YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT-GREENECOUNTY

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
Yellow Springs Exempted Village School District
Treasurer's Office
Jacob McGrath, Treasurer/CFO
November 10, 2022

Yellow Springs Exempted Village

Greene County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	4,321,481	4,618,444	4,782,966	5.2%	5,003,469	4,836,885	4,944,489	3,968,915	3,337,322
1.020	Public Utility Personal Property Tax	129,328	135,204	432,935	112.4%	187,322	195,450	203,375	194,003	183,949
1.030	Income Tax	1,634,528	1,554,907	1,701,942	2.3%	1,950,702	2,009,223	2,049,408	2,090,396	2,132,204
1.035	Unrestricted State Grants-in-Aid	1,274,741	1,374,622	2,177,724	33.1%	2,452,965	2,452,696	2,453,589	2,454,500	2,455,429
1.040	Restricted State Grants-in-Aid	27,530	27,530	46,804	35.0%	228,047	228,047	228,047	228,047	228,047
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	610,843	629,769	649,356	3.1%	648,043	668,806	688,117	570,357	459,593
1.060	All Other Revenues	1,514,531	1,476,228	873,122	-21.7%	289,052	288,086	288,554	289,026	289,503
1.070	*Total Revenues*	9,512,982	9,816,704	10,664,849	5.9%	10,759,599	10,679,193	10,855,577	9,795,244	9,086,047
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	136,000	51,700	129,560	44.3%	174,442	100,000	100,000	100,000	100,000
2.060	All Other Financing Sources	107,325	149,437	66,353	-8.2%	66,353	66,353	66,353	66,353	66,353
2.070	*Total Other Financing Sources*	243,325	201,137	195,913	-10.0%	240,795	166,353	166,353	166,353	166,353
2.080	*Total Revenues and Other Financing Sources*	9,756,307	10,017,841	10,860,762	5.5%	11,000,394	10,845,546	11,021,930	9,961,597	9,252,400
	Expenditures									
3.010	Personnel Services	5,440,525	5,575,775	5,534,609	0.9%	6,223,867	6,421,885	6,664,488	6,909,703	7,164,205
3.020	Employees' Retirement/Insurance Benefits	2,189,012	2,150,126	2,309,656	2.8%	2,355,246	2,492,408	2,635,428	2,786,173	2,946,483
3.030	Purchased Services	1,468,727	1,405,820	1,291,555	-6.2%	1,575,797	1,348,829	1,434,782	1,492,173	1,551,860
3.040	Supplies and Materials	169,496	230,163	191,514	9.5%	217,373	274,357	262,588	270,466	278,580
3.050	Capital Outlay	103,978	99,447	89,923	-7.0%	213,750	133,500	133,500	133,500	133,500
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	75,900	75,900	0	-50.0%					
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	2,119	284	0	-93.3%	0	0	0	0	0
4.300	Other Objects	121,571	148,191	150,834	11.8%	154,341	158,189	162,136	166,186	170,340
4.500	*Total Expenditures*	9,571,328	9,685,706	9,568,091	0.0%	10,740,374	10,829,168	11,292,922	11,758,201	12,244,968
	Other Financing Uses									
5.010	Operating Transfers-Out	130,956	383	0	-99.9%	10,000	10,000	10,000	10,000	10,000
5.020	Advances-Out	51,700	129,560	174,442	92.6%	100,000	100,000	100,000	100,000	100,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	182,656	129,943	174,442	2.7%	110,000	110,000	110,000	110,000	110,000
5.050	*Total Expenditures and Other Financing Uses*	9,753,984	9,815,649	9,742,533	-0.1%	10,850,374	10,939,168	11,402,922	11,868,201	12,354,968
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	2,323	202,192	1,118,229	4528.5%	150,021	-93,622	-380,992	-1,906,604	-3,102,568
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,014,974	5,017,297	5,219,489	2.0%	6,337,718	6,487,739	6,394,117	6,013,125	4,106,521
7.020	*Cash Balance June 30*	5,017,297	5,219,489	6,337,718	12.7%	6,487,739	6,394,117	6,013,125	4,106,521	1,003,953
8.010	*Estimated Encumbrances June 30*	159,299	59,714	0	-81.3%	120,000	120,000	120,000	120,000	120,000
`	**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%	354,081	354,081	354,081	354,081	354,081
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*	0	0	0	0.0%	354,081	354,081	354,081	354,081	354,081

Yellow Springs Exempted Village

Greene County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
10.010	*Fund Balance June 30 for Certification of Appropriations*	4,857,998	5,159,775	6,337,718	14.5%	6,013,658	5,920,036	5,539,044	3,632,440	529,872
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	0			0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0			0.0%	0	0	0	1,110,732	1,935,500
11.300	Cumulative Balance of Replacement/Renewal Levies	0			0.0%	0	0	0	1,110,732	3,046,232
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	4,857,998	5,159,775	6,337,718	14.5%	6,013,658	5,920,036	5,539,044	4,743,173	3,576,104
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	0	0	0	0	0
13.020	Property Tax - New				0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	4,857,998	5,159,775	6,337,718	14.5%	6,013,658	5,920,036	5,539,044	4,743,173	3,576,104

Yellow Springs Exempted Village School District – Greene County
Notes to the Five Year Forecast
General Fund Only
November 10, 2022

Introduction to the Five Year Forecast

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 Ohio Department of Education 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.

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

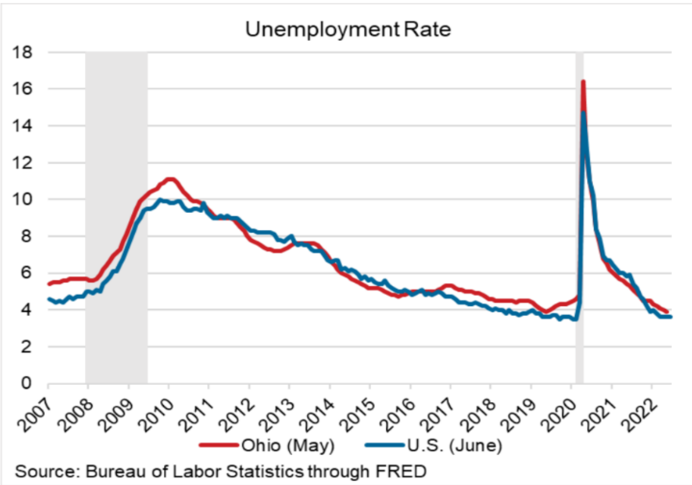
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

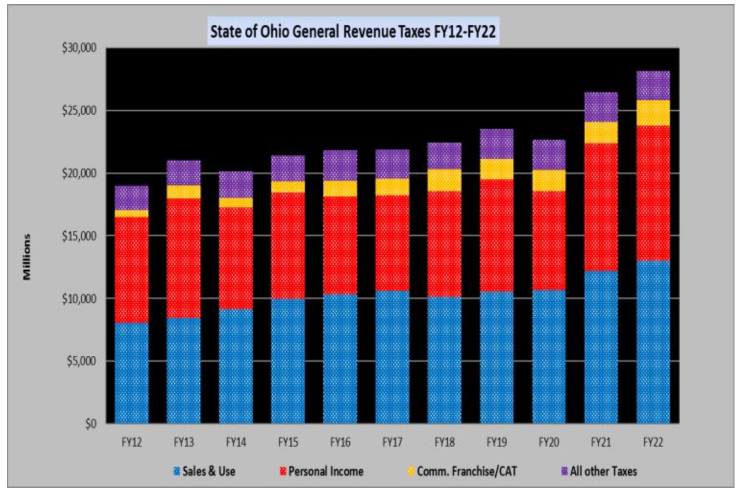
Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chains concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment, and many economists anticipate an economic recession in the first half of the calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery, the state of Ohio has enjoyed over the past two years, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.





While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next 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 to us 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 a significant 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 taxes equate to 69.06% of the district's resources.

2) Being in two different counties can pose many challenges in determining the increases or decreases in values, especially in that the reappraisals are not in the same year. The Clarke County triennial update was in 2019 collect in 2020 and Greene County experienced a reappraisal update for the 2020 tax year collected in 2021. The amount of the Clark County update was 0.04% in 2019 while the Green County update was 17.40%. We are anticipating increases for the next reappraisal for Clark County in 2022 for collection in 2023 and for Green County in 2023 for collection in 2024. There is however always a minor risk that the district could sustain a reduction in values in the next reappraisal but we do not anticipate that at this time.

3) The State Budget represents 30.94% of district revenues and is an area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27, which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

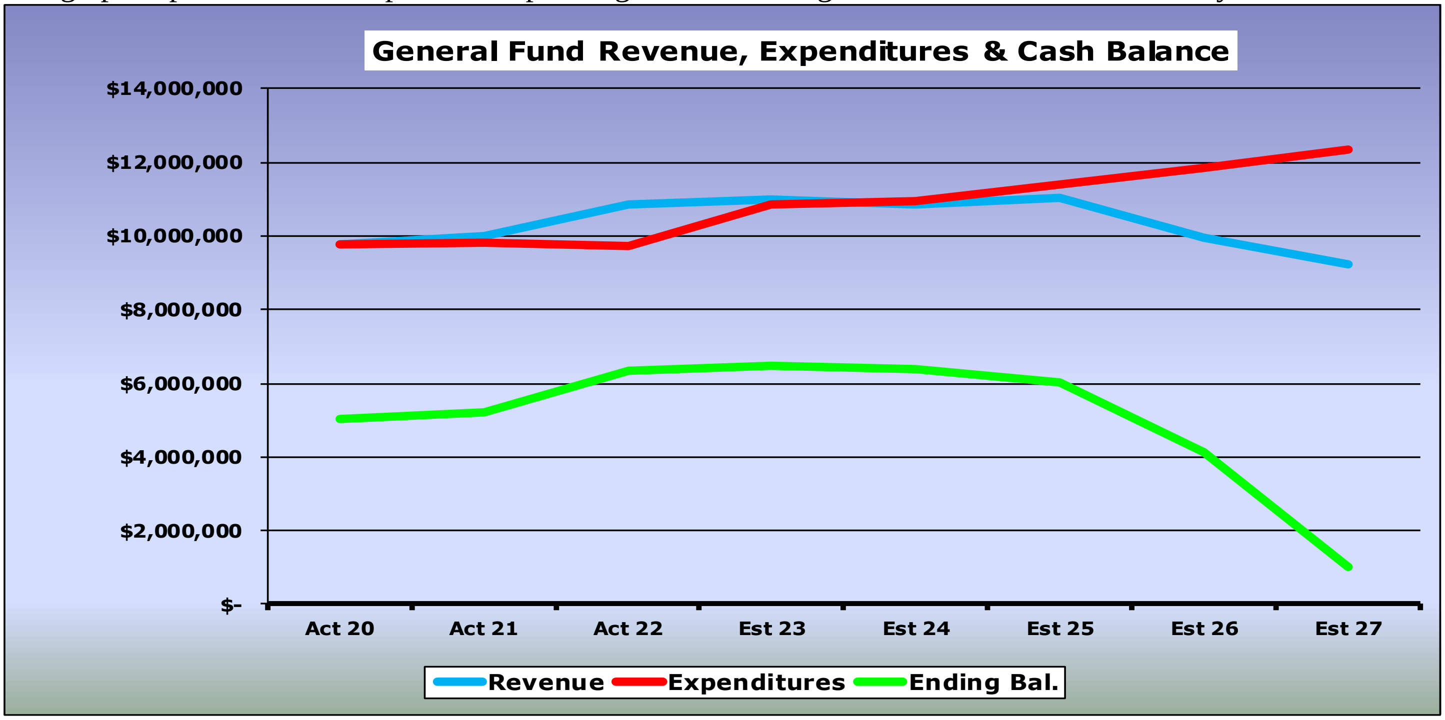
4) HB110, the current state budget implements that is being referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to the way foundation revenues 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, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. A change in expenditures beginning in FY22 also occurred, 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 historic actual costs for FY20 through FY21 potentially reflecting different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022 the legislature passed HB583 to resolves 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 direct pays costs associated with open enrollment, community and STEM schools, and for 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 deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

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

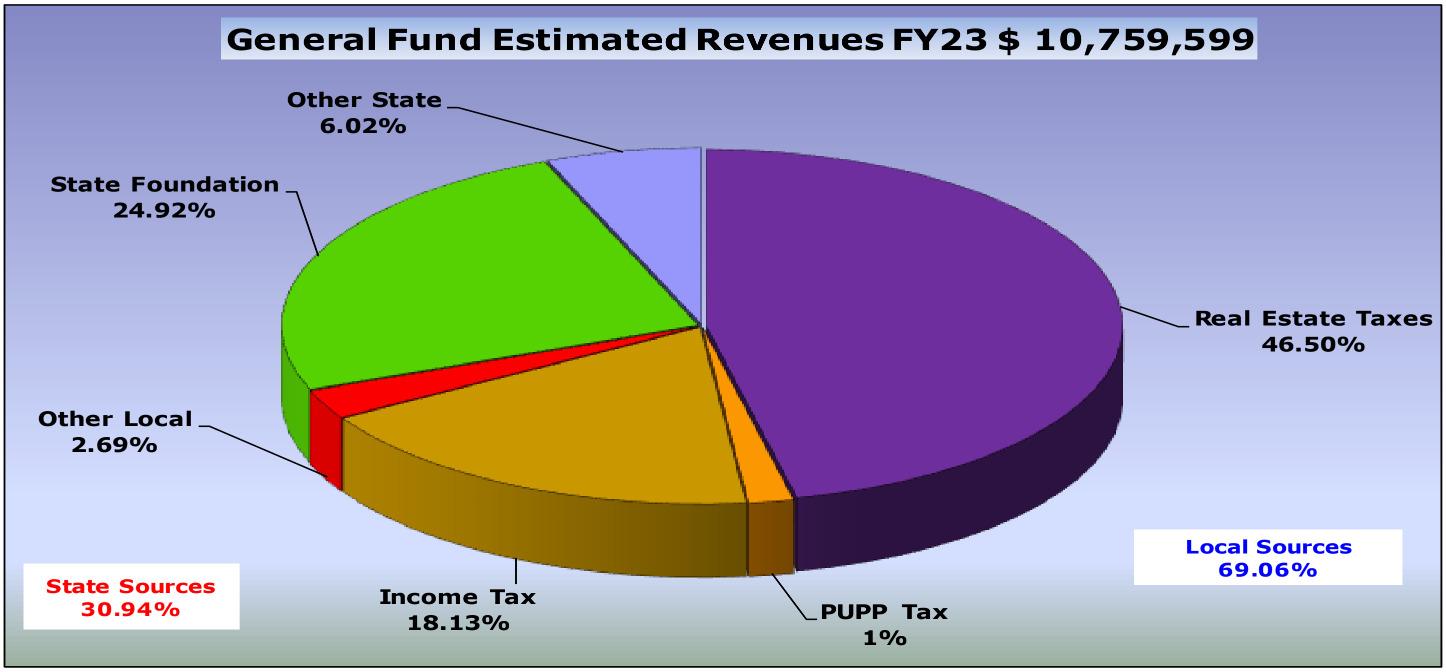
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Jacob McGrath, Treasurer/CFO.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY20-22 and Estimated FY23-27
The graph captures in one snapshot the operating scenario facing the district over the next few years.



Revenue Assumptions

All Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the Greene and Clark County Auditors based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Greene County is our main county which had their triennial update in 2020 for collection in 2021 with a 17.4% or $22.04 million increase for

Residential/Agriculture (Class I) values and an increase of 9.92% or $1.522 million for Commercial/Industrial (Class II) values and will undergo a reappraisal in 2023 to collect in 2024 which we expect an increase of 8% increase for Class I and a 3% increase in Class II. Clark County reappraisal cycle is the year before Greene County with the update in 2019 for collection in 2020 with an increase in Class I values of 0.04% and Class II increase of 0.45% and are anticipating similar amounts for the reappraisal in 2022 for collection in 2023.

HB920 allows millage rates to be lowered based on the tax amounts that were voted at the time, until the millage rates are only 20 mills for all combined operating millage rates. Once the millage rate is at 20 mills they cannot go any lower, which is called the 20 mill floor. The district is very close to the 20 mill floor for Class I in 2021 for collection in 2022 due to continued increases in new construction and from the previous updates in values. We anticipate being on the 20 mill floor with the reappraisal in Clark County in 2022 collection in 2023. Being on the 20 mill floor the district will experience growth in tax revenue as the millage can no longer be decreased when the valuation increases.

Public Utility Personal Property (PUPP) values are subject to change each year, as they are not included in the every three year appraisal cycle. We are anticipating annual increases of $150,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	152,574,404	165,760,356	166,685,356	167,732,030	173,718,991
Comm./Ind.	16,088,356	16,816,006	17,061,006	17,817,837	18,419,193
Public Utility (PUPP)	3,026,140	3,176,140	3,326,140	3,476,140	3,626,140
Total Assessed Value	171,688,899	185,752,502	187,072,502	189,026,007	195,764,324

Property tax levies are estimated to be collected at 95% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. In general, 57.39% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 42.61% collected in the August tax settlement.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Est. Property Taxes Line #1.010	$5,003,469	$4,836,885	$4,944,489	$3,968,915	$3,337,322

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

There was a phase out of TPP taxes beginning in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

The amounts on this line of the forecast consist of Public Utility Personal Property (PUPP) tax payments. The amounts noted below are tax payments from public utilities. These tax payments are collected at the district's gross voted millage rate and the values are not included in the every three year reappraisal cycle but change annually. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line 1.020

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Public Utility Personal Property Taxes	$187,322	$195,450	$203,375	$194,003	$183,949

Renewal and Replacement Levies – Line #11.020

The district will need to renew both emergency levies by December 31, 2025 during FY26. A district cannot include tax amounts for levies if they have not been voted upon for approval. Therefore, we are showing the two emergency levies on Line #11.020 until they are renewed by the voters.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Renew Emergency Levy $1,060,000	$0	$0	$0	$596,140	$1,038,800
Renew Emergency Levy $915,000	$0	$0	$0	$514,593	$896,700
Total Line # 11.020	$0	$0	$0	$1,110,732	$1,935,500

School District Income Tax – Line #1.03

The district passed an income tax (SDIT) of 1.5% effective in 1991.

As we move into post-pandemic economic times, we are seeing that income tax collections are beginning to increase with the economic recovery. So far in FY23 income tax collection statewide have increased on average around 9%. Our income tax in FY22 was up 9.41% over FY21. In July and October 2022 we noted an unusual boost in collections in SD100 returns and Withholding Collections. We will anticipate an annual growth rate of 14.66% for FY23 which is made up of the actual increases for July and October payments and 5% increase for January and April. For future years we are anticipating a 3% increase FY24 and 2% increase each year for FY25 through FY276, as the concerns over a recession may slow growth in this area. We will continue to monitor and adjust the amounts as more information is known to the district.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
SDIT Collection	$1,701,227	$1,950,702	$2,009,223	$2,049,408	$2,090,396
Adjustments	$249,475	$58,521	$40,184	$40,988	$41,808
Total to Line #1.030	$1,950,702	$2,009,223	$2,049,408	$2,090,396	$2,132,204

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. Full calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October #2 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to continue on the formula in FY24-FY27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 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, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 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
C. Personal Income of District Residents
D. Historical Funding- CAPS and Guarantees from prior funding formulas

<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 that includes base funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is estimated to be as high as $7,202 per pupil when fully phased in, 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 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 district 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 Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index ranging 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:

<u>Unrestricted Categorical State Aid</u>

1. <u>Targeted Assistance/Capacity Aid</u> – 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 districts' 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 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding, DPIA 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 0% for FY22 and 14% in FY23. There is no legislation indicating what the percentage increase may be for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on 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 & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand alone fund.

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 include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 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 less 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 full 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 a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Future State Budgets Projections beyond FY23

Our funding status for the FY24-27 will depend on two (2) new state budgets which are unknown. 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 at FY23 amounts 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 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 largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY23-27 estimated a .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 $62.82 per pupil. FY23 Casino revenues are based on the August payment with a 2% annual growth rate for the remainder of the forecast.

A) Unrestricted State Foundation Revenue – Line #1.035

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Basic Aid-Unrestricted	$2,379,132	$2,377,988	$2,377,988	$2,377,988	$2,377,988
Additional Aid Items	$30,068	$30,068	$30,068	$30,068	$30,068
Basic Aid-Unrestricted Subtotal	$2,409,200	$2,408,056	$2,408,056	$2,408,056	$2,408,056
Ohio Casino Commission ODT	$43,765	$44,640	$45,533	$46,444	$47,372
Total Unrestricted State Aid Line #1.035	$2,452,965	$2,452,696	$2,453,589	$2,454,500	$2,455,429

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economically 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 October 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-FY27 due to uncertainty on continued funding of the current funding formula.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
DPIA	$24,886	$24,886	$24,886	$24,886	$24,886
Career Tech - Restricted	$28,414	$28,414	$28,414	$28,414	$28,414
Gifted	$39,207	$39,207	$39,207	$39,207	$39,207
ESL	$1,105	$1,105	$1,105	$1,105	$1,105
Student Wellness	$134,434	$134,434	$134,434	$134,434	$134,434
Catastrophic Aid & Other Restricted	$0	$0	$0	$0	$0
Total Restricted State Revenues Line #1.0	$228,047	$228,047	$228,047	$228,047	$228,047

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected for this forecast.

Summary of State Foundation Revenues

SUMMARY	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line # 1.035	$2,452,965	$2,452,696	$2,453,589	$2,454,500	$2,455,429
Restricted Line # 1.040	$228,047	$228,047	$228,047	$228,047	$228,047
Restricted Fed. Grants - Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$2,681,011	$2,680,743	$2,681,636	$2,682,546	$2,683,475

State Taxes Reimbursement/Property Tax Allocation
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 did 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 thereafter only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead Line #1.05	$648,043	$668,806	$688,117	$570,357	$459,593

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area are excess cost, tuition for court placed students, student fees, and general rental fees. HB110, the current state budget, no longer pays a district directly for open enrollment students as part of other local revenue. This is projected below as zeros to help show the difference between projected FY23-FY27 Line 1.06 revenues and historical FY20 through FY21 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district where they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. All other revenues are expected to continue on historic trends.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Tuition	$229,020	$227,591	$227,591	$227,591	$227,591
Open Enrollment	$0	$0	$0	$0	$0
Interest	$13,713	$13,713	$13,713	$13,713	$13,713
Other Miscellaneous Receipts	$46,319	$46,782	$47,250	$47,722	$48,199
Total Line #1.06	$289,052	$288,086	$288,554	$289,026	$289,503

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

These are non-operating revenues which are the repayment of short term loans (advances) to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district does anticipates annual advance repayments of $174,442 from FY22 in FY23 then $100,000 in each year for the remainder of the forecast.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$174,442	$100,000	$100,000	$100,000	$100,000
Total Transfer & Advances In	$174,442	$100,000	$100,000	$100,000	$100,000

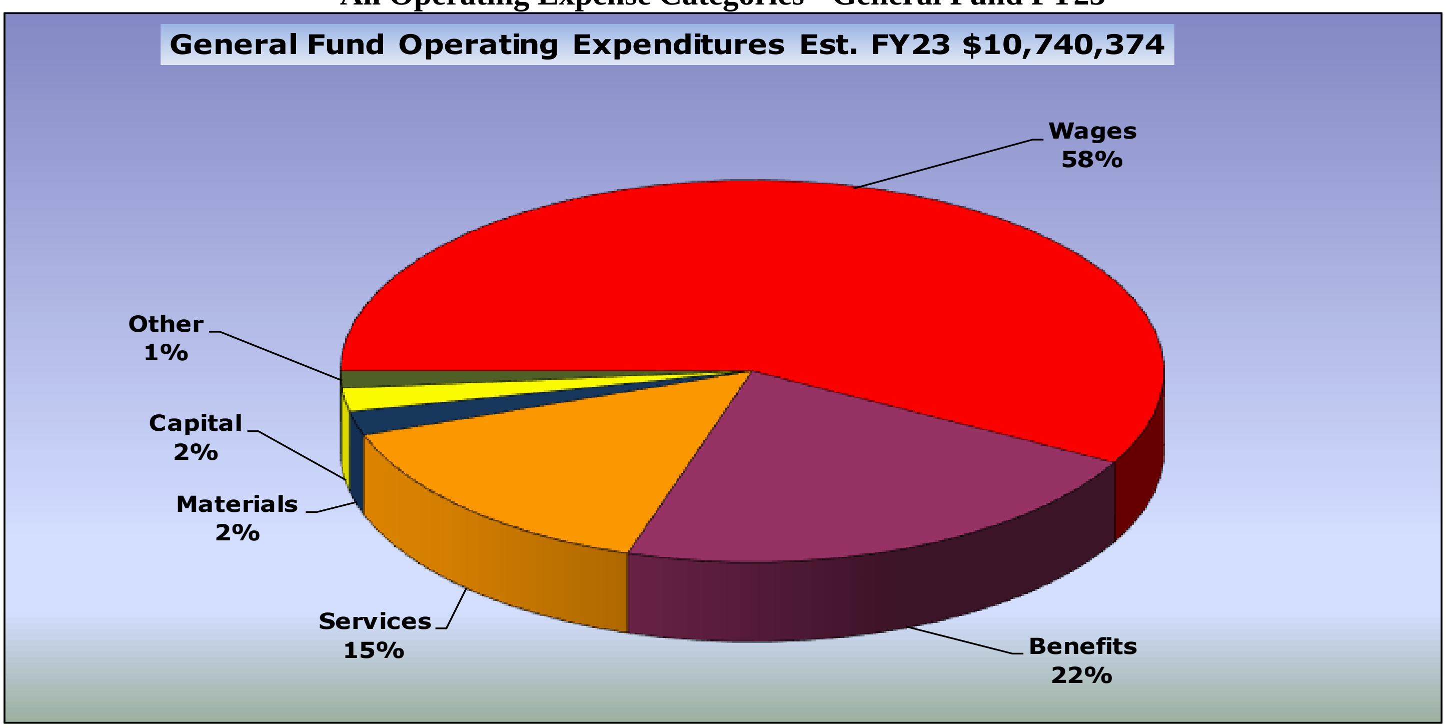
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures and one-time payments that are very unpredictable. These revenues are inconsistent year to year and we are projecting the amount based on historical refunds of prior year expenditures.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
All Other Sources	$66,353	$66,353	$66,353	$66,353	$66,353

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether with changes in curriculum or new technology needs. As the administration of the district constantly reviews expenditures the education of our students is at the forefront of decision making.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010
The district negotiated salary increases for FY23 is 7% and then a 1.5% in FY24 and FY25. For planning purposes a 2% base increase is being used in FY26 through FY27. Steps and training are projected at 1.6% each year based on historical trend. The district increased staff in FY23, for either new hires or hired the staff instead of paying for their services through the ESC of a communications specialist, maintenance worker, student advocate and a school psychologist. ESSER funding of $38,000 has been used for part of a counselor's salary and summer school salaries with returning those costs to the forecast in FY25.

Summary of Personal Services – Line #3.010

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Base Wages	$5,248,851	$5,922,352	$6,108,314	$6,338,115	$6,568,822
Base Rate Increases	$367,420	$88,835	$91,625	$126,762	$131,376
Steps & Training	$86,081	$97,127	$100,176	$103,945	$107,729
Staff Growth & Replacements	$220,000	$0	$38,000	$0	$0
Staff Reductions (Retire/Resignation)	$0	$0	$0	$0	$0
Substitutes	$125,558	$134,975	$145,098	$155,980	$167,679
Supplemental	$175,957	$178,597	$181,276	$184,901	$188,599
Severance	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0
Total Wages Line #3.010	$6,223,867	$6,421,885	$6,664,488	$6,909,703	$7,164,205

Fringe Benefits Estimates – Line #3.020

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. It is exclusively used to fund health care.

B) Insurance

Insurance Trend is adjusted upward by a composite rate for all coverage's and to allow for potential added costs of the Affordable Care Act of 3.5% in FY23 and 7.5% in FY24 through FY27.

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 based on the district's rate of .2645% of the total salaries paid for each year of the forecast. The district for the past two years has had nominal claims for Unemployment, therefore, is not forecasting any expenditure during the forecast since we are a direct reimbursement employer. By being a direct reimbursement employer 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.

E) Tuition and Other Benefits

The district reimburses staff for tuition in order to renew their licenses per the negotiated agreement.

Summary of Fringe Benefits – Line #3.020

Source	FY 23	FY 24	FY 25	FY 26	FY 27
STRS/SERS	$990,737	$1,031,256	$1,068,753	$1,107,450	$1,147,463
Insurance's	$1,243,316	$1,336,565	$1,437,927	$1,545,772	$1,661,704
Workers Comp/Unemployment	$17,947	$18,471	$19,113	$19,761	$20,434
Medicare	$90,246	$93,117	$96,635	$100,191	$103,881
Tuition and Other Benefits	$13,000	$13,000	$13,000	$13,000	$13,000
Total Fringe Benefits Line #3.020	$2,355,246	$2,492,408	$2,635,428	$2,786,173	$2,946,483

Purchased Services – Line #3.030

HB110, the current state budget, will impact Purchased Services as the Ohio Department of Education will directly pay these costs to the educating districts for open enrollment, community and STEM schools 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 FY23-FY27 Line 3.03 costs and historical FY20 through FY21 costs on the five year forecast. College Credit Pus, 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.

All lines will see a 4% increase in each year of the forecast. Additionally, the district has hired the school psychologist as an employee and is deducting those charges from the ESC amount by $100,000; increased the ESC contract by $314,000 for other services in FY23 with $290,000 of those services only for the current year and will be reduced in FY24. The district will increase facilities repair in FY23 by $50,000 which will continue throughout the forecast.

The district used $32,000 of the ESSER funding to offset some of the costs for professional services in FY23 and FY24 and will return those expenditures to the forecast in FY25.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Professional & Technical Services, ESC	$808,950	$551,308	$605,360	$629,574	$654,757
Maintenance, Insurance & Garbage Remov	$206,276	$214,527	$223,108	$232,032	$241,313
Professional Development	$21,640	$22,506	$23,406	$24,342	$25,316
Communications, Postage, & Telephone	$65,347	$67,961	$70,680	$73,507	$76,447
Utilities	$164,127	$170,692	$177,519	$184,620	$192,005
Tuition, & Excess Costs	$264,272	$274,843	$285,837	$297,270	$309,161
Open Enrollment & Community School Co:	$0	$0	$0	$0	$0
College Credit Plus	$38,703	$40,251	$41,861	$43,535	$45,277
Other Adjustments SWSF, CARES, Etc.	$0	$0	$0	$0	$0
Miscellaneous Purchased Services	$6,482	$6,742	$7,011	$7,292	$7,583
Total Purchased Services Line #3.030	$1,575,797	$1,348,829	$1,434,782	$1,492,173	$1,551,860

Supplies and Materials – Line #3.040

On average an inflation rate of 4% is being estimated for this category of expenses which are characterized by classroom supplies, textbooks, copy paper, maintenance supplies, and materials each year of the forecast. Instruction supplies and textbooks are increasing greater than the 4% for inflation which the district is adding an additional $8,830 for those costs. The district is increasing the transportation fuel and supplies by 5% in FY23 and FY24 and then lowering it to 3% in FY25 through FY27. The district expects to purchase math textbooks in

FY24 for an additional $50,000 in that year only. ESSER funding of $30,000 has been used to offset costs in the forecast, with these costs being returned in FY25 for instructional supplies.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
General & Instructional Supplies	$79,443	$81,826	$114,281	$117,709	$121,241
Textbooks, Library & Periodicals	$81,400	$133,842	$87,857	$90,493	$93,208
Facility Supplies & Materials	$33,367	$34,368	$35,399	$36,461	$37,555
Transportation Fuel & Supplies	$23,163	$24,321	$25,051	$25,802	$26,576
Other & adjustments SWSF, CARES, Etc	$0	$0	$0	$0	$0
Total Supplies Line #3.040	$217,373	$274,357	$262,588	$270,466	$278,580

Equipment – Line # 3.050

The district uses the Permanent Improvement for many of the equipment needs of the district. The amounts included are for facility upkeep in FY23 and miscellaneous equipment needed throughout the district.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Capital Outlay	$113,750	$133,500	$133,500	$133,500	$133,500
Technology	$0	$0	$0	$0	$0
Facility Upkeep	$100,000	$0	$0	$0	$0
Replacement Bus Purchases	$0	$0	$0	$0	$0
Total Equipment Line #3.050	$213,750	$133,500	$133,500	$133,500	$133,500

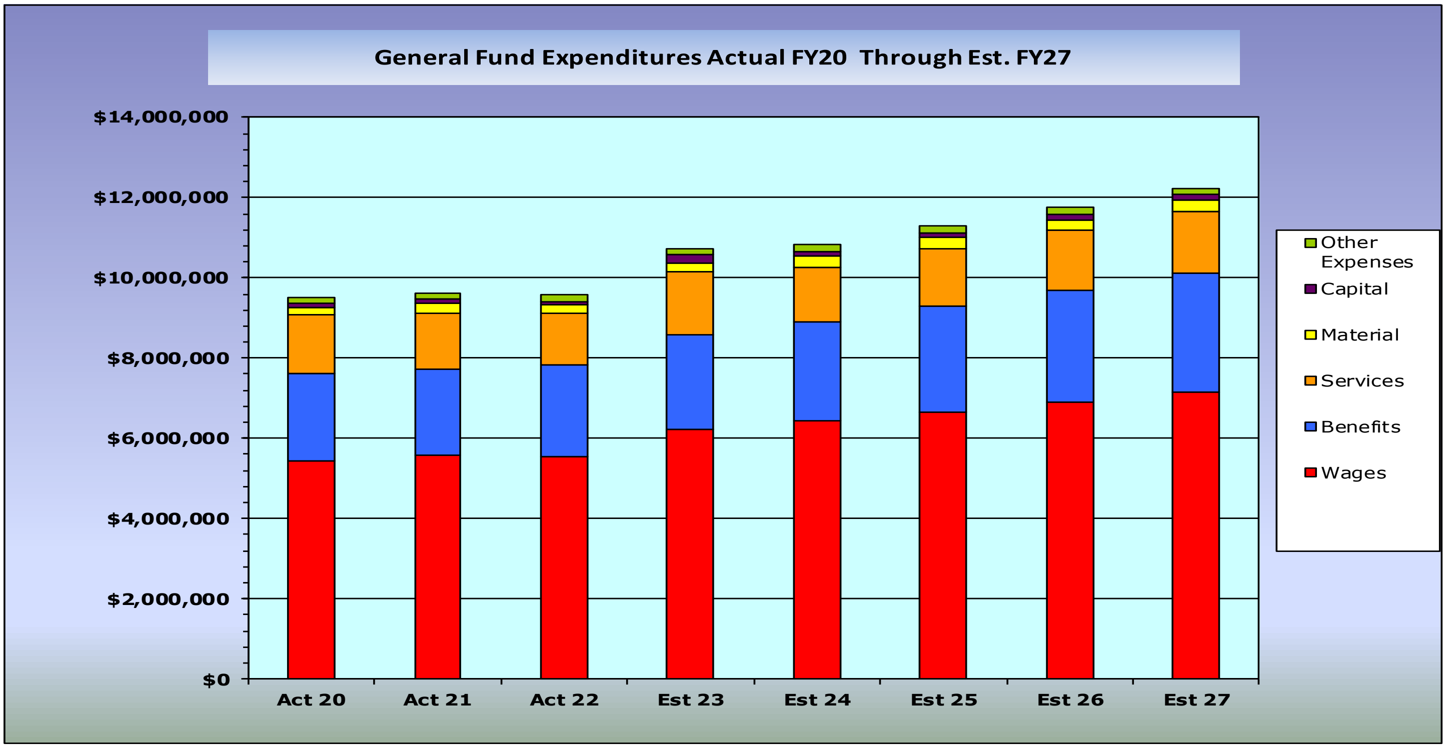
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, SDIT collection fees and our annual audit and other miscellaneous expenses. The district uses an average increase of 2.5% for the annual increase for this area.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Auditor & Treasurer Fees & SDIT Fees	$76,058	$78,340	$80,690	$83,111	$85,604
ESC	$29,986	$30,586	$31,197	$31,821	$32,458
Other expenses	$48,297	$49,263	$50,248	$51,253	$52,278
Total Other Expenses Line #4.300	$154,341	$158,189	$162,136	$166,186	$170,340

Operating Expenditures Actual FY20 through FY22 and Estimated FY20 through FY27

The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund transfer and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district transfers funds to the cafeteria fund each year of the forecast. The advances are to cover the federal funds that have not been received at the end of the fiscal year which will be repaid in the following fiscal year.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Operating Transfers Out Line #5.010	$10,000	$10,000	$10,000	$10,000	$10,000
Advances Out Line #5.020	$100,000	$100,000	$100,000	$100,000	$100,000
Total Transfer & Advances Out	$110,000	$110,000	$110,000	$110,000	$110,000

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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Estimated Encumbrances	$120,000	$120,000	$120,000	$120,000	$120,000

Reservations of Fund Balance – Line #9.080

The district has established a budget reserve for each year of the forecast that can only be used by board approval.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Textbooks & Materials- Line 9.010	$0	$0	$0	$0	$0
Capital Improvements- Line 9.020	$0	$0	$0	$0	$0
Budget Reserve - Line 9.030	$354,081	$354,081	$354,081	$354,081	$354,081
DPIA - Line 9.040	$0	$0	$0	$0	$0
Fiscal Stabilization - Line 9.045	$0	$0	$0	$0	$0
Debt Service - Line 9.05	$0	$0	$0	$0	$0
Property Tax Advances Future Year- Line	$0	$0	$0	$0	$0
State Bus Purchases- Line 9.070	$0	$0	$0	$0	$0
Total Reservations of Balance- Line #9.080	$354,081	$354,081	$354,081	$354,081	$354,081

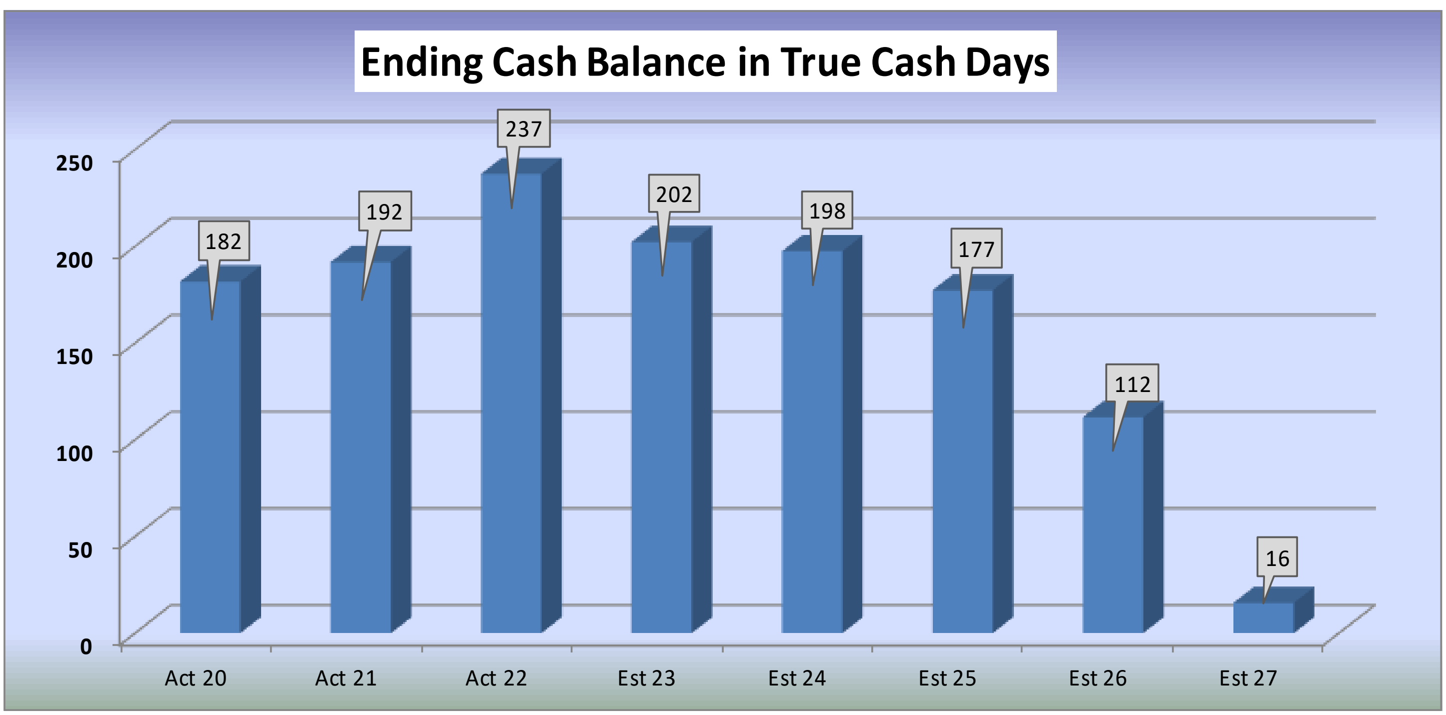
Ending Unreserved Cash Balance – Line#15.010

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 which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Ending Cash Balance	$6,013,658	$5,920,036	$5,539,044	$4,743,173	$3,576,104

True Cash Days

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 district's complexity and risk factors for revenue collection. The chart below does not include the renewal of the levies.



CONCLUSION

Yellow Springs Exempted Village Schools receives 30.94% of it's funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The current state budget, HB110, has now been updated for the November forecast using the Fair School Funding Plan. Future state budgets funding will need to be watched since, the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY24-FY27.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.