

BEXLEY CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH JUNE 30, 2027



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

November 16 2022

Bexley City School District

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;

Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual			Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues									
1.010 General Property Tax (Real Estate)	23,663,441	27,025,598	27,187,193	7.4%	27,341,938	27,527,504	27,664,713	27,729,405	27,886,194
1.020 Public Utility Personal Property Tax	0	0	0	0.0%	0	0	0	0	0
1.030 Income Tax	7,999,781	8,486,087	9,179,798	7.1%	11,307,130	10,176,417	10,329,063	10,483,999	10,641,259
1.035 Unrestricted State Grants-in-Aid	4,380,427	4,678,283	4,136,319	-2.4%	4,288,444	4,290,640	4,293,992	4,297,411	4,300,899
1.040 Restricted State Grants-in-Aid	23,066	16,782	352,491	986.6%	290,229	230,229	230,229	230,229	230,229
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	2,846,437	2,895,883	2,917,445	1.2%	2,909,353	2,908,194	2,924,033	2,928,235	2,944,613
1.060 All Other Revenues	754,657	552,003	345,700	-32.1%	795,479	531,483	493,848	460,127	429,929
1.070 <i>Total Revenues</i>	39,667,809	43,654,636	44,118,946	5.6%	46,932,572	45,664,468	45,935,879	46,129,406	46,433,123
Other Financing Sources									
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	150,000	156,000	2.0%	0	0	0	0	0
2.050 Advances-In	171,121	48,171	176,932	97.7%	90,487	100,000	100,000	100,000	100,000
2.060 All Other Financing Sources	280,700	452,161	81,862	-10.4%	25,000	25,000	25,000	25,000	25,000
2.070 <i>Total Other Financing Sources</i>	601,821	650,332	414,794	-14.1%	115,487	125,000	125,000	125,000	125,000
2.080 <i>Total Revenues and Other Financing Sources</i>	40,269,630	44,304,968	44,533,740	5.3%	47,048,059	45,789,468	46,060,879	46,254,406	46,558,123
Expenditures									
3.010 Personnel Services	21,006,719	21,796,576	23,267,016	5.3%	24,107,814	25,359,154	26,915,050	28,336,408	29,780,105
3.020 Employees' Retirement/Insurance Benefits	8,827,632	8,697,028	9,716,323	5.1%	9,665,629	10,163,532	11,006,125	11,738,239	12,494,082
3.030 Purchased Services	6,329,526	6,971,419	7,089,005	5.9%	7,763,349	8,220,951	8,456,347	8,624,692	8,874,795
3.040 Supplies and Materials	1,639,066	1,351,229	1,280,847	-11.4%	1,744,665	1,725,741	1,757,275	1,789,553	1,822,595
3.050 Capital Outlay	671,987	332,565	433,340	-10.1%	875,000	1,045,000	950,000	950,000	950,000
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	515,793	580,598	603,130	8.2%	680,965	691,980	703,231	714,725	726,468
4.500 <i>Total Expenditures</i>	38,990,723	39,729,415	42,389,661	4.3%	44,837,423	47,206,358	49,788,028	52,153,617	54,648,046
Other Financing Uses									
5.010 Operating Transfers-Out	275,000	350,000	481,000	32.4%	600,000	350,000	350,000	350,000	350,000
5.020 Advances-Out	48,171	176,932	90,487	109.2%	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>	323,171	526,932	571,487	35.8%	700,000	450,000	450,000	450,000	450,000
5.050 <i>Total Expenditures and Other Financing Uses</i>	39,313,894	40,256,347	42,961,148	4.6%	45,537,423	47,656,358	50,238,028	52,603,617	55,098,046
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	955,736	4,048,621	1,572,592	131.2%	1,510,636	-1,866,890	-4,177,149	-6,349,211	-8,539,922
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	19,317,983	20,273,719	24,322,340	12.5%	25,894,932	27,405,568	25,538,679	21,361,530	15,012,319
7.020 <i>Cash Balance June 30</i>	20,273,719	24,322,340	25,894,932	13.2%	27,405,568	25,538,679	21,361,530	15,012,319	6,472,396
8.010 <i>Estimated Encumbrances June 30</i>	1,495,099	1,326,990	1,421,443	-2.1%	1,421,443	1,421,443	1,421,443	1,421,443	1,421,443
Reservation of Fund Balance									
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
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	18,778,620	22,995,350	24,473,489	14.4%	25,984,125	24,117,236	19,940,087	13,590,876	5,050,953
Revenue from Replacement/Renewal Levies									
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>	18,778,620	22,995,350	24,473,489	14.4%	25,984,125	24,117,236	19,940,087	13,590,876	5,050,953

Bexley City School District

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;

Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual			Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenue from New Levies									
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>	18,778,620	22,995,350	24,473,489	14.4%	25,984,125	24,117,236	19,940,087	13,590,876	5,050,953

Bexley City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
November 16, 2022

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 Ohio Department of Education 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 Auditor of State to identify school districts with potential financial problems

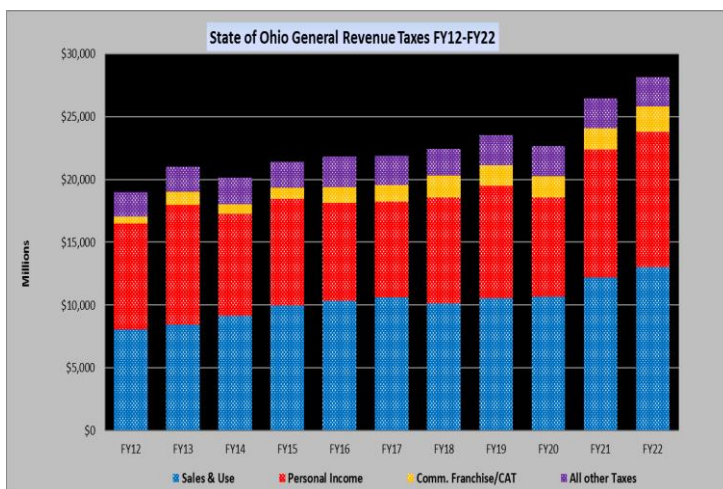
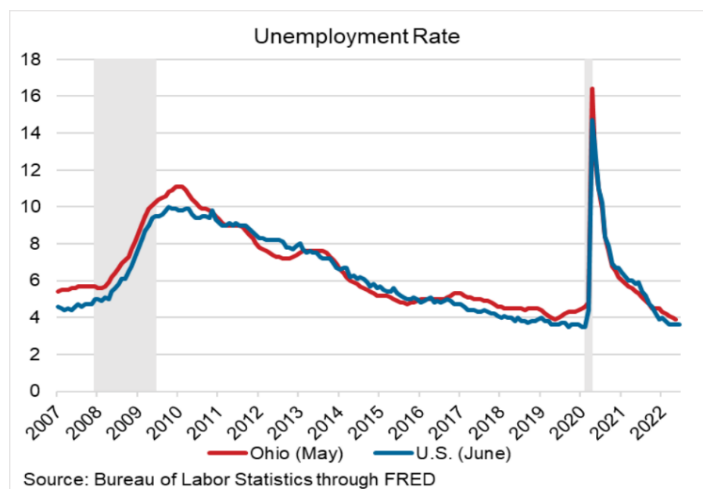
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2022 filing.

Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic which began in early 2020. The effects of the pandemic have lessened but several supply chain concerns and high inflation continues to impact our state, country and broader globalized economy. Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for busses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation impacting district costs are expected to continue in FY23, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases that will occur before December 2022, will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen right as the state legislature considers the next biennium budget for FY24 and FY25. In spite of the strong economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored and a new state funding formula is in year two of a projected five-year phase in. While increased inflation impacting district costs are expected to continue over the next few years, the state's economy has grown as indicated in the graphs below and may enable the state to continue the phase in of the new funding formula even if a cyclical recession occurs in the first half of 2023 calendar year.



While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1. Property tax collections are the largest single revenue source for the school system. The housing market 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 84.05% of our resources, which are predominately local property taxes equating to 58.26% of the district's resources.
2. Income tax is the district's second largest revenue source. The past few payments that we received have been greater 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.
3. The State Budget represents 15.95% of district revenues and is an 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 FY27. We have projected our state funding to be in line with the FY23 funding levels

through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB110 will direct pay costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships to the educating school district. 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.

5. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. A change in expenditures beginning in FY22 also occurred, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the historic actual costs for FY20 through FY21 potentially reflecting different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022 the legislature passed HB583 to resolves issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

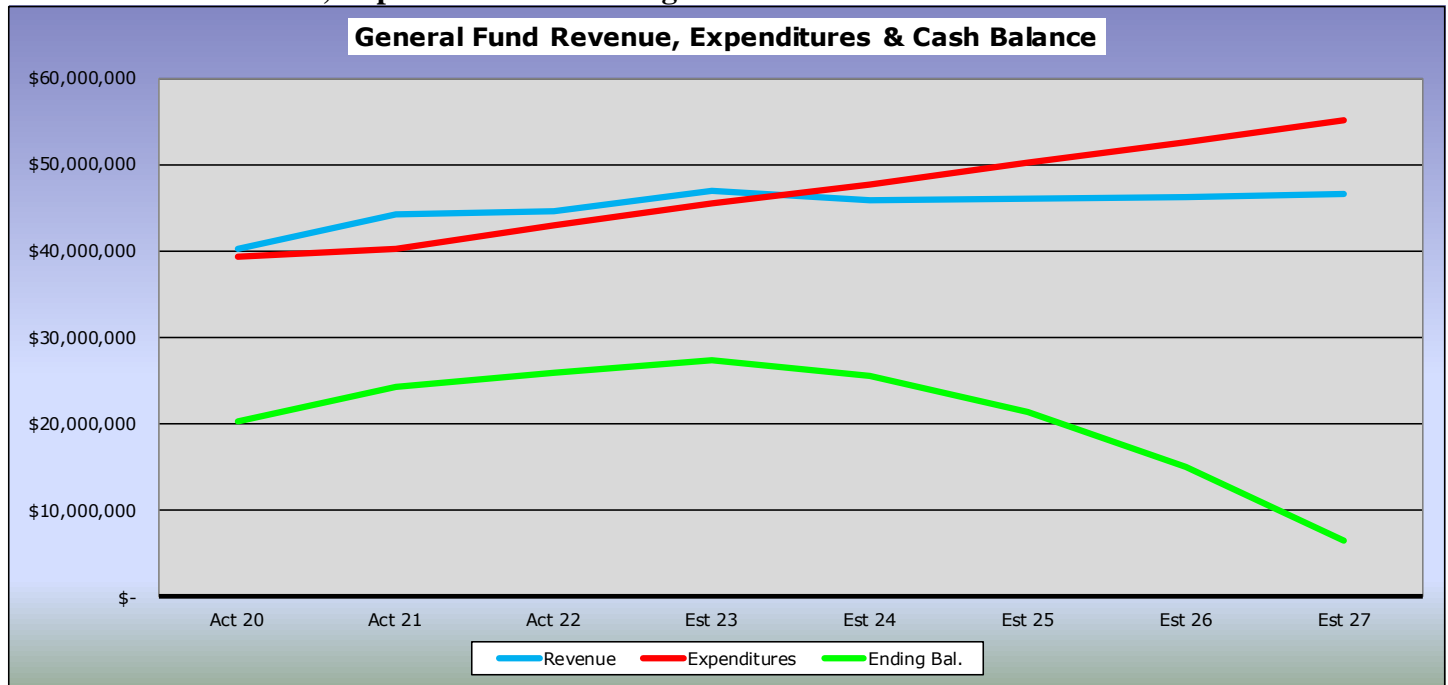
6. The enrollment for the district has increased over the past ten years at a steady rate and is expected to increase during the forecast years based on the district's report for Ohio Facilities Construction Commission from Future Think. However, the district has seen a decrease in enrollment in FY21 due to students attending Community Schools and home schooling caused by the COVID-19 pandemic. We believe that the growth will need to be monitored for staffing growth and building needs in order to know the effect of the increased enrollment.

7. The needs for students and staff are changing due to social emotional well-being as a result of COVID-19 and the total 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.

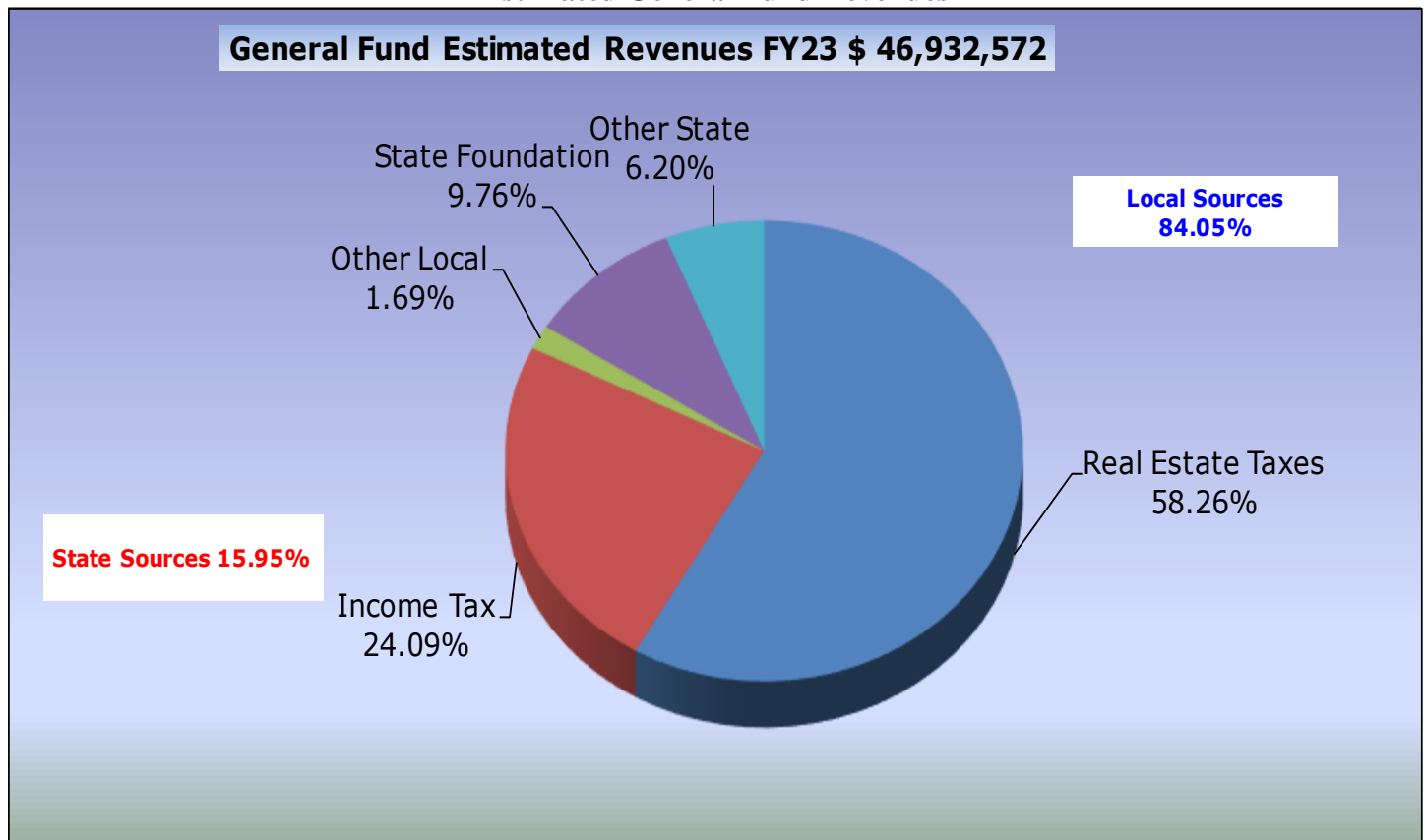
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district, to review the assumptions 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 FY20-22 and Estimated FY23-27



REVENUE ASSUMPTIONS

Estimated General Fund Revenues



Real Estate Value Assumptions – Line # 1.010

Property values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Franklin County experienced the triennial update for taxable values in 2020 for the collection in 2021. The reappraisal for Class I Residential/Agricultural values increased by 16.88% or \$90,414,490 and Class II Commercial/Industrial values increased by 11.23% or \$2,350,220 in 2020 for collection in 2021. 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 full reappraisal for valuations will be in 2023 for collection in 2024, the district is estimating increases in Class I of 5% and Class II of 2%.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
<u>Classification</u>					
Res./Ag.	\$634,084,770	\$666,539,009	\$667,289,009	\$668,039,009	\$702,190,959
Comm./Ind.	\$24,149,420	\$24,777,408	\$24,922,408	\$25,067,408	\$25,713,757
Public Utility Personal Property (PUPP)	\$7,437,020	\$7,587,020	\$7,737,020	\$7,887,020	\$8,037,020
Total Assessed Value	<u>\$665,671,210</u>	<u>\$698,903,437</u>	<u>\$699,948,437</u>	<u>\$700,993,437</u>	<u>\$735,941,735</u>

Property tax levies are estimated to be collected at 98% of the annual amount. The district is basing the collection percentage on the collection in 2022 of 53.97% in February and 46.04% in August; this is more in line with collection rates prior to the changes in federal tax laws for 2018. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

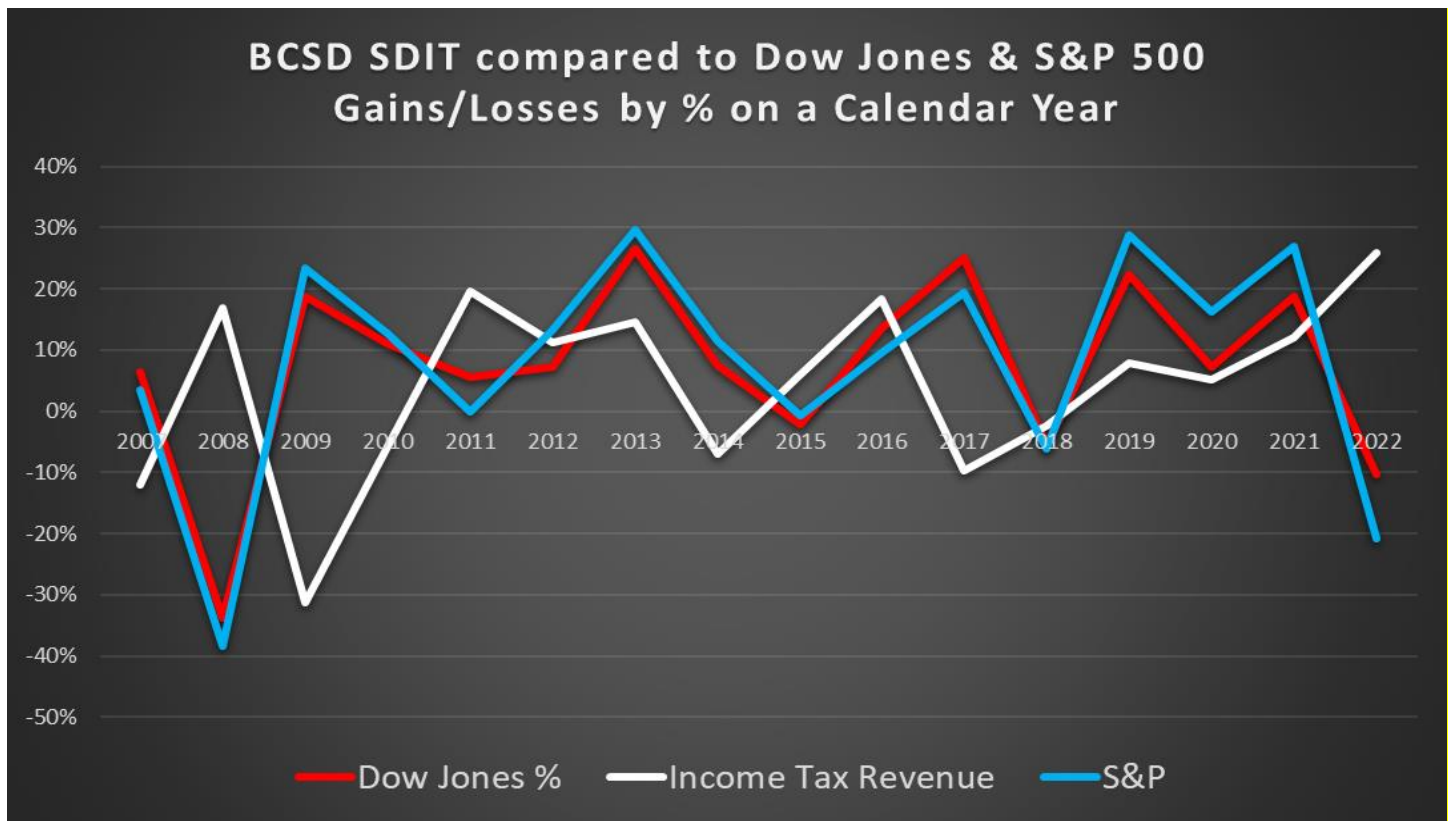
ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Property Taxes	<u>\$27,341,938</u>	<u>\$27,527,504</u>	<u>\$27,664,713</u>	<u>\$27,729,405</u>	<u>\$27,886,194</u>

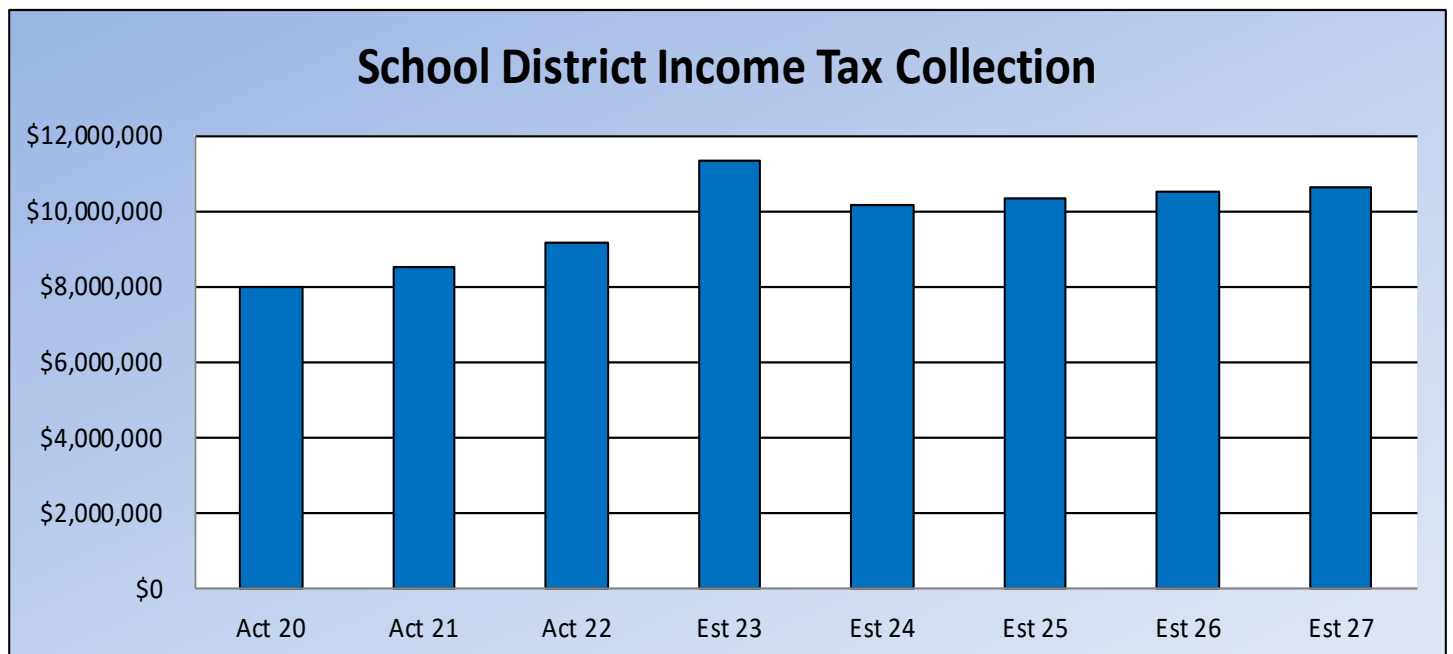
School District Income Tax Collections – Line #1.030

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

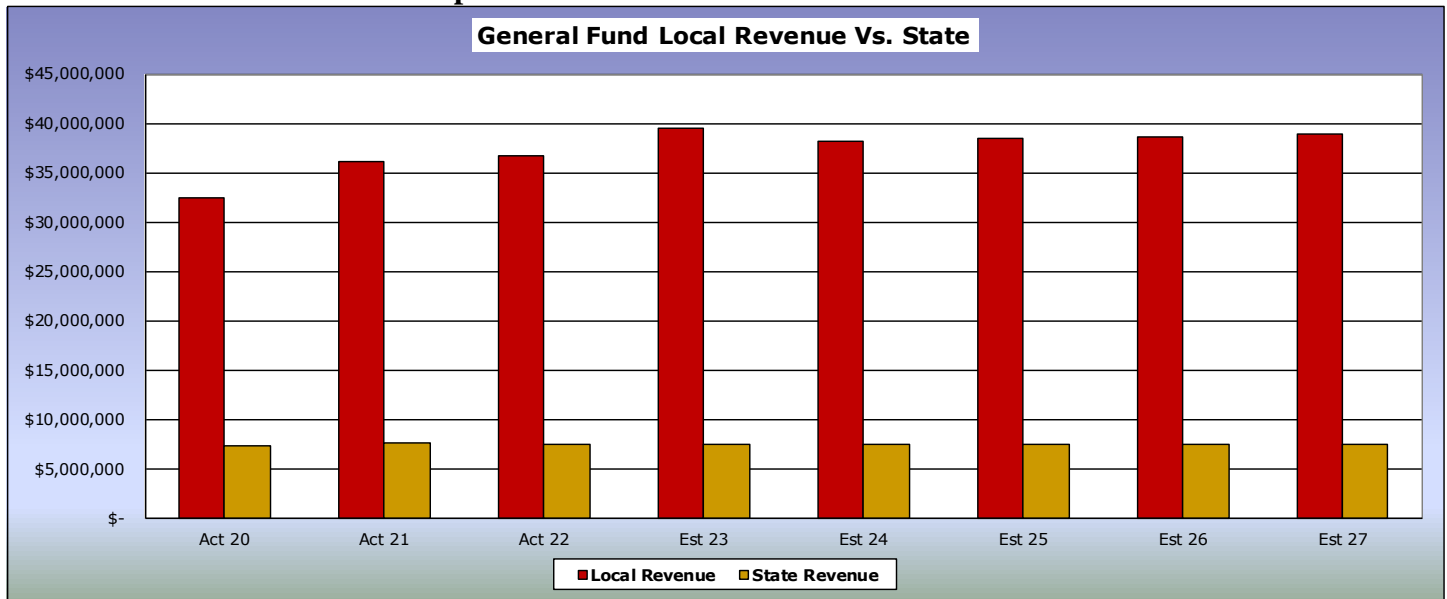
As we move into post-pandemic economic times, we are seeing that income tax collections are beginning to increase with the economic recovery. So far in FY23 for the July and October payments income tax collection statewide have increased on average of 20.27%. Our income tax in FY22 was up 8.17% over FY21. In July and October 2022, we noted an unusual boost in collections in SD100 returns and withholding collections. We will assume an annual growth rate of 23.17% for FY23 which includes actual amounts for July and October payments and 1% increase for the remainder of the year, we believe that there are some unusual increases in FY23 which we believe will only happen in FY23, therefore we are using a 10% decrease for FY24 and 1.5% for FY25-FY27 as the concerns over a recession may slow growth in this area. This information was discussed with the district's Finance Advisory Council before the submission of this forecast and they were consulted in this reduction. We will continue to monitor and adjust the amounts as more information is known to 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.



<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
SDIT Collection	\$9,179,798	\$11,307,130	\$10,176,417	\$10,329,063	\$10,483,999
Increases/(Decreases)	\$2,127,332	-\$1,130,713	\$152,646	\$154,936	\$157,260
Total to Line #1.030	<u>\$11,307,130</u>	<u>\$10,176,417</u>	<u>\$10,329,063</u>	<u>\$10,483,999</u>	<u>\$10,641,259</u>



Comparison of Local Revenue and State Revenue



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

A) Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. Full calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October #2 foundation settlement and the August #2 adjustment for FY22, currently state funding foundation payments are only 9.73% of our annual district income.

In FY23, our district is a guarantee district, meaning that we are receiving the same amount of funding for the current year as in the previous year, and is expected to be a guarantee district for FY24-FY27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 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, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

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

- A. Student Population and Demographics
- B. Property Valuation
- 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 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 from 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 district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

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. The phase-in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating what the percentage increase may be for FY24 and beyond for DPIA.

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

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get less funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

The chart below shows that our district is on the guarantee with two of the three state guarantees for a total of \$1.09 million in FY23.

Summary School Finance Payment Report (SFPR)

October #2 Payment, Data as of 10/17/2022

	Base State Funding	Calculated State Funding	Phase-In Funding	State Funding
State Support				
Base Cost	\$3,451,890.78	\$904,999.68	(\$848,878.80)	\$2,603,011.98
Targeted Assistance	\$0.00	\$0.00	\$0.00	\$0.00
Special Education	\$321,936.81	\$151,882.23	(\$56,679.19)	\$265,257.62
Disadvantaged Pupil Impact Aid (DPIA)	\$2,510.84	\$3,904.32	\$195.09	\$2,705.93
English Learners	\$5,746.70	\$1,857.46	(\$1,296.25)	\$4,450.42
Gifted	\$117,656.02	\$32,645.50	(\$28,334.01)	\$89,322.01
Career Technical Education	\$10,248.91	\$2,155.28	(\$2,697.61)	\$7,551.30
Total Foundation Funding	\$3,909,990.06	\$1,097,444.47	(\$937,690.77)	\$2,972,299.26
Temporary Transitional Aid Guarantee				\$937,690.80
Supplemental Targeted Assistance				\$0.00
Transportation				\$70,177.96
Formula Transition Supplement				\$149,649.01
Total Formula Funding				\$4,129,817.03

Future State Budgets Projections beyond FY23

Our funding status for the FY24-27 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 at the amount for FY23 through FY27.

Casino Revenue

The district receives two payments annually that are based on the state enrollment and revenue from the casinos. 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 FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.76 per pupil. FY23 Casino revenues are based on the August payment with a 2% annual growth rate for the remainder of the forecast.

B) Unrestricted State Foundation Revenue – Line #1.035

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$3,874,151	\$3,873,062	\$3,873,062	\$3,873,062	\$3,873,062
Additional Aid Items	\$249,975	\$249,975	\$249,975	\$249,975	\$249,975
Basic Aid-Unrestricted Subtotal	<u>\$4,124,127</u>	<u>\$4,123,037</u>	<u>\$4,123,037</u>	<u>\$4,123,037</u>	<u>\$4,123,037</u>
Ohio Casino Commission ODT	<u>\$164,317</u>	<u>\$167,603</u>	<u>\$170,955</u>	<u>\$174,374</u>	<u>\$177,862</u>
Total Unrestricted State Aid Line # 1.035	<u>\$4,288,444</u>	<u>\$4,290,640</u>	<u>\$4,293,992</u>	<u>\$4,297,411</u>	<u>\$4,300,899</u>

C) Restricted State Revenues – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economically Disadvantaged) 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. The amount of DPIA is limited to 0%

phase in growth for FY22 and 14% in FY23. Using current October funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
DPIA	\$2,706	\$2,706	\$2,706	\$2,706	\$2,706
Career Tech - Restricted	\$7,551	\$7,551	\$7,551	\$7,551	\$7,551
Gifted	\$89,322	\$89,322	\$89,322	\$89,322	\$89,322
ESL	\$4,450	\$4,450	\$4,450	\$4,450	\$4,450
Student Wellness	\$126,200	\$126,200	\$126,200	\$126,200	\$126,200
Catastrophic Aid	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>
Total Restricted State Revenues Line #1.040	<u>\$290,229</u>	<u>\$230,229</u>	<u>\$230,229</u>	<u>\$230,229</u>	<u>\$230,229</u>

D) Restricted Federal Grants in Aid – line #1.045

There are not any federal unrestricted grants projected for the forecast.

<u>Summary of State Foundaton Revenues</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line # 1.035	\$4,288,444	\$4,290,640	\$4,293,992	\$4,297,411	\$4,300,899
Restricted Line # 1.040	<u>\$290,229</u>	<u>\$230,229</u>	<u>\$230,229</u>	<u>\$230,229</u>	<u>\$230,229</u>
Total State Foundation Revenue	<u>\$4,578,673</u>	<u>\$4,520,869</u>	<u>\$4,524,221</u>	<u>\$4,527,640</u>	<u>\$4,531,128</u>

State Taxes Reimbursement/Property Tax Allocation

Rollback and Homestead Reimbursement

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

Homestead Exemptions are also credits paid to the district from the State of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 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 Tax Reimbursement – Line #1.050

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	<u>\$2,909,353</u>	<u>\$2,908,194</u>	<u>\$2,924,033</u>	<u>\$2,928,235</u>	<u>\$2,944,613</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$2,909,353</u>	<u>\$2,908,194</u>	<u>\$2,924,033</u>	<u>\$2,928,235</u>	<u>\$2,944,613</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 \$390,000 in FY23 with no increase through FY24, we anticipate decreases in FY25 through FY27. Security of the public funds collected by the district is the top priority of the treasurer's office.

Other income and rentals has a 1% increase for FY23-FY27. There was a one-time payment for a Board of Revision tax settlement of \$268,000 in FY23.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
Tuition	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Interest	\$390,000	\$390,000	\$351,000	\$315,900	\$284,310
Other Income and rentals	\$400,479	\$136,483	\$137,848	\$139,227	\$140,619
Total Line # 1.060	<u>\$795,479</u>	<u>\$531,483</u>	<u>\$493,848</u>	<u>\$460,127</u>	<u>\$429,929</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 FY23-FY27.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$90,487</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total Transfer & Advances In	<u>\$90,487</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

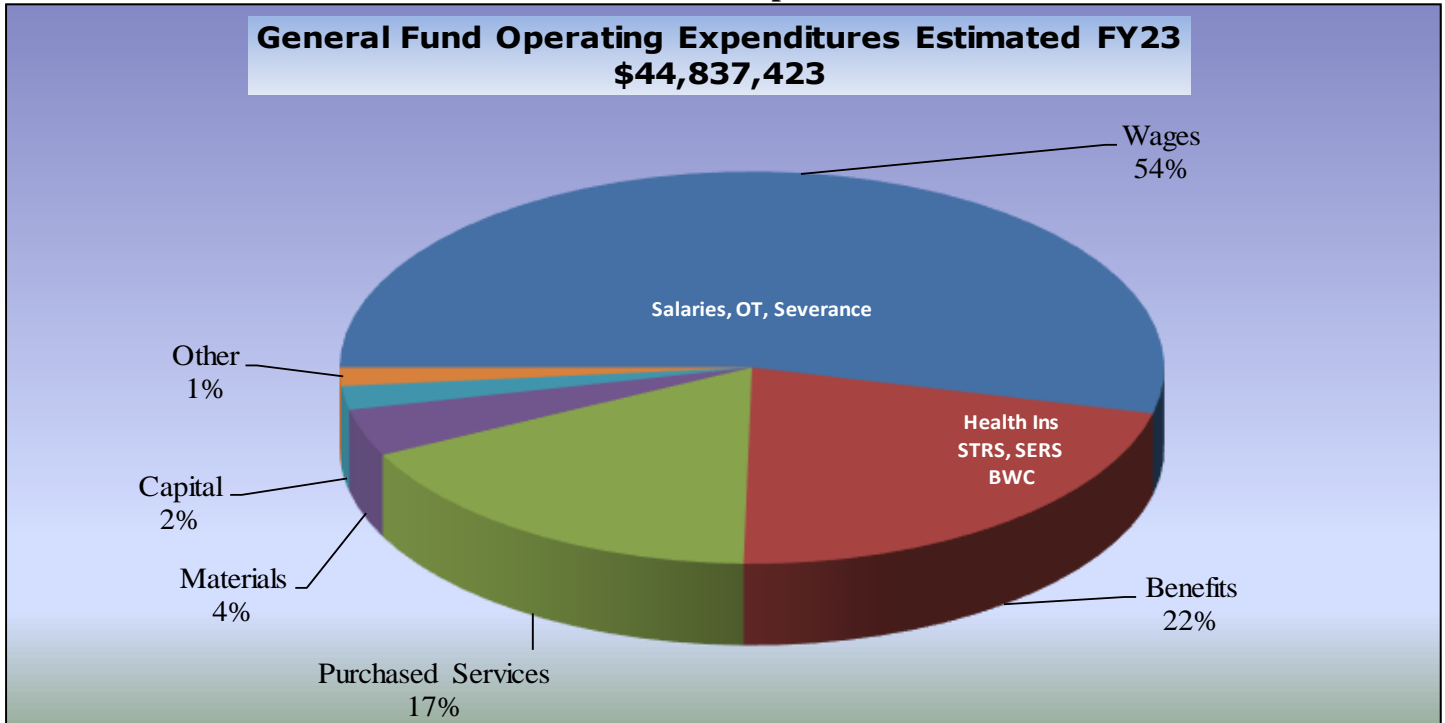
All Other Financial Sources – Line #2.060

Refund of Prior year expenses which are for refunds that the district has received, and a similar amount is anticipated each year.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
Refund of prior years expenditures	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

EXPENDITURE ASSUMPTIONS

Estimated General Fund Expenditures for FY23:



Wages – Line #3.010

The district has negotiated agreements for the three years of FY22, FY23, and FY24 and has included a 2.5% base wage rate for each of those years. For forecasting purposes only, we are including a 2.25% base increase in FY25-FY27. An annual salary step and training increases of 2.25% in FY23 and 2.5% in FY24 through FY27.

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 had been paid through ESSER. Beginning in FY23 severance will be paid through the 035 Severance Fund which is being established with transfers from the general fund.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$22,109,280	\$23,089,631	\$24,320,607	\$25,855,732	\$27,255,904
Base Increase	\$552,732	\$552,732	\$519,517	\$547,214	\$581,754
Steps	\$523,508	\$602,695	\$633,979	\$672,876	\$708,410
Growth	\$1,179,804	\$391,862	\$583,384	\$399,683	\$355,916
Unfunded Recapture	\$0	\$0	\$0	\$0	\$0
Severance	\$0	\$0	\$0	\$0	\$0
Supplemental	\$825,041	\$841,542	\$858,373	\$875,540	\$893,051
Substitutes, Overtime and Other	\$193,142	\$197,005	\$200,945	\$204,964	\$209,063
Staff Reductions	<u>-\$1,275,693</u>	<u>-\$316,313</u>	<u>-\$201,755</u>	<u>-\$219,601</u>	<u>-\$223,993</u>
Total Wages Line 3.010	<u>\$24,107,814</u>	<u>\$25,359,154</u>	<u>\$26,915,050</u>	<u>\$28,336,408</u>	<u>\$29,780,105</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 FY23 is 0%, a 2.5% increase in FY24, an 8.5% in FY25 and a 7% increase in FY26 and FY27. 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 same rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

E) Other/Tuition

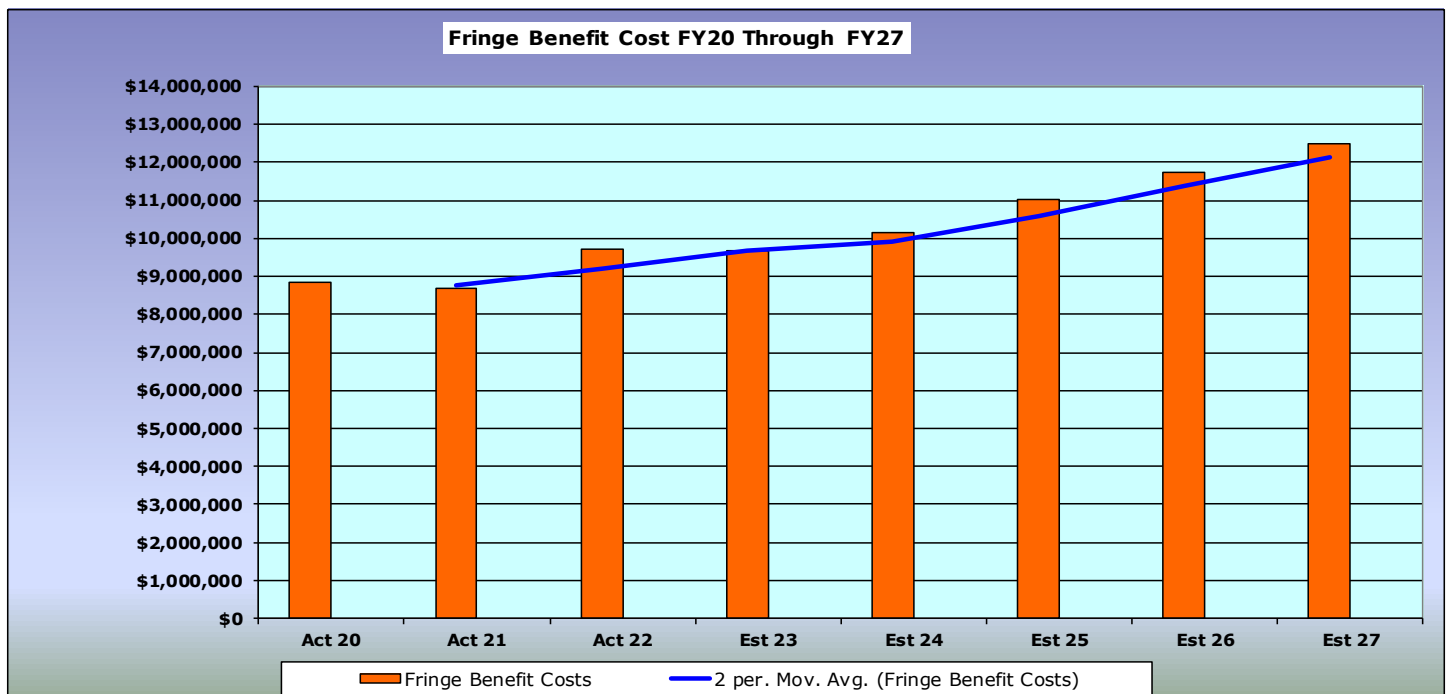
Increase of tuition for staff and administrators that are furthering their education.

Summary of Fringe Benefits – Line #3.020

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$3,679,693	\$3,869,046	\$4,104,784	\$4,326,238	\$4,548,784
B) Insurance's	\$5,410,604	\$5,694,001	\$6,269,582	\$6,751,673	\$7,255,952
C) Workers Comp/Unemployment	\$143,004	\$150,011	\$158,724	\$166,684	\$174,769
D) Medicare	\$349,563	\$367,707	\$390,269	\$410,878	\$431,812
E) Other/Tuition	<u>\$82,766</u>	<u>\$82,766</u>	<u>\$82,766</u>	<u>\$82,766</u>	<u>\$82,766</u>
Total Line 3.020	<u>\$9,665,629</u>	<u>\$10,163,532</u>	<u>\$11,006,125</u>	<u>\$11,738,239</u>	<u>\$12,494,082</u>

Fringe Benefits Actual Fiscal Year 2020 through Fiscal Year 2022 and Estimated Fiscal Year 2023 through Fiscal Year 2027

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 \$100K beginning in FY23. The district is currently finding it difficult to fill positions with substitutes and aides.

HB110, the current state budget, will impact Purchased Services 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 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 FY23-FY27 Line 3.03 costs and historical FY20 through FY21 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 computers for \$350,000 beginning in FY24. 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 students learning.

The districts has increased the professional support for a company that is leading the new strategic plan in FY23 and for the facilities planning that will occur in FY23 and FY24.

The district has increased Building Maintenance and Transportation by 5% each year of the forecast. There will be an increase for a new career tech bus route in FY23 for \$50,000 that will continue each year of the forecast.

We have assumed the utilities to increase 8% in FY23 and FY24 and then 5% in FY25 through FY27. The other areas within this line are based on 2% to 3% for inflation.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Services	\$218,802	\$225,366	\$232,127	\$239,091	\$246,264
Instructional Support	\$1,285,519	\$1,324,085	\$1,363,808	\$1,404,722	\$1,446,864
Professional Support	\$2,137,906	\$2,041,354	\$2,082,181	\$2,048,825	\$2,089,802
Building Maintenance & Transportation	\$2,383,057	\$2,780,718	\$2,836,332	\$2,893,059	\$2,950,920
Other Tuition	\$834,005	\$875,705	\$919,490	\$965,465	\$1,013,738
Open Enrollment	\$7,560	\$7,938	\$8,335	\$8,752	\$9,190
Community School Deductions	\$0	\$0	\$0	\$0	\$0
College Credit Plus, STEM & Scholarships	\$81,178	\$85,237	\$89,499	\$93,974	\$98,673
Utilities	<u>\$815,322</u>	<u>\$880,548</u>	<u>\$924,575</u>	<u>\$970,804</u>	<u>\$1,019,344</u>
Total Line 3.030	<u>\$7,763,349</u>	<u>\$8,220,951</u>	<u>\$8,456,347</u>	<u>\$8,624,692</u>	<u>\$8,874,795</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 15% is being estimated for supplies in FY23 and 5% in FY24 then a 1% increase in FY25 through FY27. Due to curriculum reviews, textbooks have increased to \$307,808 in FY23 with a decrease in FY24 of \$100,000 from the large increase in FY23 then annual increases of 3% in FY24 through FY27. The building/transportation supplies are projected to increase in FY23 by 35%, an increase in FY24 of 5% with increases in FY25 through FY27 of 3% each year.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Supplies	\$963,708	\$1,011,893	\$1,022,012	\$1,032,232	\$1,042,554
Textbook Upgrade-Electronic or Textbook	\$307,808	\$217,042	\$223,553	\$230,260	\$237,168
Building and Transportation	<u>\$473,149</u>	<u>\$496,806</u>	<u>\$511,710</u>	<u>\$527,061</u>	<u>\$542,873</u>
Total Line 3.040	<u>\$1,744,665</u>	<u>\$1,725,741</u>	<u>\$1,757,275</u>	<u>\$1,789,553</u>	<u>\$1,822,595</u>

Equipment – Line #3.050

The district is increasing the amount of capital outlay by significant amounts over the FY22 total expenditures for FY23 due to aging infrastructure, in FY24 an additional \$75,000 will spent in classroom technology. The district is expecting to purchase one bus in FY24.

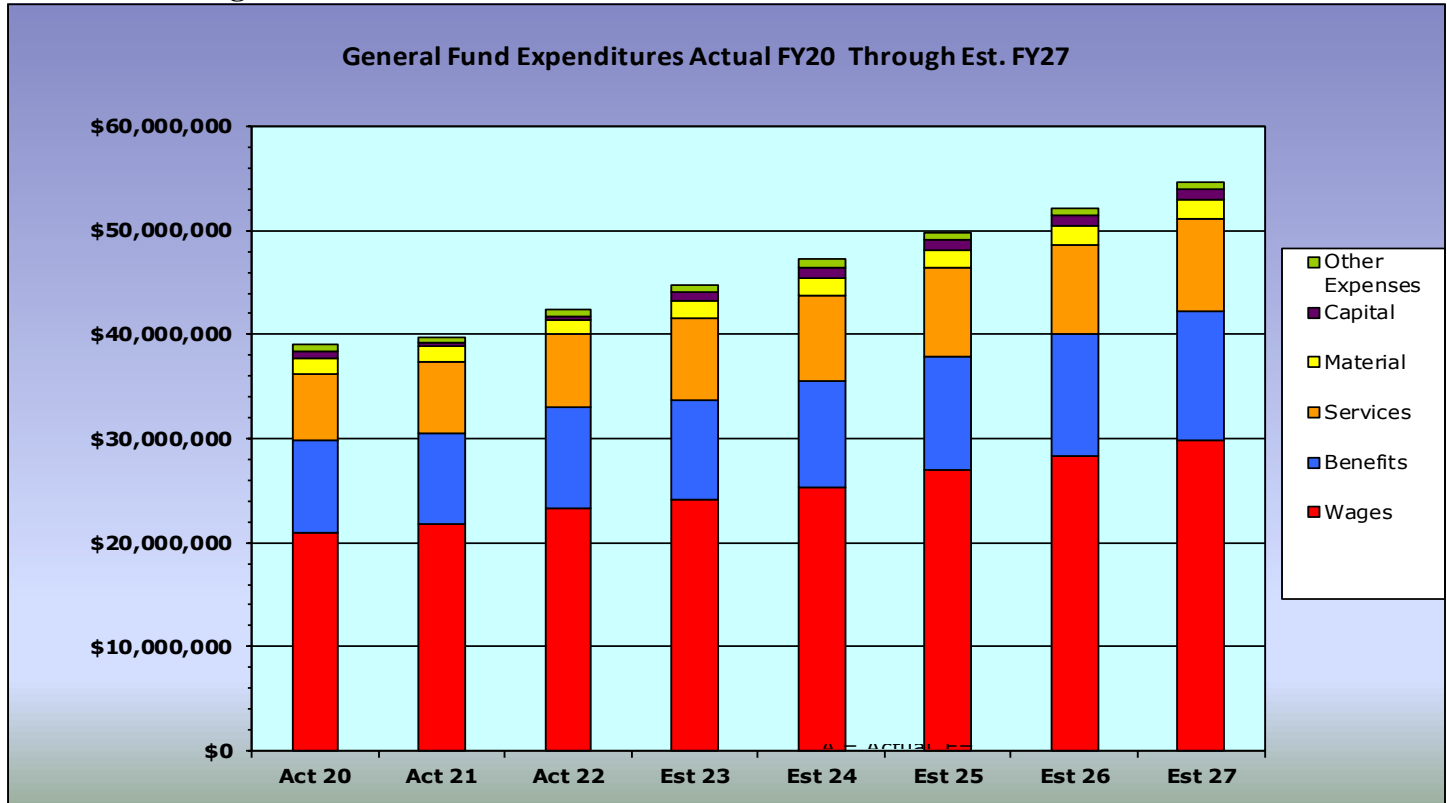
<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay	\$875,000	\$950,000	\$950,000	\$950,000	\$950,000
Replacement Bus Purchases	<u>0</u>	<u>95,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 3.050	<u>\$875,000</u>	<u>\$1,045,000</u>	<u>\$950,000</u>	<u>\$950,000</u>	<u>\$950,000</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 annual increase for A&T of 10% in FY23 and then 1% in FY24 through FY27. 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 FY23-FY27 for other expenses.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Auditor & Treasurer Fees	\$470,702	\$475,409	\$480,163	\$484,965	\$489,815
Other expenses	<u>\$210,263</u>	<u>\$216,571</u>	<u>\$223,068</u>	<u>\$229,760</u>	<u>\$236,653</u>
Total Line 4.300	<u>\$680,965</u>	<u>\$691,980</u>	<u>\$703,231</u>	<u>\$714,725</u>	<u>\$726,468</u>

Total Expenditure Categories Actual Fiscal Year 2020 through Fiscal Year 2022 and Estimated Fiscal Year 2023 through Fiscal Year 2027



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 FY23-FY27, by \$100,000 we will evaluate the need to advance these funds annually. The district will transfer to the food service of \$200,000 in FY23 through FY27, transfer of \$150,000 to severance fund in FY23 then \$100,000 in FY24 through FY27 and an annual transfer of \$250,000 to permanent improvement fund in FY23 then \$50,000 in FY24 through FY27.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Operating Transfers Out Line #5.010	\$600,000	\$350,000	\$350,000	\$350,000	\$350,000
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>\$700,000</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</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.

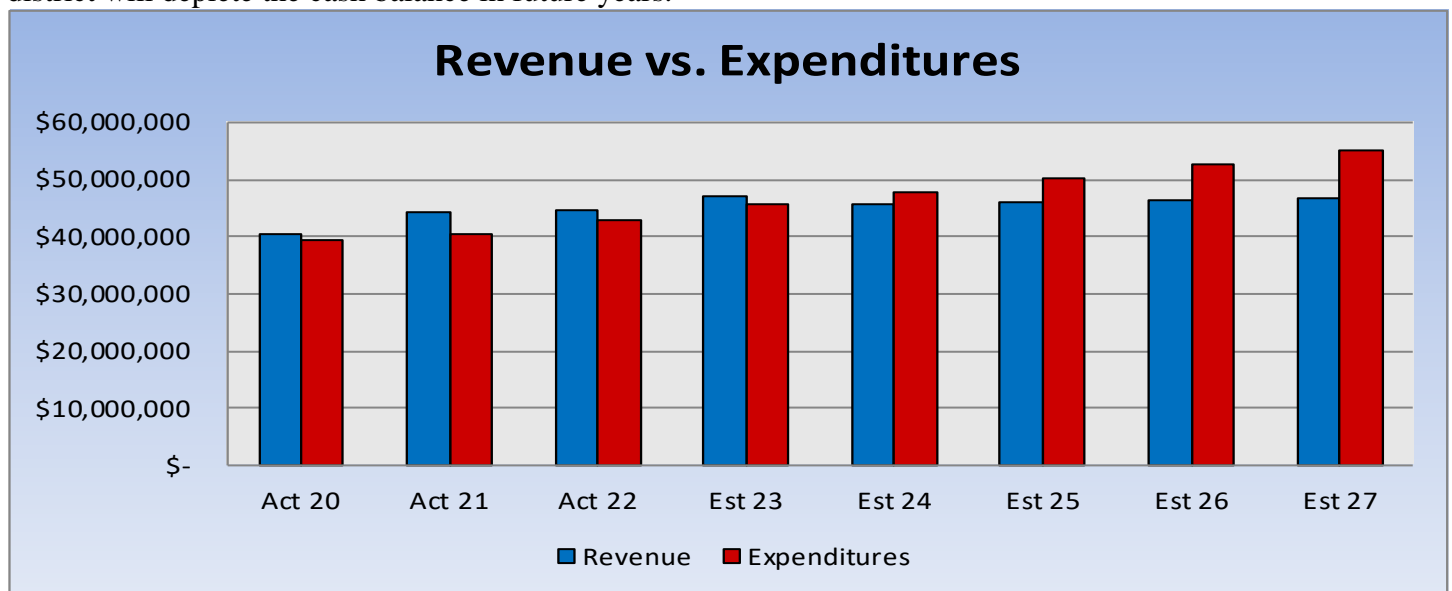
	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	<u>\$1,421,443</u>	<u>\$1,421,443</u>	<u>\$1,421,443</u>	<u>\$1,421,443</u>	<u>\$1,421,443</u>

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.

	FY23	FY24	FY25	FY26	FY27
Ending Cash Balance	<u>\$25,984,125</u>	<u>\$24,117,236</u>	<u>\$19,940,087</u>	<u>\$13,590,876</u>	<u>\$5,050,953</u>

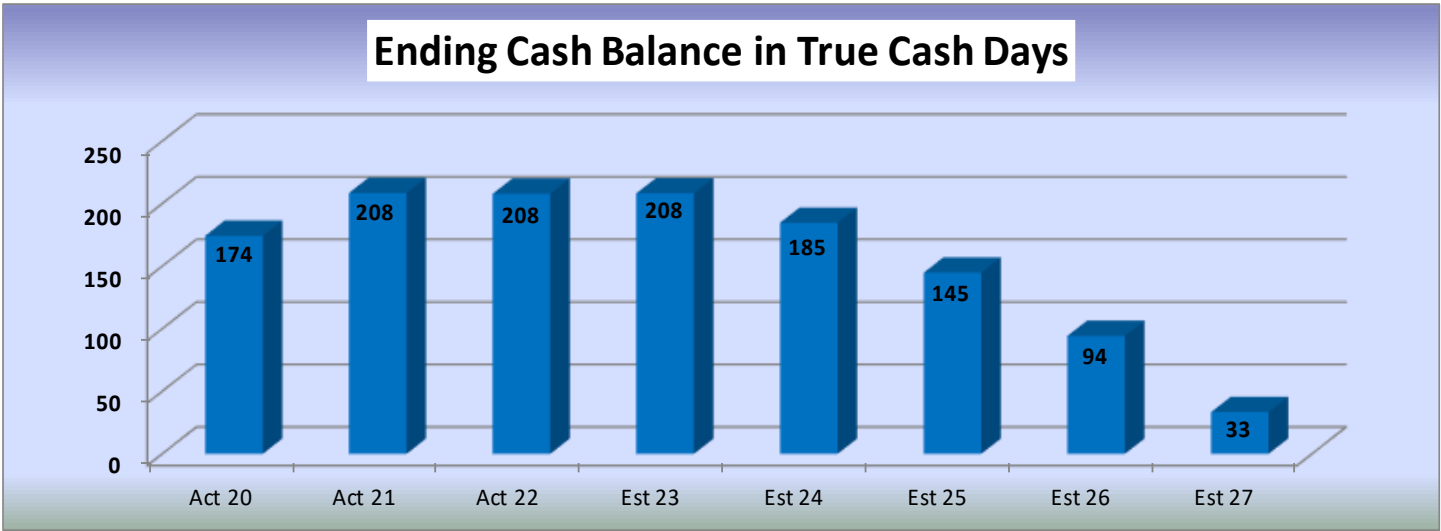
The chart below shows that the district is deficit spending in FY24–FY27 of the forecast. By deficit spending a district will deplete the cash balance in future years.



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 223 days true cash at the end of FY23. As the chart below shows, the ending cash balance will continue to decrease.



Conclusion

The district is currently undergoing a Strategic Plan update with BQI Institute with many community members and stakeholders. The process is not expected to be completed until the spring of 2023. As with most strategic plans, there is a strong possibility that the plan will call for additional and new expenditures and it will be silent on the revenues needed for these ongoing expenses. This forecast has not incorporated or made assumptions on what the financial implications would look like.

The current state budget, HB110, has now been updated for the November forecast using the Fair School Funding Plan. 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 FY24-FY27.

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

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