

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
November 2022

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%	\$11,396,842	\$11,527,631	\$11,553,467	\$11,579,349	\$11,605,274
1.020	Public Utility Personal Property Tax	894,790	1,142,200	1,210,505	16.8%	1,253,193	1,276,372	1,299,447	1,322,512	1,345,582
1.030	Income Tax	5,440,547	5,261,909	5,756,183	3.1%	6,317,097	6,366,610	6,557,608	4,927,201	0
1.035	Unrestricted State Grants-in-Aid	12,542,449	12,892,113	11,846,184	-2.7%	11,925,124	11,924,236	11,929,414	11,934,721	11,940,161
1.040	Restricted State Grants-in-Aid	310,044	366,252	802,677	68.6%	794,150	801,872	799,759	799,759	799,759
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%	1,770,431	1,779,754	1,782,254	1,784,755	1,787,257
1.060	All Other Revenues	3,302,475	3,249,084	1,487,089	-27.9%	1,446,409	1,446,409	1,446,409	1,446,409	1,446,409
1.070	Total Revenues	\$35,635,955	\$36,243,141	\$34,184,222	-2.0%	\$34,903,246	\$35,122,884	\$35,368,353	\$33,794,706	\$28,924,442
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%	79,934	79,934	79,934	79,934	79,934
2.070	Total Other Financing Sources	\$129,524	\$103,459	\$82,364	-20.3%	\$242,331	\$129,934	\$129,934	\$129,934	\$129,934
2.080	Total Revenues and Other Financing Sources	\$35,765,479	\$36,346,600	\$34,266,586	-2.0%	\$35,145,577	\$35,252,818	\$35,498,287	\$33,924,640	\$29,054,376
Expenditures										
3.010	Personal Services	\$18,064,697	\$18,722,720	\$19,143,629	2.9%	\$19,694,888	\$20,397,868	\$21,335,552	\$22,112,827	\$22,902,692
3.020	Employees' Retirement/Insurance Benefits	7,384,940	8,062,541	8,154,911	5.2%	8,223,026	8,730,878	9,356,413	9,948,138	10,576,719
3.030	Purchased Services	6,259,183	6,507,968	3,557,965	-20.7%	4,243,084	4,310,584	4,380,109	4,451,720	4,525,479
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%	290,000	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%	\$34,443,113	\$35,756,278	\$37,424,901	\$38,902,466	\$40,432,735
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%	\$34,543,113	\$35,856,278	\$37,524,901	\$39,002,466	\$40,532,735
6.010	<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>	<i>\$1,947,939</i>	<i>\$1,232,835</i>	<i>\$1,318,499</i>	<i>-14.9%</i>	<i>\$602,464</i>	<i>(\$603,460)</i>	<i>(\$2,026,614)</i>	<i>(\$5,077,826)</i>	<i>(\$11,478,359)</i>
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	\$18,566,905	\$17,963,445	\$15,936,831	\$10,859,005
7.020	Cash Balance June 30	\$15,413,107	\$16,645,942	\$17,964,441	8.0%	\$18,566,905	\$17,963,445	\$15,936,831	\$10,859,005	(\$619,354)
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%	\$17,808,273	\$17,204,813	\$15,178,199	\$10,100,373	(\$1,377,986)

Northeastern Local School District

Clark County

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For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	0	1,827,135	6,956,966
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	\$1,827,135	\$8,784,101
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010		\$15,009,495	\$15,645,899	\$17,205,809	7.1%	\$17,808,273	\$17,204,813	\$15,178,199	\$11,927,508	\$7,406,116
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%	\$17,808,273	\$17,204,813	\$15,178,199	\$11,927,508	\$7,406,116

Northeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
November 17, 2022

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.

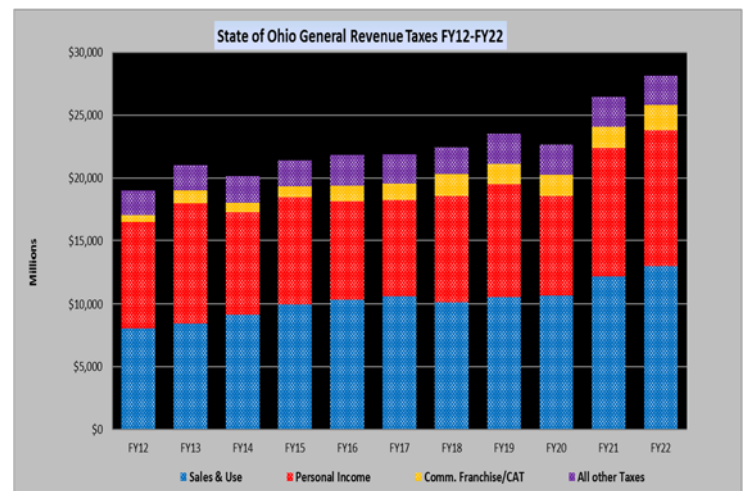
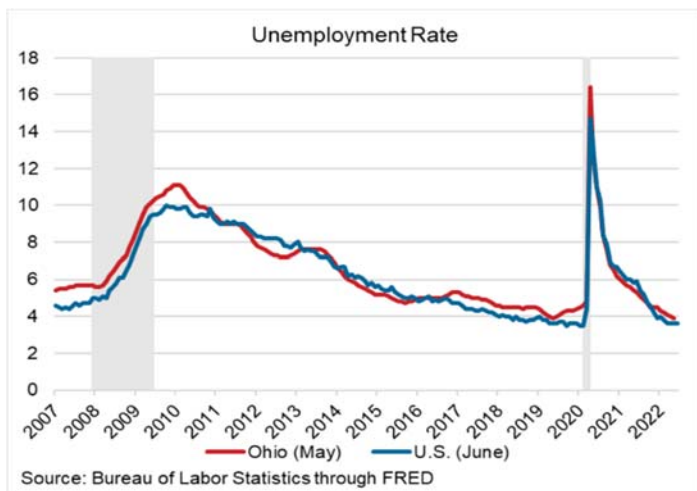
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available 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 as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is 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 significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment, and many economists anticipate an economic recession in the first half of the calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid 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. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown, as indicated in the graphs below. It 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 the 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 the 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:

1) Property tax collections are 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 as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 58.5% of the district’s resources. Our tax collections in the March 2022 and August 2022 settlements were on target

with estimates. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Clark/Champaign County experienced a reappraisal update in the 2019 tax year to be collected in FY20. The 2019 update increased Res/Ag and Commercial/Industrial assessed values by \$33.0 million or an increase of 7.3%. Overall values rose \$45.4 million or 8.9%, which includes reappraisal and new construction for all classes of property. A reappraisal update will occur in tax year 2022 for collection in FY23. We anticipate value increases for Class I and II property by \$15.1 million for an overall increase of 2.8%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

3) The state budget represented 41.5% of district revenues, which means it is a significant 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 if the Fair School Funding Plan is not funded in future state budgets due to an economic downturn. 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 FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 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.

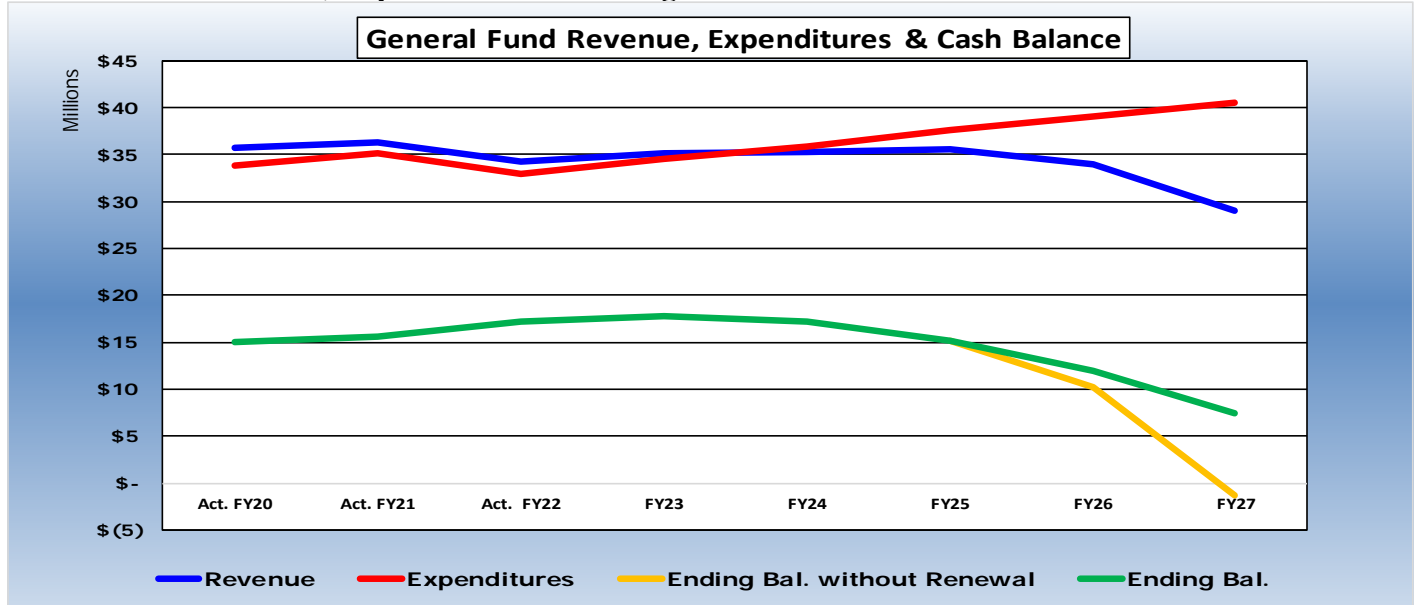
4) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are 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 that the actual historical costs for FY20 through FY21 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.

5) HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice 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.

6) 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.

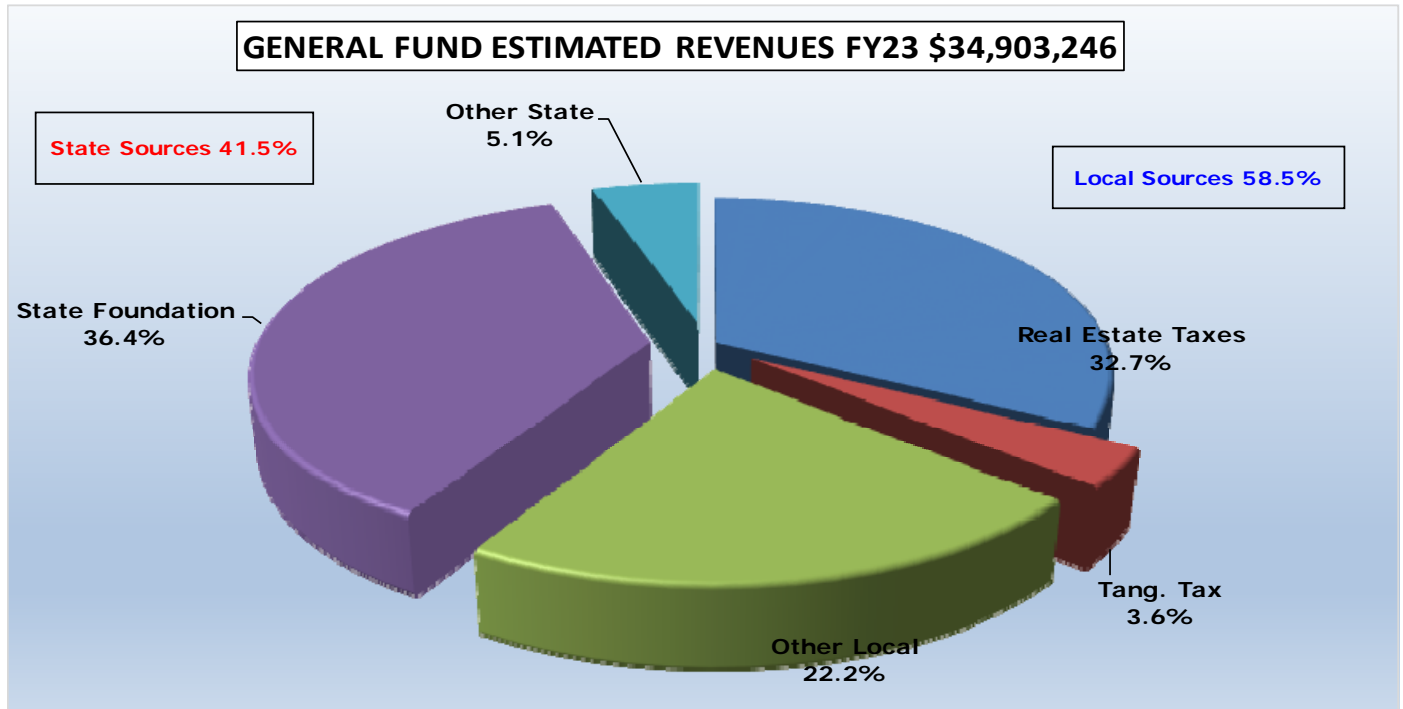
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for 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 County experienced a reappraisal for the 2019 tax year to be collected in 2020. Residential/agricultural values increased 7.36% or \$35.5 million due to the reappraisal led by an improving housing market. New construction in residential property was up 9% or \$2.86 million in assessed value. Commercial/industrial values decreased \$877,180.

A reappraisal update will occur in 2022 for collection in 2023 for which we are estimating a 3% increase in residential and a 0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$15.1 million or 2.8% overall.

Public Utility Personal Property (PUPP) values increased by \$9.0 million in Tax Year 2019. We expect our values to continue to grow by \$500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Estimated</u> TAX YEAR2022 COLLECT 2023	<u>Estimated</u> TAX YEAR2023 COLLECT 2024	<u>Estimated</u> TAX YEAR 2024 TAX YEAR 2025	<u>Estimated</u> TAX YEAR 2025 COLLECT 2026	<u>Estimated</u> TAX YEAR 2026 COLLECT 2027
Res./Ag.	\$495,118,858	\$495,668,858	\$496,218,858	\$496,768,858	\$497,318,858
Comm./Ind.	54,586,220	54,786,220	54,986,220	55,186,220	55,386,220
Public Utility Personal Property (PUPP)	<u>27,413,030</u>	<u>27,913,030</u>	<u>28,413,030</u>	<u>28,913,030</u>	<u>29,413,030</u>
Total Assessed Value	<u>\$577,118,108</u>	<u>\$578,368,108</u>	<u>\$579,618,108</u>	<u>\$580,868,108</u>	<u>\$582,118,108</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Est. Real Estate Taxes	<u>\$11,396,842</u>	<u>\$11,527,631</u>	<u>\$11,553,467</u>	<u>\$11,579,349</u>	<u>\$11,605,274</u>

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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property	<u>\$1,253,193</u>	<u>\$1,276,372</u>	<u>\$1,299,442</u>	<u>\$1,322,512</u>	<u>\$1,345,582</u>

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 9.7% for FY23 and 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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
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	1,342,953	1,383,242	1,424,739	1,467,481	0
April payment	<u>1,672,088</u>	<u>1,722,250</u>	<u>1,773,918</u>	<u>0</u>	<u>0</u>
Total SDIT Collections	\$6,317,097	\$6,366,610	\$6,557,608	\$4,927,201	\$0
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total SDIT Line #1.030	<u>\$6,317,097</u>	<u>\$6,366,610</u>	<u>\$6,557,608</u>	<u>\$4,927,201</u>	<u>\$0</u>

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. Complete calculations of the new formula were not available for nearly all of the 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. 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.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on the most recent year 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 14% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond for DPIA.
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.

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 beyond FY23

Our funding status for the FY24-27 will depend on unknown (2) new state budgets. 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 in the forecast for 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% 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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$11,351,058	\$11,345,120	\$11,345,120	\$11,345,120	\$11,345,120
Additional Aid Items	<u>372,856</u>	<u>372,856</u>	<u>372,856</u>	<u>372,856</u>	<u>372,856</u>
Basic Aid-Unrestricted Subtotal	11,723,914	11,717,976	11,717,976	11,717,976	11,717,976
Ohio Casino Commission ODT	<u>201,210</u>	<u>206,260</u>	<u>211,438</u>	<u>216,745</u>	<u>222,185</u>
Total Unrestricted State Aid Line #1.035	<u>\$11,925,124</u>	<u>\$11,924,236</u>	<u>\$11,929,414</u>	<u>\$11,934,721</u>	<u>\$11,940,161</u>

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to a 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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
DPIA	\$85,641	\$90,103	\$90,103	\$90,103	\$90,103
Career Tech - Restricted	16,072	8,161	8,161	8,161	8,161
ESL	5,270	5,823	5,823	5,823	5,823
Gifted	141,061	147,240	147,240	147,240	147,240
Student Wellness	400,875	400,859	400,859	400,859	400,859
Catastrophic Aid	<u>147,573</u>	<u>147,573</u>	<u>147,573</u>	<u>147,573</u>	<u>147,573</u>
Total Restricted State Revenues Line #1.040	<u>\$796,492</u>	<u>\$799,759</u>	<u>\$799,759</u>	<u>\$799,759</u>	<u>\$799,759</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2023 through 2027.

<u>SUMMARY</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line #1.035	\$11,976,906	\$11,978,689	\$11,983,867	\$11,989,174	\$11,994,614
Restricted Line #1.040	796,492	799,759	799,759	799,759	799,759
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$12,773,398</u>	<u>\$12,778,448</u>	<u>\$12,783,626</u>	<u>\$12,788,933</u>	<u>\$12,794,373</u>

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.

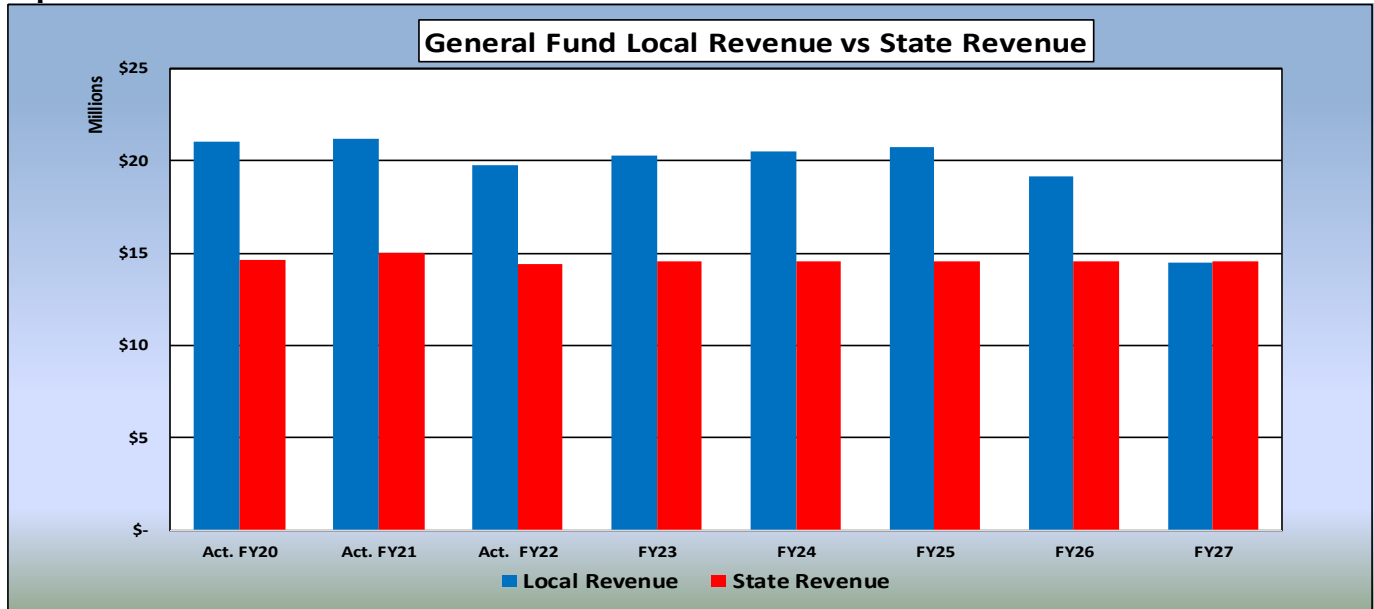
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

The District no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	<u>\$1,770,431</u>	<u>\$1,779,754</u>	<u>\$1,782,254</u>	<u>\$1,784,755</u>	<u>\$1,787,257</u>

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 main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, and interest. 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 FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
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	225,000	225,000	225,000	225,000	225,000
Miscellaneous	<u>188,409</u>	<u>188,409</u>	<u>188,409</u>	<u>188,409</u>	<u>188,409</u>
Total Other Local Revenue Line #1.060	<u>\$1,446,409</u>	<u>\$1,446,409</u>	<u>\$1,446,409</u>	<u>\$1,446,409</u>	<u>\$1,446,409</u>

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

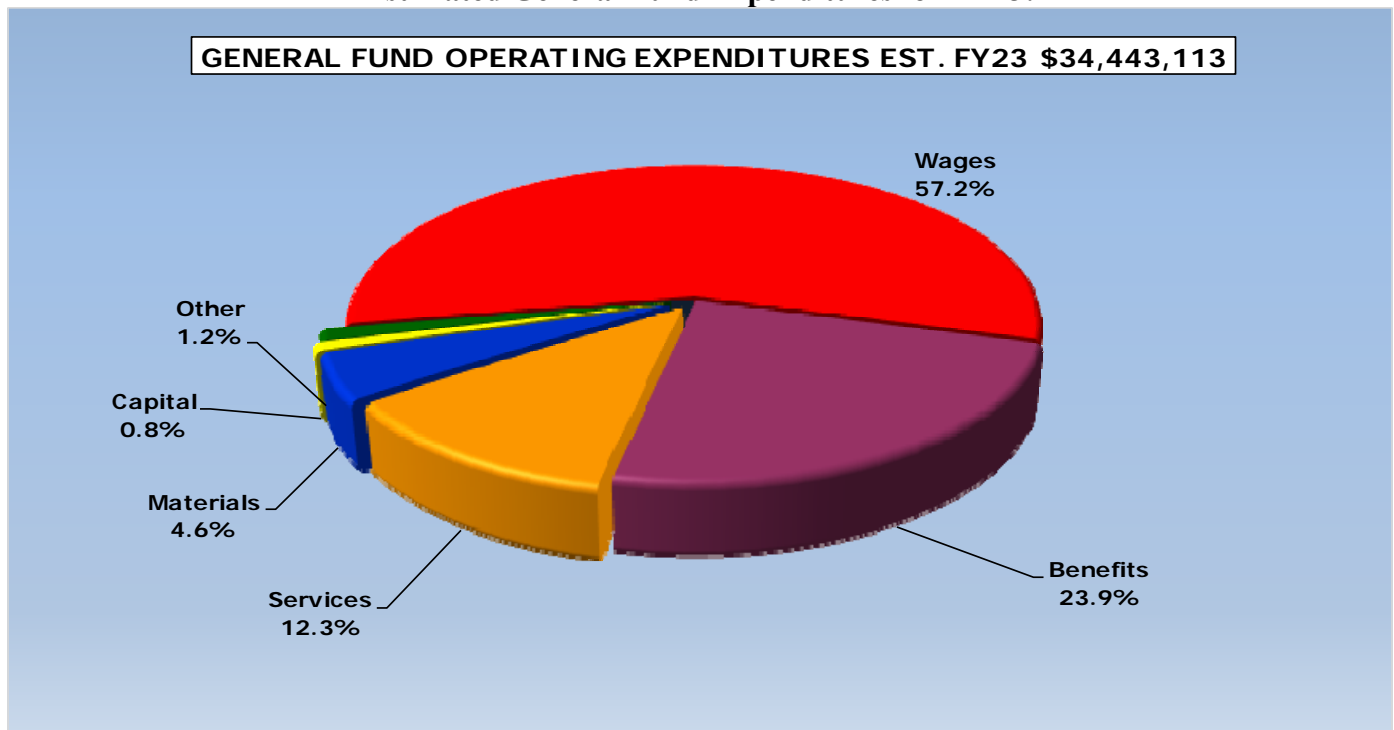
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

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

All Other Financial Sources – Line #2.060

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Refund of prior years expenditures	<u>\$79,934</u>	<u>\$79,934</u>	<u>\$79,934</u>	<u>\$79,934</u>	<u>\$79,934</u>

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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$17,727,498	\$18,659,008	\$19,348,427	\$20,272,279	\$21,035,445
Based Pay Increase	531,825	373,180	386,969	405,446	420,709
Steps & Academic Training	317,231	310,231	326,533	338,597	354,765
Growth Staff	82,454	6,008	210,350	19,123	0
Substitutes	357,820	357,820	357,820	357,820	357,820
Supplementals	<u>678,060</u>	<u>691,621</u>	<u>705,453</u>	<u>719,562</u>	<u>733,953</u>
Total Wages Line #3.010	<u>\$19,694,888</u>	<u>\$20,397,868</u>	<u>\$21,335,552</u>	<u>\$22,112,827</u>	<u>\$22,902,692</u>

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

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$3,067,516	\$3,182,234	\$3,325,575	\$3,450,560	\$3,574,497
B) Insurance's	4,803,069	5,188,757	5,654,342	6,111,279	6,600,181
C) Workers Comp/Unemployment	50,692	52,450	54,794	56,737	58,712
D) Medicare	278,779	284,467	298,732	306,592	320,359
Other/Tuition/Annuities	<u>22,970</u>	<u>22,970</u>	<u>22,970</u>	<u>22,970</u>	<u>22,970</u>
Total Fringe Benefits Line #3.020	<u>\$8,223,026</u>	<u>\$8,730,878</u>	<u>\$9,356,413</u>	<u>\$9,948,138</u>	<u>\$10,576,719</u>

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 Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. 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 see inflationary impacts on all purchased services, the administration will closely monitor the budgeted line items.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
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	453,322	453,322	453,322	453,322	453,322
Utilities	925,000	925,000	925,000	925,000	925,000
Miscellaneous Purchased Services	<u>403,567</u>	<u>403,567</u>	<u>403,567</u>	<u>403,567</u>	<u>403,567</u>
Total Purchased Services Line #3.030	<u>\$4,243,084</u>	<u>\$4,310,584</u>	<u>\$4,380,109</u>	<u>\$4,451,720</u>	<u>\$4,525,479</u>

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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
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	<u>350,000</u>	<u>360,500</u>	<u>371,315</u>	<u>382,454</u>	<u>393,928</u>
Total Supplies Line #3.040	<u>\$1,570,671</u>	<u>\$1,592,861</u>	<u>\$1,615,717</u>	<u>\$1,639,258</u>	<u>\$1,663,506</u>

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.

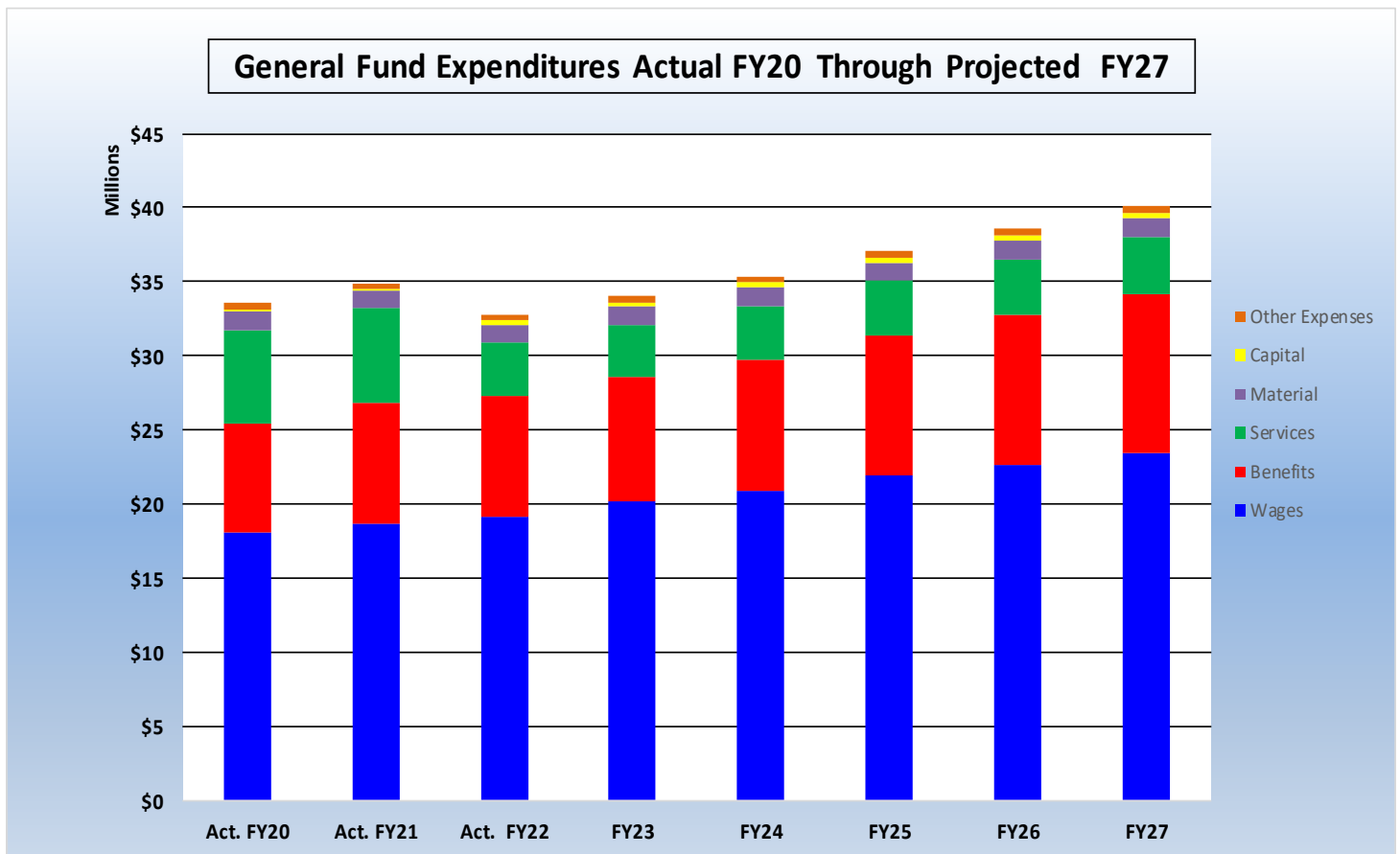
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay & Maintenance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Busses & Other Vehicles	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>
Total Equipment Line #3.050	<u>\$290,000</u>	<u>\$290,000</u>	<u>\$290,000</u>	<u>\$290,000</u>	<u>\$290,000</u>

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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
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	<u>77,493</u>	<u>79,818</u>	<u>82,213</u>	<u>84,679</u>	<u>87,219</u>
Total Other Expenses Line #4.300	<u>\$421,444</u>	<u>\$434,087</u>	<u>\$447,110</u>	<u>\$460,523</u>	<u>\$474,339</u>

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.

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

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.

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances Line #8.010	<u>\$758,632</u>	<u>\$758,632</u>	<u>\$758,632</u>	<u>\$758,632</u>	<u>\$758,632</u>

Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

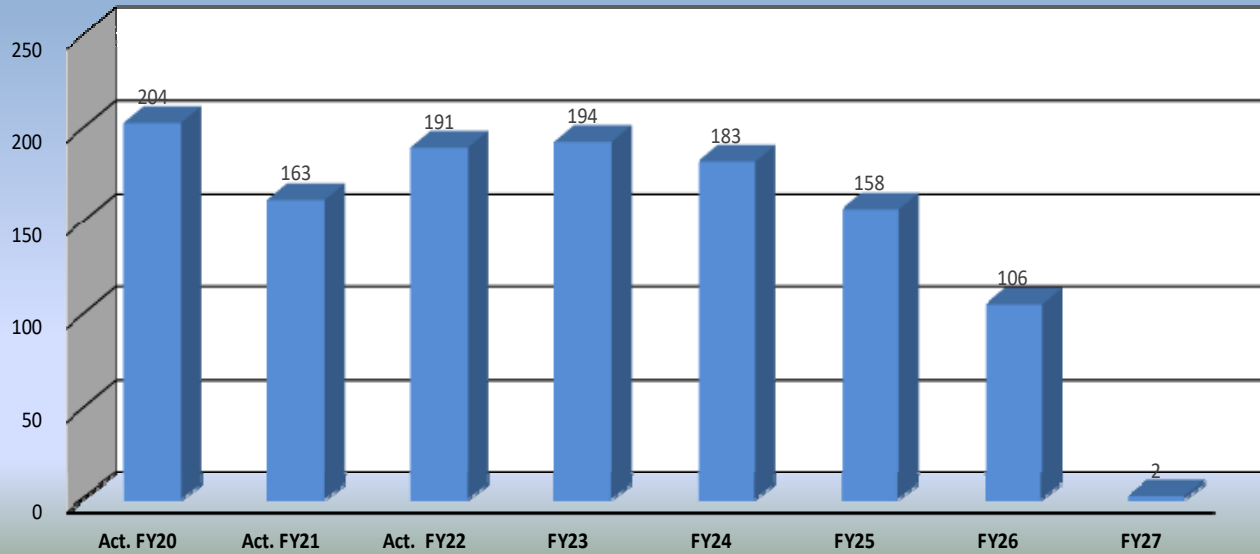
This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, 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.

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$17,808,273</u>	<u>\$17,204,813</u>	<u>\$15,178,199</u>	<u>\$11,927,508</u>	<u>\$7,406,116</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. 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.

Ending Cash Balance in True Cash Days



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 into 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.