

Defiance

	Actual					Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	
Revenues										
1.010 General Property Tax (Real Estate)	5,916,436	6,410,061	5,764,794	-0.9%	6,398,344	6,691,349	6,701,684	6,832,483	6,308,627	
1.020 Tangible Personal Property Tax	545,091	1,088,340	877,524	40.1%	740,718	771,725	788,235	812,300	783,958	
1.030 Income Tax	1,829,782	2,093,289	2,473,069	16.3%	2,346,632	2,403,803	2,462,860	2,523,865	2,586,882	
1.035 Unrestricted State Grants-in-Aid	16,796,449	16,145,198	15,944,738	-2.6%	17,452,536	18,060,241	19,261,688	19,890,337	20,953,495	
1.040 Restricted State Grants-in-Aid	517,930	1,206,774	1,172,828	65.1%	1,369,006	1,435,716	1,532,001	1,596,743	1,635,861	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 State Share of Local Property Taxes	949,783	950,755	957,001	0.4%	987,589	1,055,515	1,072,105	1,086,566	997,109	
1.060 All Other Revenues	2,909,818	586,829	1,373,870	27.1%	1,231,920	1,167,075	1,171,047	1,175,058	1,179,107	
1.070 Total Revenues	29,465,289	28,481,246	28,563,824	-1.5%	30,526,745	31,585,424	32,989,620	33,917,352	34,445,039	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In	566,008	1,360,602	10,626	20.6%						
2.050 Advances-In										
2.060 All Other Financing Sources	17,458	31,430	18,287	19.1%	17,458	17,458	17,458	17,458	17,458	
2.070 Total Other Financing Sources	583,466	1,392,032	28,913	20.3%	17,458	17,458	17,458	17,458	17,458	
2.080 Total Revenues and Other Financing Sources	30,048,755	29,873,278	28,592,737	-2.4%	30,544,203	31,602,882	33,007,078	33,934,810	34,462,497	
Expenditures										
3.010 Personal Services	15,358,641	16,108,534	16,548,368	3.8%	17,296,503	19,406,945	20,715,386	21,824,507	22,983,657	
3.020 Employees' Retirement/Insurance Benefits	6,165,841	6,737,145	6,791,187	5.0%	7,346,828	7,782,738	7,899,657	8,081,496	8,290,950	
3.030 Purchased Services	5,270,901	3,456,651	3,652,932	-14.4%	4,086,183	4,670,046	4,846,832	5,030,472	5,221,235	
3.040 Supplies and Materials	625,637	629,683	770,613	11.5%	1,057,909	1,174,298	1,091,049	1,108,171	1,125,670	
3.050 Capital Outlay	483,110	466,717	106,230	-40.3%	816,671	643,941	643,461	642,986	643,269	
3.060 Intergovernmental										
Debt Service:										
4.010 Principal-All (Historical Only)										
4.020 Principal-Notes										
4.030 Principal-State Loans										
4.040 Principal-State Advancements	325,000	1,050,000		61.5%						
4.050 Principal-HB 264 Loans										
4.055 Principal-Other										
4.060 Interest and Fiscal Charges	27,921	3,144		-94.4%	1,922	1,922	1,922	1,922	1,922	
4.300 Other Objects	490,947	283,743	256,045	-26.0%	260,281	267,881	275,753	283,910	292,362	
4.500 Total Expenditures	28,747,998	28,735,617	28,125,375	-1.1%	30,866,297	33,947,771	35,474,060	36,973,464	38,559,065	
Other Financing Uses										
5.010 Operating Transfers-Out	571,759	1,356,600	14,335	19.2%	50,000	50,000	50,000	50,000	50,000	
5.020 Advances-Out										
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	571,759	1,356,600	14,335	19.2%	50,000	50,000	50,000	50,000	50,000	
5.050 Total Expenditures and Other Financing Uses	29,319,757	30,092,217	28,139,710	-1.9%	30,916,297	33,997,771	35,524,0			

13.010	Income Tax - New									
13.020	Property Tax - New									
13.030	Cumulative Balance of New Levies									
14.010	Revenue from Future State Advancements									
15.010	Unreserved Fund Balance June 30	13,286,269	13,067,330	13,520,357		13,148,263	10,753,374	8,236,392	5,147,738	1,779,198
	ADM Forecasts									
20.010	Kindergarten - October Count									
20.015	Grades 1-12 - October Count									
	State Fiscal Stabilization Funds									
21.010	Personal Services SFSF									
21.020	Employees Retirement/Insurance Benefits SFSF									
21.030	Purchased Services SFSF									
21.040	Supplies and Materials SFSF									
21.050	Capital Outlay SFSF									
21.060	Total Expenditures - SFSF									

See accompanying summary of significant forecast assumptions and accounting policies

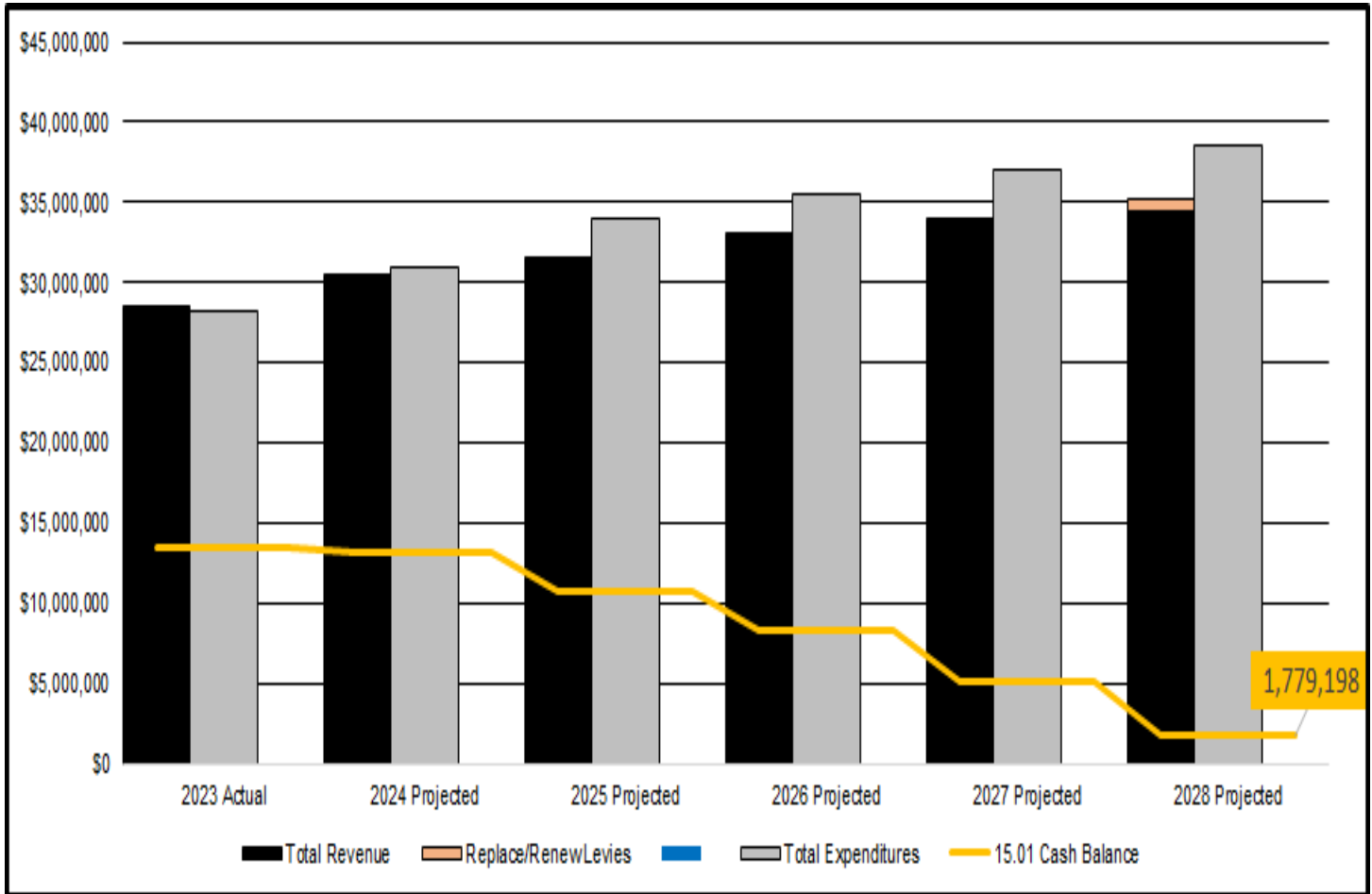
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Defiance City School Five Year Forecast

November 2023

EXECUTIVE SUMMARY

The below chart is an executive summary that outlines a simplified statement of the five-year forecast. It reports revenues and expenses to show whether the District is in a Surplus or Deficit situation. The District renewed its Emergency Levy November 2022. That levy generates \$1,580,000 per year and renews in FY28.



In FY 2024 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$372,094. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,146,568. This results in a balance of \$1,779,198 at the end of FY 2028.

The district would need to cut its FY 2028 projected expenses by 10.74% in order to balance its budget without additional revenue. The district's cash balance is positive at year-end in FY 2024 but is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Defiance City School District the calculated Base Cost total is \$19,059,774 in FY 2024. The state's share of the calculated Base Cost total is \$12,691,039 or \$5,434 per pupil.

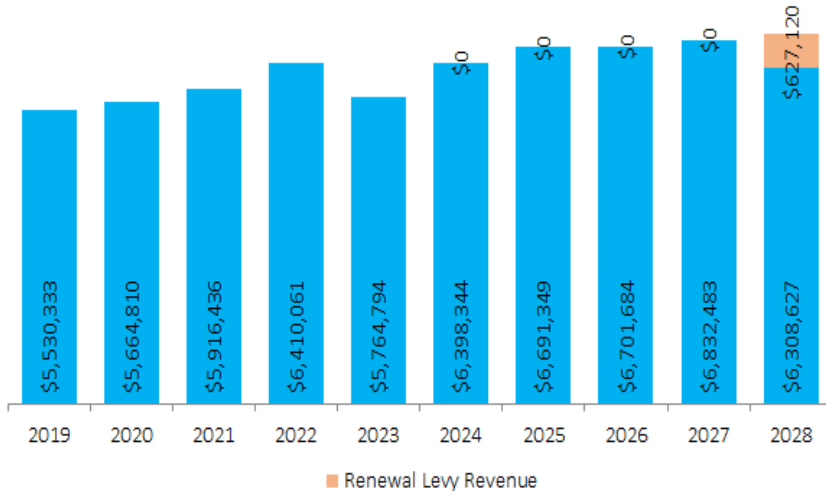
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REVENUE ASSUMPTIONS

1.01 Real Estate (Property Taxes)

Real estate property tax revenue accounts for 20.16% of total revenue. Class I or residential/agricultural taxes make up approximately 80.71% of the real estate property tax revenue. The Class I tax rate is 24.61 mills in tax year 2023. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 96.4% annually through tax year 2027. The revenue changed at an average annual historical rate of 1.29% and is projected to change at an average annual rate of 3.84% through FY 2028.



There are only two elements that affect change in the valuation of a District. Those two elements are reappraisal and triennial updates (Including Board of Revision complaints) and new construction.

The District had its last Triennial update in TY20 (collected in TY21). That increase resulted in a valuation change of 10.2% for Residential and -3.9% for Agriculture making it an overall increase of 9.6%.

The District is currently in a Reappraisal year for calendar year 2023. The chart to the right shows how much the District receives in tax revenue each year.

In FY23, tax collection decreased as a result of collection rate changes and timing of payments (Note larger increase in FY22). District millage for Class 1 is 24.61 (including Emergency Levy). Class One "fixed rate" millage is 20.00, which put the District at the 20 mill floor. This means it is collecting at the lowest tax rate for Class I allowed by law. If the millage for the District "rolls" below 20 mills, it is increased back to 20 mills to accommodate this law. This happens in FY2024 through FY2028.

1.03 Public Utilities Personal Property - PUPP

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 3.07% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 42.11 mills. The forecast is modeling an average gross collection rate of 99.37%. In FY21, a payment timing of a large collection resulting in an over posting in FY23. The revenue changed historically at an average annual dollar amount of \$33,190 and is projected to change at an average annual dollar amount of -\$8,357 through FY 2028.

1.03 Income Tax

An income tax is tax collected based on earned wages from residents of the District (regardless of where they work) and flows to the District quarterly from the Ohio Department of Taxation.

In 1991, the District passed a continuous income tax levy. There are four different factors that combine to make the total collection. Those four factors are withholding, quarterly estimated payments, payments made with returns, and refunds. Those payments are paid to the District quarterly from the Ohio Department of Taxation. FY21 collection for withholding was down 7.47% due to factors like the unemployment rate increasing and tax filing deadline extensions, without the impact of the pandemic, this would have been around 5.3%.

Defiance City School Five Year Forecast

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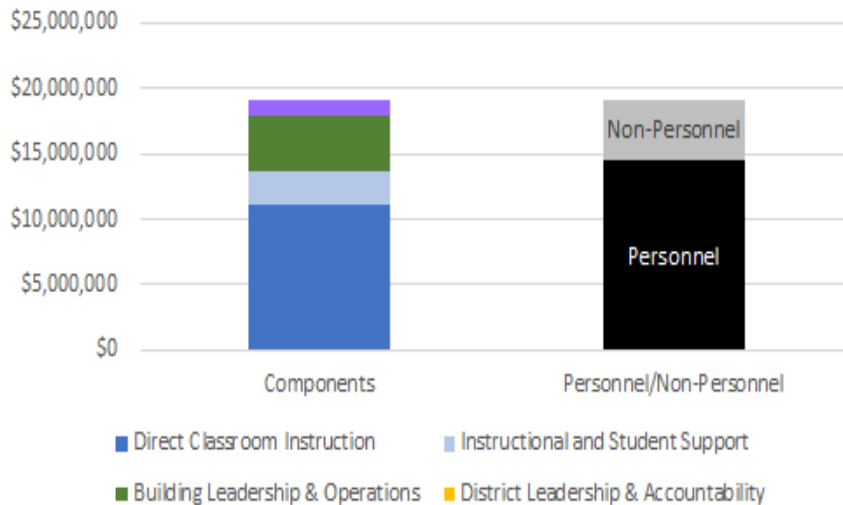
FY22 income tax collection was \$134,134 more than FY21. FY23 annual dollar change in was \$370,341 higher than FY22. The average annual dollar change in total income tax revenue is forecast to be \$22,763 through FY 2028. Income tax revenue is projected to account for 7.3% of total district revenue in FY 2028.

1.035 Unrestricted State Grants-in-Aid

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 Defiance City School District the calculated Base Cost total is \$19,059,774 in FY 2024. The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

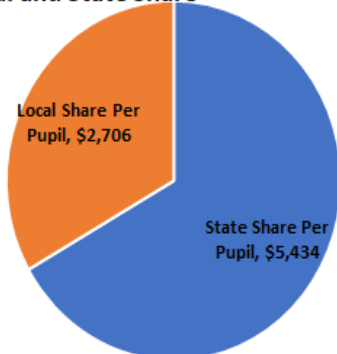
There are four Base Cost component areas: Direct Classroom Instruction \$11,021,502, Instructional and Student Support \$2,637,847, Building Leadership and Operations \$4,243,193, Leadership and Accountability \$1,157,232. Of the total base cost about 80% is estimated for personnel related cost.

FY 2024 Base Cost



Using the total Base Cost of \$19,059,774 with an enrollment of 2,341 the total per pupil base cost is \$8,140. The chart to the left shows those four components and how they compare to Personnel and Non-Personnel expenses.

FY 24 Base Cost Per Pupil - Local and State Share



Using the FSFP local capacity methodology, per pupil wealth/capacity calculates that the local portion of total base cost is \$2,706 per pupil in FY 2024. State portion is \$5,434.

The local per pupil portion is updated each fiscal year and is projected to go up \$170 by FY 2028. At the same time, the total base cost per pupil is estimated to increase to a total per pupil base cost of \$8,791.

This pie chart shows the portion of state share as it compares the local share.

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1.04 Restricted Federal Grants-in-Aid (line 1.045)

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 \$225,209 and is projected to change annually on average by \$92,607. Restricted funds represent 4.10% 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 \$547,663. Career tech and DPIA (economically disadvantaged) are also recorded here.

1.05 Property Tax Allocation

State Share of Local Property Taxes 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 2024, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.1% will be reimbursed in the form of qualifying homestead exemption credits.

1.06 All Other

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. Increased interest earnings have helped support this line item.

2.070 Total Other Financing Sources

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2024. 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 \$17,458 in FY 2024 and average \$17,458 annually through FY 2028.

Defiance City School Five Year Forecast

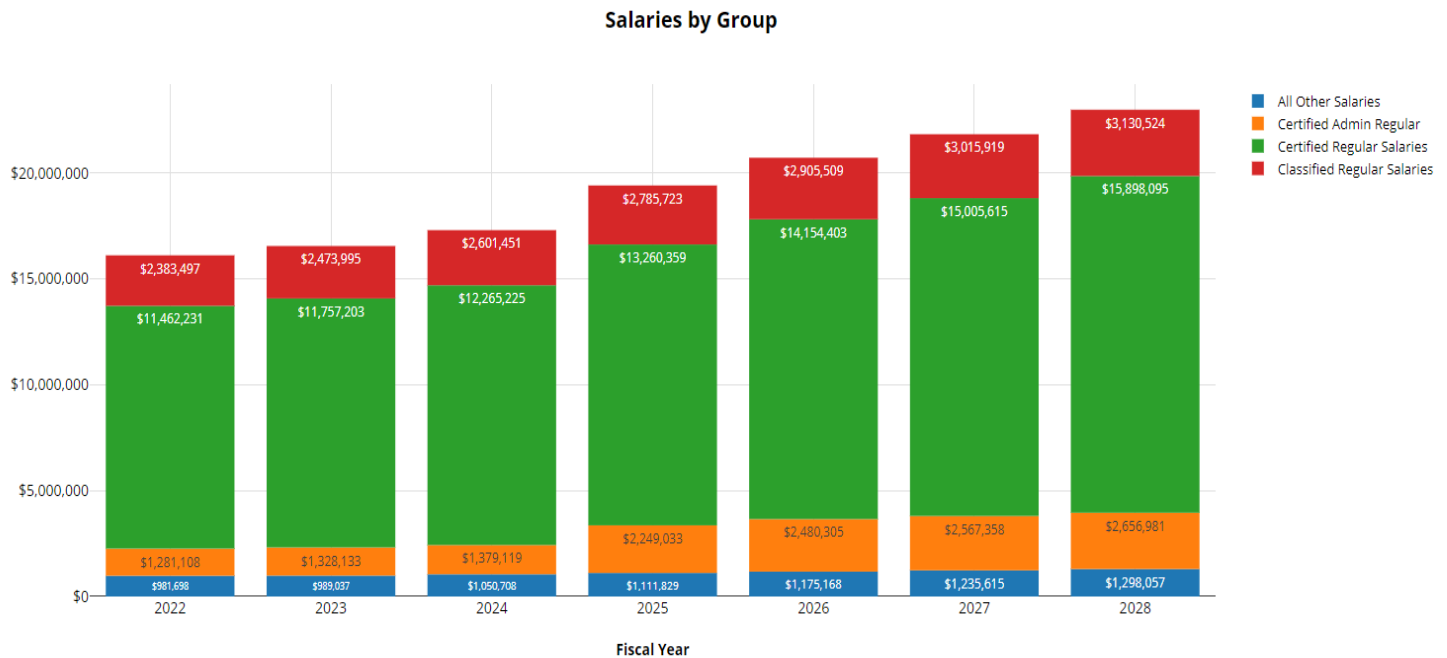
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EXPENDITURE ASSUMPTIONS

3.01 Personnel Services

Salaries represent 58.81% of total expenditures and increased at a historical average annual rate of 2.24% or \$347,582. This category of expenditure is projected to grow at an annual average rate of 6.83% or \$1,287,058 through FY 2028. The projected average annual rate of change is 4.59% more than the five year historical annual average. The reason the forecast amounts are higher is because of the personnel expenses from ESSER funding returning to the general fund in FY25. Most personnel expenses are negotiated as part of union agreements and the remaining are Board approved employment contracts.

In FY21, staff positions were reduced through attrition and reduction in force (RIF). This reduction was made in an effort to reduce deficit spending. In addition, FY21 has adjustments for nursing services (\$121,826), guidance services (\$89,714) and a behavioral specialist (\$89,135) that are being paid from a fund outside of the general fund (467 Student Wellness and Success Grant – SWSS). In FY22, the school nurse, school counselors and an associate director (replacing behavioral specialist) were returned to the general fund increasing expenses \$278,123. In addition, the district hired additional intervention specialists and a part-time music position resulting in an increase of \$183,157 in certified salaries. For classified staff, the district realized a projected savings of \$29,680 in FY22 due to attrition. Administrative salaries had a \$18,273 decrease related to attrition but since the SWSS salaries were returned to the general fund, this resulted in an overall increase of \$58,418. However, with the savings from FY21 of \$34,581, that net increase was only \$23,837. The District is also using ESSER II and ARP ESSER monies to offset GF salary expenses in FY23-FY25. Those reductions will also return to the general Fund in September 2024 (FY25).



This graph exhibits the breakdown of classifications expended from this category. As you can see from the chart, the majority of spending is on certified staff (teachers and other instructional staff).

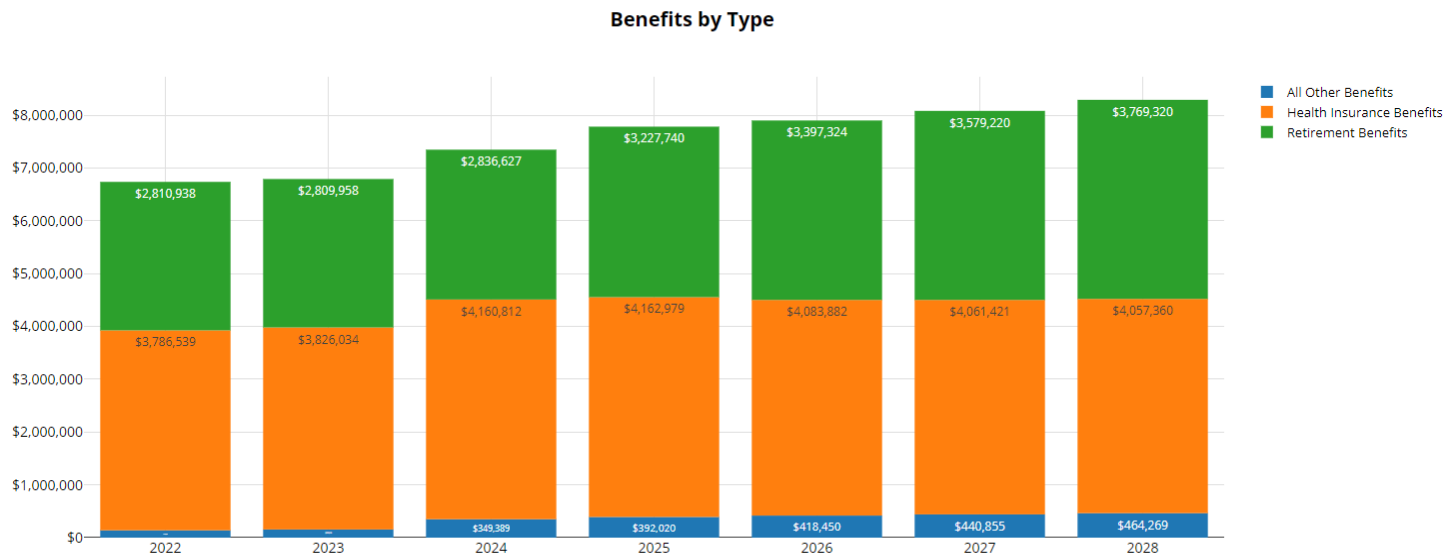
Defiance City School Five Year Forecast

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3.02 Retirement and Benefits

Benefits represent 24.13% of total expenditures and increased at a historical average annual rate of 2.73%. This category of expenditure is projected to grow at an annual average rate of 4.10% through FY 2028. The projected average annual rate of change is 1.37% more than the five year historical annual average. ESSER expenses returning to the general fund in FY25 inflate the average increase.

The health insurance benefit rates increased in FY21 by 9%. In order to offset that high of an increase, the District added the option of a High Deductible Health Plan (HDHP), resulting in savings to the District. In FY22, the District only offered the High Deductible Health Plan. This started January 2022. However, the savings was partially reduced because in January 2023, the District realized a 13% increase. Due to changes made to the plan and balance recovery efforts, the District only experienced a 4% increase in January 2024. Future years are forecast between 6-12%.



This chart represents the amounts that each component of benefits is changing.

3.03 Purchased Services

Purchased Services represent 12.98% of total expenditures and decreased at a historical average annual rate of -10.27%. This category of expenditure is projected to grow at an annual average rate of 7.50% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

Purchase services also include a service agreement for special services, preschool and health services. These services are provided by the Northwest Ohio Educational Service Center (NWOESC). These services include nursing, special education classrooms, physical therapy, occupational therapy, independent education center and other needed interventions as well as the District's typical peer preschool. In FY20, the District reduced one typical peer classroom saving over \$190,000 and also diverted \$292,983 of preschool costs to Student Wellness and Success Funds. Also, since the SWSS funds continued in FY21, the preschool expense continued to come from that grant fund for another year. In future years, since SWSS funds are reallocated to

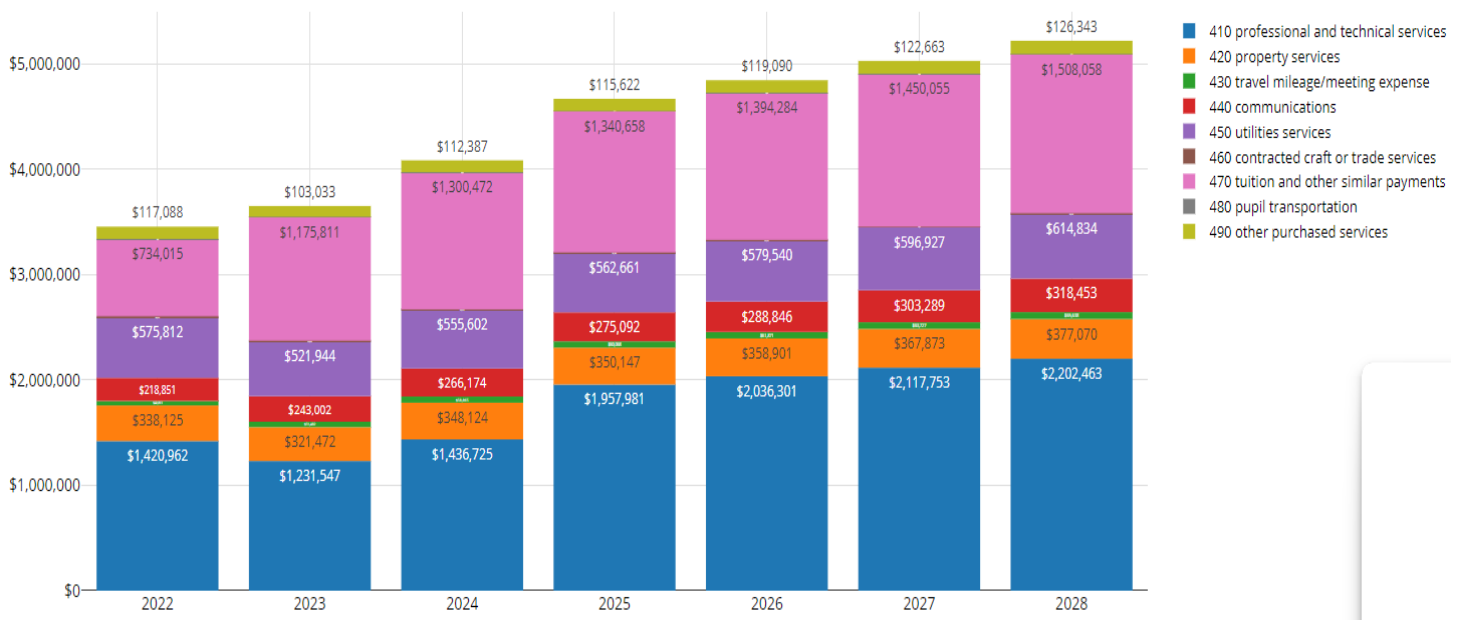
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the General Fund. In order to keep the expense from returning to the general fund, the District partially reallocated some of those expenses to ESSER II and ARP ESSER to not have to eliminate the all day classroom.

Utility expenses are also posted here. They include trash, telephone, electric, water/sewer and gas expenses. In FY21 and FY22, the District realized electric discounts of over \$100,000 by joining the First Energy OSC Consortium. Future years are forecast between 3-5%. Other purchase services include professional and technical service contracts, property services, professional development, postage services, contracted services, legal fees, pupil transportation and other miscellaneous expenses. Of these categories, property services (insurance, repairs, maintenance and rentals) are the largest contributors. Future years are forecast based on expected District needs and trend analysis. The chart above below represents the expense categories as a part of the total.

Total Purchased Services by 2-Digit Object Code



3.04 Supplies

Supplies & Materials represent 2.74% of total expenditures and decreased at a historical average annual rate of -5.71%. This category of expenditure is projected to grow at an annual average rate of 8.87% through FY 2028. The projected average annual rate of change is 14.58% more than the five-year historical annual average. Because textbooks are the largest expense out of this category, and those expenses were diverted to ESSER funds in historical years, the large future increases are exaggerated. FY24 forward, textbooks are budgeted at \$300,000 to \$400,000 per year.

3.05 Capital Outlay

Capital Outlay represent 0.38% of total expenditures and decreased at a historical average annual amount of - \$98,232. This category of expenditure is projected to grow at an annual average rate of \$107,408 through FY 2028. The projected average annual change is more than the five year historical annual average. Future land, bus and equipment purchases are forecast here.

Defiance City School Five Year Forecast

November 2023

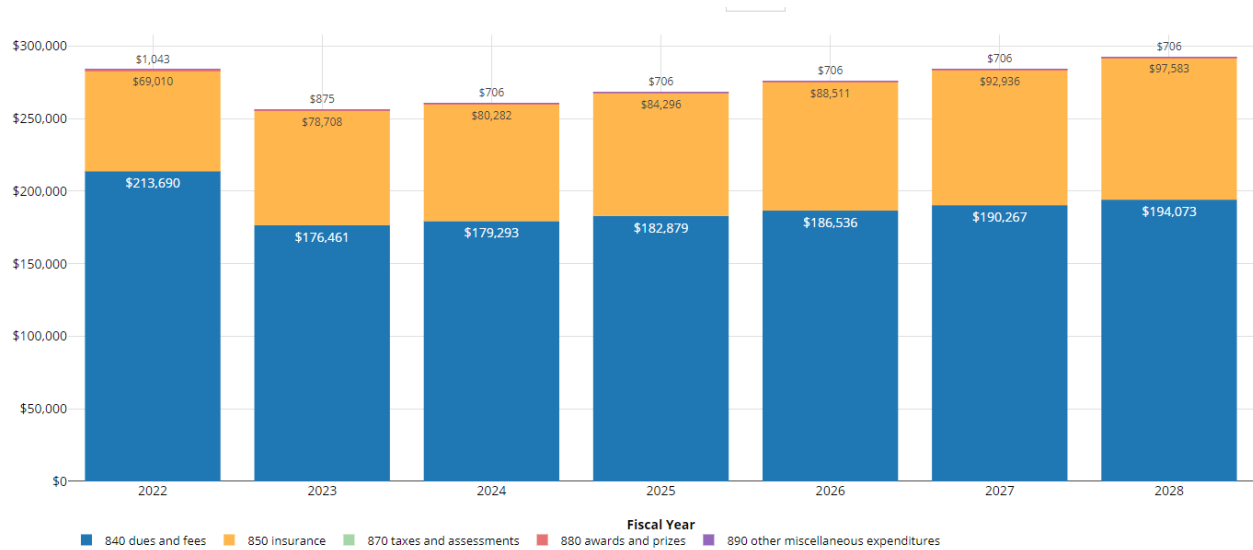
In FY23 and FY24, to avoid deficit spending, the District is not planning on buying any new buses unless it is paid for by a grant. In FY25-27, there is \$250,000 allocated for new buses each year. The same is true for new vehicle purchases. In FY23 the District purchased one used vehicle and in future years \$35,000-\$50,000 is budgeted.

3.06-4.06 Intergovernmental Debt

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

4.30 Other Expenses

Other Objects represent 0.91% of total expenditures and increased at a historical average annual rate of 12.74%. This category of expenditure is projected to grow at an annual average rate of 2.69% through FY 2028. The projected average annual rate of change is -10.05% less than the five year historical annual average. Below is a chart that breaks out those expenses as part of the total:

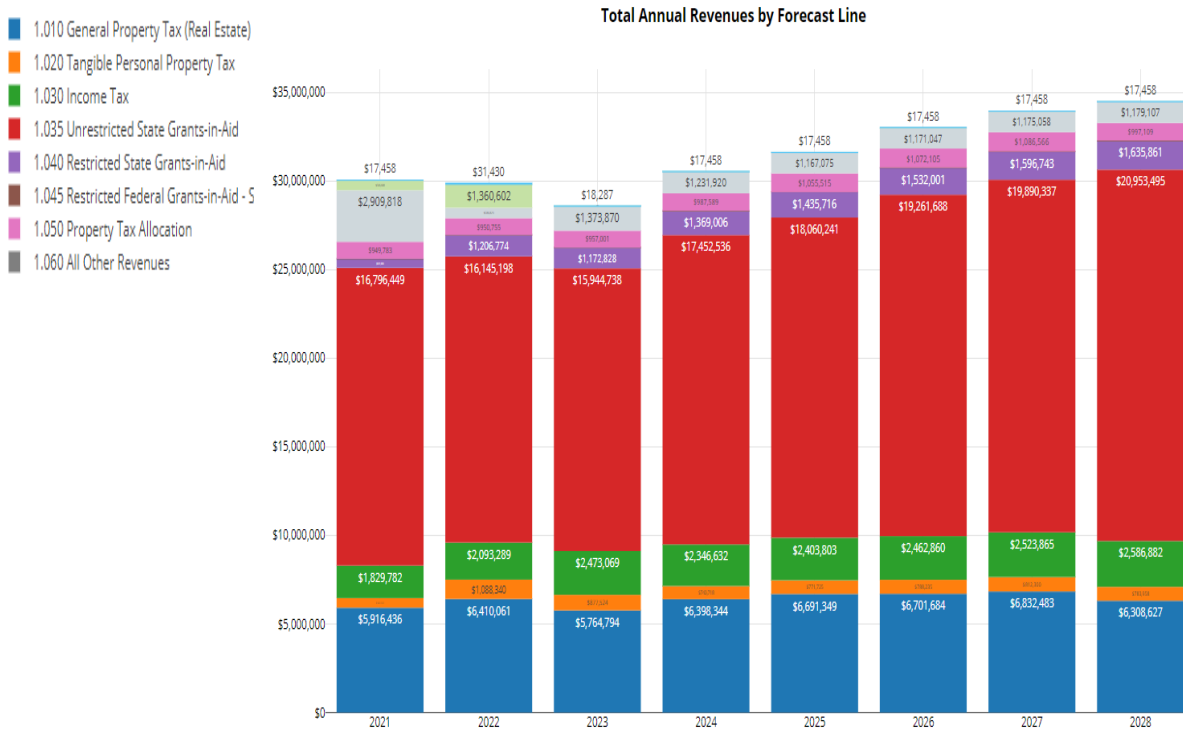


5.010 to 5.030 Advances and Transfers

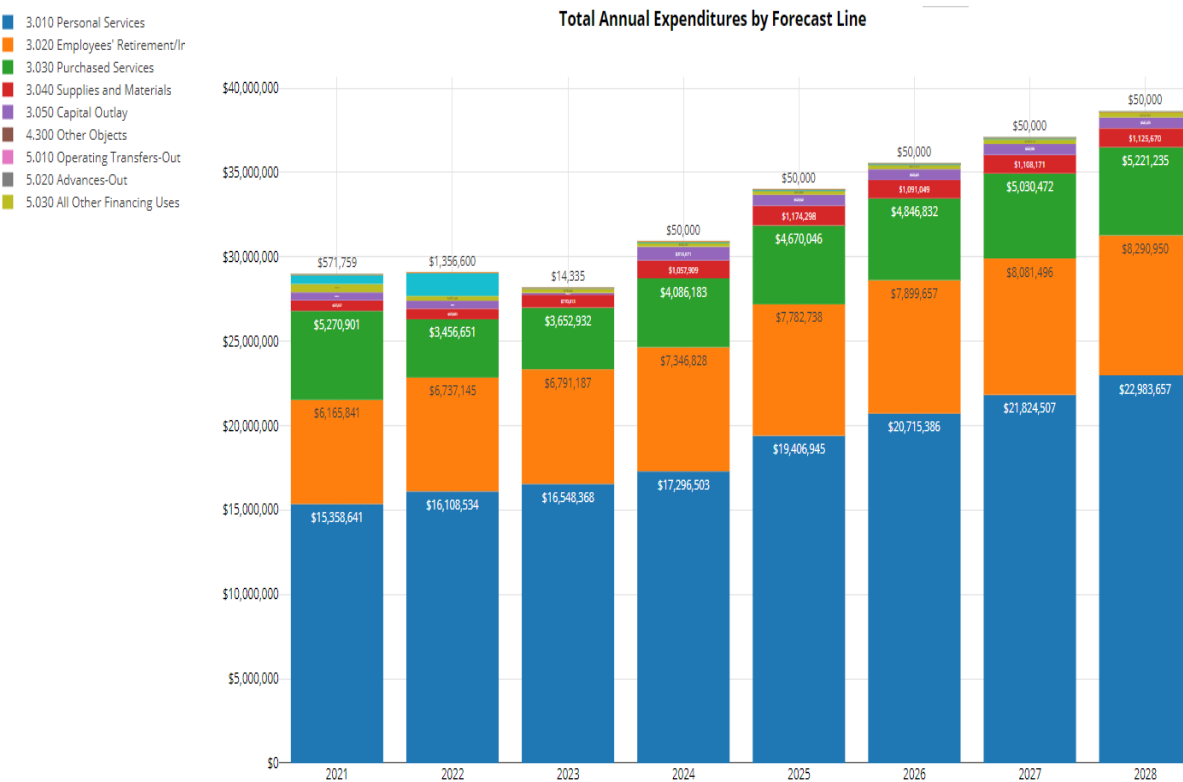
Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2023 the district had no advances-out and has no advances-out forecast through FY 2028.

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REVENUE AND EXPENDITURE CONCLUSIONS



This chart exhibits the District's revenues into a visual representation of how each impacts the overall total. The District is heavily reliant on Unrestricted Aid and Local Resources. Changes in these categories will significantly impact the District's financial stability. The District maximizes all opportunities to increase revenue to offset the burden on the general fund.



This chart exhibits the District's overall expenditures. The majority of expenses are derived from Personnel Services and Benefits. The District is a service provider and expends the majority of revenues on people and service providers. When expenses increase or revenue decreases, the District has to make hard financial decisions to maintain the school District's high level of service and student achievement.