BUCYRUS CITY SCHOOL DISTRICT-CRAWFORD 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 2027

Forecast Provided By
Bucyrus City School District
Treasurer's Office
Ryan Cook, Treasurer/CFO

April 20, 2023

BUCYRUS CITY SCHOOLS
Crawford County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021, 2022
Forecasted Fiscal Year 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)	3,631,910	3,646,929	3,776,240	2.0%	3,888,434	3,756,977	3,764,432	3,769,775	3,769,804
1.020	Public Utility Personal Property Tax	354,764	341,581	448,864	13.8%	450,743	451,283	457,719	464,134	471,758
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	11,689,244	11,741,288	10,352,685	-5.7%	9,404,070	9,394,076	9,394,846	9,395,617	9,396,390
1.040	Restricted State Grants-in-Aid	379,005	383,045	380,792	0.2%	701,268	700,757	700,757	700,757	700,757
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	709,789	677,906	631,989	-5.6%	602,867	641,138	642,999	644,746	644,715
1.060	All Other Revenues	1,165,066	592,240	773,599	-9.3%	355,786	360,454	365,226	370,102	375,089
1.070	*Total Revenues*	17,929,778	17,382,989	16,364,169	-4.5%	15,403,168	15,304,685	15,325,979	15,345,131	15,358,513
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	11,000	-	0.0%	-	-	-	-	-
2.050	Advances-In	-	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	49,080	180,557	19,142	89.2%	20,000	20,000	20,000	20,000	20,000
2.070	*Total Other Financing Sources*	49,080	191,557	19,142	100.1%	20,000	20,000	20,000	20,000	20,000
2.080	*Total Revenues and Other Financing Sources*	17,978,858	17,574,546	16,383,311	-4.5%	15,423,168	15,324,685	15,345,979	15,365,131	15,378,513
	Expenditures									
3.010	Personal Services	$6,987,343	$6,729,893	$5,668,553	-9.7%	$3,347,463	$6,365,444	$6,585,596	$6,927,409	$7,085,575
3.020	Employees' Retirement/Insurance Benefits	3,415,566	3,332,970	3,418,795	0.1%	3,120,079	3,794,731	4,322,411	$4,809,223	$5,325,655
3.030	Purchased Services	4,892,467	5,730,251	4,072,738	-5.9%	3,022,484	3,152,510	3,288,615	$3,431,095	$3,580,260
3.040	Supplies and Materials	290,930	320,334	423,879	21.2%	$445,073	467,327	490,693	515,228	540,989
3.050	Capital Outlay	81,188	110,215	610,951	245.0%	$392,239	225,000	1,325,000	1,525,000	225,000
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:									
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	828,062	898,030	977,750	8.7%	$1,016,190	$1,056,189	$1,097,814	$1,141,130	$1,186,209
4.500	*Total Expenditures*	$16,495,556	17,121,693	15,172,666	-3.8%	11,343,528	15,061,201	17,110,129	18,349,085	17,943,688
	Other Financing Uses									
5.010	Operating Transfers-Out	-	-	-	0.0%	$0	$0	$0	$0	$0
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	-	-	-	0.0%	-	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	16,495,556	17,121,693	15,172,666	-3.8%	11,343,528	15,061,201	17,110,129	18,349,085	17,943,688
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,483,302	452,853	1,210,645	48.9%	4,079,640	263,484	(1,764,150)	(2,983,954)	(2,565,175)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,172,991	11,656,293	12,109,146	9.2%	13,319,791	17,399,431	17,662,915	15,898,765	12,914,811
7.020	*Cash Balance June 30*	11,656,293	12,109,146	13,319,791	6.9%	17,399,431	17,662,915	15,898,765	12,914,811	10,349,636
8.010	*Estimated Encumbrances June 30*	359,915	1,022,487	904,054	86.3%	100,000	100,000	100,000	100,000	100,000
	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%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	11,296,378	11,086,659	12,415,737	5.1%	17,299,431	17,562,915	15,798,765	12,814,811	10,249,636

BUCYRUS CITY SCHOOLS
Crawford County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021, 2022
Forecasted Fiscal Year 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 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	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	11,296,378	11,086,659	12,415,737	5.1%	17,299,431	17,562,915	15,798,765	12,814,811	10,249,636
	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	*Unreserved Fund Balance June 30*	11,296,378	11,086,659	12,415,737	5.1%	17,299,431	17,562,915	15,798,765	12,814,811	10,249,636

Bucyrus City School District – Crawford County
Notes to the Five Year Forecast
General Fund Only
April 20, 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 (5) year financial forecast by November 30, 2022, and May 31, 2023, for the 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. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

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 $15.4 million or 1.2% higher than the November forecasted amount of $15.2 million. This indicates the November forecast was 99% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 28% and are estimated to be $3.9 million, which is $188,777 thousand higher for FY23 than the original November estimate of $3.7 million. Our estimates are 95% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid, our largest source of revenue, 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 $10.1 million, which is $3,679 thousand lower than the original estimate for FY23. We are pleased that we were able to be 99.9% accurate for FY23. We are currently on the guarantee/formula and are expected to remain as a guarantee district for FY24 through FY27.

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 $11.3 million for FY23, which is $167,239 thousand higher than the original estimate of $11.2 million in the November forecast, which is roughly 98.5% on target with original estimates. The expenditure line most significantly over projection is Capital Outlay (line 3.05) due to the District purchasing three buses.

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

Unreserved Ending Cash Balance

With revenues and expenditures increasing by approximately the same amount, our ending unreserved cash balance (Line 15.010) as of June 30, 2023, is anticipated to be roughly $17.3 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 following 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 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) In tax year 2018 Crawford County went through a reappraisal update. Residential/Agricultural values increased 7.9% Commercial/Industrial values increased 9.33%. These increases indicated the housing market in our District has recovered from the 2008 recession. The 2021 Crawford County reappraisal update resulted in an increase in Class I residential agricultural values of 13.8% and no significant increase in Class II commercial property for an overall tax value increase of 11.2%. There is a low risk that any decrease in values would have a major impact on our forecast as our operating levies would roll up due to HB920 in response to any decline in values.

2) 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 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. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, 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 actual historical costs for FY20 through FY21 reflect different trends on Lines 1.035, 1.04, 1.06, and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve 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.

3) The two-year state budget for FY24-25, HB33, is currently in discussion. The State Budget represents 70% of district revenues, which means it is a significant area of risk to revenue. The future risk comes

in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. 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 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 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

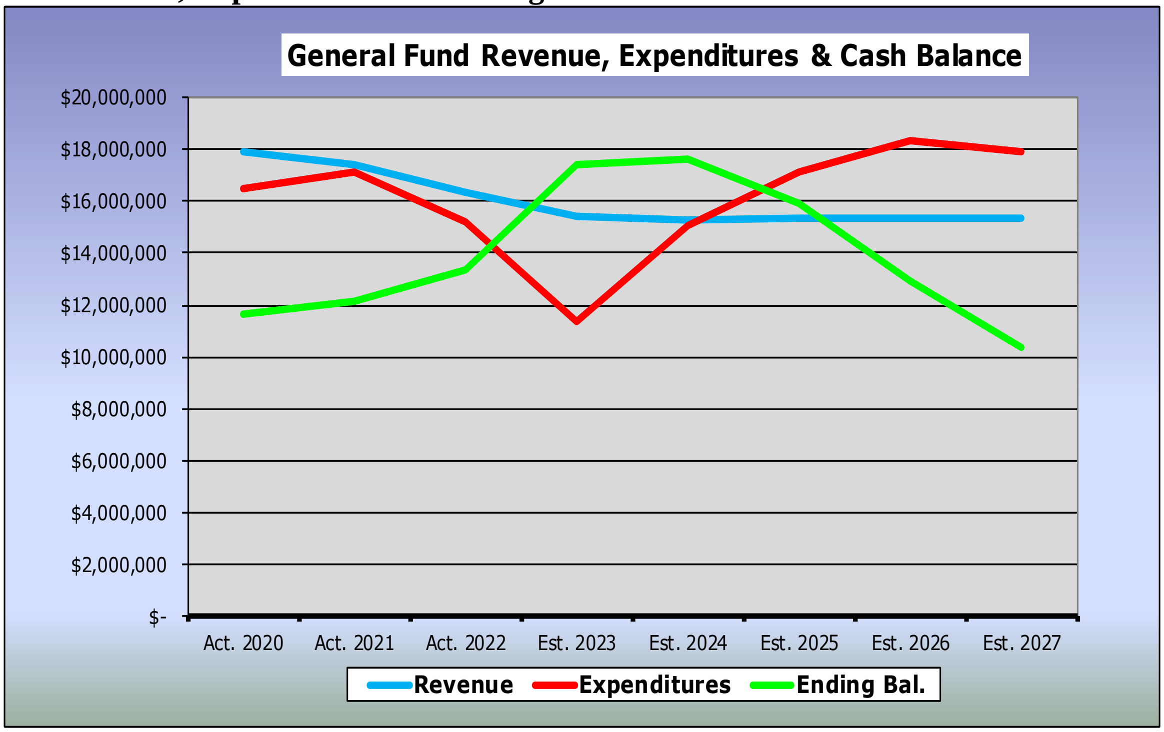
5) The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% 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.

6) Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

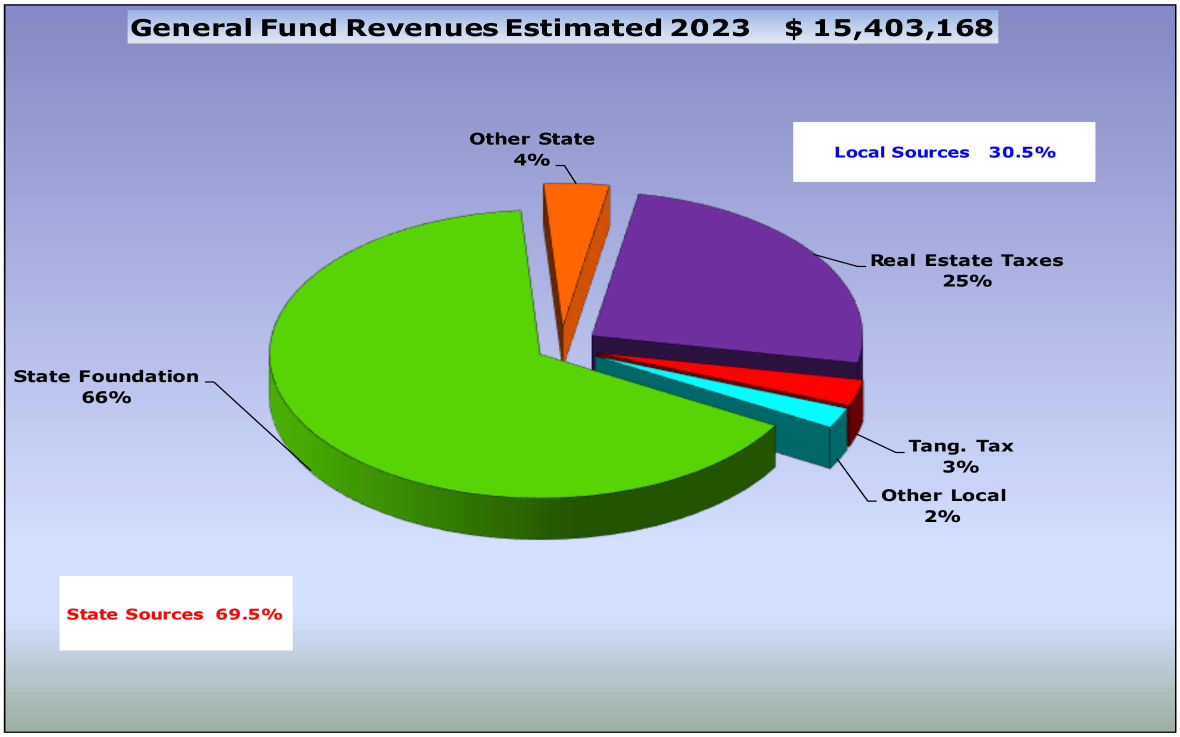
The financial forecast presents, to the best of the Bucyrus City School District Board of Education's knowledge and belief, the expected revenues, expenditures, and operating balance of the General Fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and 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.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Mr. Ryan Cook, Treasurer of the Bucyrus City Schools 419-562-4045.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27



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. The County went through a reappraisal update in 2018 for collection in 2019. Residential/Agricultural values increased 7.9% Commercial/Industrial values increased 9.33%. The 2021 Crawford County reappraisal update resulted in an increase in Class I residential agricultural values of 13.8% and no significant increase in Class II commercial property for an overall tax value increase of 11.2%.

As a reminder Tangible Personal Property (TPP) values were reduced to $-0- in 2011 as a result of HB 66.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026
Classification	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027
Res./Ag.	$109,007,170	$108,957,170	$112,175,885	$112,125,885	$112,075,885
Comm./Ind.	25,535,940	25,505,940	25,730,999	25,700,999	25,670,999
PUPP	8,799,450	8,949,450	9,099,450	9,249,450	9,399,450
Total Assessed Value	$143,342,560	$143,412,560	$147,006,334	$147,076,334	$147,146,334

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY23	FY24	FY25	FY26	FY27
Est. Property Tax Line #1.010	$3,888,434	$3,756,977	$3,764,432	$3,769,775	$3,769,804

Property tax levies are estimated to be collected at 95% of the annual amount allowing a 5% current delinquent factor. In general, 55% of the new Res/Ag. and Comm/Ind. is expected to be collected in February tax settlements and 45% collected in August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the Crawford County Auditor. As previously noted, TPP taxes ceased to be collected after FY11.

Estimated Public Utility Personal Property Tax – Line#1.020
The phase out of Tangible Personal Property (TPP) taxes as noted earlier began in FY06 and were eliminated after FY11. Only Public Utility Personal Property (PUPP) taxes are collected in Line 1.02. FY22 receipts were higher due to a delinquent payment by Columbia Natural Gas. FY23 will resume at normal anticipated revenue levels.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Tax	$450,743	$451,283	$457,719	$464,134	$471,758

Renewal and Replacement Levies – Line #11.02
The district currently does not have any levies that expire.

New Tax Levies – Line #13.030
No new levies are modeled in this forecast.

Income Tax – Line #1.03
The district does not have a school district income tax.

State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. We have projected FY23 funding based on the April #1 2023 foundation settlement and funding factors.

Our district is currently a guarantee district in FY22 and is expected to be in FY23-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. 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, 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. Newer more up to date state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes 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 currently at a state wide average of $7,350.77 per pupil in FY22, 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 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 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 districts' calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding, DPIA is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase-In FY22 and FY23 and Guarantees

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

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

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

Future State Budgets Projections Beyond FY23
Our funding status for 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.
a) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
b) 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.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate $30 million in each year of the biennium, of which $15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate $14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted state funding to be in line with the FY23 funding levels through the remainder of the forecast according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. 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

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.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil; actual payments in FY22 were $62.87 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$9,021,360	$9,010,598	$9,010,598	$9,010,598	$9,010,598
Additional Aid Items	311,133	311,133	311,133	311,133	311,133
Basic Aid-Unrestricted Subtotal	$9,332,493	$9,321,731	$9,321,731	$9,321,731	$9,321,731
Ohio Casino Commission ODT	71,577	72,345	73,115	73,886	74,659
Unrestricted State Aid Line # 1.035	$9,404,070	$9,394,076	$9,394,846	$9,395,617	$9,396,390

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. The amount of DPIA is limited to 0% phase in growth for FY22 and 33% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$352,251	$352,251	$352,251	$352,251	$352,251
Career Tech - Restricted	0	0	0	0	0
Gifted	74,840	73,560	73,560	73,560	73,560
ESL	4,999	5,491	5,491	5,491	5,491
Student Wellness	269,178	269,455	269,455	269,455	269,455
Restricted State Revenues Line #1.040	$701,268	$700,757	$700,757	$700,757	$700,757

B) Restricted Federal Grants in Aid – line #1.045

The district is not anticipating any new federal dollars for general fund operations in this forecast period.

Summary

Source	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$9,404,070	$9,394,076	$9,394,846	$9,395,617	$9,396,390
Restricted Line # 1.040	701,268	700,757	700,757	700,757	700,757
Rest. Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$10,105,338	$10,094,833	$10,095,603	$10,096,374	$10,097,147

State Taxes Reimbursement/Property Tax Allocation Line 1.050
a) 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 slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate
The district no longer receives any fixed rate reimbursement.

c) Tangible Personal Property Reimbursements – Fixed Sum
HB 166 has continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in future years. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

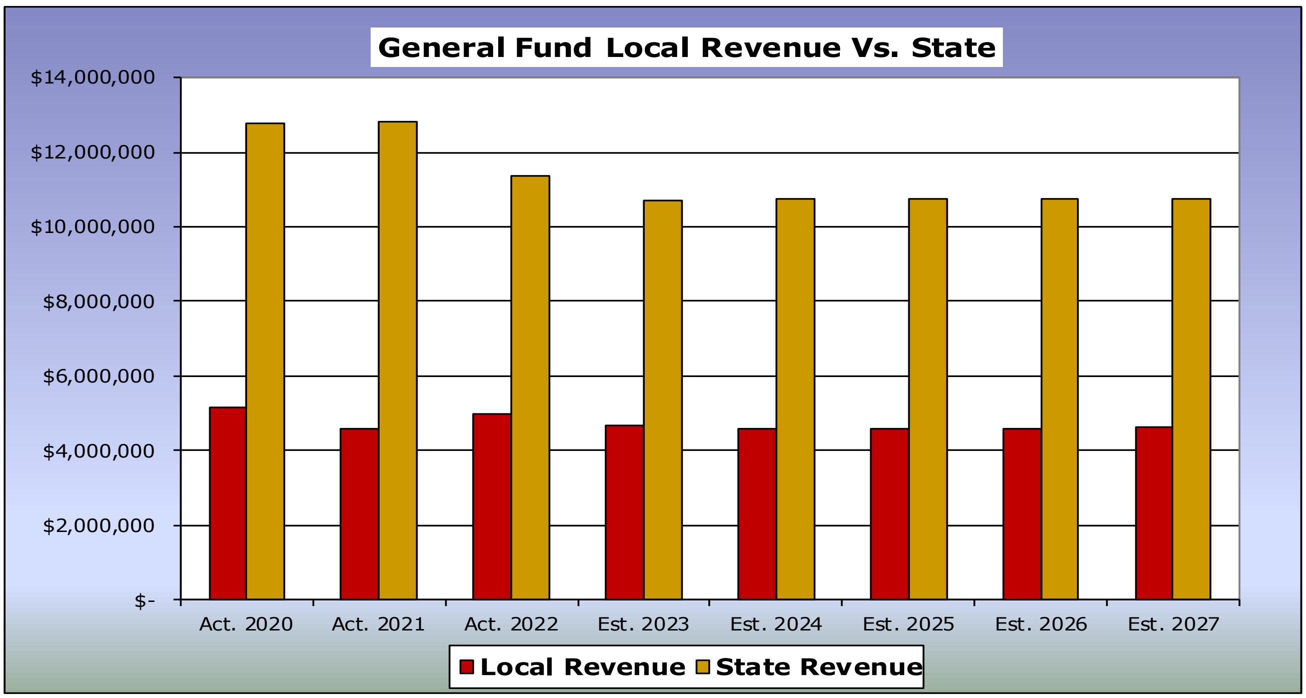
Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$602,867	$641,138	$642,999	$644,746	$644,715
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Tax Reimb./Prop. Tax Allocations #1.050	$602,867	$641,138	$642,999	$644,746	$644,715

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, Medicaid reimbursements, investment income and general rental fees. HB110, the new 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 FY23-FY27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district where they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Gross	$176,301	$178,064	$179,845	$181,643	$183,459
Interest	27,768	29,156	30,614	32,145	33,752
Tuition SF-14 & SF-14H	6,492	6,557	6,623	6,689	6,756
Medicare Reimbursement	90,900	91,809	92,727	93,654	94,591
Rentals, Fines, Fees,& other	54,325	54,868	55,417	55,971	56,531
Total Other Local Revenue Line #1.060	$355,786	$360,454	$365,226	$370,102	$375,089

Comparison of Local Revenue and State Revenue:



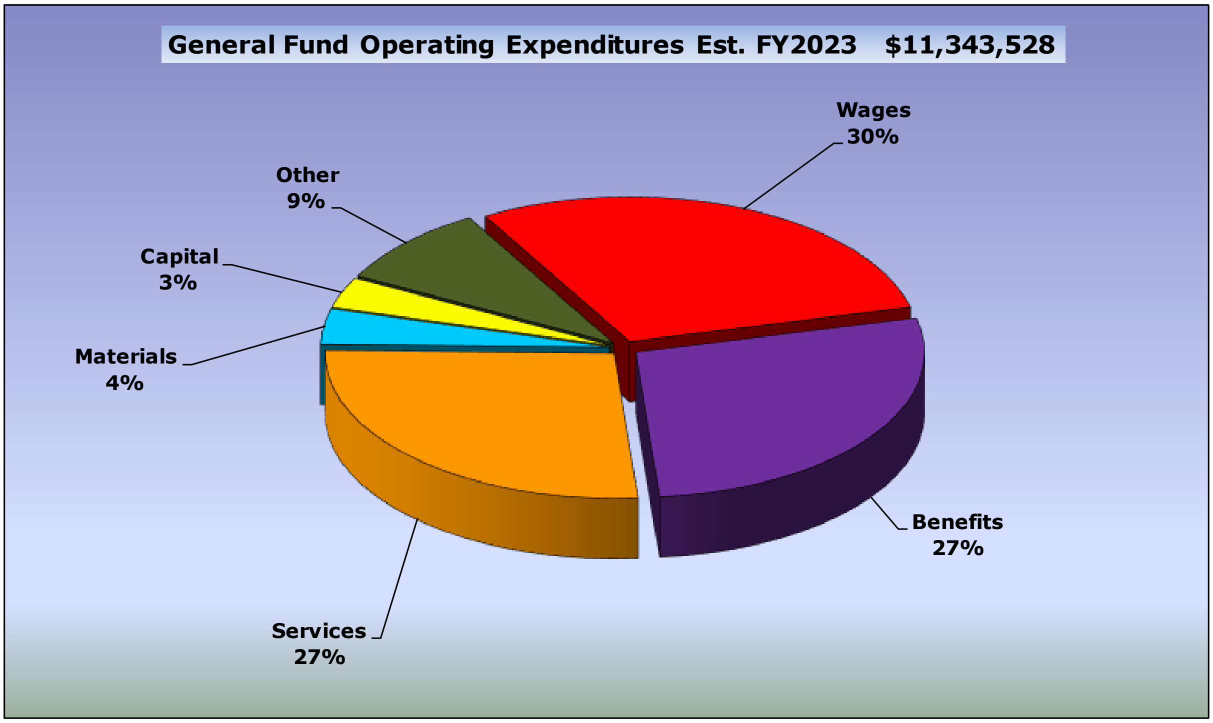
Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing planned in this forecast at this time from any sources.

Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050 and #2.060
Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

Other financial sources are typically a refund of prior year expenditures that are very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY23. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Other Sources Line 2.060	$20,000	$20,000	$20,000	$20,000	$20,000

Expenditure Assumptions



Wages – Line #3.010

For planning purposes the forecast reflects a 3% increase for FY23, 4% FY24-FY26 and a 1% increase FY27. Step and training pay increases are reflected based on current staffing levels FY23-27. We have used ESSER and Student Wellness and Success funds in FY22-23 to help offset wage costs. Wage costs covered by ESSER have been added back in FY24 when the ESSER funds will no longer be available.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$5,039,954	$2,712,612	$5,654,799	$5,848,125	$6,162,039
Base Increases	198,206	201,598	108,504	226,192	58,481
Steps & Training/Performance Based Pay	75,599	40,689	84,822	87,722	92,431
New or Replacement Staff	18,753	0	0	0	0
Substitutes & Supplementals	548,644	570,590	593,414	617,151	623,323
Overtime & Other	96,207	100,055	104,057	108,219	109,301
Severance	40,000	40,000	40,000	40,000	40,000
Staff Adjustments/Fund 467 & ESSER	-2,669,900	2,699,900	0	0	0
Total Wages Line #3.010	$3,347,463	$6,365,444	$6,585,596	$6,927,409	$7,085,575

Fringe Benefits Estimates Line 3.02

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

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.

A) Insurance
We are estimating an increase in insurance of 0% for FY23 and 14% for each year FY24-27. This is based on our current employee census and claims data. This could increase at a much higher rate should claims increase dramatically.

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.

B) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about .07% of wages in FY23-27. Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

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

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
STRS/SERS	$605,037	$962,969	$1,074,133	$1,128,703	$1,157,588
Insurance's	2,333,414	2,660,092	3,032,505	3,457,056	3,941,044
Workers Comp/Unemployment	26,779	50,923	52,685	55,419	56,685
Medicare	86,672	52,570	94,911	99,868	102,161
Tuition Reimb./Health Sav. Acct.	68,177	68,177	68,177	68,177	68,177
Total Fringe Benefits Line #3.020	$3,120,079	$3,794,731	$4,322,411	$4,809,223	$5,325,655

Purchased Services – Line #3.030
We are estimating an inflation rate of 4% for FY23-27. HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and historical FY20 through FY22 costs on the five year forecast. College Credit Pus, 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.

Source	FY23	FY24	FY25	FY26	FY27
Base Services- Including repairs, PSEO	$730,885	$767,429	$805,800	$846,090	$888,395
Instructional Services - ESC	703,277	717,343	731,690	746,324	761,250
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
Tuition Payments, Autism Scholarship	1,263,163	1,326,321	1,392,637	1,462,269	1,535,382
Utilities	325,159	341,417	358,488	376,412	395,233
Total Purchased Services Line #3.030	$3,022,484	$3,152,510	$3,288,615	$3,431,095	$3,580,260

Supplies and Materials – Line #3.040

These amounts account for funds to purchase new textbooks and educational supplies related to new curriculum adoptions. The other area of expenses included in this category are all consumable supplies that are purchased to operate the school district, such as textbooks, paper, cleaning supplies, tires and bus fuel.

Source	FY23	FY24	FY25	FY26	FY27
Supplies	$445,073	$467,327	$490,693	$515,228	$540,989
Budget Adj. Fund 507	0	0	0	0	0
Total Supplies Line #3.040	$445,073	$467,327	$490,693	$515,228	$540,989

Equipment – Line # 3.050

Capital outlay expenditures are estimated based on recent historical patterns with increases as needed for funds not available in the Permanent Improvement Fund. The District makes every attempt to maximize the use of the Permanent Improvement funds. The increase in expenditures forecasted are as follows:

- FY25 - replace the bleachers and the press box
- FY26 – replace the roof at the high school

Source	FY23	FY24	FY25	FY26	FY27
Capital Outlay	$140,000	$225,000	$1,237,500	$1,437,500	$137,500
Replacement Bus Purchases	252,239	0	87,500	87,500	87,500
Total Equipment Line #3.050	$392,239	$225,000	$1,325,000	$1,525,000	$225,000

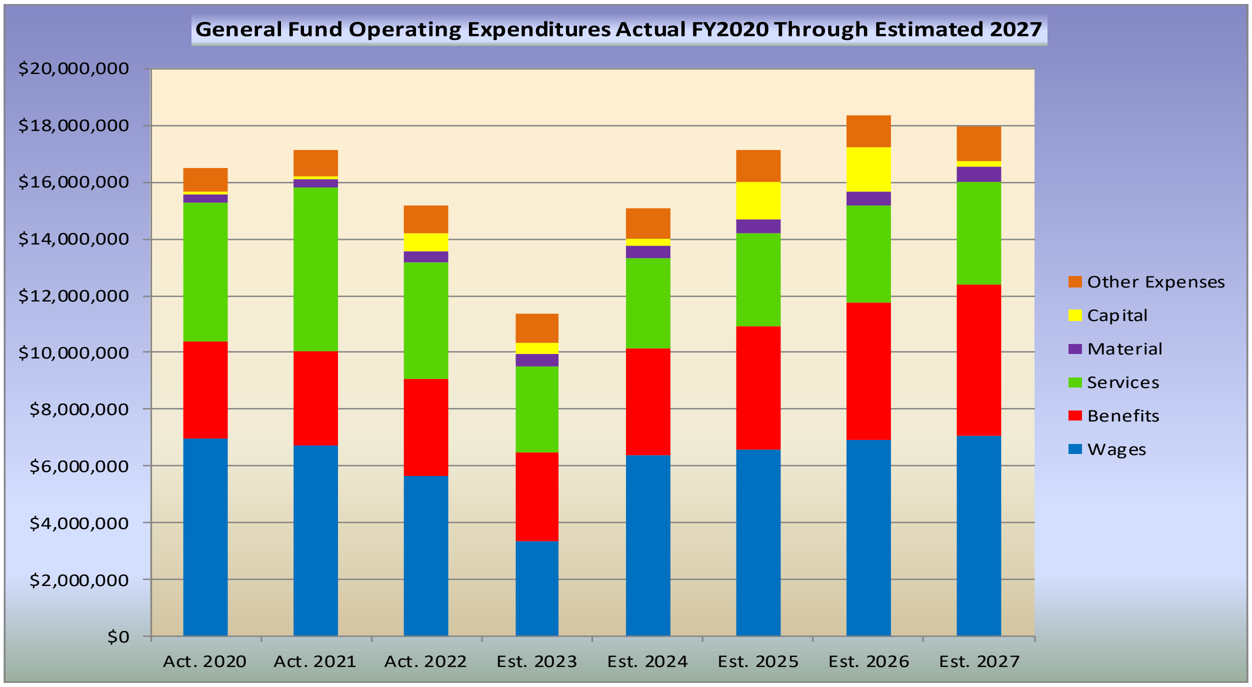
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, but also includes annual audit costs, OSBA dues, and other miscellaneous expenses.

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$124,868	$131,111	$137,667	$144,550	$151,778
Audit fees, dues and other expenses	94,812	96,708	98,642	100,615	102,627
County ESC	796,510	828,370	861,505	895,965	931,804
Total Other Expenses Line #4.300	$1,016,190	$1,056,189	$1,097,814	$1,141,130	$1,186,209

Total Expenditure Categories Actual FY20 through FY22 and Estimated FY23 through FY27

Declines in FY22 and FY23 are due to moving costs from the General Fund to ESSER Funds for continuity of operation as noted in the authorized use of these funds. Costs return in FY24 to the General Fund.



Transfers Out/Advances out – Line# 5.010
This account group covers fund to fund transfer 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. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

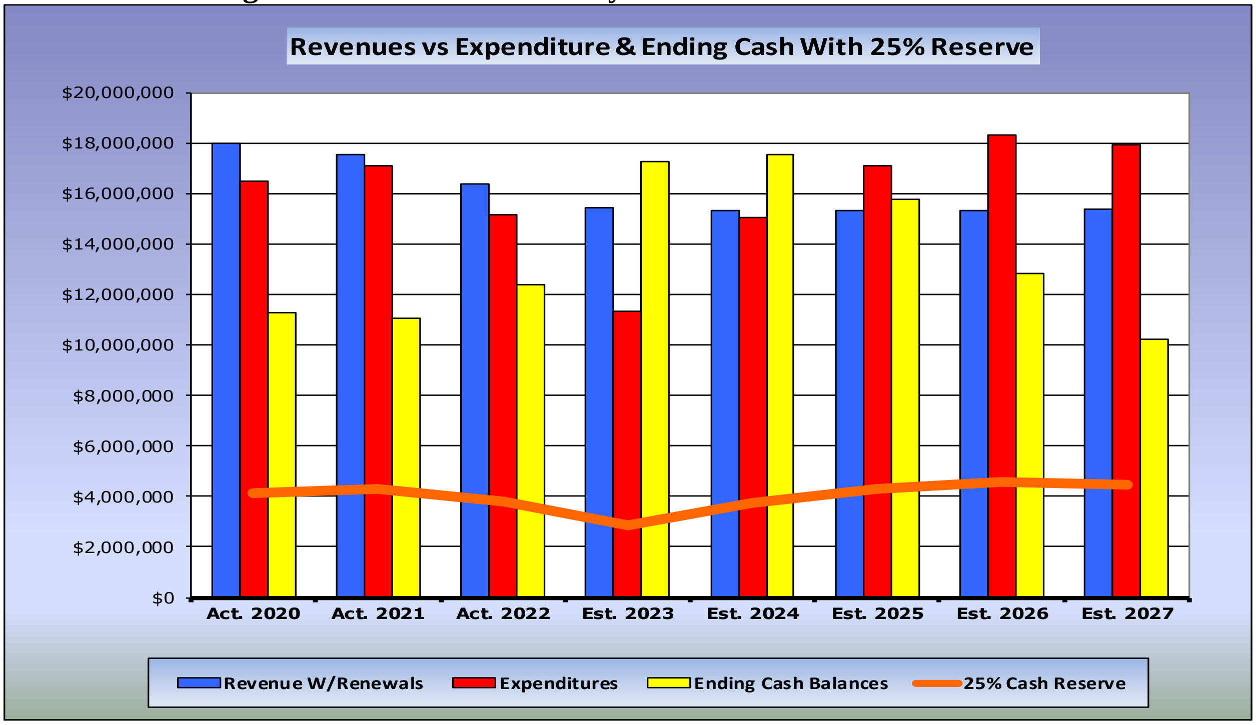
Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. Estimates are based on historic trends.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$100,000	$100,000	$100,000	$100,000	$100,000

Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to HB153 effective September 30, 2011. In October 2007 the Board passed an ending cash balance policy calling for no less than 25% of the current years' operating budget in ending unreserved cash. This policy is maintained through FY27 in the forecast period.

	FY23	FY24	FY25	FY26	FY27
Ending Cash Balance	$17,299,431	$17,562,915	$15,798,765	$12,814,811	$10,249,636

General Fund Ending Cash Balance with 90 Day Reserve Actual FY20-22 and Estimated FY23-27



True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days”. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. The district is at the 60 day mark through FY27 due to expeditious use of ESSER funds.