MADISON LOCAL SCHOOL DISTRICT-RICHLAND 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
Madison Local School District
Treasurer's Office
Bradd Stevens, Treasurer/CFO
May 17, 2023

Madison Local School District

Richland 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				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	9,425,875	9,865,381	9,880,313	2.4%	10,013,973	10,420,938	10,602,359	10,708,954	10,817,394
1.020	Public Utility Personal Property Tax	1,461,169	1,654,190	1,777,669	10.3%	1,948,609	2,121,224	2,298,732	2,466,051	2,629,136
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	17,717,074	17,960,616	15,195,673	-7.0%	16,110,885	16,473,235	16,451,266	16,510,122	16,513,786
1.040	Restricted State Grants-in-Aid	1,545,375	1,545,371	2,150,013	19.6%	2,089,268	2,089,268	2,089,268	2,089,268	2,089,268
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	2,465,279	2,241,868	2,022,915	-9.4%	1,826,990	1,643,346	1,469,668	1,330,872	1,336,413
1.060	All Other Revenues	2,077,305	2,137,525	1,149,413	-21.7%	1,347,691	1,357,391	1,748,081	1,769,956	1,792,459
1.070	*Total Revenues*	34,692,077	35,404,951	32,175,996	-3.5%	33,337,416	34,105,402	34,659,374	34,875,223	35,178,456
	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 and Advancements (Approved)	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	3,284	0	102,915	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	229,040	888,651	290,319	110.3%	290,319	290,319	290,319	290,319	290,319
2.070	*Total Other Financing Sources*	232,324	888,651	393,234	113.4%	290,319	290,319	290,319	290,319	290,319
2.080	*Total Revenues and Other Financing Sources*	34,924,401	36,293,602	32,569,230	-3.2%	33,627,735	34,395,721	34,949,693	35,165,542	35,468,775
	Expenditures									
3.010	Personal Services	16,810,475	17,188,441	17,454,848	1.9%	18,383,577	19,099,769	18,785,333	18,704,280	18,623,406
3.020	Employees' Retirement/Insurance Benefits	9,594,127	10,070,631	11,415,589	9.2%	12,140,769	12,878,333	13,009,912	13,580,553	14,189,741
3.030	Purchased Services	7,165,014	7,401,420	3,820,097	-22.5%	3,940,532	3,800,362	3,812,572	3,840,196	3,868,407
3.040	Supplies and Materials	929,926	906,334	700,805	-12.6%	821,670	825,043	701,897	703,800	705,732
3.050	Capital Outlay	505,281	221,228	259,452	-19.5%	338,568	383,568	338,568	338,568	338,568
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
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	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300	Other Objects	385,425	364,583	415,947	4.3%	420,106	424,307	428,550	432,835	437,164
4.500	*Total Expenditures*	35,390,248	36,152,637	34,066,738	-1.8%	36,045,222	37,411,382	37,076,832	37,600,232	38,163,018
	Other Financing Uses									
5.010	Operating Transfers-Out	35,000	35,000	25,000	-14.3%	45,000	35,000	35,000	35,000	35,000
5.020	Advances-Out	0	102,915	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*	35,000	137,915	25,000	106.1%	45,000	35,000	35,000	35,000	35,000
5.050	*Total Expenditures and Other Financing Uses*	35,425,248	36,290,552	34,091,738	-1.8%	36,090,222	37,446,382	37,111,832	37,635,232	38,198,018
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(500,847)	3,050	(1,522,508)	-25059.5%	(2,462,487)	(3,050,661)	(2,162,139)	(2,469,690)	(2,729,243)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,030,148	6,529,301	6,532,351	-3.5%	5,009,843	2,547,356	(503,305)	(2,665,444)	(5,135,134)
7.020	*Cash Balance June 30*	6,529,301	6,532,351	5,009,843	-11.6%	2,547,356	(503,305)	(2,665,444)	(5,135,134)	(7,864,377)
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*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	6,529,301	6,532,351	5,009,843	-11.6%	2,547,356	(503,305)	(2,665,444)	(5,135,134)	(7,864,377)
	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 Replacement/Renewal Levies				0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	6,529,301	6,532,351	5,009,843	-11.6%	2,547,356	(503,305)	(2,665,444)	(5,135,134)	(7,864,377)
	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	1,973,833	3,588,788	3,588,788	3,588,788
13.030	Cumulative Balance of New Levies	0	0		0.0%	0	1,973,833	5,562,621	9,151,409	12,740,197
14.010	Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	6,529,301	6,532,351	5,009,843	-11.6%	2,547,356	1,470,528	2,897,177	4,016,275	4,875,820

Madison Local School District – Richland County
Notes to the Five Year Forecast
General Fund Only
May 17, 2023

Introduction to the Five-Year Forecast
A forecast is somewhat 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 take place 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 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 (CFO) 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 (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. 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 $259 thousand or 0.7% lower than the November forecasted amount of $33.5 million. This indicates the November forecast was 99.2% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 35.9% and are estimated to be $11.9 million, which is $301 thousand lower for FY23 than the original November estimate of $12.2 million. Our estimates are 97.5% accurate for FY23 and should mean future projections are on target as well.

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 $18.2 million, which is $6 thousand higher than the original estimate for FY23. We are pleased that we were able to be 99.9% accurate for FY23. We are currently on the cap and are expected to remain as a cap district for FY24 through FY27.

Line 1.06 - Other revenues are up $38 thousand over original estimates, primarily due to tuition payments received by the district, which are somewhat unpredictable 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 $36 million for FY23, which is $452 thousand higher than the original estimate of $35.5 million in the November forecast, and is roughly 98.7% on target with original estimates. The expenditure line most significantly over projection is Personnel Services (line 3.010), led by an increased cost for substitute teachers than estimated.

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

Unreserved Ending Cash Balance

With revenues decreasing from estimates and expenditures increasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $2.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for 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 next 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 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 39.9% 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.

2) Richland County experienced a triennial update in the 2020 tax year to be collected in FY21. The 2020 update increased overall assessed values by $41.7 million or an increase of 13.5%. A reappraisal will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by $51.5 million for an overall increase of 14.3%. 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.

3) The two-year state budget for FY24-25, HB33, is currently in discussion. State revenues represented 60.1% of district revenues, which means it is a significant area of 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 3% growth in our foundation funding through FY27, which we feel is conservative and should be close to what the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4) 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 paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that 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.

5) 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 that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are closely monitoring any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

6) The current proposed state budget for FY24-25, HB33 was introduced on Feb. 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 not receive less than 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.

7) The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to 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. As property values grow, the "effective" millage rate on voted levies will decrease. 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 to increase and would 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 seventh hearing in regard to HB1 on April 25, 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.

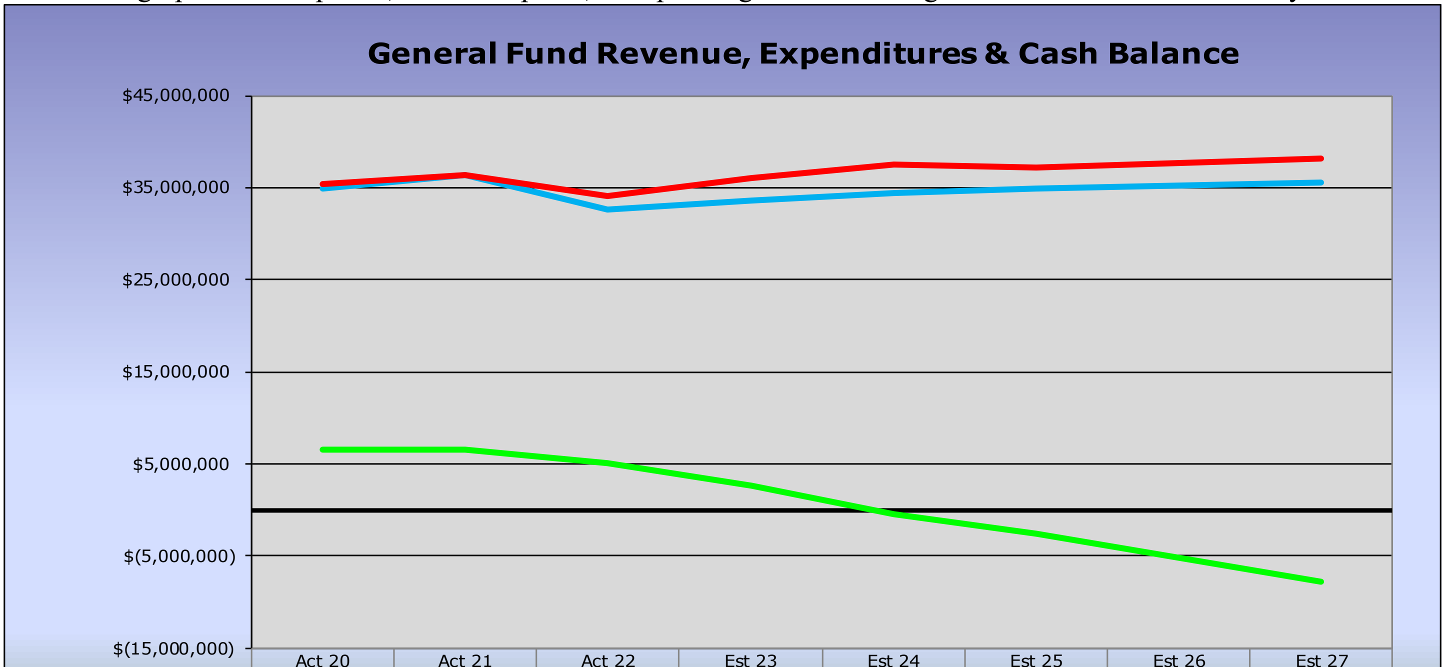
8) The current state budget that ends June 30, 2023 continues the TPP Fixed Rate Reimbursement phase-out contained in Senate Bill (SB) 208 that will lower the payment we receive each year by the amount raised by five-eights (5/8) of 1 mill based on the 3 year average of assessed district values. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY25 based on our estimates.

9) We would like to thank the community for their support to renew the 6.9 mill, five year levy at the May 3rd Primary Election for a period of 5 years. This levy is currently collecting at an effective Class I rate of 3.28 mills, and will now collect into Fiscal Year 2028. The renewal of this levy is critical to the district's financial health.

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 Bradd Stevens, Treasurer/CFO.

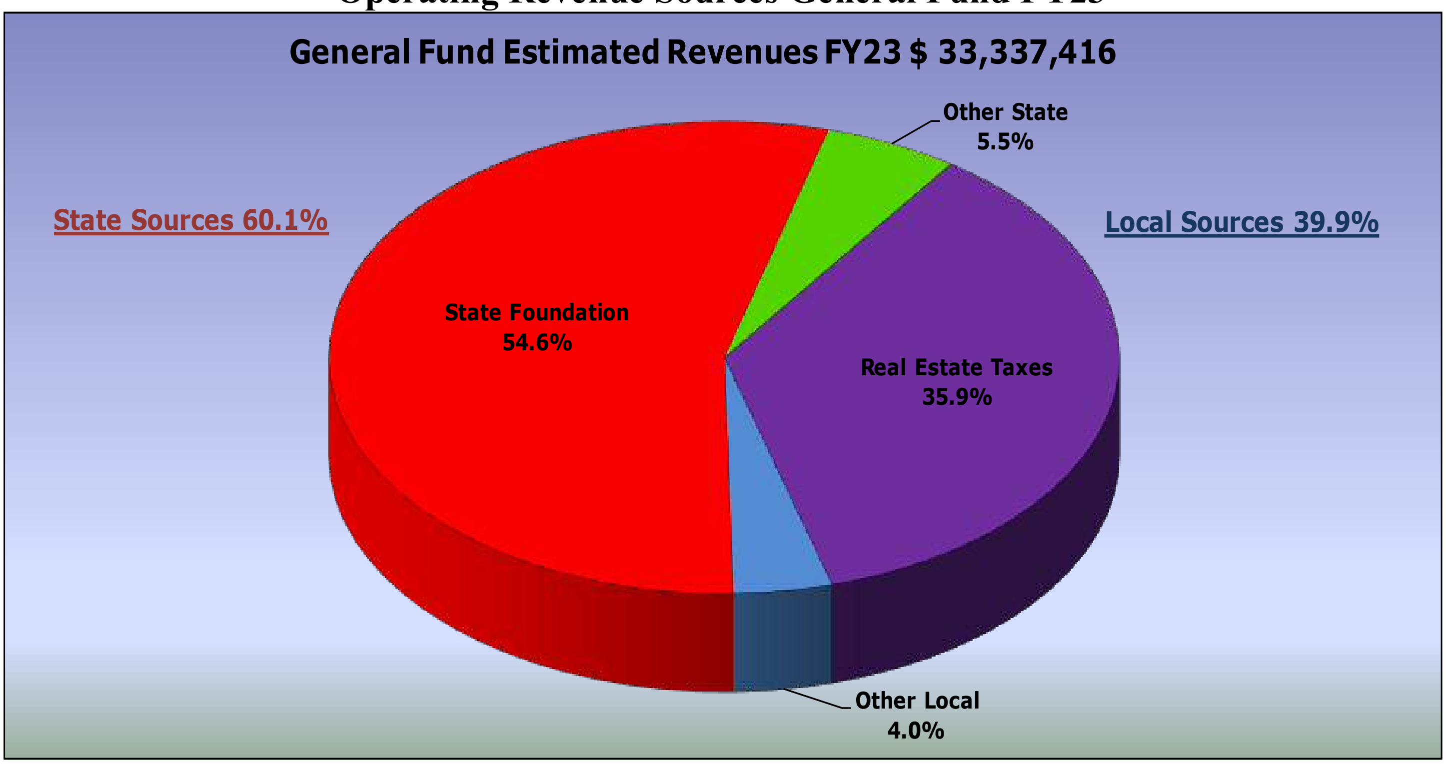
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

The graph below captures, in one snapshot, the operating scenario facing the district over the next few years.



	Act 20	Act 21	Act 22	Est 23	Est 24	Est 25	Est 26	Est 27
Revenue	$34,924,401	$36,293,602	$32,569,230	$33,627,735	$34,395,721	$34,949,693	$35,165,542	$35,468,775
Expenditures	$35,425,248	$36,290,552	$34,091,738	$36,090,222	$37,446,382	$37,111,832	$37,635,232	$38,198,018
Ending Bal.	$6,529,301	$6,532,351	$5,009,843	$2,547,356	$(503,305)	$(2,665,444)	$(5,135,134)	$(7,864,377)

Revenue Assumptions
Operating Revenue Sources General Fund 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. Richland County experienced a triennial update for the 2020 tax year to be collected in FY21. Residential/agricultural values increased 17.1% or $41 million due to the update, led by an improving housing market.

For tax year 2022, new construction in residential property was up 0.5% or $1.6million in assessed value, and commercial/industrial values increased $1.6 million. Overall values increased $3.2 million or 0.9%, 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 an 18% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $51.5 million or 14.3%, overall.

Public Utility Personal Property (PUPP) values increased by $2.8 million in tax year 2022. We expect our values to continue to grow by a rolling five-year average each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026
Classification	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027
Res./Ag.	$284,093,230	$336,189,455	$337,266,790	$338,457,596	$339,754,781
Comm./Ind.	74,262,630	75,840,029	77,175,306	78,549,821	79,879,243
Public Utility Personal Property (PUPP)	33,698,770	36,569,036	39,533,095	42,111,330	44,932,066
Total Assessed Value	$392,054,630	$448,598,521	$453,975,192	$459,118,747	$464,566,090

Estimated Real Estate Tax - Line #1.010

Source	FY23	FY24	FY25	FY26	FY27
General Property Taxes	$10,013,973	$10,420,938	$10,602,359	$10,708,954	$10,817,394

Estimated Real Estate Tax Collection
Property tax levies are estimated to be collected at 97% of the annual amount. This allows for a 3% delinquency factor. In general, 56.5% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 43.5% collected in the August tax settlement. Collections in FY23 were up $92 thousand due to additional delinquent taxes collected in the FY23 tax settlements; continued increases are forecasted in FY24-27.

Replacement/Renewal Levies – Line #11.30
The District renewed the 6.9 mill, five-year levy at the May 3rd Primary Election. This levy passed with 58.61% support of the community, and is currently collecting at a Class I rate of 3.28 mills. This revenue has now returned to lines 1.01, 1.02 and 1.05 of this forecast. State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05 and shown on this line 11.02 of the forecast. The District will not see this levy return to line 11.02 until its expiration in calendar year 2027 or fiscal year 2028. Please note that renewal levies do not bring in additional tax revenues to the district unless they are substitute emergency levies. We are renewing levies for the same revenue we currently collect.

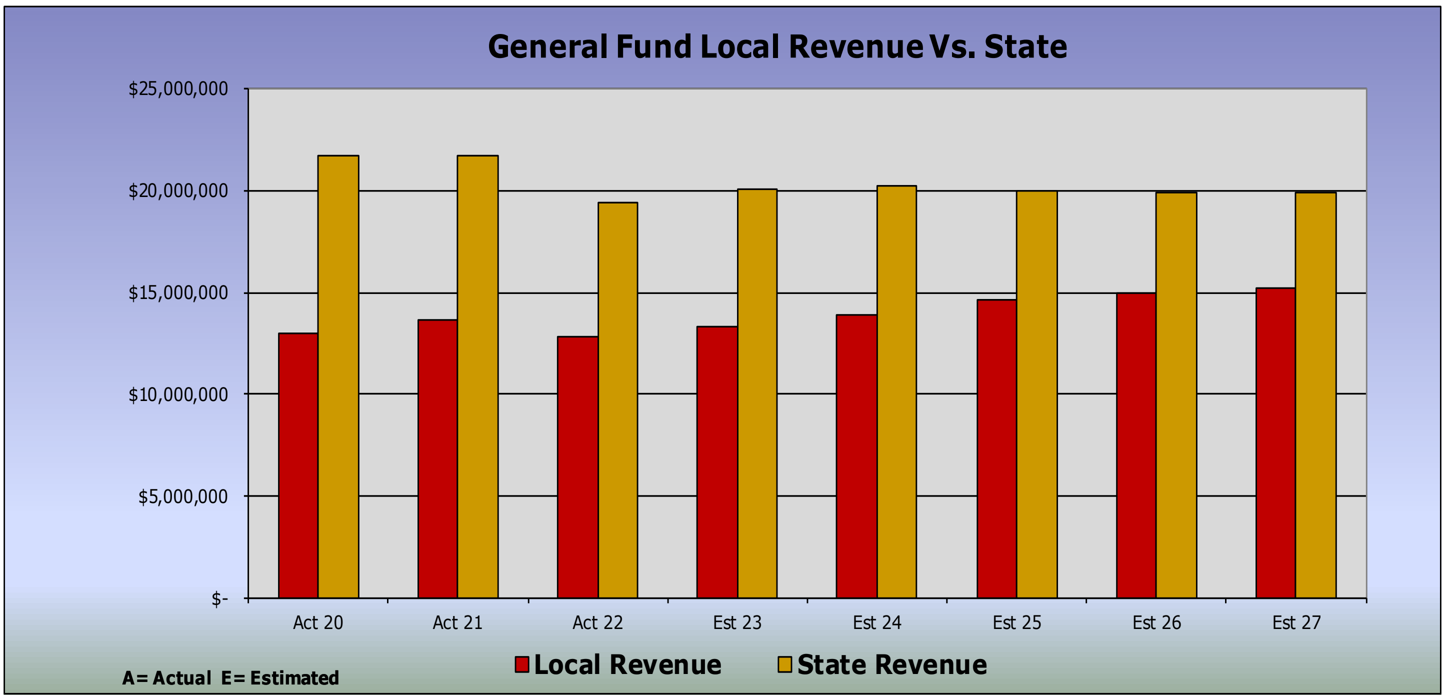
New Tax Levies – Line #13.030
At this time, the District is in need of an operating levy to continue supporting the excellent education we offer our students. We placed an 8 mill levy on the ballot in the spring of 2023, to begin collecting in 2024, which was estimated to collect $3.1 million annually. The community voted not to pass the levy. We appreciate the community's decision and will begin to compile a list of the programs and services that would need to be eliminated if the levy were to fail again in the fall.

Estimated Public Utility Personal Tax – Line#1.020
The phase out of TPP taxes as noted earlier began in FY06 with HB66 that 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 on the table above under Public Utility (PUPP), which were $33.6 million in assessed values in 2022 and are collected at the district's gross voted millage rate. Collections are typically 50.25% in March and 49.75% in August along with the real estate settlements from the county auditor. The values in 2022 rose by 9.3% or $2.8 million and are expected to grow by a rolling five-year average each year of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property (Line#1.020)	$1,948,609	$2,121,224	$2,298,732	$2,466,051	$2,629,136

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 HB110 through June 30, 2023

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 May #1, 2023 foundation settlement and funding factors.

Our district is currently a cap district in FY23 and is expected to remain capped 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 one 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 33.33% in FY23.
2. English Learners - Based on funded categories generated from time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds - Based on four funded components generated primarily from a ratio of teachers to gifted pupils and multiplied by a weighted teacher cost.
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, were moved as a part of DPIA funding, which is restricted funding and will be spent on same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

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, rather 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 and was changed by the legislature to be in line with the overall phase in 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 guaranteed 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.

Future State Budget Projections

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 either 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 are able to 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 in 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 course of 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 are projecting our unrestricted state funding to increase in accordance with our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. 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 the opening of 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 31st 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 $64.94 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$15,458,661	$15,817,547	$15,792,073	$15,847,345	$15,847,345
Additional Aid Items	437,024	437,024	437,024	437,024	437,024
Basic Aid-Unrestricted Subtotal	$15,895,685	$16,254,571	$16,229,097	$16,284,369	$16,284,369
Credentials and Innovation	$42,797	$42,797	$42,797	$42,797	$42,797
Ohio Casino Commission ODT	172,403	175,867	179,372	182,956	186,620
Total Unrestricted State Aid Line # 1.035	$16,110,885	$16,473,235	$16,451,266	$16,510,122	$16,513,786

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 May funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.33% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
Student Wellness and Success	$506,358	$506,358	$506,358	$506,358	$506,358
Disadvantaged Pupil Impact Aid (DPIA)	801,436	801,436	801,436	801,436	801,436
English Learners (ESL)	2,425	2,425	2,425	2,425	2,425
Gifted	140,940	140,940	140,940	140,940	140,940
Career Tech Education	638,109	638,109	638,109	638,109	638,109
Total Restricted State Revenues Line #1.040	$2,089,268	$2,089,268	$2,089,268	$2,089,268	$2,089,268

Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$16,110,885	$16,473,235	$16,451,266	$16,510,122	$16,513,786
Restricted Line # 1.040	2,089,268	2,089,268	2,089,268	2,089,268	2,089,268
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$18,200,153	$18,562,503	$18,540,534	$18,599,390	$18,603,054

State Taxes Reimbursement/Property Tax Allocation – 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 prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

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

Tangible Personal Property Reimbursements – Fixed Rate

State budget bill HB153 slashed these reimbursements to our district after FY12, reducing our state revenue each year starting in FY13. HB64, the FY16-17 state budget, reinstituted the phase out of TPP reimbursements to districts beginning in FY16, which included a TPP Supplemental Payment for some districts. We were not eligible for TPP Supplemental Payments as our state foundation aid grew enough to offset the loss in TPP.

Beginning in FY18, SB208 amended HB64 and became effective February 15, 2016. SB208 provides that beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what one (1) mill would raise in local taxes on the three (3) year average of assessed values. Based on our calculations, we will receive TPP Phase out payments through FY25.

Summary of State Tax Reimbursement – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$1,288,033	$1,301,916	$1,325,767	$1,330,872	$1,336,413
TPP Reimbursement - Fixed Rate	538,957	341,430	143,901	0	0
Total Property Tax Allocations #1.050	$1,826,990	$1,643,346	$1,469,668	$1,330,872	$1,336,413

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue 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. 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 have begun 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 strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

The district also receives Tax Increment Financing (TIF) payments in this section. At this time the district receives payments from the following entities with the estimated collection and expiration: Pagman 1111 $2,325 FY23– FY24, K-Cinco LLC. $2,315 – FY24, Alan & Donna Vasu $2,634 – FY24, Gorman Rupp $150,095 – FY27, Fanello Development Company, LLC. $11,444 – FY30, Newman Technology Inc $36,052 – FY33, Mansfield Real Estate $26,738 – FY35, and Airport West I beginning in FY22 for $100,422 – FY37. This results in the districts revenue collection decreasing by the following amounts: $5,261 in FY22, $21,042 in FY23, and $12,499 in FY24 due to expiring payments.

Student fees are assuming to increase in FY25 due to an assumption of pay-to-participate offsetting coaching wages. Medicaid reimbursements are forecasted to increase by 2% per year based on trend adjustments. Another decrease to this section of the forecast is the result of Mansfield Christian taking their funding directly from the state, which reduces the administrative fee the district collected. We will continue to monitor this and adjust as necessary in future submissions.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Gross	$14,792	$14,792	$14,792	$14,792	$14,792
Abatement Payments	332,025	332,025	324,751	324,751	324,751
Tuition - SF-14, SF-14H, Excess	491,593	491,593	491,593	491,593	491,593
Interest	50,000	51,500	53,045	54,636	56,275
Student Fees, Fines, Other Income	182,661	188,141	581,785	599,239	617,216
Medicaid Reimbursement	136,022	138,742	141,517	144,347	147,234
DayCare Rental	108,000	108,000	108,000	108,000	108,000
Preschool & Auxiliary Fee	575	575	575	575	575
Manufactured Homes	32,023	32,023	32,023	32,023	32,023
Total Other Local Revenue Line #1.060	$1,347,691	$1,357,391	$1,748,081	$1,769,956	$1,792,459

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 previous fiscal year in the current fiscal year.

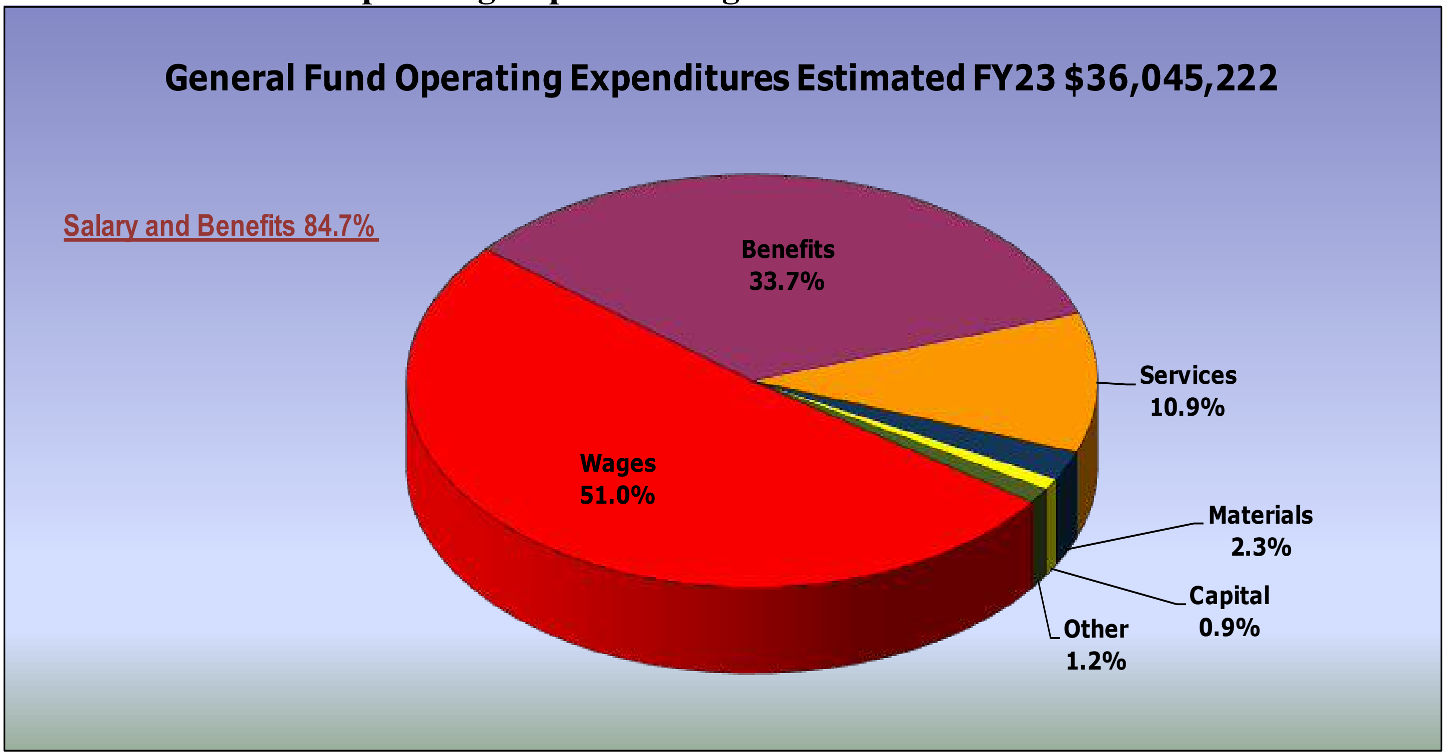
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. Reductions of prior year expenditures are made up of catastrophic cost and Medicaid reimbursements for special education services, E-Rate reimbursements for technology infrastructure, and Motor Fuel Tax refunds. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY23. For future years we are estimating an amount of refunds that are in line with historical collections.

Source	FY23	FY24	FY25	FY26	FY27
Sale of Fixed Assets	$0	$0	$0	$0	$0
Refund of prior years expenditures	290,319	290,319	290,319	290,319	290,319
Total All Other Financial Sources Line #2.060	$290,319	$290,319	$290,319	$290,319	$290,319

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 FY23



Wages – Line #3.010

Negotiations with Certified bargaining unit members resulted in ongoing. At this time we are estimating base increases of 3% for FY23-24, and included average step increases of 3.4% in FY23 and 2% in FY24. For planning purposes a 0% base amount and frozen steps have been projected in this forecast for FY25-27.

In FY23, the district will be utilizing ESSER funding to offset general fund wages, which will return to the general fund in FY25. In FY23, an additional $320 thousand of wages will be shifted to ESSER funding. These wages will not be returned, as those programs will sunset with the liquidation of the remaining ESSER funds. In February 2023, the Ohio Department of Education required the Board to pass a Precautionary Written Plan for reductions. Those reductions are reflected in FY25 of this forecast.

Based on past trends, FY24-27 assumes a yearly retirement and replacement of 4 staff in FY24 and 3 staff in FY25-27, at this time. The forecast reflects an adjustment to the base wage from the prior year severance liability. The district continues to look at staffing levels and their alignment with programming priorities for future years.

Source	FY23	FY24	FY25	FY26	FY27
Total Wages Line 3.010	$18,383,577	$19,099,769	$18,785,333	$18,704,280	$18,623,406

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

At this time we are estimating an increase of 7% for FY24-27, which reflects trend. This is based on our current employee census and claims data. The district is not anticipating a premium holiday in the forecasted years at this time.

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 0.68% of wages FY23-27. Unemployment is expected to increase in FY25 due to staffing reductions, and return to a shallow level for FY26-27. 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 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.

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$4,089,014	$4,254,392	$4,181,605	$4,162,248	$4,142,915
B) Insurance's	7,640,075	8,202,131	8,413,684	9,002,642	9,632,827
C) Workers Comp/Unemployment	129,569	132,270	134,364	129,574	129,022
D) Medicare	258,111	263,540	252,259	258,089	256,977
Annuities/Uniform/Meeting	24,000	26,000	28,000	28,000	28,000
Total Fringe Benefits Line #3.020	$12,140,769	$12,878,333	$13,009,912	$13,580,553	$14,189,741

Purchased Services – Line #3.030

HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to directly pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships that granted 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 show these amounts below as zeros to help reflect the difference between projected FY23-27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. In FY24 the district will eliminate an Administrative position currently contracted with the ESC, and assumed to be a $98,000 savings.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment	$0	$0	$0	$0	$0
Community School & Scholarship	0	0	0	0	0
ESC and Professional Support	1,595,535	1,497,151	1,502,616	1,508,296	1,514,209
Other SF-6, SF-14, SF-14H, CCP	730,913	731,644	732,376	733,108	733,841
Insurance & Maintenance Repairs	711,166	718,278	710,461	717,566	724,742
Utilities	677,965	691,524	705,354	719,461	733,850
PD ond Other Misc.	163,188	100,000	100,000	100,000	100,000
Phone Service and Postage	61,765	61,765	61,765	61,765	61,765
Total Purchased Services Line #3.030	$3,940,532	$3,800,362	$3,812,572	$3,840,196	$3,868,407

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.

Source	FY23	FY24	FY25	FY26	FY27
Supplies	$245,000	$245,000	$245,000	$245,000	$245,000
Building Maintenance	210,000	210,000	210,000	210,000	210,000
Textbooks	120,000	120,000	120,000	120,000	120,000
Transportation	246,670	250,043	126,897	128,800	130,732
Total Supplies Line #3.040	$821,670	$825,043	$701,897	$703,800	$705,732

Equipment – Line # 3.050

The district received funding from the Federal Government due to the COVID-19 pandemic the district has been able to reduce costs in the General Fund in FY22 from Fund 507 Elementary and Secondary School Emergency Relief Fund (ESSER) by $100 thousand for technology equipment. The reductions will be returned to the General Fund as expenditures in FY23.

Additional ESSER II and III funding have been allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY23	FY24	FY25	FY26	FY27
Equipment	$160,375	$205,375	$160,375	$160,375	$160,375
Replacement Buses	0	0	0	0	0
Vehicles	0	0	0	0	0
Technical Equipment	178,193	178,193	178,193	178,193	178,193
Total Line 3.050	$338,568	$383,568	$338,568	$338,568	$338,568

Principal and Interest Payment – Lines # 4.05 and 4.06

There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses.

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$236,835	$239,203	$241,595	$244,011	$246,451
Software and Subscriptions	64,829	65,477	66,132	66,793	67,461
Other expenses	95,380	96,334	97,297	98,270	99,253
Annual Audit	23,062	23,293	23,526	23,761	23,999
Total Other Expenses Line #4.300	$420,106	$424,307	$428,550	$432,835	$437,164

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. Advanced funds are anticipated to be paid back in full in the next fiscal year. At this time, $35 thousand is transferred to the Adult Education fund for the districts required contribution to the program, and $10 thousand goes to the Turf replacement fund.

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$45,000	$35,000	$35,000	$35,000	$35,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$45,000	$35,000	$35,000	$35,000	$35,000

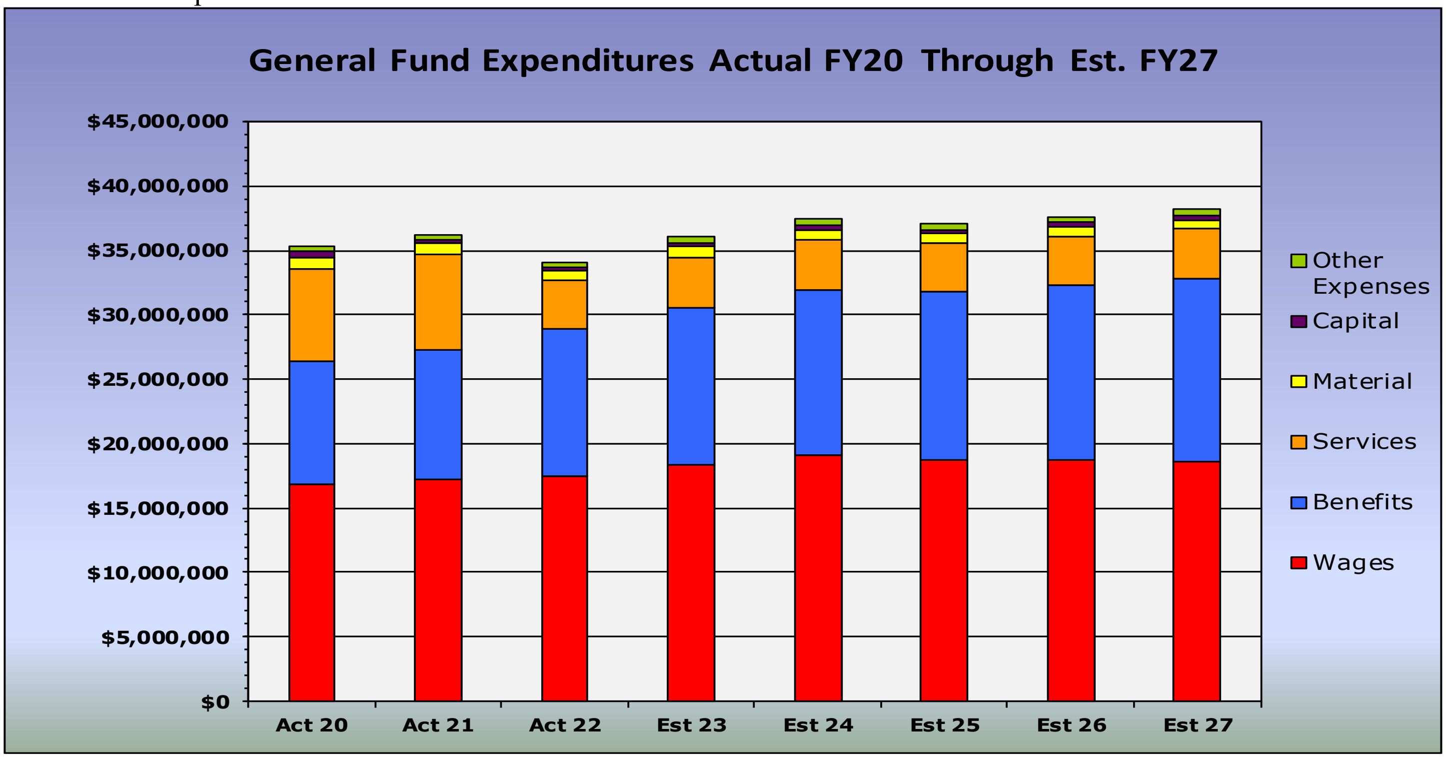
Encumbrances –Line#8.010

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.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$0	$0	$0	$0	$0

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

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

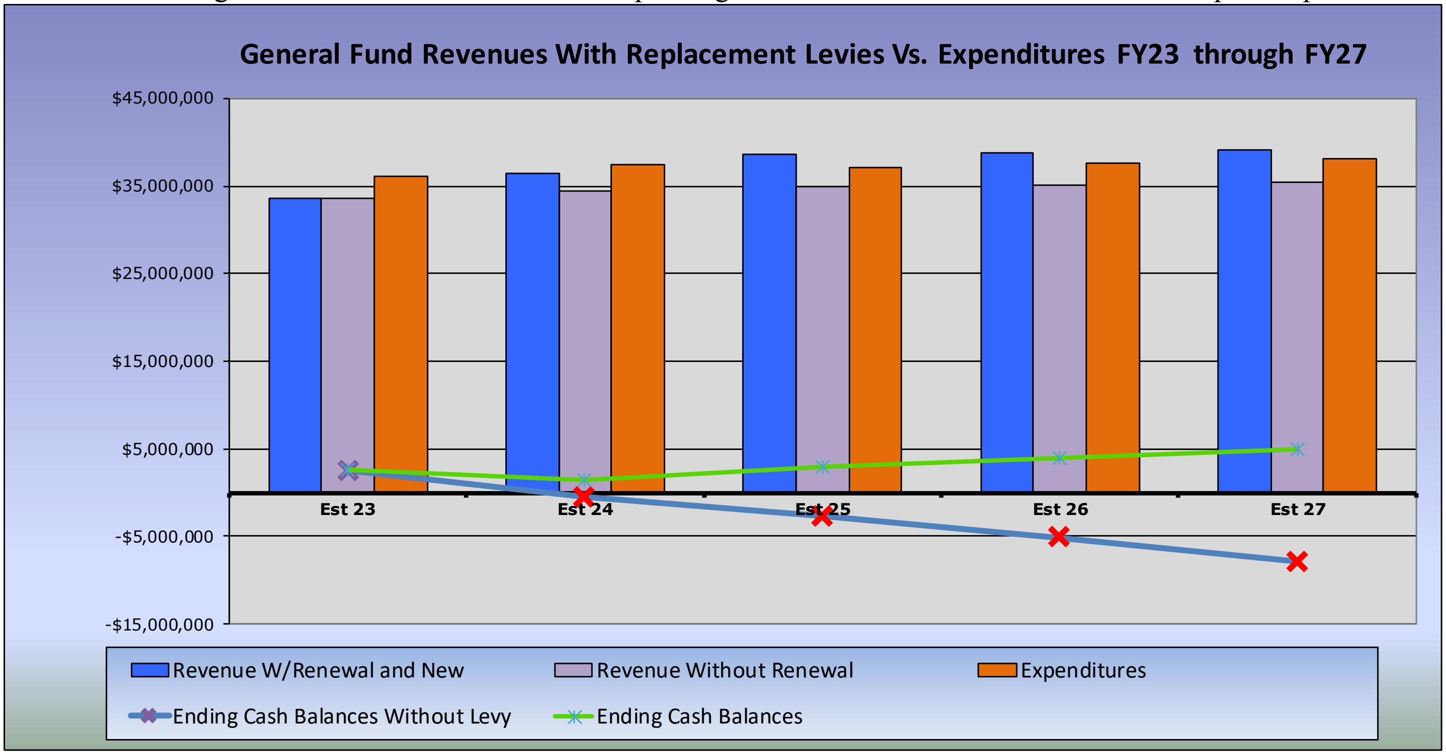


Ending Unencumbered Cash Balance – Line#15.010

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 thirty (30) day cash balance, which is approximately $2.96 million for our district.

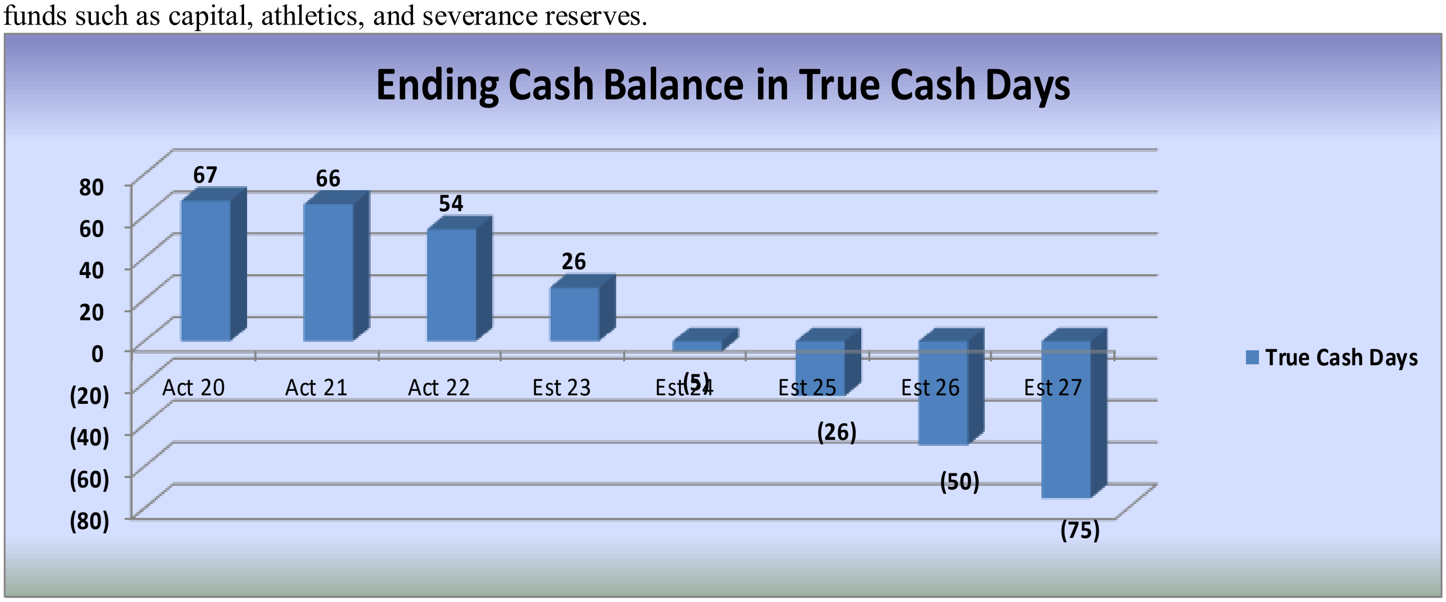
	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance	$2,547,356	$1,470,528	$2,897,177	$4,016,275	$4,875,820

The following chart shows the district is deficit spending and will need to evaluate revenue and expense options.



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

With new leadership the district will need to assess programming and expenses associated with providing these to our students. Although the levy did not pass on May 2nd, we want to thank all of our community members that have taken the time to share their thoughts with the district throughout the levy process. We also want to encourage everyone in our community to collaborate with us in order to align the needs of our students with the valuable tax revenue we receive from our taxpayers.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state funding will be closely monitored as HB33 moves through the legislative process for FY24-25.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. Additional ESSER II and III have been allocated to our district that can be used through September 2023 and September 2024, respectively, 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.