

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 | | | | Average Change | 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 |
| Revenues | | | | | | | | | | |
| 1.010 General Property Tax (Real Estate) | 2,603,165 | 2,702,206 | 2,633,708 | 0.6% | 2,772,833 | 3,032,291 | 3,050,585 | 3,100,488 | 3,150,561 | |
| 1.020 Public Utility Personal Property Tax | 371,098 | 429,994 | 451,506 | 10.4% | 435,766 | 474,592 | 478,300 | 481,377 | 484,288 | |
| 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% | 4,414,790 | 4,390,619 | 4,391,231 | 4,391,848 | 4,392,471 | |
| 1.040 Restricted State Grants-in-Aid | 50,883 | 56,283 | 109,018 | 52.2% | 254,569 | 254,569 | 254,569 | 254,569 | 254,569 | |
| 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% | 379,682 | 417,495 | 420,673 | 427,190 | 435,635 | |
| 1.060 All Other Revenues | 846,223 | 1,054,493 | 402,848 | -18.6% | 406,876 | 410,845 | 415,055 | 419,205 | 423,397 | |
| 1.070 Total Revenues | 9,378,063 | 9,738,074 | 9,754,541 | 2.0% | 10,064,380 | 10,394,374 | 10,438,415 | 10,516,961 | 10,597,628 | |
| 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% | 10,179,027 | 10,499,374 | 10,553,415 | 10,641,961 | 10,732,628 | |
| Expenditures | | | | | | | | | | |
| 3.010 Personal Services | 5,719,022 | 5,692,329 | 5,524,099 | -1.7% | 5,655,198 | 5,714,104 | 5,962,379 | 6,027,364 | 5,980,659 | |
| 3.020 Employees' Retirement/Insurance Benefits | 2,019,708 | 2,122,452 | 2,076,175 | 1.5% | 2,183,929 | 2,278,871 | 2,444,034 | 2,554,309 | 2,653,713 | |
| 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 | 218,957 | 210,489 | 249,964 | 7.9% | 256,327 | 262,881 | 269,632 | 276,585 | 283,747 | |
| 3.050 Capital Outlay | 54,669 | 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 | 175,267 | 178,029 | 180,818 | 183,654 | |
| 4.500 Total Expenditures | 10,145,674 | 10,219,317 | 9,758,230 | -1.9% | 10,089,520 | 10,389,046 | 10,779,961 | 11,019,550 | 11,138,493 | |
| 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 | 10,479,046 | 10,879,961 | 11,129,550 | 11,248,493 | |
| 6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | (913,883) | (658,977) | 62,453 | -68.7% | 9,507 | 20,328 | (326,546) | (487,589) | (515,865) | |
| 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 | 4,724,093 | 4,744,421 | 4,417,874 | 3,930,286 | |
| 7.020 Cash Balance June 30 | 5,311,110 | 4,652,133 | 4,714,586 | -5.5% | 4,724,093 | 4,744,421 | 4,417,874 | 3,930,286 | 3,414,421 | |
| 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 | |
| Fund Balance June 30 for Certification of Appropriations | 4,912,971 | 4,511,708 | 4,381,217 | -5.5% | 4,506,755 | 4,526,583 | 4,200,036 | 3,712,448 | 3,196,583 | |

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 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i> | | | | | | | | | |
| | 4,912,971 | 4,511,708 | 4,381,217 | -5.5% | 4,506,255 | 4,526,583 | 4,200,036 | 3,712,448 | 3,196,583 |
| 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 <i>Unreserved Fund Balance June 30</i> | 4,912,971 | 4,511,708 | 4,381,219 | -5.5% | 4,506,255 | 4,526,583 | 4,200,036 | 3,712,448 | 3,196,583 |

**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
April 18, 2023**

Southeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
April 18, 2023

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.

May 2023 Updates:

Revenues FY23

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 \$10,064,380 which is \$126,403 more than the November forecasted amount of \$9,937,976. This indicates the November forecast was 98.73% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 32% and are estimated to be \$3,208,599, which is \$113,709 higher for FY23 than the original November estimate of

\$3,095,520. Our estimates are 96.4% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid is our largest source of revenue and 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 \$4,669,359, which is \$8,899 lower than the original estimate for FY23. We are pleased that we were able to be 99.81% accurate for FY23. We are currently on the formula and are expected to remain as a formula district for FY24 through FY27.

All other areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be \$10,089,520 for FY23, which is on target with than the original estimate in the November forecast.

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

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$4,506,255. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 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 positive cash balance at the end of FY27 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 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 50% of the district's resources. Our tax collections in the August 2022 and March 2023 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 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 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% 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.

The current proposed state budget for FY24-25, HB33 was introduced on February 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

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.

7) House Bill 1- The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the

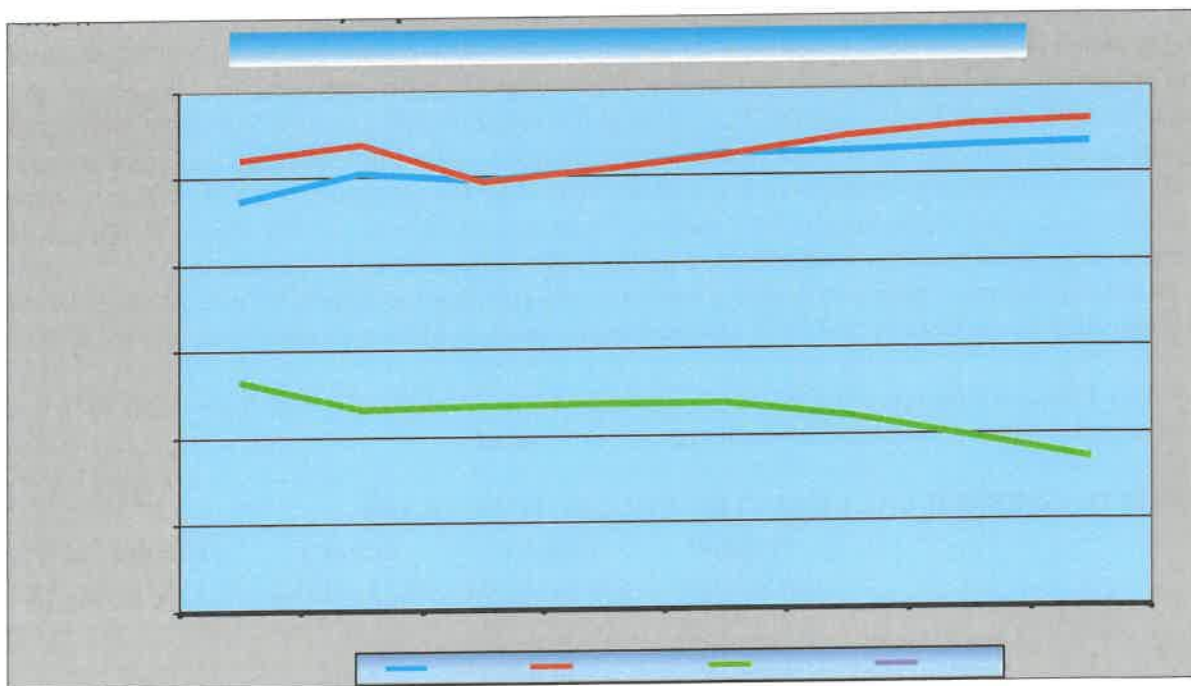
effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the “effective” millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause “effective” millage rates to increase and would increase local taxpayers’ property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing in regard to HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

8) 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.

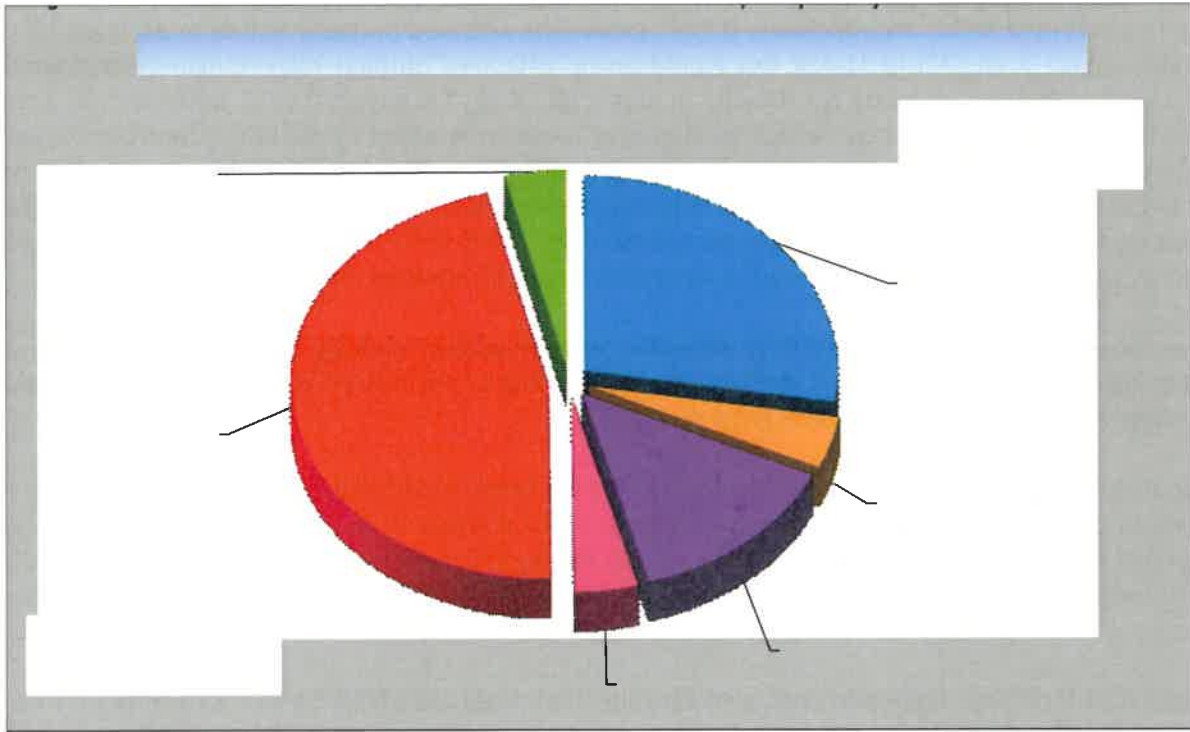
General Fund Revenue, Expenditures, and Ending Cash Balance FY20-22 and Estimated FY23-27

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 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 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 2025 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

| | Estimated | Estimated | Estimated | Estimated | Estimated |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | TAX YEAR2022 | TAX YEAR2023 | TAX YEAR2024 | TAX YEAR2025 | TAX YEAR2026 |
| <u>Classification</u> | <u>COLLECT 2023</u> | <u>COLLECT 2024</u> | <u>COLLECT 2025</u> | <u>COLLECT 2026</u> | <u>COLLECT 2027</u> |
| Res./Ag. | \$135,237,810 | \$136,940,188 | \$137,290,188 | \$141,758,894 | \$143,526,483 |
| Comm./Ind. | 12,527,530 | 12,552,530 | 12,577,530 | 12,602,530 | 12,627,530 |
| Public Utility Personal Property (PUPP) | 12,823,370 | 12,923,370 | 13,023,370 | 13,123,370 | 13,223,370 |
| Total Assessed Value | <u>\$160,588,710</u> | <u>\$162,416,088</u> | <u>\$162,891,088</u> | <u>\$167,484,794</u> | <u>\$169,377,383</u> |

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 | \$2,772,833 | \$3,032,291 | \$3,050,585 | \$3,100,488 | \$3,150,561 |

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 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 | \$435,766 | \$474,592 | \$478,300 | \$481,377 | \$484,288 |

Renewal and Replacement Levies – Line #11.02

The 2012 \$490,000 Emergency Levy with at approximately 3.53 mills 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.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 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 | <u>\$1,399,863</u> | <u>\$1,413,862</u> | <u>\$1,428,002</u> | <u>\$1,442,283</u> | <u>\$1,456,707</u> |

**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. We have projected FY23 funding based on the April 2023 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.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date 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 33.33% 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 FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- a) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum through FY25.

Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.
- c) Student Wellness and Success Funds
 - a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
 - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.

- c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million in each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted state funding to be in line with the FY23 funding levels through the remainder of the forecast / we will increase state funding according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

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.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Basic Aid-Unrestricted | \$4,199,601 | \$4,174,823 | \$4,174,823 | \$4,174,823 | \$4,174,823 |
| Additional Aid Items | 168,328 | 168,328 | 168,328 | 168,328 | 168,328 |
| Basic Aid-Unrestricted Subtotal | \$4,367,929 | \$4,343,151 | \$4,343,151 | \$4,343,151 | \$4,343,151 |
| Ohio Casino Commission ODT | 46,861 | 47,468 | 48,080 | 48,697 | 49,320 |
| Total Unrestricted State Aid Line # 1.035 | <u>\$4,414,790</u> | <u>\$4,390,619</u> | <u>\$4,391,231</u> | <u>\$4,391,848</u> | <u>\$4,392,471</u> |

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 33.33% in FY23. We have flat-lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| DPIA | \$17,831 | \$17,831 | \$17,831 | \$17,831 | \$17,831 |
| Career Tech - Restricted | 9,922 | 9,922 | 9,922 | 9,922 | 9,922 |
| Gifted | 49,796 | 49,796 | 49,796 | 49,796 | 49,796 |
| ESL | 0 | 0 | 0 | 0 | 0 |
| Student Wellness | 177,020 | 177,020 | 177,020 | 177,020 | 177,020 |
| Total Restricted State Revenues Line #1.040 | <u>\$254,569</u> | <u>\$254,569</u> | <u>\$254,569</u> | <u>\$254,569</u> | <u>\$254,569</u> |

A) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY23-27.

| <u>SUMMARY</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Unrestricted Line # 1.035 | \$4,414,790 | \$4,390,619 | \$4,391,231 | \$4,391,848 | \$4,392,471 |
| Restricted Line # 1.040 | 254,569 | 254,569 | 254,569 | 254,569 | 254,569 |
| Rest. Fed. Grants - Line #1.045 | 0 | 0 | 0 | 0 | 0 |
| Total State Foundation Revenue | <u>\$4,669,359</u> | <u>\$4,645,188</u> | <u>\$4,645,800</u> | <u>\$4,646,417</u> | <u>\$4,647,040</u> |

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

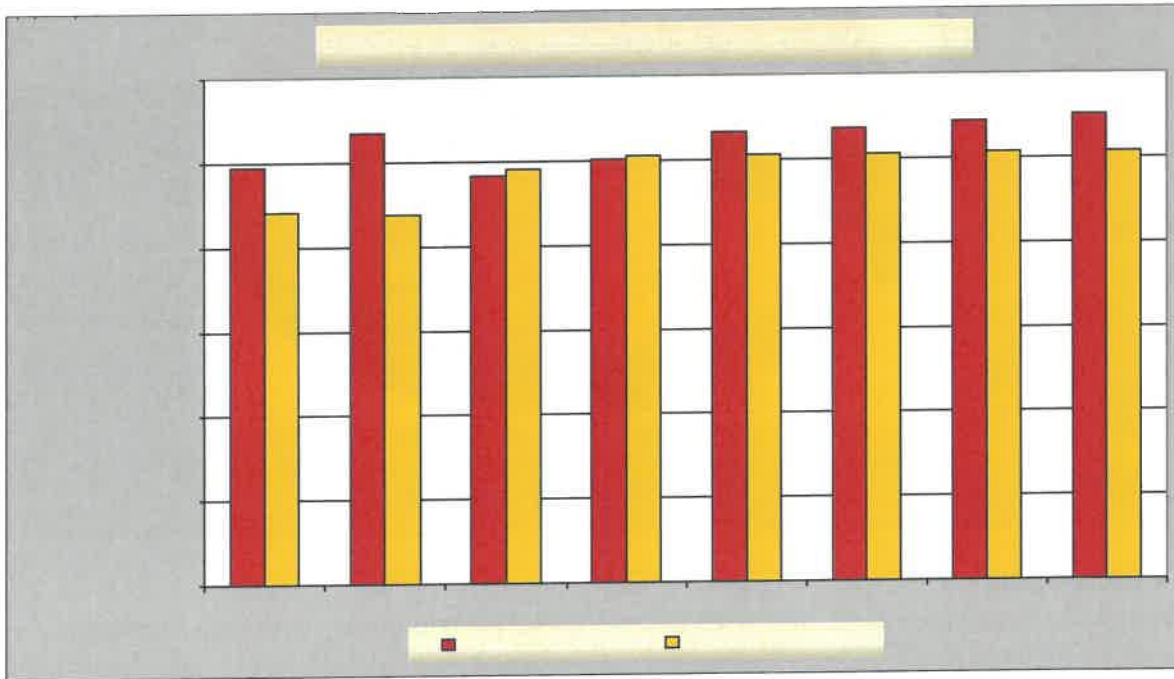
| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Rollback and Homestead | \$379,682 | \$417,495 | \$420,673 | \$427,190 | \$435,635 |
| TPP Reimbursement - Fixed Rate | 0 | 0 | 0 | 0 | 0 |
| TPP Reimbursement - Fixed Sum | 0 | 0 | 0 | 0 | 0 |
| Total Tax Reimb./Prop. Tax Allocations #1.050 | <u>\$379,682</u> | <u>\$417,495</u> | <u>\$420,673</u> | <u>\$427,190</u> | <u>\$435,635</u> |

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The 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. 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 | <u>\$406,876</u> | <u>\$410,945</u> | <u>\$415,055</u> | <u>\$419,205</u> | <u>\$423,397</u> |

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

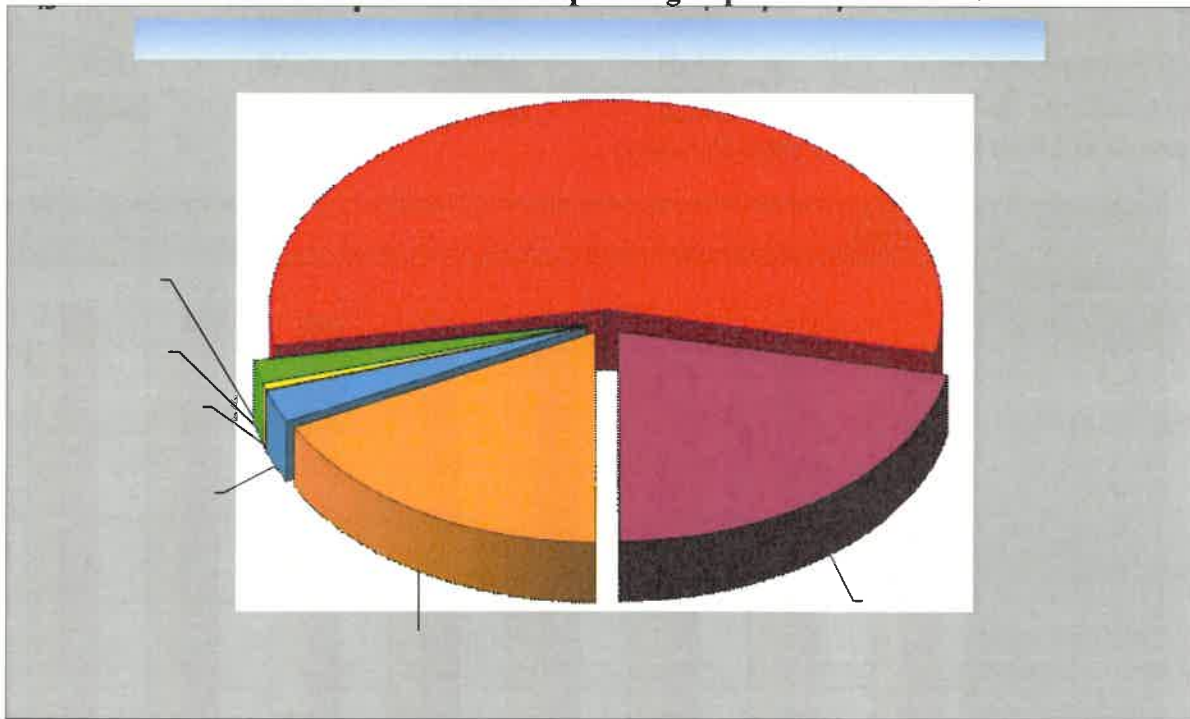
These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. The advances out in the prior fiscal year are expected to be repaid in the current year, as noted in the table below.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|------------------------------|---------------|---------------|---------------|----------------|----------------|
| 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 | <u>89,647</u> | <u>80,000</u> | <u>90,000</u> | <u>100,000</u> | <u>110,000</u> |

| <u>Sources</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Refund of prior years expenditures | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> |

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 2% base increase for FY24 through FY26, and 0% for FY27. 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.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Base Wages | \$5,157,469 | \$5,285,402 | \$5,341,110 | \$5,586,155 | \$5,647,878 |
| Increases | 64,468 | 105,708 | 106,822 | 111,723 | - |
| Steps & Training | 113,464 | - | - | - | - |
| Substitutes & Supplementals | 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 | <u>\$5,655,198</u> | <u>\$5,714,104</u> | <u>\$5,962,379</u> | <u>\$6,027,364</u> | <u>\$5,980,659</u> |

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 | \$878,844 | \$915,350 | \$925,453 | \$919,766 |
| Insurance's | 1,205,721 | 1,290,121 | 1,414,310 | 1,513,312 | 1,619,244 |
| Workers Comp/Unemployment | 22,921 | 23,156 | 24,150 | 24,409 | 24,223 |
| Medicare | 79,173 | 79,997 | 83,473 | 84,383 | 83,729 |
| Other/Tuition | 6,752 | 6,752 | 6,752 | 6,752 | 6,752 |
| Total Fringe Benefits Line #3.020 | \$2,183,929 | \$2,278,871 | \$2,444,034 | \$2,554,309 | \$2,653,713 |

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.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 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 | <u>\$1,773,974</u> | <u>\$1,823,978</u> | <u>\$1,875,493</u> | <u>\$1,928,569</u> | <u>\$1,983,257</u> |

Supplies and Materials – Line #3.040

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

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| 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 | <u>\$256,327</u> | <u>\$262,881</u> | <u>\$269,632</u> | <u>\$276,585</u> | <u>\$283,747</u> |

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 FY23-FY27.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|-----------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| 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 | <u>\$47,500</u> | <u>\$133,925</u> | <u>\$50,393</u> | <u>\$51,905</u> | <u>\$53,462</u> |

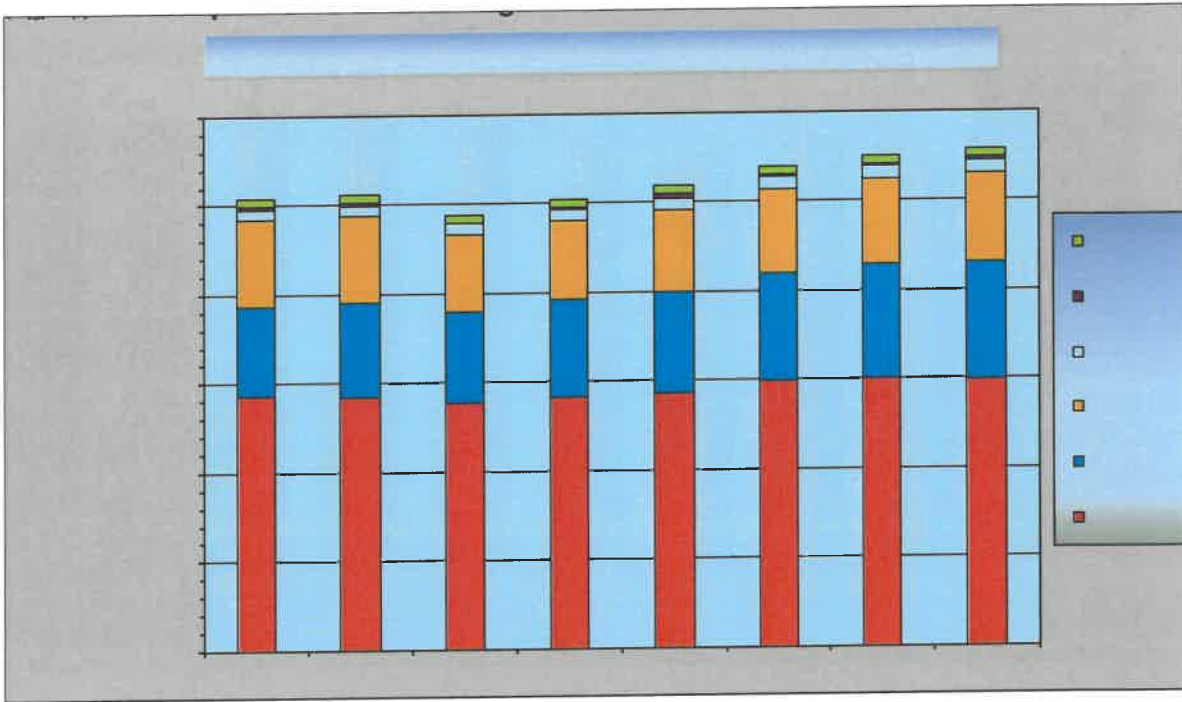
Other Expenses – Line #4.300

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.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| 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 | <u>\$172,592</u> | <u>\$175,287</u> | <u>\$178,029</u> | <u>\$180,818</u> | <u>\$183,654</u> |

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.

| <u>Source</u> | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|--|-----------------|-----------------|------------------|------------------|------------------|
| Transfers Out/ Contingency Line #5.010 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Advances Out Line #5.020 | <u>80,000</u> | <u>90,000</u> | <u>100,000</u> | <u>110,000</u> | <u>110,000</u> |
| Total Transfer & Advances Out | <u>\$80,000</u> | <u>\$90,000</u> | <u>\$100,000</u> | <u>\$110,000</u> | <u>\$110,000</u> |

Encumbrances –Line#8.010

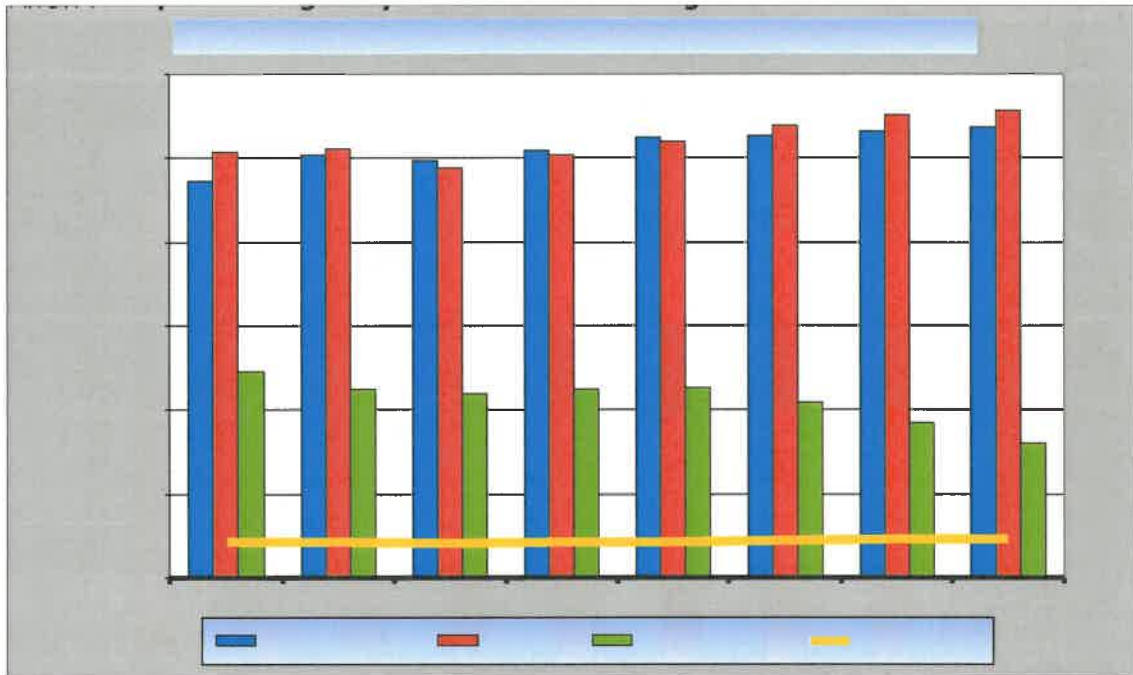
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. The amounts outstanding vary year to year.

| | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Estimated Encumbrances | <u>\$115,000</u> | <u>\$115,000</u> | <u>\$115,000</u> | <u>\$115,000</u> | <u>\$115,000</u> |

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

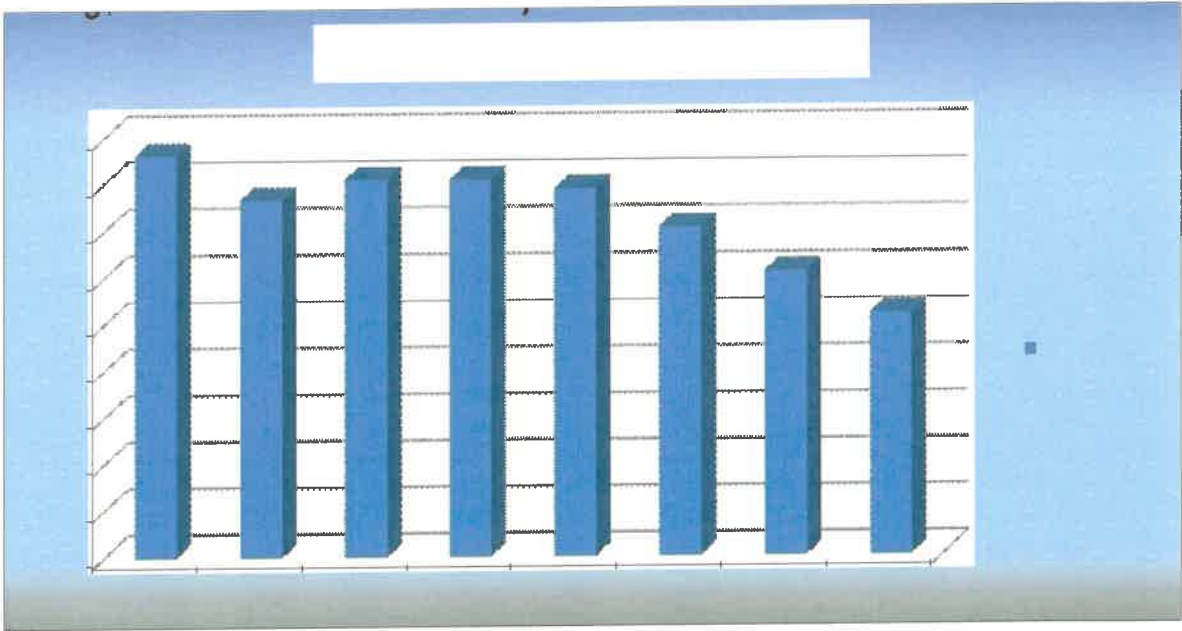
This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violate 5705.412, ORC, punishable by the personal liability of \$10,000. It is recommended that a district 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.

| | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Ending Cash Balance | \$ 4,506,255 | \$ 4,526,583 | \$ 4,200,036 | \$ 3,712,448 | \$ 3,196,583 |



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.

