

COSHOCTON CITY SCHOOL DISTRICT- COSHOCTON 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



Forecast Provided By
Coshocton City School District
Treasurer's Office
Terri Eyerman, Treasurer/CFO
November 17, 2022

Coshocton City School District

Coshocton 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)	4,186,752	4,610,237	4,626,112	5.2%	4,643,021	4,126,956	3,809,247	3,817,219	3,819,703
1.020 Public Utility Personal Property Tax	447,731	882,078	716,879	39.1%	729,502	697,345	676,630	691,435	706,240
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035 Unrestricted State Grants-in-Aid	11,111,360	11,095,037	9,957,472	-5.2%	10,743,256	10,739,663	10,744,599	10,746,735	10,748,913
1.040 Restricted State Grants-in-Aid	1,551,016	1,549,300	1,861,721	10.0%	2,092,259	2,092,259	2,092,259	2,092,259	2,092,259
1.045 Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050 Property Tax Allocation	604,550	598,525	588,962	-1.3%	581,573	509,467	458,887	460,625	461,019
1.060 All Other Revenues	1,081,699	1,006,749	319,859	-37.6%	321,823	323,930	326,169	328,530	331,005
1.070 <i>Total Revenues</i>	18,983,108	19,741,926	18,071,005	-2.2%	19,111,434	18,489,620	18,107,790	18,136,803	18,159,140
Other Financing Sources									
2.040 Operating Transfers-In	58,102	0	0	0.0%	-	-	-	-	-
2.050 Advances-In	353,917	0	78,866	0.0%	145,340	50,000	50,000	50,000	50,000
2.060 All Other Financing Sources	210,003	272,913	9,455	-33.3%	30,000	30,000	30,000	30,000	30,000
2.070 <i>Total Other Financing Sources</i>	622,022	272,913	88,321	-61.9%	175,340	80,000	80,000	80,000	80,000
2.080 <i>Total Revenues and Other Financing Sources</i>	19,605,130	20,014,839	18,159,326	-3.6%	19,286,774	18,569,620	18,187,790	18,216,803	18,239,140
Expenditures									
3.010 Personnel Services	9,982,086	9,900,827	9,996,172	0.1%	10,313,848	10,526,455	11,440,520	11,744,323	12,056,306
3.020 Employees' Retirement/Insurance Benefits	4,770,144	4,909,927	4,251,241	-5.2%	4,582,888	5,403,769	5,835,064	6,190,696	6,572,540
3.030 Purchased Services	4,208,024	4,128,452	2,312,032	-22.9%	2,599,085	2,654,895	2,711,937	2,770,238	2,829,826
3.040 Supplies and Materials	506,125	436,375	649,817	17.6%	749,823	766,853	784,284	802,127	820,392
3.050 Capital Outlay	246,885	136,783	43,858	-56.3%	231,419	185,047	188,748	192,523	196,374
4.050 Principal-HB 264 Loans	75,000	78,000	80,000	3.3%	83,000	85,000	87,000	91,000	94,000
4.055 Principal-Other	46,000	35,000	36,000	-10.5%	37,000	38,000	39,000	41,000	42,000
4.060 Interest and Fiscal Charges	40,225	40,322	36,645	-4.4%	32,855	28,934	24,933	20,801	16,486
4.300 Other Objects	485,715	453,244	257,390	-24.9%	324,006	330,487	337,096	343,838	350,715
4.500 <i>Total Expenditures</i>	20,360,204	20,118,930	17,663,155	-6.7%	18,953,924	20,019,440	21,448,583	22,196,546	22,978,638
Other Financing Uses									
5.010 Operating Transfers-Out	160,496	35,185	44,117	-26.3%	45,000	45,000	45,000	45,000	45,000
5.020 Advances-Out	212,873	78,866	145,340	10.7%	50,000	50,000	50,000	50,000	50,000
5.030 All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-
5.040 <i>Total Other Financing Uses</i>	373,369	114,051	189,457	-1.7%	95,000	95,000	95,000	95,000	95,000
5.050 <i>Total Expenditures and Other Financing Uses</i>	20,733,573	20,232,981	17,852,612	-7.1%	19,048,924	20,114,440	21,543,583	22,291,546	23,073,638
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	(1,128,443)	(218,142)	306,714	-160.6%	237,850	(1,544,820)	(3,355,793)	(4,074,743)	(4,834,498)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,753,320	3,624,877	3,406,735	-14.9%	3,713,449	3,951,299	2,406,479	(949,314)	(5,024,058)
7.020 <i>Cash Balance June 30</i>	3,624,877	3,406,735	3,713,449	1.5%	3,951,299	2,406,479	(949,314)	(5,024,058)	(9,858,556)
8.010 <i>Estimated Encumbrances June 30</i>	226,060	426,236	395,198	40.6%	403,102	411,164	419,387	427,775	436,331
10.010 <i>Appropriations</i>	3,398,817	2,980,499	3,318,251	-0.5%	3,548,197	1,995,315	(1,368,701)	(5,451,833)	(10,294,886)
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	534,140	1,021,300	1,021,300	1,021,300
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	534,140	1,555,440	2,576,740	3,598,039
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	3,398,817	2,980,499	3,318,251	-0.5%	3,548,197	2,529,453	186,738	(2,875,094)	(6,696,848)
Revenue from New Levies									
13.010 Income Tax - New	-	-	-	0.0%	-	-	-	-	-
13.020 Property Tax - New	-	-	-	0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	3,398,817	2,980,499	3,318,251	-0.5%	3,548,197	2,529,453	186,738	(2,875,094)	(6,696,848)

Coshocton City School District –Coshocton County
Notes to the Five Year Forecast
General Fund Only

Introduction to the Five Year Forecast

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

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

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

Here are at least three purposes or objectives of the five-year forecast:

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

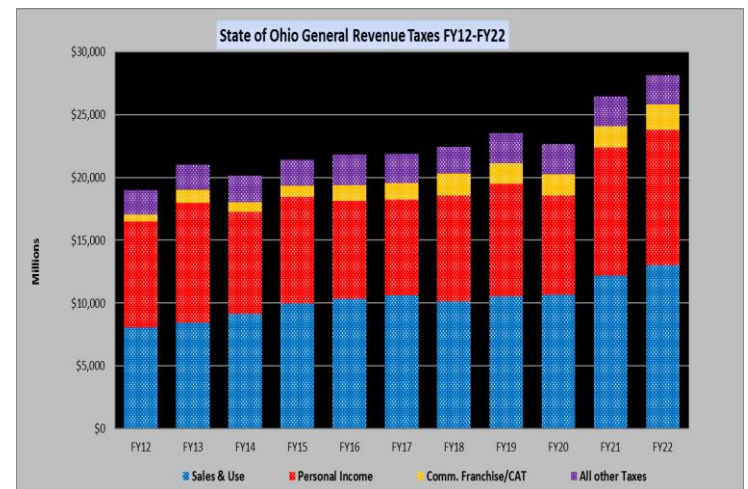
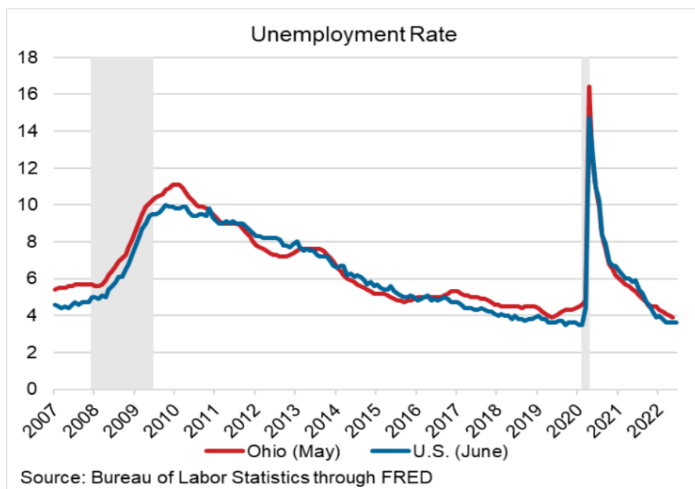
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general 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) 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 the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. 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.

2) On May 4, 2021 the district renewed the 4.9 mill operating levy which became a continuing levy. The district also has a \$900,000 emergency levy approved by voters in 2019 that will expire on 12/31/2023. The renewal of this levy is critical to the Coshocton City Schools.

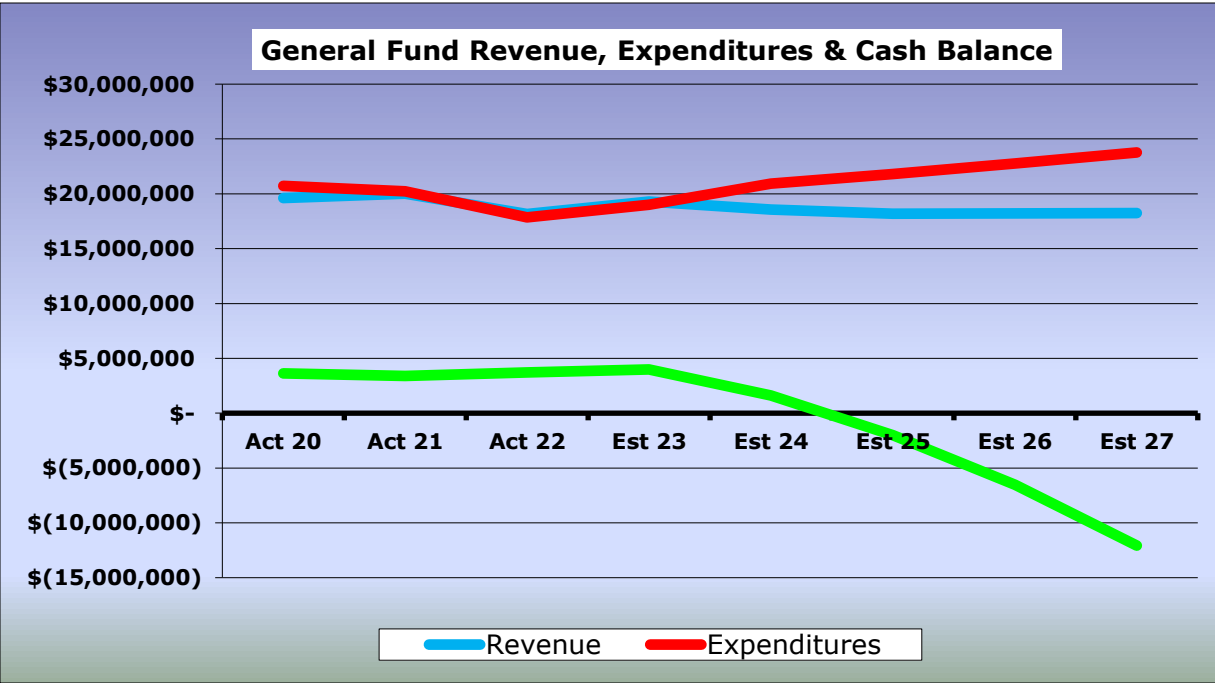
3) The state budget represents 70% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future 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.

4) Coshocton County experienced a reappraisal update in the 2018 tax year to be collected in FY19. The 2018 update increased overall assessed values by \$8.8 million or an increase of 8.56%. A full reappraisal occurred in tax year 2021 for collection in FY22. The value increased for Class I property by \$4.6 million or 4.1% and Class II increased by \$8.0 million or 18.06% for an overall increase of 8.12% based on current sales data.

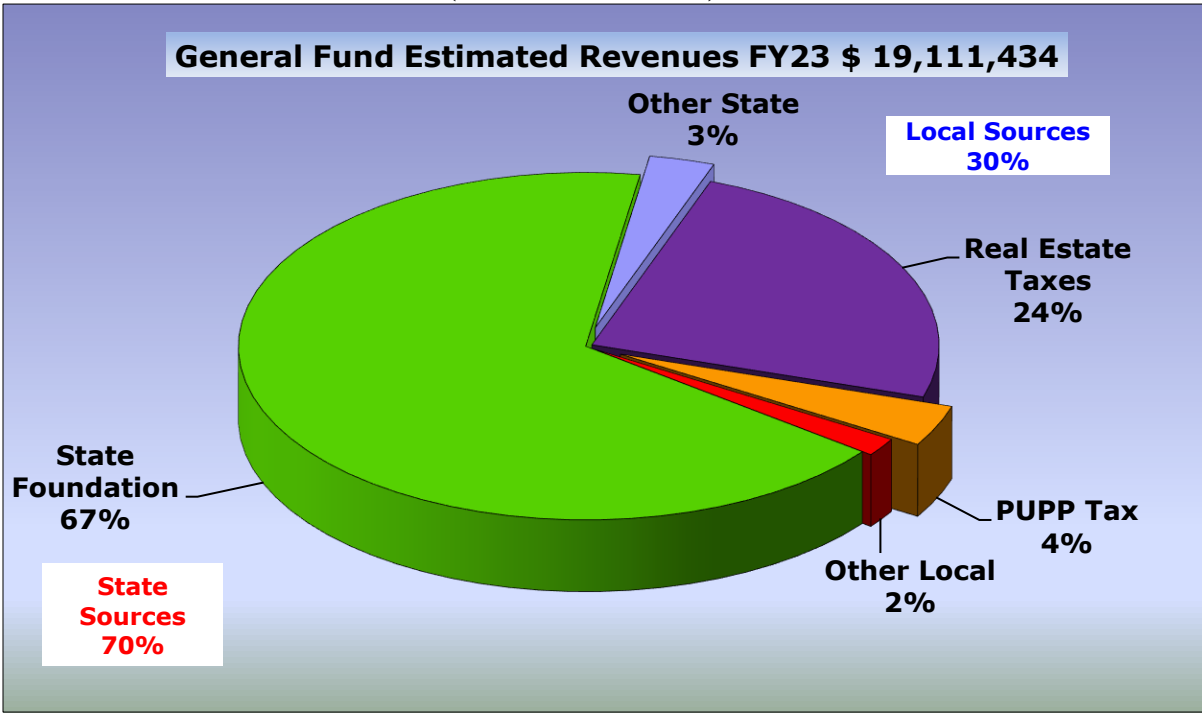
5) HB110 directly pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Terri Eyeran, Treasurer at 740-622-1901 ext.1113.

General Fund Revenue, Expenditure 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. The 4.9 Mill Operating Levy was approved by voters in May2021. The substitute Emergency Levy expires December 31, 2023 and is moved to Line 11.02 of the forecast and contributes to the negative balances in future years.



Revenue Assumptions
All Revenue Sources General Fund FY23 (Forecast Line 1.07)



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. Coshocton County experienced a reappraisal for

the 2018 tax year to be collected in 2019. Residential/agricultural values increased 8.56% or \$8.8 million due to the reappraisal update led by an improving housing market while Commercial/Industrial values fell by - 5.18% or \$2.9 million. FY21 realized an \$8 million decrease in values due to a change in exempt status which decreased RE collections. A full reappraisal did occur in 2021 for collection in 2022 which realized a 4.1% increase in residential/agricultural based on current market trends and an 18.06% increase for commercial/industrial property.

Property tax levies are estimated to be collected at 96.6% of the annual amount, which accounts for delinquencies that occur. We also anticipate 57.6% of the Res/Ag and Comm/Ind property taxes will be collected in the February tax settlement and 42.4% will be collected in the August tax settlement.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	\$116,963,860	\$116,976,638	\$120,499,643	\$120,514,286	\$120,529,875
Comm./Ind.	52,150,280	52,150,280	52,150,280	52,150,280	52,150,280
Public Utility (PUPP)	<u>13,260,840</u>	<u>13,560,840</u>	<u>13,860,840</u>	<u>14,160,840</u>	<u>14,460,840</u>
Total Assessed Value	<u>\$182,374,980</u>	<u>\$182,687,758</u>	<u>\$186,510,763</u>	<u>\$186,825,406</u>	<u>\$187,140,995</u>

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	FY 23	FY 24	FY 25	FY 26	FY 27
Est. Property Taxes Line #1.010	<u>\$4,643,021</u>	<u>\$4,126,956</u>	<u>\$3,809,247</u>	<u>\$3,817,219</u>	<u>\$3,819,703</u>

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

Coshocton does not receive any TPP payments.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in March and 50% in August along with the real estate settlements from the county auditor. FY21 includes a \$200,000 payment received in the 2nd half (August 2020 collection) that was delinquent from the 1st half 2020 collection.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line 1.020

<u>Source</u>	FY 23	FY 24	FY 25	FY 26	FY 27
Public Utility Personal Property Taxes	<u>\$729,502</u>	<u>\$697,345</u>	<u>\$676,630</u>	<u>\$691,435</u>	<u>\$706,240</u>

Renewal Tax Levies – Line #11.020

On May 4, 2021 the district renewed the 4.9 mill operating levy which became a continuing levy. The district also has a \$900,000 emergency levy approved by voters in 2019 that will expire on 12/31/2023. The emergency levy renewal is modeled at the bottom of the forecast and is not included in line 1.01 per ODE requirements. The renewal of this levy is critical to the Coshocton City Schools.

<u>Source</u>	FY 23	FY 24	FY 25	FY 26	FY 27
Renew Emergency Levy Exp. 12/31/23	<u>0</u>	<u>534,140</u>	<u>1,021,300</u>	<u>1,021,300</u>	<u>1,021,300</u>
Total Line # 11.020	<u>\$0</u>	<u>\$534,140</u>	<u>\$1,021,300</u>	<u>\$1,021,300</u>	<u>\$1,021,300</u>

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast, however, the district will need to evaluate the needed resources to allow for the current educational delivery model and added services provided.

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 & Casino 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 guarantee district in FY23 and is expected to be 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 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, 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 state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes funding for five (5) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state wide average of \$7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

- 1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
- 2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.

3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then multiplied by a Local Share Multiplier Index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a 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 number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds- These funds 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 by HB583 in June 2022. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes 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 less 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 full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push 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 a Special Revenue Fund 467. HB110 the new state budget essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, 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 spent fully.

Future State Budget Projections beyond FY23

Our funding status for the FY24-27 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.87per pupil. FY22 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	\$10,295,088	\$10,289,442	\$10,292,283	\$10,292,283	\$10,292,283
Additional Aid Items	<u>186,868</u>	<u>186,868</u>	<u>186,868</u>	<u>186,868</u>	<u>186,868</u>
Basic Aid-Unrestricted Subtotal	\$10,481,956	\$10,476,310	\$10,479,151	\$10,479,151	\$10,479,151
Ohio Casino Commission ODT/Medicaid	<u>261,300</u>	<u>263,353</u>	<u>265,448</u>	<u>267,584</u>	<u>269,762</u>
Total Unrestricted State Aid Line #1.035	<u>\$10,743,256</u>	<u>\$10,739,663</u>	<u>\$10,744,599</u>	<u>\$10,746,735</u>	<u>\$10,748,913</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, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 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. The District has elected to also post Medicaid Reimbursements as restricted revenue.

Restricted Federal Grants in Aid – line #1.045

There is no additional restricted federal funding projected in this forecast.

<u>Source</u>	FY 23	FY 24	FY 25	FY 26	FY 27
DPIA	\$1,665,368	\$1,665,368	\$1,665,368	\$1,665,368	\$1,665,368
Career Tech - Restricted	38,612	38,612	38,612	38,612	38,612
Gifted	90,933	90,933	90,933	90,933	90,933
ESL	180	180	180	180	180
Student Wellness	297,166	297,166	297,166	297,166	297,166
Catastrophic Aid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1	<u>\$2,092,259</u>	<u>\$2,092,259</u>	<u>\$2,092,259</u>	<u>\$2,092,259</u>	<u>\$2,092,259</u>

Summary of State Foundation Revenues

<u>SUMMARY</u>	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line # 1.035	\$10,743,256	\$10,739,663	\$10,744,599	\$10,746,735	\$10,748,913
Restricted Line # 1.040	2,092,259	2,092,259	2,092,259	2,092,259	2,092,259
Restricted Fed. Grants - Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$12,835,515</u>	<u>\$12,831,922</u>	<u>\$12,836,858</u>	<u>\$12,838,994</u>	<u>\$12,841,172</u>

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who did not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	FY 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead	<u>\$581,573</u>	<u>\$509,467</u>	<u>\$458,887</u>	<u>\$460,625</u>	<u>\$461,019</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 main sources of revenue in this area are open enrollment, which has been eliminated by HB110 and reflected here, tuition for court placed students, student fees, and general rental fees. In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase.

Rentals are expected to remain somewhat lower due to COVID-19 restrictions and lower participation. All other revenues are expected to continue on historic trends.

<u>Source</u>	FY 23	FY 24	FY 25	FY 26	FY 27
Open Enrollment	\$0	\$0	\$0	\$0	\$0
Tuition	215,990	218,149	220,331	222,534	224,760
Interest	10,103	9,093	8,184	7,365	6,629
Medicaid Reimbursement	0	0	0	0	0
Other Income	95,730	96,687	97,654	98,631	99,617
Total Line # 1.060	<u>\$321,823</u>	<u>\$323,930</u>	<u>\$326,169</u>	<u>\$328,530</u>	<u>\$331,005</u>

Transfers In / Return of Advances – Line #2.040 & Line #2.050

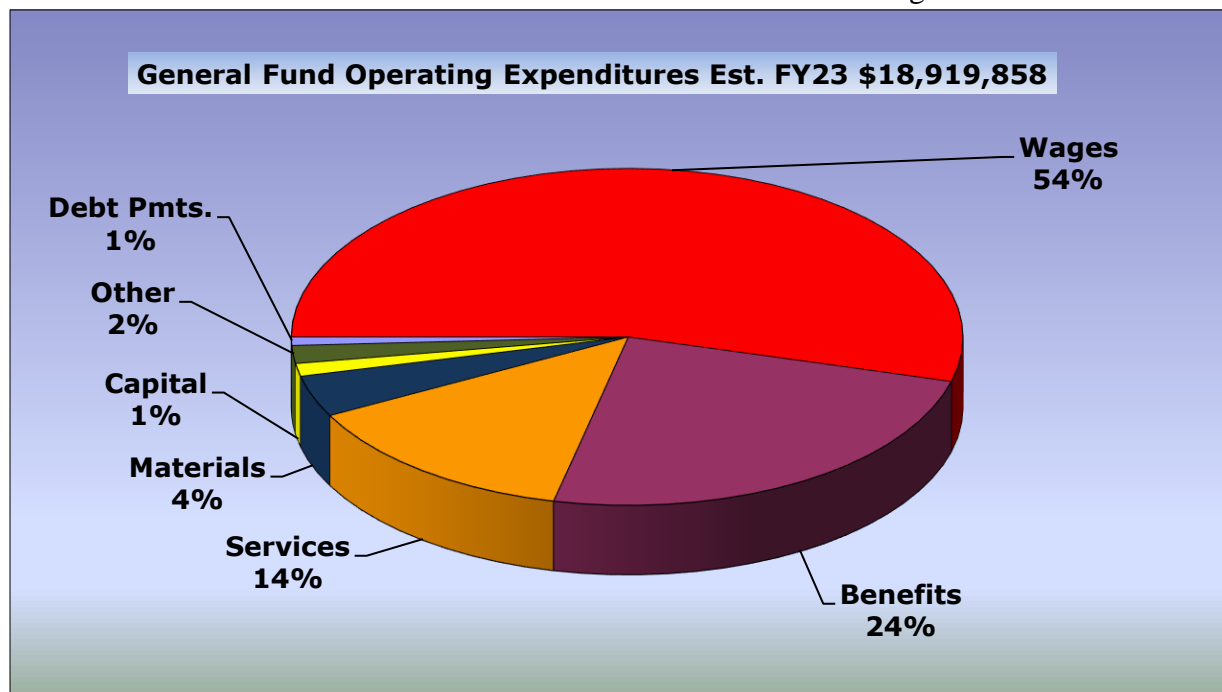
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district does not anticipate any Transfers or Advances during the remainder of the forecast.

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Expenditures Assumptions (Forecast Line #4.50)

The district's leadership team is always looking at ways to improve the education of our students whether with changes in curriculum or new technology needs. As the administration of the district constantly reviews expenditures the education of our students is at the forefront of decision making.



Wages – Line #3.010

The current negotiated agreement with CCEA was ratified on November 2nd and will expire June 30, 2023 with a reopener to discuss wages and insurance in FY23. FY23 includes 3% and FY24-FY27 includes 1% base amount for planning purposes. The calculation below assumes an equal rate increase for all staff.

Summary of Personal Services – Line #3.010

<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	\$9,889,900	\$10,251,099	\$10,947,602	\$11,210,556	\$11,513,241
Wage adjustments	296,697	102,511	109,476	112,106	115,132
Steps & Training	168,128	174,269	186,109	190,579	195,725
Growth/Replacement staff	38,910	-	-	-	-
Substitutes	6,000	6,120	6,242	6,367	6,495
Supplemental	196,749	197,733	198,721	199,715	200,713
Severance	25,000	25,000	25,000	25,000	25,000
Staff Reductions (Retire/Resignation)	(307,536)	(230,277)	(32,631)	0	0
Total Wages Line #3.010	<u>\$10,313,848</u>	<u>\$10,526,455</u>	<u>\$11,440,520</u>	<u>\$11,744,323</u>	<u>\$12,056,306</u>

Fringe Benefits Estimates – Line #3.020**A) STRS/SERS will increase as Wages Increase**

As required by law the BOE pays 14% of all employee wages to STRS or SERS. The district is using a blended rate of 15.9% for those that received pick-up on pick-up of the retirement and the additional surcharge for SERS members that do not earn \$21,600 each year.

B) Insurance

As the graph below notes health care is a significant cost for the district and continues to be a real challenge as costs rise. The district has an insurance committee made up of members of both classified, certificated and administrative staff. The committee will determine rate increases. FY23-FY27 includes an 8% increase each year. This increase is a blend of the districts history of claims increases and the industry standards of annual premium increases. The district is also recoding \$471,000 in FY23, respectively, as an ESSER expenditure offset to the district expenditures to relieve general fund expenses in order to retain staff for a longer period of time. These are one-time adjustments and are not reflected in future years.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately .06% of wages FY23- FY27. Unemployment is expected to remain at a very low level FY23-FY27. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
STRS/SERS	\$1,627,507	\$1,664,118	\$1,805,303	\$1,852,814	\$1,902,225
Insurance's	2,696,749	3,506,985	3,779,712	4,082,089	4,408,656
Workers Comp/Unemployment	54,663	55,790	60,635	62,245	63,898
Medicare	138,968	141,877	154,414	158,548	162,760
Tuition and Other Benefits	<u>65,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Total Fringe Benefits Line #3.020	<u>\$4,582,888</u>	<u>\$5,403,769</u>	<u>\$5,835,064</u>	<u>\$6,190,696</u>	<u>\$6,572,540</u>

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education began to direct pay these costs to the educating districts for open enrollment, community and STEM

schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and historical FY20 through FY22 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Insurance, Leases, Postage, & Other	\$139,572	\$142,363	\$145,210	\$148,115	\$151,077
Professional Services, Legal Fees & ESC	1,004,338	1,024,425	1,044,913	1,065,811	1,087,128
Open Enrollment	0	0	0	0	0
Community Schools	0	0	0	0	0
Other Tuition	771,781	787,217	802,961	819,020	835,401
Utilities	382,878	394,364	406,195	418,381	430,932
Building Repairs & Services	<u>300,517</u>	<u>306,527</u>	<u>312,657</u>	<u>318,911</u>	<u>325,289</u>
Total Purchased Services Line #3.030	<u>\$2,599,085</u>	<u>\$2,654,895</u>	<u>\$2,711,937</u>	<u>\$2,770,238</u>	<u>\$2,829,826</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Supplies, Textbooks, and other	\$546,473	\$557,402	\$568,551	\$579,922	\$591,520
Maintenance & Transportation Supplies	<u>203,350</u>	<u>209,450</u>	<u>215,734</u>	<u>222,206</u>	<u>228,872</u>
Total Supplies Line #3.040	<u>\$749,823</u>	<u>\$766,853</u>	<u>\$784,284</u>	<u>\$802,127</u>	<u>\$820,392</u>

Equipment – Line # 3.050

Equipment includes items that cost \$1,000 and have a useful life of five years or longer and typically include items such as buses, roof repair, asphalt, computers, and furniture. ESSER funds have been used to offset some of the district's Capital Outlay, Technology and a bus purchase in both FY21 and FY22.

<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	\$181,419	\$185,047	\$188,748	\$192,523	\$196,374
Technology	-	-	-	-	-
Replacement Bus Purchases	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$231,419</u>	<u>\$185,047</u>	<u>\$188,748</u>	<u>\$192,523</u>	<u>\$196,374</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

This category of expenditures includes HB264 projects and an operating lease. This is considered un-voted debt as there is a revenue source for the payment.

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Principal - Other Line 4.055	<u>37,000</u>	<u>38,000</u>	<u>39,000</u>	<u>41,000</u>	<u>42,000</u>
<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
HB 264 Principal Line 4.050	<u>\$83,000</u>	<u>\$85,000</u>	<u>\$87,000</u>	<u>\$91,000</u>	<u>\$94,000</u>
<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Interest Total Line 4.060	<u>\$32,855</u>	<u>\$28,934</u>	<u>\$24,933</u>	<u>\$20,801</u>	<u>\$16,486</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, County Board of Education and other miscellaneous expenses. The district uses an average increase of 2% for the annual increase for this area.

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Auditor & Treasurer Fees	\$172,350	\$175,797	\$179,313	\$182,900	\$186,558
County Board of Education	11,497	11,727	11,961	12,201	12,445
Other expenses	140,159	142,962	145,821	148,738	151,713
Total Other Expenses Line #4.300	<u>\$324,006</u>	<u>\$330,487</u>	<u>\$337,096</u>	<u>\$343,838</u>	<u>\$350,715</u>

Transfers Out/Advances Out – Line #5.010 and 5.020

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. These expenses have been projected using historical trends. Transfers and advances must take Board of Education action and are processed on an as-needed basis.

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Operating Transfers Out Line #5.010	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Advances Out Line #5.020	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Transfer & Advances Out	<u>\$95,000</u>	<u>\$95,000</u>	<u>\$95,000</u>	<u>\$95,000</u>	<u>\$95,000</u>

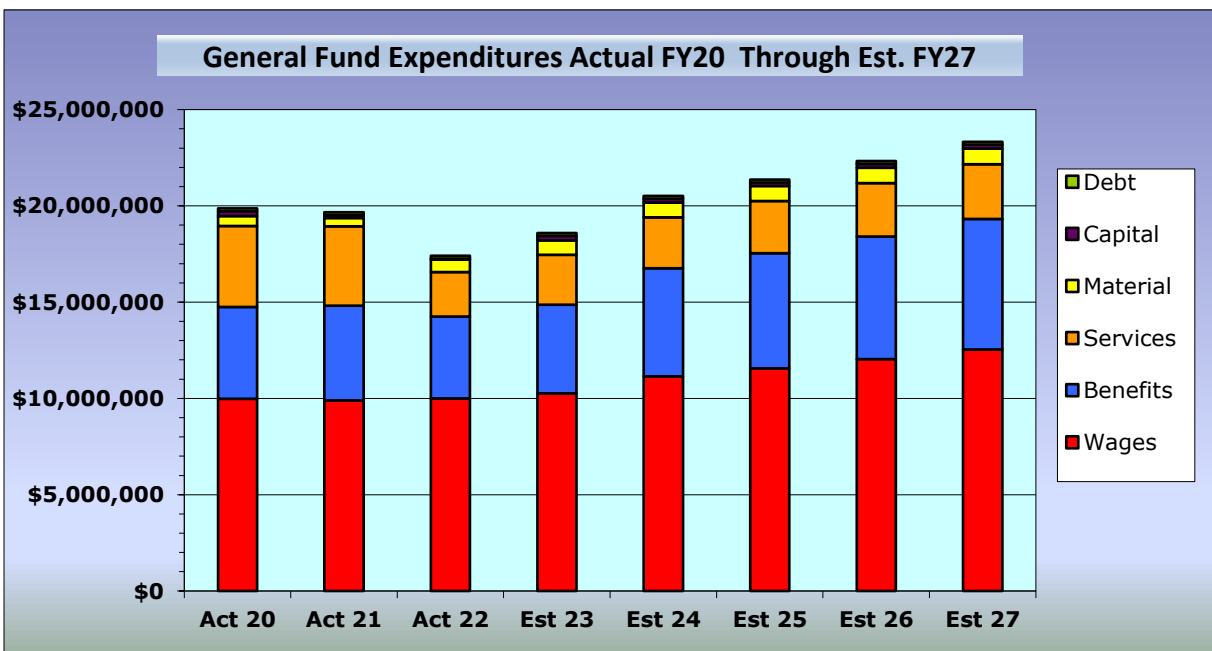
Encumbrances – Line #8.010

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.

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Estimated Encumbrances	<u>\$403,102</u>	<u>\$411,164</u>	<u>\$419,387</u>	<u>\$427,775</u>	<u>\$436,331</u>

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

As the graph below indicates the largest expenditure for the district is that of staffing which includes salaries and benefits.



Ending Unencumbered Cash Balance – Line#15.010

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

<u>Source</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
Ending Cash Balance	<u>\$3,548,197</u>	<u>\$2,529,453</u>	<u>\$186,738</u>	<u>(\$2,875,094)</u>	<u>(\$6,696,848)</u>

True Cash Days

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Based on the current fund balances the district dropped below the sixty (60) day balance at the end of FY24.

