

**BEXLEY CITY SCHOOL DISTRICT-FRANKLIN 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**



**Forecast Provided By**  
**Bexley City School District**  
**Treasurer's Office**  
**Kyle F. Smith, Treasurer**

*May 8, 2024*

## Bexley City School District

Franklin County

Schedule of Revenues, 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 2028

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024		Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$27,025,598	\$27,187,193	\$27,590,591	1.0%	\$27,706,481	\$28,657,065	\$28,754,506	\$29,008,605	\$29,228,021	
1.020 Public Utility Personal Property Tax	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
1.030 Income Tax	\$8,486,087	\$9,179,798	\$11,648,558	17.5%	\$9,470,769	\$9,754,892	\$9,949,990	\$10,248,490	\$10,555,945	
1.035 Unrestricted State Grants-in-Aid	\$4,678,283	\$4,136,319	\$4,254,449	-4.4%	\$4,442,240	\$4,543,053	\$4,545,580	\$4,548,143	\$4,550,745	
1.040 Restricted State Grants-in-Aid	\$16,782	\$352,491	\$361,317	1001.5%	\$418,141	\$363,318	\$363,318	\$363,318	\$363,318	
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	\$2,895,883	\$2,917,445	\$2,927,248	0.5%	\$2,976,752	\$3,037,369	\$3,045,957	\$3,075,052	\$3,103,980	
1.060 All Other Revenues	\$552,003	\$345,700	\$1,114,599	92.5%	\$1,193,153	\$840,635	\$677,375	\$611,162	\$612,630	
1.070 <i>Total Revenues</i>	\$43,654,636	\$44,118,946	\$47,896,762	4.8%	\$46,207,536	\$47,196,332	\$47,336,725	\$47,854,769	\$48,414,638	
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020 State Emergency Loans and Advancements (Approved)	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
2.040 Operating Transfers-In	\$150,000	\$156,000	\$0	-48.0%	\$0	\$0	\$0	\$0	\$0	
2.050 Advances-In	\$48,171	\$176,932	\$90,487	109.2%	\$184,609	\$100,000	\$100,000	\$100,000	\$100,000	
2.060 All Other Financing Sources	\$452,161	\$81,862	\$49,064	-61.0%	\$40,667	\$40,667	\$40,667	\$40,667	\$40,667	
2.070 <i>Total Other Financing Sources</i>	\$650,332	\$414,794	\$139,551	-51.3%	\$225,276	\$140,667	\$140,667	\$140,667	\$140,667	
2.080 <i>Total Revenues and Other Financing Sources</i>	\$44,304,968	\$44,533,740	\$48,036,313	4.2%	\$46,432,812	\$47,336,999	\$47,477,392	\$47,995,436	\$48,555,305	
<b>Expenditures</b>										
3.010 Personnel Services	\$21,796,576	\$23,267,016	\$24,132,929	5.2%	\$25,375,201	\$27,137,273	\$28,580,817	\$30,059,513	\$31,340,481	
3.020 Employees' Retirement/Insurance Benefits	\$8,697,028	\$9,716,323	\$9,508,542	4.8%	\$9,999,489	\$11,200,476	\$12,187,537	\$13,030,270	\$13,888,688	
3.030 Purchased Services	\$6,971,419	\$7,089,005	\$7,709,108	5.2%	\$8,530,009	\$9,351,684	\$9,798,630	\$10,172,602	\$10,562,530	
3.040 Supplies and Materials	\$1,351,229	\$1,280,847	\$1,749,131	15.7%	\$2,130,413	\$2,066,490	\$2,102,372	\$2,139,069	\$2,176,604	
3.050 Capital Outlay	\$332,565	\$433,340	\$729,910	49.4%	\$1,162,320	\$1,572,320	\$1,192,320	\$1,192,320	\$1,192,320	
3.060 Intergovernmental	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
Debt Service:				0.0%						
4.010 Principal-All (Historical Only)	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.020 Principal-Notes	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.030 Principal-State Loans	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.040 Principal-State Advancements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.050 Principal-HB 264 Loans	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.055 Principal-Other	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.060 Interest and Fiscal Charges	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
4.300 Other Objects	\$580,598	\$603,130	\$710,205	10.8%	\$625,000	\$642,097	\$659,765	\$678,028	\$696,910	
4.500 <i>Total Expenditures</i>	\$39,729,415	\$42,389,661	\$44,539,825	5.9%	\$47,822,432	\$51,970,340	\$54,521,441	\$57,271,802	\$59,857,533	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	\$350,000	\$481,000	\$600,000	31.1%	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
5.020 Advances-Out	\$176,932	\$90,487	\$184,609	27.6%	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
5.030 All Other Financing Uses	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 <i>Total Other Financing Uses</i>	\$526,932	\$571,487	\$784,609	22.9%	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	
5.050 <i>Total Expenditures and Other Financing Uses</i>	\$40,256,347	\$42,961,148	\$45,324,434	6.1%	\$48,422,432	\$52,570,340	\$55,121,441	\$57,871,802	\$60,457,533	
6.010 <i>Total of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	\$4,048,621	\$1,572,592	\$2,711,879	5.6%	(\$1,989,620)	(\$5,233,341)	(\$7,644,048)	(\$9,876,366)	(\$11,902,228)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$20,273,719	\$24,322,340	\$25,894,932	13.2%	\$28,606,811	\$26,617,191	\$21,383,851	\$13,739,802	\$3,863,436	
7.020 <i>Cash Balance June 30</i>	\$24,322,340	\$25,894,932	\$28,606,811	8.5%	\$26,617,191	\$21,383,851	\$13,739,802	\$3,863,436	(\$8,038,791)	
8.010 <i>Estimated Encumbrances June 30</i>	\$1,326,990	\$1,421,443	\$1,081,045	-8.4%	\$1,081,045	\$1,081,045	\$1,081,045	\$1,081,045	\$1,081,045	
<b>Reservation of Fund Balance</b>										
9.010 Textbooks and Instructional Materials	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.020 Capital Improvements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.030 Budget Reserve	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.040 DPIA	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.045 Fiscal Stabilization	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.050 Debt Service	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.060 Property Tax Advances	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.070 Bus Purchases	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
9.080 <i>Subtotal</i>	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	

## Bexley City School District

Franklin County

Schedule of Revenues, 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 2028

	Actual			Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
<i>Fund Balance June 30 for Certification of</i>									
10.010 <i>Appropriations</i>	\$22,995,350	\$24,473,489	\$27,525,766	9.4%	\$25,536,146	\$20,302,806	\$12,658,757	\$2,782,391	(\$9,119,836)
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal				0.0%	\$0	\$0	\$0	\$0	\$0
11.020 Property Tax - Renewal or Replacement				0.0%	\$0	\$0	\$0	\$0	\$0
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	\$0	\$0	\$0	\$0	\$0
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	\$22,995,350	\$24,473,489	\$27,525,766	9.4%	\$25,536,146	\$20,302,806	\$12,658,757	\$2,782,391	(\$9,119,836)
<b>Revenue from New Levies</b>									
13.010 Income Tax - New				0.0%	\$0	\$0	\$0	\$0	\$0
13.020 Property Tax - New				0.0%	\$0	\$0	\$0	\$0	\$0
13.030 Cumulative Balance of New Levies	\$0	\$0		0.0%	\$0	\$0	\$0	\$0	\$0
14.010 Revenue from Future State Advancements				0.0%	\$0	\$0	\$0	\$0	\$0
15.010 <i>Unreserved Fund Balance June 30</i>	\$22,995,350	\$24,473,489	\$27,525,766	9.4%	\$25,536,146	\$20,302,806	\$12,658,757	\$2,782,391	(\$9,119,836)

**Bexley City School District – Franklin County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
*May 8, 2024*

**Introduction to the Five Year Forecast**

The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Department of Education and Workforce when events take place that will significantly change their forecast or, at a minimum, when required under statute.

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

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

- (1) To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
- (3) To provide a method for the Department of Education and Workforce 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 May 2024 filing.

**May 2024 Updates:**

**Revenues FY24**

The overview of revenues shows that we are on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$523 thousand or 1.12% less than the November forecasted amount of \$46.7 million. This indicates that the November forecast was 98.88% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 59.96% and are estimated to be \$27.7 million, which is \$447 thousand lower for FY24 than the original November estimate of \$28.15 million. Our estimates are 98.41% accurate for FY24 and should mean future projections are also on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be greater in the November forecast. Collections for FY24 are 2.13% under our original estimate by \$206 thousand. The SDIT represents 20.51% of the district revenues.

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 \$4.9 million, which is \$68 thousand less than the original estimate for FY24. We are pleased that we were able to be 99.9% accurate for FY24. We are currently on the guarantee/formula and are expected to remain as a guarantee/formula district for FY25 through FY28.

Line 1.06 - Other revenues are up \$49.7 thousand over original estimates, primarily due to tuition payments received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

### **Expenditures FY24**

Total General Fund expenditures (line 4.5) are estimated to be \$47.82 million for FY24, which is \$385 thousand lower than the original estimate of \$48.2 million in the November forecast, which is roughly 99.2% on target with initial estimates. The expenditure line most significantly over/under projection is Personnel Services (line 3.010) / Benefits (line 3.020) due to reductions in salary estimates.

All other areas of expenses are expected to remain on target with original projections for the year but could be subject to timing of payments.

### **Unreserved Ending Cash Balance**

With revenues decreasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly \$25.4 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through FY27 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 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 the affect that may occur in the forecast in the long term:

1. Property tax collections are the largest single revenue source for the school system. The housing markets in our district is strong. We project continued growth in appraised values every three (3) years with continued modest increases in local taxes. Total local revenues are 83.04% of our resources, which are predominately local property taxes equating to 59.96% of the district's resources.
2. The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Our district is not on the 20-mill floor for Class I and Class II values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.
3. Income tax is the district's second largest revenue source. The past couple of payments that we received have been less than in previous years making the forecasting of the income tax even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.
4. The State Budget represents 16.96% of district revenues, which means it is a significant 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 makes 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 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.

5. 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.

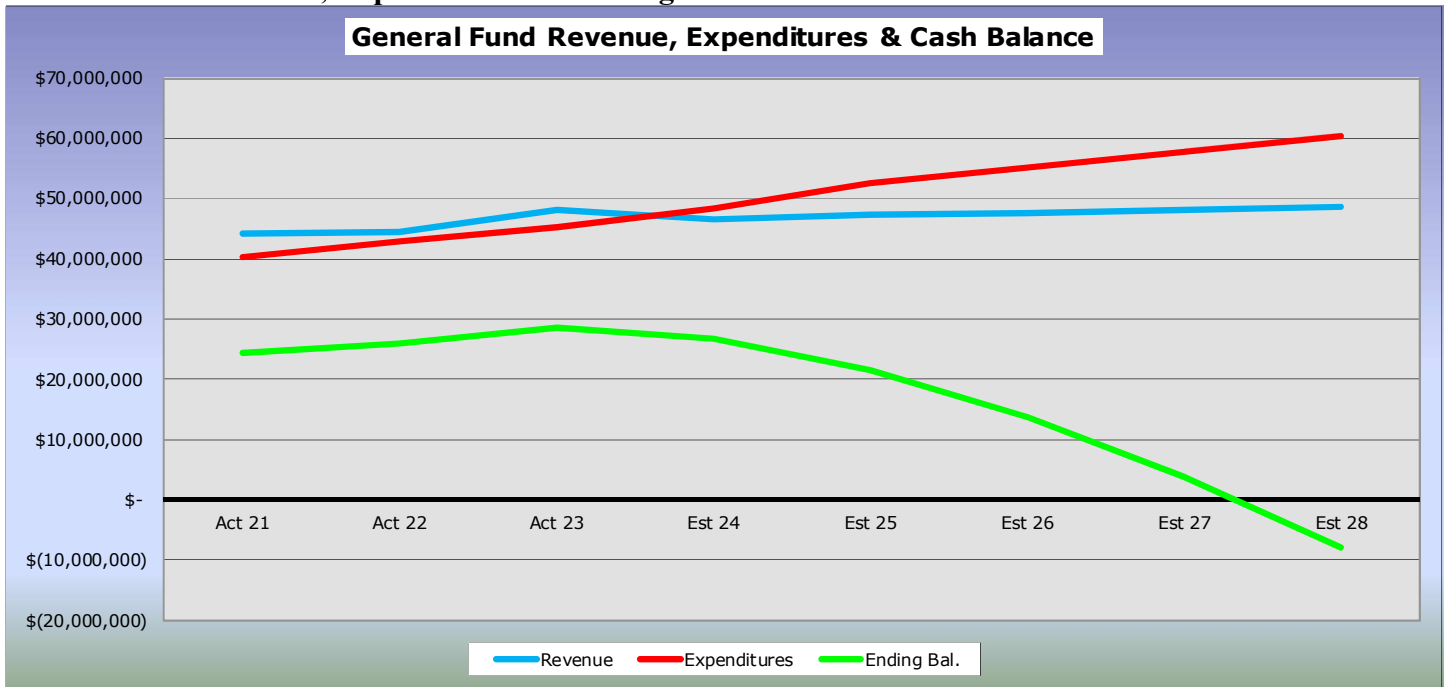
6. The enrollment of the district has increased over the past ten years, decreased, or slowed down during the COVID pandemic and has since recovered to recent highs. The enrollment is expected to remain relatively flat, hovering around levels of 2,550 students for the next several years according to an enrollment study provided through the Ohio Facilities Construction Commission and Future Think. This study was completed in early 2024. The district will continue to monitor student enrollment and subsequent needs as it embarks on a District Facility Plan.

7. The needs for students and staff are changing due to social emotional well-being as a result of COVID-19 and the totally new environment of the world. We are seeing this as a district in increased special education evaluation requests in the behaviors of students/adults.

8. 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 major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district to review the assumptions noted below. If you would like further information, please feel free to contact Mr. Kyle Smith, Treasurer/CFO of Bexley City School District at (614) 231-7611.

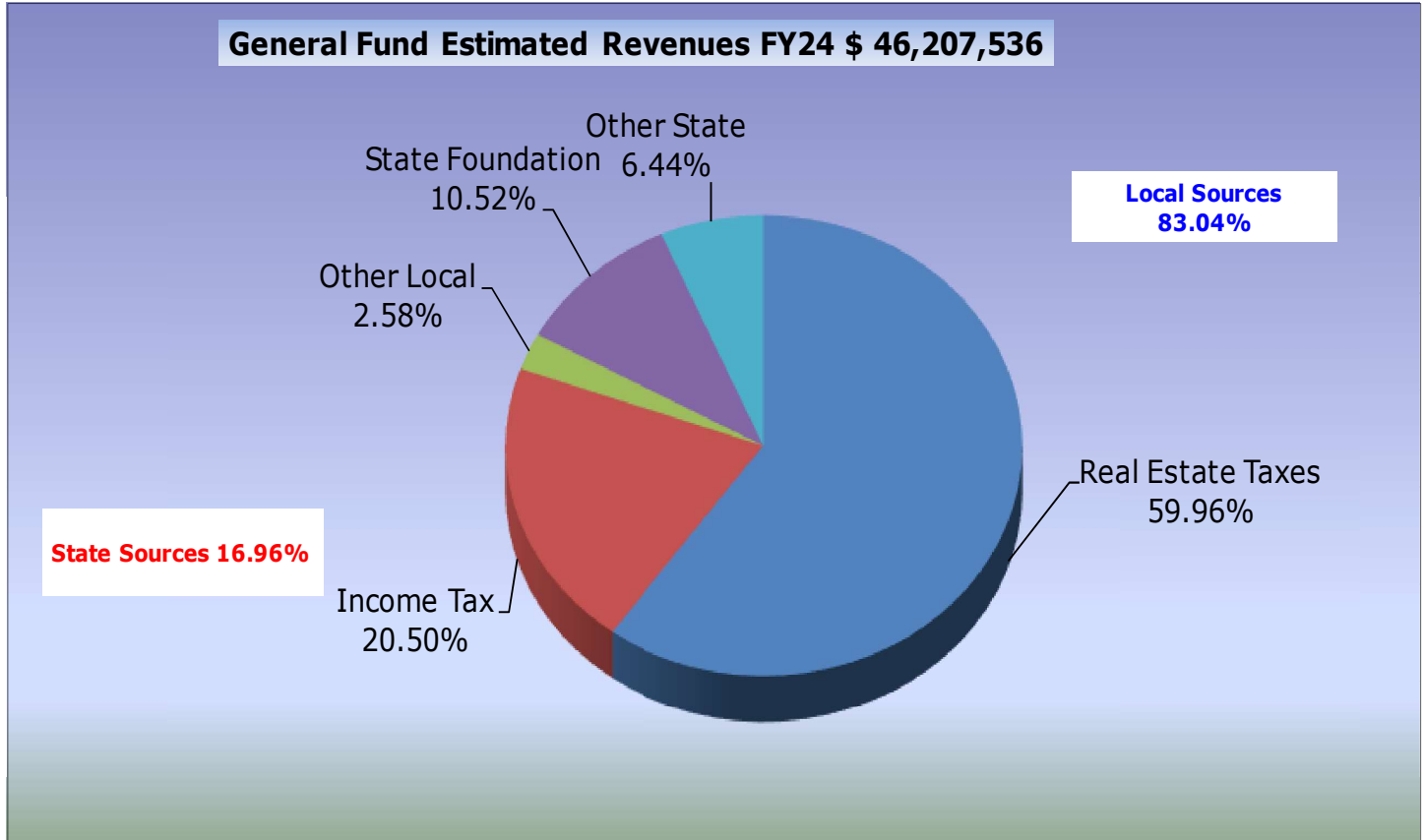
**General Fund Revenue, Expenditure and Ending Cash Balance Actual FY21-23 and Estimated FY24-28**



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

# REVENUE ASSUMPTIONS

## Estimated General Fund Revenues



## Property Valuation Assumptions

Property values are established each year by the Franklin County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Franklin County experienced the sexennial reappraisal for taxable values in 2023 for the collection in 2024. The reappraisal for Class I Residential/Agricultural values increased by 26.61% or \$169,319,450 and Class II Commercial/Industrial Values increased by 15.15% or \$3,613,70 in 2023 for collection in 2024. As values increase, the millage rates will decrease per HB920 which allows for no real increase in tax dollars except what is received on the 5.7 mills of inside millage and new construction. The triennial update for valuations will be in 2026 for collection in 2027, the district is estimating increases in Class I of 8% and Class II of 5%.

Public Utility Personal Property (PUPP) values change annually as the values are not included in the reappraisal or update years, which make them very difficult to forecast. PUPP values increased by \$404,430 in Tax Year 2023. We expect our values to continue to grow by \$150,000 each year of the forecast.



**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

<u>Classification</u>	Actual 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.	\$807,016,010	\$809,367,800	\$810,617,800	\$876,717,224	\$877,967,224
Comm./Ind.	\$28,064,640	\$28,209,640	\$28,354,640	\$29,917,372	\$30,062,372
Public Utility Personal Property (PUPP)	<u>\$7,804,670</u>	<u>\$7,954,670</u>	<u>\$8,104,670</u>	<u>\$8,254,670</u>	<u>\$8,404,670</u>
Total Assessed Value	<u>\$842,885,320</u>	<u>\$845,532,110</u>	<u>\$847,077,110</u>	<u>\$914,889,266</u>	<u>\$916,434,266</u>

**Tax Rate Assumptions**

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies including the inside millage is 116.9 mills while the Class I effective millage rate is 34.95 mills, and the Class II effective millage rate is 52.81 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for either Class I or Class II.

**General Property Tax (Real Estate) – Line #1.010**

Property tax levies are estimated to be collected at 98% of the annual amount. This allows a 2.0% delinquency factor. The district is basing the collection percentage on the collection in 2023 of 54.08% in February and 45.92% in August. Public utility tax settlements (PUPP) are estimated to be collected at 50% in February and 50% in August.

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

<u>Category</u>	FY24	FY25	FY26	FY27	FY28
General Property Taxes	<u>\$27,706,481</u>	<u>\$28,657,065</u>	<u>\$28,754,506</u>	<u>\$29,008,605</u>	<u>\$29,228,021</u>

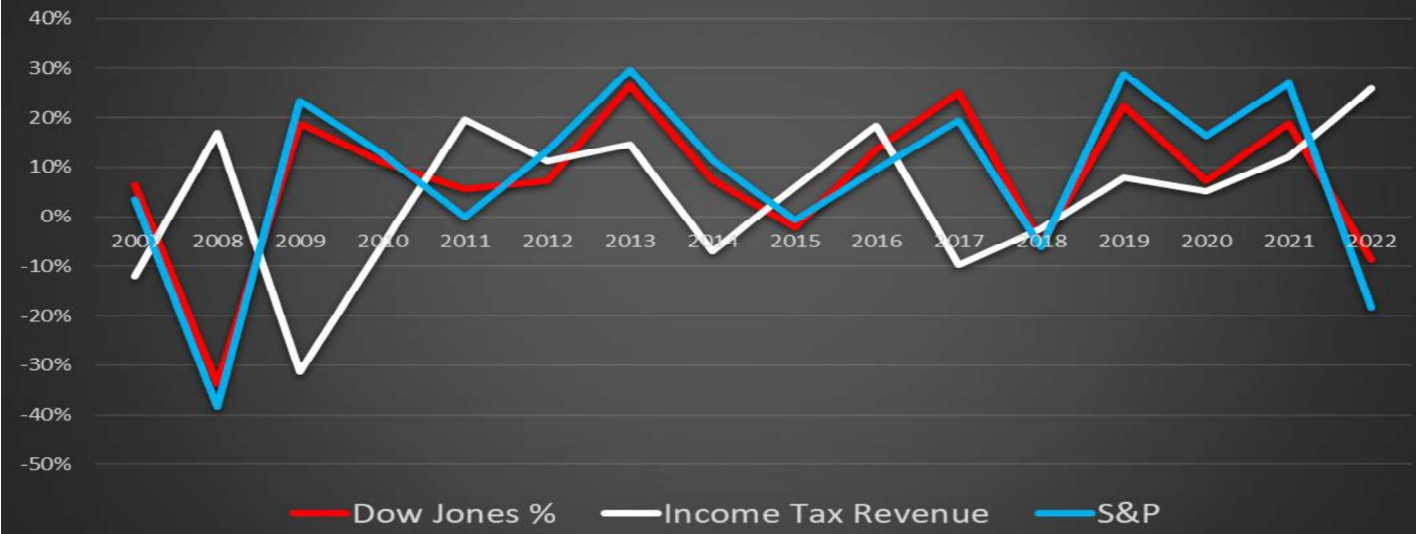
**School District Income Tax Collections – Line #1.030**

The district has a .75% continuous income tax levy that was approved in 2004.

As we move into post-pandemic economic times, we are seeing that income tax collections are beginning to increase with the economic recovery. We experienced an annual growth rate of 26.89% for FY23. Even at the time of the November 2022 forecast, it was believed increases for FY23 were an anomaly. Now that we have received FY24 taxes in full we were correct that the amount received in FY23 was a onetime increase, as the taxes decreased by 18.7% during FY24. Based on increases in withholding tax information that we received with the April payment, we are projecting a 3% increase in FY25 and then 2% annual increases in FY26 through FY28. We will continue to monitor and adjust the amounts as we receive each payment for the district. The chart below represents annual gains or losses of the school district’s income tax (calendar year based) against gains/losses with the Dow Jones and S&P 500.

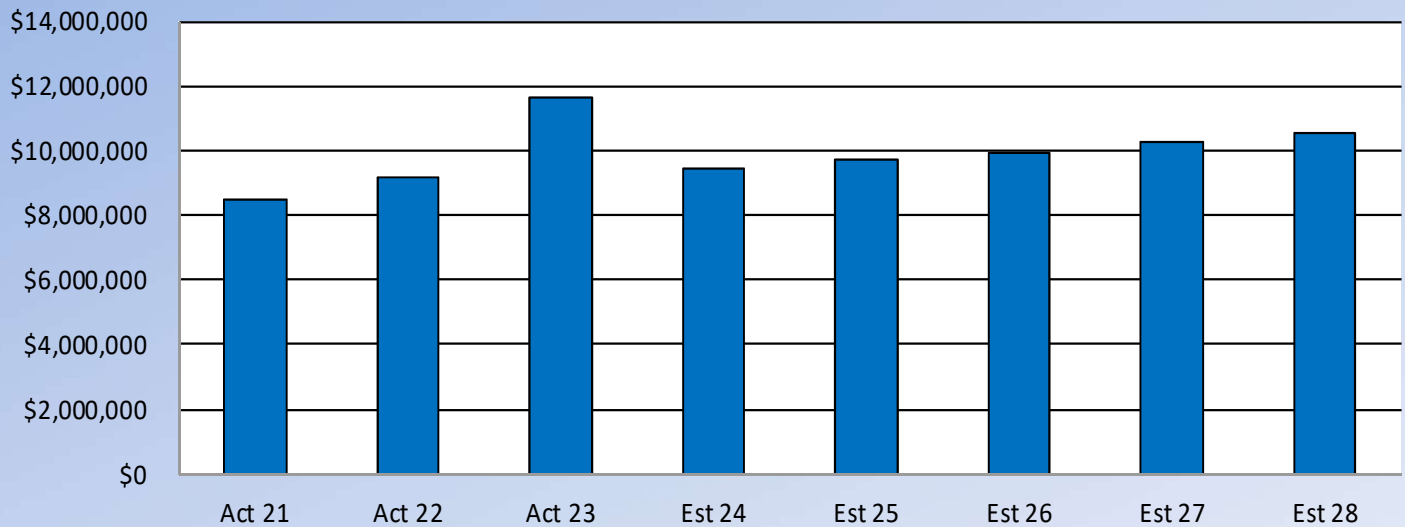
This is some of the data that was used in making a reduction for FY24.

### BCSD SDIT compared to Dow Jones & S&P 500 Gains/Losses by % on a Calendar Year

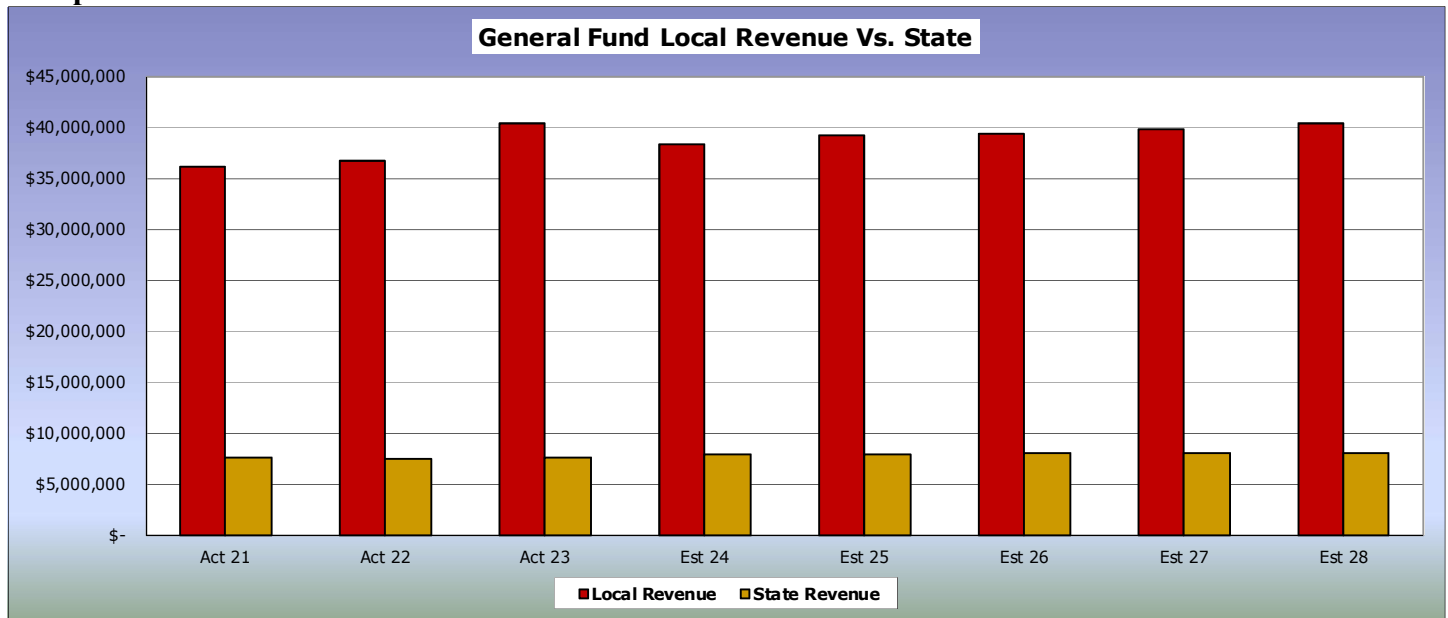


<u>Category</u>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
SDIT Collection	\$11,648,558	\$9,470,769	\$9,754,892	\$9,949,990	\$10,248,490
Increases/(Decreases)	<u>(\$2,177,789)</u>	<u>\$284,123</u>	<u>\$195,098</u>	<u>\$298,500</u>	<u>\$307,455</u>
Total to Line #1.030	<u>\$9,470,769</u>	<u>\$9,754,892</u>	<u>\$9,949,990</u>	<u>\$10,248,490</u>	<u>\$10,555,945</u>

### School District Income Tax Collection



## Comparison of Local Revenue and State Revenue



### 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 the funding in FY24 based on the April #1 foundation settlement and funding factors for FY25 based on the simulations provided by the Department of Education and Workforce.

Our district is currently a guaranteed district in FY24 and is expected to continue on the guarantee in FY25-FY28 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, 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
- 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 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 districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and 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 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 district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 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 number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase-in increases are limited to 50% in FY24 and 66.67% in FY25.

2. English Learners - Based on funded categories generated from time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds - Based on four funded components generated primarily from a ratio of teachers to gifted pupils and multiplied by a weighted teacher cost.
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.

The chart below shows that our district is on the guarantee with one of the three state guarantees for a total of \$715,251 in FY24. Before HB33, the district expected state guarantees would have doubled from FY23, or approximately \$1,430,502.

Summary School Finance Payment Report (SFPR)

April #1 Payment, Data as of 03/25/2024

	<b>Base State Funding</b>	<b>Calculated State Funding</b>	<b>Phase-In Funding</b>	<b>State Funding</b>
<b>State Support</b>				
Base Cost	\$3,451,890.78	\$2,053,869.38	(\$699,010.70)	\$2,752,880.08
Targeted Assistance	\$0.00	\$0.00	\$0.00	\$0.00
Special Education	\$321,936.81	\$379,968.14	\$29,015.67	\$350,952.48
Disadvantaged Pupil Impact Aid (DPIA)	\$2,510.84	\$7,855.49	\$2,672.33	\$5,183.17
English Learners	\$5,746.70	\$5,508.55	(\$119.07)	\$5,627.63
Gifted	\$117,656.02	\$71,635.65	(\$23,010.19)	\$94,645.83
Career Technical Education	\$10,248.91	\$6,240.01	(\$2,004.45)	\$8,244.46
<b>Total Foundation Funding</b>	<b>\$3,909,990.06</b>	<b>\$2,525,077.22</b>	<b>(\$692,456.41)</b>	<b>\$3,217,533.65</b>
Temporary Transitional Aid Guarantee				\$692,456.41
Supplemental Targeted Assistance				\$0.00
Transportation				\$292,547.87
Formula Transition Supplement				\$0.00
<b>Total Formula Funding</b>				<b>\$4,202,537.93</b>

**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**

The district receives two payments annually that are based on the state enrollment and revenue from the casinos. The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY22, was \$109.39 million for schools or \$62.86 per pupil, in FY23, the funding totaled \$113.1 million or \$64.90 per pupil, and in FY24 the funding totaled \$113.11 million or \$65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

**Unrestricted State Foundation Revenue – Line #1.035**

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$3,922,147	\$3,981,370	\$3,981,370	\$3,981,370	\$3,981,370
Additional Aid Items	<u>\$354,215</u>	<u>\$393,325</u>	<u>\$393,325</u>	<u>\$393,325</u>	<u>\$393,325</u>
Basic Aid-Unrestricted Subtotal	\$4,276,361	\$4,374,694	\$4,374,695	\$4,374,695	\$4,374,695
Ohio Casino Commission ODT	<u>\$165,879</u>	<u>\$168,359</u>	<u>\$170,885</u>	<u>\$173,448</u>	<u>\$176,050</u>
Total Unrestricted State Aid Line # 1.035	<u>\$4,442,240</u>	<u>\$4,543,053</u>	<u>\$4,545,580</u>	<u>\$4,548,143</u>	<u>\$4,550,745</u>

**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; this is the amount that we receive based on the total amount that the district pays for the most expensive needs of the students with special education services. The amount that the district is submitting to be reimbursed by ODEW is approximately \$1.5 million for these select number of students. We have estimated revenues for these new restricted funding lines using current April funding factors and using the simulations from the Department of Education and Workforce for FY25, there is no new amount included in those estimates for the Student Wellness, so we are using the FY24 amount. 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.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$5,183	\$2,975	\$2,975	\$2,975	\$2,975
Career Tech - Restricted	\$8,244	\$7,231	\$7,231	\$7,231	\$7,231
Gifted	\$94,646	\$86,893	\$86,893	\$86,893	\$86,893
ESL	\$5,628	\$5,358	\$5,358	\$5,358	\$5,358
Student Wellness	\$131,595	\$131,621	\$131,621	\$131,621	\$131,621
Catastrophic Aid	\$129,241	\$129,241	\$129,241	\$129,241	\$129,241
Other Restricted	<u>\$43,604</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Restricted State Revenues Line #1.040	<u>\$418,141</u>	<u>\$363,318</u>	<u>\$363,318</u>	<u>\$363,318</u>	<u>\$363,318</u>

**C) Restricted Federal Grants in Aid – line #1.045**

There are no federal restricted grants projected during this forecast.

<u>Summary of State Foundaton Revenues</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line # 1.035	\$4,442,240	\$4,543,053	\$4,545,580	\$4,548,143	\$4,550,745
Restricted Line # 1.040	<u>\$418,141</u>	<u>\$363,318</u>	<u>\$363,318</u>	<u>\$363,318</u>	<u>\$363,318</u>
Total State Foundation Revenue	<u>\$4,860,381</u>	<u>\$4,906,371</u>	<u>\$4,908,898</u>	<u>\$4,911,461</u>	<u>\$4,914,063</u>

**State Share of Local Property Tax – 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 equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the State of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed 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 reduce homestead reimbursements to the district and, as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

**Summary of State Share of Local Property Tax Reimbursement – Line #1.050**

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	<u>\$2,976,752</u>	<u>\$3,037,369</u>	<u>\$3,045,957</u>	<u>\$3,075,052</u>	<u>\$3,103,980</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$2,976,752</u>	<u>\$3,037,369</u>	<u>\$3,045,957</u>	<u>\$3,075,052</u>	<u>\$3,103,980</u>

**Other Local Revenues – Line #1.060**

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district’s balances available for investment vary month to month due to cash flow needs. As the district balances decrease, we have decreased the amount of interest each year of the forecast. Due to the Federal Reserve raising the interest rates to curb inflation we are estimating that interest will be \$980,000 in FY24 with a decrease in FY25 of 33% with additional decreases in FY26-FY28. Security of the public funds collected by the district is the top priority of the treasurer’s office.

Other income and rentals have a 1% increase for FY24-FY28. We are increasing other income by \$56,000 in FY27 for the Trinity Project. We are increasing tuition in FY24 based on the amount the district has received in tuition from the Department of Education and Workforce, which we feel is a one-time increase in funding.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tuition	\$125,000	\$95,000	\$95,000	\$95,000	\$95,000
Interest	\$980,000	\$656,600	\$492,450	\$369,338	\$369,338
Other Income and rentals	<u>\$88,153</u>	<u>\$89,035</u>	<u>\$89,925</u>	<u>\$146,824</u>	<u>\$148,293</u>
Total Line # 1.060	<u>\$1,193,153</u>	<u>\$840,635</u>	<u>\$677,375</u>	<u>\$611,162</u>	<u>\$612,630</u>

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

These are non-operating revenues which are the repayment of short-term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year which is being shown in FY24-FY28.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$184,609</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total Transfer & Advances In	<u>\$184,609</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

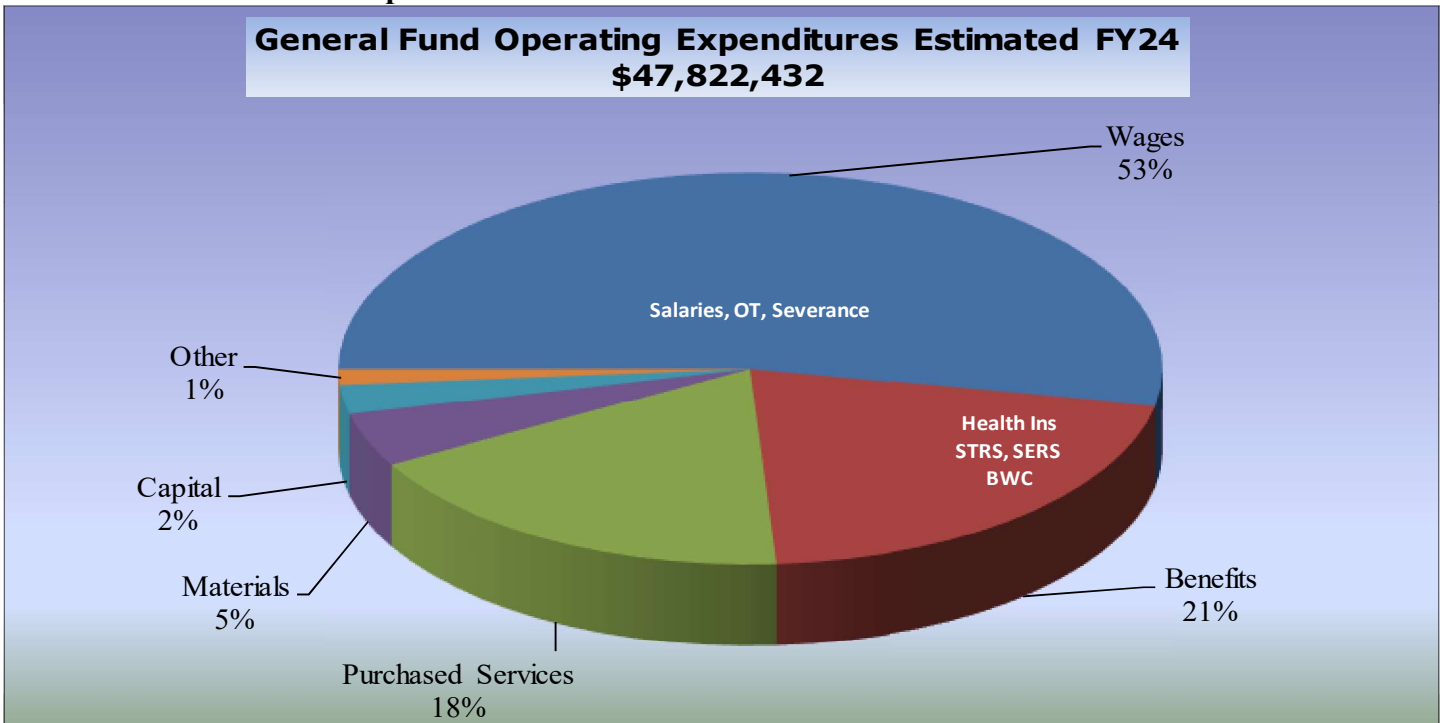
**All Other Financial Sources – Line #2.060**

Refund of Prior year expenses which are for refunds that the district has received, we are basing the estimates on historical amounts for FY24 through FY28.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior years expenditures	<u>\$40,667</u>	<u>\$40,667</u>	<u>\$40,667</u>	<u>\$40,667</u>	<u>\$40,667</u>

**EXPENDITURE ASSUMPTIONS**

**Estimated General Fund Expenditures for FY24**



**Wages – Line #3.010**

The district recently completed negotiations with the teacher’s union for FY25-FY27 and the forecast has been adjusted to reflect those agreements. Staff base wage increase are forecasted at 3.75% for FY25 with 3% in FY26-FY27 and for forecasting only, a 2% in FY28. Actual base wages for the previous years of FY22-FY24 were 2.5% Any variation from this assumption will have substantial implications on the forecast as the chart



above shows the portion wages and benefits have on expenditures. An annual salary step and training increases of 2.25% in FY24 through FY28.

Staffing is reviewed annually to review additional positions for all areas of the district. The district will return staff costs to the forecast in FY25 that were paid through ESSER.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages	\$23,053,094	\$24,268,093	\$26,008,323	\$27,429,588	\$28,885,559
Base Increase	\$576,327	\$864,491	\$728,043	\$780,250	\$548,592
Steps	\$518,858	\$545,567	\$583,451	\$614,488	\$646,280
Growth	\$658,424	\$835,912	\$445,171	\$365,034	\$375,073
Unfunded Recapture	\$0	\$0	\$0	\$0	\$0
Severance/Vacation Payments	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Supplemental	\$881,413	\$899,041	\$917,022	\$935,362	\$954,069
Substitutes, Overtime and Other	\$210,695	\$214,909	\$219,207	\$223,592	\$228,063
Staff Reductions	<u>(\$538,610)</u>	<u>(\$505,740)</u>	<u>(\$335,400)</u>	<u>(\$303,801)</u>	<u>(\$312,156)</u>
Total Wages Line 3.010	<u>\$25,375,201</u>	<u>\$27,137,273</u>	<u>\$28,580,817</u>	<u>\$30,059,513</u>	<u>\$31,340,481</u>

**Fringe Benefits Estimates Line 3.02**

This area of the forecast captures all costs associated with benefits and retirement, which all except health insurance are 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. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

**B) Insurance**

The district insurance increases are based on calendar year, we are using a combined increase for one-half of each calendar year’s increase, therefore, the estimated increases for medical and dental insurance for FY24 is 1.4%, a 14% increase in FY25, and 8% increase annually in FY26 and FY28. The above increases include adjustments for inflation and are based on our current employee census and claims data.

The district plan has a High Deductible Health Plan with a Health Savings Account and is a much more consumer driven plan than what the district had previously. The district is making generous contributions towards the employees’ Health Savings Account.

**C) Workers Compensation & Unemployment Compensation**

Workers’ Compensation is expected to remain at about .56% of wages based on experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

**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.

**E) Other/Tuition**

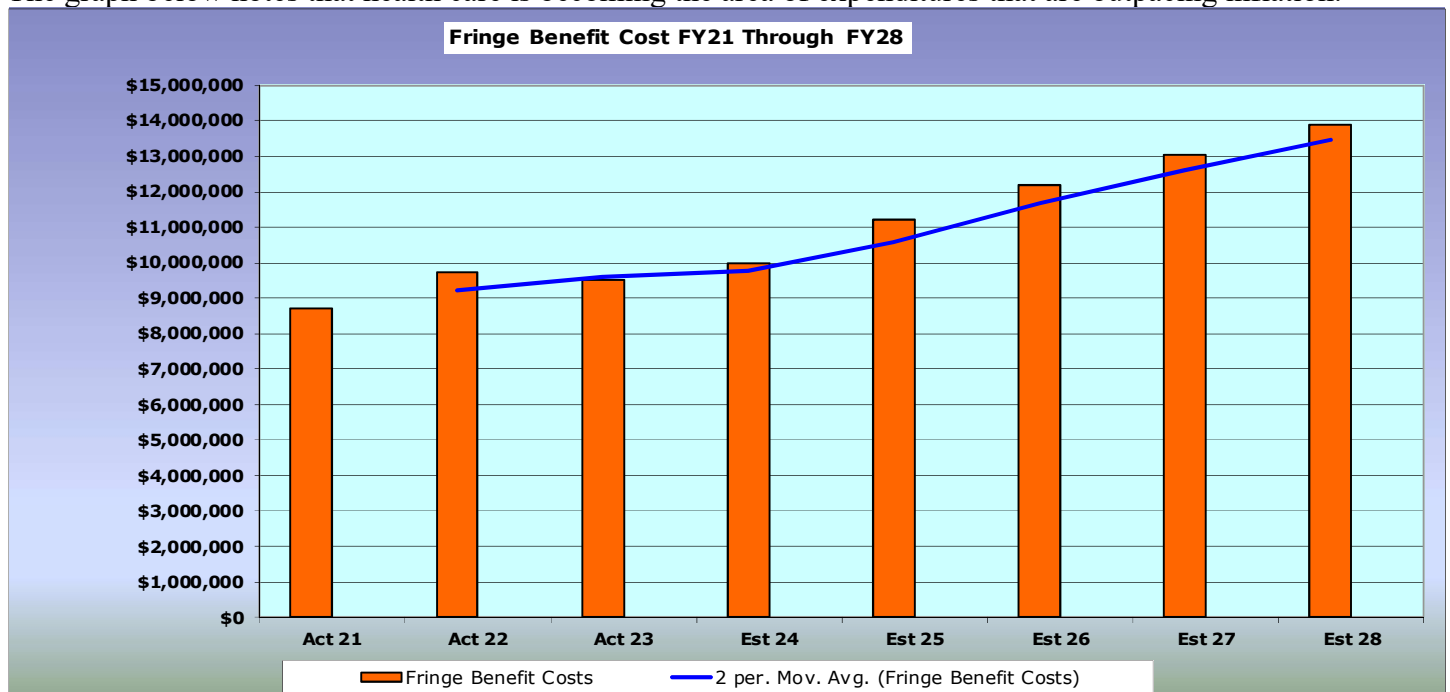
Increase of tuition for staff and administrators that are furthering their education.

**Summary of Fringe Benefits – Line #3.020**

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	\$3,981,993	\$4,252,393	\$4,488,692	\$4,723,521	\$4,931,349
B) Insurance's	\$5,426,668	\$6,321,836	\$7,043,583	\$7,621,766	\$8,246,608
C) Workers Comp/Unemployment	\$150,101	\$159,969	\$168,053	\$176,333	\$183,507
D) Medicare	\$367,940	\$393,491	\$414,422	\$435,863	\$454,438
E) Other/Tuition	<u>\$72,787</u>	<u>\$72,787</u>	<u>\$72,787</u>	<u>\$72,787</u>	<u>\$72,787</u>
Total Line 3.020	<u>\$9,999,489</u>	<u>\$11,200,476</u>	<u>\$12,187,537</u>	<u>\$13,030,270</u>	<u>\$13,888,688</u>

**Fringe Benefits Actual Fiscal Year 2021 through Fiscal Year 2023 and Estimated Fiscal Year 2024 through Fiscal Year 2028**

The graph below notes that health care is becoming the area of expenditures that are outpacing inflation.



**Purchased Services – Line #3.030**

One of the largest expenses in this area is contracted payments for substitute teachers, educational aides and special education aides that are employees of the Educational Service Center of Central Ohio’s Council (ESC) of Governments, we are increasing this line by \$75K in FY24 for paraprofessional aide and another \$125K in FY25 for substitutes that had been paid through the ESSER funds. The district is currently finding it difficult to fill positions with substitutes and aides.

HB110, the previous state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating 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 will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

Annually, the district will lease 1:1 computer for \$375,000 beginning in FY25. The current lease ended in FY23, and the district will own these computers. There are significant challenges in delivering instruction when families share technology at home and by ensuring each student has the same device, we feel confident that we can appropriately support each student’s learning.

The district is increasing for Mental Health services in FY26 of \$90K that had been paid from ESSER and SWSF funds and for the services for the new phone system of \$25K annually beginning in FY25.

The district has increased Building Maintenance and Transportation by 5% each year of the forecast.

We have assumed the utilities to increase 5% in FY25 through FY28. The other areas within this line are based on 2% to 3% for inflation.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Services	\$305,072	\$317,275	\$326,793	\$336,597	\$346,695
Instructional Support	\$1,533,659	\$1,727,674	\$1,779,504	\$1,832,889	\$1,887,876
Professional Support	\$2,303,582	\$2,324,654	\$2,461,147	\$2,510,370	\$2,560,577
Building Maintenance & Transportation	\$2,786,627	\$3,300,958	\$3,466,006	\$3,639,306	\$3,821,271
Other Tuition	\$734,114	\$770,820	\$809,361	\$849,829	\$892,320
Open Enrollment	\$15,120	\$15,876	\$16,670	\$17,504	\$18,379
Community School Deductions	\$0	\$0	\$0	\$0	\$0
College Credit Plus, STEM & Scholarships	\$71,938	\$75,535	\$79,312	\$83,278	\$87,442
Utilities	<u>\$779,897</u>	<u>\$818,892</u>	<u>\$859,837</u>	<u>\$902,829</u>	<u>\$947,970</u>
Total Line 3.030	<u>\$8,530,009</u>	<u>\$9,351,684</u>	<u>\$9,798,630</u>	<u>\$10,172,602</u>	<u>\$10,562,530</u>

**Supplies and Materials – Line #3.040**

This category of expenses is characterized by textbooks, copy paper, maintenance supplies and fuel. An inflation rate of 5% in FY24 then a 1% increase in FY25 through FY28. Due to curriculum reviews, textbooks, and costs of supplies we are increasing the amount in FY24 of \$200,000 with a reduction in FY25 of \$100K, we are also including an increase for universal free breakfast of \$100K in FY24 that will continue throughout the remainder of the forecast. The building/transportation supplies are projected to increase by 5% in FY24 with increases in FY25 through FY28 of 3% each year.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Supplies	\$1,391,721	\$1,305,638	\$1,318,694	\$1,331,881	\$1,345,200
Textbook Upgrade-Electronic or Textbook	\$318,015	\$327,555	\$337,382	\$347,503	\$357,928
Building and Transportation	<u>\$420,677</u>	<u>\$433,297</u>	<u>\$446,296</u>	<u>\$459,685</u>	<u>\$473,476</u>
Total Line 3.040	<u>\$2,130,413</u>	<u>\$2,066,490</u>	<u>\$2,102,372</u>	<u>\$2,139,069</u>	<u>\$2,176,604</u>

**Equipment – Line #3.050**

The district is increasing the amount of capital outlay by significant amounts in FY24 due to aging infrastructure, in FY24 an additional \$75,000 will be spent in classroom technology. The district is also planning for one-time purchases of staff laptops in FY25 for \$380K along with a new phone and security system for \$150,000. The district is expecting to purchase one bus in FY24.

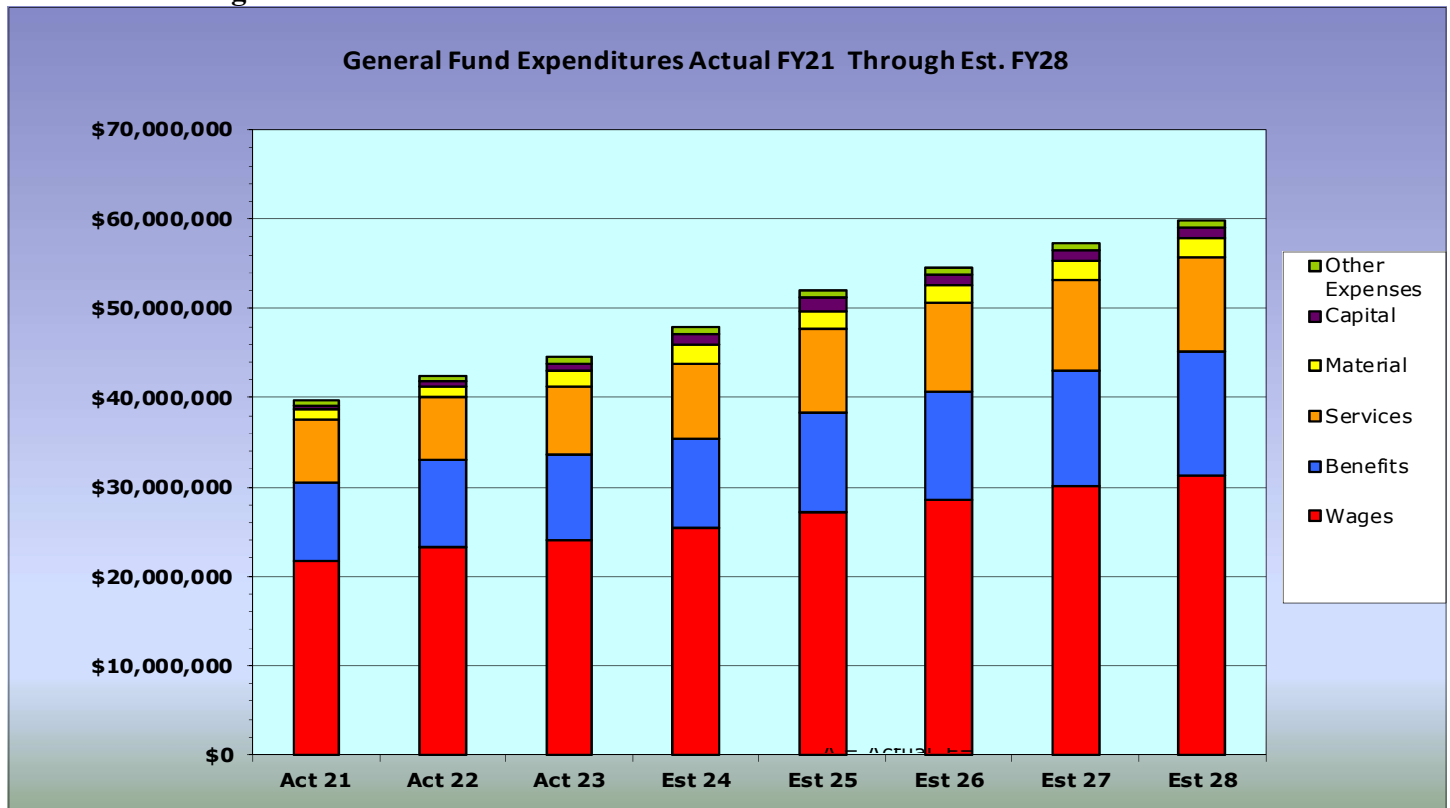
<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay	\$1,042,320	\$1,572,320	\$1,192,320	\$1,192,320	\$1,192,320
Replacement Bus Purchases	<u>\$120,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$1,162,320</u>	<u>\$1,572,320</u>	<u>\$1,192,320</u>	<u>\$1,192,320</u>	<u>\$1,192,320</u>

**Other Expenses – Line #4.300**

Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected and increases in the income tax collections. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating no increase due to lower amounts in the income tax collections. The category of Other Expenses consists primarily of the County ESC deductions, membership fees and liability insurances. We are estimating an annual increase of 3% for FY24-FY28 for other expenses.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Auditor & Treasurer Fees	\$471,780	\$481,216	\$490,840	\$500,657	\$510,670
Other expenses	<u>\$153,220</u>	<u>\$160,881</u>	<u>\$168,925</u>	<u>\$177,371</u>	<u>\$186,240</u>
Total Line 4.300	<u>\$625,000</u>	<u>\$642,097</u>	<u>\$659,765</u>	<u>\$678,028</u>	<u>\$696,910</u>

**Total Expenditure Categories Actual Fiscal Year 2021 through Fiscal Year 2023 and Estimated Fiscal Year 2024 through Fiscal Year 2028**



**Transfers/Advances Out – Line #5.010 & Line #5.020**

This account group covers fund-to-fund transfers and end of year short-term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Annually, the district expects to transfer funds to food service to supplement those programs and to the severance fund. The district anticipates advancing funds to other funds in FY24-FY28, by \$100,000 we will

evaluate the need to advance these funds annually. The district will make annual transfers of the following to the food service of \$100,000, the severance fund of \$200,000 to the permanent improvement fund of \$175,000 in FY24 through FY28.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Operating Transfers Out Line #5.010	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Advances Out Line #5.020	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>

**Encumbrances –Line #8.010**

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

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances	<u>\$1,081,045</u>	<u>\$1,081,045</u>	<u>\$1,081,045</u>	<u>\$1,081,045</u>	<u>\$1,081,045</u>

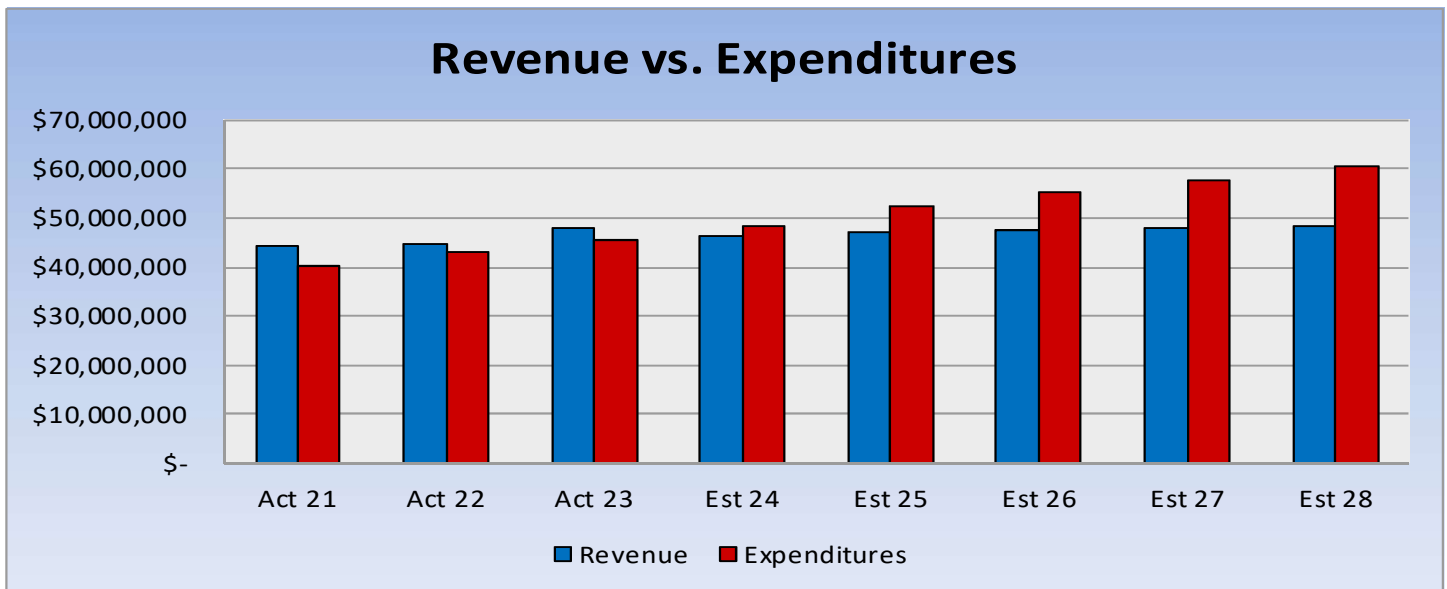
**Ending Unreserved Cash Balance “The Bottom-line” – Line #15.010**

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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Cash Balance	<u>\$25,536,146</u>	<u>\$20,302,806</u>	<u>\$12,658,757</u>	<u>\$2,782,391</u>	<u>(\$9,119,836)</u>

**Revenue vs Expenditures with Deficit Spending**

The chart below shows that the district is in deficit spending in FY24–FY28 of the forecast. By deficit spending a district will deplete the cash balance in future years.



Deficit spending affects the amount of carryover that the district has to plan for the future. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit

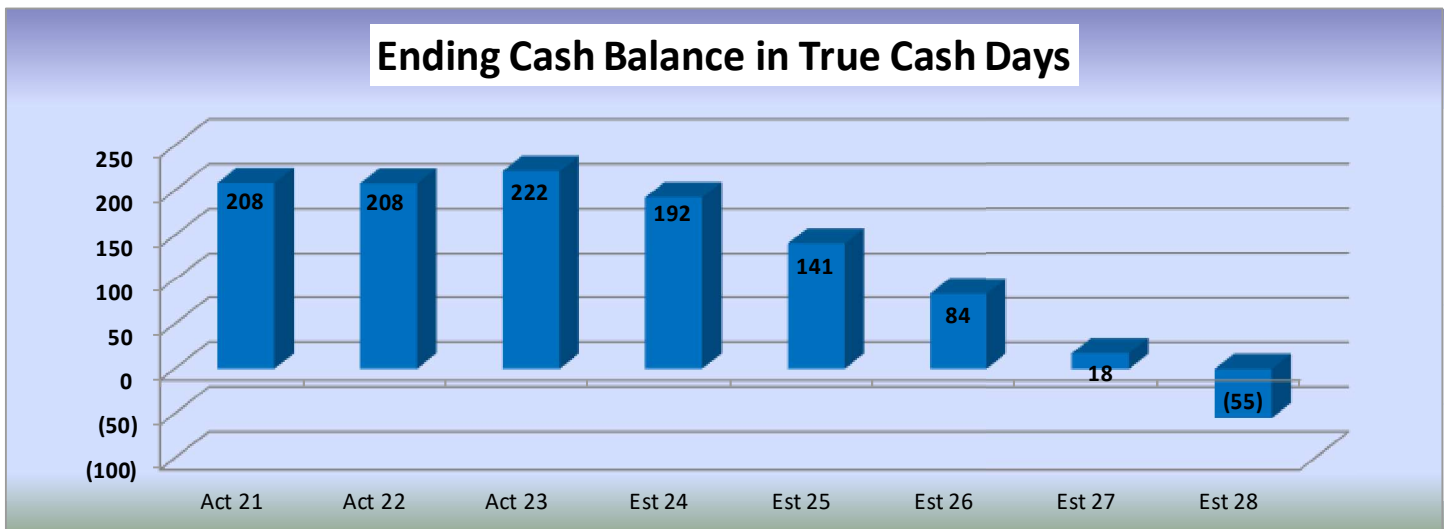
spending in order to have positive cash balances on the forecast. The chart below shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would be needed in order to erase the deficit spending.

<u>Category</u>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Excess of Revenues over/(under) Expenditures	(\$1,989,620)	(\$5,233,341)	(\$7,644,048)	(\$9,876,366)	(\$11,902,228)
Millage equivalent for deficit spending	2.36	6.19	9.02	10.80	12.99

### True Cash Days

On June 8, 2022, the Board of Education passed policy DBDA “Cash Balance Reserve” to address any deficits within the budget found within each Five-Year Forecast. In part, it reads: “If at any time during the first four years of the rolling five-year forecast the projected cash balance (line 15.01) falls below 70 days operating expenditure, the Treasurer will report such a finding to the Board of Education and Superintendent. The Superintendent and Treasurer will have 120 days to submit a financial evaluation of the district to the Board.” This policy was discussed and reviewed by the Finance Advisory Council prior to the Board’s approval.

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Because of the volatility of income taxes, it would be wise for a district like ours to have a higher balance on hand. The district projects to have approximately 192 days true cash at the end of FY24. As the chart below shows, the ending cash balance will continue to decrease.



### Conclusion

The district is currently implementing the Strategic Plan which included many community members and stakeholders. As with most strategic plans, it calls for additional and new expenditures and many unknowns as the plan is implemented. Some of these expenditures are known and have been incorporated into this forecast. These items include:

- Staff Compensation and Release Time: \$75,000 each year
- Master Facilities Planning: \$400,000 total
- Professional Development: \$200,000 spanning three years
- Plan Audits and Meeting expenses: \$150,000 spanning three years

- Unknown resources and Staffing needs as a response to the Plan: \$XXX,XXX

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

As the administration plans for the future, they will need to make sure that the district is able to obtain a positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in order to obtain this.

As you read through the notes and review the forecast, remember that the forecast is the best estimate based on the information that is known at the time that it is prepared.