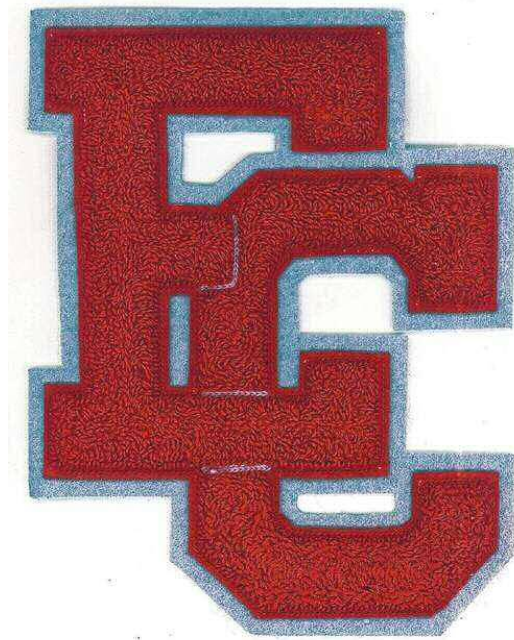


EAST CLINTON LOCAL SCHOOL DISTRICT - CLINTON COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022, and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024, THROUGH JUNE 30, 2028



Forecast Provided By
East Clinton Local School District
Treasurer's Office
John Stanley, Treasurer/CFO

November 21, 2023

East Clinton Local School District

Clinton 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
Revenues									
1.010 General Property Tax (Real Estate)	3,166,842	3,144,478	3,174,066	0.1%	3,457,489	3,483,707	3,494,912	3,524,998	3,568,896
1.020 Public Utility Personal Property Tax	204,610	210,647	238,677	8.1%	231,686	257,975	273,021	288,067	303,113
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	8,652,463	8,818,781	8,753,798	0.6%	9,395,856	9,821,023	9,822,722	9,824,457	9,826,217
1.040 Restricted State Grants-in-Aid	219,986	501,259	508,238	64.6%	586,148	512,222	512,222	512,222	512,222
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	424,393	501,789	461,342	5.1%	479,262	496,379	498,185	502,490	509,322
1.060 All Other Revenues	1,346,300	420,998	838,075	15.2%	638,293	605,535	576,053	549,519	525,638
1.070 Total Revenues	14,014,594	13,597,952	13,974,196	-0.1%	14,788,734	15,176,841	15,177,115	15,201,753	15,245,408
Other Financing Sources									
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020 State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040 Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050 Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060 All Other Financing Sources	172,289	88,740	64,480	-37.9%	64,480	64,480	64,480	64,480	64,480
2.070 Total Other Financing Sources	172,289	88,740	64,480	-37.9%	64,480	64,480	64,480	64,480	64,480
2.080 Total Revenues and Other Financing Sources	14,186,883	13,686,692	14,038,676	-0.5%	14,853,214	15,241,321	15,241,595	15,266,233	15,309,888
Expenditures									
3.010 Personal Services	5,673,767	8,105,616	8,986,912	26.9%	9,390,921	9,908,641	10,113,873	10,323,210	10,536,733
3.020 Employees' Retirement/Insurance Benefits	2,488,903	3,081,485	3,364,358	16.5%	3,716,266	3,952,179	4,143,825	4,347,215	4,563,027
3.030 Purchased Services	2,941,021	1,887,724	2,094,780	-12.4%	2,101,235	2,107,883	2,114,731	2,121,784	2,129,049
3.040 Supplies and Materials	267,801	444,649	537,167	43.4%	558,653	580,999	604,238	628,408	653,544
3.050 Capital Outlay	10,046	80,672	120,377	376.1%	350,377	120,377	120,377	120,377	120,377
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:									
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050 Principal-HB 264 Loans	40,000	40,000	40,000	0.0%	45,000	45,000	0	0	0
4.055 Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060 Interest and Fiscal Charges	2,470	1,950	1,430	-23.9%	878	293	0	0	0
4.300 Other Objects	173,114	189,695	190,970	5.1%	191,897	192,832	193,777	194,731	195,695
4.500 Total Expenditures	11,597,122	13,831,791	15,335,994	15.1%	16,355,227	16,908,204	17,290,821	17,735,725	18,198,425
Other Financing Uses									
5.010 Operating Transfers-Out	2,801,642	83,000	105,000	999.0%	105,000	105,000	105,000	105,000	105,000
5.020 Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	2,801,642	83,000	105,000	-35.3%	105,000	105,000	105,000	105,000	105,000
5.050 Total Expenditures and Other Financing Uses	14,398,764	13,914,791	15,440,994	3.8%	16,460,227	17,013,204	17,395,821	17,840,725	18,303,425
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses	(211,881)	(228,099)	(1,402,318)	261.2%	(1,607,013)	(1,771,883)	(2,154,226)	(2,574,492)	(2,993,537)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,620,542	7,408,661	7,180,562	-2.9%	5,778,244	4,171,231	2,399,348	245,122	(2,329,370)
7.020 Cash Balance June 30	7,408,661	7,180,562	5,778,244	-11.3%	4,171,231	2,399,348	245,122	(2,329,370)	(5,322,907)
8.010 Estimated Encumbrances June 30	0	0	0	0.0%	0	0	0	0	0
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080 Subtotal Reservations of fund Balance	0	0	0	0.0%	0	0	0	0	0
10.010 Fund Balance June 30 for Certification of Appropriations	7,408,661	7,180,562	5,778,244	-11.3%	4,171,231	2,399,348	245,122	(2,329,370)	(5,322,907)
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	0	0
11.300 Cumulative Balance of Renewal Levies	0	0	0	0.0%	0	0	0	0	0
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	7,408,661	7,180,562	5,778,244	-11.3%	4,171,231	2,399,348	245,122	(2,329,370)	(5,322,907)
Revenue from New Levies									
13.010 Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0
14.010 Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0
15.010 Unreserved Fund Balance June 30	7,408,661	7,180,562	5,778,244	-11.3%	4,171,231	2,399,348	245,122	(2,329,370)	(5,322,907)

East Clinton Local School District – Clinton County
Notes to the Five Year Forecast
General Fund Only
November 21, 2023

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.

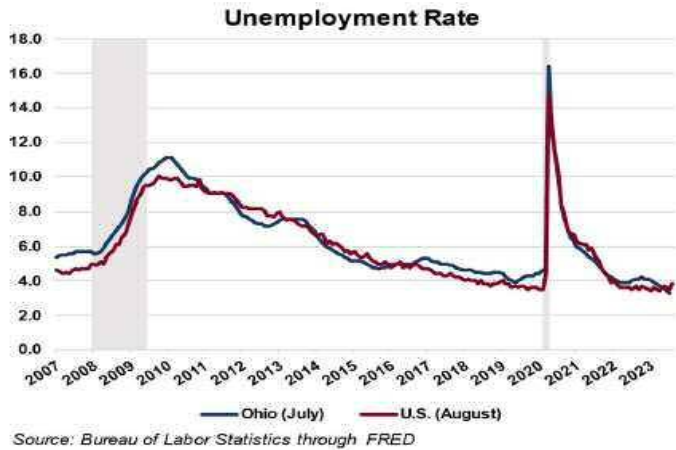
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general 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 November 2023 filing.

Economic Outlook

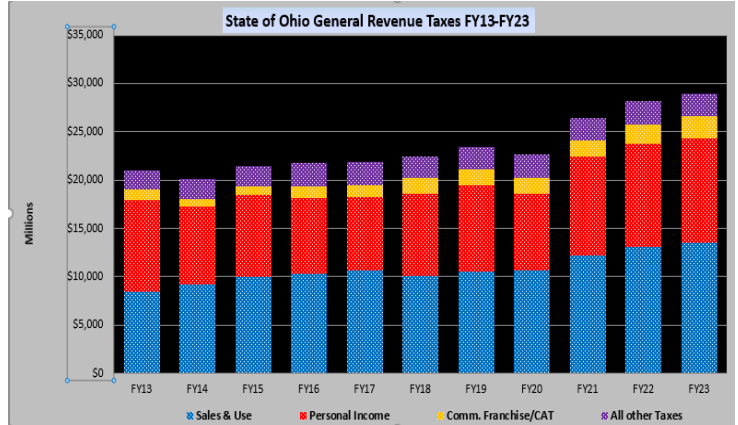
This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar year 2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely affect our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a unique time in our economic history.

As noted in the graphs below, the State of Ohio has enjoyed economic growth over the past three years, and the State’s Rainy Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected six-year phase-in. While increased inflation affecting district costs is expected to continue over the next few years, the state’s economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio’s economy should enable the State to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the State is well positioned to continue State aid payments to Ohio’s school districts.



Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

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

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

Forecast Risks and Uncertainty:

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

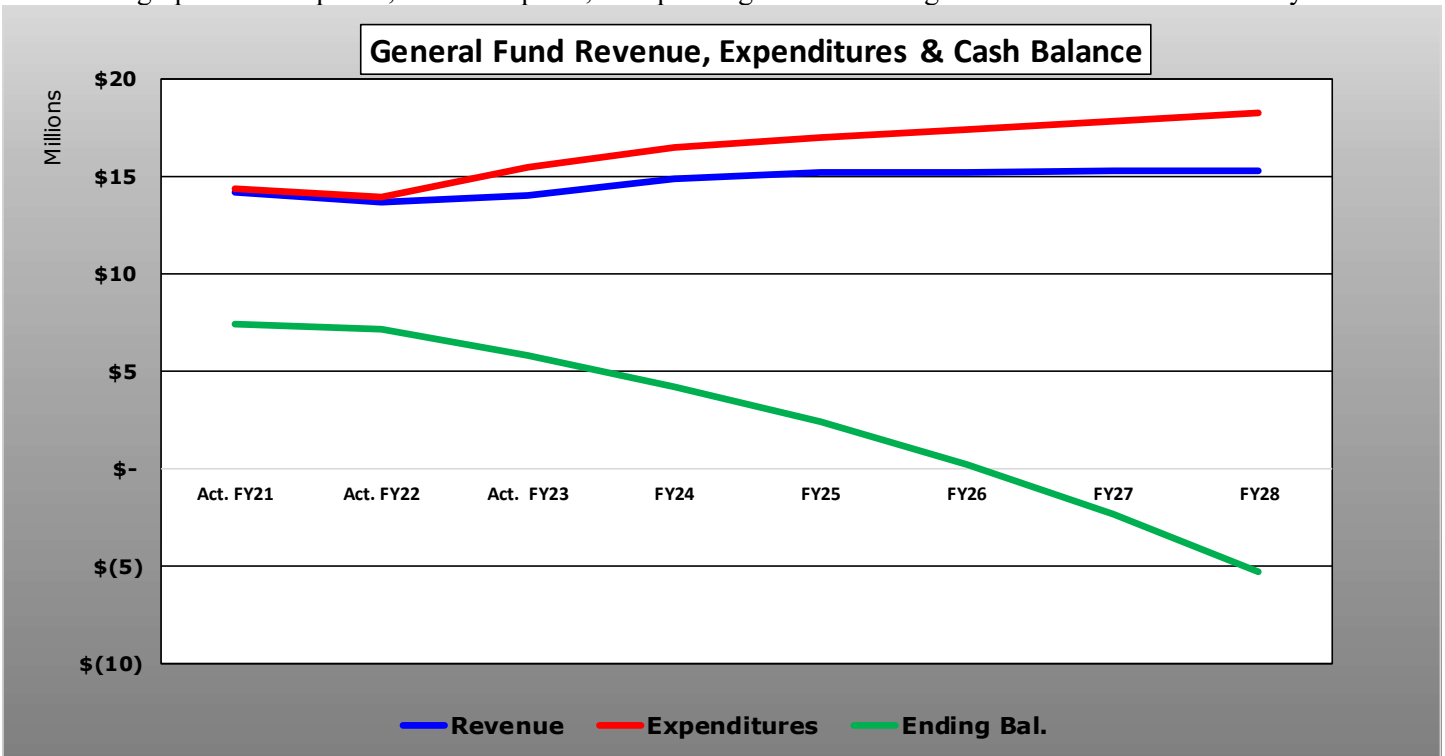
- I. Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes, equate to 29% of the district’s resources. Our tax collections in the March 2023 and August 2023 settlements were on target with original estimates. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- II. Clinton County, which comprises 70% of the district, experienced a triennial update in the 2020 tax year to be collected in 2021. The 2020 update decreased Class I and Class II assessed values by \$3.8 million or a decrease of 2.2%. Highland County, which comprises 30% of the district, experienced a triennial update in the 2021 tax year to be collected in 2022. The update increased values by \$2.5 million or 1.5%. Clinton County will experience a reappraisal in tax year 2023 to be collected in 2024, which is estimated to increase Class I and Class II values by \$23.6 million or 13.9%. Highland County is not expected to have material changes to their Class I and Class II values during the next reappraisal in tax year 2024. 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.

- III. The state budget represented 67.8% 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 make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the Fair School Funding Plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. 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.
- V. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
- VI. 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.

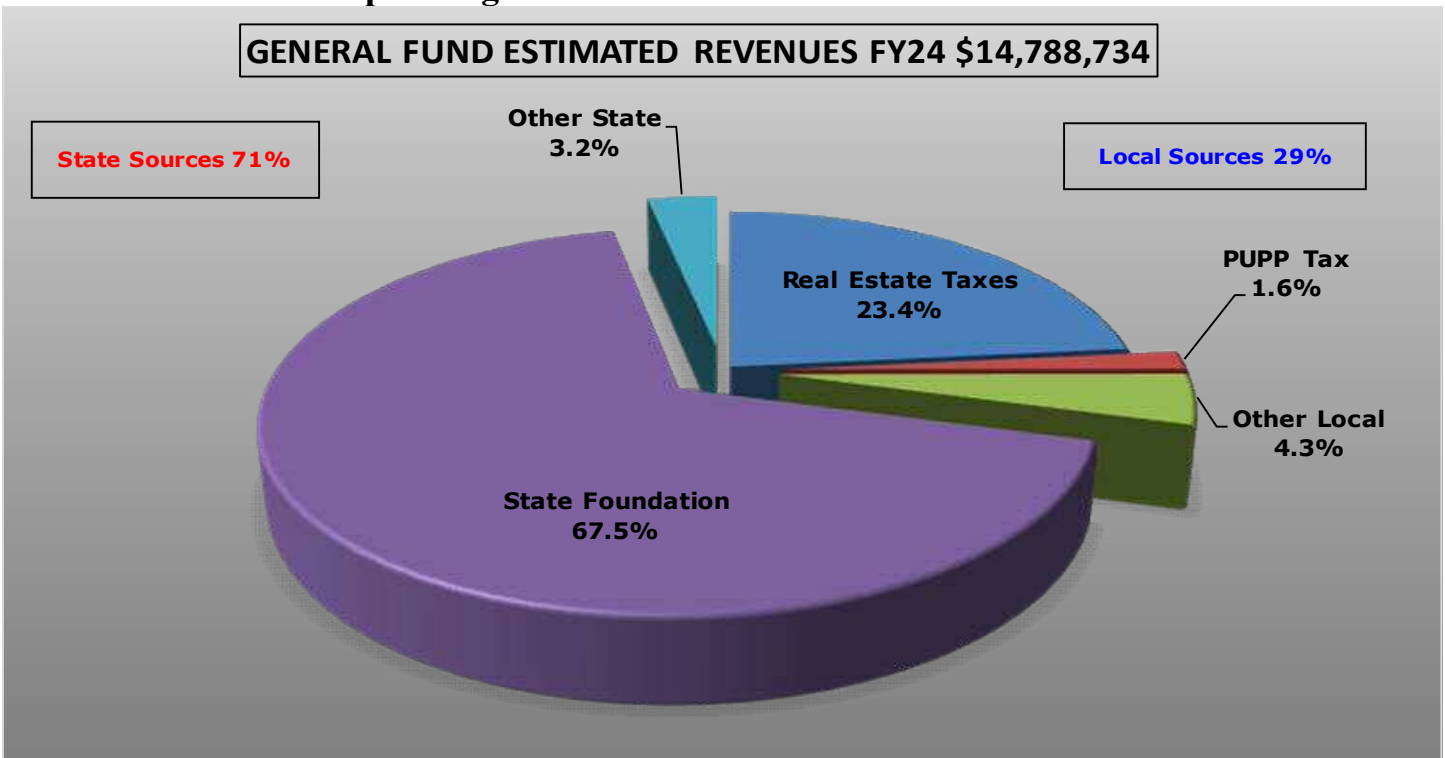
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. John Stanley, Treasurer/CFO of East Clinton Local School District.

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.



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. Clinton County, which comprises 70% of the district’s tax base, experienced a triennial update for the 2020 tax year to be collected in FY21. Residential/agricultural values decreased 2.2%, or \$3.8million, due to the update, which is primarily due to a decline in residential/agricultural values. Highland County, which comprises 30% of the district’s tax base, experienced a triennial update for the 2021 tax year to be collected in FY22. Residential/agricultural values increased 1.5%, or \$2.5 million, due to the update, which led by an improving housing market.

For tax year 2022, new construction in residential property was up 0.29% or \$458 thousand in assessed value, and commercial/industrial values decreased \$20 thousand. Overall values declined \$572 thousand or 0.34%, which includes new construction for all classes of property.

For Clinton County, a sexennial reappraisal will occur in 2023 for collection in FY24, for which we are estimating a 15% increase in residential and a 1.5% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase \$23.6 million or 13.9%, overall. For Highland County, a sexennial reappraisal will occur in tax year 2024 for collection in FY25. At this time, we are not anticipating material increases to residential/agricultural or commercial/industrial property.

Public Utility Personal Property (PUPP) values increased by \$510 thousand in tax year 2022. We expect our values to continue to grow by \$510 thousand each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Classification					
Res./Ag.	\$180,566,316	\$181,225,206	\$181,884,096	\$184,361,827	\$186,864,335
Comm./Ind.	13,557,018	13,536,188	13,515,358	13,562,105	13,609,085
Public Utility Personal Property (PUPP)	<u>8,489,900</u>	<u>8,999,930</u>	<u>9,509,960</u>	<u>10,019,990</u>	<u>10,530,020</u>
Total Assessed Value	<u>\$202,613,234</u>	<u>\$203,761,324</u>	<u>\$204,909,414</u>	<u>\$207,943,922</u>	<u>\$211,003,440</u>

Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law (HB920) provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy collections not to 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 levies is 29.5 mills while the Class I effective millage rate is 20 mills and the Class II effective millage rate is 20.689 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”.

Estimated Real Estate Tax - Line #1.010

Source	FY24	FY25	FY26	FY27	FY28
Est. Real Estate Taxes	<u>\$3,457,489</u>	<u>\$3,483,707</u>	<u>\$3,494,912</u>	<u>\$3,524,998</u>	<u>\$3,568,896</u>
Total Line #1.01 Real Estate Taxes	<u>\$3,457,489</u>	<u>\$3,483,707</u>	<u>\$3,494,912</u>	<u>\$3,524,998</u>	<u>\$3,568,896</u>

Property tax levies are estimated to be collected at 99% of the annual amount. This allows for a 1% delinquency factor. In general, 57% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 43% collected in the August tax settlement.

Replacement/Renewal Levies – Line #11.30

No levy renewals are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were \$7.7 million in assessed values in 2022 and are 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 6.8% or \$510 thousand and are expected to grow by \$510 thousand each year of the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property	\$231,686	\$257,975	\$273,021	\$288,067	\$303,113
Total PUPP Tax Line #1.020	<u>\$231,686</u>	<u>\$257,975</u>	<u>\$273,021</u>	<u>\$288,067</u>	<u>\$303,113</u>

School District Income Tax – Line#1.030

No school district income taxes are modeled in this forecast.

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 FY24 funding based on the November 2023 foundation settlement and funding factors.

Our district is currently a formula 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 most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district’s local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased

the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

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

State Funding Phase-In FY24 and FY25 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) "Formula Transition Aid," 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

Catastrophic Aid

Catastrophic Aid nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year-to-year and we are not projecting any growth over the remainder of the forecast.

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 FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$8,907,151	\$9,302,114	\$9,302,114	\$9,302,114	\$9,302,114
Additional Aid Items	<u>320,487</u>	<u>349,029</u>	<u>349,029</u>	<u>349,029</u>	<u>349,029</u>
Basic Aid-Unrestricted Subtotal	\$9,227,638	\$9,651,143	\$9,651,143	\$9,651,143	\$9,651,143
Ohio Casino Commission ODT/Catastrophic	<u>168,218</u>	<u>169,880</u>	<u>171,579</u>	<u>173,314</u>	<u>175,074</u>
Total Unrestricted State Aid Line #1.035	<u>\$9,395,856</u>	<u>\$9,821,023</u>	<u>\$9,822,722</u>	<u>\$9,824,457</u>	<u>\$9,826,217</u>

Restricted State Foundation Revenue – Line #1.035

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 October funding factors. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$239,968	\$190,768	\$190,768	\$190,768	\$190,768
ESL	0	0	0	0	0
Gifted	69,866	70,196	70,196	70,196	70,196
Career Tech - Restricted	19,223	12,814	12,814	12,814	12,814
Student Wellness and Success	<u>257,091</u>	<u>238,444</u>	<u>238,444</u>	<u>238,444</u>	<u>238,444</u>
Total Restricted State Revenues Line #1.040	<u>\$586,148</u>	<u>\$512,222</u>	<u>\$512,222</u>	<u>\$512,222</u>	<u>\$512,222</u>

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line #1.035	\$9,395,856	\$9,821,023	\$9,822,722	\$9,824,457	\$9,826,217
Restricted Line #1.040	586,148	512,222	512,222	512,222	512,222
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$9,982,004</u>	<u>\$10,333,245</u>	<u>\$10,334,944</u>	<u>\$10,336,679</u>	<u>\$10,338,439</u>

State Share of Local Property Taxes – 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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	\$479,262	\$496,379	\$498,185	\$502,490	\$509,322
Total State Share of Local Property Taxes #1.050	<u>\$479,262</u>	<u>\$496,379</u>	<u>\$498,185</u>	<u>\$502,490</u>	<u>\$509,322</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. 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 is 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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tuition Related Payments	\$184,014	\$184,014	\$184,014	\$184,014	\$184,014
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	52,432	52,432	52,432	52,432	52,432
Interest Earnings	327,580	294,822	265,340	238,806	214,925
Medicaid	17,256	17,256	17,256	17,256	17,256
Mobile Home Taxes	34,756	34,756	34,756	34,756	34,756
Miscellaneous	<u>22,255</u>	<u>22,255</u>	<u>22,255</u>	<u>22,255</u>	<u>22,255</u>
Total Other Local Revenue Line #1.060	<u>\$638,293</u>	<u>\$605,535</u>	<u>\$576,053</u>	<u>\$549,519</u>	<u>\$525,638</u>

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

There is no short-term borrowing projected in this forecast.

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

These are non-operating revenues, which are the repayment of short-term loans 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.

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

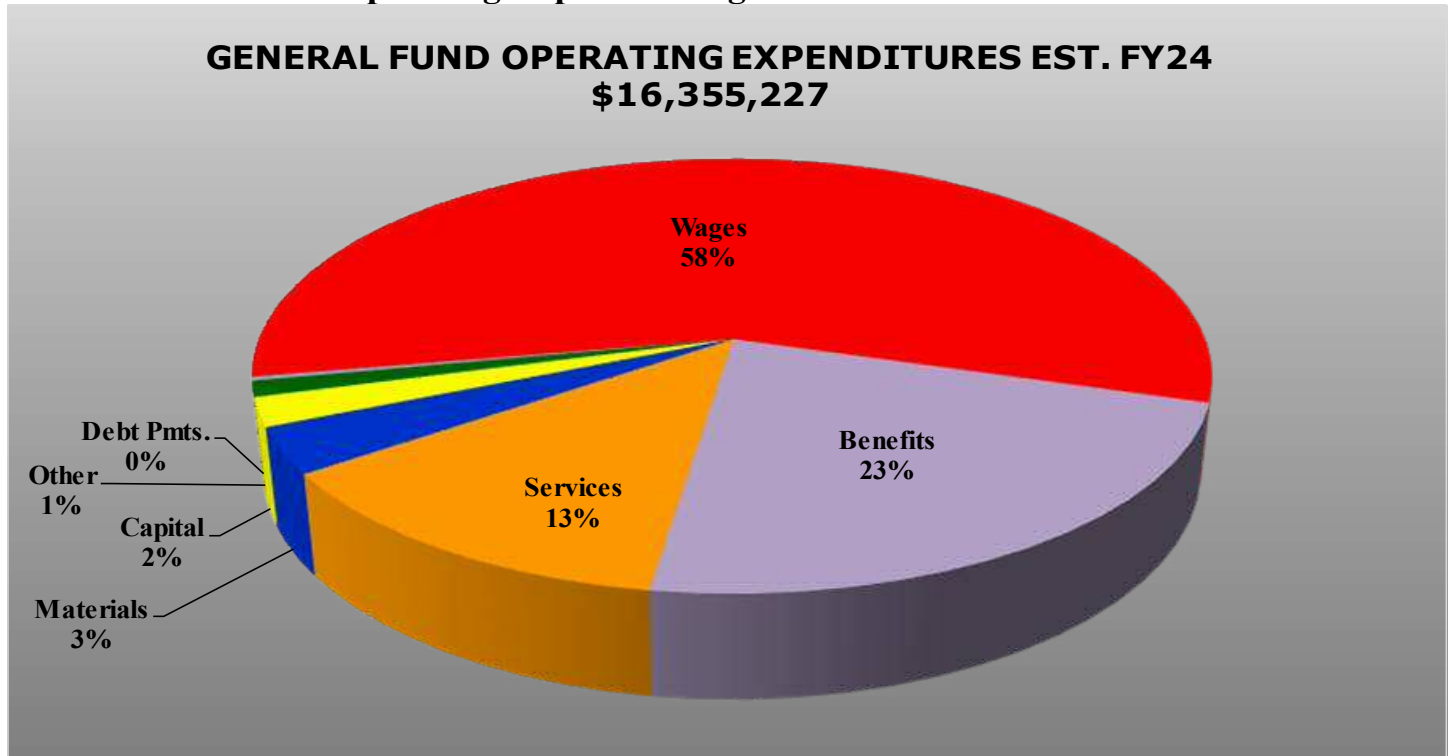
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior years expenditures	<u>\$64,480</u>	<u>\$64,480</u>	<u>\$64,480</u>	<u>\$64,480</u>	<u>\$64,480</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. 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 resulted in an agreement to include base increases of 3.0% for FY23 and 2.5% for FY24, including step increases of 2%. For planning purposes a 2% base increase is planned for FY24 through FY27. In FY21, the district utilized ESSER funding to reduce General Fund wages by \$2 million. FY22 saw \$2 million of these wages return to the General Fund and an additional \$150 thousand will return in FY25.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages	\$8,642,089	\$9,039,435	\$9,551,691	\$9,751,350	\$9,955,002
Based Pay Increase	216,052	180,789	191,034	195,027	199,100
Steps & Academic Training	172,669	172,842	0	0	0
Growth Staff (ESSER/SWSF Return)	0	150,000	0	0	0
Substitutes/OT	78,298	78,298	78,298	78,298	78,298
Supplementals	273,188	278,652	284,225	289,910	295,708
Board of Education	<u>8,625</u>	<u>8,625</u>	<u>8,625</u>	<u>8,625</u>	<u>8,625</u>
Total Wages Line #3.010	<u>\$9,390,921</u>	<u>\$9,908,641</u>	<u>\$10,113,873</u>	<u>\$10,323,210</u>	<u>\$10,536,733</u>

Fringe Benefits Estimates – Line #3.020

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

A) STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance

The district is a member of the Southwestern Ohio Educational Purchasing Council for insurance coverage. We are estimating an increase of 7% in FY24-28, which reflects trend. This is based on our current employee census and claims data.

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

C) Workers Compensation & Unemployment Compensation

Workers’ Compensation is expected to be approximately .44% of wages FY24-28. Unemployment is expected to remain at a shallow level for FY24-28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

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

Summary of Fringe Benefits – Line #3.02

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	\$1,450,319	\$1,530,520	\$1,562,146	\$1,594,509	\$1,627,519
B) Insurance's	2,084,659	2,230,585	2,386,726	2,553,797	2,732,563
C) Workers Comp/Unemployment	41,320	43,598	44,501	45,422	46,362
D) Medicare	136,168	143,676	146,652	149,687	152,783
Tuition	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>
Total Fringe Benefits Line #3.020	<u>\$3,716,266</u>	<u>\$3,952,179</u>	<u>\$4,143,825</u>	<u>\$4,347,215</u>	<u>\$4,563,027</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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Professional & Technical Services, ESC	\$964,473	\$964,473	\$964,473	\$964,473	\$964,473
Maintenance, Insurance & Garbage Removal	236,426	236,426	236,426	236,426	236,426
Professional Development	25,602	25,602	25,602	25,602	25,602
Communications, Postage, & Telephone	55,127	55,127	55,127	55,127	55,127
Utilities	221,613	228,261	235,109	242,162	249,427
Tuition & Excess Costs	501,678	501,678	501,678	501,678	501,678
Open Enroll, Comm School & Scholarship	0	0	0	0	0
College Credit Plus	88,078	88,078	88,078	88,078	88,078
Miscellaneous Purchased Services	<u>8,238</u>	<u>8,238</u>	<u>8,238</u>	<u>8,238</u>	<u>8,238</u>
Total Purchased Services Line #3.030	<u>\$2,101,235</u>	<u>\$2,107,883</u>	<u>\$2,114,731</u>	<u>\$2,121,784</u>	<u>\$2,129,049</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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Office Supplies & Materials	\$168,992	\$175,752	\$182,782	\$190,093	\$197,697
Textbooks & Instructional Supplies	37,992	39,512	41,092	42,736	44,445
Facility Supplies & Materials	88,706	92,254	95,944	99,782	103,773
Transportation Fuel & Supplies	262,430	272,927	283,844	295,198	307,006
Other adjustments SWSF, CARES, Etc.	<u>533</u>	<u>554</u>	<u>576</u>	<u>599</u>	<u>623</u>
Total Supplies Line #3.040	<u>\$558,653</u>	<u>\$580,999</u>	<u>\$604,238</u>	<u>\$628,408</u>	<u>\$653,544</u>

Equipment – Line #3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. In FY24, the district is anticipating \$230 thousand in additional expenditures for the gym replacement.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay & Maintenance	\$350,377	\$120,377	\$120,377	\$120,377	\$120,377
Total Equipment Line #3.050	<u>\$350,377</u>	<u>\$120,377</u>	<u>\$120,377</u>	<u>\$120,377</u>	<u>\$120,377</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

This section is made up of payments for HB264 debt payments, which will be completed in FY25.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
HB 264 Principal Line #4.050	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Interest & Fiscal Costs On Debt Line # 4.060	<u>\$878</u>	<u>\$293</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An overall average increase of 0.5% is projected in this area.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
County Auditor & Treasurer Fees	\$93,527	\$94,462	\$95,407	\$96,361	\$97,325
ESC Deduction	23,911	23,911	23,911	23,911	23,911
Annual Audit Costs	23,752	23,752	23,752	23,752	23,752
Dues, Fees & other Expenses	<u>50,707</u>	<u>50,707</u>	<u>50,707</u>	<u>50,707</u>	<u>50,707</u>
Total Other Expenses Line #4.300	<u>\$191,897</u>	<u>\$192,832</u>	<u>\$193,777</u>	<u>\$194,731</u>	<u>\$195,695</u>

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. The district is projecting to make a \$50 thousand transfer to a termination benefits fund in order to make severance payments and a \$55 thousand transfer to the athletic fund.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Operating Transfers Out Line #5.010	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$105,000</u>	<u>\$105,000</u>	<u>\$105,000</u>	<u>\$105,000</u>	<u>\$105,000</u>

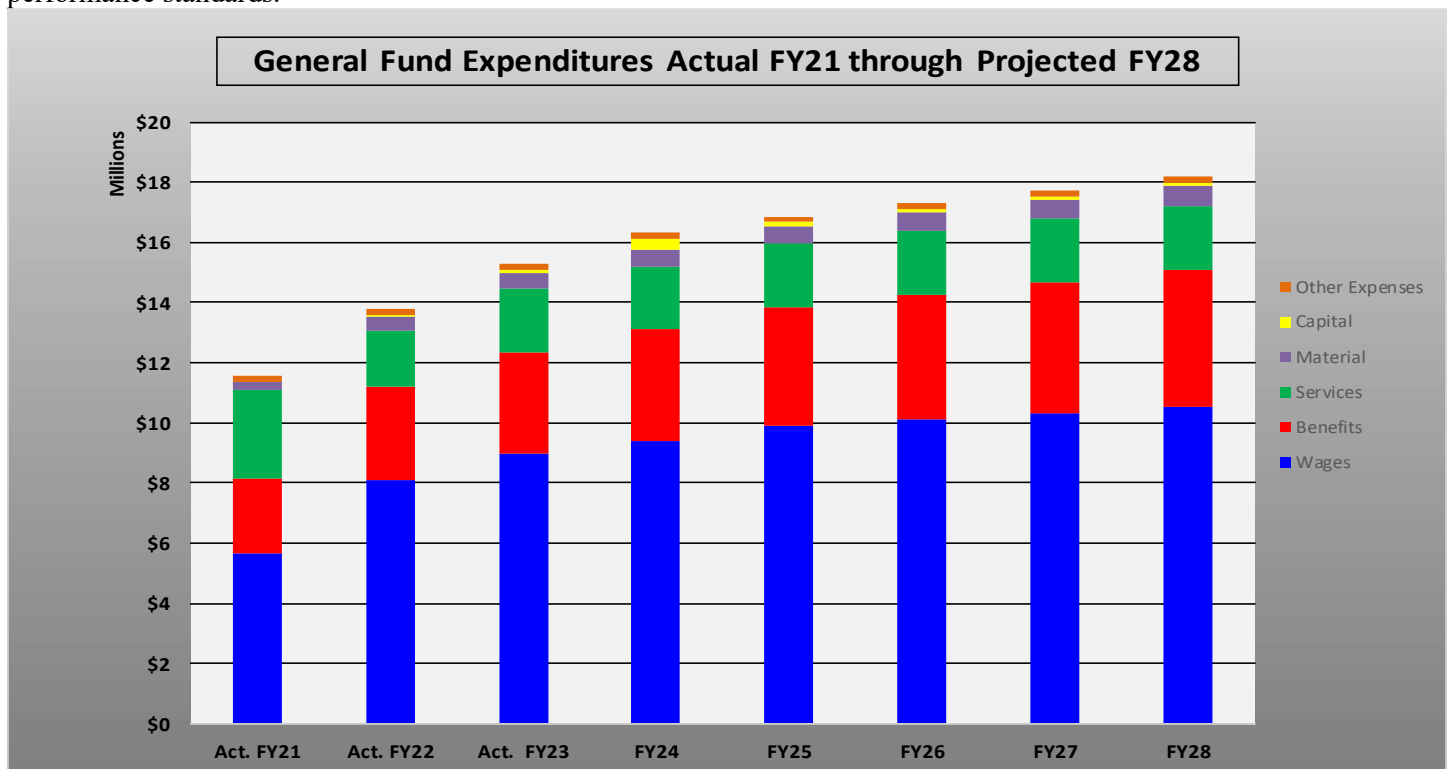
Encumbrances – Line #8.010

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.

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances Line #8.010	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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 – Line#15.010

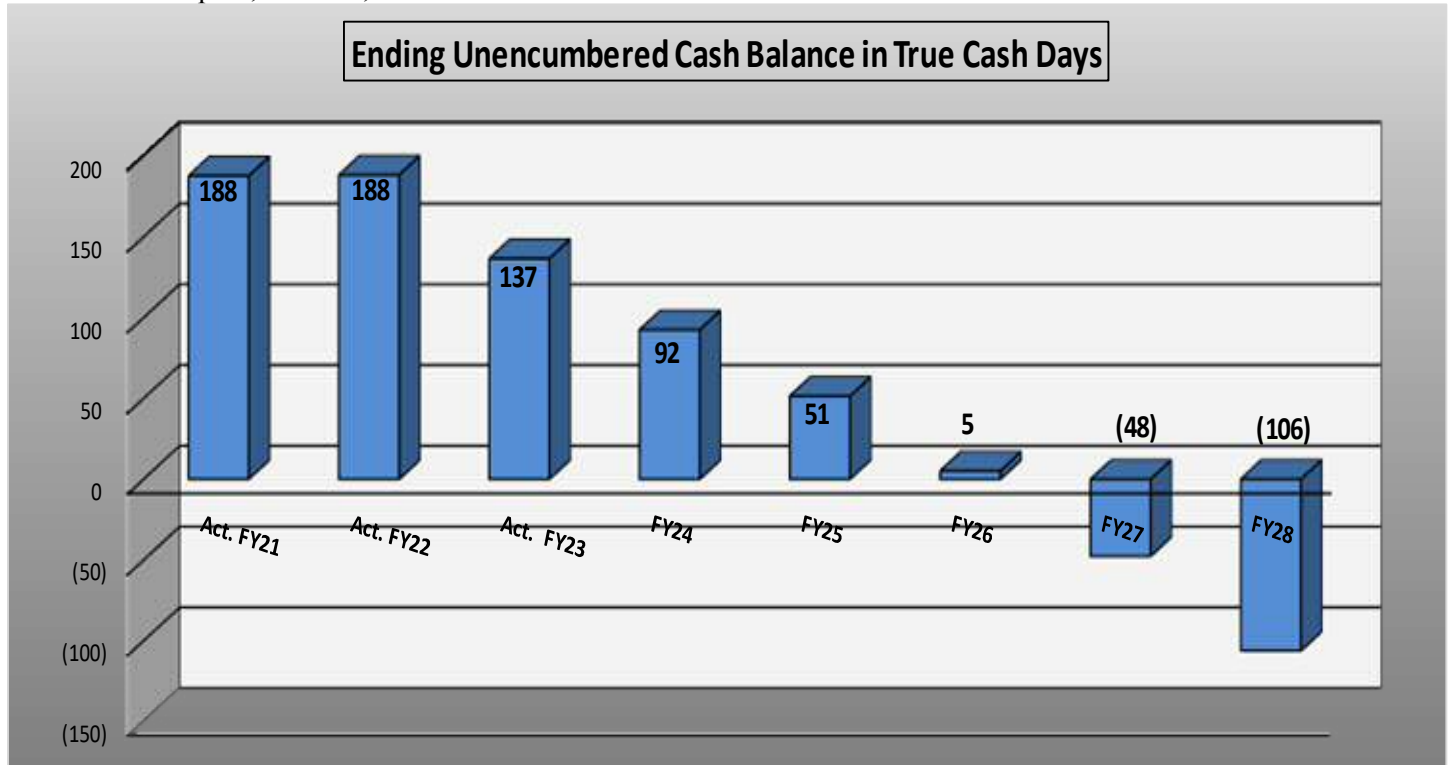
This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of \$10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance, which is approximately \$2.68 million for our district.

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$4,171,231</u>	<u>\$2,399,348</u>	<u>\$245,122</u>	<u>(\$2,329,370)</u>	<u>(\$5,322,907)</u>

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 Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two

(2) months, or sixty (60) days cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



Conclusion

The district administration is grateful for the continuation of the Fair School Funding Plan 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.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. ARP ESSER funding has been allocated to our district that can be used through September 2024, which will continue to offset the expenses and help with academic support for lost learning due to school closures as a result of the pandemic. We will monitor this and all other funding that is affecting our forecast from the pandemic.

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.