DANBURY LOCAL SCHOOL DISTRICT-OTTAWA 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 2027

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

May 17, 2023

DANBURY LOCAL SCHOOL DISTRICT
Ottawa County

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

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	$8,655,838	$8,964,287	$9,987,523	7.5%	$10,605,739	$10,864,184	$11,598,966	$12,109,244	$12,179,356
1.020	Public Utility Personal Property Tax	490,724	487,088	556,355	6.7%	584,753	608,041	625,401	642,761	660,121
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	507,675	602,569	890,924	33.3%	905,215	905,170	905,111	905,038	904,949
1.040	Restricted State Grants-in-Aid	15,663	15,663	118,402	328.0%	104,563	104,737	104,737	104,737	104,737
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	1,033,831	1,078,216	1,172,125	6.5%	1,242,514	1,283,949	1,366,205	1,443,972	1,452,612
1.060	All Other Revenues	1,180,320	1,206,153	711,536	-19.4%	727,935	739,723	749,206	758,888	768,776
1.070	*Total Revenues*	$11,884,051	$12,353,976	$13,436,865	6.4%	$14,170,719	$14,505,804	$15,349,626	$15,964,640	$16,070,551
	Other Financing Sources									
2.040	Operating Transfers-In	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.050	Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	55,078	126,182	8,063	17.7%	39,993	8,500	8,500	8,500	8,500
2.070	*Total Other Financing Sources*	$55,078	$126,182	$8,063	17.7%	$39,993	$8,500	$8,500	$8,500	$8,500
2.080	*Total Revenues and Other Financing Sources*	$11,939,129	$12,480,158	$13,444,928	6.1%	$14,210,712	$14,514,304	$15,358,126	$15,973,140	$16,079,051
	Expenditures									
3.010	Personal Services	$5,642,324	$5,785,587	$6,284,908	5.6%	$6,503,911	$6,966,778	$7,567,339	$8,055,441	$8,519,828
3.020	Employees' Retirement/Insurance Benefits	2,090,478	2,148,689	2,255,961	3.9%	2,340,616	2,562,120	2,881,016	3,120,379	3,379,003
3.030	Purchased Services	1,756,393	1,750,141	1,260,686	-14.2%	1,369,775	1,510,507	1,649,852	1,680,689	1,712,465
3.040	Supplies and Materials	363,450	579,793	556,690	27.8%	686,502	669,802	643,292	675,457	709,230
3.050	Capital Outlay	131,500	28,373	48,843	-3.1%	100,000	50,000	50,000	50,000	50,000
4.300	Other Objects	262,426	241,389	305,463	9.3%	238,364	310,106	313,728	317,398	321,115
4.500	*Total Expenditures*	$10,246,571	$10,533,972	$10,712,551	2.3%	$11,239,168	$12,069,313	$13,105,227	$13,899,364	$14,691,641
	Other Financing Uses									
5.010	Operating Transfers-Out	$212,000	$100,000	$1,553,000	700.1%	$140,000	$3,926,246	$3,926,246	$2,926,246	$926,246
5.020	Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$212,000	$100,000	$1,553,000	700.1%	$140,000	$3,926,246	$3,926,246	$2,926,246	$926,246
5.050	*Total Expenditures and Other Financing Uses*	$10,458,571	$10,633,972	$12,265,551	8.5%	$11,379,168	$15,995,559	$17,031,473	$16,825,610	$15,617,887
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$1,480,558	$1,846,186	$1,179,377	-5.7%	$2,831,544	($1,481,255)	($1,673,347)	($852,470)	$461,164
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$2,970,778	$4,451,336	$6,297,522	45.7%	$7,476,899	$10,308,443	$8,827,189	$7,153,841	$6,301,371
7.020	*Cash Balance June 30*	$4,451,336	$6,297,522	$7,476,899	30.1%	$10,308,443	$8,827,189	$7,153,841	$6,301,371	$6,762,535
8.010	*Estimated Encumbrances June 30*	$373,489	$371,990	$418,275	6.0%	$300,000	$300,000	$300,000	$300,000	$300,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	$4,077,847	$5,925,532	$7,058,624	32.2%	$10,008,443	$8,527,189	$6,853,841	$6,001,371	$6,462,535
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$4,077,847	$5,925,532	$7,058,624	32.2%	$10,008,443	$8,527,189	$6,853,841	$6,001,371	$6,462,535
	Revenue from New Levies									
13.010	Income Tax - New	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
14.010	Revenue from Future State Advancements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$4,077,847	$5,925,532	$7,058,624	32.2%	$10,008,443	$8,527,189	$6,853,841	$6,001,371	$6,462,535

Danbury Local School District – Ottawa County
Notes to the Five-Year Forecast
General Fund Only
May 17, 2023

Introduction to the Five-Year Forecast
A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum, when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
(2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
(3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

<u>Revenues FY23</u>
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 $14,170,719 or 0.15% higher than the November forecasted amount of $14,149,023. This indicates the November forecast was 99.85% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 78.9% and are estimated to be $11,190,492, which is $26,029 higher for FY23 than the original November estimate of $11,164,463 million. Our estimates are 99.77% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $1,009,778, which is $7,008 lower than the original estimate for FY23. We are pleased that we were able to be 99.31% accurate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are on target with original estimates from the November forecast. Other revenue are somewhat unpredictable year to year.

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

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $11,239,168 for FY23, which is $15,000 lower than the original estimate of $11,254,168 in the November forecast, which is roughly 99.87% on target with original estimates. This $15,000 difference was found in the Purchased Services (line 3.030) category. All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $10,008,442. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and 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) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in 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.

2) The state budget represented 15.9% of district revenues, which means it is a moderate 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 be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

3) Property tax collections representing 78.9% of revenue are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years, and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 84.1% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

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 $64.2 million for an overall increase of 10.59%. 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 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 closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

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

7) The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat $125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues

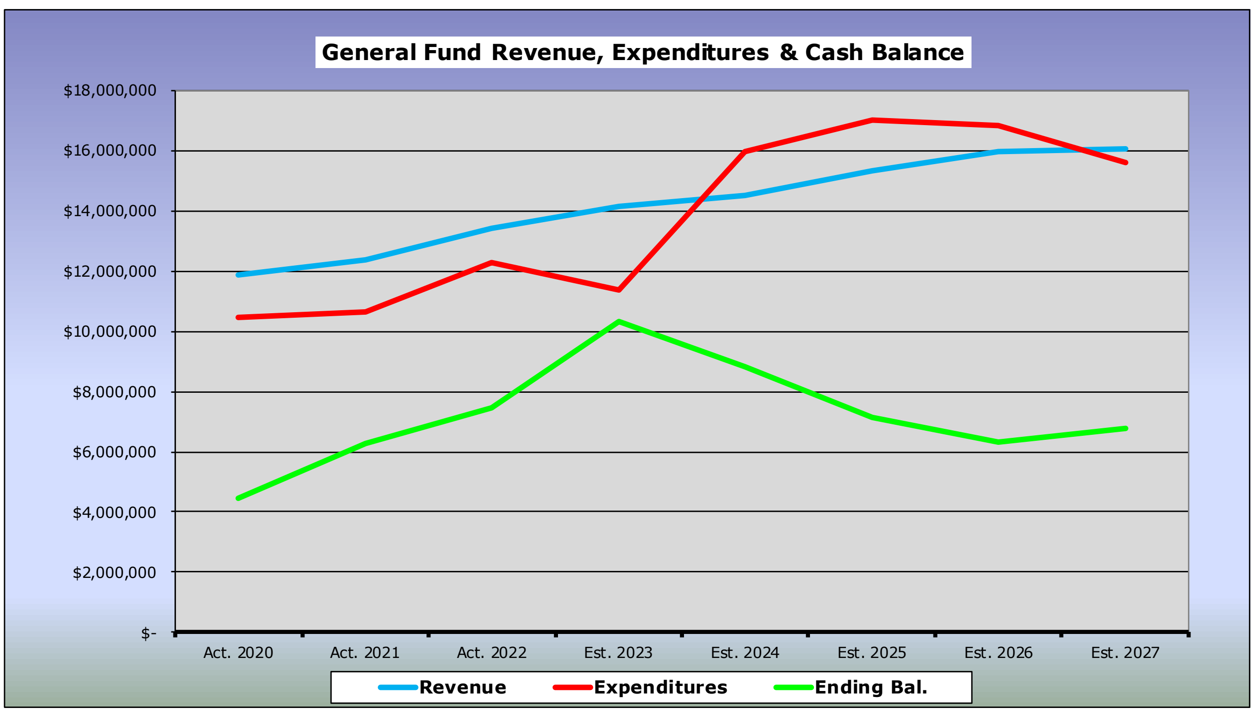
stated on the ballot at the time of passage and no more. As property values grow, the “effective” millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause “effective” millage rates to increase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

Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward, our positive working relationship will continue and will only grow stronger.

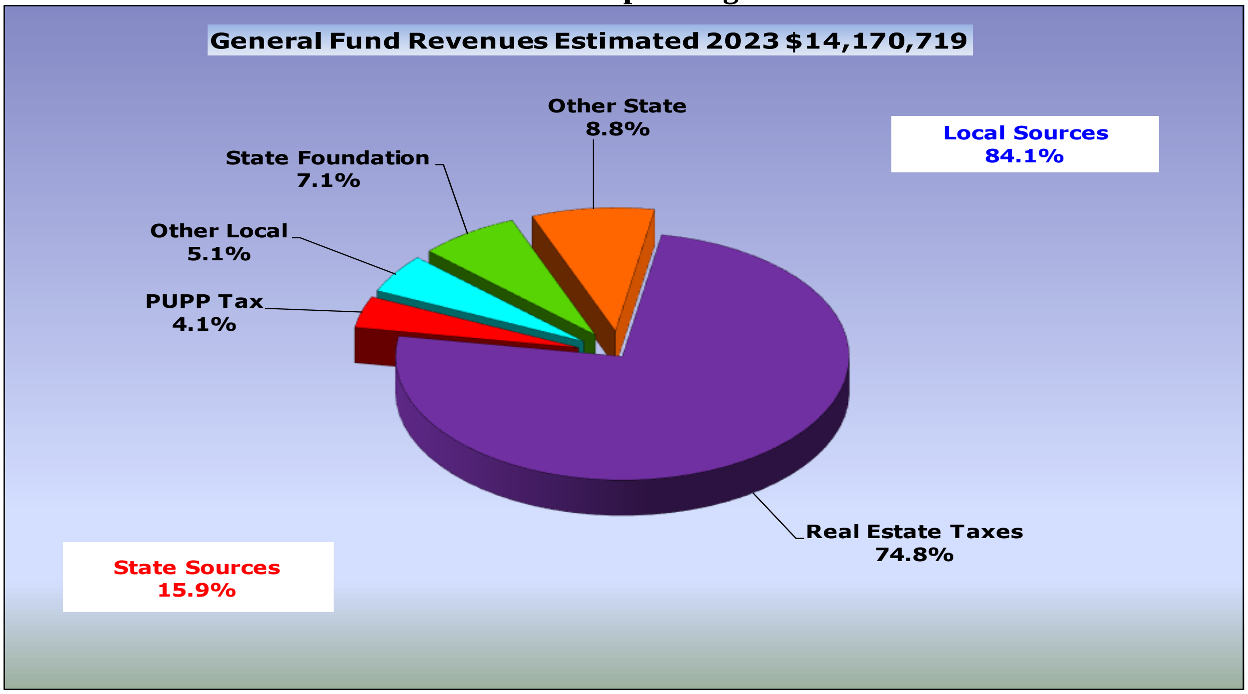
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast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

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

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



REVENUE ASSUMPTIONS
Estimated General Fund Operating Revenue for FY23



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the 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 15.98% or $80.38 million. Commercial/Industrial values increased 11.35% 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 10% and Class II 2%, which is an overall increase of $64.23 million or 10.59%.

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 1.1% of Class I values, and are unaffected by changes HB49 authorized in CAUV computations.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$546,800,800	$554,355,800	$617,346,380	$621,051,380	$624,756,380
Comm./Ind.	51,855,500	52,060,500	53,306,710	53,511,710	53,716,710
PUPP	13,810,170	14,210,170	14,610,170	15,010,170	15,410,170
Total Assessed Value	$612,466,470	$620,626,470	$685,263,260	$689,573,260	$693,883,260

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY23	FY24	FY25	FY26	FY27
Est. Property Tax Line #1.010	$10,605,739	$10,864,184	$11,598,966	$12,109,244	$12,179,356

Property tax levies are estimated to be collected at 99.5% of the annual amount. This allows a 0.5% 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% 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 below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above, which was $13.14 million in assessed values in 2021 and is collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2021 increased by $629,540. Values are expected to grow $400,000 each year of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Tax	$584,753	$608,041	$625,401	$642,761	$660,121

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 full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. We have projected FY23 funding based on the March 2023 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to continue on the guarantee in FY24-FY27 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.

<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 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)

<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 $7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

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

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

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. An amount of 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.34% in FY23.
2. English Learners – Based on funded categories based on the time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds- These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase-In FY22 and FY23 and Guarantees

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

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The 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. 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 entirely spent.

Future State Budget Projections beyond FY23

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

Unrestricted Basic Aid Foundation Funding

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

Unrestricted Categorical State Aid

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

Restricted Categorical State Aid

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

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

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

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

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

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$835,383	$835,382	$835,382	$835,382	$835,382
Additional Aid Items	38,940	38,940	38,940	38,940	38,940
Basic Aid-Unrestricted Subtotal	874,323	874,322	874,322	874,322	874,322
Ohio Casino Commission ODT	30,892	30,848	30,789	30,716	30,627
Unrestricted State Aid Line # 1.035	$905,215	$905,170	$905,111	$905,038	$904,949

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

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

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$14,849	$15,074	$15,074	$15,074	$15,074
Career Tech - Restricted	0	0	0	0	0
Gifted	25,769	25,749	25,749	25,749	25,749
ESL	39	39	39	39	39
Student Wellness	33,906	33,875	33,875	33,875	33,875
Catastrophic Aid	30,000	30,000	30,000	30,000	30,000
Restricted State Revenues Line #1.040	$104,563	$104,737	$104,737	$104,737	$104,737

C) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY23-27.

Summary

Source	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$905,215	$905,170	$905,111	$905,038	$904,949
Restricted Line # 1.040	104,563	104,737	104,737	104,737	104,737
Rest. Fed. Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$1,009,778	$1,009,907	$1,009,848	$1,009,775	$1,009,686

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 before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

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

Summary of State Tax Reimbursement – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead Line #1.05	$1,242,514	$1,283,949	$1,366,205	$1,443,972	$1,452,612

Other Local Revenues – Line #1.060

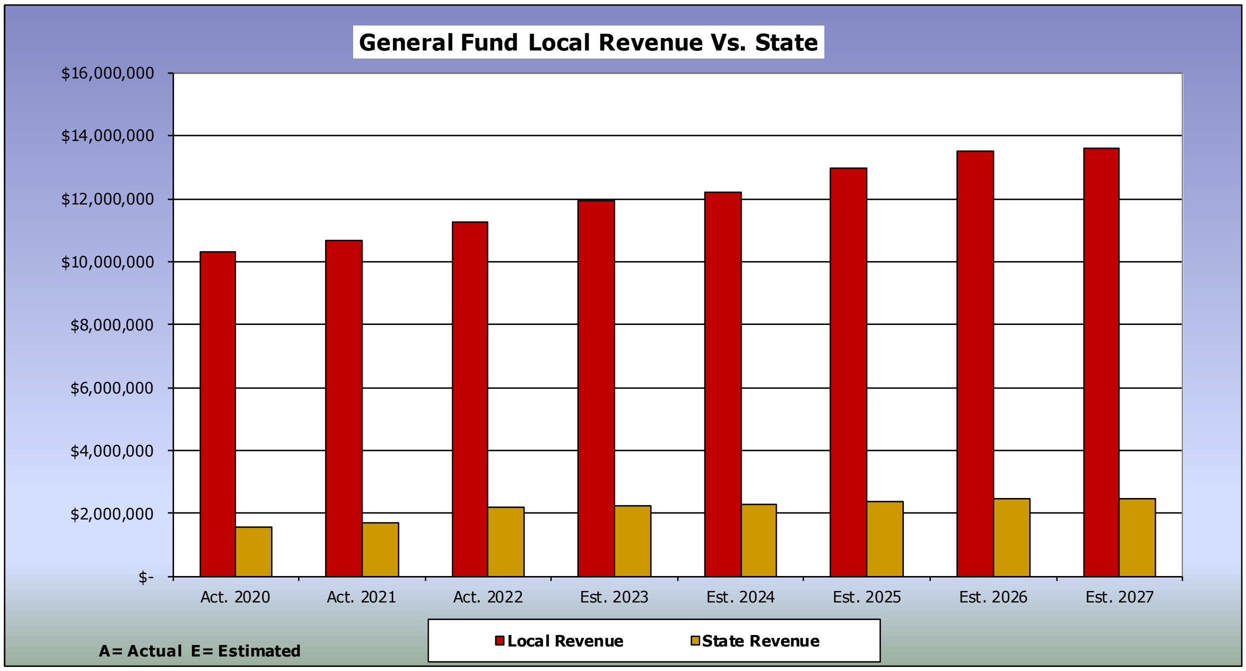
All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY23-FY27 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. Rates are increasing now that the federal reserve bank is raising rates to quell inflation. We have adjusted out earnings up accordingly. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Gross	$0	$0	$0	$0	$0
Interest	49,657	52,140	54,747	57,484	60,358
Manufactured Home Tax	252,268	257,313	259,886	262,485	265,110
Tuition SF-14 & SF-14H	306,830	309,898	312,997	316,127	319,288
Medicare Reimbursement	74,625	75,371	76,125	76,886	77,655
Rentals, Fines, Fees,& other	44,555	45,001	45,451	45,906	46,365
Total Line # 1.060	$727,935	$739,723	$749,206	$758,888	$768,776

Comparison of Local Revenue and State Revenue:



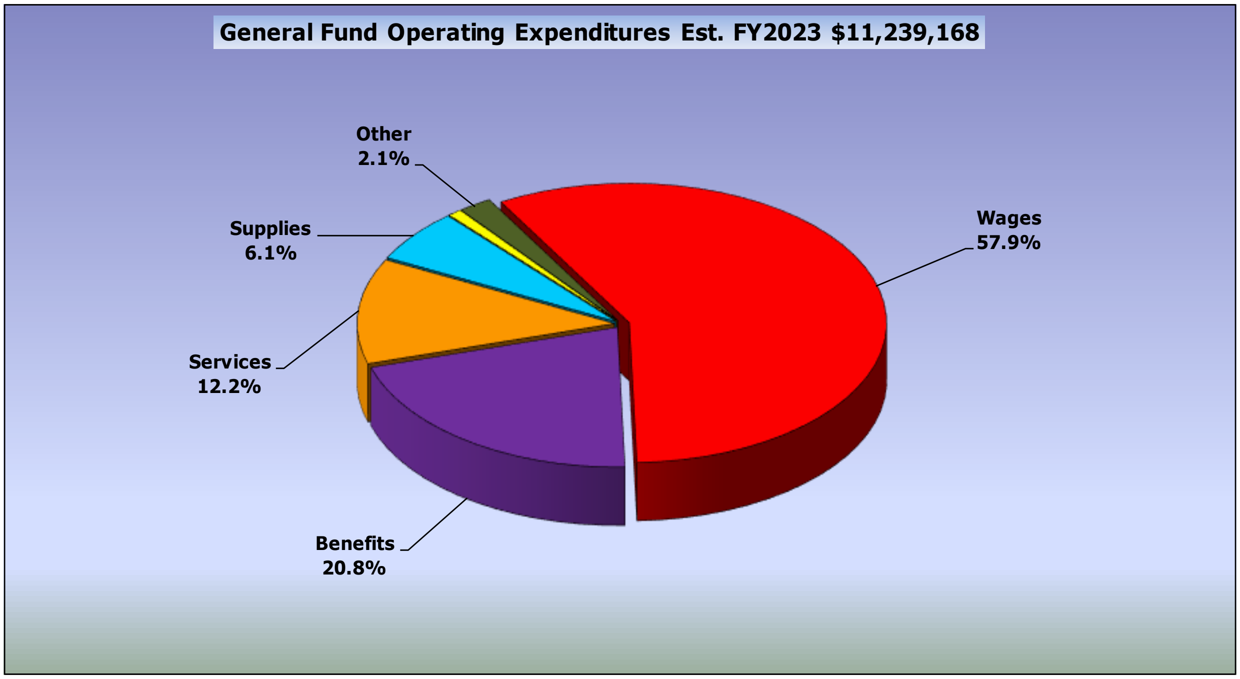
Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing projected in this forecast.

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	FY23	FY24	FY25	FY26	FY27
Other Sources Line 2.060	$39,993	$8,500	$8,500	$8,500	$8,500

Expenditure Assumptions
Estimated General Fund Expenditures for FY23



Wages – Line #3.010

Negotiations with staff have resulted in a 2.25% for FY23 on the base. For planning purposes, the forecast reflects a 5% increase for FY24 through FY27 which is a combination of base and one time payments. Step and training pay are reflected based on current staffing levels FY23-27. Amounts noted as in lieu of costs are payments for stipends help reduce health insurance plan costs. We have also budgeted in FY25 a new staff for the field house.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$5,639,068	$5,844,894	$6,278,676	$6,918,822	$7,329,620
Base Increases	126,879	281,953	292,245	313,934	345,941
Steps & Training	78,947	81,829	87,901	96,864	102,615
New or Replacement Staff	0	70,000	100,000	0	0
Substitutes	13,371	14,040	14,742	15,479	16,253
Supplementals	260,130	273,137	286,794	301,134	316,191
Severance & In lieu of Costs	385,516	400,925	346,981	409,208	409,208
Staff Reduction	0	0	0	0	0
SWSF & ESSER -Adjustments	0	0	160,000	0	0
Total Wages Line #3.010	$6,503,911	$6,966,778	$7,567,339	$8,055,441	$8,519,828

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

B) Insurance

We are estimating an increase of 10% FY23-27, which reflects the trend of our current employee census and claims data. 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 initially imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.43% of wages FY23– FY27. Unemployment is likely to remain at a shallow level FY23-FY27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
STRS/SERS	$941,162	$1,007,313	$1,105,630	$1,174,255	$1,245,431
Insurance's	1,269,638	1,416,559	1,625,125	1,787,638	1,966,402
Workers Comp/Unemployment	27,816	29,760	32,283	34,333	36,283
Medicare	88,717	95,205	104,695	110,870	117,604
Tuition Reimb./Cell Phone	13,283	13,283	13,283	13,283	13,283
Total Fringe Benefits Line #3.020	$2,340,616	$2,562,120	$2,881,016	$3,120,379	$3,379,003

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will start to direct pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SROs and then returned these costs to the General Fund in FY23-27.

Source	FY23	FY24	FY25	FY26	FY27
Base Services	$110,021	$170,021	$285,021	$290,721	$296,535
Instructional Services - ESC	425,613	429,869	434,168	438,510	442,895
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
Tuition Payments, Autism Schp., CC+	426,382	430,646	434,952	439,302	443,695
Utilities	203,360	273,528	287,204	301,564	316,642
Building Maintenance	204,399	206,443	208,507	210,592	212,698
Total Purchased Services Line #3.030	$1,369,775	$1,510,507	$1,649,852	$1,680,689	$1,712,465

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	FY23	FY24	FY25	FY26	FY27
Supplies	$686,502	$669,802	$643,292	$675,457	$709,230
Budget Reserves or (Reductions)	0	0	0	0	0
Total Supplies Line #3.040	$686,502	$669,802	$643,292	$675,457	$709,230

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.

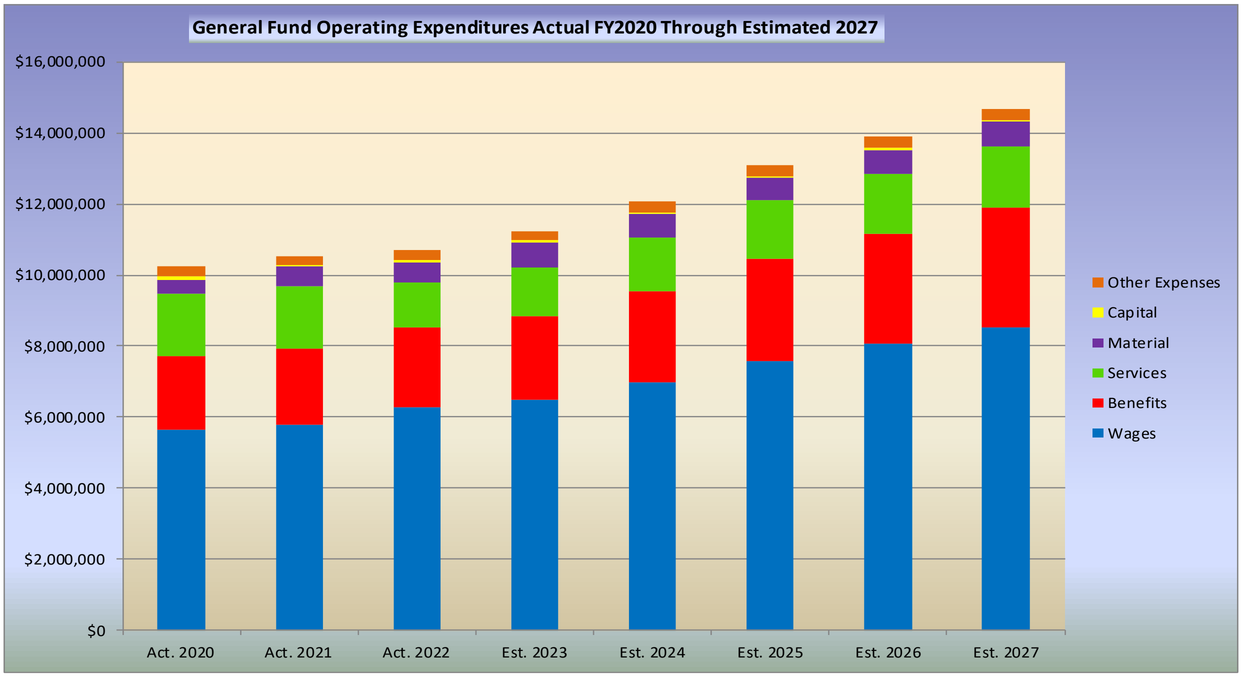
Source	FY23	FY24	FY25	FY26	FY27
Capital Outlay	$100,000	$50,000	$50,000	$50,000	$50,000
Technology	0	0	0	0	0
Total Equipment Line #3.050	$100,000	$50,000	$50,000	$50,000	$50,000

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	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$180,524	$251,177	$253,689	$256,226	$258,788
Audit fees, dues and other expenses	54,427	55,516	56,626	57,759	58,914
County ESC	3,413	3,413	3,413	3,413	3,413
Total Other Expenses Line #4.300	$238,364	$310,106	$313,728	$317,398	$321,115

Total Expenditure Categories Actual FY20 through FY22 and Estimated FY23 through FY27



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 FY24 we will be transferring money to our building fund to fund debt payments for building additions, field house construction and other facility renovations. Transfers out of $140,000 consist of $125,000 for food service fund losses and $15,000 for community services. The $786,246 will be for debt service payments on borrowing for the field house. This will continue through FY37. The $8 million in building transfer over FY23 to FY25 is contribution of capital toward construction of the field house to be used with the borrowed funds to complete funding for the project.

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$140,000	$140,000	$140,000	$140,000	$140,000
Transfer Building Fund Pmt.	0	786,246	786,246	786,246	786,246
Transfer Building Fund	0	3,000,000	3,000,000	2,000,000	0
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$140,000	$3,926,246	$3,926,246	$2,926,246	$926,246

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.

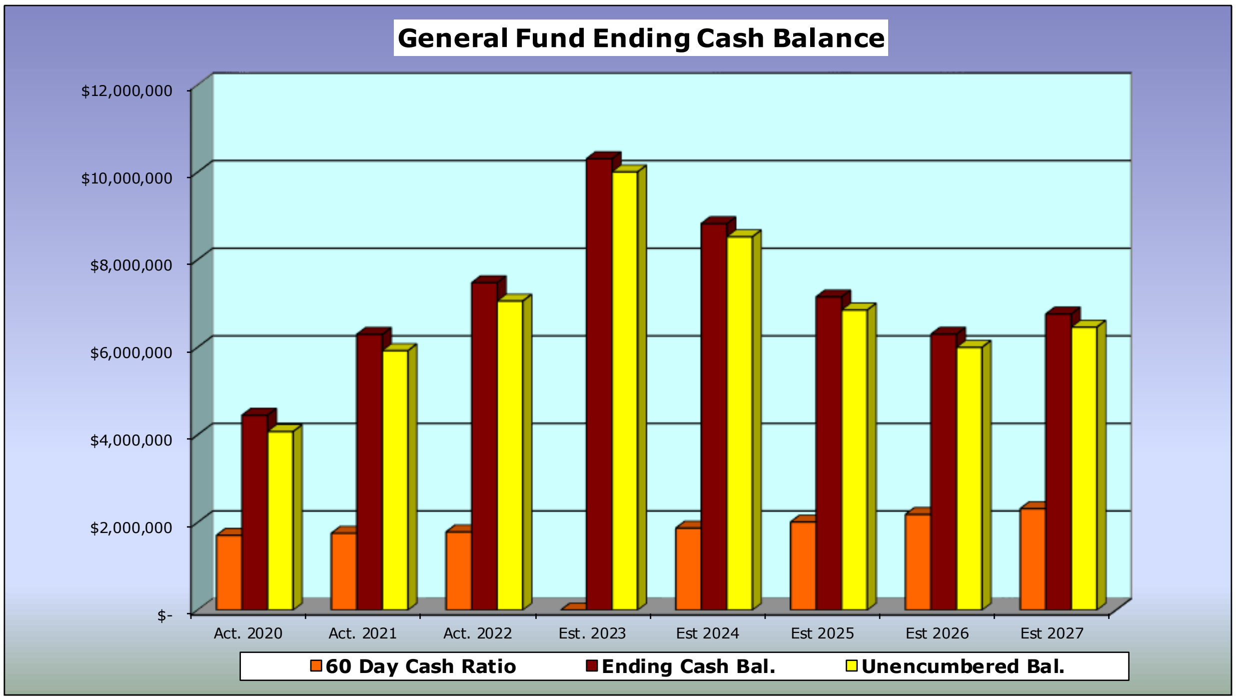
	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

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 knowingly signed that results in a negative unencumbered cash balance violate 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $935,000 for our district.

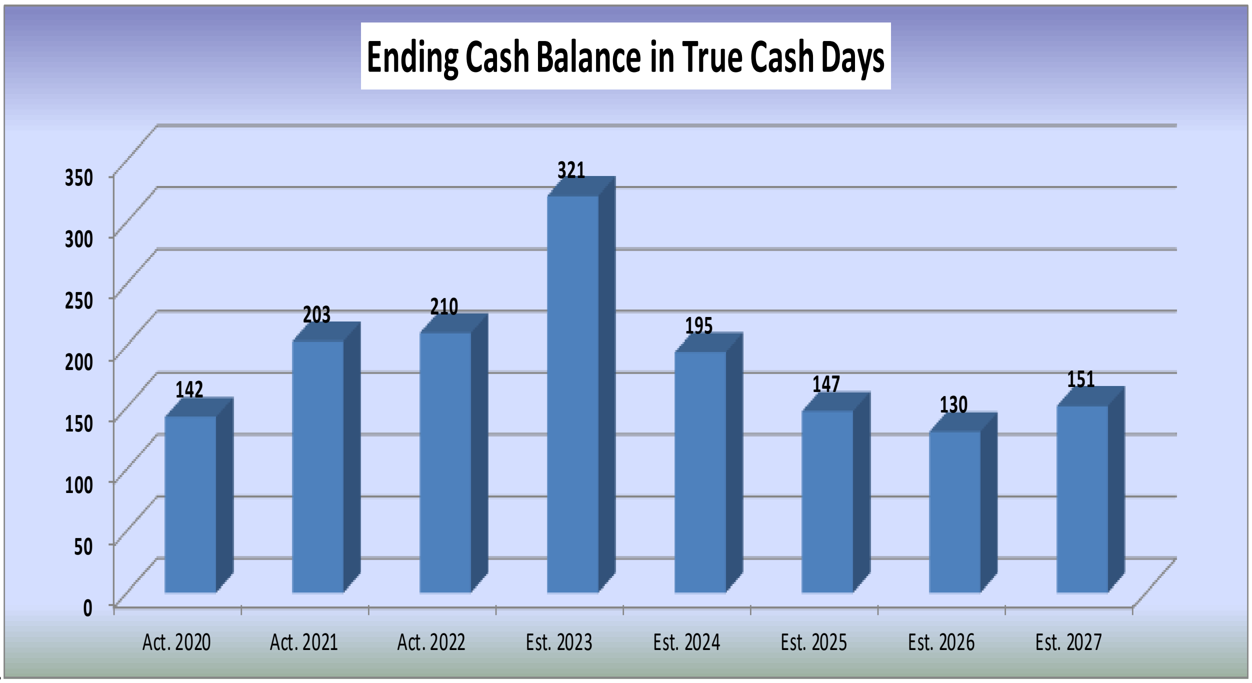
	FY23	FY24	FY25	FY26	FY27
Ending Cash Balance	$10,008,443	$8,527,189	$6,853,841	$6,001,371	$6,462,535

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



True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends that no less than two (2) months or 60 days of cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



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