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

May 15, 2024

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				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$36,030,209	$37,374,668	$37,898,627	2.6%	$41,756,226	$45,028,028	$45,083,255	$45,364,220	$45,633,702
1.020	Tangible Personal Property	$1,487,014	$1,597,590	$1,795,610	9.9%	1,969,515	2,108,451	2,172,937	2,233,186	2,293,199
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%	7,638,135	6,495,926	6,499,172	6,502,439	6,505,764
1.040	Restricted State Grants-in-Aid	-	369,081	656,879	0.0%	920,494	708,577	708,577	708,577	708,577
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%	3,334,874	3,525,365	3,533,454	3,569,633	3,605,526
1.060	All Other Revenues	1,919,314	1,429,416	2,582,512	27.6%	2,609,837	1,979,543	1,730,060	1,746,895	1,763,899
1.070	*Total Revenues*	$50,189,049	$50,346,346	$52,400,323	2.2%	$58,229,081	$59,845,890	$59,727,454	$60,124,950	$60,510,667
	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%	154,685	0	0	0	0
2.070	*Total Other Financing Sources*	$180,823	$97,000	$250,386	55.9%	$416,685	$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%	$58,645,766	$59,865,890	$59,747,454	$60,144,950	$60,530,667
	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%	14,798,309	15,431,489	16,164,818	16,919,041	17,719,826
3.030	Purchased Services	6,375,321	5,826,634	7,030,643	6.0%	7,272,116	7,414,079	7,559,649	7,708,926	7,862,018
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%	88,302	88,302	88,302	88,302	88,302
	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%	$58,871,326	$60,083,900	$61,634,183	$62,954,032	$64,513,659
	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%	$59,066,326	$60,103,900	$61,829,183	$62,974,032	$64,533,659
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%	($420,560)	($238,010)	($2,081,729)	($2,829,082)	($4,002,992)
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	$18,815,685	$18,577,675	$16,495,947	$13,666,865
7.020	*Cash Balance June 30*	$29,392,153	$25,382,483	$19,236,245	-18.9%	$18,815,685	$18,577,675	$16,495,947	$13,666,865	$9,663,873
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%	$17,815,685	$17,577,675	$15,495,947	$12,666,865	$8,663,873

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				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	$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
11.300	Cumulative Balance of Replacement/Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$27,960,156	$24,100,873	$18,480,014	-18.6%	$17,815,685	$17,577,675	$15,495,947	$12,666,865	$8,663,873
	Revenue from New Levies									
13.010	Income Tax - New	$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
13.030	Cumulative Balance of New Levies	$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
15.010	*Unreserved Fund Balance June 30*	$27,960,156	$24,100,873	$18,480,014	-18.6%	$17,815,685	$17,577,675	$15,495,947	$12,666,865	$8,663,873

Twinsburg City School District – Summit County
Notes to the Five Year Forecast
General Fund Only
May 15, 2024

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 Ohio Department of Education and Workforce (DE&W) 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 & Workforce 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 May 2024 filing.

May 2024 Updates:

<u>Revenues FY24</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 $1.04 million or 1.82% higher than the November forecasted amount of $57.19 million. This indicates that the November forecast was 98.18% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 75.09% and are estimated to be $43.73 million, which is $911,439 higher for FY24 than the original November estimate of $42.81 million. Our estimates are 97.87% accurate for FY24 and should mean future projections are also on target.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $8.56 million, which is $157,723 higher than the original estimate for FY24. This difference is a result of the HQIM paid by the State in the April #2 settlement. We are pleased that we were able to be 98.12% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

Line 1.06 - Other revenues are up $279,298 over original estimates, primarily due to interest received by the district, which are somewhat unpredictable from year to year. The District changed Investment advisors in May 2023, in order to maximize earnings available due to the current economy.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $58.87 million for FY24, which is on target with the original estimate in the November forecast.

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

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures ending primarily on target, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly 17.81 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates. However, there is no pay increase reflected in the fiscal years starting 2025, due to the fact that we are currently negotiating with the Twinsburg Education Association (TEA) and Twinsburg Support Staff Association (TSSA).

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 79.55% of the district's resources. Our tax collections in the August 2023 and March 2024 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20 mill floor currently in law. Our district is close to the 20 mill floor for Class I values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

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. Value increases for Class I and II property by $285.2 million for an overall increase of 27.8%. Residential & Agricultural property value increase was released by Summit County at an average of 30.8%. Commercial property values increased 17.64%. In 2026 Summit County will undergo a reappraisal in which we are estimating a 5% increase for Class I and a 1% increase for Class II property. 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.

3) The state budget represents 20.43% of district revenues, which means it is a significant area of risk to our 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.

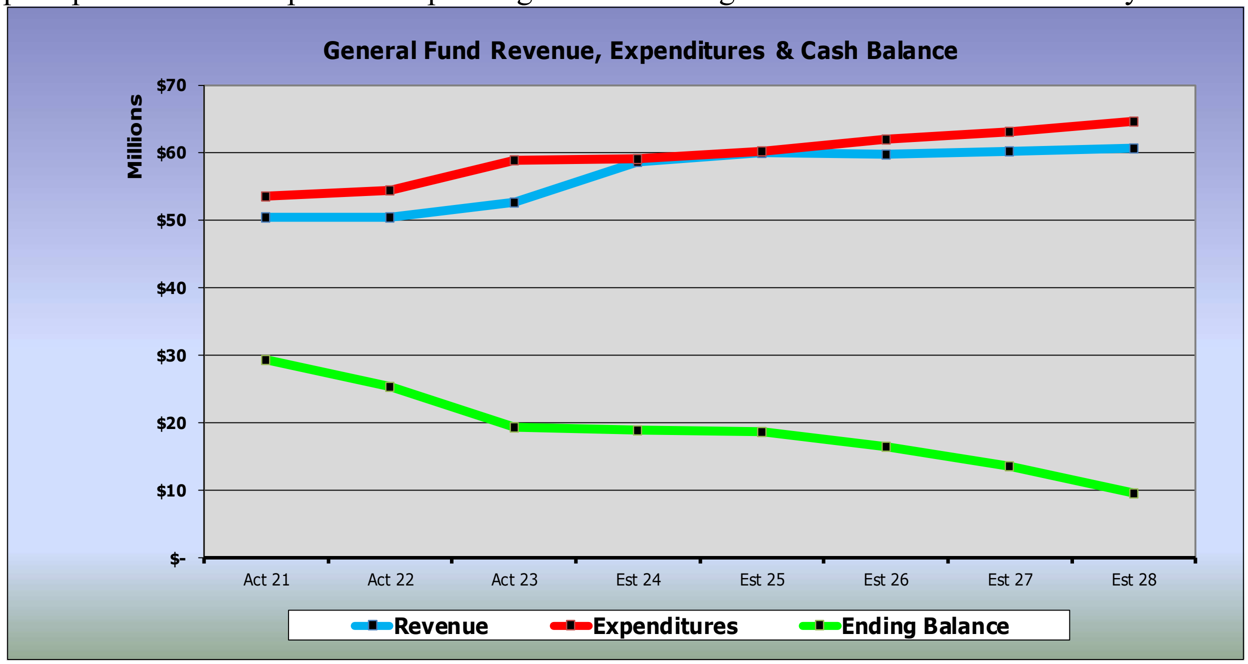
7) The current state budget that ends June 30, 2025, Tangible Personal Property (TPP) Fixed Rate Reimbursement was phased out. SB208 has lowered the payment we received each year by the amount raised by five-eights (5/8) of 1 mill based on the three year average of assessed district values. FY22 was 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 4.9 mill levy. From FY15 to FY22, we have cumulatively lost an estimated $24,031,504 in state TPP reimbursement. We do not anticipate any revenue from this source beyond FY23.

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.

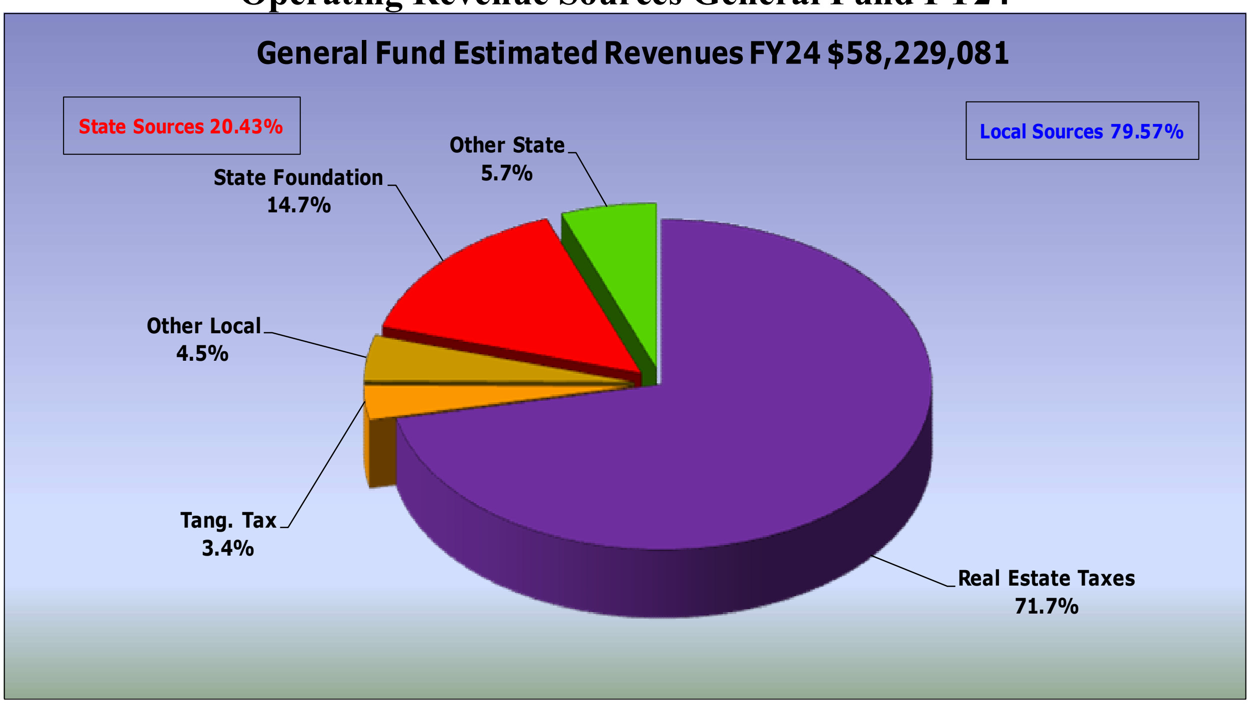
Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

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 received a 30.83% increase in residential and a 17.64% increase for commercial/industrial property. Our Residential/Agricultural and Commercial/Industrial values increase by $285.15 million or 27.82% overall.

Public Utility Personal Property (PUPP) values increased by $1.97 million in Tax Year 2023. We expect our values to continue to grow by $1 million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	$961,848,940	$967,624,390	$973,399,840	$1,027,845,282	$1,033,620,732
Comm./Ind.	348,247,260	349,637,240	351,027,220	355,927,472	357,317,452
Public Utility (PUPP)	29,845,500	30,845,500	31,845,500	32,845,500	33,845,500
Total Assessed Value	$1,339,941,700	$1,348,107,130	$1,356,272,560	$1,416,618,254	$1,424,783,684

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 69.61 mills while the Class I effective millage rate is 23.29638 mills and the Class II effective millage rate is 31.06 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 very close to the floor for Class I. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor calculation, the district has three emergency levies with a combined total of 11.72 mills that was voted on for an annual amount of $15,394,569 of taxes annually.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Est. General Property Taxes Line #1.010	$41,756,226	$45,028,028	$45,083,255	$45,364,220	$45,633,702

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 after FY23. 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 4.95 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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Total PUPP Tax Line #1.020	$1,969,515	$2,108,451	$2,172,937	$2,233,186	$2,293,199

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 April 2024 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.

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

<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 $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:

<u>Unrestricted Categorical State Aid</u>
1. <u>Targeted Assistance/Capacity Aid</u> – 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. <u>Special Education Additional Aid</u> – 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. <u>Transportation Aid</u> – 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.

<u>Restricted Categorical State Aid</u>

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) were 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 FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Basic Aid-Unrestricted	$6,892,886	$5,731,096	$5,731,096	$5,731,096	$5,731,096
Additional Aid Items	491,852	508,236	508,236	508,236	508,236
Basic Aid-Unrestricted Subtotal	7,384,738	6,239,332	6,239,332	6,239,332	6,239,332
Ohio Casino Commission ODT	253,397	256,594	259,840	263,107	266,432
Total Unrestricted State Aid Line #1.035	$7,638,135	$6,495,926	$6,499,172	$6,502,439	$6,505,764

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 April 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.

HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $176,777 from this one-time subsidy and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
DPIA	$48,108	$59,481	$59,481	$59,481	$59,481
Career Tech	12,500	8,333	8,333	8,333	8,333
Gifted	130,756	97,951	97,951	97,951	97,951
ESL	30,376	20,761	20,761	20,761	20,761
Student Wellness	244,542	244,616	244,616	244,616	244,616
Other Restricted State Aid	176,777	0	0	0	0
Catastrophic Costs	277,435	277,435	277,435	277,435	277,435
Total Restricted State Revenues-Line #1.040	$920,494	$708,577	$708,577	$708,577	$708,577

C) Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected in this forecast.

Summary	FY 24	FY 25	FY 26	FY 27	FY 28
Unrestricted Line #1.035	$7,638,135	$6,495,926	$6,499,172	$6,502,439	$6,505,764
Restricted Line #1.040	920,494	708,577	708,577	708,577	708,577
Restricted Federal Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$8,558,629	$7,204,503	$7,207,749	$7,211,016	$7,214,341

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, reinstituted 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 4.95 mills loss each year or equivalent to 11.47% of our anticipated Line 1.070 operating revenue in FY24.

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

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Rollback and Homestead	$3,334,874	$3,525,365	$3,533,454	$3,569,633	$3,605,526
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Line #1.050	$3,334,874	$3,525,365	$3,533,454	$3,569,633	$3,605,526

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 to maximize our returns. 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, which was no longer the case in FY24. All other revenues are expected to continue on historic trends.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
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	1,171,298	527,084	263,542	266,177	268,839
Class Fees and Dues	500,000	505,000	510,050	515,151	520,303
PILOT & Misc. Revenue	493,766	498,704	503,691	508,728	513,815
Total Other Local Revenue Line #1.060	$2,609,837	$1,979,543	$1,730,060	$1,746,895	$1,763,899

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.

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

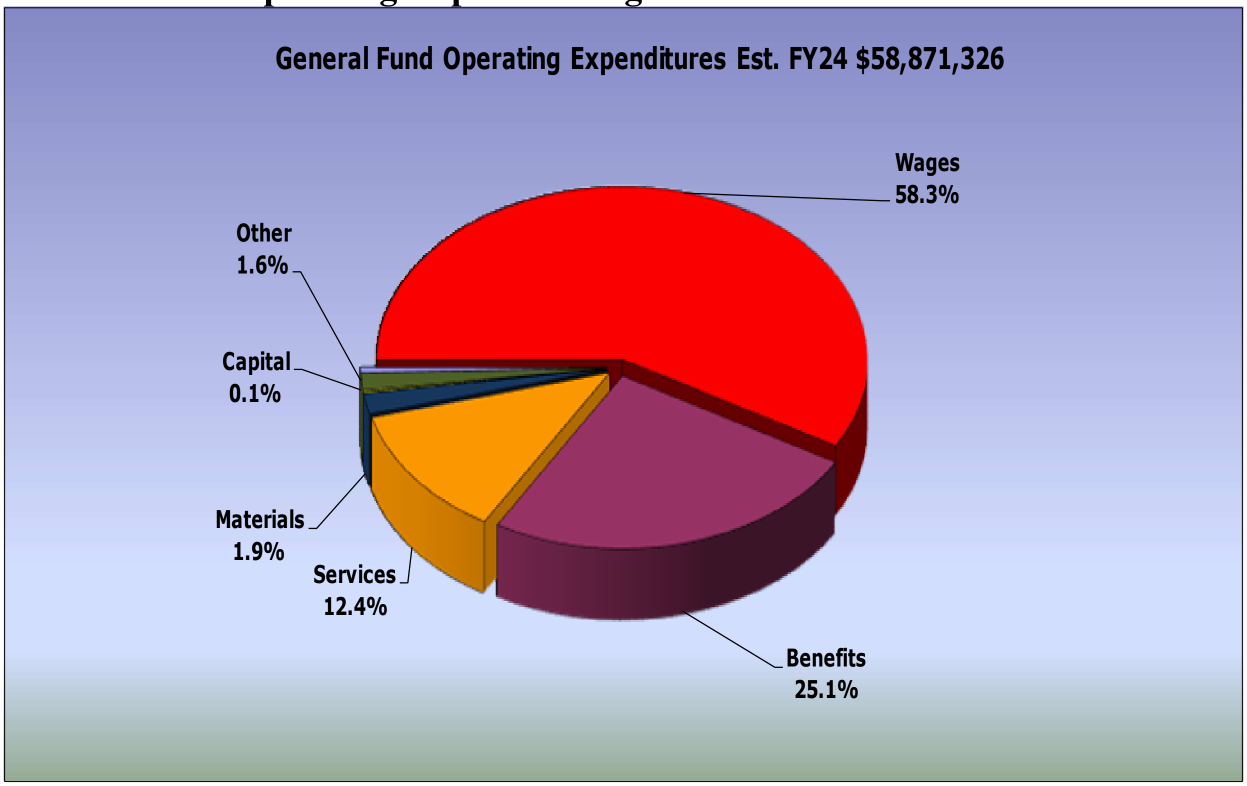
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Sale of Assets & Refund of Prior Yr. Exp.	$154,685	$0	$0	$0	$0

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 DE&W 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 estimated that this will reduce wages by about $1.7 million annually - which lead us to no increase in payroll expenses in spite of 2% pay increase and step increases. 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 to keep in mind, that step increase cost can be anywhere between 2-4% annually.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
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	$34,346,327	$34,703,215	$35,335,583	$35,881,673	$36,435,902

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 an average 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

Source	FY 24	FY 25	FY 26	FY 27	FY 28
A) STRS/SERS	$5,359,218	$5,407,016	$5,501,795	$5,589,317	$5,676,467
B) Insurance's	8,760,958	9,322,760	9,945,086	10,602,571	11,305,437
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	29,318	29,318	29,318	29,318	29,318
Total Fringe Benefits Line #3.020	$14,798,309	$15,431,489	$16,164,818	$16,919,041	$17,719,826

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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Professional & Technical Services, ESC	$3,639,017	$3,748,188	$3,860,634	$3,976,453	$4,095,747
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	854,750	863,298	871,931	880,650	889,457
Tuition, Excess Costs & Scholarship Costs	1,308,115	1,319,888	1,331,767	1,343,753	1,355,847
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	43,334	44,634	45,973	47,352	48,773
Total Purchased Services Line #3.030	$7,272,116	$7,414,079	$7,559,649	$7,708,926	$7,862,018

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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
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.	14,461	14,750	15,045	15,346	15,653
Total Supplies Line #3.040	$1,146,907	$1,185,373	$1,225,212	$1,266,474	$1,309,214

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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Capital Outlay & Maintenance	$70,602	$70,602	$70,602	$70,602	$70,602
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.	0	0	0	0	0
Total Equipment Line #3.050	$88,302	$88,302	$88,302	$88,302	$88,302

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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
HB264 - Line #4.050	$231,248	$233,272	$235,370	$60,370	$60,370
Source	**FY 24**	**FY 25**	**FY 26**	**FY 27**	**FY 28**
Interest - Line #4.060	$35,799	$24,332	$12,790	$8,087	$8,087

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 0.86% per year.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
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	230,315	231,467	232,624	233,787	234,956
Total Other Expenses Line #4.300	$952,318	$1,003,838	$1,012,459	$1,021,159	$1,029,940

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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Operating Transfers Out Line #5.010	$175,000	$0	$175,000	$0	$0
Advances Out Line #5.020	20,000	20,000	20,000	20,000	20,000
Total Transfer & Advances Out	$195,000	$20,000	$195,000	$20,000	$20,000

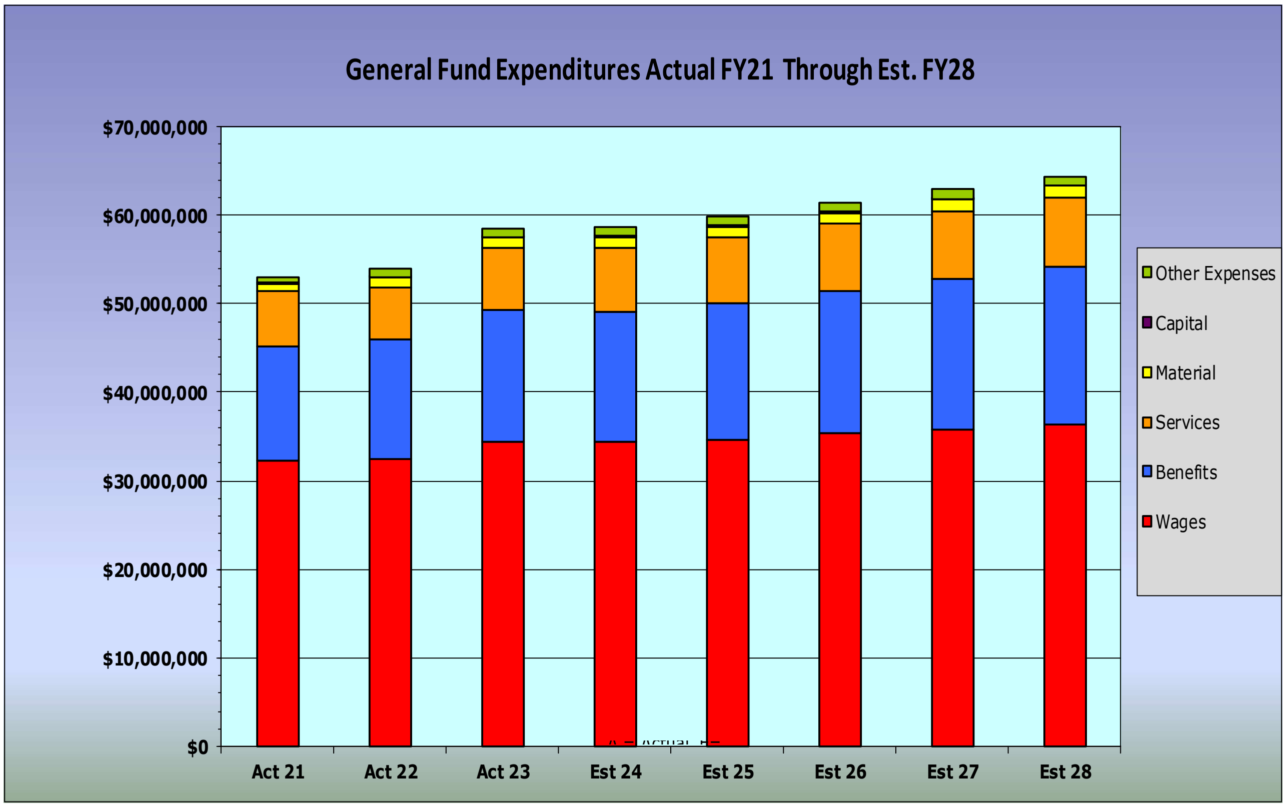
Encumbrances – Line #8.010

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

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Estimated Encumbrances	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

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.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Ending Unreserved Cash Balance Line #15.010	$17,815,685	$17,577,675	$15,495,947	$12,666,865	$8,663,873

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.