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

**Forecast Provided By**
**NORTHRIDGE LOCAL SCHOOL DISTRICT**
**Treasurer's Office**
**BRITT LEWIS, MBA - TREASURER/CFO**
**October 10, 2022**

# NORTHRIDGE LOCAL SCHOOL DISTRICT
## Licking County

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

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Average Change | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 |
| | **Revenues** | | | | | | | | | |
| 1.010 | General Property Tax (Real Estate) | 7,732,848 | 8,345,839 | 8,804,325 | 6.7% | 8,815,816 | 9,020,819 | 8,072,655 | 7,229,543 | 7,346,958 |
| 1.020 | Public Utility Personal Property Tax | - | - | - | 0.0% | - | - | - | - | - |
| 1.030 | Income Tax | 15,059 | 13,661 | 25,470 | 38.6% | - | - | - | - | - |
| 1.035 | Unrestricted State Grants-in-Aid | 4,409,804 | 4,641,980 | 5,020,183 | 6.7% | 5,007,842 | 5,009,358 | 5,010,141 | 5,010,926 | 5,011,714 |
| 1.040 | Restricted State Grants-in-Aid | 61,758 | 61,760 | 245,987 | 149.1% | 198,963 | 198,963 | 198,963 | 198,963 | 198,963 |
| 1.045 | Restricted Federal Grants In Aid | - | - | - | 0.0% | - | - | - | - | - |
| 1.050 | Property Tax Allocation | 984,192 | 1,035,994 | 1,089,781 | 5.2% | 1,096,025 | 1,103,807 | 996,447 | 876,102 | 891,449 |
| 1.060 | All Other Revenues | 1,311,601 | 1,527,078 | 1,132,038 | -4.7% | 654,373 | 660,917 | 667,526 | 674,202 | 680,944 |
| 1.070 | *Total Revenues* | 14,515,262 | 15,626,312 | 16,317,784 | 6.0% | 15,773,019 | 15,993,864 | 14,945,732 | 13,989,736 | 14,130,028 |
| | **Other Financing Sources** | | | | | | | | | |
| 2.010 | Proceeds from Sale of Notes | - | - | - | 0.0% | - | - | - | - | - |
| 2.020 | State Emergency Loans and Advancements | - | - | - | 0.0% | - | - | - | - | - |
| 2.040 | Operating Transfers-In | 13,633 | - | - | 0.0% | - | - | - | - | - |
| 2.050 | Advances-In | 0 | - | - | 0.0% | 410,000 | 410,000 | 410,000 | 410,000 | 410,000 |
| 2.060 | All Other Financing Sources | 0 | 1,300 | - | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 2.070 | *Total Other Financing Sources* | 13,633 | 1,300 | 0 | -95.2% | 410,000 | 410,000 | 410,000 | 410,000 | 410,000 |
| 2.080 | *Total Revenues and Other Financing Sources* | 14,528,895 | 15,627,612 | 16,317,784 | 6.0% | 16,183,019 | 16,403,864 | 15,355,732 | 14,399,736 | 14,540,028 |
| | **Expenditures** | | | | | | | | | |
| 3.010 | Personal Services | $6,627,500 | $7,073,197 | $7,790,007 | 8.4% | $8,330,804 | $8,618,782 | $8,748,481 | $8,880,142 | $9,013,796 |
| 3.020 | Employees' Retirement/Insurance Benefits | 2,235,590 | 2,466,348 | 2,655,483 | 9.0% | $2,883,978 | $3,053,749 | $3,296,321 | $3,449,099 | $3,612,489 |
| 3.030 | Purchased Services | 4,317,988 | 4,245,919 | 3,758,649 | -6.6% | $3,810,504 | $3,935,583 | $4,064,953 | $4,198,769 | $4,337,193 |
| 3.040 | Supplies and Materials | 549,723 | 646,755 | 962,708 | 33.3% | $951,639 | 950,000 | 969,000 | 988,380 | 1,008,148 |
| 3.050 | Capital Outlay | 130,824 | - | - | 0.0% | - | - | - | - | - |
| 3.060 | Intergovernmental | - | - | - | 0.0% | - | - | - | - | - |
| | Debt Service: | | | | | | | | | |
| 4.010 | Principal-All (Historical Only) | - | - | - | 0.0% | - | - | - | - | - |
| 4.020 | Principal-Notes | - | - | - | 0.0% | - | - | - | - | - |
| 4.030 | Principal-State Loans | - | - | - | 0.0% | - | - | - | - | - |
| 4.040 | Principal-State Advancements | - | - | - | 0.0% | - | - | - | - | - |
| 4.050 | Principal-HB 264 Loans | 95,000 | (32) | - | -100.0% | - | - | - | - | - |
| 4.055 | Principal-Other | - | - | - | 0.0% | - | - | - | - | - |
| 4.060 | Interest and Fiscal Charges | 19,744 | - | - | 0.0% | - | - | - | - | - |
| 4.300 | Other Objects | 252,823 | 170,906 | 168,215 | -17.0% | $180,729 | $186,077 | $191,584 | $197,255 | $203,095 |
| 4.500 | *Total Expenditures* | $14,229,192 | 14,603,093 | 15,335,062 | 3.8% | 16,157,654 | 16,744,191 | 17,270,339 | 17,713,645 | 18,174,721 |
| | **Other Financing Uses** | | | | | | | | | |
| 5.010 | Operating Transfers-Out | 419,305 | 545,641 | 559,606 | 16.3% | $550,000 | $550,000 | $550,000 | $550,000 | $550,000 |
| 5.020 | Advances-Out | - | - | 2,000,000 | 0.0% | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 5.030 | All Other Financing Uses | 8,326 | 16,623 | 16,319 | 48.9% | $0 | $0 | $0 | $0 | $0 |
| 5.040 | *Total Other Financing Uses* | 427,631 | 562,264 | 2,575,925 | 194.8% | 560,000 | 560,000 | 560,000 | 560,000 | 560,000 |
| 5.050 | *Total Expenditures and Other Financing Uses* | 14,656,823 | 15,165,357 | 17,910,987 | 10.8% | 16,717,654 | 17,304,191 | 17,830,339 | 18,273,645 | 18,734,721 |
| 6.010 | *Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses* | (127,928) | 462,255 | (1,593,203) | -453.0% | (534,635) | (900,327) | (2,474,607) | (3,873,909) | (4,194,693) |
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 8,001,695 | 7,873,767 | 8,336,022 | 2.1% | 6,742,819 | 6,208,184 | 5,307,857 | 2,833,250 | (1,040,659) |
| 7.020 | *Cash Balance June 30* | 7,873,767 | 8,336,022 | 6,742,819 | -6.6% | 6,208,184 | 5,307,857 | 2,833,250 | (1,040,659) | (5,235,352) |
| 8.010 | *Estimated Encumbrances June 30* | 445,729 | 592,599 | 542,696 | 12.3% | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| | **Reservation of Fund Balance** | | | | | | | | | |
| 9.010 | Textbooks and Instructional Materials | - | - | - | 0.0% | - | - | - | - | - |
| 9.020 | Capital Improvements | - | - | - | 0.0% | - | - | - | - | - |
| 9.030 | Budget Reserve 60 Days | - | - | - | 0.0% | 2,692,942 | 2,790,699 | 2,878,390 | 2,952,274 | 3,029,120 |
| 9.040 | DPIA | - | - | - | 0.0% | - | - | - | - | - |
| 9.045 | Fiscal Stabilization | - | - | - | 0.0% | - | - | - | - | - |
| 9.050 | Debt Service | - | - | - | 0.0% | - | - | - | - | - |
| 9.060 | Property Tax Advances | - | - | - | 0.0% | - | - | - | - | - |
| 9.070 | Bus Purchases | - | - | - | 0.0% | - | - | - | - | - |
| 9.080 | *Subtotal* | - | - | - | 0.0% | 2,692,942 | 2,790,699 | 2,878,390 | 2,952,274 | 3,029,120 |
| 10.010 | *Fund Balance June 30 for Certification of Appropriations* | 7,428,038 | 7,743,423 | 6,200,123 | -7.8% | 3,450,242 | 2,452,158 | (110,140) | (4,057,933) | (8,329,472) |

# NORTHRIDGE LOCAL SCHOOL DISTRICT
## Licking County

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

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Average Change | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 |
| | **Revenue from Replacement/Renewal Levies** | | | | | | | | | |
| 11.010 | Income Tax - Renewal | - | - | | 0.0% | - | - | - | - | - |
| 11.020 | Property Tax - Renewal or Replacement | - | - | | 0.0% | - | - | 1,092,000 | 2,100,000 | 2,100,000 |
| 11.300 | Cumulative Balance of Replacement/Renewal Levies | - | - | | 0.0% | - | - | 1,092,000 | 3,192,000 | 5,292,000 |
| 12.010 | *Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations* | 7,428,038 | 7,743,423 | 6,200,123 | -7.8% | 3,450,242 | 2,452,158 | 981,860 | (865,933) | (3,037,472) |
| | **Revenue from New Levies** | | | | | | | | | |
| 13.010 | Income Tax - New | | | | 0.0% | - | - | - | - | - |
| 13.020 | Property Tax - New | | | | 0.0% | - | - | - | - | - |
| 13.030 | Cumulative Balance of New Levies | - | - | - | 0.0% | - | - | - | - | - |
| 14.010 | Revenue from Future State Advancements | - | | | 0.0% | - | - | - | - | - |
| 15.010 | *Unreserved Fund Balance June 30* | 7,428,038 | 7,743,423 | 6,200,123 | -7.8% | 3,450,242 | 2,452,158 | 981,860 | (865,933) | (3,037,472) |

**Northridge Local School District – Licking County**
**Notes to the Five Year Forecast**
**General Fund Only**
**October 10, 2022**

## Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual 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), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages 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 ODE when events take place that will significantly change their forecast or, at a minimum, when required under 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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of 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 Treasurer/Chief Fiscal Officer or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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 financial issues facing the school district
(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

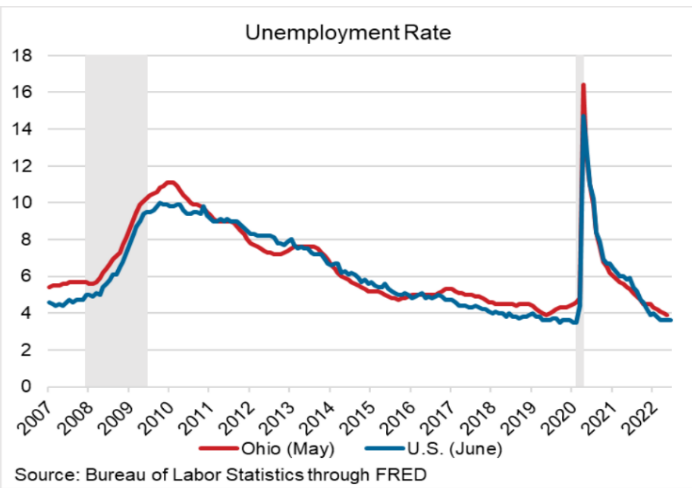
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2022 filing.

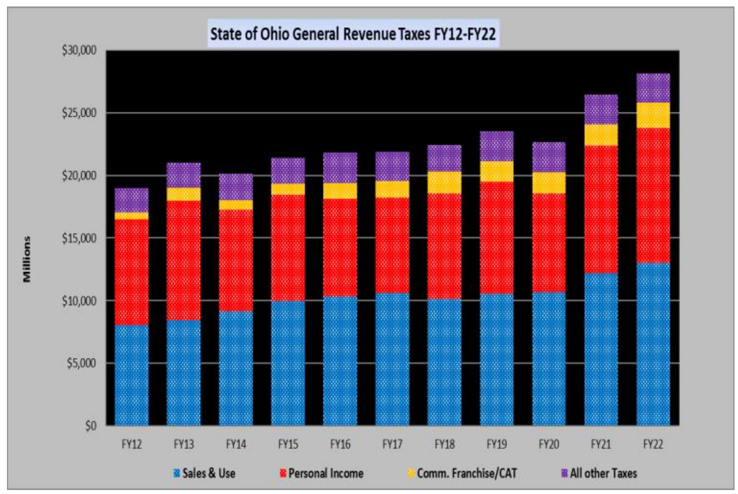
## Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic which began in early 2020. The effects of the pandemic have lessened but several supply chain concerns and high inflation continues to impact our state, country and broader globalized economy.  Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such a diesel fuel for busses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation impacting district costs are expected to continue in FY23, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases that will occur before December 2022, will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen right as the state legislature considers the next biennium budget for FY24 and FY25. In spite of the strong economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored and a new state funding formula is in year two of a projected five-year phase in. While increased inflation impacting district costs are expected to continue over the next few years, the state's economy has grown as indicated in the graphs below and may enable the state to continue the phase in of the new funding formula even if a cyclical recession occurs in the first half of 2023 calendar year.




While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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.

**Forecast Risks and Uncertainty:**
A five-year financial forecast has risks and uncertainty not only due to 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 next 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 to us 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:

I. Our district has property values in Delaware, Knox and Licking Counties. All three counties experienced a reappraisal update in Tax Year 2020 for collection in 2021. Class I values increased \$40.98 million or 14.7% and Class II values increased \$.56 million or 6.16% in tax year 2020 reappraisal update. Public Utility values decreased by \$129,150 in 2020. Overall, all values in the district rose 14.2% in total. In the 2023 reappraisal we are assuming overall values will rise by 2.91%.

II. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to the way 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, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that 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 district from the state. The initial impact of these changes on the forecast will be noticed in that the historic actual costs for FY20 through FY21 potentially reflecting different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022 the legislature passed HB583 to resolves 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.

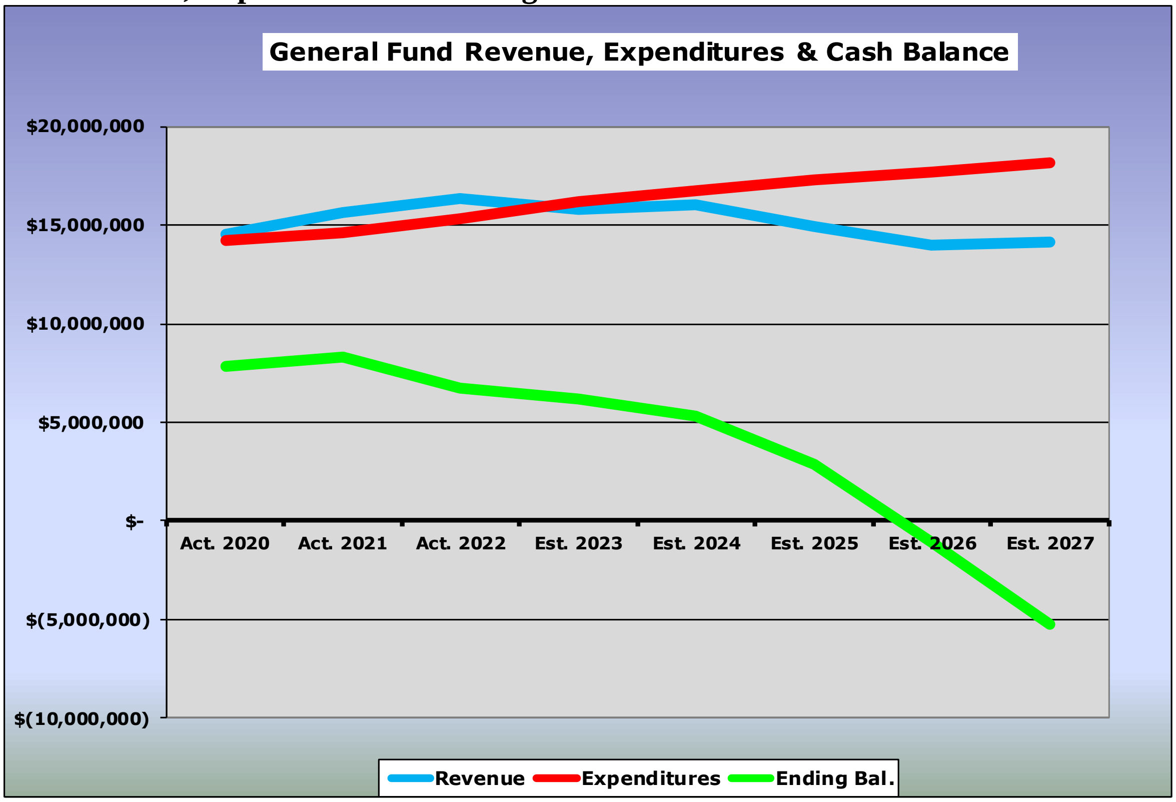
III. The State Budget represents 40% of district revenues and is an area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district 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.

IV. Property tax collections are 55.9% of revenues which is the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local property taxes and other miscellaneous income equate to 60% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed normal collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

V. HB110 direct pays costs associated with open enrollment, community and STEM schools, and for scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

The major 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 be of assistance to the reader in understanding the district forecast by reviewing the assumptions noted below. If you would like further information about the forecast, please feel free to contact Mr. Britt Lewis, MBA - Treasurer/CFO of Northridge Local Schools 740-967-6631.

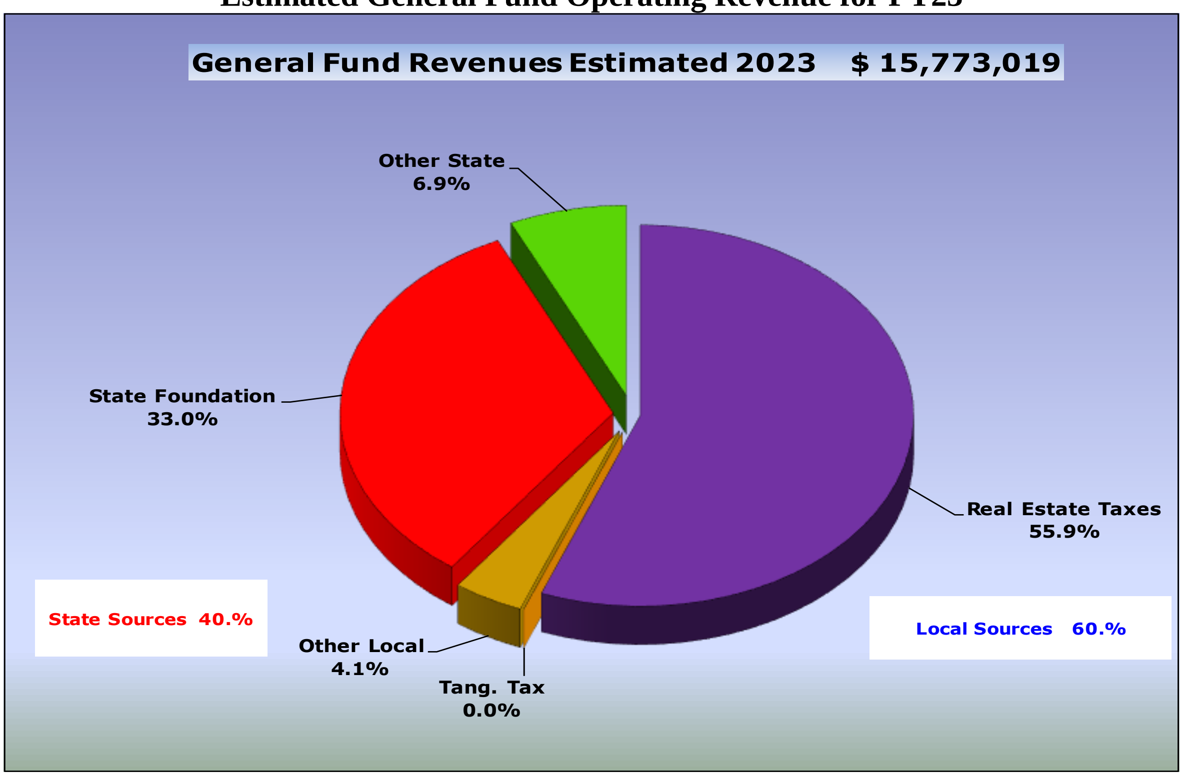
**General Fund Revenue, Expenditure and Ending Cash Balance:**




Note: the $2.1 M emergency Levy Expires December 31, 2024 must be moved to line 11.02 of forecast.

**Revenue Assumptions**

**Estimated General Fund Operating Revenue for FY23**



**Real Estate Value Assumptions – Line # 1.010**
Property Values are established each year by our County Auditors based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. The District collects property taxes from Licking, Knox and Delaware Counties. All three counties experienced a reappraisal update in Tax Year 2020 for collection in 2021. Class I values increased $40.98 million or 14.7% and Class II values increased $.56 million or 6.16% in tax year 2020 reappraisal update. Public Utility values decreased by $129,150 in 2020. Overall, all values in the district rose 14.2% in total. In the 2023 reappraisal we are assuming overall values will rise by 3.00%.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

| | Estimated | Estimated | Estimated | Estimated | Estimated |
|---|---|---|---|---|---|
| | TAX YEAR2022 | TAX YEAR2023 | TAX YEAR2024 | TAX YEAR 2025 | TAX YEAR 2026 |
| Classification | COLLECT 2023 | COLLECT 2024 | COLLECT 2025 | COLLECT 2026 | COLLECT 2027 |
| Res./Ag. | $328,132,650 | $338,826,630 | $339,676,630 | $340,526,630 | $351,592,428 |
| Comm./Ind. | 10,998,427 | 11,048,427 | 11,098,427 | 11,148,427 | 11,198,427 |
| Public Utility Personal Property (PUPP) | 32,888,450 | 32,988,450 | 33,088,450 | 33,188,450 | 33,288,450 |
| Total Assessed Value | $372,019,527 | $382,863,507 | $383,863,507 | $384,863,507 | $396,079,305 |

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Est. General Property Taxes to Line #1.010 | $8,815,816 | $9,020,819 | $8,072,655 | $7,229,543 | $7,346,958 |

Property tax levies are estimated to be collected at 100% of the annual amount. In general, 55.25% of the Res/Ag. and Comm/Ind. are expected to be collected in February tax settlements and 44.75% collected in August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in the August settlement from three County Auditors.

**Renewal and Replacement Levies – Line #11.02**
No renewal or replacement levies are included in this forecast. The districts $2.1 million emergency levy will expire December 31, 2024. We are required to show renewal levies on Line 11.02 and you will see a dip in revenue for FY25 in Line 1.01and 1.05.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| $2.1 M. Emergency Levy Expires 12/31/24 | $0 | $0 | $1,092,000 | $2,100,000 | $2,100,000 |

**New Tax Levies – Line #13.030**
No new levies are modeled in this forecast.

**Income Tax – Line #1.03**
The District's 1% school district income tax was non-renewed in November 2010. As a result, no income tax collections are projected in FY23 and beyond.

**State Foundation Revenue Estimates**
**Current State Funding Model per HB110 through June 30, 2023**
**A) 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. Full calculations of the new formula were not available for nearly all of last fiscal

year. We have projected FY23 funding based on the September 2022 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to continue on the guarantee in FY24-FY27 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 and 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 expenses 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
C. Personal Income of District Residents
D. Historical Funding- CAPS and Guarantees from prior funding formulas

<u>Base Cost Approach- Unrestricted Basic Aid Foundation Funding</u>
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 state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes 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)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is currently at a state wide average of $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will 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 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 most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then 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 amount 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). 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 and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 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 percentage is less than 33.33% will see a 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 number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating the percentage increase may be for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
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 in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

**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 include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a 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 less funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full 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 a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

**Student Wellness and Success (Restricted Fund 467)**

In FY20 and FY21 HB166, provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110 the new state budget has essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below. Any remaining funds in Special Revenue Fund 467 will be required to be used for the restricted purposes governing these funds until spent fully.

**Future State Budget Projections beyond FY23**

Our funding status for the FY24-27 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason funding is held constant FY23 through FY27.

**Casino Revenue**

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of 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% 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 largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil, actual payments in FY22 were $62.87 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Basic Aid-Unrestricted | $4,778,120 | $4,778,856 | $4,778,856 | $4,778,856 | $4,778,856 |
| Additional Aid Items | 158,032 | 158,032 | 158,032 | 158,032 | 158,032 |
| Basic Aid-Unrestricted Subtotal | $4,936,152 | $4,936,888 | $4,936,888 | $4,936,888 | $4,936,888 |
| Ohio Casino Commission ODT | 71,690 | 72,470 | 73,253 | 74,038 | 74,826 |
| Total Unrestricted State Aid Line # 1.035 | $5,007,842 | $5,009,358 | $5,010,141 | $5,010,926 | $5,011,714 |

**B) 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 September 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 14% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| DPIA | $27,269 | $27,269 | $27,269 | $27,269 | $27,269 |
| Career Tech - Restricted | 19,532 | 19,532 | 19,532 | 19,532 | 19,532 |
| Gifted | 44,680 | 44,680 | 44,680 | 44,680 | 44,680 |
| ESL | 2,342 | 2,342 | 2,342 | 2,342 | 2,342 |
| Student Wellness | 105,141 | 105,141 | 105,141 | 105,141 | 105,141 |
| Total Restricted State Revenues Line #1.040 | $198,963 | $198,963 | $198,963 | $198,963 | $198,963 |

**C) Restricted Federal Grants in Aid – line #1.045**
No federal restricted grants are projected throughout the forecast period.

**Summary of State Foundation Unrestricted and Restricted Funds**

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Unrestricted Line # 1.035 | $5,007,842 | $5,009,358 | $5,010,141 | $5,010,926 | $5,011,714 |
| Restricted Line # 1.040 | 198,963 | 198,963 | 198,963 | 198,963 | 198,963 |
| Federal Grants - #1.045 | 0 | 0 | 0 | 0 | 0 |
| Total State Foundation Revenue | $5,206,805 | $5,208,321 | $5,209,104 | $5,209,889 | $5,210,677 |

**State Taxes Reimbursement/Property Tax Allocation Line 1.050**

**a) Rollback and Homestead Reimbursement**
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are 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 do not get a new application approved for tax year 2013, and who become eligible thereafter 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 reduce the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

**b) Tangible Personal Property Reimbursements – Fixed Rate**
The district no longer receives any fixed rate reimbursement.

**c) Tangible Personal Property Reimbursements – Fixed Sum**
The district receives no fixed sum levy reimbursements as its emergency levy was not in place by 2004 to qualify for TPP fixed sum funding.

**Summary of State Tax Reimbursement – Line #1.050**

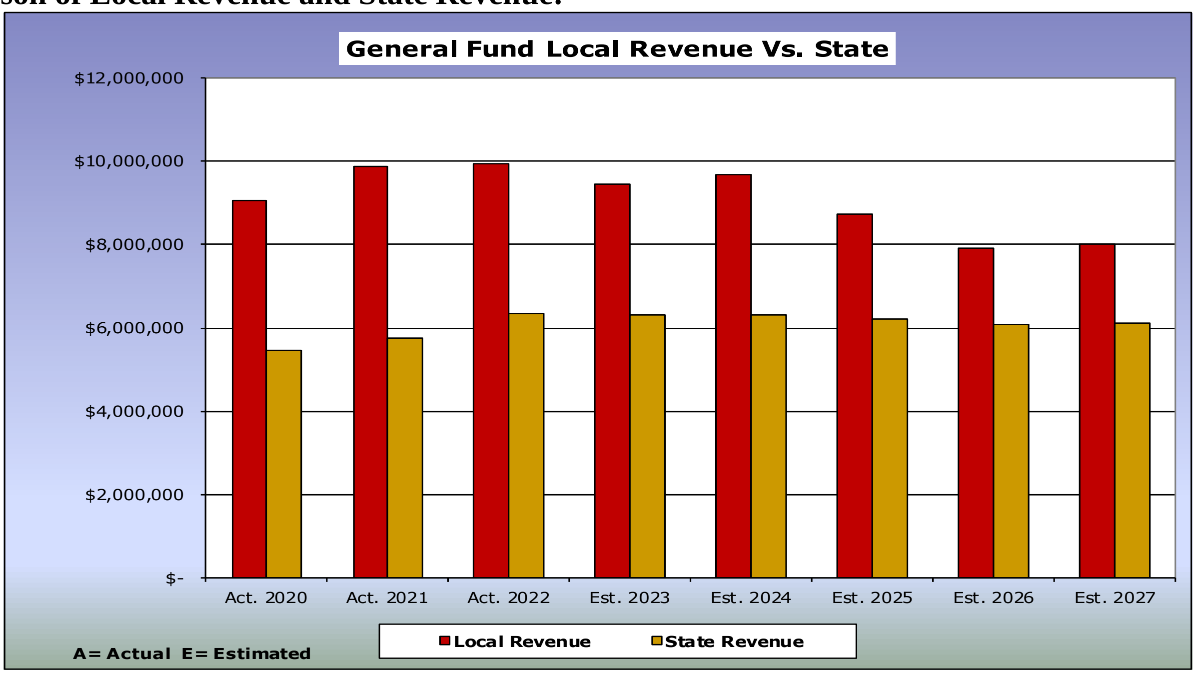
| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Rollback and Homestead | $1,096,025 | $1,103,807 | $996,447 | $876,102 | $891,449 |

**Other Local Revenues – Line #1.060**

Revenues from all other sources are based on historical growth patterns. The main sources of revenue in this area has been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110 the new state budget will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY23-FY27 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 at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 and FY22 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to return to pre-pandemic levels over time. The increase in FY22 is a result of the District receiving a generous Peterman donation. All other revenues are expected to continue on historic trends.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Open Enrollment Gross | $0 | $0 | $0 | $0 | $0 |
| Interest | 40,986 | 41,396 | 41,810 | 42,228 | 42,650 |
| Rentals, Donations & Miscellaneous | 25,463 | 25,718 | 25,975 | 26,235 | 26,497 |
| Tuition SF-14 & SF-14H | 401,493 | 405,508 | 409,563 | 413,659 | 417,796 |
| Medicaid, Erate, BWC and Class fees | 186,431 | 188,295 | 190,178 | 192,080 | 194,001 |
| Total Other Local Revenue Line #1.060 | $654,373 | $660,917 | $667,526 | $674,202 | $680,944 |

**Comparison of Local Revenue and State Revenue:**




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

There is no short term borrowing planned in this forecast at this time from any sources.

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

Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

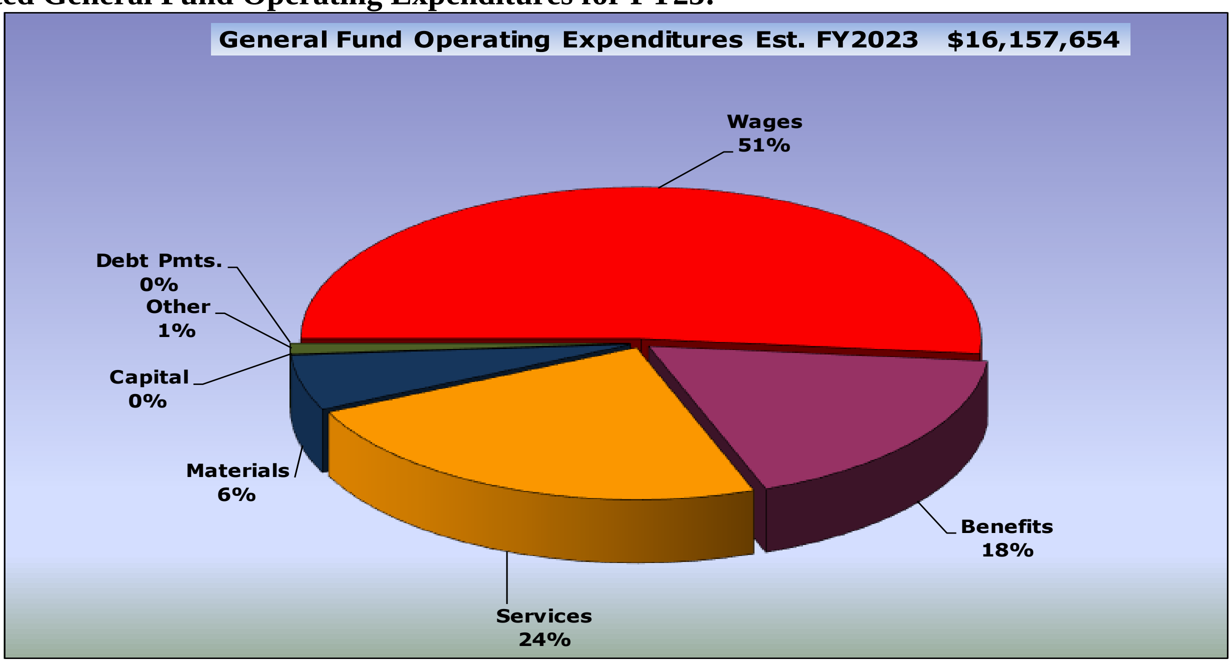
| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Transfers In - Line 2.040 | $0 | $0 | $0 | $0 | $0 |
| Advance Returns - Line 2.050 | $410,000 | $410,000 | $410,000 | $410,000 | $410,000 |
| Total Transfer & Advances In | $410,000 | $410,000 | $410,000 | $410,000 | $410,000 |

**All Other Financial Sources – Line #2.060 & Line #14.010**
This funding source is typically a refund of prior year expenditures that are very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY23. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

| | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Refund of prior years expenditures | $0 | $0 | $0 | $0 | $0 |

## Expenditures Assumptions

**Estimated General Fund Operating Expenditures for FY23:**




**Wages – Line #3.010**
The model reflects a 2% base increase for FY23-FY24, and no increase for FY25 and FY27 other than step and training increases. We had added certified and classified staff in FY21 to help with online course work and additional cleaning responsibilities due to COVID-19. Those staff will be absorbed through attrition into the general fund.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Base Wages | $7,556,995 | $8,130,811 | $8,415,389 | $8,541,620 | $8,669,744 |
| Base Increases | 460,461 | 162,616 | 0 | 0 | 0 |
| Steps & Training | 113,355 | 121,962 | 126,231 | 128,124 | 130,046 |
| Growth | 0 | 0 | 0 | 0 | 0 |
| Substitutes & Supplementals | 169,993 | 173,393 | 176,861 | 180,398 | 184,006 |
| Severance & Ret. Incentive | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Staff Reductions | 0 | 0 | 0 | 0 | 0 |
| Total Wages Line #3.010 | $8,330,804 | $8,618,782 | $8,748,481 | $8,880,142 | $9,013,796 |

**Fringe Benefits Estimates Line 3.02**

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance being directly related to the wages paid. 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.

**A) STRS/SERS**

As required by law the BOE pays 14% of all employee wages to STRS or SERS.

**B) Insurance**

Estimated increases are 8% in FY 23-27. This is based on our current employee census and claims data.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally 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 health care costs in the forecast.

**C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about .55% of wages in FY 23-27.

**D) Medicare**

Medicare will continue to increase at the rate of increases in wages. 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.

**Summary of Fringe Benefits – Line #3.020**

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| STRS/SERS | $1,294,361 | $1,344,719 | $1,463,792 | $1,485,872 | $1,508,287 |
| Insurance's | 1,371,373 | 1,481,083 | 1,599,570 | 1,727,536 | 1,865,739 |
| Workers Comp/Unemployment | 53,817 | 55,678 | 56,515 | 57,366 | 58,229 |
| Medicare | 112,955 | 120,797 | 124,972 | 126,853 | 128,762 |
| Other/Tuition | 51,472 | 51,472 | 51,472 | 51,472 | 51,472 |
| Total Fringe Benefits Line #3.020 | $2,883,978 | $3,053,749 | $3,296,321 | $3,449,099 | $3,612,489 |

**Purchased Services – Line #3.030**

HB110 the new state budget began impacting Purchased Services in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships 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 show these amount below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and historical FY20 through FY21 costs on the five year forecast. College Credit Pus, 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.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Base Services & ESC | $1,205,107 | $1,241,260 | $1,278,498 | $1,316,853 | $1,356,359 |
| Open Enrollment Deduction | 0 | 0 | 0 | 0 | 0 |
| Community School Deductions | 0 | 0 | 0 | 0 | 0 |
| Tuition/Sp. Ed. Scholarships/College Credit + | 191,965 | 201,563 | 211,641 | 222,223 | 233,334 |
| Transportation Contract | 2,011,893 | 2,072,250 | 2,134,418 | 2,198,451 | 2,264,405 |
| Rentals | 55,306 | 56,965 | 58,674 | 60,434 | 62,247 |
| Utilities | 346,233 | 363,545 | 381,722 | 400,808 | 420,848 |
| Total Purchased Services Line #3.030 | $3,810,504 | $3,935,583 | $4,064,953 | $4,198,769 | $4,337,193 |

**Supplies and Materials – Line #3.040**

Supplies and materials consists of fuel, computers, textbooks, instructional supplies, maintenance supplies and custodial supplies. These are all necessary to help facilitate and meet the operational needs and education goals of the District. For FY 24-27, supplies and materials are expected to increase by 2% mainly due to an increase in the projected cost of textbook and instructional materials.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Supplies | $951,639 | $950,000 | $969,000 | $988,380 | $1,008,148 |
| Budget Reserves or (Reductions) | 0 | 0 | 0 | 0 | 0 |
| Total Supplies Line #3.040 | $951,639 | $950,000 | $969,000 | $988,380 | $1,008,148 |

**Equipment – Line # 3.050**

Capital outlay expenditures are related to the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, initial and additional equipment, furnishings and vehicles. The district facilities are in dire need of attention and in future years capital costs are projected to increase. The districts new ½% income tax for permanent improvements approved in May 2019 will be of large help to our district in maintaining our facilities. The district general fund is projecting near flat funding in FY23-FY27 as those costs are to be taken from the permanent improvement levy.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Capital Outlay | $0 | $0 | $0 | $0 | $0 |
| Total Equipment Line #3.050 | $0 | $0 | $0 | $0 | $0 |

**Debt Service – Line #4.010/4.050/4.060**

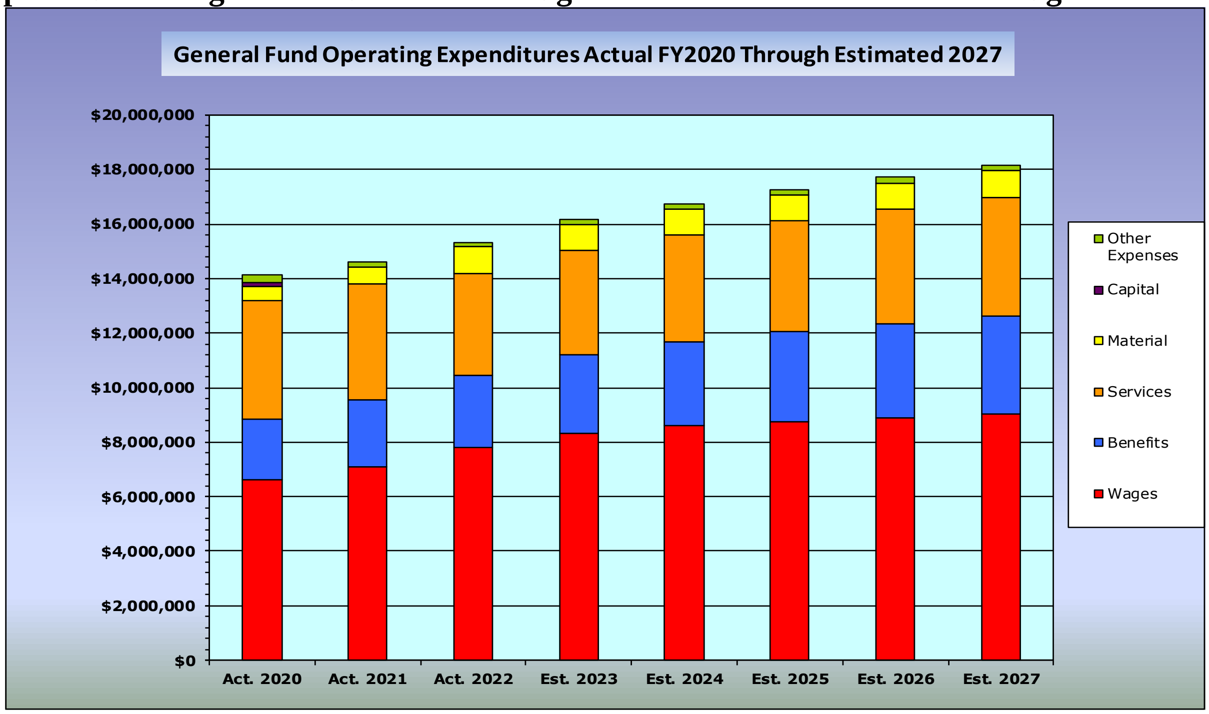
The District does not have any General Fund debt at this time.

**Other Expenses – Line #4.300**

Other expenses consist of membership dues, treasurer fees and dues, bank fees, election expenses and payments to the Licking County Educational Service Center (LCESC).

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| County Auditor & Treasurer Fees | $132,604 | $136,582 | $140,679 | $144,899 | $149,246 |
| County ESC | 7,353 | 7,500 | 7,650 | 7,803 | 7,959 |
| Other expenses | 40,772 | 41,995 | 43,255 | 44,553 | 45,890 |
| Total Other Expenses Line #4.300 | $180,729 | $186,077 | $191,584 | $197,255 | $203,095 |

**Total Expenditure Categories Actual FY20 through FY22 and Estimated FY23 through FY27**




**Transfers Out/Advances Out – Line# 5.010 and 5.050**

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. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

| Source | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Operating Transfers Out Line #5.010 | $550,000 | $550,000 | $550,000 | $550,000 | $550,000 |
| Advances Out Line #5.020 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total Transfer & Advances Out | $560,000 | $560,000 | $560,000 | $560,000 | $560,000 |

**Encumbrances –Line#8.010**

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. Estimates are based on historic trends.

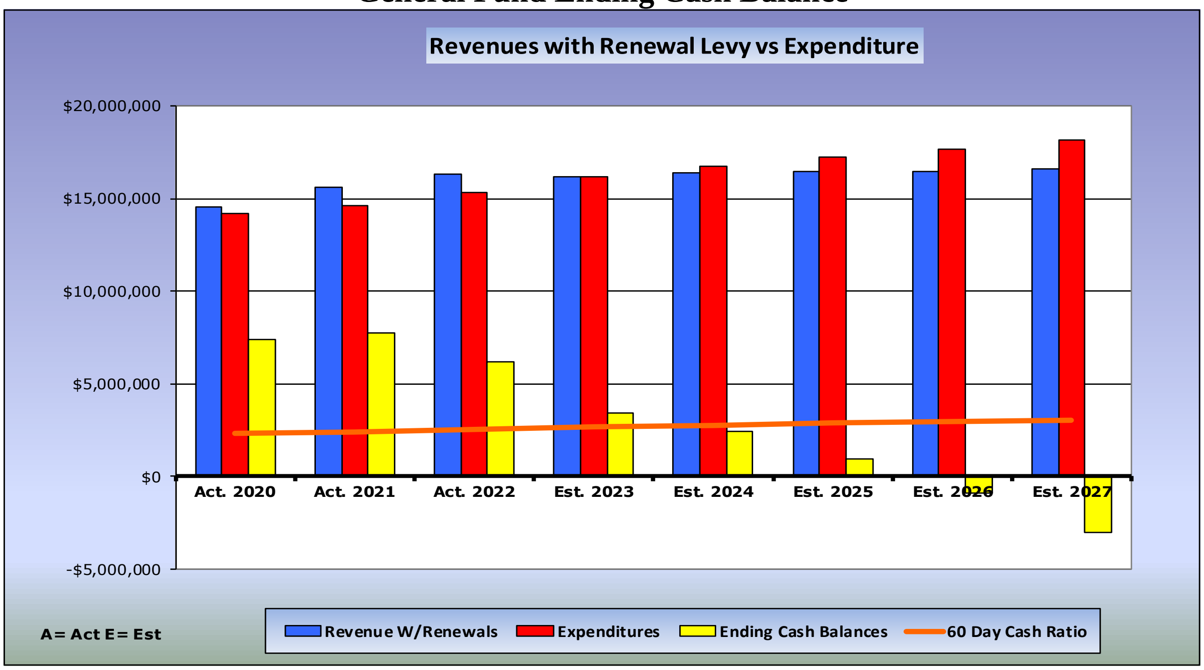
| | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Estimated Encumbrances | $65,000 | $65,000 | $65,000 | $65,000 | $65,000 |

**Reservation of Fund Balance for Budget Reserve – Line#9.03**
The district has established a Budget Reserve in the five year forecast beginning in FY15. The budget reservation equates to 60 days operating cash or two months of operations. These funds are withheld from being available for appropriation and for certification of 412 certificates.

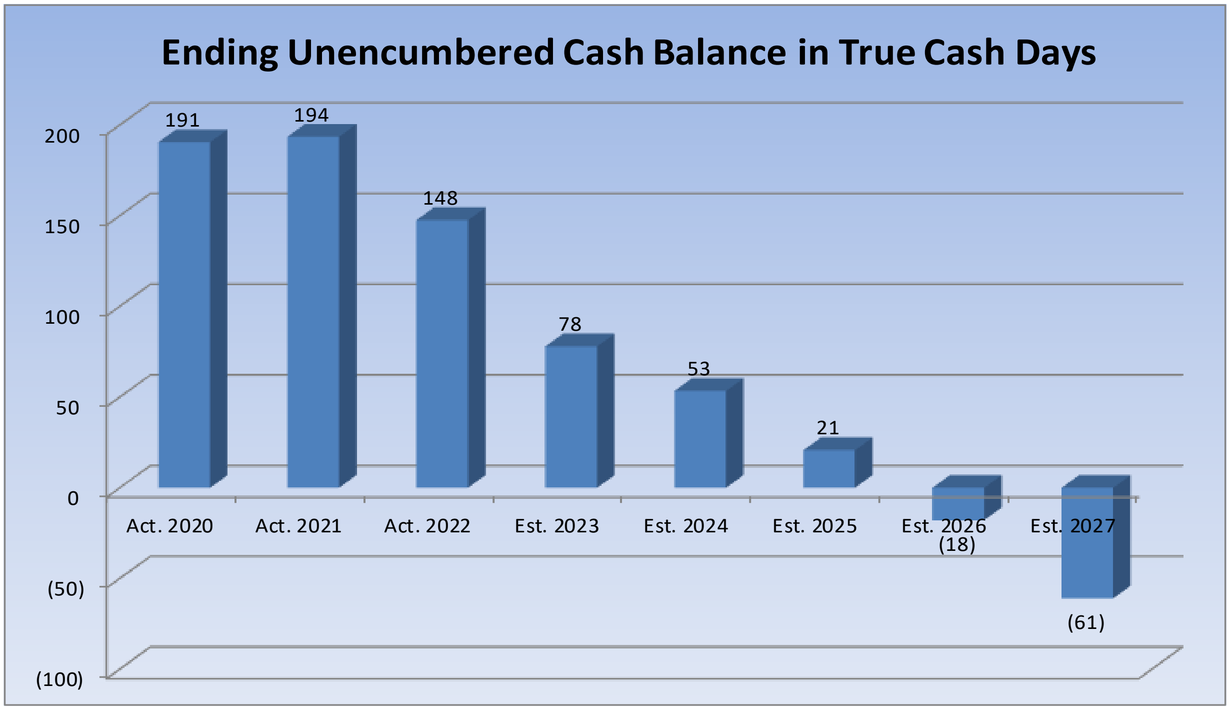
**Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010**
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to HB153 effective September 30, 2011. Below is the estimated cash balance after considering the Budget Reserve.

| | FY23 | FY24 | FY25 | FY26 | FY27 |
|---|---|---|---|---|---|
| Ending Cash Balance | $3,450,242 | $2,452,158 | $981,860 | ($865,933) | ($3,037,472) |

**General Fund Ending Cash Balance**




**True Cash Days Unencumbered 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 Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts 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.


Ending Unencumbered Cash Balance in True Cash Days
200
150
100
50
0
(50)
(100)
191
194
148
78
53
21
(18)
(61)
Act. 2020
Act. 2021
Act. 2022
Est. 2023
Est. 2024
Est. 2025
Est. 2026
Est. 2027