WESTERVILLE CITY SCHOOL DISTRICT - FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

Forecast Provided By
Westerville City School District
Treasurer's Office
Mrs. Nicole Marshall, Treasurer/CFO

May 20, 2024

Westerville City School District

Franklin County

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

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$118,771,781	$128,225,555	$129,583,224	4.5%	$131,881,862	$134,677,668	$135,313,333	$136,318,701	$137,327,476
1.020	Public Utility Personal Property Tax	4,343,615	5,031,134	5,448,342	12.1%	6,208,295	6,190,143	6,283,037	6,368,081	6,452,875
1.035	Unrestricted State Grants-in-Aid	44,676,570	36,087,598	36,612,023	-8.9%	40,114,418	36,261,385	36,132,519	36,259,511	36,321,822
1.040	Restricted State Grants-in-Aid	1,380,584	3,137,841	3,386,469	67.6%	4,308,336	3,989,845	4,142,286	4,093,524	4,055,500
1.050	State Share of Local Property Taxes	14,167,466	14,346,594	14,371,141	0.7%	14,515,348	14,817,305	14,875,543	14,987,943	15,102,756
1.060	All Other Revenues	10,583,546	13,485,741	23,620,474	51.3%	18,576,000	17,858,332	16,322,652	14,743,335	13,434,594
1.070	*Total Revenues*	$193,923,562	$200,314,463	$213,021,673	4.8%	$215,604,259	$213,794,678	$213,069,370	$212,771,095	$212,695,023
	Other Financing Sources									
2.050	Advances-In	0	0	0	0.0%	223,983	0	0	0	0
2.060	All Other Financing Sources	$2,755,026	$976,106	$1,128,795	-24.5%	$1,020,000	$2,020,000	$1,020,000	$1,020,000	$1,020,000
2.070	*Total Other Financing Sources*	$2,755,026	$976,106	$1,128,795	-24.5%	$1,243,983	$2,020,000	$1,020,000	$1,020,000	$1,020,000
2.080	*Total Revenues and Other Financin*	$196,678,588	$201,290,569	$214,150,468	4.4%	$216,848,242	$215,814,678	$214,089,370	$213,791,095	$213,715,023
	Expenditures									
3.010	Personal Services	$107,023,853	$112,457,667	$117,996,743	5.0%	$123,654,109	$137,812,976	$144,704,024	$151,729,746	$159,129,306
3.020	Employees' Retirement/Insurance Bene	37,286,546	38,506,099	39,655,376	3.1%	44,091,021	50,369,848	53,532,175	57,773,928	62,529,170
3.030	Purchased Services	20,456,313	12,838,211	14,233,079	-13.2%	17,464,751	19,101,461	19,308,357	19,633,275	19,977,396
3.040	Supplies and Materials	5,129,801	6,853,994	6,843,748	16.7%	7,654,908	9,911,171	10,182,386	10,115,217	9,887,662
3.050	Capital Outlay	2,844,798	4,058,352	3,435,136	13.7%	3,644,507	6,252,414	3,743,484	3,546,789	2,975,968
4.300	Other Objects	10,525,933	11,196,228	11,890,857	6.3%	13,954,481	14,848,155	15,266,237	15,696,315	16,138,737
4.500	*Total Expenditures*	$183,267,244	$185,910,551	$194,054,939	2.9%	$210,463,777	$238,296,025	$246,736,663	$258,495,270	$270,638,239
	Other Financing Uses									
5.010	Operating Transfers-Out	$65,000	$65,000	$119,153	41.7%	$30,165,000	$165,000	$165,000	$165,000	$165,000
5.020	Advances-Out	0	0	223,983	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$65,000	$65,000	$343,136	214.0%	$30,165,000	$165,000	$165,000	$165,000	$165,000
5.050	*Total Expenditures and Other Finan*	$183,332,244	$185,975,551	$194,398,075	3.0%	$240,628,777	$238,461,025	$246,901,663	$258,660,270	$270,803,239
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$13,346,344	$15,315,018	$19,752,393	21.9%	($23,780,535)	($22,646,347)	($32,812,293)	($44,869,175)	($57,088,216)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$131,814,406	$145,160,750	$160,475,768	10.3%	$180,228,161	$156,447,626	$133,801,279	$100,988,986	$56,119,811
7.020	*Cash Balance June 30*	$145,160,750	$160,475,768	$180,228,161	11.4%	$156,447,626	$133,801,279	$100,988,986	$56,119,811	($968,405)
8.010	*Estimated Encumbrances June 30*	$5,148,292	$4,710,318	$4,741,911	-3.9%	$5,000,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$19,000,000	$19,000,000	$19,000,000	0.0%	$10,707,523	$10,780,213	$10,689,734	$10,653,469	$10,638,555
9.080	*Subtotal*	$19,000,000	$19,000,000	$19,000,000	0.0%	$10,707,523	$10,780,213	$10,689,734	$10,653,469	$10,638,555
10.010	*Fund Balance June 30 for Certification of Appropriations*	$121,012,458	$136,765,450	$156,486,250	13.7%	$140,740,103	$118,021,066	$85,299,252	$40,466,342	($16,606,960)
11.300	Cumulative Balance of Renewal Lev	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$121,012,458	$136,765,450	$156,486,250	13.7%	$140,740,103	$118,021,066	$85,299,252	$40,466,342	($16,606,960)
	Revenue from New Levies									
13.020	Property Tax - New	$0	$0	$0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$121,012,458	$136,765,450	$156,486,250	13.7%	$140,740,103	$118,021,066	$85,299,252	$40,466,342	($16,606,960)

Westerville City School District – Franklin and Delaware Counties
Notes to the Five Year Forecast
General Fund Only
May 20, 2024

Introduction to the Five Year Forecast

A forecast is a snapshot of today. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), any future tax levies, inflation and the cost of doing business. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables the district's leadership team to examine future years' projections and identify when challenges will arise. This then helps district leadership to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum when required under the statute.

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

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

Below are three essential purposes or objectives of the five-year forecast:

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-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 May 2024 filing.

May 2024 Updates:

<u>Revenues FY24</u>

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $215.6 million or $313,486 higher than the November forecasted amount of $215.29 million. This indicates that the November forecast was 99.85% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 64.1% and are estimated to be $138.09 million, which is $821,904 higher for FY24 than the original November estimate of $137.27 million. This is due to the large tax year reappraisal increase for tax year 2023. The district sees some growth on a small portion of inside millage from property value increases and new construction (if revenue on new construction is not abated or diverted). Voted levies are generally subject to reduction factors, which limits growth revenues. Our estimates are 99.4% accurate for FY24 and should mean future projections are also on target.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $44.42 million, which is $538,241 lower than the original estimate for FY24. We are pleased that we were able to be 98.8% accurate for FY24. We are currently on the formula and are expected to move to a guarantee district starting in FY25 due the large tax year 2023 reappraisal increase. We are anticipating an over $4 million decrease in state funding for FY25 due to the 2023 reappraisal.

All areas of revenue overall are tracking as anticipated for FY24 based on our best information at this time.

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $210.46 million for FY24, which is $865,269 lower than the original estimate of $211.33 million in the November forecast, which is roughly 99.59% on target with initial estimates.

A one-time transfer out has been added under Other Financing Uses. This transfer has been added to allow the district to proceed with much needed capital projects and reduce the bond millage for the November 2024 ballot issue.

Unreserved Ending Cash Balance

Ending unreserved cash balance June 30, 2024, is anticipated to be roughly $140.74 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

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 from deliberation of the following two (2) state biennium budgets for FY26-FY27 and FY28-FY29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 72.7% of the district's resources for FY24. Our tax collections in the August 2023 and March 2024 settlements showed average collection trends. We believe there is a low risk that local collections will fall below projections throughout the forecast.

2) We have property in Franklin and Delaware Counties which both experienced a reappraisal update in the 2023 tax year to be collected in FY24. The 2023 update increased overall assessed values by $1.061 billion or an increase of 34.13%, which includes reappraisal and new construction for Class I and II property. An update will occur in tax year 2026 for collection in calendar year 2027. We anticipate average value increases for Class I and Class II property of approximately 5.45% and 3.67%, respectively.

The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

3) The state budget is projected to be at 27.3% of district revenues in the current fiscal year, which means it is a significant risk to the 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-FY27 and FY28-FY29. Future uncertainty in the state foundation funding formula and the state's economy makes 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 current state biennium). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel 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.

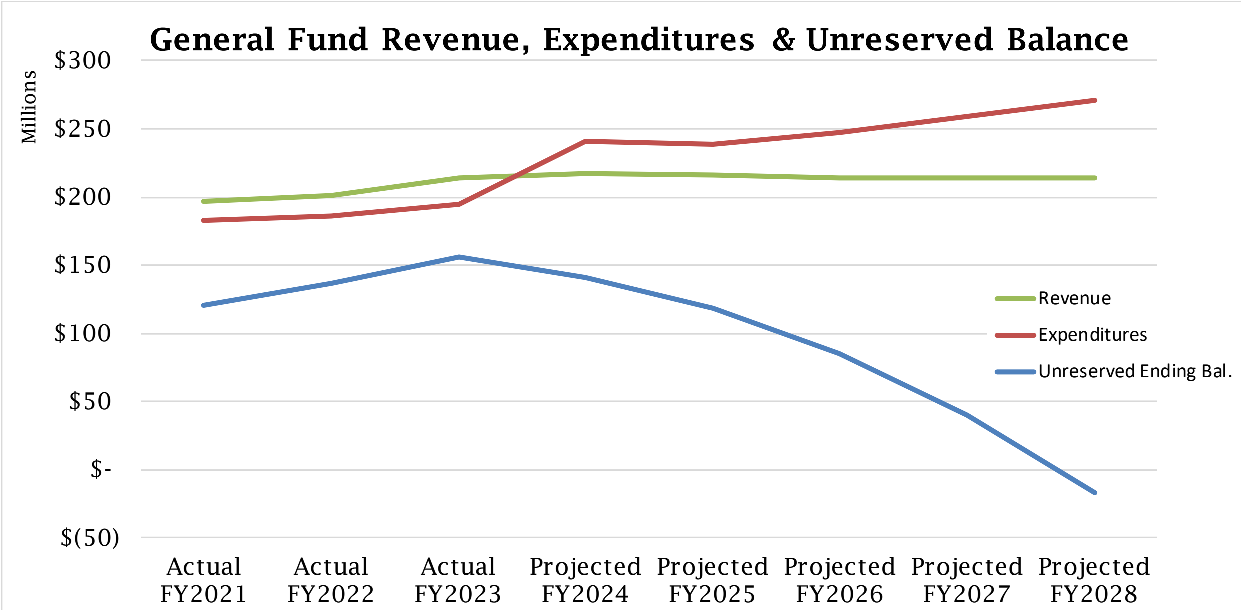
4) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost in year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding 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. Our state aid is expected to be reduced significantly in FY25 as the state is updating local wealth data (increasing our local share), but keeping the cost data the same as the previous year. The cost data is calculated using FY22 cost sets for both years of the biennium, which is outdated by two years for FY24 and three years for FY25.

5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature. The state continues to add resources to private schools and reduce resources for public schools.

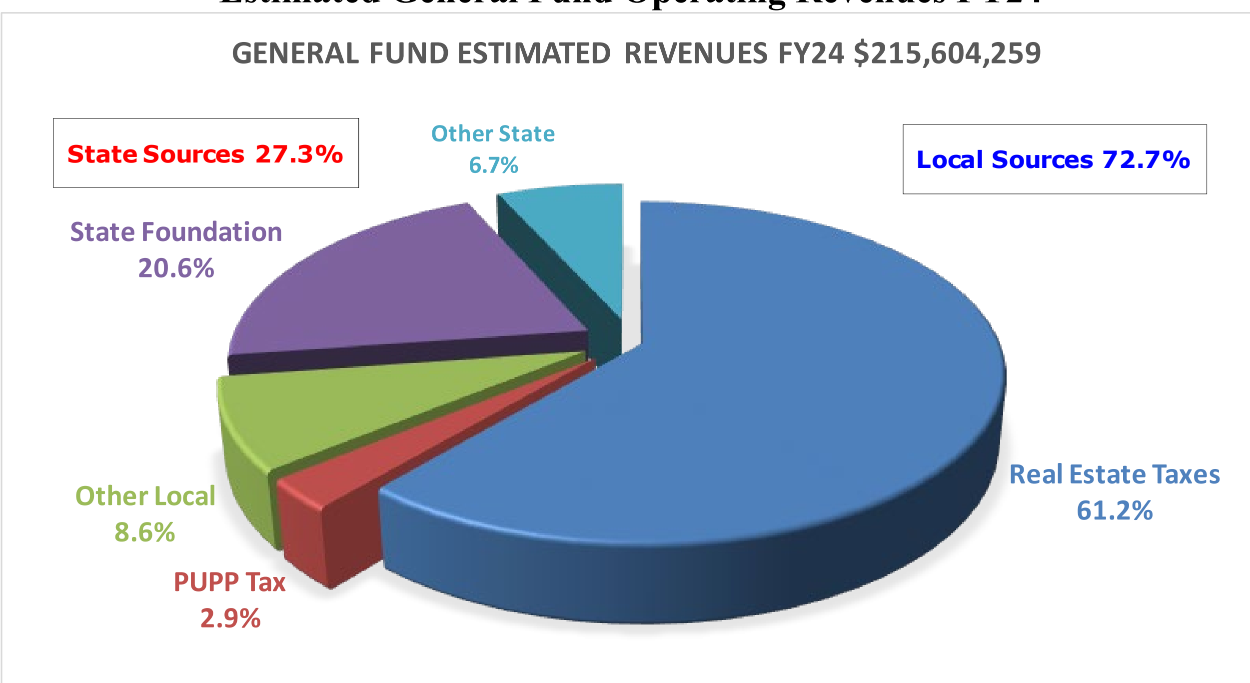
Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. Our positive working relationship will continue and grow stronger as we move forward.

The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below to understand the overall financial forecast for our district. If you want further information, please contact Mrs. Nicole Marshall, Treasurer/CFO of Westerville City School District at 614.797.5765.

General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28
The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions
Estimated General Fund Operating Revenues FY24



Real Estate Value Assumptions – Line #1.010
Our district has assessed property value in Franklin and Delaware Counties. Franklin and Delaware Counties experienced a reappraisal update in Tax Year 2023 for collection in 2024. We realized an increase in Class I (residential/agricultural) values of $934.16 million for the reappraisal update or 36.12% increase, and Class II (commercial/industrial) values of $83.48 million or 15.97% increase. Due to House Bill 920 in Ohio law, an increase in property values does not generally provide for increases in property tax revenues on voted levies for existing properties for Westerville Schools.

New construction in tax year 2023 was $26.12 million for Class I, and $5.25 million for Class II. New construction value increases bring some additional revenue to our district. New construction will increase annual revenue for all classes of property, and we have projected historic trends for new commercial construction in addition to housing developments.

A reappraisal update will occur in Franklin and Delaware counties in tax year 2026 for collection in 2027. We anticipate value increases for Class I and Class II property of 5% and 2%, respectively. When values increase due to reappraisals and updates (inflationary increases), reduction factors are increased and House Bill 920 decreases effective tax rates, so the district tax revenues do not grow except for 3.8 inside unvoted mills. The district is well above the 20-mill floor for residential and commercial property so increases due to reappraisals or updates will only increase revenue by 3.8 inside mills. We are projecting Class I new construction of approximately $17.0 million each year and Class II new construction of $5.0 million each year, for the FY25 through FY28 period. The district does see some growth in revenue for new construction if the property taxes have not been abated. Generally, the district receives 50% of the revenue for new construction where abatements exist.

We have adjusted values by $15.05 million through tax year 2025 to be collected in 2026 for known expiring tax abatement values which are noted in commercial industrial values on the following table. Taxes will go up when this happens and Payment in Lieu of Taxes (PILOT's) in other income Line 1.06 will decrease.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR2025 COLLECT 2026	Estimated TAX YEAR2026 COLLECT 2027	Estimated TAX YEAR2027 COLLECT 2028
Res./Ag.	$3,566,360,990	$3,581,473,440	$3,597,704,603	$3,795,312,006	$3,813,908,962
Comm./Ind.	603,708,660	607,708,660	611,708,660	628,499,473	633,605,473
Public Utility Personal Property (PUPP)	81,329,130	82,579,130	83,829,130	85,079,130	86,329,130
Total Assessed Value	$4,251,398,780	$4,271,761,230	$4,293,242,393	$4,508,890,609	$4,533,843,565

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
Total Line #1.01 Real Estate Taxes	$131,881,862	$134,677,668	$135,313,333	$136,318,701	$137,327,476

The increase on Line 1.01 in FY21 and FY22 is largely a result of the passage of the new 5.9 mill levy on November 5, 2019. The collection of the new levy was delayed one (1) year until calendar year 2021, so the increase in FY21 and FY22 is for the new levy, in addition to new construction and reappraisal updates.

Property tax levies are estimated to be collected at 98.6% of the annual amount. This allows a 1.4% delinquency factor. In general, 52.20% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.8% in the August tax settlement.

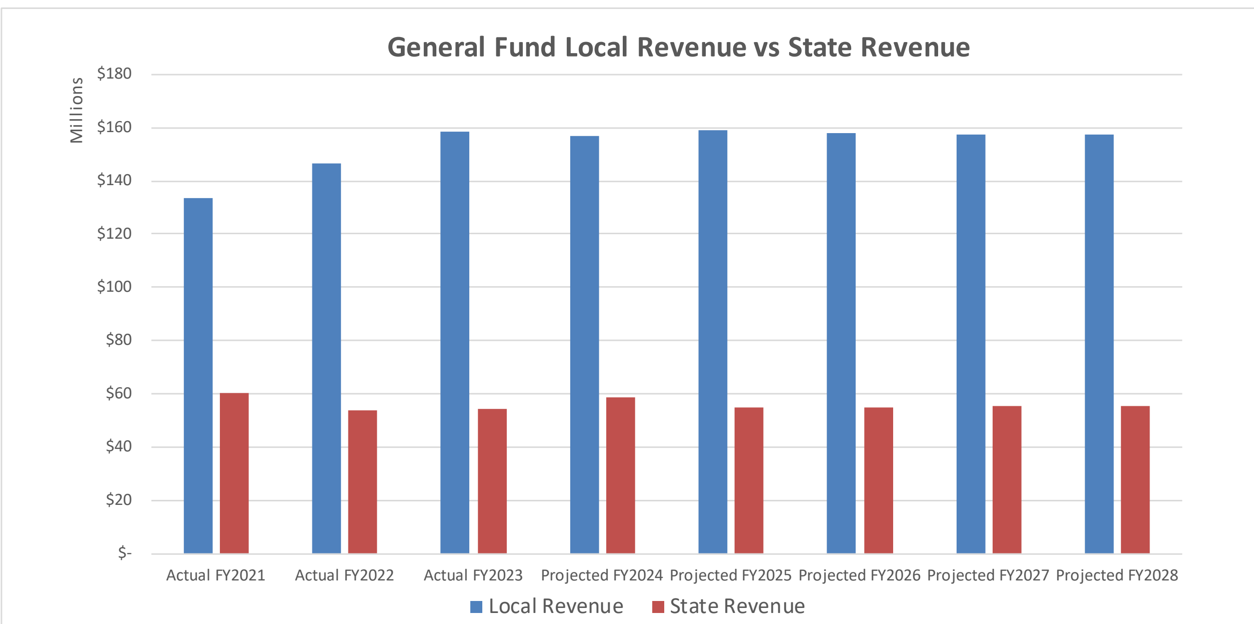
Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in March and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020
The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. PUPP assessed values were $81.33 million in 2023 and is always collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2023 rose by 5.7% or $4.36 million and are expected to grow by $1.25 million of assessed value each year of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property	$6,208,295	$6,190,143	$6,283,037	$6,368,081	$6,452,875

New Tax Levies – Line #13.030
No new levies are modeled in this forecast. The district anticipates the need of an operating levy on the November 2024 ballot in order to maintain current operations and programs.

Comparison of Local Revenue and State Revenue
The following graph clearly shows that local taxpayers are the largest source of district operating dollars as the state funding formula is lacking to help fund the district adequately. It is also apparent that revenue growth from the state has been and is projected to be mostly flat. The sharp decrease from FY21 to FY22 is due to revenues being calculated for the school funding formula subtracting out previously deducted expenditures for community, STEM and private schools.



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation & Casino Revenue – Line #1.035
House Bill 33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the April 20243 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to be a guarantee district due to the large reappraisal increase in Tax Year 2023 beginning in FY25. The state share funding calculation for FY25 is decreasing by over 7% from FY25.   FY25 through FY28 estimates are based on FY25 funding and assumes continuing the Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding
The current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24 and FY25. 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 the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open-enrolled students being educated in each district) and multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 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 the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds 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 four (4) casinos to open 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% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds are 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 FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$36,845,486	$32,857,672	$32,714,345	$32,826,660	$32,874,073
Additional Aid Items	2,319,137	2,439,655	2,439,655	2,439,655	2,439,655
Basic Aid-Unrestricted Subtotal	39,164,623	35,297,327	35,154,000	35,266,315	35,313,728
Ohio Casino Commission ODT	949,795	964,058	978,519	993,196	1,008,094
Total Unrestricted State Aid Line #1.035	$40,114,418	$36,261,385	$36,132,519	$36,259,511	$36,321,822

B) Restricted State Foundation Revenue – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Language Learners (ELL) and Student Wellness. Using current March 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, 33.34% in FY23. We have flat lined funding at FY23 levels for FY24 to FY28 due to uncertainty on continued funding of the current funding formula.

HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials (HQIM) purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $247,269 from this one-time subsidy in FY24 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY24	FY25	FY26	FY27	FY28
Disadvantaged Pupil Impact Aid	$1,073,077	$1,232,766	$1,414,486	$1,583,434	$1,583,434
Career Tech - Restricted	338,035	299,540	328,550	285,067	277,221
Gifted	669,534	571,336	538,537	435,384	415,099
English Language Learners	549,592	455,993	430,503	359,429	349,536
Student Wellness	1,396,359	1,395,740	1,395,740	1,395,740	1,395,740
Other Restricted State Funds	247,269	0	0	0	0
Career Awareness	34,470	34,470	34,470	34,470	34,470
Total Restricted State Revenues Line #1.040	$4,308,336	$3,989,845	$4,142,286	$4,093,524	$4,055,500

C) Restricted Federal Grants in Aid – Line #1.045
There are no federal restricted grants projected during this forecast.

SUMMARY	FY24	FY25	FY26	FY27	FY28
Unrestricted Line #1.035	$40,114,418	$36,261,385	$36,132,519	$36,259,511	$36,321,822
Restricted Line #1.040	4,308,336	3,989,845	4,142,286	4,093,524	4,055,500
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$44,422,754	$40,251,230	$40,274,805	$40,353,035	$40,377,322

State Taxes Reimbursement/State Share of Local Property Taxes (formerly Property Tax Allocation)
Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that 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 and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead Line #1.050	$14,515,348	$14,817,305	$14,875,543	$14,987,943	$15,102,756

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, donations and general rental fees.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2025, 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 about 60% of pre-pandemic levels due to current staffing issues. All other revenues are expected to continue on historical trends.

Tuition from other sources and districts (SF14 & SF14H) totaled $3.03 million in FY23, which is 14.5% more than FY22 collection. This increase was a result of the return to 100% all-day kindergarten fees. In FY21 the district reduced the fee for all day kindergarten to 50% during blended learning and no tuition was charged during remote learning. In FY23 Tuition increased over FY22 due to an increase in the Tuition Fee. Tuition from other districts is a very volatile category and difficult to project until well into the fiscal year as student data is obtained from other districts. At this time we will continue monitoring this line of the forecast for future projections.

Payment in lieu of taxes (PILOT) was the largest category in FY23 at $8.0 million which was an increase about $727,000 over FY22. As mentioned on the real estate revenue note the district has certain exempted property and the PILOT payments that will expire. As a result, real estate tax revenue will increase and PILOT revenue will decrease over time unless new developments have PILOT agreements. As new tax incentive agreements are approved by local governments, this line will be adjusted.

Unfortunately, HB126 was passed at the end of FY22 that will severely curtail all districts in Ohio from contesting valuation adjustments which are sought by businesses, often times without adequate supporting documentation showing a fair value. This legislation is severely one sided and will likely end in other commercial tax payers paying higher taxes when these values for some are lowered unjustly. This is an example of legislation that is passed that significantly impacts our local revenues. The $6.12 million in FY23 is equivalent to a 1.92 mill levy. Since HB126 eliminated settlements between school districts and property owners whose property was undervalued, property owners rushed to settle outstanding cases prior to HB126 taking effect in FY23. This resulted in a one-time influx of over $6 million in FY23. We anticipate a small amount in FY24 then this revenue is eliminated going forward.

The fourth largest category in line 1.06 is interest earnings which totaled $4.9 million in FY23 and was $784,000 in FY22. We anticipate interest will be $7.01 million in FY24 before falling as fed fund rates are anticipated to peak and decline later in 2024. As expected, in FY21 and FY22 interest revenue declined significantly due to federal interest rate reductions which impacted our earning capability in this area. Interest rates have since increased to above pre-pandemic levels as the Federal Reserve has raised interest rates to curb inflation. We will continue to manage our funds safely but also to push portfolio performance to maximum investments. We expect our earning capability to decline as our cash balance is projected to decline throughout the forecast period.

Rental income increased $184,972 to $522,094 in FY23 over FY22 as the pandemic eased and the district reduced restrictions on renting facilities, but is still down significantly from FY19 levels of over $900,000. The district continues to assess its rental process in a post-pandemic environment. All other revenues are expected to continue on historic trends.

Source	FY24	FY25	FY26	FY27	FY28
Tuition payments	$3,228,500	$3,293,070	$3,358,931	$3,426,110	$3,494,632
PILOT Payments	7,015,000	7,015,000	6,984,246	6,967,055	6,935,868
Board of Revision Settlements	0	0	0	0	0
Interest	7,012,000	6,229,762	4,658,975	3,029,670	1,683,594
Student Fees	694,000	694,000	694,000	694,000	694,000
Rental Fees	475,000	475,000	475,000	475,000	475,000
Miscellaneous Receipts	151,500	151,500	151,500	151,500	151,500
Total Line #1.060	$18,576,000	$17,858,332	$16,322,652	$14,743,335	$13,434,594

Transfers In / Return of Advances – Line #2.040 & Line #2.050
The district has advances out in FY23 expected to return in FY24.

All Other Financial Sources – Line #2.060 & Line #14.010
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY24, but we do anticipate Medicaid reimbursements and other inconsistent form of refunds. We also expect a one-

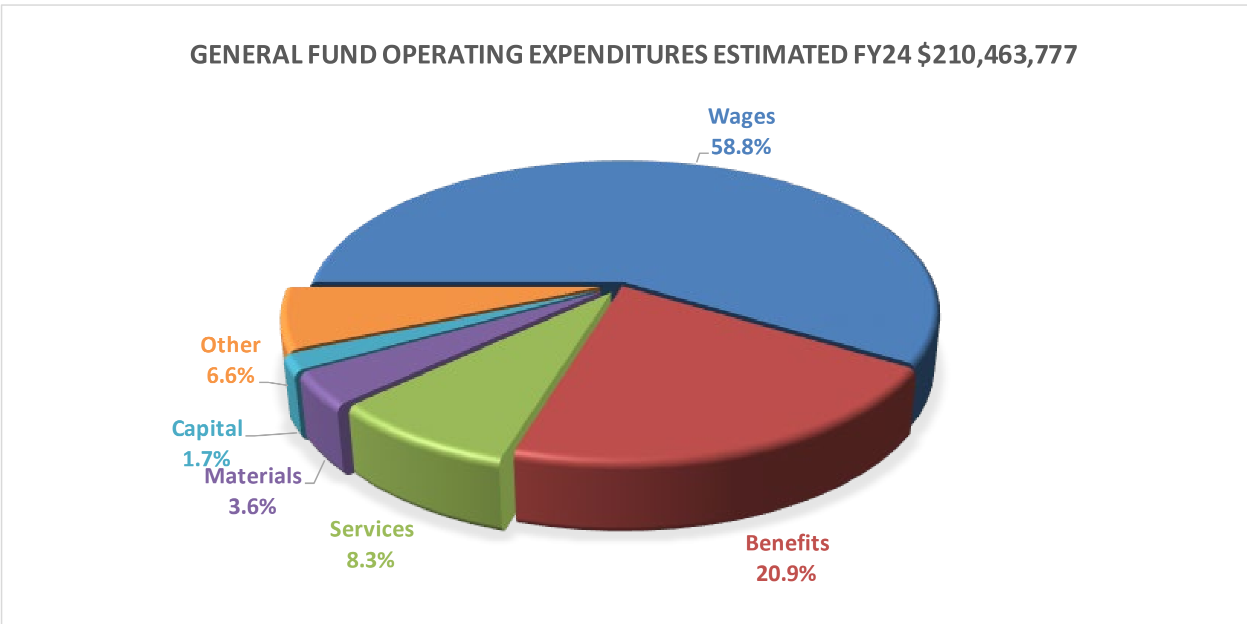
time E-Rate Funding reimbursement of $1 million in FY25. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Refund of prior years expenditures	$1,020,000	$2,020,000	$1,020,000	$1,020,000	$1,020,000

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

Estimated General Fund Operating Expenditures for FY24



Wages – Line #3.010

The forecast reflects base pay increases and increases for steps and academic training based on current negotiated agreements for FY22 through FY26. Administrators receive performance based compensation payments in lieu of steps and academic training increases. Estimated increases for base wages, steps and academic training are based on historical trends for FY27 and FY28.

In FY21, we reduced wages for the amount of expenditures that have been moved to the Federal Coronavirus Aid, Relief and Economic Security Act Funding (ESSER I) and in FY20 and in FY21 to Fund 467 for the Student Wellness and Success Funds (SWSF). The expenditures for the student wellness and success funds were returned to the general fund in FY22 as those funds were shifted into the new Fair School Funding Formula by the state. Expenditures from ESSER I were returned to the general fund in FY22, as those were one-time receipts. The Federal Coronavirus Response and Relief Act funds (ESSER II) approved in December 27, 2020, covered wages and benefits for the general fund beginning in FY22. These expenditures will fully return to the general fund in FY24.

Additional funds from the American Rescue Plan (ESSER III) have been allocated to our district. These funds can be used through September 30, 2024, which can help to offset the effect of the COVID-19 pandemic fiscal implications to the general fund and help with academic support for lost learning due to school closures as a result of the pandemic. We have made adjustments to staffing to utilize these funds according to our ESSER III plans and have made adjustments to add these costs back to our General Fund in FY25.

In FY23, we had a one-time 27th pay date at approximately $4.4 million. This forecast includes an increase of staff positions that align with the district's staffing plan, which includes new staff for the new elementary and middle schools for FY23 and FY24 and new staff for special education, English learners and other student support needs in FY25. The forecast includes an increase of 5 certified and 1.5 classified positions using an estimated average salary for FY26-FY28.

Source	FY24	FY25	FY26	FY27	FY28
Total Wages Line #3.010	$123,654,109	$137,812,976	$144,704,024	$151,729,746	$159,129,306

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The District's medical and dental insurance plans are self-insured. Health insurance claims and costs have been relatively high in recent years. We believe the impact of delayed care during the pandemic has added to the overall increase in costs, along with inflationary increases. To meet the requirements of the health insurance plan, premiums were increase by 13.9% in calendar year 2024. We have also seen an increase in enrollment to the plan over the last several years as we are required to carry dependents until the age of 26. With the rate increase combined with additional enrollment into the district's insurance plans, we are projected continued increases in premiums based on the average historical trends. Our estimates are based on our current employee census and claims data and could change in the future.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.52% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY24-FY28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

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

Summary of Fringe Benefits – Line #3.02

Source	FY24	FY25	FY26	FY27	FY28
Total Fringe Benefits Line #3.020	$44,091,021	$50,369,848	$53,532,175	$57,773,928	$62,529,170

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began directly paying these costs to the educating districts for open enrollment, community, and

STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown as expenses. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. We reduced costs in purchased services for FY20 and 21 for the Fund 467 and then returned these costs to the General Fund in FY23-28.

Contracted transportation declined from FY20 at $831,000 to $348,045 in FY21 due mostly to the district switching to remote learning from in-person learning from mid-March through the end of the school year due to state of Ohio's orders related to the COVID-19 Pandemic. For FY23, these expenditures increased back to $1.48 million which is 10.4% of purchased services. We anticipate these costs to be $1.8 million in FY24.

Utility and property services are a large component (36.8%) of purchased services and totaled $4.09 million in FY21. Utility savings of roughly $500,000 was realized in FY20 due to the mandated school closing from mid-March from the COVID-19 Pandemic. In FY23 however, these costs returned to normal levels of approximately $4.96 million. These costs are estimated to grow by approximately 21.5% in FY24 due to adding a new middle school, and then grow 4% from FY25 through FY28. In FY23 we had added additional utility costs for a new elementary school.

Source	FY24	FY25	FY26	FY27	FY28
Total Purchased Services	$17,464,751	$19,101,461	$19,308,357	$19,633,275	$19,977,396

Supplies and Materials – Line #3.040

General supplies, including instructional, was the largest component of the supply budget in FY21 and FY22 and totaled $3.16 million and $3.76 million respectively. This category was generally unchanged in FY23 as it follows a curriculum purchasing scheduled and is projected to grow in FY24 due to additional costs for the new elementary and middle schools in FY23 and FY24.

Textbooks and instructional materials are anticipated to match our curriculum adoption cycle and varies each year through FY28.

Transportation supplies, including fuel and parts, totaled approximately $661,000 in FY21 and grew by 78.01% in FY22. Fuel prices rose $426,000 in FY23 due to diesel fuel shortages. Prices decreased slightly in FY24 and are projected increase 3% annually for FY25 through FY28.

Source	FY24	FY25	FY26	FY27	FY28
Total Supplies	$7,654,908	$9,911,171	$10,182,386	$10,115,217	$9,887,662

Equipment – Line #3.050

The district spent $2.8 million on general equipment in FY21 and $4.06 million in FY22. This classification of capital is largely classroom and other technology purchases. General equipment costs were $3.4 million in FY23 and then adjusted every year in FY24 through FY28 based on the technology refresh cycle. The district has developed a schedule for technology investment that supports the FY24 through FY28 needs for curriculum and instruction, in addition to general equipment needed for operations. This forecast was updated from November to include a budget for 1 to 1 technology to be purchased in FY25 and maintained beyond.

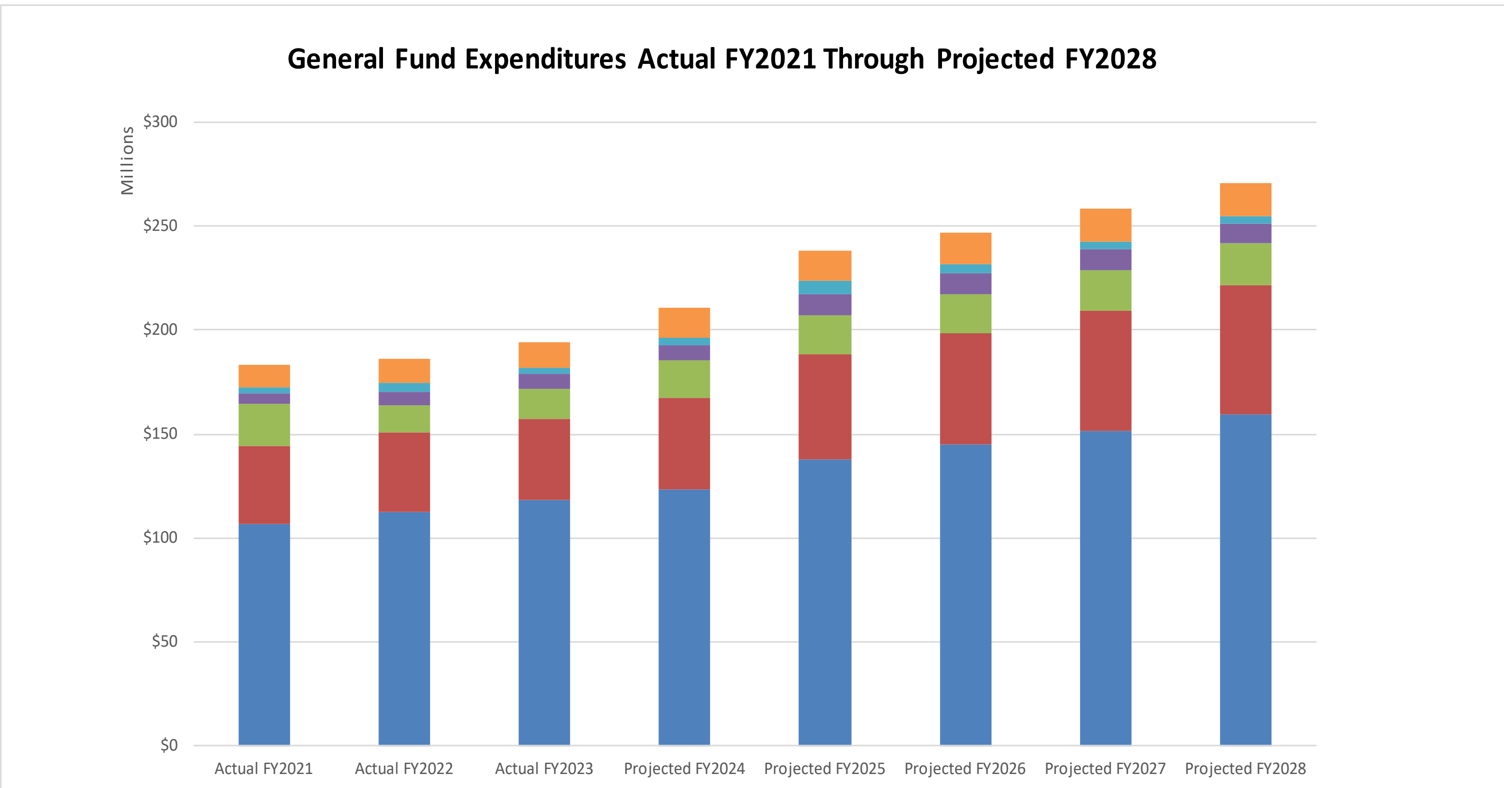
Source	FY24	FY25	FY26	FY27	FY28
Total Capital Outlay and Maintnence	$3,644,507	$6,252,414	$3,743,484	$3,546,789	$2,975,968

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Educational Service Center costs and County Auditor and Treasurer Fees for collection of property taxes and advertising for delinquent taxes. Auditor and Treasurer Fees increased due to the new levy which began in FY21. The district contracts substitute teachers and classroom aides through the Educational Service Center of Central Ohio (ESCCO), in addition to other services provided for special needs by the ESCCO. Other expenses are liability insurance and dues and fees. ESCCO costs are estimated to grow by 5% a year and all other costs are expected to grow by 2% a year.

Source	FY24	FY25	FY26	FY27	FY28
Total Other Expenses Line #4.300	$13,954,481	$14,848,155	$15,266,237	$15,696,315	$16,138,737

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



Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. We have included the $65,000 transfer out to continue to fund the turf replacement fund and $100,000 to the food service fund to hold the debt for negative lunch balances as the food service fund is a federal fund and cannot hold debt for negative lunch balances. Also included in FY24 is a one-time transfer of $30 million to create a capital projects fund to reduce the millage needed for bonds on the November 2024 ballot issue for the facilities master plan.

Source	FY24	FY25	FY26	FY27	FY28
Transfers and Advances	$30,165,000	$165,000	$165,000	$165,000	$165,000

Encumbrances – Line #8.010
These outstanding purchase orders have yet to be approved for payment, as the goods were not received in the fiscal year in which they were ordered.

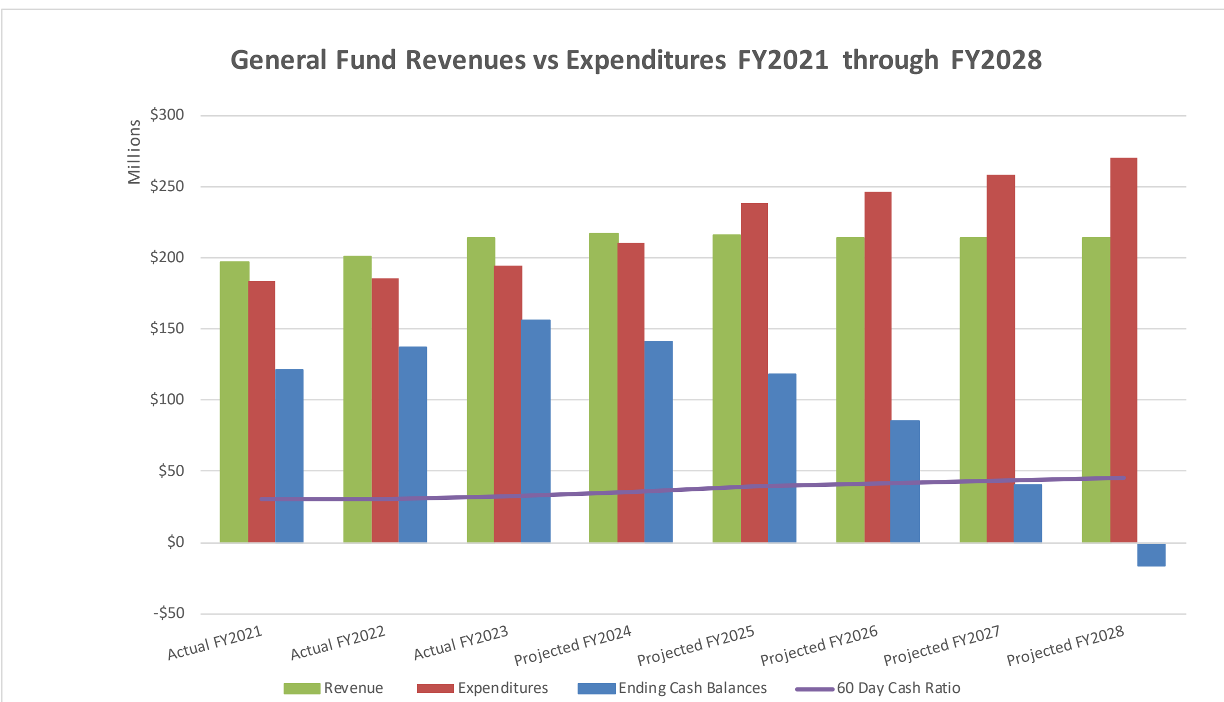
	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	$5,000,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000

Budget Reserve – Line #9.080
The District has established a budget reserve for general fund revenues for the purposes of this forecast as a guide. This reserve is included in the total general fund balance. This reservation is designed to make sure we have adequate reserves should our economic condition change and is equal to 5% of the previous year's revenues.

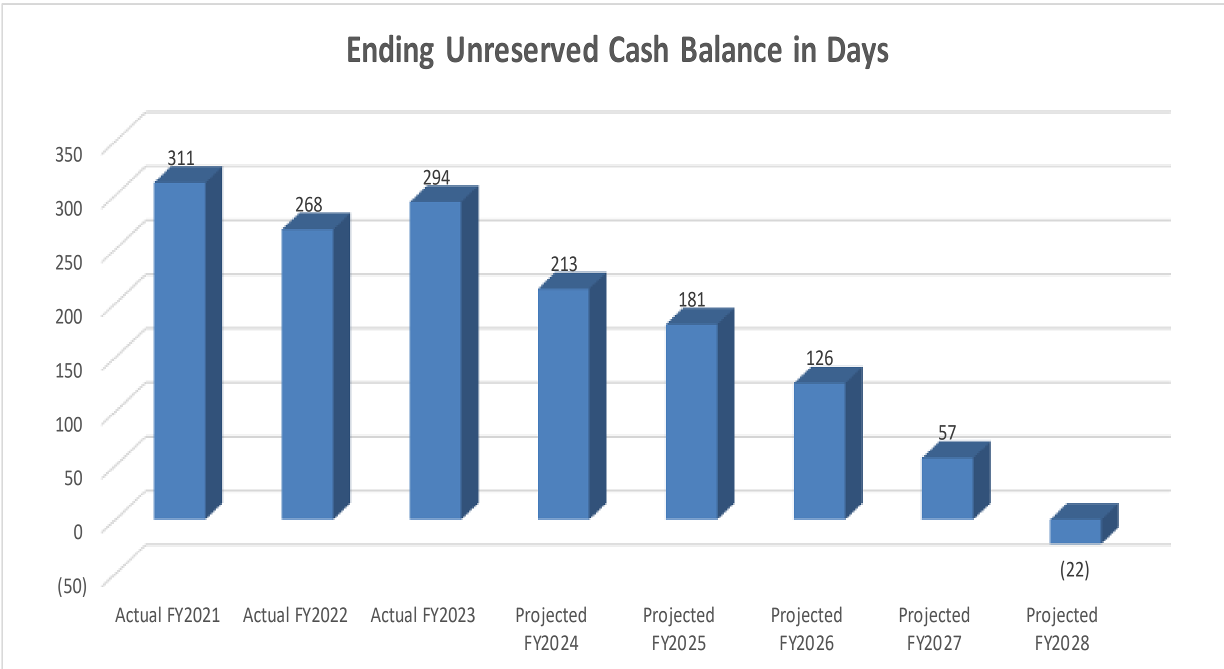
Source	FY24	FY25	FY26	FY27	FY28
Budget Reserve - Line 9.030	$10,707,523	$10,780,213	$10,689,734	$10,653,469	$10,638,555

Ending Unencumbered and Unreserved 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 knowingly signed those results in a negative unencumbered cash balance violates 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance.

	FY24	FY25	FY26	FY27	FY28
Ending Unreserved Cash Balance	$140,740,103	$118,021,066	$85,299,252	$40,466,342	($16,606,960)



True Cash Days Ending Balance
Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The government Finance Officers Association recommends that no less than two (2) months or 60 days of cash is on hand at year-end. Still, it could be more depending on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



As you read through the notes and review the forecast, remember that the forecast is based on the best information available to us when the forecast is prepared.