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

Bexley City School District

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

May 10, 2023

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				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	23,663,441	27,025,598	27,187,193	7.4%	27,590,591	28,004,358	28,435,360	28,536,725	28,783,869
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%	11,648,558	10,483,702	10,640,958	10,800,572	10,962,581
1.035	Unrestricted State Grants-in-Aid	4,380,427	4,678,283	4,136,319	-2.4%	4,266,596	4,268,746	4,272,042	4,275,405	4,278,834
1.040	Restricted State Grants-in-Aid	23,066	16,782	352,491	986.6%	291,998	291,998	291,998	291,998	291,998
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%	2,927,248	2,954,229	3,011,899	3,020,891	3,049,022
1.060	All Other Revenues	754,657	552,003	345,700	-32.1%	1,030,479	530,483	486,238	446,501	410,821
1.070	*Total Revenues*	39,667,809	43,654,636	44,118,946	5.6%	47,755,469	46,533,517	47,138,495	47,372,092	47,777,125
	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%	48,396	25,000	25,000	25,000	25,000
2.070	*Total Other Financing Sources*	601,821	650,332	414,794	-14.1%	138,883	125,000	125,000	125,000	125,000
2.080	*Total Revenues and Other Financing Sources*	40,269,630	44,304,968	44,533,740	5.3%	47,894,352	46,658,517	47,263,495	47,497,092	47,902,125
	Expenditures									
3.010	Personnel Services	21,006,719	21,796,576	23,267,016	5.3%	24,107,814	25,769,186	27,576,911	29,209,521	30,888,820
3.020	Employees' Retirement/Insurance Benefits	8,827,632	8,697,028	9,716,323	5.1%	9,582,811	10,345,186	11,258,919	12,038,760	12,844,823
3.030	Purchased Services	6,329,526	6,971,419	7,089,005	5.9%	7,763,349	8,240,233	8,721,358	8,896,404	9,153,383
3.040	Supplies and Materials	1,639,066	1,351,229	1,280,847	-11.4%	1,744,665	1,825,741	1,860,275	1,895,643	1,931,868
3.050	Capital Outlay	671,987	332,565	433,340	-10.1%	750,000	995,000	1,200,000	875,000	875,000
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%	707,965	719,250	730,774	742,543	754,564
4.500	*Total Expenditures*	38,990,723	39,729,415	42,389,661	4.3%	44,656,605	47,894,596	51,348,237	53,657,872	56,448,459
	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	*Total Other Financing Uses*	323,171	526,932	571,487	35.8%	700,000	450,000	450,000	450,000	450,000
5.050	*Total Expenditures and Other Financing Uses*	39,313,894	40,256,347	42,961,148	4.6%	45,356,605	48,344,596	51,798,237	54,107,872	56,898,459
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	955,736	4,048,621	1,572,592	131.2%	2,537,748	-1,686,079	-4,534,742	-6,610,779	-8,996,334
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	28,432,680	26,746,601	22,211,859	15,601,080
7.020	*Cash Balance June 30*	20,273,719	24,322,340	25,894,932	13.2%	28,432,680	26,746,601	22,211,859	15,601,080	6,604,745
8.010	*Estimated Encumbrances June 30*	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	*Subtotal*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	18,778,620	22,995,350	24,473,489	14.4%	27,011,237	25,325,158	20,790,416	14,179,637	5,183,302
	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	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	18,778,620	22,995,350	24,473,489	14.4%	27,011,237	25,325,158	20,790,416	14,179,637	5,183,302

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				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	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	*Unreserved Fund Balance June 30*	18,778,620	22,995,350	24,473,489	14.4%	27,011,237	25,325,158	20,790,416	14,179,637	5,183,302

Bexley City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
May 10, 2023

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

May 2023 Updates:

<u>Revenues FY23</u>

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $823 thousand or 1.75% higher than the November forecasted amount of $27.34 million. This indicates the November forecast was 98.25% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 57.87% and are estimated to be $27.59 million, which is $249 thousand higher for FY23 than the original November estimate of $27.34 million.

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 $4.56 million, which is $20 thousand lower than the original estimate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are up $235 thousand over original estimates, primarily due to investment interest received by the district, which are somewhat unpredictable year to year.

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

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $44.66 million for FY23, which is on target with the original estimate for the November forecast.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures ending mostly on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $27.01 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the 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 84.30% of our resources, which are predominately local property taxes equating to 57.87% 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 15.68% 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 and guarantees are 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. The current proposed state budget for FY24-25, HB33 was introduced on Feb. 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

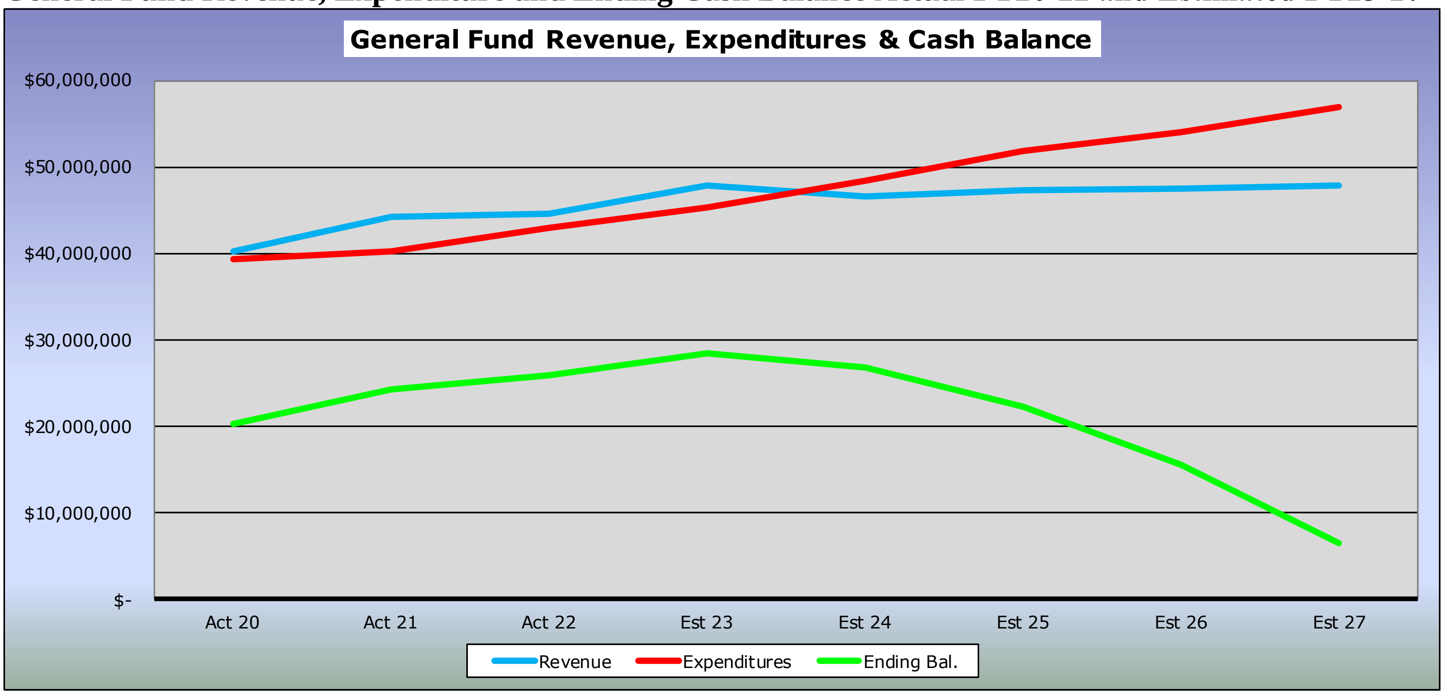
9. The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat $125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would

also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing in regard to HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

10. 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.

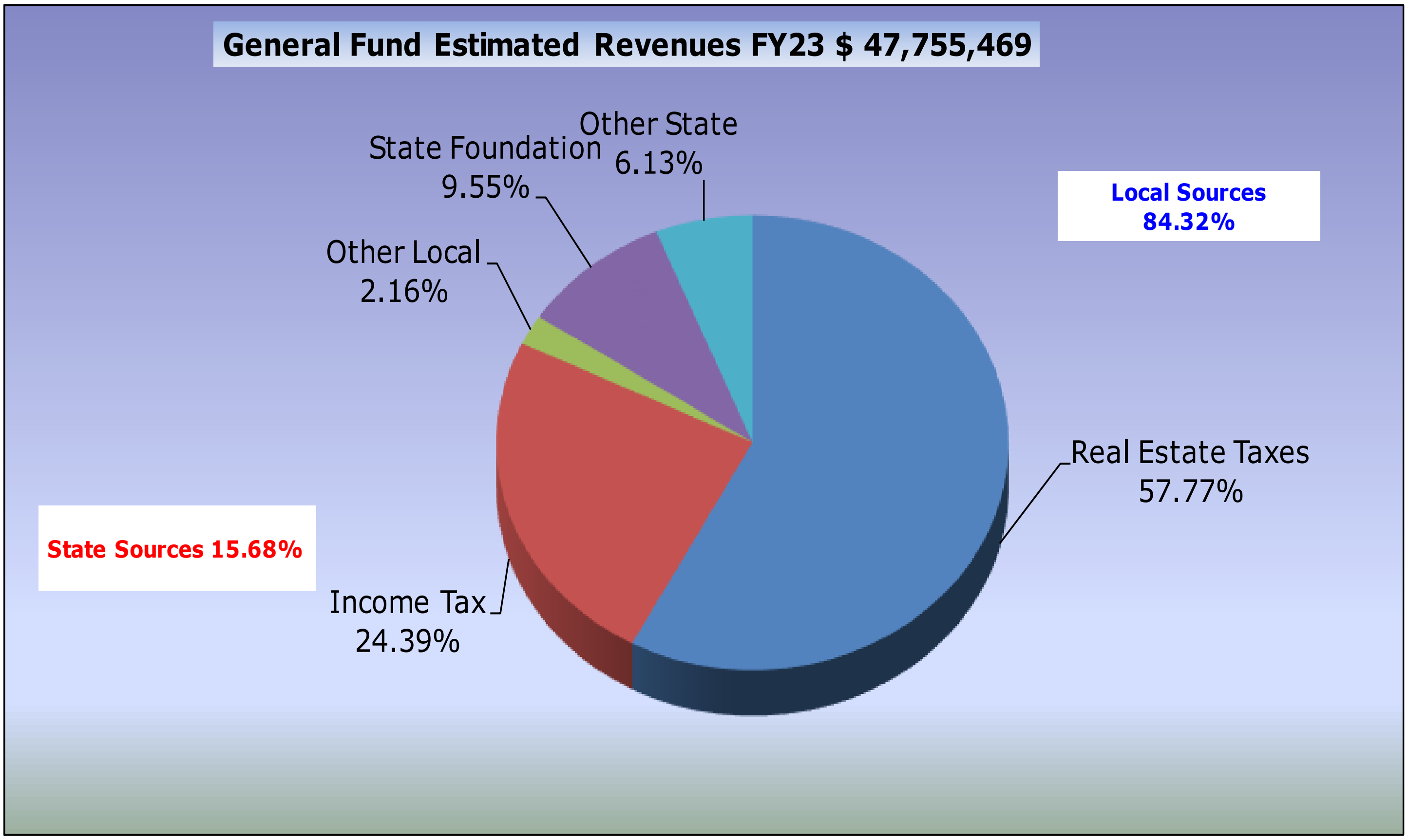
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district, to review the assumptions 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 20% and Class II of 10%.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$636,367,010	$765,890,412	$768,242,202	$769,492,202	$832,301,578
Comm./Ind.	$23,848,640	$27,062,194	$27,207,194	$27,352,194	$28,864,804
Public Utility Personal Property (PUPP)	$7,400,240	$7,550,240	$7,700,240	$7,850,240	$8,000,240
Total Assessed Value	$667,615,890	$800,502,846	$803,149,636	$804,694,636	$869,166,622

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 46.03% 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.

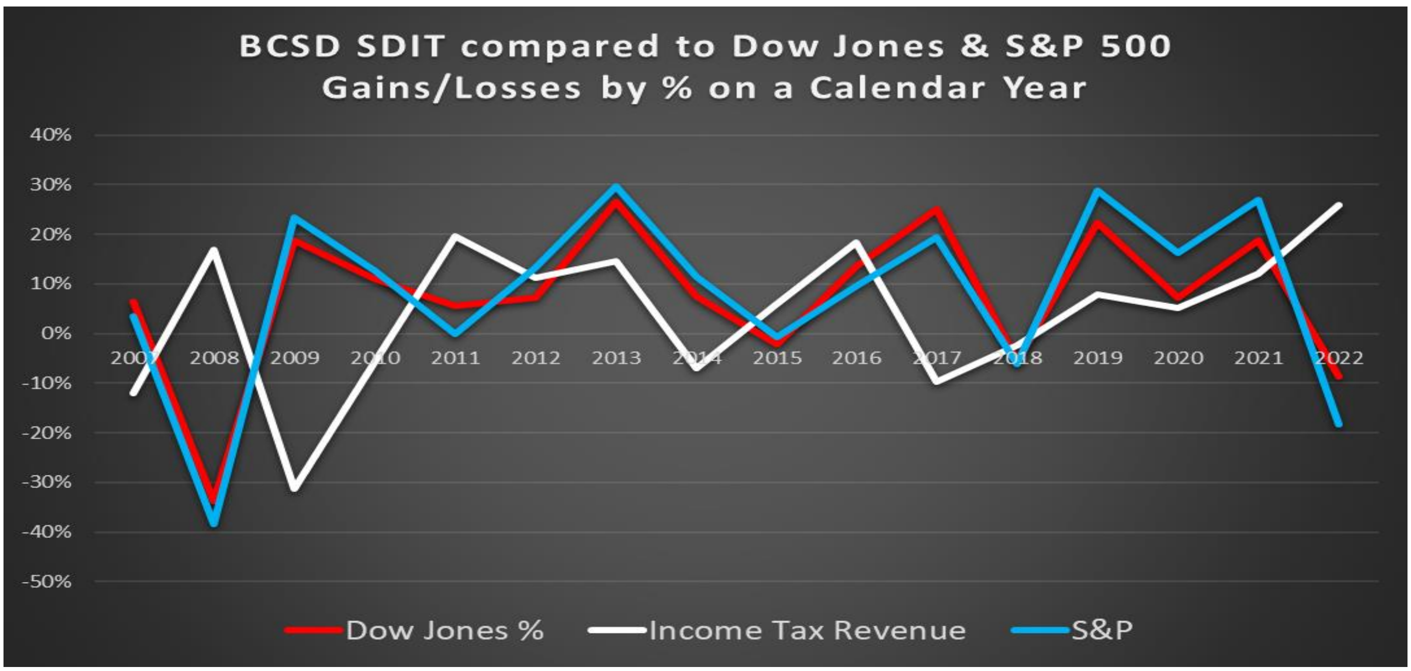
ESTIMATED REAL ESTATE TAX (Line #1.010)

Category	FY23	FY24	FY25	FY26	FY27
General Property Taxes	$27,590,591	$28,004,358	$28,435,360	$28,536,725	$28,783,869

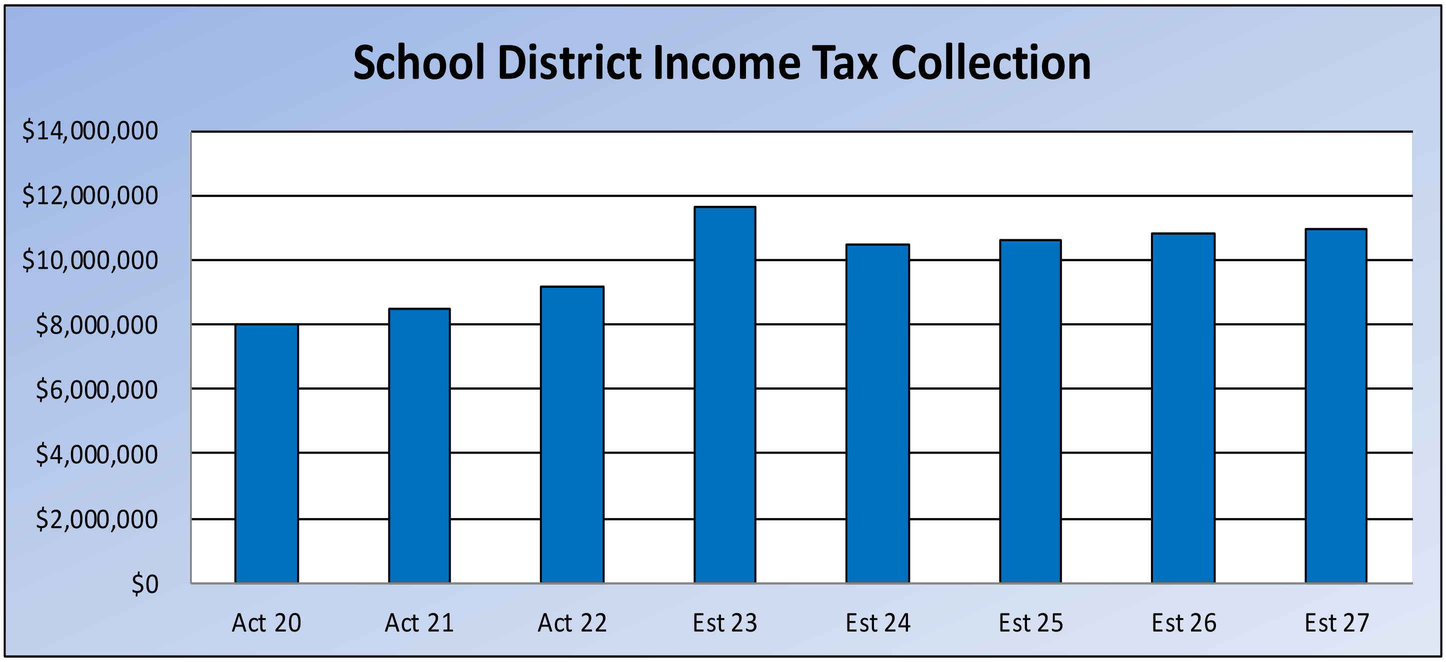
School District Income Tax Collections – Line #1.030

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

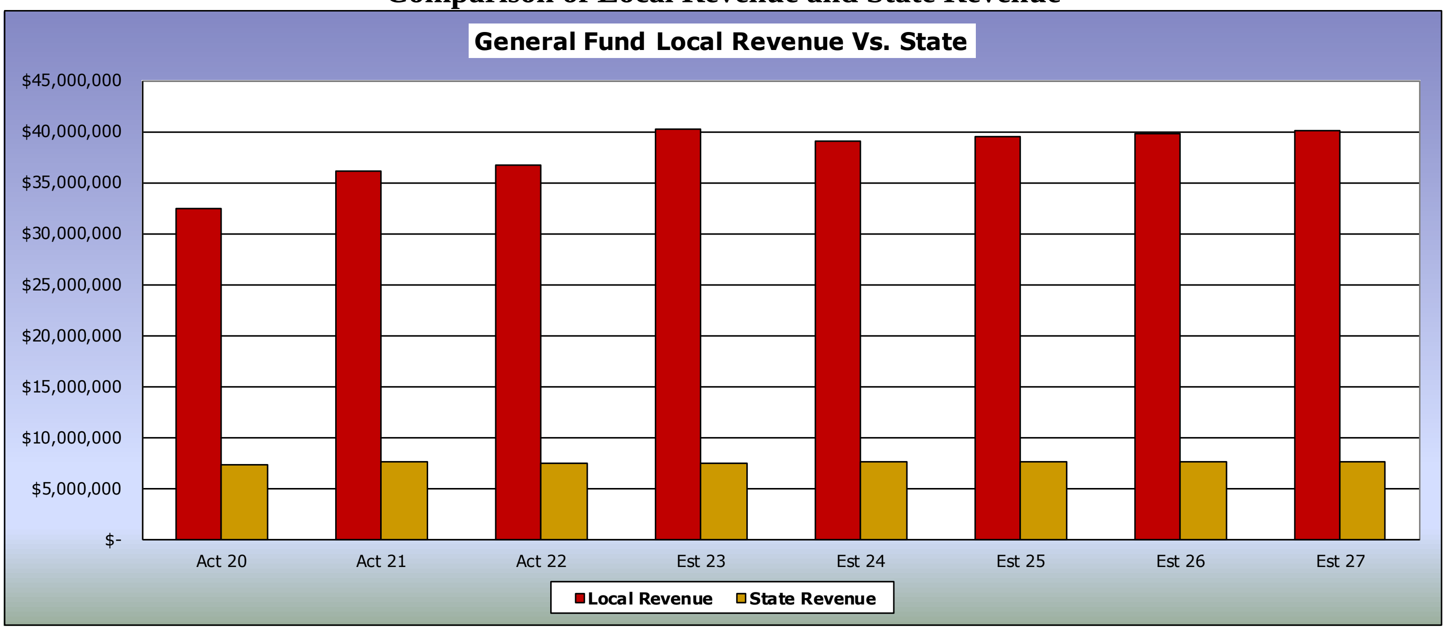
As we move into post-pandemic economic times, we are seeing that income tax collections are beginning to increase with the economic recovery. Our income tax in FY22 was up 8.17% over FY21. We experienced an annual growth rate of 26.89% for FY23, we believe that there are some unusual increases in FY23 which we believe will only happen in FY23, therefore we are using a 10% decrease for FY24 and 1.5% increase 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 the November 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.



Category	FY23	FY24	FY25	FY26	FY27
SDIT Collection	$9,179,798	$11,648,558	$10,483,702	$10,640,958	$10,800,572
Increases/(Decreases)	$2,468,760	($1,164,856)	$157,256	$159,614	$162,009
Total to Line #1.030	$11,648,558	$10,483,702	$10,640,958	$10,800,572	$10,962,581



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

Unrestricted State Foundation Revenue– Line #1.035
The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the April #1 2023 foundation settlement and adjustments from FY22.

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

<u>Base Cost Approach- Unrestricted Basic Aid Foundation Funding</u>

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district 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)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>

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 will 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. Phase-in increases are limited to 0% for FY22 and 33.33% in FY23.
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, were moved as a part of DPIA funding, which is restricted funding and will be spent on same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

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 consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 but has now been included in the overall phase in at 33.33% in FY23. Transportation categorical funds will not be subject to phase-in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get 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)
April #1 Payment, Data as of 03/27/2023

	Base State Funding	Calculated State Funding	Phase-In Funding	State Funding
State Support				
Base Cost	$3,451,890.78	$904,273.61	($849,120.80)	$2,602,769.98
Targeted Assistance	$0.00	$0.00	$0.00	$0.00
Special Education	$321,936.81	$151,878.40	($56,680.47)	$265,256.34
Disadvantaged Pupil Impact Aid (DPIA)	$2,510.84	$2,691.38	$60.17	$2,571.01
English Learners	$5,746.70	$1,866.83	($1,293.16)	$4,453.54
Gifted	$117,656.02	$37,710.22	($26,645.94)	$91,010.08
Career Technical Education	$10,248.91	$2,827.65	($2,473.51)	$7,775.40
Total Foundation Funding	**$3,909,990.06**	**$1,101,248.09**	**($936,153.71)**	**$2,973,836.35**
Temporary Transitional Aid Guarantee				$936,153.71
Supplemental Targeted Assistance				$0.00
Transportation				$194,805.02
Formula Transition Supplement				$25,021.95
Total Formula Funding				**$4,129,817.03**

Future State Budgets Projections beyond FY23

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

<u>Unrestricted Basic Aid Foundation Funding</u>

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

<u>Unrestricted Categorical State Aid</u>

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

<u>Restricted Categorical State Aid</u>

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

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

Casino Revenue

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 $64.79 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

A) Unrestricted State Foundation Revenue – Line #1.035

Category	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$3,872,383	$3,871,293	$3,871,293	$3,871,293	$3,871,293
Additional Aid Items	$232,635	$232,635	$232,635	$232,635	$232,635
Basic Aid-Unrestricted Subtotal	$4,105,018	$4,103,928	$4,103,928	$4,103,928	$4,103,928
Ohio Casino Commission ODT	$161,578	$164,818	$168,114	$171,477	$174,906
Total Unrestricted State Aid Line # 1.035	$4,266,596	$4,268,746	$4,272,042	$4,275,405	$4,278,834

B) 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 FY23Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.34% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Category	FY23	FY24	FY25	FY26	FY27
DPIA	$2,571	$2,571	$2,571	$2,571	$2,571
Career Tech - Restricted	$7,775	$7,775	$7,775	$7,775	$7,775
Gifted	$91,010	$91,010	$91,010	$91,010	$91,010
ESL	$4,454	$4,454	$4,454	$4,454	$4,454
Student Wellness	$126,188	$126,188	$126,188	$126,188	$126,188
Catastrophic Aid	$60,000	$60,000	$60,000	$60,000	$60,000
Total Restricted State Revenues Line #1.040	$291,998	$291,998	$291,998	$291,998	$291,998

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundaton Revenues	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$4,266,596	$4,268,746	$4,272,042	$4,275,405	$4,278,834
Restricted Line # 1.040	$291,998	$291,998	$291,998	$291,998	$291,998
Total State Foundation Revenue	$4,558,594	$4,560,744	$4,564,040	$4,567,403	$4,570,832

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

Category	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$2,927,248	$2,954,229	$3,011,899	$3,020,891	$3,049,022
Total Tax Reimb./Prop. Tax Allocations #1.050	$2,927,248	$2,954,229	$3,011,899	$3,020,891	$3,049,022

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 $625,000 in FY23 with a decrease in FY24 of $175,000 and slight 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.

Category	FY23	FY24	FY25	FY26	FY27
Tuition	$5,000	$5,000	$5,000	$5,000	$5,000
Interest	$625,000	$450,000	$405,000	$364,500	$328,050
Other Income and rentals	$400,479	$75,483	$76,238	$77,001	$77,771
Total Line # 1.060	$1,030,479	$530,483	$486,238	$446,501	$410,821

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.

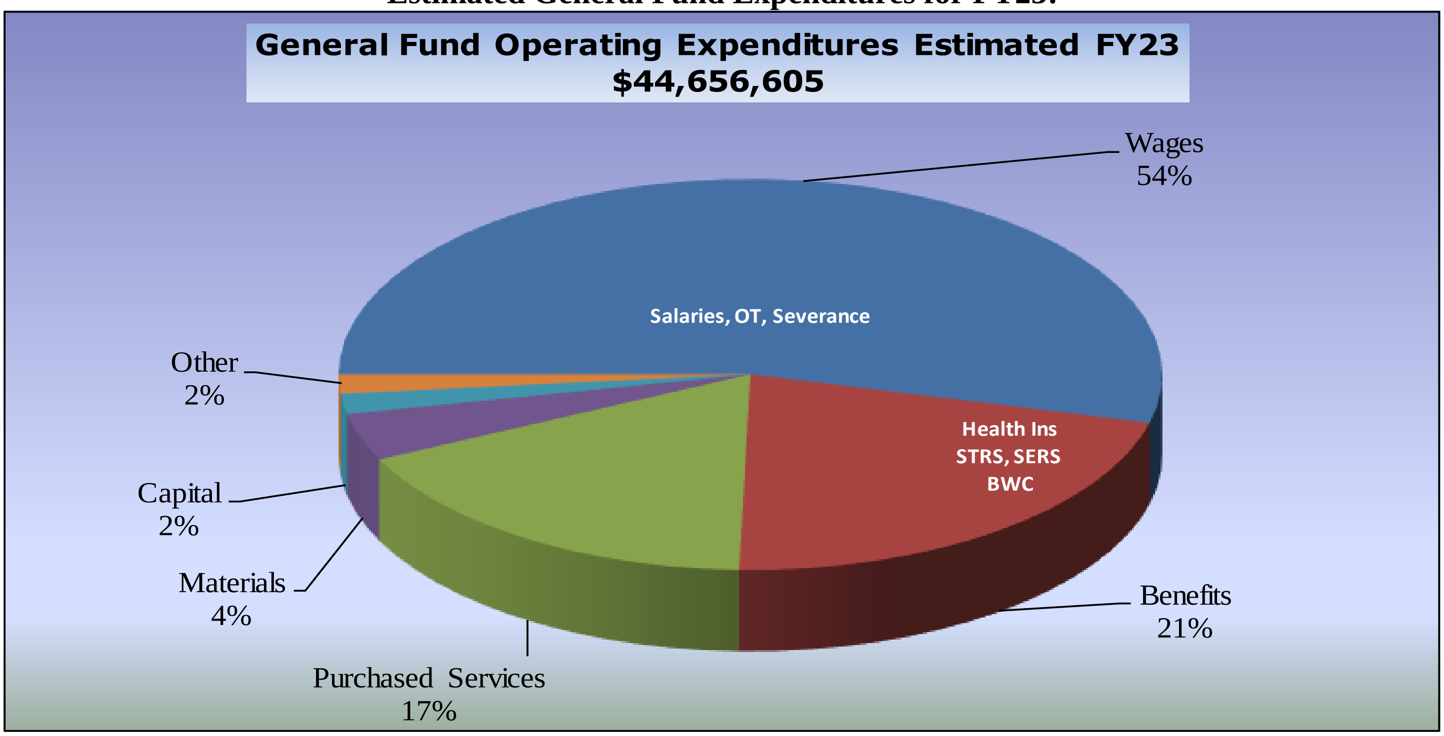
Category	FY23	FY24	FY25	FY26	FY27
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$90,487	$100,000	$100,000	$100,000	$100,000
Total Transfer & Advances In	$90,487	$100,000	$100,000	$100,000	$100,000

All Other Financial Sources – Line #2.060
Refund of Prior year expenses which are for refunds that the district has received, FY23 is based on actual refunds with a decrease for FY24 and futures years of the forecast.

Category	FY23	FY24	FY25	FY26	FY27
Refund of prior years expenditures	$48,396	$25,000	$25,000	$25,000	$25,000

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 3.0% 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.

Category	FY23	FY24	FY25	FY26	FY27
Base Wages	$22,109,280	$23,089,631	$24,730,639	$26,517,593	$28,129,017
Base Increase	$552,732	$620,732	$692,689	$741,919	$795,528
Steps	$523,508	$602,695	$644,230	$689,423	$730,238
Growth	$1,179,804	$733,894	$651,790	$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	($1,275,693)	($316,313)	($201,755)	($219,601)	($223,993)
Total Wages Line 3.010	$24,107,814	$25,769,186	$27,576,911	$29,209,521	$30,888,820

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.

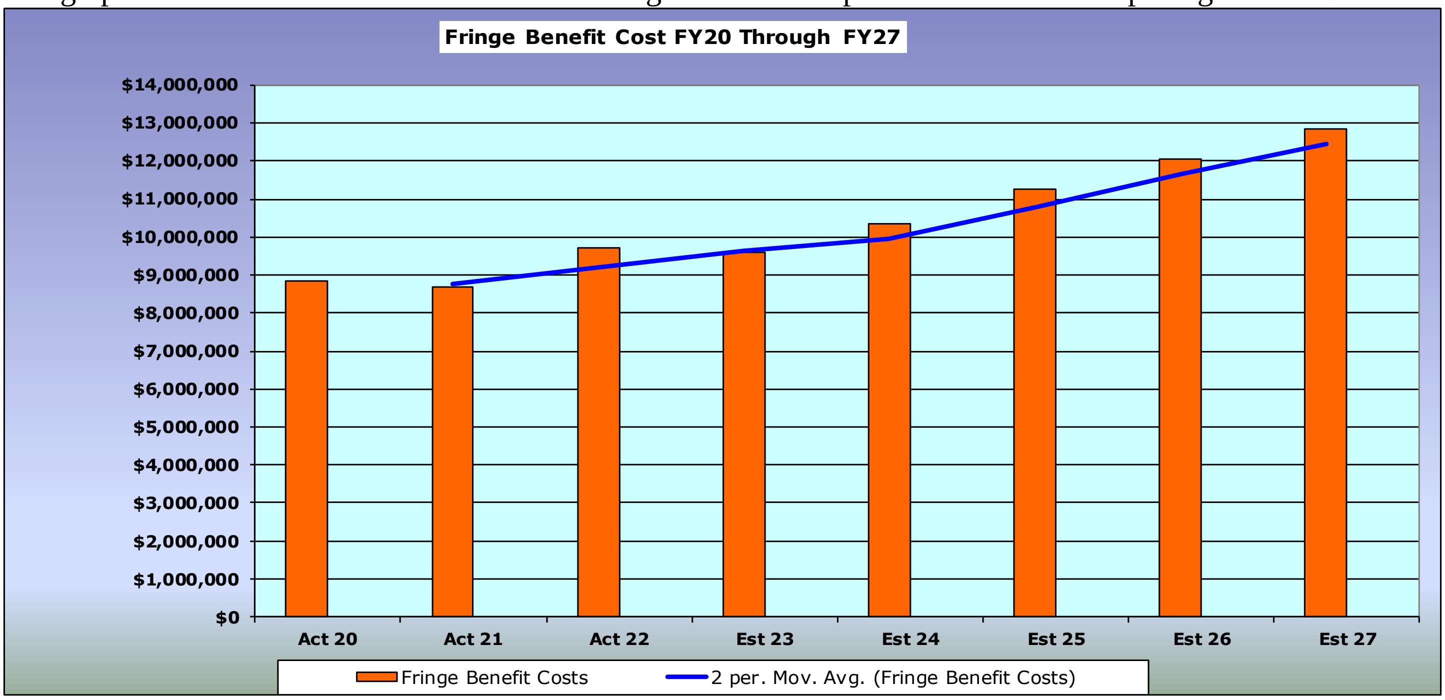
E) Other/Tuition
Increase of tuition for staff and administrators that are furthering their education.

Summary of Fringe Benefits – Line #3.020

Category	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$3,679,693	$4,041,898	$4,327,248	$4,590,991	$4,857,746
B) Insurance's	$5,327,786	$5,694,562	$6,286,609	$6,769,892	$7,275,446
C) Workers Comp/Unemployment	$143,004	$152,307	$162,431	$171,573	$180,977
D) Medicare	$349,563	$373,652	$399,866	$423,538	$447,888
E) Other/Tuition	$82,766	$82,766	$82,766	$82,766	$82,766
Total Line 3.020	$9,582,811	$10,345,186	$11,258,919	$12,038,760	$12,844,823

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 with an additional $100K 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 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 $375,000 beginning in FY25. The current lease ends 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 students learning.

The costs that are associated with the strategic plan have not been finalized, however, we are estimating that the master facilities planning will cost $200,000 in FY24. We are also including $150,000 for strategic plan audits, consulting, and professional development in FY24 with reduction of $50,000 in FY25.

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 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.

Category	FY23	FY24	FY25	FY26	FY27
Base Services	$218,802	$225,366	$232,127	$239,091	$246,264
Instructional Support	$1,285,519	$1,343,367	$1,503,819	$1,548,934	$1,595,402
Professional Support	$2,137,906	$2,191,354	$2,185,181	$2,153,885	$2,196,963
Building Maintenance & Transportation	$2,383,057	$2,630,718	$2,858,332	$2,915,499	$2,973,809
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	$815,322	$880,548	$924,575	$970,804	$1,019,344
Total Line 3.030	$7,763,349	$8,240,233	$8,721,358	$8,896,404	$9,153,383

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.

Category	FY23	FY24	FY25	FY26	FY27
Supplies	$963,708	$1,011,893	$1,022,012	$1,032,232	$1,042,554
Textbook Upgrade-Electronic or Textbook	$307,808	$317,042	$326,553	$336,350	$346,441
Building and Transportation	$473,149	$496,806	$511,710	$527,061	$542,873
Total Line 3.040	$1,744,665	$1,825,741	$1,860,275	$1,895,643	$1,931,868

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 strategic plan is including equipment needs for collaborative learning spaces which will be an increase of

$200,000 in FY25. The district is expecting to purchase one bus in FY23 partially paid with state bus funding, FY24 and FY25.

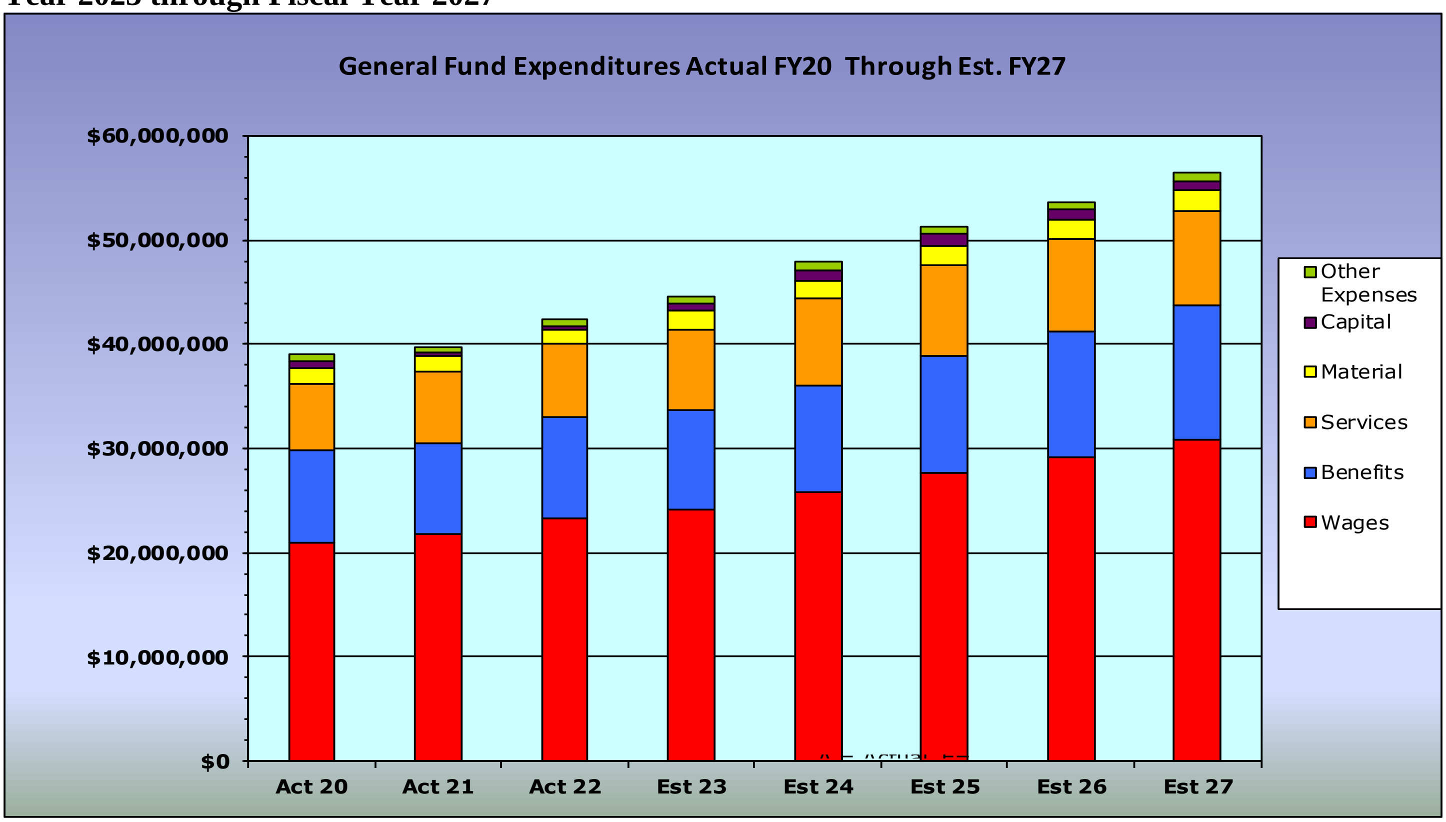
Category	FY23	FY24	FY25	FY26	FY27
Capital Outlay	$687,410	$875,000	$1,075,000	$875,000	$875,000
Replacement Bus Purchases	$62,590	$120,000	$125,000	$0	$0
Total Line 3.050	$750,000	$995,000	$1,200,000	$875,000	$875,000

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 plus an additional $27K in May for actual costs with annual increases per year of 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.

Category	FY23	FY24	FY25	FY26	FY27
Auditor & Treasurer Fees	$497,702	$502,679	$507,706	$512,783	$517,911
Other expenses	$210,263	$216,571	$223,068	$229,760	$236,653
Total Line 4.300	$707,965	$719,250	$730,774	$742,543	$754,564

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 though FY27 and an annual transfer of $250,000 to permanent improvement fund in FY23 then $50,000 in FY24 through FY27.

Category	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$600,000	$350,000	$350,000	$350,000	$350,000
Advances Out Line #5.020	$100,000	$100,000	$100,000	$100,000	$100,000
Total	$700,000	$450,000	$450,000	$450,000	$450,000

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	$1,421,443	$1,421,443	$1,421,443	$1,421,443	$1,421,443

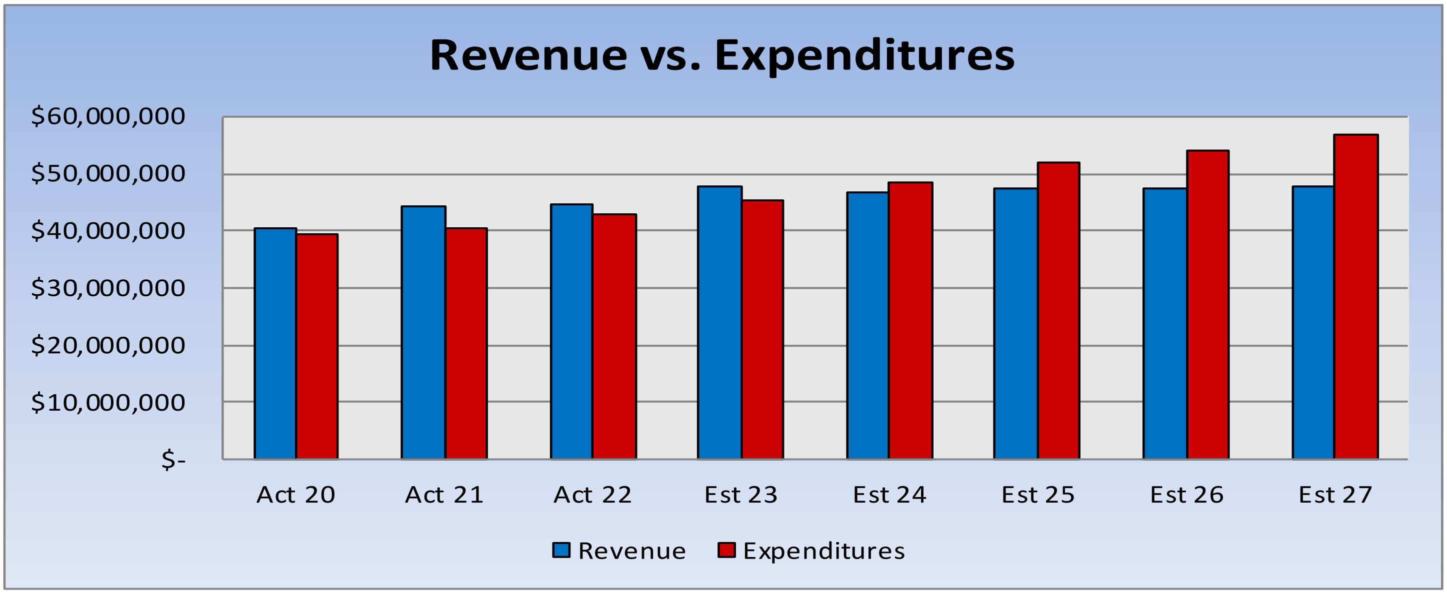
Ending Unreserved Cash Balance "The Bottom-line" – Line #15.010

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	$27,011,237	$25,325,158	$20,790,416	$14,179,637	$5,183,302

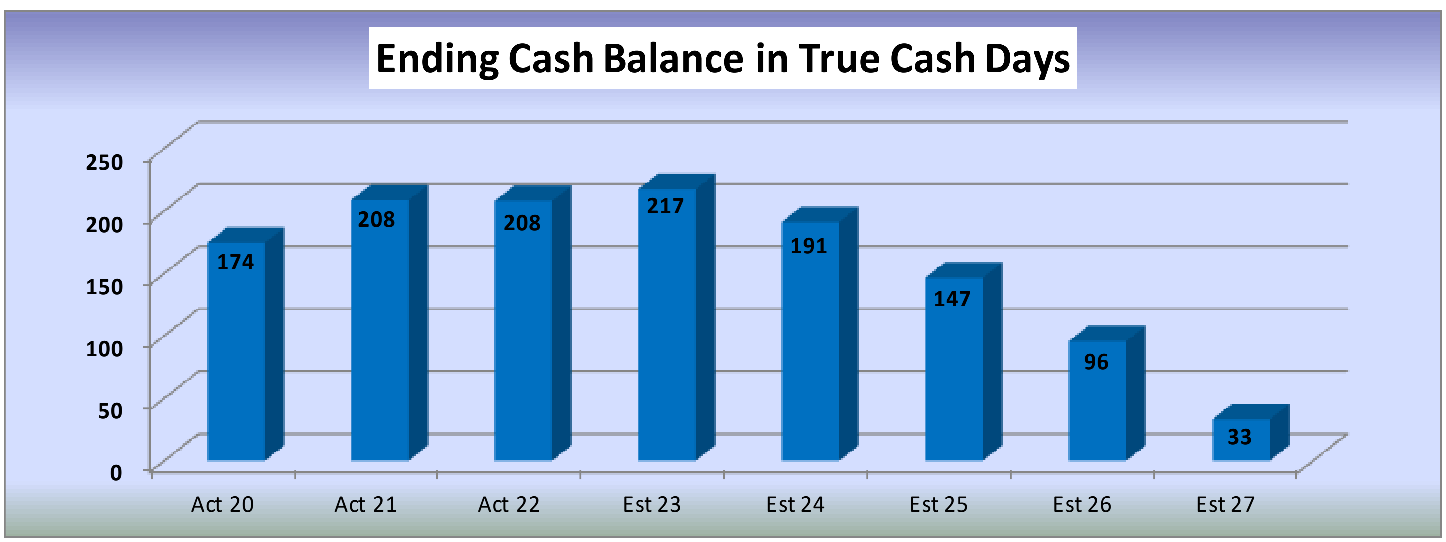
Revenue vs Expenditures with Deficit Spending

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 217 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 in the final stages as this forecast was completed. 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 : $200,000 total
- Professional Development : $200,000 spanning three years
- Plan Audits and Meeting expenses: $150,000 spanning three years
- Pilot Collaborative Learning Spaces: $200,000 in FY25.
- 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 HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, the next state funding will be closely monitored as HB33 moves through the legislative process for FY24-25. Furthermore, 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-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.