

**BERKSHIRE LOCAL SCHOOL DISTRICT-GEAUGA COUNTY  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED  
June 30, 2020, 2021, and 2022 ACTUAL  
FORECASTED FISCAL YEARS ENDING  
June 30, 2023, THROUGH June 30, 2027**



**Forecast Provided By  
Berkshire Local School District**

**Beth A. McCaffrey, Treasurer  
May 8, 2023**

# Berkshire Local School District

Geauga County

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

|                                     |                                                                                                   | Actual              |                     |                     | Average<br>Change | Forecasted          |                     |                     |                     |                     |
|-------------------------------------|---------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                     |                                                                                                   | Fiscal Year<br>2020 | Fiscal Year<br>2021 | Fiscal Year<br>2022 |                   | Fiscal Year<br>2023 | Fiscal Year<br>2024 | Fiscal Year<br>2025 | Fiscal Year<br>2026 | Fiscal Year<br>2027 |
| Revenues                            |                                                                                                   |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 1.010                               | General Property Tax (Real Estate)                                                                | 5 850 454           | 6 333 958           | 6 550 746           | 5 8%              | 6 575 747           | 7 052 310           | 7 321 612           | 7 335 649           | 7 419 951           |
| 1.020                               | Public Utility Personal Property Tax                                                              | 782 406             | 689 655             | 725 221             | -3 3%             | 350 753             | 1 164 092           | 776 542             | 788 992             | 801 442             |
| 1.030                               | Income Tax                                                                                        | 3 044 644           | 3 125 762           | 3 515 642           | 7 6%              | 3 775 204           | 3 812 957           | 3 851 088           | 3 889 599           | 3 928 496           |
| 1.035                               | Unrestricted State Grants-in-Aid                                                                  | 4 428 597           | 4 684 933           | 5 198 627           | 8 4%              | 5 353 839           | 5 353 966           | 5 354 405           | 5 354 825           | 5 355 227           |
| 1.040                               | Restricted State Grants-in-Aid                                                                    | 89 545              | 81 799              | 327 687             | 146 0%            | 262 382             | 262 382             | 262 382             | 262 382             | 262 382             |
| 1.050                               | Property Tax Allocation                                                                           | 872 548             | 901 828             | 932 747             | 3 4%              | 913 445             | 957 901             | 1 005 801           | 1 008 143           | 1 020 578           |
| 1.060                               | All Other Revenues                                                                                | 2 291 116           | 2 670 248           | 1 146 453           | -20 3%            | 1 161 605           | 1 128 808           | 1 136 083           | 1 143 431           | 1 150 852           |
| 1.070                               | Total Revenues                                                                                    | 17 359 310          | 18 488 183          | 18 397 123          | 3 0%              | 18 392 975          | 19 732 416          | 19 707 913          | 19 783 021          | 19 938 928          |
| Other Financing Sources             |                                                                                                   |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 2.050                               | Advances-In                                                                                       | 243 700             | 378 776             | 173 810             | 0 7%              | 208 696             | 20 000              | 20 000              | 20 000              | 20 000              |
| 2.060                               | All Other Financing Sources                                                                       | 173 225             | 227 091             | 31 822              | -27 4%            | 31 822              | 31 822              | 31 822              | 31 822              | 31 822              |
| 2.070                               | Total Other Financing Sources                                                                     | 416 925             | 605 867             | 205 632             | -10 4%            | 240 518             | 51 822              | 51 822              | 51 822              | 51 822              |
| 2.080                               | Total Revenues and Other Financing Sources                                                        | 17 776 235          | 19 094 050          | 18 602 755          | 2 4%              | 18 633 493          | 19 784 238          | 19 759 735          | 19 834 843          | 19 990 750          |
| Expenditures                        |                                                                                                   |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 3.010                               | Personal Services                                                                                 | 8 689 568           | 9 268 203           | 8 736 270           | 0 5%              | 9 383 855           | 9 580 969           | 9 901 929           | 10 222 351          | 10 553 493          |
| 3.020                               | Employees' Retirement/Insurance Benefits                                                          | 3 378 347           | 3 274 454           | 3 291 336           | -1 3%             | 3 442 299           | 3 501 422           | 3 592 143           | 3 684 873           | 3 780 053           |
| 3.030                               | Purchased Services                                                                                | 3 994 546           | 3 600 668           | 4 029 007           | 1 0%              | 5 165 869           | 5 255 721           | 5 342 589           | 5 404 669           | 5 467 590           |
| 3.040                               | Supplies and Materials                                                                            | 285 181             | 267 214             | 387 502             | 19 4%             | 596 713             | 596 953             | 596 953             | 596 953             | 596 953             |
| 3.050                               | Capital Outlay                                                                                    | 174 640             | 192 420             | 182 918             | 2 6%              | 222 409             | 261 847             | 169 879             | 169 879             | 169 879             |
| 4.300                               | Other Objects                                                                                     | 232 566             | 246 606             | 254 107             | 4 5%              | 303 889             | 305 757             | 305 757             | 305 757             | 305 757             |
| 4.500                               | Total Expenditures                                                                                | 16 754 848          | 16 849 565          | 16 861 140          | 0 4%              | 19 115 034          | \$19,502 670        | 19 909 250          | 20 384 483          | 20 874 125          |
| Other Financing Uses                |                                                                                                   |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 5.010                               | Operating Transfers-Out                                                                           | 689 739             | 708 322             | 835 804             | 10 3%             | 973 886             | 824 439             | 965 231             | 1 022 038           | 1 079 982           |
| 5.020                               | Advances-Out                                                                                      | 243 700             | 503 776             | 256 809             | 28 9%             | 20 000              | 20 000              | 20 000              | 20 000              | 20 000              |
| 5.030                               | All Other Financing Uses                                                                          | -                   | -                   | -                   | 0 0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 5.040                               | Total Other Financing Uses                                                                        | 933 439             | 1 212 098           | 1 092 713           | 10 0%             | 993 886             | 844 439             | 985 231             | 1 042 038           | 1 099 982           |
| 5.050                               | Total Expenditures and Other Financing Uses                                                       | 17 688 287          | 18 061 663          | 17 973 853          | 0 8%              | 20 108 919          | 20 347 109          | 20 894 480          | 21 426 521          | 21 974 107          |
| 6.010                               | Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | 87 948              | 1 032 387           | 628 902             | 517 4%            | (1 475 426)         | (562 871)           | (1 134 746)         | (1 591 678)         | (1 983 357)         |
| 7.010                               | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies                       | 3 814 833           | 3 902 781           | 4 935 168           | 14 4%             | 5 564 070           | 4 088 644           | 3 525 773           | 2 391 028           | 799 350             |
| 7.020                               | Cash Balance June 30                                                                              | 3 902 781           | 4 935 168           | 5 564 070           | 19 6%             | 4 088 644           | 3 525 773           | 2 391 028           | 799 350             | 1 184 007           |
| 8.010                               | Estimated Encumbrances June 30                                                                    | 181 337             | 282 990             | 341 221             | 38 3%             | 150 000             | 150 000             | 150 000             | 150 000             | 150 000             |
| 15.010                              | Unreserved Fund Balance June 30                                                                   | 3 721 444           | 4 652 178           | 5 222 849           | 18 6%             | 3 938 644           | 3 375 773           | 2 241 028           | 649 350             | (1 334 007)         |
| 20.010                              | Kindergarten -ADM count                                                                           | 92                  | 95                  | 122                 | 16%               | 114                 | 120                 | 120                 | 120                 | 120                 |
| 20.015                              | Grades -ADM count                                                                                 | 1 122               | 1 235               | 1 236               | 5%                | 1 283               | 1 292               | 1 312               | 1 320               | 1 341               |
| True Days Cash Line 59              |                                                                                                   | 81                  | 100                 | 113                 |                   | 74                  | 63                  | 42                  | 14                  | -20                 |
| True Days Unencumbered Cash Line 91 |                                                                                                   | 77                  | 94                  | 106                 |                   | 71                  | 61                  | 39                  | 11                  | -22                 |

Millage equivalent for deficit spending (3.84) (1.44) (2.67) (3.73) (4.64)

See accompanying summary of significant forecast assumptions and accounting policies  
Includes: General fund, Emergency Levy fund, and any portion of Debt Service fund related to General fund debt

**Berkshire Local School District – Geauga County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**May 8, 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. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), tax adjustments (reappraisal/updates), 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 the Ohio Department of Education (ODE) when events that will 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 preparing 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 school district's Treasurer/Chief Fiscal Officer (CFO) 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 the school district's financial issues.
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
- (3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

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

**May 2023 Updates:**

**Revenues FY23**

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 \$18.39 million or 0.95% lower than the November forecasted amount of \$18.57 million. This indicates that the November forecast was 99.05% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 37.7% and are estimated to be \$6.9 million, which is \$377,417 lower for FY23 than the original November estimate of \$7.3 million. This is due to a \$403,240 late PUPP payment that will be paid to us in the second half settlement. Our estimates are 94.84% accurate for FY23 (and would have been over 99% if not for the PUPP late payment) 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 \$5.62 million, which is \$24,870 lower than the original estimate for FY23. We are pleased that we were able to be 99.49% accurate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues match our original estimates, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

### **Expenditures FY23**

Total General Fund expenditures (line 4.5) are estimated to be \$19.1 million for FY23, which is \$127,996 lower than the original estimate of \$19.2 million in the November forecast, which is 99.33% on target with initial estimates. The expenditure lines most significantly over projection are Capital Outlay (line 3.05) due to additional capital costs needed during the year, and Supplies and Materials (line 3.04) due to an increase in gas and utilities. Personnel Services (line 3.010) and Purchased Services (line 3.03) are under original estimates due to savings from redirected ESSER monies.

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

### **Unreserved Ending Cash Balance**

With revenues ending mostly on target with estimates and expenditures ending primarily on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$3.94 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 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 uncertainties not only due to the economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the 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 modest increases in local taxes as the pandemic ends and the economy continues recovering as anticipated. Total local revenues, which are predominately local taxes, equate to 64% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

Geauga County experienced a triennial update in the 2020 tax year to be collected in FY21. The 2020 update increased overall assessed values by \$32 million or an increase of 8.7%, including the update and new

construction for all property classes. A sexennial reappraisal will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property by \$34 million for an overall increase of 8.98%. There is, however, always a minor risk that the district could sustain a reduction in values in the next sexennial reappraisal. Still, we do not anticipate that at this time.

2) State revenues represented 36% of district revenues, which means it is a significant risk to the district's revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY24-25 and FY26-27. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27, which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

3) HB 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has 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. Beginning in FY22, a district's open enrollment payments will no longer be delivered separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur. There will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in actual historical costs for FY20 through FY21, which may reflect different trends on Lines 1.035, 1.04, 1.06, and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.

4) HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. However, there still are education option programs such as College Credit Plus, which 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 that are not currently in the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

5) The current proposed state budget for FY24-25, HB33 was introduced on February 15, 2023, and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would receive at least FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

6) The legislature has introduced House Bill 1 (HB1), proposing to modify the property taxation law and Ohio income tax rates. Proposed changes to the existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written, would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property.

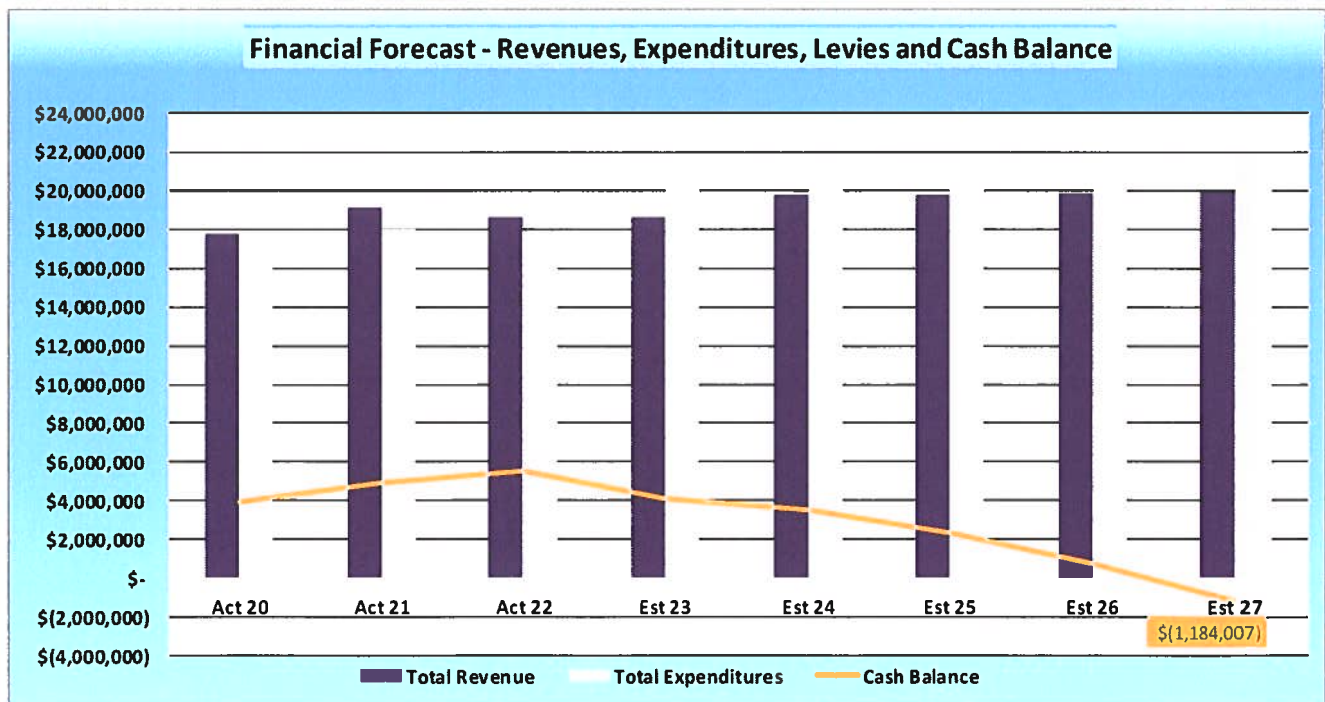
HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. The “effective” millage rate on voted levies will decrease as property values grow. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause “effective” millage rates and increase local taxpayers’ property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing regarding HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

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.

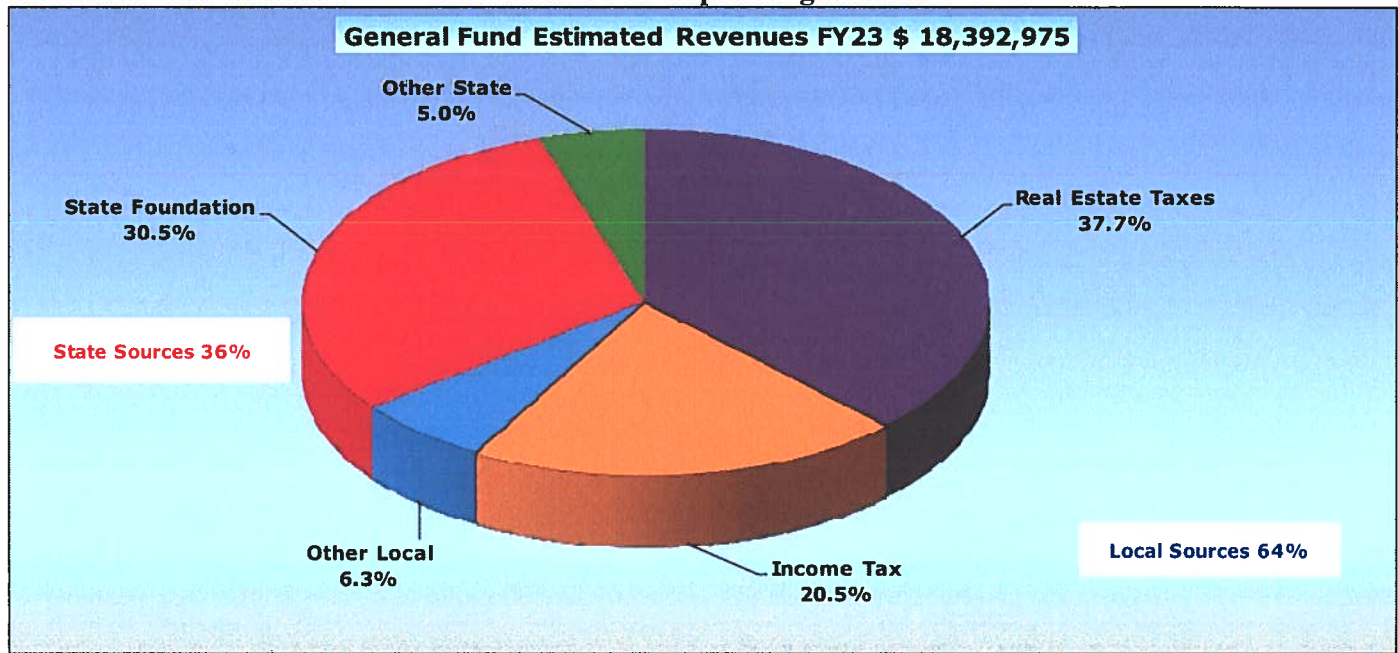
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please get in touch with Beth McCaffrey, Treasurer, at 440.834.3380.

### General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

The graph captures in one snapshot the operating scenario facing the District over the next few years.



**Revenue Assumptions**  
**Estimated General Fund Operating Revenue for FY23**



**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. Geauga County experienced a triennial update for the 2020 tax year to be collected in FY21. Residential/agricultural values increased 9.66% or \$31 million due to the update, led by an improving housing market. Commercial/industrial values increased by \$650,080. Overall values increased \$32 million or 8.7%, which includes new construction for all classes of property.

A sexennial reappraisal will occur in 2023 for collection in FY24, for which we are estimating a 10% increase in residential and no increase or decrease for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values to increase \$33.7 million or 8.98%.

Public Utility Personal Property (PUPP) values increased by \$250,000 in the tax year 2022. We expect our values to continue to grow by \$250,000 each year of the forecast.

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

| Classification                          | Actual<br>TAX YEAR2022<br><u>COLLECT 2023</u> | Estimated<br>TAX YEAR2023<br><u>COLLECT 2024</u> | Estimated<br>TAX YEAR2024<br><u>COLLECT 2025</u> | Estimated<br>TAX YEAR 2025<br><u>COLLECT 2026</u> | Estimated<br>TAX YEAR 2026<br><u>COLLECT 2027</u> |
|-----------------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Res./Ag.                                | \$330,709,700                                 | \$364,630,670                                    | \$365,480,670                                    | \$366,330,670                                     | \$374,507,283                                     |
| Comm./Ind.                              | 45,544,340                                    | 45,394,340                                       | 45,244,340                                       | 45,094,340                                        | 44,944,340                                        |
| Public Utility Personal Property (PUPP) | <u>15,208,210</u>                             | <u>15,458,210</u>                                | <u>15,708,210</u>                                | <u>15,958,210</u>                                 | <u>16,208,210</u>                                 |
| Total Assessed Value                    | <u>\$391,462,250</u>                          | <u>\$425,483,220</u>                             | <u>\$426,433,220</u>                             | <u>\$427,383,220</u>                              | <u>\$435,659,833</u>                              |

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

| Source                 | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        | <u>FY27</u>        |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Property Taxes | <u>\$6,575,747</u> | <u>\$7,052,310</u> | <u>\$7,321,612</u> | <u>\$7,335,649</u> | <u>\$7,419,951</u> |

Property tax levies are estimated to be collected at 97.67% of the annual amount. This allows for a 2.33% delinquency factor. In general, 54.6% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 45.4% in the August tax settlement. Collections in FY23 are on target with estimates.

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**Estimated Public Utility Personal Tax – Line#1.020**

The phase-out of TPP taxes as noted earlier, began in FY06 with HB66 which was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above under Public Utility (PUPP), which were \$14.9 million in assessed values in Tax Year 2022 collected in 2023 and are collected at the district's gross voted millage rate. Collections are typically 54% in February and 46% in August along with the real estate settlements from the county auditor. Collections in FY23 are down due to late payment buy a major utility and caused a \$403,240 decline in collection. This money will be paid to us in the second half settlement which will cause FY23 to look low and FY24 to be very high before returning to normal in FY25.

| Source                                        | <u>FY23</u>      | <u>FY24</u>        | <u>FY25</u>      | <u>FY26</u>      | <u>FY27</u>      |
|-----------------------------------------------|------------------|--------------------|------------------|------------------|------------------|
| Public Utility Personal Property (Line#1.020) | <u>\$350,753</u> | <u>\$1,164,092</u> | <u>\$776,542</u> | <u>\$788,992</u> | <u>\$801,442</u> |

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

The district has a 1% earned school district income tax. As we move into post-pandemic economic times, we see that income tax collections are beginning to increase with the economic recovery. So far in FY23, income tax collections statewide have increased on average around 9%. We actually received a 7.38% increase in FY23 over FY22. We will assume an annual growth rate of 1% for FY24-27 as the concerns over inflation may slow growth in this area.

| Source                     | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        | <u>FY27</u>        |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| School District Income Tax | \$3,515,642        | \$3,775,204        | \$3,812,957        | \$3,851,088        | \$3,889,599        |
| Adjustments                | <u>259,562</u>     | <u>37,753</u>      | <u>38,131</u>      | <u>38,512</u>      | <u>38,897</u>      |
| Total to Line #1.030       | <u>\$3,775,204</u> | <u>\$3,812,957</u> | <u>\$3,851,088</u> | <u>\$3,889,599</u> | <u>\$3,928,496</u> |

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

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the April #1 2023 foundation settlement and adjustments from FY22.

Our district is currently a guarantee district in FY23 and is expected to continue on the guarantee in FY24-27 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, and now HB110, as amended by HB583, implements the newest, and possibly the most complicated, funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and how expenses are deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

- A. Student Population and Demographics
- B. Property Valuation 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 new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district’s local capacity will update for FY23. 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 \$7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

- 1. 60% based on 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 (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled.
- 3. 20% based on the most recent year 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 finally 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. An amount of 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 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

#### 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 0% for FY22 and 33.34% in FY23.
2. English Learners – Based on funded categories based on the time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds- These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

### **State Funding Phase-In FY22 and FY23 and Guarantees**

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 but has now been included in the overall phase at 33.33% in FY23. Transportation categorical funds will not be subject to phase-in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on total state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of guarantee in FY22. In general, the same number will occur in FY23 since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

### **Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)**

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the current state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF.

### **Future State Budget Projections beyond FY23**

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

#### Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum, through FY25.

#### Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

#### Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.
- c) Student Wellness and Success Funds
  - a. Expenditures for physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
  - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
  - c. School resource officer funding will be allocated on a per building basis. Funds can support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted and categorical state funding to align with the FY23 funding levels through the remainder of the forecast. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

### **Casino Revenue**

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for opening four (4) casinos, one each in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross

casino revenue will be collected as a tax. School districts will receive 34% of the 33% Gross Casino Revenue (GCR) that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels, as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil; actual payments in FY23 were \$62.87 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

| <b>Source</b>                             | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|-------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Basic Aid-Unrestricted                    | \$5,028,407        | \$5,028,084        | \$5,028,084        | \$5,028,084        | \$5,028,084        |
| Additional Aid Items                      | 236,506            | 236,506            | 236,506            | 236,506            | 236,506            |
| Basic Aid-Unrestricted Subtotal           | \$5,264,913        | \$5,264,590        | \$5,264,590        | \$5,264,590        | \$5,264,590        |
| Ohio Casino Commission ODT                | <u>88,926</u>      | <u>89,376</u>      | <u>89,815</u>      | <u>90,235</u>      | <u>90,637</u>      |
| Total Unrestricted State Aid Line # 1.035 | <u>\$5,353,839</u> | <u>\$5,353,966</u> | <u>\$5,354,405</u> | <u>\$5,354,825</u> | <u>\$5,355,227</u> |

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

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added, as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, and 33.34% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula. The district has elected also to post Catastrophic Aid for special education as restrict revenues.

| <b>Source</b>                               | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| DPIA                                        | \$15,279           | \$15,279           | \$15,279           | \$15,279           | \$15,279           |
| Career Tech                                 | 808                | 808                | 808                | 808                | 808                |
| Gifted                                      | 51,083             | 51,083             | 51,083             | 51,083             | 51,083             |
| ESL                                         | 1,319              | 1,319              | 1,319              | 1,319              | 1,319              |
| Student Wellness                            | 132,586            | 132,586            | 132,586            | 132,586            | 132,586            |
| Catastrophic Aid                            | <u>61,307</u>      | <u>61,307</u>      | <u>61,307</u>      | <u>61,307</u>      | <u>61,307</u>      |
| Total Restricted State Revenues Line #1.040 | <u>\$262,382</u>   | <u>\$262,382</u>   | <u>\$262,382</u>   | <u>\$262,382</u>   | <u>\$262,382</u>   |

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

No restricted federal grants are projected for FY23-27.

| <b>Summary of State Foundation Revenues</b> | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Unrestricted Line # 1.035                   | \$5,353,839        | \$5,353,966        | \$5,354,405        | \$5,354,825        | \$5,355,227        |
| Restricted Line # 1.040                     | 262,382            | 262,382            | 262,382            | 262,382            | 262,382            |
| Restricted Federal Grants - #1.045          | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           |
| Total State Foundation Revenue              | <u>\$5,616,221</u> | <u>\$5,616,348</u> | <u>\$5,616,787</u> | <u>\$5,617,207</u> | <u>\$5,617,609</u> |

## State Taxes Reimbursement/Property Tax Allocation

### Rollback and Homestead Reimbursement

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

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

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

| Source                                        | <u>FY23</u>      | <u>FY24</u>      | <u>FY25</u>        | <u>FY26</u>        | <u>FY27</u>        |
|-----------------------------------------------|------------------|------------------|--------------------|--------------------|--------------------|
| Rollback and Homestead                        | <u>\$913,445</u> | <u>\$957,901</u> | <u>\$1,005,801</u> | <u>\$1,008,143</u> | <u>\$1,020,578</u> |
| Total Tax Reimb./Prop. Tax Allocations #1.050 | <u>\$913,445</u> | <u>\$957,901</u> | <u>\$1,005,801</u> | <u>\$1,008,143</u> | <u>\$1,020,578</u> |

### Other Local Revenues – Line #1.060

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

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district 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.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates began to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our firm cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

| Source                                | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        | <u>FY27</u>        |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Open Enrollment Gross                 | \$0                | \$0                | \$0                | \$0                | \$0                |
| Interest                              | 63,653             | 23,653             | 23,653             | 23,653             | 23,653             |
| Medicaid                              | 119,102            | 120,290            | 121,490            | 122,702            | 123,926            |
| Tuitions                              | 601,488            | 607,503            | 613,578            | 619,714            | 625,911            |
| MH Tax, Fees, and Miscellaneous       | <u>377,362</u>     | <u>377,362</u>     | <u>377,362</u>     | <u>377,362</u>     | <u>377,362</u>     |
| Total Other Local Revenue Line #1.060 | <u>\$1,161,605</u> | <u>\$1,128,808</u> | <u>\$1,136,083</u> | <u>\$1,143,431</u> | <u>\$1,150,852</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 out in the prior fiscal year are expected to be repaid in the current year, as noted in the table below.

| Source                       | <u>FY23</u>      | <u>FY24</u>     | <u>FY25</u>     | <u>FY26</u>     | <u>FY27</u>     |
|------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Transfers In - Line 2.040    | \$0              | \$0             | \$0             | \$0             | \$0             |
| Advance Returns - Line 2.050 | <u>\$208,696</u> | <u>\$20,000</u> | <u>\$20,000</u> | <u>\$20,000</u> | <u>\$20,000</u> |
| Total Transfer & Advances In | <u>\$208,696</u> | <u>\$20,000</u> | <u>\$20,000</u> | <u>\$20,000</u> | <u>\$20,000</u> |

### All Other Financial Sources – Line #2.060

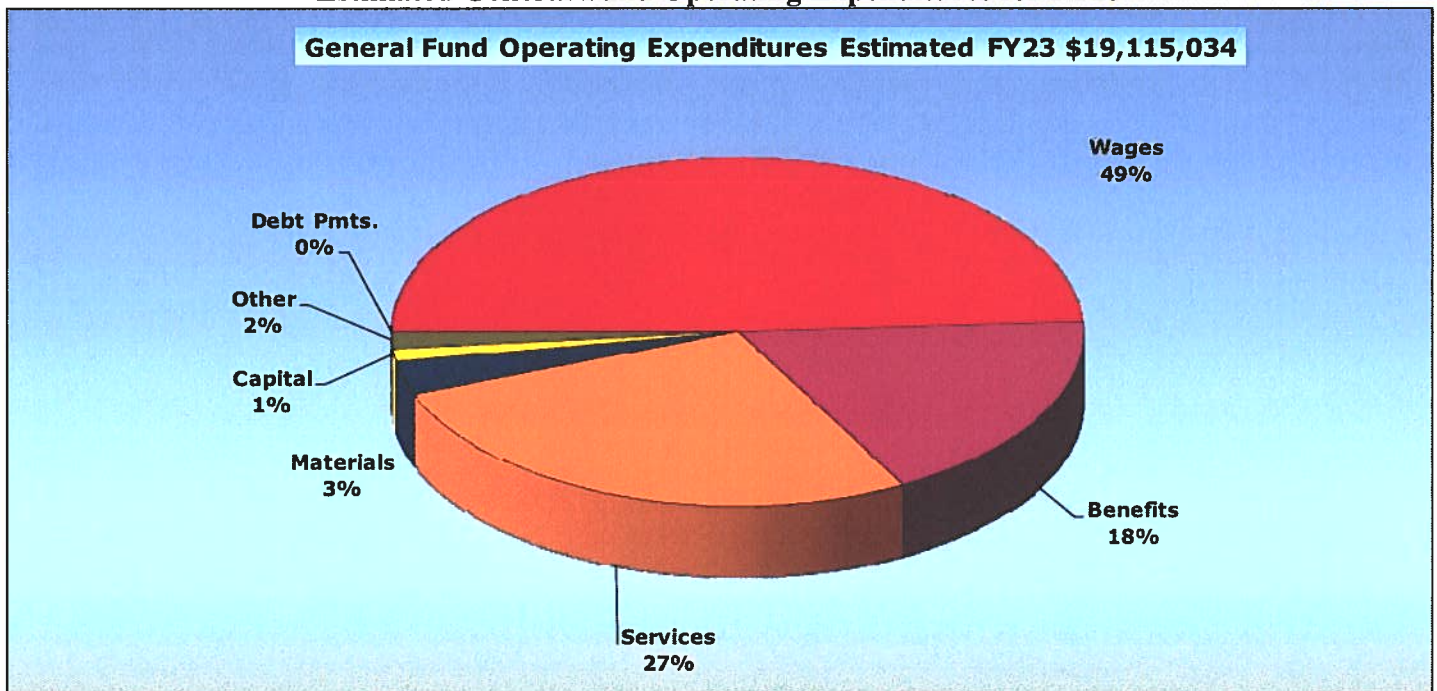
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that align with historical collections.

| Source                             | <u>FY23</u>     | <u>FY24</u>     | <u>FY25</u>     | <u>FY26</u>     | <u>FY27</u>     |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Refund of prior years expenditures | <u>\$31,822</u> | <u>\$31,822</u> | <u>\$31,822</u> | <u>\$31,822</u> | <u>\$31,822</u> |

### Expenditures Assumptions

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

#### Estimated General Fund Operating Expenditures for FY23



### Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.0%

from FY21 through FY23 and 2.25% for FY24. The district also has step increases of 1.3% each year of the forecast. For planning purposes a 2% base increase and normal steps and training increases has been used for FY25-27. In FY24 the forecast reflects the addition of 1 administrator and 1 teaching position. We have recoded expenses that qualify in our plan for use in our ESSER funds and will bring those positions back in FY24.

| <b>Source</b>           | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b>  | <b><u>FY27</u></b>  |
|-------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Base Wages              | \$8,200,875        | \$8,879,189        | \$9,300,431        | \$9,620,653         | \$9,938,135         |
| Step & Training         | 126,932            | 115,429            | 120,906            | 125,068             | 129,196             |
| Growth                  | 402,683            | 166,600            | 15,683             | 0                   | 0                   |
| Fund 467/ESSER 507      | 219,629            | (371)              | 0                  | 0                   | 0                   |
| Substitutes             | 228,000            | 233,130            | 237,793            | 242,548             | 247,399             |
| Supplementals           | 461,185            | 224,992            | 229,492            | 234,082             | 238,763             |
| Staff Reductions        | <u>(255,449)</u>   | <u>(38,000)</u>    | <u>(2,375)</u>     | <u>0</u>            | <u>0</u>            |
| Total Wages Line #3.010 | <u>\$9,383,855</u> | <u>\$9,580,969</u> | <u>\$9,901,929</u> | <u>\$10,222,351</u> | <u>\$10,553,493</u> |

### **Fringe Benefits Estimates Line 3.02**

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

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

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS.

#### **B) Insurance**

FY22 saw an increase in insurance rates of 7% due to high claims. We are estimating an increase of 0% for FY23 and FY24, then 2% FY25 through FY27, which reflects the trend of our current employee census and claims data.

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

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

Workers' Compensation is expected to be approximately .4% of wages FY23– FY27. Unemployment is likely to remain at a shallow level FY23-FY27. 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 increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Estimated Fringe Benefits – Line #3.020**

| Source                            | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        | <u>FY27</u>        |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| A) STRS/SERS                      | \$1,429,310        | \$1,462,721        | \$1,513,250        | \$1,562,394        | \$1,613,005        |
| B) Insurance's                    | \$1,842,425        | \$1,846,603        | \$1,884,220        | \$1,921,904        | \$1,960,342        |
| C) Workers Comp/Unemployment      | \$24,043           | \$39,324           | \$40,608           | \$41,889           | \$43,214           |
| D) Medicare                       | \$136,364          | \$142,617          | \$143,908          | \$148,529          | \$153,335          |
| Other/Tuition                     | <u>\$10,157</u>    | <u>\$10,157</u>    | <u>\$10,157</u>    | <u>\$10,157</u>    | <u>\$10,157</u>    |
| Total Fringe Benefits Line #3.020 | <u>\$3,442,299</u> | <u>\$3,501,422</u> | <u>\$3,592,143</u> | <u>\$3,684,873</u> | <u>\$3,780,053</u> |

**Purchased Services – Line #3.030**

HB110, the new state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education started to direct 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 FY23-FY27 Line 3.03 costs and historical FY20 through FY21 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.

In FY23 we are seeing utilities, contract transportation and special needs services increase drastically over FY22. We have added costs for an in-house provided alternative school and offering preschool. These costs in FY23 are expected to increase 29% over FY22 costs before leveling off in FY24.

| Source                                     | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        | <u>FY27</u>        |
|--------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Base Services                              | \$22,732           | \$27,000           | \$27,000           | \$27,000           | \$27,000           |
| Excess Cost County ESC                     | 123,580            | 124,000            | 124,000            | 124,000            | 124,000            |
| Open Enrollment Deduction-477              | 0                  | 0                  | 0                  | 0                  | 0                  |
| Community School Deductions-478            | 0                  | 0                  | 0                  | 0                  | 0                  |
| Other Tuition Including Ed Scholarship-479 | 1,274,740          | 1,300,235          | 1,326,240          | 1,326,240          | 1,326,240          |
| Professional Support 41x                   | 1,066,845          | 1,088,182          | 1,109,946          | 1,132,145          | 1,154,788          |
| Building & Bus Repairs 42x                 | 381,128            | 381,128            | 381,128            | 381,128            | 381,128            |
| Transportaion                              | 1,916,600          | 1,954,932          | 1,994,031          | 2,033,912          | 2,074,590          |
| Utilities                                  | <u>380,244</u>     | <u>380,244</u>     | <u>380,244</u>     | <u>380,244</u>     | <u>380,244</u>     |
| Total Purchased Services Line #3.030       | <u>\$5,165,869</u> | <u>\$5,255,721</u> | <u>\$5,342,589</u> | <u>\$5,404,669</u> | <u>\$5,467,990</u> |

**Supplies and Materials – Line #3.040**

This category of expenses which are characterized by classroom supplies, textbooks, janitorial supplies, transportation fuel and supplies, and other miscellaneous materials. In FY23 we have added one time startup costs for a diesel tech and alternative school program. Costs have also increased for 1 Tier bussing. These costs are expected to level off beginning in FY24.

| <b>Source</b>              | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Supplies                   | \$299,760          | \$300,000          | \$300,000          | \$300,000          | \$300,000          |
| Textbooks                  | \$31,022           | \$31,022           | \$31,022           | \$31,022           | \$31,022           |
| Building Maintenance       | \$38,423           | \$38,423           | \$38,423           | \$38,423           | \$38,423           |
| Transportation             | \$227,508          | \$227,508          | \$227,508          | \$227,508          | \$227,508          |
| Total Supplies Line #3.040 | <u>\$596,713</u>   | <u>\$596,953</u>   | <u>\$596,953</u>   | <u>\$596,953</u>   | <u>\$596,953</u>   |

#### **Capital Outlay – Line # 3.050**

The area of capital outlay is for all types of equipment whether it is for educational purposes or building repairs. Capital outlay accounts for expenditures with a useful life of more than five years and include classroom equipment, bus lease payments and building improvements. The district is projecting near flat funding in FY23-FY27.

| <b>Source</b>               | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Capital Outlay              | \$49,487           | \$25,000           | \$25,000           | \$25,000           | \$25,000           |
| Replacement Bus Purchases   | <u>172,922</u>     | <u>236,847</u>     | <u>144,879</u>     | <u>144,879</u>     | <u>144,879</u>     |
| Total Equipment Line #3.050 | <u>\$222,409</u>   | <u>\$261,847</u>   | <u>\$169,879</u>   | <u>\$169,879</u>   | <u>\$169,879</u>   |

#### **Other Expenses – Line #4.300**

This category of expenses is primarily for county auditors and treasurers' fees for collecting property taxes and the Ohio Department of Taxation to collect and manage the districts income tax collection, and educational service center fees. The other expense category is several small expenses with the largest being district liability insurance and dues and fees to organization such as OSBA.

| <b>Source</b>                    | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| County Auditor & Treasurer Fees  | \$186,841          | \$188,709          | \$188,709          | \$188,709          | \$188,709          |
| County ESC                       | \$11,483           | \$11,483           | \$11,483           | \$11,483           | \$11,483           |
| Other expenses                   | <u>\$105,565</u>   | <u>\$105,565</u>   | <u>\$105,565</u>   | <u>\$105,565</u>   | <u>\$105,565</u>   |
| Total Other Expenses Line #4.300 | <u>\$303,889</u>   | <u>\$305,757</u>   | <u>\$305,757</u>   | <u>\$305,757</u>   | <u>\$305,757</u>   |

#### **Transfers Out/Advances Out – Line# 5.010**

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. Transfers out in FY23 include \$300,000 to the Self Insurance Fund, \$350,000 to Severance Fund; \$30,000 to the Athletic Fund; \$339,708 to OFCC Fund 034; and \$179,000 for miscellaneous needs. In FY24 and in future years, athletic supplementals will be paid from the Athletics Fund and will be supplemented through the General Fund. Advances have limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

| <b>Source</b>                       | <b><u>FY23</u></b> | <b><u>FY24</u></b> | <b><u>FY25</u></b> | <b><u>FY26</u></b> | <b><u>FY27</u></b> |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Transfers Out Line #5.010 | \$973,886          | \$824,439          | \$965,231          | \$1,022,038        | \$1,079,982        |
| Advances Out Line #5.020            | <u>\$20,000</u>    | <u>\$20,000</u>    | <u>\$20,000</u>    | <u>\$20,000</u>    | <u>\$20,000</u>    |
| Total Transfer & Advances Out       | <u>\$993,886</u>   | <u>\$844,439</u>   | <u>\$985,231</u>   | <u>\$1,042,038</u> | <u>\$1,099,982</u> |

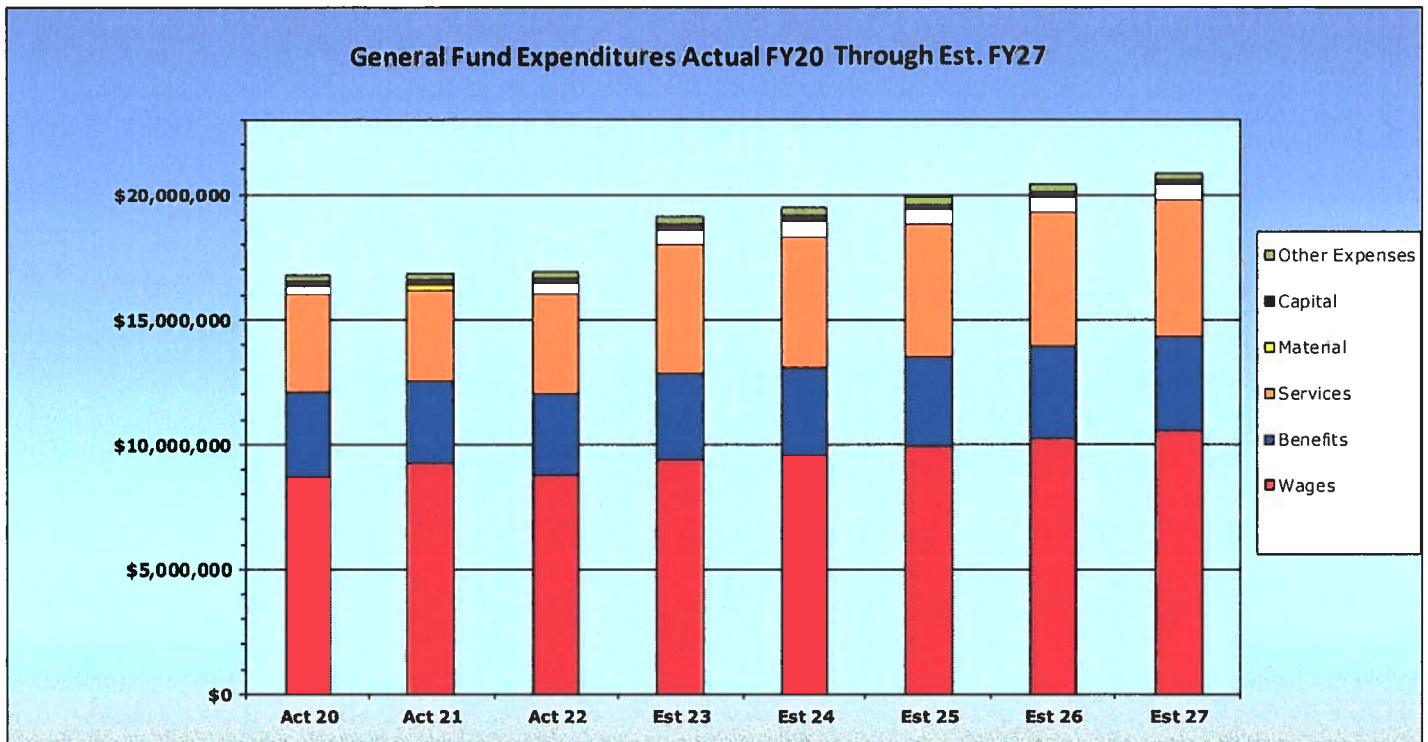
### Encumbrances –Line#8.010

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>FY23</u>      | <u>FY24</u>      | <u>FY25</u>      | <u>FY26</u>      | <u>FY27</u>      |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Estimated Encumbrances | <u>\$150,000</u> | <u>\$150,000</u> | <u>\$150,000</u> | <u>\$150,000</u> | <u>\$150,000</u> |

### Operating Expenditures Actual FY20 through FY22 and Estimated FY23-FY27

As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



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

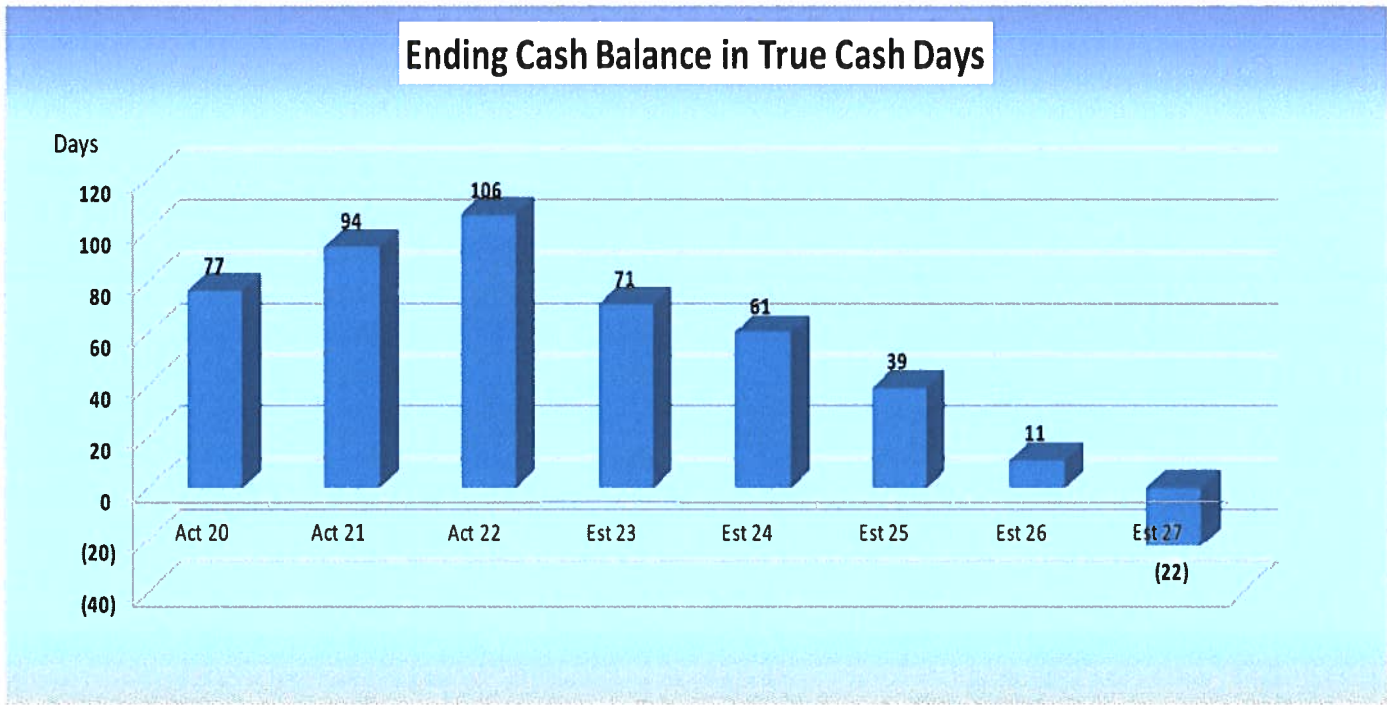
This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violate 5705.412, ORC, punishable by the personal liability of \$10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$1.5 million for our district.

|                                  | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>      | <u>FY27</u>         |
|----------------------------------|--------------------|--------------------|--------------------|------------------|---------------------|
| Ending Unencumbered Cash Balance | <u>\$3,938,644</u> | <u>\$3,375,773</u> | <u>\$2,241,028</u> | <u>\$649,350</u> | <u>-\$1,334,007</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 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 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.



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