DANBURY LOCAL SCHOOL DISTRICT-OTTAWA COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2019, 2020 and 2021 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2022 THROUGH 2026

Forecast Provided By
Danbury Local School District
Treasurer's Office
Shane Baumgardner, Treasurer

May 18, 2022

DANBURY LOCAL SCHOOL DISTRICT
Ottawa County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020, 2021
Forecasted Fiscal Year Ending June 30, 2022 through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	$7,967,174	$8,655,838	$8,964,287	6.1%	$9,987,523	$10,520,955	$10,631,359	$11,356,512	$11,853,038
1.020	Public Utility Personal Property Tax	465,652	490,724	487,088	2.3%	556,355	578,746	596,106	613,466	630,826
1.030	Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	632,194	507,675	602,569	-0.5%	900,077	910,504	910,446	910,373	910,286
1.040	Restricted State Grants-in-Aid	15,599	15,663	15,663	0.2%	87,230	81,312	81,956	81,956	81,956
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	979,835	1,033,831	1,078,216	4.9%	1,182,684	1,241,998	1,255,060	1,335,778	1,412,031
1.060	All Other Revenues	1,128,650	1,181,868	1,204,016	3.3%	627,390	638,156	644,608	648,877	653,406
1.070	*Total Revenues*	11,189,104	11,885,599	12,351,839	5.1%	13,341,259	13,971,671	14,119,535	14,946,962	15,541,543
	Other Financing Sources									
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	-	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	30,212	55,077	126,182	105.7%	12,000	12,000	12,000	12,000	12,000
2.070	*Total Other Financing Sources*	30,212	55,077	126,182	105.7%	12,000	12,000	12,000	12,000	12,000
2.080	*Total Revenues and Other Financing Sources*	11,219,316	11,940,676	12,478,021	5.5%	13,353,259	13,983,671	14,131,535	14,958,962	15,553,543
	Expenditures									
3.010	Personal Services	$5,653,804	$5,642,324	$5,785,587	1.2%	$6,246,725	$6,512,809	$7,006,633	$7,483,177	$7,972,072
3.020	Employees' Retirement/Insurance Benefits	2,010,167	2,090,478	2,148,689	3.4%	2,394,112	2,574,566	2,828,512	3,140,216	3,401,390
3.030	Purchased Services	1,618,091	1,757,342	1,750,141	4.1%	1,246,932	1,224,844	1,312,825	1,403,409	1,425,224
3.040	Supplies and Materials	383,171	363,450	579,793	27.2%	579,793	608,783	639,222	671,183	704,742
3.050	Capital Outlay	1,378,926	131,500	28,373	-84.4%	100,000	50,000	50,000	50,000	50,000
4.300	Other Objects	259,358	262,426	241,357	-3.4%	293,584	297,124	300,713	304,351	308,039
4.500	*Total Expenditures*	$11,303,517	10,247,520	10,533,940	-3.3%	10,861,146	11,268,126	12,137,905	13,052,336	13,861,467
	Other Financing Uses									
5.010	Operating Transfers-Out	183,000	212,000	100,000	-18.5%	$600,000	$3,200,000	$2,200,000	$2,200,000	$2,200,000
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	183,000	212,000	100,000	-18.5%	600,000	3,200,000	2,200,000	2,200,000	2,200,000
5.050	*Total Expenditures and Other Financing Uses*	11,486,517	10,459,520	10,633,940	-3.6%	11,461,146	14,468,126	14,337,905	15,252,336	16,061,467
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(267,201)	1,481,156	1,844,081	-314.9%	1,892,113	(484,455)	(206,370)	(293,374)	(507,924)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,237,987	2,970,786	4,451,942	20.8%	6,296,023	8,188,136	7,703,680	7,497,311	7,203,937
7.020	*Cash Balance June 30*	2,970,786	4,451,942	6,296,023	45.6%	8,188,136	7,703,680	7,497,311	7,203,937	6,696,013
8.010	*Estimated Encumbrances June 30*	581,794	373,489	371,623	-18.2%	300,000	300,000	300,000	300,000	300,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	2,388,992	4,078,453	5,924,400	58.0%	7,888,136	7,403,680	7,197,311	6,903,937	6,396,013
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	2,388,992	4,078,453	5,924,400	58.0%	7,888,136	7,403,680	7,197,311	6,903,937	6,396,013
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$2,388,992	$4,078,453	$5,924,400	58.0%	$7,888,136	$7,403,680	$7,197,311	$6,903,937	$6,396,013

Danbury Local School District – Ottawa County
Notes to the Five-Year Forecast
General Fund Only
May 18, 2022

Introduction to the Five-Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual 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 viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages 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 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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important 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 or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2022 filing.

Economic Outlook

This five-year forecast is being filed during the recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

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.

May 2022 Updates:

Revenues FY22:

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 $13,341,259 or 1.46% higher than the November forecasted amount of $13,148,640. This indicates the November forecast was 98.54% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 79% and are estimated to be $10,543,878 which is $167,219 higher for FY22 than the original estimate of $10,376,659. Our estimates are 98.39% accurate for FY22 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order to project anticipated funding. In January of 2022 the first formula calculations were released in part by the Ohio Department of Education. While there are still details unpublished at this time we can see that through early April our state aid is estimated to be $987,307 which is $12,737 higher than the original estimate for FY22. We are pleased that with very little detail we were able to be 98.7% accurate for FY22. We are currently on the guarantee and are expected to remain on a guarantee for FY23 through FY26.

Line 1.06 - Other revenues are up $2,919 over original estimates primarily due to added miscellaneous revenue received by the district which is somewhat unpredictable.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

Expenditures FY22:

Total General Fund expenditures (line 4.5) are estimated to be $10,861,146 for FY22 which is on target with than the original estimate of $10,861,146 in the November forecast, which is directly on target with original estimates.

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

Unreserved Ending Cash Balance:

With revenues increasing over estimates and expenditures ending most on target, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $7,888,136. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 if assumptions we have made for property tax collections, state aid in future state budgets and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:
A five year financial forecast has risks and 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 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 to us 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) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way 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. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

2) The state budget represented 16% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to 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 downturn. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

3) Property tax collections are 79% of revenues which is the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued 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 property taxes and income tax equate to 84% of the district's resources. Our tax collections in the August 2021 and March 2022 settlements were on target with original estimates. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

4) Ottawa County experienced a reappraisal update in the 2021 tax year to be collected in FY22. The 2021 reappraisal update increased overall assessed values by $86.31 million or an increase of 17.32%. A full reappraisal will occur in tax year 2024 for collection in FY25. We anticipate value increases for Class I and II property by $63.3 million for an overall increase of 10.61%. 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.

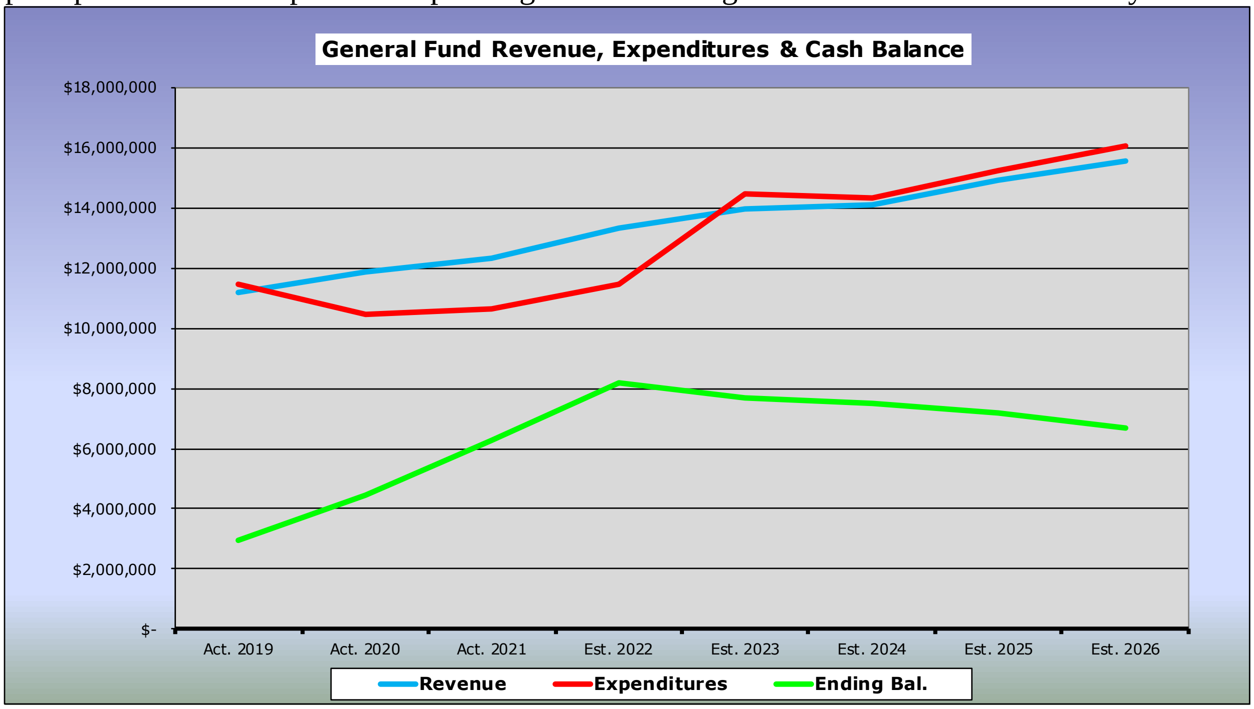
5) HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted

from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

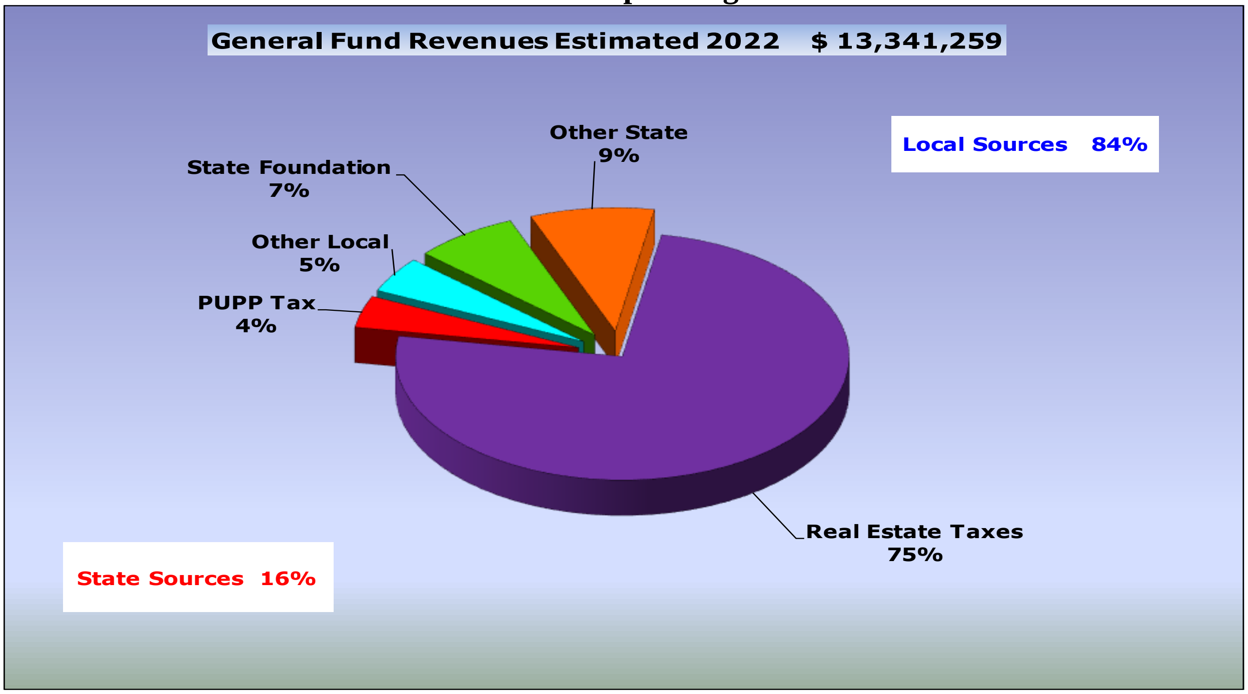
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Shane Baumgardner, Treasurer at 419.562.4045.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY19-21 and Estimated FY22-26

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



REVENUE ASSUMPTIONS
Estimated General Fund Operating Revenue for FY22



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the Ottawa County Auditor based on new construction, demolitions, Board of Revisions/Board of Tax Appeals activity and complete reappraisal or updated values. Ottawa County experienced a reappraisal update for the 2021 tax year to be collected in FY22. Residential/Agricultural values increased 17.74% or $80.38 million. Commercial/Industrial values increased 13.13% or $5.94 million for the reappraisal.

A full reappraisal will occur in tax year 2024 for collection in FY25. We anticipate value increases for Class I of 11.39% and Class II 2.40%, which is an overall increase of $63.27 million or 10.61%.

The district is on the 20-mill floor for Class I and Class II, as the district experiences growth in values the millage can no longer be decreased as the valuation increases. Consequently, the district will experience revenue growth when values increase due to reappraisal years where values increase.

Agricultural values represent 1.4% of Class I values, and are unaffected by changes HB49 authorized in CAUV computations.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025
Classification	Collect 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	$533,491,480	$537,196,480	$544,751,480	$606,781,628	$610,486,628
Comm./Ind.	51,126,690	51,331,690	51,536,690	52,772,424	52,977,424
PUPP	13,135,170	13,535,170	13,935,170	14,335,170	14,735,170
Total Assessed Value	$597,753,340	$602,063,340	$610,223,340	$673,889,222	$678,199,222

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY22	FY23	FY24	FY25	FY26
Est. Property Tax Line #1.010	$9,987,523	$10,520,955	$10,631,359	$11,356,512	$11,853,038

Property tax levies are estimated to be collected at 98% of the annual amount. This allows 2% delinquency factor. In general, 58.76% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 41.24% collected in the August tax settlement.

Renewal and Replacement Levies – Line #11.02
The district currently does not have any levies that expire.

New Tax Levies – Line #13.030
No new levies are modeled in this forecast.

Estimated Public Utility Personal Property (PUPP) Taxes – Line#1.020
The phase out of TPP taxes as noted earlier began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation have estimated that the locally collected tangible personal property tax would be eliminated after FY11. Only Public Utility Personal Property taxes are collected in Line 1.02.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. The values in 2021 rose by 5.03% or $629,540 and are expected to grow each year of the forecast by $400,000 per year.

Source	FY22	FY23	FY24	FY25	FY26
Public Utility Tax	$556,355	$578,746	$596,106	$613,466	$630,826

School District Income Tax Collections – Line #1.030
The district does not have a school district income tax.

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

A) Unrestricted State Foundation Revenue – Line #1.035
The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a guarantee district in FY22 and is expected to be FY23-FY26 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 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 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 FY22 through FY26 compared to actual data FY19 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.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
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 state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes 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)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is currently at a state wide average of $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will 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 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 most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then 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 amount of the base per pupil funding amount.

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

<u>Unrestricted Categorical State Aid</u>

1. 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). 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 and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding 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 percentage is less than 33.33% will see a 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 number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on 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.

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. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 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 less 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 full 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 a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push 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 a Special Revenue Fund 467. HB110 the new state budget essentially eliminated these funds by merging them into state aid and wrapped 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. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budget Projections beyond FY23
Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY26.

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 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 largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .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 $62.87per pupil.   FY22 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY22	FY23	FY24	FY25	FY26
Basic Aid-Unrestricted	$823,386	$833,857	$833,857	$833,857	$833,857
Additional Aid Items	46,841	46,841	46,841	46,841	46,841
Basic Aid-Unrestricted Subtotal	870,227	880,698	880,698	880,698	880,698
Ohio Casino Commission ODT	29,850	29,806	29,748	29,675	29,588
Unrestricted State Aid Line # 1.035	$900,077	$910,504	$910,446	$910,373	$910,286

B) **Restricted State Revenues – Line # 1.040**
HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. We will need to see the actual HB110 formula to determine what restricted amounts will be receipted into these new lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23.

Source	FY22	FY23	FY24	FY25	FY26
DPIA	$15,274	$15,126	$15,061	$15,061	$15,061
Career Tech - Restricted	0	0	0	0	0
Gifted	30,824	25,021	25,744	25,744	25,744
ESL	20	39	39	39	39
Student Wellness	41,112	41,126	41,112	41,112	41,112
Restricted State Revenues Line #1.040	$87,230	$81,312	$81,956	$81,956	$81,956

C) Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY22-26.

Summary

Source	FY22	FY23	FY24	FY25	FY26
Unrestricted Line # 1.035	$900,077	$910,504	$910,446	$910,373	$910,286
Restricted Line # 1.040	87,230	81,312	81,956	81,956	81,956
Rest. Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$987,307	$991,816	$992,402	$992,329	$992,242

State Taxes Reimbursement/Property Tax Allocation - Line 1.050
Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have 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.

Summary of State Tax Reimbursement – Line #1.050

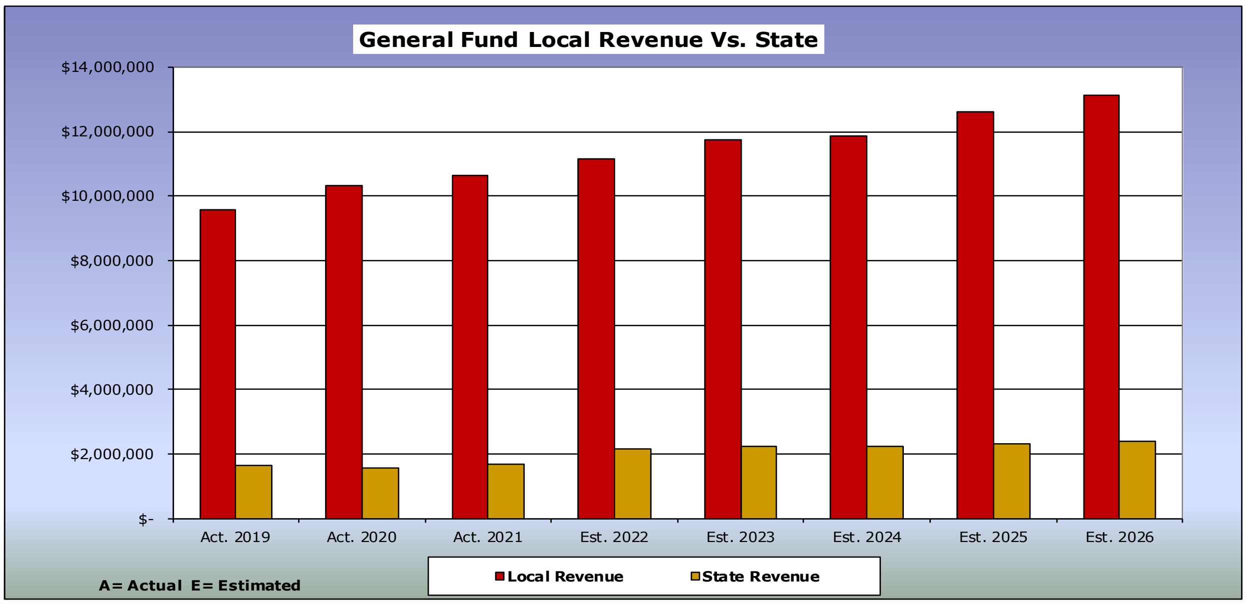
Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead Line #1.05	$1,182,684	$1,241,998	$1,255,060	$1,335,778	$1,412,031
Tax Reimb./Prop. Tax Allocations #1.050	$1,182,684	$1,241,998	$1,255,060	$1,335,778	$1,412,031

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, 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 zeros to help show the difference between projected FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 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 at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

Source	FY22	FY23	FY24	FY25	FY26
Open Enrollment Gross	$0	$0	$0	$0	$0
Interest	24,435	21,992	19,793	17,814	16,033
Manufactured Home Tax	239,330	248,903	253,881	256,420	258,984
Tuition SF-14 & SF-14H	234,971	237,321	239,694	242,091	244,512
Medicare Reimbursement	94,736	95,683	96,640	97,606	98,582
Rentals, Fines, Fees,& other	33,918	34,257	34,600	34,946	35,295
Total Line # 1.060	$627,390	$638,156	$644,608	$648,877	$653,406

Comparison of Local Revenue and State Revenue:



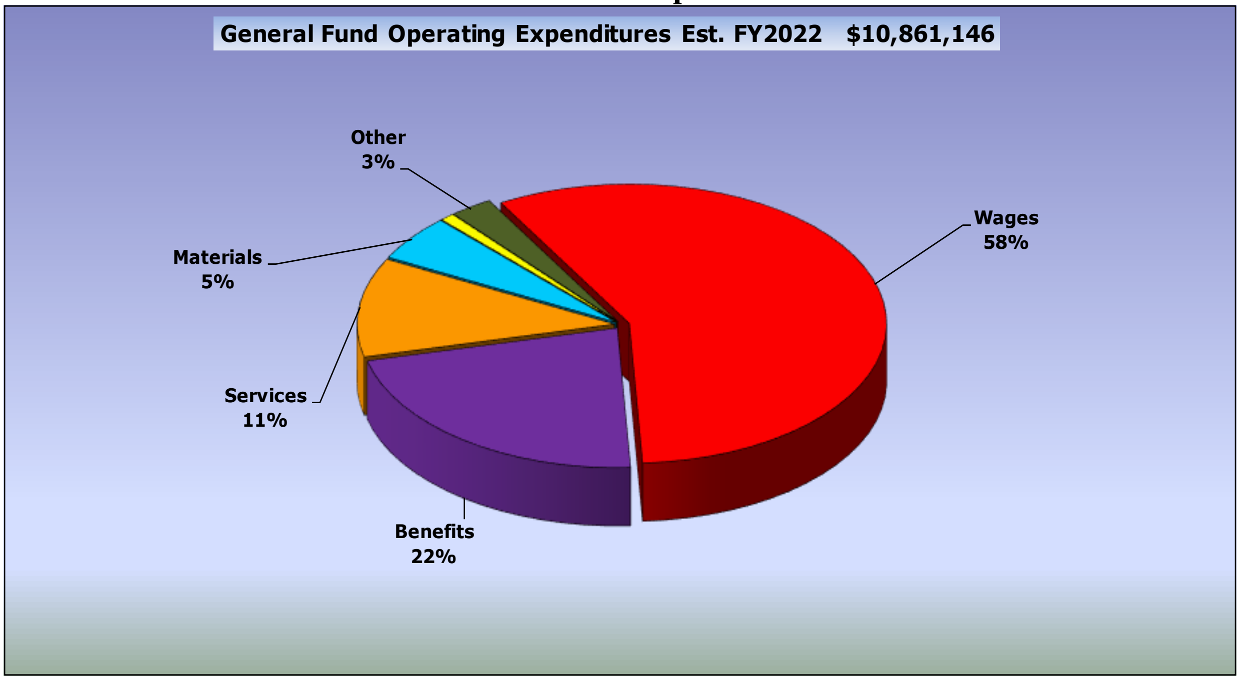
Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing planned in this forecast at this time from any sources.

Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050 and #2.060
Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

Other financial sources are typically a refund of prior year expenditures that are very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY22	FY23	FY24	FY25	FY26
Other Sources Line 2.060	$12,000	$12,000	$12,000	$12,000	$12,000

Expenditure Assumptions
Estimated General Fund Expenditures for FY22



Wages – Line #3.010
Negotiations with staff have resulted in a 2% base increase for FY21, 3% for FY22, 2.25% for FY23, and 3% for FY24 to FY26 on the base. For planning purposes, the forecast reflects a 2% increase for FY25 and FY26. Step and training pay are reflected based on current staffing levels FY22-26. Amounts noted as in lieu of costs are payments for stipends help reduce health insurance plan costs. We have also budgeted in FY24 a new math coach and literacy camp staff.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$5,264,089	$5,654,532	$5,852,137	$6,316,794	$6,832,836
Base Increases	154,967	118,442	282,727	292,607	315,840
Steps & Training	73,697	79,163	81,930	88,435	95,660
New or Replacement Staff	91,831	0	100,000	0	0
Substitutes	45,020	46,033	48,335	50,752	53,290
Supplementals	224,081	229,123	240,579	252,608	265,238
Severance & In lieu of Costs	394,124	385,516	400,925	346,981	409,208
Staff Reduction	(71,032)	0	0	0	0
SWSF & ESSER -Adjustments	69,948	0	0	135,000	0
Total Wages Line #3.010	$6,246,725	$6,512,809	$7,006,633	$7,483,177	$7,972,072

Fringe Benefits Estimates - Line 3.02
This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance being directly related to the wages paid. 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.

A) STRS/SERS
As required by law the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance
We are estimating an increase of 10% FY22-26. This could increase at a much higher rate should claims increase dramatically.

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 health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to be approximately .042% of wages FY22– FY26. Unemployment is expected to remain at a very low level FY22-FY26. The district is a direct reimbursement employer, which means 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. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts grow at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY22	FY23	FY24	FY25	FY26
STRS/SERS	$898,877	$942,639	$1,013,181	$1,093,819	$1,161,294
Insurance's	1,326,206	1,458,827	1,633,220	1,854,592	2,040,051
Workers Comp/Unemployment	26,736	27,854	29,928	31,929	33,983
Medicare	85,893	88,846	95,783	103,476	109,662
Tuition Reimb./Cell Phone	56,400	56,400	56,400	56,400	56,400
Total Fringe Benefits Line #3.020	$2,394,112	$2,574,566	$2,828,512	$3,140,216	$3,401,390

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 FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five year forecast. College Credit Pus, 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. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SRO's and then returned these costs to the General Fund in FY22-26.

Source	FY22	FY23	FY24	FY25	FY26
Base Services	$34,148	$34,148	$74,148	$143,569	$143,569
Instructional Services - ESC	308,544	311,629	314,745	317,892	321,071
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
Tuition Payments, Autism Schp., CC+	498,576	503,562	508,598	513,684	518,821
Utilities	144,601	151,831	219,423	230,394	241,914
Building Maintenance	261,063	223,674	195,911	197,870	199,849
Total Purchased Services Line #3.030	$1,246,932	$1,224,844	$1,312,825	$1,403,409	$1,425,224

Supplies and Materials – Line #3.040

These amounts account for funds to purchase new textbooks and educational supplies related to new curriculum adoptions. The other area of expenses included in this category are all consumable supplies that are purchased to operate the school district, such as textbooks, paper, cleaning supplies, tires and bus fuel. In FY21 we increased our budget for $86,000 for a textbook adoption and $20,000 for Chromebooks. In FY22 we added $100,000 for curriculum adoption and for increased fuel costs.

Source	FY22	FY23	FY24	FY25	FY26
Supplies	$579,793	$608,783	$639,222	$671,183	$704,742
Budget Reserves or (Reductions)	0	0	0	0	0
Total Supplies Line #3.040	$579,793	$608,783	$639,222	$671,183	$704,742

Equipment – Line # 3.050

Capital outlay expenditures are estimated based on recent historical patterns with the expectation that other capital outlay expenditures will be out of the permanent improvement funds.

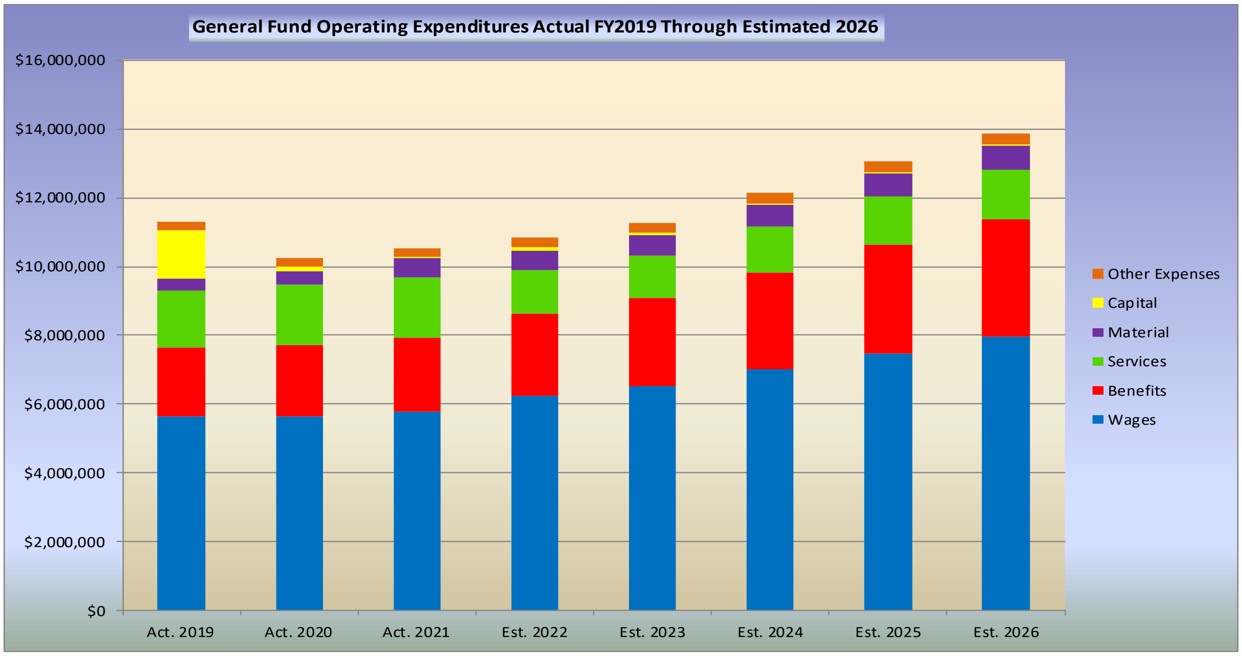
Source	FY22	FY23	FY24	FY25	FY26
Capital Outlay	$100,000	$50,000	$50,000	$50,000	$50,000
Technology	0	0	0	0	0
Total Equipment Line #3.050	$100,000	$50,000	$50,000	$50,000	$50,000

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, but also includes annual audit costs, OSBA dues, and other miscellaneous expenses.

Source	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$226,240	$228,502	$230,787	$233,095	$235,426
Audit fees, dues and other expenses	63,918	65,196	66,500	67,830	69,187
County ESC	3,426	3,426	3,426	3,426	3,426
Total Other Expenses Line #4.300	$293,584	$297,124	$300,713	$304,351	$308,039

Total Expenditure Categories Actual FY19 through FY 21 and Estimated FY22 through FY26



Transfers Out/Advances out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Beginning in FY22 we will be transferring money to our building fund to fund debt payments for for building additions, field house construction and other facility renovations.

Source	FY22	FY23	FY24	FY25	FY26
Operating Transfers Out Line #5.010	$100,000	$200,000	$200,000	$200,000	$200,000
Transfer Building Fund	500,000	3,000,000	2,000,000	2,000,000	2,000,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$600,000	$3,200,000	$2,200,000	$2,200,000	$2,200,000

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. Estimates are based on historic trends.

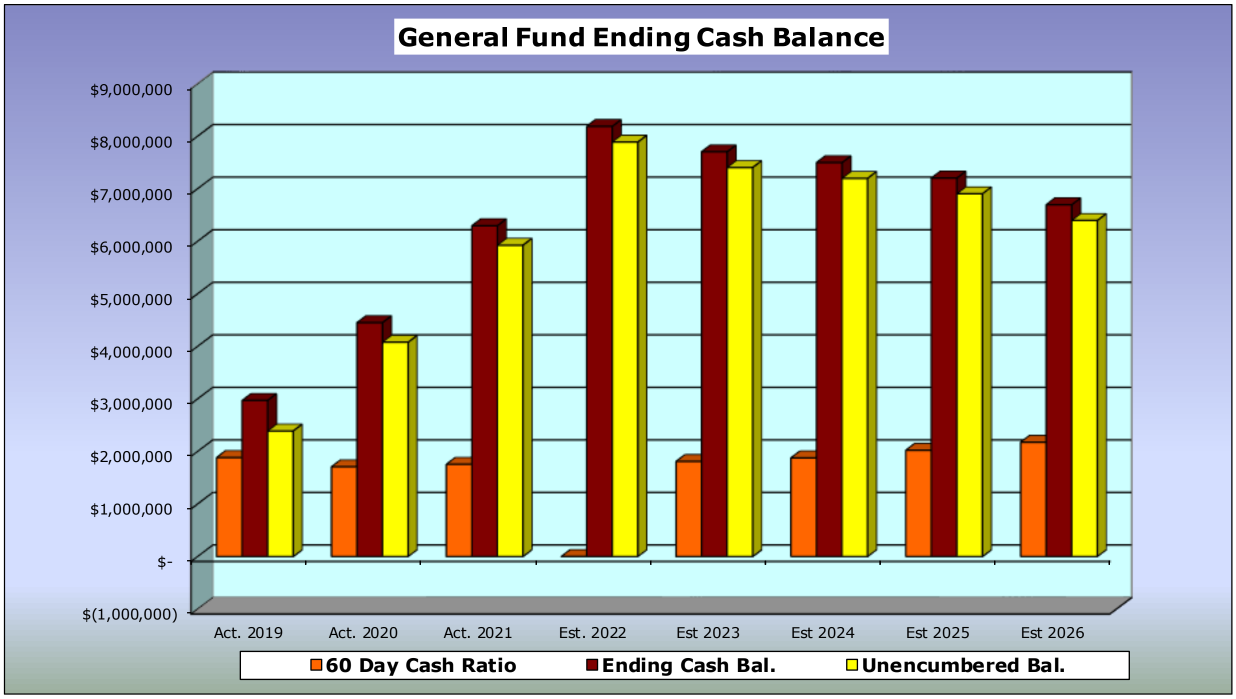
	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

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

This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000, unless an alternative “412” certificate can be issued pursuant to HB153 effective September 30, 2011. The district maintains a solid sixty (60) unencumbered cash balance for the entire forecast period.

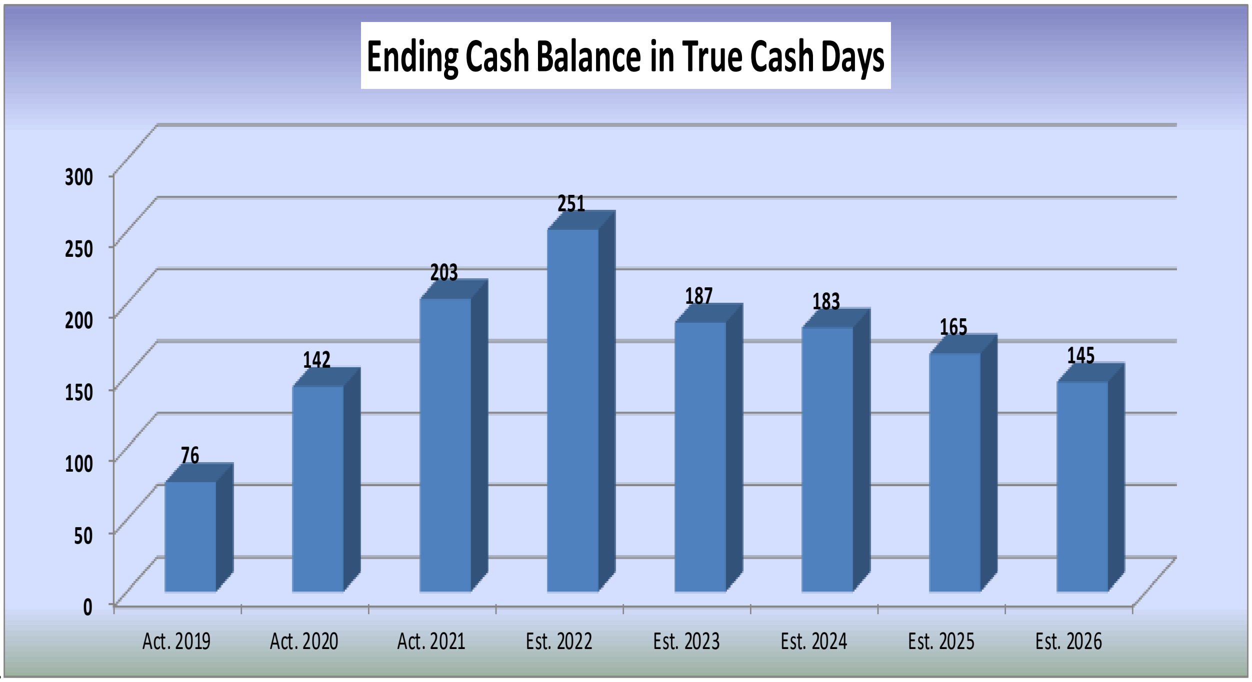
	FY22	FY23	FY24	FY25	FY26
Ending Cash Balance	$7,888,136	$7,403,680	$7,197,311	$6,903,937	$6,396,013

General Fund Ending Cash Balance Actual FY19-21 and Estimated FY22-26



True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts 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.


Ending Cash Balance in True Cash Days
300
250
200
150
100
50
0
76
142
203
251
187
183
165
145
Act. 2019
Act. 2020
Act. 2021
Est. 2022
Est. 2023
Est. 2024
Est. 2025
Est. 2026

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