

**MILTON-UNION EXEMPTED
VILLAGE SCHOOL DISTRICT-MIAMI COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022 and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024 THROUGH 2028**



**Forecast Provided By
Milton-Union Exempted Village School District
Treasurer's Office
Kari Magill , Treasurer**

November 20, 2023

Milton Union Exempted Village School District

Miami County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

	Actual				Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues									
1.010 General Property Tax (Real Estate)	\$4,754,926	\$4,803,365	\$4,927,070	1.8%	\$5,045,777	\$5,086,291	\$5,116,267	\$5,142,827	\$5,159,943
1.020 Public Utility Personal Property Tax	721,964	741,569	784,331	4.2%	812,085	823,383	832,818	842,253	851,688
1.030 Income Tax	195,528	220,880	243,216	11.5%	245,649	248,107	250,589	253,096	255,628
1.035 Unrestricted State Grants-in-Aid	6,325,297	6,599,766	6,784,660	3.6%	7,311,576	7,253,425	7,255,337	7,257,286	7,259,275
1.040 Restricted State Grants-in-Aid	142,353	480,094	474,135	118.0%	563,078	563,078	563,078	563,078	563,078
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050 State Share of Local Property Taxes	778,206	783,297	780,731	0.2%	793,395	807,069	811,746	816,389	819,080
1.060 All Other Revenues	1,410,324	616,095	923,384	-3.2%	777,208	780,301	783,409	786,533	789,673
1.070 Total Revenues	\$14,328,598	\$14,245,066	\$14,917,527	2.1%	\$15,548,768	\$15,561,654	\$15,613,244	\$15,661,462	\$15,698,365
Other Financing Sources									
2.050 Advances-In	\$0	\$9,700	\$107,275	0.0%	\$383,450	\$100,000	\$100,000	\$100,000	\$100,000
2.060 All Other Financing Sources	324,355	146,528	6,833	-75.1%	128,572	52,500	52,500	52,500	52,500
2.070 Total Other Financing Sources	\$324,355	\$156,228	\$114,108	-39.4%	\$512,022	\$152,500	\$152,500	\$152,500	\$152,500
2.080 Total Revenues and Other Financing Sources	\$14,652,953	\$14,401,294	\$15,031,635	1.3%	\$16,060,790	\$15,714,154	\$15,765,744	\$15,813,962	\$15,850,865
Expenditures									
3.010 Personal Services	\$7,855,129	\$8,246,882	\$9,031,010	7.2%	\$9,228,864	\$9,536,806	\$9,837,008	\$10,163,553	\$10,502,397
3.020 Employees' Retirement/Insurance Benefits	3,291,901	3,533,699	3,778,427	7.1%	4,009,694	4,231,275	4,486,297	4,761,376	5,056,301
3.030 Purchased Services	2,645,161	2,137,849	2,732,099	4.3%	2,849,839	2,632,919	2,744,390	2,860,851	2,982,532
3.040 Supplies and Materials	362,908	613,105	502,788	25.5%	510,734	525,919	534,559	543,459	552,626
3.050 Capital Outlay	11,162	11,702	10,636	-2.1%	11,937	12,056	12,177	12,299	12,422
4.300 Other Objects	161,313	128,144	154,865	0.1%	157,313	159,811	162,362	164,966	167,626
4.500 Total Expenditures	\$14,327,574	\$14,671,381	\$16,209,825	6.4%	\$16,768,381	\$17,098,787	\$17,776,793	\$18,506,503	\$19,273,905
Other Financing Uses									
5.010 Operating Transfers-Out	\$283,000	\$345,000	\$347,500	11.3%	\$345,000	\$345,000	\$345,000	\$345,000	\$345,000
5.020 Advances-Out	9,700	107,275	383,450	631.7%	100,000	100,000	100,000	100,000	100,000
5.030 All Other Financing Uses	0	0	0	0.0%	30,224	0	0	0	0
5.040 Total Other Financing Uses	\$292,700	\$452,275	\$730,950	58.1%	\$475,224	\$445,000	\$445,000	\$445,000	\$445,000
5.050 Total Expenditures and Other Financing Uses	\$14,620,274	\$15,123,656	\$16,940,775	7.7%	\$17,243,605	\$17,543,787	\$18,221,793	\$18,951,503	\$19,718,905
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$32,679	(\$722,362)	(\$1,909,140)	-1073.1%	(\$1,182,814)	(\$1,829,633)	(\$2,456,049)	(\$3,137,541)	(\$3,868,040)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$8,400,937	\$8,433,616	\$7,711,254	-4.1%	\$5,802,114	\$4,619,300	\$2,789,667	\$333,618	(\$2,803,924)
7.020 Cash Balance June 30	\$8,433,616	\$7,711,254	\$5,802,114	-16.7%	\$4,619,300	\$2,789,667	\$333,618	(\$2,803,924)	(\$6,671,963)
8.010 Estimated Encumbrances June 30	\$260,675	\$184,215	\$140,907	-26.4%	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Fund Balance June 30 for Certification of Appropriations	\$8,172,941	\$7,527,039	\$5,661,207	-16.3%	\$4,419,300	\$2,589,667	\$133,618	(\$3,003,924)	(\$6,871,963)
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	\$8,172,941	\$7,527,039	\$5,661,207	-16.3%	\$4,419,300	\$2,589,667	\$133,618	(\$3,003,924)	(\$6,871,963)
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	\$8,172,941	\$7,527,039	\$5,661,207	-16.3%	\$4,419,300	\$2,589,667	\$133,618	(\$3,003,924)	(\$6,871,963)

Milton-Union Exempted Village School District – Miami County
Notes to the Five Year Forecast
General Fund Only
November 20, 2023

Introduction to the Five-Year Forecast

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

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

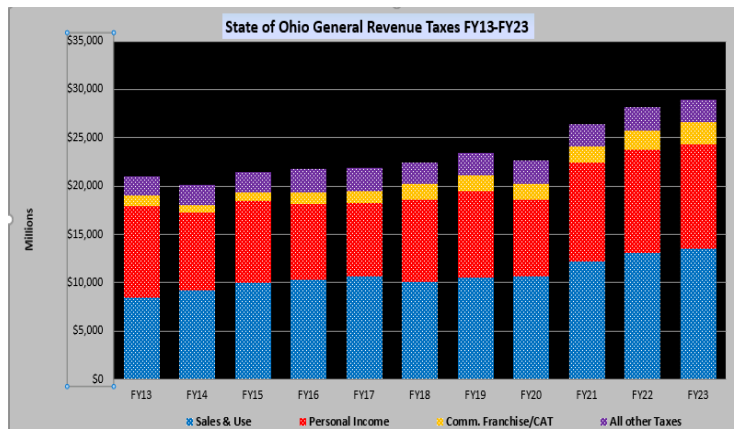
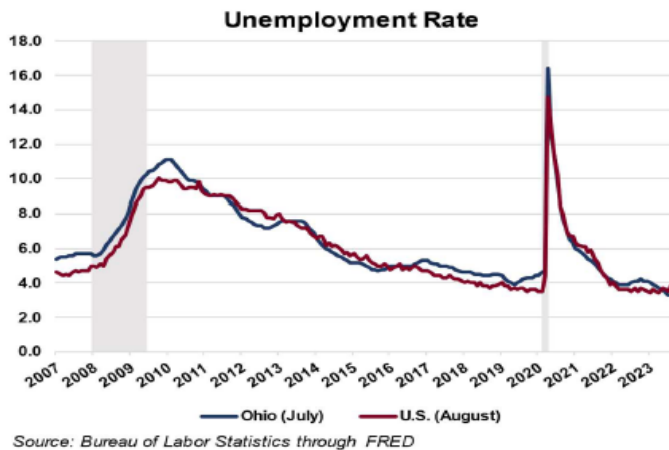
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently 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 the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar

2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a “full employment recession” in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a very unique time in our economic history.

As noted in the graphs below the state of Ohio has enjoyed economic growth over the past three years, and the state’s Rainy Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected six-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio’s economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio’s school districts.



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. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

Forecast Risks and Uncertainty:

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

- 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 occurred in tax year 2022 for collection in FY23. Class I values increased 21.8% and Class II values did not significantly change as a

result of the reappraisal update. Property tax revenue represents 37.7% 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. However, House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2025 reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

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.

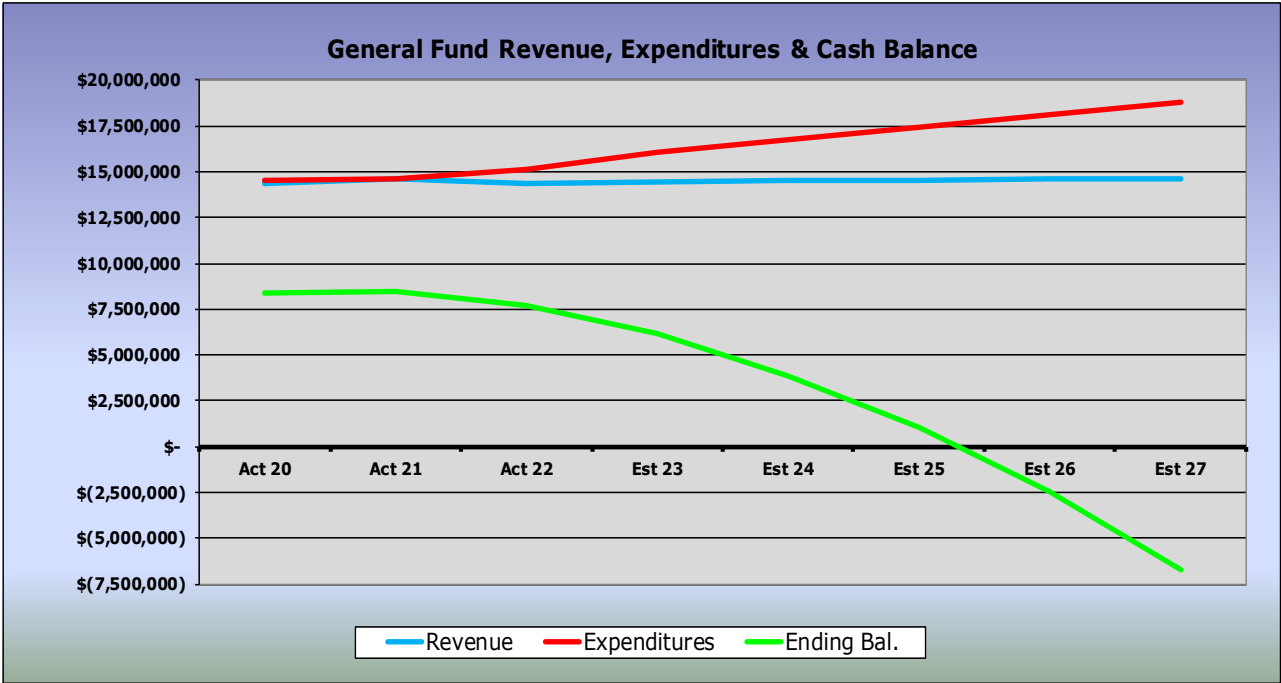
- II. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.
- III. The State Budget represents 55.7% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
- 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 contact Mrs. Kari Magill, Treasurer of Milton Union Exempted Village School District at 937-884-7910.

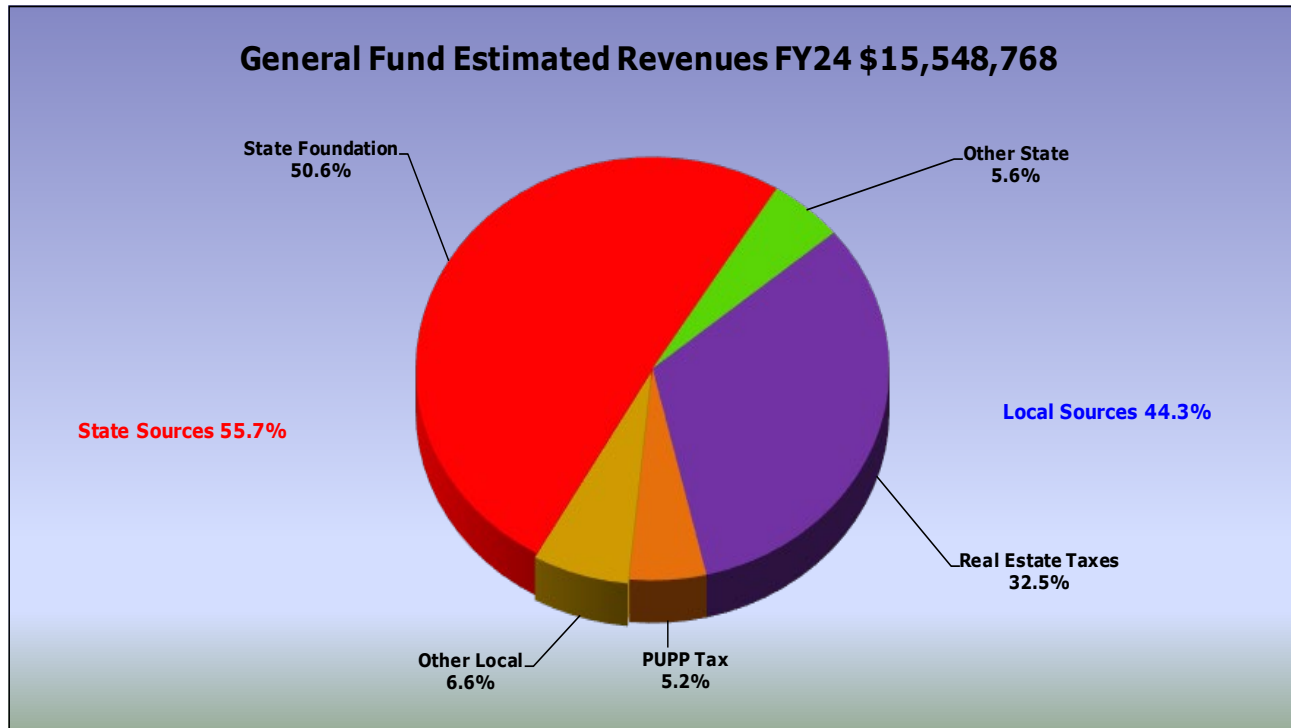
General Fund Revenue, Expenditure and Ending Cash Balance

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 FY24-28, with actual data provided for FY21-23.

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 occurred in 2022 for collection in 2023 which resulted in a 21.8% increase in Class I values and 0% for Class II and an overall increase of 21.3% 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

	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
<u>Classification</u>					
Res./Ag.	\$237,638,960	\$238,536,960	\$246,591,069	\$247,489,069	\$248,387,069
Comm./Ind.	12,846,860	12,876,860	12,906,860	12,936,860	12,966,860
Public Utility Personal Property (PUPP)	<u>13,015,350</u>	<u>13,165,350</u>	<u>13,315,350</u>	<u>13,465,350</u>	<u>13,615,350</u>
Total Assessed Value	<u>\$263,501,170</u>	<u>\$264,579,170</u>	<u>\$272,813,279</u>	<u>\$273,891,279</u>	<u>\$274,969,279</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Property Taxes	<u>\$5,045,777</u>	<u>\$5,086,291</u>	<u>\$5,116,267</u>	<u>\$5,142,827</u>	<u>\$5,159,943</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.

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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property (PUPP)	<u>\$812,085</u>	<u>\$823,383</u>	<u>\$832,818</u>	<u>\$842,253</u>	<u>\$851,688</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. The changes in tax amounts are leveling off from the pandemic. So far, in FY24, income tax collection statewide have fallen by roughly 2% over FY22, but ours are on target with estimates. We will assume that income from withholdings will continue to increase in future collections. We will assume an annual growth rate of 1% for FY24 -FY28 as the concerns over inflation may slow growth in this area.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
SDIT Collection	\$243,216	\$245,649	\$248,107	\$250,589	\$253,096
Adjustments	<u>2,433</u>	<u>2,457</u>	<u>2,482</u>	<u>2,507</u>	<u>2,532</u>
Total SDIT Line #1.030	<u>\$245,649</u>	<u>\$248,107</u>	<u>\$250,589</u>	<u>\$253,096</u>	<u>\$255,628</u>

State Foundation Revenue Estimates**A) Unrestricted State Foundation Revenue– Line #1.035**

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to be a formula district in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

- A. Student Population and Demographics
- B. Property Valuation
- 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 current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

- 1. 60% based on 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 37.5% in FY24 and 41.67% in FY25.

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 50% for FY24 and 66.67% in FY25.
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 are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

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

Future State Budget Projections beyond FY25

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed 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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

Unrestricted State Foundation Revenue – Line #1.035

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$7,031,875	\$6,960,455	\$6,960,455	\$6,960,455	\$6,960,455
Additional Aid Items	<u>185,999</u>	<u>197,394</u>	<u>197,394</u>	<u>197,394</u>	<u>197,394</u>
Basic Aid-Unrestricted Subtotal	7,217,874	7,157,849	7,157,849	7,157,849	7,157,849
Ohio Casino Commission ODT	<u>93,702</u>	<u>95,576</u>	<u>97,488</u>	<u>99,437</u>	<u>101,426</u>
Total Unrestricted State Aid Line # 1.035	<u>\$7,311,576</u>	<u>\$7,253,425</u>	<u>\$7,255,337</u>	<u>\$7,257,286</u>	<u>\$7,259,275</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. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$177,659	\$177,659	\$177,659	\$177,659	\$177,659
Career Tech - Restricted	0	0	0	0	0
Gifted	87,039	87,039	87,039	87,039	87,039
ESL	0	0	0	0	0
Student Wellness	230,090	230,090	230,090	230,090	230,090
Catastrophic Aid	<u>68,290</u>	<u>68,290</u>	<u>68,290</u>	<u>68,290</u>	<u>68,290</u>
Total Restricted State Revenues Line #1.040	<u>\$563,078</u>	<u>\$563,078</u>	<u>\$563,078</u>	<u>\$563,078</u>	<u>\$563,078</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 Foundation Revenues</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line # 1.035	\$7,311,576	\$7,253,425	\$7,255,337	\$7,257,286	\$7,259,275
Restricted Line # 1.040	563,078	563,078	563,078	563,078	563,078
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>\$7,874,654</u>	<u>\$7,816,503</u>	<u>\$7,818,415</u>	<u>\$7,820,364</u>	<u>\$7,822,353</u>

State Share of Local Property Tax – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given 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 Share of Local Property Tax – Line #1.050

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	<u>\$793,395</u>	<u>\$807,069</u>	<u>\$811,746</u>	<u>\$816,389</u>	<u>\$819,080</u>

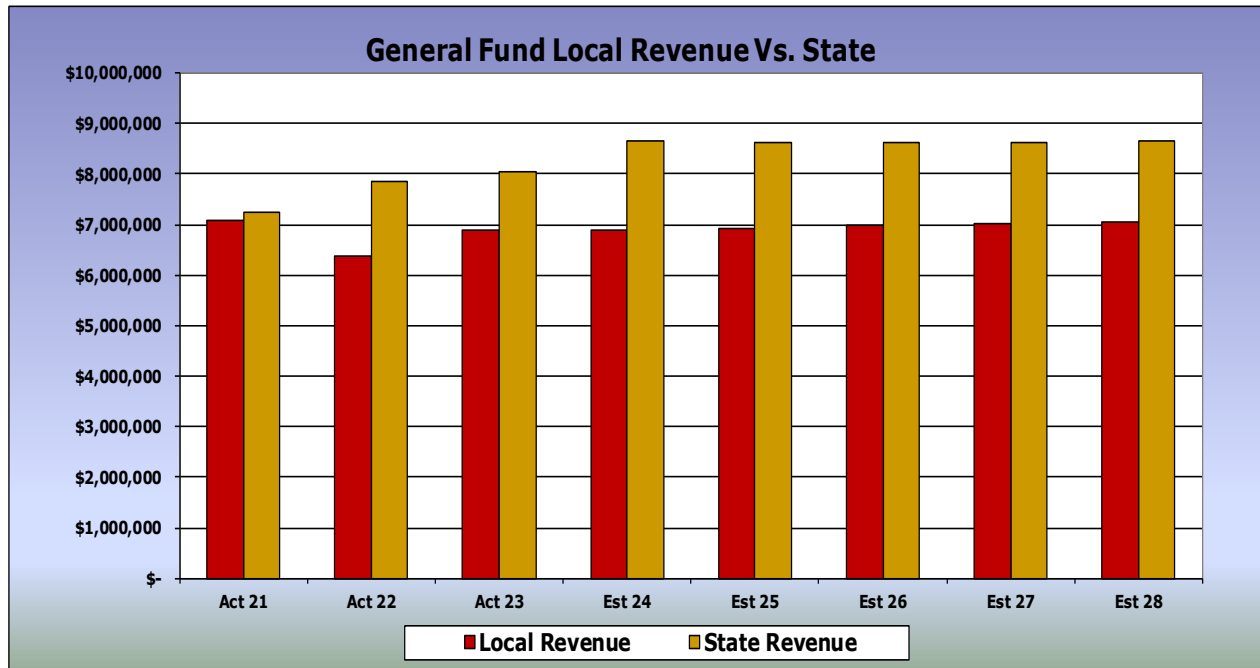
Other Local Revenues – Line #1.060

The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, and general rental fees. HB33, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. 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.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Interest	279,026	280,421	281,823	283,232	284,648
Medicaid	106,300	106,300	106,300	106,300	106,300
Tuition SF-14 & SF-14H	339,595	341,293	342,999	344,714	346,438
Other Income and rentals	<u>52,287</u>	<u>52,287</u>	<u>52,287</u>	<u>52,287</u>	<u>52,287</u>
Total Line # 1.060	<u>\$777,208</u>	<u>\$780,301</u>	<u>\$783,409</u>	<u>\$786,533</u>	<u>\$789,673</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

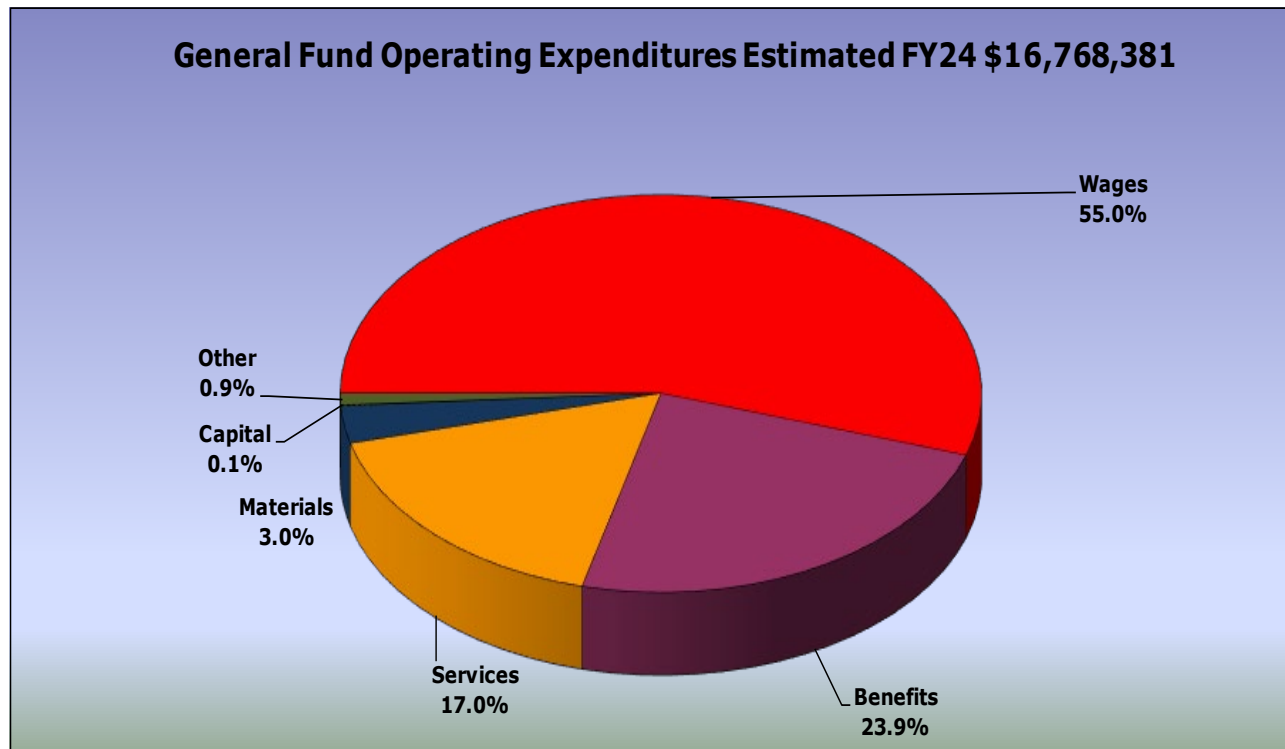
There are no transfers planned in this forecast at this time. Other financing sources consist of advances that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as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

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior year expenditures	<u>\$128,572</u>	<u>\$52,500</u>	<u>\$52,500</u>	<u>\$52,500</u>	<u>\$52,500</u>

Expenditures Assumptions



Wages – Line #3.010

The model reflects a base increase of 2.5% for FY24, 2.13% for FY25 and 2% for FY 26-28. 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 FY24-25.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages	\$8,439,554	\$8,811,136	\$9,115,251	\$9,411,587	\$9,734,228
Increases	210,989	187,237	182,305	188,232	194,685
Steps & Training	151,912	158,600	164,075	169,409	175,216
Growth/Replacement Staff	17,681	0	0	0	0
Fund 467 & 507 Recoding	26,000	68,500	0	0	0
Substitutes & Supplementals	382,728	386,555	390,421	394,325	398,268
Staff Reductions/Attrition	0	(75,222)	(15,044)	0	0
Total Wages Line #3.010	<u>\$9,228,864</u>	<u>\$9,536,806</u>	<u>\$9,837,008</u>	<u>\$10,163,553</u>	<u>\$10,502,397</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 FY24 and 8% for FY25-28.

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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	\$1,477,711	\$1,528,998	\$1,577,717	\$1,629,953	\$1,684,489
B) Insurances	2,336,123	2,499,925	2,699,919	2,915,913	3,149,186
C) Workers Comp/Unemployment	55,673	57,521	59,322	61,281	63,314
D) Medicare	138,411	143,055	147,563	152,453	157,536
Other/Tuition	<u>1,776</u>	<u>1,776</u>	<u>1,776</u>	<u>1,776</u>	<u>1,776</u>
Total Fringe Benefits Line #3.020	<u>\$4,009,694</u>	<u>\$4,231,275</u>	<u>\$4,486,297</u>	<u>\$4,761,376</u>	<u>\$5,056,301</u>

Purchased Services – Line #3.030

HB33, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began 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 FY24-FY28 Line 3.03 costs and historical FY21 through FY23 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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Services	\$121,408	\$135,050	\$139,102	\$143,275	\$147,573
Professional/Instructional & ESC	662,619	682,498	702,973	724,062	745,784
Open Enrollment Deduction	0	0	0	0	0
Community School Deductions	0	0	0	0	0
SF14, Other Tuition & College Credit Plus	1,607,341	1,337,708	1,404,593	1,474,823	1,548,564
Building Maintenance & Service	144,933	152,180	159,789	167,778	176,167
Utilities	166,612	174,943	183,690	192,875	202,519
Security Services	<u>146,926</u>	<u>150,540</u>	<u>154,243</u>	<u>158,038</u>	<u>161,925</u>
Total Purchased Services Line #3.030	<u>\$2,849,839</u>	<u>\$2,632,919</u>	<u>\$2,744,390</u>	<u>\$2,860,851</u>	<u>\$2,982,532</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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Supplies, Textbooks & Technology	\$272,826	\$288,011	\$296,651	\$305,551	\$314,718
Building and Transportation	<u>237,908</u>	<u>237,908</u>	<u>237,908</u>	<u>237,908</u>	<u>237,908</u>
Total Supplies Line #3.040	<u>\$510,734</u>	<u>\$525,919</u>	<u>\$534,559</u>	<u>\$543,459</u>	<u>\$552,626</u>

Equipment – Line # 3.050

Costs in FY 24-28 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.

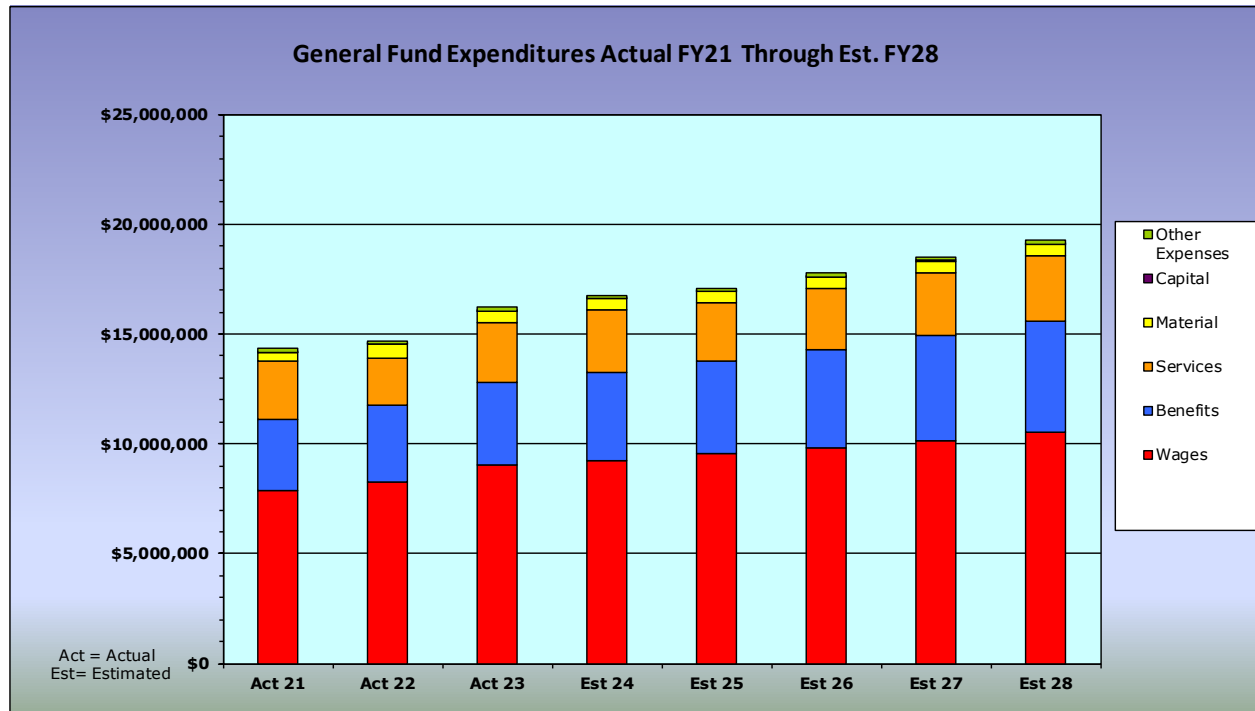
<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay	\$11,937	\$12,056	\$12,177	\$12,299	\$12,422
Replacement Bus Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$11,937</u>	<u>\$12,056</u>	<u>\$12,177</u>	<u>\$12,299</u>	<u>\$12,422</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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
County Auditor & Treasurer Fees	\$111,082	\$112,193	\$113,315	\$114,448	\$115,592
Other expenses	<u>46,231</u>	<u>47,618</u>	<u>49,047</u>	<u>50,518</u>	<u>52,034</u>
Total Other Expenses Line #4.300	<u>\$157,313</u>	<u>\$159,811</u>	<u>\$162,362</u>	<u>\$164,966</u>	<u>\$167,626</u>

Total Expenditure Categories Actual Fiscal Year 2021 through Fiscal Year 2023 and Estimated Fiscal Year 2024 through Fiscal Year 2028



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 FY24-28 is \$80,000 transferred to fund 035 for severance payments annually, and \$265,000 to fund 300.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</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.

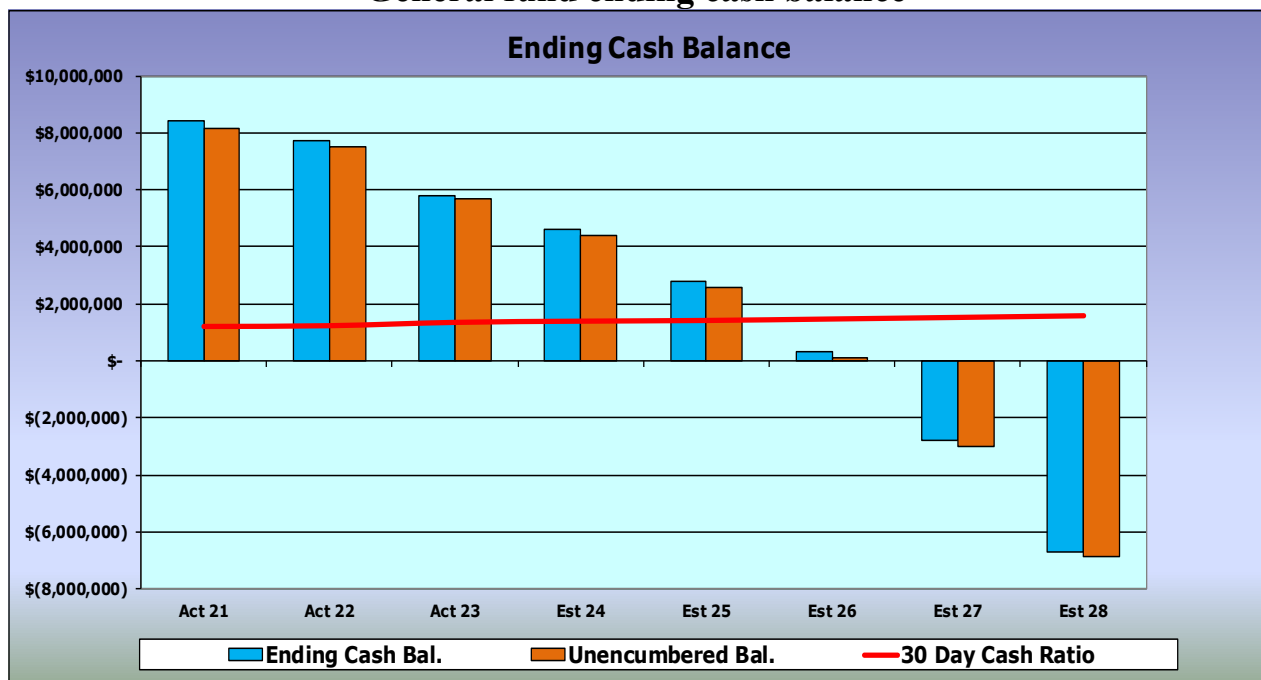
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>

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.

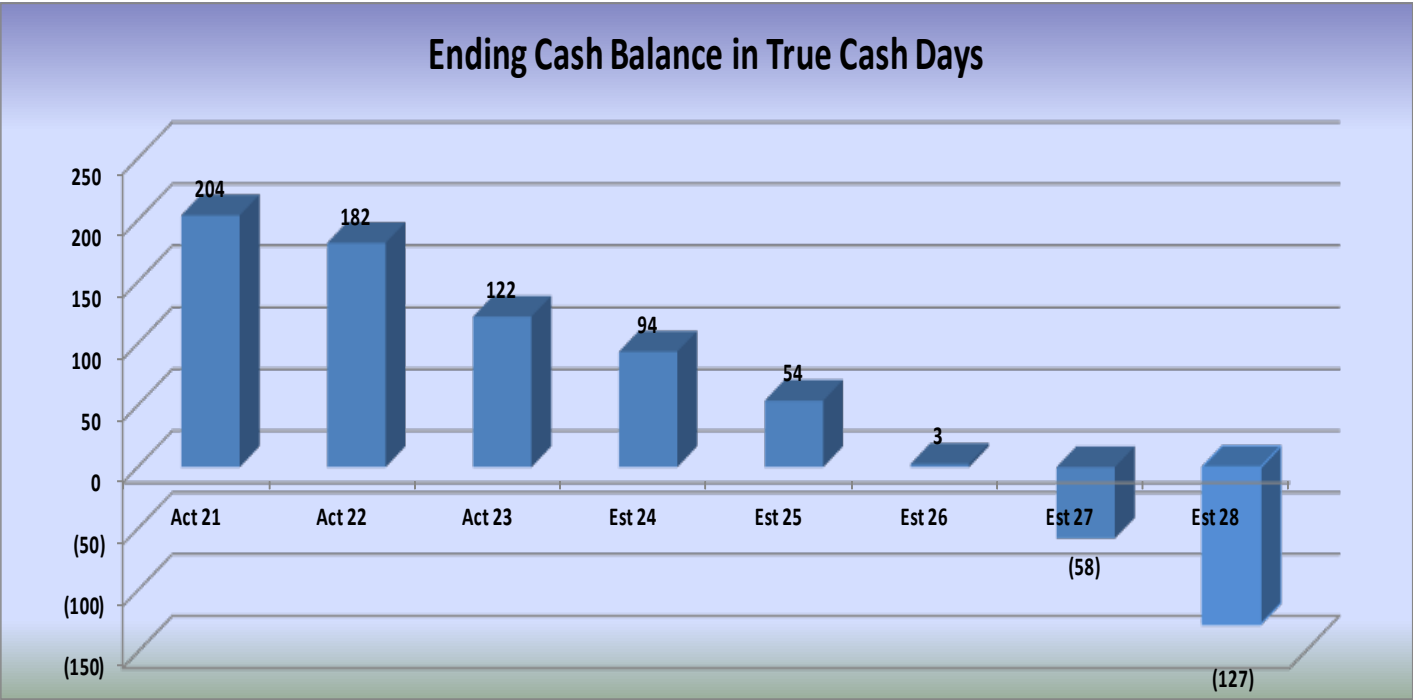
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Unencumbered Cash Balance	\$ 4,419,300	\$ 2,589,667	\$ 133,618	\$ (3,003,924)	\$ (6,871,963)

General fund ending cash balance



True Cash Days Ending Balance

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 FY26 through FY28.



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