



GREAT SCHOOLS



KETTERING  
City Schools

GREAT COMMUNITY



# ***Five Year Forecast Update May 2023***

***Cary Furniss, Treasurer  
Rick Taylor, Assistant Treasurer***



# Monthly Financials April 2023

- Fiscal Activity thru March 31, 2023, compared against the **November 2022 Forecast**. Basis for May Forecast Update.

## FISCAL YEAR 2023 REVENUE AND EXPENDITURE ANALYSIS THROUGH MARCH

### 1. ACTUAL COMPARED TO FORECAST VARIANCE AND NET FAVORABILITY ANALYSIS

CURRENT YEAR-TO-DATE  
REVENUE COLLECTIONS  
INDICATE A

**\$1,457,870**

FAVORABLE COMPARED TO  
FORECAST

CURRENT YEAR-TO-DATE  
EXPENDITURES INDICATE A

**\$252,593**

UNFAVORABLE COMPARED  
TO FORECAST

POTENTIAL NET IMPACT  
WOULD RESULT IN A

**\$1,205,277**

FAVORABLE IMPACT ON THE  
CASH BALANCE



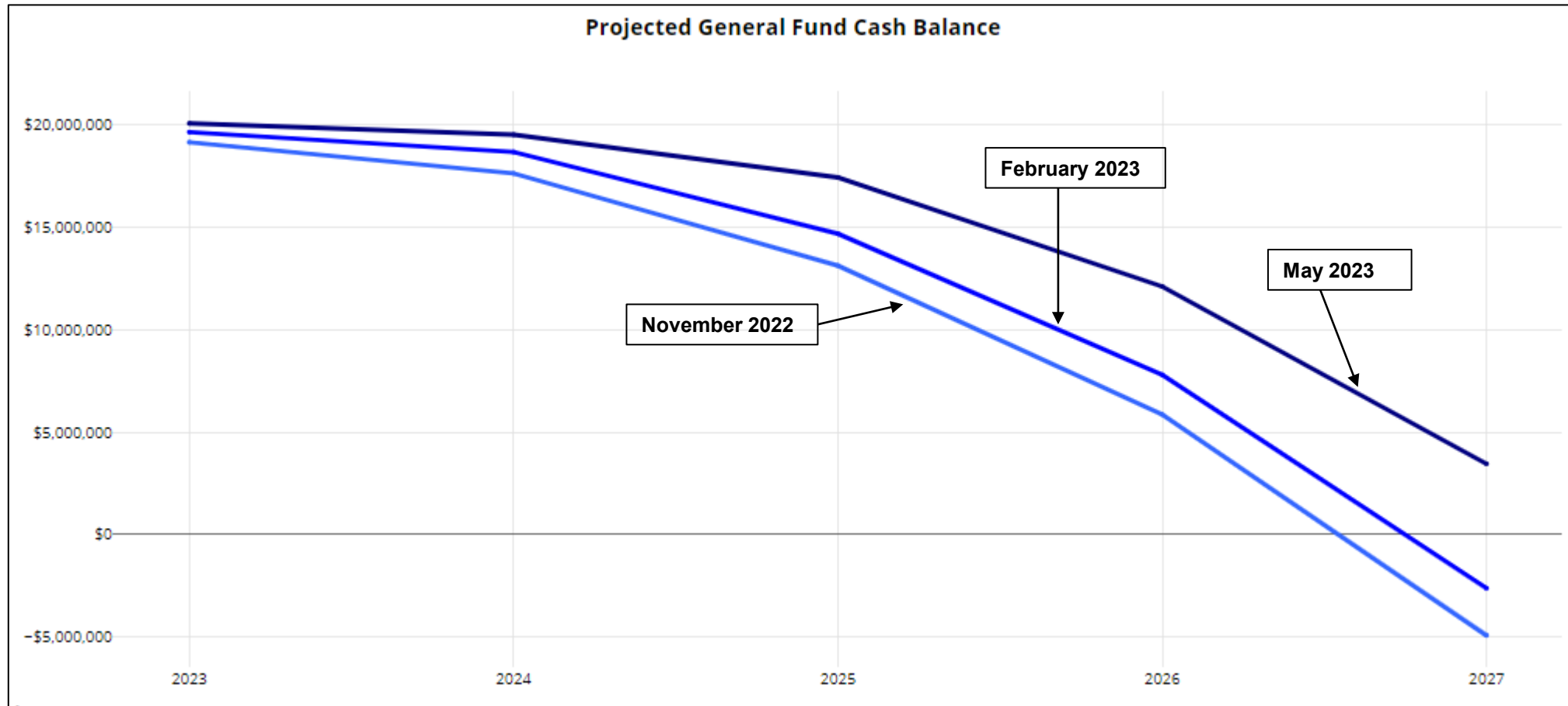
# Forecast Update May 2023

- Five Year forecast is required semi-annually in November and May.
  - The May forecast is an “Update”
    - Incorporates actual financial activity thru March 31<sup>st</sup>
    - Assumptions are updated with new data that became available since November
      - Tax Values for calendar 2023
      - Tax Rates for calendar 2023
      - Any Significant trend change since November (ex: interest income)
      - Any new legislation enacted since November (ex: Additional DPIA funding included in MBR)



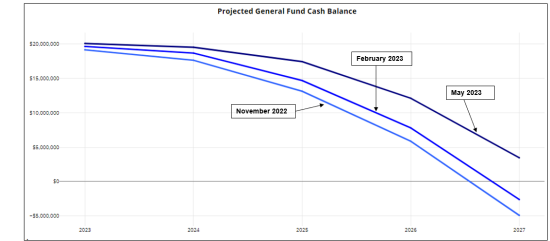
# Forecast Update May 2023

*Beginning at the End – The trend hasn't changed...*





# Forecast Update May 2023



- Current year positive variance creates small changes in short-term of forecast
  - Developing changes in State Funding are impacting the future years and those changes compound
- Update on State Funding
  - House approved Substitute HB 33 (budget bill) April 21<sup>st</sup>
  - Sent to the Senate for amendment
  - Conference committee will follow
  - Concurrence votes follow, Governor approval or line item veto
  - Deadline is June 30
- November forecast was based on 2018 base cost inputs and maintaining current phase of 33% (2<sup>nd</sup> year of 6-year phase in)
- May update is based on 2020 base cost inputs and 50% phase-in 2024 and 66.67% phase-in 2025
- Substitute HB 33 includes 2022 base cost inputs and 50% phase-in 2024 and 66.67% phase-in 2025



# Forecast Update May 2023

- Revenue changes incorporated into the May Update include:
  - Update property values and tax rates for calendar year 2023
  - Accelerated phase-in of DPIA included in the Mid-Budget Review
  - Increased Interest Income Projections
  - One-time collection of Delinquent Commercial Taxes
  - Increased the property value assumptions for calendar 2024
  - Update State Funding based on preliminary information available in Substitute HB 33 (the budget bill)



## Forecast Update May 2023

- 3 Year Property Value Update will occur in 2024. Ohio Department of Taxation has issued guidance at a 37% increase on residential property.
- Updated values have minimal impact on our forecast and provide very little additional revenue.
- State aid decreases with increased property values
- HB 920 is the legislation that guarantees the reduction of tax rates when property values increase.





# Forecast Update May 2023

- The table below highlights changes in property values, tax rates and collection rates.
  - The forecast includes an 18% increase in 2023. That would serve to reduce the operating tax rate by 7.16 mills.
  - ***The effective tax rate for operations in the Kettering Schools for a homeowner in 2024 will be lower than before the November 2022 levy passed.***

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	1,386,296,160	(6,292,200)	44.76	-	60.19	-	99.2%
2022	1,389,934,310	3,638,150	50.71	5.96	65.57	5.38	98.7%
2023	1,595,834,310	205,900,000	43.56	(7.16)	64.69	(0.88)	98.7%
2024	1,594,309,310	(1,525,000)	43.62	0.06	64.69	(0.00)	98.7%
2025	1,594,784,310	475,000	43.62	0.00	64.69	(0.00)	98.7%
2026	1,690,259,310	95,475,000	41.09	(2.53)	63.83	(0.85)	98.7%



## Forecast Update May 2023

- Expenditure changes incorporated into the May Update include:
  - Updated current fiscal year (FY 2023) spend based on actual data and trend thru March 31, 2023.
  - Aligned FY 2024 non-personnel spend projections with budgets established for next school year.
  - Increased assumption for increases in Health Care from 7.5% annually to 8% annually.
  - Increase in career tech non-personnel spend to align with required local match



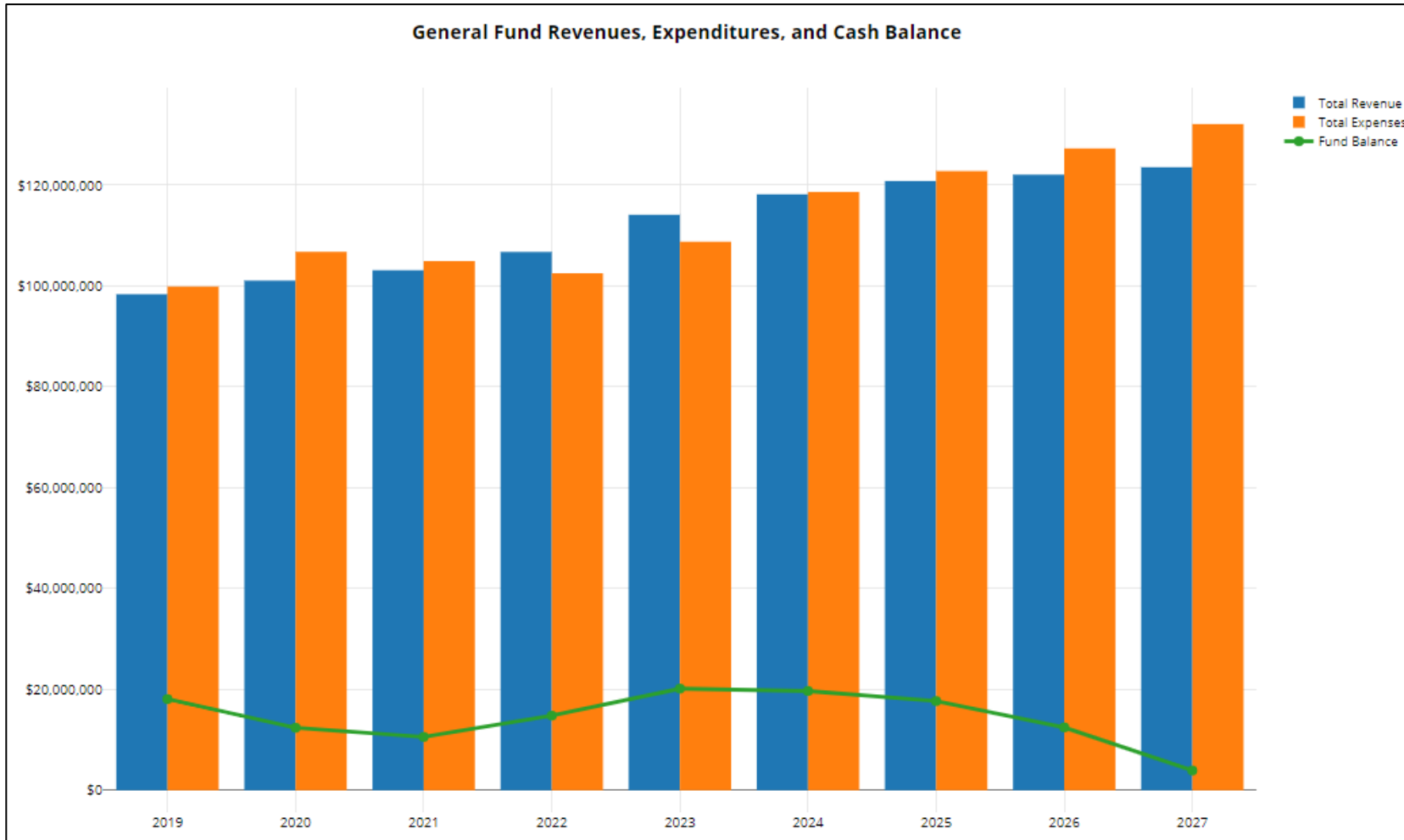
# Forecast Update May 2023

- What didn't change from November Forecast to May Update?
  - No changes in staffing level due to retirement, attrition, or programming.
    - *Staffing costs are typically benchmarked each November based on current school year program.*
  - Impact of EMS Opt-out program beyond current year not included
  - No changes in trend in non-personnel spending line items



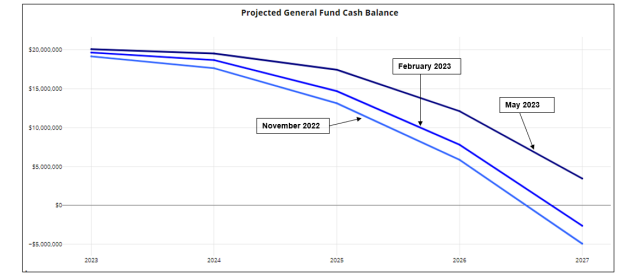
# Forecast Update May 2023

Financially Stability has improved since November. The work continues.





# Forecast Update May 2023



## Conclusion

Trend of the forecast is not significantly changed from November.

- New State Budget will become law by June 30, 2023.
  - *The base cost inputs used are the key indicator to state funding for the next 2 years*
- Property Values for 2024 will be available in the fall and tax rates in December
- The Health Insurance renewal will be determined later in May 2023 for calendar year 2024.
- Negotiations are on-going with the OAPSE groups
- Negotiations begin with the KEA next spring



# Forecast Update May 2023

## Board of Education Focus

- Review and approve Five-Year Forecast – May 16<sup>th</sup> regular meeting.
- Continue to monitor financial progress compared to the May forecast each month
- Fiscal Year 2023 closes on June 30<sup>th</sup>
- Fiscal Year 2028 is added to the five-year forecast in the fall
- Presentation of the November Forecast Update in late October/early November