BOARDMAN LOCAL SCHOOL DISTRICT- MAHONING 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
Boardman Local School District
Treasurer's Office
Arthur Ginnetti, Treasurer

May 20, 2024

Boardman Local School District

Mahoning 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)	$32,081,917	$32,161,823	$32,744,253	1.0%	$33,129,235	$34,358,761	$34,452,539	$33,198,569	$29,969,337
1.020	Public Utility Personal Property Tax	2,780,707	2,998,908	3,268,836	8.4%	3,339,948	3,360,263	3,419,317	3,085,703	2,675,378
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	9,616,228	6,841,318	8,076,777	-5.4%	9,797,394	9,538,205	9,842,051	10,145,955	10,449,917
1.040	Restricted State Grants-in-Aid	262,222	677,228	849,563	91.9%	1,112,723	1,132,133	1,132,133	1,132,133	1,132,133
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	3,395,439	3,354,674	3,320,224	-1.1%	3,304,426	3,326,837	3,332,987	3,332,256	3,097,236
1.060	All Other Revenues	1,161,887	1,417,437	2,377,754	44.9%	2,736,847	2,486,316	2,390,842	2,352,273	2,316,108
1.070	*Total Revenues*	$49,298,400	$47,451,388	$50,637,407	1.5%	$53,420,573	$54,202,515	$54,569,869	$53,246,889	$49,640,109
	Other Financing Sources									
2.050	Advances-In	$51,501	$1,288,108	$22,196	1151.4%	$50,000	$50,000	$50,000	$50,000	$50,000
2.060	All Other Financing Sources	366,393	69,513	29,490	-69.3%	33,433	28,000	28,000	28,000	28,000
2.070	*Total Other Financing Sources*	$417,894	$1,357,621	$51,686	64.3%	$83,433	$78,000	$78,000	$78,000	$78,000
2.080	*Total Revenues and Other Financing Sources*	$49,716,294	$48,809,009	$50,689,093	1.0%	$53,504,006	$54,280,515	$54,647,869	$53,324,889	$49,718,109
	Expenditures									
3.010	Personal Services	$24,281,698	$25,758,578	$27,032,089	5.5%	$28,756,796	$30,005,219	$31,309,076	$32,066,418	$32,842,306
3.020	Employees' Retirement/Insurance Benefits	9,865,572	10,160,280	11,428,525	7.7%	12,330,666	13,027,013	13,766,464	14,457,010	15,175,290
3.030	Purchased Services	7,787,031	4,714,519	5,362,504	-12.9%	6,529,699	6,779,461	7,039,708	7,310,906	7,593,542
3.040	Supplies and Materials	904,353	978,660	1,319,815	21.5%	2,226,617	2,293,415	2,362,218	2,433,085	2,506,077
3.050	Capital Outlay	563,562	517,329	136,421	-40.9%	603,076	440,000	440,000	490,000	490,000
	Debt Service:				0.0%					
4.020	Principal-Notes	130,763	134,477	0	-48.6%	0	0	0	0	0
4.060	Interest and Fiscal Charges	7,533	3,819	0	-74.7%	0	0	0	0	0
4.300	Other Objects	668,507	676,854	735,119	4.9%	789,358	800,562	811,991	823,652	835,551
4.500	*Total Expenditures*	$44,209,019	$42,944,516	$46,014,473	2.1%	$51,236,212	$53,345,670	$55,729,457	$57,581,071	$59,442,766
	Other Financing Uses									
5.010	Operating Transfers-Out	$1,049,903	$464,834	$888,820	17.7%	$1,100,402	$1,146,338	$847,267	$847,267	$844,267
5.020	Advances-Out	1,288,913	22,196	0	-99.1%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	0	0	2,783	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$2,338,816	$487,030	$891,603	1.9%	$1,150,402	$1,196,338	$897,267	$897,267	$894,267
5.050	*Total Expenditures and Other Financing Uses*	$46,547,835	$43,431,546	$46,906,076	0.7%	$52,386,614	$54,542,008	$56,626,723	$58,478,338	$60,337,033
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$3,168,459	$5,377,463	$3,783,017	20.0%	$1,117,392	($261,493)	($1,978,854)	($5,153,449)	($10,618,924)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$8,750,560	$11,919,019	$17,296,482	40.7%	$21,079,499	$22,196,891	$21,935,398	$19,956,543	$14,803,094
7.020	*Cash Balance June 30*	$11,919,019	$17,296,482	$21,079,499	33.5%	$22,196,891	$21,935,398	$19,956,543	$14,803,094	$4,184,171
8.010	*Estimated Encumbrances June 30*	$822,861	$478,777	$800,468	12.7%	$200,000	$200,000	$200,000	$200,000	$200,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	$11,096,158	$16,817,705	$20,279,031	36.1%	$21,996,891	$21,735,398	$19,756,543	$14,603,094	$3,984,171
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	3,873,304	9,863,616
11.300	Cumulative Balance of Replacement/Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$3,873,304	$13,736,919
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$11,096,158	$16,817,705	$20,279,031	36.1%	$21,996,891	$21,735,398	$19,756,543	$18,476,398	$17,721,090
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
14.010	Revenue from Future State Advancements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$11,096,158	$16,817,705	$20,279,031	36.1%	$21,996,891	$21,735,398	$19,756,543	$18,476,398	$17,721,090

Boardman Local School District –Mahoning County
Notes to the Five Year Forecast
General Fund Only
May 20, 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.

May 2024 Updates:

Revenues FY24

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 $606,008 or 1.15% higher than the November forecasted amount of $52.8 million. Increased property taxes due to the reappraisal and higher interest earnings are the main drivers of this good news. This indicates that the November forecast was 98.85% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 68.7% and are estimated to be $36.46 million, which is $424,413 higher for FY24 than the original November estimate of $36.04 million. Our estimates are 98.82% 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 $10.91 million, which is $59,950 lower than the original estimate for FY24. We are pleased that we were able to be 99.45% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

Line 1.06 - Other revenues are up $342,000 over FY24 original projections due to prolonged higher interest rates which we are taking full advantage of in FY24.

All areas of revenue 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 $51.2 million for FY24, which is $810,339 higher that the original estimate of $50.42 million in the November forecast, which is roughly 98.4% on target with initial estimates. Personal services Line 3.01 is the main driver of this increase due to staff adjustments needed for the FY24 school year.

All areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures ending a little higher than estimates, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly $21.99 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 if assumptions we have made for property 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 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:

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing slightly. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 73.4% of the district's resources. We believe there is a low risk that local collections will 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 as they could impact future reappraisals. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

The District has a 5.9 mill and 6.0 mill operating levies that expire December 31, 2026 and a $4.6 million emergency levy that expires December 31, 2027. The District will need to renew all three in order to remain financially viable long term.

2) Mahoning County experienced a sexennial reappraisal in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased overall assessed values by $292.42 million or an increase of 33.03%, including the update and new construction for all property classes. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property by $18 million for an overall increase of 1.52%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

3) The state budget represented 26.6% of district revenues, 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 FY26-27 and FY28-29. 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 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.

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 FY25.

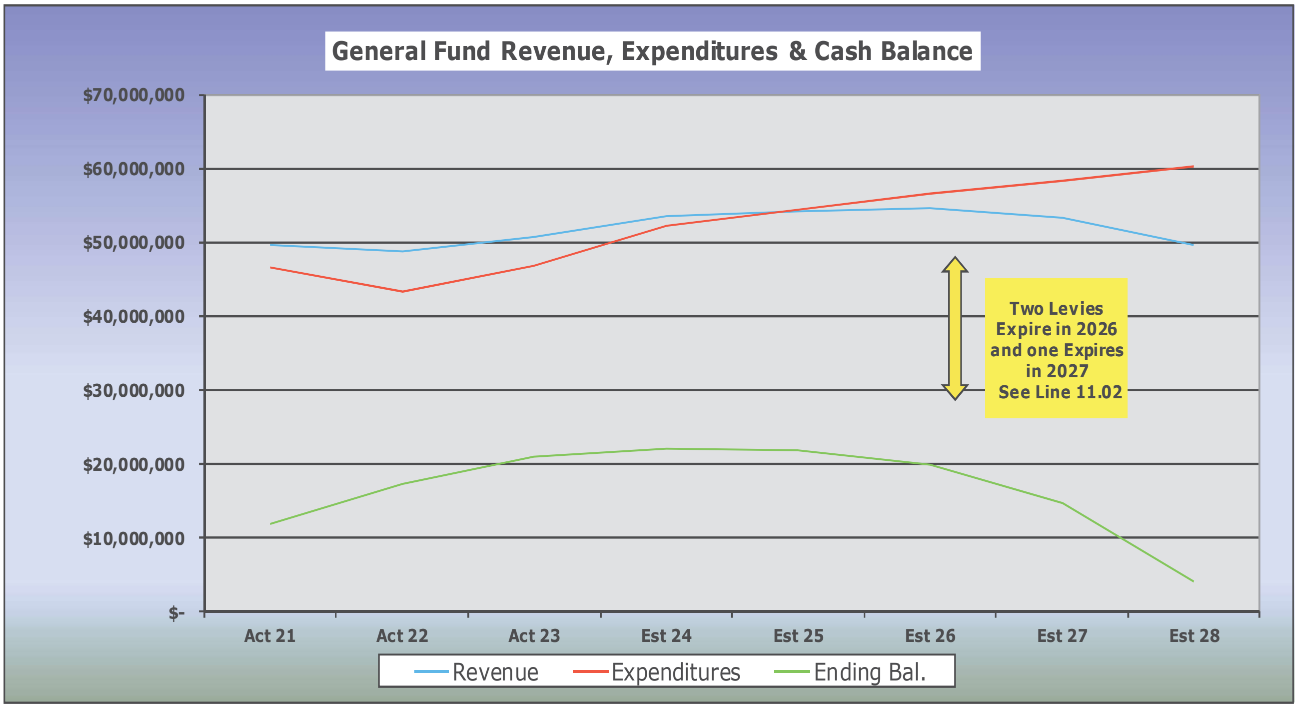
5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid for 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. 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 Arthur Ginnetti, Treasurer, at 330.726.3403 x67113.

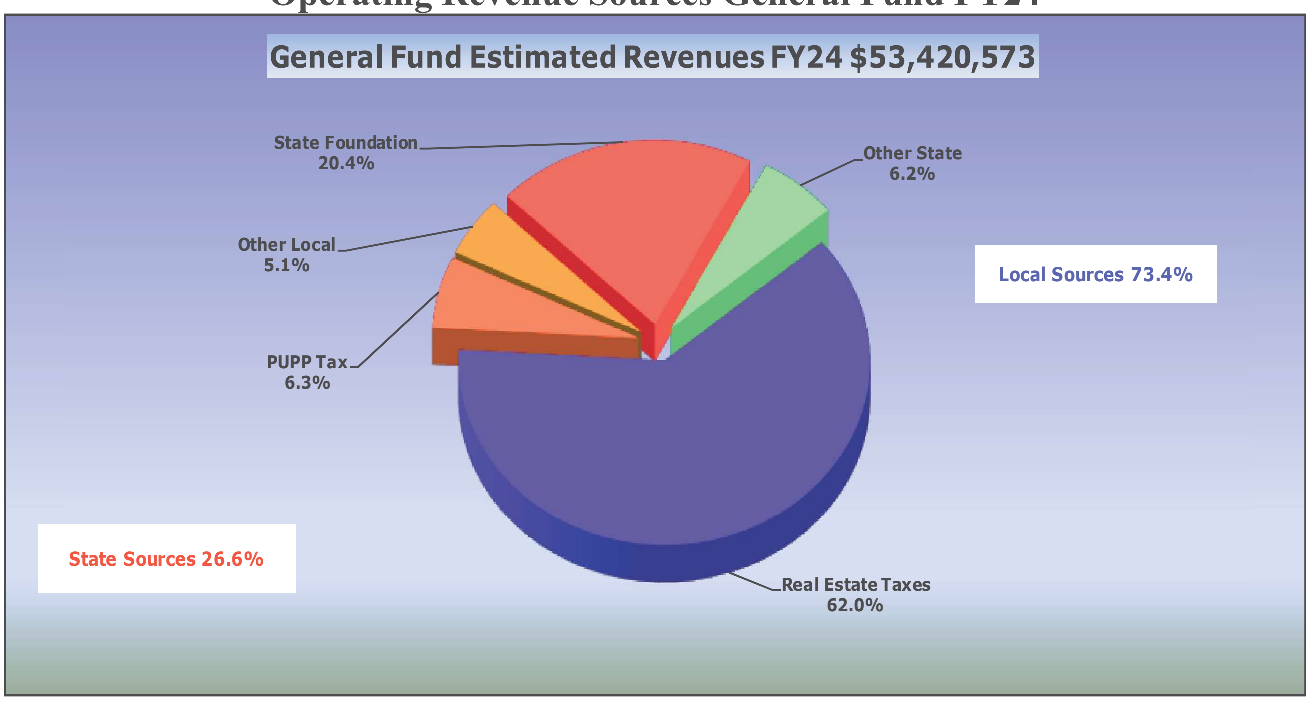
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

The graph below captures, in one snapshot, the operating scenario facing the district over the next few years if the renewal levy in 2026 does not pass.



Revenue Assumptions

Operating Revenue Sources General Fund FY24



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Mahoning County experienced a sexennial reappraisal in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased overall assessed values by $292.42 million or an increase of 33.03%, including the update and new construction for all property classes. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property by $18 million for an overall increase of 1.52%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

Public Utility Personal Property (PUPP) values increased by $3.12 million in the tax year 2023. We expect our values to continue to grow by $1 million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR2025	TAX YEAR2026	TAX YEAR2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$820,314,860	$820,914,860	$821,514,860	$834,437,583	$835,037,583
Comm./Ind.	357,512,950	358,992,950	360,472,950	365,557,680	367,037,680
Public Utility Personal Property (PUPP)	57,650,810	58,650,810	59,650,810	60,650,810	61,650,810
Total Assessed Value	$1,235,478,620	$1,238,558,620	$1,241,638,620	$1,260,646,072	$1,263,726,072

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 57.71 mills while the Class I effective millage rate is 29.69 mills and the Class II effective millage rate is 36.22 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for either Class I or Class II. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor, the District has three (3) emergency levies collecting 9.36 mills and $8.38 million in taxes.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY24	FY25	FY26	FY27	FY28
General Property Taxes	$33,129,235	$34,358,761	$34,452,539	$33,198,569	$29,969,337

Property tax levies are estimated to be collected at 98% of the annual amount. This allows a 2% delinquency factor. In general, 52.3% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.70% in the August tax settlement.

Property tax collections in Line 1.01, 1.02 and 1.05 will decline starting in FY27 as we have two (2) operating levies that expire in 2026 and a $4.6 million emergency levy that expires in 2027. These revenues must be moved to Line 11.02 of the forecast as noted below.

Levy Renewal –Line # 11.02

The District renewed a 5.9 mill operating levy and a 6.0 mill operating levy on November 3, 2020 that will expire December 31, 2026. The District also has a $4.6 million emergency levy expiring December 31, 2027. We plan to renew all levies. State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05 and shown on this line 11.02 of the forecast. Please note that renewal levies do not bring in additional tax revenues to the district unless they are substitute emergency levies. We are renewing levies for the same revenue we currently collect.

Source	FY24	FY25	FY26	FY27	FY28
Renewal 5.9 and 6.0 Mill Expire 12/31/26	$0	$0	$0	$3,873,304	$7,448,661
Renewal 5.9 Mill Expires 12/31/28	0	0	0	0	0
Emergency Levy $1,999,547 Expires 12/31/29	0	0	0	0	0
Emergency Levy $4,646,975 Expires 12/31/27	0	0	0	0	2,414,954
Emergency Levy $4,917,534 Expires 12/31/28	0	0	0	0	0
Total Line # 11.020	$0	$0	$0	$3,873,304	$9,863,616

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above under P.U. Personal, which was $54.53 million in assessed values in 2022 and is 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 2022 rose by 1.02% or $2.47 million and are expected to grow by $1 million each year of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property PUPP	$3,339,948	$3,360,263	$3,419,317	$3,085,703	$2,675,378

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

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 formula district in FY24 and is expected to continue to be 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

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. 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:

<u>Unrestricted Categorical State Aid</u>

1. <u>Targeted Assistance/Capacity Aid</u> – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. <u>Special Education Additional Aid</u> – 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. <u>Transportation Aid</u> – 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.

<u>Restricted Categorical State Aid</u>

1. <u>Disadvantage Pupil Impact Aid (DPIA)</u> - 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. <u>English Learners</u> – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. <u>Gifted Funds</u> – Based on average daily membership multiplied by a weighted amount per pupil.
4. <u>Career-Technical Education Funds</u> – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. <u>Student Wellness and Success Funds</u> – 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 31st 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 1.5% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$9,130,885	$8,850,247	$9,150,247	$9,450,247	$9,750,247
Additional Aid Items	413,885	431,540	431,540	431,540	431,540
Basic Aid-Unrestricted Subtotal	9,544,770	9,281,787	9,581,787	9,881,787	10,181,787
Ohio Casino Commission ODT	252,624	256,418	260,264	264,168	268,130
Total Unrestricted State Aid Line # 1.035	$9,797,394	$9,538,205	$9,842,051	$10,145,955	$10,449,917

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. 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 $64,106 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
DPIA	$520,011	$630,970	$630,970	$630,970	$630,970
Career Tech	0	0	0	0	0
Gifted	141,206	118,987	118,987	118,987	118,987
ESL	32,744	27,136	27,136	27,136	27,136
Other State Restricted Funds	64,106	0	0		
Student Wellness	354,656	355,040	355,040	355,040	355,040
Total Restricted State Revenues Line #1.040	$1,112,723	$1,132,133	$1,132,133	$1,132,133	$1,132,133

Restricted Federal Grants in Aid – Line #1.045

There are no restricted federal grants projected during this forecast.

Summary of State Foundaton Revenues	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	$9,797,394	$9,538,205	$9,842,051	$10,145,955	$10,449,917
Restricted Line # 1.040	1,112,723	1,132,133	1,132,133	1,132,133	1,132,133
Rest. Federal Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$10,910,117	$10,670,338	$10,974,184	$11,278,088	$11,582,050

State Share of Local Property Tax – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed 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 Share of Local Property Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead Line #1.050	$3,304,426	$3,326,837	$3,332,987	$3,332,256	$3,097,236

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. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district 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 in FY24 is over estimates based on the district 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	FY24	FY25	FY26	FY27	FY28
Tuition Income-1200	$772,392	$780,116	$787,917	$795,796	$803,754
Interest	1,291,501	1,033,201	929,881	883,387	839,218
Medicaid	349,831	349,831	349,831	349,831	349,831
Class & Transportation Fees	9,039	9,084	9,129	9,175	9,221
Other Income and rentals	314,084	314,084	314,084	314,084	314,084
Total Line # 1.060	$2,736,847	$2,486,316	$2,390,842	$2,352,273	$2,316,108

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

These are non-operating revenues, which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. The advances in the last fiscal year are expected to be repaid in the current year, as noted in the table below.

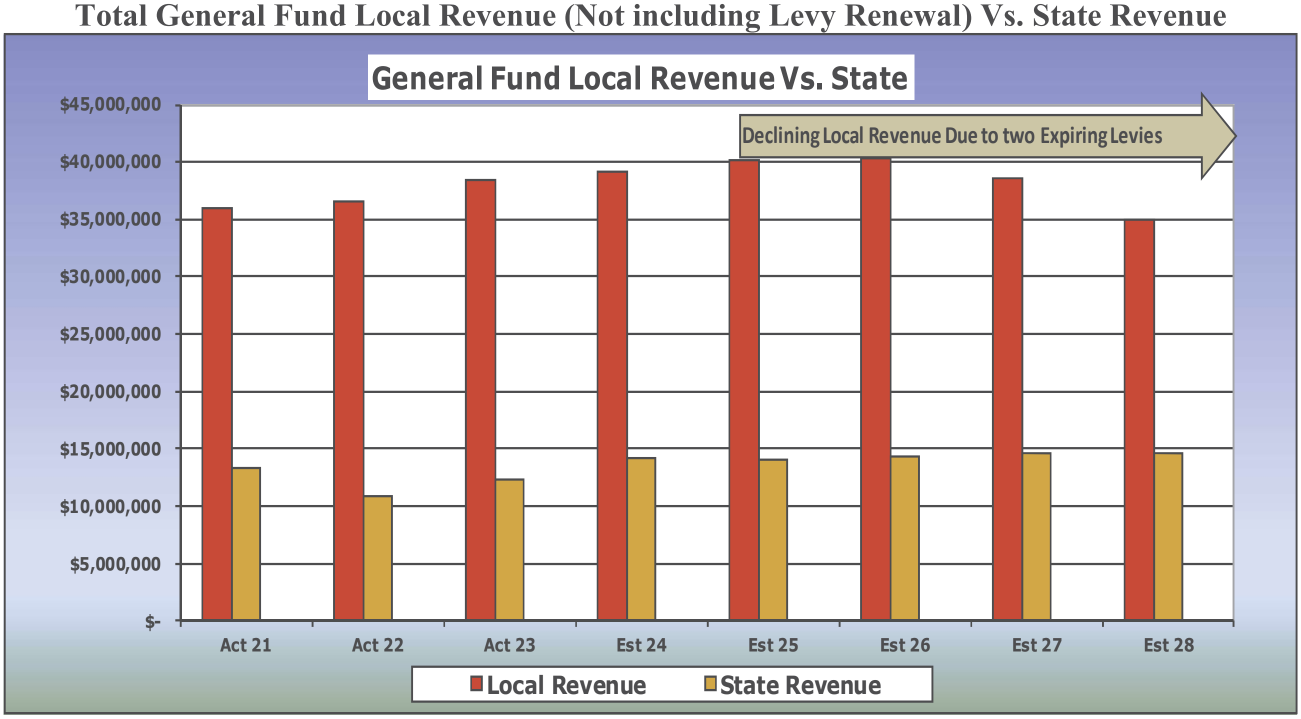
Source	FY24	FY25	FY26	FY27	FY28
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	50,000	50,000	50,000	50,000	50,000
Total Transfer & Advances In	$50,000	$50,000	$50,000	$50,000	$50,000

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

	FY24	FY25	FY26	FY27	FY28
Other Financing Sources Line 2.06	$33,433	$28,000	$28,000	$28,000	$28,000

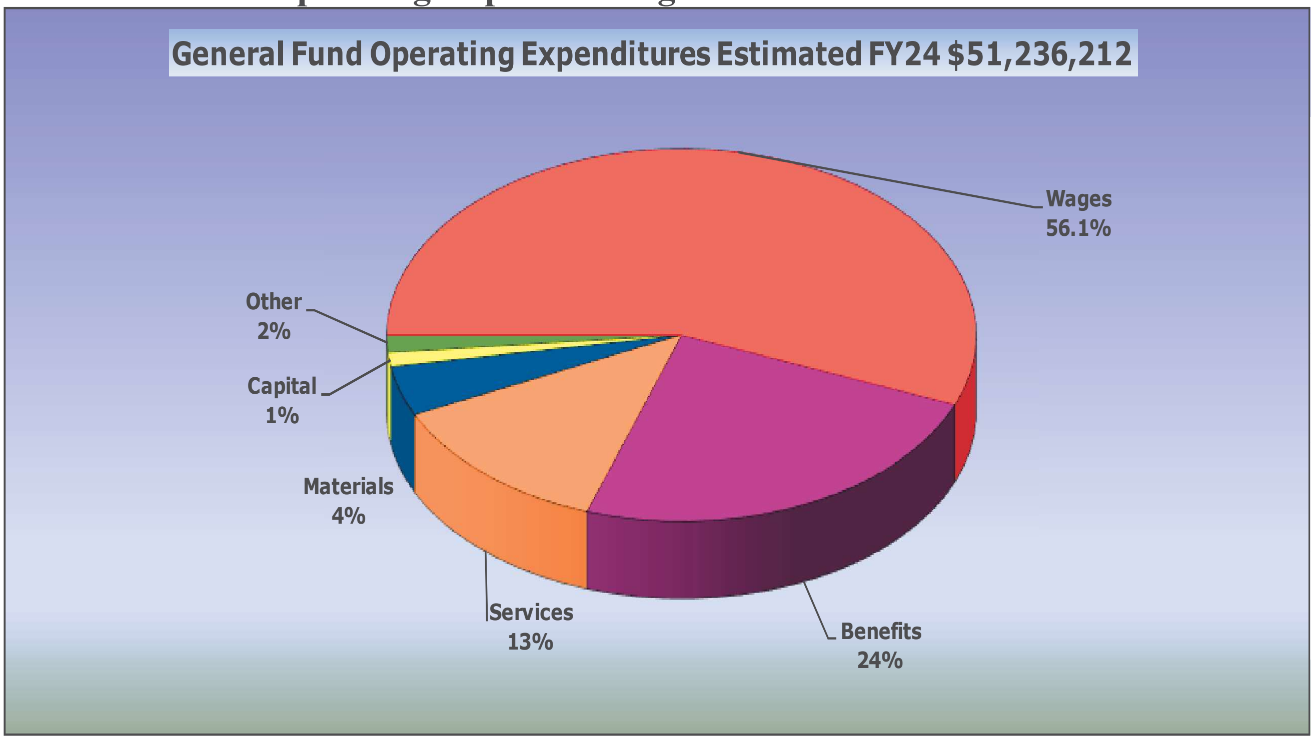
Total General Fund Local Revenue (Not including Levy Renewal) Vs. State Revenue



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.

All Operating Expense Categories - General Fund FY24



Wages – Line #3.010

Negotiations with bargaining unit members were completed in spring 2023 and fall of 2023 resulting in a three-year agreement that includes a base increase of 3% for FY24 through FY26. Step and training increases are included for FY24-28. For planning purposes, a 1% increase is planned for FY27-FY28. In FY22 we added staff for an operations manager, speech pathology position, school psychologist and an auditorium manager. In addition, we have added costs for classroom and independent aids, bus driver and bus driver aides and added costs for existing staff for additional coverage. Those costs continue in the forecast in FY24-28.

ESSER II and III will be allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic. These final adjustments will be made as these funds are received and allocated through FY24.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$26,505,538	$27,690,335	$28,928,093	$30,221,179	$30,967,642
Increases/Stipend	795,166	830,710	867,843	302,212	309,676
Steps & Training	389,631	407,048	425,243	444,251	455,224
Classified Substitutes & All Sulpplementals	1,066,461	1,077,126	1,087,897	1,098,776	1,109,764
Staff Reductions/Attrition	0	0	0	0	0
Total Wages Line #3.010	$28,756,796	$30,005,219	$31,309,076	$32,066,418	$32,842,306

Fringe Benefits Estimates – Line #3.020

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 will increase as Wages Increase
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
We were able to take two (2) premium holidays in FY21 which saved the district significant funds. In FY22 we have elected to switch carriers which will result in a 0% premium increase and actually reduce our costs by $250,000. FY23 saw an increase in insurance rates of 3%. We are estimating an increase of 5% for FY24, 14% for FY25 and 7% for FY26 through FY28, which reflects the trend of our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation
Workers' Compensation is expected to be approximately 0.25% 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.

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.

Summary of Fringe Benefits – Line #3.020

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$4,512,780	$4,714,501	$4,925,239	$5,060,778	$5,185,779
B) Insurance's	6,766,458	7,240,110	7,746,918	8,289,202	8,869,446
C) Workers Comp/Unemployment	72,192	75,313	78,573	80,466	82,406
D) Medicare	411,222	429,075	447,720	458,550	469,645
E) Other/Tuition	568,014	568,014	568,014	568,014	568,014
Total Fringe Benefits Line #3.020	$12,330,666	$13,027,013	$13,766,464	$14,457,010	$15,175,290

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.

Source	FY24	FY25	FY26	FY27	FY28
Base Services	$457,475	$462,050	$466,671	$471,338	$476,051
Professional/Instructional	2,407,362	2,479,583	2,553,970	2,630,589	2,709,507
Open Enrollment Deduction	60,900	62,118	63,360	64,627	65,920
Community& STEM School Deductions	0	0	0	0	0
ESC, SF14 Tuition & Scholarship Costs	2,099,880	2,204,874	2,315,118	2,430,874	2,552,418
Building Maintenance & Service	659,015	691,966	726,564	762,892	801,037
Utilities	845,067	878,870	914,025	950,586	988,609
Total Purchased Services Line #3.030	$6,529,699	$6,779,461	$7,039,708	$7,310,906	$7,593,542

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. An average increase of 3% is projected in this area for the forecasted period.

We will buy the technology updates for students from these federal stimulus dollars to help our General Fund. ESSER II and III will be allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic. These final adjustments will be made as these funds are received and allocated through FY24.

Source	FY24	FY25	FY26	FY27	FY28
Supplies, Textbooks & Technology	$1,551,381	$1,597,922	$1,645,860	$1,695,236	$1,746,093
Building and Transportation	675,236	695,493	716,358	737,849	759,984
Total Supplies Line #3.040	$2,226,617	$2,293,415	$2,362,218	$2,433,085	$2,506,077

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because the Permanent Improvement Fund pays most capital outlay. We are estimating buying three (3) new busses in FY24 and then purchasing two (2) new busses a year running through FY28.

Our Apple Lease entered into in 2017 was paid off in FY19. Those costs will be reallocated to replacing our Chromebooks in the supply line 3.04 noted above to ensure that our students are supported for testing.

ESSER II and III will be allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic. These final adjustments will be made as these funds are received and allocated through FY24.

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay	$243,076	$200,000	$200,000	$250,000	$250,000
Replacement Bus Purchases	360,000	240,000	240,000	240,000	240,000
Total Equipment Line #3.050	$603,076	$440,000	$440,000	$490,000	$490,000

Principal and Interest Payment – Lines # 4.05 and 4.06
All payments for the two HB264 projects, the Qualified School Construction Bonds, and the related interest charges will be reflected as a transfer out to the bond retirement fund of the district where these obligations are paid beginning in FY18 and end in FY22.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, liability insurance, OSBA membership, annual audit and other miscellaneous expenses. An average increase of 1.4% is projected in this area for the forecasted period.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$550,936	$556,445	$562,009	$567,629	$573,305
Liability Ins., Prof. Dues & Audit Costs	189,821	195,516	201,381	207,422	213,645
Other expenses	48,601	48,601	48,601	48,601	48,601
Total Other Expenses Line #4.300	$789,358	$800,562	$811,991	$823,652	$835,551

Transfers and Advances Out – Lines #5.01 and #5.02
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. We are detailing the transfer out section for debt payment to reflect what amount the general fund supports to pay debt for the district in several series of debt issued over the past years. The district has two current debt issues it is supporting payment of principal and interest from the General Fund. Debt payments are made from the district's Bond Retirement Fund (002 Fund). The #4 HB264 debt supported by a Qualified School Construction Bond (QSCB) is split 50/50 with the Permanent Improvement Fund (003 Fund). HB264 #3 includes the new principal and interest payment schedule from the refund of that issue in October 2017 that will save the district over $114,000 in interest costs over the term of the notes which will be paid off January 1, 2024. The $500,000 transfer to the Permanent Improvement Fund will be continued FY24-28.

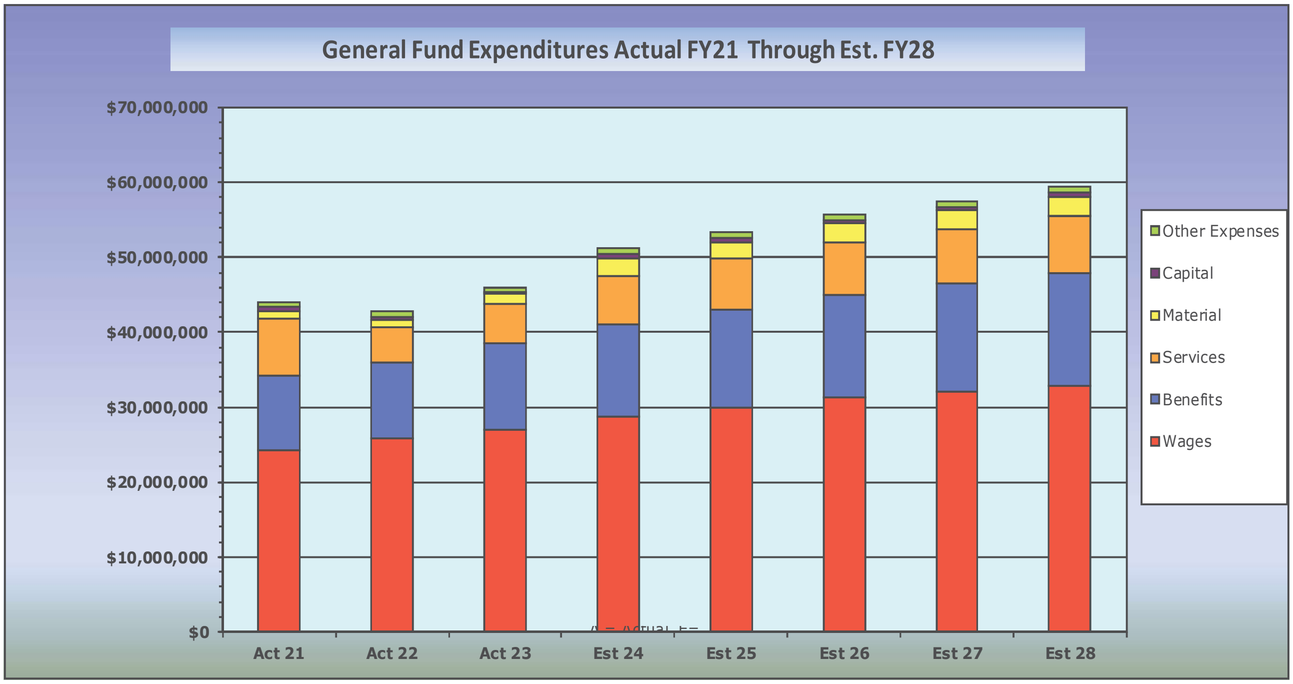
Purpose	FY24	FY25	FY26	FY27	FY28
Fund 035 Severance	$154,064	$200,000	$200,000	$200,000	$200,000
Fund 003 P.I.	500,000	500,000	500,000	500,000	500,000
Fund 300 Athletics	25,000	25,000	25,000	25,000	25,000
Fund 002 HB264 #3 & #4 -QSCB Debt	421,338	421,338	122,267	122,267	119,267
Transfers Out Line #5.010	1,100,402	1,146,338	847,267	847,267	844,267
Advances Out Line #5.020	50,000	50,000	50,000	50,000	50,000
Total Transfer & Advances Out	$1,150,402	$1,196,338	$897,267	$897,267	$894,267

Encumbrances –Line#8.010
These are outstanding purchase orders that 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	$200,000	$200,000	$200,000	$200,000	$200,000

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

As the graph on the following page indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



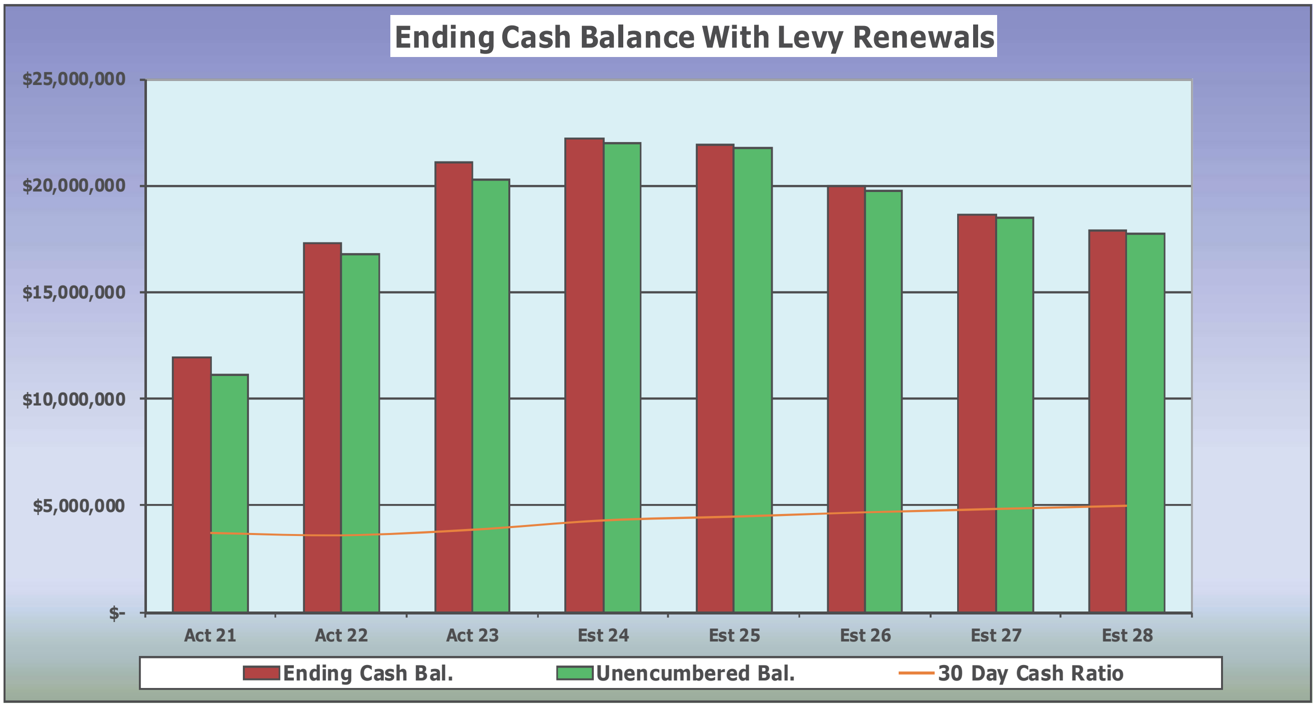
Ending Unencumbered Cash Balance Including All Levy Renewals – Line#15.010

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, which is about $4.2 million for our district.

The Graphs on the following page shows cash balances compared to one month or a 30 day reserve, including renewal of the 2026 expiring levies and the $4.6 million expiring emergency levy in 2027, the district has included in this forecast period. The second graph shows a combination of revenue with and without the levy renewals and the impact on our ending cash balance if the levy was not renewed. This points out the financial exposure the district has to levy renewals and the impact it would have if any or all were to fail.

Ending Unencumbered Cash Balance Line #15.010 with Renewal Levies

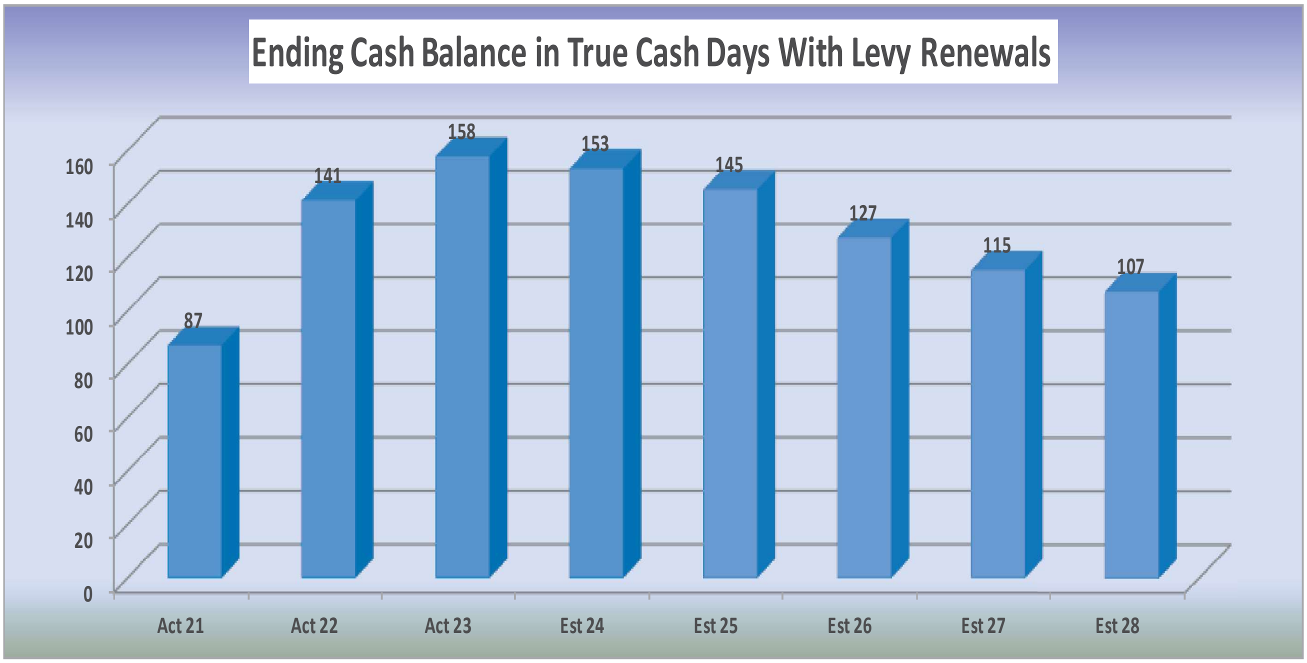
	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	$21,996,891	$21,735,398	$19,756,543	$18,476,398	$17,721,090



Ending Unencumbered Cash Balance Line #15.010 With & Without Renewal Levies

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.



Conclusion
Boardman Local School District receives 26.6% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

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

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