BEDFORD CITY SCHOOL DISTRICT-CUYAHOGA 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
Bedford City School District
Treasurer's Office
Mr. Ryan Pendleton, Interim Treasurer
November 17, 2022

Bedford City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
November 17, 2022

Introduction to the Five-Year Forecast

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

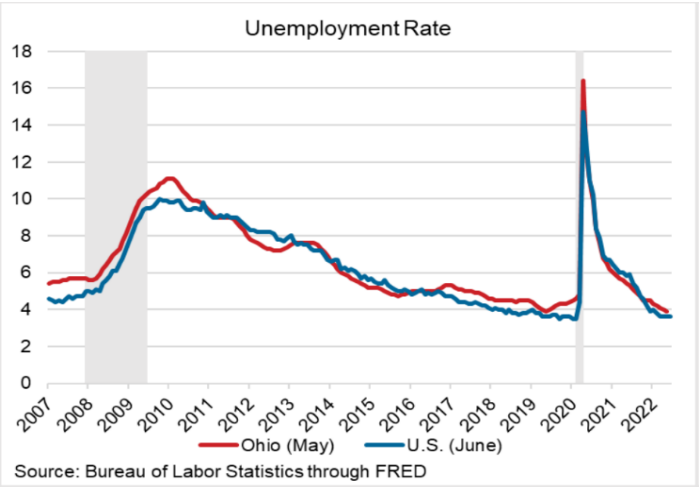
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five-years of projected general fund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

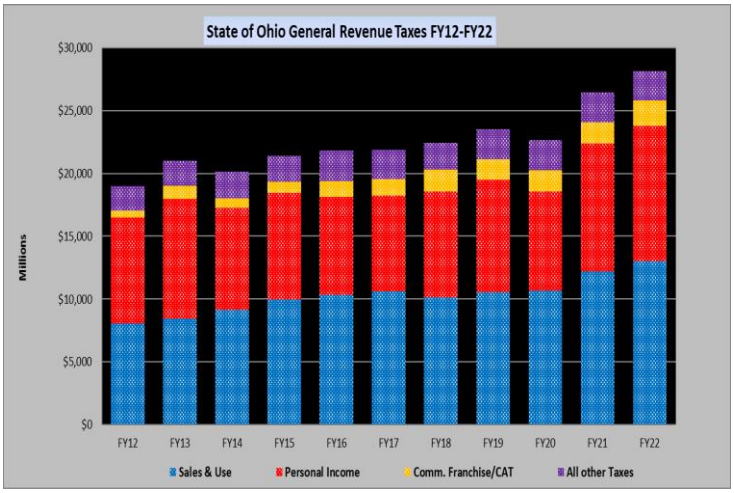
Economic Outlook

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 on 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 calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite of 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-in. 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 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 largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes equate to 75% 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. Cuyahoga County experienced a triennial update in the 2021 tax year to be collected in FY22. The 2021 update increased overall assessed values by $106 million or an increase of 16.2%. A reappraisal update will occur in tax year 2024 for collection in FY25. We anticipate value increases for Class I and II property by $4.4 million for an overall increase of 0.5%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

3. The state budget represented 25% 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 FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21, reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

5. HB110 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 are closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

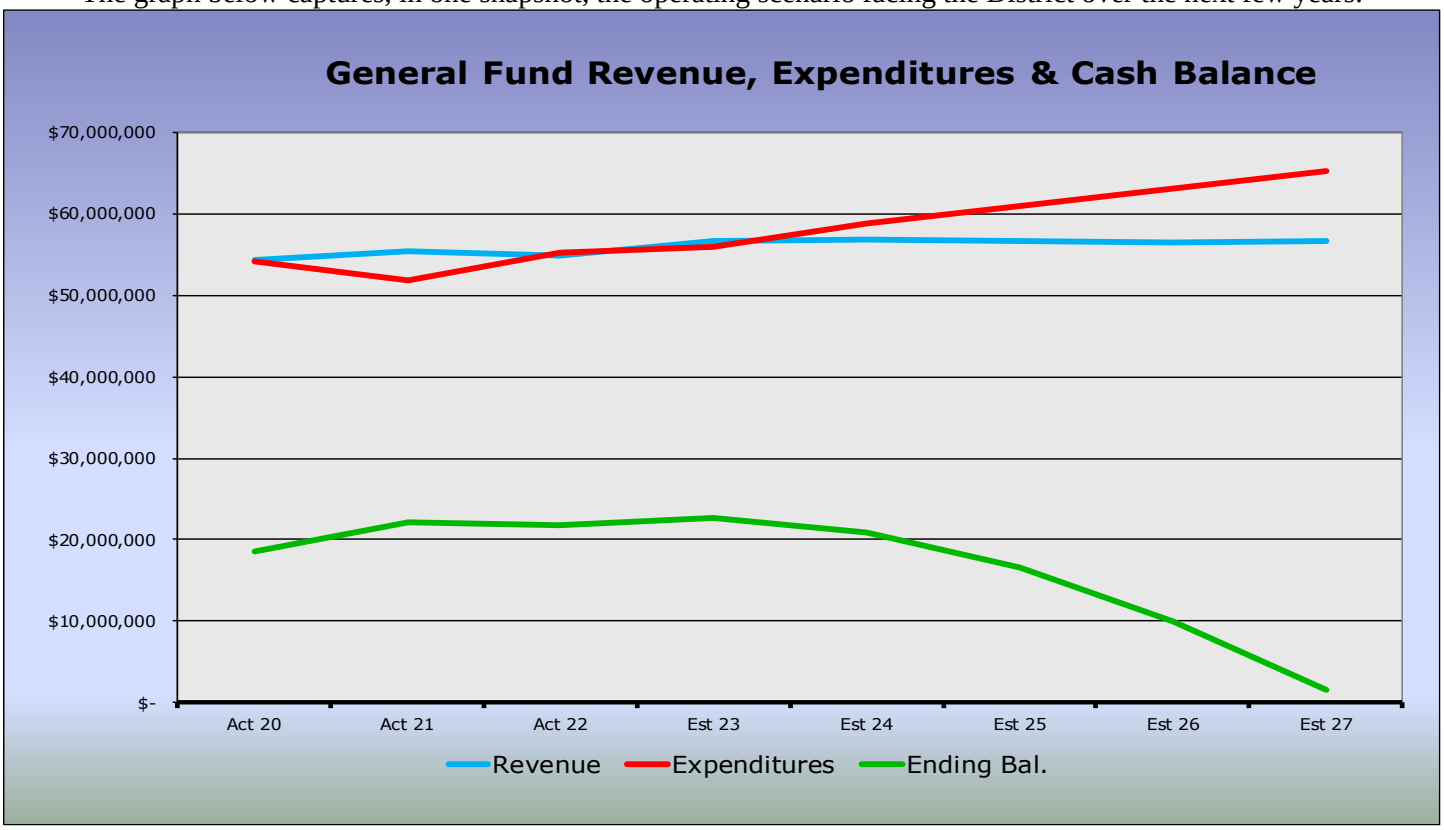
6. We are currently analyzing a potential ballot issue for new operating funds. District leadership will continue to prioritize programming and align student needs with expectations of the community. Legislative changes at the State level have continued to shift funding responsibility to the local tax payer.

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

The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. Ryan Pendleton, Interim Treasurer.

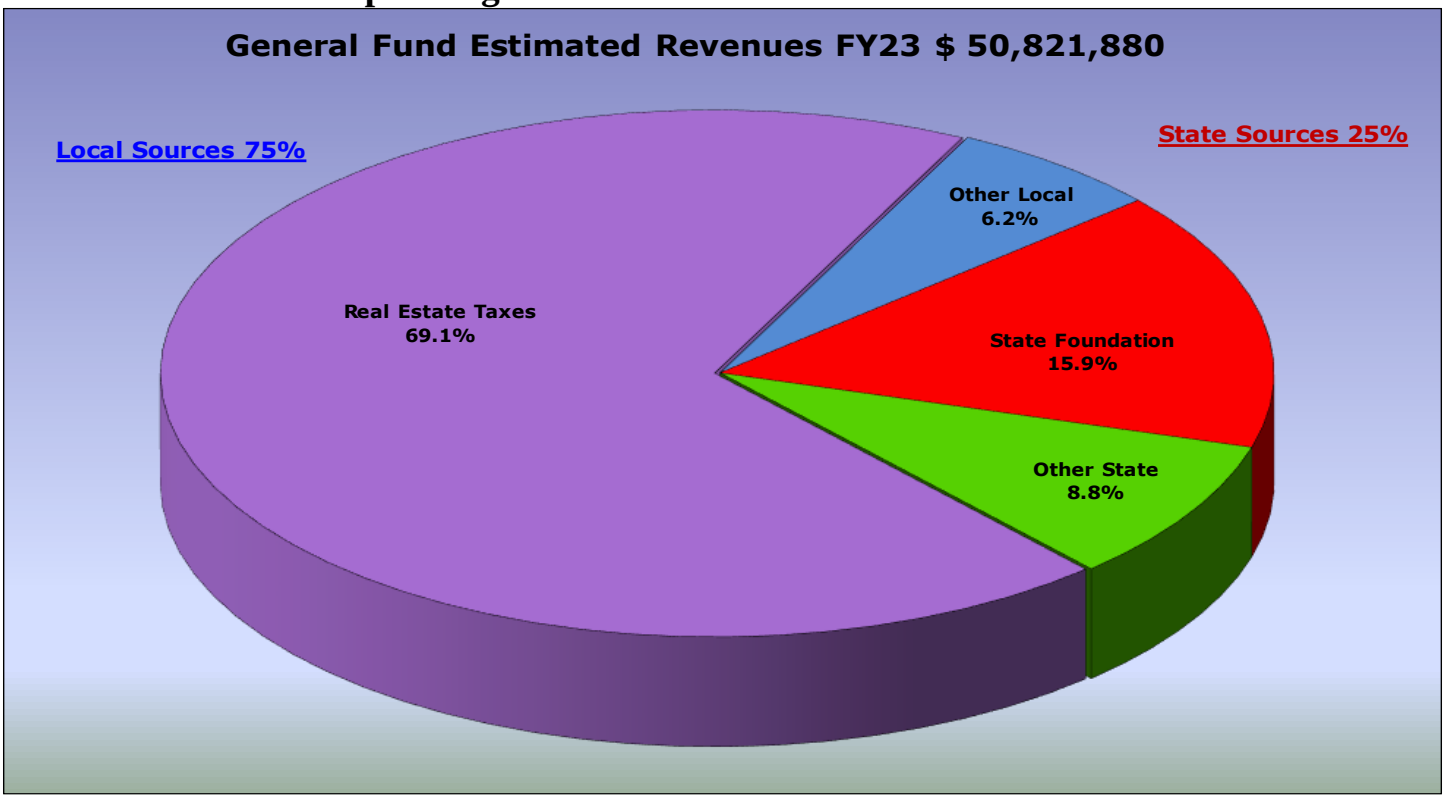
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

The graph below 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 each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Cuyahoga County experienced a triennial update for the 2021 tax year to be collected in 2022. Residential/agricultural values increased 18% or $67.6 million due to the update led by an improving housing market.

For tax year 2021 new construction in residential property was up 0.21% or $803 thousand in assessed value and commercial/industrial values increased $462 thousand. Overall values rose $107 million or 16.4%, which includes new construction for all classes of property.

A reappraisal update will occur in 2024 for collection in 2025 for which we are estimating a 1% increase in residential and a 1% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $4.4 million or 0.5% overall, as a result of the reappraisal.

Public Utility Personal Property (PUPP) values increased by $4.6 million in tax year 2021. We expect our values to continue to grow by $3 million each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

Classification	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$392,052,810	$392,602,810	$450,039,310	$450,589,310	$451,139,310
Comm./Ind.	291,289,340	291,489,340	319,529,990	319,729,990	319,929,990
Public Utility Personal Property (PUPP)	97,465,520	100,465,520	105,083,570	108,083,570	111,083,570
Total Assessed Value	$780,807,670	$784,557,670	$874,652,870	$878,402,870	$882,152,870

Estimated Real Estate Tax - Line #1.010

Source	FY23	FY24	FY25	FY26	FY27
General Property Taxes	$27,863,700	$28,878,020	$28,927,690	$28,976,020	$29,016,320

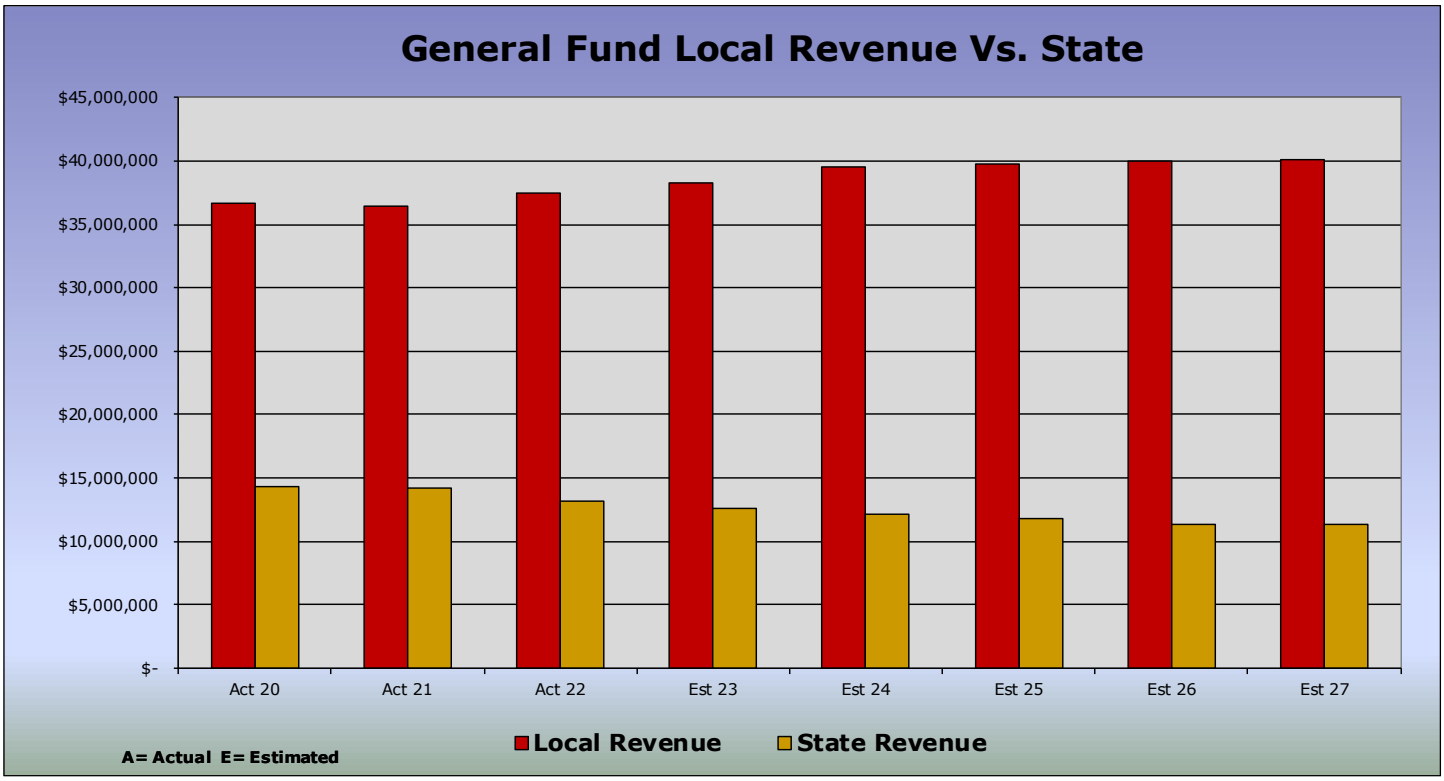
Estimated Real Estate Tax Collection
Property tax levies are estimated to be collected at 94% of the annual amount. This allows 6% delinquency factor. In general, 50% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 50% collected in the August tax settlement. Collections in FY22 were up $443 thousand due to additional delinquent taxes collected in the first half and second half tax settlements, which are expected to return to normal in FY23 and beyond.

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

Estimated Public Utility Personal Tax – Line#1.020
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $96 million in assessed values in 2021 and are collected at the district's gross voted millage rate. Collections are typically 51% in February and 49% in August along with the real estate settlements from the county auditor. The values in 2021 increased by 5% or $4.6 million, and are expected to grow by $3 million each year of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property (Line#1.020)	$7,230,070	$7,517,850	$7,742,010	$7,966,170	$8,190,330
Total Line # 1.020	$7,230,070	$7,517,850	$7,742,010	$7,966,170	$8,190,330

School District Income Tax – Line#1.030
No school district income taxes are modeled in this forecast.



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023
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 last fiscal year. We have projected FY23 funding based on the October 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to continue on the formula in FY24-27 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 funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

A. Student Population and Demographics
B. Property Valuation Per Pupil
C. Personal Income of District Residents Per Pupil
D. Historical Funding - CAPS and Guarantees from prior funding formulas “Funding Bases” for guarantees.

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

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)

5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a statewide 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 generated from time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds, in FY20 and FY21, were accounted for in Fund 467, but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding 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. The same number is estimated for FY23 due to state average costs being frozen at FY18 in the Base Cost calculations but property values and Federal Adjusted Gross Income updating for FY23.

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 1.04 below, with only a smaller portion devoted to SWSF.

Future State Budget Projections beyond FY23
Our funding status for FY24-27 will depend on two (2) unknown state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

Casino Revenue
On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos, one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% Gross Casino Revenue (GCR) that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily 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 $62.71 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$6,036,090	$6,015,550	$6,015,550	$6,015,550	$6,015,550
Catstrophic Cost Reimbursement	224,089	226,330	228,593	230,879	233,188
Additional Aid Items	651,550	651,550	651,550	651,550	651,550
Basic Aid-Unrestricted Subtotal	$6,911,729	$6,893,430	$6,895,693	$6,897,979	$6,900,288
Ohio Casino Commission ODT	182,450	186,090	189,820	193,630	197,490
Total Unrestricted State Aid Line # 1.035	$7,094,179	$7,079,520	$7,085,513	$7,091,609	$7,097,778

Restricted State Revenues – Line # 1.040
HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. Using current September funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22 and 14%

in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$567,896	$573,575	$579,311	$585,104	$590,955
Career Tech - Restricted	121,145	122,356	123,580	124,816	126,064
Gifted	92,585	93,511	94,446	95,390	96,344
ESL	19,766	19,964	20,164	20,366	20,570
Student Wellness and Success	205,767	207,825	209,903	212,002	214,122
Total Restricted State Revenues Line #1.040	$1,007,159	$1,017,231	$1,027,404	$1,037,678	$1,048,055

Restricted Federal Grants in Aid – Line #1.045

No restricted federal grants are projected for FY23-27.

Summary of State Foundation Revenues	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$7,094,179	$7,079,520	$7,085,513	$7,091,609	$7,097,778
Restricted Line # 1.040	1,007,159	1,017,231	1,027,404	1,037,678	1,048,055
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$8,101,338	$8,096,751	$8,112,917	$8,129,287	$8,145,833

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

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 prior to 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 residential taxpayers. 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 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 tax year 2013, and who become eligible after, 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 going forward 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.

Tangible Personal Property Reimbursements – Fixed Rate

State budget bill HB153 slashed these reimbursements to our district after FY12, reducing our state revenue each year starting in FY13. HB64, the FY16-17 state budget, reinstituted the phase out of TPP reimbursements to districts beginning in FY16, which included a TPP Supplemental Payment for some districts. We were not eligible for TPP Supplemental Payments as our state foundation aid grew enough to offset the loss in TPP.

Beginning in FY18, SB 208 amended HB64 and became effective February 15, 2016. SB 208 provides that beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what one (1) mill would raise in local taxes on the three (3) year average of assessed values. Based on our calculations, we will receive TPP Phase out payments through FY27.

Summary of State Tax Reimbursement – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$2,332,920	$2,336,570	$2,341,970	$2,347,360	$2,351,120
b) TPP Reimbursement - Fixed Rate	2,124,550	1,705,370	1,286,180	867,000	867,000
Total Tax Reimb./Prop. Tax Allocations #1.050	$4,457,470	$4,041,940	$3,628,150	$3,214,360	$3,218,120

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. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to 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.

The district previously coded Manufactured Home settlements for the county Auditor in this section. It should be noted that this will now be reflected in line #1.01 of the forecast. In FY20 this collection was $41,509. All other revenues are expected to continue on historic trends.

Source	FY23	FY24	FY25	FY26	FY27
1200 - Tuitions	$1,948,223	$1,967,705	$1,987,382	$2,007,256	$2,027,329
1410 - Interest Earnings	414,747	389,357	329,812	235,266	112,878
1700 - Student Fees	58,853	58,853	58,853	58,853	58,853
1810 - Rentals	21,452	22,525	23,651	24,834	26,076
1840 - Preschool	30,000	30,000	30,000	30,000	30,000
1851 - Commissions	500	500	500	500	500
1860 - Book Fines and Fees	10,000	10,000	10,000	10,000	10,000
1880 - TIF Payments	140,000	140,000	140,000	140,000	140,000
1890 - Misc. Revenue	545,520	545,520	545,520	545,520	545,520
Total Other Local Revenue Line #1.060	$3,169,295	$3,164,460	$3,125,718	$3,052,229	$2,951,156

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

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

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

Transfers are made to cover negative fund balances or to establish reserve accounts. At this time the district is not anticipating Transfers out of the General Fund. Advances are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The advances out in the previous fiscal year are planned to be repaid in following FY23-27.

Source	FY23	FY24	FY25	FY26	FY27
Transfers In - Line 2.040	$50,000	$100,000	$100,000	$100,000	$100,000
Advance Returns - Line 2.050	5,880,000	5,100,000	5,100,000	5,100,000	5,100,000
Total Transfer & Advances In	$5,930,000	$5,200,000	$5,200,000	$5,200,000	$5,200,000

All Other Financial Sources – Line #2.060

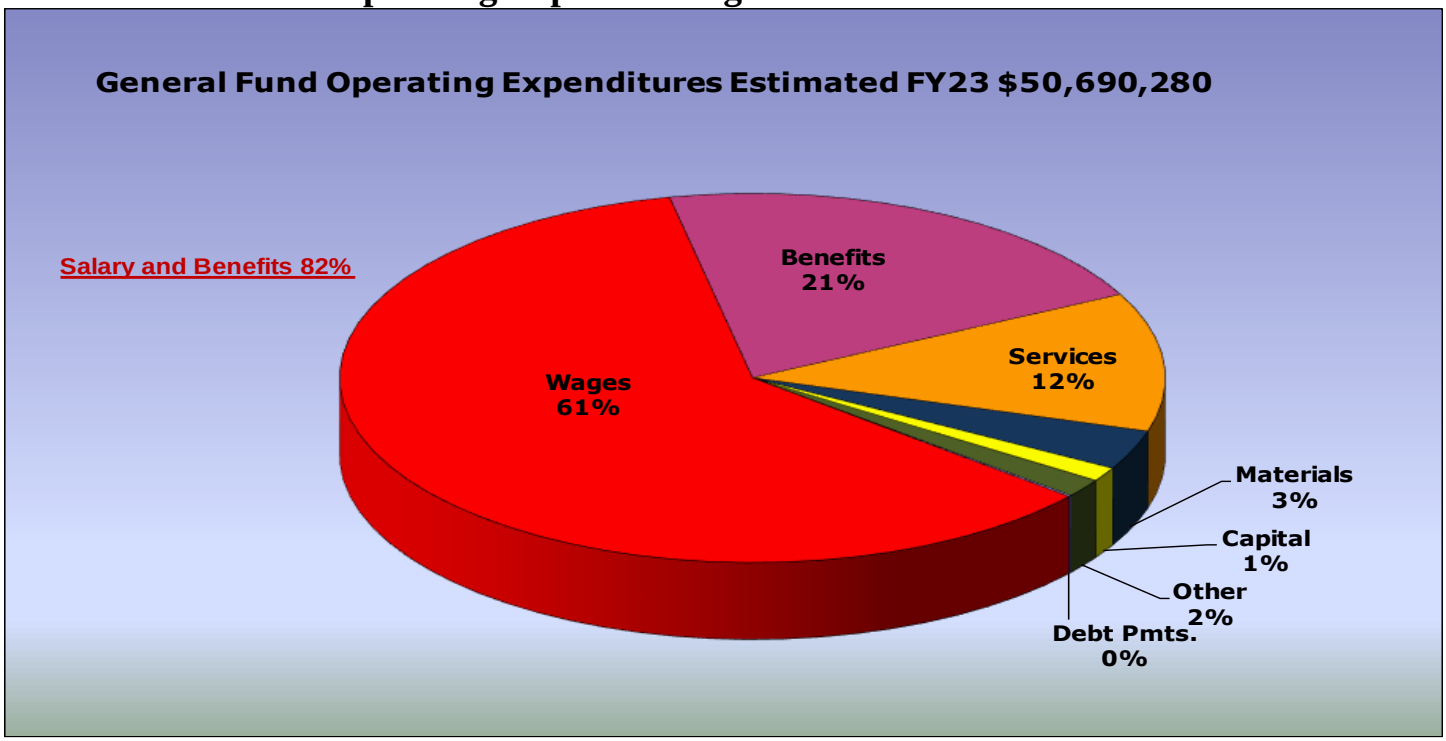
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

Source	FY23	FY24	FY25	FY26	FY27
Sale of Personal Property	$1,000	$1,000	$1,000	$1,000	$1,000
Refund of prior years expenditures	1,000	1,000	1,000	1,000	1,000
Total Other Financing Sources Line #2.060	$2,000	$2,000	$2,000	$2,000	$2,000

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. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.75% for FY23 and FY24. The forecast as presented reflects a 0% base increase in FY25-27 for planning purposes only at this time. Average step increases of 3% are estimated throughout the forecasted period.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$27,624,470	$29,212,870	$30,892,610	$32,282,780	$33,735,500
Increases	759,670	803,350	463,390	484,240	337,360
All Staff - Steps and Training	828,730	876,390	926,780	968,480	1,012,070
Overtime and Stipends	858,140	881,740	905,990	930,900	956,500
Substitutes	470,450	484,560	499,100	514,070	529,490
Supplementals	605,220	605,220	605,220	605,220	605,220
Staff Increases/Reductions	0	0	0	0	0
Board of Education	18,750	18,750	18,750	18,750	18,750
Severance/Insurance Opt Out	(414,810)	0	0	0	0
Total Wages Line 3.010	$30,750,620	$32,882,880	$34,311,840	$35,804,440	$37,194,890

Fringe Benefits Estimates – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. These payments and HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase

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 district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance

At this time we are estimating an increase of 5% for FY23-27, which reflects the district's trend and the likely increase in health care costs as a result of actual claims incurred. This is based on our current employee census and claims data. The current contract states that any increase of more than 5% in healthcare will result in plan design changes to reduce the cost by 5%. If the Insurance Committee cannot come to consensus then they must take the recommendation of the healthcare committee consultant.

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 healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.67% of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$5,581,395	$5,891,882	$6,149,906	$6,419,462	$6,670,394
B) Insurance's	4,146,096	4,353,401	4,571,071	4,799,625	5,039,606
C) Workers Comp/Unemployment	284,345	298,785	308,465	318,575	327,985
D) Medicare	451,900	476,800	497,520	519,160	539,330
Other Adjustments	55,000	65,000	75,000	85,000	95,000
Total Fringe Benefits Line #3.020	$10,518,736	$11,085,868	$11,601,962	$12,141,822	$12,672,315

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. 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.

Source	FY23	FY24	FY25	FY26	FY27
410 - Professional Services	$863,517	$906,693	$952,028	$999,629	$1,049,610
420 - Property Services	951,607	961,123	970,734	980,441	990,245
430 - Travel & Meeting	33,129	34,785	36,524	38,350	40,268
440 - Communications	192,076	193,997	195,937	197,896	199,875
450 - Utilities	860,991	904,041	922,122	940,564	959,375
460 - Contracted Services	148,303	152,752	157,335	162,055	166,917
470 - Tuition Payments	2,416,991	2,416,991	2,416,991	2,416,991	2,416,991
480 - Transportation Services	553,430	558,964	564,554	570,200	575,902
490 - Other Services	136,982	138,352	139,736	141,133	142,544
Total Purchased Services Line #3.030	$6,157,026	$6,267,698	$6,355,961	$6,447,259	$6,541,727

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	FY23	FY24	FY25	FY26	FY27
510 - General Supplies	$816,157	$856,965	$899,813	$944,804	$992,044
520 - Textbooks	132,604	136,582	140,679	144,899	149,246
530 - Library Supplies	1,030	1,030	1,030	1,030	1,030
540 - Newspapers & Periodicals	747	747	747	747	747
570 - Maintenance & Repair	299,950	314,948	330,695	347,230	364,592
580 - Vehicle Maintenance	466,092	466,092	466,092	466,092	466,092
590 - Other Supplies and Materials	46,937	48,345	49,795	51,289	52,828
Total Supplies Line #3.040	$1,763,517	$1,824,709	$1,888,851	$1,956,091	$2,026,579

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. This line is utilized for purchases of technology, equipment, buses, and vehicles

Source	FY23	FY24	FY25	FY26	FY27
640 - Equipment	$225,000	$225,000	$225,000	$225,000	$225,000
650 - Vehicles	60,000	60,000	60,000	60,000	60,000
660 - School Buses	340,000	340,000	340,000	340,000	340,000
Total Equipment Line #3.050	$625,000	$625,000	$625,000	$625,000	$625,000

Principal and Interest Payment – Lines # 4.05 and 4.06

This section is made up of payments for HB264 debt payments.

Source	FY23	FY24	FY25	FY26	FY27
HB 264 Principal Line # 4.050	$47,000	$48,000	$49,000	$51,000	$52,000
Source	FY23	FY24	FY25	FY26	FY27
Interest HB 264 Total Line #4.060	$9,030	$7,910	$6,780	$5,610	$4,400

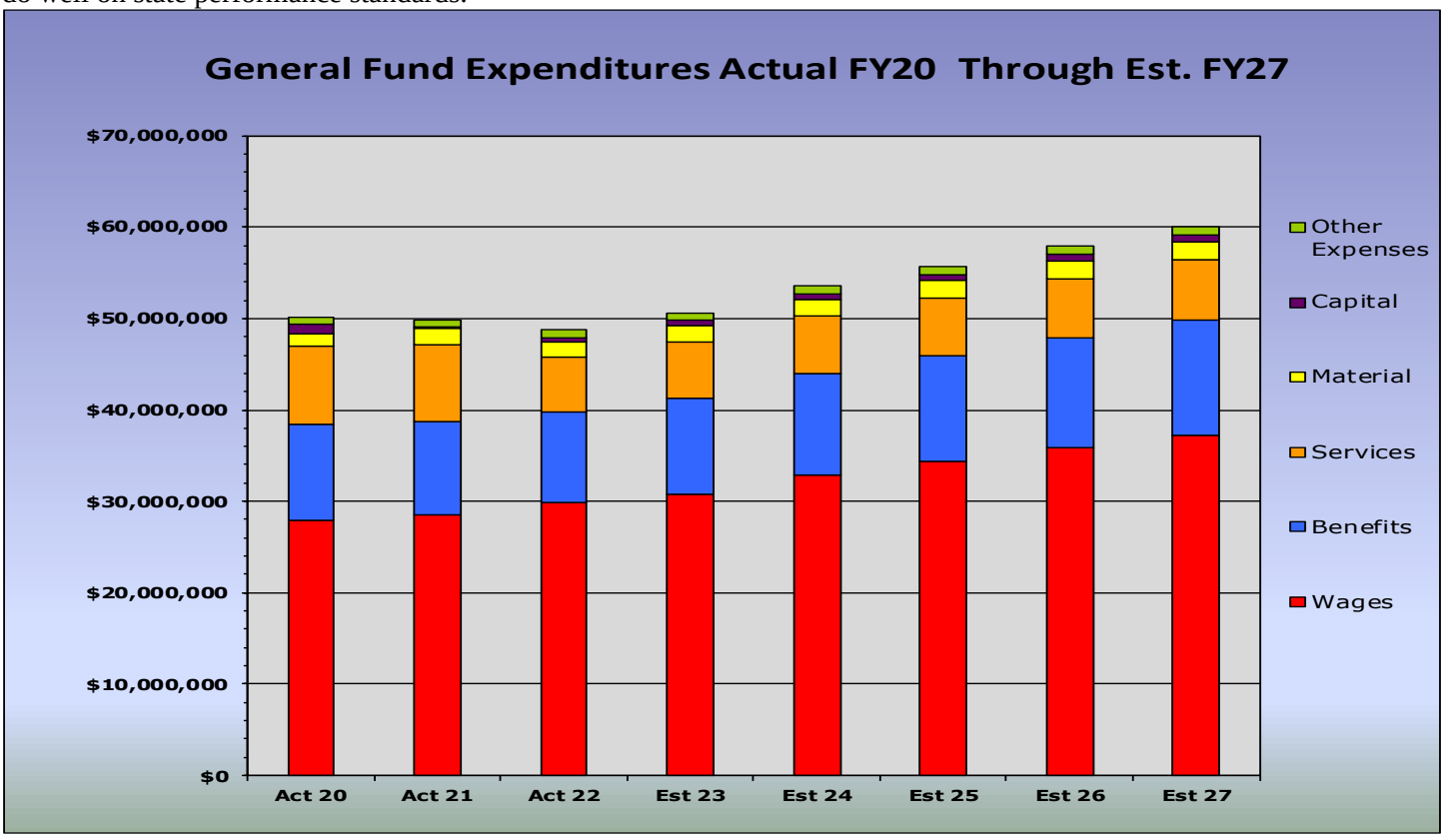
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses.

Source	FY23	FY24	FY25	FY26	FY27
840 - Dues and Fees	$721,670	$743,320	$765,620	$788,589	$812,247
850 - Insurance	90,022	94,523	99,249	104,211	109,422
880 - Awards and Prizes	7,652	7,882	8,118	8,362	8,613

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

As the following graph indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. Advanced funds are anticipated to be paid back in full in the next fiscal year.

Source	FY23	FY24	FY25	FY26	FY27
910 - Operating Transfers Out	$100,000	$100,000	$100,000	$100,000	$100,000
920 - Advances Out	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
Total Transfer & Advances Out	$5,200,000	$5,200,000	$5,200,000	$5,200,000	$5,200,000

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.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000

Ending Unencumbered Cash Balance – 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, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately $4 million for our district.

	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance	$21,218,530	$19,331,650	$15,157,650	$8,565,240	$41,710

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 GFOA recommends no less than two (2) months or sixty (60) days 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.

