PIQUA CITY 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 JUNE 30, 2027

Forecast Provided By
Piqua City School District
Treasurer's Office
Jeremie Hittle, SFO, Treasurer/CFO

May 17, 2023

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

Introduction to the Five Year Forecast
A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual 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 viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages 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 take place that will significantly change their forecast or, at a minimum, when required under 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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important 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 or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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 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. Fiscal year 2023 is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

Revenues FY23
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $41.5million or X% higher than the November forecasted amount of $40.8 million. This indicates the November forecast was 98.28% accurate.

Line 1.01 and 1.02 - Property tax revenues represent a large source of revenues at 27.35% and are estimated to be $11.3 million, which is $0.4million higher for FY23 than the original November estimate of $10.9 million. Our estimates are 96.07% accurate for FY23 and should mean future projections are on target as well.

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

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $38.4 million for FY23, which is $1.0 million higher than the original estimate of $37.4 million in the November forecast, which is roughly 97.47% on target with original estimates. The expenditure line most significantly over projection is Personnel Services (line 3.010), Benefits (line 3.020)) over estimates due to staffing cost and/Capital Outlay (line 3.05) due to additional projects.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures increasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $20.8 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next 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 to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan(FSFP) for FY22 and FY23. The FSFP has many significant changes to the way 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 are no longer paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 also occurred, in that there are no longer deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments are 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. There are no separate open enrollment revenue payments to school districts beginning in FY22. There is direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be some adjustments for FY22 and FY23 in state aid as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.

2) The State Budget represents 49.85% of district revenues and is an area of significant 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. 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.

3) Property tax and income tax collections are a significant revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 47.3% of the district's resources. Collection rates for the 2nd half 2021 collection, collected in 2022 did not show sharp declines due to increased delinquencies. Income tax collections continue to increase at a modest rate. We believe there is a low risk that local collections would fall below projections in the forecast.

4) Miami County experienced an update in the 2022 tax year to be collected in FY23. The 2022 update increased overall assessed values by $83.7 million or an increase of 19.1%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

5) HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs are no longer 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 closely monitor any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

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

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

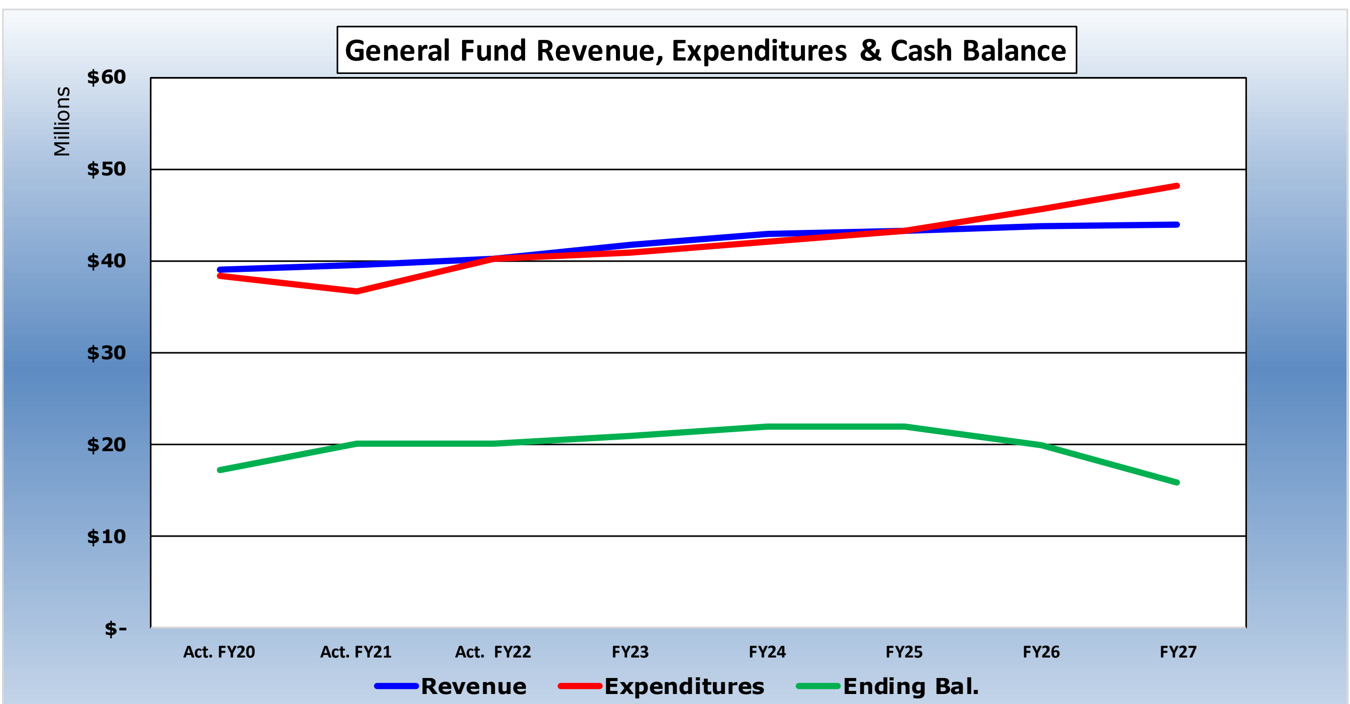
values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing in regard to HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Jeremie Hittle, Treasurer/CFO at 937-773-4321.

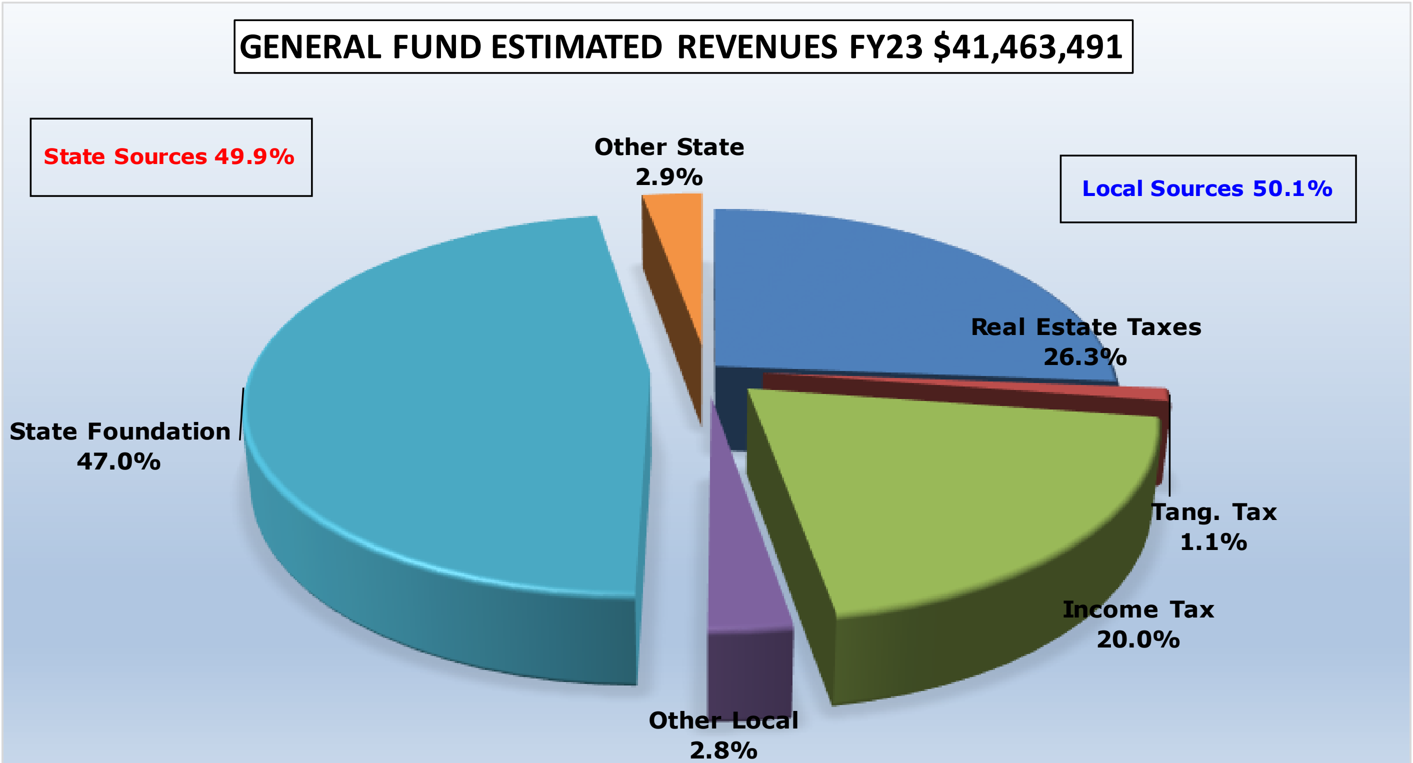
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

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



The graph indicates our expenditures will exceed our revenues in FY26.

Revenue Assumptions
Operating Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Miami County experienced a reappraisal for the 2019 tax year to be collected in 2020. Residential/agricultural values increased 11.0% or $31.5 million due to the reappraisal update led by an improving housing market. New construction in residential property was up ½% or $2.5M in assessed value. Commercial/industrial values increased .44% or $0.4M and public utility values increased by $0.8M.

A reappraisal update occurred in 2022 for collection in 2023 for which resulted in a 24.9% increase in residential and a 1.0% increase for commercial/industrial property. .

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026
Classification	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027
Res./Ag.	$403,726,450	$404,826,450	$405,926,450	$407,026,450	$408,126,450
Comm./Ind.	106,930,590	108,930,590	110,930,590	112,930,590	114,930,590
Public Utility Personal Property (PUPP)	11,206,620	11,706,620	12,206,620	12,706,620	13,206,620
Total Assessed Value	$521,863,660	$525,463,660	$529,063,660	$532,663,660	$536,263,660

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY23	FY24	FY25	FY26	FY27
Est. Real Estate Taxes	$10,902,437	$11,641,905	$11,685,381	$11,759,122	$11,832,871
Total Line #1.01 Real Estate Taxes	$10,902,437	$11,641,905	$11,685,381	$11,759,122	$11,832,871

Property tax levies are estimated to be collected at 99.0% of the annual amount. This allows 1.0% delinquency factor. Lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did not occur as advised by the County Auditor. In general, 56.2% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 43.8% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under P.U. Personal, which were $9.9 million in assessed values in 2020 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property	$437,437	$447,796	$466,100	$485,255	$504,388
Total PUPP Tax Line #1.020	$437,437	$447,796	$466,100	$485,255	$504,388

School District Income Tax Collections – Line #1.030
The current SDIT was approved on November 5, 2019 and will now expire on December 31, 2025. The income tax is estimated to produce $8.1 million in FY23. We are projecting an annual increase of 2.5% for the life of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
July payment	$2,788,667	$2,858,384	$2,929,844	$3,003,090	$3,078,167
October payment	1,736,361	1,779,770	1,824,264	1,869,871	1,916,618
January payment	1,757,431	1,801,367	1,846,401	1,892,561	1,939,875
April payment	2,002,434	2,052,495	2,103,807	2,156,402	2,210,312
Total SDIT Collections	$8,284,893	$8,492,016	$8,704,316	$8,921,924	$9,144,972
Adjustments	0	0	0	0	0
Total SDIT Line #1.030	$8,284,893	$8,492,016	$8,704,316	$8,921,924	$9,144,972

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model Per HB110 Through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035
The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. We have projected FY23 funding based on the April #2 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to be for 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 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will 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 Per Pupil
C. Personal Income of District Residents Per Pupil
D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

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

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

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

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

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

Categorical State Aid

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

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 district's 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 is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 33.4% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond.
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 and Success Funds – 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 by 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 33.4% 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 Funds (SWSF) - (Restricted Fund 467)
In FY20 and FY21 HB166, provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110 the new state budget essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until entirely spent.

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

<u>Unrestricted Basic Aid Foundation Funding</u>

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

<u>Unrestricted Categorical State Aid</u>

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

<u>Restricted Categorical State Aid</u>

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

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

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

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for 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 FY23 were $62.87 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$17,387,350	$17,387,350	$17,387,350	$17,387,350	$17,387,350
Additional Aid Items	451,460	451,460	451,460	451,460	451,460
Basic Aid-Unrestricted Subtotal	17,838,810	17,838,810	17,838,810	17,838,810	17,838,810
Ohio Casino Commission ODT	216,338	221,750	227,326	233,019	238,865
Total Unrestricted State Aid Line #1.035	$18,055,148	$18,060,560	$18,066,136	$18,071,829	$18,077,675

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 Half Mill Equalization as restricted revenues. The amount of DPIA is limited to 0% phase in growth for FY22 and 33.4% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$609,482	$609,482	$609,482	$609,482	$609,482
Career Tech - Restricted	0	0	0	0	0
Gifted	166,345	166,345	166,345	166,345	166,345
English Learners	15,095	15,095	15,095	15,095	15,095
Student Wellness	591,458	591,458	591,458	591,458	591,458
Half Mill Equilization	49,413	49,413	49,413	49,413	49,413
Total Restricted State Revenues Line #1.040	$1,431,793	$1,431,793	$1,431,793	$1,431,793	$1,431,793

C) Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY21-25.

SUMMARY	FY23	FY24	FY25	FY26	FY27
Unrestricted Line #1.035	$18,055,148	$18,060,560	$18,066,136	$18,071,829	$18,077,675
Restricted Line #1.040	1,431,793	1,431,793	1,431,793	1,431,793	1,431,793
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$19,486,941	$19,492,353	$19,497,929	$19,503,622	$19,509,468

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

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$1,184,229	$1,459,677	$1,456,907	$1,459,545	$1,462,198
Total Tax Reimbursements #1.050	$1,184,229	$1,459,677	$1,456,907	$1,459,545	$1,462,198

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, interest income, medicare reimbursement and student fees. HB110, the new 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 FY23-FY27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five year forecast. Open enrolled students are 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 FY23 interest income started to rise due to fed rate increases and we are projecting modest increases in the future years. All other revenues are expected to continue on historic trends.

Source	FY23	FY24	FY25	FY26	FY27
Tuition Related Payments	$364,505	$364,505	$364,505	$364,505	$364,505
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	58,735	58,735	58,735	58,735	58,735
Interest Earnings	105,572	200,000	250,000	300,000	300,000
Payments In Lieu of Taxes	0	0	0	0	0
Rental Related Fees	6,100	6,100	6,100	6,100	6,100
Medicare	540,505	540,505	540,505	540,505	540,505
Miscellaneous	92,137	92,137	92,137	92,137	92,137
Total Other Local Revenue Line #1.060	$1,167,554	$1,261,982	$1,311,982	$1,361,982	$1,361,982

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing projected in this forecast.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The transfers in we have planned for flat amount per year in the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$17,317,615	$17,317,615	$17,317,615	$17,317,615	$17,317,615
Additional Aid Items	538,264	538,264	538,264	538,264	538,264
Basic Aid-Unrestricted Subtotal	17,855,879	17,855,879	17,855,879	17,855,879	17,855,879
Ohio Casino Commission ODT	221,374	226,939	232,650	238,481	244,466
Total Unrestricted State Aid Line #1.035	$18,077,253	$18,082,818	$18,088,529	$18,094,360	$18,100,345

Source	FY22	FY23	FY24	FY25	FY26
Transfers In - Line #2.040	$55,000	$55,000	$55,000	$55,000	$55,000
Advance Returns - Line #2.050	0	0	0	0	0
Total Transfer & Advances In	$55,000	$55,000	$55,000	$55,000	$55,000

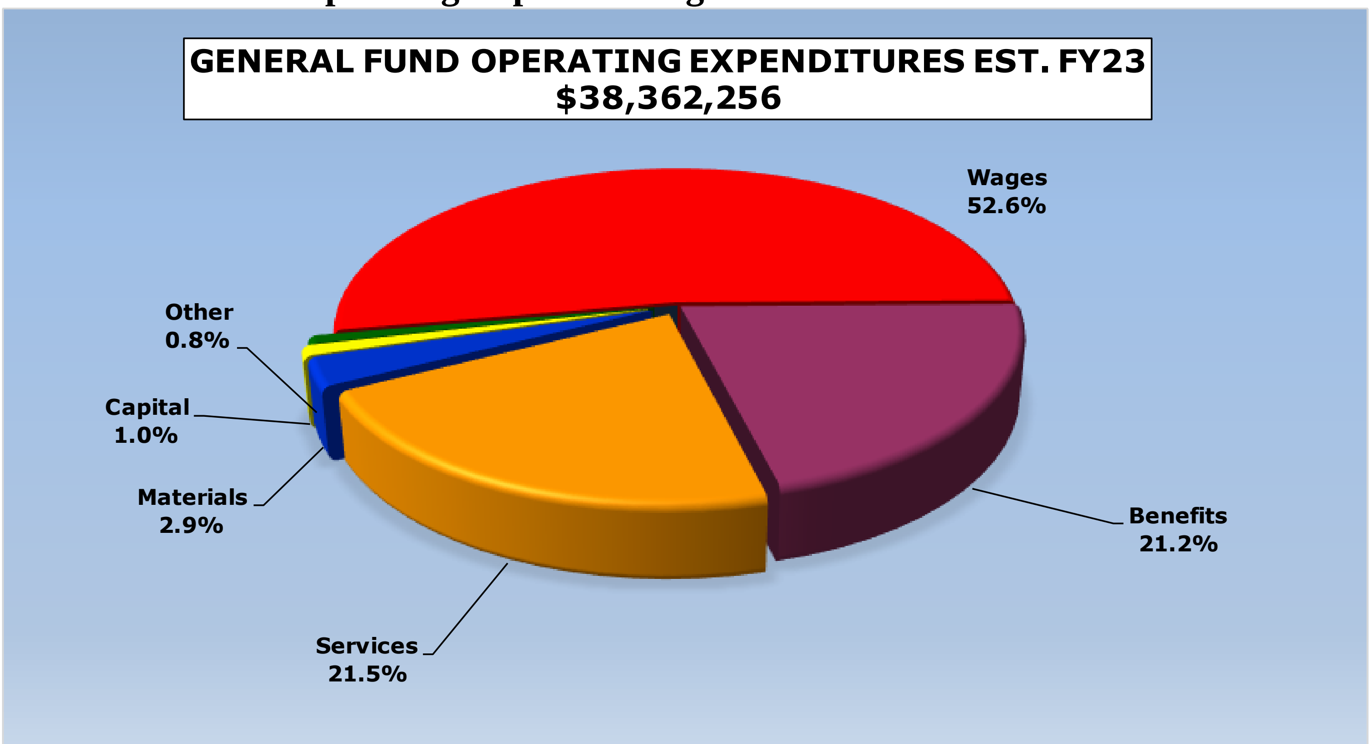
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive two (2) a Bureau of Workers Compensation refunds in FY21 of $315,836. We will not project these refunds in FY23 through FY27 as BWC has announced efforts to reduce premiums to more closely align with anticipated claims so their excess reserves are not as high.

Source	FY23	FY24	FY25	FY26	FY27
Refund of prior years expenditures	$200,000	$200,000	$200,000	$200,000	$200,000

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.6% for FY20 and 1.5% for FY21 including step increases. For planning purposes a 1.5% base amount has been used for FY23-27. We have recoded expenses that qualify in our plan for ESSER I federal funding in FY21 and will reintroduce those costs to the General Fund for the period FY24 and FY25.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$17,913,076	$18,905,465	$20,225,163	$21,615,016	$22,833,557
Based Pay Increase	716,523	756,219	809,007	864,601	913,342
Steps & Academic Training	275,866	313,479	330,846	353,940	378,263
Growth Staff	0	0	0	0	0
New Building Staff	0	0	0	0	0
Substitutes	513,477	513,477	513,477	513,477	513,477
Supplementals	646,318	672,171	699,058	727,020	756,101
Severance	96,171	96,171	96,171	96,171	96,171
SWSF & CARES Adjustments	0	250,000	250,000	0	0
Other Adjustments/Reductions	0	0	0	0	0
Total Wages Line #3.010	$20,161,431	$21,506,982	$22,923,722	$24,170,225	$25,490,911

Fringe Benefits Estimates
This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance
The district staff pays for any increase over 8% of premium increases per negotiated agreement. Due to switching from fully insured medical insurance to self-insured, there was no increase in premiums for the 2019 renewal. We are estimating an increase of 8% for FY23 and the same for FY24-27 which reflects trend and the likely increase in health care costs as a result of PPACA. This is based on our current employee census and claims data.

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 be about .045% of wages FY23– FY27. Unemployment is expected to remain at a very low level FY23-FY27. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

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

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$3,077,832	$3,246,096	$3,499,234	$3,694,593	$3,897,767
B) Insurance's	3,899,599	4,281,567	4,694,092	5,069,619	5,475,189
C) Workers Comp/Unemployment	88,287	94,208	100,441	105,926	111,737
D) Medicare	284,521	292,341	311,851	332,394	350,468
Other/Tuition/Annuities	796,135	796,135	796,135	796,135	796,135
Total Fringe Benefits Line #3.020	$8,146,374	$8,710,347	$9,401,753	$9,998,667	$10,631,296

Purchased Services – Line #3.030

HB110, the new 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 FY23-FY27 Line 3.03 costs and historical FY20 through FY22 costs on the five year forecast. College Credit Pus, 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.

Source	FY23	FY24	FY25	FY26	FY27
Professional & Technical Services, ESC	$5,752,281	$5,924,849	$6,102,594	$6,285,672	$6,474,242
Maintenance, Insurance & Garbage Removal	718,686	740,247	762,454	785,328	808,888
Professional Development	38,338	39,488	40,673	41,893	43,150
Communications, Postage, & Telephone	101,849	104,904	108,051	111,293	114,632
Utilities	753,166	775,761	799,034	823,005	847,695
Contracted Trades & Services	4,912	5,059	5,211	5,367	5,528
Tuition, Excess Costs & Scholarship Costs	621,471	640,115	659,318	679,098	699,471
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	247,652	255,082	262,734	270,616	278,734
Contract Transportation	19,711	20,302	20,911	21,538	22,184
Other Adjustments SWSF, CARES, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	0	0	0	0	0
Total Purchased Services Line #3.030	$8,258,066	$8,505,807	$8,760,980	$9,023,810	$9,294,524

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	FY23	FY24	FY25	FY26	FY27
General Supplies & Materials	$575,828	$675,828	$875,828	$1,075,828	$1,275,828
Textbooks & Instructional Programs	46,789	46,789	46,789	46,789	46,789
Facility Supplies & Materials	259,421	259,421	259,421	259,421	259,421
Transportation Fuel & Supplies	218,907	218,907	218,907	218,907	218,907
Other adjustments SWSF, CARES, Etc.	0	0	0	#REF!	0
Total Supplies Line #3.040	$1,100,945	$1,200,945	$1,400,945	$1,600,945	$1,800,945

Equipment – Line # 3.050
The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

Source	FY23	FY24	FY25	FY26	FY27
Capital Outlay & Maintenance	$387,137	$437,137	$487,137	$537,137	$587,137
Total Equipment Line #3.050	$387,137	$437,137	$487,137	$537,137	$587,137

Principal and Interest Payment – Lines # 4.05 and 4.06
There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 1.6% increase is projected in this area.

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$297,809	$302,809	$327,809	$352,809	$377,809
Dues, Fees & other Expenses	10,494	10,494	10,494	10,494	10,494
Total Other Expenses Line #4.300	$308,303	$313,303	$338,303	$363,303	$388,303

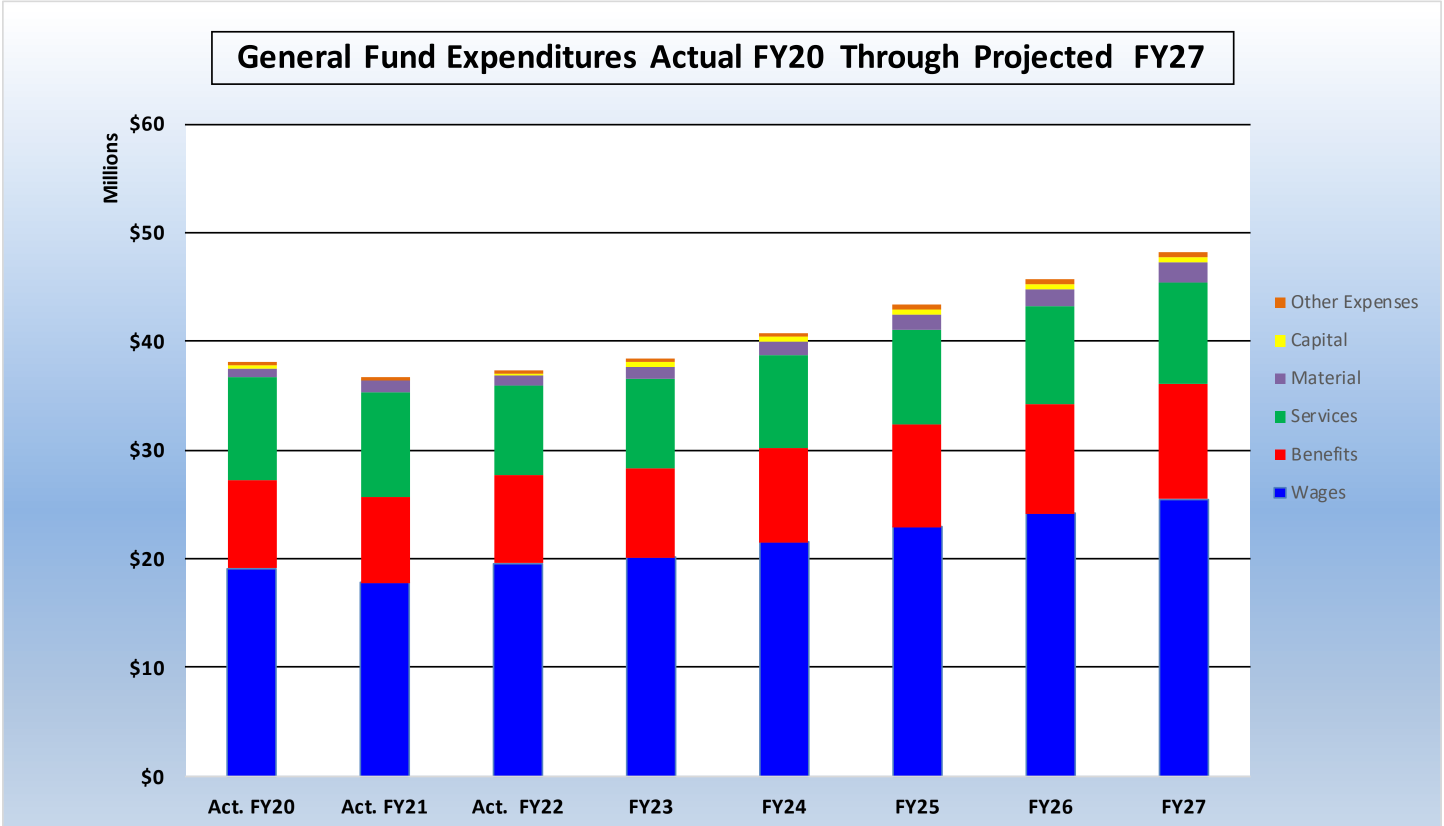
Transfers Out/Advances Out – Line# 5.010
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. We have included transfers for the next 3 years of the forecast. The FY22 is a transfer of $2 million is to the permanent improvement(PI) fund for high school renovations, FY23 $1.5 million to PI for high school renovations and $500k to a new severance fund and FY24 transfer of $500k is to the severance fund.

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$2,500,000	$1,500,000	$0	$0	$0
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$2,500,000	$1,500,000	$0	$0	$0

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.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances Line #8.010	$250,000	$250,000	$250,000	$250,000	$250,000

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-FY27
As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is about $4.5 million for our district.

	FY23	FY24	FY25	FY26	FY27
Ending Unreserved Cash Balance Line #15.01	$20,760,766	$21,636,974	$21,701,749	$19,754,112	$15,631,875

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 recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves.