

NORTH FORK LOCAL SCHOOL DISTRICT-LICKING COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
June 30, 2020, 2021, and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
June 30, 2023, THROUGH June 30, 2027



Forecast Provided By
North Fork Local School District
Treasurer's Office
Kellie Breehl, Treasurer

May 15, 2023

North Fork Local School District

Licking County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues										
1.010	4,228,004	4,750,613	5,036,622	9.2%	5,186,889	5,335,361	5,453,911	5,469,503	5,575,264	
1.020	822,456	891,986	947,670	7.3%	1,020,656	919,937	934,287	948,637	962,987	
1.030	2,385,116	2,433,455	2,711,257	6.7%	3,036,507	3,066,873	3,097,543	3,128,519	3,159,805	
1.035	7,916,816	8,155,599	8,108,316	1.2%	8,083,595	8,083,857	8,085,970	8,088,125	8,090,323	
1.040	141,510	141,510	410,815	95.2%	424,516	424,516	424,516	424,516	424,516	
1.045	-	-	-	0.0%	0	0	0	0	0	
1.050	679,871	722,163	772,122	6.6%	779,378	815,655	837,900	840,280	855,282	
1.060	1,630,343	1,705,018	536,883	-32.0%	775,045	778,603	782,190	785,806	789,451	
1.070	17,804,116	18,800,344	18,523,685	2.1%	19,306,585	19,424,802	19,616,317	19,685,386	19,857,628	
Other Financing Sources										
2.010	-	-	-	0.0%	0	0	0	0	0	
2.020	-	-	-	0.0%	0	0	0	0	0	
2.040	-	-	-	0.0%	0	0	0	0	0	
2.050	-	-	-	0.0%	0	0	0	0	0	
2.060	161,249	326,954	46,926	8.6%	52,637	50,000	50,000	50,000	50,000	
2.070	161,249	326,954	46,926	8.6%	52,637	50,000	50,000	50,000	50,000	
2.080	17,965,365	19,127,298	18,570,611	1.8%	19,359,222	19,474,802	19,666,317	19,735,386	19,907,628	
Expenditures										
3.010	9,251,765	9,717,708	9,676,741	2.3%	9,866,171	10,845,633	11,314,274	11,803,454	12,145,341	
3.020	3,282,717	3,211,846	3,259,692	-0.3%	3,537,415	4,035,634	4,281,037	4,530,147	4,767,816	
3.030	3,829,609	3,929,925	2,582,856	-15.8%	2,695,346	3,087,461	3,185,956	3,287,957	3,393,596	
3.040	539,347	452,623	584,096	6.5%	656,524	806,649	813,321	820,060	826,866	
3.050	286,761	205,530	137,424	-30.7%	141,547	145,793	150,167	154,672	159,312	
3.060	-	-	-	0.0%	0	0	0	0	0	
Debt Service:										
4.010	-	-	-	0.0%	0	0	0	0	0	
4.020	-	-	-	0.0%	0	0	0	0	0	
4.030	-	-	-	0.0%	0	0	0	0	0	
4.040	-	-	-	0.0%	0	0	0	0	0	
4.050	-	-	-	0.0%	0	0	0	0	0	
4.055	-	-	-	0.0%	0	0	0	1,280,000	0	
4.060	69,120	69,120	69,120	0.0%	69,120	69,120	69,120	69,120	69,120	
4.300	190,856	182,594	217,842	7.5%	222,455	227,187	232,042	237,022	242,132	
4.500	17,450,175	17,769,346	16,527,771	-2.6%	17,188,578	19,217,477	20,045,917	22,182,432	21,604,183	
Other Financing Uses										
5.010	278,000	150,000	150,000	-23.0%	50,000	50,000	50,000	50,000	50,000	
5.020	-	-	-	0.0%	-	-	-	-	-	
5.030	-	1,042	-	0.0%	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	
5.040	278,000	151,042	150,000	-23.2%	115,000	115,000	115,000	115,000	115,000	
5.050	17,728,175	17,920,388	16,677,771	-2.9%	17,303,578	19,332,477	20,160,917	22,297,432	21,719,183	
6.010	237,190	1,206,910	1,892,840	232.8%	2,055,644	142,325	(494,600)	(2,562,046)	(1,811,555)	
7.010	7,717,981	7,955,171	9,162,081	9.1%	11,054,921	13,110,565	13,252,891	12,758,291	10,196,245	
7.020	7,955,171	9,162,081	11,054,921	17.9%	13,110,565	13,252,891	12,758,291	10,196,245	8,384,690	
8.010	166,049	104,682	251,963	51.9%	75,000	75,000	75,000	75,000	75,000	

North Fork Local School District

Licking County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Reservation of Fund Balance										
9.010	-	-	-	0.0%	-	-	-	-	-	-
9.020	-	-	-	0.0%	-	-	-	-	-	-
9.030	-	-	50,000	0.0%	50,000	50,000	50,000	50,000	50,000	50,000
9.040	-	-	-	0.0%	-	-	-	-	-	-
9.045	-	-	-	0.0%	-	-	-	-	-	-
9.050	-	-	1,024,000	0.0%	1,110,000	1,196,000	1,280,000	-	-	-
9.060	-	-	-	0.0%	-	-	-	-	-	-
9.070	-	-	-	0.0%	-	-	-	-	-	-
9.080	-	-	1,074,000	0.0%	1,160,000	1,246,000	1,330,000	50,000	50,000	50,000
	<i>Fund Balance June 30 for Certification of</i>									
10.010	<i>Appropriations</i>									
	7,789,122	9,057,399	9,728,958	11.8%	11,875,565	11,931,891	11,353,291	10,071,245	8,259,690	8,259,690
Revenue from Replacement/Renewal Levies										
11.010				0.0%	-	-	-	-	-	-
11.020				0.0%	-	-	-	-	-	-
11.300				0.0%	-	-	-	-	-	-
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	7,789,122	9,057,399	9,728,958	11.8%	11,875,565	11,931,891	11,353,291	10,071,245	8,259,690	8,259,690
Revenue from New Levies										
13.010				0.0%	-	-	-	-	-	-
13.020				0.0%	-	-	-	-	-	-
13.030				0.0%	-	-	-	-	-	-
14.010				0.0%	-	-	-	-	-	-
15.010	<i>Unreserved Fund Balance June 30</i>									
	7,789,122	9,057,399	9,728,958	11.8%	11,875,565	11,931,891	11,353,291	10,071,245	8,259,690	8,259,690

North Fork Local School District – Licking County
Notes to the Five Year Forecast
General Fund Only
May 15, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), tax adjustments (reappraisal/updates), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education (ODE) when events that will significantly change their forecast or, at a minimum when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since preparing a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the school district's Treasurer/Chief Fiscal Officer (CFO) with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long-range planning and discussions of the school district's financial issues.
- (2) 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."
- (3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

Revenues FY23

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$630,747 or 3.38% higher than the November forecasted amount of \$18.68 million. This indicates that the November forecast was 96.62% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 32.2% and are estimated to be \$6.21 million, which is \$190,429 higher for FY23 than the original November estimate of \$6.02 million. Our estimates are 96.93% accurate for FY23 and should mean future projections are also on target.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$8.51 million, which is \$594 higher than the original estimate for FY23. We are pleased that we were able to be 99.99% accurate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are up \$245,000 over original estimates, primarily due to interest income and increased tuition received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be \$17.19 million for FY23, which is \$320,000 lower than the original estimate of \$17.51 million in the November forecast, which is roughly 98.17% on target with initial estimates. The expenditure line most significantly over projection is wages (line 3.01), Supplies and Materials (line 3.040) due to classroom material and supplies costing more than original estimates, and Purchased Services (line 3.030) is under estimates due to contract services being lower than expected.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$11.88 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainties not only due to the economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues recovering as anticipated. Total local revenues, which are predominately local taxes, equate to 51.9% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Licking and Knox Counties experienced a reappraisal update in the 2020 tax year to be collected in FY21. The 2020 update increased overall assessed values by \$37.53 million or an increase of 15.14%, which includes reappraisal and new construction for all classes of property. A sexennial reappraisal will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by \$15.21 million for an overall increase of 5.11%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

3) State revenues represented 48.1% of district revenues, which means it is a significant risk to the district's revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY24-25 and FY26-27. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27, which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4) HB 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be delivered separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur. There will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in actual historical costs for FY20 through FY21, which may reflect different trends on Lines 1.035, 1.04, 1.06, and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.

5) HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

6) The current proposed state budget for FY24-25, HB33 was introduced on February 15, 2023, and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base

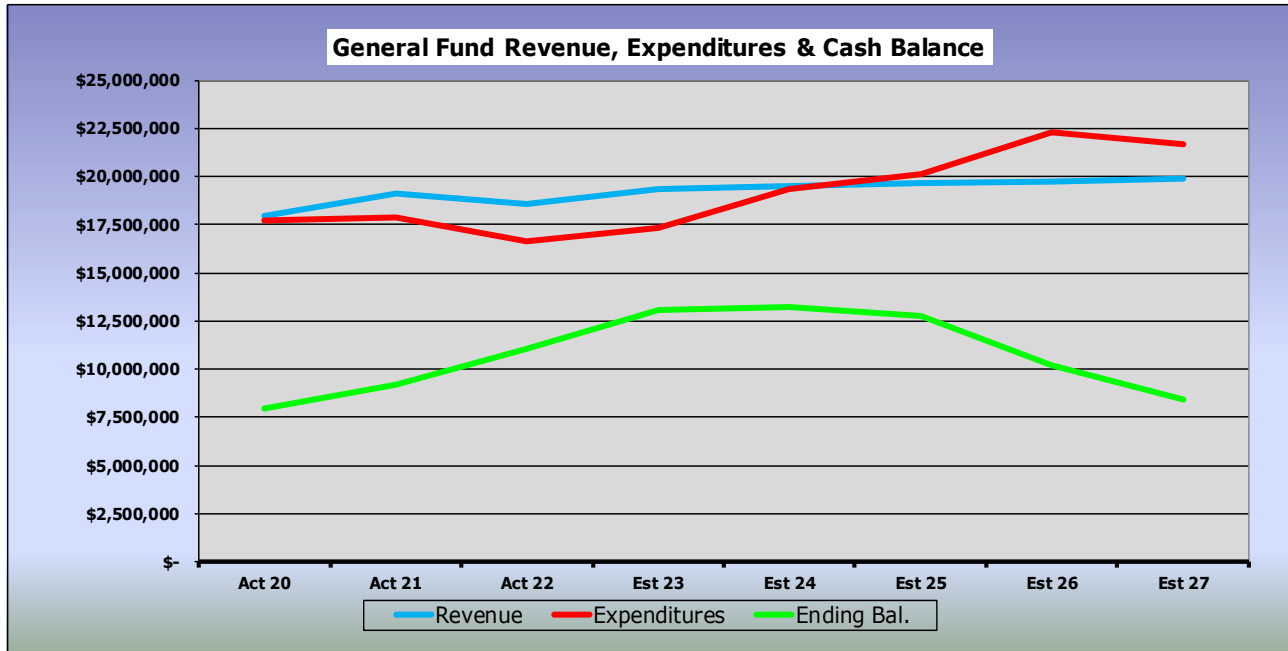
cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would receive at least FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

7) The legislature has introduced House Bill 1 (HB1), proposing to modify the property taxation law and Ohio income tax rates. Proposed changes to the existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written, would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. The “effective” millage rate on voted levies will decrease as property values grow. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause “effective” millage rates and increase local taxpayers’ property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing regarding HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

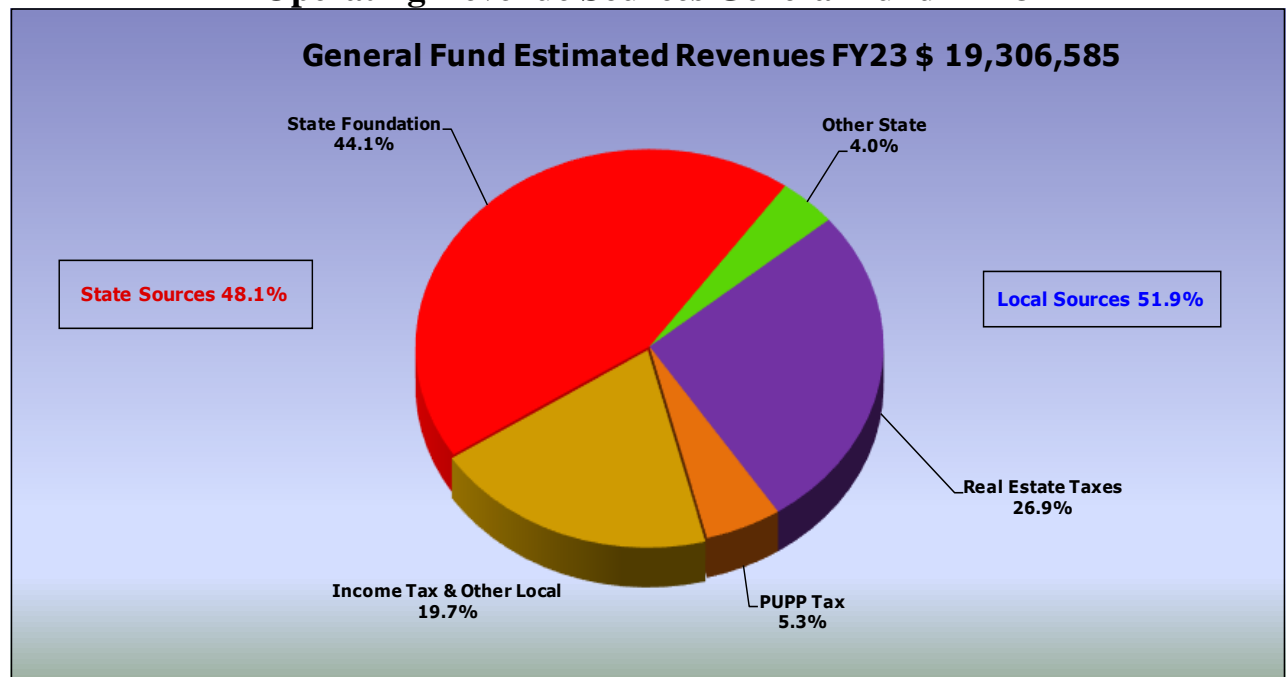
8) Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward, our positive working relationship will continue and will only grow stronger.

The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please get in touch with Kellie Breehl, Treasurer, at 740.892.3897.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27
 The graph below captures, in one snapshot, the operating scenario facing the district over the next few years, including the renewal of the 1% School District Income Tax renewal was approved May 2021. The income tax now expires December 31, 2028.



**Revenue Assumptions
 Operating Revenue Sources General Fund FY23**



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Licking and Knox Counties experienced a triennial update for the 2020 tax year to be collected in FY21. Residential/agricultural values increased 15.99% or \$37.41 million due to the update, led by an improving housing market. Commercial/industrial values decreased by \$120 thousand. Overall values increased \$37.53 million or 15.14%, which includes new construction for all classes of property.

A sexennial reappraisal will occur in 2023 for collection in FY24, for which we are estimating a 5% increase in residential and a 1% increase for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values to increase \$15.21 million or 5.11%.

Public Utility Personal Property (PUPP) values increased by \$500,000 in the tax year 2022. We expect our values to continue to grow by \$500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Estimated TAX YEAR2022 COLLECT 2023</u>	<u>Estimated TAX YEAR2023 COLLECT 2024</u>	<u>Estimated TAX YEAR2024 COLLECT 2025</u>	<u>Estimated TAX YEAR 2025 COLLECT 2026</u>	<u>Estimated TAX YEAR 2026 COLLECT 2027</u>
Res./Ag.	\$283,785,630	\$298,824,912	\$299,674,912	\$300,524,912	\$310,390,659
Comm./Ind.	13,582,514	13,748,339	13,778,339	13,808,339	13,976,423
Public Utility Personal Property (PUPP)	<u>31,803,560</u>	<u>32,303,560</u>	<u>32,803,560</u>	<u>33,303,560</u>	<u>33,803,560</u>
Total Assessed Value	<u>\$329,171,704</u>	<u>\$344,876,811</u>	<u>\$346,256,811</u>	<u>\$347,636,811</u>	<u>\$358,170,641</u>

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Property Taxes - Line #1.010	<u>\$5,186,889</u>	<u>\$5,335,361</u>	<u>\$5,453,911</u>	<u>\$5,469,503</u>	<u>\$5,575,264</u>

Property tax levies are estimated to be collected at 97% of the annual amount. This allows for a 3% delinquency factor. In general, 57.75% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 42.25% in the August tax settlement.

Public Utility Property Tax – Line#1.020

The phase-out of TPP taxes as noted earlier, began in FY06 with HB66 which was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above under Public Utility (PUPP), which were \$31.8 million in assessed values in 2022 and are collected at the district’s gross voted millage rate. Collections are typically 50% in March and 50% in August along with the real estate settlements from the county auditor. The values in 2022 rose by \$500,000 and are expected to grow by \$500,000 each year of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Tangible Personal Property Taxes (TPP)	\$1,020,656	\$919,937	\$934,287	\$948,637	\$962,987

Renewal and Replacement Levies – Line #11.01

The 1% income tax was approved May 4, 2021 and will expire December 31, 2028.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

School District Income Tax – Line#1.030

The current SDIT was approved May, 2021 and will now expire on December 31, 2028. The district has a 1% earned school district income tax. As we move into post-pandemic economic times, we see that income tax collections are beginning to increase with the economic recovery. So far in FY23, income tax collections statewide have increased on average around 9%. We experienced a 12% growth rate for FY23 we will estimate a growth rate of 1% for FY24-27 as the concerns over inflation may slow growth in this area.

When the SDIT expires in FY29 it will be moved to Line 11.01 of the forecast as required.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
SDIT Collection	\$2,711,257	\$3,036,507	\$3,066,873	\$3,097,543	\$3,128,519
Adjustments	325,250	30,366	30,670	30,976	31,286
Total SDIT Line #1.030	\$3,036,507	\$3,066,873	\$3,097,543	\$3,128,519	\$3,159,805

**State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023**

Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the April #1 2023 foundation settlement and adjustments from FY22.

Our district is currently a guarantee district in FY23 and is expected to continue on the guarantee in FY24-27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest, and possibly the most complicated, funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and how expenses are deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

- A. Student Population and Demographics
- B. Property Valuation Per Pupil

- C. Personal Income of District Residents Per Pupil
- D. Historical Funding - CAPS and Guarantees from prior funding formulas “Funding Bases” for guarantees.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district’s local capacity will update for FY23. Base costs per pupil include funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year’s federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and items 1 through 3 above are added, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district) and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership

(ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.

2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. 10% will be reduced from all districts’ calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within one mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by \$422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.34% in FY23.
2. English Learners - Based on funded categories generated from the time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds - Based on four funded components generated primarily from a ratio of teachers to gifted pupils multiplied by a weighted teacher cost.
4. Career-Technical Education Funds - Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds - These funds, were moved as a part of DPIA funding, which is restricted funding and will be spent on the same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding; rather it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 but has now been included in the overall phase at 33.33% in FY23. Transportation categorical funds will not be subject to phase-in.

HB110 includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guaranteed level of funding for FY22 is a calculated funding guarantee level based on total state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of guarantee in FY22. The same number will generally occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the current state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04

below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund, 467 from FY20 and FY21, are required to be used for the restricted purposes governing these funds until entirely spent.

Future State Budget Projections

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum, through FY25.

Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.
- c) Student Wellness and Success Funds
 - a. Expenditures for physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
 - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
 - c. School resource officer funding will be allocated on a per building basis. Funds can support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted and categorical state funding to align with the FY23 funding levels through the remainder of the forecast. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for opening four (4) casinos, one each in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% Gross Casino Revenue

(GCR) that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels, as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil; actual payments in FY23 were \$64.87 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 1.02% annual growth rate for the forecast period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$7,735,226	\$7,733,424	\$7,733,424	\$7,733,424	\$7,733,424
Additional Aid Items	<u>244,797</u>	<u>244,797</u>	<u>244,797</u>	<u>244,797</u>	<u>244,797</u>
Basic Aid-Unrestricted Subtotal	7,980,023	7,978,221	7,978,221	7,978,221	7,978,221
Ohio Casino Commission ODT	<u>103,572</u>	<u>105,636</u>	<u>107,749</u>	<u>109,904</u>	<u>112,102</u>
Total Unrestricted State Aid Line # 1.035	<u>\$8,083,595</u>	<u>\$8,083,857</u>	<u>\$8,085,970</u>	<u>\$8,088,125</u>	<u>\$8,090,323</u>

Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added, as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, and 33.34% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
DPIA	\$87,536	\$87,536	\$87,536	\$87,536	\$87,536
Career Tech - Restricted	47,658	47,658	47,658	47,658	47,658
Gifted	77,208	77,208	77,208	77,208	77,208
ESL	499	499	499	499	499
Student Wellness	<u>211,615</u>	<u>211,615</u>	<u>211,615</u>	<u>211,615</u>	<u>211,615</u>
Total Restricted State Revenues Line #1.040	<u>\$424,516</u>	<u>\$424,516</u>	<u>\$424,516</u>	<u>\$424,516</u>	<u>\$424,516</u>

Restricted Federal Grants in Aid – Line #1.045

There are no restricted federal grants projected during this forecast.

<u>Summary of State Foundaton Revenue</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line # 1.035	\$8,083,595	\$8,083,857	\$8,085,970	\$8,088,125	\$8,090,323
Restricted Line # 1.040	424,516	424,516	424,516	424,516	424,516
Restricted Fed. Grants Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$8,508,111</u>	<u>\$8,508,373</u>	<u>\$8,510,486</u>	<u>\$8,512,641</u>	<u>\$8,514,839</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled residential taxpayers. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013 and who become eligible after, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead (Line #1.05)	<u>\$779,378</u>	<u>\$815,655</u>	<u>\$837,900</u>	<u>\$840,280</u>	<u>\$855,282</u>

Other Local Revenues – Line #1.060

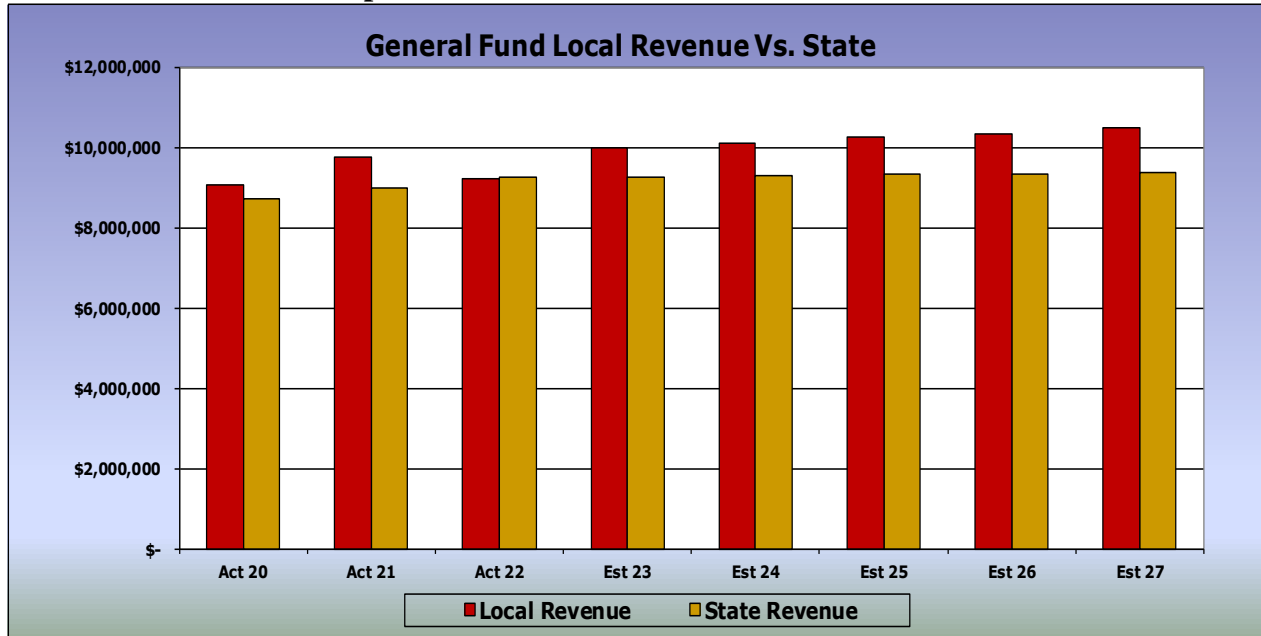
All other local revenue encompasses any type that does not fit into the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district they are being educated and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates began to rise quickly due to the Federal Reserve’s strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our firm cash reserves. Rentals are expected to return to pre-pandemic levels over time. Catastrophic Aid nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year to year and we are projecting minimal growth over the remainder of the forecast. All other revenues are expected to continue on historical trends.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Interest	221,559	223,775	226,013	228,273	230,556
Class Fees & School Supplies	117,375	117,375	117,375	117,375	117,375
Tuition SF-14 & SF-14H	268,450	269,792	271,141	272,497	273,859
Other Income, Rentals & Medicaid	<u>167,661</u>	<u>167,661</u>	<u>167,661</u>	<u>167,661</u>	<u>167,661</u>
Total Other Local Revenue Line #1.060	<u>\$775,045</u>	<u>\$778,603</u>	<u>\$782,190</u>	<u>\$785,806</u>	<u>\$789,451</u>

Comparison of Local Revenue and State Revenue



Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short-term borrowing projected in this forecast.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

All Other Financial Sources – Line #2.060

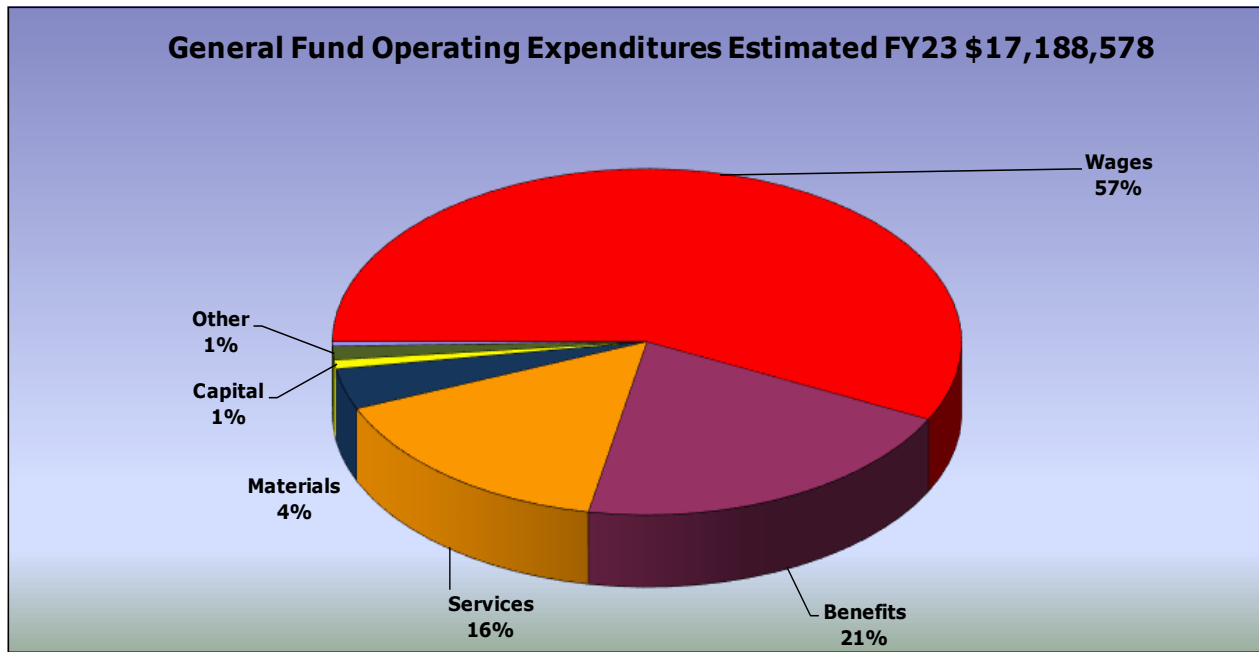
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that align with historical collections.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Refund of prior year expenditures	<u>\$52,637</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students, whether it be with changes in staffing, curriculum, or new technology. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

The model reflects a base increase of 2.25% for FY23, 3% for FY24, 2.5% for FY25-26. And 1% for FY27. We have estimated step and training increases of 1.8% for each year of the forecast in addition to 1 FTE certificated staff that may be needed. This forecast contains the current and one future bargaining unit agreements.

Several adjustments have been made to code wages to ESSER funds for FY21 through FY23 then returning these costs to the General Fund in FY24.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$9,055,910	\$9,326,010	\$10,300,420	\$10,763,959	\$11,247,986
Increases	203,758	279,780	257,511	269,099	112,480
Steps & Training	163,006	167,868	185,408	193,751	202,464
Growth/Replacement Staff	54,414	55,070	55,620	56,177	56,738
Unfunded Recapture	-	-	-	-	-
Substitutes & Supplementals	505,161	510,213	515,315	520,468	525,673
Fund 467 & 507 Adjustment	<u>(116,078)</u>	<u>506,692</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$9,866,171</u>	<u>\$10,845,633</u>	<u>\$11,314,274</u>	<u>\$11,803,454</u>	<u>\$12,145,341</u>

Fringe Benefits Estimates – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. These payments and HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district must pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance

The estimated increases for insurance are 7% for fiscal year 2021 and a -7.8% decrease in FY22. Unfortunately, we will have a 22.2% rate hike in FY23 which will be partially offset with attrition, 17.7% in FY24 and then an industry standard 7% increase for FY25-27.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes initially imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers’ Compensation is expected to be approximately .035% of wages FY23-27. Unemployment is likely to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of wage increases and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

E) Other/Tuition

The district reimburses employees for the tuition to further their education to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$1,549,262	\$1,704,910	\$1,790,007	\$1,867,763	\$1,925,307
B) Insurances	1,781,090	2,106,031	2,257,903	2,420,450	2,594,421
C) Workers Comp/Unemployment	34,832	38,260	39,900	41,612	42,809
D) Medicare	143,060	157,262	164,056	171,151	176,108
Other/Tuition	<u>29,171</u>	<u>29,171</u>	<u>29,171</u>	<u>29,171</u>	<u>29,171</u>
Total Fringe Benefits Line #3.020	<u>\$3,537,415</u>	<u>\$4,035,634</u>	<u>\$4,281,037</u>	<u>\$4,530,147</u>	<u>\$4,767,816</u>

Purchased Services – Line #3.030

HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education started to directly pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships that granted students to be educated elsewhere, as opposed to deducting

these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY23-27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast. College Credit Plus, excess costs, and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. An average increase of 6.04% is projected in this area for the forecasted period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Services	\$97,105	\$100,018	\$103,019	\$106,110	\$109,293
ESC & Instructional Services	1,719,340	1,770,920	1,824,048	1,878,769	1,935,132
Open Enrollment Deduction	0	0	0	0	0
Community School	0	0	0	0	0
Tuition, Scholarship Transfers & CCP	175,777	184,566	193,794	203,484	213,658
Building Maintenance & Service	349,458	366,931	385,278	404,542	424,769
Utilities	478,666	493,026	507,817	523,052	538,744
ESSER Adjustment	<u>(125,000)</u>	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>
Total Purchased Services Line #3.030	<u>\$2,695,346</u>	<u>\$3,087,461</u>	<u>\$3,185,956</u>	<u>\$3,287,957</u>	<u>\$3,393,596</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. An average increase of 6.34% is projected in this area for the forecasted period.

An overall inflation of 22.87% is being estimated in FY24 and an average of 1% FY25-27 in this category of expenses. This is due to an anticipated increase in fuel costs in FY23 and instructional materials as a whole. Educational supplies include textbooks, office and classroom supplies, we have no textbook updates budgeted at this time. Building and transportation costs include supplies to clean the buildings, provide paper supplies and other items custodians would need, and transportation costs are largely fuel, tires and other costs required to keep our fleet safe and operational.

Additional ESSER II and III funds have been allocated to our district that can be used through September, 2023 and September 2024 which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Supplies, Textbooks & Technology	\$356,522	\$290,087	\$292,988	\$295,918	\$298,877
Building and Transportation	373,415	377,149	380,920	384,729	388,576
ESSER Adjustment	<u>(73,413)</u>	<u>139,413</u>	<u>139,413</u>	<u>139,413</u>	<u>139,413</u>
Total Supplies Line #3.040	<u>\$656,524</u>	<u>\$806,649</u>	<u>\$813,321</u>	<u>\$820,060</u>	<u>\$826,866</u>

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because the Permanent Improvement Fund pays most capital outlay. An average increase of 3% is projected in this area for the forecasted period.

Costs in FY23-27 include purchasing equipment for students and staff. We continue to fund the lease purchase agreement to update the bus fleet. Completion of the new bus garage decreased this line by \$365,000 from beginning in FY20.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay	\$141,547	\$145,793	\$150,167	\$154,672	\$159,312
Total Equipment Line #3.050	<u>\$141,547</u>	<u>\$145,793</u>	<u>\$150,167</u>	<u>\$154,672</u>	<u>\$159,312</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of 2% is projected in this area for the forecasted period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$97,091	\$98,062	\$99,043	\$100,033	\$101,033
Other expenses	<u>125,364</u>	<u>129,125</u>	<u>132,999</u>	<u>136,989</u>	<u>141,099</u>
Total Other Expenses Line #4.300	<u>\$222,455</u>	<u>\$227,187</u>	<u>\$232,042</u>	<u>\$237,022</u>	<u>\$242,132</u>

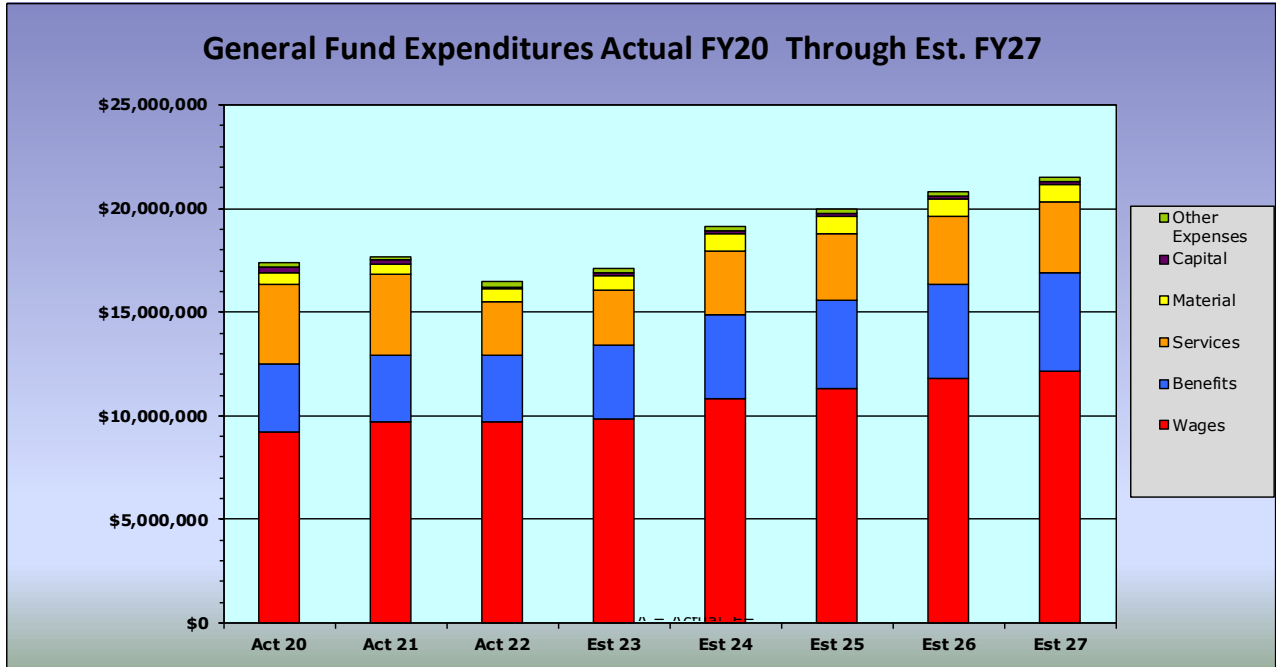
Transfers Out– Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The District normally anticipates a transfer of \$150,000 to the PI Fund (003) and \$50,000 to Food Service Fund (006) for a total of \$200,000. For FY23-FY27 we will anticipate the \$50,000 transfer to Food Service Fund and adjust accordingly for future years as needs arise.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Operating Transfers Out Line #5.010	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

As the following graph indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We maintain control over our expenses while balancing student academic needs to enable them to excel and perform well on state performance standards.



Encumbrances –Line#8.010

These are outstanding purchase orders that have yet to be approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances - Line #8.010	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>

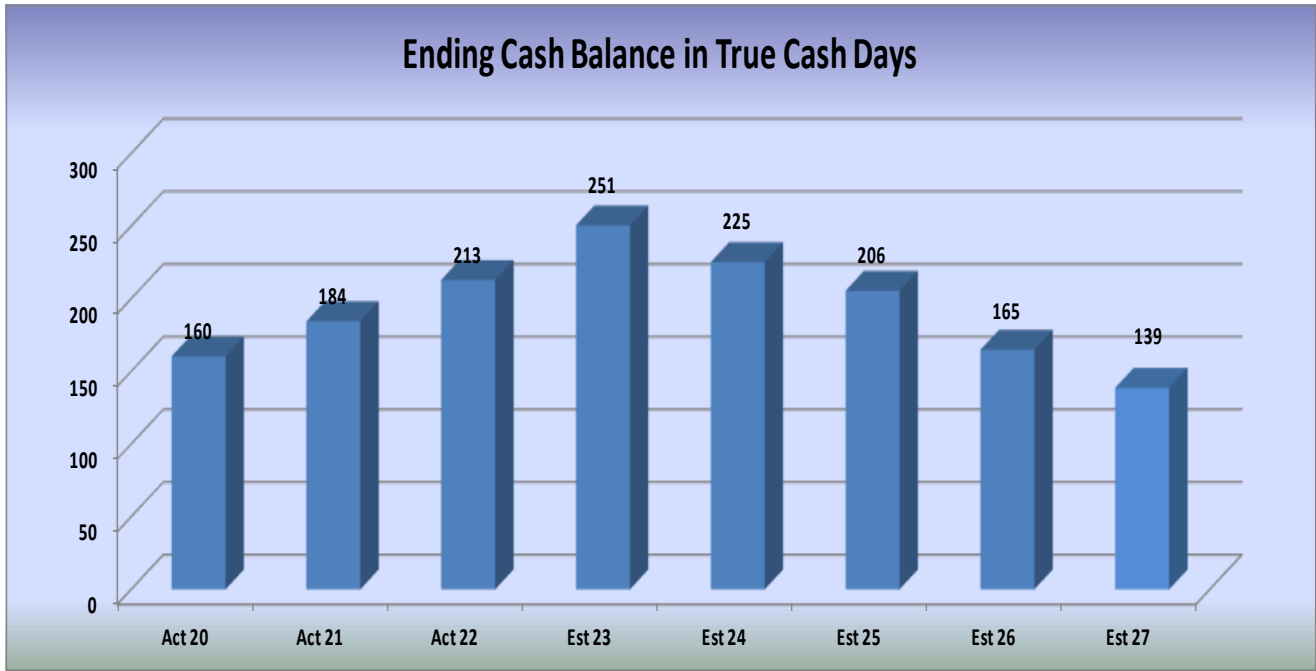
Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance, violates O.R.C. §5705.412 and is punishable by the personal liability of \$10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately \$1.4 million for our district.

Source	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance - Line #15.010	<u>\$11,875,565</u>	<u>\$11,931,891</u>	<u>\$11,353,291</u>	<u>\$10,071,245</u>	<u>\$8,259,690</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days.’ In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two (2) months, or sixty (60) days of cash is on hand at year-end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount deducted for programs that were not within the district’s control. However, the subsequent state funding will be closely monitored as HB33 moves through the legislative process for FY24-25. Furthermore, future state budget funding will need to be watched since the total amount of the Fair School Funding Plan was not implemented with this budget. There is no guarantee for future increases in state budgets for FY26-FY27.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. Additional ESSER II and III have been allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the expenses and help with academic support for lost learning due to school closures a result of the pandemic. We will monitor this and all other funding affecting our forecast from the pandemic.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.