TWINSBURG CITY SCHOOL DISTRICT - SUMMIT COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2023, and 2024 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2025, THROUGH JUNE 30, 2029

Forecast Provided By

Julia Rozsnyai, Treasurer/CFO

Twinsburg City School District

November 20, 2024

Twinsburg City Schools

Summit County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

		Actual				Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	Revenues									
1.010	General Property Tax (Real Estate)	$37,485,244	$37,898,627	$41,756,200	5.6%	$45,008,627	$45,103,769	$45,381,241	$45,655,830	$43,825,583
1.020	Tangible Personal Property	$1,487,014	$1,795,610	$1,969,515	15.2%	2,108,451	2,172,937	2,233,186	2,293,199	2,239,618
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	5,699,828	6,208,837	7,631,135	15.9%	6,427,419	6,430,584	6,433,807	6,437,050	6,440,349
1.040	Restricted State Grants-in-Aid	369,081	656,879	942,604	60.7%	990,829	649,924	649,924	649,924	649,924
1.045	Restricted Fed.	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	3,875,763	3,257,858	3,334,971	-6.8%	3,417,861	3,424,823	3,460,008	3,494,916	3,342,147
1.060	All Other Revenues	1,429,416	2,582,512	2,295,971	34.8%	2,307,426	2,036,698	1,624,937	1,378,293	1,390,213
1.070	*Total Revenues*	$50,346,346	$52,400,323	$57,930,396	7.3%	$60,260,612	$59,818,734	$59,783,103	$59,909,212	$57,887,834
	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	186,956	6,888	0.0%	0	0	0	0	0
2.050	Advances-In	97,000	63,800	0	-67.1%	20,000	20,000	20,000	20,000	20,000
2.060	All Other Financing Sources	-	(370)	154,685	0.0%	0	0	0	0	0
2.070	*Total Other Financing Sources*	$97,000	$250,386	$161,573	61.3%	$20,000	$20,000	$20,000	$20,000	$20,000
2.080	*Total Revenues and Other Financing Sources*	$50,443,346	$52,650,709	$58,091,969	7.4%	$60,280,612	$59,838,734	$59,803,103	$59,929,212	$57,907,834
	Expenditures									
3.010	Personal Services	$32,557,454	$34,470,307	$34,271,395	2.6%	$36,256,552	$37,468,078	$38,936,940	$39,440,083	$40,044,098
3.020	Employees' Retirement/Insurance Benefits	13,499,094	14,808,590	14,863,794	5.0%	15,841,390	16,677,089	17,593,836	18,413,159	19,257,634
3.030	Purchased Services	5,826,634	7,030,643	7,264,295	12.0%	7,464,642	7,763,477	7,909,211	8,058,561	8,211,630
3.040	Supplies and Materials	1,031,428	1,196,584	1,081,606	3.2%	1,118,487	1,156,707	1,196,318	1,237,374	1,279,932
3.050	Capital Outlay	168,605	25,535	345,660	584.4%	259,129	259,129	259,129	259,129	259,129
	Debt Service:				0.0%					
4.050	Principal-HB 264 Loans	227,406	229,293	231,248	0.8%	233,272	235,370	60,370	60,370	60,370
4.060	Interest and Fiscal Charges	58,823	47,496	36,100	-21.6%	24,332	12,790	8,087	8,087	8,087
4.300	Other Objects	848,301	907,120	924,469	4.4%	976,596	985,235	993,955	1,002,756	1,011,640
4.500	*Total Expenditures*	$54,217,745	$58,715,568	$59,018,567	4.4%	$62,174,400	$64,557,875	$66,957,846	$68,479,519	$70,132,520
	Other Financing Uses									
5.010	Operating Transfers-Out	$171,471	$81,379	$1,589	-75.3%	$0	$0	$0	$0	$0
5.020	Advances-Out	63,800	0	37,488	0.0%	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*	$235,271	$81,379	$39,077	-58.7%	$20,000	$20,000	$20,000	$20,000	$20,000
5.050	*Total Expenditures and Other Financing Uses*	$54,453,016	$58,796,947	$59,057,645	4.2%	$62,194,400	$64,577,875	$66,977,846	$68,499,519	$70,152,520
6.010	*Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	($4,009,670)	($6,146,238)	($965,676)	-15.5%	($1,913,788)	($4,739,141)	($7,174,743)	($8,570,307)	($12,244,686)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$29,392,153	$25,382,483	$19,236,245	-18.9%	$18,270,569	$16,356,781	$11,617,641	$4,442,898	($4,127,410)
7.020	*Cash Balance June 30*	$25,382,483	$19,236,245	$18,270,569	-14.6%	$16,356,781	$11,617,641	$4,442,898	($4,127,410)	($16,372,096)
8.010	*Estimated Encumbrances June 30*	$1,281,610	$756,231	$1,186,722	8.0%	$950,000	$950,000	$950,000	$950,000	$950,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	$24,100,873	$18,480,014	$17,083,847	-15.4%	$15,406,781	$10,667,641	$3,492,898	($5,077,410)	($17,322,096)

Twinsburg City Schools

Summit County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

		Actual				Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	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	2,276,862
11.300	Cumulative Balance of Replacement/Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$2,276,862
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$24,100,873	$18,480,014	$17,083,847	-15.4%	$15,406,781	$10,667,641	$3,492,898	($5,077,410)	($15,045,234)
	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*	$24,100,873	$18,480,014	$17,083,847	-15.4%	$15,406,781	$10,667,641	$3,492,898	($5,077,410)	($15,045,234)

Twinsburg City School District – Summit County
Notes to the Five Year Forecast
General Fund Only
November 20, 2024

Introduction to the Five-Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. 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, enrollment variances, 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 helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially 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 Ohio Department of Education and Workforce, and the 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, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal year is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024 that is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs for goods and services in FY23 and FY24 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Inflation affecting district costs is expected to continue in FY25. There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by calendar year end

2024 or early in 2025. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over the forecast period.

The Federal Reserve Bank cut Federal Fund rates In September 2024 by 50 basis points (0.5%) which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at $3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

Since 2020 all school districts were being aided in varying degrees by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

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

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

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 82.02% of the district's resources. Our tax collections in the March 2024 and August 2024 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Summit County experienced a reappraisal update in the 2020 tax year to be collected in 2021. The 2020 reappraisal update increased assessed values by $65.5 million, or 7.3%. Overall values rose $85.8 million or 9.5%, including reappraisal and new construction for all property classes. A reappraisal update has occurred in the tax year 2023 for collection in 2024. 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) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non voted tax increases on taxpayers. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure annual income and property taxes do not exceed 5% of a taxpayers income. If passed by the General Assembly this will result in lowering tax increases for our residents who qualify. We are watching this legislation closely.

In addition to SB271, the legislature developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our district to limit tax growth or to reduce taxes.

4) The state budget represented 17.98% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the Fair School Funding Plan is not funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in 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 FY29, which we feel is conservative and should be close to what-the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.

5) 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. FY25 reflects 66.67% of the implementation cost at year four 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 and are dependent on legislative actions for the FY26 and FY27 state biennium budget. 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 October #2 payment detail published by the Department of Education and Workforce for our forecasted revenues in FY25.

6) 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, Excess Costs and various tuitions 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.

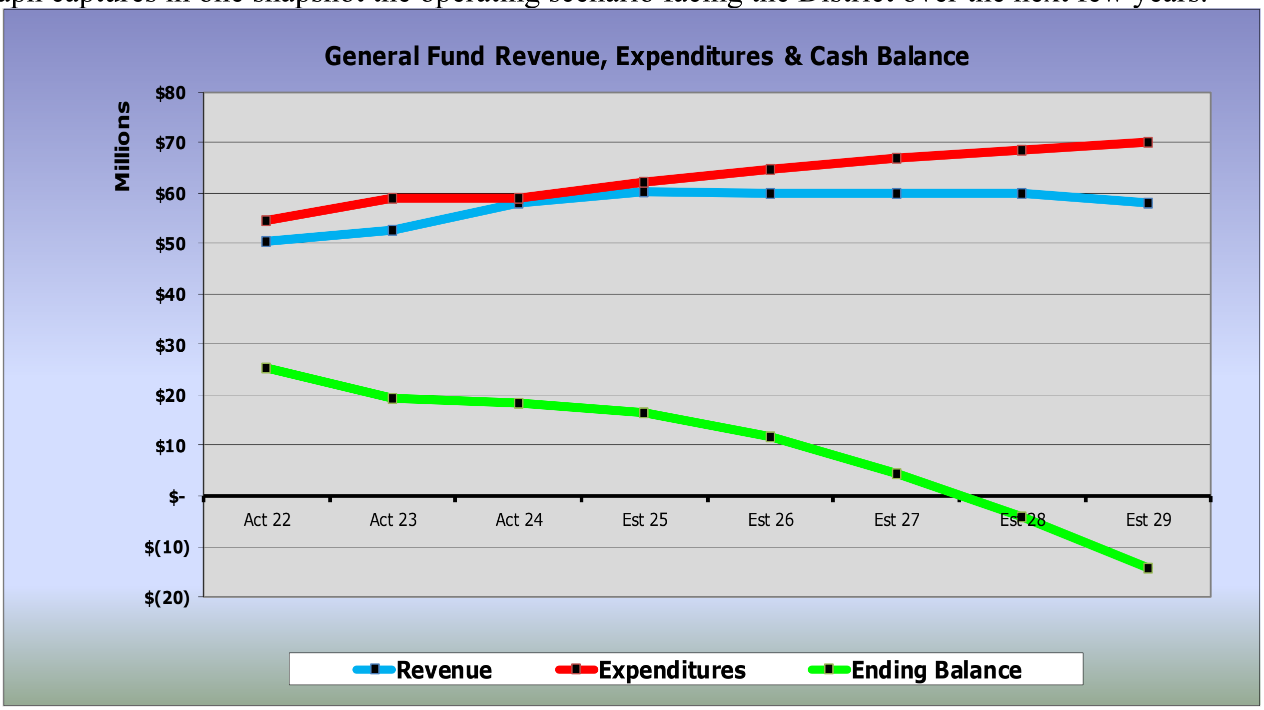
8) Our residents have placed their trust in us again by passing the district's $6,210,000 5.9 mill emergency levy November 2023.

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. Our positive working relationship will continue and grow stronger as we move forward.

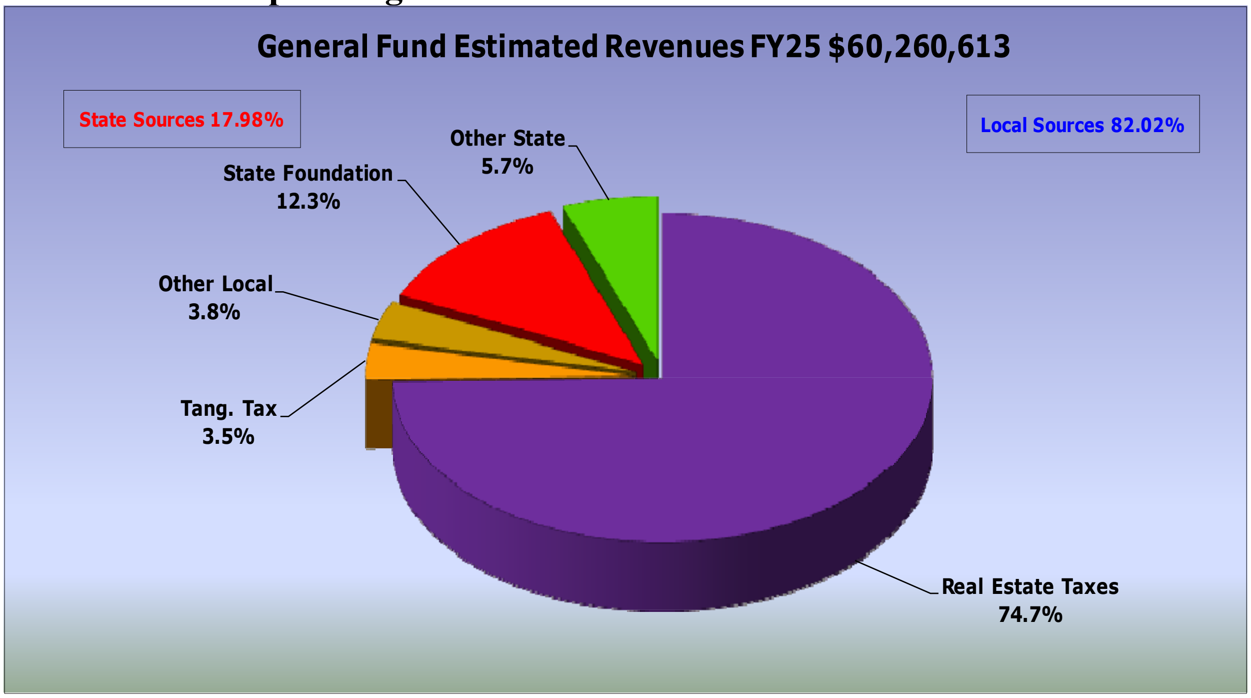
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY22-24 and Estimated FY25-29

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



Revenue Assumptions
Operating Revenue Sources General Fund FY25



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	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	$967,624,390	$973,399,840	$1,027,845,282	$1,033,620,732	$1,039,396,182
Comm./Ind.	349,637,240	351,027,220	355,927,472	357,317,452	358,707,432
Public Utility (PUPP)	30,845,500	31,845,500	32,845,500	33,845,500	34,845,500
Total Assessed Value	$1,348,107,130	$1,356,272,560	$1,416,618,254	$1,424,783,684	$1,432,949,114

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 23.29 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 four emergency levies with a combined total of 18.62 mills that was voted on for an annual amount of $21,111,695 of taxes annually.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Est. General Property Taxes Line #1.010	$45,008,627	$45,103,769	$45,381,241	$45,655,830	$43,825,583

Property tax levies are estimated to be collected at 97.5% of the annual amount. In general, 52.48% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 48.52% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% 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. Starting FY23, we will be losing $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 50% in February and 50% in August along with the real estate settlements from the county auditor.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Total PUPP Tax Line #1.020	$2,108,451	$2,172,937	$2,233,186	$2,293,199	$2,239,618

Renewal and Replacement Levies – Line #11.02

Tax levies that are not continuous by law cannot be included with the property taxes; therefore, there are no levies that will appear in this line until FY29 when this levy will need to be renewed.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Operating Levy Expires 12/31/28	$0	$0	$0	$0	$2,276,862
Em. Levy ($4,000,000) Expires 12/31/29	0	0	0	0	0
Em. Levy ($5,184,569) Expires 12/31/31	0	0	0	0	0
Total Line #11.020	$0	$0	$0	$0	$2,276,862

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, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the October 2024 foundation settlement and funding factors.

Our district is currently a formula district in FY25 and is expected to continue to be on the formula in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding

State Funding Phase-In FY25 and Guarantees
The Fair School Funding Plan 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 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

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

Future State Budget Projections beyond FY25
Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan 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 FY29

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 FY23 was $113.1 million or $64.90 per pupil. In FY24, the funding totaled $114.18 million or $65.44 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 25	FY 26	FY 27	FY 28	FY 29
Basic Aid-Unrestricted	$5,683,966	$5,683,966	$5,683,966	$5,683,966	$5,683,966
Additional Aid Items	490,802	490,802	490,802	490,802	490,802
Basic Aid-Unrestricted Subtotal	6,174,768	6,174,768	6,174,768	6,174,768	6,174,768
Ohio Casino Commission ODT	252,651	255,816	259,039	262,282	265,581
Total Unrestricted State Aid Line #1.035	$6,427,419	$6,430,584	$6,433,807	$6,437,050	$6,440,349

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 (Threshold) Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. Because this is a reimbursement of expenses, this subsidy will be offset by salaries, retirement and Medicare payments to teachers and will not increase our overall cash balance.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
DPIA	$50,011	$50,011	$50,011	$50,011	$50,011
Career Tech	8,333	8,333	8,333	8,333	8,333
Gifted	98,814	98,814	98,814	98,814	98,814
ESL	23,339	23,339	23,339	23,339	23,339
Student Wellness	183,201	183,201	183,201	183,201	183,201
Other Restricted State Aid	340,905	0	0	0	0
Catastrophic Costs	286,226	286,226	286,226	286,226	286,226
Total Restricted State Revenues-Line #1.040	$990,829	$649,924	$649,924	$649,924	$649,924

C) Restricted Federal Grants in Aid – Line #1.045
No federal unrestricted grants are projected in this forecast.

Summary	FY 25	FY 26	FY 27	FY 28	FY 29
Unrestricted Line #1.035	$6,427,419	$6,430,584	$6,433,807	$6,437,050	$6,440,349
Restricted Line #1.040	990,829	649,924	649,924	649,924	649,924
Restricted Federal Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$7,418,248	$7,080,508	$7,083,731	$7,086,974	$7,090,273

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 25	FY 26	FY 27	FY 28	FY 29
Rollback and Homestead	$3,417,861	$3,424,823	$3,460,008	$3,494,916	$3,342,147
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Line #1.050	$3,417,861	$3,424,823	$3,460,008	$3,494,916	$3,342,147

Other Local Revenues – Line #1.060
All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. 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 25	FY 26	FY 27	FY 28	FY 29
Tuition Related Payments	$382,018	$385,838	$389,696	$393,593	$397,529
Open Enrollment	0	0	0	0	0
Medicaid	21,261	21,261	21,261	21,261	21,261
Interest Earnings	1,129,190	846,893	423,447	165,000	165,000
Class Fees and Dues	547,648	553,124	558,655	564,242	569,884
PILOT & Misc. Revenue	227,309	229,582	231,878	234,197	236,539
Total Other Local Revenue Line #1.060	$2,307,426	$2,036,698	$1,624,937	$1,378,293	$1,390,213

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 25	FY 26	FY 27	FY 28	FY 29
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	20,000	20,000	20,000	20,000	20,000
Total Transfer & Advances In	$20,000	$20,000	$20,000	$20,000	$20,000

All Other Financial Sources – Line #2.060

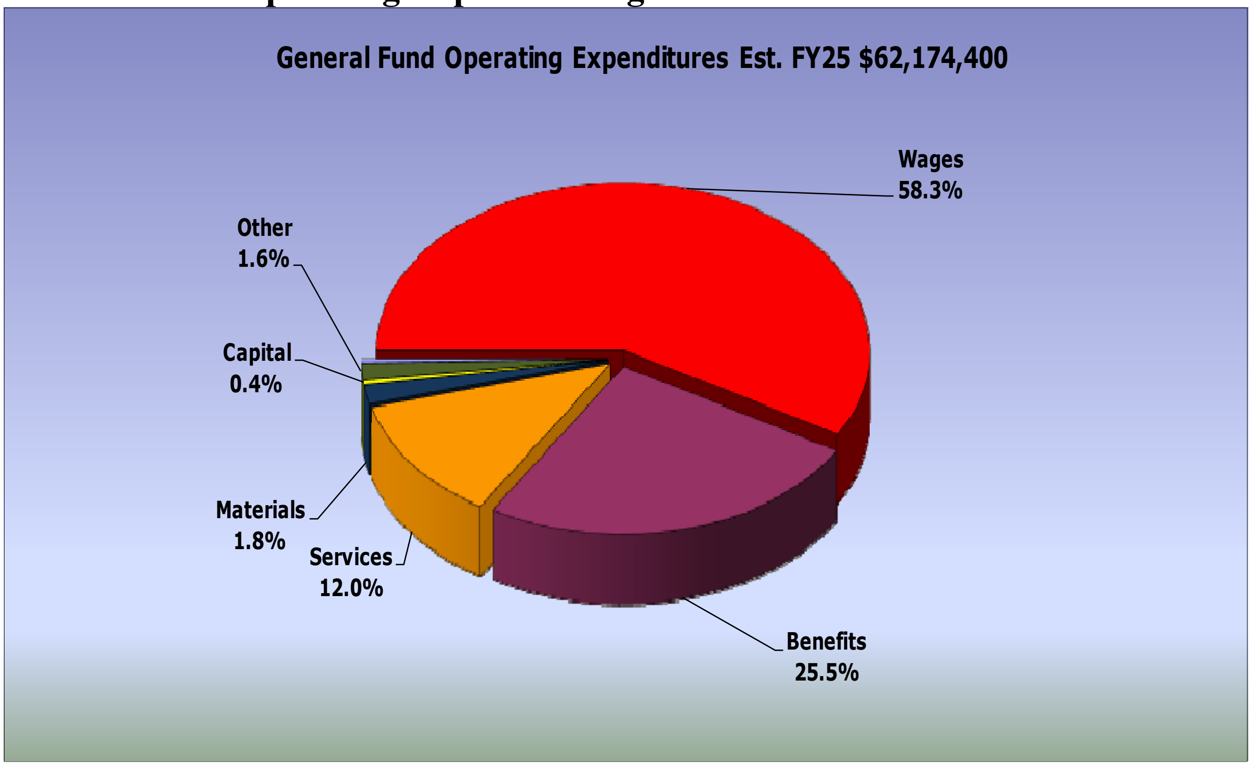
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
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 FY25



Wages – Line #3.010

Starting in FY23, DEW place the district 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 would 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, salary costs were reduced by $1,293,790 in FY24 and the remaining $435,131 will reflect in FY25.

In May 2024 the Five Year Forecast did not include any salary increase percentages for any of the staff members, due to the fact that the Board of education was negotiating at the time with both, the Twinsburg Education Association (TEA) and Twinsburg Support Staff Associations (TSSA). Those negotiations resulted in an agreement to include:

- Certificated base increases of 2.5% for FY25 – FY27.
    - Additionally, the Board will pay full-time bargaining unit members an annual signing bonus equivalent to three-quarters of one percent (0.75%) of the Base Salary. Part-time employees are entitled to a prorated signing bonus. The signing bonus will be paid by October 31 each year.
- Support staff received a $1 per hour increase in FY25, a 2.0% base increase for FY26 and a 2.5% base increase for FY27.

It was expected, that once the negotiations conclude, it will have a significant effect in the wage cost and therefore affecting fringe benefits and the overall expenditure section, as well as the cash reserves. Since FY27 is the last year of the Negotiated Agreements, for planning purposes the forecast includes a 0.0% base wage increase for FY28 and FY29.

Step increase cost can be anywhere between 2-4% annually.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Base Wages	$32,661,319	$34,254,651	$35,746,763	$37,202,846	$37,787,102
Base Wage Increase	816,533	856,366	893,669	0	0
Steps & Training	653,226	685,093	714,935	744,057	755,742
Growth/RIF 36FTEs	0	26,226	26,213	26,213	26,213
ESSER & 467 Adjustments	286,880	95,700	0	0	0
Severance/Incentive	639,404	643,404	645,404	553,404	553,404
Substitutes	346,831	350,299	353,802	357,340	360,914
Supplementals	720,408	727,612	734,888	742,237	749,659
Wage Adj. Attrition & Science of Reading	131,951	(171,273)	(178,734)	(186,014)	(188,936)
Total Wages Line #3.010	$36,256,552	$37,468,078	$38,936,940	$39,440,083	$40,044,098

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 5%. 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 FY23 and prior. Premium holidays do not lower monthly premium amounts and they are granted annually by our consortium if sufficient reserves warrant a premium holiday(s). Prior years' forecasts included two premium holidays for the entire forecast period, which then was changed in FY23 and after, to one (1) premium holiday each year. As a result, in the most recent years, FY2023, FY2024 and FY2025 we received one premium holiday as opposed to between FY2010 and FY2022 the District has had either 2 or 3 months' worth of premium holidays. Rate increases are reflected below:

- FY2024
  - 7.98% premium increase for medical/prescription drug
  - 5.75% premium increase for dental
  - 2.50% premium increase for vision
- FY2025
  - 6.48% Premium increase for medical/prescription drug
  - 3.95% Premium increase for dental
  - 0.00% Premium increase for vision

And 7.0% is included for FY25-28 which reflects current trend.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.45% of wages FY24-FY29. 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 25	FY 26	FY 27	FY 28	FY 29
A) STRS/SERS	$5,964,529	$6,180,099	$6,429,044	$6,554,906	$6,656,730
B) Insurance's	9,127,504	9,735,077	10,375,733	11,059,488	11,790,404
C) Workers Comp/Unemployment	173,272	174,443	181,053	183,317	186,035
D) Medicare	549,921	561,306	581,842	589,284	598,301
Other/Tuition	26,164	26,164	26,164	26,164	26,164
Total Fringe Benefits Line #3.020	$15,841,390	$16,677,089	$17,593,836	$18,413,159	$19,257,634

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-FY29 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.

In FY26 there will be a new electric capacity charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Professional & Technical Services, ESC	$3,500,678	$3,605,698	$3,713,869	$3,825,285	$3,940,044
Maintenance, Insurance & Leases	441,928	445,905	449,918	453,967	458,053
Professional Development	172,792	174,347	175,916	177,499	179,096
Communications, Postage, & Telephone	138,156	139,399	140,654	141,920	143,197
Utilities	832,570	999,084	1,009,075	1,019,166	1,029,358
Tuition, Excess Costs & Scholarship Costs	1,400,843	1,413,451	1,426,172	1,439,008	1,451,959
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	173,944	175,509	177,089	178,683	180,291
Contract Transportation	582,499	587,741	593,031	598,368	603,753
HB264 lease, SWSF, and ESSER Adjustment	184,211	184,211	184,211	184,211	184,211
Miscellaneous Purchased Services	37,021	38,132	39,276	40,454	41,668
Total Purchased Services Line #3.030	$7,464,642	$7,763,477	$7,909,211	$8,058,561	$8,211,630

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 25	FY 26	FY 27	FY 28	FY 29
General Office Supplies & Materials	$494,115	$508,938	$524,206	$539,932	$556,130
Textbooks & Instructional Supplies	10,195	10,297	10,400	10,504	10,609
Facility Supplies & Materials	248,415	260,836	273,878	287,572	301,951
Transportation Fuel & Supplies	355,862	366,538	377,534	388,860	400,526
Other adjustments SWSF, CARES, Etc.	9,900	10,098	10,300	10,506	10,716
Total Supplies Line #3.040	$1,118,487	$1,156,707	$1,196,318	$1,237,374	$1,279,932

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 25	FY 26	FY 27	FY 28	FY 29
Capital Outlay & Maintenance	$2,689	$2,689	$2,689	$2,689	$2,689
Technology/Curriculum Purchases	256,440	256,440	256,440	256,440	256,440
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, CARES, Etc.	0	0	0	0	0
Total Equipment Line #3.050	$259,129	$259,129	$259,129	$259,129	$259,129

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 25	FY 26	FY 27	FY 28	FY 29
HB264 - Line #4.050	$233,272	$235,370	$60,370	$60,370	$60,370

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Interest - Line #4.060	$24,332	$12,790	$8,087	$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 25	FY 26	FY 27	FY 28	FY 29
County Auditor & Treasurer Fees	$751,212	$758,724	$766,311	$773,974	$781,714
ESC Deduction	26,015	26,145	26,276	26,407	26,539
Annual Audit Costs	27,766	27,905	28,045	28,185	28,326
Dues, Fees & other Expenses	171,603	172,461	173,323	174,190	175,061
Total Other Expenses Line #4.300	$976,596	$985,235	$993,955	$1,002,756	$1,011,640

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.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Operating Transfers Out Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	20,000	20,000	20,000	20,000	20,000
Total Transfer & Advances Out	$20,000	$20,000	$20,000	$20,000	$20,000

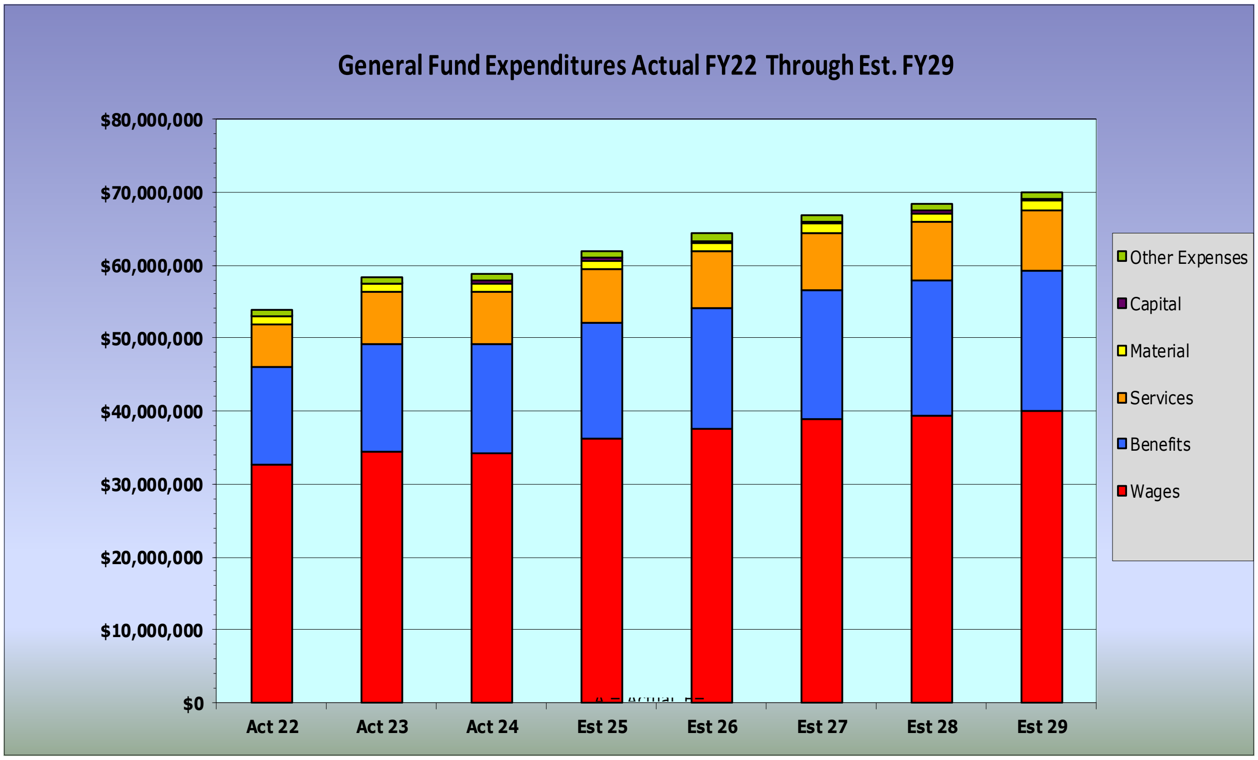
Encumbrances – Line #8.010

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 25	FY 26	FY 27	FY 28	FY 29
Estimated Encumbrances	$950,000	$950,000	$950,000	$950,000	$950,000

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

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 $10.21million for our district.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Ending Unreserved Cash Balance Line #15.010	$15,406,782	$10,667,642	$3,492,899	($5,077,409)	($15,045,233)

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 along with the Expenditure Reduction Plan implemented in May 2023 are the major factors for the lowered deficiency spending in FY2024. However, the District is facing ongoing rising costs. The Board of Education, Finance Committee and District Leadership will continue looking for ways to minimize the once again increasing trend of deficiency spending which in turn will use up the cash reserves by FY2028.

Furthermore, it is to be noted that three of the four Emergency Levies the District collects funds on, three are nearing to the end of their terms:

- 5 year Emergency Levy last renewed November 2022 ends November 2027 with last collections in 2028
- 10 year Emergency Levy last renewed May 2019 ends May 2028 with last collection in 2029
- 10 year Emergency Levy last renewed May 2021 ends May 2030 with last collections in 2031