



Perkins Local School District

# Five Year Forecast Financial Report

May, 2023

*Mike Spafford, Assistant Treasurer*

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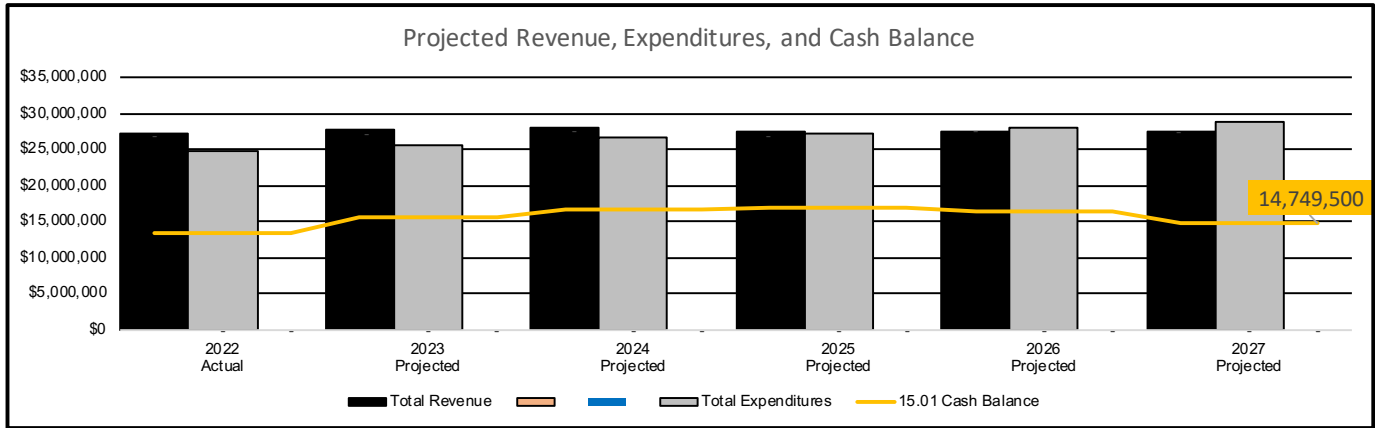
### Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the 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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

### Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	13,433,707	15,502,618	16,799,199	16,945,067	16,319,006
+ Revenue	27,653,846	27,895,045	27,449,577	27,476,159	27,350,001
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(25,584,935)	(26,598,464)	(27,303,709)	(28,102,220)	(28,919,507)
= Revenue Surplus or Deficit	2,068,911	1,296,581	145,867	(626,061)	(1,569,507)
Line 7.020 Ending Balance with renewal/new levies	15,502,618	16,799,199	16,945,067	16,319,006	14,749,500

Analysis Without Renewal Levies Included:

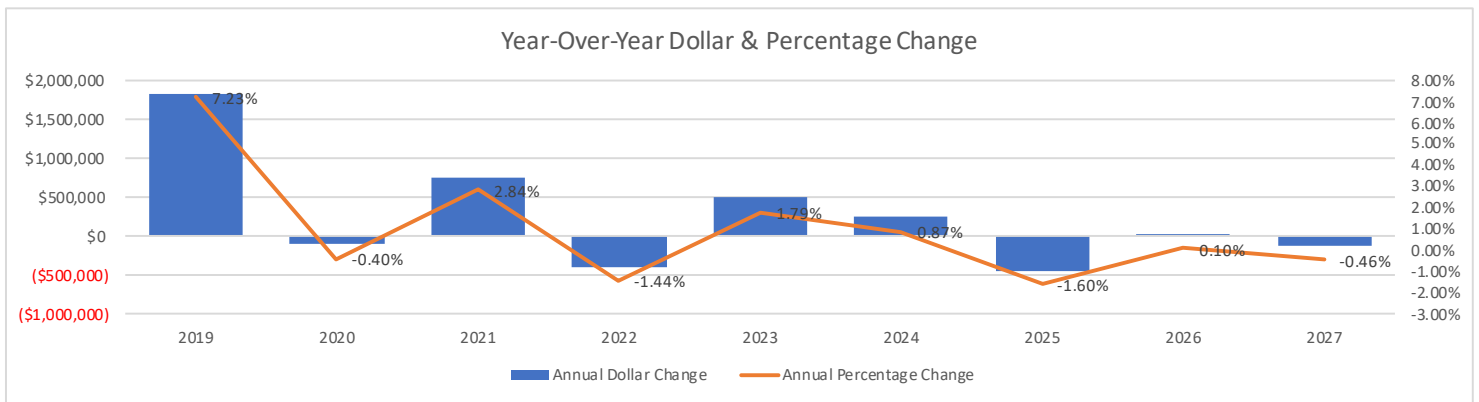
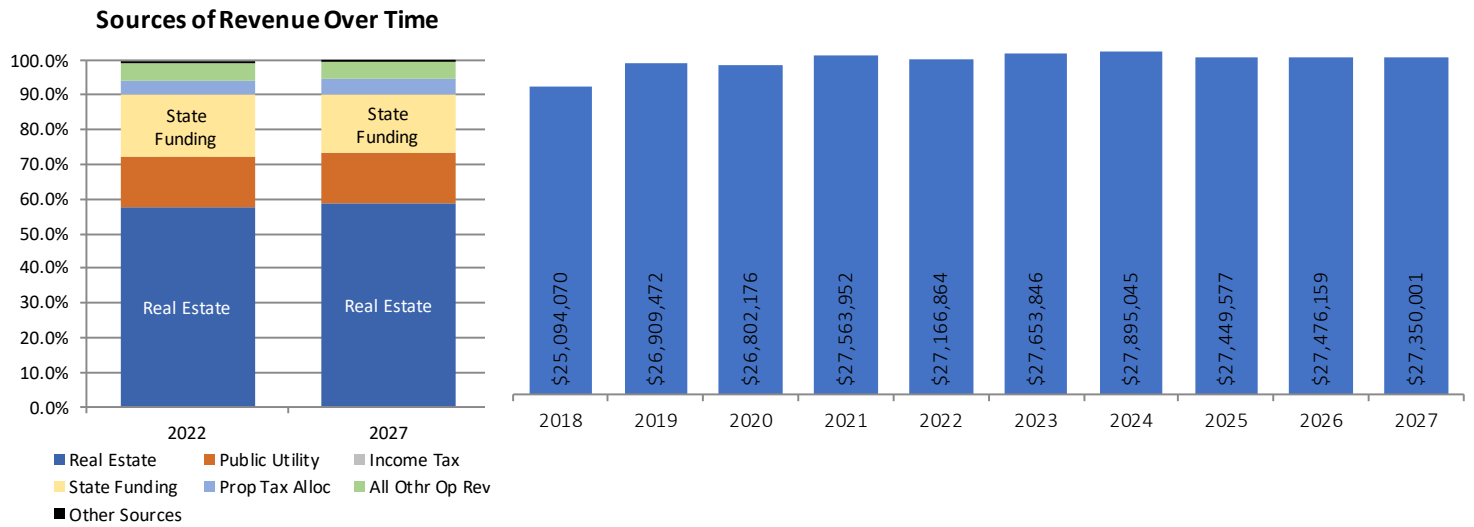
Revenue Surplus or Deficit w/o Levies	2,068,911	1,296,581	145,867	(626,061)	(1,569,507)
Ending Balance w/o Levies	15,502,618	16,799,199	16,945,067	16,319,006	14,749,500

In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$2,068,911 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$1,569,507. The district would need to cut its FY 2027 projected expenses by 5.43% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$502,540 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

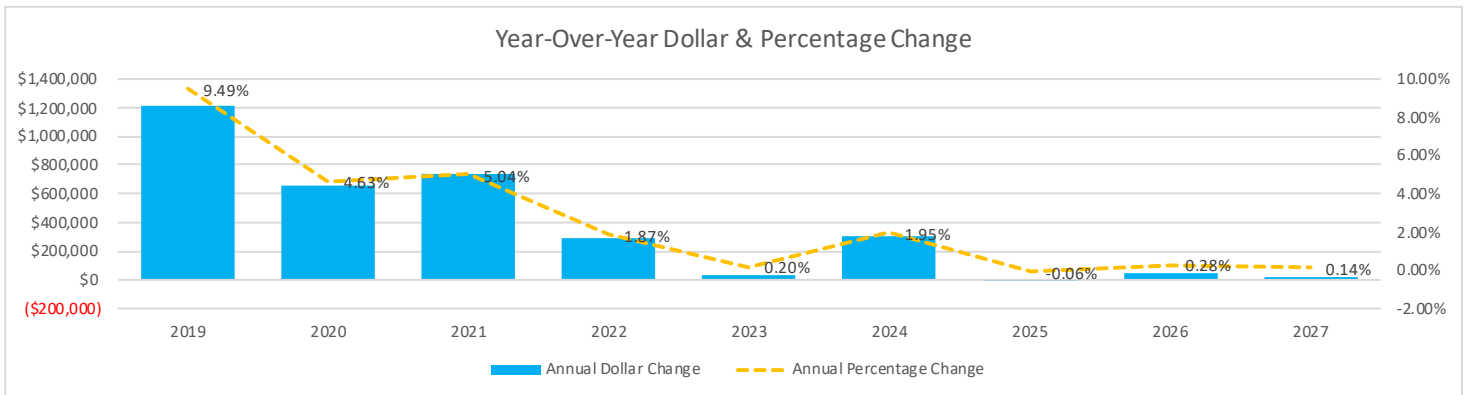
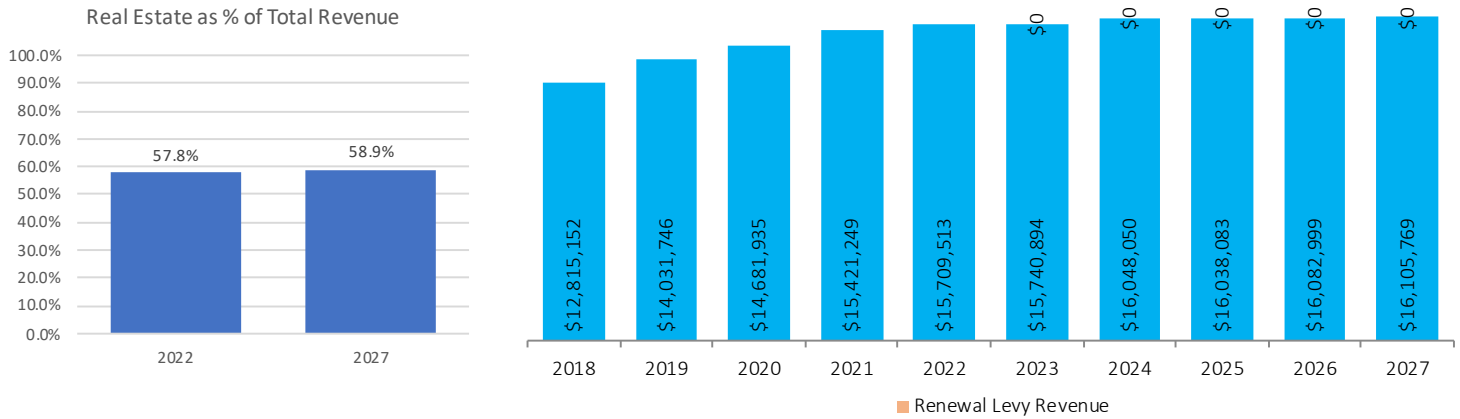
## Revenue Sources and Forecast Year-Over-Year Projected Overview



Generally speaking, school revenue is largely stagnant, with minor changes year to year. The graph above shows large variances in 2018 and 2021. These changes are both driven by significant changes in the district. The first is the additional of the pipeline and its impact on revenue collection. The second is the modification to State Funding in 2022. The forecast does not assume any significant changes in circumstance as the pipeline settlement is anticipated to be completed in the next 12-months and the Fair School Funding Plan is now in its 3rd year of implementation. Revenue growth in property tax is largely driven through increases generated by the district's 5.2 inside mills and small increases in new construction. State Funding and utility generated property tax are assumed constant through the forecast, although both are subject to significant outside pressure.

### 1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	503,734,600	38,863,460	29.42	-	39.91	-	99.8%
2022	516,688,600	12,954,000	29.24	(0.18)	39.00	(0.91)	99.8%
2023	520,038,600	3,350,000	29.16	(0.08)	39.00	-	99.8%
2024	527,888,600	7,850,000	28.68	(0.48)	39.00	-	99.8%
2025	529,488,600	1,600,000	28.62	(0.05)	39.00	(0.00)	99.8%
2026	530,338,600	850,000	28.62	(0.00)	39.00	(0.00)	99.8%

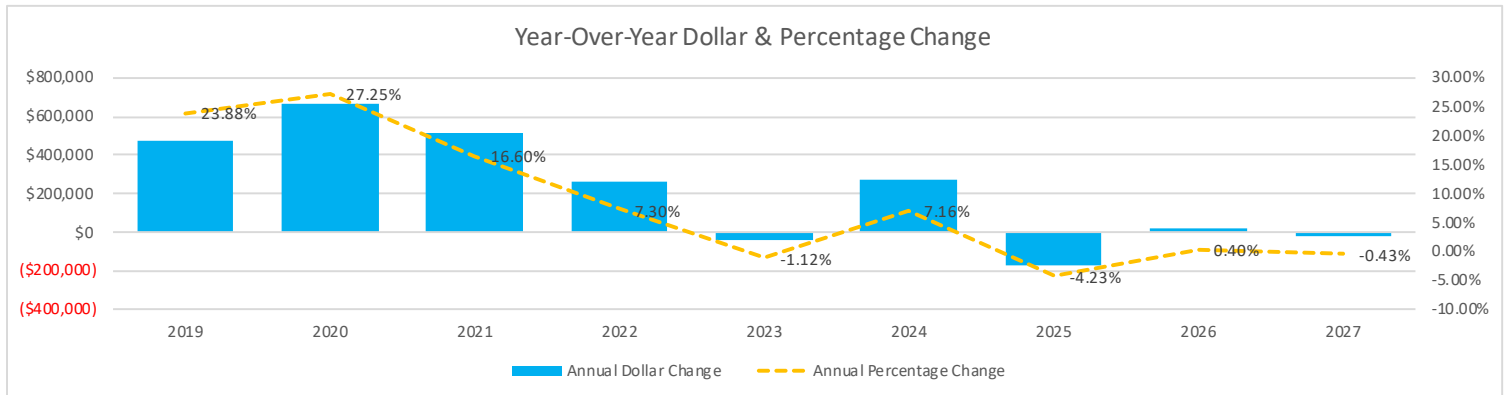
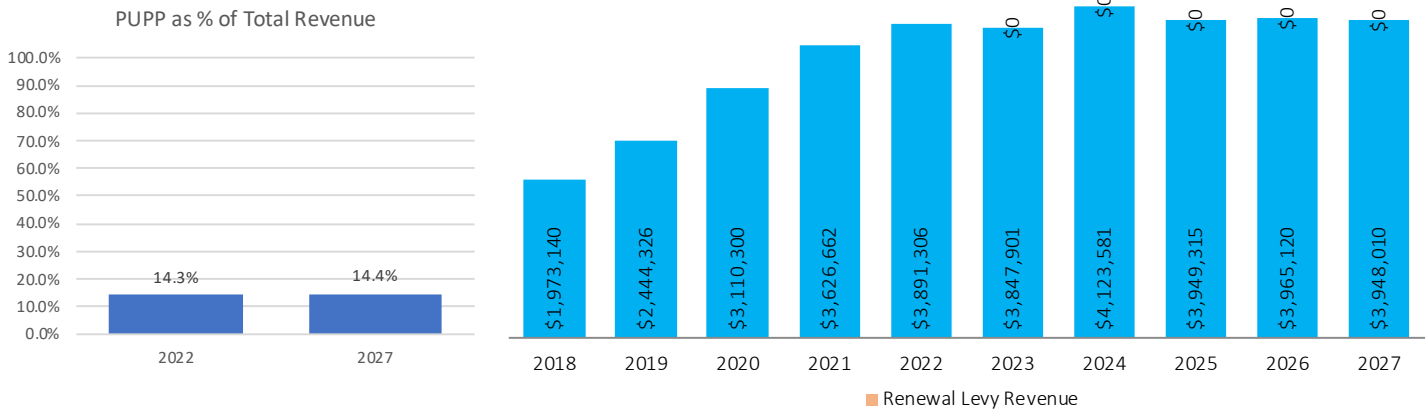
Real estate property tax revenue accounts for 57.83% of total revenue. Class I or residential/agricultural taxes make up approximately NaN of the real estate property tax revenue. The Class I tax rate is 29.24 mills in tax year 2022. The projections reflect an average gross collection rate of 99.8% annually through tax year 2026. The revenue changed at an average annual historical rate of 6.99% and is projected to change at an average annual rate of 0.50% through FY 2027.

Valuation growth is impacted by unknown factors weighing on the housing market. While reports indicate a national housing shortage, continued increases in interest rates apply negative pressure on values. Additionally, large growth realized in 2021 did make up a portion of catch-up to realize the gains during the COVID-19 housing boom. The forecast conservatively assumes a modest \$7.5M increase from the 2024 reappraisal, and small incremental increases in each of the update years. As a reminder, valuation increases on existing property only effect revneue generated from inside millage. Valuation increases do not increase tax revenue on existing home, only new construction.

*\*Projected % trends include renewal levies*

### 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2021	71,422,640	(2,696,020)	65.80	-		75.5%
2022	74,730,720	3,308,080	65.80	-		84.3%
2023	59,730,720	(15,000,000)	65.80	-		84.2%
2024	60,230,720	500,000	65.80	-		100.0%
2025	60,230,720	-	65.80	-		100.0%
2026	59,730,720	(500,000)	65.80	-		100.0%

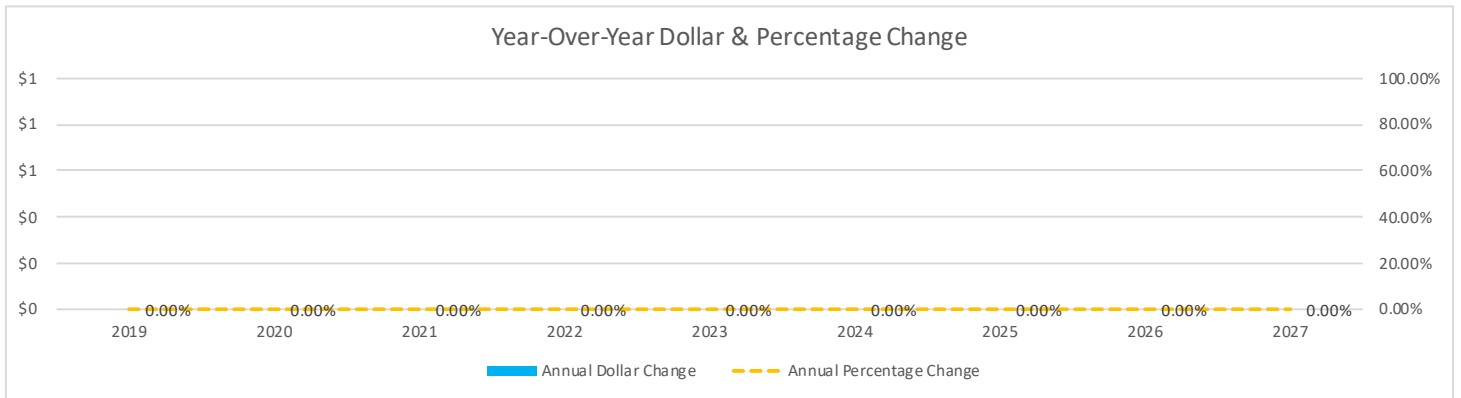
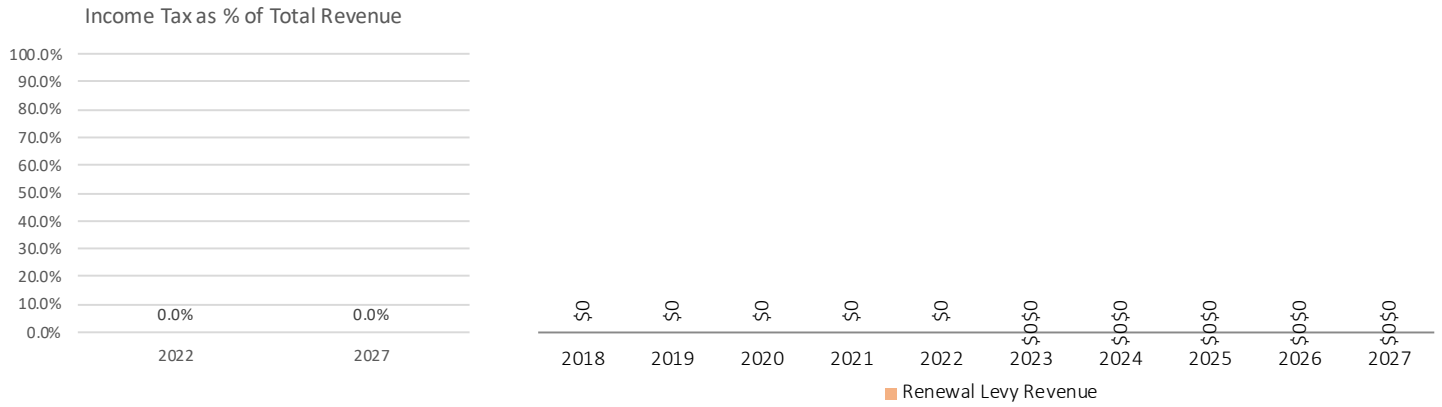
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 14.32% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 65.8 mills. The forecast is modeling an average gross collection rate of 93.74%. The revenue changed historically at an average annual dollar amount of \$ and is projected to change at an average annual dollar amount of \$ through FY 2027.

Utility infrastructure is taxed at the full voted authorized millage and is noted reduced or capped based on the parameters of HB 920. However, utility valuations are much more volatile as these are generally considered capital assets with a useful life. Utility companies are able to depreciate their assets, in essence reducing the district's valuation and tax revenue. Reviewing the historical trend, you can clearly see the impact of the Nexus Pipeline, as the revenue came online in 2019, representing nearly a \$500,000 annual increase. The forecast assumes a \$15,000,000 reduction in valuation in 2023. This represents an estimated reduction in value as a result of the most recent challenge. The current valuation includes the pipeline at its full value at time of construction, pre-challenge. The \$15,000,000 assumes over a 50% reduction in value.

*\*Projected % trends include renewal levies*

### 1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

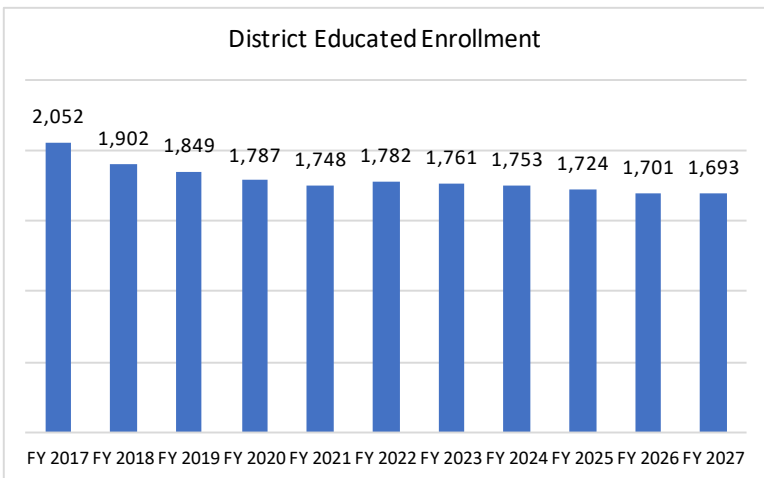
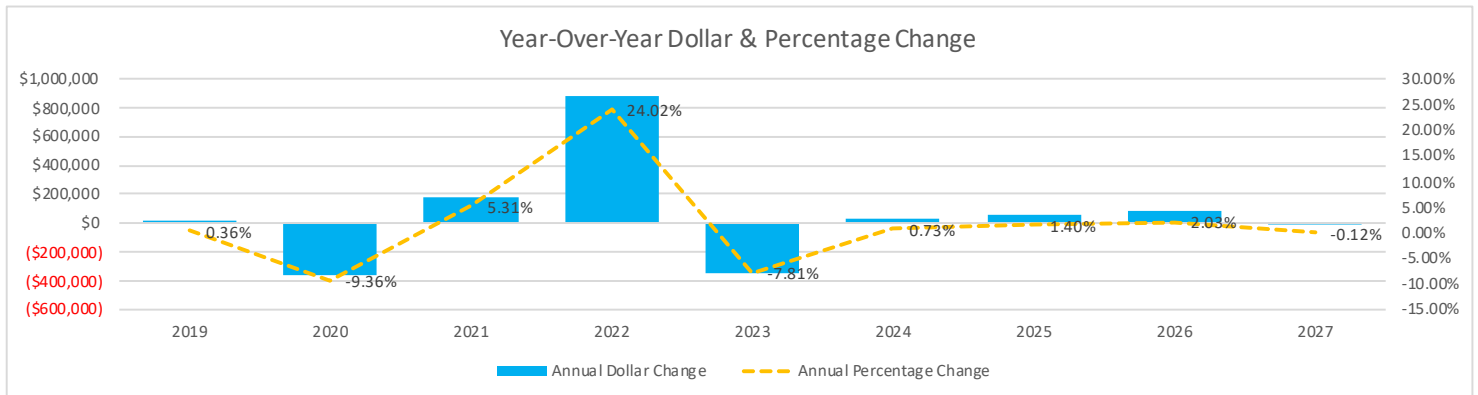
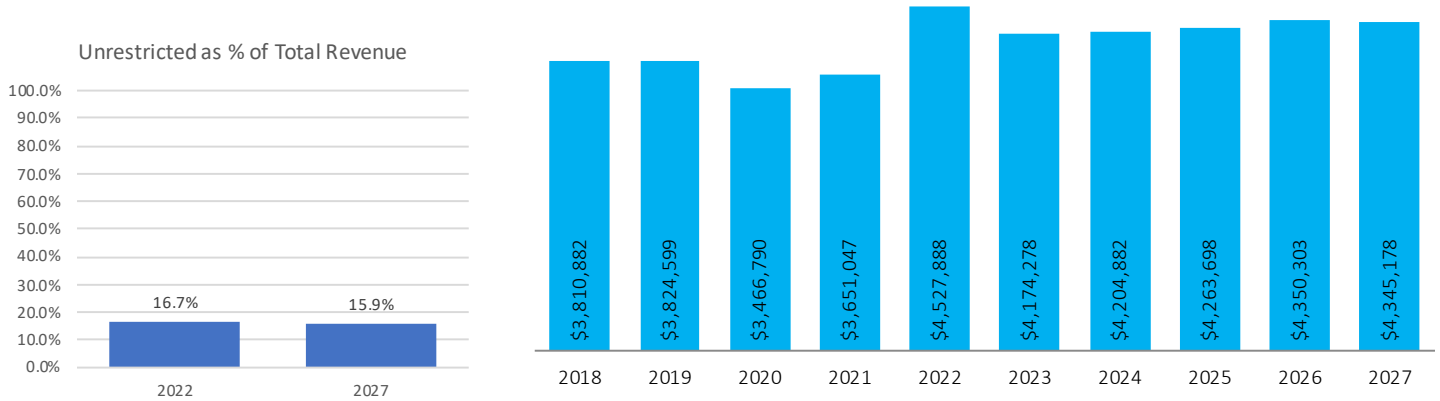


The district does not have an income tax levy.

*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



The Fair School Funding plan was established in FY22 to address the inequities in school funding throughout the state. The State's funding contribution is a factor of each district's local economic factors, enrollment, and the statewide average of educating a student.

For Perkins Local School District the calculated Base Cost total is \$12,867,199 in FY 2023.

The state's share of the calculated Base Cost total is \$1,847,211 or \$1,049 per pupil.

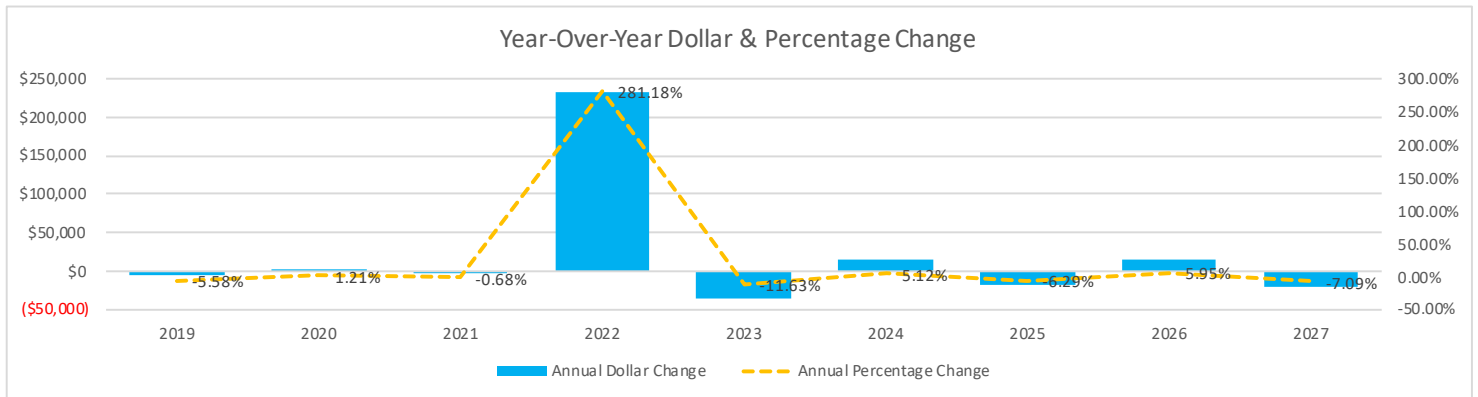
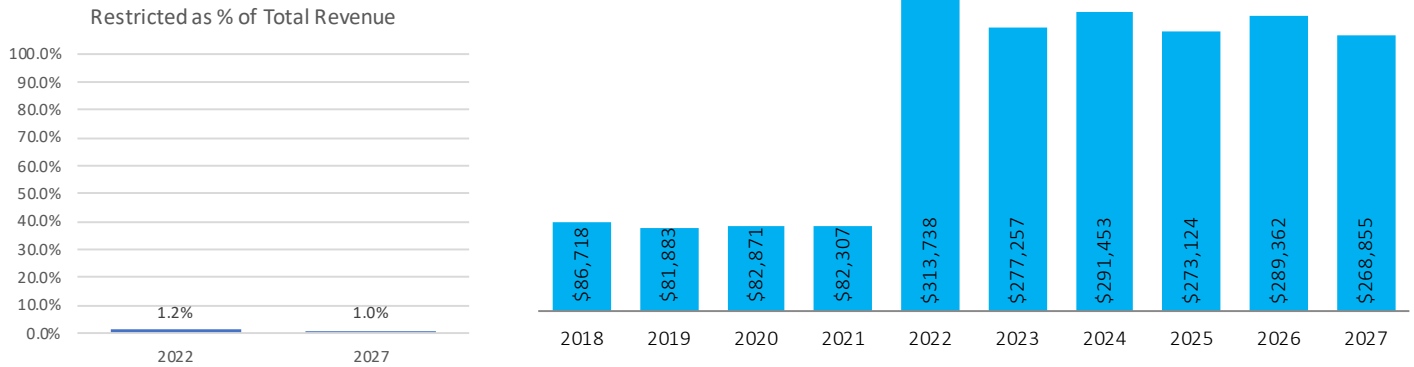
For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$1,584,924 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

The forecast assumes the State increases the base cost calculation from FY18 to FY22. Perkins LSD is considered a "guarantee" district, meaning, implementation of the formula would negatively impact the district. Therefore, the district is guaranteed a base amount in line with historical averages. The forecast assumes the state continues its initial phase-in approach (100% by FY27) and that base costs are increases from FY22 to FY 24 in FY 26. Even with this changes, Perkins remains a "guarantee" district the entirety of the forecast period.



### 1.040 & 1.045 - Restricted Grants-in-Aid

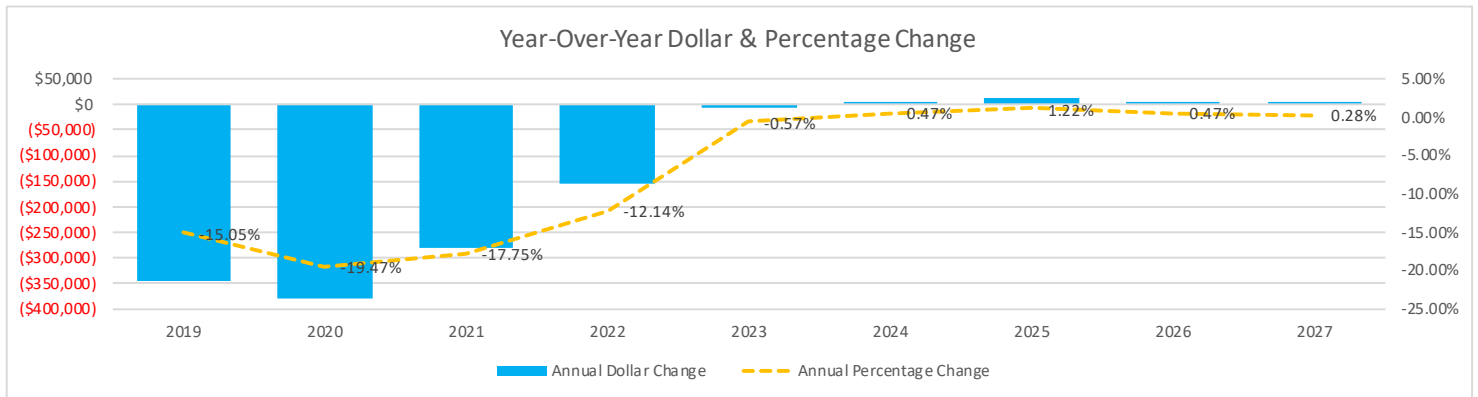
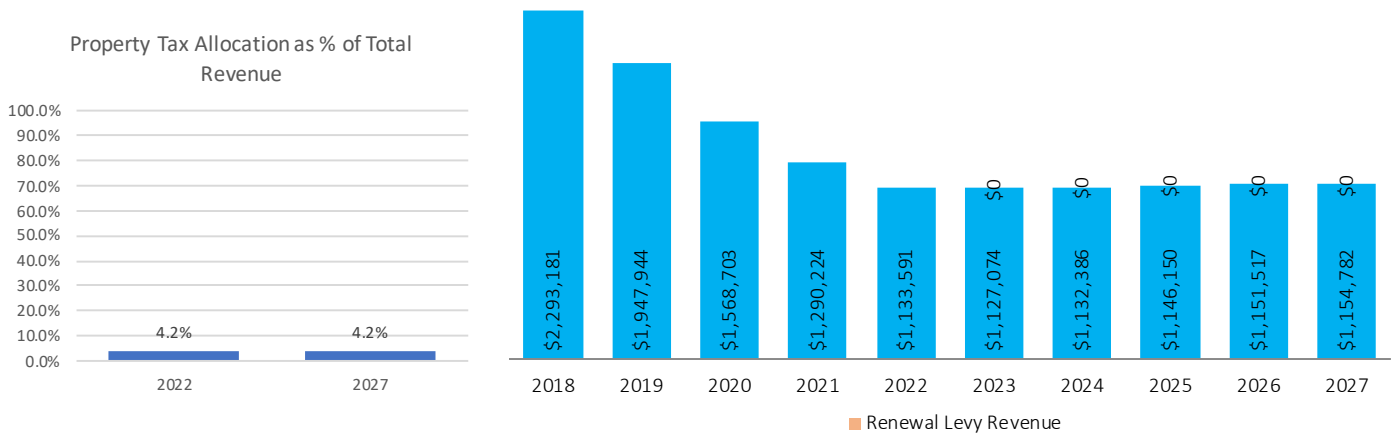
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$77,285 and is projected to change annually on average by -\$8,977. Restricted funds represent 1.15% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$145,651. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

### 1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 9.5% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.9% will be reimbursed in the form of qualifying homestead exemption credits.

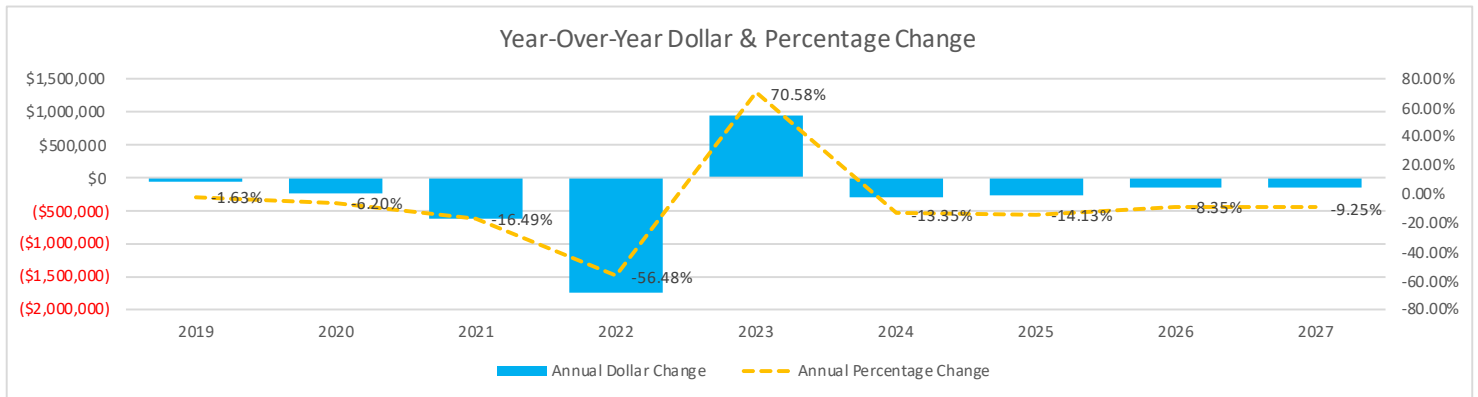
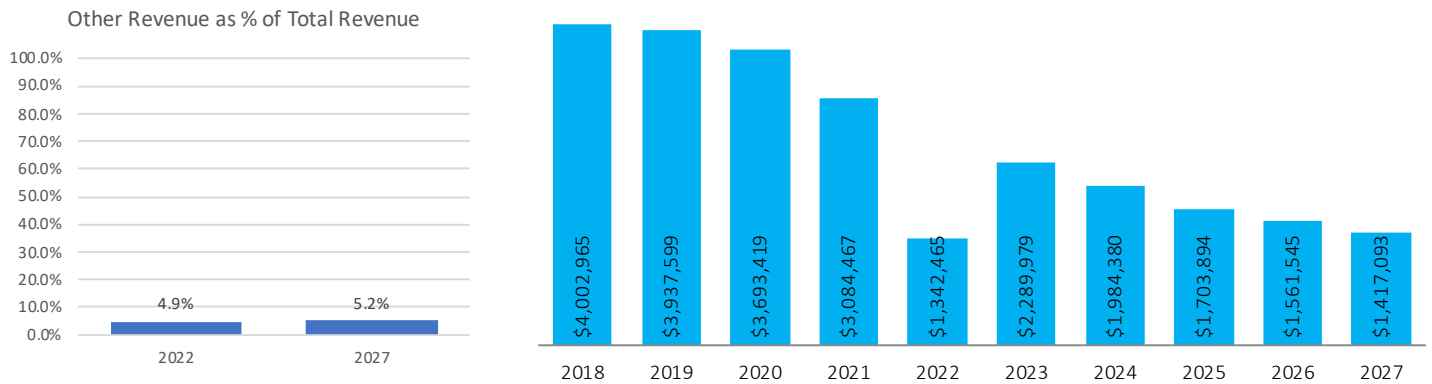
The district realized a significant loss with the phase-out of Tangible Personal Property Tax (TPPT) starting in FY18 resulting in a significant decline in property tax collections. This revenue category is now mostly comprised of the homestead exemption, the 10% rollback, and the owner occupancy credit. These are property tax reduction programs in which the State of Ohio reimburses local school districts for property tax discounts provided to certain classes of residential property (non-business, resident owned).

This forecast does not explore the potential of proposed legislation under HB1. If implemented, HB 1 would result in an overall decrease in total revenue for the district. HB 1 would reduce property valuations by 10% and eliminate the property tax discounts. This would keep a property owner's annual tax liability stagnant, however, eliminate the "discount" portion that was paid by the State. Essentially, reducing school district revenues while keeping taxes stagnant. An analysis of HB1's impact is included as a supplemental.

\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$952,028. The projected average annual change is \$14,926 through FY 2027. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$2,059,692 in FY 2021.

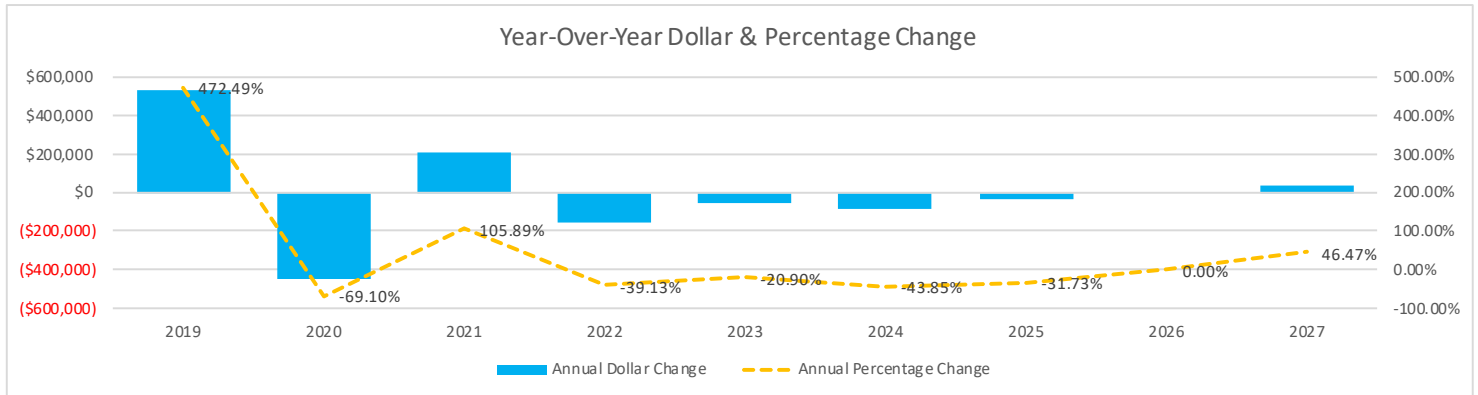
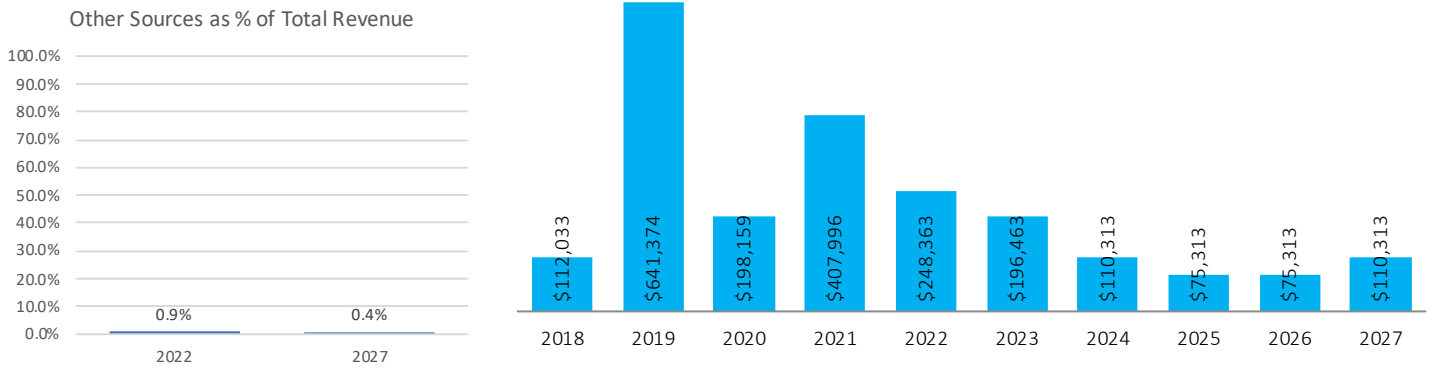
The Fair School Funding plan overhauled the way in which open enrollment tuition is recognized. Prior to 2022, Perkins received additional funds from the State to account for the educational costs of educating non-resident students. While this was eliminated, other expenditures were also eliminated as well as portions of the funding were recategorized. Therefore, the net impact to the district was minimal.

This category also includes interest earnings on investments and excess costs. The forecast assumes interest rates remain high through the end of FY24. Additionally, the forecast assumes the district is able to increase its invested balance due to operational surplus in the first years of the forecast. The forecast assumes interest rates begin to decline starting in FY25.

Excess costs are derived from costs over and above for educating various categorical students beyond what is funded by the state. This is coordinated by the district's EMIS department and represents a significant revenue each year.

### 2.070 - Total Other Financing Sources

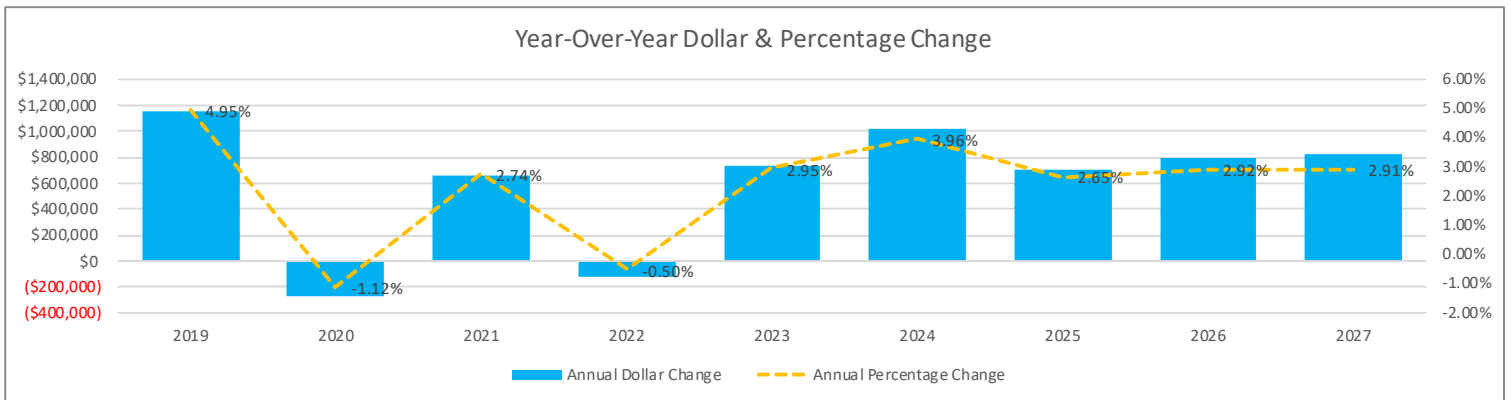
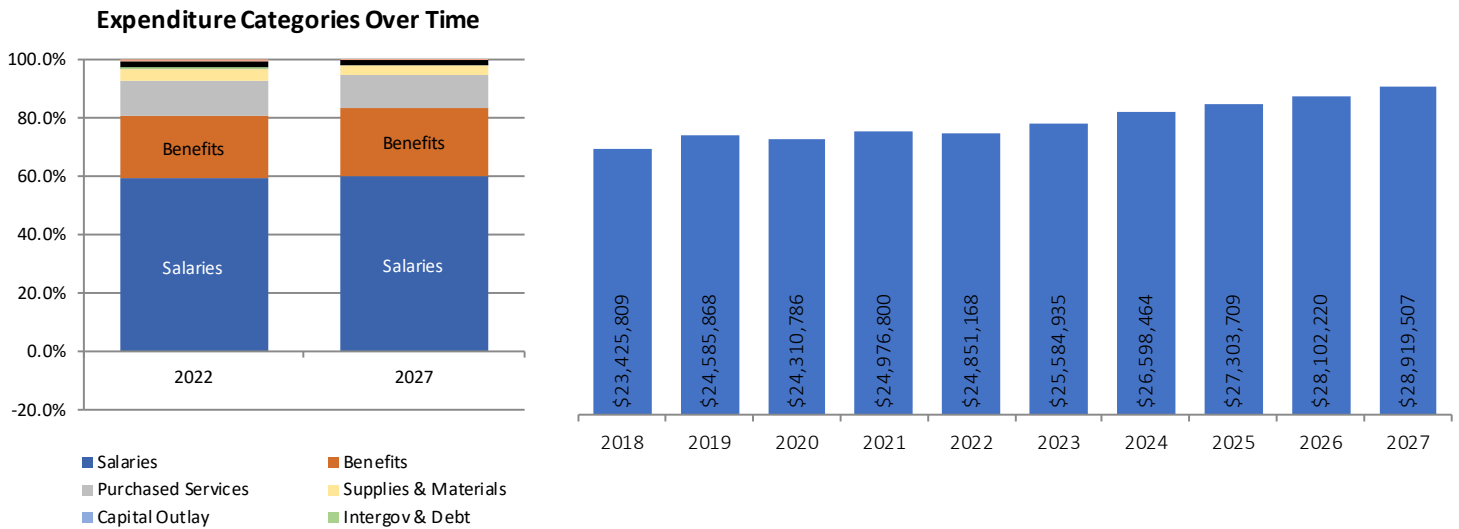
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	FORECASTED					
	2022	2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	243,254	186,150	0	0	0	0
All Other Financing Sources	5,109	10,313	110,313	75,313	75,313	110,313

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district received \$243,254 as advances-in and is projecting advances of \$186,150 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$10,313 in FY 2023 and average \$92,813 annually through FY 2027.

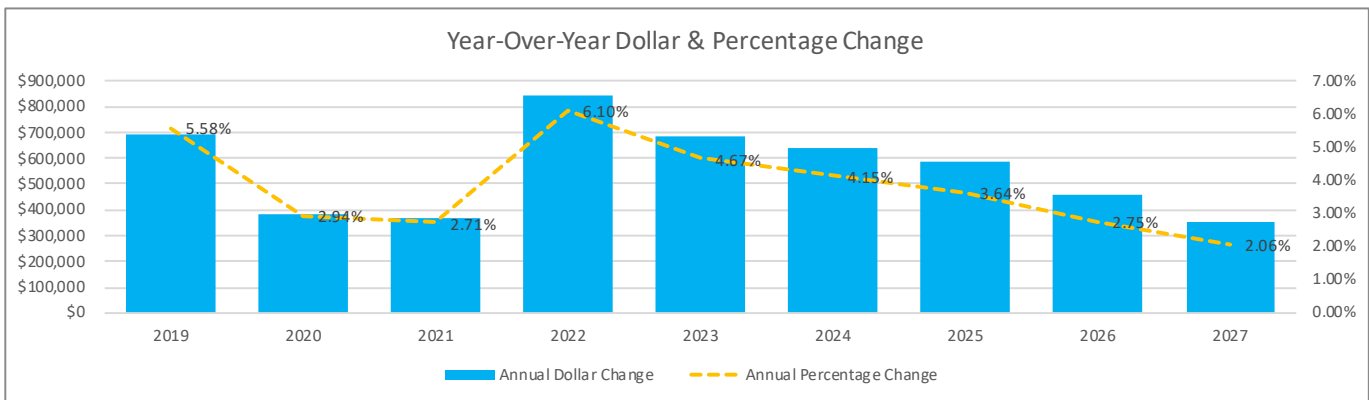
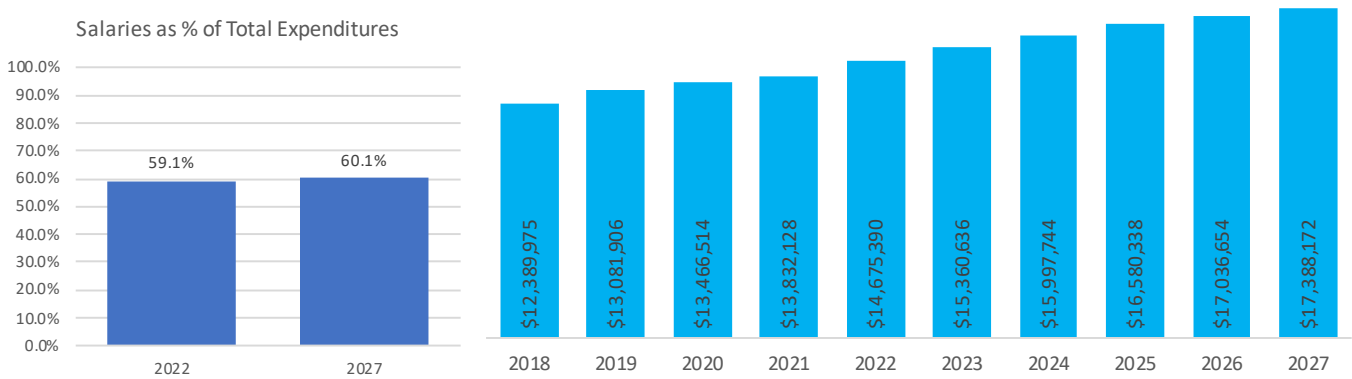
## Expenditure Categories and Forecast Year-Over-Year Projected Overview



The forecast assumes 3% annual growth in total personnel costs, including wages and benefits. The forecast assumes total FTE reduction over the 5 year period to keep in line with a constant FTE:Student ratio based on the projected enrollment trends. The forecast assumes a 3% in annual wage increases and 9% increase in health insurance (2024, 8% in each of the remaining years).

### 3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

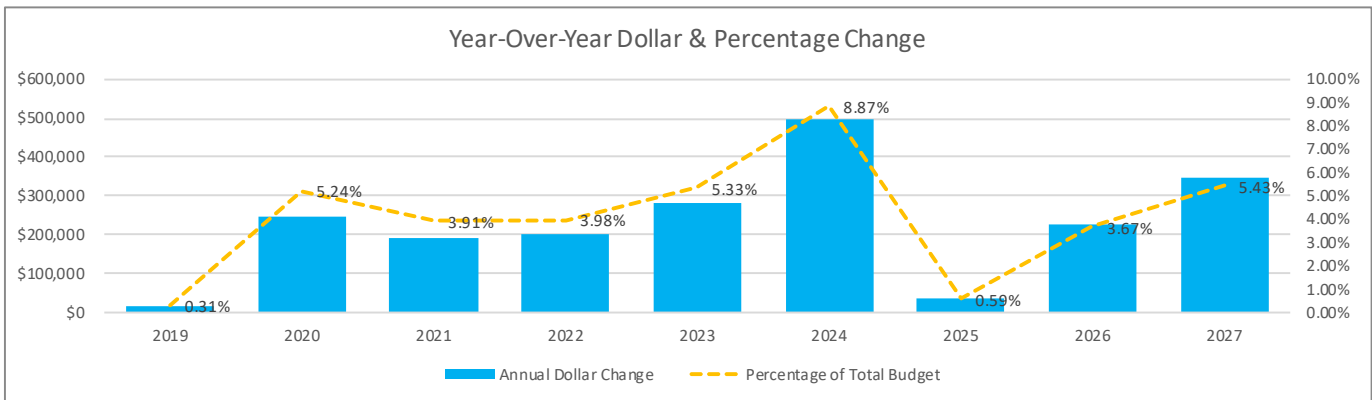
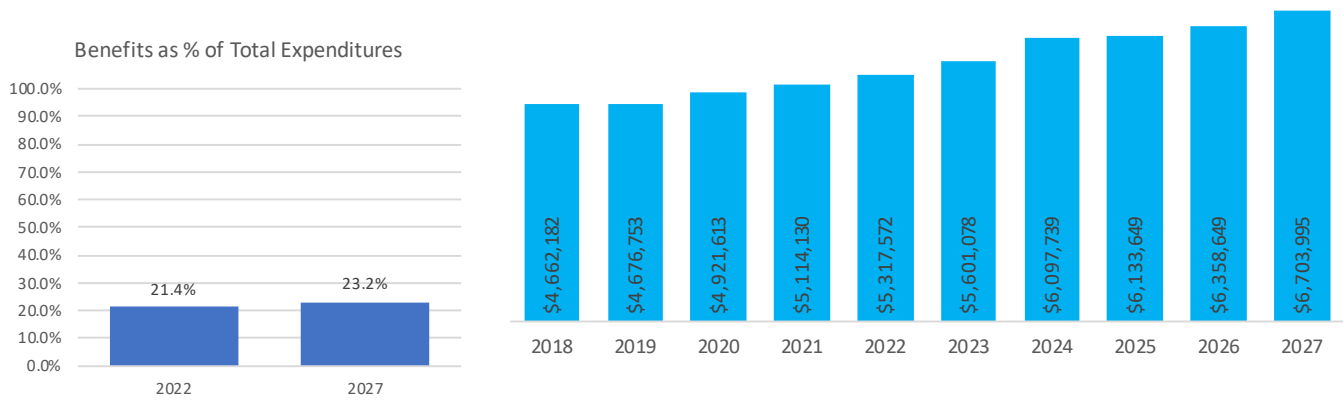


Salaries represent 59.05% of total expenditures and increased at a historical average annual rate of 2.27% or \$. This category of expenditure is projected to grow at an annual average rate of 3.29% or \$ through FY 2027. The projected average annual rate of change is 1.02% more than the five year historical annual average.

The reduction in annual increases is largely driven through staffing reductions as enrollment declines through the forecast. A constant student teacher ratio was maintained, with retirements estimated based on an analysis of staff eligibility. Severance costs are assumed in this forecast.

### 3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

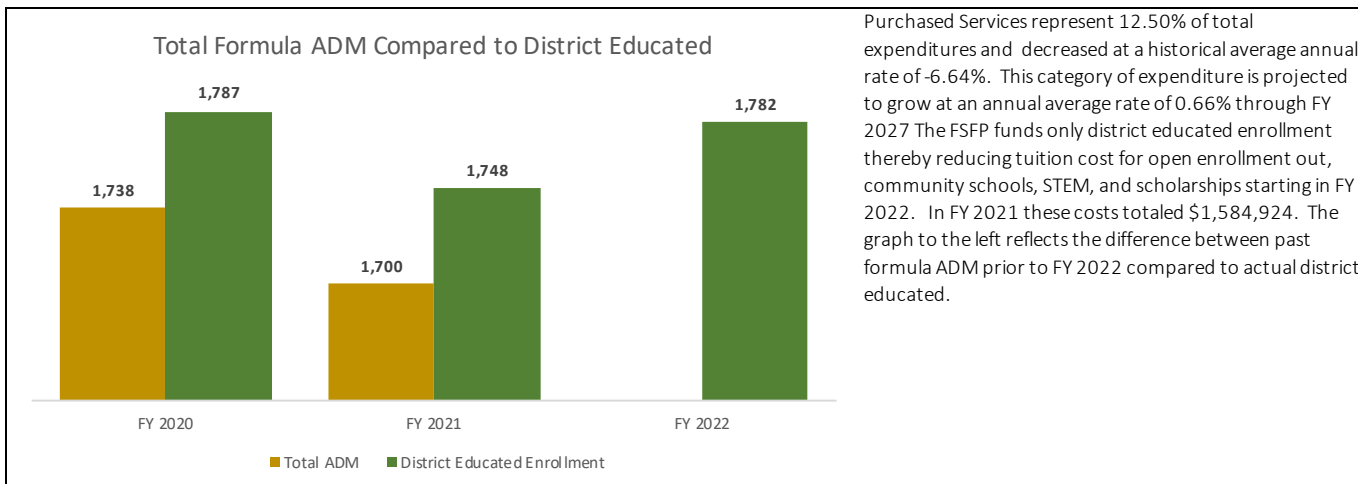
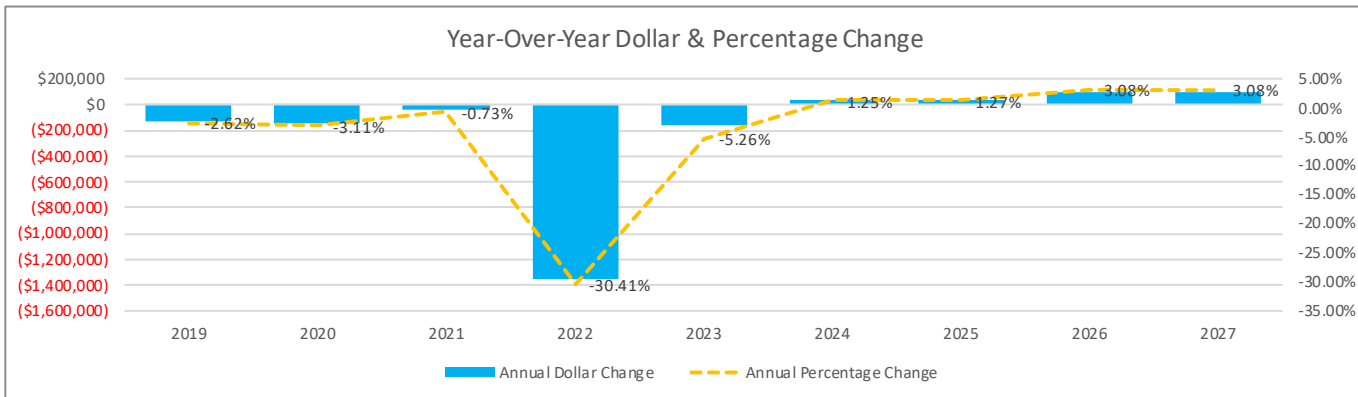
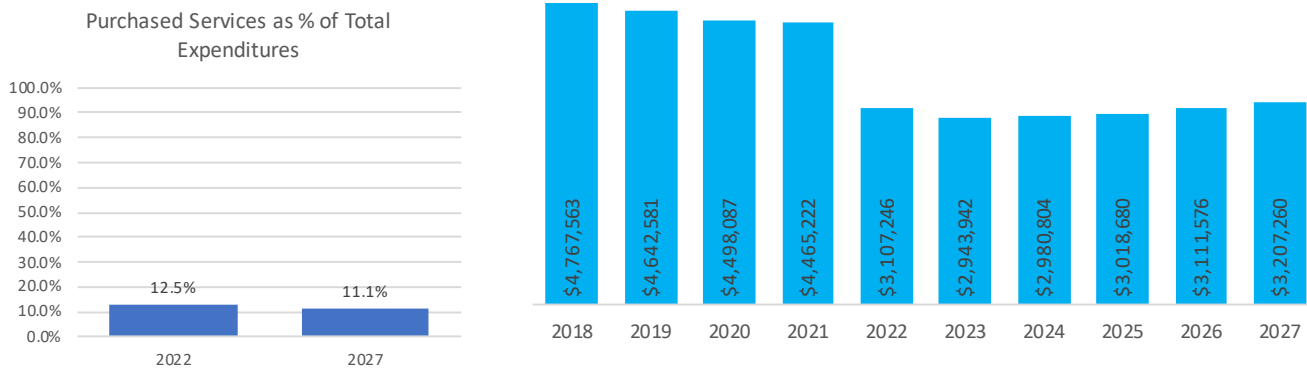


Benefits represent 21.40% of total expenditures and increased at a historical average annual rate of 1.86%. This category of expenditure is projected to grow at an annual average rate of 4.49% through FY 2027. The projected average annual rate of change is 2.63% more than the five year historical annual average.

Increases in the benefits category are being driven by health insurance costs. Discussion with HESE, the District's consortium for health insurance indicate an estimated premium increase of 8-10% for FY24. The forecast assumes 6-7% annual increases in each of the following years. The fluctuation is again tied to the attrition schedule estimated in the forecast.

### 3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.

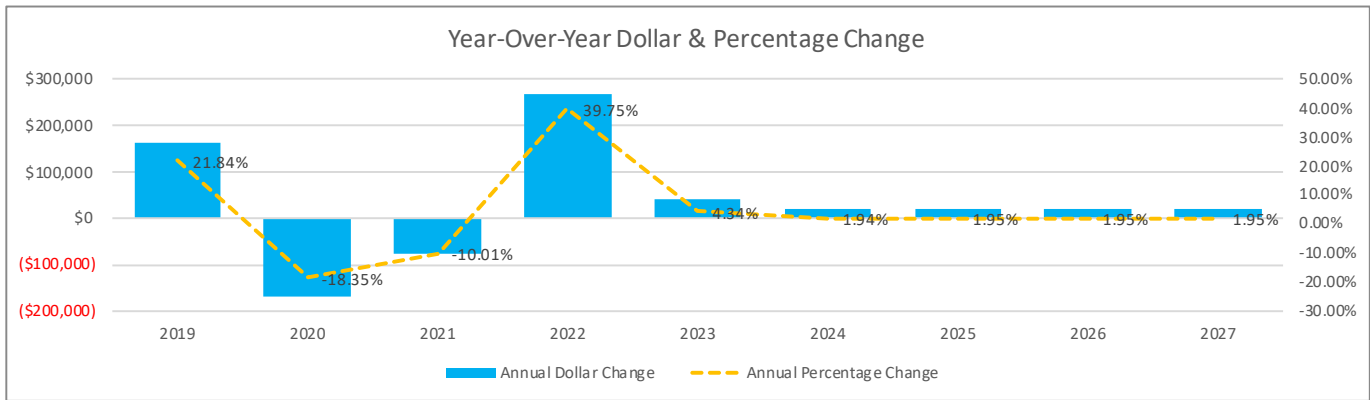
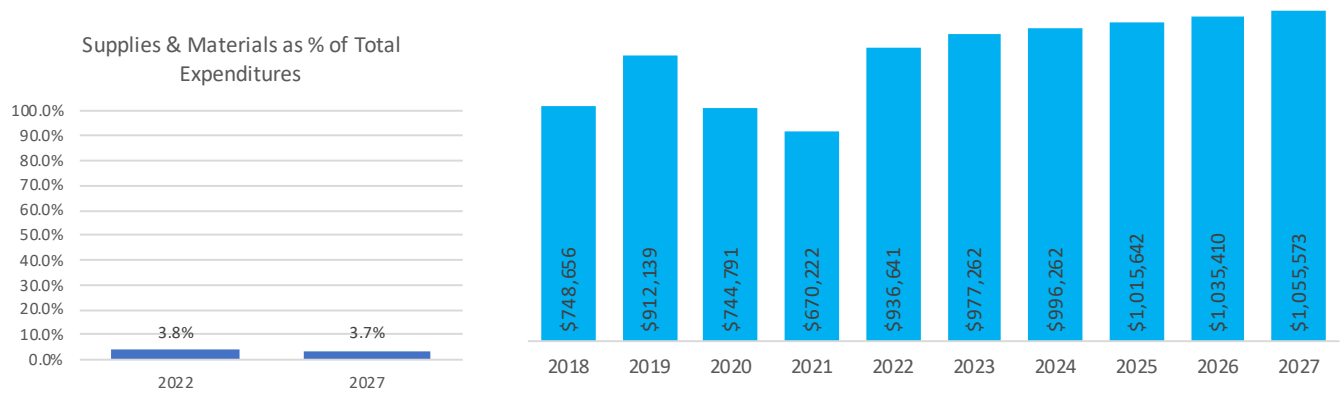


Purchased Services represent 12.50% of total expenditures and decreased at a historical average annual rate of -6.64%. This category of expenditure is projected to grow at an annual average rate of 0.66% through FY 2027. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$1,584,924. The graph to the left reflects the difference between past formula ADM prior to FY 2022 compared to actual district educated.



### 3.040 - Supplies & Materials

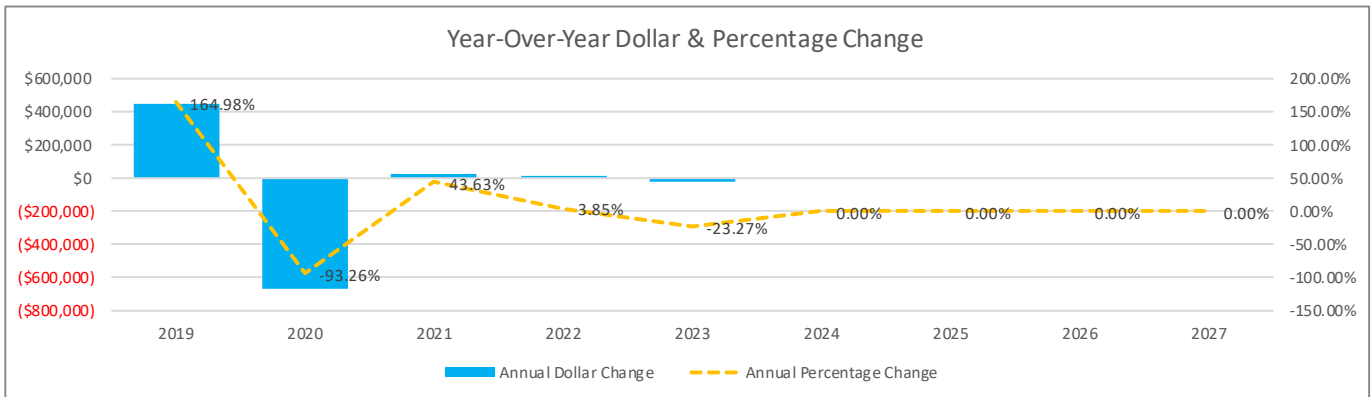
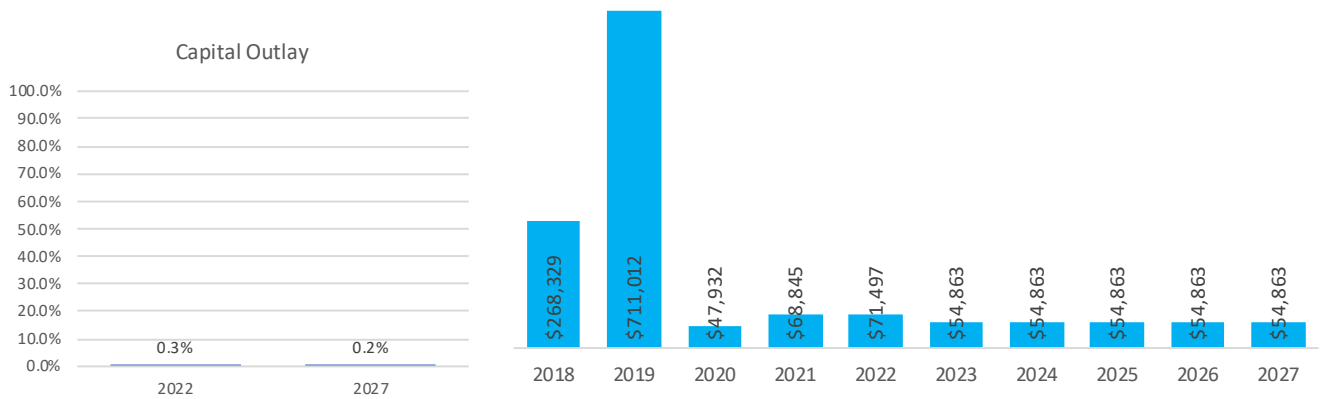
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.77% of total expenditures and increased at a historical average annual rate of 5.94%. This category of expenditure is projected to grow at an annual average rate of 2.34% through FY 2027. The projected average annual rate of change is -3.60% less than the five year historical annual average.

### 3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

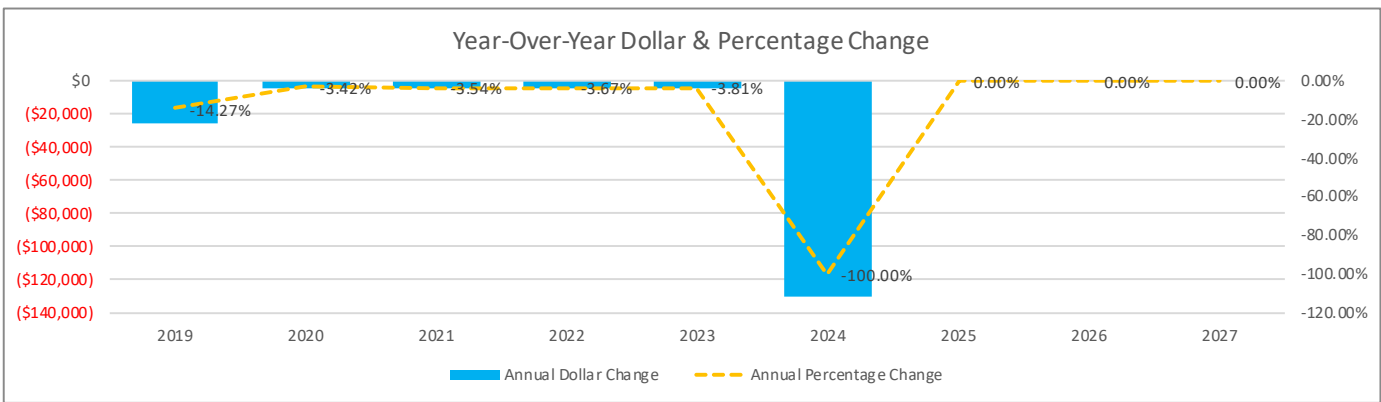
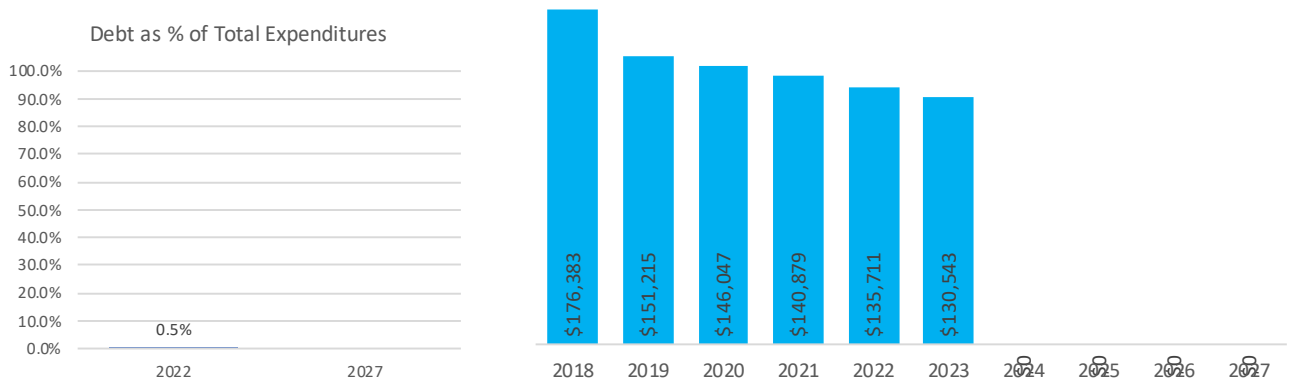


Capital Outlay represent 0.29% of total expenditures and remained unchanged at a historical average annual amount of \$. This category of expenditure is projected to decrease at an annual average rate of \$ through FY 2027. The projected average annual change is less than the five year historical annual average.

Capital expenditures are largely funded through the District's Permanent Improvement Levy and Impact Aid funding.

### 3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

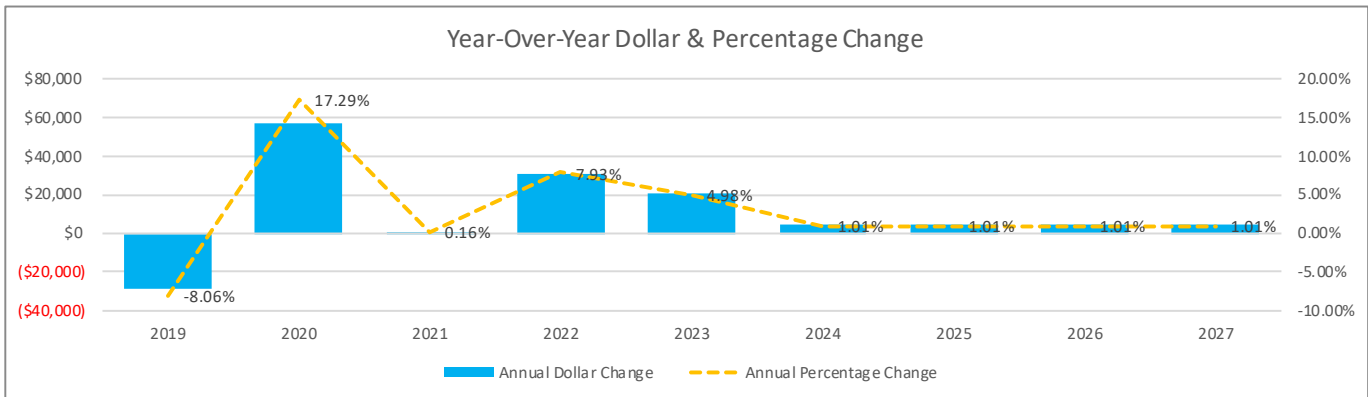
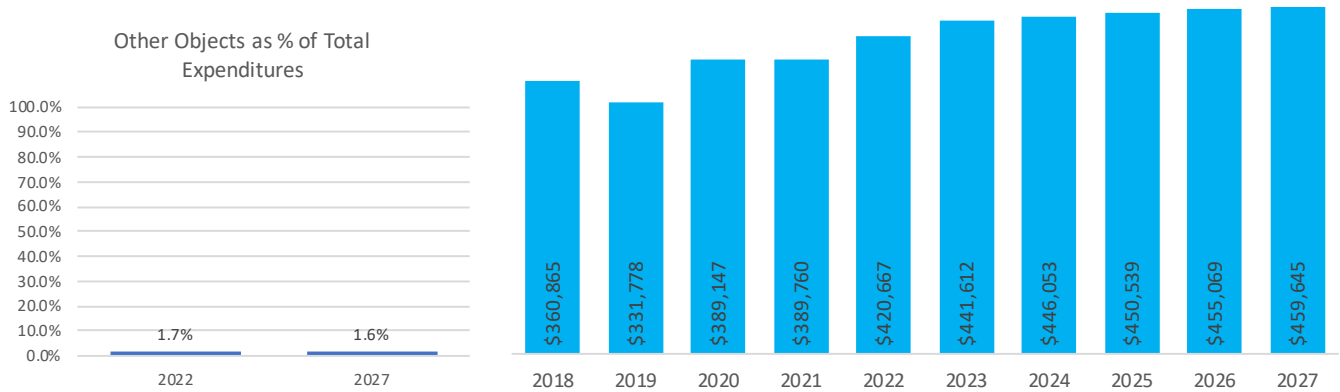


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

The District's only debt service was the the HB264 energy loan program. That bond will be retired in FY23 and therefore, there are no other loans that are funded by General Fund dollars.

### 4.300 - Other Objects

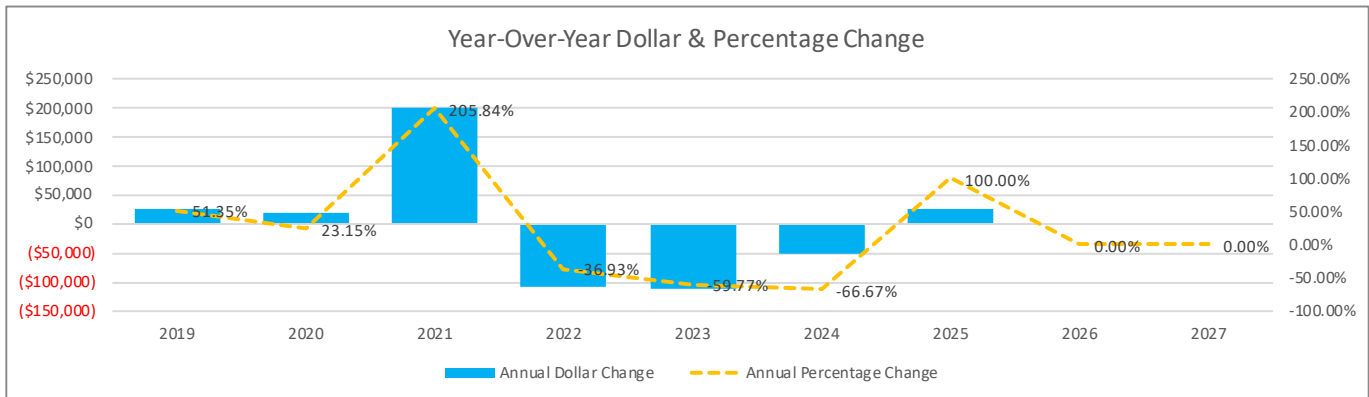
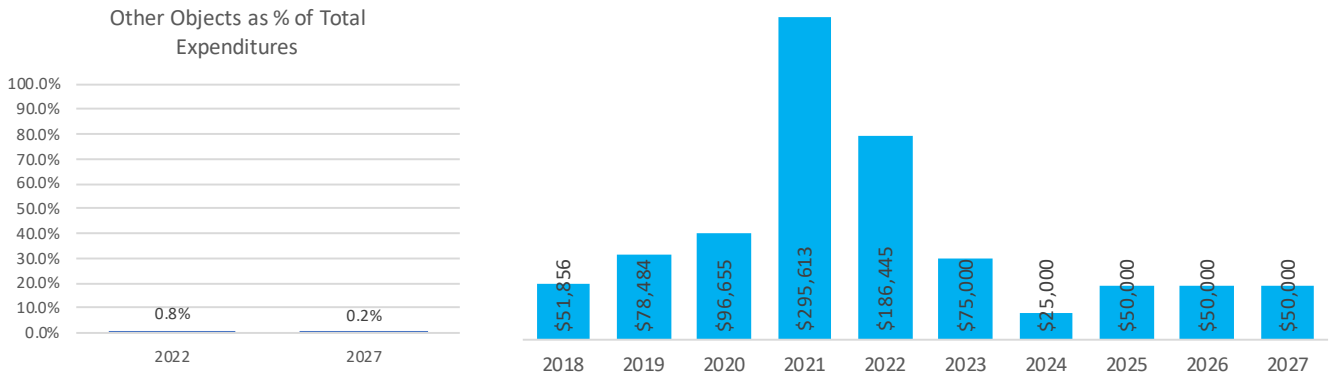
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.69% of total expenditures and increased at a historical average annual rate of 5.72%. This category of expenditure is projected to grow at an annual average rate of 1.73% through FY 2027. The projected average annual rate of change is -3.99% less than the five year historical annual average.

### 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2022	2023	2024	FORECASTED		
				2025	2026	2027
Transfers Out	-	-	-	-	-	-
Advances Out	186,150	75,000	25,000	50,000	50,000	50,000
Other Financing Uses	295	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2022 the district had advances-out and has advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2027. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

The increases in 2021 and 2022 are from the impacts of COVID-19. These advances were made to the Athletic and Food Service funds in order to replenish lost revenue through reduction of activities. This is assumed to stay constant through the forecast.

**Perkins Local School District**

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	15,709,513	15,740,894	16,048,050	16,038,083	16,082,999	16,105,769
1.020 - Public Utility Personal Property	3,891,306	3,847,901	4,123,581	3,949,315	3,965,120	3,948,010
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,527,888	4,174,278	4,204,882	4,263,698	4,350,303	4,345,178
1.040 - Restricted Grants-in-Aid	313,738	277,257	291,453	273,124	289,362	268,855
1.050 - Property Tax Allocation	1,133,591	1,127,074	1,132,386	1,146,150	1,151,517	1,154,782
1.060 - All Other Operating Revenues	1,342,465	2,289,979	1,984,380	1,703,894	1,561,545	1,417,093
<b>1.070 - Total Revenue</b>	<b>26,918,500</b>	<b>27,457,383</b>	<b>27,784,732</b>	<b>27,374,264</b>	<b>27,400,846</b>	<b>27,239,687</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	243,254	186,150	0	0	0	0
2.060 - All Other Financing Sources	5,109	10,313	110,313	75,313	75,313	110,313
<b>2.070 - Total Other Financing Sources</b>	<b>248,363</b>	<b>196,463</b>	<b>110,313</b>	<b>75,313</b>	<b>75,313</b>	<b>110,313</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>27,166,864</b>	<b>27,653,846</b>	<b>27,895,045</b>	<b>27,449,577</b>	<b>27,476,159</b>	<b>27,350,001</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	14,675,390	15,360,636	15,997,744	16,580,338	17,036,654	17,388,172
3.020 - Employee Benefits	5,317,572	5,601,078	6,097,739	6,133,649	6,358,649	6,703,995
3.030 - Purchased Services	3,107,246	2,943,942	2,980,804	3,018,680	3,111,576	3,207,260
3.040 - Supplies and Materials	936,641	977,262	996,262	1,015,642	1,035,410	1,055,573
3.050 - Capital Outlay	71,497	54,863	54,863	54,863	54,863	54,863
Intergovernmental & Debt Service	135,711	130,543	(0)	(0)	(0)	(0)
4.300 - Other Objects	420,667	441,612	446,053	450,539	455,069	459,645
<b>4.500 - Total Expenditures</b>	<b>24,664,723</b>	<b>25,509,935</b>	<b>26,573,464</b>	<b>27,253,709</b>	<b>28,052,220</b>	<b>28,869,507</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	186,150	75,000	25,000	50,000	50,000	50,000
5.030 - All Other Financing Uses	295	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>186,445</b>	<b>75,000</b>	<b>25,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>24,851,168</b>	<b>25,584,935</b>	<b>26,598,464</b>	<b>27,303,709</b>	<b>28,102,220</b>	<b>28,919,507</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>2,315,696</b>	<b>2,068,911</b>	<b>1,296,581</b>	<b>145,867</b>	<b>(626,061)</b>	<b>(1,569,507)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>11,118,012</b>	<b>13,433,707</b>	<b>15,502,618</b>	<b>16,799,199</b>	<b>16,945,067</b>	<b>16,319,006</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>13,433,707</b>	<b>15,502,618</b>	<b>16,799,199</b>	<b>16,945,067</b>	<b>16,319,006</b>	<b>14,749,500</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	677,559	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>12,756,148</b>	<b>15,502,618</b>	<b>16,799,199</b>	<b>16,945,067</b>	<b>16,319,006</b>	<b>14,749,500</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>12,756,148</b>	<b>15,502,618</b>	<b>16,799,199</b>	<b>16,945,067</b>	<b>16,319,006</b>	<b>14,749,500</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>12,756,148</b>	<b>15,502,618</b>	<b>16,799,199</b>	<b>16,945,067</b>	<b>16,319,006</b>	<b>14,749,500</b>

## State Funding Budget Process and May Financial Forecast

At the start of the state's FY 2024 and 2025 budget process the Governor introduced these key elements regarding the Fair School Funding Plan which started July 1, 2022:

- The FSFP would continue.
- It would be funded at the same 2018 base cost calculations
- Original phase-ins of the new formula would continue

While there is no legislatively approved state budget, the May forecast as prepared assumes the Governor's proposal. The 2018 base cost components as used in FY 2022 and 2023 and proposed by the Governor would be extended as follows:

- Base per pupil cost (funding) is calculated at the 2018 level through FY 2027
- FSFP phase-in continues until culminating at 100% phased-in by FY 2027

The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost components to the 2022 cost data. This change is potentially significant for many districts, however some districts will benefit only minimally or not at all. While the state budget deliberations continue the 2022 base cost was modeled to see the potential impact on the district's forecast. This is only an estimate and is intended to show relative potential significance. The modeling assumes:

- That the 2022 base cost components will be used in FY 2024 and 2025.
- The 2022 base cost components will be updated to 2024 cost data in FY 2026 and 2027.
- That the formula is fully phased-in by FY 2027.

For our district the annual impact on revenue Over/(Under) the current forecast modeling is reflected below along with a cumulative potential impact on the district's cash balance. If warranted the Board may be asked to approve an amended forecast in June.

Other Observations:

Paste Your Visual Here