

**MILTON-UNION EXEMPTED
VILLAGE SCHOOL DISTRICT-MIAMI COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH 2027**



**Forecast Provided By
Milton-Union Exempted Village School District
Treasurer's Office
David Stevens, Treasurer/CFO**

November 21, 2022

Milton Union Exempted Village School District

Miami County

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

	Actual				Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues									
1.010 General Property Tax (Real Estate)	\$4,676,719	\$4,754,926	\$4,803,365	1.3%	\$4,852,243	\$4,902,922	\$4,922,778	\$4,942,629	\$4,962,475
1.020 Public Utility Personal Property Tax	698,568	721,964	741,569	3.0%	762,313	773,639	783,074	792,509	801,944
1.030 Income Tax	196,754	195,528	220,880	6.2%	230,821	233,130	235,463	237,818	240,197
1.035 Unrestricted State Grants-in-Aid	6,190,957	6,325,297	6,599,766	3.3%	6,608,157	6,609,052	6,610,911	6,612,808	6,614,742
1.040 Restricted State Grants-in-Aid	131,390	142,353	480,094	122.8%	498,218	498,218	498,218	498,218	498,218
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	781,994	778,206	783,297	0.1%	785,263	786,311	789,515	792,717	795,919
1.060 All Other Revenues	1,476,866	1,410,324	616,095	-30.4%	569,021	571,289	573,569	575,860	578,163
1.070 Total Revenues	\$14,153,248	\$14,328,598	\$14,245,066	0.3%	\$14,306,036	\$14,374,561	\$14,413,528	\$14,452,559	\$14,491,658
Other Financing Sources									
2.050 Advances-In	\$9,613	\$0	\$9,700	0.0%	\$107,275	\$100,000	\$100,000	\$100,000	\$100,000
2.060 All Other Financing Sources	229,661	324,355	146,528	-6.8%	52,510	52,510	52,510	52,510	52,510
2.070 Total Other Financing Sources	\$239,274	\$324,355	\$156,228	-8.1%	\$159,785	\$152,510	\$152,510	\$152,510	\$152,510
2.080 Total Revenues and Other Financing Sources	\$14,392,522	\$14,652,953	\$14,401,294	0.0%	\$14,465,821	\$14,527,071	\$14,566,038	\$14,605,069	\$14,644,168
Expenditures									
3.010 Personal Services	\$7,880,293	\$7,855,129	\$8,246,882	2.3%	\$8,813,288	\$9,189,132	\$9,497,484	\$9,798,095	\$10,125,084
3.020 Employees' Retirement/Insurance Benefits	3,177,077	3,291,901	3,533,699	5.5%	3,826,901	4,070,316	4,297,239	4,558,024	4,839,324
3.030 Purchased Services	2,591,062	2,645,161	2,137,849	-8.5%	2,396,084	2,492,013	2,602,047	2,706,669	2,815,783
3.040 Supplies and Materials	377,084	362,908	613,105	32.6%	425,092	431,438	444,974	451,917	459,068
3.050 Capital Outlay	13,191	11,162	11,702	-5.3%	11,819	11,937	12,057	12,177	12,299
4.300 Other Objects	184,316	161,312	128,144	-16.5%	131,989	133,995	136,042	138,131	140,262
4.500 Total Expenditures	\$14,223,023	\$14,327,573	\$14,671,381	1.6%	\$15,605,173	\$16,328,831	\$16,989,843	\$17,665,013	\$18,391,819
Other Financing Uses									
5.010 Operating Transfers-Out	\$325,000	\$283,000	\$345,000	4.5%	\$345,000	\$345,000	\$345,000	\$345,000	\$345,000
5.020 Advances-Out	0	9,700	107,275	0.0%	100,000	100,000	100,000	100,000	100,000
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	\$325,000	\$292,700	\$452,275	22.3%	\$445,000	\$445,000	\$445,000	\$445,000	\$445,000
5.050 Total Expenditures and Other Financing Uses	\$14,548,023	\$14,620,273	\$15,123,656	2.0%	\$16,050,173	\$16,773,831	\$17,434,843	\$18,110,013	\$18,836,819
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(\$155,501)	\$32,680	(\$722,362)	-1215.7%	(\$1,584,352)	(\$2,246,759)	(\$2,868,806)	(\$3,504,944)	(\$4,192,651)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$8,556,439	\$8,400,938	\$8,433,618	-0.7%	\$7,711,256	\$6,126,904	\$3,880,145	\$1,011,339	(\$2,493,605)
7.020 Cash Balance June 30	\$8,400,938	\$8,433,618	\$7,711,256	-4.1%	\$6,126,904	\$3,880,145	\$1,011,339	(\$2,493,605)	(\$6,686,255)
8.010 Estimated Encumbrances June 30	\$95,240	\$260,675	\$184,215	72.2%	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Fund Balance June 30 for Certification of Appropriations	\$8,305,698	\$8,172,943	\$7,527,041	-4.8%	\$5,926,904	\$3,680,145	\$811,339	(\$2,693,605)	(\$6,886,255)
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300 Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	\$8,305,698	\$8,172,943	\$7,527,041	-4.8%	\$5,926,904	\$3,680,145	\$811,339	(\$2,693,605)	(\$6,886,255)
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%	-	-	-	-	-
15.010 Unreserved Fund Balance June 30	\$8,305,698	\$8,172,943	\$7,527,041	-4.8%	\$5,926,904	\$3,680,145	\$811,339	(\$2,693,605)	(\$6,886,255)

Milton-Union Exempted Village School District – Miami County
Notes to the Five Year Forecast
General Fund Only
November 21, 2022

Introduction to the Five-Year Forecast

A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum, when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
- (3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

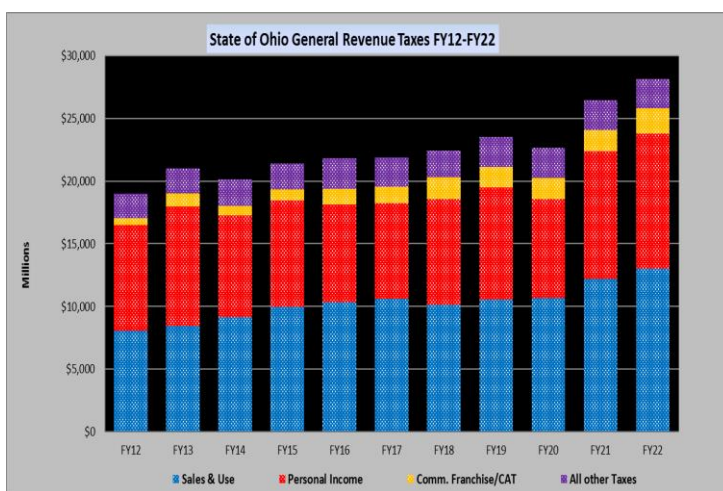
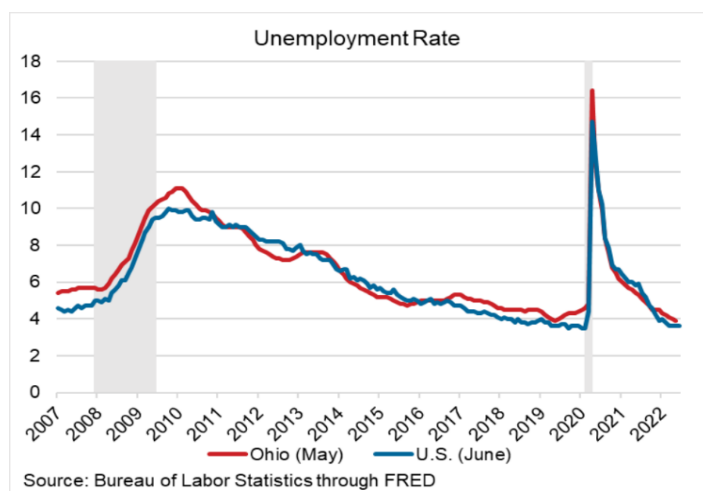
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment, and many economists anticipate an economic recession in the first half of the calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.



While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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 uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

- I. Miami County experienced a reappraisal in tax year 2019 for collection in FY20. Class I and II property values increased 9.4% as a result of the reappraisal. A reappraisal update will occur in tax year 2022 for collection in FY23 and we are assuming an overall increase of 3.16%. Property tax revenue represents 39.2% of our revenue and is the second largest revenue source behind state foundation revenue. Reappraisal and updates every three years along with any new construction are important to our revenue. We feel there is a low risk that values will not increase by the amounts projected.

Site and infrastructure work has begun on a new mixed-use commercial and residential development at Stillwater Crossings, including Randall Residence, senior cottages and a Ryan Homes Development. At this time, we are estimating increases in new construction for the Ryan Home Development of up to 40 homes projecting 8 houses per year with an estimated fair market value of \$250,000 to \$350,000. Due to the development being built in a community reinvestment area, property tax collections on these properties will be abated for four years on residential properties and 15 years for commercial properties. The abatement will begin when the construction has been completed and the property has been added to the Miami County Auditor tax rolls, and will end when the appropriate time period noted above has expired. We will continue to monitor developments and project them in future forecasts when we have clear data to base our estimates and are confident the project will proceed with a timeline that is reliable. Our main objective in projecting new development revenues is to not over project these revenues or build speculation into our forecasting tool.

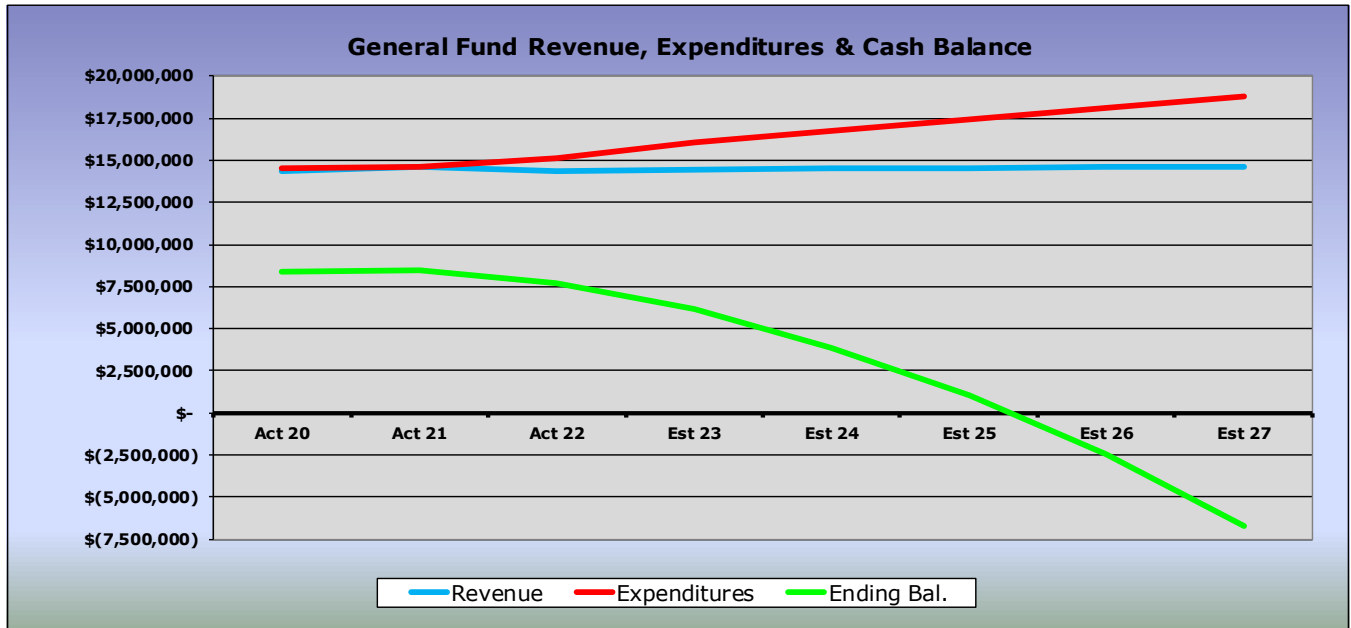
- II. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21 reflect different trends on Lines 1.035, 1.04, 1.06, and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.
- III. The State Budget represents 55% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.
- V. The labor relations goal in our district has been for all parties to work for the best interest of students and realize the resource challenges we face.

The major categories of revenue and expenditures in the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. 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 David Stevens, Treasurer/CFO of Milton Union Exempted Village School District at 937-884-7910.

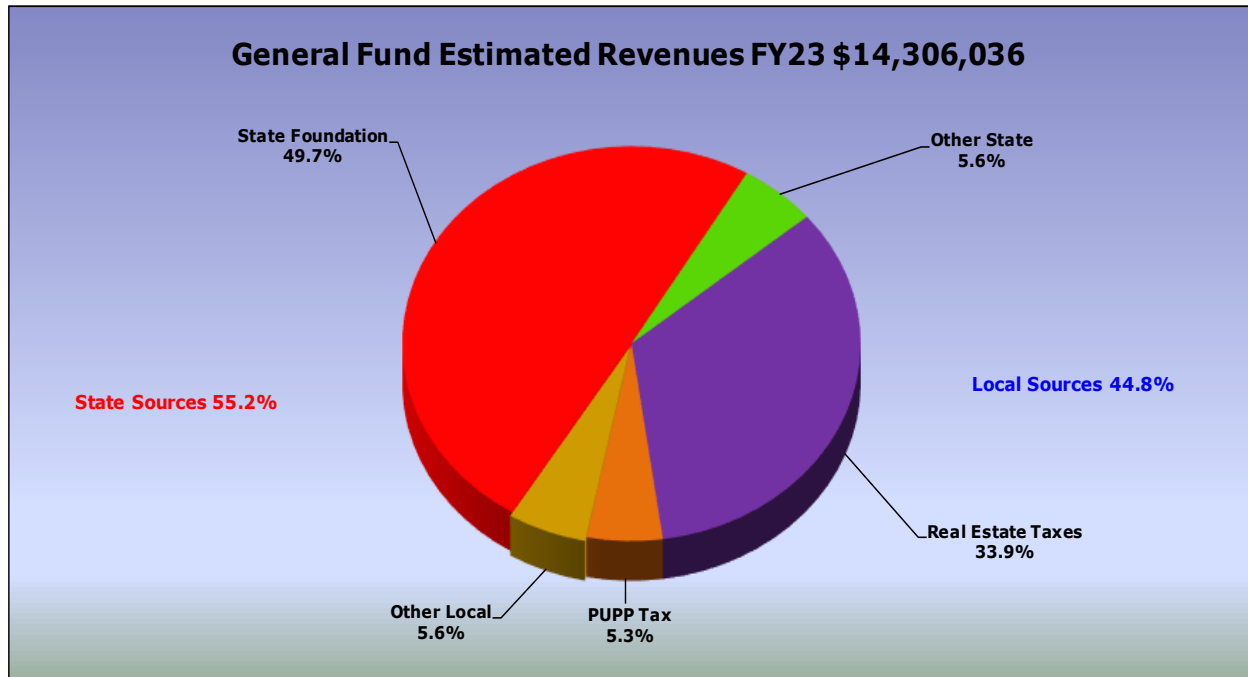
General Fund Revenue, Expenditure and Ending Cash Balance

The graph on the following page shows in summary the forecasted revenue, expenses and ending balance of the district's General Fund for the period FY23-27, with actual data provided for FY20-22.

General Fund Revenue, Expenditure and Ending Cash Balances



Revenue Assumptions



Real Estate Value Assumptions – Line # 1.010

Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. Miami County experienced a reappraisal in tax year 2019 for collection in FY20. Class I and II property values increased 9.4% as a result of the reappraisal. The next update will occur in 2022 for collection in 2023 and we are estimating a 3% increase in Class I values and 0% for Class II and an overall increase of 3.16% in values. We are not at the 20 mill floor so any increase in value will only increase revenue on our 3.6 mills on inside millage.

Site and infrastructure work has begun on a new mixed-use commercial and residential development at Stillwater Crossings, including Randall Residence, senior cottages, and a Ryan Homes Development. Due to the development being built in a community reinvestment area, property tax collections on these properties will be abated for four year on residential properties and 15 years for commercial properties. At this time we are estimating increases in new construction for the Ryan Home Development of up to 40 homes projecting 8 houses per year with an estimated fair market value of \$250,000 to \$350,000. We will continue to monitor developments and project them in the future forecasts when we have data to base our estimates and are confident the project will proceed with a timeline that is reliable. Our main objective in projecting new development revenues is to not over project these revenues, and we will do so when the data is known to us.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Estimated TAX YEAR2022 COLLECT 2023</u>	<u>Estimated TAX YEAR2023 COLLECT 2024</u>	<u>Estimated TAX YEAR2024 COLLECT 2025</u>	<u>Estimated TAX YEAR 2025 COLLECT 2026</u>	<u>Estimated TAX YEAR 2026 COLLECT 2027</u>
Res./Ag.	\$198,735,250	\$199,633,250	\$200,531,250	\$201,429,250	\$202,327,250
Comm./Ind.	12,192,730	12,222,730	12,252,730	12,282,730	12,312,730
Public Utility Personal Property (PUPP)	12,224,510	12,374,510	12,524,510	12,674,510	12,824,510
Total Assessed Value	<u>\$223,152,490</u>	<u>\$224,230,490</u>	<u>\$225,308,490</u>	<u>\$226,386,490</u>	<u>\$227,464,490</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Property Taxes	<u>\$4,852,243</u>	<u>\$4,902,922</u>	<u>\$4,922,778</u>	<u>\$4,942,629</u>	<u>\$4,962,475</u>

Property tax levies are estimated to be collected at 98.2% of the annual amount. This allows a 2% delinquency factor. Typically, 55.62% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm./Ind.) is expected to be collected in the February tax settlements and 44.38% is expected to be collected in the August tax settlements. 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 #1.02 totals. An increase in delinquencies did not occur in the August second half settlement as warned due to the COVID-19 pandemic. This is good news for our district but we will continue to keep a close eye on this as the economic recovery continues.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Public Utility Property Tax – Line#1.020

Public Utility Personal Property Taxes are the only source of revenues in this line since the State of Ohio phased out tangible personal property tax (TPP), beginning in fiscal year 2006.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property (PUPP)	<u>\$762,313</u>	<u>\$773,639</u>	<u>\$783,074</u>	<u>\$792,509</u>	<u>\$801,944</u>

School District Income Tax – Line#1.030

The district passed a 1.25% SDIT in November 2008. The tax is dual purpose, with 1.15% allocated to the permanent improvement fund and 0.10% allocated to the general fund. The permanent improvement portion is used to pay the debt service payments of the local portion of the Ohio School Facility Commission building project. As we move into post-pandemic economic times we are seeing that income tax collections are beginning to increase with the economic recovery. In FY22 income tax collection statewide have increased on average 11.7%. Our income tax in FY22 was up 12.9% over FY21. In July 2022, we noted an unusual boost in collections in SD100 returns and Certified Collections. We do not think these will be reoccurring in FY24. We will assume that income from withholdings will continue in future collections. We will assume an annual growth of 4.5% for FY23 and an annual increase of 1.0% through FY27.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
SDIT Collection	\$220,880	\$230,821	\$233,130	\$235,463	\$237,818
Adjustments	9,941	2,309	2,332	2,356	2,379
Total SDIT Line #1.030	<u>\$230,821</u>	<u>\$233,130</u>	<u>\$235,463</u>	<u>\$237,818</u>	<u>\$240,197</u>

State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. Complete calculations of the new formula were not available for nearly all of the last fiscal year. We have projected FY23 funding based on the October #2 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to be a formula district in FY24-FY27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in

recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

- A. Student Population and Demographics
- B. Property Valuation
- C. Personal Income of District Residents
- D. Historical Funding- CAPS and Guarantees from prior funding formulas

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state wide average of \$7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

- 1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
- 2. 20% based on most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled
- 3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
- 4. When the weighted values are calculated and Items 1. through 3. above added together, the total is then multiplied by a Local Share Multiplier Index ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount. The balance of this amount is the state share to pay.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all districts' calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) – Formerly Economically Disadvantaged Funding, DPIA is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

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

Student Wellness and Success (Restricted Fund 467)

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110, the new state budget, has essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below. Any remaining funds in Special Revenue Fund 467 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budgets Projections Beyond FY23

Our funding status for the FY24-27 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil; actual payments in FY22 were \$62.87 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Unrestricted State Foundation Revenue – Line #1.035

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$6,395,000	\$6,394,072	\$6,394,072	\$6,394,072	\$6,394,072
Additional Aid Items	<u>122,007</u>	<u>122,007</u>	<u>122,007</u>	<u>122,007</u>	<u>122,007</u>
Basic Aid-Unrestricted Subtotal	6,517,007	6,516,079	6,516,079	6,516,079	6,516,079
Ohio Casino Commission ODT	<u>91,150</u>	<u>92,973</u>	<u>94,832</u>	<u>96,729</u>	<u>98,663</u>
Total Unrestricted State Aid Line # 1.035	<u>\$6,608,157</u>	<u>\$6,609,052</u>	<u>\$6,610,911</u>	<u>\$6,612,808</u>	<u>\$6,614,742</u>

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. We have flat-lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
DPIA	\$107,089	\$107,089	\$107,089	\$107,089	\$107,089
Career Tech - Restricted	0	0	0	0	0
Gifted	79,107	79,107	79,107	79,107	79,107
ESL	0	0	0	0	0
Student Wellness	219,307	219,307	219,307	219,307	219,307
Catastrophic Aid	<u>92,715</u>	<u>92,715</u>	<u>92,715</u>	<u>92,715</u>	<u>92,715</u>
Total Restricted State Revenues Line #1.040	<u>\$498,218</u>	<u>\$498,218</u>	<u>\$498,218</u>	<u>\$498,218</u>	<u>\$498,218</u>

C) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants in aid are included throughout the forecast.

<u>Summary of State Foundaton Revenues</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line # 1.035	\$6,608,157	\$6,609,052	\$6,610,911	\$6,612,808	\$6,614,742
Restricted Line # 1.040	498,218	498,218	498,218	498,218	498,218
Rest. Fed. Grants Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$7,106,375</u>	<u>\$7,107,270</u>	<u>\$7,109,129</u>	<u>\$7,111,026</u>	<u>\$7,112,960</u>

State Taxes Reimbursement/Property Tax Allocation- 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 owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. The drop in reimbursements beginning in FY23 is due to the renewal levies mentioned earlier.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	<u>\$785,263</u>	<u>\$786,311</u>	<u>\$789,515</u>	<u>\$792,717</u>	<u>\$795,919</u>

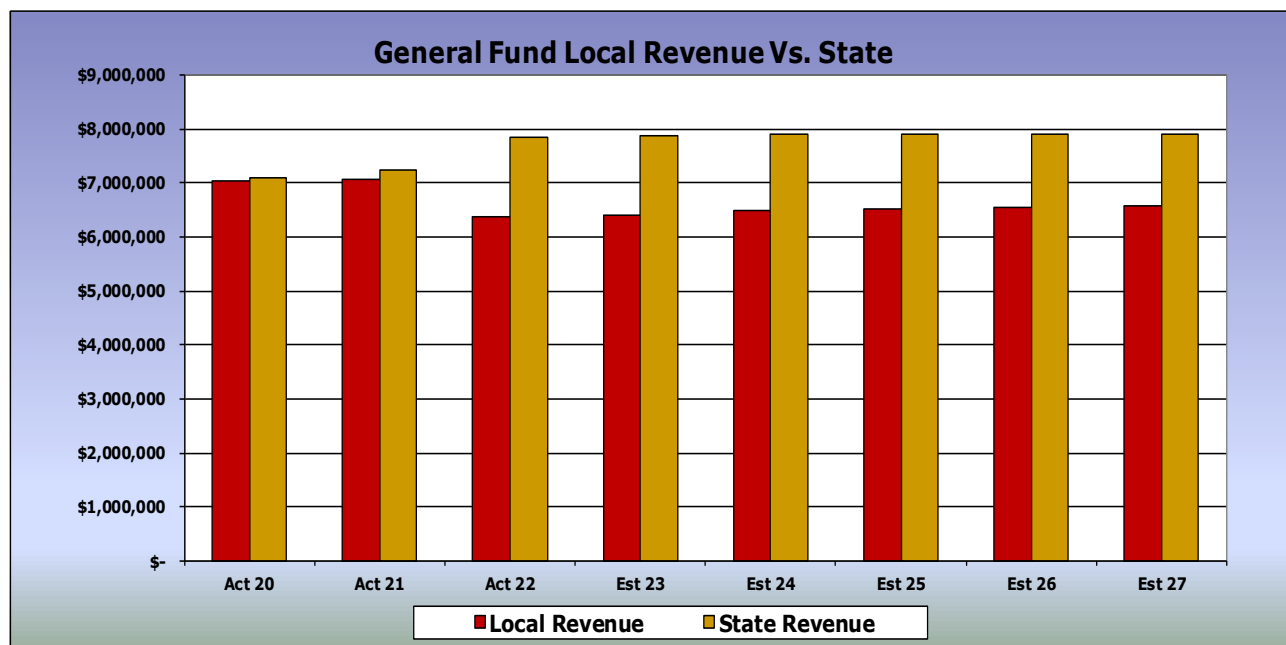
Other Local Revenues – Line #1.060

The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY23-FY27 Line 1.06 revenues and historical FY19 through FY21 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and

state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 and FY22 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Interest	97,475	97,962	98,452	98,944	99,439
Medicaid	68,280	68,280	68,280	68,280	68,280
Tuition SF-14 & SF-14H	356,285	358,066	359,856	361,655	363,463
Other Income and rentals	46,981	46,981	46,981	46,981	46,981
Total Line # 1.060	<u>\$569,021</u>	<u>\$571,289</u>	<u>\$573,569</u>	<u>\$575,860</u>	<u>\$578,163</u>

Comparison of Local Revenue and State Revenue:



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

There is no short term borrowing planned for in this forecast at this time from any sources.

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

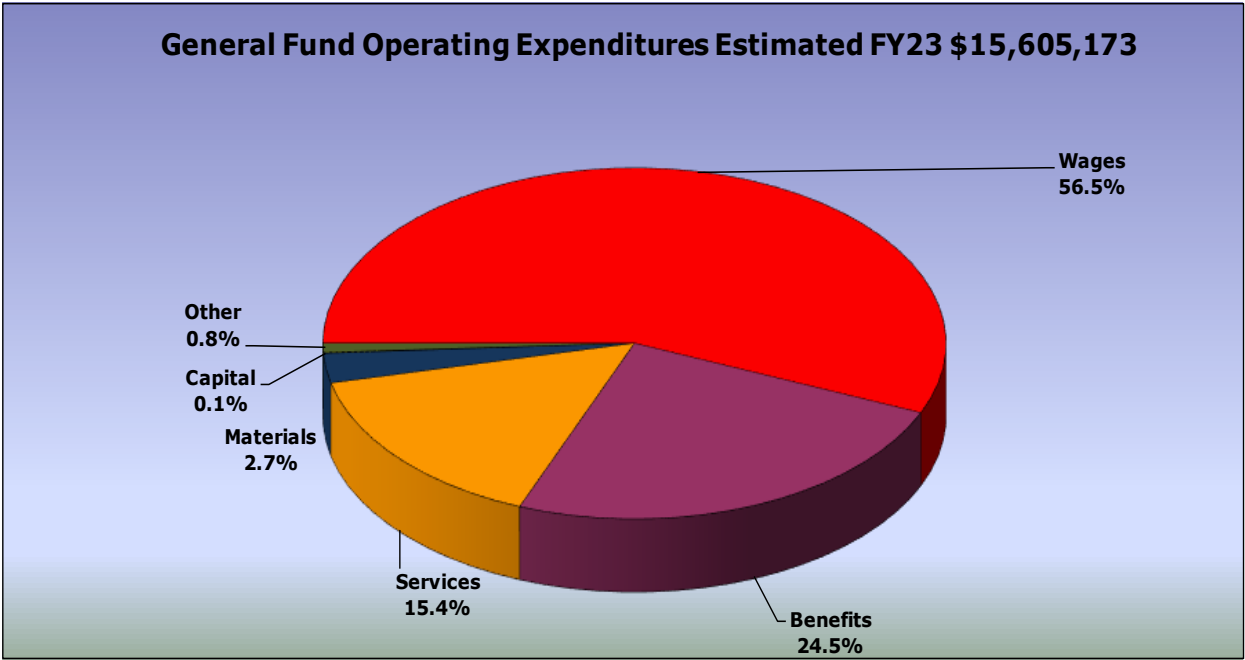
There are no transfers planned in this forecast at this time. Other financing sources consist of advances that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year-end.

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and a small refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Refund of prior year expenditures	<u>\$52,510</u>	<u>\$52,510</u>	<u>\$52,510</u>	<u>\$52,510</u>	<u>\$52,510</u>

Expenditures Assumptions



Wages – Line #3.010

The model reflects a base increase of 2.9% for FY23, 2.5% for FY24, 2.13% for FY25 and 2% for FY 26-27. We have estimated step and training increases of 1.8% for each year of the forecast. We have recoded expenses that qualify in our plan for use of Student Wellness and Success funding in prior years and will reintroduce those costs to the General Fund for the period FY22-25.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$7,963,339	\$8,466,028	\$8,838,749	\$9,143,947	\$9,441,373
Increases	230,937	211,651	187,823	182,879	188,827
Steps & Training	143,340	152,389	159,097	164,591	169,945
Growth/Replacement Staff	110,965	17,681	0	0	0
Fund 467 & 507 Recoding	52,447	26,000	68,500	0	0
Substitutes & Supplementals	312,260	315,383	318,537	321,722	324,939
Staff Reductions/Attrition	<u>0</u>	<u>0</u>	<u>(75,222)</u>	<u>(15,044)</u>	<u>0</u>
Total Wages Line #3.010	<u>\$8,813,288</u>	<u>\$9,189,132</u>	<u>\$9,497,484</u>	<u>\$9,798,095</u>	<u>\$10,125,084</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid.

A) STRS/SERS

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.

B) Insurance

Insurance is projecting a rate increase of 7.5% in FY23-FY24 and 8% for FY25-27.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 0.60% of wages throughout the forecast due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$1,409,054	\$1,472,732	\$1,524,100	\$1,572,900	\$1,625,221
B) Insurances	2,229,998	2,401,782	2,570,837	2,776,504	2,998,624
C) Workers Comp/Unemployment	53,180	55,435	57,285	59,089	61,051
D) Medicare	132,117	137,815	142,465	146,979	151,876
Other/Tuition	<u>2,552</u>	<u>2,552</u>	<u>2,552</u>	<u>2,552</u>	<u>2,552</u>
Total Fringe Benefits Line #3.020	<u>\$3,826,901</u>	<u>\$4,070,316</u>	<u>\$4,297,239</u>	<u>\$4,558,024</u>	<u>\$4,839,324</u>

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these

amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY27 Line 3.03 costs and historical FY20 through FY21 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Services	\$128,732	\$132,594	\$146,572	\$150,969	\$155,498
Professional/Instructional & ESC	653,310	672,909	693,096	713,889	735,306
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
SF14, Other Tuition & College Credit Plus	1,118,509	1,174,434	1,233,156	1,294,814	1,359,555
Building Maintenance & Service	129,507	135,982	142,781	149,920	157,416
Utilities	197,042	202,953	209,042	215,313	221,772
Security Services	168,984	173,141	177,400	181,764	186,236
Total Purchased Services Line #3.030	<u>\$2,396,084</u>	<u>\$2,492,013</u>	<u>\$2,602,047</u>	<u>\$2,706,669</u>	<u>\$2,815,783</u>

Supplies and Materials – Line #3.040

An overall inflation of 3.0% is being estimated for this category of expenses. This is due to an anticipated increase in fuel costs and instructional materials as a whole. Educational supplies include textbooks, office and classroom supplies. We have held building budgets at current levels and assumed textbook replacements for each year of the forecast. Building and transportation costs include supplies to clean the buildings, provide paper supplies and other items custodians would need, and transportation costs are largely fuel, tires and other costs required to keep our fleet safe and operational.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Supplies, Textbooks & Technology	\$211,537	\$217,883	\$231,419	\$238,362	\$245,513
Building and Transportation	<u>213,555</u>	<u>213,555</u>	<u>213,555</u>	<u>213,555</u>	<u>213,555</u>
Total Supplies Line #3.040	<u>\$425,092</u>	<u>\$431,438</u>	<u>\$444,974</u>	<u>\$451,917</u>	<u>\$459,068</u>

Equipment – Line # 3.050

Costs in FY 23-27 include purchasing equipment for students and staff and is expected to increase 1% annually. We are projected to use our permanent improvement levy for major capital items but smaller items of equipment that have a shorter life will still need to come from the general fund. These amounts can vary year to year based on anticipated need.

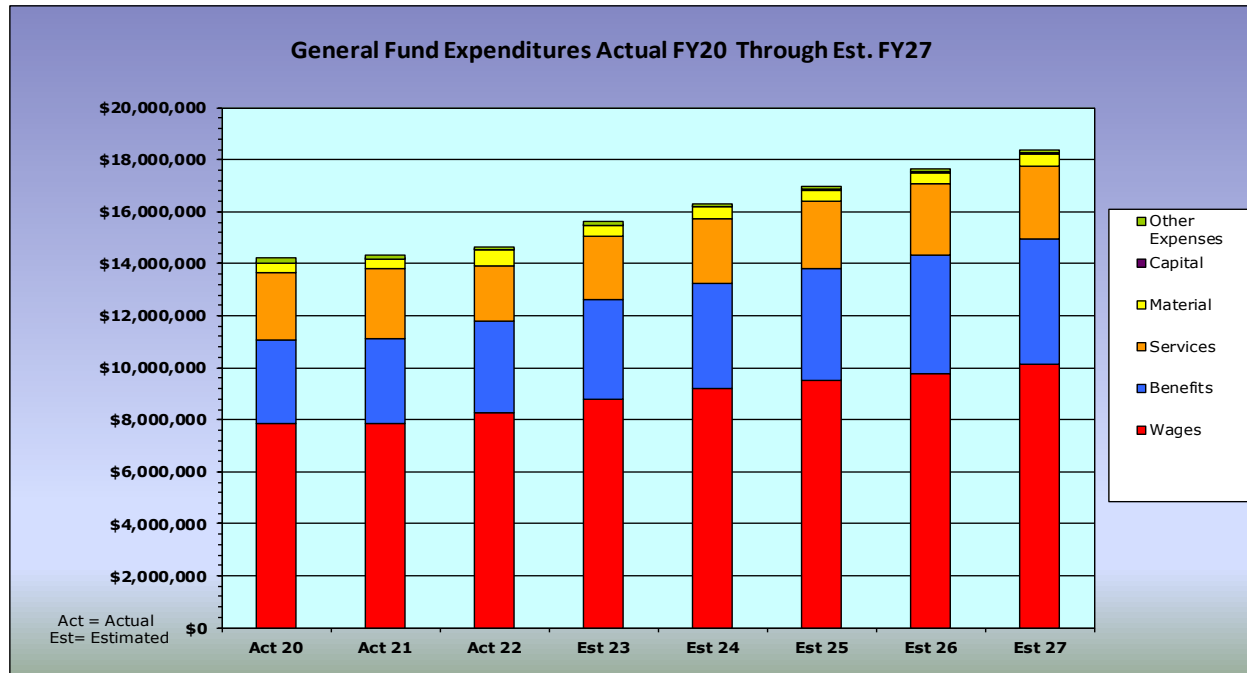
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay	\$11,819	\$11,937	\$12,057	\$12,177	\$12,299
Replacement Bus Purchases	0	0	0	0	0
Total Equipment Line #3.050	<u>\$11,819</u>	<u>\$11,937</u>	<u>\$12,057</u>	<u>\$12,177</u>	<u>\$12,299</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer (A&T) fees and state audit fees. Other items such as dues and fees to professional organizations such as OSBA and employee bonds are paid from these funds. Currently, we are estimating annual increase of 2% for this forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$97,689	\$98,666	\$99,653	\$100,650	\$101,657
Other expenses	<u>34,300</u>	<u>35,329</u>	<u>36,389</u>	<u>37,481</u>	<u>38,605</u>
Total Other Expenses Line #4.300	<u>\$131,989</u>	<u>\$133,995</u>	<u>\$136,042</u>	<u>\$138,131</u>	<u>\$140,262</u>

Total Expenditure Categories Actual Fiscal Year 2020 through Fiscal Year 2022 and Estimated Fiscal Year 2023 through Fiscal Year 2027



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. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Transfers out for FY23-27 is \$80,000 transferred to fund 035 for severance payments annually, and \$265,000 to fund 300.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Operating Transfers Out Line #5.010	\$345,000	\$345,000	\$345,000	\$345,000	\$345,000
Advances Out Line #5.020	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Transfer & Advances Out	<u>\$445,000</u>	<u>\$445,000</u>	<u>\$445,000</u>	<u>\$445,000</u>	<u>\$445,000</u>

Encumbrances –Line#8.010

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

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>

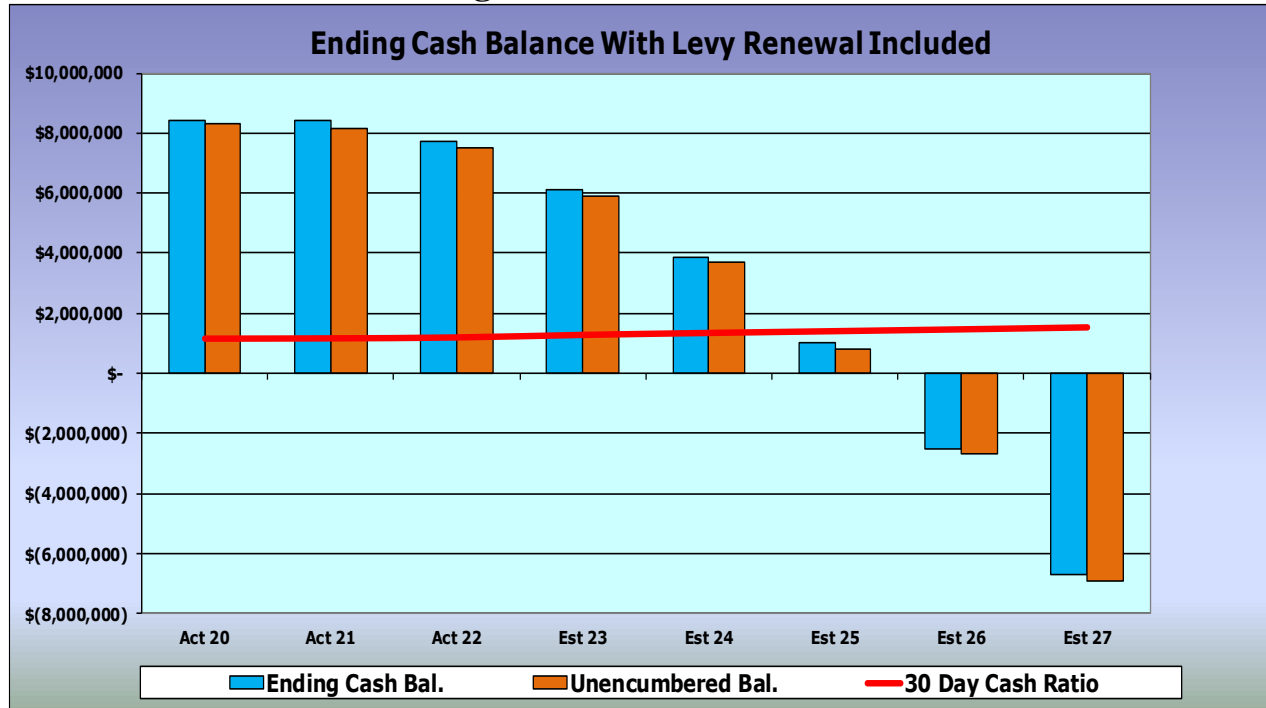
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an

alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the November 2, 2021 renewal of the 17 mill levy in 2022 and the renewal of the 10.9 mill operating levy that expires in December 2023, which was approved November 8, 2022. Very clearly if the 10.9 mill levy renewal failed it would spell financial difficulties for the district.

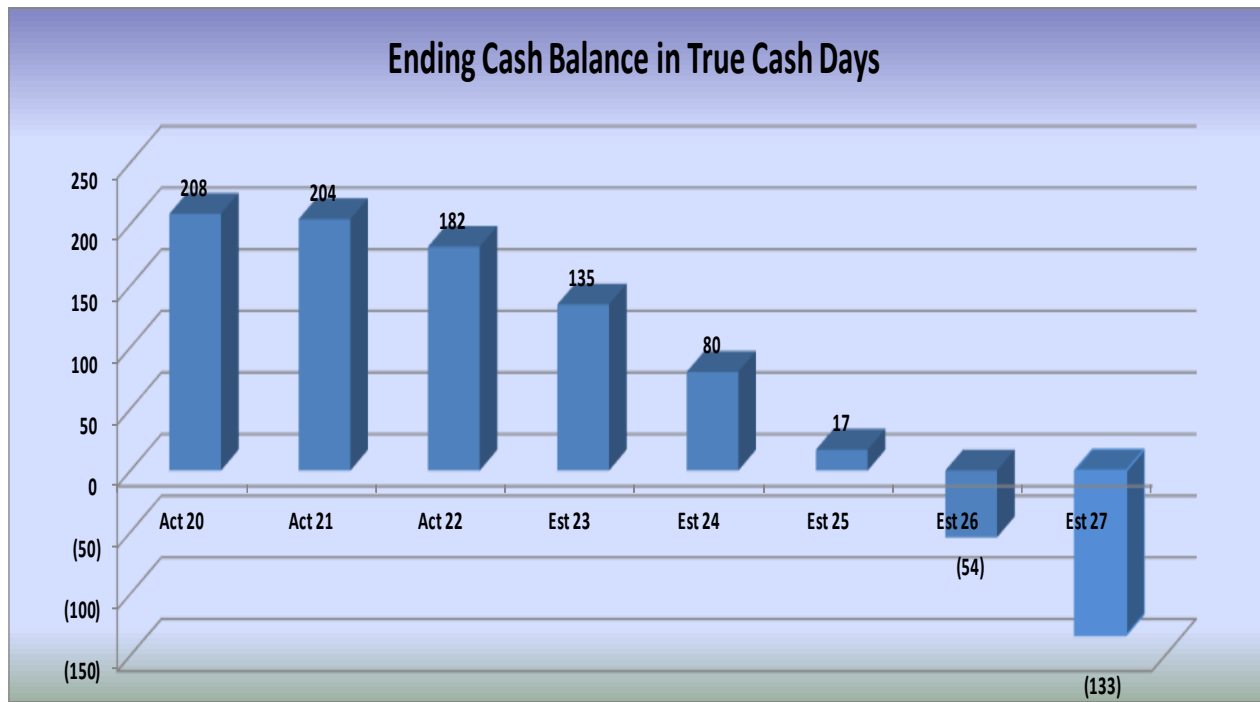
	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Ending Unencumbered Cash Balance	<u>\$5,926,904</u>	<u>\$3,680,145</u>	<u>\$811,339</u>	<u>(\$2,693,605)</u>	<u>(\$6,886,255)</u>

General fund ending cash balance with renewal of the levies



True Cash Days Ending Balance – Includes Renewal of Two Emergency Levies

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 to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. The district will need to keep an eye on expenses year to year to ensure we have adequate resources to end FY25 through FY27.



We would like to thank our community for passing the renewal levy this November. We see this as a vote of confidence in our district and will continue to use this funding in a fiscally responsible manner.