

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



**Forecast Provided By
NORTHRIDGE LOCAL SCHOOL DISTRICT
Treasurer's Office
BRITT LEWIS, MBA - TREASURER/CFO
November 20, 2023**

Northridge Local School District – Licking County
Notes to the Five Year Forecast
General Fund Only
November 20, 2023

Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual 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), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages 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 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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important 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 or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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-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.

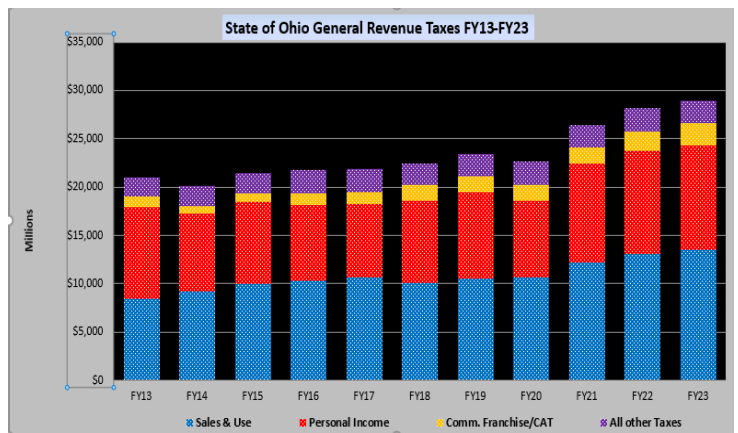
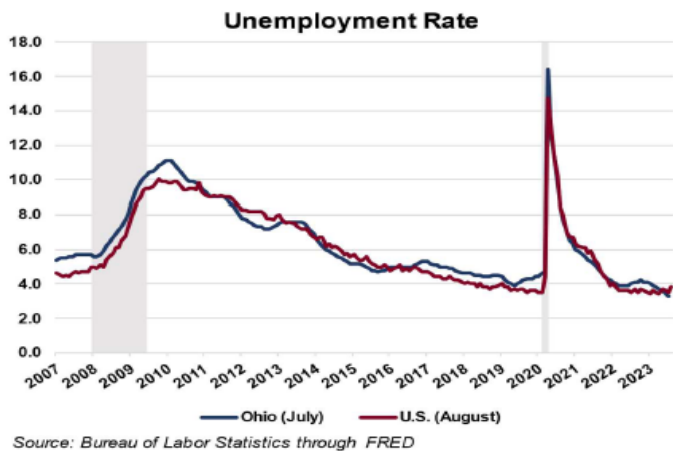
Economic Outlook

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, electric, natural gas, 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 six-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.



While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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:

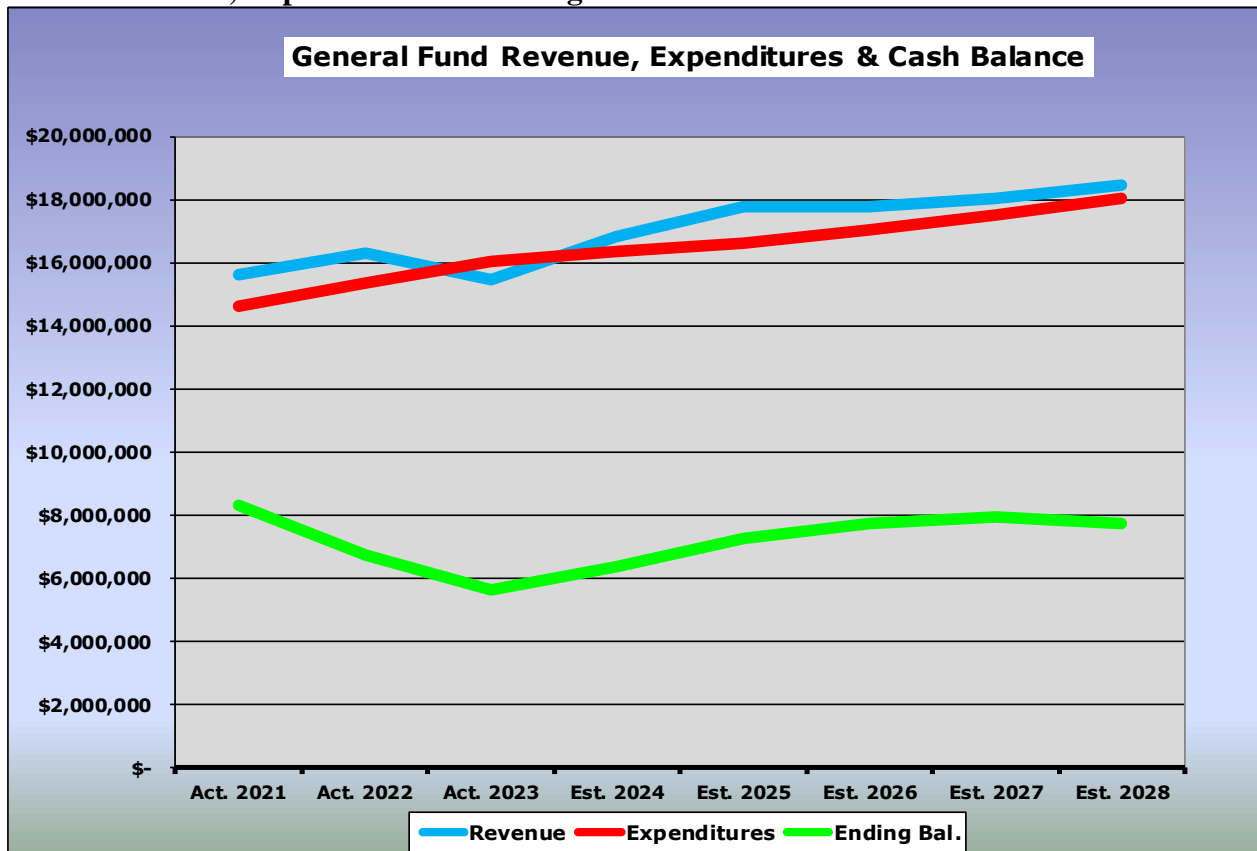
A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect 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:

- I. Our district has property values in Delaware, Knox and Licking Counties. All three counties experienced a reappraisal update in Tax Year 2020 for collection in 2021. Class I values increased \$40.98 million or 14.7% and Class II values increased \$.56 million or 6.16% in tax year 2020 reappraisal update. Public Utility values decreased by \$129,150 in 2020. Overall, all values in the district rose 14.2% in total. In the 2023 reappraisal we are assuming a 20% increase in Class I values and no significant change in Class II values.
- II. 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.
- III. The State Budget represents 36.3% of district revenues and is an area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. 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 FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. Property tax collections are 57.4% of revenues which is the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local property taxes and other miscellaneous income equate to 63.7% of the district's resources. We believe there is a low risk that local collections would fall below projections throughout the forecast. However, House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.
- V. 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.

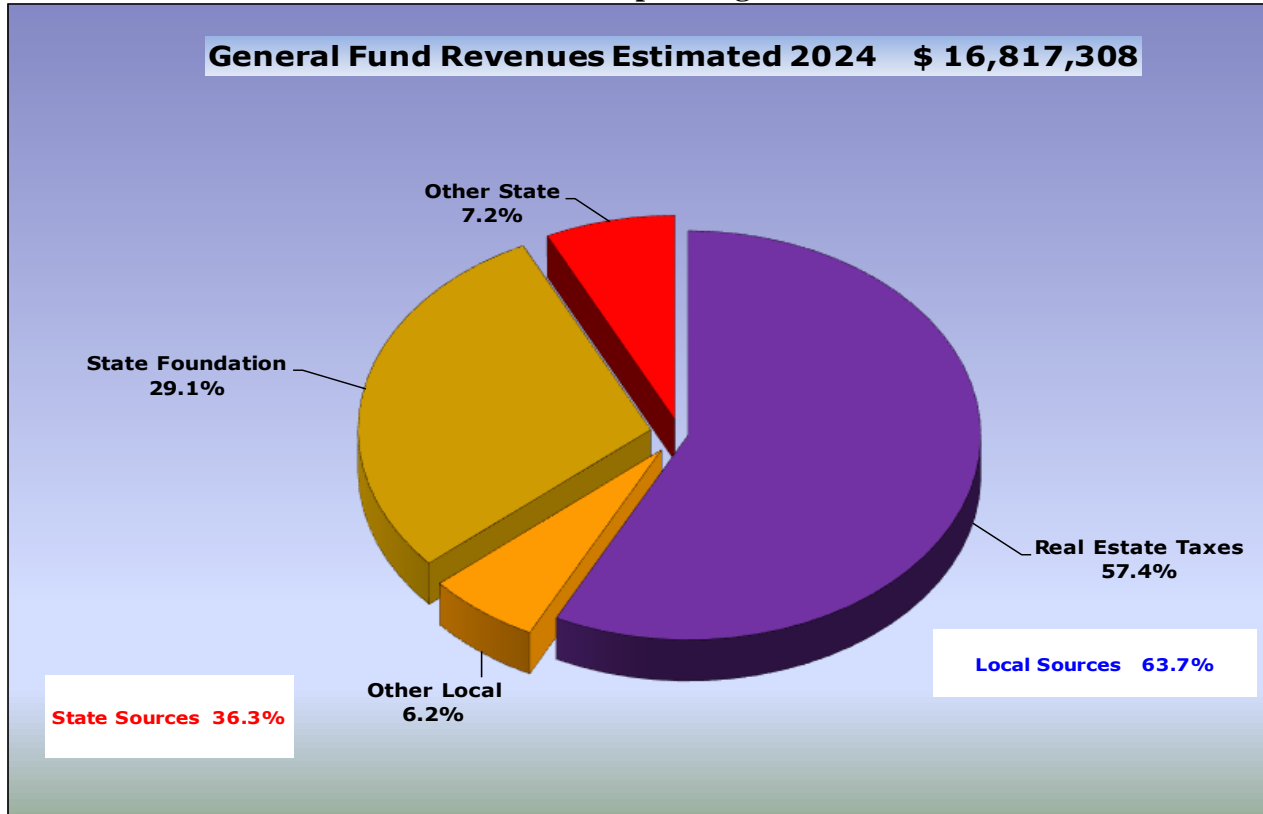
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader in understanding the district forecast by reviewing the assumptions noted below. If you would like further

information about the forecast, please feel free to contact Mr. Britt Lewis, MBA - Treasurer/CFO of Northridge Local Schools 740-967-6631.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions
Estimated General Fund Operating Revenue for FY24



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by our County Auditors based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. The District collects property taxes from Licking, Knox and Delaware Counties. All three counties experienced a reappraisal update in Tax Year 2020 for collection in 2021. Class I values increased \$40.98 million or 14.7% and Class II values increased \$.56 million or 6.16% in tax year 2020 reappraisal update. Public Utility values decreased by \$129,150 in 2020. Overall, all values in the district rose 14.2% in total. In the 2023 reappraisal we are assuming overall values will rise by 17.8%.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
<u>Classification</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>
Res./Ag.	\$405,760,672	\$406,610,672	\$407,460,672	\$428,683,706	\$450,967,891
Comm./Ind.	12,078,397	12,128,397	12,178,397	12,228,397	12,278,397
Public Utility Personal Property (PUPP)	35,469,820	35,569,820	35,669,820	35,769,820	35,869,820
Total Assessed Value	<u>\$453,308,889</u>	<u>\$454,308,889</u>	<u>\$455,308,889</u>	<u>\$476,681,923</u>	<u>\$499,116,108</u>

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. General Property Taxes to Line #1.010	<u>\$9,657,914</u>	<u>\$10,380,360</u>	<u>\$10,399,457</u>	<u>\$10,614,372</u>	<u>\$10,997,431</u>

Property tax levies are estimated to be collected at 100% of the annual amount. In general, 55.25% of the Res/Ag. and Comm/Ind. are expected to be collected in February tax settlements and 44.75% collected in August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in the August settlement from three County Auditors.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are included in this forecast. The districts \$2.1 million emergency levy that expires December 31, 2024 was renewed May 2, 2023 for five (5) years and will expire now in December 31, 2029 . We are required to show renewal levies on Line 11.02 if they occur within the forecast period and you will see a dip in revenue in Line 1.01and 1.05.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
\$2.1 M. Emergency Levy Expires 12/31/29	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Income Tax – Line #1.03

The District’s 1% school district income tax was non-renewed in November 2010. As a result, no income tax collections are projected in this forecast.

State Foundation Revenue Estimates

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 and 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
- C. Personal Income of District Residents
- D. Historical Funding- CAPS and Guarantees from prior funding formulas

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. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. 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 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 most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then 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 amount 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). 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 and not a specific amount. An amount of 10% will be reduced from all district’s calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. **Transportation Aid** – Funding 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 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding, is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase-in increases are limited to 50% for FY24 and 66.67% in FY25. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
2. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
3. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
4. Student Wellness and Success Funds- These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

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 by 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 beyond FY25

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% 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.

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.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	\$4,412,258	\$4,546,084	\$4,546,084	\$4,546,084	\$4,546,084
Additional Aid Items	<u>214,185</u>	<u>222,879</u>	<u>222,879</u>	<u>222,879</u>	<u>222,879</u>
Basic Aid-Unrestricted Subtotal	\$4,626,443	\$4,768,963	\$4,768,963	\$4,768,963	\$4,768,963
Ohio Casino Commission ODT	<u>75,186</u>	<u>76,015</u>	<u>76,847</u>	<u>77,683</u>	<u>78,521</u>
Total Unrestricted State Aid Line # 1.035	<u>\$4,701,629</u>	<u>\$4,844,978</u>	<u>\$4,845,810</u>	<u>\$4,846,646</u>	<u>\$4,847,484</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, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. 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	\$39,810	\$39,810	\$39,810	\$39,810	\$39,810
Career Tech - Restricted	18,713	18,713	18,713	18,713	18,713
Gifted	40,319	32,254	32,254	32,254	32,254
ESL	2,594	2,556	2,556	2,556	2,556
Student Wellness	96,959	96,959	96,959	96,959	96,959
Total Restricted State Revenues Line #1.040	<u>\$198,395</u>	<u>\$190,292</u>	<u>\$190,292</u>	<u>\$190,292</u>	<u>\$190,292</u>

C) Restricted Federal Grants in Aid – line #1.045

No federal restricted grants are projected throughout the forecast period.

Summary of State Foundation Unrestricted and Restricted Funds

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line # 1.035	\$4,701,629	\$4,844,978	\$4,845,810	\$4,846,646	\$4,847,484
Restricted Line # 1.040	198,395	190,292	190,292	190,292	190,292
Federal Grants - #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$4,900,024</u>	<u>\$5,035,270</u>	<u>\$5,036,102</u>	<u>\$5,036,938</u>	<u>\$5,037,776</u>

State Share of Local Property Tax – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from 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 over age 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 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 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 reduce the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

Summary of State Share of Local Property Tax – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	<u>\$1,208,495</u>	<u>\$1,294,194</u>	<u>\$1,296,356</u>	<u>\$1,325,381</u>	<u>\$1,382,613</u>

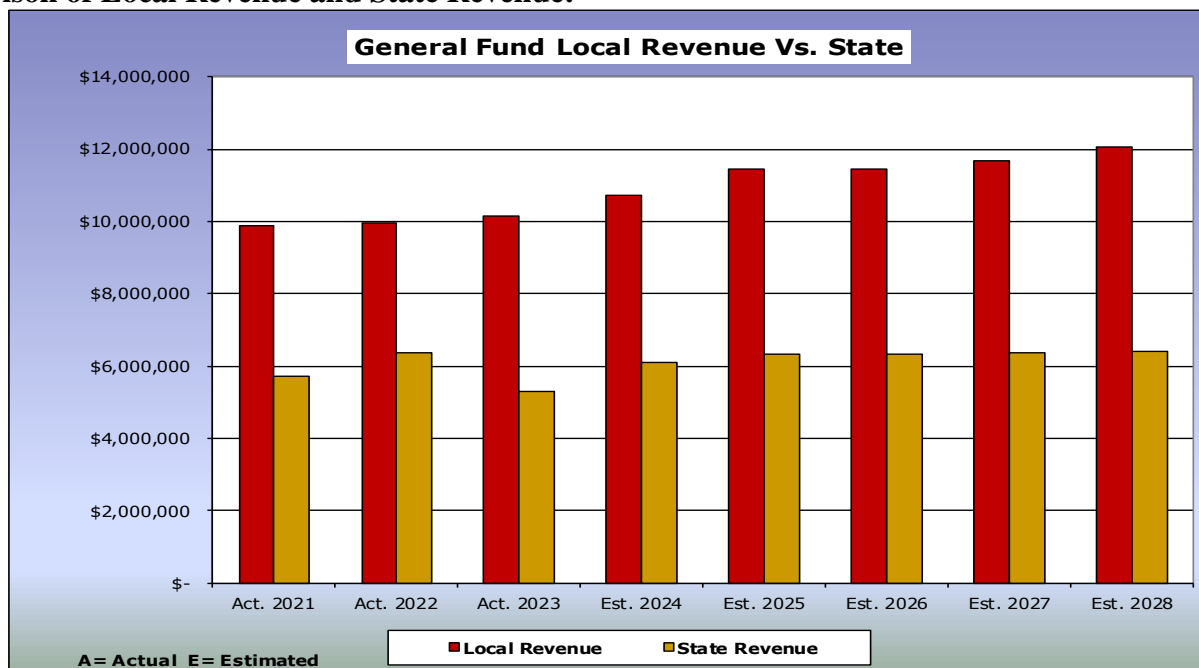
Other Local Revenues – Line #1.060

Revenues from all other sources are based on historical growth patterns. The main sources of revenue in this area has been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110 the previous state budget stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid.

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. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Interest	72,833	65,550	58,995	53,096	47,786
Rentals, Donations & Miscellaneous	23,557	23,793	24,031	24,271	24,514
Tuition SF-14 & SF-14H	799,051	807,042	815,112	823,263	831,496
Medicaid, Erate, BWC and Class fees	<u>155,434</u>	<u>156,988</u>	<u>158,558</u>	<u>160,144</u>	<u>161,745</u>
Total Other Local Revenue Line #1.060	<u>\$1,050,875</u>	<u>\$1,053,373</u>	<u>\$1,056,696</u>	<u>\$1,060,774</u>	<u>\$1,065,541</u>

Comparison of Local Revenue and State Revenue:



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

There is no short term borrowing planned in this forecast at this time from any sources.

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

Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

<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>\$982,577</u>	<u>\$410,000</u>	<u>\$410,000</u>	<u>\$410,000</u>	<u>\$10,000</u>
Total Transfer & Advances In	<u>\$982,577</u>	<u>\$410,000</u>	<u>\$410,000</u>	<u>\$410,000</u>	<u>\$10,000</u>

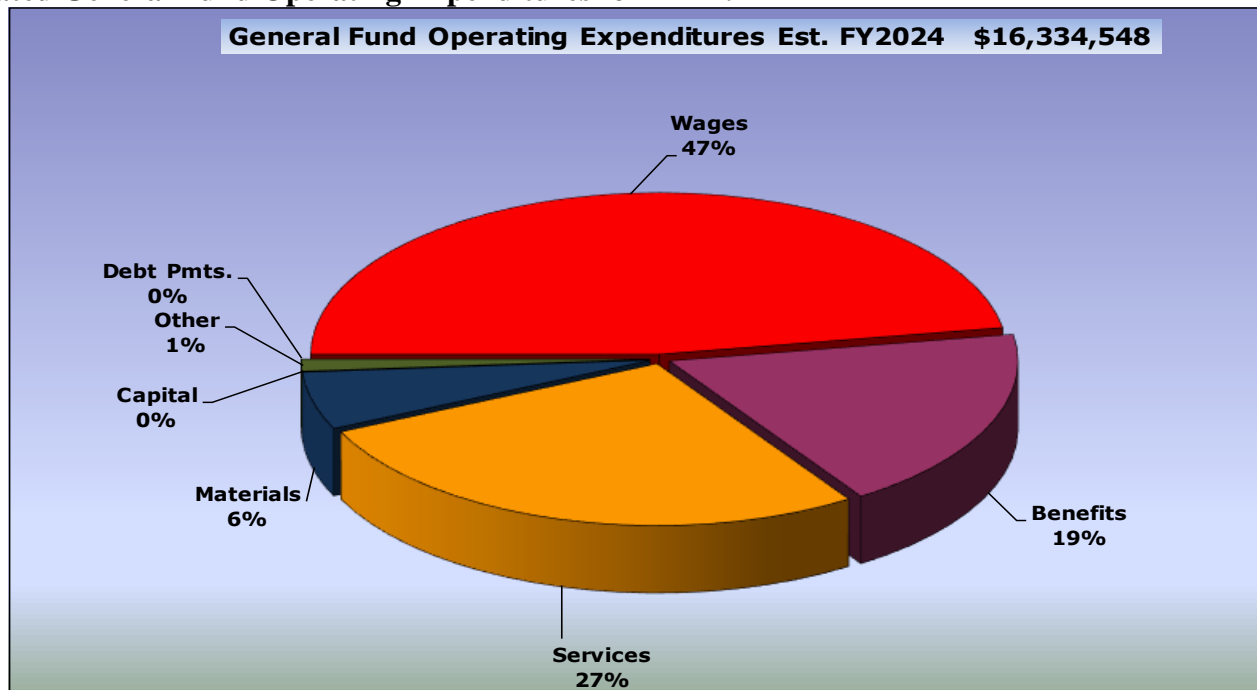
All Other Financial Sources – Line #2.060 & Line #14.010

This funding source is typically a refund of prior year expenditures that are very unpredictable.

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior years expenditures	<u>\$835</u>	<u>\$835</u>	<u>\$835</u>	<u>\$835</u>	<u>\$835</u>

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY24:



Wages – Line #3.010

The model reflects a 2% base increase for FY24, and no increase for FY25 - FY28 other than step and training increases. We had added certified and classified staff in FY21 to help with online course work and additional cleaning responsibilities due to COVID-19. Those staff will be absorbed through attrition into the general fund.

<u>Source</u>	FY24	FY25	FY26	FY27	FY28
Base Wages	\$7,961,708	\$7,593,025	\$7,586,834	\$7,700,637	\$7,816,147
Base Increases	159,234	0	0	0	0
Steps & Training	119,426	113,895	113,803	115,510	117,242
Growth	0	0	0	0	0
Substitutes & Supplementals	113,748	116,023	118,343	120,710	123,124
Severance & Ret. Incentive	30,000	30,000	30,000	30,000	30,000
Staff Reductions/Adjustments	<u>-647,342</u>	<u>-120,086</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$7,736,773</u>	<u>\$7,732,857</u>	<u>\$7,848,980</u>	<u>\$7,966,857</u>	<u>\$8,086,513</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance being directly related to the wages paid. 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.

A) STRS/SERS

As required by law the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance

Estimated increases are 15% in FY24 and an annual 8% increase FY 25-28. This is based on our current employee census and claims data.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .55% of wages in FY 24-28.

D) Medicare

Medicare will continue to increase at the rate of increases in 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>	FY24	FY25	FY26	FY27	FY28
STRS/SERS	\$1,234,202	\$1,226,464	\$1,242,600	\$1,261,322	\$1,280,327
Insurance's	1,565,557	1,681,195	1,815,691	1,960,946	2,117,822
Workers Comp/Unemployment	49,980	49,954	50,704	51,466	52,239
Medicare	116,020	118,179	119,859	121,659	123,486
Other/Tuition	<u>37,421</u>	<u>37,421</u>	<u>37,421</u>	<u>37,421</u>	<u>37,421</u>
Total Fringe Benefits Line #3.020	<u>\$3,003,180</u>	<u>\$3,113,213</u>	<u>\$3,266,275</u>	<u>\$3,432,814</u>	<u>\$3,611,295</u>

Purchased Services – Line #3.030

HB110 the previous state budget impacted Purchased Services 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 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 amount below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Contract Services & ESC	\$1,514,397	\$1,559,829	\$1,606,624	\$1,654,823	\$1,704,468
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
Tuition/Sp. Ed. Scholarships/College Credit +	333,173	349,832	367,324	385,690	404,975
Transportation Contract	2,214,072	2,280,494	2,348,909	2,419,376	2,491,957
Rentals	55,215	56,871	58,577	60,334	62,144
Utilities	<u>346,035</u>	<u>363,337</u>	<u>381,504</u>	<u>400,579</u>	<u>420,608</u>
Total Purchased Services Line #3.030	<u>\$4,462,892</u>	<u>\$4,610,363</u>	<u>\$4,762,938</u>	<u>\$4,920,802</u>	<u>\$5,084,152</u>

Supplies and Materials – Line #3.040

Supplies and materials consists of fuel, computers, textbooks, instructional supplies, maintenance supplies and custodial supplies. These are all necessary to help facilitate and meet the operational needs and education goals of the District. For FY 24-28, supplies and materials are expected to increase by 2% mainly due to an increase in the projected cost of textbook and instructional materials.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Supplies	\$938,404	\$957,172	\$976,315	\$995,841	\$1,015,758
Budget Reserves or (Reductions)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Supplies Line #3.040	<u>\$938,404</u>	<u>\$957,172</u>	<u>\$976,315</u>	<u>\$995,841</u>	<u>\$1,015,758</u>

Equipment – Line # 3.050

Capital outlay expenditures are related to the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, initial and additional equipment, furnishings and vehicles. The district facilities are in dire need of attention and in future years capital costs are projected to increase. The districts new ½% income tax for permanent improvements approved in May 2019 will be of large help to our district in maintaining our facilities. The district general fund is projecting near flat funding in FY24-FY28 as those costs are to be taken from the permanent improvement levy.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Equipment Line #3.050	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Debt Service – Line #4.010/4.050/4.060

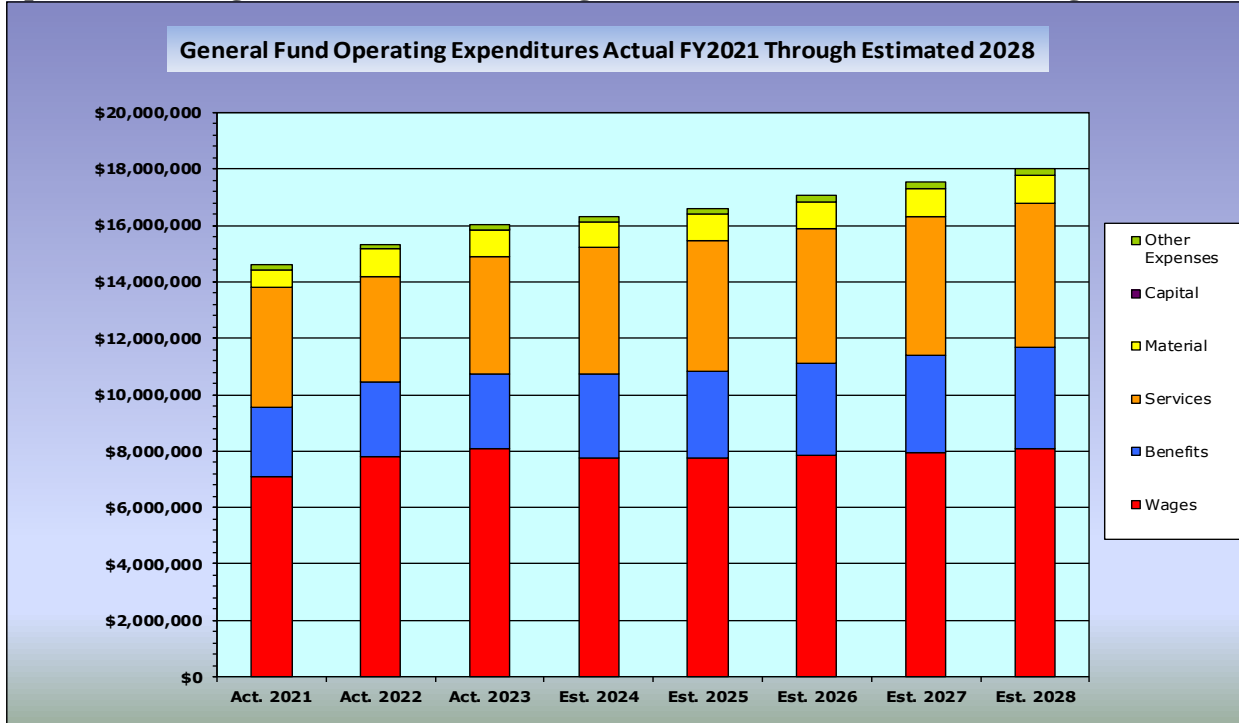
The District does not have any General Fund debt at this time.

Other Expenses – Line #4.300

Other expenses consist of membership dues, treasurer fees and dues, bank fees, election expenses and payments to the Licking County Educational Service Center (LCESC).

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	\$136,243	\$140,330	\$144,540	\$148,876	\$153,342
County ESC	7,380	7,528	7,679	7,833	7,990
Other expenses	<u>49,676</u>	<u>51,166</u>	<u>52,701</u>	<u>54,282</u>	<u>55,910</u>
Total Other Expenses Line #4.300	<u>\$193,299</u>	<u>\$199,024</u>	<u>\$204,920</u>	<u>\$210,991</u>	<u>\$217,242</u>

Total Expenditure Categories Actual FY21 through FY23 and Estimated FY24 through FY28



Transfers Out/Advances Out – Line# 5.010 and 5.050

This account group covers fund to fund transfer 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. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	\$675,646	\$675,646	\$675,646	\$675,646	\$675,646
Advances Out Line #5.020	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Transfer & Advances Out	<u>\$685,646</u>	<u>\$685,646</u>	<u>\$685,646</u>	<u>\$685,646</u>	<u>\$685,646</u>

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. Estimates are based on historic trends.

	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$65,000</u>

Reservation of Fund Balance for Budget Reserve – Line#9.03

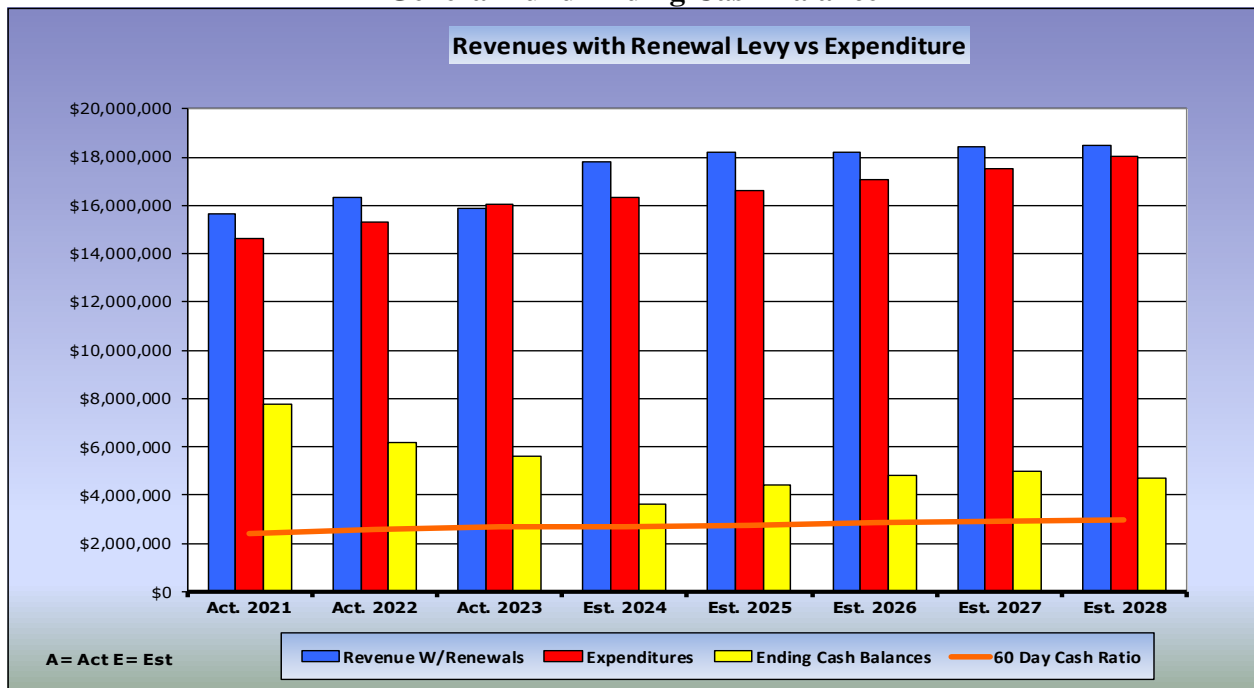
The district has established a Budget Reserve in the five year forecast beginning in FY15. The budget reservation equates to 60 days operating cash or two months of operations. These funds are withheld from being available for appropriation and for certification of 412 certificates.

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 5705.412, ORC punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to HB153 effective September 30, 2011. Below is the estimated cash balance after considering the Budget Reserve.

	FY24	FY25	FY26	FY27	FY28
Ending Cash Balance	<u>\$3,612,603</u>	<u>\$4,442,013</u>	<u>\$4,821,919</u>	<u>\$4,979,289</u>	<u>\$4,691,602</u>

General Fund Ending Cash Balance



True Cash Days Unencumbered Ending Balance

Another way to look at ending cash is to state it in “True Cash Days”. In other words, how many days could the District operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts 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.

