

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



**Forecast Provided By
Bath Local School District
Treasurer's Office**

November 21, 2023

Bath Local School District

Allen County

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

	Actual				Fiscal Year				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues									
1.010 General Property Tax (Real Estate)	6,574,474	6,958,935	7,261,019	5.1%	7,218,409	7,422,115	7,512,100	7,551,246	7,657,563
1.020 Public Utility Personal Property Tax	1,462,403	1,623,563	1,782,625	10.4%	1,873,028	1,906,331	1,923,209	1,946,647	1,963,329
1.030 Income Tax	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
1.035 Unrestricted State Grants-in-Aid	6,076,077	6,826,874	7,123,366	8.3%	7,954,497	8,303,353	8,305,809	8,308,314	8,310,869
1.040 Restricted State Grants-in-Aid	144,732	440,823	459,630	104.4%	554,255	554,255	554,255	554,255	554,255
1.045 Restricted Federal Grants-in-Aid	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
1.050 State Share of Local Property Taxes	982,586	933,576	920,385	-3.2%	899,795	907,368	920,301	922,973	936,252
1.060 All Other Revenues	1,894,772	601,211	781,514	-19.1%	753,291	728,389	706,482	687,274	670,502
1.070 Total Revenues	17,135,044	17,384,982	18,328,539	3.4%	19,253,275	19,821,811	19,922,156	19,970,709	20,092,770
Other Financing Sources									
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
2.020 State Emergency Loans (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040 Operating Transfers-In	-	-	0	0.0%	-	-	-	-	-
2.050 Advances-In	0	14,500	0	0.0%	0	20,000	20,000	20,000	20,000
2.060 All Other Financing Sources	296,614	8,586	195,117	1000.0%	4,314	2,000	2,000	2,000	2,000
2.070 Total Other Financing Sources	296,614	23,086	195,117	326.5%	4,314	22,000	22,000	22,000	22,000
2.080 Total Revenues and Other Financing Sources	17,431,658	17,408,068	18,523,656	3.1%	19,257,589	19,843,811	19,944,156	19,992,709	20,114,770
Expenditures									
3.010 Personal Services	9,280,152	9,715,363	10,278,341	5.2%	10,826,190	11,009,261	11,200,934	11,395,685	11,593,662
3.020 Employees' Retirement/Insurance Benefits	\$3,152,390	3,388,657	3,604,448	6.9%	3,863,914	\$4,060,941	\$4,267,616	\$4,488,791	\$4,725,525
3.030 Purchased Services	\$3,569,768	2,848,742	3,189,777	-4.1%	3,288,860	\$3,391,247	\$3,497,055	\$3,606,410	\$3,719,438
3.040 Supplies and Materials	360,699	383,003	455,394	12.5%	470,581	486,299	502,570	519,412	536,849
3.050 Capital Outlay	98,435	31,026	18,752	-54.0%	1,550,900	1,300,000	150,000	100,000	100,000
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-
Debt Service:									
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020 Principal-Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050 Principal-HB 264 Loans	44,998	45,000	44,936	-0.1%	45,000	\$45,000	\$0	\$0	\$0
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060 Interest and Fiscal Charges	3,746	2,914	2,081	-25.4%	1,295	\$509	\$0	\$0	\$0
4.300 Other Objects	\$269,312	283,093	297,409	5.1%	310,996	\$325,211	\$340,084	\$355,645	\$371,926
4.500 Total Expenditures	16,779,500	16,697,798	17,891,138	3.3%	20,357,736	20,618,468	19,958,259	20,465,943	21,047,400
Other Financing Uses									
5.010 Operating Transfers-Out	31,000	160,000	85,000	184.6%	50,000	\$50,000	\$50,000	\$50,000	\$50,000
5.020 Advances-Out	7,500	7,000	-	-53.3%	20,000	20,000	20,000	20,000	20,000
5.030 All Other Financing Uses	115	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.040 Total Other Financing Uses	38,615	167,000	85,000	141.7%	70,000	70,000	70,000	70,000	70,000
5.050 Total Expenditures and Other Financing Uses	16,818,115	16,864,798	17,976,138	3.4%	20,427,736	20,688,468	20,028,259	20,535,943	21,117,400
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	613,543	543,270	547,518	-5.3%	(1,170,147)	(844,657)	(84,103)	(543,234)	(1,002,630)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	14,090,443	14,703,986	15,247,256	4.0%	15,794,774	14,624,627	13,779,970	13,695,868	13,152,634
7.020 Cash Balance June 30	14,703,986	15,247,256	15,794,774	3.6%	14,624,627	13,779,970	13,695,868	13,152,634	12,150,004
8.010 Estimated Encumbrances June 30	109,063	291,055	138,738	57.3%	125,000	125,000	125,000	125,000	125,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-
Fund Balance June 30 for Certification of Appropriations	14,594,923	14,956,201	15,656,036	3.6%	14,499,627	13,654,970	13,570,868	13,027,634	12,025,004

Bath Local School District

Allen County

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

	Actual			Average Change	Fiscal Year				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	-			0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-			0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies	-			0.0%	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	14,594,923	14,956,201	15,656,036	3.6%	14,499,627	13,654,970	13,570,868	13,027,634	12,025,004
Revenue from New Levies									
13.010 Income Tax - New				0.0%	\$0	\$0	\$0	\$0	\$0
13.020 Property Tax - New				0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	14,594,923	14,956,201	15,656,036	3.6%	14,499,627	13,654,970	13,570,868	13,027,634	12,025,004

Bath Local School District – Allen County
Notes to the Five Year Forecast
General Fund Only
November 21, 2023

Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is 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 ODE 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.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

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-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

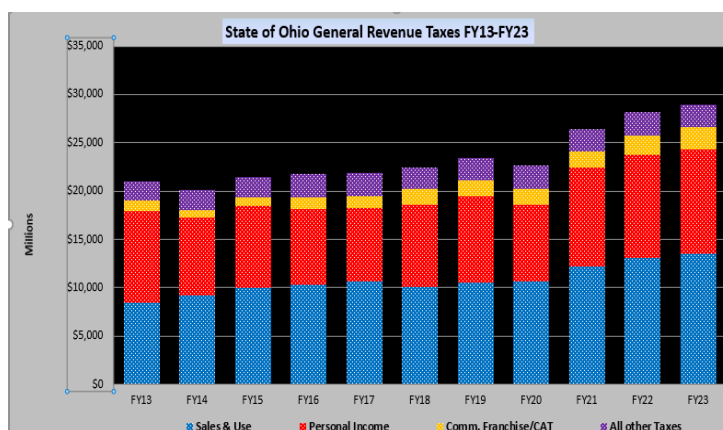
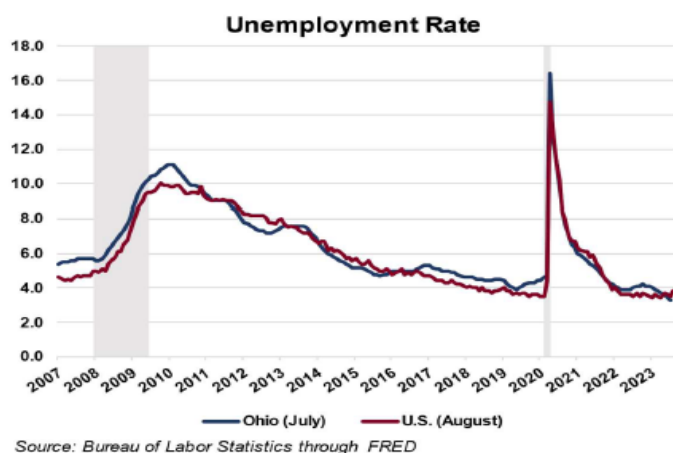
Economic Outlook

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

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

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

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



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

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

Forecast Risks and Uncertainty:

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

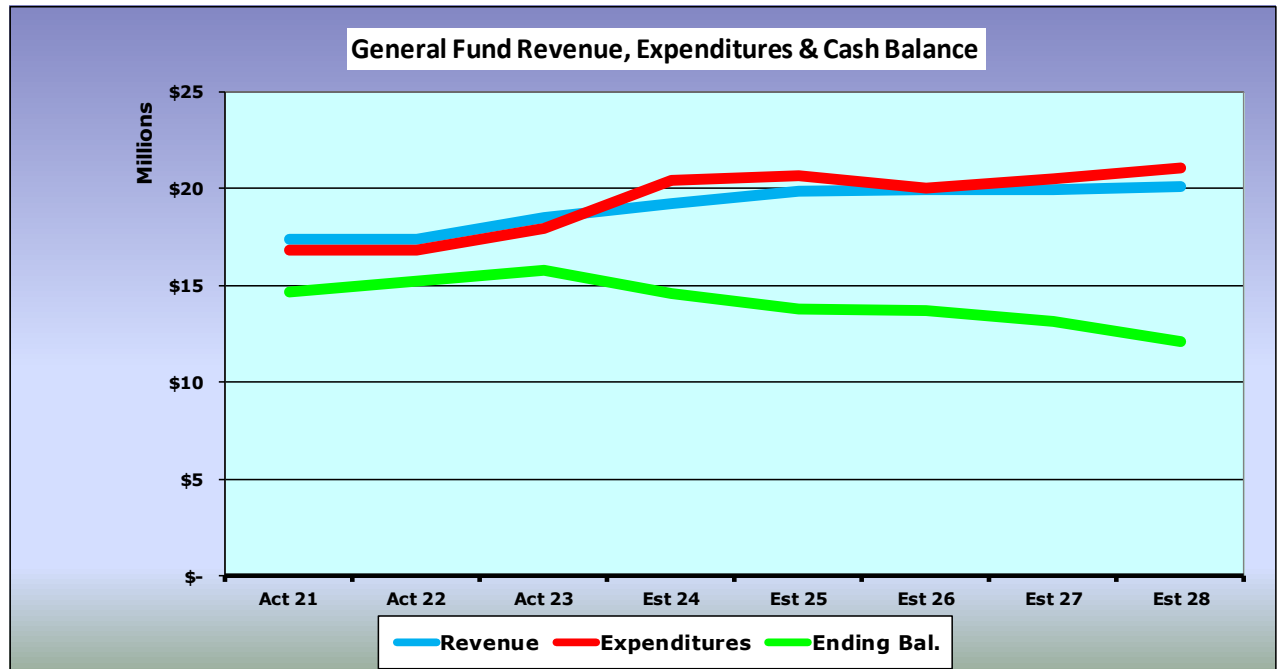
- I. Allen County experienced a full reappraisal in tax year 2021, collected in fiscal year 2022. The update resulted in a 15.67% increase in Class I – Residential/Agricultural values and a 12% increase in Class II – Commercial/Industrial values. Allen County will go through an appraisal update in tax year 2024 to be collected in fiscal year 2025. We are conservatively estimating a 3% increase in Residential/Agricultural values and no significant change in Class II – Commercial/Industrial values. There is a minor risk that the district could sustain an overall reduction in values in the next reappraisal but we do not anticipate that at this time. However, House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2024 reappraisal and potentially the 20 mill floor. We are a 20 mill floor district for both Class I and II property and we are watching these proposals very carefully and will adjust the forecast pending their outcome.
- II. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.
- III. The State Budget represents 48.9% of district revenues and is an area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
- V. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges today. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The financial forecast presents, to the best of the Bath Local School District Board of Education's knowledge and belief, the expected revenues, expenditures, and operating balance of the General Fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

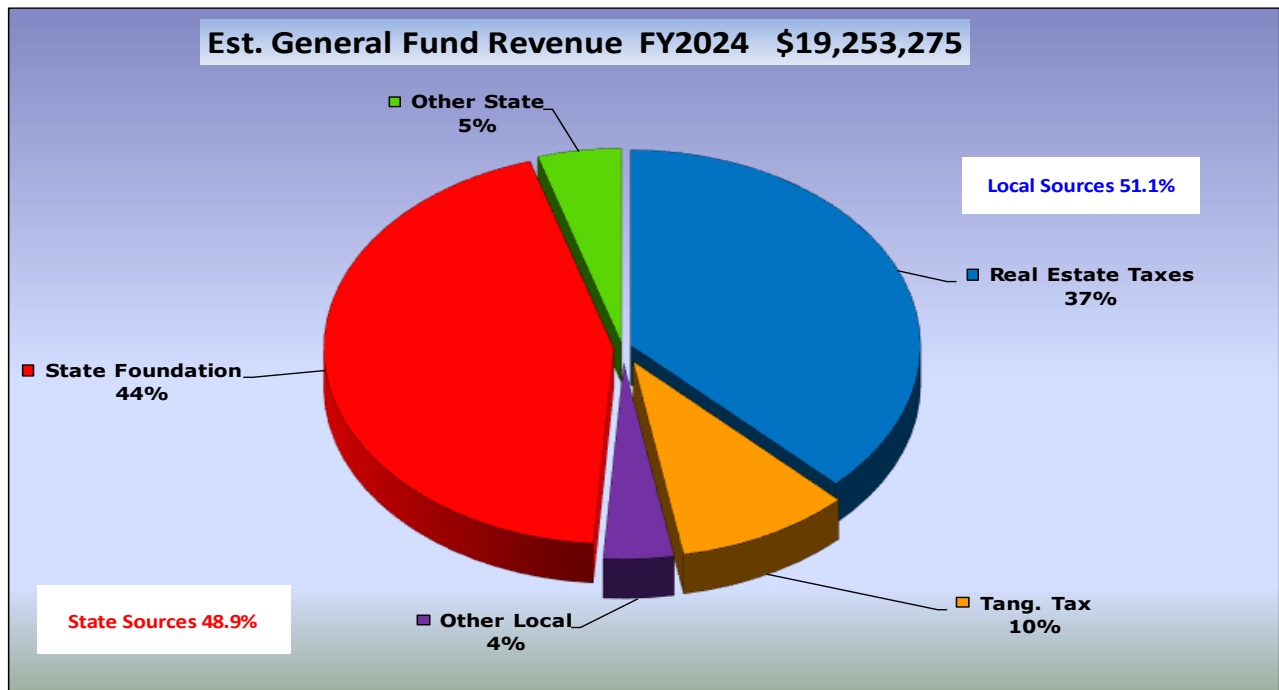
The major Line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact the Treasurer's Office at 419-221-0807.

General Fund Revenue, Expenditure and Ending Cash Balance

The graph below shows in summary the forecasted revenue, expenses and ending balance of the district's General Fund for the period FY24-28, with actual data provided for FY21-23.



Revenue Assumptions



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.

Allen County experienced a full reappraisal in tax year 2021, collected in fiscal year 2022. The update resulted in a 15.67% increase in Class I – Residential/Agricultural values and a 12% increase in Class II – Commercial/Industrial values. Allen County will go through an appraisal update in tax year 2024 to be collected in fiscal year 2025. We are conservatively estimating a 3% increase in Residential/Agricultural values and no significant change in Class II – Commercial/Industrial values. When values increase in our district we will see an increase in taxes on our fixed rate levies because they are at the 20 mill floor and cannot be reduced below that according to Ohio law. Our district is at the 20 mill floor for both Class I and II property.

House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2024 reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

Tangible Personal Property (TPP) values decreased to \$-0- for 2011 as a result of HB 66 effective July 1, 2005. Public Utility Personal Property (PUPP) values are expected to increase \$750,000 a year for the forecast period.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
<u>Classification</u>	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	\$203,792,820	\$210,406,604	\$210,906,604	\$211,406,604	\$218,248,802
Comm./Ind.	69,637,078	70,735,263	71,485,263	72,235,263	73,346,440
Public Utility Personal Property (PUPP)	<u>63,235,340</u>	<u>63,985,340</u>	<u>64,735,340</u>	<u>65,485,340</u>	<u>66,235,340</u>
Total Assessed Value	<u>\$336,665,238</u>	<u>\$345,127,208</u>	<u>\$347,127,208</u>	<u>\$349,127,208</u>	<u>\$357,830,582</u>

Estimated Real Estate Tax (Line #1.010)

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Real Estate Taxes to Line #1.010	<u>\$7,218,409</u>	<u>\$7,422,115</u>	<u>\$7,512,100</u>	<u>\$7,551,246</u>	<u>\$7,657,563</u>

Property tax levies are estimated to be collected at 100% of the annual amount due to the historically low delinquency rate. In general 56.1% of the Res/Ag and Comm/Ind. taxes are expected to be collected in February tax settlements and 43.9% collected in August tax settlements. Public Utility Personal Property (PUPP taxes) is estimated to be received 50% in February and 50% in August settlement from the County Auditor. As previously noted, general personal property tax TPP ceased to be collected after FY11.

Estimated Public Utility Personal Property Tax – Line #1.020

The amounts noted on Line 1.02 in the forecast are public utility personal property taxes (PUPP) which jumped in 2022 by \$7.6 million in values. Collections are expected to increase each year of the forecast as a result and are expected to increase slightly each year according to historic trends.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Public Utility Taxes to Line # 1.020	<u>\$1,873,028</u>	<u>\$1,906,331</u>	<u>\$1,923,209</u>	<u>\$1,946,647</u>	<u>\$1,963,329</u>

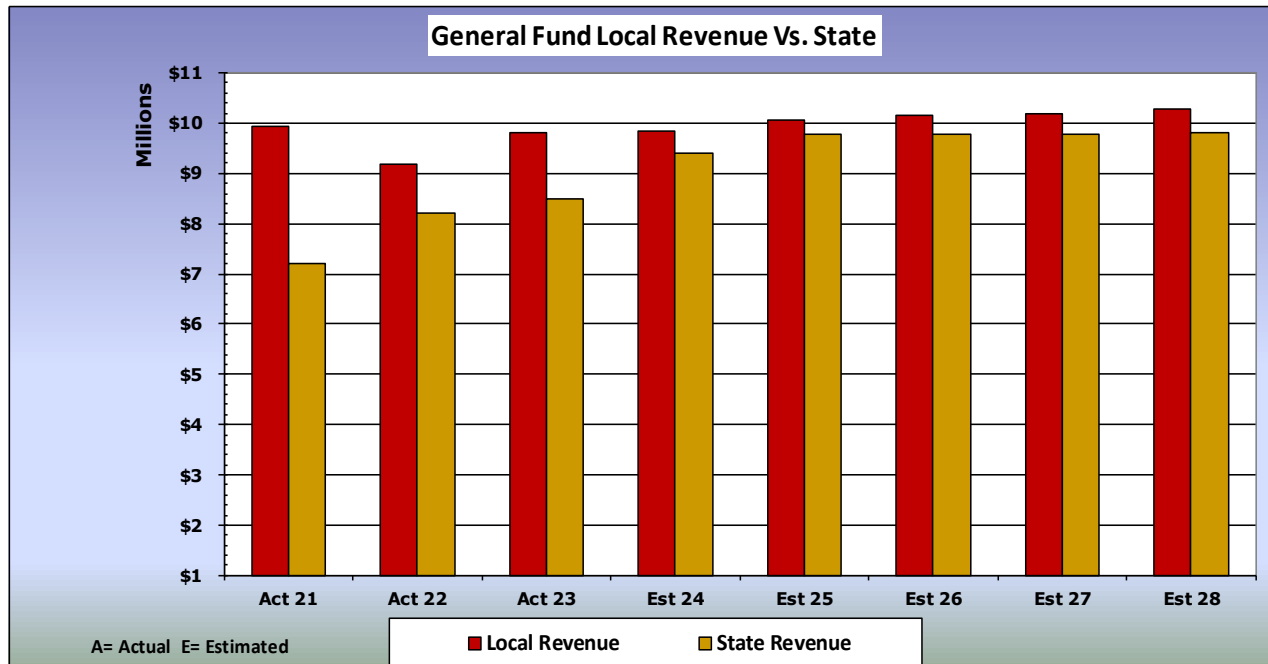
Renewal of Property Tax Levy – Line #11.020

On May 2, 2023 the district renewed the 11.47 mill emergency levy that was expiring on December 31, 2024. The levy was renewed as a substitute emergency levy for a continuing period and will not expire in the future.

School District Income Tax – Line #1.03

The school district has no income tax levy at this time.

Comparison of Local Revenue and State Revenue:



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to be in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts

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

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

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

The current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)

5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
4. When the weighted values are calculated and Items 1. through 3. above added together, the total is then multiplied by a Local Share Multiplier Index ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all districts' calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding, DPIA is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase-in increases are limited to 50% for FY24 and 66.67% in FY25.

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 – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) “Formula Transition Aid,” 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

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

Casino Revenue

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

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

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Basic Aid-Unrestricted	\$7,588,534	\$7,947,606	\$7,947,606	\$7,947,606	\$7,947,606
Additional Aid Items	<u>245,573</u>	<u>232,949</u>	<u>232,949</u>	<u>232,949</u>	<u>232,949</u>
Basic Aid-Unrestricted Subtotal	7,834,107	8,180,555	8,180,555	8,180,555	8,180,555
Ohio Casino Commission ODT	<u>120,390</u>	<u>122,798</u>	<u>125,254</u>	<u>127,759</u>	<u>130,314</u>
Total Unrestricted State Aid Line # 1.035	<u>\$7,954,497</u>	<u>\$8,303,353</u>	<u>\$8,305,809</u>	<u>\$8,308,314</u>	<u>\$8,310,869</u>

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. We have estimated revenues for

these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
DPIA	\$218,084	\$218,084	\$218,084	\$218,084	\$218,084
Career Tech - Restricted	0	0	0	0	0
Gifted	66,938	66,938	66,938	66,938	66,938
ESL	3,470	3,470	3,470	3,470	3,470
Student Wellness	<u>265,763</u>	<u>265,763</u>	<u>265,763</u>	<u>265,763</u>	<u>265,763</u>
Total Restricted State Revenues Line #1.040	<u>\$554,255</u>	<u>\$554,255</u>	<u>\$554,255</u>	<u>\$554,255</u>	<u>\$554,255</u>

C) Restricted Federal Grants in Aid – line #1.045

There is no restricted federal funding estimated in this forecast.

<u>SUMMARY</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Unrestricted Line # 1.035	\$7,954,497	\$8,303,353	\$8,305,809	\$8,308,314	\$8,310,869
Restricted Line # 1.040	554,255	554,255	554,255	554,255	554,255
Rest. Fed. Grants Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$8,508,752</u>	<u>\$8,857,608</u>	<u>\$8,860,064</u>	<u>\$8,862,569</u>	<u>\$8,865,124</u>

State Share of Local Property Tax – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 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 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

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

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Rollback and Homestead	<u>\$899,795</u>	<u>\$907,368</u>	<u>\$920,301</u>	<u>\$922,973</u>	<u>\$936,252</u>
Tax Reimb./Prop. Tax Allocations #1.050	<u>\$899,795</u>	<u>\$907,368</u>	<u>\$920,301</u>	<u>\$922,973</u>	<u>\$936,252</u>

Other Local Revenues – Line #1.060

The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid.

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

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Interest	294,861	265,375	238,838	214,954	193,459
Tuition SF6, SF-14 & SF-14H	108,428	109,512	110,607	111,713	112,830
Other Income, Medicare Reimb. and rentals	<u>350,002</u>	<u>353,502</u>	<u>357,037</u>	<u>360,607</u>	<u>364,213</u>
Total Other Local Revenue Line #1.060	<u>\$753,291</u>	<u>\$728,389</u>	<u>\$706,482</u>	<u>\$687,274</u>	<u>\$670,502</u>

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

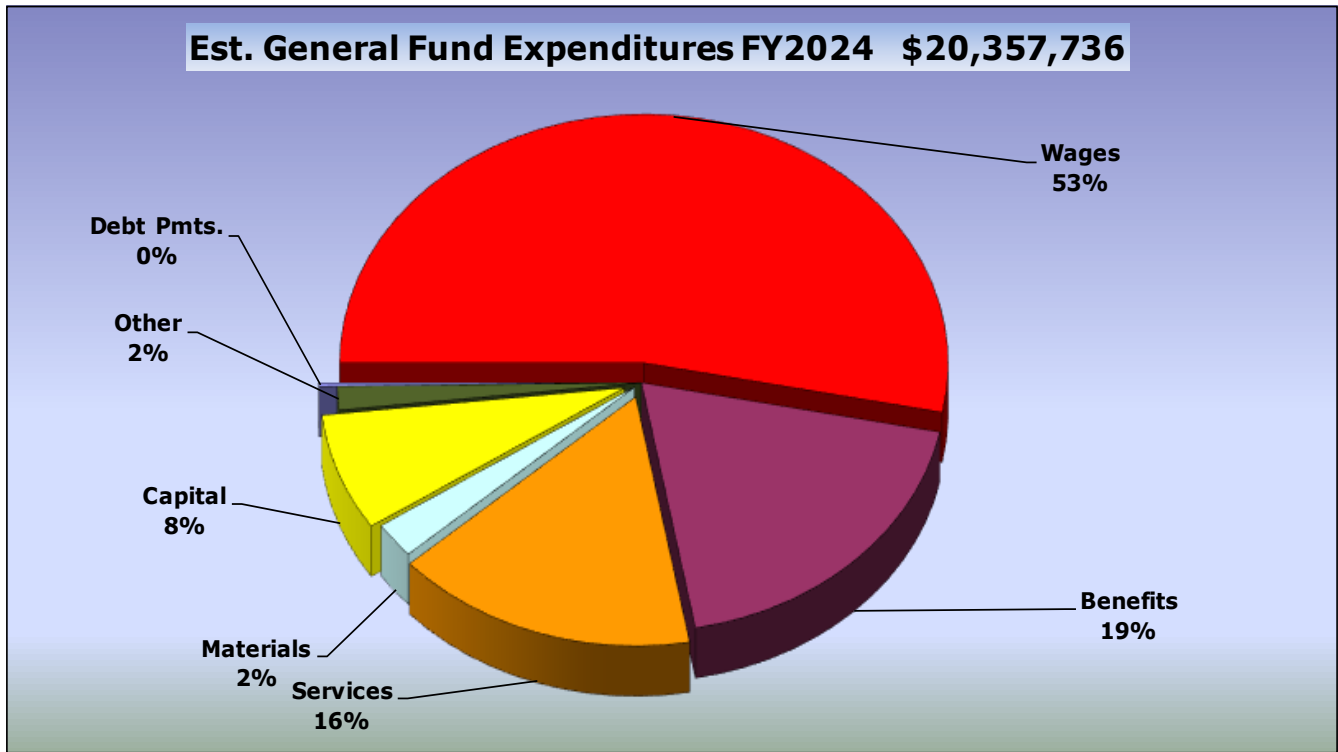
There is no short term borrowing planned for in this forecast at this time from any sources.

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

The district is forecasting advance returns based on amounts anticipated to be advanced out in the prior years. There are no transfers in during the forecast period as noted below. All other financial sources on Line 2.06 include a refund of prior year's expenditures which are unpredictable.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Transfer & Advances In	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Expenditures Assumptions



Wages – Line #3.010

The forecast reflects a 2.9% base increase for FY24. For planning purposes, a 0% base increase is forecasted for FY25-FY28. Step and training increases are reflected at current step and training amounts of 1.7% for FY24-28. Future increases FY25-28 will be based on collective bargaining agreements yet to be negotiated.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Base Wages	\$9,774,674	\$10,279,805	\$10,460,144	\$10,649,071	\$10,841,063
Base wage Increases	275,781	0	0	0	0
Steps & Training	161,664	166,169	174,757	177,822	181,034
New/Replacement Staff	67,686	14,170	14,170	14,170	14,170
ESSER Adjustments	0	0	0	0	0
Supplementals	334,109	335,780	337,459	339,146	340,842
Substitutes	212,276	213,337	214,404	215,476	216,553
Staff Retirements/RIF	0	0	0	0	0
Total Wages Line 3.010	<u>\$10,826,190</u>	<u>\$11,009,261</u>	<u>\$11,200,934</u>	<u>\$11,395,685</u>	<u>\$11,593,662</u>

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

The District anticipates an overall composite trend increase of 8% FY24-28. The graph below shows that the district has been working hard to keep these costs down with the cooperation of the district's employees. This area is the main contributor to the reason fringe benefits continue to be one of the fastest growing costs in the budget FY24-28.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be .04% of payroll FY24-FY28. Unemployment is estimated at an annual amount of \$3,000 throughout the forecast period.

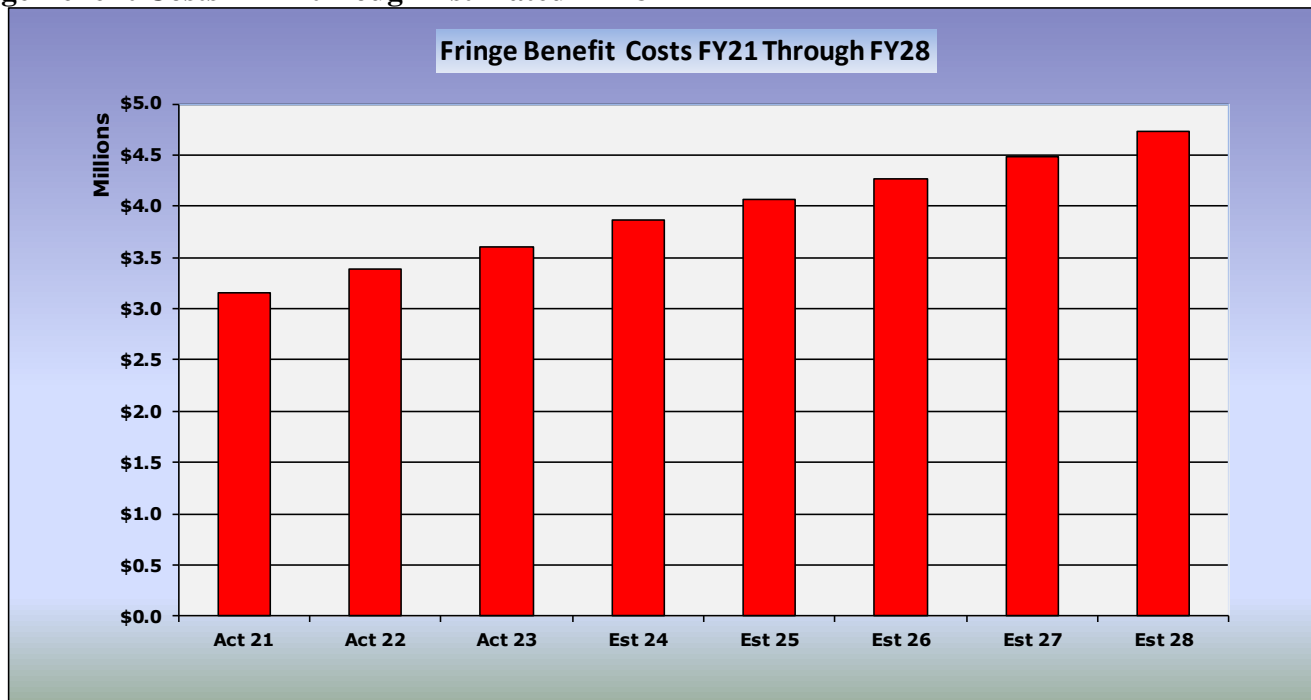
D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Estimated Fringe Benefits – Line #3.020

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
STRS/SERS	\$1,652,512	\$1,685,214	\$1,714,573	\$1,744,483	\$1,774,888
Insurances	1,970,702	2,131,475	2,305,110	2,492,636	2,695,164
Workers Comp/Unemployment	46,305	47,037	47,804	48,583	49,375
Medicare	164,510	167,330	170,244	173,204	176,213
Other/Tuition	<u>29,885</u>	<u>29,885</u>	<u>29,885</u>	<u>29,885</u>	<u>29,885</u>
Total Fringe Benefits Line #3.020	<u>\$3,863,914</u>	<u>\$4,060,941</u>	<u>\$4,267,616</u>	<u>\$4,488,791</u>	<u>\$4,725,525</u>

Fringe Benefit Costs FY21 through Estimated FY28



Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. Beginning in FY23 we increased our deduction to the ESC for services purchased. We assume the service level will continue at this level through FY28. We have assumed an overall inflation rate of 3.1% for this category of expenses.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Repairs, insurance, rentals, and other	\$548,576	\$559,548	\$570,739	\$582,154	\$593,797
County ESC Services	1,625,257	1,674,015	1,724,235	1,775,962	1,829,241
SF14 Tuition, Comm.School & Schlships	405,363	417,524	430,050	442,952	456,241
Open Enrollment	0	0	0	0	0
Utilities	460,291	483,306	507,471	532,845	559,487
College Credit Plus & Other Fees	<u>249,373</u>	<u>256,854</u>	<u>264,560</u>	<u>272,497</u>	<u>280,672</u>
Total Purchased Services Line #3.030	<u>\$3,288,860</u>	<u>\$3,391,247</u>	<u>\$3,497,055</u>	<u>\$3,606,410</u>	<u>\$3,719,438</u>

Supplies and Materials – Line #3.040

We have included a 3% increase for each year within the forecast. This category of expenses includes textbooks, copy paper, maintenance supplies and materials, bus fuel, etc.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Supplies	\$390,514	\$402,229	\$414,296	\$426,725	\$439,527
Textbooks	<u>80,067</u>	<u>84,070</u>	<u>88,274</u>	<u>92,687</u>	<u>97,322</u>
Total Supplies Line #3.040	<u>\$470,581</u>	<u>\$486,299</u>	<u>\$502,570</u>	<u>\$519,412</u>	<u>\$536,849</u>

Equipment – Line # 3.050

Equipment expenditures include the purchase of one (1) bus in FY24 with the balance of the costs coming from ESSER funds. In FY25 we estimate purchasing two (2) new buses. We have allocated funding in FY24 and FY25 for needed facility improvements.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Capital Outlay	\$1,500,900	\$1,014,070	\$150,000	\$100,000	\$100,000
Replacement Bus Purchases	<u>50,000</u>	<u>285,930</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$1,550,900</u>	<u>\$1,300,000</u>	<u>\$150,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

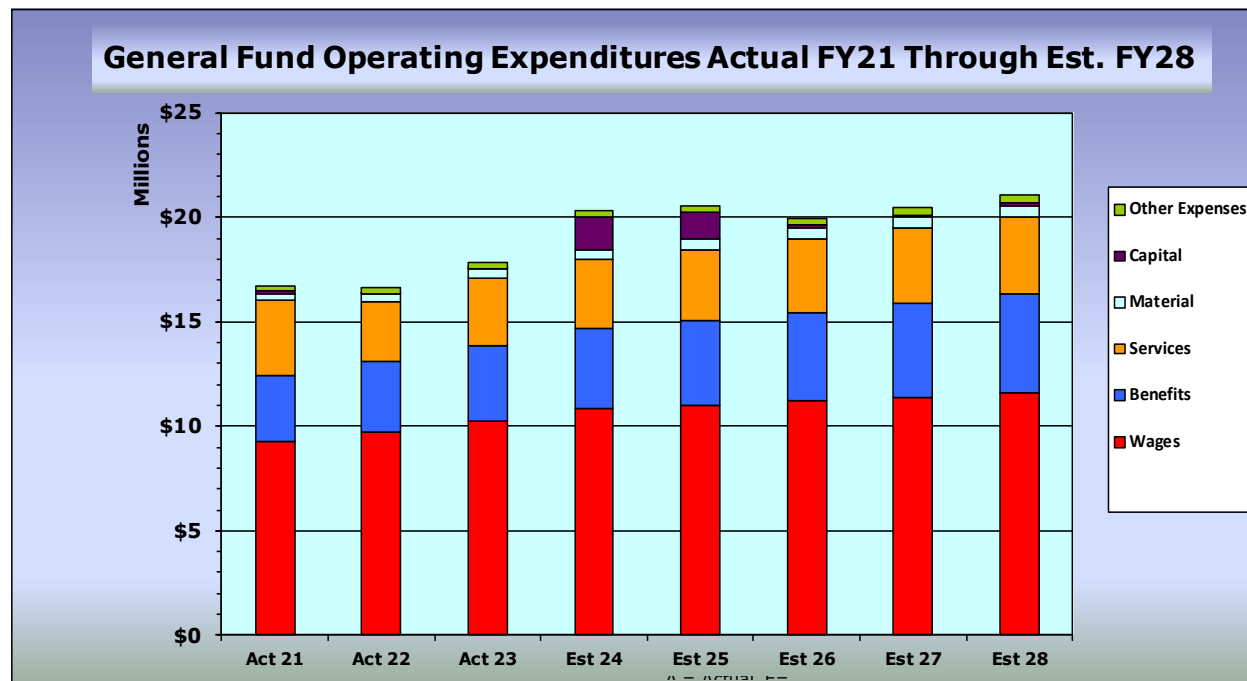
Other Expenses – Line #4.300

This category of expenses is primarily fees to the county auditor and treasurer for collecting property taxes. The other expense category is several small expenses with the largest being district liability insurance and dues.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
County Auditor & Treasurer Fees	\$177,539	\$186,416	\$195,737	\$205,524	\$215,800
Other expenses	<u>133,457</u>	<u>138,795</u>	<u>144,347</u>	<u>150,121</u>	<u>156,126</u>
Total Other Expenses Line #4.300	<u>\$310,996</u>	<u>\$325,211</u>	<u>\$340,084</u>	<u>\$355,645</u>	<u>\$371,926</u>

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

The graph below shows a quick overview of actual and estimated expenses by proportion in the General Fund.



Transfers Out/Advances Out – Line # 5.010

This account group covers fund to fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. 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. The transfer is related to funding severance payments in a fund 035 so the district is recognizing future obligations.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Operating Transfers Out Line #5.010	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Advances Out Line #5.020	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Transfer & Advances Out	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>

Debt Service – Line# 4.050; 4.060;

The Debt Service relates to a HB264 Energy project that is structured so that the savings in utility costs for a project will finance the debt payment; Bath Local completed a HB264 project in 2010 and will pay the debt through Fiscal Year 2025.

<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
HB 264 Principal Line # 4.050	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Source</u>	FY 24	FY 25	FY 26	FY 27	FY 28
Interest on HB 264 Total Line 4.060	<u>\$1,295</u>	<u>\$509</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

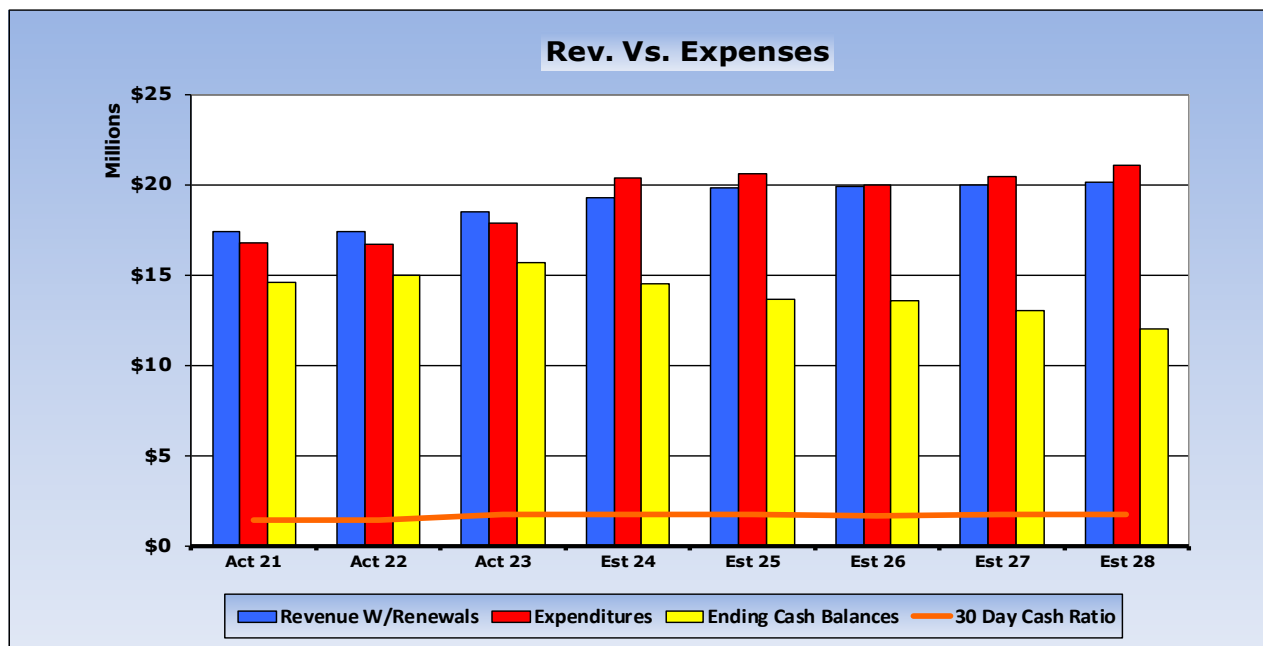
Encumbrances –Line#8.010

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. The amounts outstanding vary year to year. All outstanding purchase orders that can be closed prior to fiscal year-end are closed.

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

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

	FY 24	FY 25	FY 26	FY 27	FY 28
Ending Cash Balance	<u>\$ 14,499,627</u>	<u>\$ 13,654,970</u>	<u>\$ 13,570,868</u>	<u>\$ 13,027,634</u>	<u>\$ 12,025,004</u>



True Cash Days Ending Balance

Another way to look at ending cash is to state it in “True Cash Days”. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves. With our renewal levy included we meet this suggested guideline through FY28.

Ending Cash Balance in True Cash Days

