HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2020, 2021, and 2022 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2023, THROUGH JUNE 30, 2027

Forecast Provided By
Huber Heights City School District
Treasurer's Office
Penelope Rucker, Treasurer/CFO
(937) 237 - 4126
November 10, 2022

Huber Heights City School District

Montgomery 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)	$25,971,944	$26,222,906	$27,138,583	2.2%	$25,772,411	$26,124,617	$26,271,461	$26,271,926	$26,348,524
1.020	Public Utility Personal Property Tax	941,756	983,450	1,020,554	4.1%	1,063,775	1,092,900	1,122,025	1,151,150	1,180,275
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	35,123,144	35,768,869	31,713,472	-4.7%	31,854,351	31,804,596	31,810,767	31,817,035	31,823,402
1.040	Restricted State Grants-in-Aid	949,385	870,266	2,295,580	77.7%	2,399,629	2,399,629	2,399,629	2,399,629	2,399,629
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	4,313,901	3,560,145	3,879,890	-4.2%	3,877,591	3,905,861	3,939,292	3,944,295	3,960,781
1.060	All Other Revenues	4,924,955	3,418,058	5,024,235	8.2%	4,588,095	4,502,482	4,522,065	4,541,873	4,561,908
1.070	*Total Revenues*	$72,225,085	$70,823,694	$71,072,314	-0.8%	$69,555,852	$69,830,085	$70,065,239	$70,125,908	$70,274,519
	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 and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	524,000	1,095,650	1,254,400	61.8%	391,500	500,000	500,000	500,000	500,000
2.060	All Other Financing Sources	422	1,795,693	142,125	212663.8%	125,000	125,000	125,000	125,000	125,000
2.070	*Total Other Financing Sources*	$524,422	$2,891,343	$1,396,525	199.8%	$516,500	$625,000	$625,000	$625,000	$625,000
2.080	*Total Revenues and Other Financing Sources*	72,749,507	73,715,037	72,468,839	-0.18%	70,072,352	70,455,085	70,690,239	70,750,908	70,899,519
	Expenditures									
3.010	Personal Services	$37,734,650	$40,400,919	$42,116,643	5.7%	$44,465,209	$47,066,264	$49,390,846	$51,714,942	$54,145,504
3.020	Employees' Retirement/Insurance Benefits	15,408,436	16,747,271	17,539,256	6.7%	18,687,639	20,039,208	21,312,290	22,625,285	24,020,424
3.030	Purchased Services	9,509,791	9,125,815	5,771,998	-20.4%	5,858,369	5,916,703	5,975,621	6,035,128	6,095,230
3.040	Supplies and Materials	1,507,836	1,197,270	2,772,720	55.5%	2,300,447	2,323,452	2,346,686	2,370,153	2,393,855
3.050	Capital Outlay	337,475	391,458	87,120	-30.9%	259,734	267,526	275,552	283,819	292,333
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	2,734,746	1,287,871	2,233,606	10.3%	2,275,906	2,319,126	2,363,266	2,408,348	2,454,396
4.500	*Total Expenditures*	$67,232,934	$69,150,604	$70,521,343	2.4%	$73,847,305	$77,932,280	$81,664,261	$85,437,675	$89,401,742
	Other Financing Uses									
5.010	Operating Transfers-Out	$165,000	$101,000	$5,119,676	2465.1%	$100,000	$100,000	$100,000	$100,000	$100,000
5.020	Advances-Out	1,095,650	1,254,400	391,500	-27.2%	500,000	500,000	500,000	500,000	500,000
5.030	All Other Financing Uses	(10,873)	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$1,249,777	$1,355,400	$5,511,176	157.5%	$600,000	$600,000	$600,000	$600,000	$600,000
5.050	*Total Expenditures and Other Financing Uses*	$68,482,711	$70,506,004	$76,032,519	5.4%	$74,447,305	$78,532,280	$82,264,261	$86,037,675	$90,001,742
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$4,266,796	$3,209,033	($3,563,680)	-117.9%	($4,374,953)	($8,077,195)	($11,574,022)	($15,286,767)	($19,102,223)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	53,838,358	58,105,154	61,314,187	6.72%	57,750,507	53,375,554	45,298,360	33,724,338	18,437,571
7.020	*Cash Balance June 30*	$58,105,154	$61,314,187	$57,750,507	-0.1%	$53,375,554	$45,298,360	$33,724,338	$18,437,571	($664,652)
8.010	*Estimated Encumbrances June 30*	$660,134	$2,054,287	$846,237	76.2%	$600,000	$600,000	$600,000	$600,000	$600,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	57,445,020	59,259,900	56,904,270	-0.41%	52,775,554	44,698,360	33,124,338	17,837,571	(1,264,652)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$57,445,020	$59,259,900	$56,904,270	-0.4%	$52,775,554	$44,698,360	$33,124,338	$17,837,571	($1,264,652)
	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	0	0.00%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	$57,445,020	$59,259,900	$56,904,270	-0.4%	$52,775,554	$44,698,360	$33,124,338	$17,837,571	($1,264,652)
20.010	Kindergarten -ADM count	441	453	441	0%	448	448	448	448	448
20.015	Grades -ADM count	5176	5396	5176	0%	5386	5386	5386	5386	5386

Huber Heights City School District-Montgomery County
Notes to the Five Year Forecast
General Fund Only
November 10, 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 three essential purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
(2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
(3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

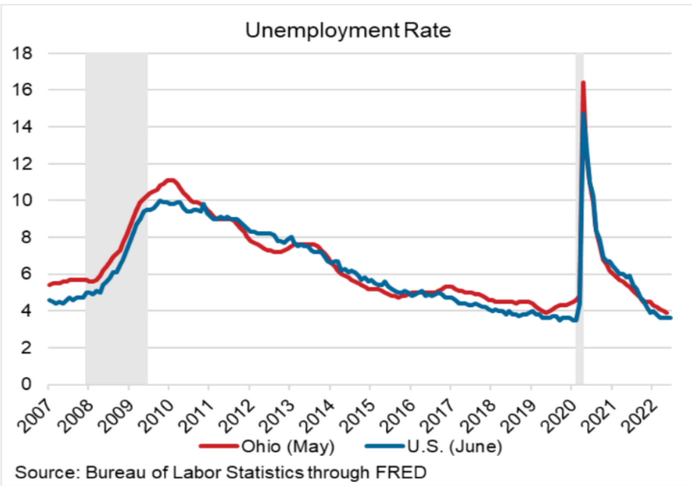
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general 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.

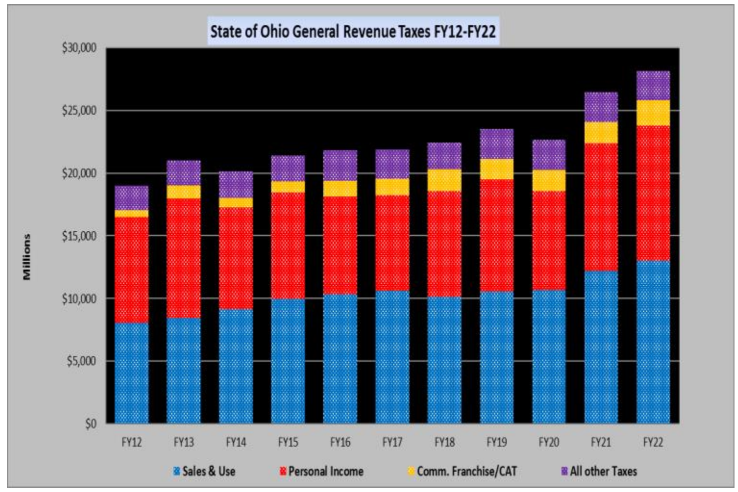
Economic Outlook

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 following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years, and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 38.6% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Montgomery County experienced a reappraisal update in the 2020 tax year to be collected in FY21. The 2020 update increased assessed values by $108.8 million, or 15.5%. Overall values rose $121.6 million or 16.9%,

including reappraisal and new construction for all property classes. A reappraisal update will occur in the tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by $57.04 million for an overall increase of 7.0%. There is, however, always a slight 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 represents 54.8% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

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, 1.040, 1.060, and 3.030 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.

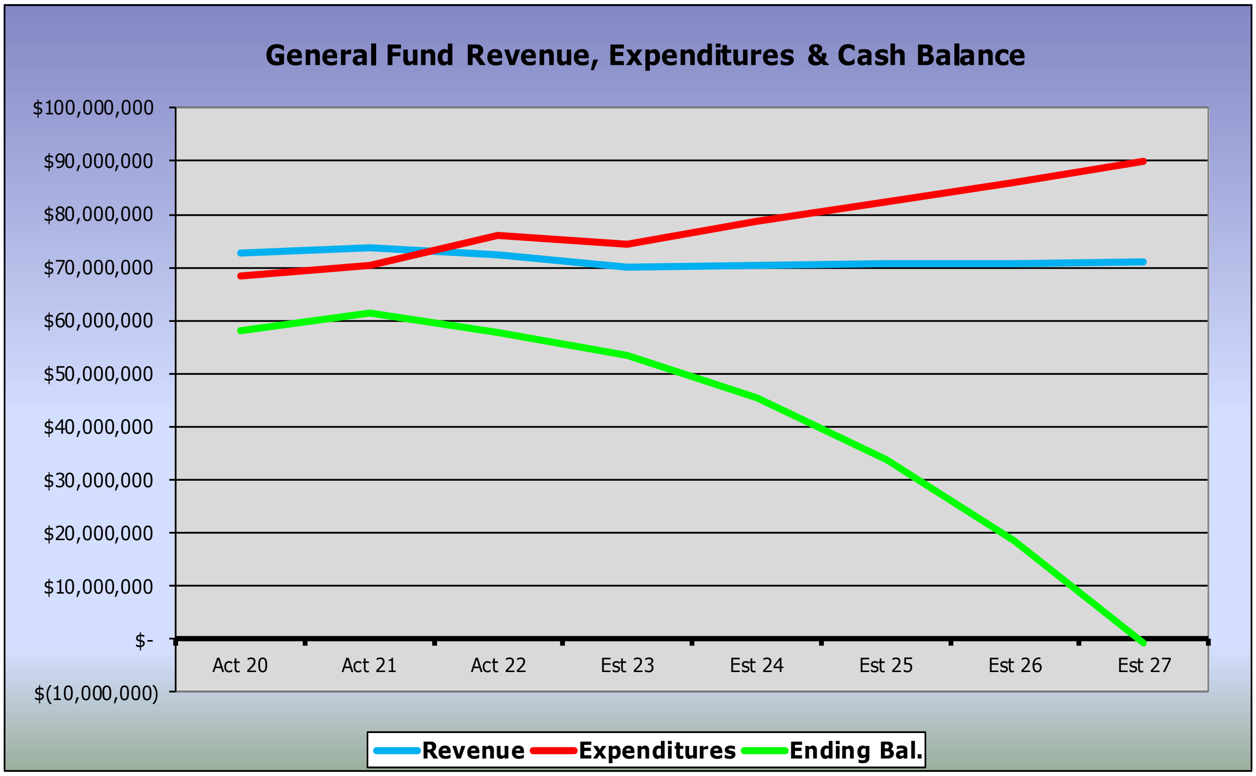
5) HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to be 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 closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

Labor relations in the district have been amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

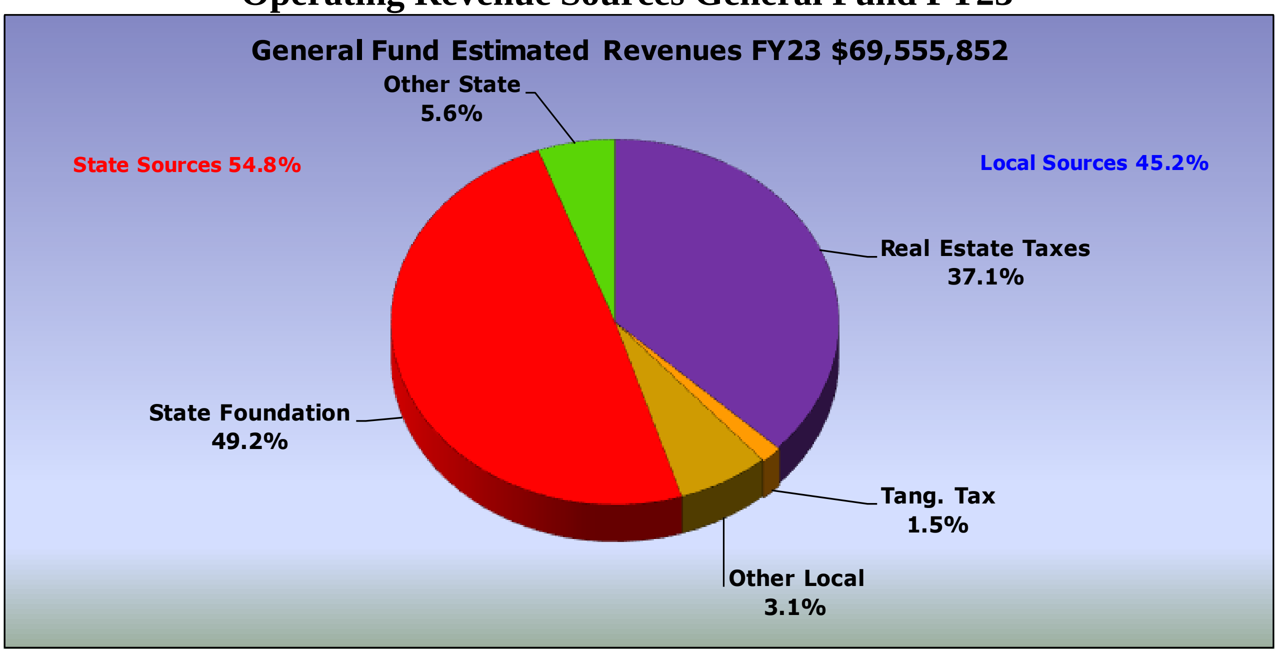
If you would like further information please feel free to contact me – Penelope Rucker, Treasurer/CFO of Huber Heights City School District at 937.237.4126.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions
Operating Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line #1.010

Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Montgomery County experienced a reappraisal for the 2020 tax year to be collected in 2021. Due to the reappraisal led by an improving housing market, residential/agricultural values increased 17.35%, or $121.3 million.

For the tax year 2021, residential property values decreased due to changes in exempt property 0.1% or $449,110 in assessed value, and commercial/industrial values decreased by 3.3% or $4.7 million. Overall decreased by $4.2 million or -0.5%, including new construction for all property classes.

A reappraisal update will occur in 2023 for collection in 2024, for which we estimate an 8% increase in residential and a 2% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase by $57.4 million or 7.0% overall.

Public Utility Personal Property (PUPP) values increased by $992,010 in Tax Year 2021. We expect our values to continue to grow by $500,000 each year of the forecast.

HB49 authorized a reduction in CAUV computations that will result in CAUV values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. CAUV values represent less than 1% of the District’s Class I residential agricultural values, therefore there will be no significant effect on our tax payers or tax revenues.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$678,729,250	$733,677,590	$734,327,590	$734,977,590	$757,676,918
Comm./Ind.	136,878,840	139,316,417	139,016,417	138,716,417	139,803,581
Public Utility Personal Property (PUPP)	18,512,240	19,012,240	19,512,240	20,012,240	20,512,240
Total Assessed Value	$834,120,330	$892,006,247	$892,856,247	$893,706,247	$917,992,739

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Estimated Property Taxes - Line #1.010	$25,772,411	$26,124,617	$26,271,461	$26,271,926	$26,348,524

Property tax levies are estimated to be collected at 97.75% of the annual amount. This allows a 2.25% delinquency. Typically, 54.75% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 45.25% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.020 below.

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 – Line #1.020
As noted earlier, the phase-out of TPP taxes began in FY06 with HB66, which was adopted in June 2005. The TPP was eliminated after fiscal year 2011. Any revenues received in this line are Public Utility Personal Property taxes which are collected from public utilities at the districts gross tax rates not subject to reduction factors. The

values for PUPP are noted on the table above under P.U. Personal, which was $18.0 million in assessed values in 2021 and is collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2021 rose by 5.8% or $992,010 and are expected to grow by $500,000 each year of the forecast.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Public Utility Personal Property - Line #1.020	$1,063,775	$1,092,900	$1,122,025	$1,151,150	$1,180,275

State Foundation Revenue Estimates

Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. 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 formula district in FY23 and is expected to continue on the formula 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, 1.040, 1.060, and 3.030 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 14% in FY23. No legislation indicates 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.

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; instead, it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase-in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on 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 Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line #1.040 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 entirely spent.

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 four (4) casinos to open 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% of 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, beginning 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 0.4% 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	FY 23	FY 24	FY 25	FY 26	FY 27
Basic Aid-Unrestricted	$30,564,527	$30,508,696	$30,508,696	$30,508,696	$30,508,696
Additional Aid Items	920,501	920,501	920,501	920,501	920,501
Basic Aid-Unrestricted Subtotal	31,485,028	31,429,197	31,429,197	31,429,197	31,429,197
Ohio Casino Commission ODT	369,323	375,399	381,570	387,838	394,205
Total Unrestricted State Aid Line #1.035	$31,854,351	$31,804,596	$31,810,767	$31,817,035	$31,823,402

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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
DPIA	$826,653	$826,653	$826,653	$826,653	$826,653
Career Tech - Restricted	43,557	43,557	43,557	43,557	43,557
ESL	288,451	288,451	288,451	288,451	288,451
Gifted	211,465	211,465	211,465	211,465	211,465
Student Wellness	1,029,503	1,029,503	1,029,503	1,029,503	1,029,503
Total Restricted State Revenues Line #1.040	$2,399,629	$2,399,629	$2,399,629	$2,399,629	$2,399,629

C) Restricted Federal Grants in Aid – Line #1.045

No unrestricted federal grants are projected for FY23-27.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line #1.035	$31,854,351	$31,804,596	$31,810,767	$31,817,035	$31,823,402
Restricted Line #1.040	2,399,629	2,399,629	2,399,629	2,399,629	2,399,629
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$34,253,980	$34,204,225	$34,210,396	$34,216,664	$34,223,031

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

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

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

Summary of State Tax Reimbursement – Line #1.050

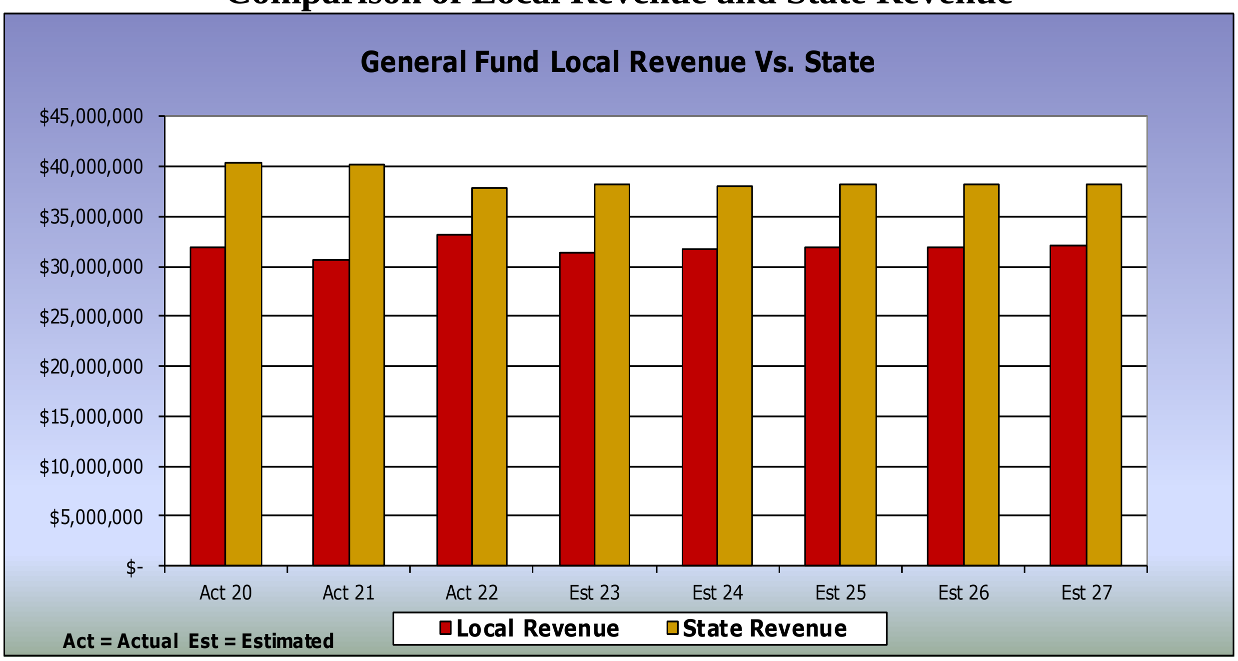
Source	FY 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead - Line #1.050	$3,877,591	$3,905,861	$3,939,292	$3,944,295	$3,960,781

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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. 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 fed rate reductions due to the pandemic, which will impact our earning capability in this area until rates and our ending cash balance begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends. HB126 became effective in June 2022 that limits our ability to protect our tax values which resulted in $87,000 in revenues in FY22. We have removed this revenue source for future years and is an example of legislation passed which hurts our ability to collect local revenues.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Tuition SF-14 & Catastrophic Aid	$1,329,078	$1,335,723	$1,342,402	$1,349,114	$1,355,860
Interest	318,101	314,920	311,771	308,653	305,566
TIF & BOR Payments	1,694,374	1,605,297	1,621,350	1,637,564	1,653,940
Student Fees	189,348	189,348	189,348	189,348	189,348
Medicaid, other Income and rentals	1,057,194	1,057,194	1,057,194	1,057,194	1,057,194
Total Line #1.060	$4,588,095	$4,502,482	$4,522,065	$4,541,873	$4,561,908

Comparison of Local Revenue and State Revenue



Short-Term Borrowing – Lines #2.010 & 2.020

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

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

Other financing sources consist of transfers and advances. Transfers are permanent reallocation of funds and advances are those funds that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year end.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	391,500	500,000	500,000	500,000	500,000
Total Transfer & Advances In	$391,500	$500,000	$500,000	$500,000	$500,000

All Other Financial Sources – Line #2.060

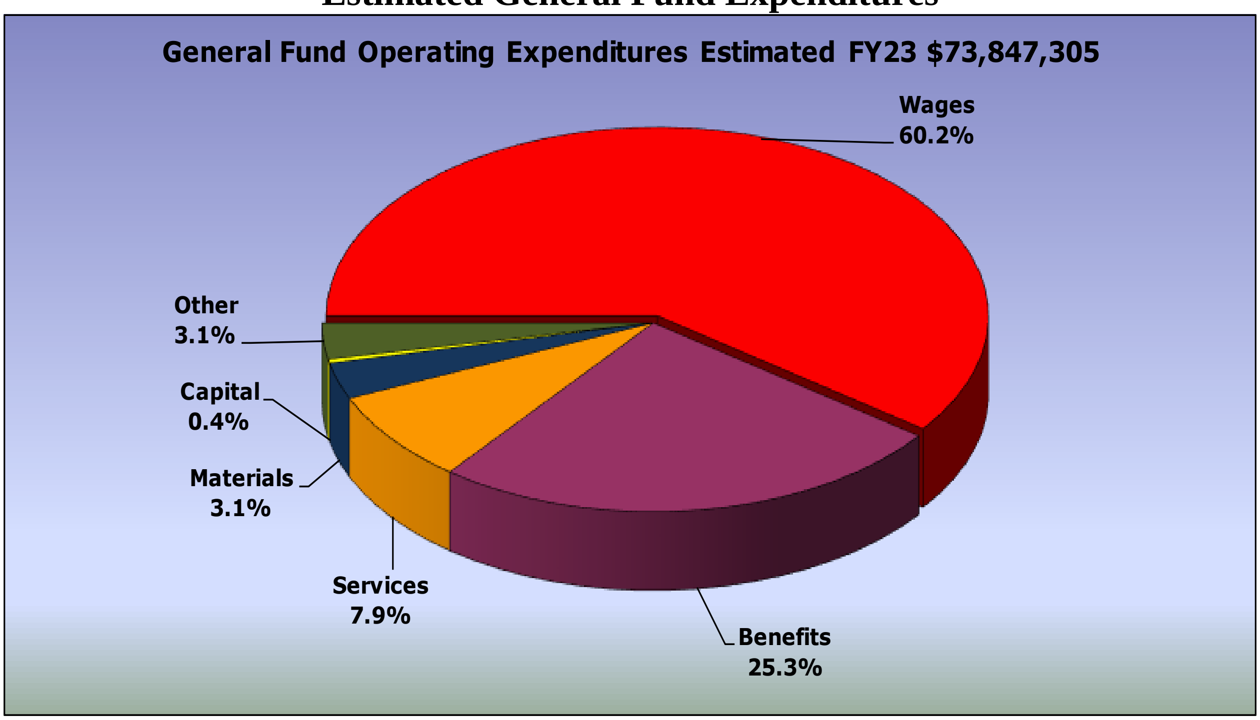
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and did not expect to receive a refund in FY23. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

	FY 23	FY 24	FY 25	FY 26	FY 27
Refund of prior years expenditures	$125,000	$125,000	$125,000	$125,000	$125,000

Expenditures Assumptions

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

Estimated General Fund Expenditures



Wages – Line #3.010

In February 2022, negotiations with bargaining unit members resulted in a one year extension. This one year extension included a base increase of all teachers by 2.5 percent ending in July 31, 2023 and a base increase of $1 and 2.5% for all classified staff ending June 30, 2023. The model reflects these updates and a base increase of 2.5% for FY24-27 for planning purposes. Additionally, the model reflects known or anticipated growth in FY24.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Base Wages	$40,754,570	$43,130,655	$45,764,997	$48,115,398	$50,464,734
Steps & Training/Performance Based Pay	1,324,118	776,352	823,770	866,077	908,365
Growth	0	741,771	353,085	252,412	258,723
Substitutes	1,544,495	1,559,940	1,575,539	1,591,294	1,607,207
Supplementals	620,820	636,340	652,249	668,555	685,269
Severance Pay/Other Compensation	221,206	221,206	221,206	221,206	221,206
Total Wages Line #3.010	$44,465,209	$47,066,264	$49,390,846	$51,714,942	$54,145,504

Fringe Benefits Estimates Line #3.02

This area of the forecast captures all costs associated with benefits and retirement costs, of which all benefits except 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. The model also includes an estimate for the annual surcharge due to the School Employees Retirement System.

B) Insurance

The increase for medical and dental insurance was 7.5% for FY21-FY22 and is estimated to be 7% for FY23-FY27. The increases include adjustments for inflation and the most current research of where premiums will be going in the future.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is estimated at approximately 0.65% of wages which is consistent with past forecasts. 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	FY 23	FY 24	FY 25	FY 26	FY 27
A) STRS/SERS	$6,479,443	$6,860,223	$7,204,105	$7,545,932	$7,902,655
B) Insurance's	11,254,107	12,167,723	13,042,495	13,957,894	14,937,564
C) Workers Comp/Unemployment	309,344	328,801	349,523	371,592	395,096
D) Medicare	644,746	682,461	716,167	749,867	785,110
Other/Tuition	0	0	0	0	0
Total Fringe Benefits Line #3.020	$18,687,639	$20,039,208	$21,312,290	$22,625,285	$24,020,424

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will start to direct pay these costs to the education 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 offer 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 fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. For FY23, we increased our utility estimates by $80,000 over FY22 expenses while the remainder of the forecast has a 1.0% increase.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Professional & Technical Services, ESC	$2,136,950	$2,158,320	$2,179,903	$2,201,702	$2,223,719
Maintenance, Insurance & Garbage Removal	997,678	1,007,655	1,017,732	1,027,909	1,038,188
Professional Development	24,937	24,937	24,937	24,937	24,937
Communications, Postage, & Telephone	178,930	180,720	182,527	184,352	186,196
Utilities	1,143,595	1,155,031	1,166,582	1,178,247	1,190,030
Tuition, Excess Costs & Scholarship Costs	1,134,447	1,145,791	1,157,249	1,168,822	1,180,510
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	188,833	190,721	192,628	194,554	196,500
Contract Transportation	52,998	53,528	54,063	54,604	55,150
Other Adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	0	0	0	0	0
Total Purchased Services Line #3.030	$5,858,369	$5,916,703	$5,975,621	$6,035,128	$6,095,230

Supplies and Materials – Line #3.040

An overall inflation of 1.0% is being estimated for this category of expenses, as well as the District's five year plans for technology and textbook adoptions.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
General Office Supplies & Materials	$679,385	$686,179	$693,040	$699,971	$706,971
Textbooks & Instructional Supplies	1,117,832	1,129,010	1,140,301	1,151,704	1,163,221
Facility Supplies & Materials	158,127	159,708	161,305	162,918	164,548
Transportation Fuel & Supplies	345,103	348,554	352,040	355,560	359,116
Other adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Total Supplies Line #3.040	$2,300,447	$2,323,452	$2,346,686	$2,370,153	$2,393,855

Capital Outlay – Line #3.050

Costs in FY 23-27 include purchasing equipment for students and staff and is based on the District's five-year plans for bus purchases, capital improvements and technology. We anticipate purchasing 2 busses a year from the general fund for the remainder of the forecast. A rate of 3.0% increase is projected in this area.

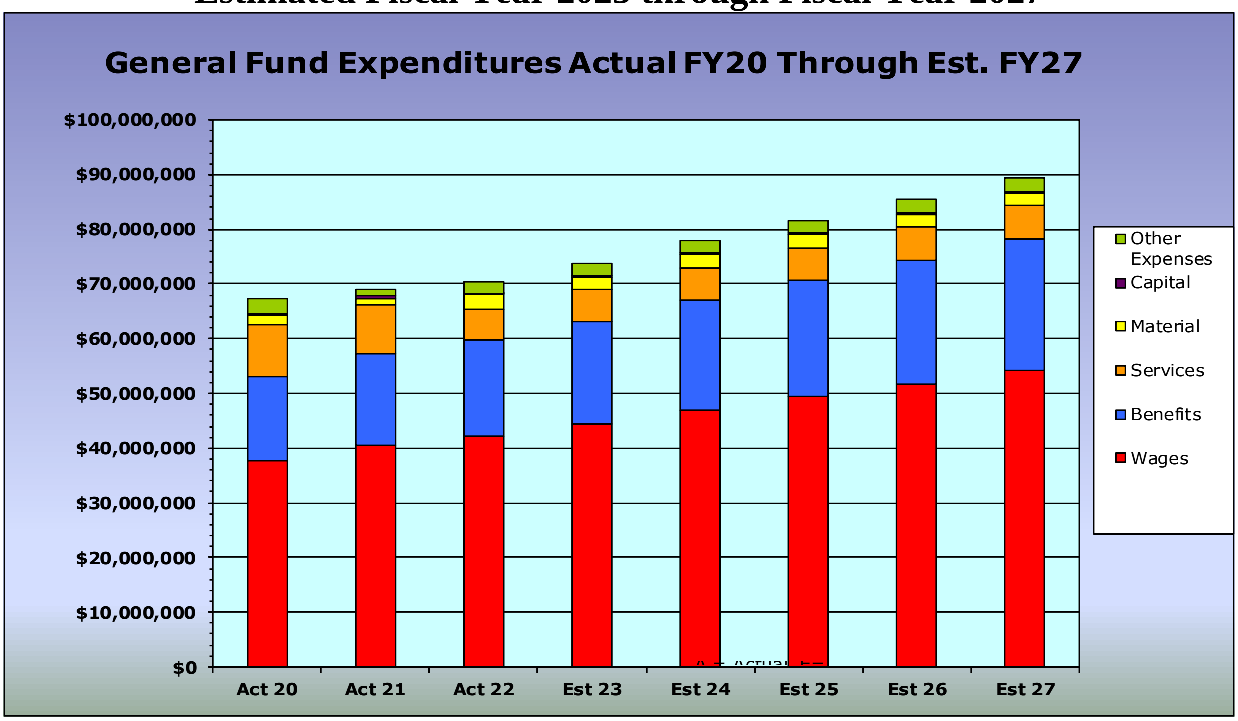
Source	FY 23	FY 24	FY 25	FY 26	FY 27
Capital Outlay	$89,734	$92,426	$95,199	$98,055	$100,997
Replacement Bus Purchases	170,000	175,100	180,353	185,764	191,336
Total Equipment Line #3.050	$259,734	$267,526	$275,552	$283,819	$292,333

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. New construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increases of 3% for A&T fees and Dues and Fees and a 1.5% increase for ESC deductions for this forecast.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
County Auditor & Treasurer Fees	$483,056	$497,548	$512,474	$527,848	$543,683
ESC Deduction	1,670,530	1,695,588	1,721,022	1,746,837	1,773,040
Dues, Fees & other Expenses	122,320	125,990	129,770	133,663	137,673
Total Other Expenses Line #4.300	$2,275,906	$2,319,126	$2,363,266	$2,408,348	$2,454,396

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



Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund transfers and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. Transfers are permanent reallocation of funds. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Operating Transfers Out Line #5.010	$100,000	$100,000	$100,000	$100,000	$100,000
Advances Out Line #5.020	500,000	500,000	500,000	500,000	500,000
Total Transfer & Advances Out	$600,000	$600,000	$600,000	$600,000	$600,000

Encumbrances –Line #8.010

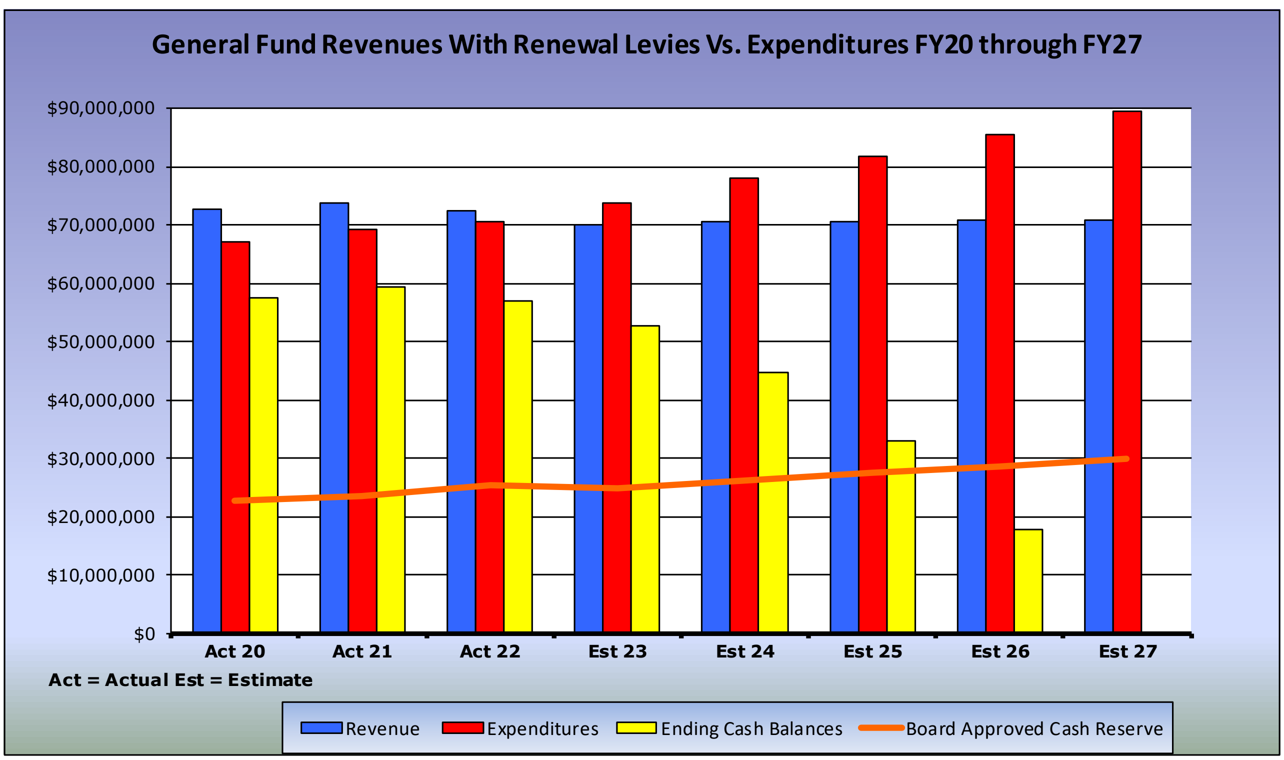
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY 23	FY 24	FY 25	FY 26	FY 27
Estimated Encumbrances Line #8.010	$600,000	$600,000	$600,000	$600,000	$600,000

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

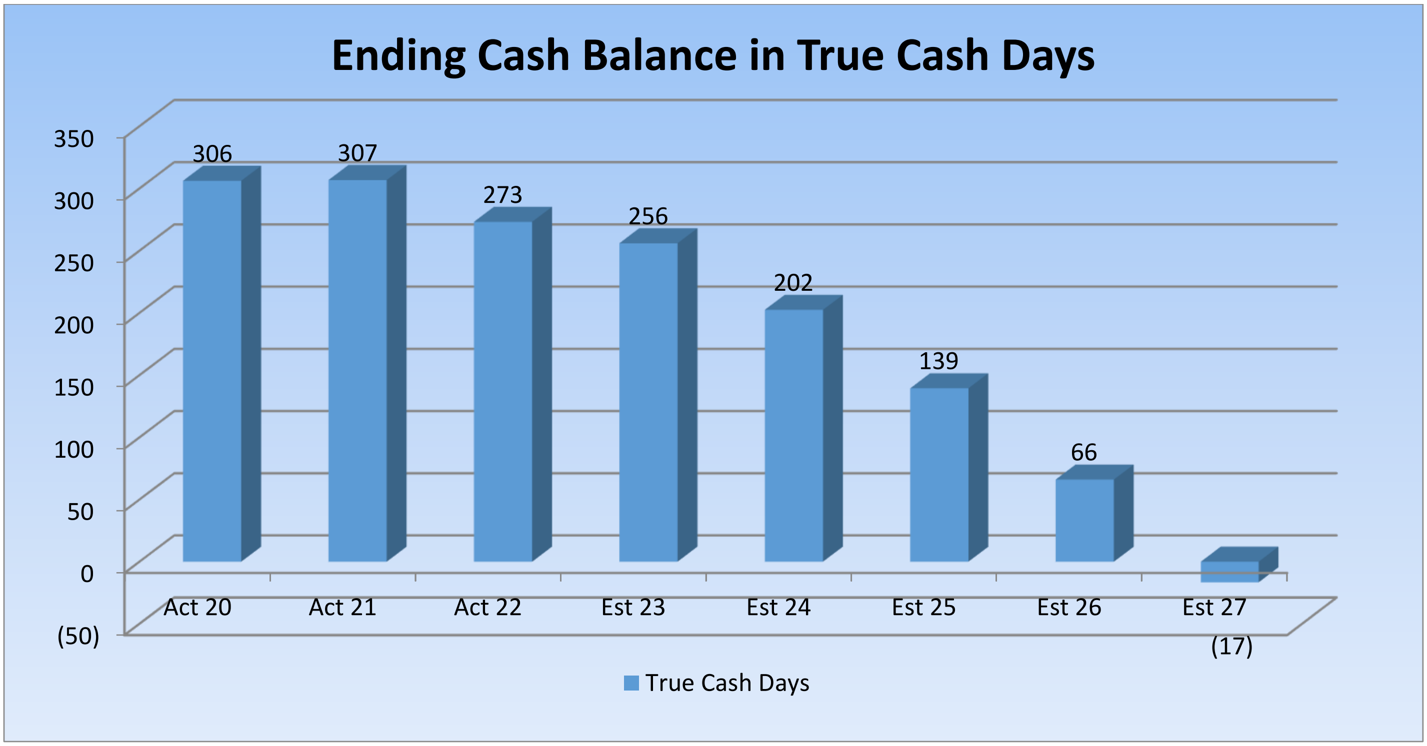
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. Based on the chart immediately below, unencumbered fund balance will be positive throughout FY26. In addition, Board policy requires cash reserves equal 4 months of operating expenditures. Based on the chart immediately below, cash reserves are in compliance with Board policy throughout FY25.

	FY 23	FY 24	FY 25	FY 26	FY 27
Ending Unencumbered Cash Balance	$52,775,554	$44,698,360	$33,124,338	$17,837,571	($1,264,652)



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 Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends that no less than two (2) months or 60 days of cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



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