NORTHEASTERN LOCAL SCHOOL DISTRICT-CLARK 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 2027

Forecast Provided By
Northeastern Local School District
Treasurer's Office
Dale R. Miller, CPA, Treasurer/CFO
937-325-7615

May 2023

Northeastern Local School District

Clark 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				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)	$11,360,696	$11,558,507	$11,303,121	-0.2%	$12,096,467	$12,078,997	$12,110,239	$12,169,391	$12,220,822
1.020	Public Utility Personal Property Tax	894,790	1,142,200	1,210,505	16.8%	1,258,338	1,305,074	1,328,144	1,351,214	1,374,284
1.030	Income Tax	5,440,547	5,261,909	5,756,183	3.1%	6,280,237	6,328,644	6,518,503	4,942,119	0
1.035	Unrestricted State Grants-in-Aid	12,542,449	12,892,113	11,846,184	-2.7%	12,013,524	12,012,516	12,017,569	12,022,749	12,028,059
1.040	Restricted State Grants-in-Aid	310,044	366,252	802,677	68.6%	803,827	803,827	803,827	803,827	803,827
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	1,784,954	1,773,076	1,778,463	-0.2%	1,772,953	1,882,692	1,886,450	1,894,432	1,902,398
1.060	All Other Revenues	3,302,475	3,249,084	1,487,089	-27.9%	1,625,528	1,621,409	1,621,409	1,621,409	1,621,409
1.070	*Total Revenues*	$35,635,955	$36,243,141	$34,184,222	-2.0%	$35,850,874	$36,033,159	$36,286,141	$34,805,141	$29,950,799
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	2,430	0.0%	0	0	0	0	0
2.050	Advances-In	46,228	41,784	0	-54.8%	162,397	50,000	50,000	50,000	50,000
2.060	All Other Financing Sources	83,296	61,675	79,934	1.8%	38,093	50,000	50,000	50,000	50,000
2.070	*Total Other Financing Sources*	$129,524	$103,459	$82,364	-20.3%	$200,490	$100,000	$100,000	$100,000	$100,000
2.080	*Total Revenues and Other Financing Sources*	$35,765,479	$36,346,600	$34,266,586	-2.0%	$36,051,364	$36,133,159	$36,386,141	$34,905,141	$30,050,799
	Expenditures									
3.010	Personal Services	$18,064,697	$18,722,720	$19,143,629	2.9%	$19,673,976	$20,373,436	$21,312,433	$22,090,987	$22,882,179
3.020	Employees' Retirement/Insurance Benefits	7,384,940	8,062,541	8,154,911	5.2%	8,232,005	8,737,068	9,360,406	9,950,665	10,577,741
3.030	Purchased Services	6,259,183	6,507,968	3,557,965	-20.7%	4,604,762	4,382,262	4,451,787	4,523,398	4,597,157
3.040	Supplies and Materials	1,316,764	1,067,940	1,237,720	-1.5%	1,570,671	1,592,861	1,615,717	1,639,258	1,663,506
3.050	Capital Outlay	146,184	173,203	282,184	40.7%	475,000	290,000	290,000	290,000	290,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:									
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	-	0.0%	0	0	0	0	0
4.300	Other Objects	392,539	372,585	409,169	2.4%	421,444	434,087	447,110	460,523	474,339
4.500	*Total Expenditures*	$33,564,307	$34,906,957	$32,785,578	-1.0%	$34,977,858	$35,809,714	$37,477,453	$38,954,831	$40,484,922
	Other Financing Uses									
5.010	Operating Transfers-Out	$211,449	$0	$0	0.0%	$50,000	$50,000	$50,000	$50,000	$50,000
5.020	Advances-Out	41,784	206,808	162,397	186.7%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	0	0	112	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$253,233	$206,808	$162,509	-19.9%	$100,000	$100,000	$100,000	$100,000	$100,000
5.050	*Total Expenditures and Other Financing Uses*	$33,817,540	$35,113,765	$32,948,087	-1.2%	$35,077,858	$35,909,714	$37,577,453	$39,054,831	$40,584,922
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses*	$1,947,939	$1,232,835	$1,318,499	-14.9%	$973,506	$223,445	($1,191,312)	($4,149,690)	($10,534,123)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$13,465,168	$15,413,107	$16,645,942	11.2%	$17,964,441	$18,937,947	$19,161,392	$17,970,080	$13,820,390
7.020	*Cash Balance June 30*	$15,413,107	$16,645,942	$17,964,441	8.0%	$18,937,947	$19,161,392	$17,970,080	$13,820,390	$3,286,267
8.010	*Estimated Encumbrances June 30*	$403,612	$1,000,043	$758,632	61.8%	$758,632	$758,632	$758,632	$758,632	$758,632
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal Reservations of fund Balance*	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$15,009,495	$15,645,899	$17,205,809	7.1%	$18,179,315	$18,402,760	$17,211,448	$13,061,758	$2,527,635

Northeastern Local School District

Clark 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				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	0	0.0%	0	0	0	1,771,939	6,915,480
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300	Cumulative Balance of Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$1,771,939	$8,687,419
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$15,009,495	$15,645,899	$17,205,809	7.1%	$18,179,315	$18,402,760	$17,211,448	$14,833,697	$11,215,054
	Revenue from New Levies									
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$15,009,495	$15,645,899	$17,205,809	7.1%	$18,179,315	$18,402,760	$17,211,448	$14,833,697	$11,215,054

Northeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
May 2023

Introduction to the Five-Year Forecast

A forecast is somewhat 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), 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 ODE when events 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 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 of the school district 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 four 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 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.
(4) Understanding the district's income tax and property tax renewal or new issues.

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. 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 $35.9 million or 2.7% higher than the November forecasted amount of $34.9 million. This indicates the November forecast was 97% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 37.3% and are estimated to be $13.3 million, which is $704,770 higher for FY23 than the original November estimate of $12.7 million. Our estimates are 94% accurate for FY23 and should mean future projections are on target as well.

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 $12.8 million, which is $98,077 higher than the original estimate for FY23. We are pleased that we were able to be 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 $179,119 over original estimates, primarily due to tuition payments/interest/Medicaid received by the district, which are somewhat unpredictable 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 $34.98 million for FY23, which is $534,745 higher than the original estimate of $34.44 million in the November forecast, which is roughly 98.5% on target with original estimates. The expenditure lines most significantly over projection is Purchased Services (line 3.030) from curriculum update, addressing facility maintenance and Capital Outlay (line 3.05) due to purchase of four(4) busses with three (3) additional still to be delivered.

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 increasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $18.2 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 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 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 largest single 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 continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes equate to 37.3% of the district’s resources. Our tax collections in the August 2022 and March 2023 settlements were on target with original estimates / showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2. Clark and Champaign Counties experienced a triennial update in the 2022 tax year to be collected in FY23. The 2023 update increased overall assessed values by $116.1 million or an increase of 20.9%. Overall, values rose $117.2 million or 21.7%, which includes the update and new construction for all classes of property. A sexennial reappraisal will occur in tax year 2025 for collection in FY26 with a 2% increase in assessed values.

3. State revenues represented 35.8% of district revenues, which means it is a significant area of 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 paid separately, 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 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 that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are closely monitoring 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 Feb. 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 not receive less than 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), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to 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. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed

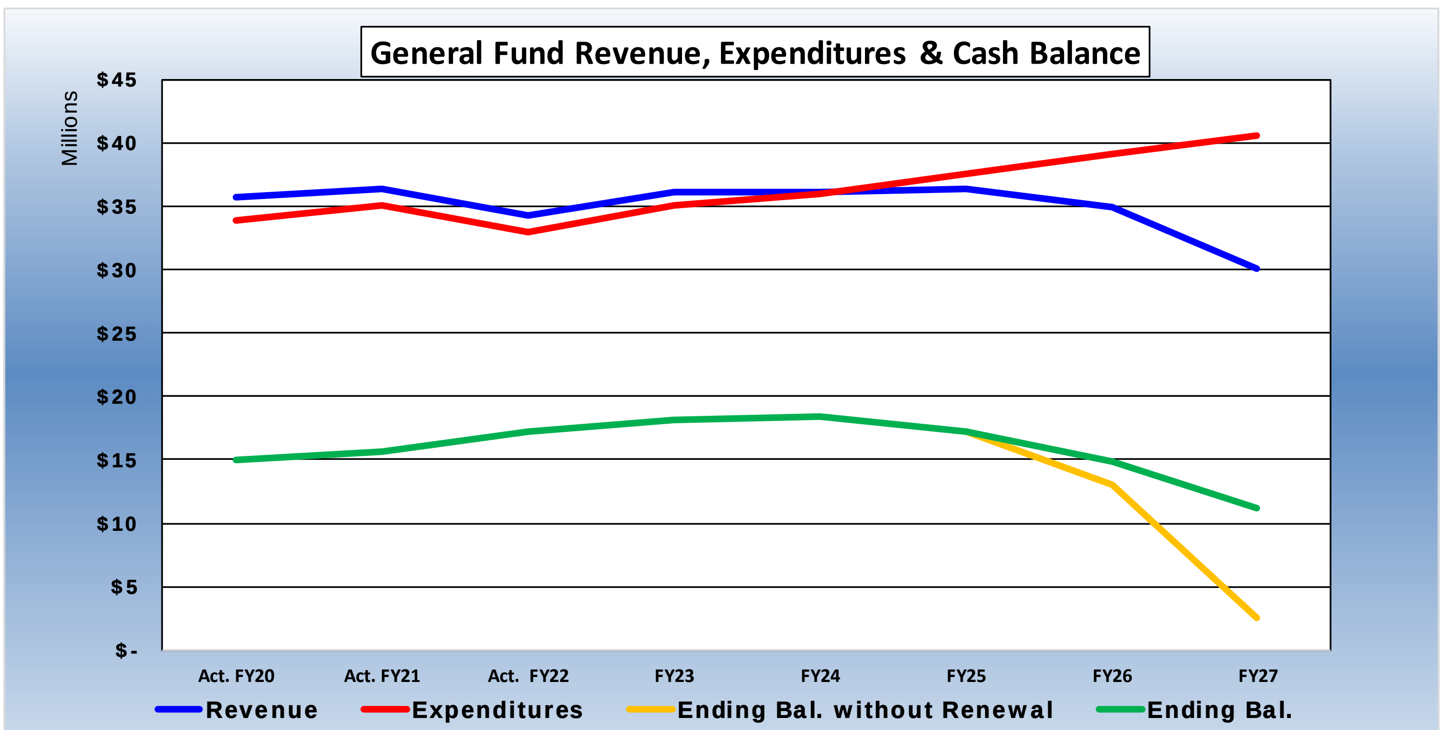
property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which 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 in regard to 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. The district has a 1% Earned Income Tax that generates $6.3 that will expire in 2025. Considering the fact the tax accounts for 17.5% of the General Fund revenues is be important to renew this levy when it comes up for renewal. We believe the levy will be renewed, but there is always a chance that it would not be.

9. 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 as we move forward our positive working relationship will continue and will only grow stronger.

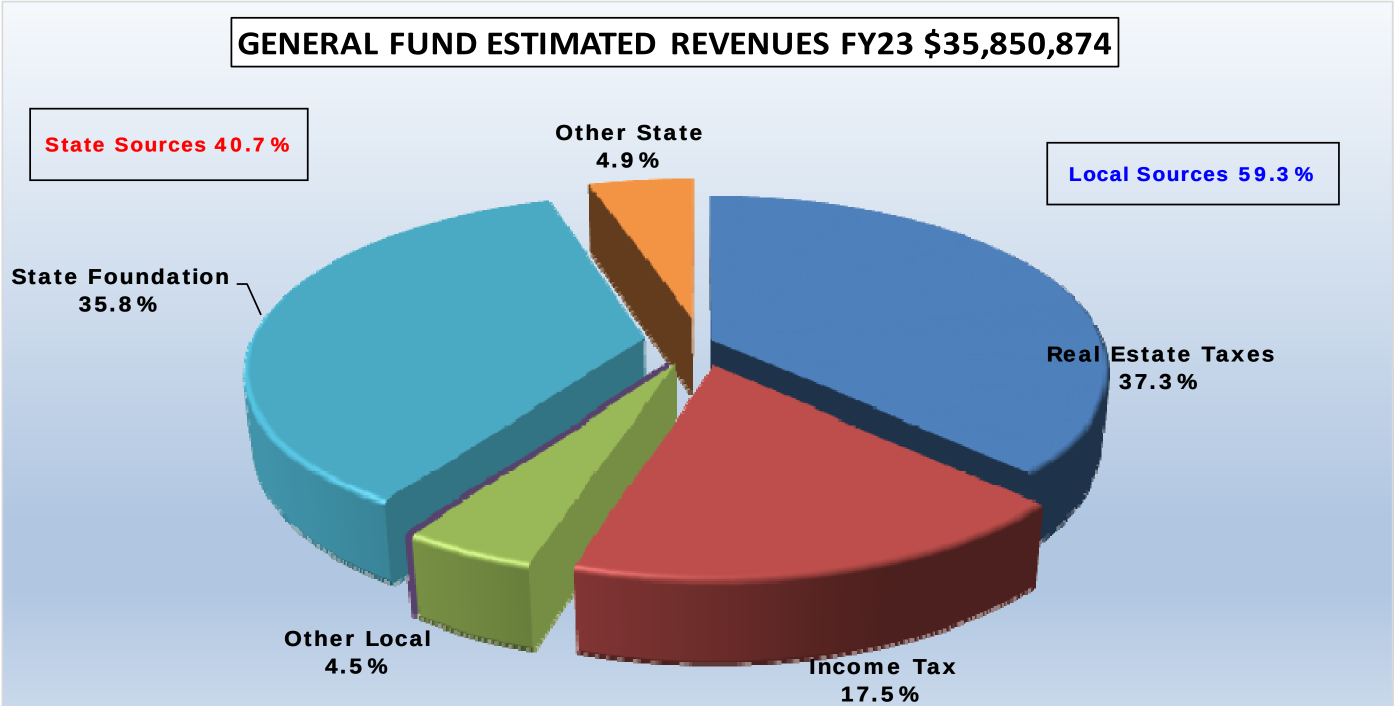
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Dale R. Miller, Treasurer/CFO of Northeastern Local School District at 937-325-7615.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenues:



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. Clark & Champaign Counties County experienced a triennial update for the 2022 tax year to be collected in FY23. Residential/agricultural values increased 23.25% or $111.65 million due to the update, led by an improving housing market.

A sexennial reappraisal will occur in 2025 for collection in FY26, for which we are estimating a 2% increase in residential and a 0% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $11.9 million or 2%, overall.

Public Utility Personal Property (PUPP) values increased by $1.1 million in tax year 2022. We expect our values to continue to grow by $500 thousand/million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR 2024 TAX YEAR 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$594,738,770	$596,288,770	$596,838,770	$609,325,545	$609,875,545
Comm./Ind.	55,931,100	56,131,100	56,331,100	56,531,100	56,731,100
Public Utility Personal Property (PUPP)	28,035,090	28,535,090	29,035,090	29,535,090	30,035,090
Total Assessed Value	$678,704,960	$680,954,960	$682,204,960	$695,391,735	$696,641,735

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY23	FY24	FY25	FY26	FY27
Est. Real Estate Taxes	$12,096,467	$12,078,997	$12,110,239	$12,169,391	$12,220,822

Property tax levies are estimated to be collected at 97.7% of the annual amount. This allows a 2.3% delinquency and auditor and treasurer fees. Typically, 55% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 45% is expected to be collected in the August tax settlements.

Renewal and Replacement Levies – Line #11.02
No renewal or replacement levies are modeled in this forecast.

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

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020
Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts' gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. The phase out of tangible personal property tax (TPP) began in fiscal year 2006 and was completely eliminated after fiscal year 2011 for Northeastern School District.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property	$1,258,338	$1,305,074	$1,328,144	$1,351,214	$1,374,284

School District Income Tax –Line #1.030
The district has a 1% earned SDIT that will need renewed by December 2025. 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 collection statewide has risen by around 9%. Our income tax in FY22 was up 9.4% over FY21. We will assume an annual growth rate of 3% for FY24-FY27 as the concerns over inflation may slow growth in this area. The Income Tax has become the backbone of the district finances. The renewal is reflected in 11.01 Income Tax Renewal of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
July payment	$1,856,137	$1,771,821	$1,824,976	$1,879,725	$0
October payment	1,445,919	1,489,297	1,533,975	1,579,995	0
January payment	1,356,606	1,397,304	1,439,223	1,482,400	0
April payment	1,621,575	1,670,222	1,720,329	0	0
Total SDIT Collections	$6,280,237	$6,328,644	$6,518,503	$4,942,119	$0
Adjustments	0	0	0	0	0
Total SDIT Line #1.030	$6,280,237	$6,328,644	$6,518,503	$4,942,119	$0

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

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

<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 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)

<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 $7,351.71 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 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 together, 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. An amount of 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 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 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 based on the 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 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 in 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. In general, the same number will 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 a Special Revenue Fund 467. HB110 the new state budget 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, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until spent fully.

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 either 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 are able to 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 in 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 course of 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 be in line 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 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% Gross Casino Revenue 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 over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped mainly 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 .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	$11,339,687	$11,333,749	$11,333,749	$11,333,749	$11,333,749
Additional Aid Items	477,442	477,442	477,442	477,442	477,442
Basic Aid-Unrestricted Subtotal	11,817,129	11,811,191	11,811,191	11,811,191	11,811,191
Ohio Casino Commission ODT	196,395	201,325	206,378	211,558	216,868
Total Unrestricted State Aid Line #1.035	$12,013,524	$12,012,516	$12,017,569	$12,022,749	$12,028,059

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 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, 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. The district has elected to also post Catastrophic Aid for special education as restrict revenues

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$100,411	$100,411	$100,411	$100,411	$100,411
Career Tech - Restricted	20,204	20,204	20,204	20,204	20,204
ESL	6,589	6,589	6,589	6,589	6,589
Gifted	139,937	139,937	139,937	139,937	139,937
Student Wellness	389,113	389,113	389,113	389,113	389,113
Catastrophic Aid	147,573	147,573	147,573	147,573	147,573
Total Restricted State Revenues Line #1.040	$803,827	$803,827	$803,827	$803,827	$803,827

C) Restricted Federal Grants in Aid – line #1.045
No amounts are included in the forecasted years 2023 through 2027.

SUMMARY	FY23	FY24	FY25	FY26	FY27
Unrestricted Line #1.035	$12,013,524	$12,012,516	$12,017,569	$12,022,749	$12,028,059
Restricted Line #1.040	803,827	803,827	803,827	803,827	803,827
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$12,817,351	$12,816,343	$12,821,396	$12,826,576	$12,831,886

State Taxes Reimbursement/Property Tax Allocation – Line #1.05

a) Rollback and Homestead Reimbursement
Rollback funds are reimbursements paid to the district from the State of 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.

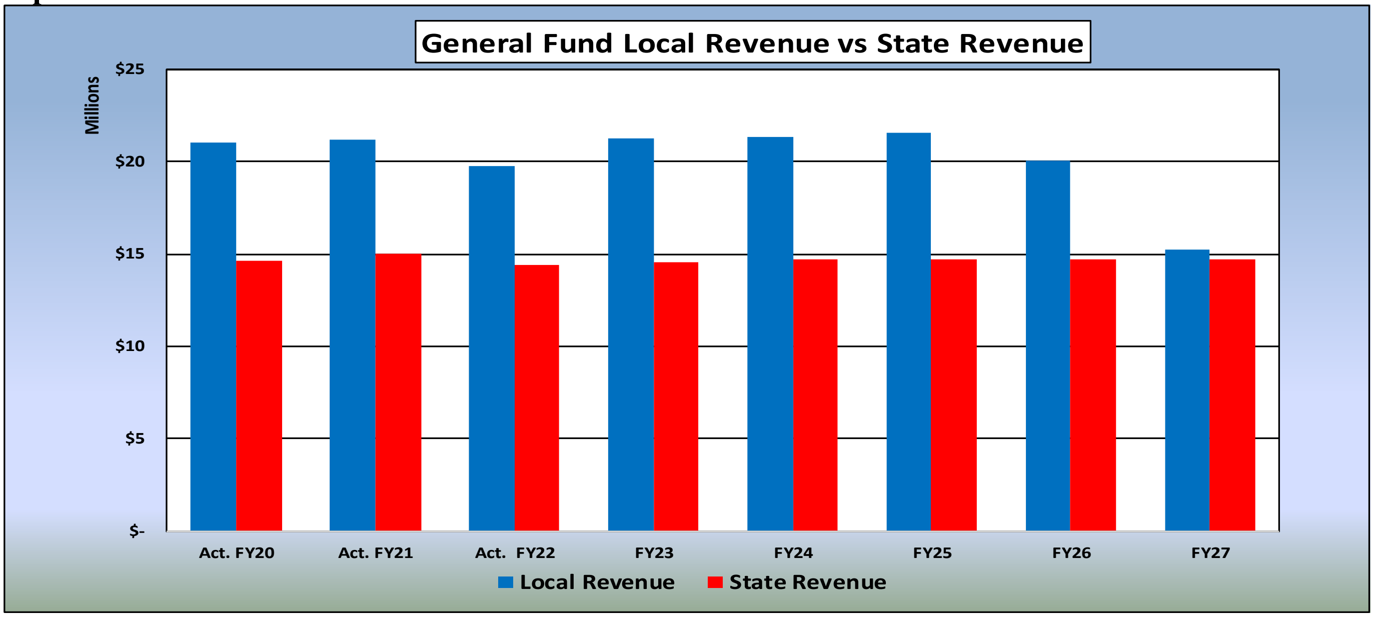
Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changes the requirement 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 currently have 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 homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy is not renewed we would never regain this revenue on any levies in the future.

b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum
The District no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$1,772,953	$1,882,692	$1,886,450	$1,894,432	$1,902,398

Comparison of Local Revenue and State Revenue:



Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue 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.

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 have begun 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 strong cash reserves.

Source	FY23	FY24	FY25	FY26	FY27
Tuition Related Payments	$800,000	$800,000	$800,000	$800,000	$800,000
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	233,000	233,000	233,000	233,000	233,000
Interest Earnings	404,119	400,000	400,000	400,000	400,000
Miscellaneous	188,409	188,409	188,409	188,409	188,409
Total Other Local Revenue Line #1.060	$1,625,528	$1,621,409	$1,621,409	$1,621,409	$1,621,409

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

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

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 during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

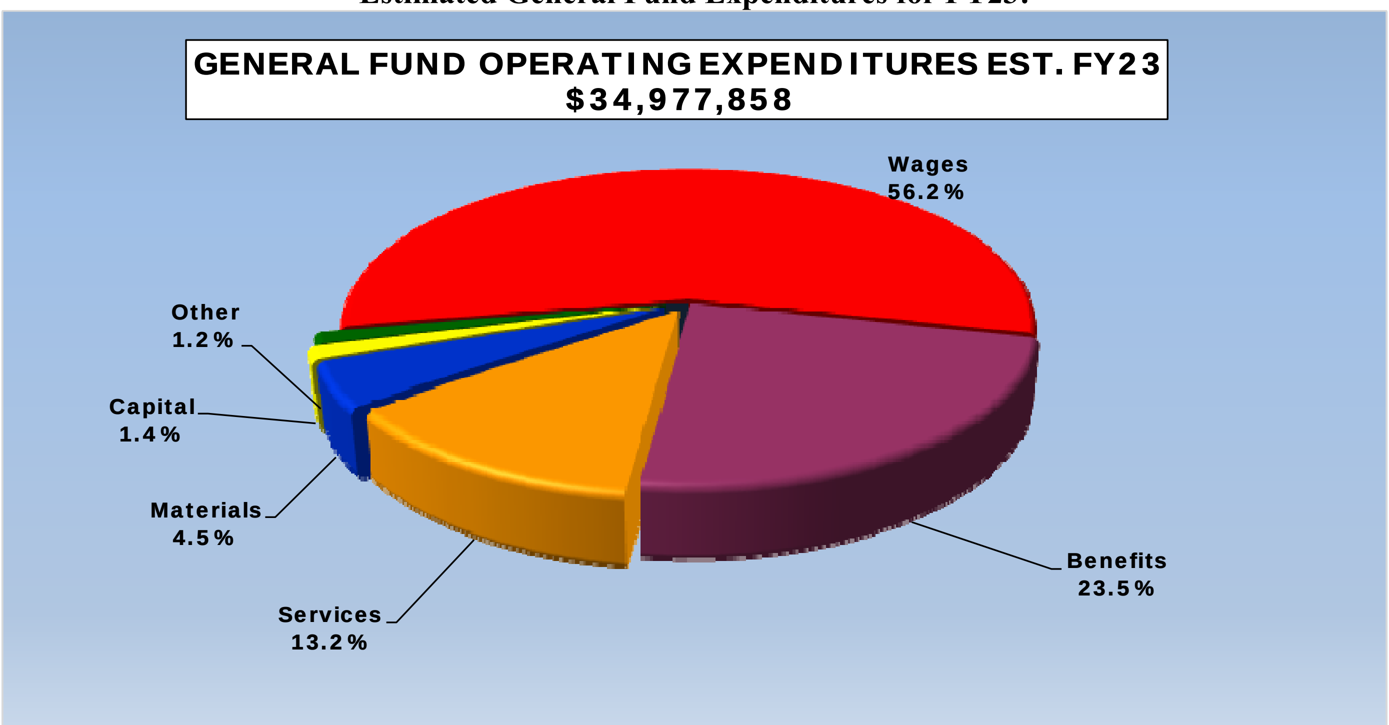
Source	FY23	FY24	FY25	FY26	FY27
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	162,397	50,000	50,000	50,000	50,000
Total Transfer & Advances In	$162,397	$50,000	$50,000	$50,000	$50,000

All Other Financial Sources – Line #2.060

Source	FY23	FY24	FY25	FY26	FY27
Refund of prior years expenditures	$38,093	$50,000	$50,000	$50,000	$50,000

Expenditures Assumptions

Estimated General Fund Expenditures for FY23:



Wages – Line #3.010

In August 2022, the Board ratified a contract with the Northeastern Local Education Association (NELEA) effective August 1, 2022. A contract with the Northeastern Local Association of School Employee/OEA-NEA effective September 1, 2022 was ratified in July 2022 by the Board of Education. Negotiations with the NELEA and NELASE began in April of 2022, within the forecast we included wages increase equal to the past contracts annual percentages. Base wages increased 1.9% for step and training adjustments for fiscal year 2023.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$17,827,498	$18,695,916	$19,381,815	$20,306,980	$21,071,425
Based Pay Increase	534,825	373,918	387,636	406,140	421,429
Steps & Academic Training	317,231	311,981	327,179	339,182	355,372
Growth Staff	16,362	0	210,350	19,123	0
Substitutes	300,000	300,000	300,000	300,000	300,000
Supplementals	678,060	691,621	705,453	719,562	733,953
Total Wages Line #3.010	$19,673,976	$20,373,436	$21,312,433	$22,090,987	$22,882,179

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

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.

B) Insurance

The increase for medical and dental insurance was 0% for benefit year January 2023-December 2023 since we negotiated modifications to benefits based on usage. The increase includes adjustments for inflation and the cost of actual claims. We are estimating an increase of 8% for FY24-27 which reflects trends on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .5% of wages after fiscal year 2020 due to a moderated claims experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increase of 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
A) STRS/SERS	$3,066,338	$3,179,460	$3,322,922	$3,448,110	$3,572,254
B) Insurance's	4,787,207	5,170,184	5,634,283	6,089,616	6,576,785
C) Workers Comp/Unemployment	50,640	52,389	54,736	56,682	58,660
D) Medicare	277,820	285,035	298,465	306,257	320,042
Other/Tuition/Annuities	50,000	50,000	50,000	50,000	50,000
Total Fringe Benefits Line #3.020	$8,232,005	$8,737,068	$9,360,406	$9,950,665	$10,577,741

Purchased Services – Line #3.030

HB110, the new state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted to 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 amounts 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. The Student Wellness and Success reflects Fund 467 spending the remaining balance in FY23-27, then moving the expenditures into wages and benefits.

We estimate FY23-27 utility costs will begin to increase in FY24 due to inflation. We will monitor the estimates as the district moves into the new buildings which should be more efficient. As of October 2022 we are starting to inflationary impacts on all purchased services, the administration will closely monitor the budgeted line items.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Deduction	$0	$0	$0	$0	$0
Community School Deductions	$0	$0	$0	$0	$0
Student Wellness and Success	0	0	0	0	0
Other Tuition Including Ed Scholarship	211,195	211,195	211,195	211,195	211,195
Professional Support	2,250,000	2,317,500	2,387,025	2,458,636	2,532,395
Building Maintenance Repairs	815,000	525,000	525,000	525,000	525,000
Utilities	925,000	925,000	925,000	925,000	925,000
Miscellaneous Purchased Services	403,567	403,567	403,567	403,567	403,567
Total Purchased Services Line #3.030	$4,604,762	$4,382,262	$4,451,787	$4,523,398	$4,597,157

Supplies and Materials – Line #3.040

An overall inflation rate of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel for FY 24-27. The District is working on updating the curriculum over the next few years; FY23-27 includes approximately $240,000 each fiscal year for an update to the district curriculum.

Source	FY23	FY24	FY25	FY26	FY27
General Office Supplies & Materials	$831,013	$831,013	$831,013	$831,013	$831,013
Textbooks & Instructional Supplies	276,008	284,288	292,817	301,602	310,650
Facility Supplies & Materials	113,650	117,060	120,572	124,189	127,915
Transportation Fuel & Supplies	350,000	360,500	371,315	382,454	393,928
Total Supplies Line #3.040	$1,570,671	$1,592,861	$1,615,717	$1,639,258	$1,663,506

Equipment – Line # 3.050

The administration has prepared a five-year capital plan which includes the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. The May 2018 Bond Issue to construct two new Pre-K thru 12 schools will relieve the stress on the General Fund capital budget and allow the District General Fund to maintain financial stability. The expenditures remaining within the equipment object line are related to the ongoing investment annually in updating the bus fleet as necessary.

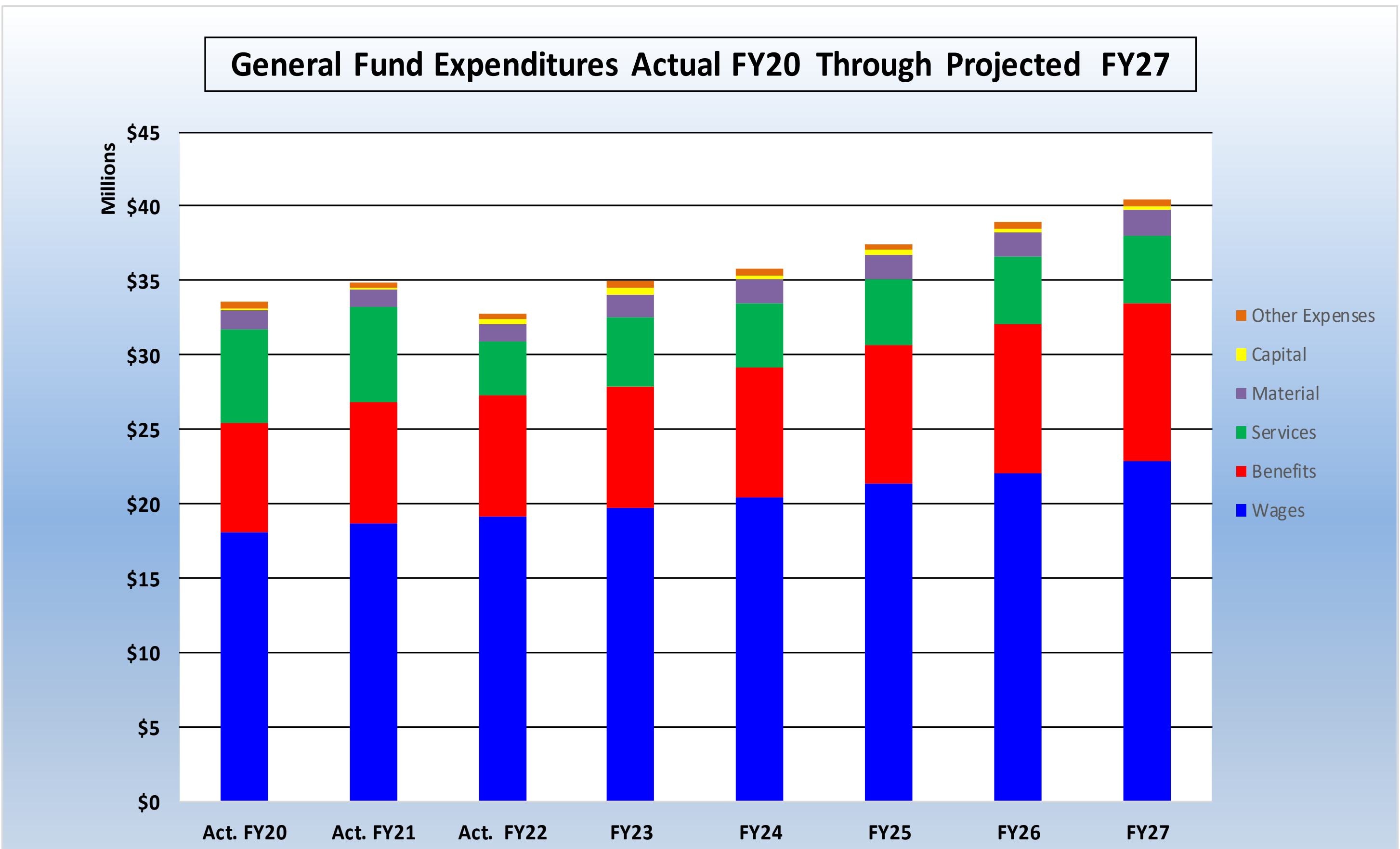
Source	FY23	FY24	FY25	FY26	FY27
Capital Outlay & Maintenance	$100,000	$100,000	$100,000	$100,000	$100,000
Busses & Other Vehicles	375,000	190,000	190,000	190,000	190,000
Total Equipment Line #3.050	$475,000	$290,000	$290,000	$290,000	$290,000

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increase of 3% for this forecast.

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$324,013	$333,733	$343,745	$354,057	$364,679
ESC Deduction	19,938	20,536	21,152	21,787	22,441
Annual Audit Costs & Other Misc Costs	77,493	79,818	82,213	84,679	87,219
Total Other Expenses Line #4.300	$421,444	$434,087	$447,110	$460,523	$474,339

Total Expenditure Categories Actual Fiscal Year 2020 Through Fiscal Year 2022 and Estimated Fiscal Year 2023 Through Fiscal Year 2027



Notice the smaller portion in purchased services compared the other data points, the decrease in the expenditure shows the impact of HB110 on the purchased services.

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The transfers are permanent and will not be paid back to the General Fund.

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$50,000	$50,000	$50,000	$50,000	$50,000
Advances Out Line #5.020	50,000	50,000	50,000	50,000	50,000
Total Transfer & Advances Out	$100,000	$100,000	$100,000	$100,000	$100,000

Debt Service:

The District currently has no General Fund Debt issues.

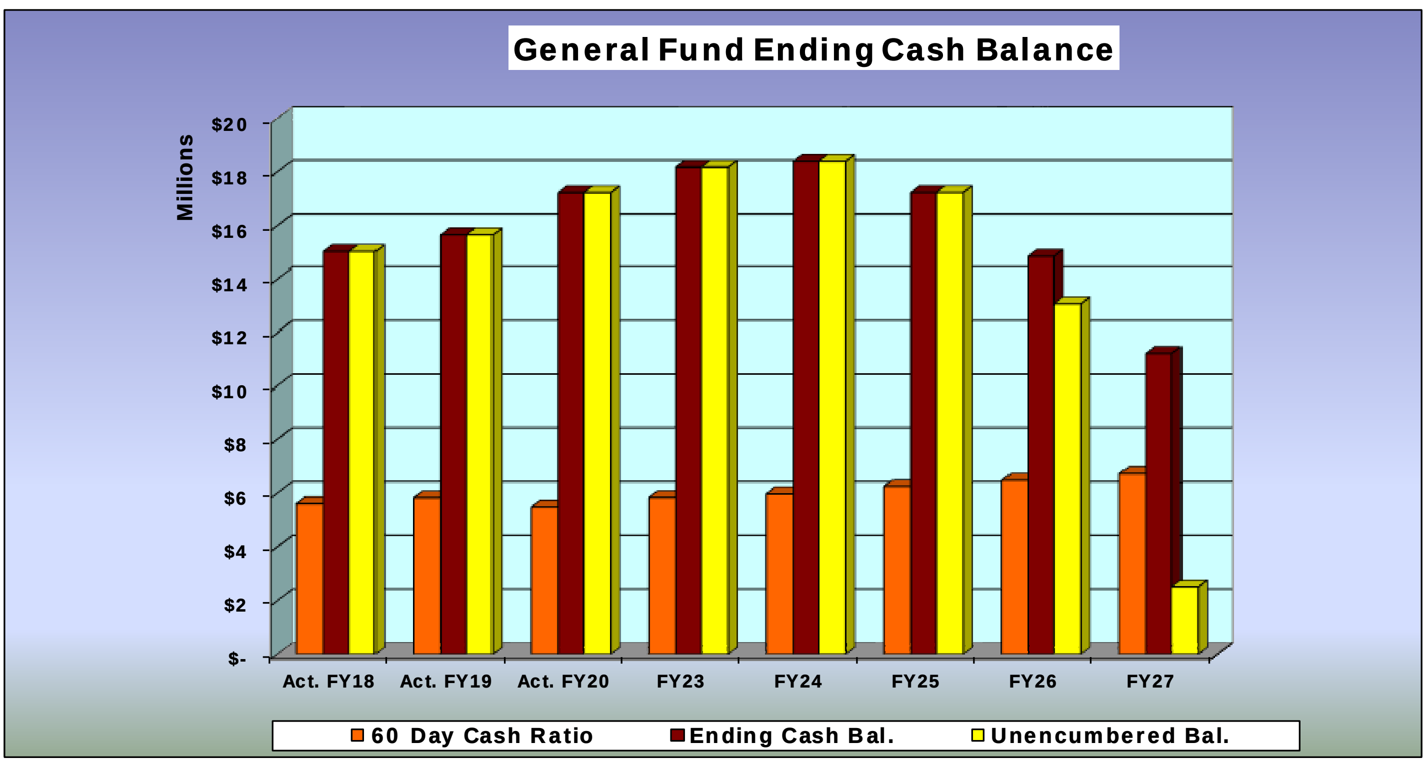
Encumbrances –Line#8.010

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.

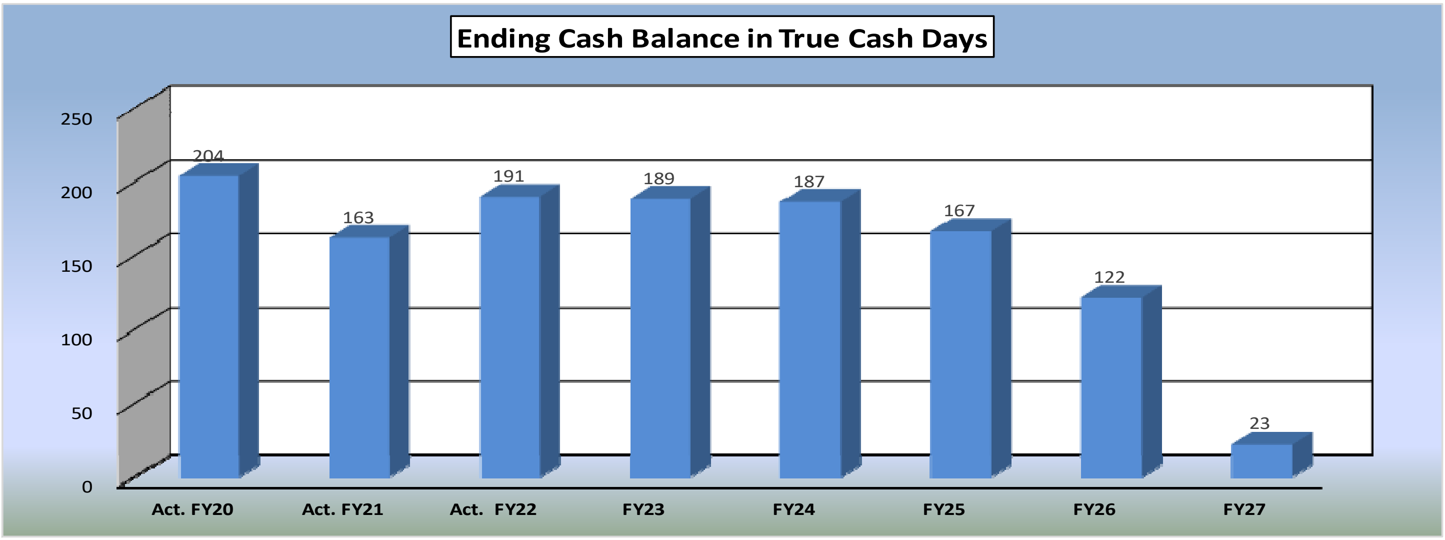
	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances Line #8.010	$758,632	$758,632	$758,632	$758,632	$758,632

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 Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the 1% Income Tax.



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. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be 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 predictable funding source for other funds such as for severance payments. This calculation does not include renewal of the SDIT. Renewing this levy in 2025 will be important to maintain a 60 day or better ending true day cash balance.



Conclusion
The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2027, the district forecast has adequate reserves to continue the instructions and programs as provided currently. The true impact to the district from Fair Funding Formula will be carefully monitored and in compliance with ODE funding requirements.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as Fair Funding Formula has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY23 through FY27, especially with COVID-19 and the State Economy through fiscal year 2027.

- No growth in state funding, limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Earned Income Tax has become the backbone of the district finances and will need renewed before December 2025.
- ESSER and Student Wellness expenditures will need reviewed as the fund balances and revenues are consumed to determine if the General Fund Five Year Forecast should absorb the costs.
- As we move through 2023 the national inflationary concerns will increase some operational contracts, supplies and capital needs.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.