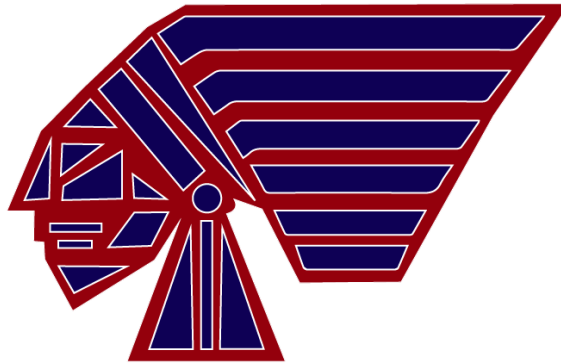


**PIQUA CITY SCHOOL DISTRICT- MIAMI COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022 and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024 THROUGH JUNE 30, 2028**



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

November 16, 2023

Piqua City School District –Miami County
Notes to the Five Year Forecast
General Fund Only
November 16, 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-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.

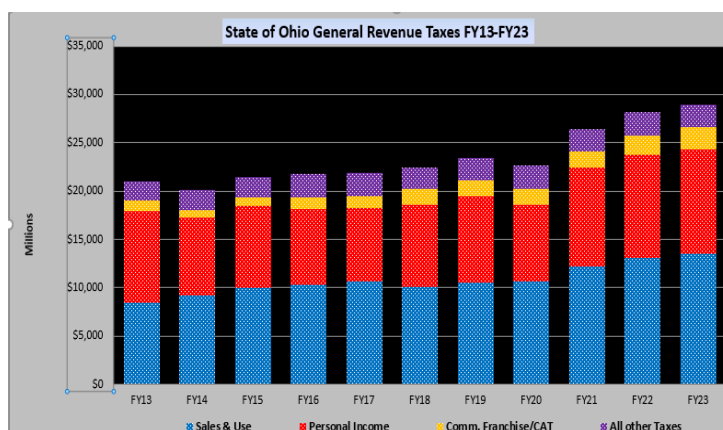
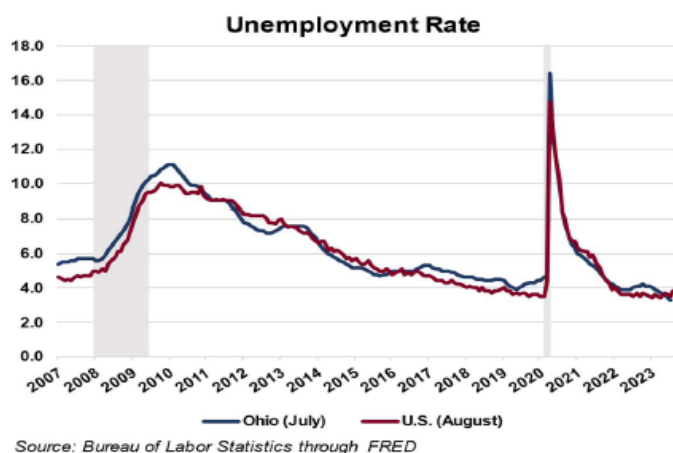
Economic Outlook

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 five-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 uncertainties noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the next two (2) state biennium budgets for FY26-27 and FY27-28, 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) 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.

2) The State Budget represents 50.3% of district revenues and is an area of significant 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.

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 49.7% of the district's resources. Collection rates for the 2nd half 2022 collection, collected in 2023 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.

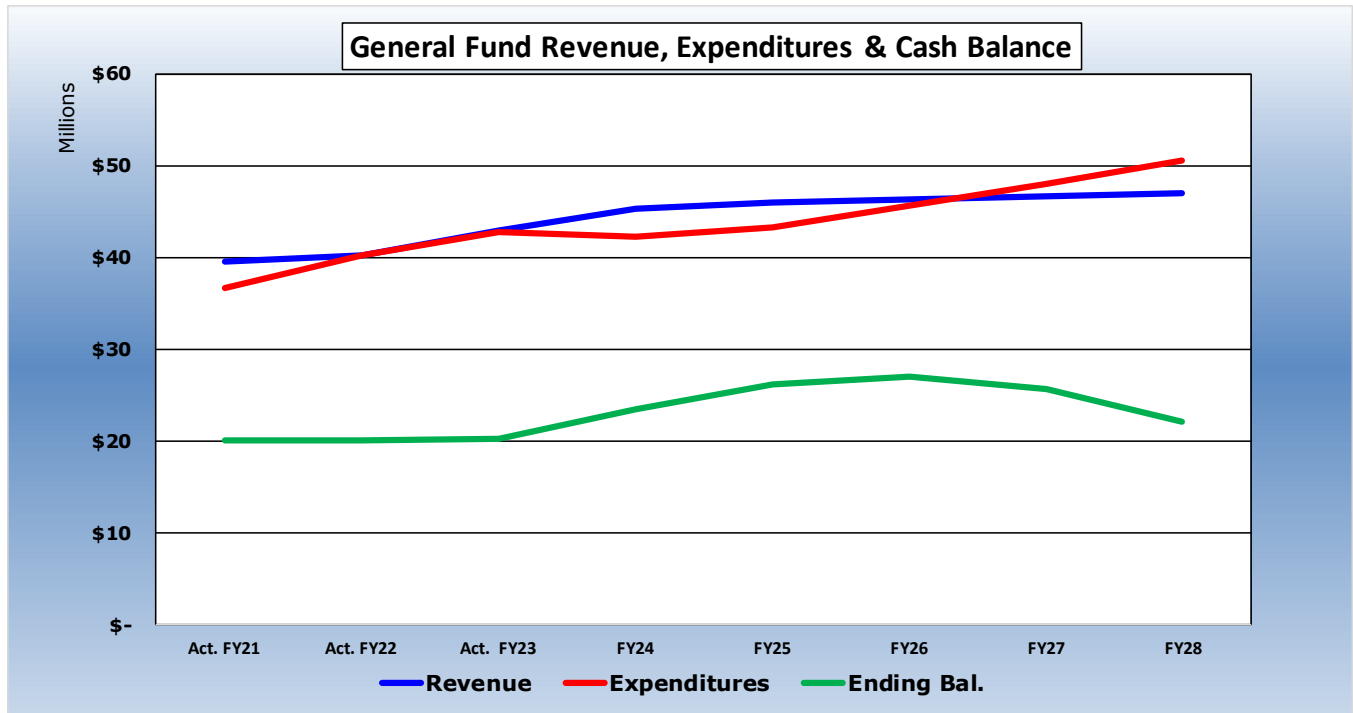
5) HB33 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted 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.

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.

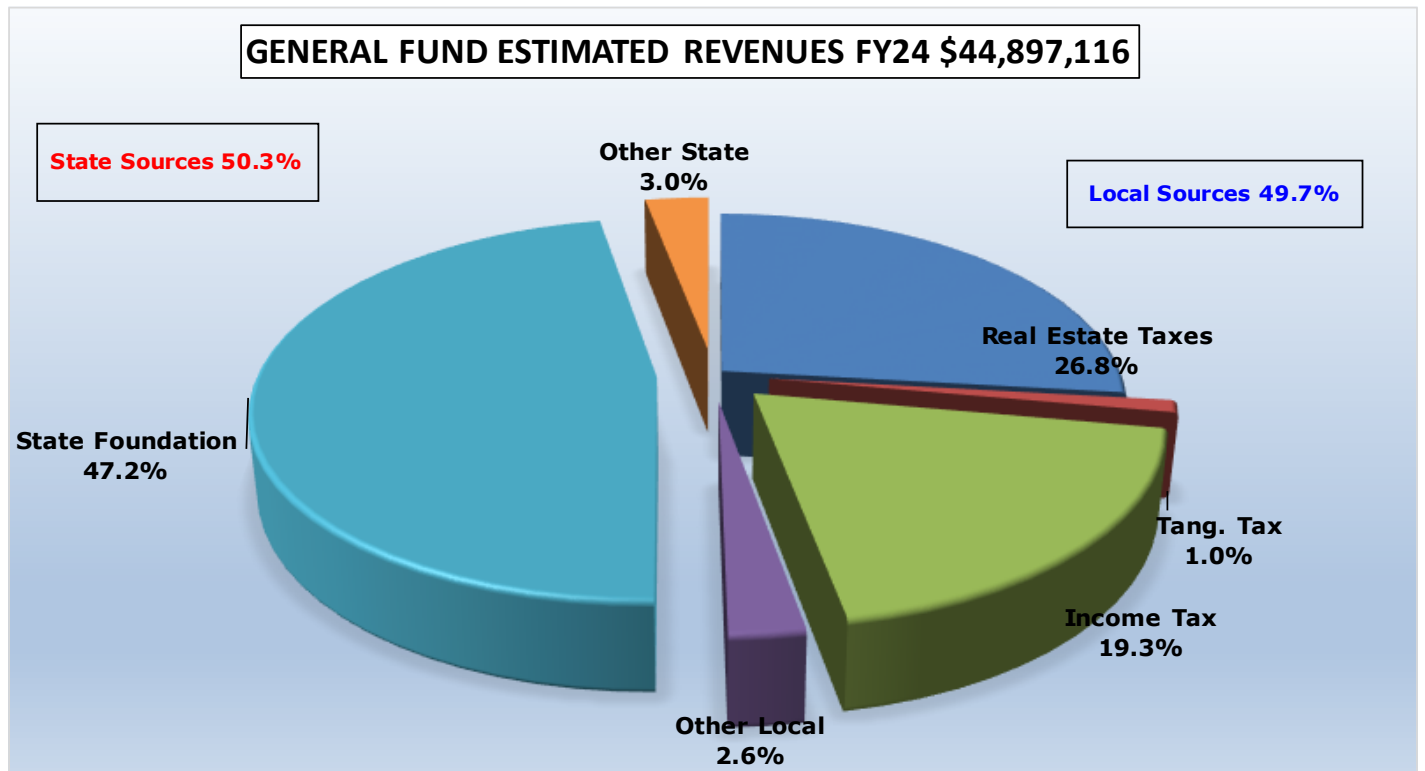
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

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 FY27.

Revenue Assumptions Operating Revenue Sources General Fund FY24



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 an update for the 2022 tax year to be collected in 2023. Residential/agricultural values increased 19.1% or \$83.7 million due to the update led by an improving housing market. Commercial/industrial values increased .15% or \$0.6M and public utility values increased by \$0.8M. The next reappraisal will occur for the 2025 tax year to be collected in 2026.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

| | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | TAX YEAR2023 | TAX YEAR2024 | TAX YEAR 2025 | TAX YEAR 2026 | TAX YEAR 2027 |
| <u>Classification</u> | <u>COLLECT 2024</u> | <u>COLLECT 2025</u> | <u>COLLECT 2026</u> | <u>COLLECT 2027</u> | <u>COLLECT 2028</u> |
| Res./Ag. | \$404,826,450 | \$405,926,450 | \$407,026,450 | \$408,126,450 | \$409,226,450 |
| Comm./Ind. | 108,930,590 | 110,930,590 | 112,930,590 | 114,930,590 | 116,930,590 |
| Public Utility Personal Property (PUPP) | 11,706,620 | 12,206,620 | 12,706,620 | 13,206,620 | 13,706,620 |
| Total Assessed Value | <u>\$525,463,660</u> | <u>\$529,063,660</u> | <u>\$532,663,660</u> | <u>\$536,263,660</u> | <u>\$539,863,660</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> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Est. Real Estate Taxes | <u>\$12,041,012</u> | <u>\$11,685,381</u> | <u>\$11,759,122</u> | <u>\$11,832,871</u> | <u>\$11,906,628</u> |
| Total Line #1.01 Real Estate Taxes | <u>\$12,041,012</u> | <u>\$11,685,381</u> | <u>\$11,759,122</u> | <u>\$11,832,871</u> | <u>\$11,906,628</u> |

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

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Public Utility Personal Property | \$452,785 | \$466,100 | \$485,255 | \$504,388 | \$523,499 |
| Total PUPP Tax Line #1.020 | <u>\$452,785</u> | <u>\$466,100</u> | <u>\$485,255</u> | <u>\$504,388</u> | <u>\$523,499</u> |

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 \$8.7 million in FY24 or 3%. We are projecting an annual increase of 2.5% for the remaining life of the forecast.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| July payment | \$3,017,153 | \$3,092,582 | \$3,169,897 | \$3,249,144 | \$3,330,373 |
| October payment | 1,788,452 | 1,833,163 | 1,878,992 | 1,925,967 | 1,974,116 |
| January payment | 1,810,154 | 1,855,408 | 1,901,793 | 1,949,338 | 1,998,071 |
| April payment | <u>2,062,507</u> | <u>2,114,070</u> | <u>2,166,922</u> | <u>2,221,095</u> | <u>2,276,622</u> |
| Total SDIT Collections | \$8,678,266 | \$8,895,223 | \$9,117,604 | \$9,345,544 | \$9,579,182 |
| Adjustments | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total SDIT Line #1.030 | <u>\$8,678,266</u> | <u>\$8,895,223</u> | <u>\$9,117,604</u> | <u>\$9,345,544</u> | <u>\$9,579,182</u> |

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045**Current State Funding Model Per HB33 Through June 30, 2025****A) Unrestricted State Foundation Revenue– Line #1.035**

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. 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 continue on the formula 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, then 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 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 \$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. 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 37.5% in FY24 and 41.67% in FY25.

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 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 and Success Funds – 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, rather it will include a general phase-in percentage for most components in the amount 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% 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.

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.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Basic Aid-Unrestricted | \$19,045,058 | \$19,659,355 | \$19,659,355 | \$19,659,355 | \$19,659,355 |
| Additional Aid Items | 461,806 | 461,806 | 461,806 | 461,806 | 461,806 |
| Basic Aid-Unrestricted Subtotal | 19,506,864 | 20,121,161 | 20,121,161 | 20,121,161 | 20,121,161 |
| Ohio Casino Commission ODT | 221,490 | 227,043 | 232,744 | 238,596 | 244,602 |
| Total Unrestricted State Aid Line #1.035 | <u>\$19,728,354</u> | <u>\$20,348,204</u> | <u>\$20,353,905</u> | <u>\$20,359,757</u> | <u>\$20,365,763</u> |

B) Restricted State Revenues – Line # 1.040

HB33 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 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 | \$694,469 | \$694,469 | \$694,469 | \$694,469 | \$694,469 |
| Career Tech - Restricted | 0 | 0 | 0 | 0 | 0 |
| Gifted | 166,776 | 166,776 | 166,776 | 166,776 | 166,776 |
| English Learners | 18,421 | 18,421 | 18,421 | 18,421 | 18,421 |
| Student Wellness | 605,281 | 605,281 | 605,281 | 605,281 | 605,281 |
| Half Mill Equalization | 0 | 0 | 0 | 0 | 0 |
| Total Restricted State Revenues Line #1.040 | <u>\$1,484,947</u> | <u>\$1,484,947</u> | <u>\$1,484,947</u> | <u>\$1,484,947</u> | <u>\$1,484,947</u> |

C) Restricted Federal Grants in Aid – line #1.045

There are no federal unrestricted grants projected during this forecast.

| <u>SUMMARY</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Unrestricted Line #1.035 | \$19,728,354 | \$20,348,204 | \$20,353,905 | \$20,359,757 | \$20,365,763 |
| Restricted Line #1.040 | 1,484,947 | 1,484,947 | 1,484,947 | 1,484,947 | 1,484,947 |
| Rest. Federal Funds #1.045 | 0 | 0 | 0 | 0 | 0 |
| Total State Foundation Revenue | <u>\$21,213,301</u> | <u>\$21,833,151</u> | <u>\$21,838,852</u> | <u>\$21,844,704</u> | <u>\$21,850,710</u> |

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

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rollback and Homestead | \$1,355,076 | \$1,456,907 | \$1,459,545 | \$1,462,198 | \$1,464,865 |
| Total Tax Reimbursements #1.050 | <u>\$1,355,076</u> | <u>\$1,456,907</u> | <u>\$1,459,545</u> | <u>\$1,462,198</u> | <u>\$1,464,865</u> |

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. HB11, the previous 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 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.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tuition Related Payments | \$395,694 | \$395,694 | \$395,694 | \$395,694 | \$395,694 |
| Open Enrollment | 0 | 0 | 0 | 0 | 0 |
| Class & Sports Oriented Fees | 70,633 | 70,633 | 70,633 | 70,633 | 70,633 |
| Interest Earnings | 200,000 | 250,000 | 300,000 | 300,000 | 300,000 |
| Payments In Lieu of Taxes | 0 | 0 | 0 | 0 | 0 |
| Rental Related Fees | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 |
| Medicare | 198,287 | 198,287 | 198,287 | 198,287 | 198,287 |
| Miscellaneous | <u>287,262</u> | <u>287,262</u> | <u>287,262</u> | <u>287,262</u> | <u>287,262</u> |
| Total Other Local Revenue Line #1.060 | <u>\$1,156,676</u> | <u>\$1,206,676</u> | <u>\$1,256,676</u> | <u>\$1,256,676</u> | <u>\$1,256,676</u> |

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.

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

All Other Financial Sources – Line #2.060

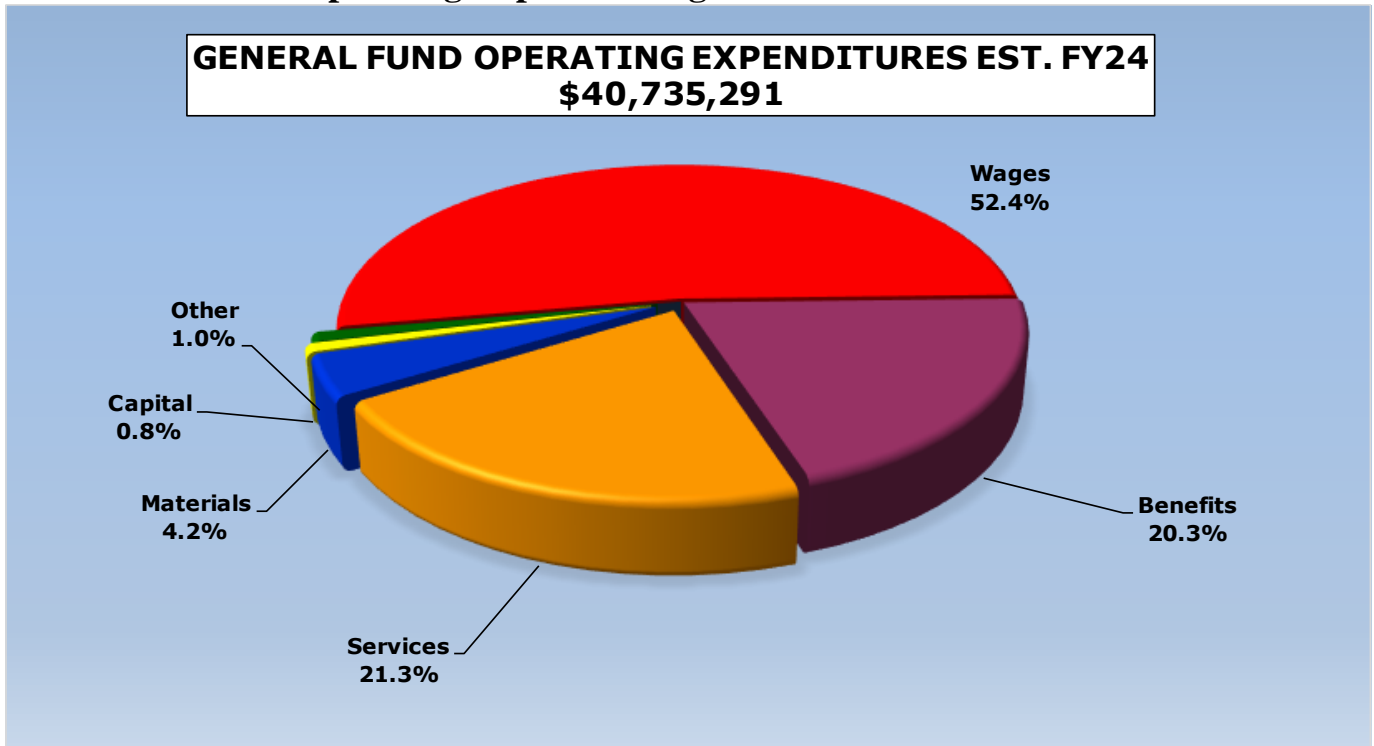
This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive two (2) a Bureau of Workers Compensation refunds in FY21 of \$315,836. We will not project these refunds in FY23 through FY27 as BWC has announced efforts to reduce premiums to more closely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

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Refund of prior years expenditures | <u>\$456,215</u> | <u>\$456,215</u> | <u>\$456,215</u> | <u>\$456,215</u> | <u>\$456,215</u> |

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 FY24



Wages – Line #3.010

We have included wage increase of 4% for each year of the forecast. 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 | FY24 | FY25 | FY26 | FY27 | FY28 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Wages | \$18,676,583 | \$20,000,486 | \$21,377,345 | \$22,582,448 | \$23,859,850 |
| Based Pay Increase | 747,063 | 800,019 | 855,094 | 903,298 | 954,394 |
| Steps & Academic Training | 326,840 | 326,840 | 350,009 | 374,104 | 395,193 |
| Growth Staff | 0 | 0 | 0 | 0 | 0 |
| New Building Staff | 0 | 0 | 0 | 0 | 0 |
| Substitutes | 529,775 | 529,775 | 529,775 | 529,775 | 529,775 |
| Supplementals | 673,198 | 700,126 | 728,131 | 757,256 | 787,546 |
| Severance | 131,286 | 131,286 | 131,286 | 131,286 | 131,286 |
| SWSF & CARES Adjustments | 250,000 | 250,000 | 0 | 0 | 0 |
| Other Adjustments/Reductions | 0 | 0 | 0 | 0 | 0 |
| Total Wages Line #3.010 | \$21,334,745 | \$22,738,532 | \$23,971,640 | \$25,278,167 | \$26,658,044 |

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

We are estimating an increase of 9% for FY24 and 8% for FY25-28 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 FY24– FY28. 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

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| A) STRS/SERS | \$3,213,633 | \$3,465,022 | \$3,658,309 | \$3,859,300 | \$4,071,644 |
| B) Insurance's | 3,823,152 | 4,199,004 | 4,534,924 | 4,897,718 | 5,289,535 |
| C) Workers Comp/Unemployment | 93,295 | 99,472 | 104,898 | 110,646 | 116,718 |
| D) Medicare | 289,782 | 309,354 | 329,709 | 347,589 | 366,533 |
| Other/Tuition/Annuities | <u>865,473</u> | <u>865,473</u> | <u>865,473</u> | <u>865,473</u> | <u>865,473</u> |
| Total Fringe Benefits Line #3.020 | <u>\$8,285,335</u> | <u>\$8,938,325</u> | <u>\$9,493,313</u> | <u>\$10,080,726</u> | <u>\$10,709,903</u> |

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 FY24-FY28 Line 3.03 costs and historical FY21 through FY23 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.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Professional & Technical Services, ESC | \$5,726,332 | \$5,898,122 | \$6,075,066 | \$6,257,318 | \$6,445,038 |
| Maintenance, Insurance & Garbage Removal | 784,208 | 807,734 | 831,966 | 856,925 | 882,633 |
| Professional Development | 35,576 | 36,643 | 37,742 | 38,874 | 40,040 |
| Communications, Postage, & Telephone | 130,573 | 134,490 | 138,525 | 142,681 | 146,961 |
| Utilities | 822,637 | 847,316 | 872,735 | 898,917 | 925,885 |
| Contracted Trades & Services | 10,343 | 10,653 | 10,973 | 11,302 | 11,641 |
| Tuition, Excess Costs & Scholarship Costs | 665,459 | 685,423 | 705,986 | 727,166 | 748,981 |
| Open Enrollment & Community School Costs | 193,622 | 199,431 | 205,414 | 211,576 | 217,923 |
| College Credit Plus | 273,952 | 282,171 | 290,636 | 299,355 | 308,336 |
| Contract Transportation | 24,754 | 25,497 | 26,262 | 27,050 | 27,862 |
| Other Adjustments SWSF, CARES, Etc. | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Purchased Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Purchased Services Line #3.030 | <u>\$8,667,456</u> | <u>\$8,927,480</u> | <u>\$9,195,305</u> | <u>\$9,471,164</u> | <u>\$9,755,300</u> |

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.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Supplies & Materials | \$981,271 | \$1,181,271 | \$1,381,271 | \$1,581,271 | \$1,781,271 |
| Textbooks & Instructional Programs | 224,920 | 224,920 | 224,920 | 224,920 | 224,920 |
| Facility Supplies & Materials | 217,418 | 217,418 | 217,418 | 217,418 | 217,418 |
| Transportation Fuel & Supplies | 285,783 | 285,783 | 285,783 | 285,783 | 285,783 |
| Other adjustments SWSF, CARES, Etc. | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Supplies Line #3.040 | <u>\$1,709,392</u> | <u>\$1,909,392</u> | <u>\$2,109,392</u> | <u>\$2,309,392</u> | <u>\$2,509,392</u> |

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.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Capital Outlay & Maintenance | <u>\$345,670</u> | <u>\$395,670</u> | <u>\$445,670</u> | <u>\$495,670</u> | <u>\$545,670</u> |
| Total Equipment Line #3.050 | <u>\$345,670</u> | <u>\$395,670</u> | <u>\$445,670</u> | <u>\$495,670</u> | <u>\$545,670</u> |

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.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| County Auditor & Treasurer Fees | \$339,347 | \$364,347 | \$389,347 | \$414,347 | \$439,347 |
| Dues, Fees & other Expenses | <u>53,346</u> | <u>53,346</u> | <u>53,346</u> | <u>53,346</u> | <u>53,346</u> |
| Total Other Expenses Line #4.300 | <u>\$392,693</u> | <u>\$417,693</u> | <u>\$442,693</u> | <u>\$467,693</u> | <u>\$492,693</u> |

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. For FY24, we have included transfer of \$1.0 million to the permanent improvement(PI) fund for high school renovations and \$500k transfer of \$500k to the severance fund.

| <u>Source</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|-------------------------------------|--------------------|-------------|-------------|-------------|-------------|
| Operating Transfers Out Line #5.010 | \$1,500,000 | \$0 | \$0 | \$0 | \$0 |
| Advances Out Line #5.020 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Transfer & Advances Out | <u>\$1,500,000</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Encumbrances –Line#8.010

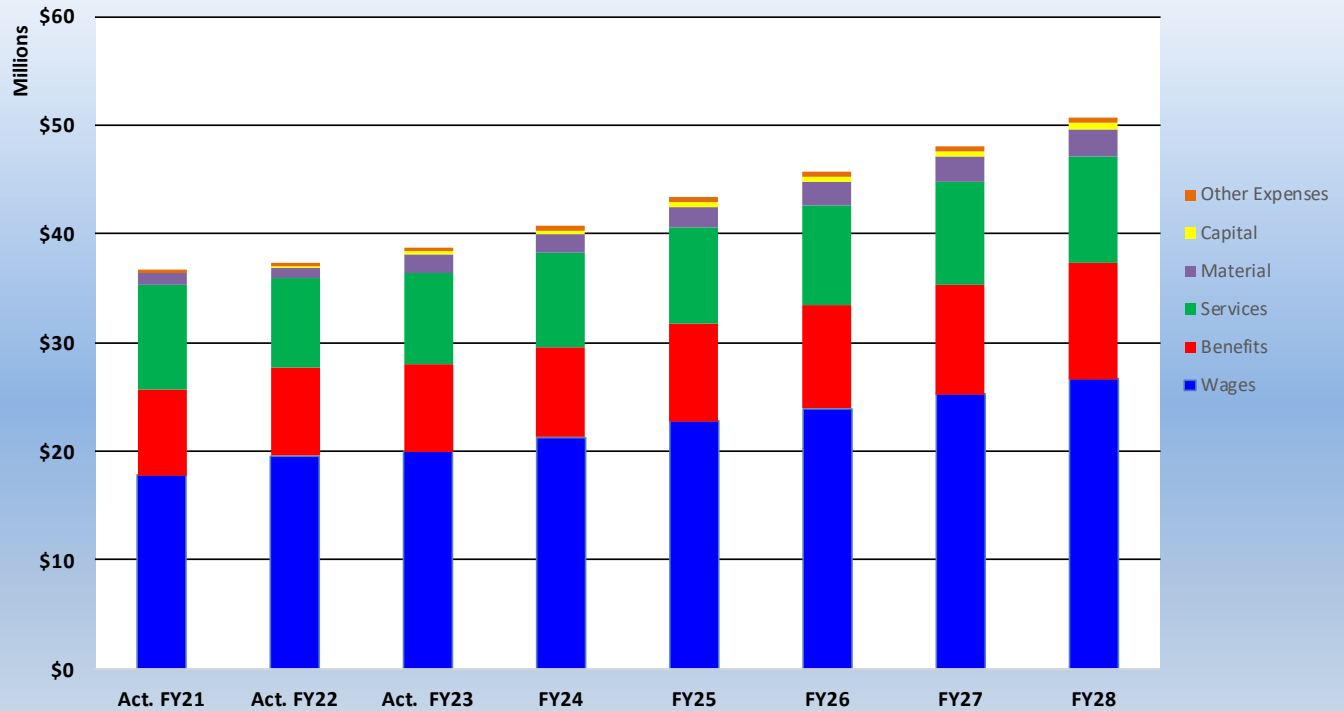
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

| | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Estimated Encumbrances Line #8.010 | <u>\$138,543</u> | <u>\$138,543</u> | <u>\$138,543</u> | <u>\$138,543</u> | <u>\$138,543</u> |

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

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.

General Fund Expenditures Actual FY21 Through Projected FY28



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.

| | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Ending Unreserved Cash Balance Line #15.01 | <u>\$23,346,427</u> | <u>\$26,073,988</u> | <u>\$26,844,244</u> | <u>\$25,499,028</u> | <u>\$21,920,801</u> |

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.

