

**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**  
**November 30, 2022**

## 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				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	9,425,875	9,865,381	9,880,313	2.4%	10,318,908	10,558,762	10,701,962	10,823,684	10,945,617	
1.020 Public Utility Personal Property Tax	1,461,169	1,654,190	1,777,669	10.3%	1,945,329	2,116,837	2,286,736	2,456,635	2,626,536	
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%	16,065,026	16,427,432	16,905,528	17,397,939	17,905,092	
1.040 Restricted State Grants-in-Aid	1,545,375	1,545,371	2,150,013	19.6%	2,128,531	2,128,531	2,128,531	2,128,531	2,128,531	
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%	1,829,427	1,639,858	1,456,447	1,321,301	1,330,061	
1.060 All Other Revenues	2,077,305	2,137,525	1,149,413	-21.7%	1,309,473	1,323,449	1,330,543	1,345,314	1,360,500	
1.070 <b>Total Revenues</b>	<b>34,692,077</b>	<b>35,404,951</b>	<b>32,175,996</b>	<b>-3.5%</b>	<b>33,596,694</b>	<b>34,194,869</b>	<b>34,809,747</b>	<b>35,473,404</b>	<b>36,296,337</b>	
<b>Other Financing Sources</b>										
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 <b>Total Other Financing Sources</b>	<b>232,324</b>	<b>888,651</b>	<b>393,234</b>	<b>113.4%</b>	<b>290,319</b>	<b>290,319</b>	<b>290,319</b>	<b>290,319</b>	<b>290,319</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>34,924,401</b>	<b>36,293,602</b>	<b>32,569,230</b>	<b>-3.2%</b>	<b>33,887,013</b>	<b>34,485,188</b>	<b>35,100,066</b>	<b>35,763,723</b>	<b>36,586,656</b>	
<b>Expenditures</b>										
3.010 Personal Services	16,810,475	17,188,441	17,454,848	1.9%	18,264,438	18,965,346	19,618,619	20,000,456	20,389,930	
3.020 Employees' Retirement/Insurance Benefits	9,594,127	10,070,631	11,415,589	9.2%	12,118,396	12,918,391	13,405,715	14,248,094	14,948,883	
3.030 Purchased Services	7,165,014	7,401,420	3,820,097	-22.5%	3,629,237	3,653,672	3,678,612	3,704,067	3,730,058	
3.040 Supplies and Materials	929,926	906,334	700,805	-12.6%	821,670	825,043	828,794	832,601	836,465	
3.050 Capital Outlay	505,281	221,228	259,452	-19.5%	338,568	471,568	338,568	506,718	338,568	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0	
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0	
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0	
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0	
4.050 Principal-HB 264 Loans	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	448,122	471,849	476,134	480,463	
4.500 <b>Total Expenditures</b>	<b>35,390,248</b>	<b>36,152,637</b>	<b>34,066,738</b>	<b>-1.8%</b>	<b>35,592,415</b>	<b>37,282,142</b>	<b>38,342,157</b>	<b>39,768,070</b>	<b>40,724,367</b>	
<b>Other Financing Uses</b>										
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 <b>Total Other Financing Uses</b>	<b>35,000</b>	<b>137,915</b>	<b>25,000</b>	<b>106.1%</b>	<b>45,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>35,425,248</b>	<b>36,290,552</b>	<b>34,091,738</b>	<b>-1.8%</b>	<b>35,637,415</b>	<b>37,317,142</b>	<b>38,377,157</b>	<b>39,803,070</b>	<b>40,759,367</b>	
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>(500,847)</b>	<b>3,050</b>	<b>(1,522,508)</b>	<b>-25059.5%</b>	<b>(1,750,402)</b>	<b>(2,831,954)</b>	<b>(3,277,091)</b>	<b>(4,039,347)</b>	<b>(4,172,711)</b>	
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	3,259,441	427,487	(2,849,604)	(6,888,951)	
7.020 <b>Cash Balance June 30</b>	<b>6,529,301</b>	<b>6,532,351</b>	<b>5,009,843</b>	<b>-11.6%</b>	<b>3,259,441</b>	<b>427,487</b>	<b>(2,849,604)</b>	<b>(6,888,951)</b>	<b>(11,061,662)</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Reservation of Fund Balance</b>										
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 <b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>6,529,301</b>	<b>6,532,351</b>	<b>5,009,843</b>	<b>-11.6%</b>	<b>3,259,441</b>	<b>427,487</b>	<b>(2,849,604)</b>	<b>(6,888,951)</b>	<b>(11,061,662)</b>	
<b>Revenue from Replacement/Renewal Levies</b>										
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	0	0	0	
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>6,529,301</b>	<b>6,532,351</b>	<b>5,009,843</b>	<b>-11.6%</b>	<b>3,259,441</b>	<b>427,487</b>	<b>(2,849,604)</b>	<b>(6,888,951)</b>	<b>(11,061,662)</b>	
<b>Revenue from New Levies</b>										
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	1,587,647	2,886,632	2,886,632	2,886,632	
13.030 Cumulative Balance of New Levies	0	0	0	0.0%	0	1,587,647	4,474,279	7,360,911	10,247,543	
14.010 Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0	
15.010 <b>Unreserved Fund Balance June 30</b>	<b>6,529,301</b>	<b>6,532,351</b>	<b>5,009,843</b>	<b>-11.6%</b>	<b>3,259,441</b>	<b>2,015,134</b>	<b>1,624,675</b>	<b>471,960</b>	<b>(814,119)</b>	

**Madison Local School District – Richland County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**November 30, 2022**

**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), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events 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 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

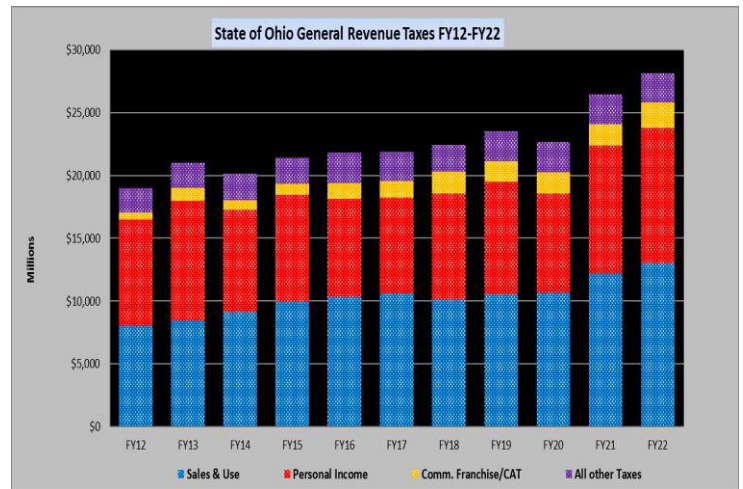
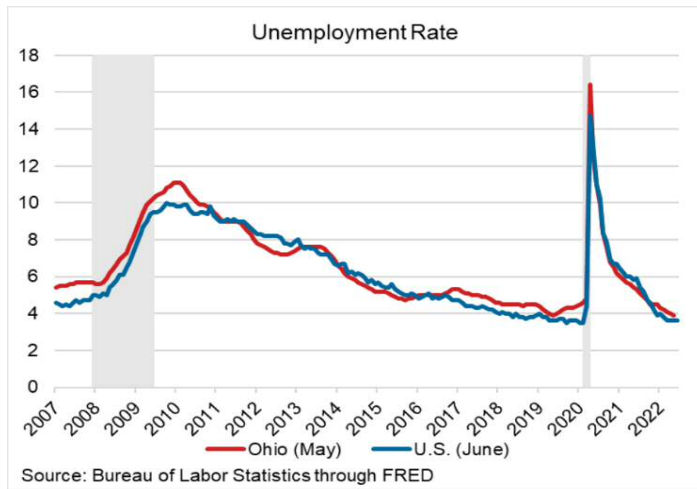
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five-years of projected general fund 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. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

**Economic Outlook**

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact on our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite of the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio’s economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.



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

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

**Forecast Risks and Uncertainty:**

A five-year financial forecast has risks and uncertainty not only due to economic 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 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 40.4% of the district’s resources. Our tax collections in the March 2022 and August 2022 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 \$14.5 million for an overall increase of 4%. 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 state budget represented 59.6% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state’s economy make this area an elevated risk to district funding long range through

FY27. We have projected our state funding to grow by 3% each year of the forecast, which we feel is conservative and should be close to whatever 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) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. 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 that the actual historical costs for FY20 through FY21, 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.

5) The current state budget that ends June 30, 2023 continues the TPP Fixed Rate Reimbursement phase-out contained in SB208 that will lower the payment we receive each year by the amount raised by five-eighths (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.

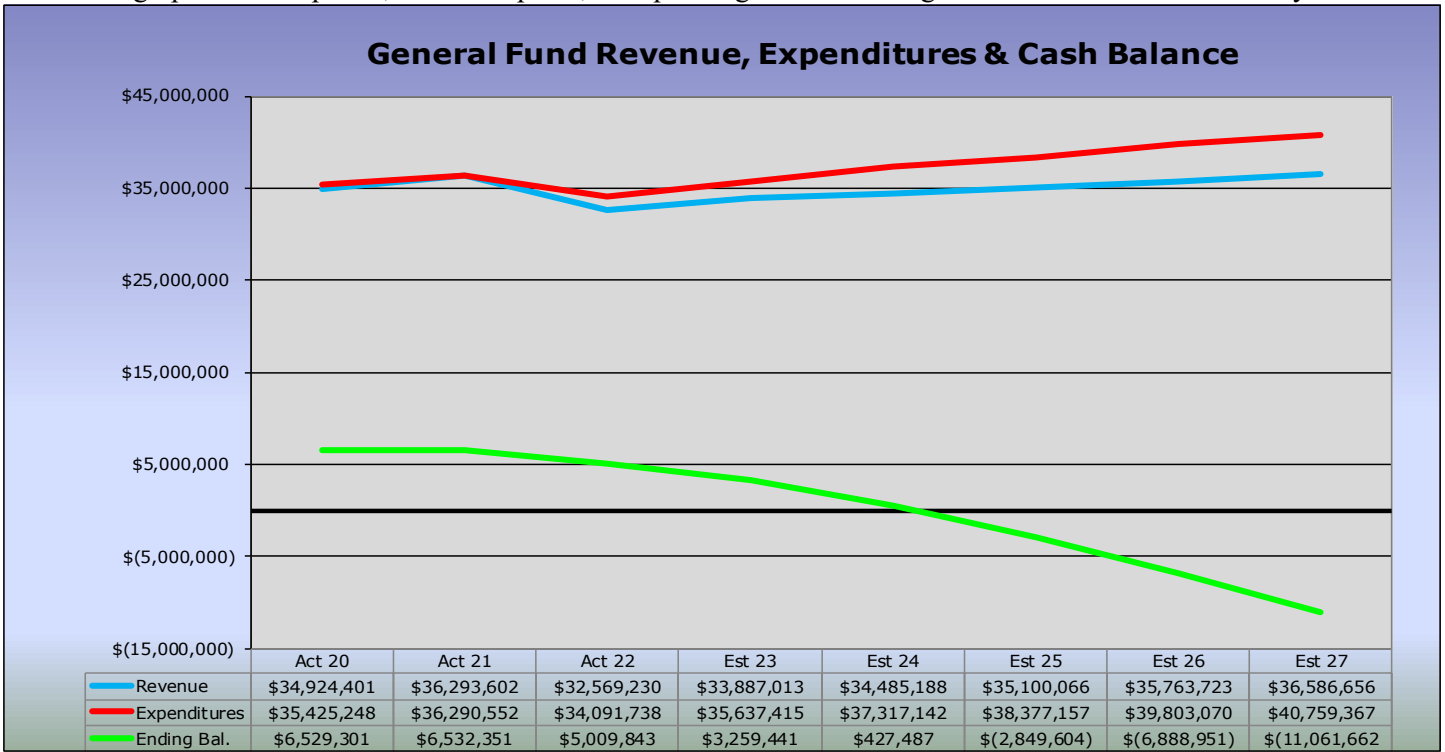
6) HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to 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 monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

7) We would like to thank the community for their support to renew the 6.9 mill, five year levy at the May 3<sup>rd</sup> 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.

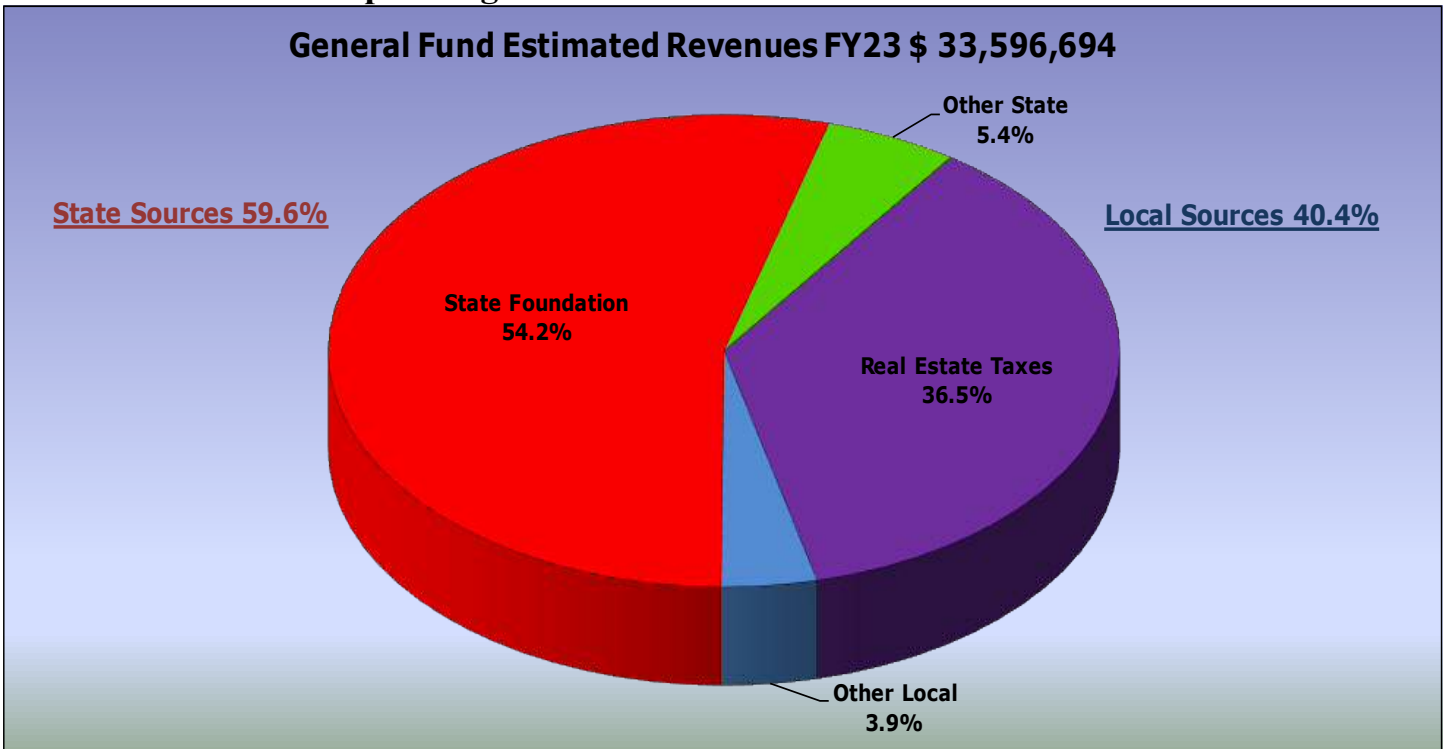
# General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

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



## Revenue Assumptions Operating Revenue Sources General Fund FY23

**General Fund Estimated Revenues FY23 \$ 33,596,694**



**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 2021. Residential/agricultural values increased 17.1% or \$41 million due to the update led by an improving housing market.

For tax year 2021 new construction in residential property was up 0.7% or \$2 million in assessed value and commercial/industrial values increased \$1.4 million. Overall values rose \$2.5 million or 0.7%, which includes new construction for all classes of property.

A reappraisal will occur in 2023 for collection in 2024 for which we are estimating a 5% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$14.5 million or 4% overall.

Public Utility Personal Property (PUPP) values increased by \$2.8 million in tax year 2021. We expect our values to continue to grow by \$2.8 million each year of the forecast.

**Estimated Assessed Value (AV) by Collection Years**

	Estimated TAX YEAR2022 <u>COLLECT 2023</u>	Estimated TAX YEAR2023 <u>COLLECT 2024</u>	Estimated TAX YEAR2024 <u>COLLECT 2025</u>	Estimated TAX YEAR 2025 <u>COLLECT 2026</u>	Estimated TAX YEAR 2026 <u>COLLECT 2027</u>
Classification					
Res./Ag.	\$284,533,180	\$300,604,659	\$302,449,479	\$304,294,299	\$306,139,119
Comm./Ind.	73,694,980	75,324,905	76,586,355	77,847,805	79,109,255
Public Utility Personal Property (PUPP)	<u>33,633,470</u>	<u>36,446,380</u>	<u>39,259,290</u>	<u>42,072,200</u>	<u>44,885,110</u>
Total Assessed Value	<u>\$391,861,630</u>	<u>\$412,375,944</u>	<u>\$418,295,124</u>	<u>\$424,214,304</u>	<u>\$430,133,484</u>

**Estimated Real Estate Tax - Line #1.010**

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Property Taxes	<u>\$10,318,908</u>	<u>\$10,558,762</u>	<u>\$10,701,962</u>	<u>\$10,823,684</u>	<u>\$10,945,617</u>

**Estimated Real Estate Tax Collection**

Property tax levies are estimated to be collected at 99% of the annual amount. This allows 1% delinquency factor. In general, 60% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 40% collected in the August tax settlement. Collections in FY22 were down \$28 thousand due to fewer delinquent taxes collected in the first half and second half tax settlements, which are expected to return to normal in FY23 and beyond.

**Levy Renewal –Line # 11.02**

The District renewed the 6.9 mill, five year levy at the May 3<sup>rd</sup> 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 are planning for a 7 mill levy to be placed on the ballot in the spring of 2023, to begin collecting in 2024. This levy would collect \$2.8 million annually.

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

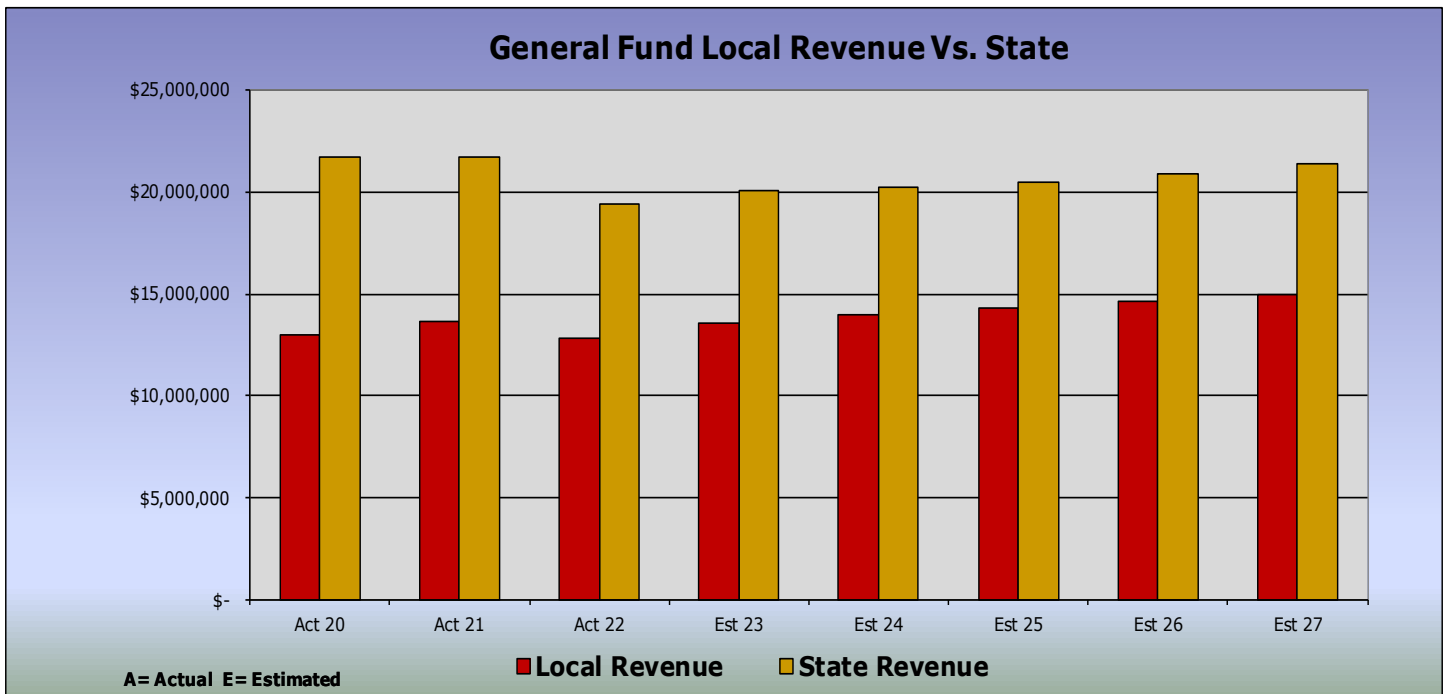
The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

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 \$30.8 million in assessed values in 2021 and are collected at the district’s gross voted millage rate. Collections are typically 50.25% in February and 49.75% in August along with the real estate settlements from the county auditor. The values in 2021 rose by 10% or \$2.8 million, and are expected to grow by \$2.8 million each year of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property (Line#1.020)	<u>\$1,945,329</u>	<u>\$2,116,837</u>	<u>\$2,286,736</u>	<u>\$2,456,635</u>	<u>\$2,626,536</u>

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

No school district income taxes are modeled in this forecast.



**State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045**

**Current State Funding Model per 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. Complete calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to continue on the formula 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 expenses 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 14% in FY23. No legislation indicates the percentage increase for FY24 and beyond for DPIA.
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 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, 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 will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a 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 new 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 (2) unknown state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. However, funding growth is conservatively estimated at 3% in the forecast for FY23 through FY27 due to the district being capped in HB110.

### **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 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 FY22 were \$62.94 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$15,457,833	\$15,816,694	\$16,291,195	\$16,779,931	\$17,283,329
Additional Aid Items	<u>387,842</u>	<u>387,842</u>	<u>387,842</u>	<u>387,842</u>	<u>387,842</u>
Basic Aid-Unrestricted Subtotal	<u>\$15,845,675</u>	<u>\$16,204,536</u>	<u>\$16,679,037</u>	<u>\$17,167,773</u>	<u>\$17,671,171</u>
Credentials and Innovation	\$42,797	\$42,797	\$42,797	\$42,797	\$42,797
Ohio Casino Commission ODT	<u>176,554</u>	<u>180,099</u>	<u>183,694</u>	<u>187,369</u>	<u>191,124</u>
Total Unrestricted State Aid Line # 1.035	<u>\$16,065,026</u>	<u>\$16,427,432</u>	<u>\$16,905,528</u>	<u>\$17,397,939</u>	<u>\$17,905,092</u>

### 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 September 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 14% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Student Wellness and Success	\$506,499	\$506,499	\$506,499	\$506,499	\$506,499
Disadvantaged Pupil Impact Aid (DPIA)	834,574	834,574	834,574	834,574	834,574
English Learners (ESL)	2,527	2,527	2,527	2,527	2,527
Gifted	137,447	137,447	137,447	137,447	137,447
Career Tech Education	<u>647,484</u>	<u>647,484</u>	<u>647,484</u>	<u>647,484</u>	<u>647,484</u>
Total Restricted State Revenues Line #1.040	<u>\$2,128,531</u>	<u>\$2,128,531</u>	<u>\$2,128,531</u>	<u>\$2,128,531</u>	<u>\$2,128,531</u>

### Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY23-27.

<u>Summary of State Foundation Revenues</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line # 1.035	\$16,065,026	\$16,427,432	\$16,905,528	\$17,397,939	\$17,905,092
Restricted Line # 1.040	2,128,531	2,128,531	2,128,531	2,128,531	2,128,531
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$18,193,557</u>	<u>\$18,555,963</u>	<u>\$19,034,059</u>	<u>\$19,526,470</u>	<u>\$20,033,623</u>

### 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**

Beginning in FY18, SB 208 amended HB64 and became effective February 15, 2016. SB 208 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.

**Tangible Personal Property Reimbursements – Fixed Sum**

The district does not receive fixed sum reimbursements.

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

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	\$1,290,470	\$1,298,428	\$1,312,546	\$1,321,301	\$1,330,061
TPP Reimbursement - Fixed Rate	<u>538,957</u>	<u>341,430</u>	<u>143,901</u>	<u>0</u>	<u>0</u>
Total Property Tax Allocations #1.050	<u>\$1,829,427</u>	<u>\$1,639,858</u>	<u>\$1,456,447</u>	<u>\$1,321,301</u>	<u>\$1,330,061</u>

**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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the new state budget, will stop 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 fed rate reductions due to the pandemic, which will impact our earning capability in this area until rates and our ending cash balance begin to increase. 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: Sunrise Hospitality \$14,327 - FY22, Tyger Investment Properties Inc. \$6,715 – FY22, Pagman 1111 \$7,550 FY22, then \$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 a 3% yearly increase FY23-26, and Medicaid reimbursements is 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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Open Enrollment Gross	\$14,792	\$14,792	\$14,792	\$14,792	\$14,792
TIF Payments	332,025	332,025	324,751	324,751	324,751
Tuition - SF-14, SF-14H, Excess	310,857	310,857	310,857	310,857	310,857
Interest	192,518	198,294	204,243	210,370	216,681
Student Fees, Fines, Other Income	182,661	188,141	193,785	199,599	205,587
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	<u>32,023</u>	<u>32,023</u>	<u>32,023</u>	<u>32,023</u>	<u>32,023</u>
Total Other Local Revenue Line #1.060	<u>\$1,309,473</u>	<u>\$1,323,449</u>	<u>\$1,330,543</u>	<u>\$1,345,314</u>	<u>\$1,360,500</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 previous fiscal year in the current fiscal year.

<u>Source</u>	<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>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

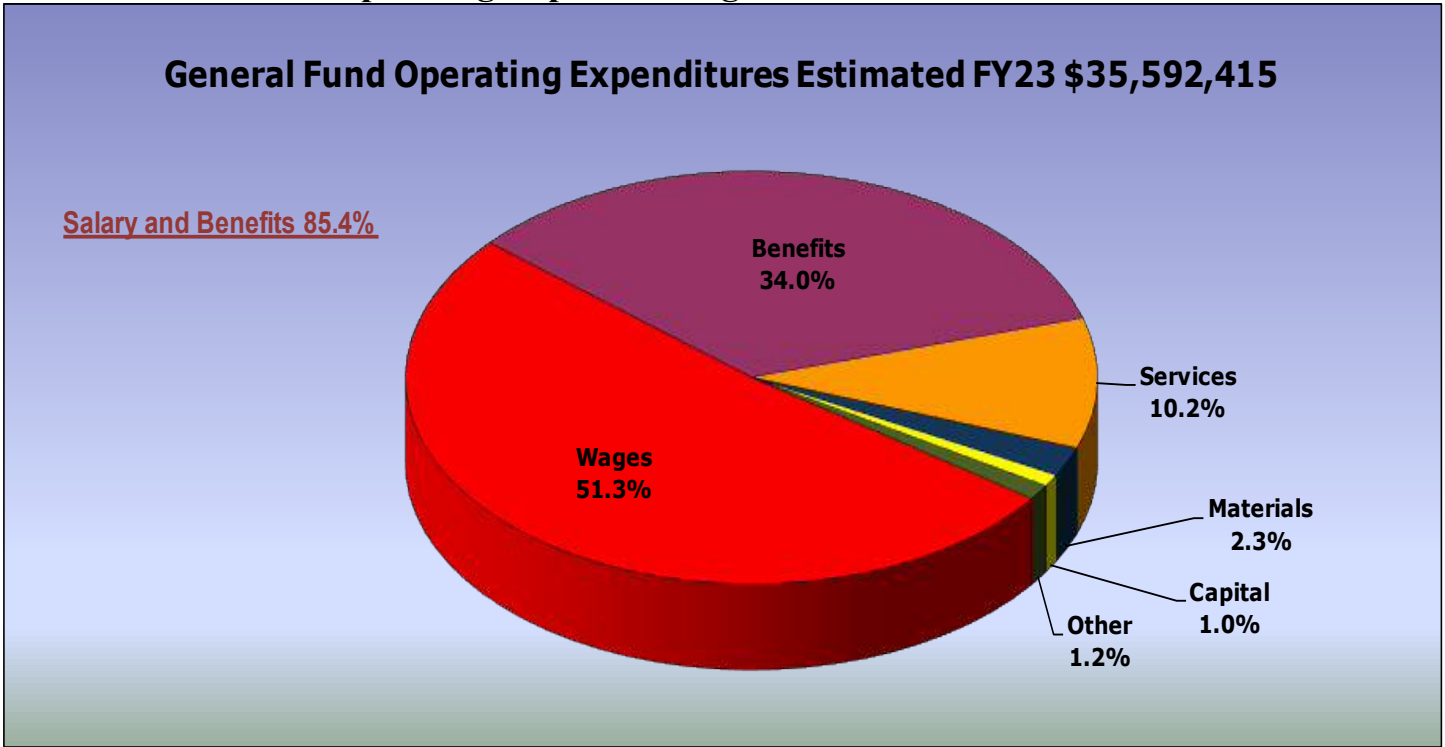
This funding source is typically a refund of prior year expenditures that is very unpredictable. Reductions of prior year expenditures are made up of catastrophic cost and Medicaid reimbursements for special education services, E-Rate reimbursements for technology infrastructure, and Motor Fuel Tax refunds. 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.

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

## Expenditures Assumptions

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

### All Operating Expense Categories - General Fund 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 2.4% in FY23 and 1% in FY24. For planning purposes a 0% base amount has been projected in this forecast for FY25-27. The district continues to look at staffing levels to align with programming for future years. In FY23, the district will be utilizing ESSER funding to offset general fund wages, which will return to the general fund in FY25.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Total Wages Line 3.010	<u>\$18,264,438</u>	<u>\$18,965,346</u>	<u>\$19,618,619</u>	<u>\$20,000,456</u>	<u>\$20,389,930</u>

#### Fringe Benefits Estimates

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. The district contributes 7.25% of the STRS premium for certified staff, 4% of SERS for Classified staff, and 14% for STRS contributing Administration or Non-Represented staff. The District contributes 10% to SERS contributing Administration or Non-Represented staff.

##### B) Insurance

At this time we are estimating an increase of 8% for FY23-27, 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 remain at a shallow level for FY23-27. 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**

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$4,100,434	\$4,260,868	\$4,037,441	\$4,117,001	\$4,004,174
B) Insurance's	7,616,000	8,239,126	8,943,976	9,689,325	10,494,899
C) Workers Comp/Unemployment	126,424	131,204	132,491	138,262	140,918
D) Medicare	251,538	261,193	263,807	275,506	280,892
Annuities/Uniform/Meeting	<u>24,000</u>	<u>26,000</u>	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>
Total Fringe Benefits Line #3.020	<u>\$12,118,396</u>	<u>\$12,918,391</u>	<u>\$13,405,715</u>	<u>\$14,248,094</u>	<u>\$14,948,883</u>

**Purchased Services – Line #3.030**

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships 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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Open Enrollment	\$0	\$0	\$0	\$0	\$0
Community School & Scholarship	0	0	0	0	0
ESC and Professional Support	1,426,034	1,431,054	1,436,277	1,441,706	1,447,357
Other SF-6, SF-14, SF-14H, CCP	743,729	744,473	745,217	745,962	746,708
Building Maintenance Repairs	711,166	718,278	725,461	732,716	740,043
Utilities	577,965	589,524	601,314	613,340	625,607
PD and Other Misc.	108,578	108,578	108,578	108,578	108,578
Phone Service and Postage	<u>61,765</u>	<u>61,765</u>	<u>61,765</u>	<u>61,765</u>	<u>61,765</u>
Total Purchased Services Line #3.030	<u>\$3,629,237</u>	<u>\$3,653,672</u>	<u>\$3,678,612</u>	<u>\$3,704,067</u>	<u>\$3,730,058</u>

**Supplies and Materials – Line #3.040**

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
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	<u>246,670</u>	<u>250,043</u>	<u>253,794</u>	<u>257,601</u>	<u>261,465</u>
Total Supplies Line #3.040	<u>\$821,670</u>	<u>\$825,043</u>	<u>\$828,794</u>	<u>\$832,601</u>	<u>\$836,465</u>

**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. In addition the district anticipates purchasing two buses per year beginning.

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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Equipment	\$160,375	\$205,375	\$160,375	\$160,375	\$160,375
Replacement Buses	0	88,000	0	168,150	0
Vehicles	0	0	0	0	0
Technical Equipment	<u>178,193</u>	<u>178,193</u>	<u>178,193</u>	<u>178,193</u>	<u>178,193</u>
Total Line 3.050	<u>\$338,568</u>	<u>\$471,568</u>	<u>\$338,568</u>	<u>\$506,718</u>	<u>\$338,568</u>

**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.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$236,835	\$239,203	\$241,595	\$244,011	\$246,451
County Fees for New Levy	0	23,815	43,299	43,299	43,299
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	<u>23,062</u>	<u>23,293</u>	<u>23,526</u>	<u>23,761</u>	<u>23,999</u>
Total Other Expenses Line #4.300	<u>\$420,106</u>	<u>\$448,122</u>	<u>\$471,849</u>	<u>\$476,134</u>	<u>\$480,463</u>

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

This account group covers fund to fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. 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.

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



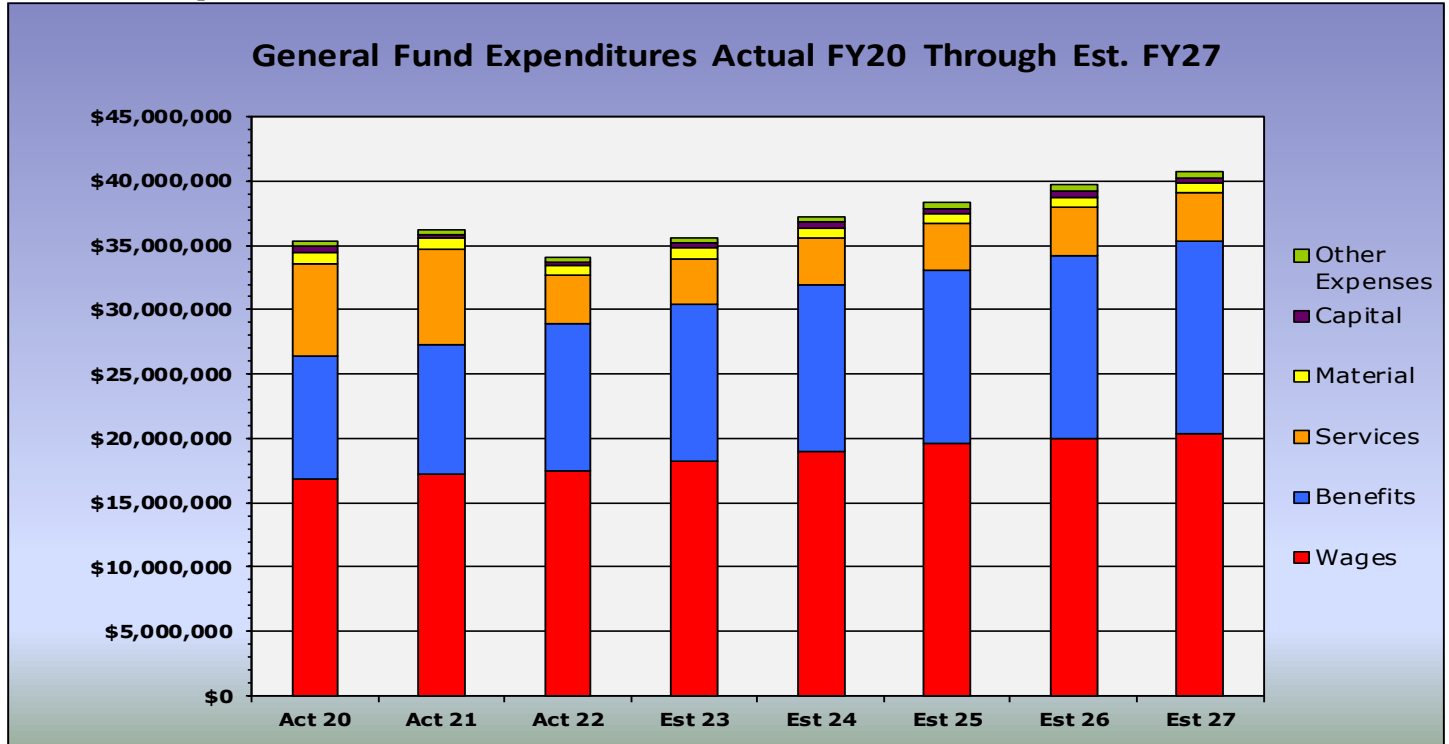
**Encumbrances –Line#8.010**

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

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**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.

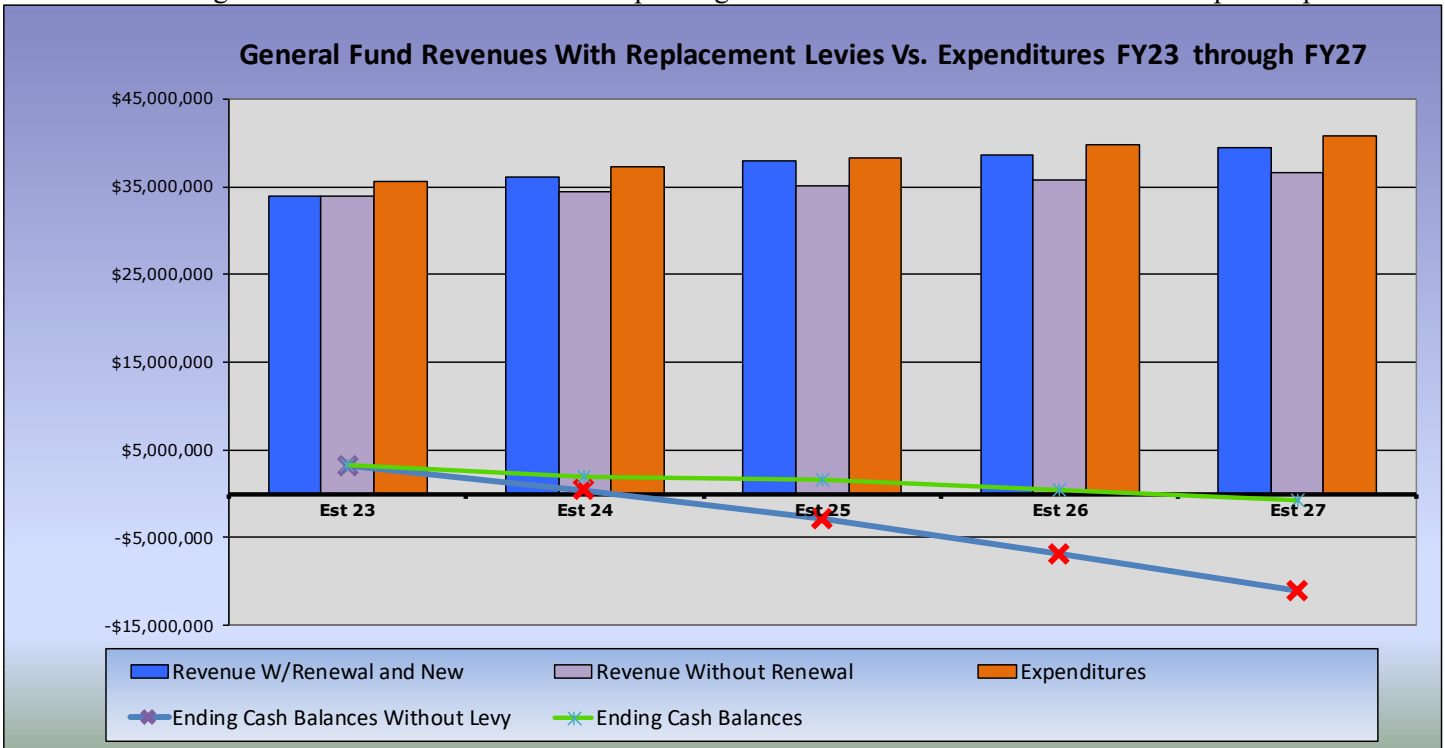


**Ending Unencumbered Cash Balance – Line#15.010**

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 \$2.9 million for our district.

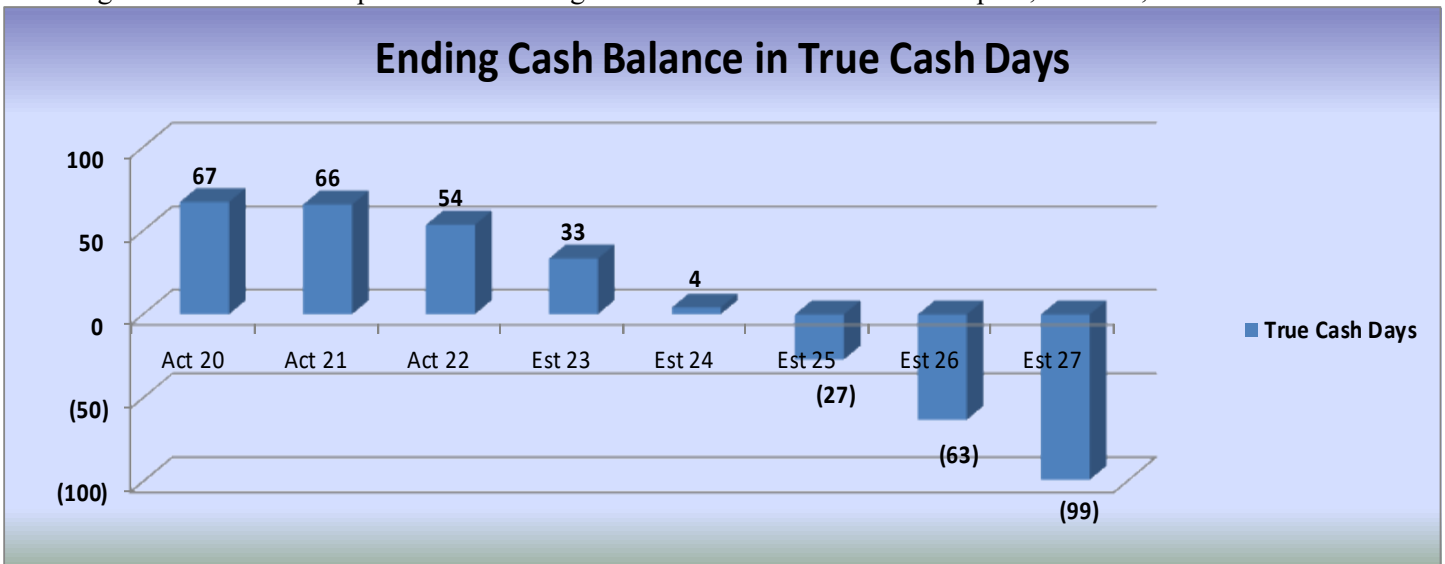
	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Ending Unencumbered Cash Balance	<u>\$3,259,441</u>	<u>\$2,015,134</u>	<u>\$1,624,675</u>	<u>\$471,960</u>	<u>(\$814,119)</u>

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. The GFOA recommends no less than 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. Depending on the direction taken, the district may be faced with asking the community for additional support and new operating monies. We will be diligent in our analysis for future planning.

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 budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget, and there is no guarantee for future increases in state budgets for FY24-27.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for help 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.