

**BOWLING GREEN CITY SCHOOL DISTRICT-WOOD 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  
Bowling Green City School District  
Treasurer's Office  
Cathy Schuller, Treasurer  
May 21, 2024**

# Bowling Green City School District

Wood County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	19,087,884	19,282,696	19,051,162	-0.1%		20,397,939	21,162,836	21,070,448	21,374,747	22,102,585
1.020 Public Utility Personal Property Tax	-	-	-	0.0%		-	-	-	-	-
1.030 Income Tax	3,807,280	4,176,109	4,859,754	13.0%		4,708,127	4,825,830	4,946,476	5,070,138	5,196,891
1.035 Unrestricted State Grants-in-Aid	8,015,744	6,547,851	6,557,616	-9.1%		7,175,367	6,919,755	6,766,639	6,614,120	6,426,712
1.040 Restricted State Grants-in-Aid	405,175	849,070	823,452	53.3%		778,054	667,855	653,106	640,308	640,308
1.045 Restricted Federal Grants In Aid	-	-	-	0.0%		-	-	-	-	-
1.050 State Share of Local Property Taxes	1,585,113	1,603,773	1,601,983	0.5%		1,750,588	1,806,751	1,808,985	1,854,041	1,943,978
1.060 All Other Revenues	1,489,160	882,876	1,396,022	8.7%		1,210,345	903,712	632,402	623,343	614,613
1.070 <b>Total Revenues</b>	<b>34,390,356</b>	<b>33,342,374</b>	<b>34,289,989</b>	<b>-0.1%</b>		<b>36,020,420</b>	<b>36,286,739</b>	<b>35,878,056</b>	<b>36,176,696</b>	<b>36,925,087</b>
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%		-	-	-	-	-
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%		-	-	-	-	-
2.040 Operating Transfers-In	-	-	-	0.0%		-	-	-	-	-
2.050 Advances-In	3,449	21,384	742,196	1945.4%		225,510	250,000	100,000	100,000	100,000
2.060 All Other Financing Sources	502,448	18,106	24,125	-31.6%		24,125	24,125	24,125	24,125	24,125
2.070 <b>Total Other Financing Sources</b>	<b>505,897</b>	<b>39,490</b>	<b>766,321</b>	<b>874.2%</b>		<b>249,635</b>	<b>274,125</b>	<b>124,125</b>	<b>124,125</b>	<b>124,125</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>34,896,253</b>	<b>33,381,864</b>	<b>35,056,310</b>	<b>0.3%</b>		<b>36,270,055</b>	<b>36,560,864</b>	<b>36,002,181</b>	<b>36,300,821</b>	<b>37,049,212</b>
<b>Expenditures</b>										
3.010 Personal Services	17,685,365	17,858,110	18,865,311	3.3%		20,951,605	22,149,333	22,794,364	23,470,127	24,166,001
3.020 Employees' Retirement/Insurance Benefits	6,734,005	6,900,034	7,695,246	7.0%		8,334,161	8,866,819	9,380,889	9,824,454	10,291,321
3.030 Purchased Services	5,027,000	3,252,966	3,686,348	-11.0%		4,634,498	4,834,803	5,044,180	5,263,055	5,491,875
3.040 Supplies and Materials	1,281,555	1,365,437	1,661,417	14.1%		2,092,797	2,055,581	2,117,248	2,180,766	2,246,188
3.050 Capital Outlay	19,014	7,606	19,595	48.8%		37,000	37,000	37,000	37,000	37,000
3.060 Intergovernmental	-	-	-	0.0%		-	-	-	-	-
Debt Service:				0.0%						
4.010 Principal-All (Historical Only)	-	-	-	0.0%		-	-	-	-	-
4.020 Principal-Notes	-	-	-	0.0%		-	-	-	-	-
4.030 Principal-State Loans	-	-	-	0.0%		-	-	-	-	-
4.040 Principal-State Advancements	-	-	-	0.0%		-	-	-	-	-
4.050 Principal-HB 264 Loans	-	-	-	0.0%		-	-	-	-	-
4.055 Principal-Other	-	-	-	0.0%		-	-	-	-	-
4.060 Interest and Fiscal Charges	-	-	-	0.0%		-	-	-	-	-
4.300 Other Objects	1,249,669	1,350,439	1,450,450	7.7%		1,594,349	1,659,119	1,726,827	1,797,611	1,871,619
4.500 <b>Total Expenditures</b>	<b>31,996,608</b>	<b>30,734,593</b>	<b>33,378,367</b>	<b>2.3%</b>		<b>37,644,410</b>	<b>39,602,655</b>	<b>41,100,508</b>	<b>42,573,014</b>	<b>44,104,004</b>
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	2,525,998	1,878,843	1,810,488	-14.6%		1,899,700	1,842,709	1,787,428	1,733,805	1,681,791
5.020 Advances-Out	21,384	540,353	225,510	1184.3%		250,000	100,000	100,000	100,000	100,000
5.030 All Other Financing Uses	-	-	-	0.0%		-	-	-	-	-
5.040 <b>Total Other Financing Uses</b>	<b>2,547,382</b>	<b>2,419,196</b>	<b>2,035,998</b>	<b>-10.4%</b>		<b>2,149,700</b>	<b>1,942,709</b>	<b>1,887,428</b>	<b>1,833,805</b>	<b>1,781,791</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>34,543,990</b>	<b>33,153,789</b>	<b>35,414,365</b>	<b>1.4%</b>		<b>39,794,110</b>	<b>41,545,364</b>	<b>42,987,936</b>	<b>44,406,819</b>	<b>45,885,795</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>352,263</b>	<b>228,075</b>	<b>(358,055)</b>	<b>-146.1%</b>		<b>(3,524,055)</b>	<b>(4,984,499)</b>	<b>(6,985,755)</b>	<b>(8,105,998)</b>	<b>(8,836,583)</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	17,946,853	18,299,116	18,527,191	1.6%		18,169,136	14,645,082	9,660,582	2,674,828	(5,431,170)
7.020 <b>Cash Balance June 30</b>	<b>18,299,116</b>	<b>18,527,191</b>	<b>18,169,136</b>	<b>-0.3%</b>		<b>14,645,082</b>	<b>9,660,582</b>	<b>2,674,828</b>	<b>(5,431,170)</b>	<b>(14,267,753)</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>25,328</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>		<b>250,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>Reservation of Fund Balance</b>										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%		-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%		-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%		500,000	500,000	500,000	500,000	500,000
9.040 DPIA	-	-	-	0.0%		-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%		-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%		-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%		-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%		-	-	-	-	-
9.080 <b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>		<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>18,273,788</b>	<b>18,527,191</b>	<b>18,169,136</b>	<b>-0.3%</b>		<b>13,895,082</b>	<b>9,135,582</b>	<b>2,149,828</b>	<b>(5,956,170)</b>	<b>(14,792,753)</b>
<b>Revenue from Replacement/Renewal Levies</b>										
11.010 Income Tax - Renewal	-	-	-	0.0%		-	-	-	-	-

# Bowling Green City School District

Wood County

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For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;  
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
11.020 Property Tax - Renewal or Replacement					0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies					0.0%	-	-	-	-	-
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations										
	18,273,788	18,527,191	18,169,136		-0.3%	13,895,082	9,135,582	2,149,828	(5,956,170)	(14,792,753)
<b>Revenue from New Levies</b>										
13.010 Income Tax - New					0.0%	-	-	-	-	-
13.020 Property Tax - New					0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-			0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements					0.0%	-	-	-	-	-
15.010 Unreserved Fund Balance June 30	18,273,788	18,527,191	18,169,136		-0.3%	13,895,082	9,135,582	2,149,828	(5,956,170)	(14,792,753)

**Bowling Green City School District – Wood County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**May 21, 2024**

**Introduction to the Five-Year Forecast**

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

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

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

Here are 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.

**Forecast Risks and Uncertainty:**

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

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 continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 73% of the district's resources. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

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 and possibly the impact of the 20 mill floor currently in law. Our district is currently on the 20 mill floor for Class I values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

Wood County experienced a full reappraisal occurred in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased Class I and Class II assessed values by \$171.6 million or an increase of 23.96%. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$35.6 million for an overall increase of 4.0%. There is, however, always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

The state budget represented 27% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28 which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

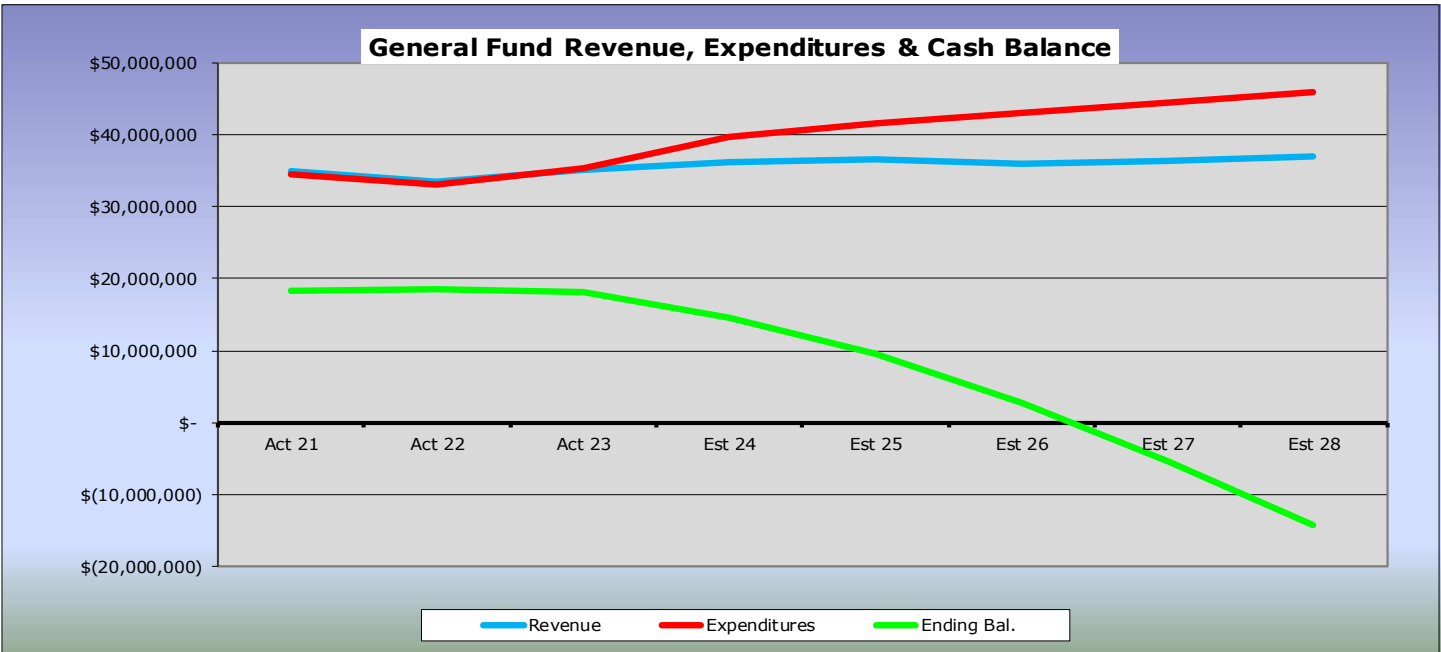
HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing 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.

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

The significant lines of references 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

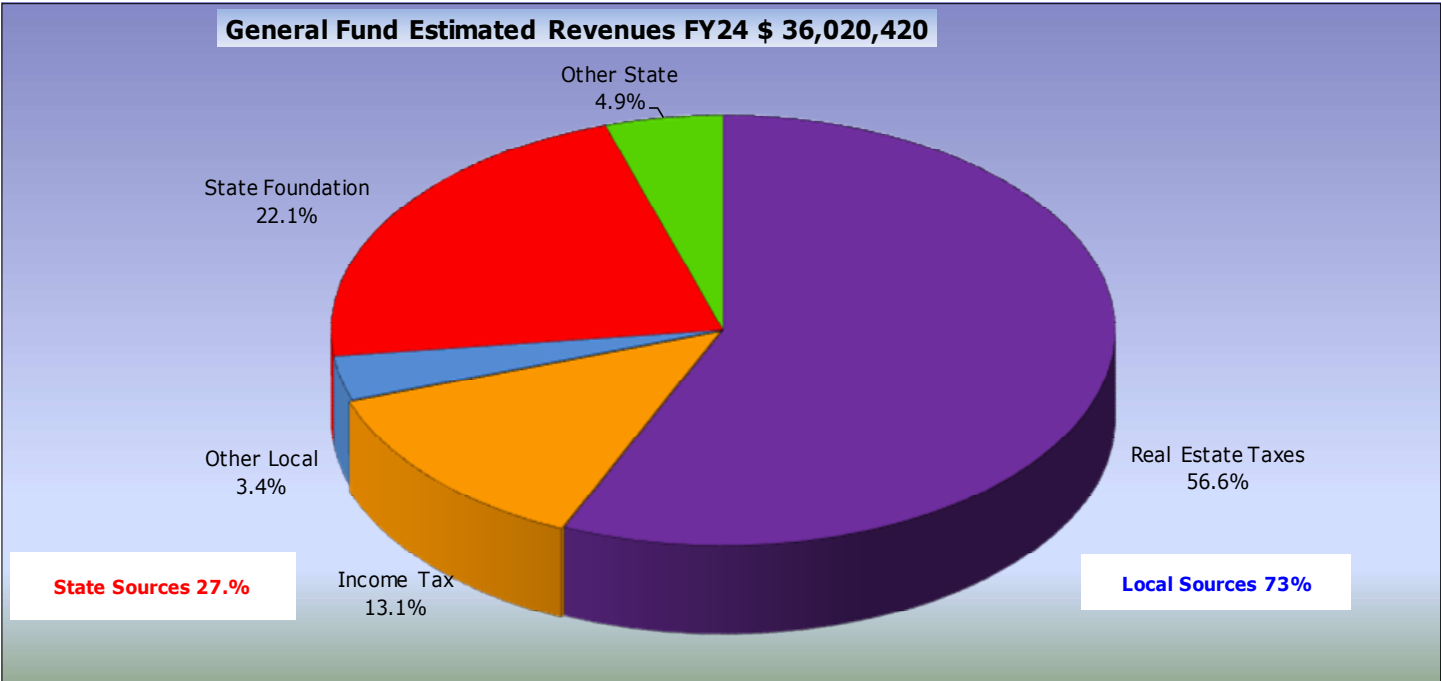
review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Cathy Schuller, Treasurer/CFO.

**General Fund Revenue, Expenditure 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 Revenue for FY24**



**General Property Tax (Real Estate) – Line # 1.010**

Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values.

Public Utility Personal Property (PUPP) values decreased by \$6 million in the tax year 2022. We expect our values to continue to decrease by \$1 million each year of the forecast. Due to Rover pipeline disputing the taxable valuation, they are currently paying at a tender rate, or the rate they believe it should be. The current forecast reflects values at the tender rate in an effort not to overinflate assumed collections in forecasted years. Should the state agree with the pipeline's disputed amounts, the district would not see a refund in future collections but continued collections based on the current assumptions. However, if the state denies their disputed values, the district would see these delinquent payments in future real estate collections.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

	Actual	Actual	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
Classification	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>
Res./Ag.	\$647,131,930	\$647,681,930	\$648,231,930	\$681,193,527	\$681,743,527
Comm./Ind.	\$240,802,350	\$241,002,350	\$241,202,350	\$243,814,373	\$244,014,373
Public Utility Personal Property (PUPP)	\$46,720,000	\$45,720,000	\$44,720,000	\$43,720,000	\$42,720,002
Total Assessed Value	<u>\$934,654,280</u>	<u>\$934,404,280</u>	<u>\$934,154,280</u>	<u>\$968,727,900</u>	<u>\$968,477,902</u>

Property tax levies are estimated to be collected at 97.9% of the annual amount. This allows for a 2.1% delinquency factor. In general, 58.23% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 41.77% in the August tax settlement.

**Estimated Real Estate Tax (Line #1.010)**

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Property Taxes	<u>\$20,397,939</u>	<u>\$21,162,836</u>	<u>\$21,070,448</u>	<u>\$21,374,747</u>	<u>\$22,102,585</u>

**New Tax Levies – Line #13.030**

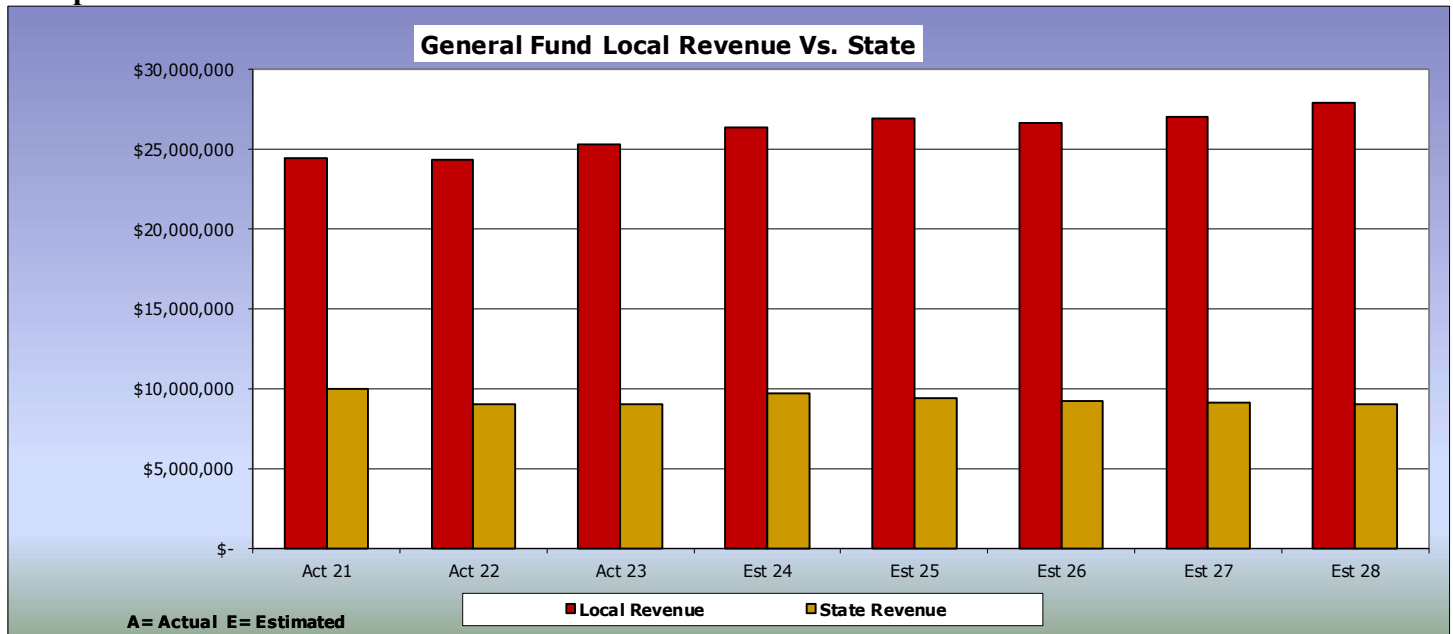
No new property tax levies are modeled in this forecast.

**School District Income Tax – Line#1.030**

The district has a .5% income tax that was renewed and converted to continuing on November 2, 2021. As we move into the post-pandemic economic times, we see that income tax collections are beginning to increase with the economic recovery. We anticipate a decrease of collections in FY24 but estimate an increase each remaining year of the forecast.

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
School District Income Tax	\$4,859,754	\$4,708,127	\$4,825,830	\$4,946,476	\$5,070,138
Adjustments	<u>-\$151,627</u>	<u>\$117,703</u>	<u>\$120,646</u>	<u>\$123,662</u>	<u>\$126,753</u>
Total to Line #1.030	<u>\$4,708,127</u>	<u>\$4,825,830</u>	<u>\$4,946,476</u>	<u>\$5,070,138</u>	<u>\$5,196,891</u>

## Comparison of Local and State Revenue



## 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 Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY24 based on the April 2024 foundation settlement and funding factors for FY25 from the simulations provided by the Department of Education and Workforce.

Our district is currently a guarantee district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The previous 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

- Student Population and Demographics
- Property Valuation Per Pupil
- Personal Income of District Residents Per Pupil
- 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 develops a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels;



while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

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

#### State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on 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 50% in 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 will be distributed to school districts on the 31<sup>st</sup> of January and August each year, beginning 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 1.0% annual growth rate for the remainder of the forecast.

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$6,691,298	\$6,438,070	\$6,288,070	\$6,138,070	\$5,953,928
Additional Aid Items	325,559	325,559	325,559	325,559	325,559
Basic Aid-Unrestricted Subtotal	7,016,857	6,763,629	6,613,629	6,463,629	6,279,487
Ohio Casino Commission ODT	<u>158,510</u>	<u>156,126</u>	<u>153,010</u>	<u>150,491</u>	<u>147,225</u>
Total Unrestricted State Aid Line # 1.035	<u>\$7,175,367</u>	<u>\$6,919,755</u>	<u>\$6,766,639</u>	<u>\$6,614,120</u>	<u>\$6,426,712</u>

### **B) Restricted State Revenues – Line # 1.040**

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

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 \$110,853 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	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Economically Disadvantaged Aid	\$287,304	\$306,825	\$311,825	\$316,825	\$316,825
Career Tech	0	0	0	0	0
Gifted	106,764	93,173	75,268	59,001	59,001
ESL	18,798	14,350	12,506	10,975	10,975
Student Wellness	254,335	253,507	253,507	253,507	253,507
Other Restricted	110,853				
Total Restricted State Revenues Line #1.040	<u>\$778,054</u>	<u>\$667,855</u>	<u>\$653,106</u>	<u>\$640,308</u>	<u>\$640,308</u>

### **C) Restricted Federal Grants in Aid – line #1.045**

There is no restricted federal funding projected in this forecast.

Summary of State Foundation Revenues	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line # 1.035	\$7,175,367	\$6,919,755	\$6,766,639	\$6,614,120	\$6,426,712
Restricted Line # 1.040	\$778,054	\$667,855	\$653,106	\$640,308	\$640,308
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$7,953,421</u>	<u>\$7,587,610</u>	<u>\$7,419,745</u>	<u>\$7,254,428</u>	<u>\$7,067,020</u>

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

#### **a) Rollback and Homestead Reimbursement**

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

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will 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.

**b) Tangible Personal Property Reimbursements – Fixed Rate**

The district does not receive TPP Fixed Rate reimbursements.

**c) Tangible Personal Property Reimbursements – Fixed Sum**

The district does not receive TPP Fixed Sum reimbursements.

**Summary of State Tax Reimbursement – Line #1.050**

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	<u>\$1,750,588</u>	<u>\$1,806,751</u>	<u>\$1,808,985</u>	<u>\$1,854,041</u>	<u>\$1,943,978</u>

**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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. 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 basic state aid.

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

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Excess Cost	\$19,679	\$19,876	\$20,075	\$20,276	\$20,479
Interest	\$523,826	\$261,913	\$0	\$0	\$0
Fees	\$120,489	\$121,691	\$122,905	\$124,131	\$125,369
Tuitions	\$371,478	\$360,334	\$349,524	\$339,038	\$328,867
Other Income and rentals	<u>\$174,873</u>	<u>\$139,898</u>	<u>\$139,898</u>	<u>\$139,898</u>	<u>\$139,898</u>
Total Other Local Revenue Line #1.060	<u>\$1,210,345</u>	<u>\$903,712</u>	<u>\$632,402</u>	<u>\$623,343</u>	<u>\$614,613</u>

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

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

**All Other Financial Sources –Line #2.060**

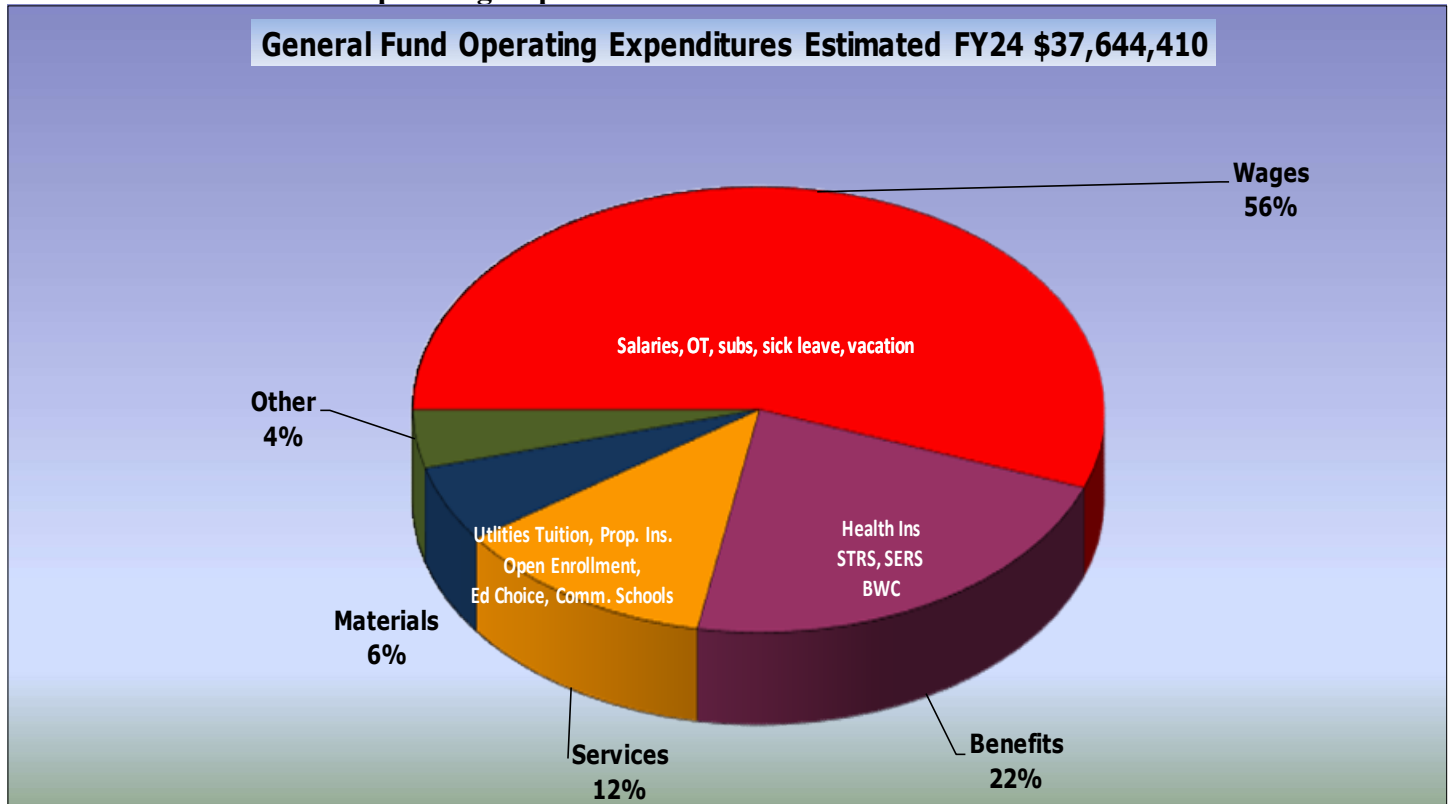
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that align with historical collections. Due to the nature of these collections, this forecast does not assume future collections in this section.

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior years expenditures	<u>\$24,125</u>	<u>\$24,125</u>	<u>\$24,125</u>	<u>\$24,125</u>	<u>\$24,125</u>

## Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology 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:



### Personnel Services – Employees’ Salaries & Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. Upon the recommendation of the Superintendent, the Board chose to invest in staff in 2022. That decision resulted in an increase of an average 8% in FY23 and 7.5% in FY24 for Certified staff, a \$3.00 per hour increase in FY23 and a 3% increase in FY24 for Classified staff, and a salary reset for select administrators. In FY25, the certified staff will see an increase of \$2,400 on the base, as well as, a \$1,200 raise on the base in FY26.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	\$19,976,356	\$20,575,647	\$21,769,850	\$22,422,946	\$23,095,634
Increases/ Merit Based Pay / Timing Adjust	\$199,764	\$205,756	\$217,699	\$224,229	\$230,956
Staffing	\$0	\$0	\$0	\$0	\$0
Growth	\$0	\$0	\$0	\$0	\$0
Substitutes	\$111,170	\$113,394	\$115,662	\$117,975	\$120,334
ESSER Add Backs	\$0				
Supplementals	\$664,315	\$677,602	\$691,154	\$704,977	\$719,076
Staff Reductions	\$0	\$0	\$0	\$0	\$0
Total Wages Line #3.010	\$20,951,605	\$22,149,333	\$22,794,364	\$23,470,127	\$24,166,001

### **Employee's Retirement & Insurance Benefits Estimates Line 3.02**

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

#### **A) STRS/SERS**

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

#### **B) Insurance**

We are estimating medical to increase by 4% and dental by 10% in FY25. The district expects increases of 6% in FY26 through FY28. The increases include adjustments for inflation and the cost of actual claims.

#### **C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about .35% of wages FY24-FY28 which is in line with historic growth recently. Unemployment Compensation has been negligible.

#### **D) Medicare**

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

#### **E) Other/Tuition**

The district reimburses employees for the tuition to further their education to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

### **Estimated Fringe Benefits – Line #3.020**

Source	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	<u>\$3,178,096</u>	\$3,388,848	\$3,487,538	\$3,590,929	\$3,697,398
B) Insurance's	<u>\$4,791,046</u>	\$5,078,509	\$5,474,265	\$5,802,721	\$6,150,884
C) Workers Comp/Unemployment	<u>\$74,331</u>	\$78,523	\$80,780	\$83,145	\$85,581
D) Medicare	<u>\$273,547</u>	\$303,798	\$321,165	\$330,518	\$340,317
Other/Tuition	<u>\$17,141</u>	<u>\$17,141</u>	<u>\$17,141</u>	<u>\$17,141</u>	<u>\$17,141</u>
Total Fringe Benefits Line #3.020	<u>\$8,334,161</u>	<u>\$8,866,819</u>	<u>\$9,380,889</u>	<u>\$9,824,454</u>	<u>\$10,291,321</u>

### **Purchased Services – Line #3.030**

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess 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 Student Wellness & Success (Fund 467) recoding and then returned these costs to the General Fund in FY23-27.

Source	FY24	FY25	FY26	FY27	FY28
Base Services	\$753,219	\$775,816	\$799,090	\$823,063	\$847,755
Scholarship Partial 475	\$0	\$0	\$0	\$0	\$0
Excess Cost County ESC	\$176,279	\$181,567	\$187,014	\$192,624	\$198,403
Open Enrollment Deduction-477	\$0	\$0	\$0	\$0	\$0
Community School Deductions-478	\$0	\$0	\$0	\$0	\$0
CCP/Other Tuition (475 Partial), 479, 471	\$655,000	\$687,750	\$722,138	\$758,245	\$796,157
Professional Support 41x	\$1,910,500	\$2,006,025	\$2,106,326	\$2,211,642	\$2,322,224
Building Maintenance Repairs 42x exclude 424-42	\$498,000	\$522,900	\$549,045	\$576,497	\$605,322
Utilities	\$641,500	\$660,745	\$680,567	\$700,984	\$722,014
Budget Reserves or (Reductions)	\$0	\$0	\$0	\$0	\$0
Total Purchased Services Line #3.030	<u>\$4,634,498</u>	<u>\$4,834,803</u>	<u>\$5,044,180</u>	<u>\$5,263,055</u>	<u>\$5,491,875</u>

### Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. FY22 saw an increase for the Math Curriculum adoption of \$100,000 dollars while FY23 remained the same with the Science Curriculum adoption of the same amount. The district will see a decrease of \$100,000 dollars in FY24 as we have no Curriculum adoptions that year.

Source	FY24	FY25	FY26	FY27	FY28
Supplies	<u>\$988,197</u>	\$1,017,843	\$1,048,378	\$1,079,829	\$1,112,224
Textbooks	<u>\$545,000</u>	\$461,350	\$475,191	\$489,447	\$504,130
Building Maintenance	<u>\$229,100</u>	\$235,973	\$243,052	\$250,344	\$257,854
Transportation	<u>\$330,500</u>	<u>\$340,415</u>	<u>\$350,627</u>	<u>\$361,146</u>	<u>\$371,980</u>
Total Supplies Line #3.040	<u>\$2,092,797</u>	<u>\$2,055,581</u>	<u>\$2,117,248</u>	<u>\$2,180,766</u>	<u>\$2,246,188</u>

### Capital Outlay – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Capital Projects Fund.

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay	<u>\$37,000</u>	\$37,000	\$37,000	\$37,000	\$37,000
Replacement Bus Purchases	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Equipment Line #3.050	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$37,000</u>

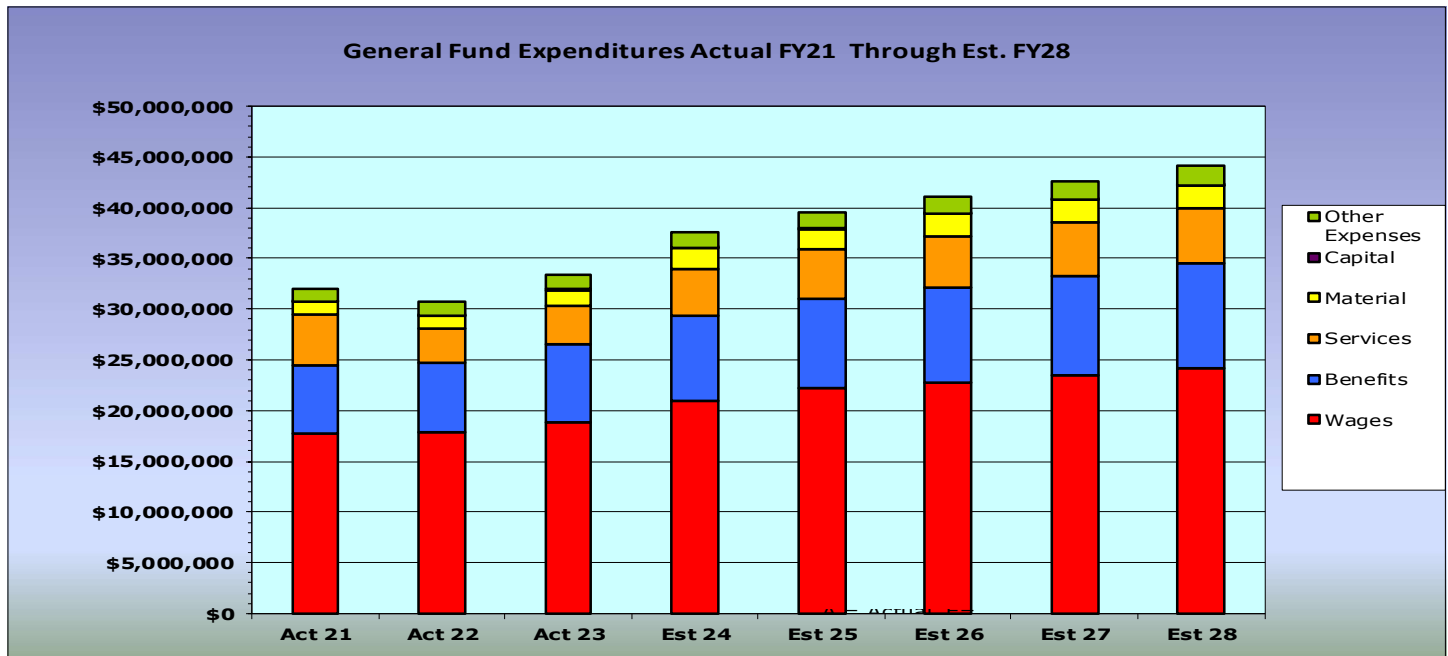
### Other Objects – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of approximately 4.1% is projected in this area for the forecasted period.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	<u>\$184,000</u>	\$185,840	\$187,698	\$189,575	\$191,471
County ESC	<u>\$1,031,000</u>	\$1,082,550	\$1,136,678	\$1,193,511	\$1,253,187
Other expenses	<u>\$379,349</u>	<u>\$390,729</u>	<u>\$402,451</u>	<u>\$414,525</u>	<u>\$426,961</u>
Total Other Expenses Line #4.300	<u>\$1,594,349</u>	<u>\$1,659,119</u>	<u>\$1,726,827</u>	<u>\$1,797,611</u>	<u>\$1,871,619</u>

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

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 transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. 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 are anticipating transfers out to be approximately \$1.89 million in FY24 and a reduction each year after that due to depreciation, due to the Rover Pipeline funding and Board resolution directing those funds to a capital projects fund.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	<u>\$1,899,700</u>	\$1,842,709	\$1,787,428	\$1,733,805	\$1,681,791
Advances Out Line #5.020	<u>\$250,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total	<u>\$2,149,700</u>	<u>\$1,942,709</u>	<u>\$1,887,428</u>	<u>\$1,833,805</u>	<u>\$1,781,791</u>

### Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	\$250,000	\$25,000	\$25,000	\$25,000	\$25,000

### Reservation of Fund Balance –Line#9.030

This is a line where the district can set aside a budget reserve.



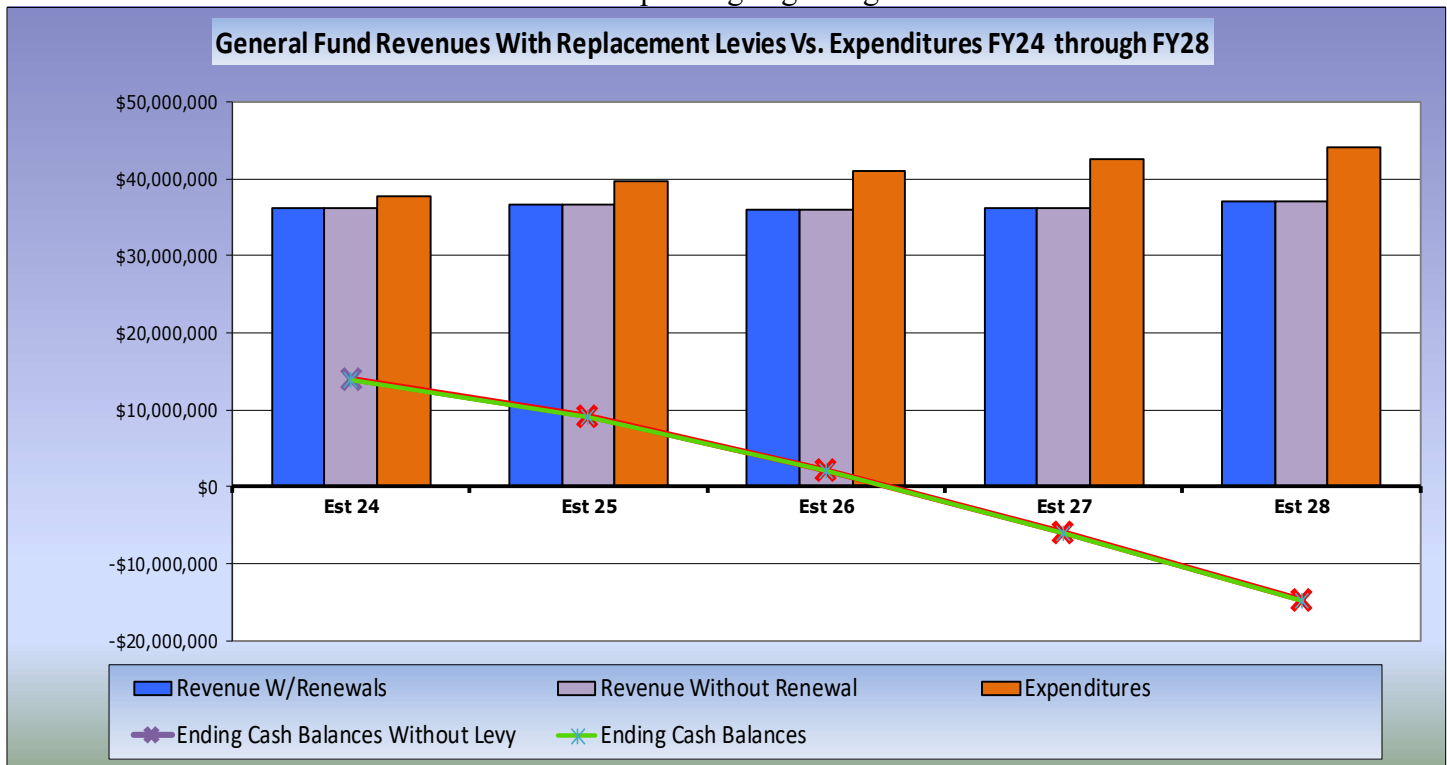
Source	FY24	FY25	FY26	FY27	FY28
Budget Reserve - Line 9.030	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
Total Reservations of Balance- Line#9.080	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

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

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless the new alternative 412 certificate can be issued pursuant to HB153 effective after September 30, 2011. It is the District’s Cash Reserve Policy, adopted December 14, 2021 that the District maintain a yearly cash balance equal to One Hundred Five (105) true days operating cash.

	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	<u>\$13,895,082</u>	<u>\$9,135,582</u>	<u>\$2,149,828</u>	<u>-\$5,956,170</u>	<u>-\$14,792,753</u>

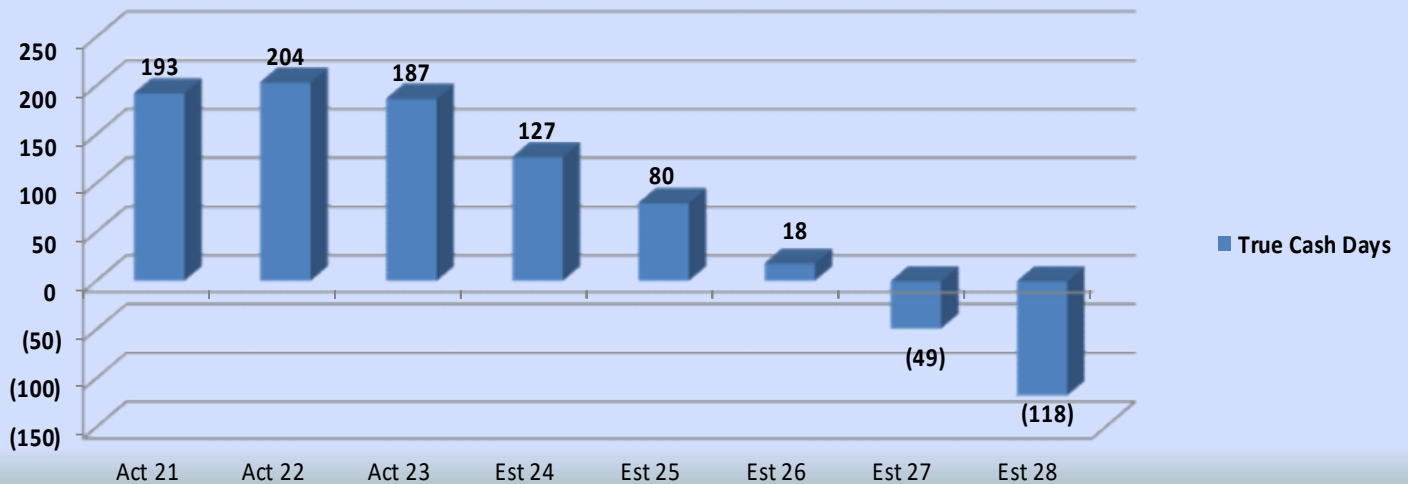
The chart below shows that the district is deficit spending beginning in FY26.



### 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. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. To preserve financial effectiveness, the District’s Cash Reserve Policy, adopted December 14, 2021 that the District maintain a yearly cash balance equal to One Hundred Five (105) true days operating cash.

## Ending Cash Balance in True Cash Days



### Conclusion

Bowling Green City School District is very fortunate and appreciative to have the Rover Pipeline which allows for more successful capital improvement planning.

District administrations appreciate the supportive Bowling Green community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

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.