

TWINSBURG CITY SCHOOL DISTRICT - SUMMIT 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
Julia Rozsnyai, Treasurer/CFO

Twinsburg City School District

November 15, 2023

Twinsburg City Schools

Summit County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues										
1.010 General Property Tax (Real Estate)	\$36,030,209	\$37,374,668	\$37,898,627	2.6%	\$40,864,622	\$43,692,722	\$43,895,849	\$44,201,896	\$44,496,331	
1.020 Tangible Personal Property	\$1,487,014	\$1,597,590	\$1,795,610	9.9%	1,949,680	2,071,462	2,138,555	2,198,252	2,257,690	
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0	
1.035 Unrestricted State Grants-in-Aid	6,085,812	5,699,828	6,208,837	1.3%	7,649,317	7,805,172	7,809,902	7,814,725	7,819,638	
1.040 Restricted State Grants-in-Aid	-	369,081	656,879	0.0%	751,589	751,633	751,633	751,633	751,633	
1.045 Restricted Fed.	0	0	0	0.0%	0	0	0	0	0	
1.050 State Share of Local Property Taxes	4,666,700	3,875,763	3,257,858	-16.4%	3,640,568	4,025,114	4,029,313	4,057,092	4,084,876	
1.060 All Other Revenues	1,919,314	1,429,416	2,582,512	27.6%	2,330,539	1,891,379	1,784,877	1,802,261	1,819,818	
1.070 Total Revenues	\$50,189,049	\$50,346,346	\$52,400,323	2.2%	\$57,186,315	\$60,237,482	\$60,410,129	\$60,825,859	\$61,229,986	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020 State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0	
2.040 Operating Transfers-In	11,603	0	186,956	0.0%	0	0	0	0	0	
2.050 Advances-In	10,300	97,000	63,800	403.8%	262,000	20,000	20,000	20,000	20,000	
2.060 All Other Financing Sources	158,920	-	(370)	0.0%	0	0	0	0	0	
2.070 Total Other Financing Sources	\$180,823	\$97,000	\$250,386	55.9%	\$262,000	\$20,000	\$20,000	\$20,000	\$20,000	
2.080 Total Revenues and Other Financing Sources	\$50,369,872	\$50,443,346	\$52,650,709	2.3%	\$57,448,315	\$60,257,482	\$60,430,129	\$60,845,859	\$61,249,986	
Expenditures										
3.010 Personal Services	\$32,357,911	\$32,557,454	\$34,470,307	3.2%	\$34,346,327	\$34,703,215	\$35,335,583	\$35,881,673	\$36,435,902	
3.020 Employees' Retirement/Insurance Benefits	12,738,535	13,499,094	14,808,590	7.8%	15,030,961	15,680,427	16,431,182	17,204,051	18,024,787	
3.030 Purchased Services	6,375,321	5,826,634	7,030,643	6.0%	7,072,116	7,211,179	7,353,791	7,500,051	7,650,063	
3.040 Supplies and Materials	687,373	1,031,428	1,196,584	33.0%	1,146,907	1,185,373	1,225,212	1,266,474	1,309,214	
3.050 Capital Outlay	226,297	168,605	25,535	-55.2%	25,535	25,535	25,535	25,535	25,535	
Debt Service:				0.0%						
4.050 Principal-HB 264 Loans	225,585	227,406	229,293	0.8%	231,248	233,272	235,370	60,370	60,370	
4.060 Interest and Fiscal Charges	70,083	58,823	47,496	-17.7%	35,799	24,332	12,790	8,087	8,087	
4.300 Other Objects	717,027	848,301	907,120	12.6%	952,318	1,003,838	1,012,459	1,021,159	1,029,940	
4.500 Total Expenditures	\$53,398,132	\$54,217,745	\$58,715,568	4.9%	\$58,841,211	\$60,067,171	\$61,631,922	\$62,967,400	\$64,543,898	
Other Financing Uses										
5.010 Operating Transfers-Out	\$0	\$171,471	\$81,379	0.0%	\$175,000	\$0	\$175,000	\$0	\$0	
5.020 Advances-Out	97,000	63,800	0	-67.1%	20,000	20,000	20,000	20,000	20,000	
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0	
5.040 Total Other Financing Uses	\$97,000	\$235,271	\$81,379	38.6%	\$195,000	\$20,000	\$195,000	\$20,000	\$20,000	
5.050 Total Expenditures and Other Financing Uses	\$53,495,132	\$54,453,016	\$58,796,947	4.9%	\$59,036,211	\$60,087,171	\$61,826,922	\$62,987,400	\$64,563,898	
6.010 Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(\$3,125,260)	(\$4,009,670)	(\$6,146,238)	40.8%	(\$1,587,896)	\$170,311	(\$1,396,793)	(\$2,141,541)	(\$3,313,912)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$32,517,413	\$29,392,153	\$25,382,483	-11.6%	\$19,236,245	\$17,648,349	\$17,818,660	\$16,421,867	\$14,280,326	
7.020 Cash Balance June 30	\$29,392,153	\$25,382,483	\$19,236,245	-18.9%	\$17,648,349	\$17,818,660	\$16,421,867	\$14,280,326	\$10,966,414	
8.010 Estimated Encumbrances June 30	\$1,431,997	\$1,281,610	\$756,231	-25.7%	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
10.010 Fund Balance June 30 for Certification of Appropriations	\$27,960,156	\$24,100,873	\$18,480,014	-18.6%	\$16,648,349	\$16,818,660	\$15,421,867	\$13,280,326	\$9,966,414	

Twinsburg City Schools

Summit County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0	0
11.300 Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	\$27,960,156	\$24,100,873	\$18,480,014	-18.6%	\$16,648,349	\$16,818,660	\$15,421,867	\$13,280,326	\$9,966,414	\$9,966,414
Revenue from New Levies										
13.010 Income Tax - New	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0	0
13.030 Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
14.010 Revenue from Future State Advancements	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
15.010 <i>Unreserved Fund Balance June 30</i>	\$27,960,156	\$24,100,873	\$18,480,014	-18.6%	\$16,648,349	\$16,818,660	\$15,421,867	\$13,280,326	\$9,966,414	\$9,966,414

Twinsburg City School District – Summit County
Notes to the Five Year Forecast
General Fund Only
November 15, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various 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 a crucial management tool and must be updated periodically. The five-year forecast enables 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 significantly change their forecast or, at a minimum when required under the 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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental 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 of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential 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.

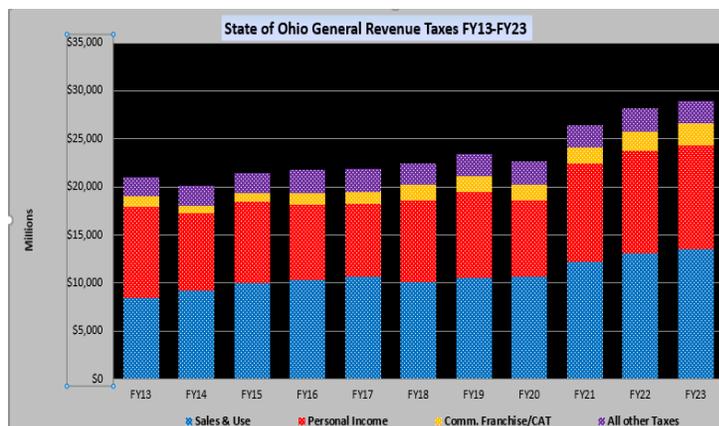
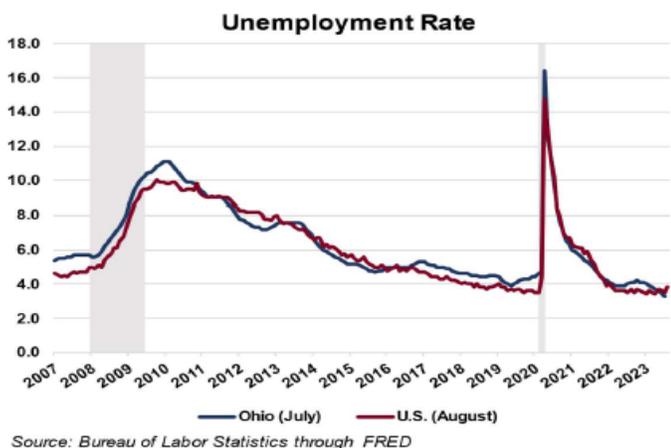
Economic Outlook

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. ESSER funds positively impacted our school resources. We have about \$332K left to be spent in FY24 of the ARP ESSER Funds. Please note: ESSER funds are not included in the Five Year Forecast.

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:

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction

growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 78.94% of the district's resources. Our tax collections in the March 2023 and August 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Summit County experienced a reappraisal update in the 2020 tax year to be collected in 2021. The 2020 reappraisal update increased assessed values by \$65.5 million, or 7.3%. Overall values rose \$85.8 million or 9.5%, including reappraisal and new construction for all property classes. A reappraisal update has occurred in the tax year 2023 for collection in 2024. We anticipate value increases for Class I and II property by \$166.9 million for an overall increase of 16.34%. Residential & Agricultural property value increase was released by Summit County at an average of 31.4%. However, Commercial property values aren't growing at the same rate. There is, however, always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time. 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 2025 reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

3) The state budget represents 21.06% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy 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.

4) 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 Ohio Department of Education for our forecasted revenues in FY24 and FY25.

5) 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.

7) The current state budget that ends June 30, 2025, Tangible Personal Property (TPP) Fixed Rate Reimbursement was phased out. SB208 has lowered the payment we received each year by the amount raised by five-eighths (5/8) of 1 mill based on the three year average of assessed district values. FY22 was the last year we received TPP funding. In FY19, the district received \$3.1 million of TPP reimbursements and in FY15 we received \$6,671,486. Starting with FY23, we will be losing \$6,671,486 each year which is the equivalent of a 6.5 mill levy. From FY15 to FY22, we have cumulatively lost an estimated \$24,031,504 in state TPP reimbursement.

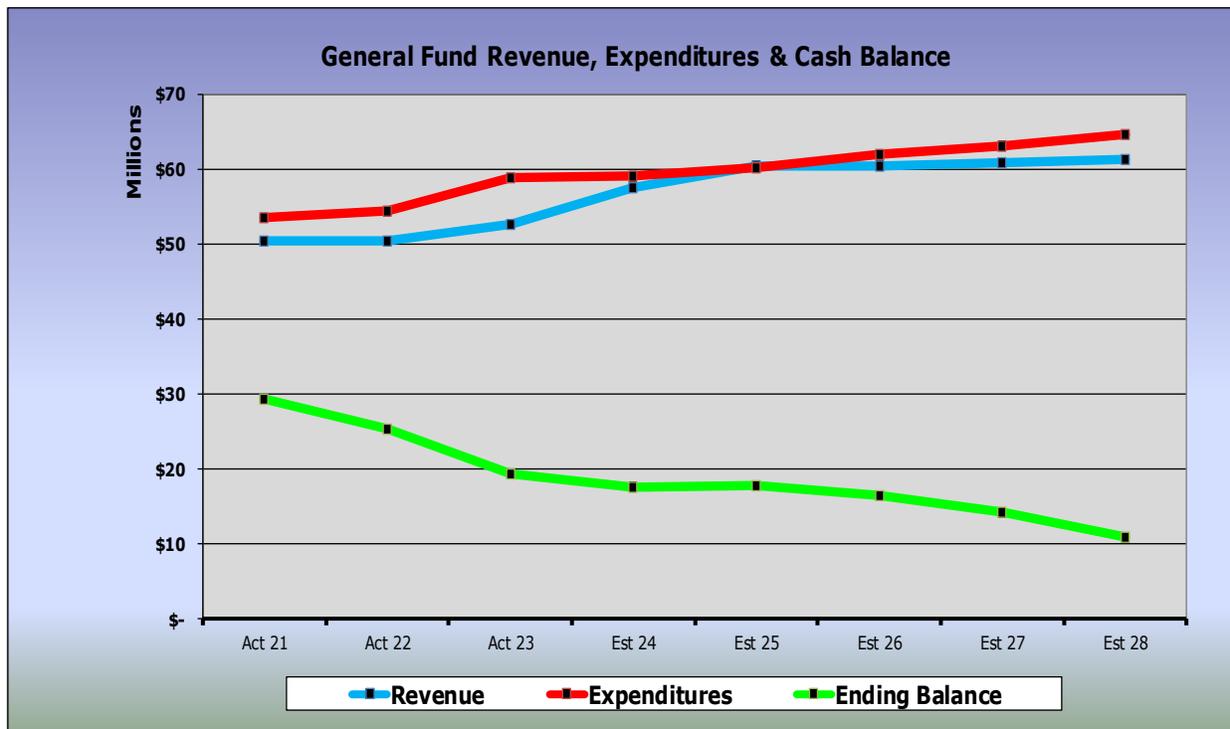
8) Our residents have placed their trust in us again by passing the district's \$6,210,000 5.9 mill emergency levy this November.

Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

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 Julia Rozsnyai, Treasurer/CFO 330.486.2017.

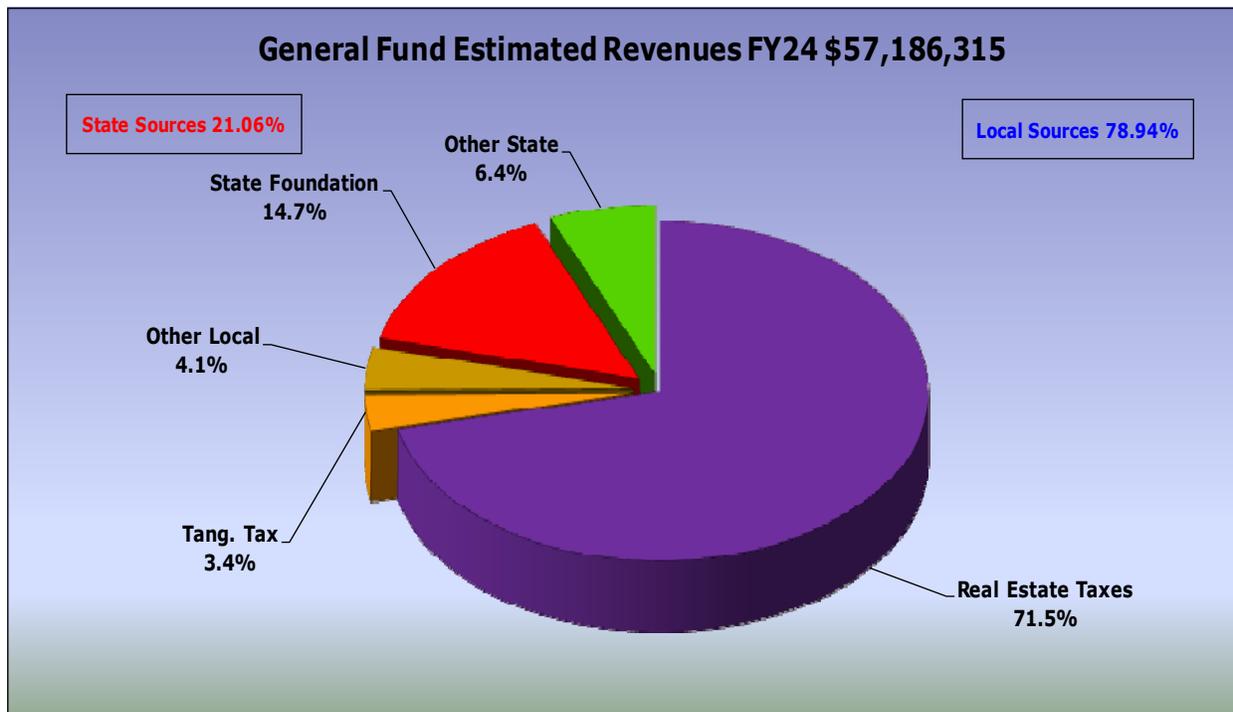
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

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



Revenue Assumptions

Operating Revenue Sources General Fund FY24



Real Estate Value Assumptions – Line #1.010

Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Summit County experienced a reappraisal for the 2020 tax year to be collected in 2021. Due to the reappraisal led by an improving housing market, overall residential/agricultural values increased 9.5%, or \$85.8 million.

For the tax year 2022, residential property values were up primarily due to new construction by 1.01% or \$7.3 million in assessed value, and commercial/industrial values increased by 5.0% or \$13.8 million. Overall values rose \$21.2 million or 2.1%, including new construction for all property classes.

A reappraisal update has occurred in 2023 for collection in 2024, for which we estimate a 20.68% increase in residential and a 2% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase by \$166.9 million or 16.34% overall.

Public Utility Personal Property (PUPP) values increased by \$2.04 million in Tax Year 2022. We expect our values to continue to grow by \$1 million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Estimated TAX YEAR 2023 COLLECT 2024</u>	<u>Estimated TAX YEAR 2024 COLLECT 2025</u>	<u>Estimated TAX YEAR 2025 COLLECT 2026</u>	<u>Estimated TAX YEAR 2026 COLLECT 2027</u>	<u>Estimated TAX YEAR 2027 COLLECT 2028</u>
Res./Ag.	\$884,562,228	\$887,173,038	\$889,783,848	\$936,883,851	\$939,494,661
Comm./Ind.	304,175,833	311,615,653	319,055,473	329,685,848	337,125,668
Public Utility (PUPP)	<u>28,870,720</u>	<u>29,870,720</u>	<u>30,870,720</u>	<u>31,870,720</u>	<u>32,870,720</u>
Total Assessed Value	<u>\$1,217,608,781</u>	<u>\$1,228,659,411</u>	<u>\$1,239,710,041</u>	<u>\$1,298,440,419</u>	<u>\$1,309,491,049</u>

Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 69.54 mills while the Class I effective millage rate is 39.69 mills and the Class II effective millage rate is 46.85 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for either Class I or Class II.

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Est. General Property Taxes Line #1.010	<u>\$40,864,622</u>	<u>\$43,692,722</u>	<u>\$43,895,849</u>	<u>\$44,201,896</u>	<u>\$44,496,331</u>

Property tax levies are estimated to be collected at 100% of the annual amount. In general, 52.1% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.9% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 49% in February and 51% in August settlement from the County Auditor and are noted in Line #1.020 totals below.

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

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The phase out of TPP Tangible Personal Property taxes began in FY06 with HB66 adopted in June 2005 and the provisions of the legislation that general tangible personal property tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent TPP taxes. In FY22 we received approximately \$633,610 in TPP state reimbursement and we believe this was our final payment and did not expect any more funding from this source in FY23 and after. In FY19, the district received \$3.1 million of TPP reimbursements and in FY15 we received \$6,671,486. In FY23, we will be looking \$6,671,486 each year which is the equivalent of a 6.5 mill levy. From FY15 to FY22, we have cumulatively lost an estimated \$24,031,504 in state TPP reimbursement.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table below and are typically 49% in February and 51% in August along with the real estate settlements from the county auditor.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Total PUPP Tax Line #1.020	<u>\$1,949,680</u>	<u>\$2,071,462</u>	<u>\$2,138,555</u>	<u>\$2,198,252</u>	<u>\$2,257,690</u>

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035

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

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

- A. Student Population and Demographics
- B. Property Valuation Per Pupil
- C. Personal Income of District Residents Per Pupil
- D. Historical Funding - CAPS and Guarantees from prior funding formulas “Funding Bases” for guarantees.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

- 1. Teacher Base Cost (4 subcomponents)
- 2. Student Support (7 subcomponents-including a restricted Student Wellness component)
- 3. District Leadership & Accountability (7 subcomponents)
- 4. Building Leadership & Operations (3 subcomponents)
- 5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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

- 1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
- 2. 20% based on the most recent three-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 the most recent year’s federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index 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 multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

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). It 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, not a specific amount. 10% will be reduced from all districts’ calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the 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 the time students 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 and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

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

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

Student Wellness and Success Funds (SWSF) - (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 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, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 were required to be used for the restricted purposes governing these funds until spent fully. Twinsburg City Schools have spent these funds fully during FY2023.

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 four (4) casinos to open 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% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds are distributed to school districts on the 31st of January and August each year, beginning 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>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Basic Aid-Unrestricted	\$6,945,242	\$7,096,425	\$7,096,425	\$7,096,425	\$7,096,425
Additional Aid Items	<u>439,811</u>	<u>439,807</u>	<u>439,807</u>	<u>439,807</u>	<u>439,807</u>
Basic Aid-Unrestricted Subtotal	7,385,053	7,536,232	7,536,232	7,536,232	7,536,232
Ohio Casino Commission ODT	<u>264,264</u>	<u>268,940</u>	<u>273,670</u>	<u>278,493</u>	<u>283,406</u>
Total Unrestricted State Aid Line #1.035	<u>\$7,649,317</u>	<u>\$7,805,172</u>	<u>\$7,809,902</u>	<u>\$7,814,725</u>	<u>\$7,819,638</u>

B) Restricted State Revenues – Line #1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. 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>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
DPIA	\$52,236	\$61,521	\$61,521	\$61,521	\$61,521
Career Tech	19,862	16,931	16,931	16,931	16,931
Gifted	131,180	123,558	123,558	123,558	123,558
ESL	26,283	27,595	27,595	27,595	27,595
Student Wellness	244,593	244,593	244,593	244,593	244,593
Catastrophic Costs	<u>277,435</u>	<u>277,435</u>	<u>277,435</u>	<u>277,435</u>	<u>277,435</u>
Total Restricted State Revenues-Line #1.040	<u>\$751,589</u>	<u>\$751,633</u>	<u>\$751,633</u>	<u>\$751,633</u>	<u>\$751,633</u>

C) Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected in this forecast.

<u>Summary</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Unrestricted Line #1.035	\$7,649,317	\$7,805,172	\$7,809,902	\$7,814,725	\$7,819,638
Restricted Line #1.040	751,589	751,633	751,633	751,633	751,633
Restricted Federal Grants #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$8,400,906</u>	<u>\$8,556,805</u>	<u>\$8,561,535</u>	<u>\$8,566,358</u>	<u>\$8,571,271</u>

State Share of Local Property Tax – Line #1.050

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are 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 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it 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.

B) Tangible Personal Property Reimbursements – Fixed Rate Utility Deregulation

State budget bill HB153 slashed these reimbursements to our district after FY12, reducing our state revenue each year starting in FY13. Our district received \$6,671,486 in state of Ohio TPP utility reimbursement in FY15. In FY22, we received our final payment totaling \$633,610. There was a pause in this phase out but HB64, the FY16-17 state budget, reinstated the phase out of TPP reimbursements to districts beginning in FY16, which included a TPP Supplement Payment for public utility deregulation districts like ours who was heavily impacted by this loss.

Beginning in FY18, Senate Bill 208 amended HB64 and became effective February 15, 2016. SB 208 provides that beginning in FY18, the Tangible Personal Property (TPP) Fixed Rate funding to be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes on the three (3) year average. TPP Fixed Rate reimbursements for our reimbursements were fully phased out in 2022. This equates to a \$6,671,486 loss that we were paid annually in FY15. This loss is roughly equivalent to a 6.5 mills loss each year or equivalent to 13.2% of our anticipated Line 1.070 operating revenue in FY24.

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

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Rollback and Homestead	\$3,640,568	\$4,025,114	\$4,029,313	\$4,057,092	\$4,084,876
TPP Reimbursement - Fixed Sum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line #1.050	<u>\$3,640,568</u>	<u>\$4,025,114</u>	<u>\$4,029,313</u>	<u>\$4,057,092</u>	<u>\$4,084,876</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area has been open enrollment, tuition for court placed students, student fees, Medicaid 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

Interest income is based on the district 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. In FY20 and FY21 we received two (2) Bureau of Workers Compensation refunds totaling \$750,833.10. We will not project these refunds in FY24 through FY28 as BWC has announced efforts to reduce premiums to more closely align with anticipated claims so their excess reserves are not as high. In FY23, we also received approximately \$167,000 in BOR payments and \$101,000 in insurance proceeds. All other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Tuition Related Payments	\$398,199	\$402,181	\$406,203	\$410,265	\$414,368
Open Enrollment	0	0	0	0	0
Medicaid	46,574	46,574	46,574	46,574	46,574
Interest Earnings	700,000	245,000	122,500	123,725	124,962
Class Fees and Dues	500,000	505,000	510,050	515,151	520,303
PILOT & Misc. Revenue	<u>685,766</u>	<u>692,624</u>	<u>699,550</u>	<u>706,546</u>	<u>713,611</u>
Total Other Local Revenue Line #1.060	<u>\$2,330,539</u>	<u>\$1,891,379</u>	<u>\$1,784,877</u>	<u>\$1,802,261</u>	<u>\$1,819,818</u>

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

There is no short term borrowing projected in this forecast.

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

These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>262,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Transfer & Advances In	<u>\$262,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

All Other Financial Sources – Line #2.060

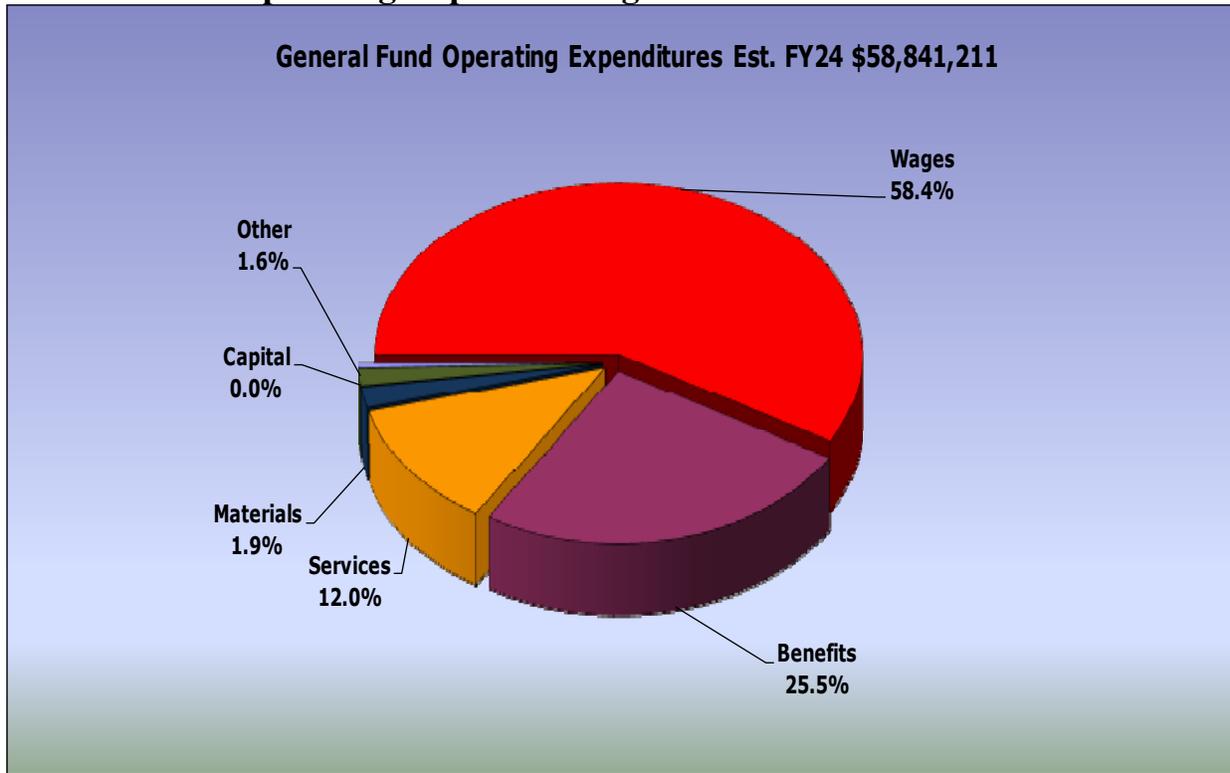
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Sale of Assets & Refund of Prior Yr. Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY24



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.25% for FY22 and 2.0% for FY23 and FY24. Since FY24 is the last year of the Negotiated Agreements, for planning purposes the forecast includes a 0.0% base wage increase for FY25 through FY28

Starting in FY23 the district was placed by ODE in Fiscal Precaution due to its negative balance projected in FY25 of the forecast. To address this deficiency, we have reduced 36 full time equivalents in FY24. We estimate that this will reduce wages by about \$1.7 million annually. The result of the staff reduction is reflected in all years of this forecast. Because employment contracts cross over the fiscal year, we will see a savings of \$1,293,790 in FY24 and the remaining \$435,131 in FY25.

It is important to keep in mind, that step increase cost can be anywhere between 2-4% annually.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Base Wages	\$33,138,012	\$33,004,052	\$33,350,862	\$33,973,050	\$34,508,859
Wage adjustments	662,760	0	0	0	0
Steps & Training	662,760	660,081	667,017	679,461	690,177
Growth/RIF 36FTEs	(1,293,790)	(435,131)	26,226	26,213	26,213
ESSER & 467 Adjustments	0	286,880	95,700	0	0
Severance	334,419	334,419	334,419	334,419	334,419
Substitutes	324,525	327,770	331,048	334,359	337,702
Supplementals	683,331	690,164	697,066	704,036	711,077
Wage Adj. Attrition	(165,690)	(165,020)	(166,754)	(169,865)	(172,544)
Total Wages Line #3.010	<u>\$34,346,327</u>	<u>\$34,703,215</u>	<u>\$35,335,583</u>	<u>\$35,881,673</u>	<u>\$36,435,902</u>

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs. This is the fastest growing expense category of the forecast, growing at a rate of 3.7%. Each area in this section was decreased due to the reduction of the 36 FTEs starting in FY24.

A) STRS/SERS will increase as Wages Increase

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. Also pays employee portion of the retirement cost of all Administrators. The district is also required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The district took a premium holiday for December 2020 and January 2021 which saved the district approximately \$1.45 million. Stark County Schools Council provided two (2) premium holidays in FY22 along with a 4% increase in premiums. Premium holidays do not lower monthly premium amounts and they are granted annually by our consortium if sufficient reserves warrant a premium holiday(s). The prior years' forecasts included two premium holidays for the entire forecast period. Because this may or may not occur, for FY25 through FY27 we are estimating we will get one (1) premium holiday each year, as per the most recent years, FY2023 and FY2024 we receive one premium holiday. For premium increases we included the 8.0% increase for FY24 and 7.0% FY25-28 which reflects current trend.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.45% of wages FY24-FY28. Unemployment is expected to remain at a very low level FY24-FY28. 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.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. 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

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
A) STRS/SERS	\$5,359,218	\$5,407,016	\$5,501,795	\$5,589,317	\$5,676,467
B) Insurance's	8,993,610	9,571,698	10,211,450	10,887,581	11,610,398
C) Workers Comp/Unemployment	154,783	156,389	159,235	161,693	164,187
D) Medicare	494,032	516,006	529,384	536,142	544,417
Other/Tuition	<u>29,318</u>	<u>29,318</u>	<u>29,318</u>	<u>29,318</u>	<u>29,318</u>
Total Fringe Benefits Line #3.020	<u>\$15,030,961</u>	<u>\$15,680,427</u>	<u>\$16,431,182</u>	<u>\$17,204,051</u>	<u>\$18,024,787</u>

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. Education Service Center employee contracts are paid out of this area. The district added \$243,000 to cover the cost of Police Safety Officers that started in October of FY23. To eliminate our deficit in FY25, we reduced Summer Reading Camp by \$35,000, online tools by \$33,965 and our consultant services by \$28,000 in Professional and Technical services category starting in FY24. In 2021 the District has entered into a Lease Agreement with Huntington Bank in the amount of \$2,597,821.66 to commence on June 1, 2021 and terminate on August 1, 2034. The Agreement included Gardner to implement energy savings throughout the District. Payments are made from General funds and are \$185,558.69/year.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Professional & Technical Services, ESC	\$3,589,017	\$3,696,688	\$3,807,589	\$3,921,817	\$4,039,472
Maintenance, Insurance & Leases	437,786	441,726	445,702	449,713	453,760
Professional Development	172,720	174,274	175,842	177,425	179,022
Communications, Postage, & Telephone	146,272	147,588	148,916	150,256	151,608
Utilities	804,750	812,798	820,926	829,135	837,426
Tuition, Excess Costs & Scholarship Costs	1,208,115	1,218,988	1,229,959	1,241,029	1,252,198
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	147,196	148,521	149,858	151,207	152,568
Contract Transportation	337,367	340,403	343,467	346,558	349,677
HB264 lease , SWSF, and ESSER Adjustment	185,559	185,559	185,559	185,559	185,559
Miscellaneous Purchased Services	<u>43,334</u>	<u>44,634</u>	<u>45,973</u>	<u>47,352</u>	<u>48,773</u>
Total Purchased Services Line #3.030	<u>7,072,116</u>	<u>7,211,179</u>	<u>7,353,791</u>	<u>7,500,051</u>	<u>7,650,063</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. We estimate that supplies and materials expenses will increase by approximately 3.3% in FY24-FY28. Starting in FY24 we will reduce supplies cost \$30,000 by implementing a centralized purchasing process, and we will also reduce the cost of bussing \$60,000 by adjusting our routing to corner bus stops where feasible.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
General Office Supplies & Materials	\$507,072	\$522,284	\$537,953	\$554,092	\$570,715
Textbooks & Instructional Supplies	12,243	12,365	12,489	12,614	12,740
Facility Supplies & Materials	222,484	233,608	245,288	257,552	270,430
Transportation Fuel & Supplies	390,647	402,366	414,437	426,870	439,676
Other adjustments SWSF, CARES, Etc.	<u>14,461</u>	<u>14,750</u>	<u>15,045</u>	<u>15,346</u>	<u>15,653</u>
Total Supplies Line #3.040	<u>\$1,146,907</u>	<u>\$1,185,373</u>	<u>\$1,225,212</u>	<u>\$1,266,474</u>	<u>\$1,309,214</u>

Equipment – Line #3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Capital Outlay & Maintenance	\$7,835	\$7,835	\$7,835	\$7,835	\$7,835
Technology/Curriculum Purchases	17,700	17,700	17,700	17,700	17,700
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, CARES, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$25,535</u>	<u>\$25,535</u>	<u>\$25,535</u>	<u>\$25,535</u>	<u>\$25,535</u>

Principal and Interest Payment – Lines #4.050 and #4.060

The District issued 15 year HB 264 Energy Conservation Bonds in 2010 to pay for energy upgrades to the High School. This upgrade reduced energy consumption by approximately 46% and earned the High School an Energy Star Rating. These bonds will be paid off in FY26. Furthermore, in 2015, the district issued 13 year HB 264 Energy Conservation Bonds to replace a boiler and upgraded lighting and HVAC controls at R.B. Chamberlin. The utilities savings in the General Fund utility bills will pay for the debt retirement costs. This bond will be paid off in FY29.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
HB264 - Line #4.050	<u>\$231,248</u>	<u>\$233,272</u>	<u>\$235,370</u>	<u>\$60,370</u>	<u>\$60,370</u>

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Interest - Line #4.060	<u>\$35,799</u>	<u>\$24,332</u>	<u>\$12,790</u>	<u>\$8,087</u>	<u>\$8,087</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. We anticipate the County Auditor and Treasurer fees to increase as our property tax collection increases with the passage of the \$6,210,000 levy. For FY26 to FY28 we anticipate an increase of 1.58% per year.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
County Auditor & Treasurer Fees	\$670,305	\$720,414	\$727,618	\$734,894	\$742,243
ESC Deduction	26,378	26,510	26,643	26,776	26,910
Annual Audit Costs	25,320	25,447	25,574	25,702	25,831
Dues, Fees & other Expenses	<u>230,315</u>	<u>231,467</u>	<u>232,624</u>	<u>233,787</u>	<u>234,956</u>
Total Other Expenses Line #4.300	<u>\$952,318</u>	<u>\$1,003,838</u>	<u>\$1,012,459</u>	<u>\$1,021,159</u>	<u>\$1,029,940</u>

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. The district supplemented Food Service program losses by transferring General Funds to the Food Service Fund in FY22. The district estimates it will send \$175,000 in FY24 and FY26 to the food service fund.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Operating Transfers Out Line #5.010	\$175,000	\$0	\$175,000	\$0	\$0
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>\$195,000</u>	<u>\$20,000</u>	<u>\$195,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

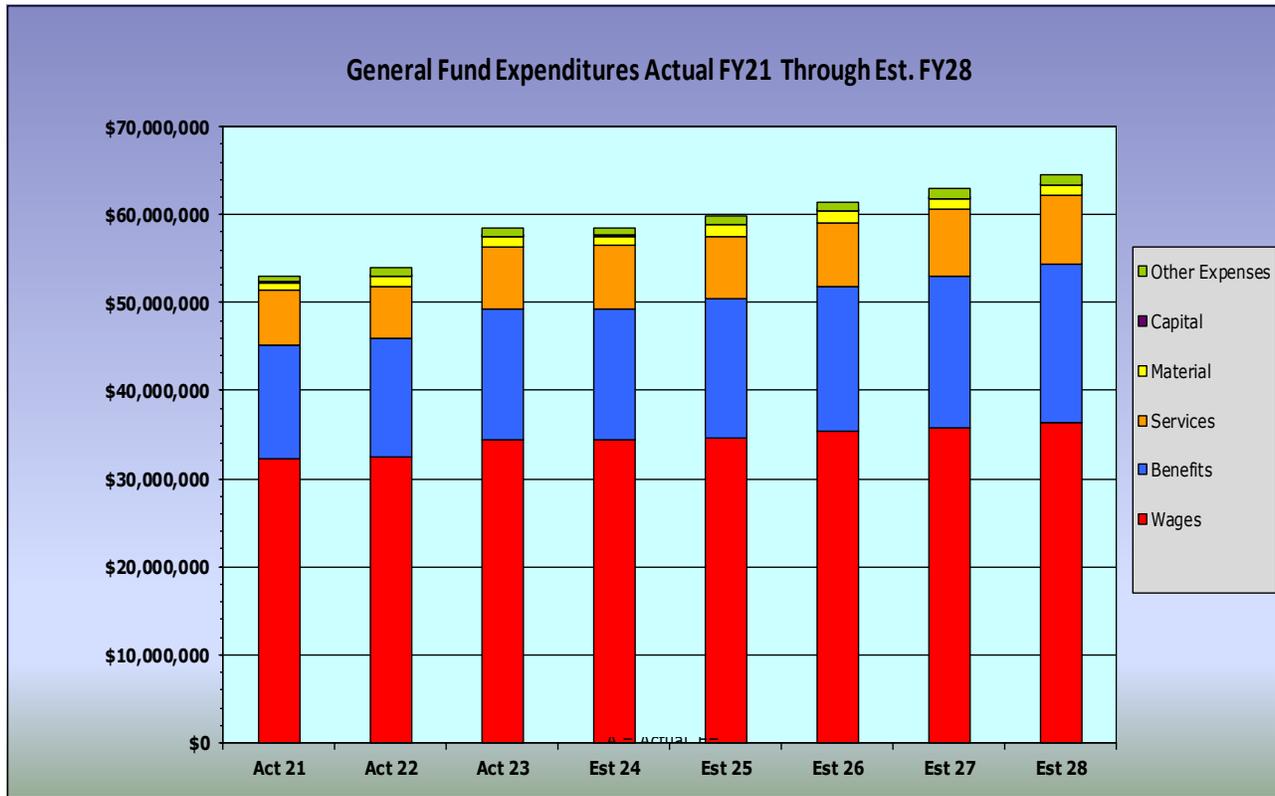
Encumbrances – Line #8.010

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

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Estimated Encumbrances	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered Cash Balance – 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. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (60) day cash balance, which is about \$9.76 million for our district.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Ending Unreserved Cash Balance Line #15.010	<u>\$16,648,349</u>	<u>\$16,818,660</u>	<u>\$15,421,867</u>	<u>\$13,280,326</u>	<u>\$9,966,414</u>

True Cash Days Ending Balance - Line #7.020

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 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. Unless revenues and expenditures drastically change, at this time the District is projecting adequate cash balances throughout the forecast. However, again, there is no pay increase reflected after the current fiscal year. Also, we must make sure that the Expenditure Reduction Plan stays enforced, otherwise expenses will drastically increase.

The passage of the levy on November 7, 2023 is the major factor for this positively looking Forecast. We consider the passage of the levy as a vote of confidence in the district and we will continue to be fiscally responsible with our funding while providing our students with the resources they each need and support them on their path to accomplish their best academic success.

