SOUTHEASTERN LOCAL SCHOOL DISTRICT - CLARK COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
ACTUAL JUNE 30, 2020, 2021, 2022
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH 2027

Forecast Provided By

Southeastern Local School District

Treasurer's Office

Ben Kitchen, Treasurer

Southeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	2,603,165	2,702,206	2,633,708	0.6%	2,618,468	2,657,843	2,666,451	2,695,997	2,730,154
1.020	Public Utility Personal Property Tax	371,098	429,994	451,506	10.4%	477,052	481,459	484,851	487,874	490,710
1.030	Income Tax	1,131,691	1,164,077	1,359,089	9.8%	1,399,863	1,413,862	1,428,002	1,442,283	1,456,707
1.035	Unrestricted State Grants-in-Aid	3,895,385	3,962,006	4,437,280	6.9%	4,426,047	4,401,862	4,402,460	4,403,063	4,403,672
1.040	Restricted State Grants-in-Aid	50,883	56,283	109,018	52.2%	252,212	252,212	252,212	252,212	252,212
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	479,618	369,015	361,092	-12.6%	357,459	359,638	360,999	364,940	370,494
1.060	All Other Revenues	846,223	1,054,493	402,848	-18.6%	406,876	410,945	415,055	419,205	423,397
1.070	*Total Revenues*	9,378,063	9,738,074	9,754,541	2.0%	9,937,976	9,977,820	10,010,030	10,065,575	10,127,347
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advances	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	1,580	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	49,616	241,548	166,949	178.0%	89,647	80,000	90,000	100,000	110,000
2.060	All Other Financing Sources	45,660	99,553	12,581	15.3%	25,000	25,000	25,000	25,000	25,000
2.070	*Total Other Financing Sources*	96,856	341,101	179,530	102.4%	114,647	105,000	115,000	125,000	135,000
2.080	*Total Revenues and Other Financing Sources*	9,474,919	10,079,175	9,934,071	2.5%	10,052,623	10,082,820	10,125,030	10,190,575	10,262,347
	Expenditures									
3.010	Personal Services	5,719,022	5,692,329	5,524,099	-1.7%	5,655,198	5,608,396	5,749,849	5,703,111	5,656,406
3.020	Employees' Retirement/Insurance Benefits	2,019,708	2,122,452	2,076,175	1.5%	2,183,929	2,262,170	2,409,820	2,501,802	2,600,536
3.030	Purchased Services	1,953,741	1,954,567	1,725,434	-5.8%	1,773,974	1,823,978	1,875,493	1,928,569	1,983,257
3.040	Supplies and Materials	216,957	210,489	249,964	7.9%	256,327	262,881	269,632	276,585	283,747
3.050	Capital Outlay	54,689	68,072	14,071	-27.4%	47,500	133,925	50,393	51,905	53,462
3.060	Intergovernmental				0.0%					
	Debt Service:									
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300	Other Objects	181,557	171,408	168,487	-3.6%	172,592	175,287	178,029	180,818	183,654
4.500	*Total Expenditures*	10,145,674	10,219,317	9,758,230	-1.9%	10,089,520	10,266,637	10,533,217	10,642,790	10,761,062
	Other Financing Uses									
5.010	Operating Transfers-Out	1,580	351,886	23,741	11039.0%	0	0	0	0	0
5.020	Advances-Out	241,548	166,949	89,647	-38.6%	$80,000	$90,000	$100,000	$110,000	$110,000
5.030	All Other Financing Uses	0	0	0	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	243,128	518,835	113,388	17.6%	80,000	90,000	100,000	110,000	110,000
5.050	*Total Expenditures and Other Financing Uses*	10,388,802	10,738,152	9,871,618	-2.4%	10,169,520	10,356,637	10,633,217	10,752,790	10,871,062
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(913,883)	(658,977)	62,453	-68.7%	(116,897)	(273,817)	(508,187)	(562,215)	(608,715)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,224,993	5,311,110	4,652,133	-13.5%	4,714,586	4,597,689	4,323,872	3,815,685	3,253,471
7.020	*Cash Balance June 30*	5,311,110	4,652,133	4,714,586	-5.5%	4,597,689	4,323,872	3,815,685	3,253,471	2,644,756
8.010	*Estimated Encumbrances June 30*	295,299	37,587	230,531	213.0%	115,000	115,000	115,000	115,000	115,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	102,838	102,838	102,838	0.0%	102,838	102,838	102,838	102,838	102,838
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal*	102,838	102,838	102,838	0.0%	102,838	102,838	102,838	102,838	102,838
10.010	*Fund Balance June 30 for Certification of Appropriations*	4,912,971	4,511,708	4,381,217	-5.5%	4,379,851	4,106,034	3,597,847	3,035,633	2,426,918

Southeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement				0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	4,912,971	4,511,708	4,381,217	-5.5%	4,379,851	4,106,034	3,597,847	3,035,633	2,426,918
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	0	0	0	0	0
13.020	Property Tax - New			2	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	-	-	2	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-		0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	4,912,971	4,511,708	4,381,219	-5.5%	4,379,851	4,106,034	3,597,847	3,035,633	2,426,918

Southeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual			Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
2.080	Total Revenues	9,474,919	10,079,175	9,934,071	10,052,623	10,082,820	10,125,030	10,190,575	10,262,347
5.050	Total Expenditures	10,388,802	10,738,152	9,871,618	10,169,520	10,356,637	10,633,217	10,752,790	10,871,062
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(913,883)	(658,977)	62,453	(116,897)	(273,817)	(508,187)	(562,215)	(608,715)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,224,993	5,311,110	4,652,133	4,714,586	4,597,689	4,323,872	3,815,685	3,253,471
7.020	Cash Balance June 30	5,311,110	4,652,133	4,714,586	4,597,689	4,323,872	3,815,685	3,253,471	2,644,756
	Reservations	398,137	140,425	333,369	217,838	217,838	217,838	217,838	217,838
11.300	Cumulative Balance of Replacement/Renewal Levies	0	0	2	0	0	0	0	0
15.010	Unreserved Fund Balance June 30	4,912,971	4,511,708	4,381,219	4,379,851	4,106,034	3,597,847	3,035,633	2,426,918

As forecasted May 2022	3,976,730.81	$3,323,949	$2,698,073	$1,996,731	1,234,217	
Difference in Fund Balance	404,488	1,055,902	1,407,962	1,601,116	1,801,416	

SOUTHEASTERN LOCAL SCHOOL DISTRICT-CLARK COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021, and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023, THROUGH JUNE 30, 2027

Home of the Trojans!

Forecast Provided By
Southeastern Local School District
Treasurer's Office
Mr. Ben Kitchen, Treasurer
October 18, 2022

Southeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
October 18, 2022

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.

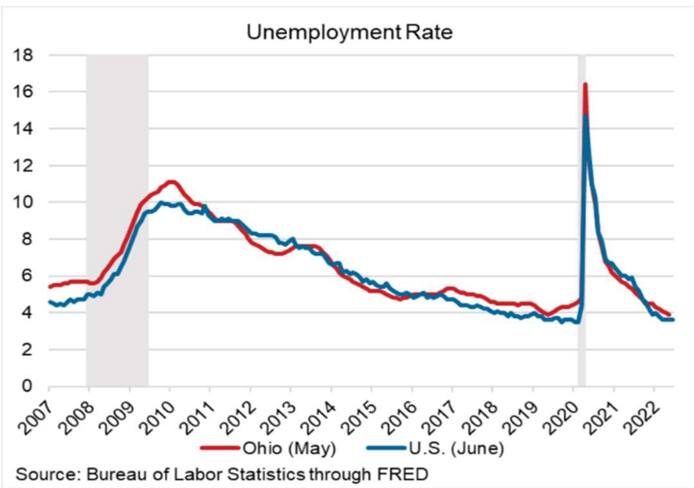
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

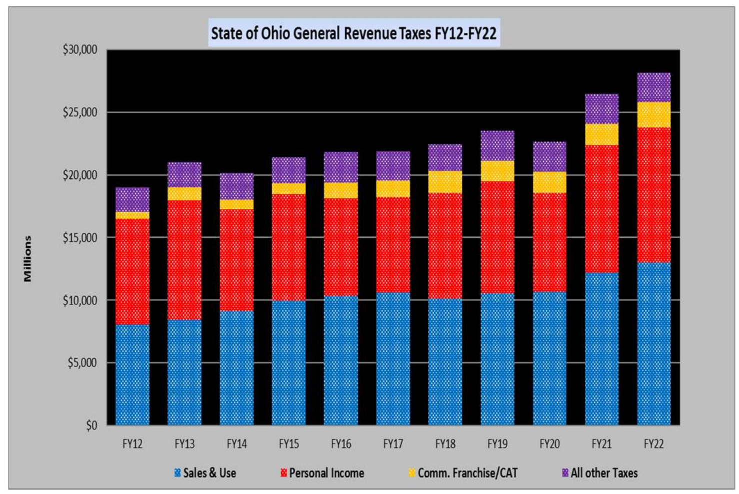
Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment, and many economists anticipate an economic recession in the first half of the calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.





While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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 following 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 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) We are estimated to have a slight positive cash balance at the end of FY26 with renewal of the $490,000 emergency levy that occurred on November 2, 2021, but there are many things that could occur over the next several years to change that estimate. This could change depending upon state funding FY24-27, new legislation that could increase costs, assessed values fall in the 2022 and 2023 reappraisal updates and staff negotiations. Also how the district uses ESSER II and III funds could have a bearing on the long term financial position of the district.

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 49.33% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed average collection trends. We believe there is a low risk that local collections would 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 2019 tax year to be collected in FY20. The 2019 reappraisal decreased overall assessed values by $3.43 million or a decrease of 2.74%. A reappraisal update will occur in tax year 2022 for collection in FY23. We anticipate value increases for Class I and II property by $3.64 million for an overall increase of 3%. Greene County will experience a reappraisal in 2023 to be collected in 2024. We anticipate a 1% increase in Class I values and no change in Class II 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.

4) The state budget represented 50.67% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

5) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has 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. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21 reflect different trends on Lines 1.035, 1.04, 1.06, and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

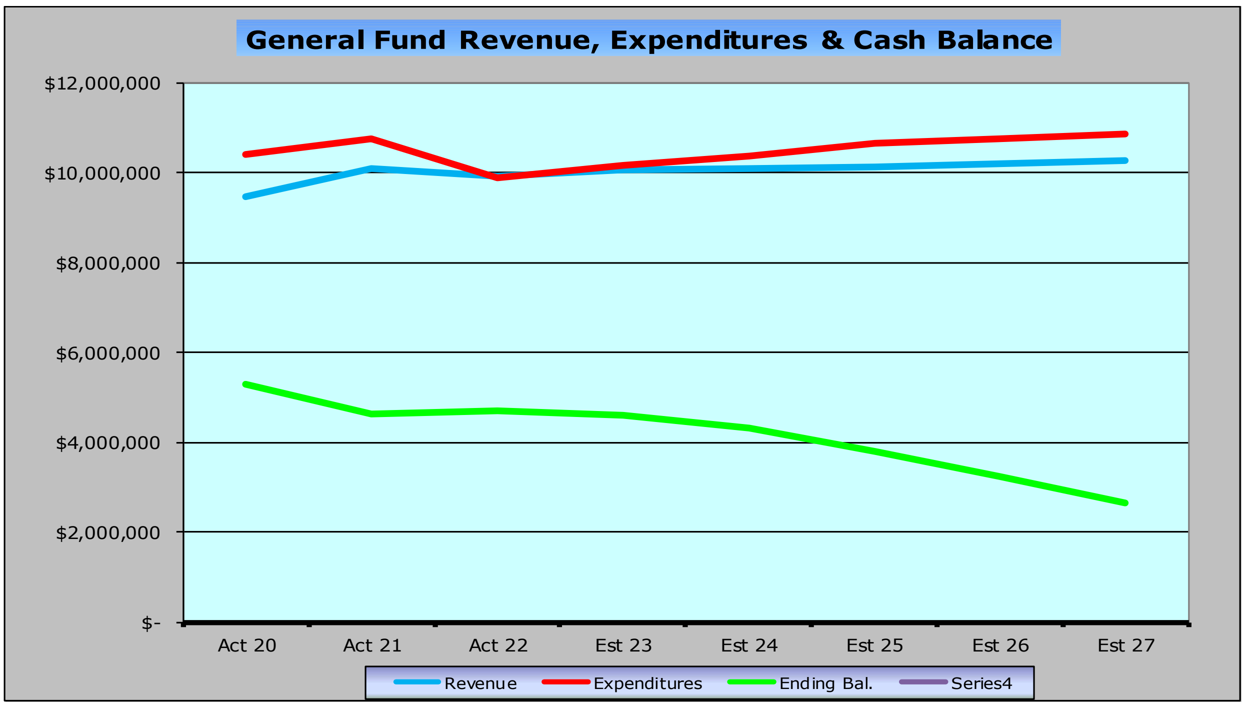
6) HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose 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 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 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.

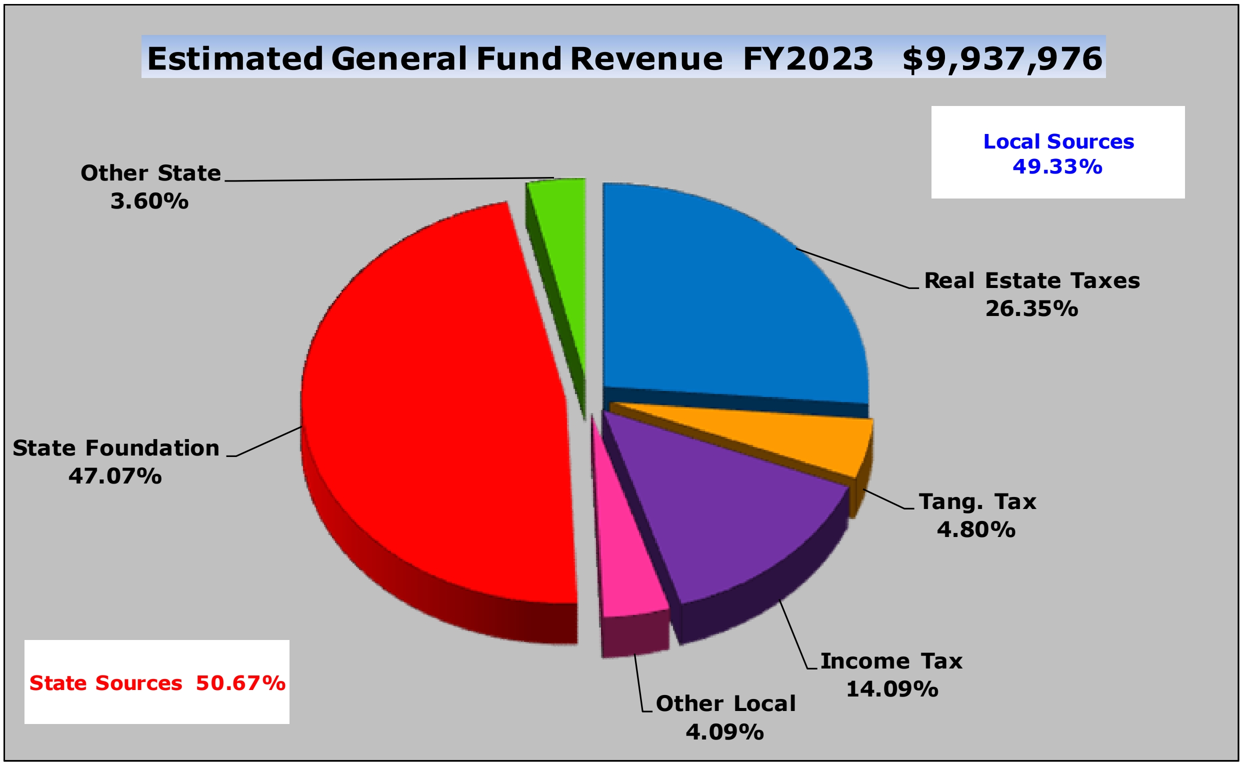
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

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 FY23



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Our district has property values in Clark (95%) and Greene (5%) Counties as indicated by the percentages noted. The 2019 reappraisal for Clark County resulted in an overall decrease in values of 3.8% for residential/agricultural (Class I) values and essentially no change for commercial (Class II) values. The Greene County update in tax year 2020 resulted in residential/agricultural values decreasing by .17% overall. This meant that Greene County's Class I values (84% of which is agricultural) fell by roughly 1.16%, resulting in our districts overall Class I values falling by .52% due to the small percentage of Greene County values relative to our total. A reappraisal update (Clark County) will occur in 2022 for collection in 2023 for which we are estimating a 3% increase in residential and a 0% increase for commercial/industrial property. Greene County will experience a reappraisal in 2023 to be collected in 2024. We anticipate residential/agricultural values to increase 1%. There is however always a minor risk that the district could sustain a reduction in values in the 2022 Clark County and 2023 Greene County updates but we do not anticipate that at this time.

Public Utility Personal Property (PUPP) values increased by $1.34 million in Tax Year 2021. We expect our values to continue to grow by $100,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR2025 COLLECT 2026	Estimated TAX YEAR2026 COLLECT 2027
Res./Ag.	$112,424,702	$113,898,949	$114,248,949	$118,026,417	$119,556,681
Comm./Ind.	12,580,830	12,605,830	12,630,830	12,655,830	12,680,830
Public Utility Personal Property (PUPP)	12,823,370	12,923,370	13,023,370	13,123,370	13,223,370
Total Assessed Value	$137,828,902	$139,428,149	$139,903,149	$143,805,617	$145,460,881

Estimated Real Estate Tax (Line #1.010)

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Est. General Property Taxes Line #1.010	$2,618,468	$2,657,843	$2,666,451	$2,695,997	$2,730,154

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 $11.34 million in assessed values in 2021 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 2021 rose by 15.87% or $1,385,160 and are expected to modestly grow each year of the forecast.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Public Utility taxes	$477,052	$481,459	$484,851	$487,874	$490,710

Renewal and Replacement Levies – Line #11.02
The 2012 $490,000 Emergency Levy with at approximately 3.53 mils that expires December 31, 2022 was renewed on November 2, 2021. We thank our community for their ongoing support of the school district.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Renewal ($490,000) Emergency	$0	$0	$0	$0	$0
Renew	0	0	0	0	0
Total Line # 11.020	$0	$0	$0	$0	$0

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. These monies are not restricted, so the district can use these funds for any purpose it chooses. The advantage of the SDIT for Southeastern is that there is no millage reduction factors to negatively affect collection of this tax and the proceeds from this tax theoretically grow as residents' income grows.

We projected an increase of 2.5% in income tax collections in FY22 but it actually increased 16.75% which is good news. As we move into post-pandemic economic times we are seeing that income tax collections are beginning to increase with the economic recovery. So far in FY23 income tax collection statewide have increased on average 11.7%. Our income tax in FY23 is up 3% over FY22. We will assume an annual growth rate of 3% for FY23 and 1% for FY24-FY27 with a possible recession looming in 2023 that could slow down growth.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
SDIT Collection	$1,359,089	$1,399,863	$1,413,862	$1,428,002	$1,442,283
Adjustments	40,774	14,000	14,140	14,281	14,424
Total SDIT Line #1.030	$1,399,863	$1,413,862	$1,428,002	$1,442,283	$1,456,707

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035
The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. Complete calculations of the new formula were not available for nearly all of the last fiscal year. We have projected FY23 funding based on the September 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to continue on the formula in FY24-FY27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

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

<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 statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. 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 $7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts 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 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 (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 the most recent year 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 finally 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. An amount of 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 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

Restricted Categorical State Aid
1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on 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 0% for FY22 and 14% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond for DPIA.

2. English Learners – Based on funded categories based on the time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds- These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase-in.

HB110 includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on total state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of guarantee in FY22. In general, the same number will occur in FY23 since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until entirely spent.

Future State Budget Projections beyond FY23

Our funding status for the FY24-27 will depend on unknown (2) new state budgets. 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 in the forecast for FY23 through FY27.

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.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped mainly due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil; actual payments in FY22 were $62.87 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Basic Aid-Unrestricted	$4,217,878	$4,193,100	$4,193,100	$4,193,100	$4,193,100
Additional Aid Items	162,191	162,191	162,191	162,191	162,191
Basic Aid-Unrestricted Subtotal	$4,380,069	$4,355,291	$4,355,291	$4,355,291	$4,355,291
Ohio Casino Commission ODT	45,978	46,571	47,169	47,772	48,381
Total Unrestricted State Aid Line # 1.035	$4,426,047	$4,401,862	$4,402,460	$4,403,063	$4,403,672

B) Restricted State Revenues – Line # 1.040

HB110 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 0% phase in growth for FY22 and 14% in FY23. We have flat-lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
DPIA	$17,843	$17,843	$17,843	$17,843	$17,843
Career Tech - Restricted	10,368	10,368	10,368	10,368	10,368
Gifted	48,200	48,200	48,200	48,200	48,200
ESL	0	0	0	0	0
Student Wellness	175,801	175,801	175,801	175,801	175,801
Total Restricted State Revenues Line #1.040	$252,212	$252,212	$252,212	$252,212	$252,212

C) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY23-27.

SUMMARY	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line # 1.035	$4,426,047	$4,401,862	$4,402,460	$4,403,063	$4,403,672
Restricted Line # 1.040	252,212	252,212	252,212	252,212	252,212
Rest. Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$4,678,259	$4,654,074	$4,654,672	$4,655,275	$4,655,884

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.

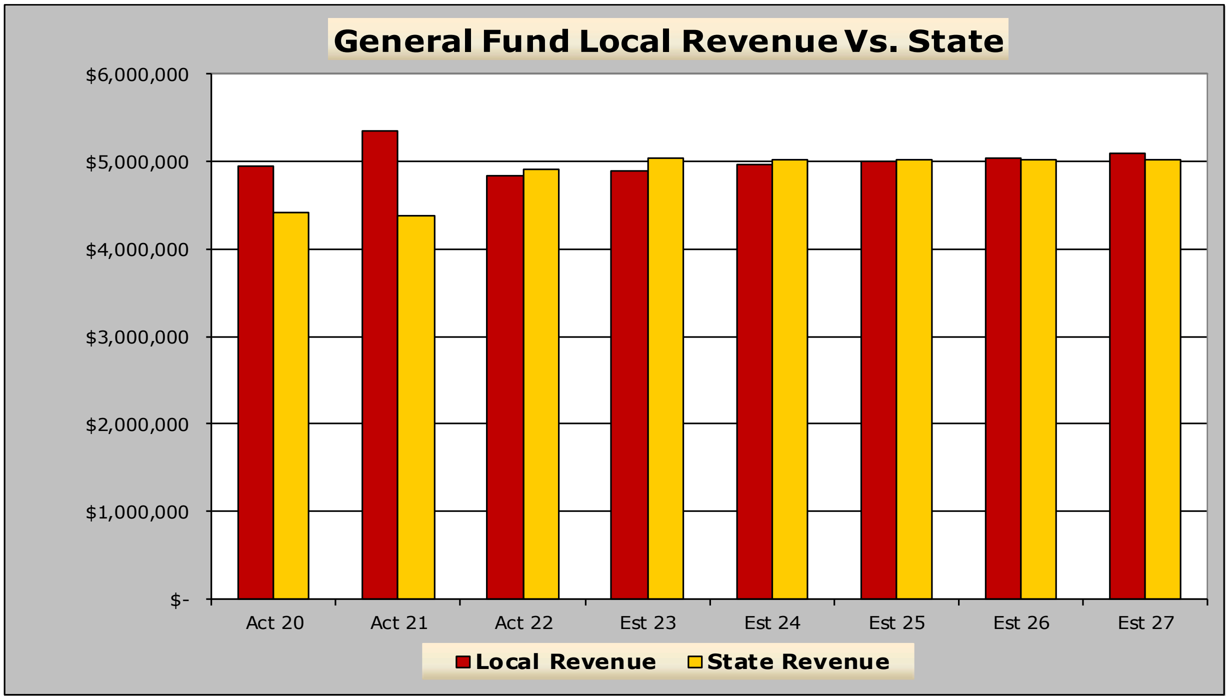
Summary of State Tax Reimbursement – Line #1.050

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead	$357,459	$359,638	$360,999	$364,940	$370,494
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	$357,459	$359,638	$360,999	$364,940	$370,494

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. 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 FY23-FY27 Line 1.06 revenues and historical FY20 through FY22 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. In FY21 and FY22, interest income fell due to fed rate reductions due to the pandemic, which will impact our earning capability in this area until rates and our ending cash balance begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Open Enrollment Gross	$0	$0	$0	$0	$0
Tuition SF-14 & Excess Costs	267,418	270,092	272,793	275,521	278,276
Medicaid, Class Fees and Other Income	139,459	140,853	142,262	143,685	145,121
Total Other Local Revenue Line #1.060	$406,876	$410,945	$415,055	$419,205	$423,397

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.

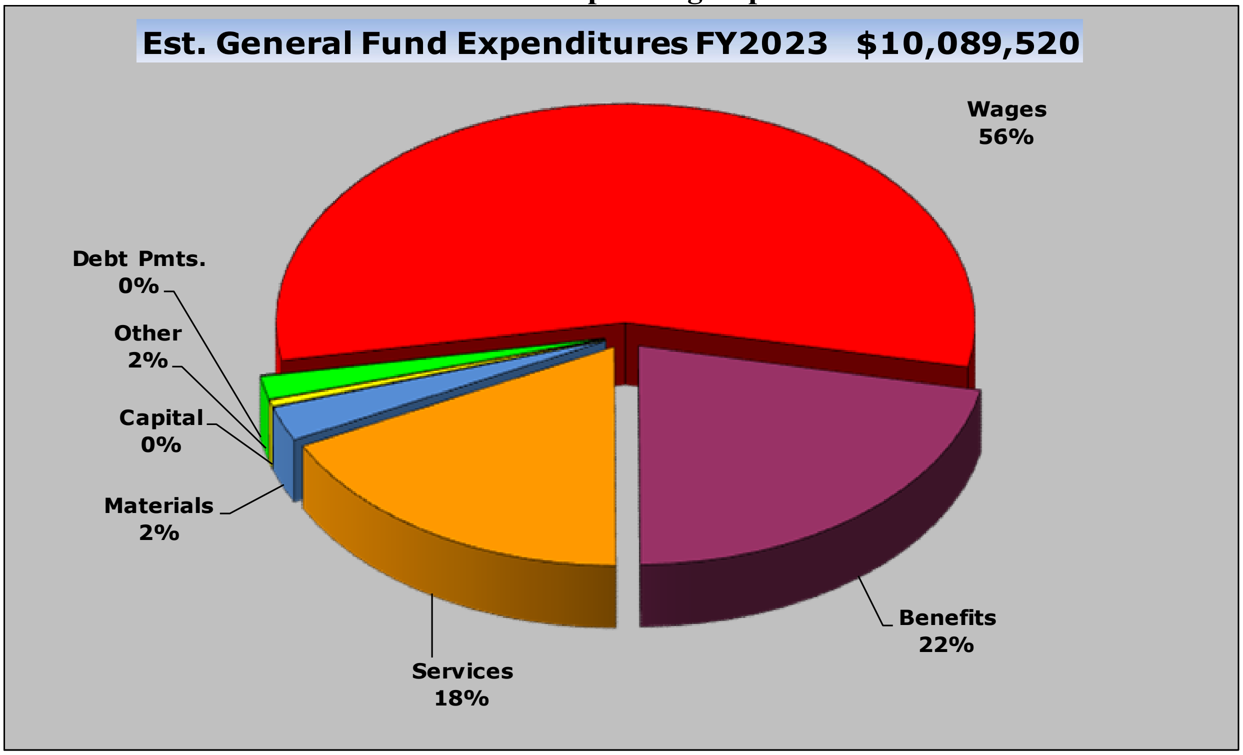
Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050 ,#2.060 & Line #14.010
These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the 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 23	FY 24	FY 25	FY 26	FY 27
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	89,647	80,000	90,000	100,000	110,000
Total Transfer & Advances In	$89,647	$80,000	$90,000	$100,000	$110,000

Sources	FY 23	FY 24	FY 25	FY 26	FY 27
Refund of prior years expenditures	$25,000	$25,000	$25,000	$25,000	$25,000

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY23



Wages – Line #3.010
A 1.25% increase is projected in FY22 and FY23, and for planning purposes we have estimated a 0% base increase and no steps due to deteriorating financial health of the district. 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 23	FY 24	FY 25	FY 26	FY 27
Base Wages	$5,157,469	$5,285,402	$5,235,402	$5,373,625	$5,323,625
Increases	64,468	-	-	-	-
Steps & Training	113,464	-	-	-	-
Substitutes & Suplementals	319,796	322,994	326,224	329,486	332,781
Staff Adjustments SWSF and ESSER	0	0	188,223	0	0
Total Wages Line #3.010	$5,655,198	$5,608,396	$5,749,849	$5,703,111	$5,656,406

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 coverage's of 7.78% a year increase for FY22, and 7% a year FY23 through FY27, which reflects the trend of our current employee census and claims data.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes initially 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 approximately .04% of wages FY23– FY27. Unemployment is likely to remain at a shallow level FY23-FY27. 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 23	FY 24	FY 25	FY 26	FY 27
STRS/SERS	$869,363	$864,045	$884,961	$878,782	$872,425
Insurance's	1,205,721	1,290,121	1,414,310	1,513,312	1,619,244
Workers Comp/Unemployment	22,921	22,734	23,299	23,112	22,926
Medicare	79,173	78,518	80,498	79,844	79,190
Other/Tuition	6,752	6,752	6,752	6,752	6,752
Total Fringe Benefits Line #3.020	$2,183,929	$2,262,170	$2,409,820	$2,501,802	$2,600,536

Purchased Services – Line #3.030
HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will start to direct pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to 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 offer these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and historical FY20 through 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 FY23-27.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Base Services	$573,444	$584,913	$596,611	$608,543	$620,714
ESC Ded. - Sp Ed. , Scholarship,	1,074,576	1,106,814	1,140,018	1,174,219	1,209,445
Open Enrollment Deduction	0	0	0	0	0
STEM, Community School & CC+	29,114	30,570	32,099	33,704	35,389
Utilities	96,839	101,681	106,765	112,104	117,709
Total Purchased Services Line #3.030	$1,773,974	$1,823,978	$1,875,493	$1,928,569	$1,983,257

Supplies and Materials – Line #3.040
Expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, and bus fuel.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Supplies	$218,478	$225,032	$231,783	$238,736	$245,898
Textbooks	37,849	37,849	37,849	37,849	37,849
Total Supplies Line #3.040	$256,327	$262,881	$269,632	$276,585	$283,747

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 FY22-FY26.

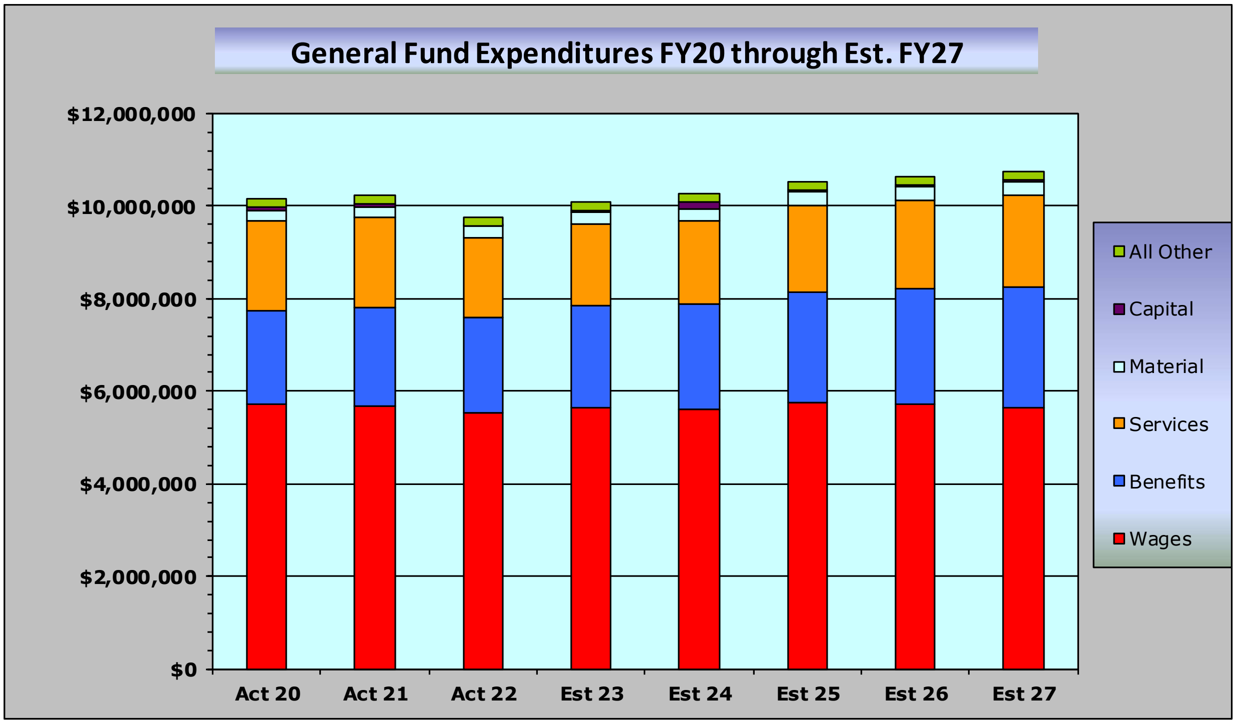
Source	FY 23	FY 24	FY 25	FY 26	FY 27
Capital Outlay	$47,500	$48,925	$50,393	$51,905	$53,462
New Busses	-	85,000	-	-	-
New Building	0	0	0	0	0
Total Equipment Line #3.050	$47,500	$133,925	$50,393	$51,905	$53,462

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 23	FY 24	FY 25	FY 26	FY 27
A&T Fees	$75,656	$76,412	$77,176	$77,948	$78,727
Audit Fee, Liability Ins. & Other Fees	96,936	98,875	100,853	102,870	104,927
Total Other Expenses Line #4.300	$172,592	$175,287	$178,029	$180,818	$183,654

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-FY27

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 23	FY 24	FY 25	FY 26	FY 27
Transfers Out/ Contingency Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	80,000	90,000	100,000	110,000	110,000
Total Transfer & Advances Out	$80,000	$90,000	$100,000	$110,000	$110,000

Encumbrances –Line#8.010

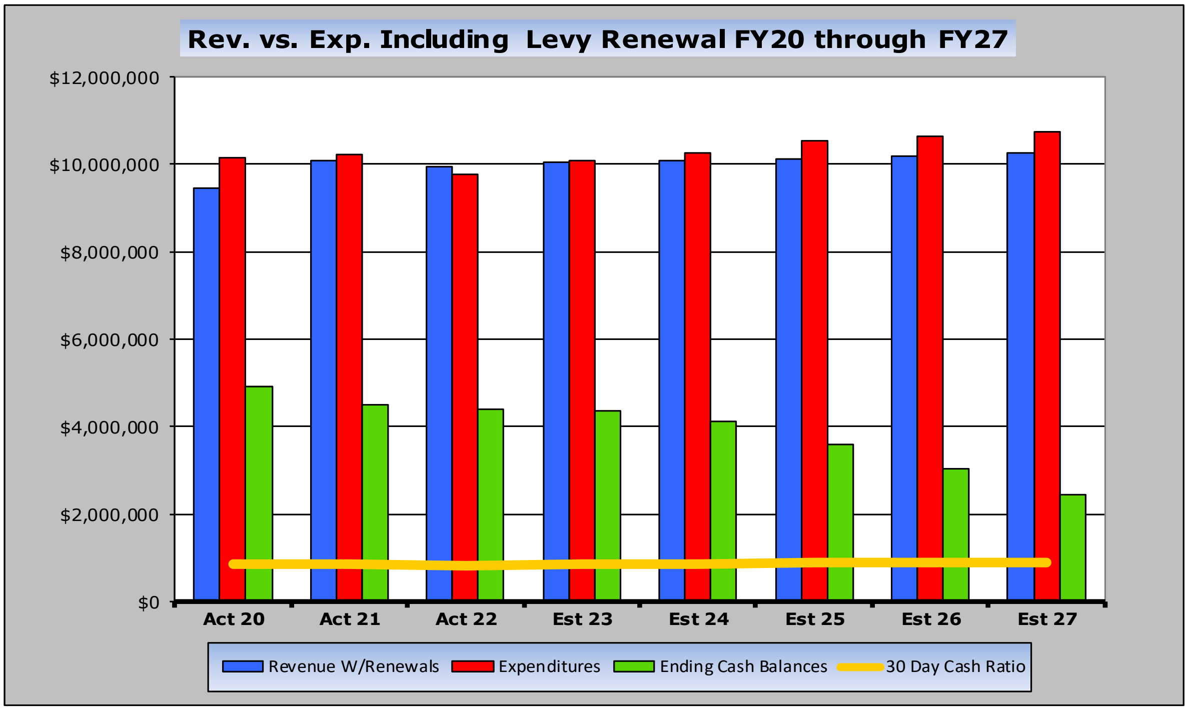
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. The amounts outstanding vary year to year.

	FY 23	FY 24	FY 25	FY 26	FY 27
Estimated Encumbrances	$115,000	$115,000	$115,000	$115,000	$115,000

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

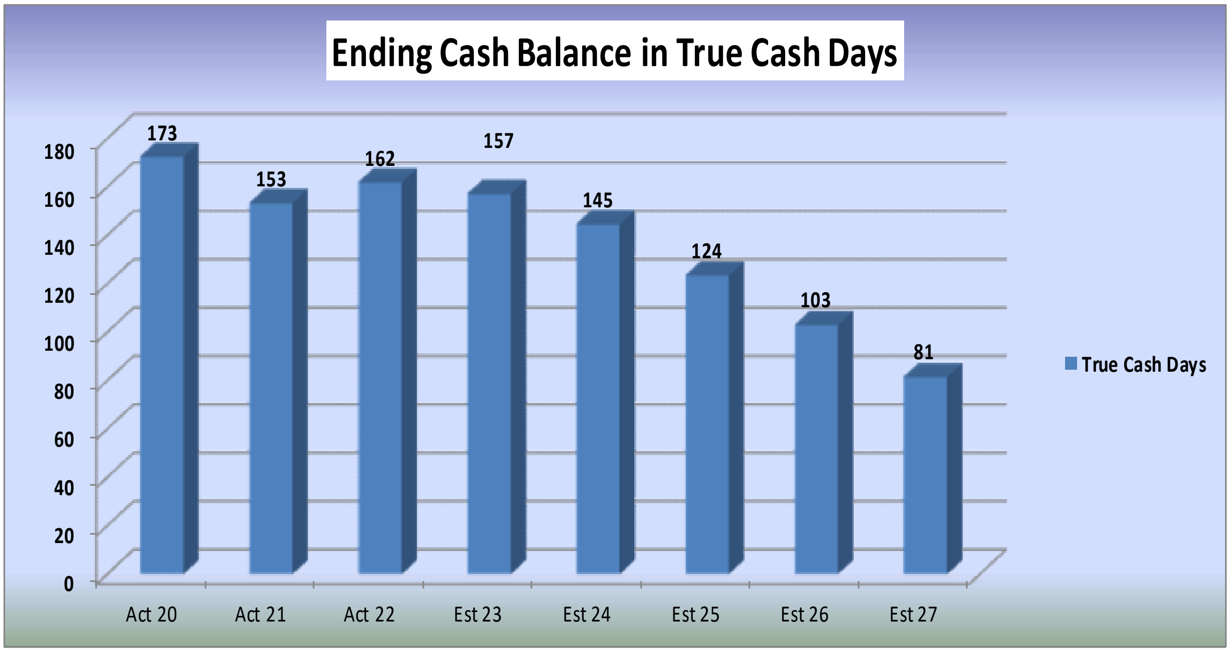
This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violate 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $835,851 for our district. The graph below includes renewal of the district emergency levy.

	FY 23	FY 24	FY 25	FY 26	FY 27
Ending Cash Balance	$ 4,379,851	$ 4,106,034	$ 3,597,847	$ 3,035,633	$ 2,426,918



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.