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

May 14, 2024

Piqua City School District –Miami County
Notes to the Five Year Forecast
General Fund Only
May 14, 2024

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 May 2024 filing.

<u>Revenues FY24</u>

The overview of revenues shows that we are slightly higher than the original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $1.5 million or 3.3% higher than the November forecasted amount of $44.9 million. This indicates that the November forecast was 96.7% accurate.

Line 1.01 and 1.02 - Property tax revenues represent a significant source of revenues at 26.95% and are estimated to be $12.5 million, which is on target with the original November estimate.

Line 1.03 - The district's collection of School District Income Tax (SDIT) is projected to be $100 thousand lower than the original estimate in November. Collections for FY24 are 0.89% under our original estimate. The SDIT represents 18.5% of the district revenues.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $21.7 million, which is $0.5 million higher than the original estimate for FY24. We are pleased that we were able to be 97.6% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

Line 1.06 - Other revenues are up $1.0 million over original estimates, primarily due to increased interest and Medicare received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

<u>Expenditures FY24</u>

Total General Fund expenditures (line 4.5) are estimated to be $40.7 million for FY24, which is on target with the original estimate in the November forecast.

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

<u>Other Financing Uses</u>

We have increased the other financing uses to $6.0 million in the May forecast as compared to $1.5 million in the November forecast. We will be funding $500 thousand for a severance fund with the remainder going to permanent improvements to support new athletic facilities.

<u>Unreserved Ending Cash Balance</u>

With revenues increasing from estimates and expenditures/other financing uses increasing, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly $20.4 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 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 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 FY25.

2) The State Budget represents 49.9% 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 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 50.1% of the district's resources. Collection rates for the 1st half 2023 collection, collected in 2024 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.

The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20 mill floor currently in law. We will adjust the forecast once the outcome is known.

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.

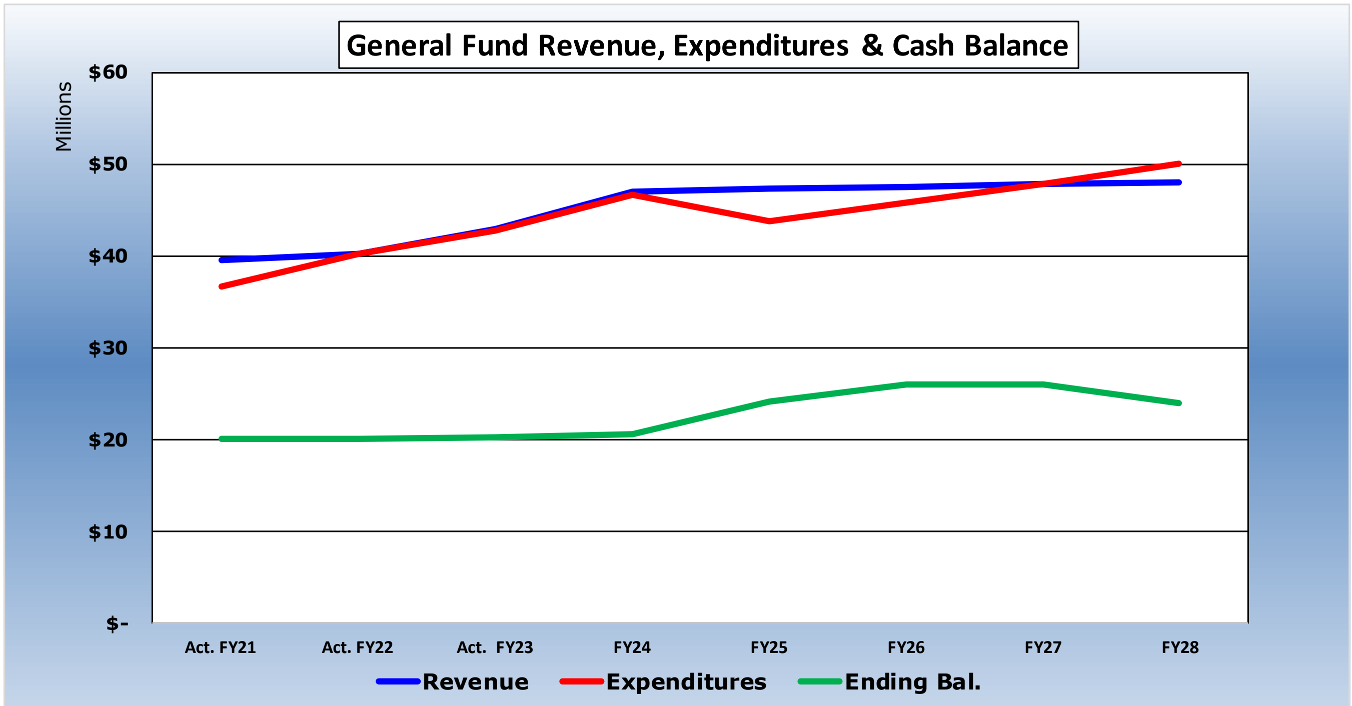
5) HB33 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted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

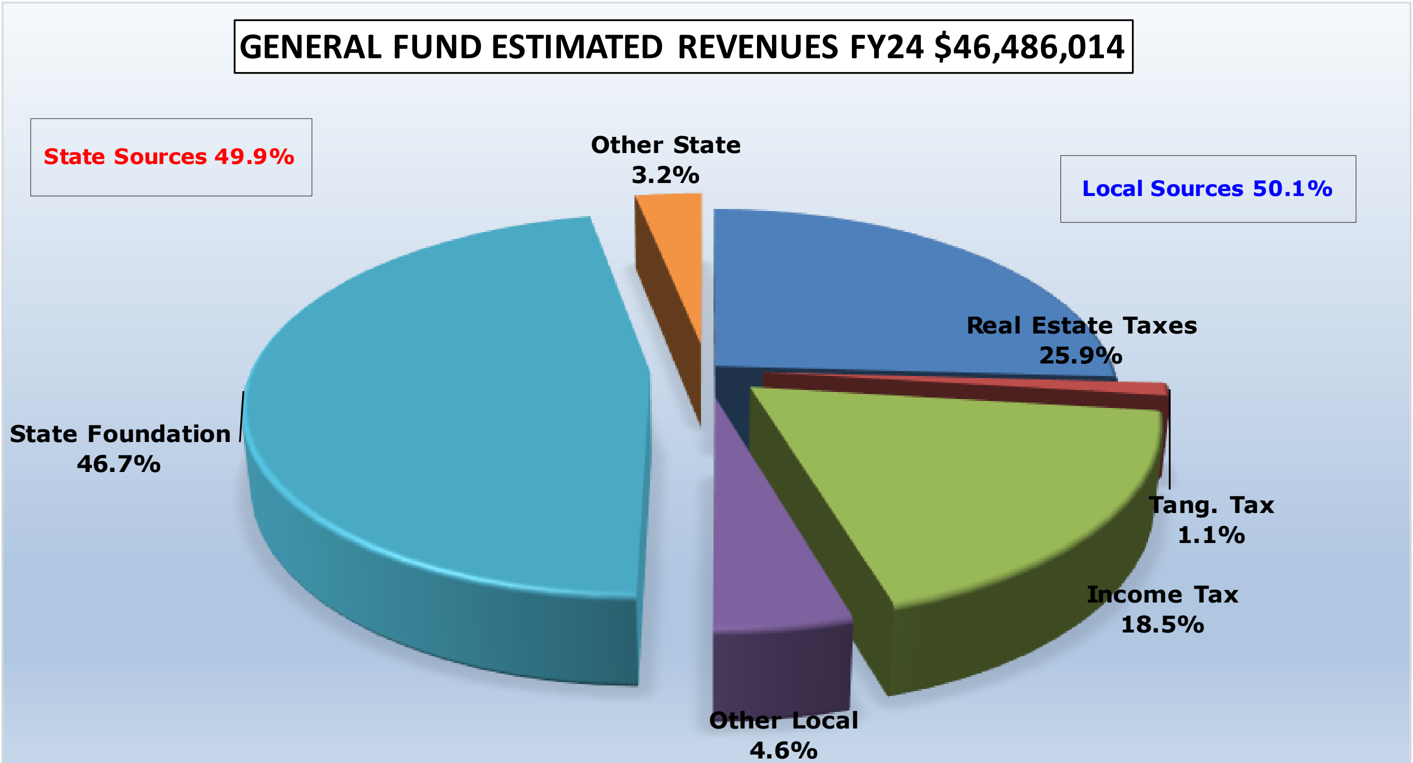
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

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 FY28.

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

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$406,657,990	$407,757,990	$408,857,990	$409,957,990	$411,057,990
Comm./Ind.	108,800,520	110,800,520	112,800,520	114,800,520	116,800,520
Public Utility Personal Property (PUPP)	12,569,950	13,008,620	13,508,620	14,008,620	14,508,620
Total Assessed Value	$528,028,460	$531,567,130	$535,167,130	$538,767,130	$542,367,130

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY24	FY25	FY26	FY27	FY28
Est. Real Estate Taxes	$12,040,515	$11,770,965	$11,807,451	$11,881,652	$11,955,860
Total Line #1.01 Real Estate Taxes	$12,040,515	$11,770,965	$11,807,451	$11,881,652	$11,955,860

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	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property	$489,963	$498,328	$516,251	$535,357	$554,441
Total PUPP Tax Line #1.020	$489,963	$498,328	$516,251	$535,357	$554,441

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.

Source	FY24	FY25	FY26	FY27	FY28
July payment	$3,017,153	$3,092,582	$3,169,897	$3,249,144	$3,330,373
October payment	1,811,428	1,856,714	1,903,132	1,950,710	1,999,478
January payment	1,758,969	1,802,943	1,848,017	1,894,217	1,941,572
April payment	2,013,929	2,064,277	2,115,884	2,168,781	2,223,001
Total SDIT Collections	$8,601,479	$8,816,516	$9,036,930	$9,262,852	$9,494,424
Adjustments	0	0	0	0	0
Total SDIT Line #1.030	$8,601,479	$8,816,516	$9,036,930	$9,262,852	$9,494,424

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 April 2024 foundation settlement and funding factors for FY25 from the simulations provided by the Department of Education and Workforce.

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.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
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)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
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 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 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 FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$19,243,202	$19,958,707	$19,958,707	$19,958,707	$19,958,707
Additional Aid Items	480,410	488,957	488,957	488,957	488,957
Basic Aid-Unrestricted Subtotal	19,723,612	20,447,664	20,447,664	20,447,664	20,447,664
Ohio Casino Commission ODT	214,499	218,823	223,210	227,700	232,264
Total Unrestricted State Aid Line #1.035	$19,938,111	$20,666,487	$20,670,874	$20,675,364	$20,679,928

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.

HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials (HQIM) purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $182,237 from this one-time subsidy in FY24 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	$779,089	$814,770	$814,770	$814,770	$814,770
Career Tech - Restricted	0	0	0	0	0
Gifted	167,244	158,053	158,053	158,053	158,053
English Learners	16,435	17,040	17,040	17,040	17,040
Student Wellness	638,414	639,709	639,709	639,709	639,709
High Quality Instructional Materials	182,237				
Half Mill Equilization	0	0	0	0	0
Total Restricted State Revenues Line #1.040	$1,783,419	$1,629,572	$1,629,572	$1,629,572	$1,629,572

C) Restricted Federal Grants in Aid – line #1.045

There are no federal unrestricted grants projected during this forecast.

SUMMARY	FY24	FY25	FY26	FY27	FY28
Unrestricted Line #1.035	$19,938,111	$20,666,487	$20,670,874	$20,675,364	$20,679,928
Restricted Line #1.040	1,783,419	1,629,572	1,629,572	1,629,572	1,629,572
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$21,721,530	$22,296,059	$22,300,446	$22,304,936	$22,309,500

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	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	$1,474,138	$1,469,819	$1,465,760	$1,468,419	$1,471,092
Total Tax Reimbursements #1.050	$1,474,138	$1,469,819	$1,465,760	$1,468,419	$1,471,092

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.

Source	FY24	FY25	FY26	FY27	FY28
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	900,000	800,000	700,000	600,000	500,000
Payments In Lieu of Taxes	0	0	0	0	0
Rental Related Fees	4,800	4,800	4,800	4,800	4,800
Medicare	500,000	500,000	500,000	500,000	500,000
Miscellaneous	287,262	287,262	287,262	287,262	287,262
Total Other Local Revenue Line #1.060	$2,158,389	$2,058,389	$1,958,389	$1,858,389	$1,758,389

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	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

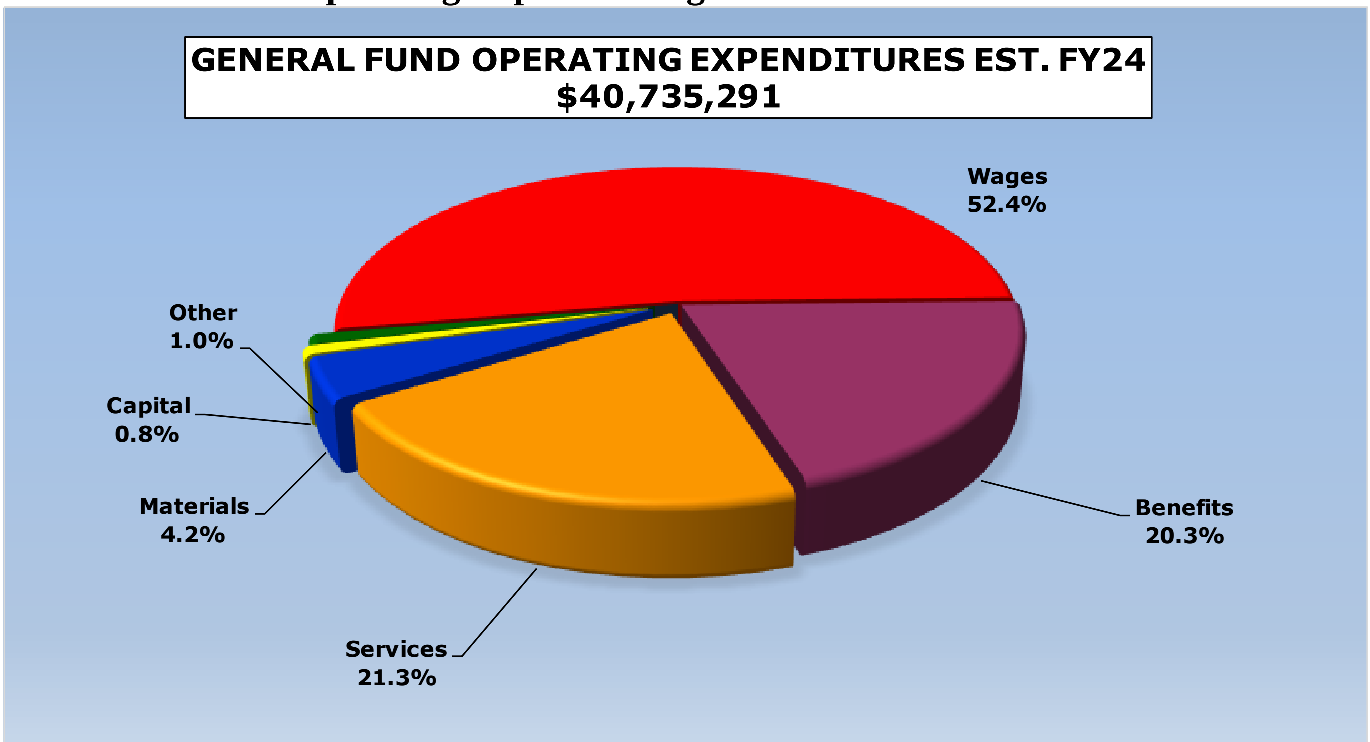
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive two (2) a Bureau of Workers Compensation refunds in FY21 of $315,836. We will not project these refunds in FY23 through FY27 as BWC has announced efforts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

Source	FY24	FY25	FY26	FY27	FY28
Refund of prior years expenditures	$456,215	$456,215	$456,215	$456,215	$456,215

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 FY25 and 3% for Y26 through FY28 in 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	$21,000,486	$22,417,345	$23,457,374	$24,553,399
Based Pay Increase	747,063	840,019	672,520	703,721	736,602
Steps & Academic Training	326,840	326,840	367,509	392,304	410,504
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	721,130	742,764	765,047
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	$23,778,532	$24,839,565	$25,957,224	$27,126,613

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 20% for FY25 and 8% for FY26-28 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

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$3,213,633	$3,625,622	$3,795,419	$3,967,492	$4,147,647
B) Insurance's	3,823,152	4,657,782	5,030,405	5,432,837	5,867,464
C) Workers Comp/Unemployment	93,295	104,048	108,716	113,634	118,779
D) Medicare	289,782	309,354	344,789	360,174	376,380
Other/Tuition/Annuities	865,473	865,473	865,473	865,473	865,473
Total Fringe Benefits Line #3.020	$8,285,335	$9,562,279	$10,144,802	$10,739,610	$11,375,743

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.

Source	FY24	FY25	FY26	FY27	FY28
Professional & Technical Services, ESC	$5,726,332	$4,898,122	$5,045,066	$5,121,418	$5,275,061
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	0	0	0	0	0
Total Purchased Services Line #3.030	$8,667,456	$7,927,480	$8,165,305	$8,335,264	$8,585,323

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	FY24	FY25	FY26	FY27	FY28
General Supplies & Materials	$981,271	$1,011,271	$1,041,271	$1,091,271	$1,166,271
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.	0	0	0	0	0
Total Supplies Line #3.040	$1,709,392	$1,739,392	$1,769,392	$1,819,392	$1,894,392

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	FY24	FY25	FY26	FY27	FY28
Capital Outlay & Maintenance	$345,670	$395,670	$445,670	$495,670	$545,670
Total Equipment Line #3.050	$345,670	$395,670	$445,670	$495,670	$545,670

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

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.

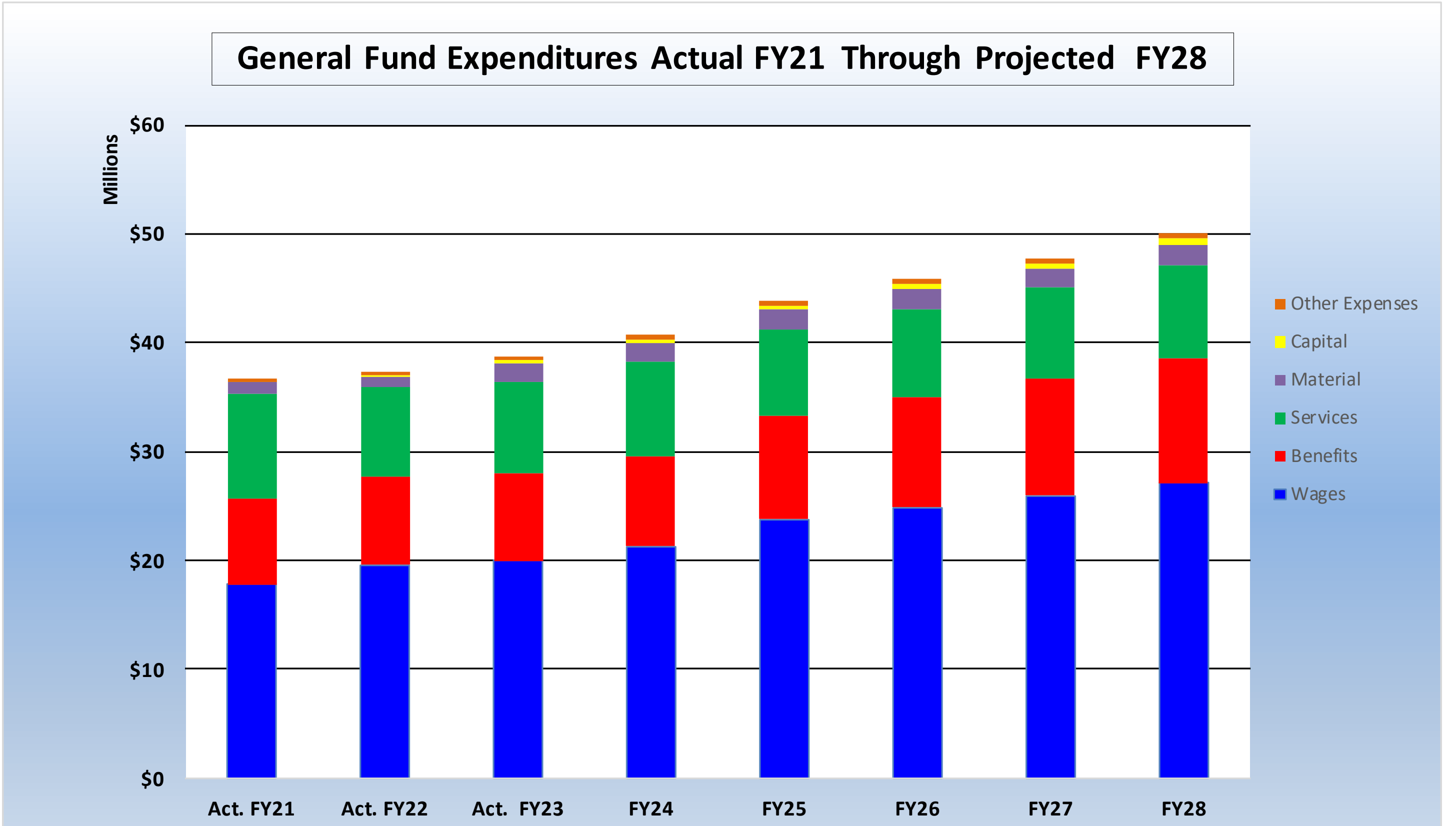
Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	$6,000,000	$0	$0	$0	$0
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$6,000,000	$0	$0	$0	$0

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.

	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances Line #8.010	$138,543	$138,543	$138,543	$138,543	$138,543

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.



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.

	FY24	FY25	FY26	FY27	FY28
Ending Unreserved Cash Balance Line #15.01	$20,435,325	$24,035,570	$25,824,585	$25,832,552	$23,867,039

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.