

**Trotwood-Madison City School District – Montgomery County
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2019, 2020 and 2021 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2022 THROUGH 2026**



**Forecast Provided By
Trotwood-Madison City School District
Treasurer's Office
Janice Allen, Treasurer/CFO**

November 18, 2021

TROTWOOD MADISON LOCAL SCHOOL DISTRICT

Montgomery County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021			Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenues										
1.010 General Property Tax (Real Estate)	\$6,807,759	\$6,813,795	\$6,718,878	-0.7%		\$6,741,356	\$6,613,947	\$6,601,054	\$6,581,540	\$6,557,967
1.020 Public Utility Personal Property Tax	650,276	706,184	748,532	7.3%		766,348	776,135	785,923	795,711	805,499
1.030 Income Tax	-	-	-	0.0%		-	-	-	-	-
1.035 Unrestricted State Grants-in-Aid	26,062,780	25,856,591	26,040,996	0.0%		22,296,098	22,829,658	22,831,538	22,833,430	22,835,335
1.040 Restricted State Grants-in-Aid	3,357,816	3,347,773	3,226,703	-2.0%		3,226,750	3,226,798	3,226,846	3,226,894	3,226,943
1.045 Restricted Federal Grants In Aid	-	-	-	0.0%		-	-	-	-	-
1.050 Property Tax Allocation	1,197,352	1,175,011	1,141,744	-2.3%		1,151,379	1,189,465	1,188,861	1,186,500	1,183,090
1.060 All Other Revenues	1,637,262	2,172,479	3,112,156	38.0%		1,229,180	1,246,468	1,264,041	1,281,904	1,300,063
1.070 <i>Total Revenues</i>	<i>\$39,713,245</i>	<i>\$40,071,833</i>	<i>\$40,989,009</i>	<i>1.6%</i>		<i>\$35,411,111</i>	<i>\$35,882,471</i>	<i>\$35,898,263</i>	<i>\$35,905,979</i>	<i>\$35,908,897</i>
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%		-	-	-	-	-
2.020 State Emergency Loans and Advancements	-	-	-	0.0%		-	-	-	-	-
2.040 Operating Transfers-In	47,777	0	12,750	0.0%		-	-	-	-	-
2.050 Advances-In	303,907	1,107,594	814,683	119.0%		1,674,036	300,000	300,000	300,000	300,000
2.060 All Other Financing Sources	72,902	225,112	794,805	230.9%		168,000	80,000	\$80,000	\$80,000	\$80,000
2.070 <i>Total Other Financing Sources</i>	<i>424,586</i>	<i>1,332,706</i>	<i>1,622,238</i>	<i>117.8%</i>		<i>1,842,036</i>	<i>380,000</i>	<i>380,000</i>	<i>380,000</i>	<i>380,000</i>
2.080 <i>Total Revenues and Other Financing Sources</i>	<i>\$40,137,831</i>	<i>\$41,404,539</i>	<i>\$42,611,247</i>	<i>3.0%</i>		<i>\$37,253,147</i>	<i>\$36,262,471</i>	<i>\$36,278,263</i>	<i>\$36,285,979</i>	<i>\$36,288,897</i>
Expenditures										
3.010 Personal Services	\$21,051,729	\$19,993,695	\$20,241,316	-1.9%		\$20,406,522	\$20,656,837	\$21,360,854	\$23,254,031	\$23,368,150
3.020 Employees' Retirement/Insurance Benefits	6,765,530	7,306,491	7,188,936	3.2%		7,831,376	8,167,948	\$8,644,920	\$9,474,094	\$9,887,719
3.030 Purchased Services	9,741,406	9,324,899	9,784,609	0.3%		2,821,922	3,172,163	\$3,263,426	\$3,357,972	\$3,455,934
3.040 Supplies and Materials	1,590,915	1,132,492	764,626	-30.6%		1,137,029	1,159,770	1,182,965	1,206,624	1,230,756
3.050 Capital Outlay	1,294,846	637,135	85,662	-68.7%		302,500	545,200	550,504	555,914	561,432
3.060 Intergovernmental	-	-	-	0.0%		-	-	-	-	-
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%		-	-	-	-	-
4.020 Principal-Notes	-	-	-	0.0%		-	-	-	-	-
4.030 Principal-State Loans	-	-	-	0.0%		-	-	-	-	-
4.040 Principal-State Advancements	-	-	-	0.0%		-	-	-	-	-
4.050 Principal-HB 264 Loans	107,266	108,075	108,887	0.8%		109,705	110,529	\$111,360	\$112,198	\$112,198
4.055 Principal-Other	-	-	-	0.0%		-	-	-	-	-
4.060 Interest and Fiscal Charges	8,989	8,183	7,371	-9.4%		8,737	7,638	\$6,531	\$6,197	\$6,197
4.300 Other Objects	1,749,250	2,180,799	2,278,238	14.6%		2,386,225	2,432,234	\$2,479,146	\$2,526,978	\$2,575,750
4.500 <i>Total Expenditures</i>	<i>\$42,309,931</i>	<i>\$40,691,769</i>	<i>\$40,459,645</i>	<i>-2.2%</i>		<i>\$35,004,016</i>	<i>\$36,252,319</i>	<i>\$37,599,706</i>	<i>\$40,494,008</i>	<i>\$41,198,136</i>
Other Financing Uses										
5.010 Operating Transfers-Out	458,144	441,932	342,494	-13.0%		\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
5.020 Advances-Out	1,107,591	814,683	1,674,036	39.5%		300,000	300,000	300,000	300,000	300,000
5.030 All Other Financing Uses	-	87,727	1,299	0.0%		-	-	-	-	-
5.040 <i>Total Other Financing Uses</i>	<i>1,565,735</i>	<i>1,344,342</i>	<i>2,017,829</i>	<i>18.0%</i>		<i>1,050,000</i>	<i>1,050,000</i>	<i>1,050,000</i>	<i>1,050,000</i>	<i>1,050,000</i>
5.050 <i>Total Expenditures and Other Financing Uses</i>	<i>\$43,875,666</i>	<i>\$42,036,111</i>	<i>\$42,477,474</i>	<i>-1.6%</i>		<i>\$36,054,016</i>	<i>\$37,302,319</i>	<i>\$38,649,706</i>	<i>\$41,544,008</i>	<i>\$42,248,136</i>
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	<i>(3,737,835)</i>	<i>(631,572)</i>	<i>133,773</i>	<i>-102.1%</i>		<i>1,199,131</i>	<i>(1,039,848)</i>	<i>(2,371,443)</i>	<i>(5,258,029)</i>	<i>(5,959,239)</i>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$33,555,100	\$29,817,265	\$29,185,693	-6.6%		\$29,319,466	\$30,518,597	\$29,478,749	\$27,107,306	\$21,849,277
7.020 <i>Cash Balance June 30</i>	<i>\$29,817,265</i>	<i>\$29,185,693</i>	<i>\$29,319,466</i>	<i>-0.8%</i>		<i>\$30,518,597</i>	<i>\$29,478,749</i>	<i>\$27,107,306</i>	<i>\$21,849,277</i>	<i>\$15,890,038</i>
8.010 <i>Estimated Encumbrances June 30</i>	<i>95,592</i>	<i>53,897</i>	<i>90,576</i>	<i>12.2%</i>		<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>

TROTWOOD MADISON LOCAL SCHOOL DISTRICT

Montgomery County

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

	Actual				Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-
<i>Fund Balance June 30 for Certification of Appropriations</i>									
10.010	\$29,721,673	\$29,131,796	\$29,228,890	-0.8%	\$30,418,597	\$29,378,749	\$27,007,306	\$21,749,277	\$15,790,038
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	-
11.300 Cumulative Balance of Renewal Levies	-	-	-	0.0%	-	-	-	-	-
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	\$29,721,673	\$29,131,796	\$29,228,890	-0.8%	\$30,418,597	\$29,378,749	\$27,007,306	\$21,749,277	\$15,790,038
Revenue from New Levies									
13.010 Income Tax - New				0.0%	-	-	-	-	-
13.020 Property Tax - New				0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010 Unreserved Fund Balance June 30	\$29,721,673	\$29,131,796	\$29,228,890	-0.8%	\$30,418,597	\$29,378,749	\$27,007,306	\$21,749,277	\$15,790,038

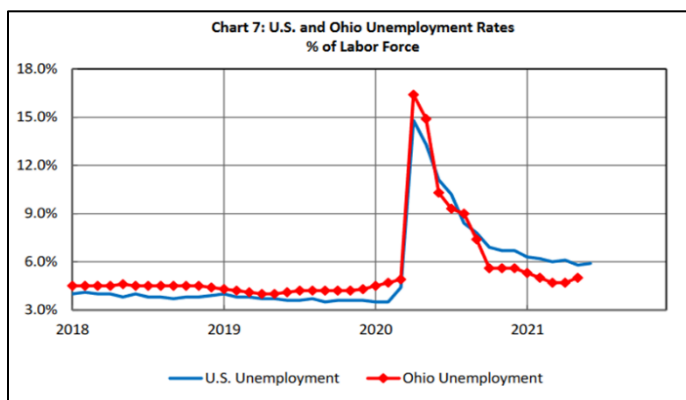
Trotwood-Madison City School District – Montgomery County
Notes to the Five Year Forecast
General Fund Only
November 18, 2021

Introduction to the Five Year Forecast

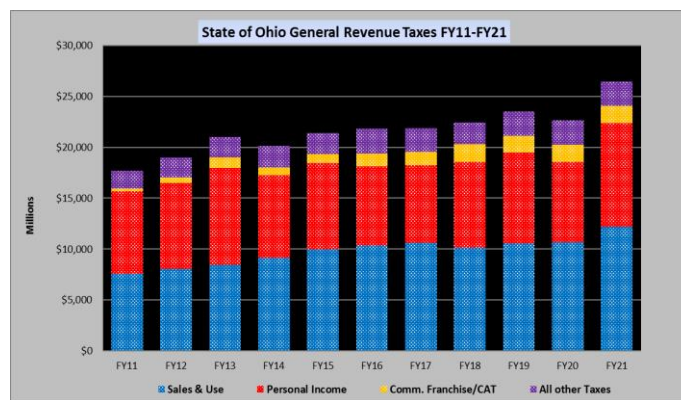
School districts are required to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021 through June 30, 2022) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2021 filing.

Economic Outlook

This five-year forecast is being filed during the ongoing global health and financial recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Our school district plays a vital role in the recovery in our community and we have maintained continuity of services to our students and staff. As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past year thus the full restoration of the original school foundation funding cuts from May 2020 are being restored to school districts beginning July 1, 2021. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.



Source: Ohio Office of Budget and Management Management



Source: Ohio Office of Budget and Management

As a result from the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and can be extended into fiscal year 2025 for ESSER III expenses. The ESSER funds and restored state budget cuts will assist our district in providing vital services to our students.

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

Forecast Risks and Uncertainty:

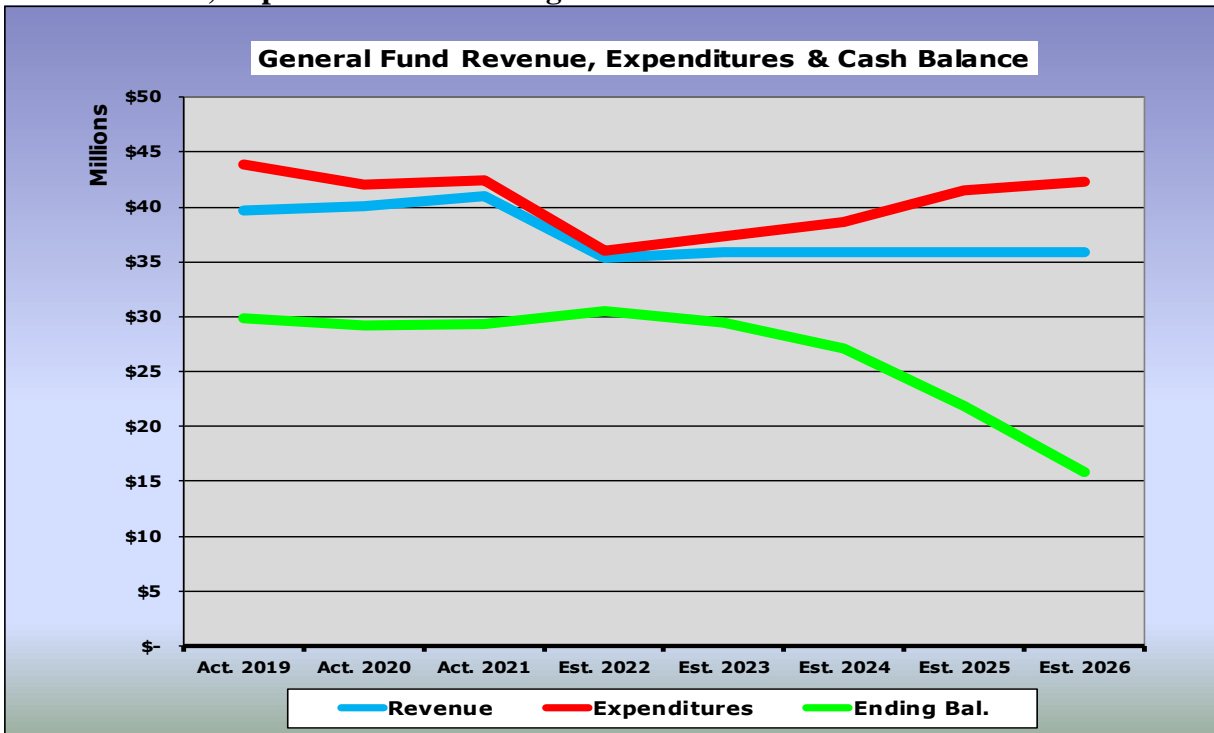
A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five year forecast. We

have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

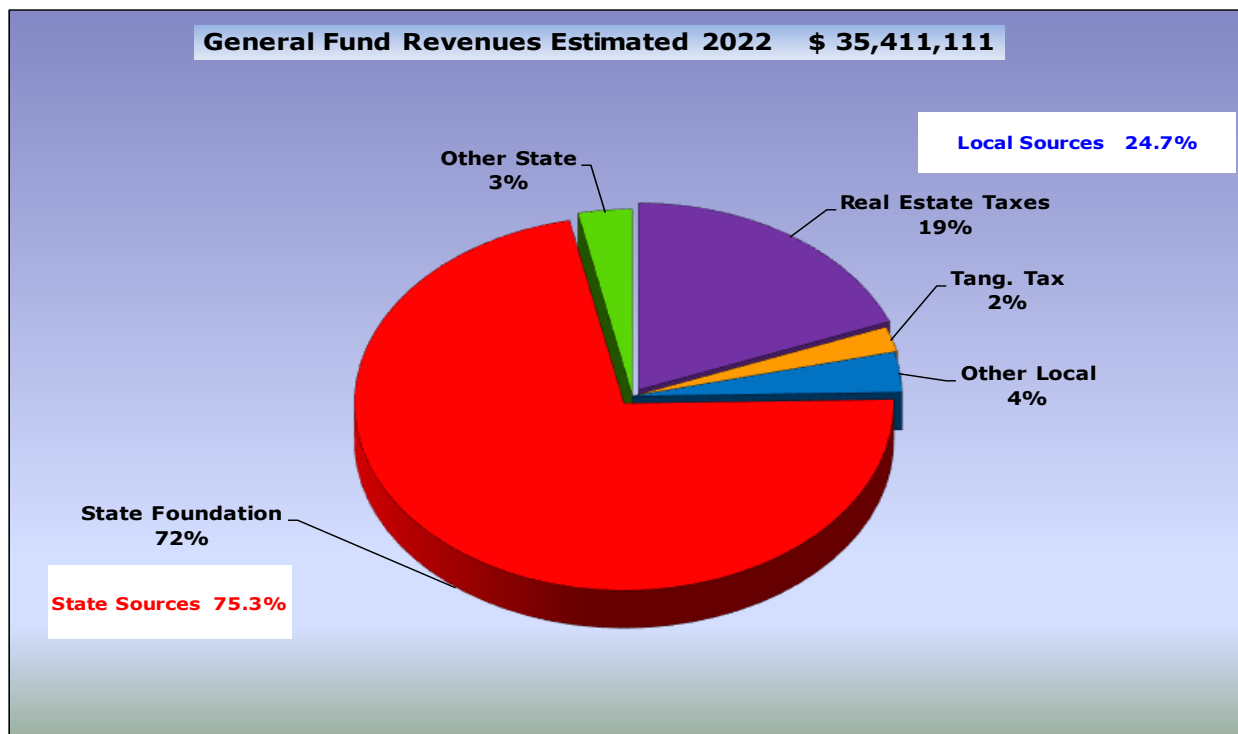
- Montgomery County went through a full reappraisal in tax year 2020 for collection in fiscal year 2021. The reappraisal resulted in a 14.4% or \$20.7 million increase in Residential/Agricultural values and a 1.2% or \$606,970 increase in Commercial/Industrial values. We anticipate future tax years will not see a significant change from the most recent reappraisal.
- HB110, the current state budget implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be some adjustments for FY22 and FY23 in state aid as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula at the time of this forecast filing.
- The State resources represent 75% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Janice Allen, Treasurer/CFO of Trotwood-Madison City School District at 937-854-3050.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, Board of Revision (BOR)/Board of Tax Appeals (BTA) activity and complete reappraisal or updated values.

An appraisal update occurred in 2017 for collection in FY18. There was no significant change in tax values as a result of the 2017 update. Montgomery County went through a full reappraisal in tax year 2020 for collection in fiscal year 2021. The reappraisal resulted in a 14.4% or \$20.7 million increase in Residential/Agricultural values and a 1.2% or \$606,970 increase in Commercial/Industrial values. We anticipate future tax years will not see a significant change from the most recent reappraisal.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025
<u>Classification</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>
Res./Ag.	\$164,569,640	\$164,419,640	\$165,415,426	\$164,767,016	\$164,118,606
Comm./Ind.	46,847,330	46,422,330	45,997,330	45,572,330	45,147,330
Public Utility (PUPP)	15,758,910	15,958,910	16,158,910	16,358,910	16,558,910
Total Assessed Value	<u>\$227,175,880</u>	<u>\$226,800,880</u>	<u>\$227,571,666</u>	<u>\$226,698,256</u>	<u>\$225,824,846</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Est. General Property Taxes Line #1.010	<u>\$6,741,356</u>	<u>\$6,613,947</u>	<u>\$6,601,054</u>	<u>\$6,581,540</u>	<u>\$6,557,967</u>

Property tax levies are estimated to be collected at 90% of the annual amount. In general 52% of the new Res/Ag. and Comm/Ind. is expected to be collected in February tax settlements and 48% collected in August tax settlements. Public Utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August settlement from the Montgomery County Auditor.

Estimated Public Utility Personal Property Tax – Line#1.020

The phase out of TPP taxes began in FY06 with HB66 and were eliminated after FY11. Any TPP revenues received in FY13 and beyond are delinquent TPP taxes. The amount remaining on Line 1.020 is the public utilities personal property (PUPP) tax revenues from telephone, electric, and gas companies tangible personal property which has shown signs of modest growth.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Public Utility Pers Property	<u>\$766,348</u>	<u>\$776,135</u>	<u>\$785,923</u>	<u>\$795,711</u>	<u>\$805,499</u>

State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino – Line #1.035

The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district.

The amounts estimated for state funding are based on HB110, referred to as the Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. HB110, the current formula, introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

- A. Student Population and Demographics
- B. Property Valuation
- C. Personal Income of District Residents
- D. Historical Funding- CAPS and Guarantees from prior funding formulas

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base 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 estimated to be as high as \$7,202 per pupil when fully phased in, 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 most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
- 2. 20% based on most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled
- 3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
- 4. When the weighted values are calculated and Items 1. through 3. above added together, the total is then multiplied by a Local Share Multiplier Index ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

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

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). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.

2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all districts' calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding, DPIA is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand alone fund.

State Funding Phase-In FY22 and FY23 and Guarantees

HB110 provides funding for FY22 and FY23. While the FSFP was presented as a six (6) year phase-in plan, the state legislature only approved the first two (2) years of the funding plan. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes “formula transition aid” which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY22 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items.

Student Wellness and Success (Restricted Fund 467)

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110, the new state budget, has essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below. Any remaining funds in Special Revenue Fund 467 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budgets Projections Beyond FY23

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

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil. We believe FY22 Casino revenues will resume their historical growth rate.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Basic Aid-Unrestricted	\$21,766,409	\$22,298,102	\$22,298,102	\$22,298,102	\$22,298,102
Additional Aid Items	<u>375,345</u>	<u>375,345</u>	<u>375,345</u>	<u>375,345</u>	<u>375,345</u>
Basic Aid-Unrestricted Subtotal	\$22,141,754	\$22,673,447	\$22,673,447	\$22,673,447	\$22,673,447
Ohio Casino Commission ODT	<u>154,344</u>	<u>156,211</u>	<u>158,091</u>	<u>159,983</u>	<u>161,888</u>
Total Unrestricted State Aid Line # 1.035	<u>\$22,296,098</u>	<u>\$22,829,658</u>	<u>\$22,831,538</u>	<u>\$22,833,430</u>	<u>\$22,835,335</u>

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. We will need to see the new HB110 funding formula in December to determine amounts to post to these new restricted funds below. The district has elected to also post Half Mill Equalization as restricted revenues. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
DPIA	\$3,050,606	\$3,050,606	\$3,050,606	\$3,050,606	\$3,050,606
Career Tech - Restricted	171,393	171,393	171,393	171,393	171,393
Gifted	0	0	0	0	0
ESL	0	0	0	0	0
Student Wellness	0	0	0	0	0
Half Mill Equalization	<u>4,751</u>	<u>4,799</u>	<u>4,847</u>	<u>4,895</u>	<u>4,944</u>
Total Restricted State Revenues Line #1.040	<u>\$3,226,750</u>	<u>\$3,226,798</u>	<u>\$3,226,846</u>	<u>\$3,226,894</u>	<u>\$3,226,943</u>

C) Restricted Federal Grants in Aid – line #1.045

The district does not expect to receive any federal unrestricted funds in the general fund throughout the forecast.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Unrestricted Line # 1.035	\$22,296,098	\$22,829,658	\$22,831,538	\$22,833,430	\$22,835,335
Restricted Line # 1.040	3,226,750	3,226,798	3,226,846	3,226,894	3,226,943
Federal Grants - #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$25,522,848</u>	<u>\$26,056,456</u>	<u>\$26,058,384</u>	<u>\$26,060,324</u>	<u>\$26,062,278</u>

State Taxes Reimbursement/Property Tax Allocation Line 1.050

Rollback and Homestead Reimbursement

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

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

Summary of State Tax Reimbursement – Line #1.050

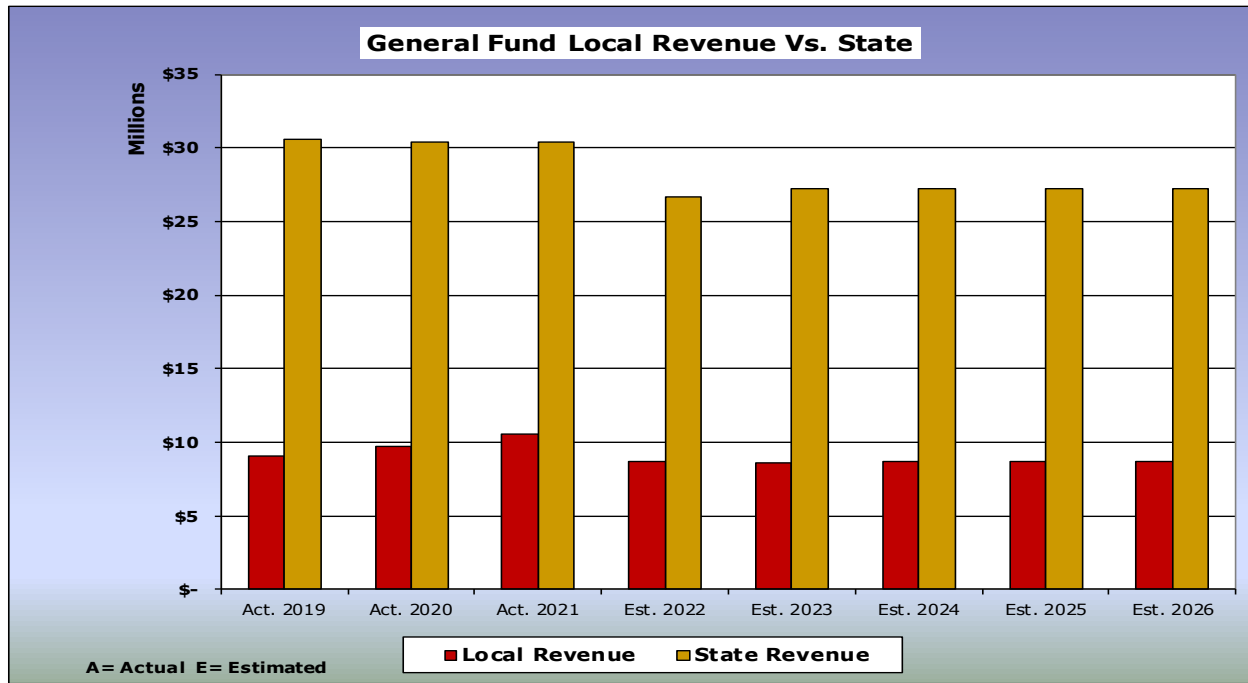
<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Rollback and Homestead	<u>\$1,151,379</u>	<u>\$1,189,465</u>	<u>\$1,188,861</u>	<u>\$1,186,500</u>	<u>\$1,183,090</u>

Other Local Revenues – Line #1.060

The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. Rentals are expected to remain somewhat lower due to COVID-19 restrictions and lower participation. We have reduced FY22 interest by 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. All other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Tuition SF-14 & SF-14H	\$560,908	\$572,126	\$583,569	\$595,240	\$607,145
Open Enrollment	-	-	-	-	-
Interest	61,295	61,295	61,295	61,295	61,295
Donations, Rentals, Medicaid, erate	<u>606,977</u>	<u>613,047</u>	<u>619,177</u>	<u>625,369</u>	<u>631,623</u>
Total Other Local Revenue Line #1.060	<u>\$1,229,180</u>	<u>\$1,246,468</u>	<u>\$1,264,041</u>	<u>\$1,281,904</u>	<u>\$1,300,063</u>

Comparison of Local Revenue and State Revenue:



Short-Term Borrowing – Lines #2.010 & Line #2.020

There are no short term borrowings planned at this time.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

Returns of advances to other funds from the previous year are included in this area.

Source	FY22	FY23	FY24	FY25	FY26
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>1,674,036</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Total Transfer & Advances In	<u>\$1,674,036</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>

All Other Financial Sources – Line #2.060

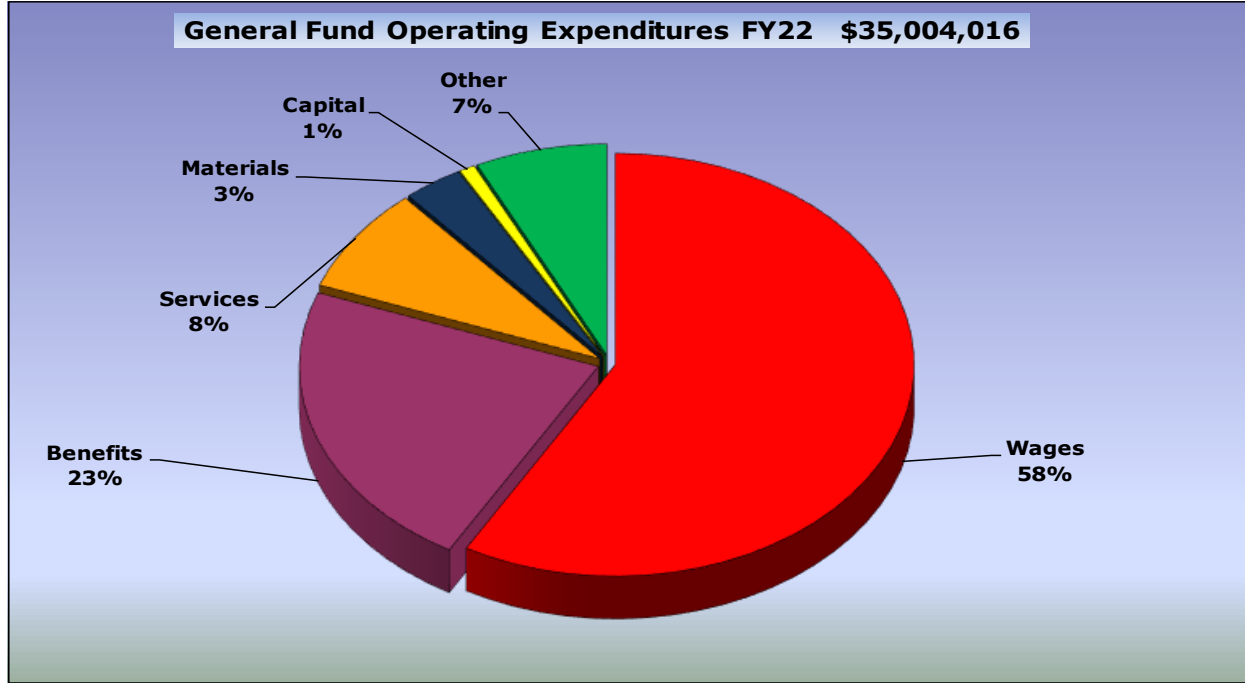
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that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

	FY22	FY23	FY24	FY25	FY26
Other Financial Sources - Line 2.060	<u>\$168,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY21:

Additional ESSER II and III federal funds will be allocated to our district that can be used through September 2023 and September 2024 respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic. Any final adjustments to the lines on our forecast will be made when the plans have been approved in the state CCIP program.



Wages – Line #3.010

For planning purposes the forecast includes a 2.0% increase for FY22-FY24 and a 1% increase in FY25-FY26.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	\$19,290,512	\$19,317,099	\$19,558,520	\$20,253,553	\$22,137,657
Increases/ Signing Bonus	385,810	385,810	386,342	195,585	202,536
Steps & Training/Performance Based Pay	385,810	385,810	386,342	391,170	405,071
Fund 467 & ESSER Adjustments	-	-	425,000	1,800,000	-
Subs & Supplemental Costs	889,423	898,317	907,301	916,374	925,537
Severance/Retirement Incentive	200,000	200,000	200,000	200,000	200,000
Staff Reductions	(745,033)	(530,199)	(502,651)	(502,651)	(502,651)
Total Wages Line #3.010	<u>\$20,406,522</u>	<u>\$20,656,837</u>	<u>\$21,360,854</u>	<u>\$23,254,031</u>	<u>\$23,368,150</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid.

A) STRS/SERS

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.

B) Insurance

For planning purposes an 8% annual insurance increases is estimated for FY22– FY26.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .06% of wages FY21 – FY25. Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
STRS/SERS	\$3,208,773	\$3,244,456	\$3,347,741	\$3,626,128	\$3,678,040
Insurance's	4,185,107	4,477,500	4,829,488	5,319,635	5,704,994
Workers Comp/Unemployment	142,846	144,598	149,526	162,778	163,577
Medicare	285,092	291,836	308,607	355,995	331,550
Other/Tuition	<u>9,558</u>	<u>9,558</u>	<u>9,558</u>	<u>9,558</u>	<u>9,558</u>
Total Fringe Benefits Line #3.020	<u>\$7,831,376</u>	<u>\$8,167,948</u>	<u>\$8,644,920</u>	<u>\$9,474,094</u>	<u>\$9,887,719</u>

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Base Services	\$534,910	\$820,957	\$845,587	\$870,956	\$897,086
Legal , Network, Curriculum etc.	916,324	925,487	934,742	944,089	953,530
Open Enrollment Deduction	-	-	-	-	-
Community School Deductions	-	-	-	-	-
Other Tuition and Ed Scholarship	675,140	695,394	716,256	737,744	759,876
Utilities	<u>695,548</u>	<u>730,325</u>	<u>766,841</u>	<u>805,183</u>	<u>845,442</u>
Total Purchased Services Line #3.030	<u>\$2,821,922</u>	<u>\$3,172,163</u>	<u>\$3,263,426</u>	<u>\$3,357,972</u>	<u>\$3,455,934</u>

Supplies and Materials – Line #3.040

Supplies and materials are expected to grow by 2% through FY26.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Supplies	\$1,137,029	\$1,159,770	\$1,182,965	\$1,206,624	\$1,230,756
Textbook/Curriculum Updates	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Supplies Line #3.040	<u>\$1,137,029</u>	<u>\$1,159,770</u>	<u>\$1,182,965</u>	<u>\$1,206,624</u>	<u>\$1,230,756</u>

Equipment – Line # 3.050

Capital replacement for district equipment according to the capital replacement program is estimated to grow at an inflationary rate of 2% each year. We are also budgeting to replace 2 busses annually in FY23 - FY26.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Capital Outlay	\$260,000	\$265,200	\$270,504	\$275,914	\$281,432
Replacement Bus Purchases	-	180,000	180,000	180,000	180,000
Facility Renovation	<u>42,500</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Equipment Line #3.050	<u>\$302,500</u>	<u>\$545,200</u>	<u>\$550,504</u>	<u>\$555,914</u>	<u>\$561,432</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer fees. Auditor and Treasurer Fees will fluctuate with real estate revenue collections. The County ESC costs are projected to increase by 2% each year. We have included a reasonable contingency for unforeseen expenses that could occur. The district is working on a plan to reduce the County ESC costs by decreasing the number of special needs students placed out of the district.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
County Auditor & Treasurer Fees	\$171,559	\$173,275	\$175,008	\$176,758	\$178,526
County ESC	2,037,124	2,077,866	2,119,423	2,161,811	2,205,047
Audit Fees/Liability Ins/Other	<u>177,542</u>	<u>181,093</u>	<u>184,715</u>	<u>188,409</u>	<u>192,177</u>
Total Other Expenses Line #4.300	<u>\$2,386,225</u>	<u>\$2,432,234</u>	<u>\$2,479,146</u>	<u>\$2,526,978</u>	<u>\$2,575,750</u>

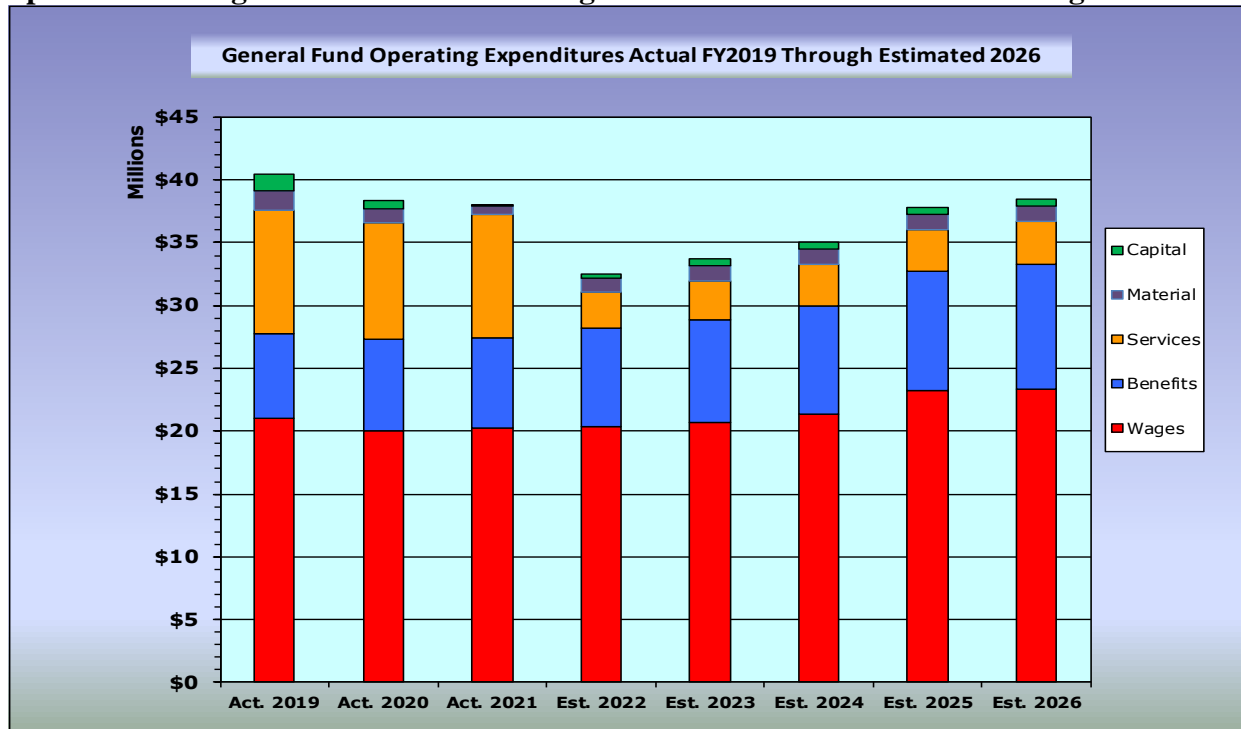
Principal and Interest Payment – Lines # 4.05 and 4.06

The district entered into a HB264 program. There is no additional borrowing planned in the forecast at this time.

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
HB 264 Principal Line # 4.050	<u>\$109,705</u>	<u>\$110,529</u>	<u>\$111,360</u>	<u>\$112,198</u>	<u>\$112,198</u>

<u>Source</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Interest on TANS & HB 264 Total Line 4.060	<u>\$8,737</u>	<u>\$7,638</u>	<u>\$6,531</u>	<u>\$6,197</u>	<u>\$6,197</u>

Total Expenditure Categories Actual FY19 through FY21 and Estimated FY22 through FY26



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. We are transferring \$350,000 each year FY22-26 to the Permanent Improvement Fund to support our new Capital Plan we adopted, \$100,000 annually for athletic fund support and \$300,000 for Bond Retirement Fund support that will help keep tax rates for our bond retirement fund stable for our taxpayers. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY22	FY23	FY24	FY25	FY26
Operating Transfers Out Line #5.010	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Advances Out Line #5.020	300,000	300,000	300,000	300,000	300,000
Total Transfer & Advances Out	<u>\$1,050,000</u>	<u>\$1,050,000</u>	<u>\$1,050,000</u>	<u>\$1,050,000</u>	<u>\$1,050,000</u>

Encumbrances –Line#8.010

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

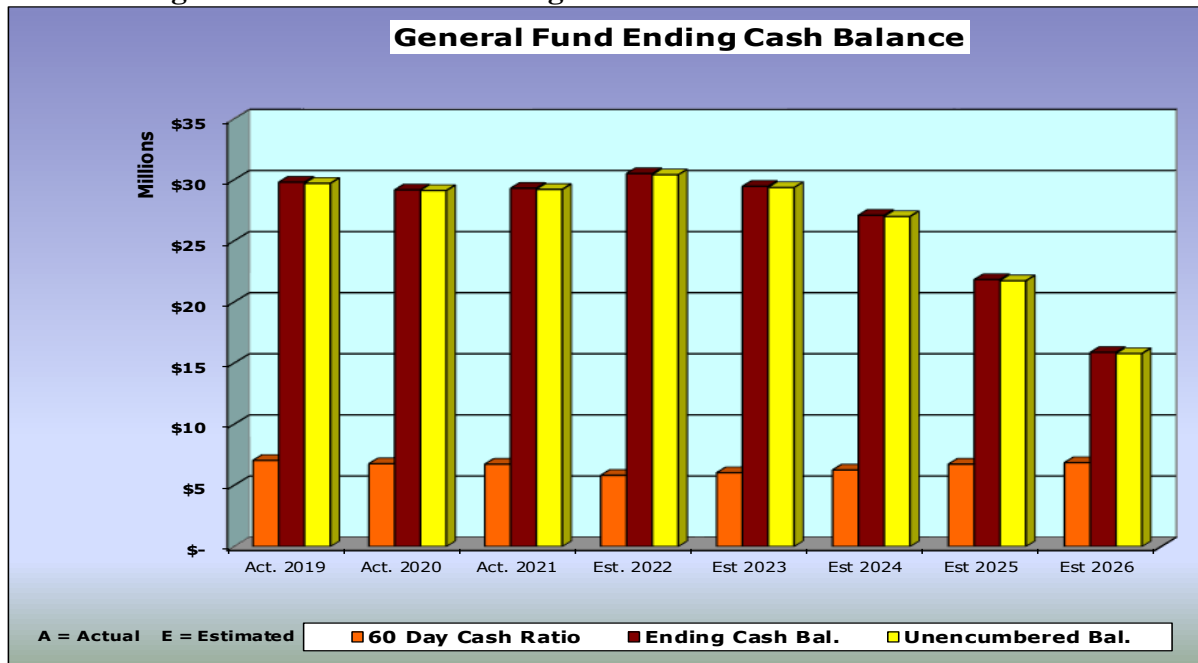
	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

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

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

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Ending Cash Balance	<u>\$30,418,597</u>	<u>\$29,378,749</u>	<u>\$27,007,306</u>	<u>\$21,749,277</u>	<u>\$15,790,038</u>

General Fund Ending Cash Balance FY19 through Estimated FY26



True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be 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 predictable funding source for other funds.

