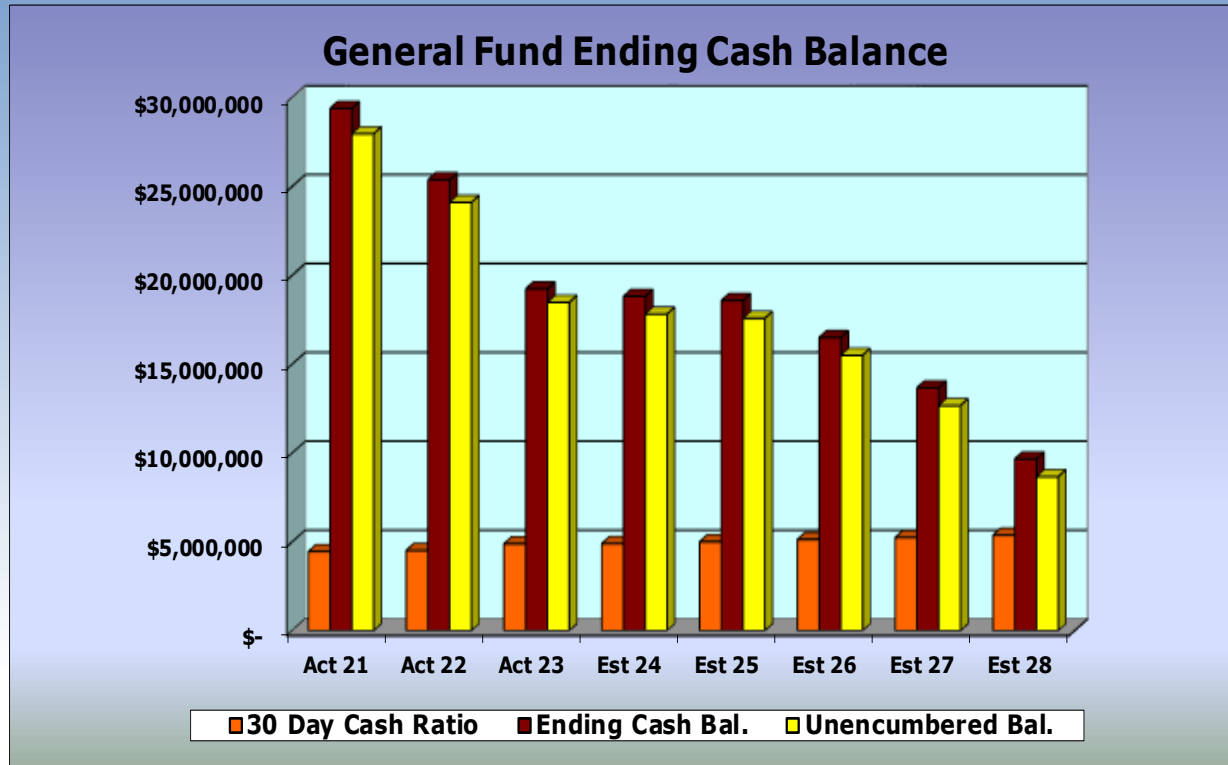
The heat map illustrates a visual representation of rate increases:

- **Green** – 5% or less
- **Yellow** – 5.1% - 10%
- **Red** – 10.1%+



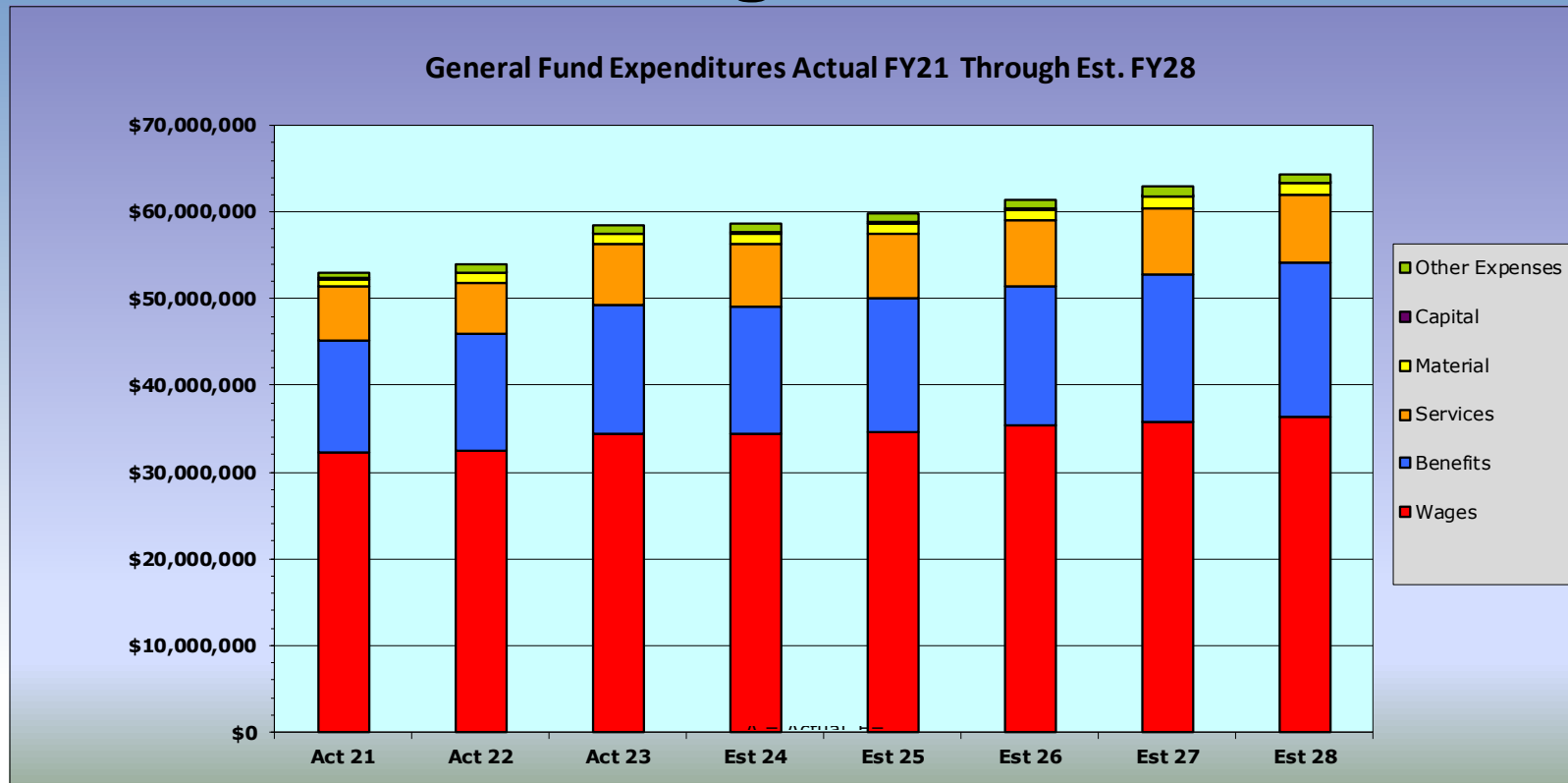
YEAR	Premium Holidays	Percentage Increase		
		Medical & RX	Dental	Vision
97/98	1	5.0%	5.0%	5.0%
98/99	2	2.0%	2.0%	2.0%
99/00	1	2.0%	2.0%	2.0%
00/01	1	9.90%	9.90%	9.90%
01/02	1	8.0%	8.0%	8.0%
02/03	1	14.0%	14.0%	14.0%
03/04	1	8.0%	8.0%	8.0%
04/05	1	10.0%	10.0%	10.0%
05/06	1	10.0%	10.0%	10.0%
06/07	1	9.0%	9.0%	9.0%
07/08	1	9.80%	9.80%	9.80%
08/09	1	6.75%	6.75%	6.75%
09/10	2	9.80%	9.80%	9.80%
10/11	2	9.8%	9.8%	9.8%
11/12	3	5.0%	5.0%	5.0%
12/13	3	5.0%	5.0%	5.0%
13/14	2	4.5%	4.5%	4.5%
14/15	2	5.0%	5.0%	5.0%
15/16	2	2.6%	2.6%	2.6%
16/17	3	2.5%	2.5%	2.5%
17/18	2	5.4%	5.4%	5.4%
18/19	3	6.85%	6.85%	6.85%
19/20	2	3.25%	0.00%	0.00%
20/21	2	3.85%	0.00%	0.00%
21/22	2	3.90%	0.00%	0.00%
22/23	1	7.35%	0.00%	0.00%
23/24	1	7.98%	5.75%	2.50%
24/25	1	6.48%	3.95%	0.00%

Ending Cash Balance - Includes Nov. 2023 Levy



- 30 – 60 day cash balance is a responsible and recommended target to end each fiscal year.
- No less than \$0, as required by Ohio law.
- Due to the Expenditure Reduction Plan, a supportive community passing the levy in November 2023, as well as the property valuation increases, we are projecting a positive cash balance throughout FY28.

General Fund Expenditures by Object FY21 Through Est. FY 28



- Expenses are projected to increase 1.98% year over year from FY23 through FY28.
- Revenue will be increasing about 3.10%.
- The levy has helped the District's financials, but expenses continue to exceed revenues each year.

Action Steps

- Continue to stay on course with Reduction Plan.
- Continue to offload operating costs from General Fund to P.I. so operating funds are not drained by larger facility costs, transportation costs, and technology costs.
- Board of Education and Administrative team will continue exploring ways to accomplish a balanced budget.



Thank You for Listening!

Questions and Answers



Contact Information:

- Email: jrozsnyai@twinsburgcsd.org; or
- Telephone: 330-486-2017