SOUTHEASTERN LOCAL SCHOOL DISTRICT-CLARK 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

Home of the Trojans!

Forecast Provided By
Southeastern Local School District
Treasurer's Office
Mr. Ben Kitchen, Treasurer
May 21, 2024

Southeastern Local School District – Clark County
Notes to the Five-Year Forecast
General Fund Only
May 21, 2024

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

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

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

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

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

May 2024 Updates:

<u>Revenues FY24</u>
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $10.92 million, which is $13,915 less than the November estimate. This means that the November forecast was 99.87% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second most significant source of revenues at 33.3% and are estimated to be $3.64 million, which is $139,267 higher for FY24 than the original November estimate of $3.5 million. Our estimates are 96.1% accurate for FY24 and should mean future projections are also on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be slightly higher than the November forecast. Collections for FY24 were $1.426 million which is $16,835 higher than the November estimate. This means the projection was 98.81% accurate. The SDIT represents 13.05% 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 $4.88 million, which is $314,924 lower than the original estimate for FY24. We are a formula district and any fluctuation in enrolled ADM or other categorical funding enrollment will cause a change in our funding. We are pleased that we were able to be 94% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28. State foundation represents 44.69% of our revenues.

Line 1.06 - Other revenues are up $150,000 over our original estimate due to higher than expected interest income. Other income represents 5.24% of our revenues.

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

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $11.16 million for FY24, which is on target with the revised estimates.

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

Unreserved Ending Cash Balance

With revenues and expenses both on target for FY24 on target with estimates our ending unreserved cash balance June 30, 2024, is anticipated to be roughly $4.14 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.

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

Forecast Risks and Uncertainty:

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

1) We are estimated to have a positive cash balance at the end of FY28 with renewal of the $490,000 emergency levy that will expire on December 31, 2027, but there are many things that could occur over the next several years to change that estimate. This could change depending upon state funding FY26-28, and any new legislation that could increase costs and staff negotiations.

2) Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years, and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 49% of the district's resources. Our tax collections in the August 2023 and March 2024 settlements showed average collection trends. We believe there is a low risk that local collections will fall below projections throughout the forecast.

3) Our district has roughly 95% of its total property value in Clark County and 5% in Greene County. Clark County experienced a reappraisal in the 2022 tax year to be collected in FY23. The 2022 reappraisal increased overall assessed values by $26.34 million or an increase of 21.75%. This put the district on the 20-mill floor for Class I property and generated new revenues for the district. A reappraisal update will occur again in Clark County in tax year 2025 for collection in FY26. We anticipate value increases for Class I and II property by $4.7 million for an overall increase of 3%. Greene County experienced a reappraisal in 2023 to be collected in 2024. Our values increased by 2.04% overall for Class I and II property or an increase of $3.15 million in assessed values. 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.

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 as they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Our district is currently on the 20-mill floor for Class I values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

4) The state budget represented 48.41% of district revenues, which means it is a significant area of risk to the 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 makes 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.

5) 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 in 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.

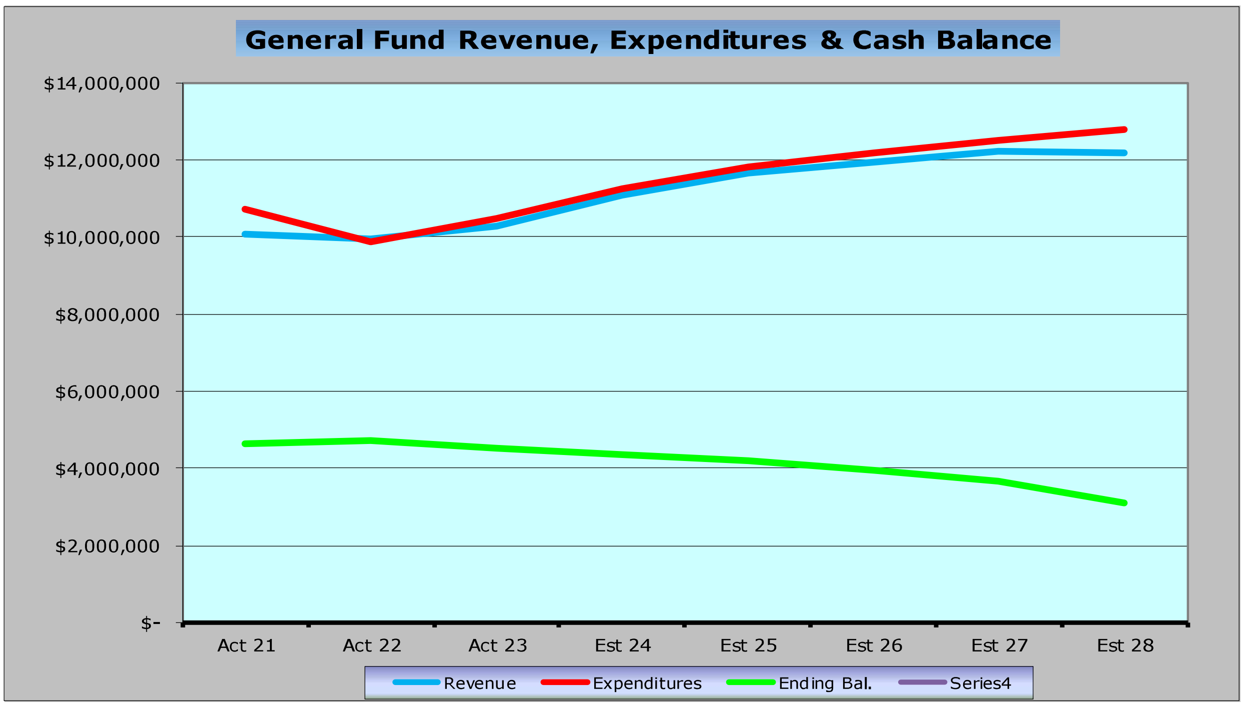
6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

7) 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 that as we move forward, our positive working relationship will continue and will only grow stronger.

The significant 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 assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. Ben Kitchen, Treasurer, at 937.462.8388.

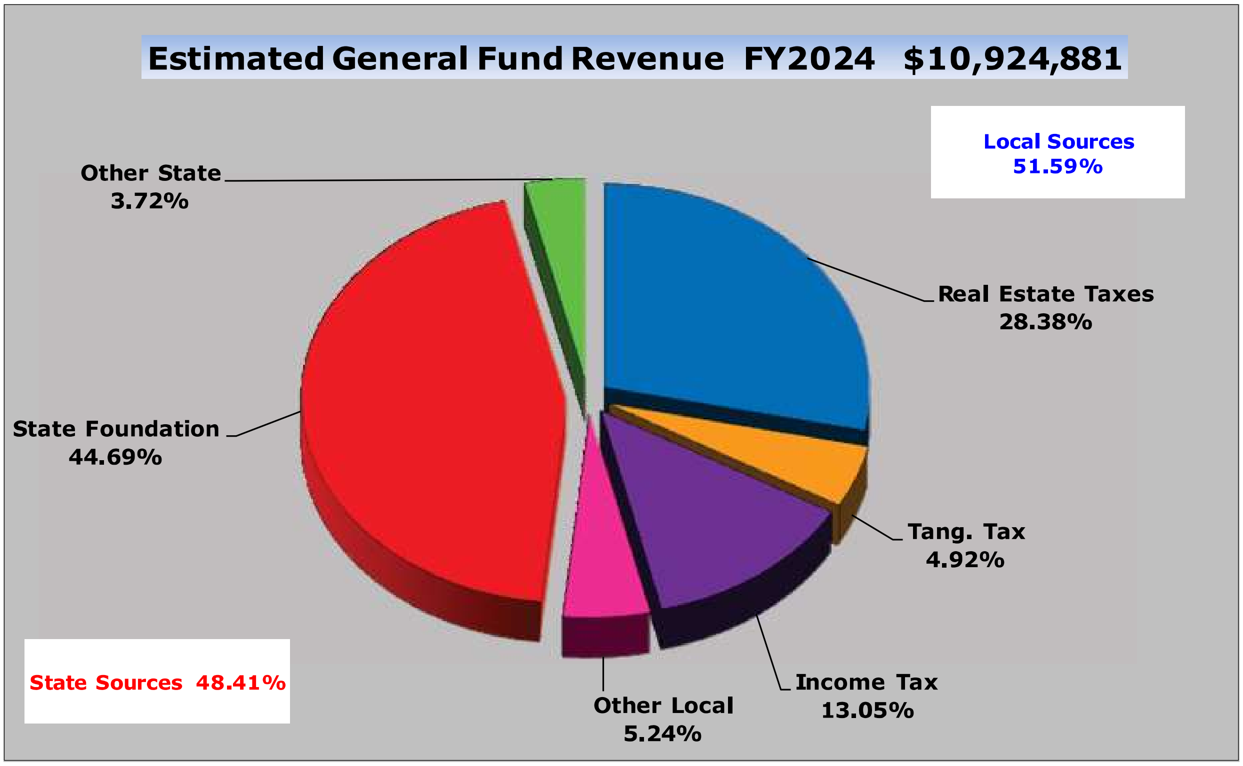
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

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



Revenue Assumptions

Estimated General Fund Operating Revenue for 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. Our district has roughly 95% of its total property value in Clark County and 5% in Greene County. Clark County experienced a reappraisal in the 2022 tax year to be collected in FY23. The 2022 reappraisal increased overall assessed values by $26.34 million or an increase of 21.75%. This put the district on the 20 mill floor for Class I property and generated new revenues for the district. A reappraisal update will occur in tax year 2025 for collection in FY26. We anticipate value increases for Class I and II property by $4.7 million for an overall increase of 3%. Greene County experienced a reappraisal in 2023 to be collected in 2024. Our values increased by 2.04% overall for Class I and II property or an increase of $3.15 million in assessed values. There is however always a minor risk that the district could sustain a reduction in values but we do not anticipate that at this time.

Public Utility Personal Property (PUPP) values increased by $1.34 million in Tax Year 2022. We expect our values to continue to grow by $100,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR2025	TAX YEAR2026	TAX YEAR2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$138,299,968	$138,649,968	$143,159,467	$144,941,062	$145,291,062
Comm./Ind.	12,614,230	12,639,230	12,664,230	12,689,230	12,714,230
Public Utility Personal Property (PUPP)	15,151,280	15,251,280	15,351,280	15,451,280	15,551,280
Total Assessed Value	$166,065,478	$166,540,478	$171,174,977	$173,081,572	$173,556,572

Tax Rate Assumptions
The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 36.79 mills while the Class I effective millage rate is 22.99mills and the Class II effective millage rate is 24.4 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor". Currently, our district is on the floor for Class I values. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor, the district has one emergency levy of 2.99 mills that was voted on for an annual amount of $490,000 of taxes.

Estimated Real Estate Tax (Line #1.010)

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Est. General Property Taxes Line #1.010	$3,100,106	$3,085,428	$3,136,922	$3,187,800	$2,962,836

Property tax levies are estimated to be collected at 100% of the annual amount. This allows 0% delinquency factor. In general, 60.25% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 39.75% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to receive 50% in March and 50% in August settlement from the County Auditor and are noted in Line #1.02 below.

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

Estimated Public Utility Personal Property Tax – Line#1.020
As noted earlier, the phase-out of TPP taxes began in FY06 with HB66, which was adopted in June 2005. The amounts 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 was $12.82 million in assessed values in 2022 and is collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2023 rose by 8% or $1,127,390 and are expected to modestly grow $100,000 each year of the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Public Utility taxes	$537,070	$559,303	$562,407	$565,212	$546,217

Renewal and Replacement Levies – Line #11.02
The 2012 $490,000 Emergency Levy with approximately 3.53 mills was renewed November 2, 2021, and will expire December 31, 2027. We have to move the levy from Line 1.01, 1.02 and 1.05 of the forecast and place it in Line 11.02. We anticipate that this levy will be renewed. We thank our community for their ongoing support of the school district.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Renewal ($490,000) Emergency	$0	$0	$0	$0	$301,561
Renew	0	0	0	0	0
Total Line # 11.020	$0	$0	$0	$0	$301,561

School District Income Tax – Line#1.030

The school district income tax (SDIT) is levied at 1% on the income of district residents and is a continuing levy (originally passed in 1990). The SDIT uses as its base the same taxable income as reported for state income purposes.

We projected an increase of 2% in income tax collections in FY24 but it actually increased 2.21%. As we move into post-pandemic economic times we are seeing that income tax collections are beginning to flatten out with slower growth. We will assume an annual growth rate of 1% for FY25-FY28.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
SDIT Collection	$1,395,019	$1,425,805	$1,440,064	$1,454,466	$1,469,011
Adjustments	30,786	14,259	14,402	14,546	14,691
Total SDIT Line #1.030	$1,425,805	$1,440,064	$1,454,466	$1,469,011	$1,483,702

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.

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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

1. 60% based on the 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 the most recent three-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 the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is 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 multiplied by the local share multiplier index for each district. The result is the local per pupil capacity 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). It 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, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is 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 the number and concentration of economically disadvantaged students compared to the 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 the time students 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; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

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

Future State Budget Projections beyond FY25

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

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open 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% of 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, beginning 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	FY 24	FY 25	FY 26	FY 27	FY 28
Basic Aid-Unrestricted	$4,368,611	$4,986,876	$5,186,876	$5,386,876	$5,586,876
Additional Aid Items	135,345	142,666	142,666	142,666	142,666
Basic Aid-Unrestricted Subtotal	$4,503,956	$5,129,542	$5,329,542	$5,529,542	$5,729,542
Ohio Casino Commission ODT	48,309	48,699	49,091	49,485	49,879
Total Unrestricted State Aid Line # 1.035	$4,552,265	$5,178,241	$5,378,633	$5,579,027	$5,779,421

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

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 $35,690 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	FY 24	FY 25	FY 26	FY 27	FY 28
DPIA	$23,053	$21,154	$21,154	$21,154	$21,154
Career Tech - Restricted	15,479	13,595	13,595	13,595	13,595
Gifted	51,553	51,092	51,092	51,092	51,092
ESL	0	0	0	0	0
Other Restricted State Funds	35,690	0	0	0	0
Student Wellness	204,602	205,200	205,200	205,200	205,200
Total Restricted State Revenues Line #1.040	$330,377	$291,041	$291,041	$291,041	$291,041

C) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY24-28.

SUMMARY	FY 24	FY 25	FY 26	FY 27	FY 28
Unrestricted Line # 1.035	$4,552,265	$5,178,241	$5,378,633	$5,579,027	$5,779,421
Restricted Line # 1.040	330,377	291,041	291,041	291,041	291,041
Rest. Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$4,882,642	$5,469,282	$5,669,674	$5,870,068	$6,070,462

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

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 or older or 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 did not get a new application approved for the tax year 2013 and who become eligible after that 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 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.

b) Tangible Personal Property Reimbursements – Fixed Rate
The district does not receive TPP Fixed Rate or Fixed Sum reimbursements.

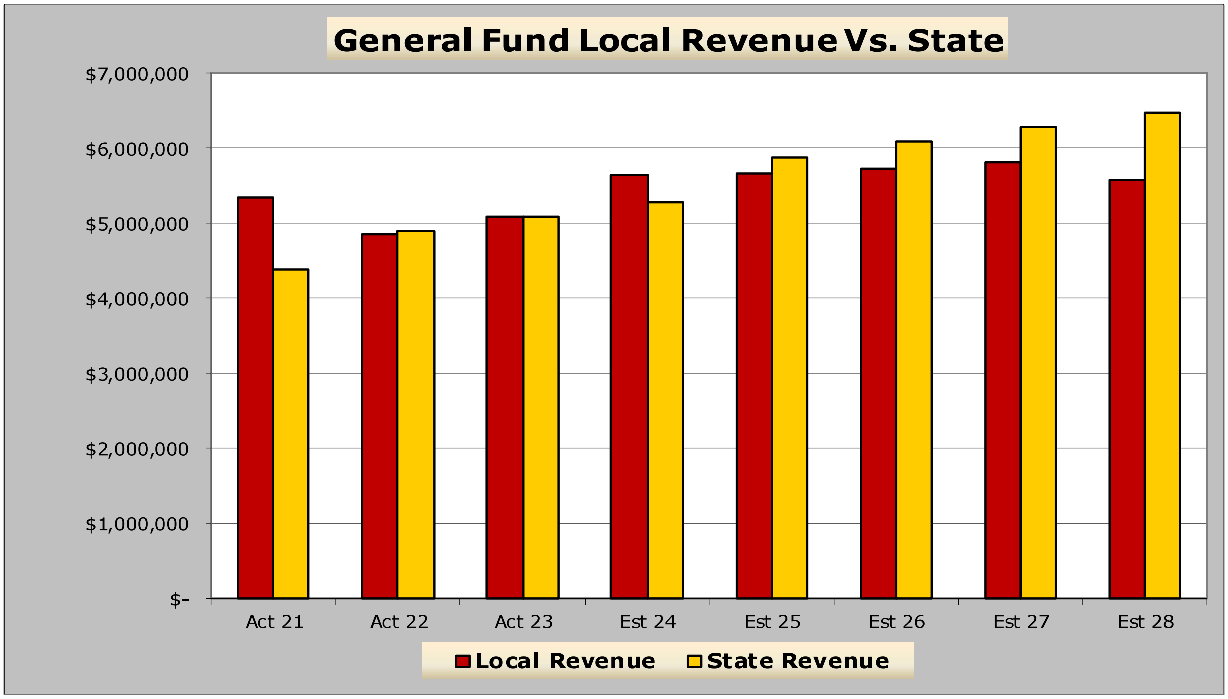
Summary of State Tax Reimbursement – Line #1.050

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Rollback and Homestead	$406,481	$407,549	$414,013	$422,222	$398,241
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	$406,481	$407,549	$414,013	$422,222	$398,241

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. HB33, the new state budget, will continue to pay open enrolled student revenue as state funding and not as other revenue which was past practice. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical 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, and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid. Tuition, class fees and other income sources are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Open Enrollment Gross	$0	$0	$0	$0	$0
Tuition SF-14 & Excess Costs	283,318	286,151	289,013	291,903	294,822
Medicaid, Class Fees and Other Income	289,459	292,354	295,277	298,230	301,212
Total Other Local Revenue Line #1.060	$572,777	$578,505	$584,290	$590,133	$596,034

Comparison of Local Revenue and State Revenue:



Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing planned for in this forecast at this time from any sources.

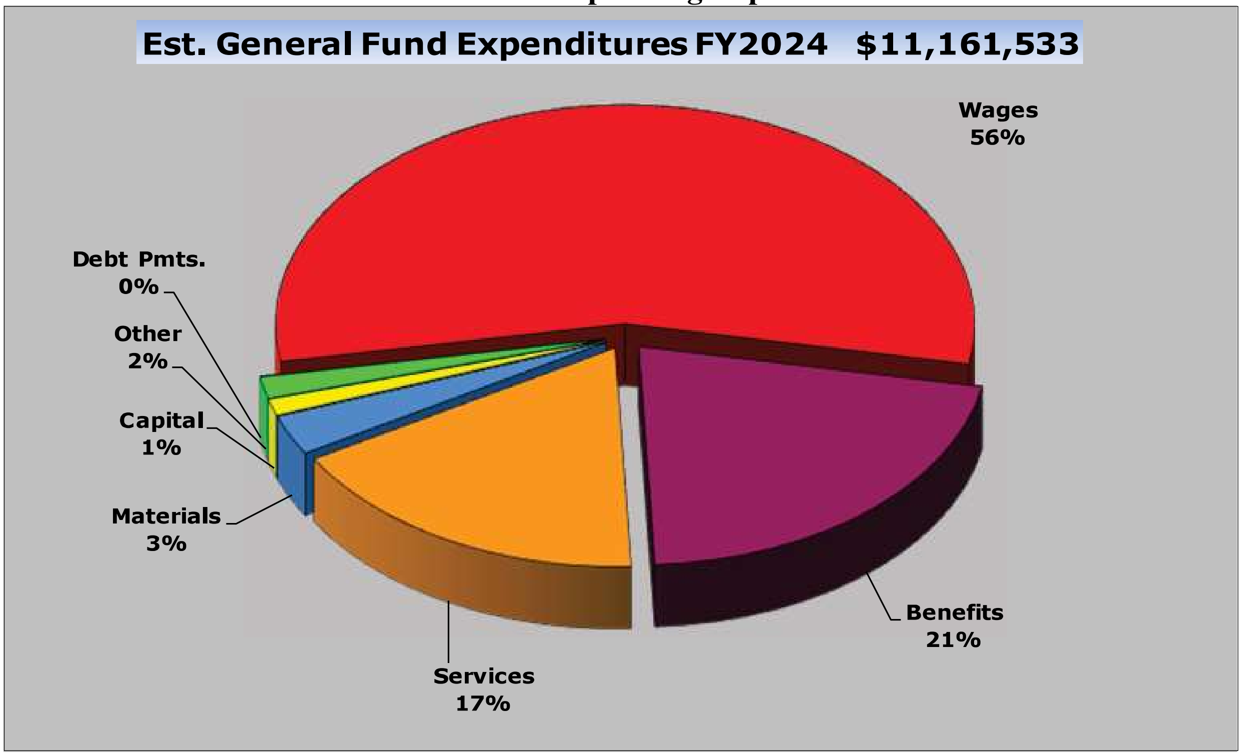
Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050 ,#2.060 & Line #14.010
These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. The advances out in the prior fiscal year are expected to be repaid in the current year, as noted in the table below.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	147,907	90,000	100,000	110,000	110,000
Total Transfer & Advances In	$147,907	$90,000	$100,000	$110,000	$110,000

Sources	FY 24	FY 25	FY 26	FY 27	FY 28
Refund of prior years expenditures	$20,000	$20,000	$20,000	$20,000	$20,000

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY24



Wages – Line #3.010
A 1.25% increase was paid in FY22 and FY23, and 3% for FY24. We are estimating 1.25% for FY25 and then for planning purposes we have estimated a 0% base increase for FY27-FY28. The district will return three (3) staff members paid with ESSER fund to the General Fund in FY25. Severance payments are funded through transfer out to a benefit fund 035, noted on line 5.010 of the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Base Wages	$5,603,713	$5,845,106	$6,228,824	$6,393,718	$6,484,380
Increases	168,111	116,902	77,860	-	-
Steps & Training	123,282	128,592	137,034	140,662	142,656
Substitutes & Suplementals	325,997	329,257	332,549	335,875	339,233
Staff Adjustments SWSF and ESSER	0	188,223	0	0	0
Total Wages Line #3.010	$6,221,103	$6,608,080	$6,776,267	$6,870,254	$6,966,270

Fringe Benefits Estimates Line 3.02
This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid.

A) STRS/SERS
As the law requires, the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance

Insurance Trend is adjusted upward by a composite rate for all coverages of 7.78% a year increase for FY22 and 7% in FY23. We will continue to project 7% FY24 through FY28, which reflects the trend of our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .04% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY24-FY28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees 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.

Estimated Fringe Benefits – Line #3.020

Source	FY 24	FY 25	FY 26	FY 27	FY 28
STRS/SERS	$952,172	$1,009,214	$1,034,603	$1,049,236	$1,063,712
Insurance's	1,309,037	1,434,550	1,534,968	1,642,416	1,757,385
Workers Comp/Unemployment	25,184	26,732	27,405	27,781	28,165
Medicare	87,095	92,513	94,868	96,184	97,528
Other/Tuition	4,414	4,414	4,414	4,414	4,414
Total Fringe Benefits Line #3.020	$2,377,903	$2,567,424	$2,696,257	$2,820,030	$2,951,204

Purchased Services – Line #3.030

HB33, the new state budget continues direct paying open enrollment, community and STEM school costs to the educating districts, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SROs and then returned these costs to the General Fund in FY24-28.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Base Services	$545,030	$555,930	$567,049	$578,390	$589,958
ESC Ded. - Sp Ed. , Scholarship,	1,264,958	1,302,907	1,341,994	1,382,254	1,423,722
Open Enrollment Deduction	0	0	0	0	0
STEM, Community School & CC+	28,899	30,344	31,861	33,454	35,127
Utilities	85,178	89,437	93,909	98,604	103,535
Total Purchased Services Line #3.030	$1,924,066	$1,978,619	$2,034,814	$2,092,703	$2,152,341

Supplies and Materials – Line #3.040

Expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, and bus fuel.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Supplies	$299,734	$308,726	$317,988	$327,528	$337,354
Textbooks	28,997	28,997	28,997	28,997	28,997
Total Supplies Line #3.040	$328,731	$337,723	$346,985	$356,525	$366,351

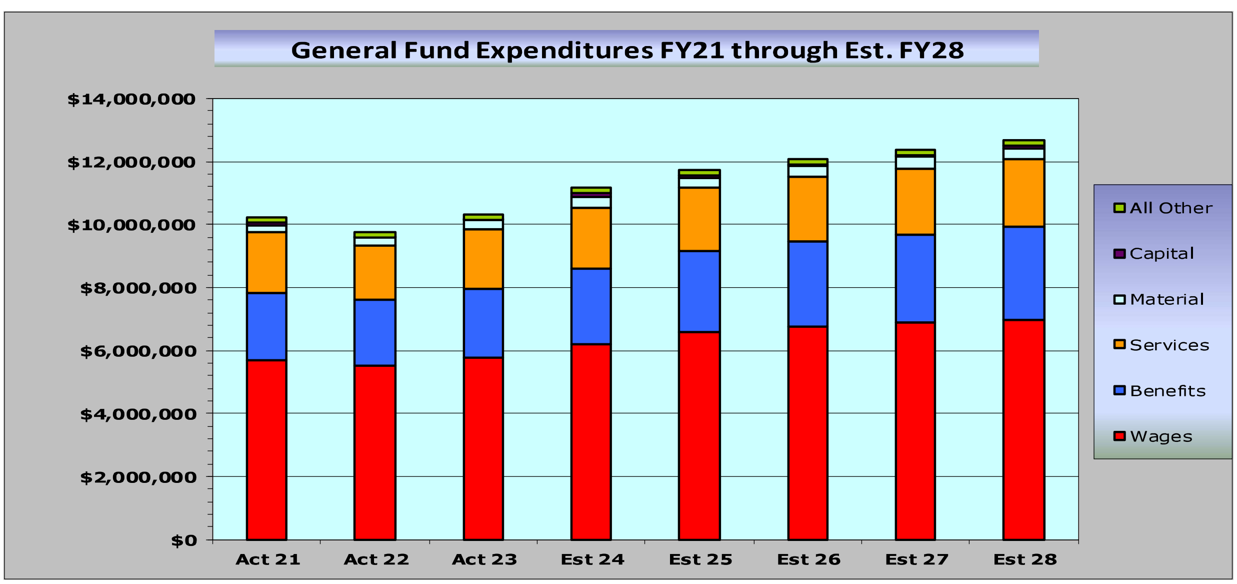
Equipment – Line # 3.050
Includes new and replacement equipment, vehicles, and building/land improvements/construction. The District is assuming every other year purchasing one bus at a time, thus causing erratic fluctuations in this line item. We have adjusted the purchase of new buses due to the reduction in the number of routes. The district is projecting near flat funding in FY24-FY28.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Capital Outlay	$48,925	$50,393	$51,905	$53,462	$55,066
New Busses	85,000	-	-	-	-
New Building	0	0	0	0	0
Total Equipment Line #3.050	$133,925	$50,393	$51,905	$53,462	$55,066

Other Expenses – Line #4.300
Include county auditor and treasurer fees, county ESC deductions, fee on delinquent taxes paid, annual single audit charges, bank charges, liability and accident insurance, professional dues/fees/memberships, judgments against the district, back pay, awards and prizes. There are fluctuations year to year because we are attempting to go to every other year audits to save auditing fees due to being under the threshold for Federal Fund income.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
A&T Fees	$83,290	$84,123	$84,964	$85,814	$86,672
Audit Fee, Liability Ins. & Other Fees	92,516	94,366	96,253	98,178	100,142
Total Other Expenses Line #4.300	$175,806	$178,489	$181,217	$183,992	$186,814

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28
The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



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. The largest advances planned in this area are for federal programs and an annual expected food service advance.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Transfers Out/ Contingency Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	90,000	100,000	110,000	110,000	110,000
Total Transfer & Advances Out	$90,000	$100,000	$110,000	$110,000	$110,000

Encumbrances –Line#8.010

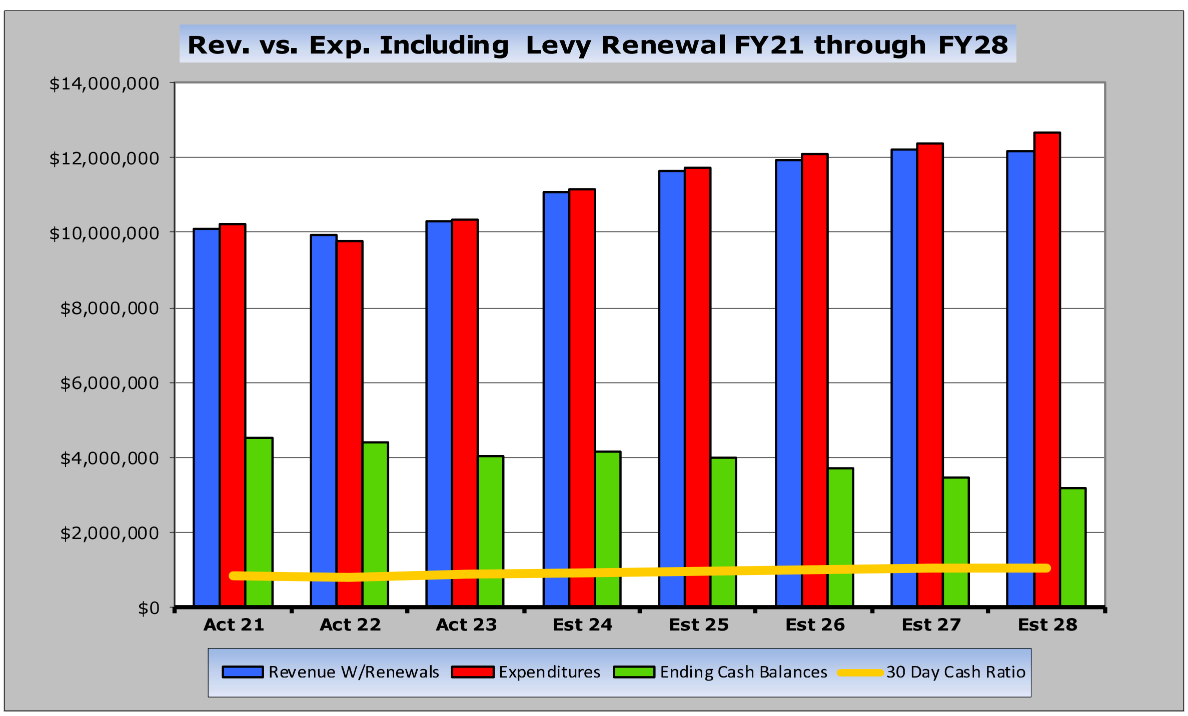
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. The amounts outstanding vary year to year.

	FY 24	FY 25	FY 26	FY 27	FY 28
Estimated Encumbrances	$115,000	$115,000	$115,000	$115,000	$115,000

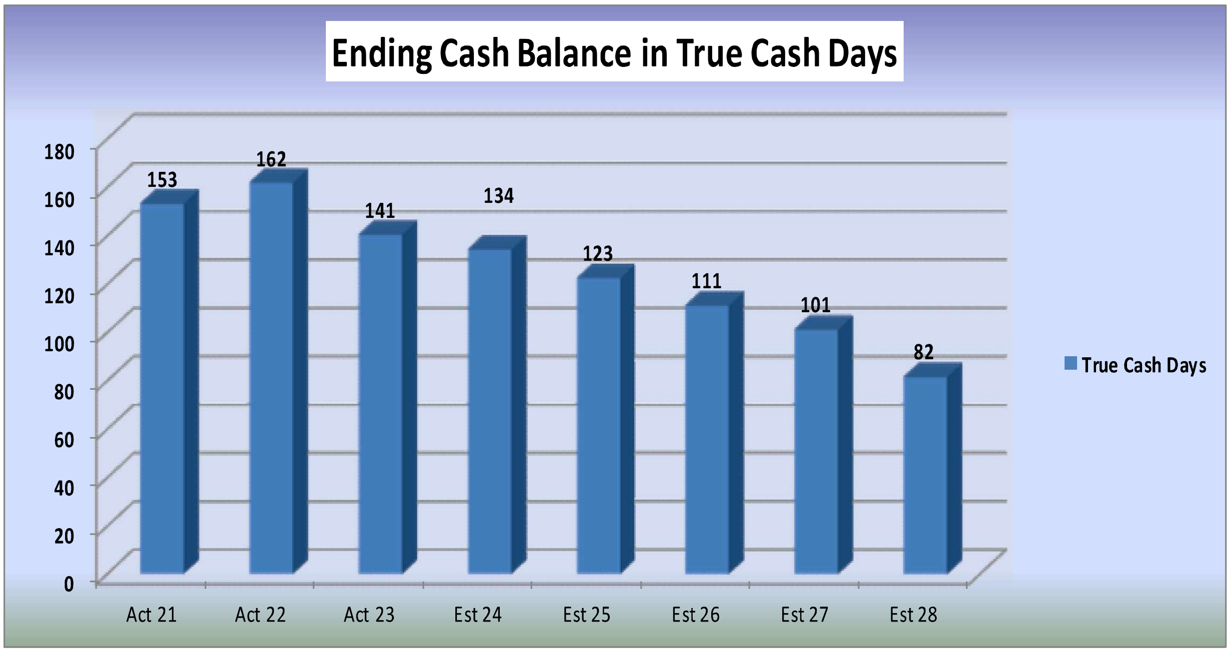
Ending Unencumbered Cash Balance "The Bottom-line"– Line#15.010

This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violate 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $841,000 for our district. The graph below includes renewal of the district emergency levy that will expire December 31, 2027.

	FY 24	FY 25	FY 26	FY 27	FY 28
Ending Cash Balance	$ 4,142,570	$ 3,971,973	$ 3,716,301	$ 3,463,781	$ 3,164,789



True Cash Days Ending Balance Renewal Levy Passage
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) = the number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends that no less than two (2) months or 60 days of cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



As you read through the notes and review the forecast, remember that the forecast is based on the best information available to us when the forecast is prepared.