OLMSTED FALLS CITY SCHOOL DISTRICT - CUYAHOGA COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

Forecast Provided By
Brett Robson, Treasurer/CFO
Olmsted Falls City School District

November 16, 2023

Olmsted Falls City School District

Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$25,103,155	$28,839,080	$29,279,733	8.2%	$29,468,682	$29,787,050	$30,141,974	$30,297,698	$30,514,084
1.020	Public Utility Personal Property Tax	1,777,688	1,929,583	2,028,853	6.8%	2,300,008	2,407,702	2,511,202	2,614,702	2,718,202
1.030	Income Tax	-	-	-	0.0%	$0	$0	$0	$0	$0
1.035	Unrestricted State Grants-in-Aid	14,060,250	13,040,539	13,195,257	-3.0%	13,159,598	12,997,456	12,998,305	13,001,347	13,005,121
1.040	Restricted State Grants-in-Aid	372,689	675,286	663,300	39.7%	744,450	717,436	717,436	717,436	717,436
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	$0	$0	$0	$0	$0
1.050	State Share of Local Property Taxes	3,232,541	3,325,620	3,362,271	2.0%	3,319,698	3,325,392	3,373,049	3,393,496	3,422,625
1.060	All Other Revenues	1,048,749	1,505,695	1,538,947	22.9%	1,299,151	1,309,458	1,319,869	1,330,383	1,341,003
1.070	*Total Revenues*	$45,595,072	$49,315,803	$50,068,361	4.8%	$50,291,587	$50,544,494	$51,061,835	$51,355,062	$51,718,471
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	2,500,000	-	87,066	0.0%	$0	$0	$0	$0	$0
2.020	State Emergency Loans (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	30,000	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	362,709	692,284	574,266	36.9%	$574,266	$574,266	$574,266	$574,266	$574,266
2.070	*Total Other Financing Sources*	$2,892,709	$692,284	$661,332	-40.3%	$574,266	$574,266	$574,266	$574,266	$574,266
2.080	*Total Revenues and Other Financing Sources*	$48,487,781	$50,008,087	$50,729,693	2.3%	$50,865,853	$51,118,760	$51,636,101	$51,929,328	$52,292,737
	Expenditures									
3.010	Personal Services	$26,797,611	$26,841,555	$27,108,785	0.6%	$27,882,353	$28,827,219	$29,753,344	$30,704,902	$31,691,831
3.020	Employees' Retirement/Insurance Benefits	9,780,689	10,729,432	11,909,618	10.3%	12,804,628	13,564,916	14,366,517	15,137,096	15,982,798
3.030	Purchased Services	4,796,096	4,710,390	6,308,582	16.1%	5,653,273	5,158,339	5,253,506	5,350,576	5,449,587
3.040	Supplies and Materials	1,042,545	1,277,207	1,418,663	16.8%	1,621,729	1,642,486	1,663,540	1,684,897	1,706,563
3.050	Capital Outlay	14,693	17,009	5,073	-27.2%	370,027	222,543	223,785	265,089	236,758
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	$0	$0	$0	$0	$0
4.055	Principal-Other	-	898,400	1,837,357	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	60,109	64,636	0.0%	$0	$0	$0	$0	$0
4.300	Other Objects	605,318	694,270	784,939	13.9%	792,789	800,718	808,725	816,812	824,981
4.500	*Total Expenditures*	$43,036,952	$45,228,372	$49,437,653	7.2%	$49,124,799	$50,216,220	$52,069,417	$53,959,372	$55,892,518
	Other Financing Uses									
5.010	Operating Transfers-Out	$1,150,000	$900,000	$1,087,066	-0.5%	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
5.020	Advances-Out	64,968	-	-	0.0%	$0	$0	$0	$0	$0
5.030	All Other Financing Uses	-	-	-	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	$1,214,968	$900,000	$1,087,066	-2.6%	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
5.050	*Total Expenditures and Other Financing Uses*	$44,251,920	$46,128,372	$50,524,719	6.9%	$50,124,799	$51,216,220	$53,069,417	$54,959,372	$56,892,518
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$4,235,861	$3,879,715	$204,974	-51.6%	$741,054	($97,460)	($1,433,316)	($3,030,044)	($4,599,781)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$1,941,889	$6,177,750	$10,057,465	140.5%	$10,262,439	$11,003,493	$10,906,032	$9,472,716	$6,442,672
7.020	*Cash Balance June 30*	$6,177,750	$10,057,465	$10,262,439	32.4%	$11,003,493	$10,906,032	$9,472,716	$6,442,672	$1,842,891
8.010	*Estimated Encumbrances June 30*	$1,332,168	$916,368	$1,516,161	17.1%	$300,000	$300,000	$300,000	$300,000	$300,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	$4,845,582	$9,141,097	$8,746,278	42.2%	$10,703,493	$10,606,032	$9,172,716	$6,142,672	$1,542,891

Olmsted Falls City School District

Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300	Cumulative Balance of Renewal Levies				0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$4,845,582	$9,141,097	$8,746,278	42.2%	$10,703,493	$10,606,032	$9,172,716	$6,142,672	$1,542,891
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New				0.0%	$0	$0	$0	$0	$0
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$4,845,582	$9,141,097	$8,746,278	42.2%	$10,703,493	$10,606,032	$9,172,716	$6,142,672	$1,542,891

Olmsted Falls City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
November 16, 2023

Introduction to the Five-Year Forecast

A forecast is 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. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum when required under the statute.

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

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

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

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

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

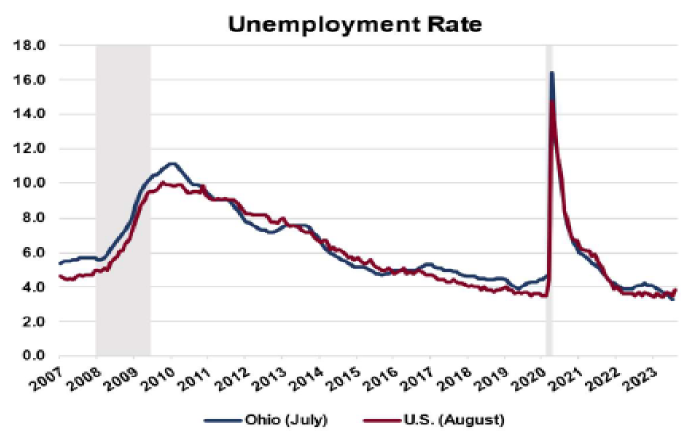
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently 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 the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar

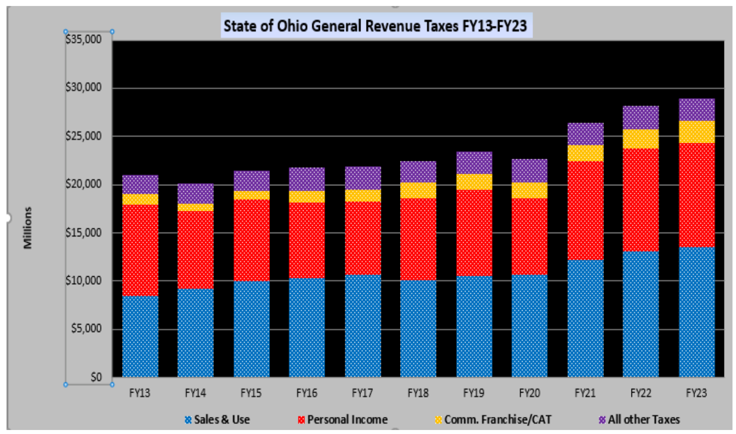
2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund is at $3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected six-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio's school districts.



Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

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. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

Forecast Risks and Uncertainty:

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

1) Property tax collections are the largest single 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 65.8% of the district's resources. Our tax collections in the March 2023 and August 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Our district has property values in both Cuyahoga and Lorain Counties and will experience a reappraisal in the 2024 tax year to be collected in 2025. We are anticipating value increases for Class I and II property of $98.78 million for an overall weighted average increase of 14.44%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now. House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2025 reappraisal values and the inside millage we collect. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

3) The state budget represented 34.2% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what-the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

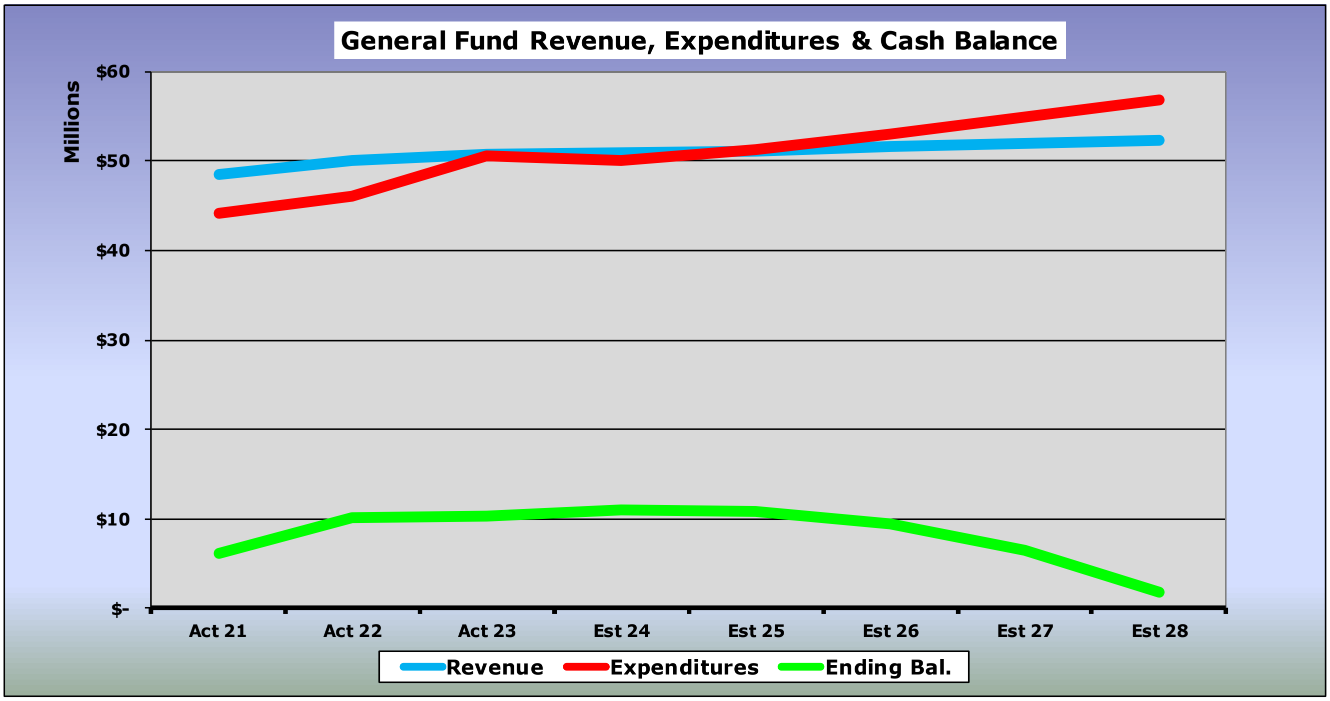
5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid,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

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. Our positive working relationship will continue and grow stronger as we move forward.

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 to understand the overall financial forecast for our district. If you want further information, please contact Mr. Brett Robson, Treasurer/CFO, at 440.427.6000.

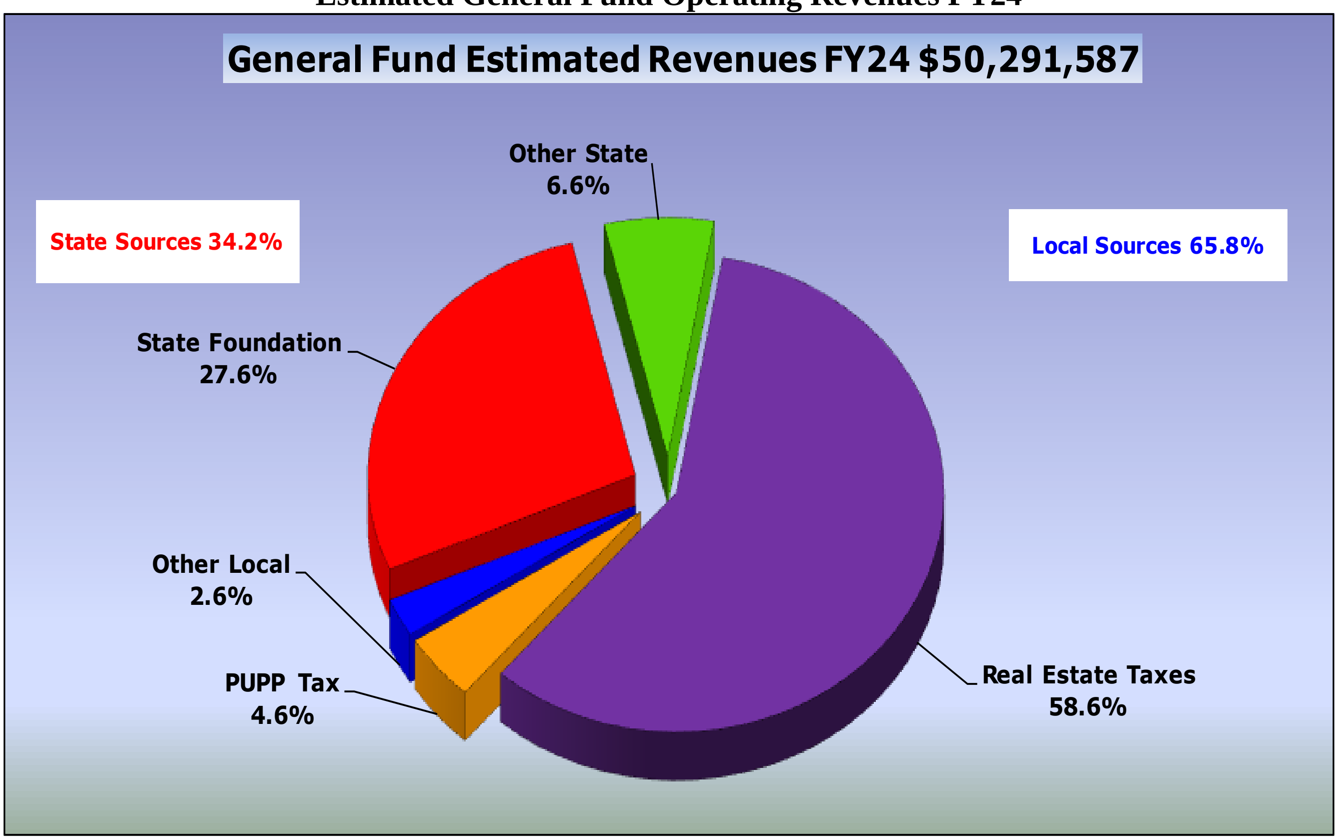
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

The graph captures in one snapshot the operating scenario facing the District over the next few years, reflecting a slowly declining ending cash balance.



Revenue Assumptions

Estimated General Fund Operating Revenues FY24



Real Estate Value Assumptions – Line #1.010
Property Values are established each year by the Cuyahoga and Lorain County Auditors based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values.
A full reappraisal will occur in 2024 for collection in 2025 for which we are estimating a 14% increase in residential and a 14% increase for commercial/industrial property. We anticipate value increases for Class I and II property by $98.8 million for an overall increase of 14.4%.

House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2025 reappraisal values and the inside millage we collect. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR2025	TAX YEAR2026	TAX YEAR2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$560,914,610	$642,592,655	$645,742,655	$648,892,655	$677,998,362
Comm./Ind.	123,227,045	140,328,831	140,178,831	140,028,831	141,279,119
Public Utility Personal Property (PUPP)	22,762,820	23,762,820	24,762,820	25,762,820	26,762,820
Total Assessed Value	$706,904,475	$806,684,307	$810,684,307	$814,684,307	$846,040,301

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
Est. Real Estate Taxes	$29,468,682	$29,787,050	$30,141,974	$30,297,698	$30,514,084

Property tax levies are estimated to be collected at 98.10% of the annual amount. This allows a 1.9% delinquency factor. In general, 52.50% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.50% in the August tax settlement.

The 8.9 mill property tax approved March 17, 2020 began collection activity in FY21 and was fully collected in FY22, which is why the reader will see a jump in collections from FY21 to FY22, for Lines 1.01, 1.02 and 1.05 of the forecast. All three (3) lines of the forecast will adjust due to the new levy.

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

Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020
The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above under P.U. Personal, which was $21.8 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 2022 rose by 1.25% or $1.4 million and are expected to grow by $1 million each year of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property	$2,300,008	$2,407,702	$2,511,202	$2,614,702	$2,718,202

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation & Casino Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

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

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

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

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

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>

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

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.

4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

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

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) – Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees
While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

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

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

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or $42.18 per pupil. In FY22, the funding was increased to $109.39 million for schools or $62.86 per pupil, and in FY23, the funding totaled $113.1 million or $64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$12,392,361	$12,225,223	$12,225,223	$12,225,223	$12,225,223
Additional Aid Items	537,624	537,624	537,624	537,624	537,624
Basic Aid-Unrestricted Subtotal	$12,929,985	$12,762,847	$12,762,847	$12,762,847	$12,762,847
Ohio Casino Commission ODT/Credentials	229,613	234,609	235,458	238,500	242,274
Total Unrestricted State Aid Line #1.035	$13,159,598	$12,997,456	$12,998,305	$13,001,347	$13,005,121

B) Restricted State Foundation Revenue – Line #1.040
HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	$50,769	$19,780	$19,780	$19,780	$19,780
Career Tech - Restricted	3,695	4,478	4,478	4,478	4,478
Gifted	216,706	216,392	216,392	216,392	216,392
ESL	10,974	14,480	14,480	14,480	14,480
Student Wellness	462,306	462,306	462,306	462,306	462,306
Total Restricted State Revenues Line #1.040	$744,450	$717,436	$717,436	$717,436	$717,436

C) Restricted Federal Grants in Aid – Line #1.045
There are no federal restricted grants projected during this forecast.

SUMMARY	FY24	FY25	FY26	FY27	FY28
Unrestricted Line #1.035	$13,159,598	$12,997,456	$12,998,305	$13,001,347	$13,005,121
Restricted Line #1.040	744,450	717,436	717,436	717,436	717,436
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$13,904,048	$13,714,892	$13,715,741	$13,718,783	$13,722,557

State Taxes Reimbursement/Property Tax Allocation
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 still need to get 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.

Summary of State Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	$3,319,698	$3,325,392	$3,373,049	$3,393,496	$3,422,625

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit 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 previous state budget, stopped paying open enrollment as an increase to other revenue for the district. Open-enrolled students will be counted in the enrolled student base at the school district where 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.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY24	FY25	FY26	FY27	FY28
Service Provided Other Entities	$148,721	$150,208	$151,710	$153,227	$154,759
Medicaid	68,192	68,874	69,563	70,259	70,962
Tuition payments	160,604	162,210	163,832	165,470	167,125
Interest	523,223	528,455	533,740	539,077	544,468
Dues & Fees	129,950	131,250	132,563	133,889	135,228
Miscellaneous Receipts	268,461	268,461	268,461	268,461	268,461
Total Other Local Revenue Line #1.060	$1,299,151	$1,309,458	$1,319,869	$1,330,383	$1,341,003

Tax Anticipation Note Borrowing – Line #2.010

Ohio Revised Code 133.24 and 5705.21 allows the District to borrow up to 50% of the annual $5,189,000 expected collection from the new operating levy. The District believed it was prudent to borrow these funds in FY21 in order to avoid any cash flow concerns that could occur over the course of the next few years. The District issued a $2,500,000 Tax Anticipation Note (TAN) dated November 1, 2020, in FY21.The debt will be repaid over a three (3) year period at 1.87% interest, with annual interest and principal payments beginning November 1, 2021 and ending November 1, 2023, as noted on line 4.055.

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.

Source	FY24	FY25	FY26	FY27	FY28
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	0	0	0	0	0
Total Transfer & Advances In	$0	$0	$0	$0	$0

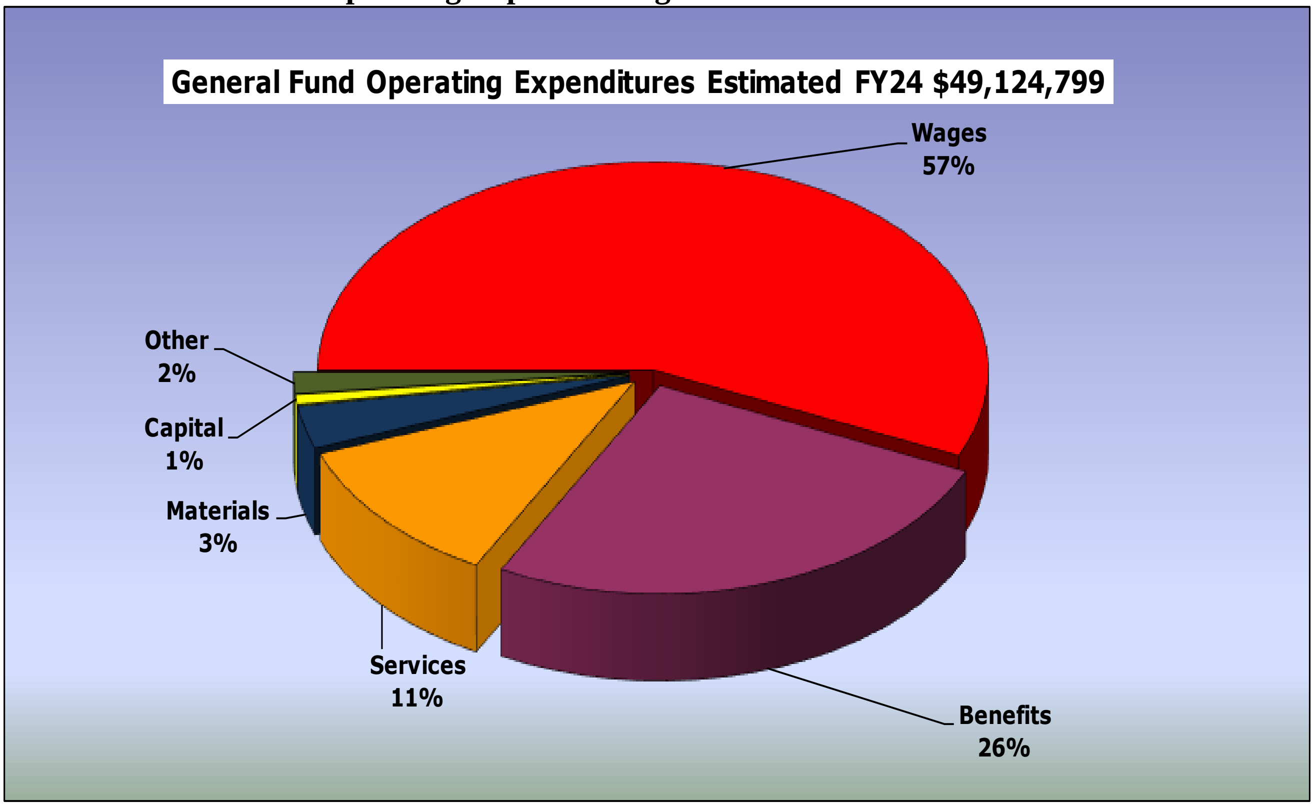
All Other Financial Sources – Line #2.060 & Line #14.010

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 FY23. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Refund of prior years expenditures & Catastophic	$574,266	$574,266	$574,266	$574,266	$574,266

Expenditures Assumptions

All Operating Expense Categories – General Fund FY24



Wages – Line #3.010

During FY21, in order to reduce cost and work toward a balanced budget the District did not replace various employees resigning or retiring along with laying off 13.5 certified staff, 1 mechanic and 1 admin/exempt position. These cost savings will be permanent and future retirements and/or resignations will be handled in the same manner. The Board of Education approved a one year roll over for the expired OFEA and OAPSE union contract that called for a 0% base increase. There are 0% base increases called for FY22-24 with a 1.5% base increase for planning purposes in FY25 through FY28. ESSER II and ESSER III funds will be used to pay staff increases under continuity of services provisions of the CARES Act for FY22-FY25 with step and academic training increases coming from the General Fund. These federal dollars will help prevent us from reducing staff further so we can focus on closing the gaps in learning loss our students may have incurred due to COVID-19.

Trend and attrition savings have been made reducing costs by $146,667 for FY22 and $188,592 in FY23. Other staff changes have been made to reduce salaries and realign staff to further maintain savings already put in place for FY21 and continue to offer quality services. For instance, restructuring job reassignments in the central office resulted in no additional cost but provided an additional FTE for other work assignments.

Negotiations with bargaining unit members resulted in an agreement to include base increases of 0.0% for FY22 through FY24 with stipends coming from ESSER II and III. For planning purposes a 1.5% base increase is planned FY25 through FY28.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$26,503,607	$27,268,038	$28,203,583	$29,120,199	$30,066,605
Base Increase	0	409,021	423,054	436,803	450,999
Steps & Training	471,764	477,191	493,563	509,603	526,166
Growth/Replacement Staff	292,667	49,333	0	0	0
Substitutes	158,852	163,618	168,527	169,033	174,104
Supplementals	455,463	460,018	464,618	469,264	473,957
Severance	-	-	-	-	-
Wage Adjustments & Cuts	0	0	0	0	0
Total Wages Line #3.010	$27,882,353	$28,827,219	$29,753,344	$30,704,902	$31,691,831

Fringe Benefits Estimates Line #3.020

This area of the forecast captures all benefits and retirement costs. These payments and HSA costs are included in the table below. Trend and attrition adjustments for FY22 were made to reduce costs by $53,460 and in FY23 $68,742 to further tighten actual costs.

A) STRS/SERS will increase as Wages Increase

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

We are estimating an increase of 14% for FY24, 8% for FY25, 8% for FY26, and 7% for FY27-FY28, 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 uncertain factors for our healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .25% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY24-FY28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$4,327,587	$4,472,100	$4,616,726	$4,764,609	$4,917,922
B) Insurance's	7,730,753	8,359,573	9,028,339	9,660,323	10,336,546
C) Workers Comp/Unemployment	69,918	72,185	74,408	76,692	79,060
D) Medicare	397,321	405,009	417,995	431,423	445,221
Other/Tuition/Incentive	279,049	256,049	229,049	204,049	204,049
Total Fringe Benefits Line #3.020	$12,804,628	$13,564,916	$14,366,517	$15,137,096	$15,982,798

Purchased Services – Line #3.030
HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly 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.

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 FY23-28.

We are planning to spend $600,000 in FY24 for track replacement and reducing costs bringing preschool back in-house to the district in FY24.

Source	FY24	FY25	FY26	FY27	FY28
Legal Fees, PD, and Other Misc.	$2,428,774	$2,477,350	$2,526,897	$2,577,435	$2,628,983
Contract Substitute	400,000	400,000	400,000	400,000	400,000
Repairs & Maint., Property Ins., Other Misc.	1,045,638	466,551	475,882	485,399	495,107
Tuition & Scholarship Costs	300,634	306,647	312,780	319,036	325,416
College Credit Plus	201,234	205,259	209,364	213,551	217,822
Transportation	362,337	369,583	376,975	384,515	392,205
Utilities	914,656	932,949	951,608	970,640	990,053
Total Purchased Services Line #3.030	$5,653,273	$5,158,339	$5,253,506	$5,350,576	$5,449,587

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. The District has reduced costs for building supplies and is increasing costs for curriculum textbook of $250,000 in FY24. Although this area is one of the smallest expenditure lines, it is also one of the most controllable when in a time of financial stress. Continued year over year reduction in costs can lead to prolonged replacement schedules for technology and maintenance items. Additional ESSER II and III funds have been or will be allocated to our district that can be used through September 30, 2023 and September 30, 2024 respectively, which will be used to purchase textbooks and materials in FY21 and offset costs through FY26. These purchases will help academic support for lost learning due to school closures as a result of the pandemic. We will also be looking for other approved areas such as HVAC improvements that ESSER funds can be used for through FY24.

Source	FY24	FY25	FY26	FY27	FY28
General Office Supplies and Materials	$453,884	$462,962	$472,221	$481,665	$491,298
Textbooks	337,059	340,430	343,834	347,272	350,745
Building Maintenance	359,291	362,884	366,513	370,178	373,880
Transportation Fuel and Supplies	471,495	476,210	480,972	#REF!	490,640
Total Line #3.040	$1,621,729	$1,642,486	$1,663,540	$1,684,897	$1,706,563

Equipment – Line #3.050
The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. This category is used when the District purchases items over $500 and with a useful life of 10 years or greater. Main cost that are reflected here are busses for the transportation fleet. With an average bus age of 12 years, the District needs to stick to a replacement schedule. For FY22 through FY25 we have entered into capital lease purchase agreement for 3 busses in FY22, and replacing one additional bus annually

thereafter, with the payments noted below. In addition, we entered into a five (5) year lease purchase agreement for busses with payments beginning in FY23 that will add $69,700 to the bus purchase line through FY27.

We added $185,000 in FY24 for technology improvements and replacement.

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay & Technology	$190,327	$24,843	$26,085	$27,389	$28,758
Bus Purchases & Lease	179,700	197,700	197,700	237,700	208,000
Total Equipment Line #3.050	$370,027	$222,543	$223,785	$265,089	$236,758

Tax Anticipation Note Principal and Interest Payment – Line #4.055 and #4.060

The District issued a $2,500,000 Tax Anticipation Note (TAN) dated November 1, 2020, for a three (3) year period at 1.87% interest, with annual interest and principal payments beginning November 1, 2021 and ending November 1, 2023. The district paid the TAN off early in FY23 which is one year earlier than expected and will save the district interest costs. The district has no outstanding General Fund debt other than the bus leases which will pay off in FY27.

Source	FY24	FY25	FY26	FY27	FY28
Principal TANS Line #4.020	$0	$0	$0	$0	$0
Principal State Loans Line #4.030	0	0	0	0	0
Principal State Advances Line #4.040	0	0	0	0	0
Principal Operating Levy TANS Line #4.055	0	0	0	0	0
Total Principal Payments	$0	$0	$0	$0	$0
Source	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
Interest on TANS #4.060	$0	$0	$0	$0	$0

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. Increased auditor and treasurer fees for the new 8.9 mill levy are shown increasing in FY21 and FY22 as those will be added collection costs for the new levy.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$578,953	$584,743	$590,590	$596,496	$602,461
ESC Deduction	22,184	22,406	22,630	22,856	23,085
Other expenses	191,652	193,569	195,505	197,460	199,435
Increased A&T Fees for New Levies	0	0	0	0	0
Total Other Expenses Line #4.300	$792,789	$800,718	$808,725	$816,812	$824,981

Transfers Out/Advances Out – Line #5.010

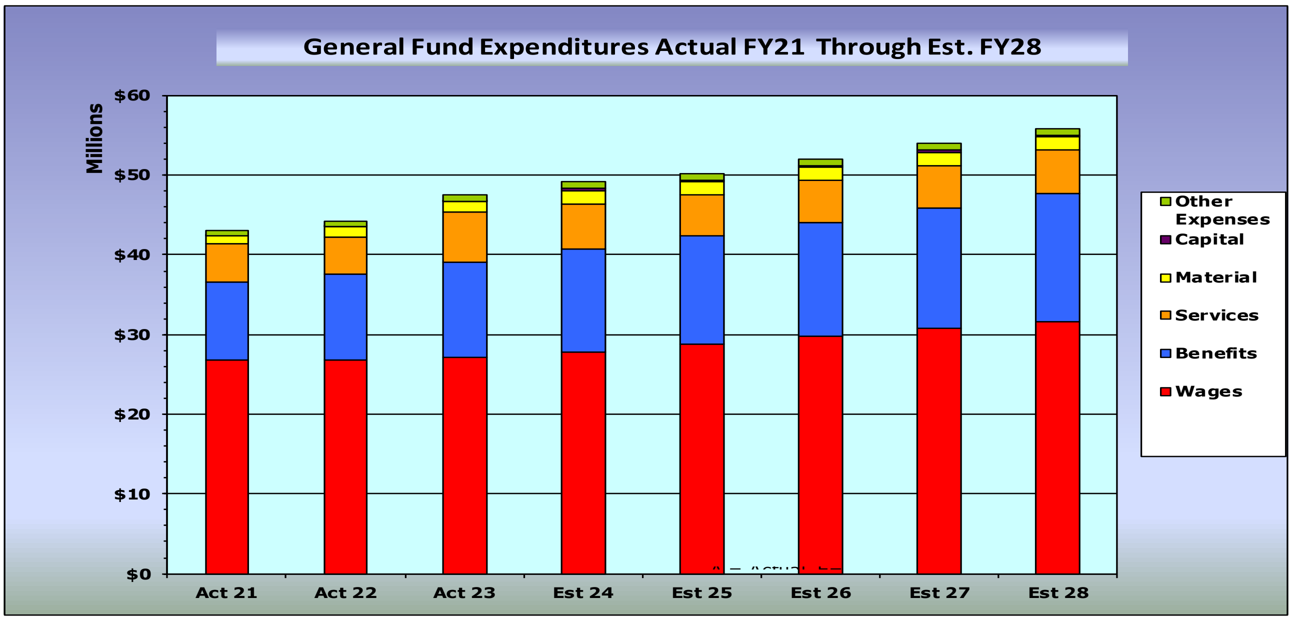
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they can repay the General Fund. The table below presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table below. The forecast transfer out is for the general dollars that are used to pay supplemental wages from the Student Activity fund (300) and for the Food Service fund (006) to cover losses and maintain a positive cash position.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

Encumbrances – Line #8.010
These outstanding purchase orders have yet to be approved for payment, as the goods were not received in the fiscal year in which they were ordered.

	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28
As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in FY20 and FY21. Reductions made in FY21 are noted in the graph for FY21 and FY22.

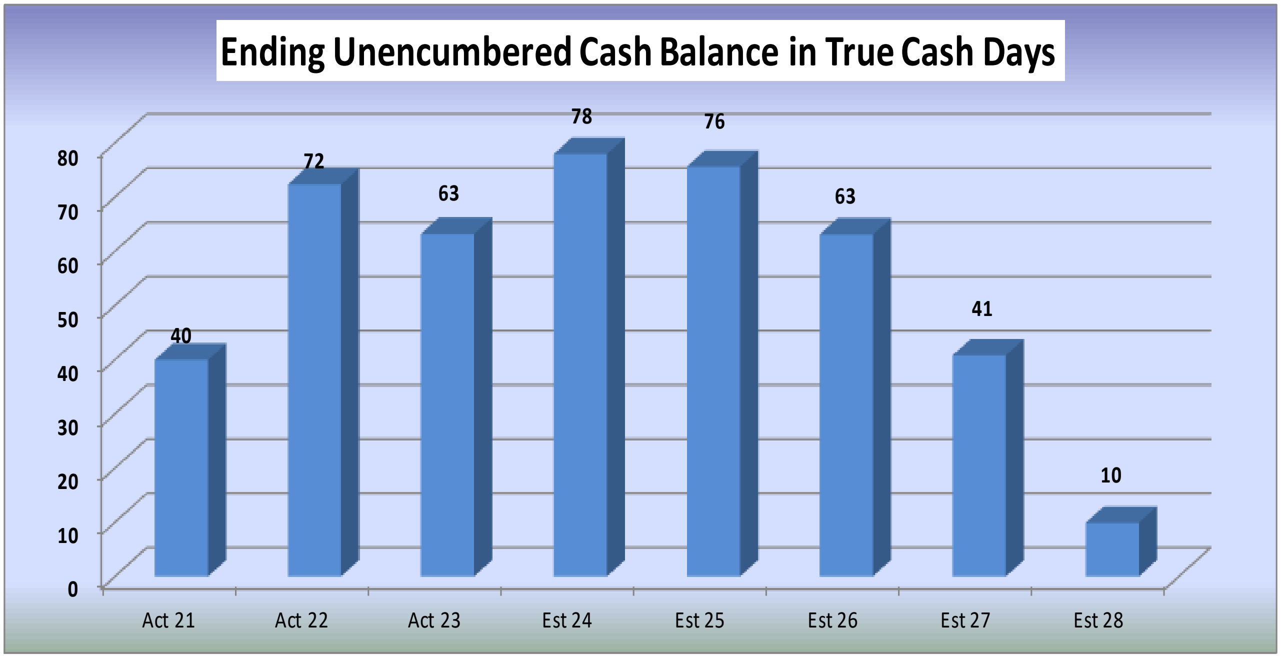


Ending Unencumbered Cash Balance – Line #15.010
This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violates 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $4.05 million for our district.

	FY24	FY25	FY26	FY27	FY28
Ending Cash Balance	$10,703,493	$10,606,032	$9,172,716	$6,142,672	$1,542,891

True Cash Days Ending Balance
Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = 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. Still, it 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.