

NORTHEASTERN LOCAL SCHOOL DISTRICT-CLARK COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022, and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024, THROUGH JUNE 30, 2028



Forecast Provided By
Northeastern Local School District
Treasurer's Office
Dale R. Miller, CPA, Treasurer/CFO
937-325-7615
November 2023

Northeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024		Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	
Revenues										
1.010	General Property Tax (Real Estate)	\$11,558,507	\$11,303,121	\$12,096,467	2.4%	\$12,075,302	\$12,110,239	\$12,169,391	\$12,220,822	\$12,244,448
1.020	Public Utility Personal Property Tax	1,142,200	1,210,505	1,258,338	5.0%	1,289,014	1,328,144	1,351,214	1,374,284	1,397,354
1.030	Income Tax	5,261,909	5,756,183	6,280,237	9.2%	6,199,787	6,385,780	4,857,025	0	0
1.035	Unrestricted State Grants-in-Aid	12,892,113	11,846,184	12,001,181	-3.4%	12,062,701	12,011,204	12,016,384	12,021,694	12,027,137
1.040	Restricted State Grants-in-Aid	366,252	802,677	901,833	65.8%	931,942	945,933	945,933	945,933	945,933
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	1,773,076	1,778,463	1,778,334	0.1%	1,838,119	1,886,450	1,894,432	1,902,398	1,904,544
1.060	All Other Revenues	3,249,084	1,487,089	1,978,488	-10.6%	1,964,510	1,964,510	1,964,510	1,964,510	1,964,510
1.070	Total Revenues	\$36,243,141	\$34,184,222	\$36,294,878	0.2%	\$36,361,375	\$36,632,260	\$35,198,889	\$30,429,641	\$30,483,926
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	2,430	0	0.0%	0	0	0	0	0
2.050	Advances-In	41,784	0	162,397	0.0%	302,146	50,000	50,000	50,000	50,000
2.060	All Other Financing Sources	61,675	79,934	38,093	-11.4%	50,000	50,000	50,000	50,000	50,000
2.070	Total Other Financing Sources	\$103,459	\$82,364	\$200,490	61.5%	\$352,146	\$100,000	\$100,000	\$100,000	\$100,000
2.080	Total Revenues and Other Financing Sources	\$36,346,600	\$34,266,586	\$36,495,368	0.4%	\$36,713,521	\$36,732,260	\$35,298,889	\$30,529,641	\$30,583,926
Expenditures										
3.010	Personal Services	\$18,722,720	\$19,143,629	\$19,531,499	2.1%	\$20,240,030	\$21,173,082	\$21,945,714	\$22,730,746	\$23,544,736
3.020	Employees' Retirement/Insurance Benefits	8,062,541	8,154,911	8,152,571	0.6%	8,772,792	9,398,348	9,990,827	10,620,351	11,291,431
3.030	Purchased Services	6,507,968	3,557,965	3,308,114	-26.2%	3,364,685	3,422,953	3,482,969	3,544,786	3,608,457
3.040	Supplies and Materials	1,067,940	1,237,720	1,597,214	22.5%	1,578,056	1,601,213	1,625,065	1,649,632	1,674,936
3.050	Capital Outlay	173,203	282,184	339,112	41.5%	411,908	336,908	336,908	336,908	336,908
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	372,585	409,169	445,797	9.4%	459,172	472,947	487,135	501,749	516,802
4.500	Total Expenditures	\$34,906,957	\$32,785,578	\$33,374,307	-2.1%	\$34,826,643	\$36,405,451	\$37,868,618	\$39,384,172	\$40,973,270
Other Financing Uses										
5.010	Operating Transfers-Out	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
5.020	Advances-Out	206,808	162,397	302,146	32.3%	302,146	302,146	302,146	302,146	302,146
5.030	All Other Financing Uses	0	112	0	0.0%	0	0	0	0	0
5.040	Total Other Financing Uses	\$206,808	\$162,509	\$302,146	32.3%	\$302,146	\$302,146	\$302,146	\$302,146	\$302,146
5.050	Total Expenditures and Other Financing Uses	\$35,113,765	\$32,948,087	\$33,676,453	-2.0%	\$35,128,789	\$36,707,597	\$38,170,764	\$39,686,318	\$41,275,416
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses	\$1,232,835	\$1,318,499	\$2,818,915	60.4%	\$1,584,732	\$24,663	(\$2,871,875)	(\$9,156,677)	(\$10,691,490)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$15,413,106	\$16,645,941	\$17,964,440	8.0%	\$20,783,355	\$22,368,087	\$22,392,750	\$19,520,875	\$10,364,198
7.020	Cash Balance June 30	\$16,645,941	\$17,964,440	\$20,783,355	11.8%	\$22,368,087	\$22,392,750	\$19,520,875	\$10,364,198	(\$327,292)
8.010	Estimated Encumbrances June 30	\$1,000,043	\$758,632	\$946,916	0.3%	\$946,916	\$946,916	\$946,916	\$946,916	\$946,916
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	\$15,645,898	\$17,205,808	\$19,836,439	12.6%	\$21,421,171	\$21,445,834	\$18,573,959	\$9,417,282	(\$1,274,208)

Northeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	1,720,329	6,774,674	12,130,732
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	\$1,720,329	\$8,495,004	\$20,625,736
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010		\$15,645,898	\$17,205,808	\$19,836,439	12.6%	\$21,421,171	\$21,445,834	\$20,294,288	\$17,912,286	\$19,351,528
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	\$15,645,898	\$17,205,808	\$19,836,439	12.6%	\$21,421,171	\$21,445,834	\$20,294,288	\$17,912,286	\$19,351,528

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

Introduction to the Five-Year Forecast

A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum, when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are four essential purposes or objectives of the five-year forecast:

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) 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 2023 filing.

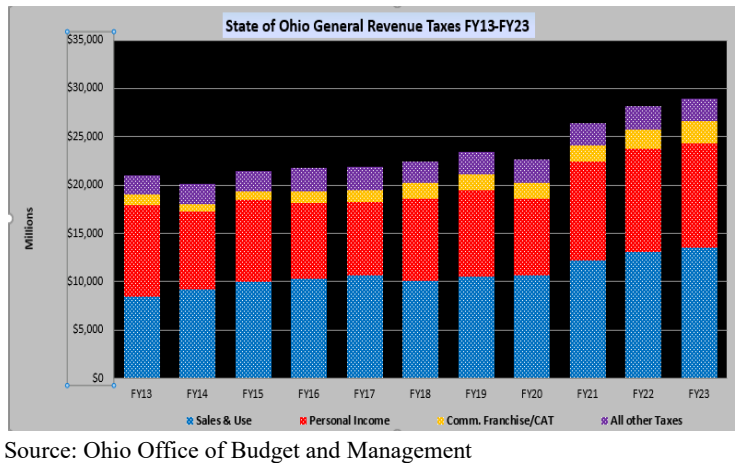
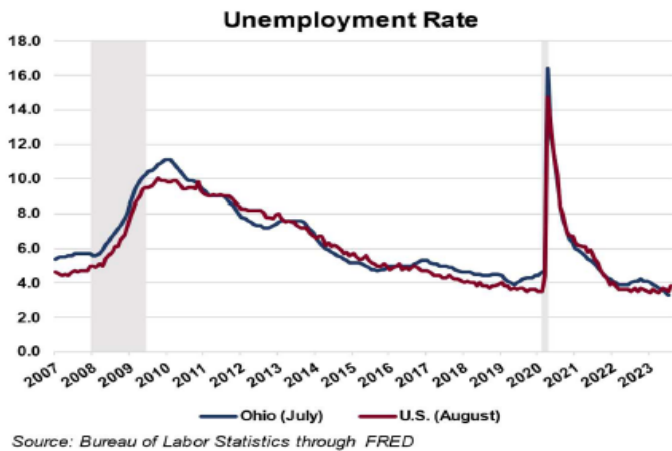
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently 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 the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar 2024. It remains to be

seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a “full employment recession” in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state’s Rainy Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio’s economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio’s school districts.



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 delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

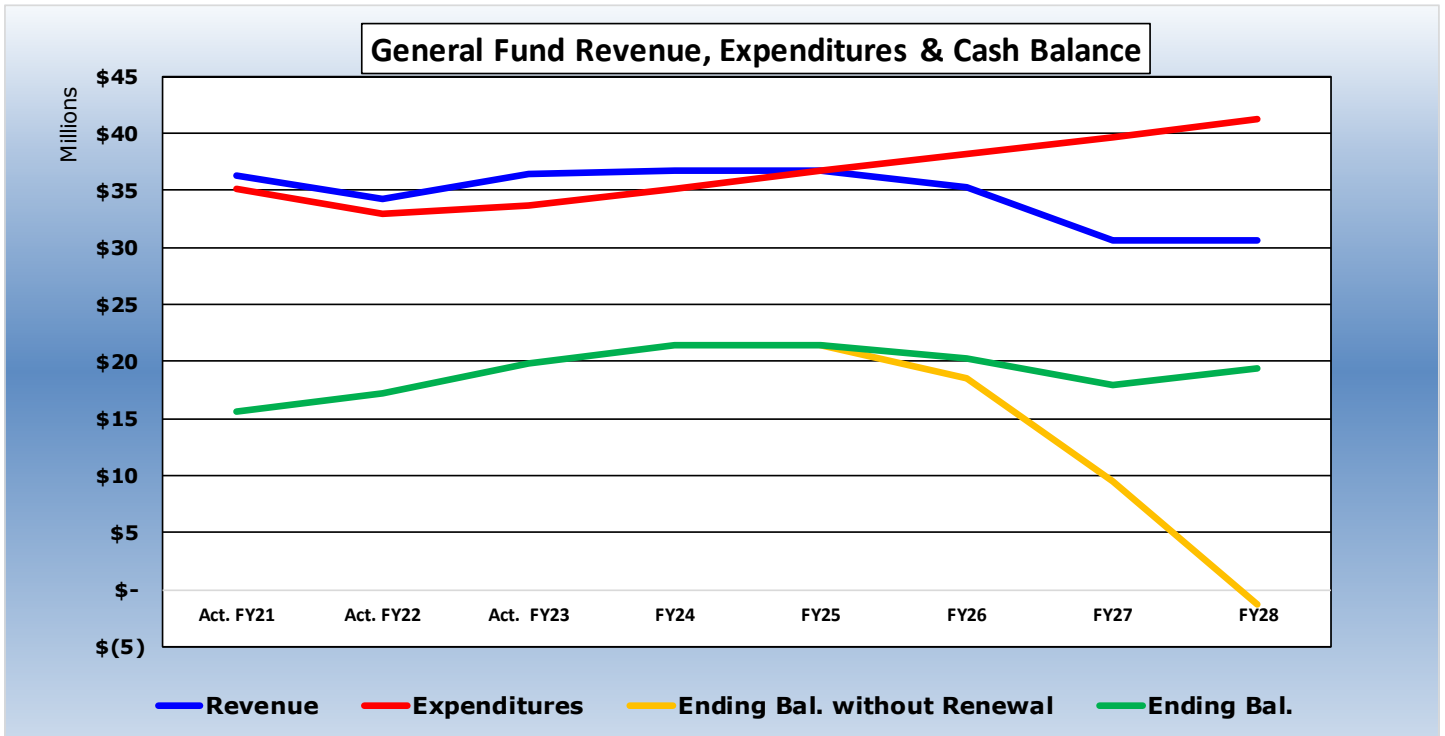
1. Property tax collections are the largest single largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes (our property taxes and earned income tax) equate to 59.2% of the district’s resources. Our property tax collections in the August 2023 and March 2023 settlements were on target with original estimates with

collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2. Clark and Champaign Counties experienced a triennial update in the 2022 tax year to be collected in FY23. The 2023 update increased overall assessed values by \$116.1 million or an increase of 21.79%. Overall, values rose \$117.2 million or 20.9%, which includes the update and new construction for all classes of property. A sexennial reappraisal will occur in tax year 2025 for collection in FY26 with a 2% increase in assessed values.
3. State revenues represented 35.7% of district revenues, which means it is a significant area of risk to the district's revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY28. We have projected our state funding to be in line with the FY24 funding levels through FY28 which we feel is conservative and should be close to whatever the state approves for the FY25-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
4. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made 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. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25. Northeastern Local School District could have enrollment drop to the point the district will be funded on the number students that could negatively impact our state funding.
5. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
6. The district has a 1% Earned Income Tax that generates \$6.2 that will expire in 2025. Considering the fact the tax accounts for 17.1% of the General Fund revenues is be important to renew this levy when it comes up for renewal. We believe the levy will be renewed, but there is always a chance that it would not be.
7. 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.

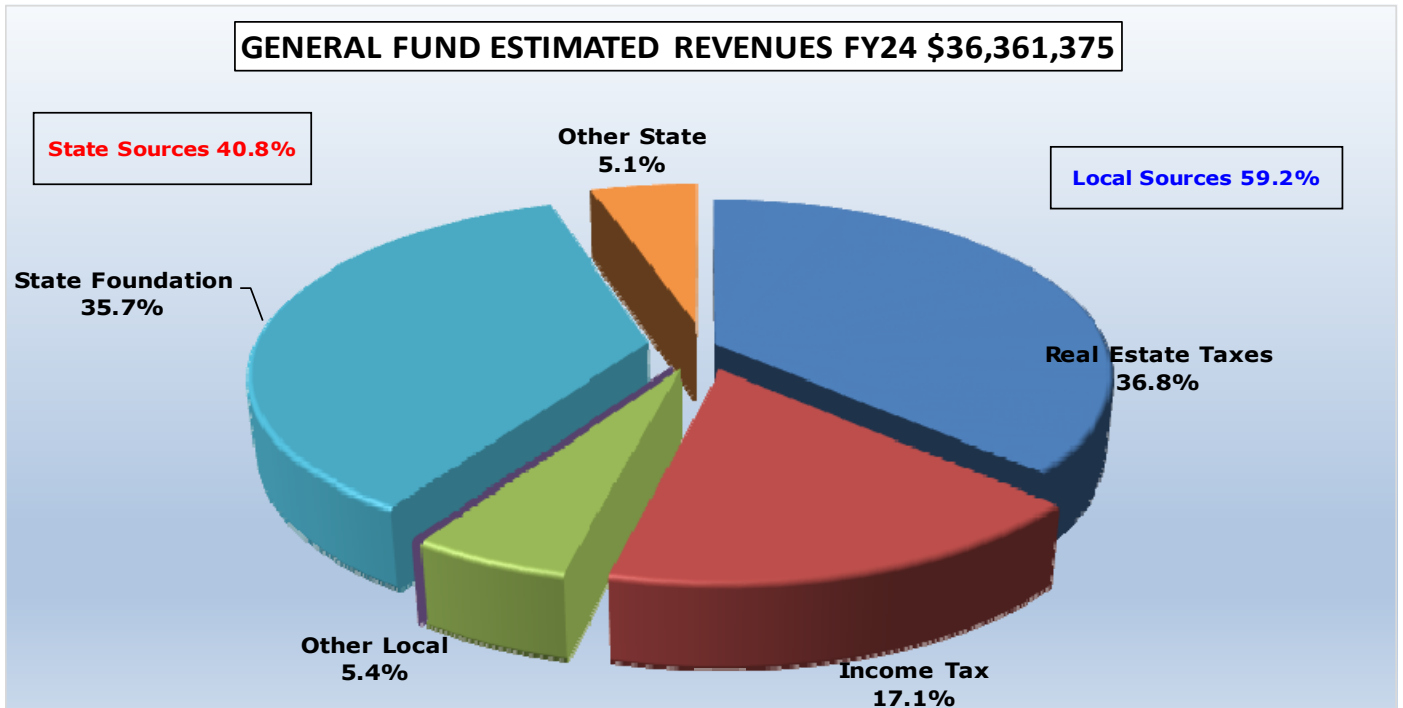
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for 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 FY24:



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Clark & Champaign Counties County experienced a triennial update for the 2022 tax year to be collected in FY23. Residential/agricultural values increased 23.25% or \$111.65 million due to the update, led by an improving housing market.

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

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

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Estimated</u> TAX YEAR 2023 COLLECT 2024	<u>Estimated</u> TAX YEAR 2024 COLLECT 2025	<u>Estimated</u> TAX YEAR 2025 COLLECT 2026	<u>Estimated</u> TAX YEAR 2026 COLLECT 2027	<u>Estimated</u> TAX YEAR 2027 COLLECT 2028
Res./Ag.	\$596,288,770	\$596,838,770	\$609,325,545	\$609,875,545	\$610,425,545
Comm./Ind.	56,131,100	56,331,100	56,531,100	56,731,100	56,931,100
Public Utility Personal Property (PUPP)	<u>28,535,090</u>	<u>29,035,090</u>	<u>29,535,090</u>	<u>30,035,090</u>	<u>30,535,090</u>
Total Assessed Value	<u>\$680,954,960</u>	<u>\$682,204,960</u>	<u>\$695,391,735</u>	<u>\$696,641,735</u>	<u>\$697,891,735</u>

Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 46.14 mills while the Class I effective millage rate is 20.42 mills and the Class II effective millage rate is 32.75 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for either Class I or Class II.

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Est. Real Estate Taxes	<u>\$12,075,302</u>	<u>\$12,110,239</u>	<u>\$12,169,391</u>	<u>\$12,220,822</u>	<u>\$12,244,448</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 Property Tax 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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property	<u>\$1,289,014</u>	<u>\$1,328,144</u>	<u>\$1,351,214</u>	<u>\$1,374,284</u>	<u>\$1,397,354</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 FY23 was up 9.1% over FY22. We have a 1.2% decrease in the first two quarter of FY23-24. We will assume an annual growth rate of 3% for FY25-FY28 as the concerns over inflation may slow growth in this area. The Income Tax has become the backbone of the district finances. The renewal is reflected in 11.01 Income Tax Renewal of the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
July payment	\$1,885,435	\$1,941,998	\$2,000,258	\$2,060,266	\$0
October payment	1,336,171	1,376,256	1,417,544	1,460,070	0
January payment	1,356,606	1,397,304	1,439,223	1,482,400	0
April payment	<u>1,621,575</u>	<u>1,670,222</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total SDIT Collections	\$6,199,787	\$6,385,780	\$4,857,025	\$0	\$0
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total SDIT Line #1.030	<u>\$6,199,787</u>	<u>\$6,385,780</u>	<u>\$4,857,025</u>	<u>\$0</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

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a guarantee district in FY24 and is expected to continue on the guarantee in FY25-FY28 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, for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced 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 FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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 current funding formula uses FY22 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 FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district’s local capacity will update for FY24. 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 \$8,242.19 per pupil in FY24, 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 50% for FY24 and 66.67% in FY25.
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 FY24 and FY25 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 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula 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 FY24 and FY25 than they received in FY21.

Future State Budget Projections Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$11,392,751	\$11,279,329	\$11,279,329	\$11,279,329	\$11,279,329
Additional Aid Items	<u>466,596</u>	<u>525,497</u>	<u>525,497</u>	<u>525,497</u>	<u>525,497</u>
Basic Aid-Unrestricted Subtotal	11,859,347	11,804,826	11,804,826	11,804,826	11,804,826
Ohio Casino Commission ODT	<u>203,354</u>	<u>206,378</u>	<u>211,558</u>	<u>216,868</u>	<u>222,311</u>
Total Unrestricted State Aid Line #1.035	<u>\$12,062,701</u>	<u>\$12,011,204</u>	<u>\$12,016,384</u>	<u>\$12,021,694</u>	<u>\$12,027,137</u>

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$88,662	\$109,051	\$109,051	\$109,051	\$109,051
Career Tech - Restricted	41,249	48,700	48,700	48,700	48,700
ESL	7,080	7,315	7,315	7,315	7,315
Gifted	137,131	123,047	123,047	123,047	123,047
Student Wellness	412,009	412,009	412,009	412,009	412,009
Catastrophic Aid	<u>245,811</u>	<u>245,811</u>	<u>245,811</u>	<u>245,811</u>	<u>245,811</u>
Total Restricted State Revenues Line #1.040	<u>\$931,942</u>	<u>\$945,933</u>	<u>\$945,933</u>	<u>\$945,933</u>	<u>\$945,933</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2024 through 2028.

<u>SUMMARY</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line #1.035	\$12,062,701	\$12,011,204	\$12,016,384	\$12,021,694	\$12,027,137
Restricted Line #1.040	931,942	945,933	945,933	945,933	945,933
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>\$12,994,643</u>	<u>\$12,957,137</u>	<u>\$12,962,317</u>	<u>\$12,967,627</u>	<u>\$12,973,070</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.

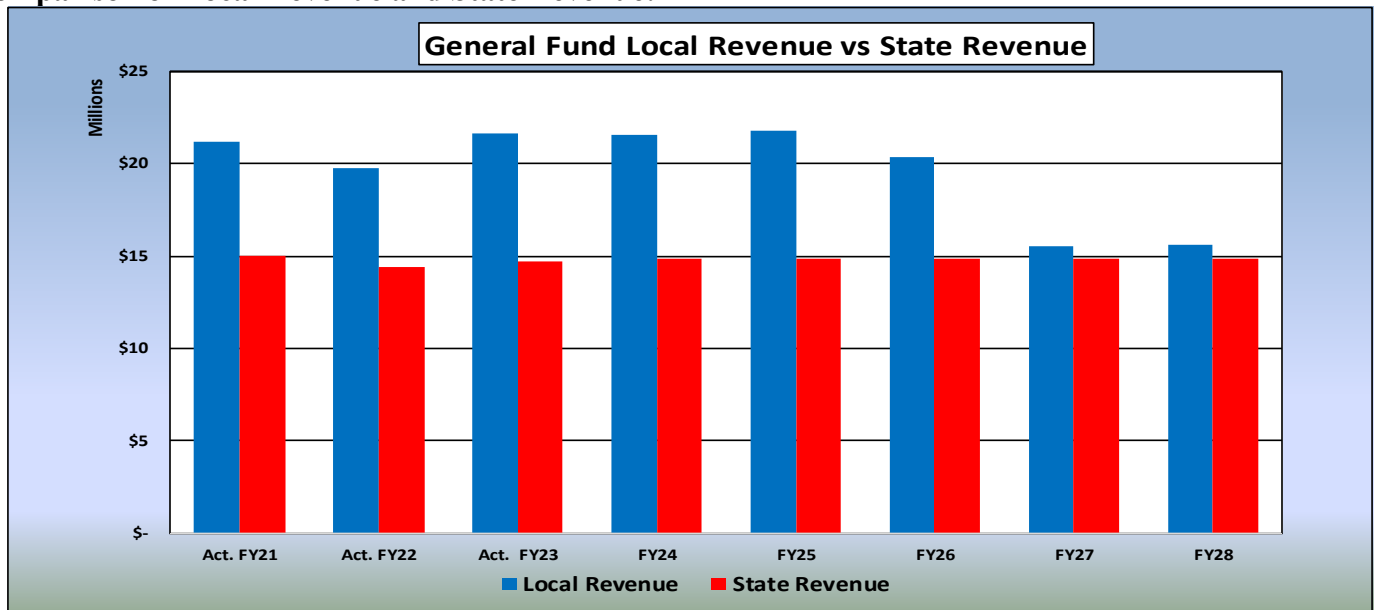
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

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

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	<u>\$1,838,119</u>	<u>\$1,886,450</u>	<u>\$1,894,432</u>	<u>\$1,902,398</u>	<u>\$1,904,544</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 primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees.

Interest income is based on the district’s cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district. All other revenues are expected to continue on historical trends.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tuition Related Payments	\$800,526	\$800,526	\$800,526	\$800,526	\$800,526
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	291,549	291,549	291,549	291,549	291,549
Interest Earnings	550,000	550,000	550,000	550,000	550,000
Miscellaneous	<u>322,435</u>	<u>322,435</u>	<u>322,435</u>	<u>322,435</u>	<u>322,435</u>
Total Other Local Revenue Line #1.060	<u>\$1,964,510</u>	<u>\$1,964,510</u>	<u>\$1,964,510</u>	<u>\$1,964,510</u>	<u>\$1,964,510</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

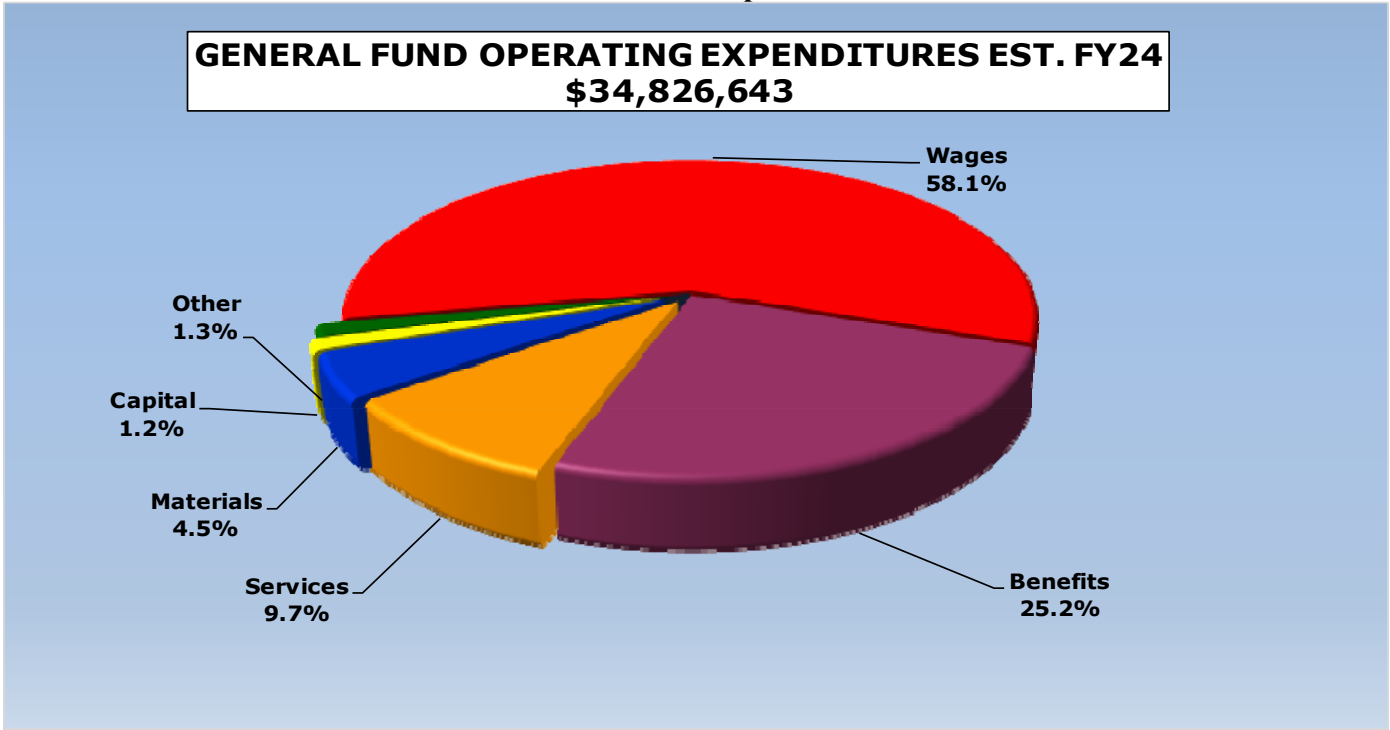
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>302,146</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Transfer & Advances In	<u>\$302,146</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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior years expenditures	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Expenditures Assumptions
Estimated General Fund Expenditures for FY24:



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 1.8% for step and training adjustments for fiscal year 2024.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages	\$18,508,620	\$19,202,693	\$20,120,998	\$20,878,588	\$21,648,277
Based Pay Increase	370,172	384,054	402,420	417,572	432,966
Steps & Academic Training	323,901	323,901	336,047	352,117	365,375
Growth Staff	0	210,350	19,123	0	0
New Building Staff	0	0	0	0	0
Substitutes	300,000	300,000	300,000	300,000	300,000
Supplementals	<u>737,337</u>	<u>752,084</u>	<u>767,126</u>	<u>782,469</u>	<u>798,118</u>
Severance	0	0	0	0	0
SWSF & CARES Adjustments	0	0	0	0	0
Other Adjustments/Reductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$20,240,030</u>	<u>\$21,173,082</u>	<u>\$21,945,714</u>	<u>\$22,730,746</u>	<u>\$23,544,736</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 CY24-28 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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	\$3,157,505	\$3,300,279	\$3,424,518	\$3,547,680	\$3,675,109
B) Insurance's	5,208,020	5,675,146	6,133,748	6,624,448	7,154,404
C) Workers Comp/Unemployment	53,100	55,433	57,364	59,327	61,362
D) Medicare	283,207	296,530	304,237	317,936	329,596
Other/Tuition/Annuities	<u>70,960</u>	<u>70,960</u>	<u>70,960</u>	<u>70,960</u>	<u>70,960</u>
Total Fringe Benefits Line #3.020	<u>\$8,772,792</u>	<u>\$9,398,348</u>	<u>\$9,990,827</u>	<u>\$10,620,351</u>	<u>\$11,291,431</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 FY24-FY28. 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.

We estimate FY24-28 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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</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	129,551	129,551	129,551	129,551	129,551
Professional Support	1,942,269	2,000,537	2,060,553	2,122,370	2,186,041
Building Maintenance Repairs	318,067	318,067	318,067	318,067	318,067
Utilities	776,491	776,491	776,491	776,491	776,491
Miscellaneous Purchased Services	<u>198,307</u>	<u>198,307</u>	<u>198,307</u>	<u>198,307</u>	<u>198,307</u>
Total Purchased Services Line #3.030	<u>\$3,364,685</u>	<u>\$3,422,953</u>	<u>\$3,482,969</u>	<u>\$3,544,786</u>	<u>\$3,608,457</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 24-28. The District is working on updating the curriculum over the next few years; FY24-28 includes approximately \$250,000 each fiscal year for an update to the district curriculum.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Office Supplies & Materials	\$806,173	\$806,173	\$806,173	\$806,173	\$806,173
Textbooks & Instructional Supplies	250,000	257,500	265,225	273,182	281,377
Facility Supplies & Materials	140,825	145,050	149,402	153,884	158,501
Transportation Fuel & Supplies	<u>381,058</u>	<u>392,490</u>	<u>404,265</u>	<u>416,393</u>	<u>428,885</u>
Total Supplies Line #3.040	<u>\$1,578,056</u>	<u>\$1,601,213</u>	<u>\$1,625,065</u>	<u>\$1,649,632</u>	<u>\$1,674,936</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.

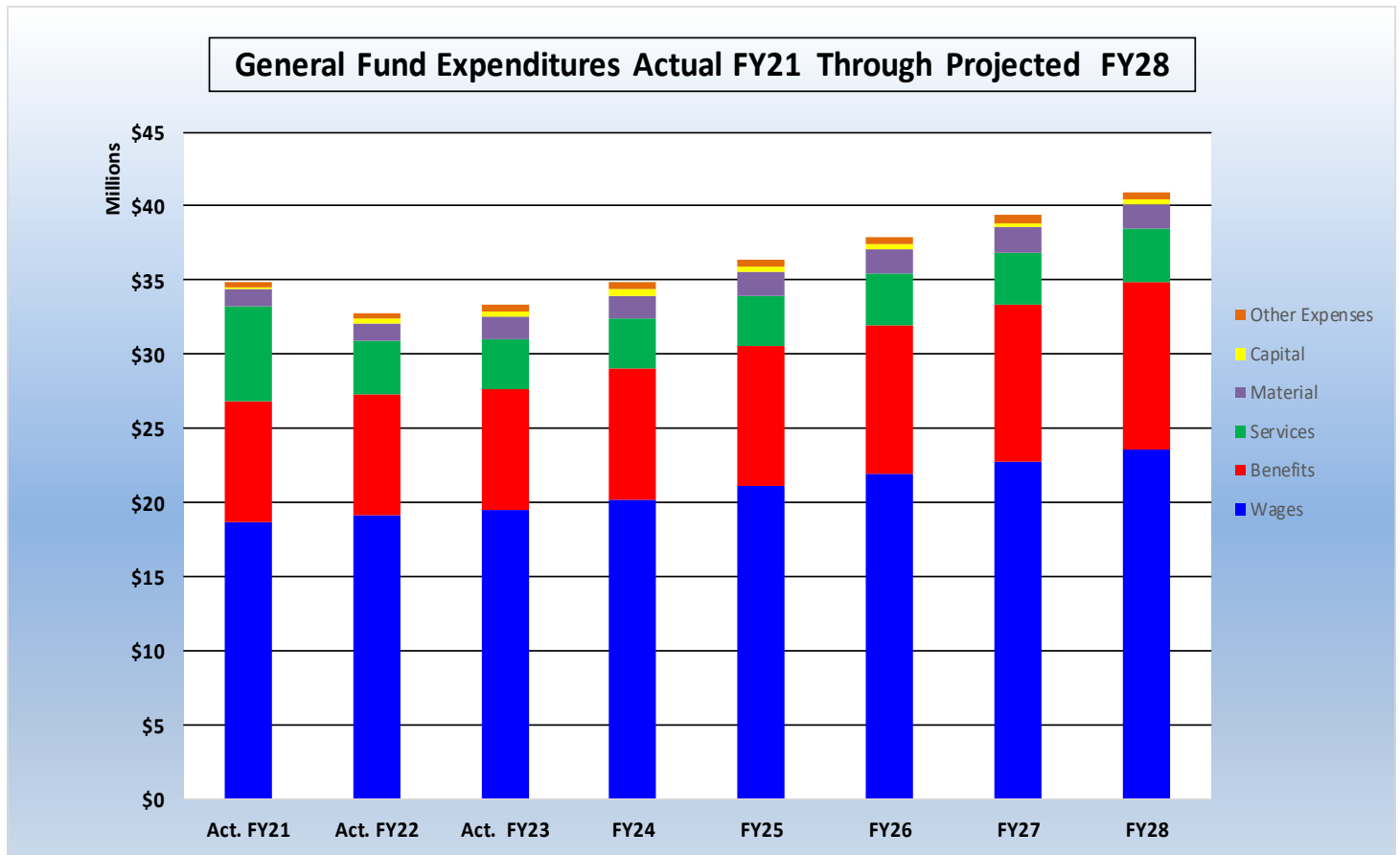
<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay & Maintenance	\$191,908	\$116,908	\$116,908	\$116,908	\$116,908
Busses & Other Vehicles	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
Total Equipment Line #3.050	<u>\$411,908</u>	<u>\$336,908</u>	<u>\$336,908</u>	<u>\$336,908</u>	<u>\$336,908</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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
County Auditor & Treasurer Fees	\$352,075	\$362,637	\$373,516	\$384,721	\$396,263
ESC Deduction	20,072	20,674	21,294	21,933	22,591
Annual Audit Costs & Other Misc Costs	<u>87,025</u>	<u>89,636</u>	<u>92,325</u>	<u>95,095</u>	<u>97,948</u>
Total Other Expenses Line #4.300	<u>\$459,172</u>	<u>\$472,947</u>	<u>\$487,135</u>	<u>\$501,749</u>	<u>\$516,802</u>

Total Expenditure Categories Actual Fiscal Year 2021 Through Fiscal Year 2023 and Estimated Fiscal Year 2024 Through Fiscal Year 2028



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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Operating Transfers Out Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>302,146</u>	<u>302,146</u>	<u>302,146</u>	<u>302,146</u>	<u>302,146</u>
Total Transfer & Advances Out	<u>\$302,146</u>	<u>\$302,146</u>	<u>\$302,146</u>	<u>\$302,146</u>	<u>\$302,146</u>

Debt Service:

The District currently has no General Fund Debt issues.

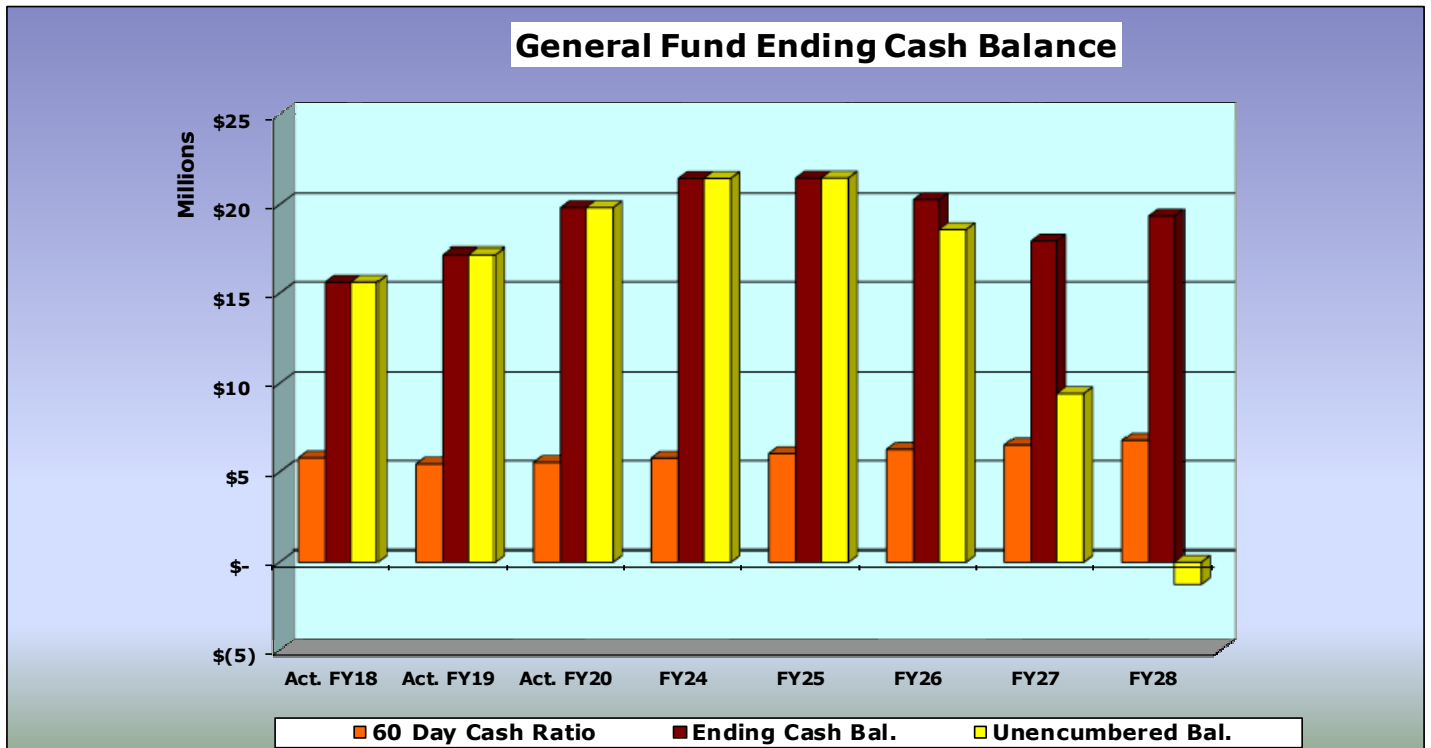
Encumbrances –Line#8.010

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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances Line #8.010	<u>\$946,916</u>	<u>\$946,916</u>	<u>\$946,916</u>	<u>\$946,916</u>	<u>\$946,916</u>

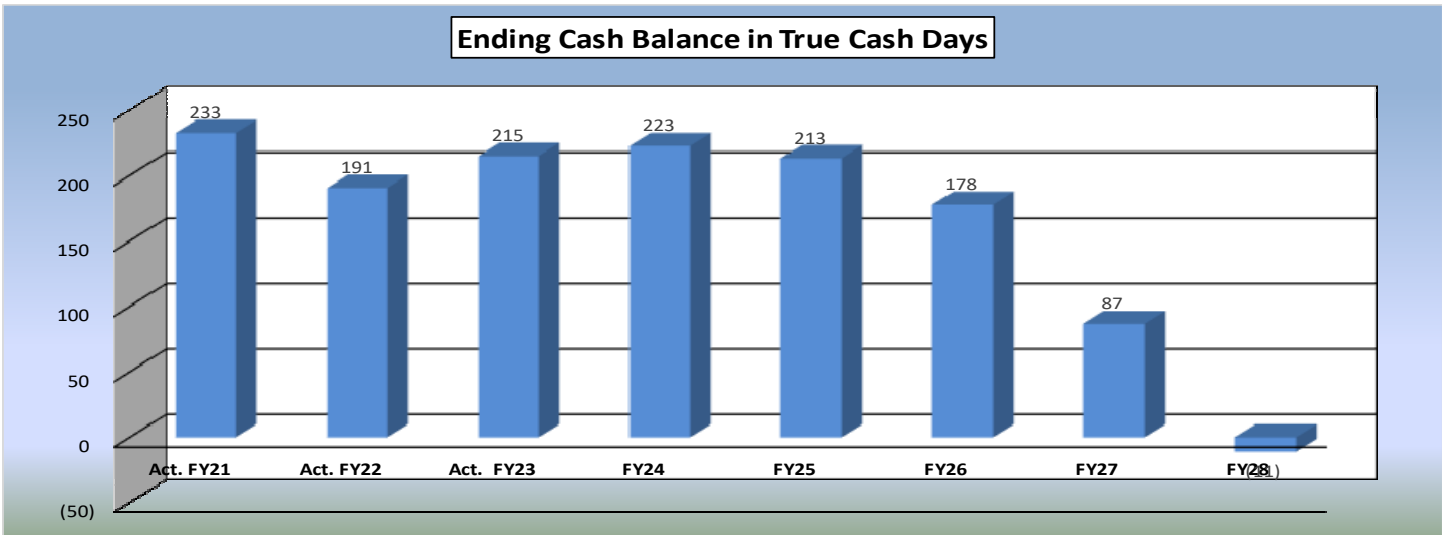
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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.



True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. This calculation does not include renewal of the SDIT. Renewing this levy in 2025 will be important to maintain a 60 day or better ending true day cash balance.



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2028, 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 FY24 through FY28.

- No growth in state funding, in fact the district increases in state funding has moved more to the restricted line. The result is the state will control more of our expenditures. We are also close to a formula district which could see lower state support.
- We can expect 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 (17% of revenues) and will need renewed before December 2025.
- As we move through 2024 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.