PIQUA CITY SCHOOL DISTRICT- MIAMI COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2019, 2020 and 2021 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2022 THROUGH JUNE 30, 2026

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

November 18, 2021

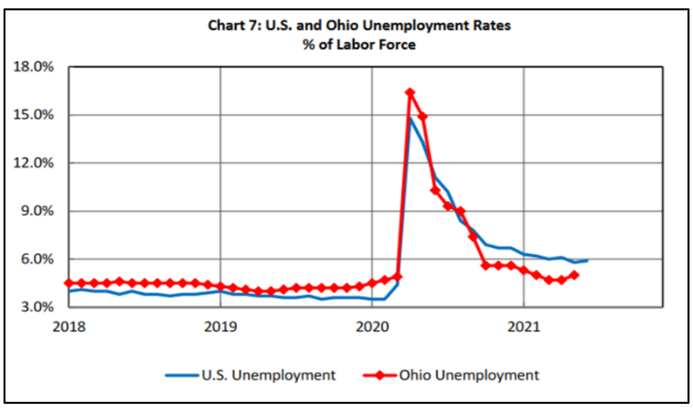
Piqua City School District –Miami County
Notes to the Five Year Forecast
General Fund Only
November 18, 2021

Introduction to the Five Year Forecast

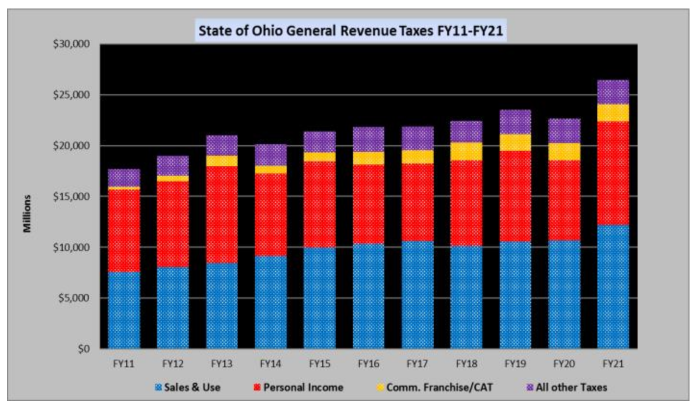
School districts are required to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022(July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2021 filing.

Economic Outlook

This five-year forecast is being filed during the ongoing global health and financial recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Our school district plays a vital role in the recovery in our community and we have maintained continuity of services to our students and staff. As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past year thus the full restoration of the original school foundation funding cuts from May 2020 are being restored to school districts beginning July 1, 2021. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

As a result from the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and can be extended into fiscal year 2025 for ESSER III expenses. The ESSER funds and restored state budget cuts will assist our district in providing vital services to our students.

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

Forecast Risks and Uncertainty:
A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the 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. We have assumed this money will continue through FY25. The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district. 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. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be 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 calculated by the Ohio Department of Education.

2) The State Budget represents 47.8% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25, which we feel is conservative and should be close to whatever the state approves for the new FY22-23 biennium budget. 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 52.2% of the district's resources. Collection rates for the 2nd half 2020 collection, collected in 2021 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 a reappraisal in the 2019 tax year to be collected in FY20. The 2019 update increased overall assessed values by $32.6 million or an increase of 8.3%. A reappraisal update will occur in tax year 2022 for collection in FY23. We anticipate value to increase for Class I, Class II and public utility property by $18.0 million for an overall increase of 4.2%. 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 will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted

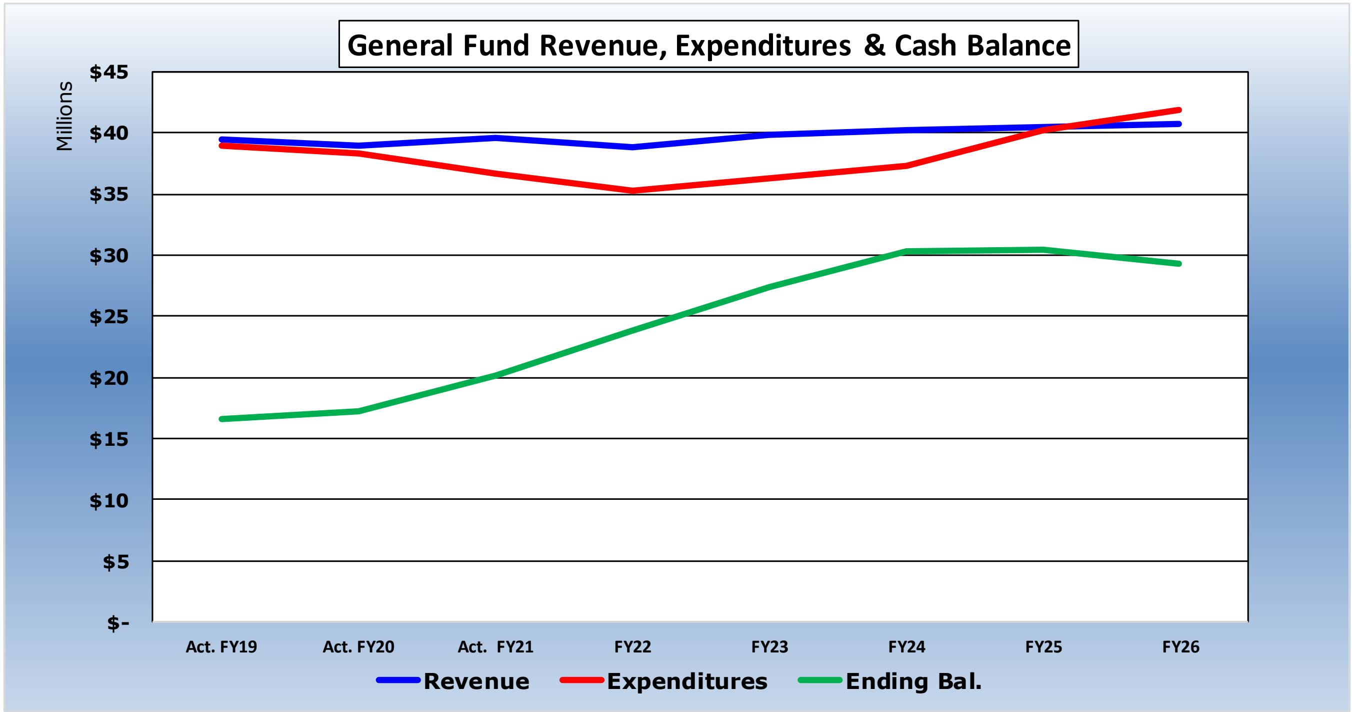
from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

6) 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.

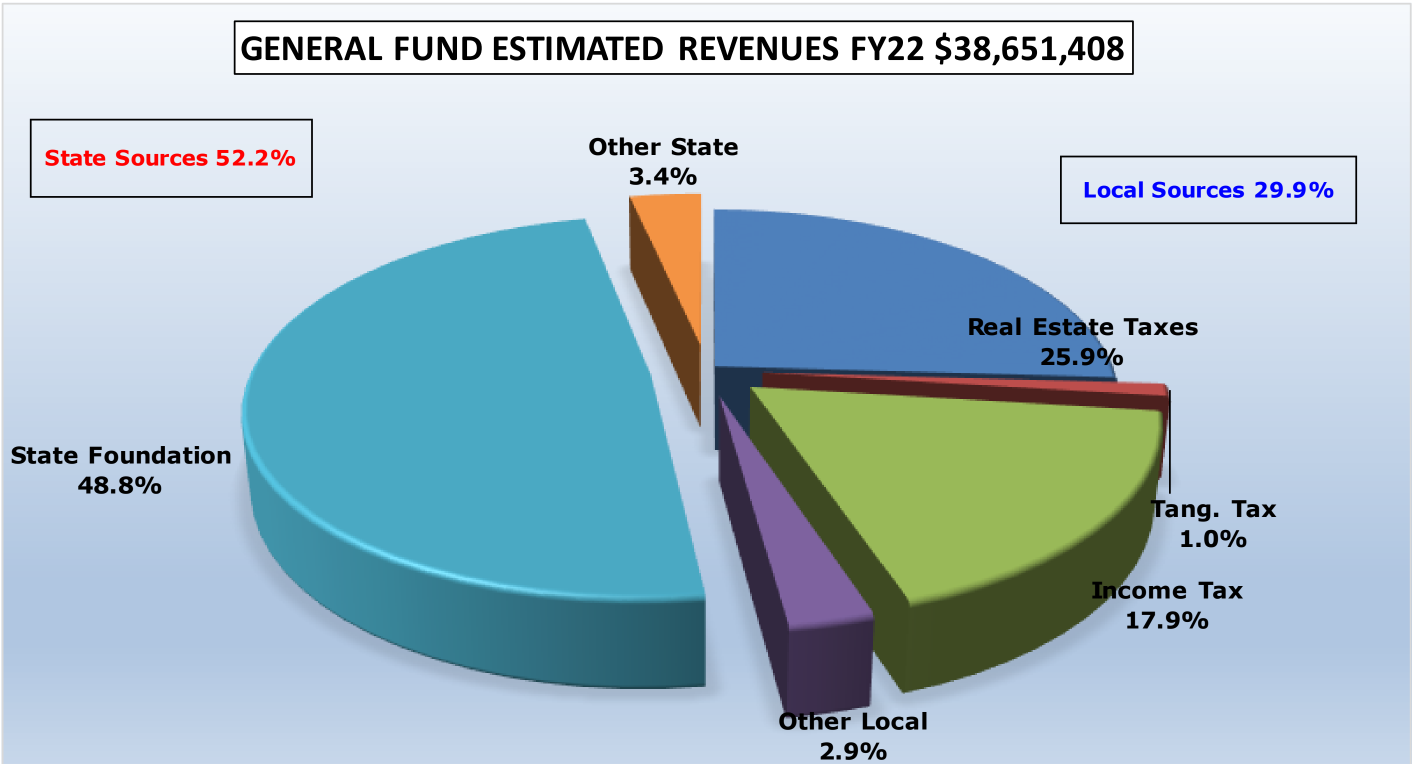
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY19-21 and Estimated FY22-26

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



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

Revenue Assumptions
Operating Revenue Sources General Fund FY22



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 will occur in 2022 for collection in 2023 for which we are estimating an 4.6% increase in residential and a 1.9% increase for commercial/industrial property. .

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025
Classification	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	$318,973,840	$334,472,532	$334,022,532	$333,572,532	$333,122,532
Comm./Ind.	102,209,440	104,231,534	105,231,534	106,231,534	107,231,534
Public Utility Personal Property (PUPP)	10,425,390	10,925,390	11,425,390	11,925,390	12,425,390
Total Assessed Value	$431,608,670	$449,629,456	$450,679,456	$451,729,456	$452,779,456

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY22	FY23	FY24	FY25	FY26
Est. Real Estate Taxes	$10,026,168	$10,085,760	$10,211,204	$10,229,283	$10,247,367
Total Line #1.01 Real Estate Taxes	$10,026,168	$10,085,760	$10,211,204	$10,229,283	$10,247,367

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	FY22	FY23	FY24	FY25	FY26
Public Utility Personal Property	$405,507	$424,515	$443,271	$462,977	$482,673
Total PUPP Tax Line #1.020	$405,507	$424,515	$443,271	$462,977	$482,673

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 $6.86 million in FY21. We are projecting an annual increase of 2.5% for the life of the forecast.

Source	FY22	FY23	FY24	FY25	FY26
July payment	$2,289,494	$2,346,731	$2,405,399	$2,465,534	$2,527,172
October payment	1,442,971	1,479,045	1,516,021	1,553,922	1,592,770
January payment	1,451,555	1,487,844	1,525,040	1,563,166	1,602,245
April payment	1,747,034	1,790,710	1,835,478	1,881,365	1,928,399
Total SDIT Collections	$6,931,054	$7,104,330	$7,281,938	$7,463,987	$7,650,586
Adjustments	0	0	0	0	0
Total SDIT Line #1.030	$6,931,054	$7,104,330	$7,281,938	$7,463,987	$7,650,586

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 actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district.

The amounts estimated for state funding are based on HB110, referred to as the 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. HB110, the current formula, introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

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

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

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base 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 estimated to be as high as $7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

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

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

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

Unrestricted Categorical State Aid

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

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding, DPIA is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand alone fund.

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

HB110 includes "formula transition aid" which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY22 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.

Student Wellness and Success (Restricted Fund 467)
In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110, the new state budget, has essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04

below. Any remaining funds in Special Revenue Fund 467 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budgets Projections Beyond FY23

Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason funding is held constant FY23 through FY26.

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil. We believe FY22 Casino revenues will resume their historical growth rate.

Source	FY22	FY23	FY24	FY25	FY26
Basic Aid-Unrestricted	$16,766,639	$17,446,927	$17,446,927	$17,446,927	$17,446,927
Additional Aid Items	378,261	378,261	378,261	378,261	378,261
Basic Aid-Unrestricted Subtotal	17,144,900	17,825,188	17,825,188	17,825,188	17,825,188
Ohio Casino Commission ODT	205,650	210,825	216,117	221,526	227,089
Total Unrestricted State Aid Line #1.035	$17,350,550	$18,036,013	$18,041,305	$18,046,714	$18,052,277

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 14% in FY23.

Source	FY22	FY23	FY24	FY25	FY26
DPIA	$476,379	$476,379	$476,379	$476,379	$476,379
Career Tech - Restricted	12,478	12,478	12,478	12,478	12,478
Gifted	0	0	0	0	0
ESL	0	0	0	0	0
Student Wellness	962,512	962,512	962,512	962,512	962,512
Half Mill Equilization	49,414	49,414	49,414	49,414	49,414
Total Restricted State Revenues Line #1.040	$1,500,783	$1,500,783	$1,500,783	$1,500,783	$1,500,783

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

SUMMARY	FY22	FY23	FY24	FY25	FY26
Unrestricted Line #1.035	$17,350,550	$18,036,013	$18,041,305	$18,046,714	$18,052,277
Restricted Line #1.040	1,500,783	1,500,783	1,500,783	1,500,783	1,500,783
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$18,851,333	$19,536,796	$19,542,088	$19,547,497	$19,553,060

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	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	$1,317,649	$1,387,705	$1,411,826	$1,409,305	$1,406,788
Total Tax Reimbursements #1.050	$1,317,649	$1,387,705	$1,411,826	$1,409,305	$1,406,788

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, tuition for court placed students, student fees, and general rental fees. HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to remain somewhat lower due to COVID-19 restrictions and lower participation. All other revenues are expected to continue on historic trends.

Source	FY22	FY23	FY24	FY25	FY26
Tuition Related Payments	$239,250	$239,250	$239,250	$239,250	$239,250
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	81,860	81,860	81,860	81,860	81,860
Interest Earnings	224,725	226,972	229,242	231,534	233,849
Payments In Lieu of Taxes	0	0	0	0	0
Rental Related Fees	5,945	5,945	5,945	5,945	5,945
Medicare	468,552	468,552	468,552	468,552	468,552
Miscellaneous	99,365	99,365	99,365	99,365	99,365
Total Other Local Revenue Line #1.060	$1,119,697	$1,121,944	$1,124,214	$1,126,506	$1,128,821

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 advances out in FY19 are planned to be repaid over a two year period as noted in the table below.

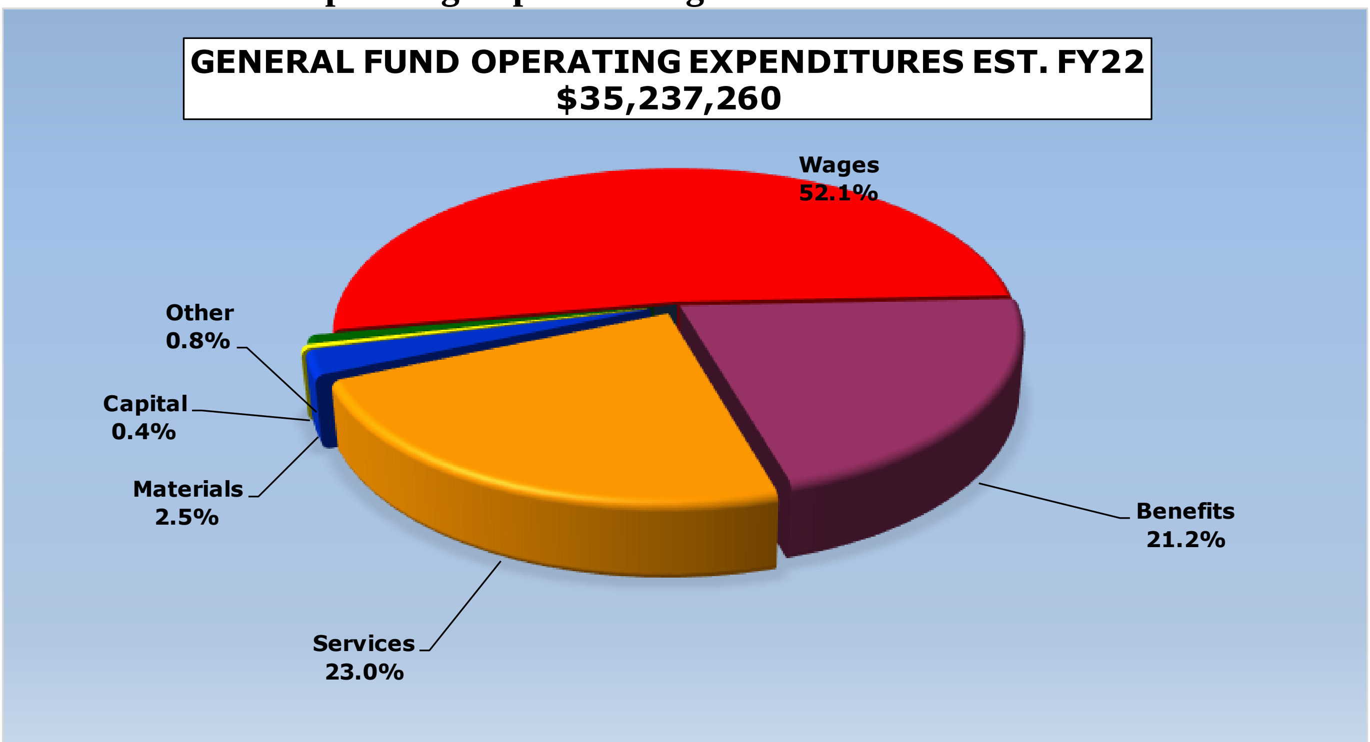
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive two (2) a Bureau of Workers Compensation refunds in FY21 of $315,836. We will not project these refunds in FY22 through FY26 as BWC has announced efforts to reduce premiums to more closely align with anticipated claims so their excess reserves are not as high.

Source	FY22	FY23	FY24	FY25	FY26
Refund of prior years expenditures	$165,000	$165,000	$165,000	$165,000	$165,000

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 FY22



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 FY22-26. 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 FY22-26.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$16,720,383	$17,233,770	$17,484,576	$18,048,436	$19,625,143
Based Pay Increase	250,806	0	262,269	270,727	294,377
Steps & Academic Training	262,581	250,806	301,591	305,980	315,848
Substitutes	464,498	464,498	464,498	464,498	464,498
Supplementals	603,150	603,150	612,197	621,380	630,701
Severance	54,199	54,199	54,199	54,199	54,199
SWSF & CARES Adjustments	0	0	0	1,000,000	0
Other Adjustments/Reductions	0	0	0	0	0
Total Wages Line #3.010	$18,355,617	$18,606,423	$19,179,330	$20,765,220	$21,384,766

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 10% for FY22, and 7% for FY23-26 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 FY22– FY26. Unemployment is expected to remain at a very low level FY22-FY26. 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	FY22	FY23	FY24	FY25	FY26
A) STRS/SERS	$2,813,004	$2,855,818	$2,939,787	$3,170,270	$3,280,657
B) Insurance's	3,529,086	3,811,413	4,116,326	4,725,632	5,103,683
C) Workers Comp/Unemployment	96,500	97,604	100,125	107,102	109,828
D) Medicare	258,583	266,156	269,793	278,100	301,096
Other/Tuition/Annuities	775,203	775,203	775,203	775,203	775,203
Total Fringe Benefits Line #3.020	$7,472,376	$7,806,194	$8,201,234	$9,056,307	$9,570,467

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 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. We are contracting with Good Samaritan for mental health specialists which increases purchased services by $300k per year.

Source	FY22	FY23	FY24	FY25	FY26
Professional & Technical Services, ESC	$5,762,468	$5,935,342	$6,113,402	$6,296,804	$6,485,708
Maintenance, Insurance & Garbage Removal	750,874	773,400	796,602	820,500	845,115
Professional Development	25,768	26,541	27,337	28,157	29,002
Communications, Postage, & Telephone	113,182	116,577	120,074	123,676	127,386
Utilities	656,735	676,437	696,730	717,632	739,161
Contracted Trades & Services	7,027	7,238	7,455	7,679	7,909
Tuition, Excess Costs & Scholarship Costs	588,414	606,066	624,248	642,975	662,264
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	181,704	187,155	192,770	198,553	204,510
Contract Transportation	14,079	14,501	14,936	15,384	15,846
Other Adjustments SWSF, CARES, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	0	0	0	0	0
Total Purchased Services Line #3.030	$8,100,251	$8,343,257	$8,593,554	$8,851,360	$9,116,901

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	FY22	FY23	FY24	FY25	FY26
General Supplies & Materials	$379,466	$579,466	$429,466	$629,466	$829,466
Textbooks & Instructional Programs	125,711	125,711	125,711	125,711	125,711
Facility Supplies & Materials	231,257	231,257	231,257	231,257	231,257
Transportation Fuel & Supplies	137,346	137,346	137,346	137,346	137,346
Other adjustments SWSF, CARES, Etc.	0	0	0	0	0
Total Supplies Line #3.040	$873,780	$1,073,780	$923,780	$1,123,780	$1,323,780

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	FY22	FY23	FY24	FY25	FY26
Capital Outlay & Maintenance	$150,000	$150,000	$150,000	$150,000	$150,000
Total Equipment Line #3.050	$150,000	$150,000	$150,000	$150,000	$150,000

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	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$271,401	$276,401	$281,401	$306,401	$331,401
ESC Deduction	0	0	0	0	0
Annual Audit Costs	0	0	0	0	0
Increased A&T Fees for New Levies	0	0	0	0	0
Dues, Fees & other Expenses	13,835	13,835	13,835	13,835	13,835
Total Other Expenses Line #4.300	$285,236	$290,236	$295,236	$320,236	$345,236

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. There are no planned transfers or advances in the forecast period at this time
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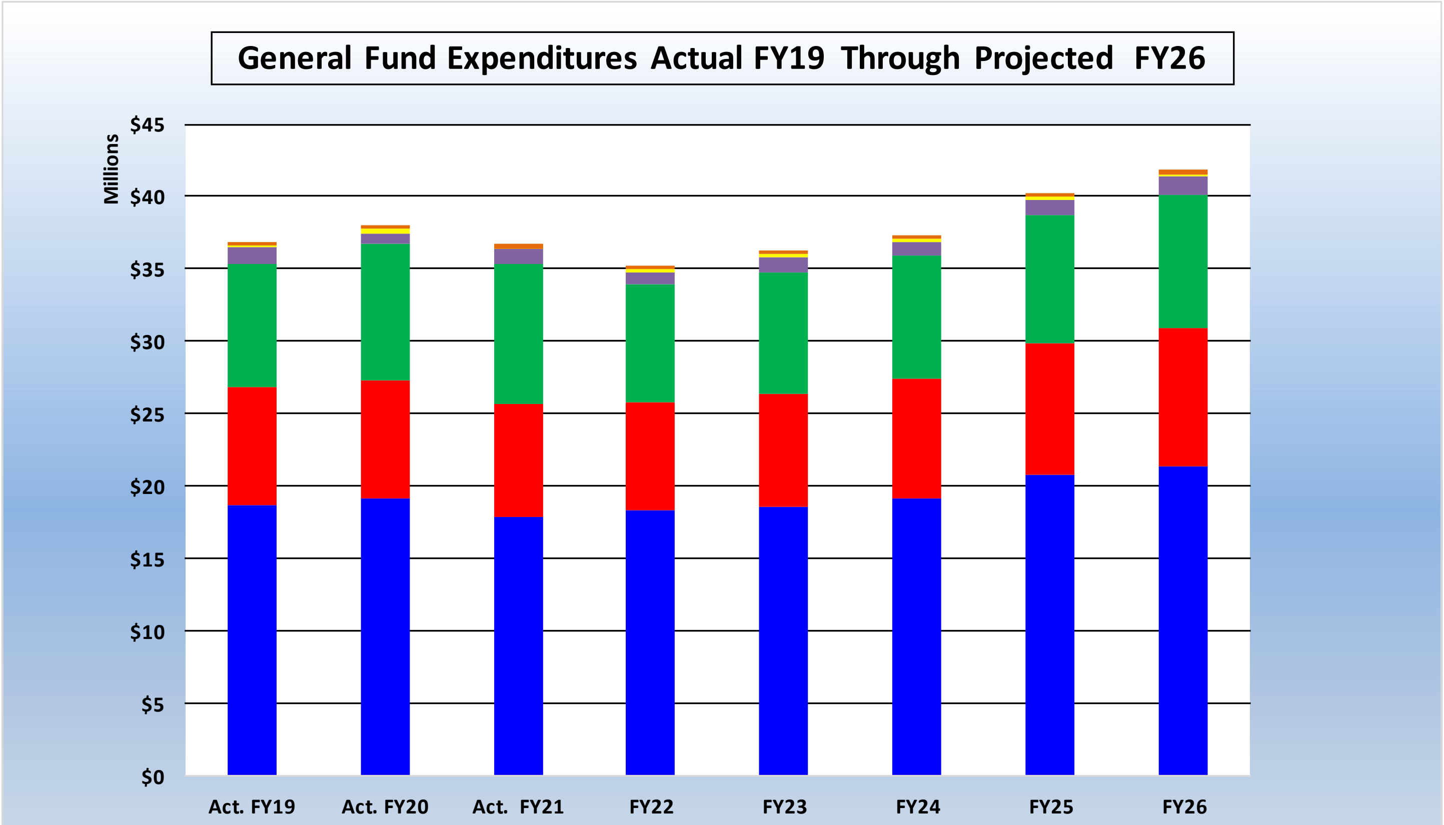
Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances Line #8.010	$220,328	$220,328	$220,328	$220,328	$220,328

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-FY26
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.

	FY22	FY23	FY24	FY25	FY26
Ending Unreserved Cash Balance Line #15.01	$23,558,011	$27,169,171	$30,060,578	$30,253,230	$29,051,375

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.