TWINSBURG CITY SCHOOL DISTRICT - SUMMIT COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2020, 2021, and 2022 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2023, THROUGH JUNE 30, 2027

Forecast Provided By
Twinsburg City School District
Treasurer's Office
Julia Rozsnyai, Treasurer

May 17, 2023

Twinsburg City Schools

Summit County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	$35,060,588	$35,919,633	$37,291,439	3.1%	$37,830,841	$37,590,308	$37,966,975	$38,258,427	$38,640,434
1.020	Tangible Personal Property	$1,487,014	$1,597,590	$1,680,819	6.3%	1,795,610	1,815,950	1,872,223	1,935,530	1,994,334
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	5,829,790	6,085,812	5,699,828	-1.0%	6,217,321	6,392,725	6,597,315	6,802,000	7,006,777
1.040	Restricted State Grants-in-Aid	41,406	0	369,081	0.0%	378,870	378,870	378,870	378,870	378,870
1.045	Restricted Fed.	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	5,448,797	4,666,700	3,875,763	-15.7%	3,255,202	3,290,682	3,318,062	3,325,652	3,352,008
1.060	All Other Revenues	1,594,963	1,919,314	1,429,416	-2.6%	2,244,619	1,796,172	1,849,512	1,873,623	1,890,547
1.070	*Total Revenues*	$49,462,558	$50,189,049	$50,346,346	0.9%	$51,722,463	$51,264,707	$51,982,957	$52,574,102	$53,262,970
	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	0	11,603	0	0.0%	0	0	0	0	0
2.050	Advances-In	5,000	10,300	97,000	473.9%	63,800	262,000	20,000	20,000	20,000
2.060	All Other Financing Sources	245,075	158,920	-	-67.6%	0	0	0	0	0
2.070	*Total Other Financing Sources*	$250,075	$180,823	$97,000	-37.0%	$63,800	$262,000	$20,000	$20,000	$20,000
2.080	*Total Revenues and Other Financing Sources*	$49,712,633	$50,369,872	$50,443,346	0.7%	$51,786,263	$51,526,707	$52,002,957	$52,594,102	$53,282,970
	Expenditures									
3.010	Personal Services	$30,274,970	$32,357,911	$32,557,454	3.7%	$33,927,448	$33,794,391	$34,146,665	$34,774,355	$35,315,703
3.020	Employees' Retirement/Insurance Benefits	12,277,539	12,738,535	13,499,094	4.9%	14,765,894	14,470,761	15,089,508	15,842,921	16,617,386
3.030	Purchased Services	5,362,601	6,375,321	5,826,634	5.1%	6,716,139	6,748,268	6,880,617	7,016,309	7,155,443
3.040	Supplies and Materials	882,729	687,373	1,031,428	14.0%	1,153,233	1,100,775	1,139,607	1,179,774	1,221,326
3.050	Capital Outlay	47,831	226,297	168,605	173.8%	27,100	27,100	27,100	27,100	27,100
	Debt Service:				0.0%					
4.050	Principal-HB 264 Loans	223,828	225,585	227,406	0.8%	229,293	231,248	233,272	235,370	60,370
4.060	Interest and Fiscal Charges	81,279	70,083	58,823	-14.9%	47,225	35,799	24,332	12,790	8,087
4.300	Other Objects	736,296	717,027	848,301	7.8%	672,078	688,119	704,620	721,596	739,060
4.500	*Total Expenditures*	$49,887,073	$53,398,132	$54,217,745	4.3%	$57,538,410	$57,096,461	$58,245,721	$59,810,215	$61,144,475
	Other Financing Uses									
5.010	Operating Transfers-Out	$135,000	$0	$171,471	0.0%	$0	$175,000	$0	$175,000	$0
5.020	Advances-Out	10,300	97,000	63,800	403.8%	262,000	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*	$145,300	$97,000	$235,271	54.7%	$262,000	$195,000	$20,000	$195,000	$20,000
5.050	*Total Expenditures and Other Financing Uses*	$50,032,373	$53,495,132	$54,453,016	4.4%	$57,800,410	$57,291,461	$58,265,721	$60,005,215	$61,164,475
6.010	*Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	($319,740)	($3,125,260)	($4,009,670)	452.9%	($6,014,147)	($5,764,754)	($6,262,764)	($7,411,113)	($7,881,505)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$32,837,153	$32,517,413	$29,392,153	-5.3%	$25,382,483	$19,368,336	$13,603,582	$7,340,818	($70,295)
7.020	*Cash Balance June 30*	$32,517,413	$29,392,153	$25,382,483	-11.6%	$19,368,336	$13,603,582	$7,340,818	($70,295)	($7,951,801)
8.010	*Estimated Encumbrances June 30*	$1,442,063	$1,431,997	$1,281,610	-5.6%	$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*	$31,075,350	$27,960,156	$24,100,873	-11.9%	$18,368,336	$12,603,582	$6,340,818	($1,070,295)	($8,951,801)
	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*	$31,075,350	$27,960,156	$24,100,873	-11.9%	$18,368,336	$12,603,582	$6,340,818	($1,070,295)	($8,951,801)
	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*	$31,075,350	$27,960,156	$24,100,873	-11.9%	$18,368,336	$12,603,582	$6,340,818	($1,070,295)	($8,951,801)

Twinsburg City School District – Summit County
Notes to the Five Year Forecast
General Fund Only
May 17, 2023

Introduction to the Five Year Forecast
A forecast is somewhat 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. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is 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 (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

<u>Revenues FY23</u>
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $51,722,463 or 2.75% higher than the November forecasted amount of $50,339,546. This indicates the November forecast was 97.25% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 77.8% and are estimated to be $39,626,451, which is $479,520 higher for FY23 than the original November estimate of $39,146,931. Our estimates are 98.78% accurate for FY23 and should mean future projections are on target as well.

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 $6,596,191, which is $110,068 higher than the original estimate for FY23. We are pleased that we were able to be 98.3% accurate for FY23. We are currently on the formula and are expected to remain as a formula district for FY24 through FY27.

Line 1.06 - Other revenues are up $801,376 or 55.5% over original estimates, primarily due to cash management practices that increased interest by about $560,000. In addition to this we received approximately $167,000 in BOR payments and $101,000 in insurance proceeds that were not estimated in the November forecast. Other revenue is somewhat unpredictable year to year.

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

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $57,538,410 for FY23, which is on target with original estimates 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 mostly on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $18,368,336. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2025 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) 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 80.95% of the district's resources.

2) Summit County experienced a reappraisal update in the 2020 tax year to be collected in FY21. 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 will occur in the tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by $69.2 million for an overall increase of 6.77%. 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 19.05% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long range through FY27. We are on the state foundation formula presently, and while we are not certain what the biennium budget will contain, we feel it is reasonable to project our state funding to increase $200,000 per year through FY27 which we feel is conservative. We will adjust the forecast in future years as we have data to help guide this decision.

4) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21 reflect different trends on Lines #1.035, 1.040, 1.060, and 3.030 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.

5) HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

6) The current proposed state budget for FY24-25, HB33 was introduced on February 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

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

31.5%, this would cause “effective” millage rates to increase and would increase local taxpayers’ property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing in regard to HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

8) The current state budget that ends June 30, 2023, continues the TPP Fixed Rate Reimbursement phase-out contained in SB208 that will lower the payment we receive each year by the amount raised by five-eights (5/8) of 1 mill based on the three year average of assessed district values. Based on our estimates, FY22 will be the last year we receive TPP funding. In FY19, the district received $3.1 million of TPP reimbursements and in FY15 we received $6,671,486. In 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.

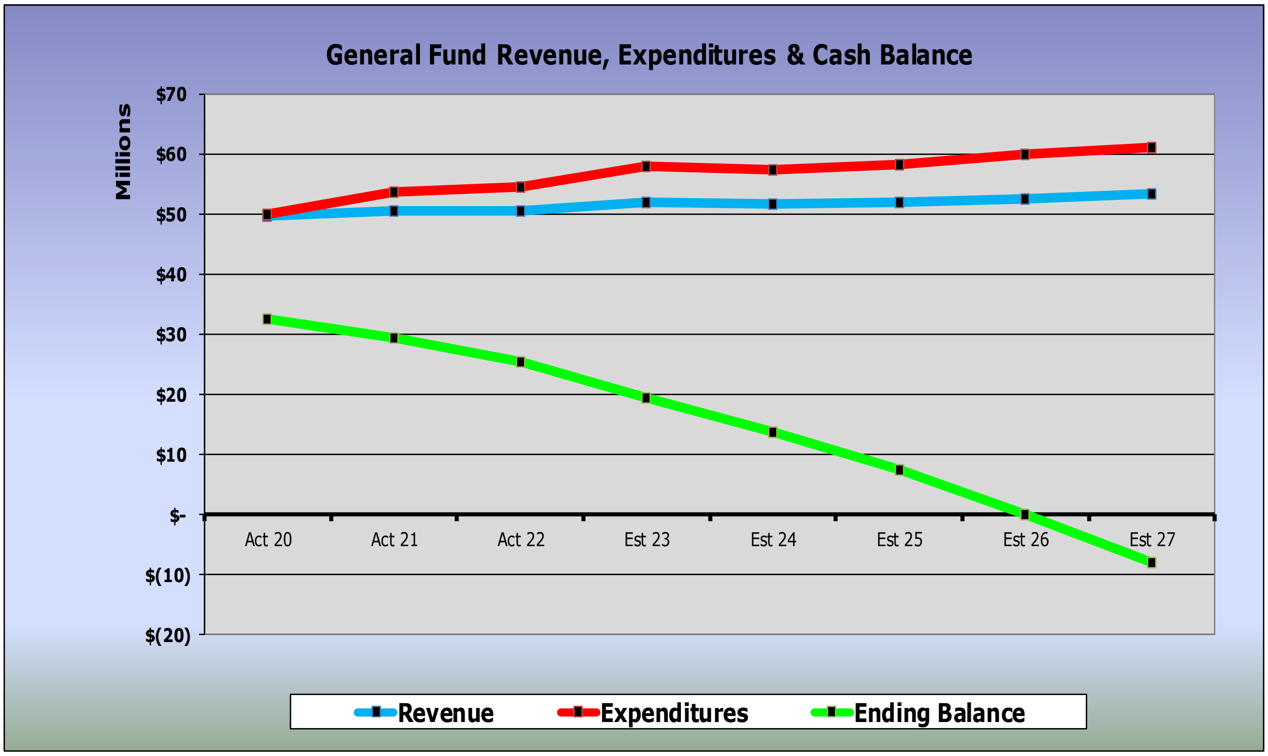
7) We would like to thank our residents for passing the district's 6.9 mill operating levy this November. Although this is appreciated, more action will need to be taken for the district to remain solvent. The districts fund balance is still projected to go in the negative by FY26.

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.

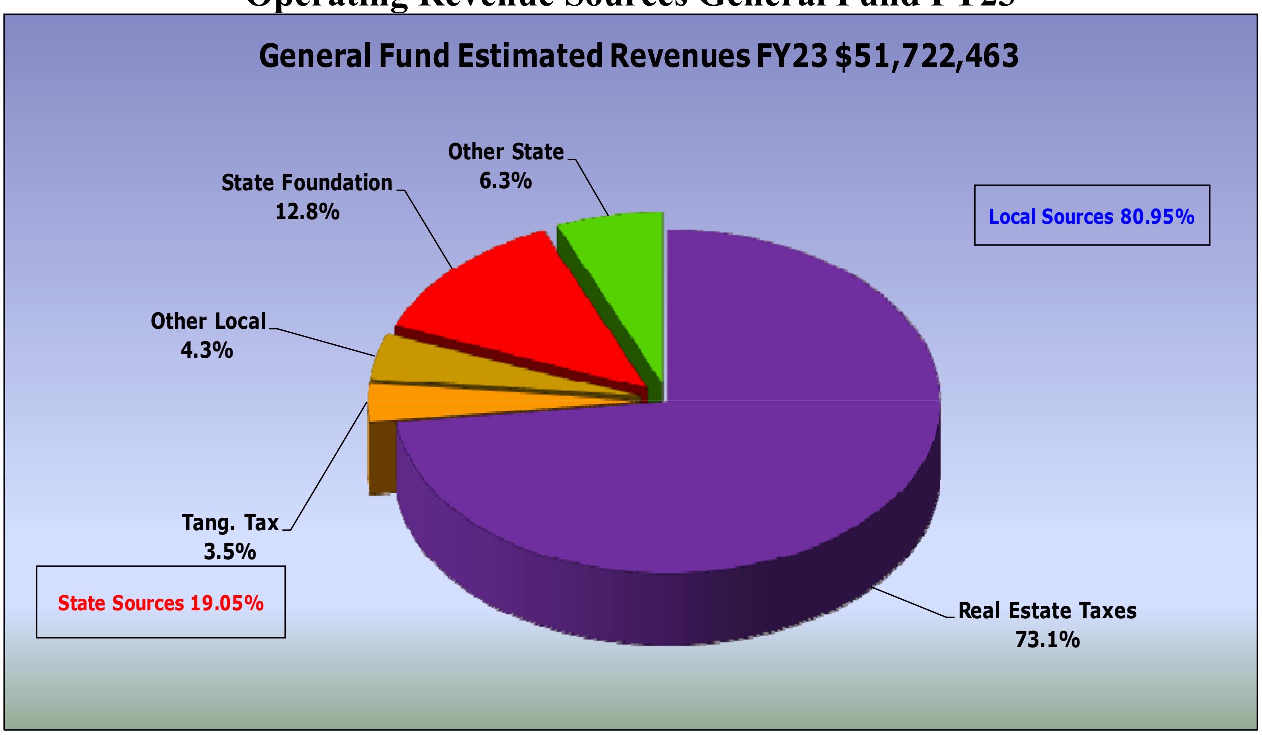
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY20-22 and Estimated FY23-27

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



Revenue Assumptions
Operating Revenue Sources General Fund FY23



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 will occur in 2023 for collection in 2024, for which we estimate a 7% increase in residential and a 2% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase by $69.2 million or 6.77% overall.

Public Utility Personal Property (PUPP) values increased by $1.26 million in Tax Year 2021. We expect our values to continue to grow by $1 million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$730,836,380	$784,605,737	$787,216,547	$789,827,357	$831,929,534
Comm./Ind.	290,917,660	306,367,923	315,999,833	325,631,743	338,519,971
Public Utility (PUPP)	26,820,790	27,820,790	28,820,790	29,820,790	30,820,790
Total Assessed Value	$1,048,574,830	$1,118,794,450	$1,132,037,170	$1,145,279,890	$1,201,270,295

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Est. General Property Taxes Line #1.010	$37,830,841	$37,590,308	$37,966,975	$38,258,427	$38,640,434

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 do not expect any more funding from this source in 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 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Total PUPP Tax Line #1.020	$1,795,610	$1,815,950	$1,872,223	$1,935,530	$1,994,334

State Foundation Revenue Estimates – Lines #1.035, #1.040 and #1.045
Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035
The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the March #2 2023 foundation settlement and adjustments from FY22.

Our district is currently a **formula** district in FY23 and is expected to be **formula** FY24-FY26 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines #1.035, 1.040, 1.060 and 3.030 of the forecast.

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

A. Student Population and Demographics
B. Property Valuation 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 new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district. Newer more up to date state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes funding for five (5) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding
Once the base cost is calculated, which is currently at a state wide average of $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the

state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

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

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). 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 and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. <u>Transportation Aid</u> – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding.

<u>Restricted Categorical State Aid</u>
1. <u>Disadvantage Pupil Impact Aid (DPIA)</u> - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.34% in FY23.
2. <u>English Learners</u> – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. <u>Gifted Funds</u> – Based on average daily membership multiplied by a weighted amount per pupil.
4. <u>Career-Technical Education Funds</u> – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. <u>Student Wellness and Success Funds</u> – These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase - In FY22 and FY23 and Guarantees
While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110. The FSFP does not include caps on funding, rather it will include a general phase-

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

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

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 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budget Projections beyond FY23
Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

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

Unrestricted Categorical State Aid

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

Restricted Categorical State Aid

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

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

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted and categorical state funding to be in line with the FY23 funding levels through the remainder of the forecast. Because we are a formula district, we estimate an additional $200,000 of funding each year for FY23 through FY27. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil, actual payments in FY22 were $62.87 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Basic Aid-Unrestricted	$5,611,041	$5,781,890	$5,981,890	$6,181,890	$6,381,890
Additional Aid Items	350,448	350,448	350,448	350,448	350,448
Basic Aid-Unrestricted Subtotal	5,961,489	6,132,338	6,332,338	6,532,338	6,732,338
Ohio Casino Commission ODT	255,832	260,387	264,977	269,662	274,439
Total Unrestricted State Aid Line #1.035	$6,217,321	$6,392,725	$6,597,315	$6,802,000	$7,006,777

B) Restricted State Revenues – Line #1.040
HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. Using current March funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.34% in FY23. We have added a modest $200,000 annual increase from FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
DPIA	$19,554	$19,554	$19,554	$19,554	$19,554
Career Tech	20,532	20,532	20,532	20,532	20,532
Gifted	116,343	116,343	116,343	116,343	116,343
ESL	20,187	20,187	20,187	20,187	20,187
Student Wellness	202,254	202,254	202,254	202,254	202,254
Total Restricted State Revenues-Line #1.040	$378,870	$378,870	$378,870	$378,870	$378,870

C) Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected FY23-27.

Summary	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line #1.035	$6,217,321	$6,392,725	$6,597,315	$6,802,000	$7,006,777
Restricted Line #1.040	378,870	378,870	378,870	378,870	378,870
Restricted Federal Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$6,596,191	$6,771,595	$6,976,185	$7,180,870	$7,385,647

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66, the FY06-07 budget bill, previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are 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 of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

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 what we believe to be 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 TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes on the three (3) year average. We project with the new phase-out calculation that TPP Fixed Rate reimbursements our reimbursements will be fully phased out in 2022. We will be losing $6,671,486 a year that we were paid annually in FY15. This loss would be roughly equivalent to a 6.5 mills loss each year or equivalent to 13.2% of our anticipated Line 1.070 operating revenue in FY23.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead	$3,255,202	$3,290,682	$3,318,062	$3,325,652	$3,352,008
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Line #1.050	$3,255,202	$3,290,682	$3,318,062	$3,325,652	$3,352,008

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 new state budget will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY23-FY27 Line #1.060 revenues and historical FY20 through FY22 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line #1.035 as state basic aid.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. We did receive one (1) Bureau of Workers Compensation refund in FY20 of $128,745.70 and two (2) refunds totaling $750,833.10. We will not project these refunds in FY23 through FY27 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Tuition Related Payments	$429,279	$433,572	$437,908	$442,287	$446,710
Open Enrollment	0	0	0	0	0
Medicaid	46,695	46,695	46,695	46,695	46,695
Interest Earnings	726,807	173,212	174,944	176,693	178,460
Class Fees and Dues	582,607	678,870	721,504	734,802	740,805
PILOT & Misc. Revenue	459,231	463,823	468,461	473,146	477,877
Total Other Local Revenue Line #1.060	$2,244,619	$1,796,172	$1,849,512	$1,873,623	$1,890,547

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 23	FY 24	FY 25	FY 26	FY 27
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	63,800	262,000	20,000	20,000	20,000
Total Transfer & Advances In	$63,800	$262,000	$20,000	$20,000	$20,000

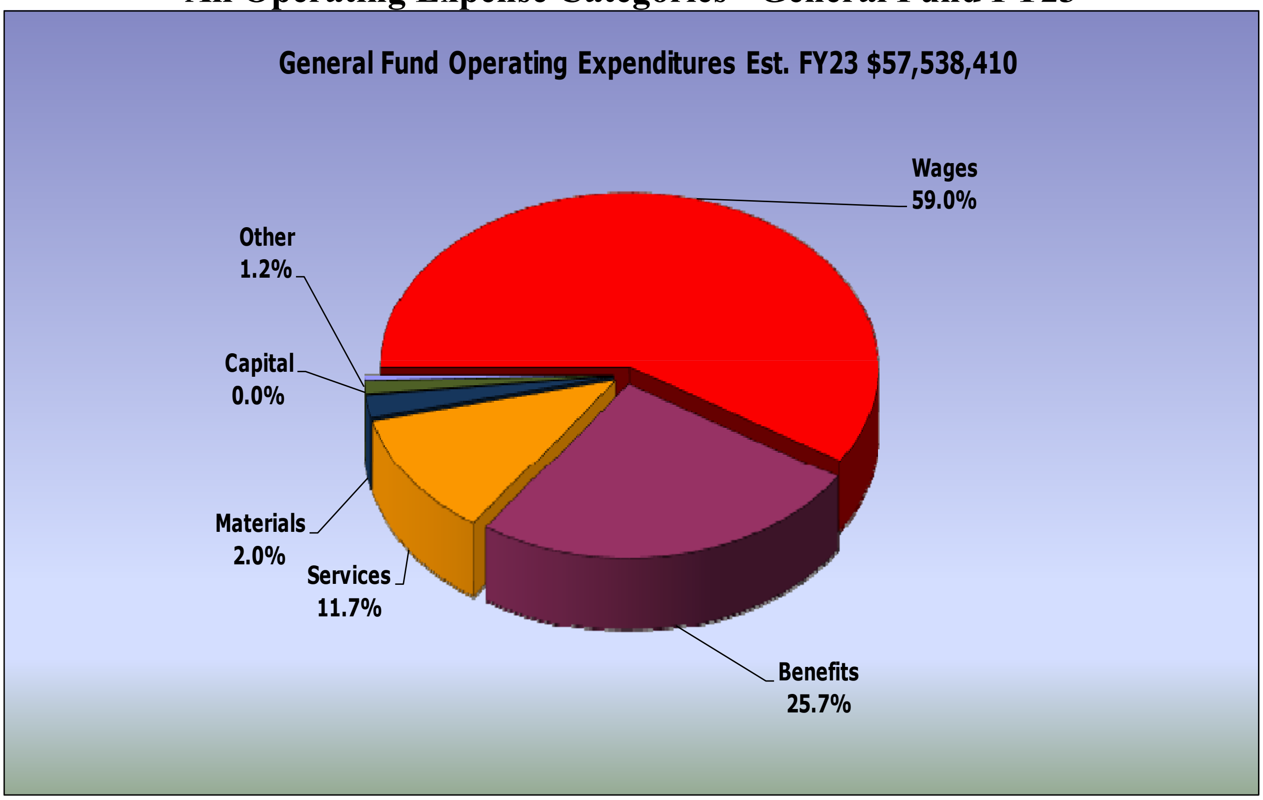
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Sale of Assets & Refund of Prior Yr. Exp.	$0	$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 FY23



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. For planning purposes we estimate a 0.0% base wage increase for FY25 through FY27. We recoded expenses that qualified in our plan for use of Student Wellness and Success Funding (SWSF). HB110, the new state budget, has essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds. Any remaining funds in Special Revenue Fund 467 will be required to be used for the restricted purposes governing these funds until spent fully. In FY23, we will recode

$117,410 in salaries previously charged to the 467 fund to the general fund. In FY25 and FY26, we will recode $286,880 and $95,700 respectively, in salaries charged to ESSER back to the general fund. 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 will reduce 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Base Wages	$31,682,088	$32,908,372	$32,766,374	$33,109,618	$33,728,188
Wage adjustments	633,642	658,167	0	0	0
Steps & Training	633,642	658,167	655,327	662,192	674,564
Growth/RIF 36FTEs	0	(1,293,790)	(435,131)	26,226	26,213
ESSER & 467 Adjustments	117,410	0	286,880	95,700	0
Severance	125,000	125,000	125,000	125,000	125,000
Substitutes	220,000	222,200	224,422	226,666	228,933
Supplementals	674,076	680,817	687,625	694,501	701,446
Wage Adj. Attrition	(158,410)	(164,542)	(163,832)	(165,548)	(168,641)
Total Wages Line #3.010	$33,927,448	$33,794,391	$34,146,665	$34,774,355	$35,315,703

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 4.6%. 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. 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 forecast included two premium holidays for the entire forecast period. Because this may or may not occur, for FY23 through FY27 we are estimating we will get one (1) premium holiday each year. For premium increases we are estimating an increase of 6.0% in FY23 and 6.5% for FY24 and 7.0% FY25-27 which reflects trend. We also estimated insurance benefit expenses coming back to the general fund from the 467 Student Wellness and Success funds in FY24 and forward.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.45% of wages FY23-FY27. Unemployment is expected to remain at a very low level FY23-FY27. 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 23	FY 24	FY 25	FY 26	FY 27
A) STRS/SERS	$5,547,837	$4,864,420	$4,884,986	$4,986,145	$5,079,235
B) Insurance's	8,529,585	8,941,015	9,515,706	10,151,827	10,824,078
C) Workers Comp/Unemployment	152,674	152,075	153,660	156,485	158,921
D) Medicare	508,317	485,770	507,675	520,983	527,671
Other/Tuition	27,481	27,481	27,481	27,481	27,481
Total Fringe Benefits Line #3.020	$14,765,894	$14,470,761	$15,089,508	$15,842,921	$16,617,386

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line #3.03 costs and historical FY20 through FY22 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Professional & Technical Services, ESC	$3,266,728	$3,267,765	$3,368,707	$3,472,677	$3,579,766
Maintenance, Insurance & Leases	575,937	581,120	586,350	591,627	596,952
Professional Development	142,474	143,756	145,050	146,355	147,672
Communications, Postage, & Telephone	136,867	138,099	139,342	140,596	141,861
Utilities	888,476	897,361	906,335	915,398	924,552
Tuition, Excess Costs & Scholarship Costs	1,000,719	1,009,725	1,018,813	1,027,982	1,037,234
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	153,649	155,032	156,427	157,835	159,256
Contract Transportation	326,230	329,166	332,128	335,117	338,133
HB264 lease , SWSF, and ESSER Adjustment	185,559	185,559	185,559	185,559	185,559
Miscellaneous Purchased Services	39,500	40,685	41,906	43,163	44,458
Total Purchased Services Line #3.030	6,716,139	6,748,268	6,880,617	7,016,309	7,155,443

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 about 11.8% in FY23 and will increase by approximately 3.3% in FY24-FY27. 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 23	FY 24	FY 25	FY 26	FY 27
General Office Supplies & Materials	$563,577	$580,484	$597,899	$615,836	$634,311
Textbooks & Instructional Supplies	17,590	17,766	17,944	18,123	18,304
Facility Supplies & Materials	168,000	146,400	155,220	164,481	174,205
Transportation Fuel & Supplies	397,691	349,622	361,911	374,568	387,605
Other adjustments SWSF, CARES, Etc.	6,375	6,503	6,633	6,766	6,901
Total Supplies Line #3.040	$1,153,233	$1,100,775	$1,139,607	$1,179,774	$1,221,326

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 23	FY 24	FY 25	FY 26	FY 27
Capital Outlay & Maintenance	$10,000	$10,000	$10,000	$10,000	$10,000
Technology/Curriculum Purchases	17,100	17,100	17,100	17,100	17,100
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, CARES, Etc.	0	0	0	0	0
Total Equipment Line #3.050	$27,100	$27,100	$27,100	$27,100	$27,100

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 23	FY 24	FY 25	FY 26	FY 27
HB264 - Line #4.050	$229,293	$231,248	$233,272	$235,370	$60,370

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Interest - Line #4.060	$47,225	$35,799	$24,332	$12,790	$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. A rate of 2.4% increase is projected in this area.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
County Auditor & Treasurer Fees	$507,197	$522,413	$538,085	$554,228	$570,855
ESC Deduction	34,002	34,172	34,343	34,515	34,688
Annual Audit Costs	24,909	25,034	25,159	25,285	25,411
Dues, Fees & other Expenses	105,970	106,500	107,033	107,568	108,106
Total Other Expenses Line #4.300	$672,078	$688,119	$704,620	$721,596	$739,060

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

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Operating Transfers Out Line #5.010	$0	$175,000	$0	$175,000	$0
Advances Out Line #5.020	262,000	20,000	20,000	20,000	20,000
Total Transfer & Advances Out	$262,000	$195,000	$20,000	$195,000	$20,000

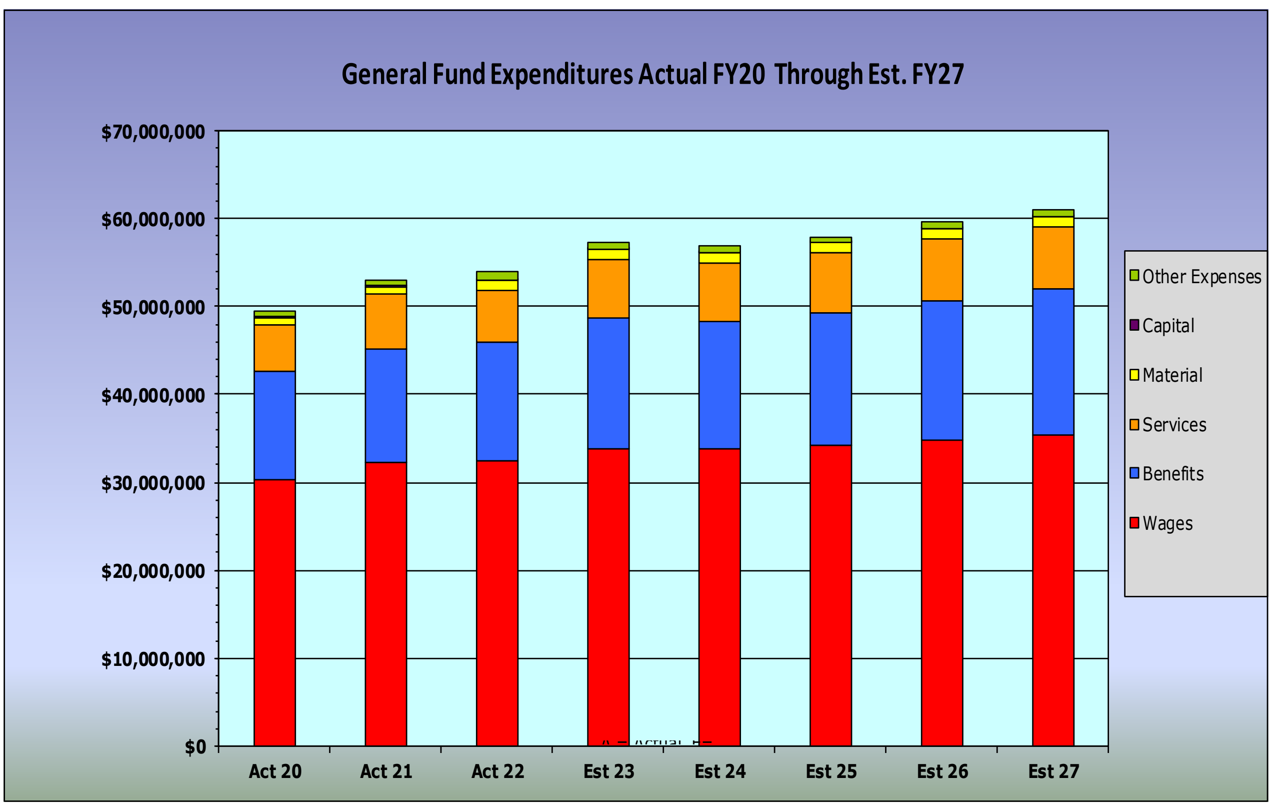
Encumbrances – Line #8.010

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 23	FY 24	FY 25	FY 26	FY 27
Estimated Encumbrances	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-FY26

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 GFOA and other authoritative sources that a district maintains a minimum of thirty (60) day cash balance, which is about $9.46 million for our district.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Ending Unreserved Cash Balance Line #15.010	$18,368,336	$12,603,582	$6,340,818	($1,070,295)	($8,951,801)

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. The district is not projecting adequate reserves after FY25.

We would like to thank our community for the passage of the levy on November 8, 2022. We consider this a vote of confidence in the district and we will continue to fiscally responsible with our funding.