

**GENEVA AREA CITY SCHOOLS  
FIVE YEAR FORECAST ASSUMPTIONS  
FORECASTED FISCAL YEARS ENDING JUNE 30, 2024 THROUGH 2028  
Approved 11/15/2023**

**REVENUES**

**Property Taxes (1.010 & 1.020)**

Property tax revenue estimates are based on historical growth patterns, including scheduled updates and reappraisals, and normally substantiated by information provided for the current fiscal year from the county auditor (the county auditor's information is supplied by calendar year).

Ashtabula County sexennial reappraisal schedule: 2014, 2020, 2026

Ashtabula County triennial update schedule: 2017, 2023, 2029

2010 valuation \$361,867,310	increased \$3,909,355 or 1.09%
2011 valuation \$340,642,150	decreased \$21,225,160 or 5.87%, due to triennial update
2012 valuation \$344,510,750	increased \$3,868,600 or 1.14%
2013 valuation \$337,329,580	decreased \$7,181,170 or 2.08% (\$12,068,830 increase offset by removal of SPIRE Institute value at \$19,250,000)
2014 valuation \$340,394,740	increased \$3,065,160 or .91%
2015 valuation \$341,363,610	increased \$968,870 or .28%
2016 valuation \$337,506,140	decreased \$3,857,470 or 1.13% (any increase was offset by reductions due to \$2,900,000 Waste Management 2014 BOR case settlement and \$2,500,000 Austinburg Twp. corrections to overvalued properties during 2014 reappraisal)
2017 valuation \$353,182,820	increased \$15,676,680 or 4.64%, due to triennial update
2018 valuation \$354,831,830	increased \$1,649,010 or .47%
2019 valuation \$357,929,650	increased \$3,097,820 or .87%
2020 valuation \$384,726,470	increased \$26,796,820 or 7.49%, mostly due to reappraisal
2021 valuation \$389,640,540	increased \$4,914,070 or 1.28%
2022 valuation \$400,454,190	increased \$10,813,650 or 2.78%

Increases in actual collections are kept down by HB920 reduction factors, which offset the effects of reappraisals and updates on previously existing property. All District current operating levies are continuing. Below is a history of real estate collections:

<b><u>FY</u></b>	<b><u>AMOUNT</u></b>	<b><u>INCR/DECR</u></b>	<b><u>% CHANGE</u></b>	
2010	\$6,349,256	+264,636	+4.35%	
2011	\$6,631,268	+282,012	+4.44%	
2012	\$6,564,925	- 66,343	- 1.00%	
2013	\$6,532,595	- 32,330	- .49%	
2014	\$6,493,532	- 39,063	- .60%	
2015	\$6,687,044	+193,512	+2.98%	
2016	\$6,880,717	+193,673	+2.90%	
2017	\$6,727,875	- 152,842	- 2.22%	
2018	\$7,116,302	+388,427	+5.77%	SPIRE delinquent tax payment & triennial update
2019	\$7,029,612	- 86,690	- 1.22%	SPIRE PILOT payment moved to All Other Revenues
2020	\$7,215,297	+185,685	+2.64%	Higher than normal delinquencies collected
2021	\$7,343,360	+128,063	+1.77%	
2022	\$7,609,280	+265,920	+3.62%	
2023	\$7,767,372	+158,092	+2.08%	

Because of the COVID-19 pandemic, FY21 property taxes were predicted to drop 3% to 10% and be affected for two to three years. In spite of COVID, actual increases were positive every year. This forecast projects increases of 2.0% for FY24, 2.5% for FY25, 1% for FY26, 2% for FY27 and 2% for FY28.

The District was at the 20-mill floor until tax year 2010, when devaluation took us to a 21.176 effective rate on Residential/Agricultural and a 21.405 effective rate on Commercial/Industrial for 2011. The County Auditor showed the District at 21.188 Res/Ag and 21.483 Com/Ind in 2012, 21.197 and 21.491 in 2013, 21.659 and 22.230 in 2014, 21.705 and 22.236 in 2015, 21.909 and 23.052 in 2016, 21.016 and 22.982 in 2017, 21.017 and 23.148 in 2018, 21.026 and 22.971 in 2019, 20.000 and 22.24 in 2020, 20.000 and 22.215 in 2021, and currently shows the District at 20.000 and 22.502 in 2022.

Emergency operating levy attempts failed in November 2011 and August 2012, followed by the failure of a school district income tax attempt in November 2017, before voters passed an SDIT levy in May 2018.

## Income Tax (1.030)

The District sought a new school district income tax (SDIT) levy on the traditional base in November 2017, but was unsuccessful. A 1.25% 10-year SDIT levy on the earned income base was passed by District voters on 5/8/18, and became effective beginning January 1, 2019. The District receives four payments per calendar year, one each in January, April, July, and October. Each payment will be for the amount collected during the prior quarter. The first distribution made to the District excluded \$1,000 used to set up a refund account for future returns filed. Thereafter, the state will return all revenue collected to the District, less 1.5% retained for state administration purposes. The levy will need to be renewed no later than November 2028 in order for full collections to continue in calendar 2029. Below is a history of SDIT collections:

<u>FY</u>	<u>AMOUNT</u>	<u>INCR/DECR</u>	<u>% CHANGE</u>
2019	\$ 260,574		
2020	\$2,630,592		
2021	\$3,477,623	+847,031	+32.20%
2022	\$4,010,831	+533,208	+15.33%
2023	\$4,507,164	+496,333	+12.37%

The Ohio Department of Taxation (ODT) advised that it would take approximately one and a half years (six to seven quarters) for a district to receive the full amount of taxes certified from the first year it is levied because of how the tax is collected. Employer withholding comes in throughout the year, but individual annual returns are not due until the following calendar year. Now that the SDIT has reached beyond the full collection amount, this forecast projects a 4.2% increase for FY24, 2.1% for FY25, 1.1% for FY26, .6% for FY27, and .5% for FY28. Any reduction to OAGI caused by a recession or another pandemic would negatively impact collections.

## Unrestricted & Restricted Grants-In-Aid (1.035 & 1.040)

### DeRolph Note

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program," which provides significant amounts of monetary support to the School District.

After the first Supreme Court ruling, numerous pieces of legislation were passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they were not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court, which again upheld the lower court ruling. The Ohio General Assembly set a new deadline of June 15, 2001. Amended Substitute HB94 was the State's reply to DeRolph, and after being reviewed by the Ohio Supreme Court, it too was found to be lacking. Nonetheless, the Ohio Supreme Court gave the

Ohio General Assembly and Governor Taft credit for trying, and decided to put the case to rest as long as the General Assembly tweaked their response with a few changes. The State defendants waffled on the changes, and instead requested a review. The Ohio Supreme Court requested the parties work with a mediator in an attempt to see if the school funding case could be settled. A master commissioner was appointed to preside over the Court-ordered settlement conference on November 16, 2001. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement, so the case was sent back to the Court for reconsideration.

In *DeRolph IV*, issued December 11, 2002, the Supreme Court directed the General Assembly to enact a school-funding scheme that is thorough and efficient, as explained in *DeRolph I* and *II*, and the accompanying concurrences. The Supreme Court did not retain jurisdiction, but sent the matter to the Court of Common Pleas for Perry County to carry the Judgment into execution. Nothing was done to remedy the problem.

On May 16, 2003, the Ohio Supreme Court denied Plaintiffs the right to pursue a remedy in the Perry County Court of Common Pleas. Paragraph 33 of that decision states “The duty now lies with the General Assembly to remedy an educational system that has been found by the majority in *DeRolph IV* to still be unconstitutional.”

### Changes in State Funding Method

Through FY2009: SF3, a per pupil funding method, with categorical funding, guarantees, and residual funding. Geneva’s funding was flat for FY2008 and FY2009.

FY2010-FY2011: PASS Report, based on the Ohio Evidenced-Based Model (OEBM), with guarantees. First time a funding method used actual methodology rather than the residual method. Provided resources for defined areas, but some categories were phased in and not fully funded. Transitional aid guaranteed a reduction of no more than 1% for FY2010 from FY2009 funding and no more than 2% for FY2011 from FY2010. Federal Stimulus was used to temporarily replace some state funding due to a state budget shortfall. This was done through State Fiscal Stabilization Funding (SFSF), which accounted for 6.3% of state funding in FY2010 and 7.8% in FY2011.

FY2012-FY2013: The Bridge Formula, a transitional approach used because a new funding mechanism was not formulated by Governor Kasich, was a return to residual budgeting. A permanent formula was not expected until FY2014. This method did not replace the loss of federal stimulus dollars used the previous two years. The Federal Education Jobs bill partially replaced the loss of federal stimulus for FY2012. This plan also phased out tangible personal property reimbursements completely by FY2013 for most districts.

Problem: Total state aid package reductions of \$1,443,161 forced the District to look for ways to reduce already lean expenditures. The new state budget also eliminated additional EMIS, Career Tech, and Gifted Testing funding, but required that these things still be done even with reduced state funding.

FY2014-FY2015: Governor Kasich’s much-heralded budget proposal released as HB59 presented a completely new school funding formula that included several components meant to target funds to districts/students to meet various needs. The “Achievement Everywhere” funding formula would have put 316 districts, including Geneva, on a guarantee for FY2014, and 398 districts on a guarantee for FY2015. After the House and Senate passed altered forms of the budget bill, a conference committee approved final recommendations on the bill on June 25, 2013. The bill was then approved by the House and Senate on June 27, 2013. The final bill used per pupil funding of \$5,745 for FY2014 and \$5,800 for FY2015 to establish the Opportunity Aid and made other changes to funding levels for other targeted funds.

FY2016-FY2017: Governor Kasich’s budget proposal, introduced as HB 64, supposedly directed state support to the districts with less capacity to meet their own needs, but somehow poorer districts like Geneva saw decreases in funding while wealthy districts and charter schools saw the increases. While the per-pupil amounts increased to \$5,900 in FY2016 and \$6,000 in FY2017, Geneva would have received \$195,635 less the first year and an additional \$193,679 less the second year as Governor Kasich began phasing out the transitional aid guarantee. The House made positive structural changes to the school-funding formula with a hold-harmless provision, so that no district lost foundation formula aid when comparing FY15 to FY17. After moving through the Senate, the conference committee, and the Governor’s line-item veto, the final version of the bill gave Geneva no increased funding, but gave charter schools an additional \$100 per pupil each year.

FY2018-FY2019: Governor Kasich's last budget proposal, introduced as HB 49, showed Geneva receiving a decrease in funding of \$503,979 for FY2018 and staying at that same funding level for FY2019. The budget version passed by the House showed the funding reduction at \$503,805, while the Governor's budget reduction increased to \$564,579, based on updated ADM. Fortunately for Geneva, the Senate version and the final conference committee report passed by both the Senate and the House kept our funding basically the same as FY2017. The final per pupil amounts were \$6,010 for FY2018 and \$6,020 for FY2019, meaning charter schools continued to receive an increase.

FY2020-FY2021: Governor DeWine's first budget proposal called for increased funding for K-12 education to be earmarked for mental health services, wraparound supports, mentoring, and after school programs based on census poverty data. Geneva received \$689,299 in FY20 and \$992,908 in FY21, and guidance from ODE and AOS directed the money be placed in a separate 467 fund not to be included in the five year forecast. The current formula was frozen at FY19 levels based on provisions of Amended Substitute HB 166, so no new operational dollars were available from the state. The recommendations of the Cupp/Patterson Fair School Funding Plan were not included in the substitute version, but HB 305 was introduced and received testimony in the House Finance Committee. Amendments to HB 305 were expected to be filed, but they took a back seat to the EdChoice voucher debate and then to the COVID-19 pandemic. Sub HB 305 passed the House in November 2020, but no action was taken in the Senate.

As a result of the pandemic, state revenues were well below estimates for March and April 2020, so the state announced GRF reductions totaling \$775 million, including \$300 million to K-12 education foundation funding. That meant a loss of \$433,025 deducted from Geneva's last three foundation payments for FY20. The state projected a FY20 shortfall of \$2 billion by year end, so FY21 foundation payments were reduced by the same 3.79% as in FY20. The governor, by executive order, released \$152 million back to traditional school districts, so Geneva's FY21 reduction was only \$195,538.

FY2022-FY2023: The Fair School Funding Plan (FSFP) became the new school-funding formula as reflected in the House version after a compromise was reached between the two chambers in Conference Committee. Modifications included removing the six-year phase in, eliminating the Oversight Commission, and eliminating the cost studies for categorical components. Districts began receiving funding based on the new formula in January 2022.

FY2024-FY2025: The budget proposed by Governor DeWine continued the 3<sup>rd</sup> (50%) and 4<sup>th</sup> (66.67%) year phase-in of the FSFP, the House version updated the inputs to FY2022 from FY2018 numbers, and these changes were finalized in Conference Committee.

### State Aid Assumptions

- State Resources for Foundation are updated from the November No. 1 Foundation Settlement Report and School Finance Payment Report (SFPR) Worksheet for FY24 and reflects direct funding of students being educated by the District. Geneva is now on the formula and receiving no guarantee funding thanks to the FSFP, so the forecast shows slight increases for FY23-28.
- Preschool Special Education funding reflects the November No. 1 SFPR and then increases based on a per-pupil calculation.
- Special Education Transportation funding also reflects the November No. 1 SFPR with the reimbursement increasing through the FSFP phase-in.
- Student Wellness and Success, Disadvantaged Pupil Impact Aid, Career Technical, English Learners, and Gifted amounts are shown as restricted aid and based on the November No. 1 SFPR and increasing each year.
- Catastrophic aid is provided to districts that document the need for additional state aid for resident school age special education students whose cost of education exceeds a certain amount set by the State. The amounts recorded reflect partial reimbursement because this program has never been fully funded. The District received a reimbursement of \$117,123 in FY19, or 32.11%; \$152,571 in FY20, or 27.16%; and \$132,105 in FY21, or 26.95%. The amount received fluctuates according to the number of eligible claims filed and the appropriation available from the state, and the amount funded increased with the FSFP as 10% of Special Education State funding is designated for this. The FY22

reimbursement was \$258,427, or 47.73%, while FY23 2023 was \$343,102, or 42.18%. This forecast is going to project reimbursement at \$300,000 per year.

ADM will be important with the FSFP, now that the District is on the formula and as long as the FSFP continues to be phased in for future bienniums. Formula ADM is shown flat throughout the forecast.

**A note on casino revenue:** A portion of the taxes paid by casinos is allocated to school districts as enumerated in a constitutional amendment to be used to support primary and secondary education. The first casino revenue payments were distributed on January 31, 2013 to all public school districts based on the schools' student enrollment data uploaded into EMIS. Geneva received \$55,662. Starting in FY14, there were two distributions per fiscal year on August 31<sup>st</sup> and January 31<sup>st</sup>. Casino revenue is to be posted to the general fund as "Other Unrestricted Grants in Aid" and included on line 1.035 of the five-year forecast. FY19 payments were \$127,831, FY20 was \$127,412, FY21 dropped 27% to \$93,438 due to the COVID-19 pandemic and casino closures, FY22 rebounded to \$138,970, and the rebound continued in FY23 with \$142,373. CY2023 dropped 1.36% from CY2022, so the forecast projects a drop of 1% each year due to competition from other venues.

The table below shows projected numbers based on the November No. 1 School Finance Payment Report (SFPR) Worksheet:

	FY2024	FY2025	FY2026	FY2027	FY2028
Formula ADM	2,093	2,093	2,093	2,093	2,093
State Resources for Foundation	10,423,050	10,506,434	11,031,756	11,120,010	11,342,410
Preschool Unit Funding	139,103	140,216	147,227	148,405	151,373
Special Ed. Transportation	199,756	201,354	211,422	213,113	217,375
Transportation	887,116	894,213	912,097	919,394	937,782
Casino Tax Revenue	140,886	139,477	138,082	136,701	135,334
Prior Year SFPR Adj. & Other	1,003				
Total Unrestricted Aid (1.035)	11,790,914	11,881,694	12,440,584	12,537,623	12,784,274
Student Wellness & Success	409,932	413,211	433,872	398,097	406,059
Disadvantaged Pupil Impact Aid	293,502	295,850	310,643	313,128	319,391
Career Tech/Adult Ed.	71,020	71,588	75,167	75,768	77,283
English Learners	19,386	19,541	20,518	20,682	21,096
Gifted	105,863	106,710	112,046	112,942	115,201
Catastrophic Cost	300,000	300,000	300,000	300,000	300,000
Total Restricted Aid (1.040)	1,199,703	1,206,900	1,252,246	1,220,617	1,239,030

## State Share of Local Property Taxes (1.050)

The state share of local property taxes, formerly known as property tax allocation and better known as Rollback and Homestead, is reimbursement from the state of Ohio for tax credits given owner-occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers and up to 10% non-business credit. For property owners over age 65, a Homestead reimbursement is available, but an income limitation reduces eligibility. For the purpose of this forecast, the District's state share of local property taxes is calculated as a percentage of the general property tax projection. This percentage was 12.58% for FY19, 11.95% for FY20, 11.42% for FY21, 10.96% for FY22, and 10.78% for FY23, so a gradual percentage decrease will be projected until it bottoms out at 10.44% in FY26. The Legislature has been targeting the elimination of this reimbursement.

## All Other Revenues (1.060)

These amounts are estimated based on past trends and researching activity over the past two years in detail, and include such items as manufactured homes tax, open enrollment, tuition from parents or other districts, other student fees, investment interest income, pay to participate fees and other miscellaneous.

The District received manufactured homes collections of \$35,987 in FY19, \$35,520 in FY20, an unexplainable jump to \$45,945 in FY21, \$41,037 in FY22, and \$42,203 in FY23. This projection will use \$42,203 for the rest of the forecast.

The Board reached an agreement with the SPIRE board and Roni Lee LLC and special legislation was enacted, a PILOT Agreement was approved, and payments of \$197,208 each year will be received by the District for 10 years through FY2027. The first payment was made at the beginning of October 2017 as a delinquent tax payment to the county treasurer and received by the District in its March 2018 property tax settlement, so it was reported on line 1.010 of the forecast. Subsequent payments made through the PILOT Agreement are recorded on this line, coming from Geneva Sports LLC after a sale.

The Board's Inter-District Open Enrollment policy has caps limiting the number of open enrollment students entering the junior high and high school. FY19 was \$1,331,179 for 221.43, FY20 was \$1,251,892 for 207.73, and FY21 continued the downward trend with \$1,222,067 for 203.27. The FSFP includes direct funding for students where they are educated, so there will be no revenue going forward as long as the FSFP remains as the funding formula.

While there have been no parent tuition payments since FY2017, the Preschool at Austinburg began accepting typical students in FY20, which added \$5,280 (reduced by the COVID closure). After \$2,400 in FY22, preschool generated \$9,000 in FY23. Tuition from other districts is subject to extreme fluctuations, sometimes depending on the timing of payments. Payment amounts have been \$616,097 (FY20), \$542,313 (FY21), and \$760,701 (FY22), the highest amount ever, and \$682,645 (FY23). The District strives to process all the excess cost and SF-14 applications it can, so the last three years' average of \$661,886 will be used for the rest of the forecast.

Interest income is dependent on available cash flows and market conditions affecting interest rates. Cash flows have increased with the addition of a new levy. Interest rates had been at record lows, rose during FY17 through Fed cuts in 2019, and then the COVID-19 pandemic resulted in interest rate reductions. Funds are predominantly invested in a good balance of CDs and federal agencies, with some liquid funds in a money market account. Security is the top priority of the investment philosophy of the District. The District received \$89,861 in FY17, \$89,301 in FY18, \$113,394 in FY19 and \$152,412 in FY20, before dropping to \$87,005 in FY21 and \$62,390 in FY22. Rates began to increase at the end of FY22 ahead of the economists-projected recovery after FY24.

Miscellaneous includes property rentals, donations, administrative fees for fuel tanks, and insurance proceeds. An agreement with the Ashtabula County Community Action Agency for a Head Start unit at Cork Elementary pays \$600 per month during the school year, but was affected by COVID. ACESC began paying in FY22 \$40,000 in annual rent for satellite units using the DD levy money. Insurance proceeds of \$79,975 were received in November 2023 for a bus accident in August 2023. After \$10,047 in FY19, \$79,861 in FY20, \$12,739 in FY21, \$51,346 in FY22, and \$49,114 in FY23, this forecast will show \$129,089 for FY24 then \$49,500 for the remaining forecasted years.

The Geneva Area City Schools Board of Education implemented a Pay to Participate Policy at their 4/18/12 Board meeting. Amounts collected were \$83,095 in FY18 (including a \$5,100 donation), \$101,682 in FY19 (after an increase in the fees for that year), \$75,000 in FY20 (refunds issued for spring activities due to COVID), and \$86,035 in FY21. Fees collected increased to \$100,861 in FY22 with the addition of several Middle School sports and \$103,399 in FY23. Any reduction in sports or activities, or cancellations due to COVID or other pandemics, could greatly impact this dollar amount.

The following is a summary of All Other Revenues:

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Other Local Taxes	42,203	42,203	42,203	42,203	42,203	42,203
Payment In Lieu of Taxes	197,208	197,208	197,208	197,208	197,208	0.00
Open Enrollment In	0.00	0.00	0.00	0.00	0.00	0.00
Funded FTE	0	0	0	0	0	0
Parent/Preschool Tuition	9,000	10,800	10,800	10,800	10,800	10,800
Tuition from Other Districts	682,645	661,886	661,886	661,886	661,886	661,886
Student Fees/CPower DR	28,271	3,103	1,300	1,300	1,300	1,300
Interest Income	253,723	500,000	550,000	575,000	600,000	600,000
Miscellaneous	49,114	129,089	49,500	49,500	49,500	49,500
Pay to Participate	103,399	104,000	104,000	104,000	104,000	104,000

Total (1.060)	1,365,563	1,648,289	1,616,897	1,641,897	1,666,897	1,469,689
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## Transfers & Advances-In (2.040 & 2.050)

All advances over year-end are planned to be returned in the succeeding fiscal year. The last time the District had a need to advance was in FY2007. The hope is that no more advances will be necessary in the future.

## All Other Financing Sources (2.060)

This line item includes the sale of real and non-real property and refunds of prior-year expenditures.

The Board finally sold the old Spencer Elementary property for closing proceeds of \$30,261.12 on 4/12/18, after having it on the market for seven years. No real property has been for sale since then.

The District sold items through Public Surplus Auction and cleared \$1,700 in September 2023 and plans to sell or trade in old buses for at least \$9,800 this year. The projection for future years is \$6,000.

Refunds of prior-year expenditures fluctuate from year to year. BWC rebates were received in the amounts of \$45,918 in FY18, \$42,730 in FY19, and \$61,760 and \$59,859 in FY20. A \$61,866 BWC rebate was received in November 2020 based on the full amount of the 2019 premium, and a \$224,076 rebate was received in December 2020 as part of Governor DeWine's \$5 billion request to ease COVID-19's continued impact. No other BWC rebates are expected in the future. An OT and Speech reimbursement of \$86,048 was received in FY22 from ACESC for services to our DD satellites the previous year. After receipting \$99,615 in FY18, \$133,497 in FY19, \$152,278 in FY20, \$359,714 in FY21, \$144,701 in FY22, and \$150,829 in FY23, the projection for FY24 is \$70,000 and \$50,000 per year after.

## EXPENDITURES

### Personal Services and Benefits (3.010 & 3.020)

The amounts for salaries and benefits are based on existing negotiated agreements as well as historical patterns. Percentage increases in the base amount are usually accompanied by additional increases because of step or class advances. Savings gained by the replacement of experienced personnel through retirements or resignations are often offset by retirement/severance payouts. Retirement, Workers Comp, and Medicare increase at the same rate as personal services. The only exception would be if the Workers' Comp rate increased or decreased. Increases in claims experience and medical costs drive up employee insurance premium cost.

For FY2019, reductions saved the district \$661,534 in salaries and \$292,395 in fringes. No increase was projected except for the educational credit for teachers. The District hired seven additional aides for Building Bridges units at a cost of \$120,492 in salaries and \$107,073 in fringes. Unusually high substitute costs offset some of the savings leading to a total payroll reduction of 3.3%.

For FY20, the forecast showed the approved reinstatement of reductions, an allowance for steps, and the educational credit for teachers, offset by retirement savings resulting in a 4.09% increase in total payroll. The COVID closure eliminated substitute costs, most overtime, and field trips, bringing the payroll increase down to 1.16%.

For FY21, all FY18 and FY19 cuts were originally shown being restored with the exception of those teachers that were transferred to Building Bridges units. Because of the COVID pandemic, those restorations were put on hold at least another year (\$264,000 in salary and \$173,000 in fringes), but there was an estimated increase of \$144,000 salary/\$64,000 fringes for three new Kindergarten teachers and the H.S. Art change from 3/4ths to full-time, offset by a savings of \$27,000 salary/\$11,400 fringes because of the elimination of mid-day kindergarten bus routes. The total payroll increase was 2.24%.

For FY22, planned cut restorations were moved to ESSER funds, but Elementary Guidance and some Bus Driver positions remained unfilled. Total payroll increase was 4.06%.

For FY23, a second Elementary Guidance, a Gifted Teacher, and some Bus Driver positions remain unfilled. FY23 wages increased 3.96% over FY22, and an increase of 4% is shown for FY24, along with an allowance for unfilled positions and a new Assistant Mechanic/Maintenance position. Once ESSER funds are exhausted, any positions that are continued will hit the forecast in FY25 at about \$410,000 in salary and \$250,000 in fringes, with a 5% total increase in wages projected yearly.

Payroll-related fringes increased 2.76% in FY20, .39% in FY21, 6.39% in FY22 and 5.19% in FY23. The medical premium increased 10% in FY19 (\$355,340) and 3% in FY20 (\$117,262), while the dental premiums increased 5%, the first dental increase in ten years. After no insurance premium increases in FY21, medical premium increases were 5% in FY22 and 6% in FY23. The medical premium was increased 6.3% for FY24, so fringes are projected to increase 5.5% overall, along with a \$942,405 payment to the ACSCOG. A 10% medical premium increase is built into the overall increase of 8% for the next four years along with the changes noted above.

Any additional increase in the number of personnel employed by the District beyond what is noted in the forecast or a larger increase in insurance premiums could have a material effect on both the personal service and fringe benefit amounts.

## Purchased Services (3.030)

Anticipated expenditures in this area are based on historical patterns and changed drastically in FY22. Deductions for open enrollment, community schools, and scholarship deductions accounted for \$1,781,623 before being removed because of direct funding by the FSFP. This will continue as long as the FSFP is the state funding model. Deductions for excess costs, court-placed students, and College Credit Plus will still be included here. Districts throughout Ohio still face the constant threat of losing students to school choice via the expanded voucher program. The following chart showed the number of students that left the district via open enrollment, charter school, and scholarship deductions and the money that left with them in FY21, and it will remain until we know that direct funding will continue.

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Charter/STEM Deduct	762,305	0	0	0	0	0
Total Student FTE	88.27	0	0	0	0	0
Open Enrollment Out	730,396	0	0	0	0	0
Funded FTE Out	121.92	0	0	0	0	0
Scholarship Deductions	288,922	0	0	0	0	0
Funded FTE Out	34.8	0	0	0	0	0

Expenditure increases in this category have fluctuated over the years due to changes in the weather, utility costs and school repairs. FY18 expenditures increased 14.75% because of additional special education costs and other instruction. Changes in FY19 lead to a 2.95% decrease due to picking up the cost of the DD units through the ESC lessened by a state reimbursement passed from the DD to the ESC, taking over the Building Bridges units moving that expense to salaries and fringes, transportation savings on repairs because of reductions, and reductions in other services through the ESC. The successful Happy Hearts levy began offsetting the DD units cost beginning in February 2020. The COVID pandemic reduced the contracted special education transportation cost, some repairs, and other purchased service costs for FY20, resulting in a 3.25% decrease. FY21 saw a 4.46% increase, while FY22 saw a 32.4% decrease due to the removal of the deductions noted above, and FY23 decreased by 1.9%. A 4% increase is projected each remaining year. The use of SWSF and ESSER funds keeps about \$264,000 out of this category until FY26. Additional pressures from inflation and utility costs could drive this category upward. The District will be in compliance with the percentage requirements for set asides established by HB412 or SB345.

## Supplies and Materials (3.040)

This category includes textbooks, software, supplies for classrooms and teachers, office supplies/materials, library supplies/periodicals/magazines, maintenance supplies, gasoline/diesel and parts/tires for buses. Expenditures were only \$483,574 in FY19, \$747,629 in FY20, \$731,509 in FY21, \$539,817 in FY22, and \$647,628 in FY23. FY20 included a new



reading textbook adoption and a reduction due to the COVID pandemic, while a new science textbook adoption was included for FY21. This forecast projects \$730,000 per year as additional textbooks are replaced and another \$50,000 beginning in FY25 for supplies previously purchased with ESSER funds. Inflation, fuel prices, and supply chain issues have driven supply costs higher.

## Capital Outlay (3.050)

Capital outlay expenditures are based on historical patterns. Included in capital outlay are expenditures for equipment, vehicles, building and land improvements, and construction. Before the District went through a strategic planning process in 2019, very little money had been spent on capital outlay while we waited for a technology plan to be developed. The forecast calls for \$250,000 in capital expenditures each year. The expenditure has been less than this the last five years, but in order to keep technology up to date, more will have to be spent. An additional \$54,000 will be added beginning in FY25 for equipment purchases covered by ESSER funds through FY24. The District will be in compliance with the percentage expenditure requirement for the capital and maintenance set aside established by HB412 or SB345. Necessary expenditures to meet the set-aside requirement are offset by proceeds from the District's .85 mill permanent improvement levy and the .5 mill OSFC maintenance levy. Failure of the District's .85-mill PI levy would add \$250,000 each year for bus purchases in the future.

## Other Objects (4.300)

This expense group includes county auditor and treasurer fees, fees on delinquent taxes paid, election expenses, bank charges, annual single audit, professional dues/fees/memberships, and student activity miscellaneous. Auditor and treasurer fees normally increase with additional property tax revenue. The school district income tax administration fee added in FY19 has increased to over \$67,000 per year. The mandatory educational service center deduction of \$6.50 per pupil continues to be about \$13,241 this year. After a \$257,830 expense in FY18, \$236,041 in FY19, \$277,327 in FY20, \$278,078 in FY21, \$297,368 in FY22, and \$317,158 in FY23, this forecast projects \$327,158 for FY24 escalating \$10,000 each year.

## Other Financing Uses, Advances/Transfers-Out (5.010, 5.020 & 5.030)

Anticipated expenditures in these areas are based on historical patterns. This expense group primarily accounts for Board transfers to Lunchroom, Athletics, and Band. No advances are projected to any funds per the note under Advances-In.

Lunchroom has made an outstanding effort to adjust staffing needs by attrition, mainly because of decreased enrollment and fewer lunches served, and made great progress in decreasing the transfer. Because of the COVID pandemic and the closure of schools, Lunchroom revenues took a hit resulting in a transfer of \$79,065 in FY20. Again due to the effects of COVID, the transfer was \$74,348 in FY21. No transfer was needed to Lunchroom for FY22 as increased federal reimbursement amounts and free lunches created a positive balance. The increased amounts and free lunches ended after FY22, but the positive balance should carry through FY26, when \$70,000 will be projected for remaining years. A transfer of \$4,988 will be necessary to clear negative student balances from FY22 and also might be needed in FY24.

Total transfers were \$98,703 for FY19, \$101,602 for FY20, \$140,679 for FY21, \$92,004 for FY22, with \$89,869 to Athletics and \$2,136 to Band, and \$81,421 for FY23, with \$76,233 to Athletics and \$5,188 to Band. The Athletic transfer could be over \$90,000 this year, so \$96,000 will be projected for FY24 and \$108,000 through FY26. The District moved some outside purchased service transportation expense to ESSER for FY23 and will do the same in FY24, which will decrease the transfer amount in those years.

## Encumbrances (8.010)

These are outstanding purchase orders that have not been approved for payment as goods were not received in the fiscal year in which they were ordered. Encumbrances were \$543,533 in FY19, \$416,131 in FY20, \$585,885 in FY21, \$324,705 in FY22, and \$654,520 in FY23. The number used for the forecast will be \$600,000.

## HB412 Reserve Balance (9.010-9.030)

Beginning with FY1999, each public school district in Ohio was required to spend or set-aside 2% for instructional materials; 2% for capital improvements; and 1% for budget reserve. For subsequent years, 3% was to be expended or set-aside for instructional materials and capital improvements; and 1% was to be set-aside in a budget reserve fund each year in which a district's revenue increased by 3% until said fund reached 5%.

With SB345, the requirement for school districts to maintain a budget reserve was eliminated. The funds that had been previously placed in the budget reserve may, at the discretion of the Board, be returned to the District's general fund or left in the account. However, the Workers' Compensation rebate that was put into the budget reserve can only be used for one of the following purposes: to offset a budget deficit, for school facility construction or repair, for textbooks and instructional materials, for purchase of school buses, or for professional development of teachers. With the adoption of this forecast, the Board resolves that the current balance will remain in the budget reserve until the Board decides its disposition.

This financial forecast includes the requirements of SB345. Governor Kasich's first budget did away with the requirement for a textbook and instructional materials set aside. It is anticipated that qualifying expenditures for capital improvements will be made each year leaving a zero balance at the end of each year.

## REVENUE FROM NEW LEVIES (13.010 & 13.020)

Previous forecasts addressed state funding cuts by cutting needed programs and staff. The trend of excess expenditures over revenues (line 6.010) had been downward, with eight out of nine years showing deficit spending until reversing that trend in FY12 with budget cuts. Five straight years showed revenues exceeding expenditures, but that positive trend ended in FY17. FY17 had deficit spending of \$782,701 followed by deficit spending of \$983,503 in FY18 and only \$84,934 in FY19.

After the defeat of a proposed emergency levy in November 2011 and August 2012, the Board focused on living within cuts made and possibly making more cuts if needed. The Ohio Department of Education Office of School Finance designated the District as being in Pre-Fiscal Caution Status in August of 2017. The Board was on the ballot in November of 2017 with a 1% School District Income Tax (SDIT) levy on the traditional base. If passed, proceeds from the levy would have first been received in April of 2018. After the failure of that levy, the Board was required to file with ODE a district-approved written plan showing how we would eliminate any current deficits and avoid any projected future deficits with or without a levy. This plan was filed with ODE at the beginning of January 2018. The Board went back on the ballot with a 1.25% SDIT on the earned income base, and this time was successful thanks to the efforts of an energetic citizens committee. The collection schedule for the SDIT is much different than the traditional property tax levy, as the collections slowly build up to the full anticipated amount. The first proceeds were received in April of 2019. These levy proceeds are shown on line 1.030 and were projected to reach full collection value after six to seven quarters. The Board still had to make cuts to get by until the levy money reached its full collection value. The Board will need to carefully consider the reinstatement of cuts as the levy money grows and monitor the effects of the COVID pandemic in order to stay within the guidelines established by ODE's Office of School Finance and avoid any further designation of Fiscal Caution or Fiscal Warning. When ESSER and Student Wellness and Success Funds run out, the District will need to be in a position to either absorb reinstated and new positions funded by those sources or make cuts.

With the passage of the SDIT, no other revenue from new levies is shown in this forecast. It will be necessary to renew the SDIT no later than 2028 or face losing almost \$5 million in revenue.