DANBURY LOCAL SCHOOL DISTRICT-OTTAWA COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

-TO THE CORE-

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

November 15, 2023

DANBURY LOCAL SCHOOL DISTRICT
Ottawa County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022, 2023
Forecasted Fiscal Year Ending June 30, 2024 through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$8,964,287	$9,987,523	$10,605,737	8.8%	$10,864,447	$11,818,716	$12,337,475	$12,407,586	$12,826,150
1.020	Public Utility Personal Property Tax	487,088	556,355	584,754	9.7%	618,393	632,096	649,456	666,816	684,176
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	602,569	890,924	908,055	24.9%	893,837	893,296	893,223	893,134	893,029
1.040	Restricted State Grants-in-Aid	15,663	118,402	92,978	317.2%	119,579	119,579	119,579	119,579	119,579
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	1,078,216	1,172,125	1,284,264	9.1%	1,323,474	1,394,731	1,473,856	1,482,496	1,528,307
1.060	All Other Revenues	1,206,153	711,536	1,314,499	21.9%	1,337,807	1,365,538	1,394,320	1,424,204	1,455,241
1.070	*Total Revenues*	$12,353,976	$13,436,865	$14,790,287	9.4%	$15,157,537	$16,223,956	$16,867,909	$16,993,815	$17,506,482
	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	126,182	8,063	43,736	174.4%	8,500	8,500	8,500	8,500	8,500
2.070	*Total Other Financing Sources*	$126,182	$8,063	$43,736	174.4%	$8,500	$8,500	$8,500	$8,500	$8,500
2.080	*Total Revenues and Other Financing Sources*	$12,480,158	$13,444,928	$14,834,023	9.0%	$15,166,037	$16,232,456	$16,876,409	$17,002,315	$17,514,982
	Expenditures									
3.010	Personal Services	$5,785,587	$6,284,908	$6,302,273	4.5%	$6,672,553	$7,358,575	$7,794,129	$8,274,393	$8,751,171
3.020	Employees' Retirement/Insurance Benefits	2,148,689	2,255,961	2,270,858	2.8%	2,477,294	2,789,957	3,021,850	3,272,659	3,545,465
3.030	Purchased Services	1,750,141	1,260,686	1,652,993	1.6%	1,819,428	1,924,374	1,955,389	1,987,223	2,019,907
3.040	Supplies and Materials	579,793	556,690	555,938	-2.1%	649,927	622,423	653,544	686,221	720,532
3.050	Capital Outlay	28,373	48,843	140,680	130.1%	50,000	50,000	50,000	50,000	50,000
4.300	Other Objects	241,389	305,463	277,058	8.6%	335,090	339,210	343,388	347,623	351,918
4.500	*Total Expenditures*	$10,533,972	$10,712,551	$11,199,800	3.1%	$12,004,292	$13,084,539	$13,818,300	$14,618,119	$15,438,993
	Other Financing Uses									
5.010	Operating Transfers-Out	$100,000	$1,553,000	$3,080,000	775.7%	$3,886,246	$3,886,246	$2,886,246	$886,246	$886,246
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*	$100,000	$1,553,000	$3,080,000	775.7%	$3,886,246	$3,886,246	$2,886,246	$886,246	$886,246
5.050	*Total Expenditures and Other Financing Uses*	$10,633,972	$12,265,551	$14,279,800	15.9%	$15,890,538	$16,970,785	$16,704,546	$15,504,365	$16,325,239
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$1,846,186	$1,179,377	$554,223	-44.6%	($724,501)	($738,329)	$171,863	$1,497,950	$1,189,743
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$4,451,336	$6,297,522	$7,476,899	30.1%	$8,031,122	$7,306,621	$6,568,292	$6,740,155	$8,238,105
7.020	*Cash Balance June 30*	$6,297,522	$7,476,899	$8,031,122	13.1%	$7,306,621	$6,568,292	$6,740,155	$8,238,105	$9,427,848
8.010	*Estimated Encumbrances June 30*	$371,990	$418,275	$185,195	-21.6%	$300,000	$300,000	$300,000	$300,000	$300,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	$5,925,532	$7,058,624	$7,845,927	15.1%	$7,006,621	$6,268,292	$6,440,155	$7,938,105	$9,127,848
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$5,925,532	$7,058,624	$7,845,927	15.1%	$7,006,621	$6,268,292	$6,440,155	$7,938,105	$9,127,848
	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*	$5,925,532	$7,058,624	$7,845,927	15.1%	$7,006,621	$6,268,292	$6,440,155	$7,938,105	$9,127,848

Danbury Local School District – Ottawa County
Notes to the Five-Year Forecast
General Fund Only
November 15, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various 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-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

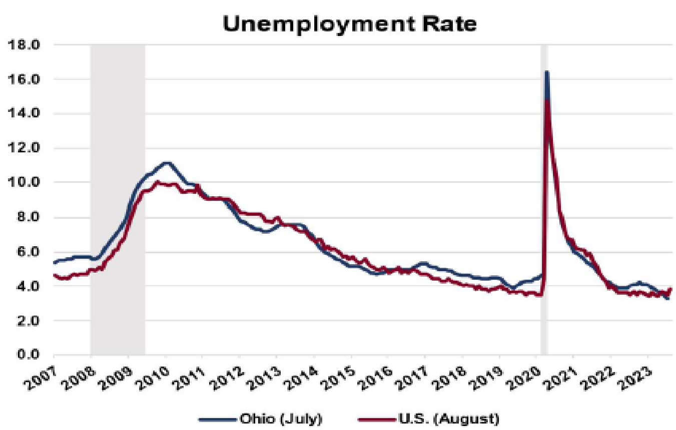
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24.

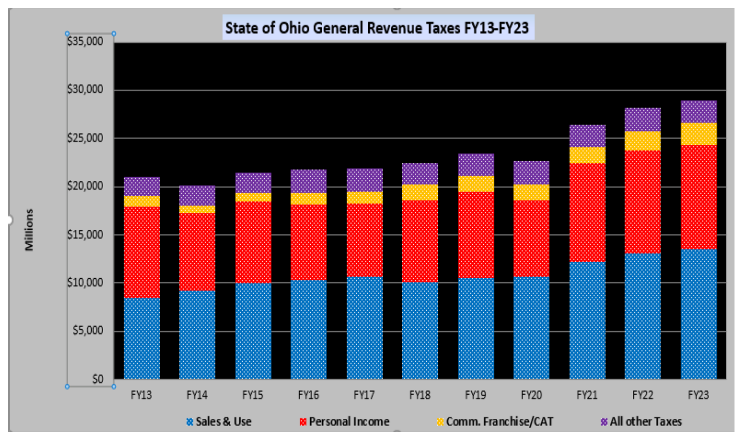
However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar 2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a “full employment recession” in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state’s Rainy Day Fund is at $3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected six-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio’s economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio’s school districts.



Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) Property tax collections 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 84.6% of the district's resources. Our tax collections in the March 2023 and August 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) 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 $65.4 million for an overall increase of 10.58%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now. House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2025 reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

3) The state budget represented 15.4% of district revenues, which means it is a moderate risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. 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 FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what-the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made 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. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

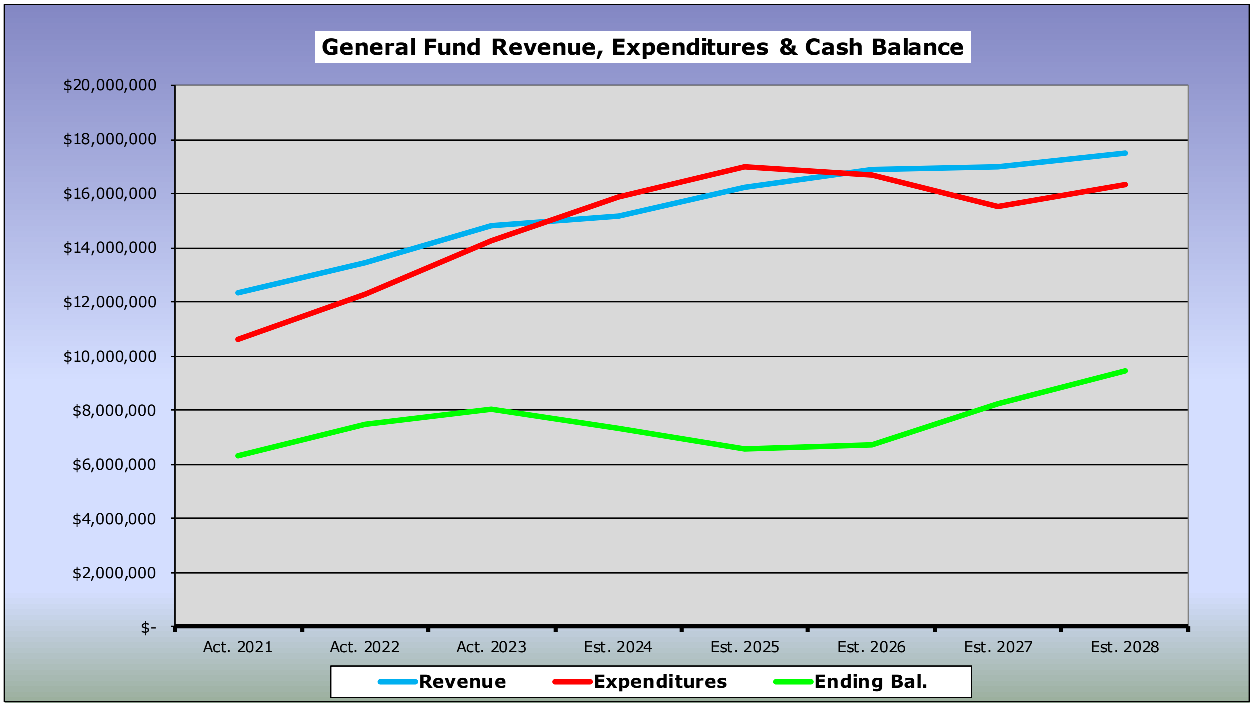
5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

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. Our positive working relationship will continue and grow stronger as we move forward.

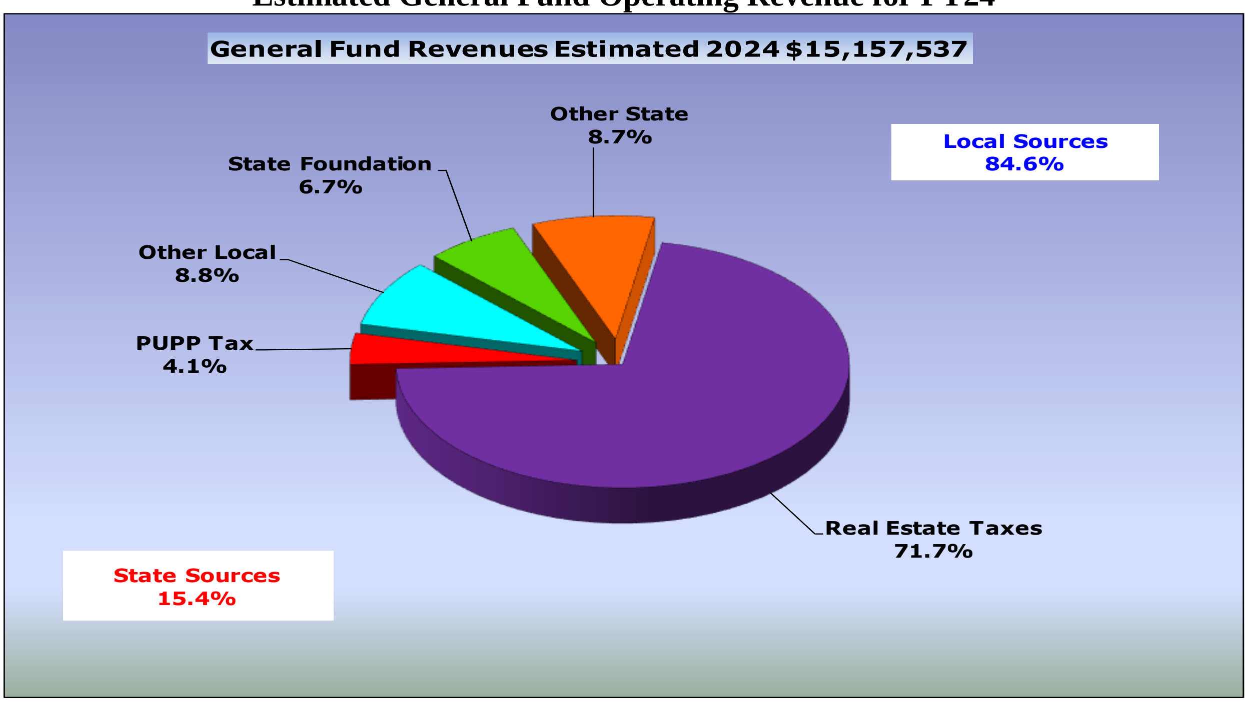
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast 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 FY21-23 and Estimated FY24-28

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 FY24



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 11.33% and Class II 2.39%, which is an overall increase of $64.4 million or 10.58%.

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 YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	$566,005,800	$630,161,380	$633,866,380	$637,571,380	$673,154,949
Comm./Ind.	52,060,500	53,306,710	53,511,710	53,716,710	54,996,044
PUPP	14,364,430	14,764,430	15,164,430	15,564,430	15,964,430
Total Assessed Value	$632,430,730	$698,232,520	$702,542,520	$706,852,520	$744,115,423

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
Est. Property Tax Line #1.010	$10,864,447	$11,818,716	$12,337,475	$12,407,586	$12,826,150

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 2022 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 2022 increased by $829,260. Values are expected to grow $400,000 each year of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Tax	$618,393	$632,096	$649,456	$666,816	$684,176

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 HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently just on the formula in FY24 and could be on the guarantee by FY25-FY28 on the new Fair School Funding Plan (FSFP). We have assumed flat funding FY25-28. 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, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced 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 FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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 current funding formula uses FY22 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 FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of $8,242.19 per pupil in FY24, 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. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. 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. 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 37.5% in FY24 and 41.67% in FY25.

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 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students 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 are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 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 by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula 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 FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25
Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or $42.18 per pupil. In FY22, the funding was increased to $109.39 million for schools or $62.86 per pupil, and in FY23, the funding totaled $113.1 million or $64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	818,024	817,521	817,521	817,521	817,521
Additional Aid Items	44,965	44,986	44,986	44,986	44,986
Basic Aid-Unrestricted Subtotal	862,989	862,507	862,507	862,507	862,507
Ohio Casino Commission ODT	30,848	30,789	30,716	30,627	30,522
Unrestricted State Aid Line # 1.035	$893,837	$893,296	$893,223	$893,134	$893,029

B) **Restricted State Revenues – Line # 1.040**
HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67%

in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	$22,309	$22,309	$22,309	$22,309	$22,309
Career Tech - Restricted	0	0	0	0	0
Gifted	23,538	23,538	23,538	23,538	23,538
ESL	130	130	130	130	130
Student Wellness	43,602	43,602	43,602	43,602	43,602
Catastrophic Aid	30,000	30,000	30,000	30,000	30,000
Restricted State Revenues Line #1.040	$119,579	$119,579	$119,579	$119,579	$119,579

C) Restricted Federal Grants in Aid – line #1.045
There are no federal restricted grants projected during this forecast.

Summary

Source	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	$893,837	$893,296	$893,223	$893,134	$893,029
Restricted Line # 1.040	119,579	119,579	119,579	119,579	119,579
Rest. Fed. Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$1,013,416	$1,012,875	$1,012,802	$1,012,713	$1,012,608

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 still need to get 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	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead Line #1.05	$1,323,474	$1,394,731	$1,473,856	$1,482,496	$1,528,307

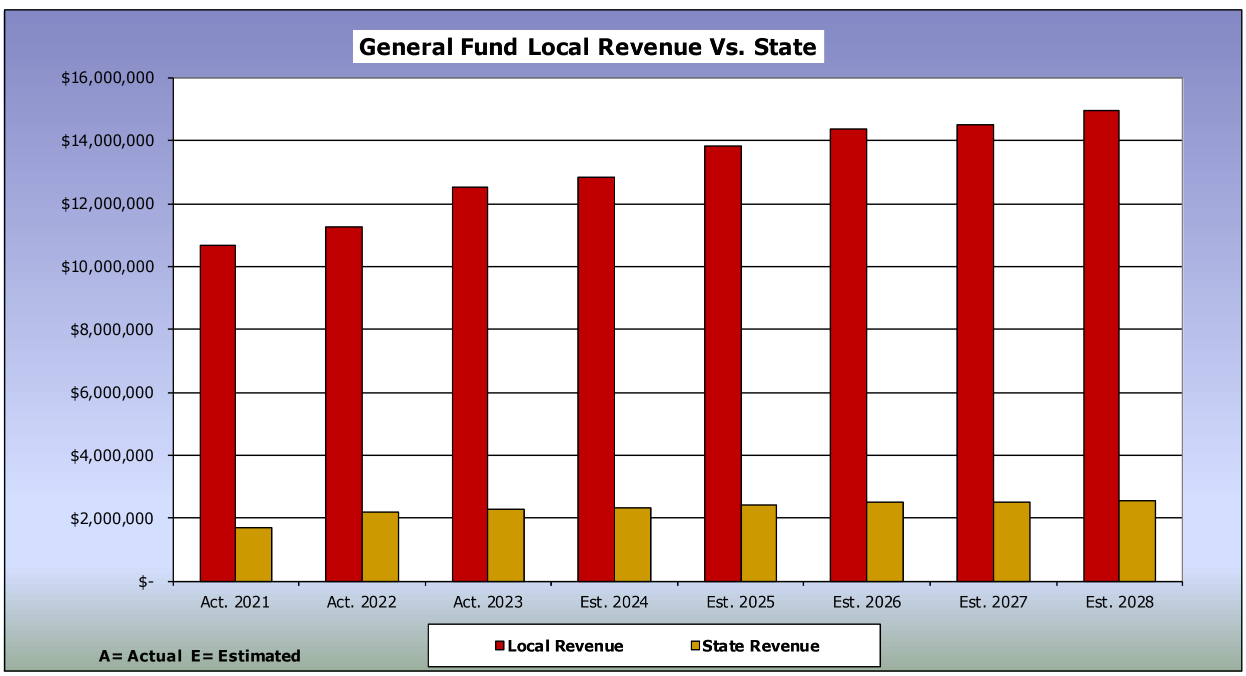
Other Local Revenues – Line #1.060
All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees,

Payment In Lieu of Taxes, and general rental fees. HB110, the previous state budget, stopped 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 FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where 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.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Gross	$0	$0	$0	$0	$0
Interest	390,495	410,020	430,521	452,047	474,649
Manufactured Home Tax	253,396	254,663	255,936	257,216	258,502
Tuition SF-14 & SF-14H	612,920	619,049	625,239	631,491	637,806
Medicare Reimbursement	28,458	28,743	29,030	29,320	29,613
Rentals, Fines, Fees,& other	52,538	53,063	53,594	54,130	54,671
Total Line # 1.060	$1,337,807	$1,365,538	$1,394,320	$1,424,204	$1,455,241

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.

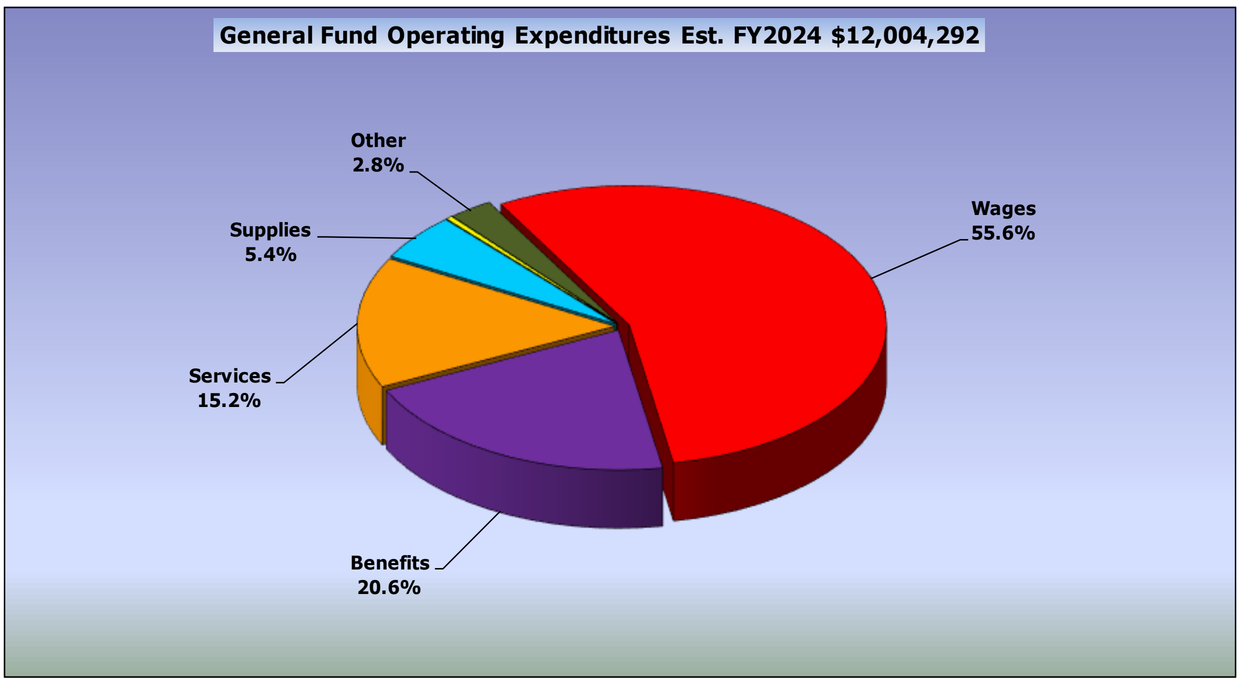
Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050 and #2.060

These are non-operating revenues, which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. Any advances made over year end are expected to be repaid in the following year.

Other sources are typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past few years and do not expect to receive a refund in FY24. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Other Sources Line 2.060	$8,500	$8,500	$8,500	$8,500	$8,500

Expenditure Assumptions
Estimated General Fund Expenditures for FY24



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 FY28 which is a combination of base and one time payments. Step and training pay are reflected based on current staffing levels FY24-28. 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	FY24	FY25	FY26	FY27	FY28
Base Wages	$5,626,994	$6,057,122	$6,683,272	$7,079,694	$7,512,974
Base Increases	281,350	281,350	302,856	334,164	353,985
Steps & Training	78,778	84,800	93,566	99,116	105,182
New or Replacement Staff	70,000	100,000	0	0	0
Substitutes	24,792	26,032	27,334	28,701	30,136
Supplementals	279,460	293,433	308,105	323,510	339,686
Severance & In lieu of Costs	311,179	355,838	378,996	409,208	409,208
Staff Reduction	0	0	0	0	0
SWSF & ESSER -Adjustments	0	160,000	0	0	0
Total Wages Line #3.010	$6,672,553	$7,358,575	$7,794,129	$8,274,393	$8,751,171

Fringe Benefits Estimates - Line 3.02

This area of the forecast captures all benefits and retirement costs. These payments and HSA costs are included in the table below.

A) STRS/SERS

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

We are estimating an increase of 10% FY24-28, 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 uncertain factors for our healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.43% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY24-FY28. 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 wage increases 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	FY24	FY25	FY26	FY27	FY28
STRS/SERS	$975,417	$1,071,840	$1,138,367	$1,207,322	$1,280,569
Insurance's	1,371,501	1,575,561	1,733,117	1,906,429	2,097,072
Workers Comp/Unemployment	28,525	31,406	33,235	35,252	37,255
Medicare	92,240	101,539	107,520	114,045	120,958
Tuition Reimb./Cell Phone	9,611	9,611	9,611	9,611	9,611
Total Fringe Benefits Line #3.020	$2,477,294	$2,789,957	$3,021,850	$3,272,659	$3,545,465

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly 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 FY24-FY28 Line 3.03 costs and historical FY21 through FY23 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 FY23-28.

Source	FY24	FY25	FY26	FY27	FY28
Base Services	$189,368	$269,368	$274,755	$280,250	$285,855
Instructional Services - ESC	637,935	644,314	650,757	657,265	663,838
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
Tuition Payments, Autism Schp., CC+	467,742	472,419	477,143	481,914	486,733
Utilities	216,157	226,965	238,313	250,229	262,740
Building Maintenance	308,226	311,308	314,421	317,565	320,741
Total Purchased Services Line #3.030	$1,819,428	$1,924,374	$1,955,389	$1,987,223	$2,019,907

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.

Source	FY24	FY25	FY26	FY27	FY28
Supplies	$649,927	$622,423	$653,544	$686,221	$720,532
Budget Reserves or (Reductions)	0	0	0	0	0
Total Supplies Line #3.040	$649,927	$622,423	$653,544	$686,221	$720,532

Equipment – Line # 3.050

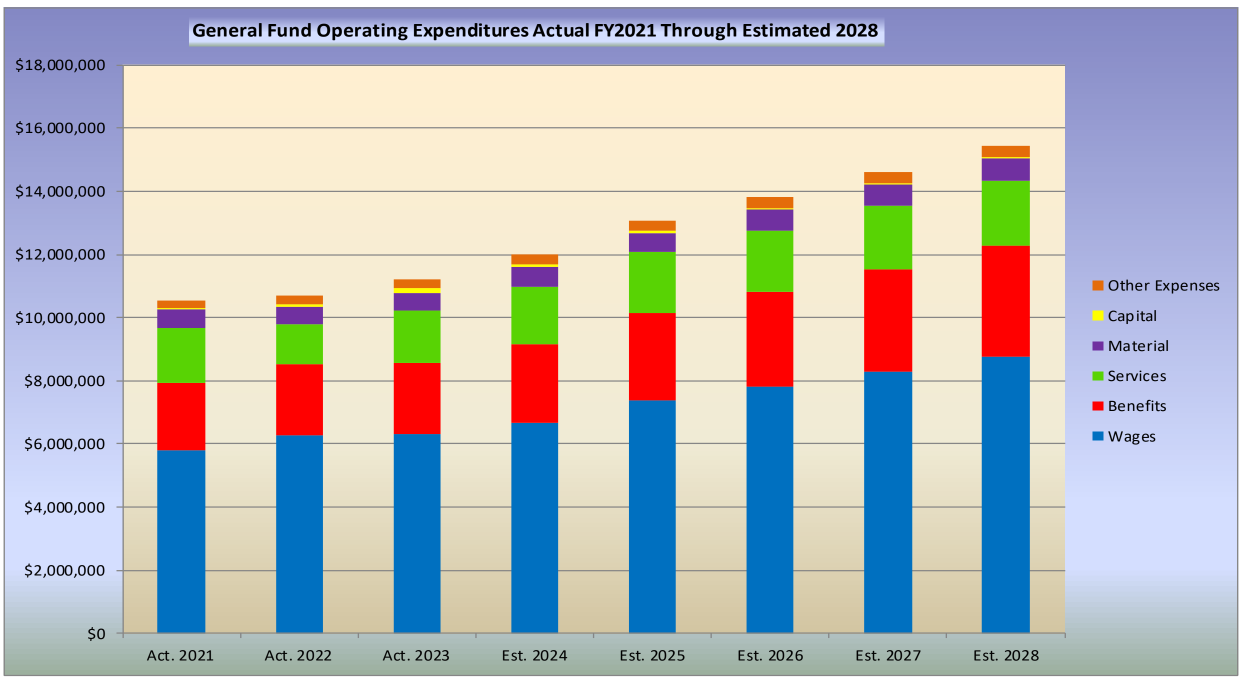
Capital outlay expenditures are estimated based on recent historical patterns with the expectation that other capital outlay expenditures will be out of the permanent improvement funds.

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay	$50,000	$50,000	$50,000	$50,000	$50,000
Technology	0	0	0	0	0
Total Equipment Line #3.050	$50,000	$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	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$251,177	$253,689	$256,226	$258,788	$261,376
Audit fees, dues and other expenses	80,422	82,030	83,671	85,344	87,051
County ESC	3,491	3,491	3,491	3,491	3,491
Total Other Expenses Line #4.300	$335,090	$339,210	$343,388	$347,623	$351,918

Total Expenditure Categories Actual FY21 through FY23 and Estimated FY24 through FY28



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 FY24 to FY26 is contribution of capital toward construction of the field house to be used with the borrowed funds to complete funding for the project.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	$100,000	$100,000	$100,000	$100,000	$100,000
Transfer Building Fund Pmt.	786,246	786,246	786,246	786,246	786,246
Transfer Building Fund	3,000,000	3,000,000	2,000,000	0	0
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$3,886,246	$3,886,246	$2,886,246	$886,246	$886,246

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.

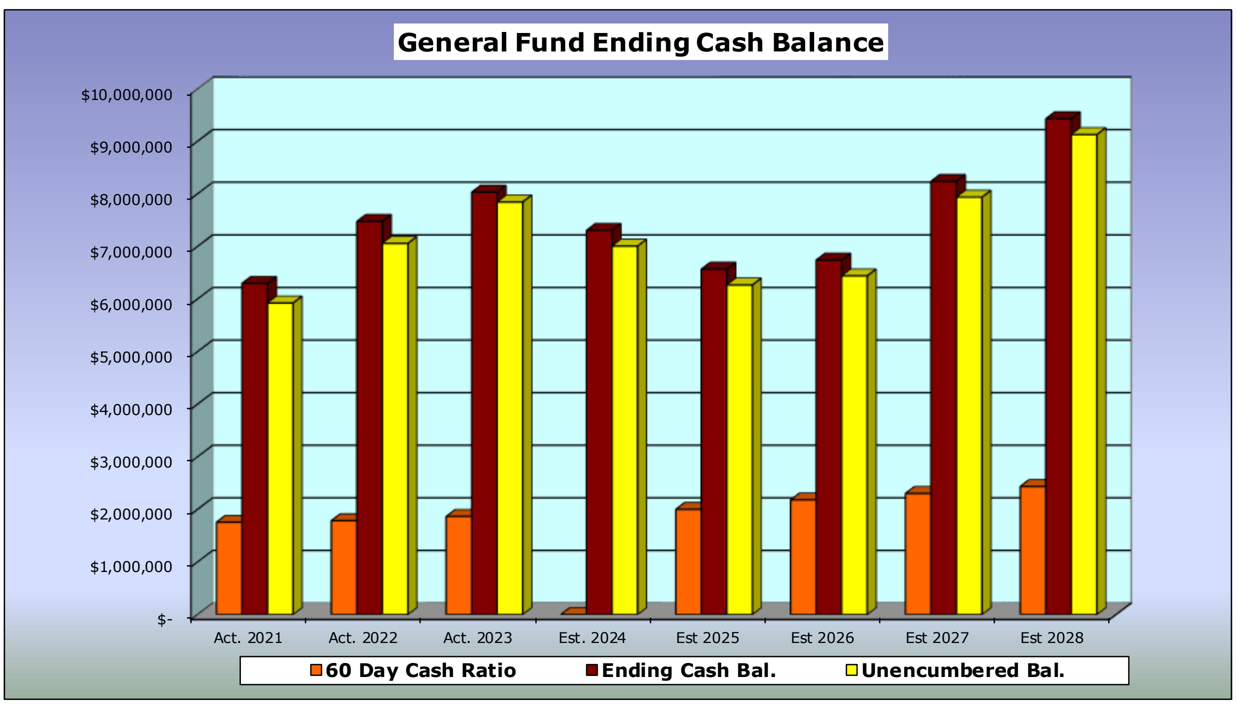
	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

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 violates 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $1,007,000 for our district.

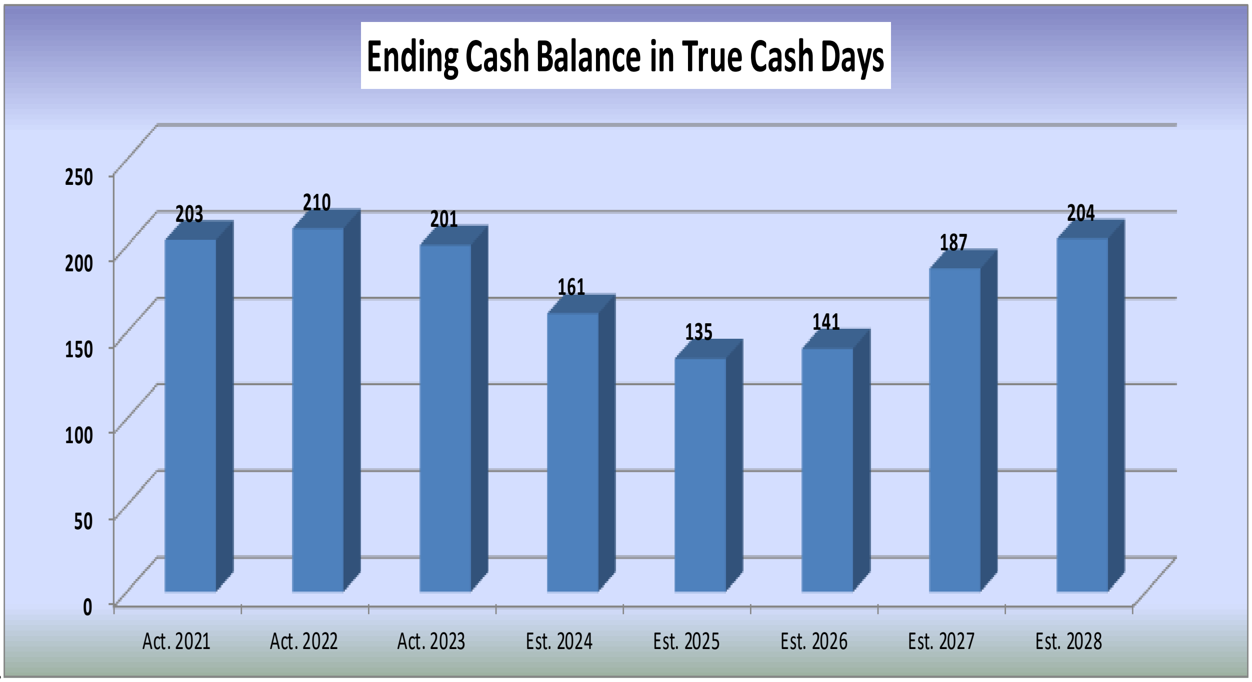
	FY24	FY25	FY26	FY27	FY28
Ending Cash Balance	$7,845,927	$7,006,621	$6,440,155	$7,938,105	$9,127,848

General Fund Ending Cash Balance Actual FY21-23 and Estimated FY24-28



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. Still, it 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.