

MONROEVILLE LOCAL SCHOOL DISTRICT - HURON 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
Monroeville Local School District
Treasurer's Office
Paul DeMarco, Treasurer/CFO

November 2023

Monroeville Local School District – Huron County
Notes to the Five-Year Forecast
General Fund Only
November 2023

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, because 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 affect 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. 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 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 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 important 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 influence 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 affect 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.

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 five-year phase-in. While increased inflation affecting 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.

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 affected 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 taxes represent a significant portion (30%) of the revenue sources for the district. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately-local taxes, equate to 47.98% of the district’s resources. Our tax collections in the February and August of 2023 settlements showed normal collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast. Both Erie and Huron counties

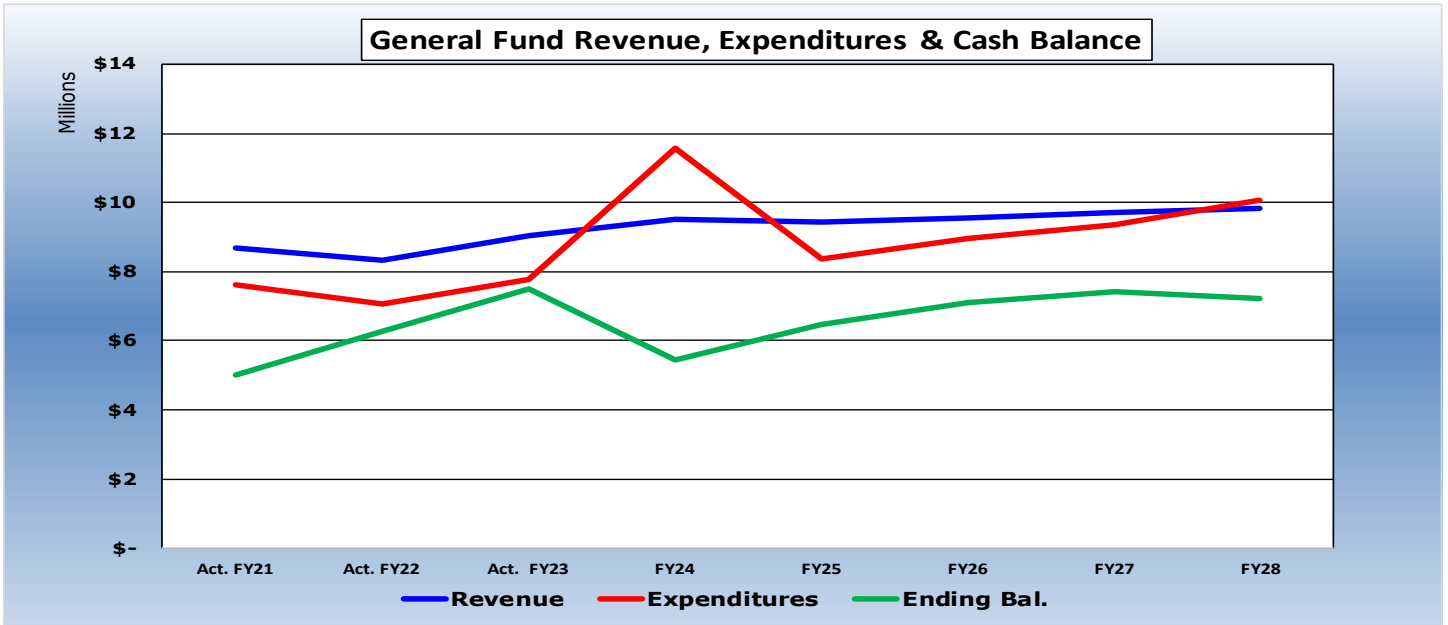
experienced triennial updates in tax year 2021 with collection in 2022. Both counties will experience reappraisals in 2024 with

taxes payable in 2025. The 2021 update increased overall assessed values by \$ 5.74 million or an increase of 5.3%.

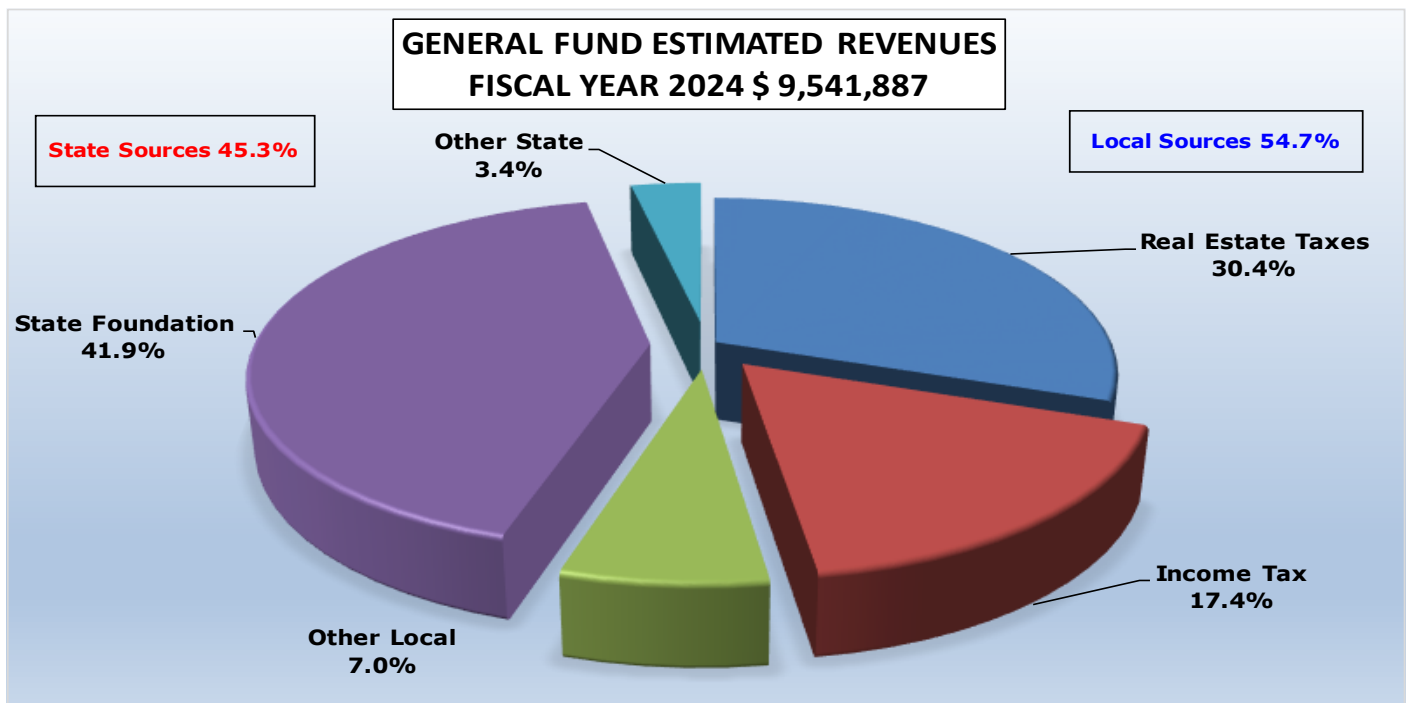
2. The state budget represented 41.9% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic 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.
3. 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.
4. 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.
5. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

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 Paul DeMarco, CFO/Treasurer at 419-465-2610.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY2021-23 and Estimated FY2024-28



Revenue Assumptions General Fund Operating Revenue Fiscal Year 2023-28



ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
<u>Classification</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>
Res./Ag.	\$100,653,934	\$114,695,485	\$118,086,350	\$121,578,940	\$128,823,677
Comm./Ind.	10,250,601	10,455,613	10,769,282	11,092,360	11,203,284
Public Utility Personal Property (PUPP)	8,585,320	9,335,320	10,085,320	10,835,320	11,585,320
Total Assessed Value	\$119,489,856	\$134,486,418	\$138,940,951	\$143,506,620	\$151,612,280

ESTIMATED REAL ESTATE TAX (Line # 1.010)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Est. Real Estate Taxes	\$2,883,001	\$2,685,901	\$2,497,949	\$2,527,358	\$2,557,062
Real Estate Taxes (Line #1.010)	\$2,883,001	\$2,685,901	\$2,497,949	\$2,527,358	\$2,557,062

Summary of Real Estate Values & Taxes – 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. Erie and Huron experienced a triennial update for the 2021 tax year that was collected in 2022. A reappraisal will be conducted in both Erie and Huron counties in tax year 2024 to be collected in 2025. We are anticipating a 5% increase in residential and a potentially larger increase for CAUV values. The district's \$ 443,000 emergency tax levy expires in December of 2024. The forecast has been adjusted to reflect the renewal.

For tax year 2021 residential property values were up largely due to an increase in sales by over six (6.02%) percent or \$ 5.54 million in assessed value. Commercial and Industrial values actually decreased by less than one (.92%) percent of \$90,180. Overall values rose \$5.45 million or 5.36%, which includes new construction for all classes of property.

Property tax levies are estimated to be collected at 97.75% of the annual amount. This allows 2.25% delinquency factor. In general, 54.20% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45.80% collected in the August tax settlement.

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

ESTIMATED PUBLIC UTILITY PERSONAL PROPERTY TAX (LINE # 1.020)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property	\$0	\$0	\$0	\$0	\$0
Total PUPP Tax Line #1.020	\$0	\$0	\$0	\$0	\$0

Summary of Public Utility Personal Property – Line # 1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes, which are collected at the district's gross tax rate and not subject to the reduction factors. The district has been including this revenue with the real property in the previous years of this forecast. In the future, we feel that it is advantageous to track this collection separately and will be working on separating them out of the real estate collection.

ESTIMATED SCHOOL DISTRICT INCOME TAX (LINE #1.030)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
July payment	\$442,467	\$464,590	\$487,820	\$512,211	\$537,822
October payment	376,840	395,682	415,466	436,239	458,051
January payment	379,819	398,810	418,751	439,689	461,673
April payment	448,689	471,123	494,679	519,413	545,384
School District Income Tax (Line #1.030)	\$1,647,815	\$1,730,205	\$1,816,716	\$1,907,552	\$2,002,930
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
School District Income Tax	\$1,614,757	\$1,647,815	\$1,730,205	\$1,816,716	\$1,907,552
Projected Annual Adjustment	33,058	82,390	86,511	90,836	95,378
School District Income Tax (Line #1.030)	\$1,647,815	\$1,730,205	\$1,816,716	\$1,907,552	\$2,002,930

Summary of School District Income Tax – Line # 1.030

The district has a 1.5% limited earned income tax levy. As we move into post-pandemic economic time, we are seeing that income tax collections are beginning to increase with the economic recovery. So far in FY23 income tax collection statewide have increased on average around 9%. Our income tax collection in 2022-23 was up 6.3% over FY22. The prior year the collection experienced a 10.86% increase from the 2020-21 fiscal year. We will assume that income from withholdings will continue in future collections. We will assume an annual growth rate of 5% for the duration of tis forecast. We believe that this is a conservative estimate given the history of growth.

ESTIMATED UNRESTRICTED STATE AID (LINE # 1.035)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid - Unrestricted	\$3,554,873	\$3,600,716	\$3,834,575	\$3,834,575	\$3,834,575
Additional Aid Items	82,213	82,213	82,213	82,213	82,213
Catastrophic Aid	0	0	0	0	0
Sub-Total - Unrestricted Basic Aid	3,637,086	3,682,929	3,916,788	3,916,788	3,916,788
Ohio Casino Commission	37,824	38,580	39,352	40,139	40,942
Unrestricted State Aid (Line #1.035)	\$3,674,910	\$3,721,509	\$3,956,139	\$3,956,926	\$3,957,729

Summary of Unrestricted State Foundation Revenue– Line #1.035

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year’s federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

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

Unrestricted Categorical State Aid

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

Restricted Categorical State Aid

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

State Funding Phase-In FY24 and FY25 and Guarantees

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

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

Future State Budget Projections beyond FY25

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

Casino Revenue

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in 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.

ESTIMATED RESTRICTED STATE AID (LINE # 1.040)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$28,495	\$31,303	\$31,303	\$31,303	\$31,303
Career Tech	26,592	25,805	25,805	25,805	25,805
Gifted	45,719	29,220	29,220	29,220	29,220
ESL	0	0	0	0	0
Student Wellness	202,968	202,968	202,968	202,968	202,968
Restricted State Aid (Line # 1.040)	\$303,774	\$289,296	\$289,296	\$289,296	\$289,296

Summary of Restricted State Foundation Revenue– 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. The district has elected to also post Catastrophic Aid for special education as restricted revenues. Using current September 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.

ESTIMATED FEDERAL AID (LINE # 1.040)

No federal unrestricted grants are projected FY23-27.

ESTIMATED ROLLBACK & HOMESTEAD REIMBURSEMENT (LINE # 1.050)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	\$319,713	\$322,911	\$326,140	\$329,401	\$332,695
State Share of Local Property Taxes (Line # 1.	\$319,713	\$322,911	\$326,140	\$329,401	\$332,695

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.

ESTIMATED ALL OTHER REVENUE (LINE # 1.060)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tuition Related Payments	\$188,579	\$192,351	\$196,198	\$200,122	\$204,124
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	25,103	25,229	25,355	25,482	25,609
Interest Earnings	318,617	320,210	321,811	323,420	325,037
Medicaid	0	0	0	0	0
Miscellaneous	132,695	135,349	138,056	140,817	143,633
Total Other Local Revenue Line #1.060	\$664,994	\$673,139	\$681,420	\$689,841	\$698,403

Summary of 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. This is projected as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast). 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 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.

ESTIMATED SHORT-TERM BORROWING (LINE # 2.010 & 2.020)

There is no short term borrowing projected in this forecast.

ESTIMATED TRANSFERS & ADVANCES (LINE # 2.040 & Line #2.050)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Operating Transfers (Line # 5.010)	\$5,500,000	\$0	\$0	\$0	\$0
Advances (Line #5.020)	0	0	0	0	0
Transfers & Advances	\$5,500,000	\$0	\$0	\$0	\$0

Summary of Transfers & Advances - Line # 2.040 & 2.050

Advances 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. Transfers are permanent in nature and are not intended to be returned to the original fund.

ESTIMATED ALL OTHER FINANCIAL SOURCES (LINE # 2.060)

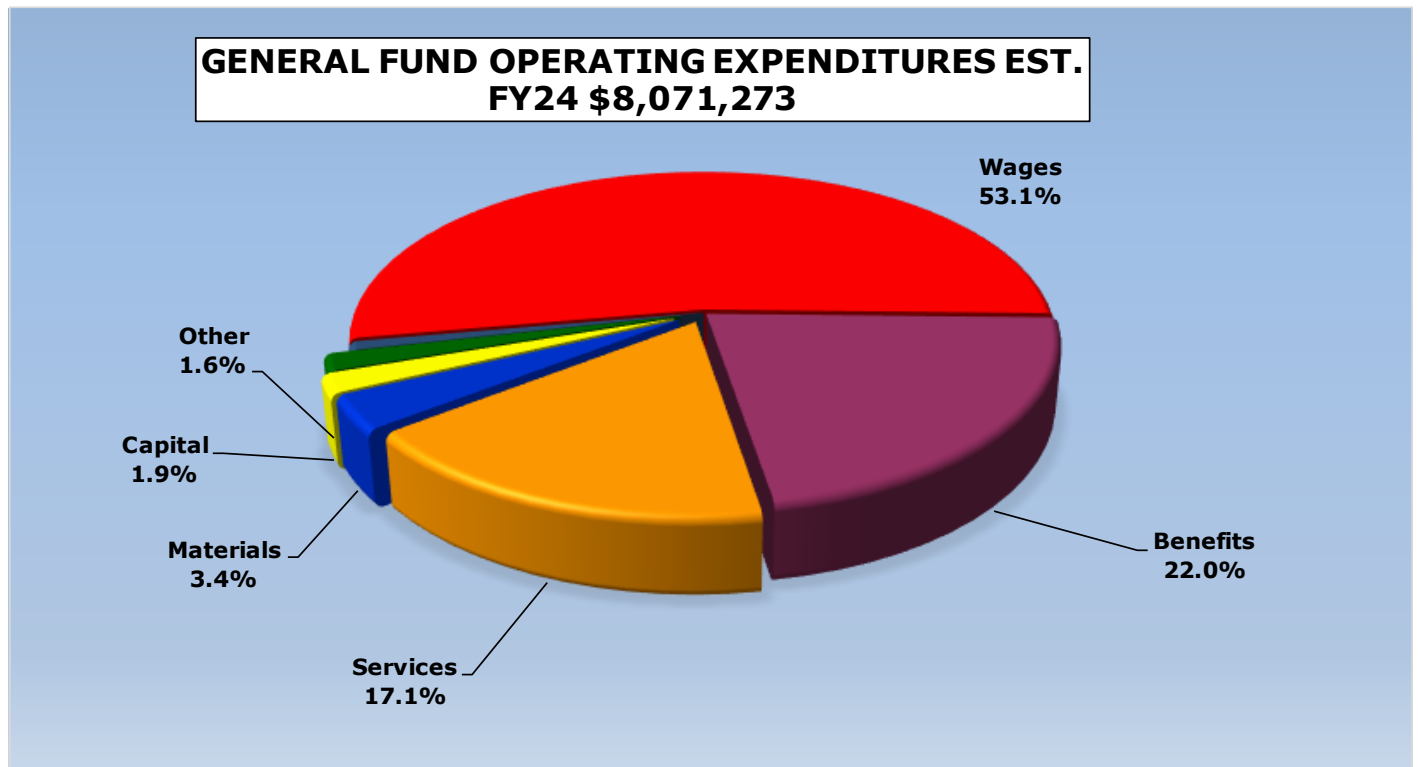
<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
All Other Financing Uses - Line #5.030	\$0	\$0	\$0	\$0	\$0

Summary of 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 FY24. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

**Expenditure Assumptions
General Fund Operating Expenditures
Fiscal Year 2023-24**

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.



ESTIMATED SALARIES & WAGES (Line # 3.010)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages	\$3,851,639	\$4,044,221	\$4,240,654	\$4,446,794	\$4,662,950
Based Pay Increase	77,033	80,884	84,813	88,936	93,259
Steps & Academic Training	115,549	115,549	121,327	127,220	133,404
Growth Staff	0	0	0	0	0
Substitutes	45,345	45,345	45,345	45,345	45,345
Supplementals	173,770	177,245	180,790	184,406	188,094
Severance	25,000	25,750	26,523	27,319	28,139
SWSF & ESSER Adjustments	0	0	0	0	0
Other Adjustments/Reductions	0	0	0	0	0
Salaries & Wages (Line # 3.010)	\$4,288,336	\$4,488,994	\$4,699,452	\$4,920,020	\$5,151,191

Summary of Salaries & Wages – Line #3.010

Negotiations with the certified staff resulted in an agreement to include base increases of 2.0% for FY23 through FY24 including step increases and an index adjustment for those staff members with Master’s degrees. Similar increases have been projected for the classified and administrative staff. Based on a historical analysis, we have projected salary adjustments of two (2.0%) percent for each year of this forecast.

ESTIMATED FRINGE BENEFITS (LINE 3.020)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	\$654,642	\$685,518	\$717,820	\$751,680	\$787,171
B) Insurance's	1,041,404	1,155,958	1,294,673	1,462,980	1,667,797
C) Workers Comp/Unemployment	16,251	17,013	17,812	18,650	19,529
D) Medicare	59,328	62,181	65,090	68,142	71,340
Other/Tuition/Annuities	5,794	5,939	6,087	6,239	6,395
Fringe Benefits (Line #3.020)	\$1,777,419	\$1,926,609	\$2,101,482	\$2,307,691	\$2,552,232

Summary of Fringe Benefits – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase

As required by law, the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance

The district is on a self-insured medical insurance plan. FY32 saw an increase in insurance rates and enrollment of 15.9%. We are estimating an increase of 10% for FY24, 11% for FY25, 12% in FY26, 13% in FY27 and 14% for FY28. This assumptions is based on claims data history and enrollment trends.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the

Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately .038% of wages FY24– FY28. Unemployment is expected to remain at a very low level FY24– FY28. 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.

ESTIMATED PURCHASED SERVICES (LINE # 3.030)

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Professional & Technical Services, ESC	\$365,131	\$383,388	\$402,557	\$422,685	\$443,819
Maintenance, Insurance & Garbage Removal	134,186	140,895	147,940	155,337	163,104
Professional Development	64,008	67,208	70,568	74,096	77,801
Communications, Postage, & Telephone	22,072	23,176	24,335	25,552	26,830
Utilities	165,719	174,005	182,705	191,840	201,432
Contracted Trades & Services	0	0	0	0	0
Tuition, Excess Costs & Scholarship Costs	418,814	439,755	461,743	484,830	509,072
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	116,689	122,523	128,649	135,081	141,835
Contract Transportation	0	0	0	0	0
Other Adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	96,609	101,439	106,511	111,837	117,429
Purchased Services (Line # 3.030)	\$1,383,228	\$1,452,389	\$1,525,008	\$1,601,258	\$1,681,322

Summary of Purchased Services – Line # 3.030

HB110, the previous state budget, impacted the 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 FY24-FY28 Line 3.030 costs and historical FY20 through FY21 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. Special needs services that are contracted with North Pointe ESC along with utilities remain the major portion of this area of the budget. We have projected, based on the historical trend and incorporating ESSER expenses back into this budget at five (5%) percent.

ESTIMATED SUPPLIES & MATERIALS (LINE # 3.040)

Source	FY24	FY25	FY26	FY27	FY28
General Office Supplies & Materials	\$114,173	\$117,598	\$121,126	\$124,760	\$128,503
Textbooks & Instructional Supplies	20,398	21,010	21,640	22,289	22,958
Facility Supplies & Materials	86,092	88,675	91,335	94,075	96,897
Transportation Fuel & Supplies	51,535	53,081	54,673	56,313	58,002
SWSF / ESSER Adjustments	1,433	1,476	1,520	1,566	1,613
Supplies & Materials (Line # 3.040)	\$273,631	\$281,840	\$290,294	\$299,003	\$307,973

Summary of 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.

ESTIMATED CAPITAL OUTLAY (LINE # 3.050)

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay & Maintenance	\$25,000	\$25,500	\$26,010	\$26,530	\$27,061
Technology/Curriculum Purchases	0	0	0	0	0
Busses & Other Vehicles	125,000	0	125,000	0	125,000
SWSF / ESSER Adjustments	0	0	0	0	0
Total Equipment Line #3.050	\$150,000	\$25,500	\$151,010	\$26,530	\$152,061

Summary of Capital Outlay – 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.

ESTIMATED DEBT SERVICE (LINE #4.01 – 4.06)

Source	FY24	FY25	FY26	FY27	FY28
Principal TANS Line #4.020	\$54,930	\$56,578	\$58,275	\$60,023	\$61,824
Principal State Loans Line #4.030	0	0	0	0	0
Principal State Advances Line #4.040	0	0	0	0	0
Principal Emergency Levy TANS Line #4.055	0	0	0	0	0
Total Principal Payments (Line # 4.020)	\$54,930	\$56,578	\$58,275	\$60,023	\$61,824

Summary of Principal and Interest Payment – Lines # 4.05 and 4.06

The district is using general fund dollars to pay off a HB264 Energy Conservation Project.

ESTIMATED OTHER OBJECTS (LINE #4.300)

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	\$64,973	\$66,272	\$67,597	\$68,949	\$70,328
Annual Audit Costs	27,258	27,803	28,359	28,926	29,505
Increased A&T Fees for New Levies	0	0	0	0	0
Dues, Fees & other Expenses	40,444	41,253	42,078	42,920	43,778
Other Expenses (Line # 4.300)	\$132,675	\$135,328	\$138,034	\$140,795	\$143,611

Summary of Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A two (2%) percent annual increase is being projected for the five years of the projected forecast.

ESTIMATED TRANSFERS & ADVANCES (LINE #5.010 & 5.020)

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers (Line # 5.010)	\$3,500,000	\$0	\$0	\$0	\$0
Advances (Line #5.020)	0	0	0	0	0
Transfers & Advances	\$3,500,000	\$0	\$0	\$0	\$0

Summary of Transfers Out/Advances Out – Lines # 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. The advance of \$ 3,500,000 is reflective of the board's action earlier this year to provide funding of a capital projects fund.

ESTIMATED ENCUMBRANCES (LINE #8.010)

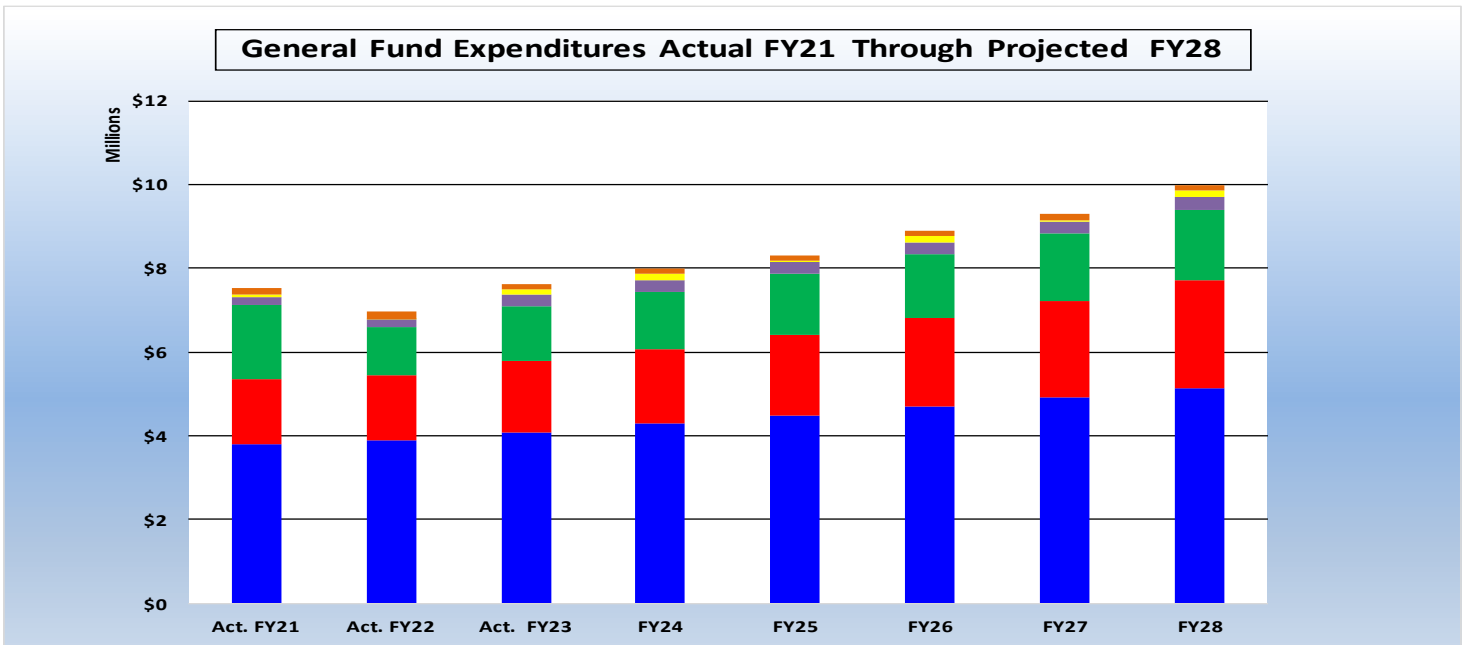
	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances Line #8.010	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

Summary of 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.

Operating Expenditures Actual FY2021-23 and Estimated FY2024-28

As the graph on the following page indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.

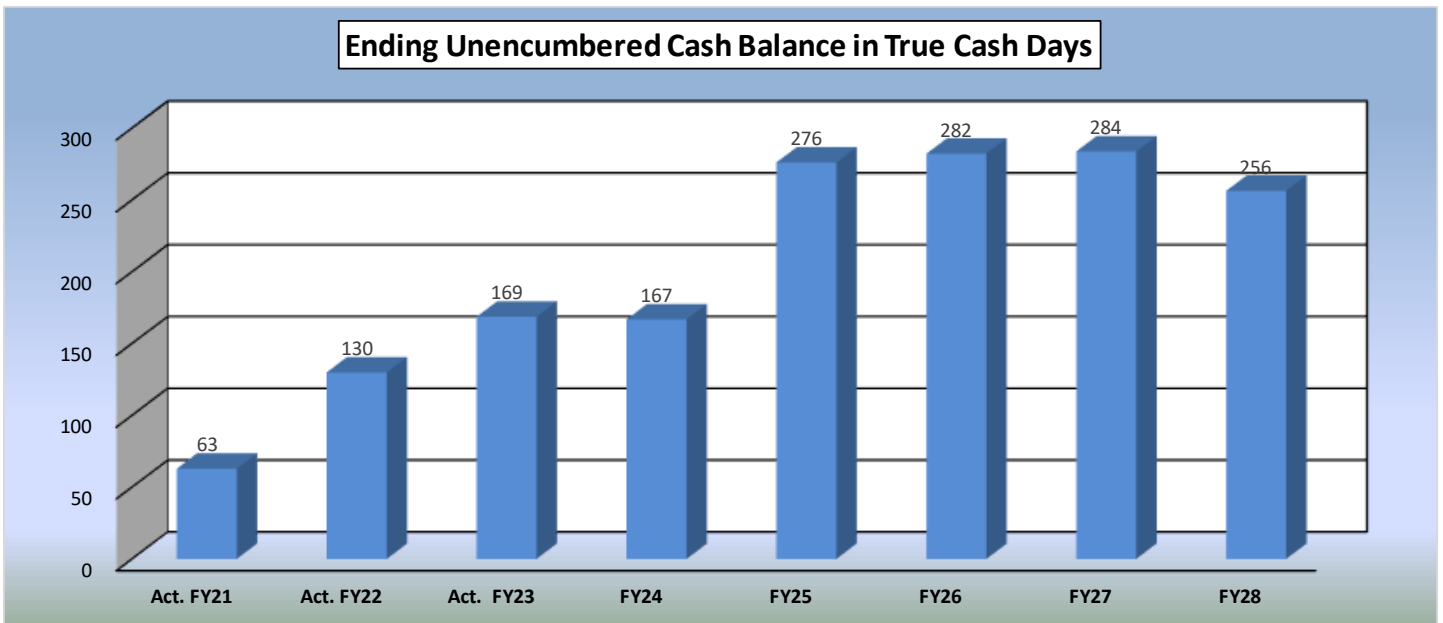


ESTIMATED UNENCUMBERED CASH BALANCE (LINE 15.010)

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Unreserved Cash Balance Line #15.0	\$5,287,804	\$6,562,166	\$7,604,053	\$8,388,443	\$8,616,846

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

This amount must not go below \$0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract 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. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is approximately \$ 664,000 for our district.



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) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year-end but could be more depending on each districts 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 that is available to us at the time the forecast is prepared.