BRIGHT LOCAL SCHOOL DISTRICT-HIGHLAND COUNTY

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

Forecast Provided By
Bright Local School District
Treasurer's Office
Jeff Rowley, Treasurer/CFO
May 17, 2023

Bright Local School District

Highland County

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

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	1,987,233	1,737,403	1,863,090	-2.7%	1,879,643	1,862,171	1,878,422	1,891,138	1,896,930
1.020	Public Utility Personal Property Tax	273,413	286,671	302,759	5.2%	314,538	311,604	331,331	344,181	357,031
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	5,757,291	5,855,406	6,102,291	3.0%	6,444,111	6,441,599	6,442,530	6,443,482	6,444,447
1.040	Restricted State Grants-in-Aid	169,201	197,040	423,232	65.6%	466,299	466,299	466,299	466,299	466,299
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	3,503	135,433	413,827	1985.9%	314,538	300,985	303,424	305,723	306,656
1.060	All Other Revenues	1,243,987	1,922,662	372,668	-13.0%	422,285	425,968	429,689	433,446	437,241
1.070	*Total Revenues*	9,434,628	10,134,615	9,477,867	0.5%	9,841,414	9,808,626	9,851,695	9,884,269	9,908,604
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	230,343	271,970	128,661	-17.3%	194,161	194,156	194,148	184,311	149,276
2.050	Advances-In	0	0	489,585	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	0	128,539	30,784	0.0%	10,582	10,582	10,582	10,582	10,582
2.070	*Total Other Financing Sources*	230,343	400,509	649,030	68.0%	204,743	204,738	204,730	194,893	159,858
2.080	*Total Revenues and Other Financing Sources*	9,664,971	10,535,124	10,126,897	2.6%	10,046,157	10,013,364	10,056,425	10,079,162	10,068,462
	Expenditures									
3.010	Personal Services	4,111,231	4,245,416	4,210,979	1.2%	4,743,405	5,023,016	5,191,027	5,287,254	5,385,399
3.020	Employees' Retirement/Insurance Benefits	1,876,339	1,775,852	2,059,792	5.3%	2,402,647	2,660,929	2,850,817	3,038,122	3,241,017
3.030	Purchased Services	2,081,849	2,052,622	1,098,622	-23.9%	953,013	944,720	946,829	949,047	951,375
3.040	Supplies and Materials	337,872	252,395	363,756	9.4%	409,893	413,991	472,131	422,853	427,081
3.050	Capital Outlay	173,338	11,604	11,068	-49.0%	34,229	11,291	11,404	191,518	101,633
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	145,401	746,200	155,328	167.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	71,898	72,715	73,547	74,392	50,053
4.055	Principal-Other	0	0	0	0.0%	85,765	87,324	88,912	90,528	92,174
4.060	Interest and Fiscal Charges	62,819	53,391	38,806	-21.2%	36,499	34,117	31,690	19,391	7,049
4.300	Other Objects	127,690	129,322	146,921	7.4%	146,948	146,948	146,948	146,948	146,948
4.500	*Total Expenditures*	8,916,539	9,266,802	8,085,272	-4.4%	8,884,296	9,395,051	9,813,304	10,220,053	10,402,729
	Other Financing Uses									
5.010	Operating Transfers-Out	628,267	413,767	167,466	-46.8%	690,607	748,656	396,648	347,811	297,776
5.020	Advances-Out	0	489,585	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	4,480	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	628,267	903,352	171,946	-18.6%	690,607	748,656	396,648	347,811	297,776
5.050	*Total Expenditures and Other Financing Uses*	9,544,806	10,170,154	8,257,218	-6.1%	9,574,903	10,143,708	10,209,953	10,567,865	10,700,506
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	120,165	364,970	1,869,679	308.0%	471,254	(130,343)	(153,527)	(488,702)	(632,043)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,453,485	4,573,650	4,938,620	5.3%	6,808,299	7,279,553	7,149,210	6,995,682	6,506,980
7.020	*Cash Balance June 30*	4,573,650	4,938,620	6,808,299	22.9%	7,279,553	7,149,210	6,995,682	6,506,980	5,874,936
8.010	*Estimated Encumbrances June 30*	115,485	(120,845)	77,516	-184.4%	75,000	75,000	75,000	75,000	75,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	4,458,165	5,059,465	6,730,783	23.3%	7,204,553	7,074,210	6,920,682	6,431,980	5,799,936

Bright Local School District

Highland County

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

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement				0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	4,458,165	5,059,465	6,730,783	23.3%	7,204,553	7,074,210	6,920,682	6,431,980	5,799,936
	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		0.0%	0	0	0	0	0
14.010	Revenue from Future State Advancements				0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	4,458,165	5,059,465	6,730,783	23.3%	7,204,553	7,074,210	6,920,682	6,431,980	5,799,936

Bright Local School District – Highland County
Notes to the Five Year Forecast
General Fund Only
May 17, 2023

Introduction to the Five-Year Forecast
A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast such as state budgets (adopted every two years), tax levies (new/renewal/replacement), tax adjustments (reappraisal/updates), 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 the Ohio Department of Education (ODE) when events take place that will 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 (CFO) of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. 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.

May 2023 Updates:

<u>Revenues FY23</u>
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $83 thousand or 0.8% higher than the November forecasted amount of $9.7 million. This indicates the November forecast was 99.2% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 22.3% and are estimated to be $2.1 million, which is $97 thousand higher for FY23 than the original November estimate. Our estimates are 95.4% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $6.9 million, which is $23 thousand higher than the original estimate for FY23. We are pleased that we were able to be 99.6% accurate for FY23. We are currently on the cap and are expected to remain as a cap district for FY24 through FY27.

Line 1.06 - Other revenues are down $61 thousand under original estimates, primarily due to tuition payments received by the district, which are somewhat unpredictable year to year.

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

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $8.8 million for FY23, which is $74 thousand lower than the original estimate in the November forecast, and is roughly 99.1% on target with original estimates. The expenditure line most significantly under projection is Purchased Services (line 3.030), due to excess cost and other expenses coming in below estimates.

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

Unreserved Ending Cash Balance

With revenues ending mostly on target over from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $7.2 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainties not only due to the economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1. Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with 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 26.6% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2. Highland County experienced a triennial update in the 2021 tax year, which was collected in FY22. The 2021 increased overall assessed values by $6 million or an increase of 6.2%. A reappraisal will occur in tax year 2024 for collection in FY. We anticipate values will increase for Class I and Class II by 0.99%, or $1 million.

3. The two-year state budget for FY24-25, HB33, is currently in discussion. State revenues represented 73.4% of district revenues, which means it is a significant area of risk to the district's revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY24-25 and FY26-27. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY27. We have projected our state funding to be in-line with the FY23 funding levels through FY27, which we feel is conservative and should be close to what the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open

enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in actual historical costs for FY20 through FY21, which may reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.

5. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are closely monitoring any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

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

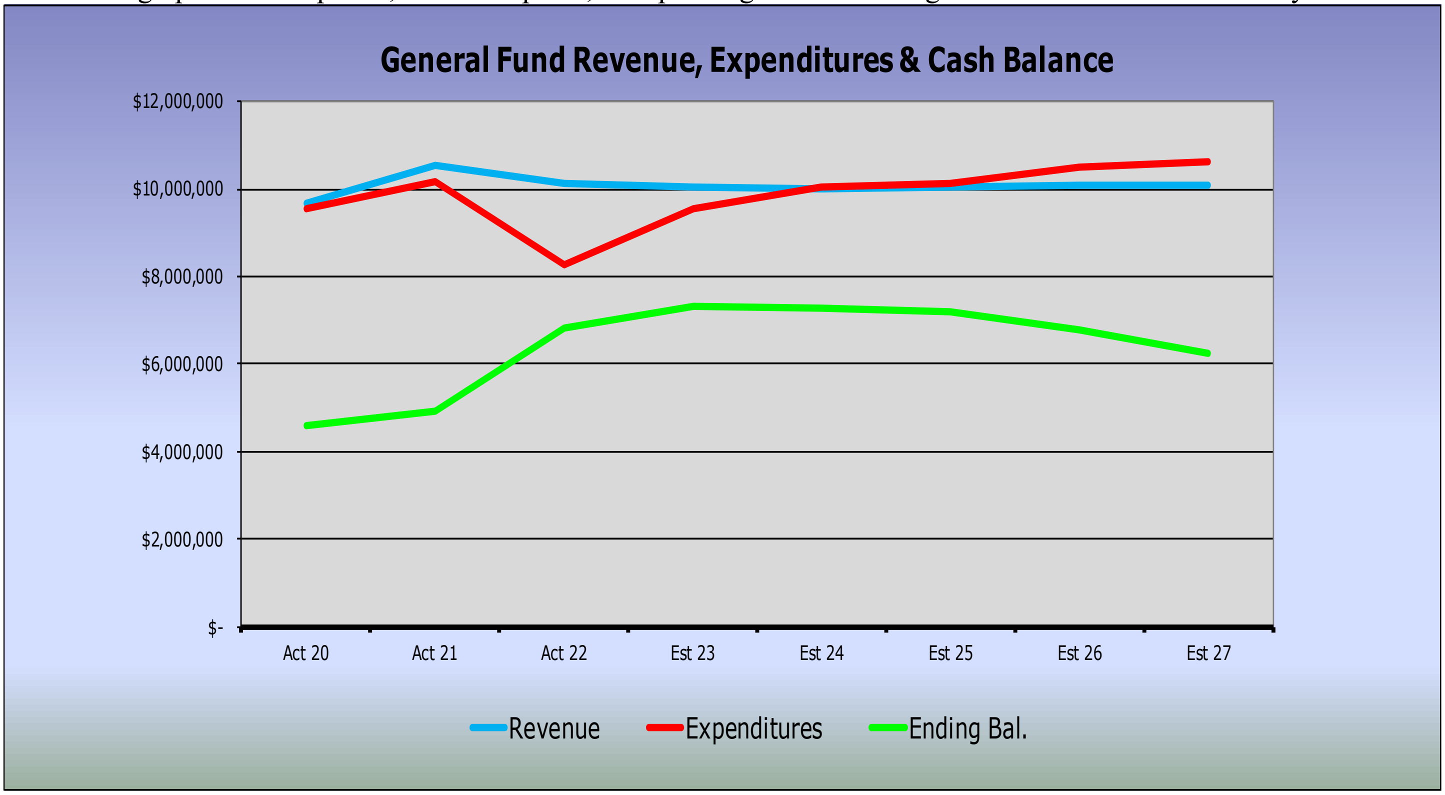
7. The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat $125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its seventh hearing in regard to HB1 on April 25, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

8. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward our positive working relationship will continue and will only grow stronger.

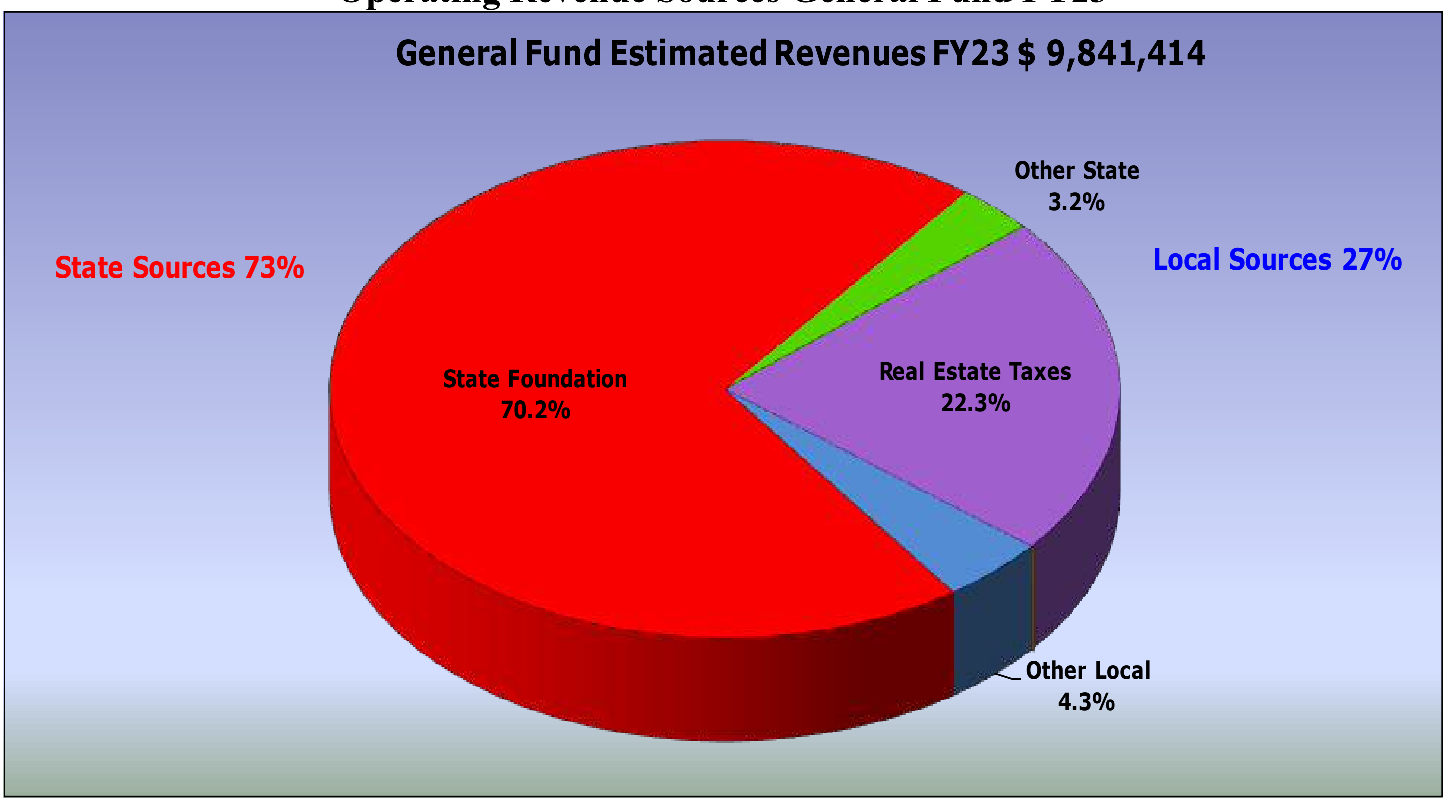
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Jeff Rowley, Treasurer/CFO.

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

The graph below captures, in one snapshot, the operating scenario facing the district over the next few years.



Revenue Assumptions
Operating Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Highland County experienced a triennial update for the 2021 tax year to be collected in FY22. Residential/agricultural values increased 6.3% or $5.9 million due to the update, led by an improving housing market.

For tax year 2022, new construction in residential property was up 1.1% or $1.1 million in assessed value, and commercial/industrial values remained constant. Overall values increased $2.4 million or 2.4%, which includes new construction for all classes of property.

A sexennial reappraisal will occur in 2024 for collection in FY25, for which we are estimating a 1% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $1 million or 0.99%, overall.

Public Utility Personal Property (PUPP) values increased by $6 thousand in tax year 2022. We expect our values to continue to grow by $500 thousand each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$104,661,360	$104,986,360	$106,361,224	$106,686,224	$107,011,224
Comm./Ind.	1,265,840	1,270,840	1,282,194	1,287,194	1,292,194
Public Utility Personal Property (PUPP)	12,142,270	12,642,270	13,142,270	13,642,270	14,142,270
Total Assessed Value	$118,069,470	$118,899,470	$120,785,688	$121,615,688	$122,445,688

Estimated Real Estate Tax (Line #1.010)

Source	FY23	FY24	FY25	FY26	FY27
Total General Property Taxes - Line #1.010	$1,879,643	$1,862,171	$1,878,422	$1,891,138	$1,896,930

Property tax levies are estimated to be collected at 98% of the annual amount. This allows for a 2% delinquency factor. In general, 59% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 41% collected in the August tax settlement. Collections in FY23 were up $4 thousand due to additional delinquent taxes collected in the August and March tax settlements, which are expected to fall by $82 thousand in FY24 and remain stable for the remainder of the forecasted period.

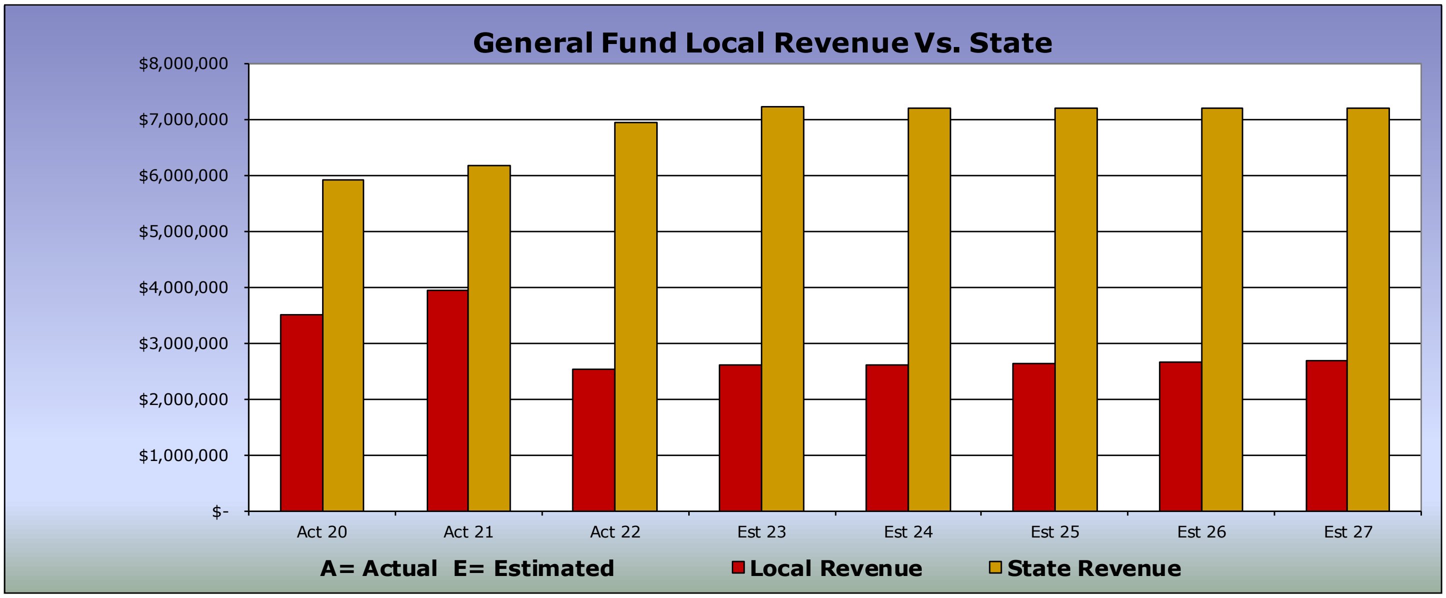
Levy Renewal –Line #11.02
No levy renewals are modeled in this forecast.

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

Estimated Public Utility Personal Tax – Line#1.020
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $12 million in assessed values in 2022 and are 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 0.1% or $6 thousand and are expected to grow by $500 thousand each year of the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property (Line#1.020)	$314,538	$311,604	$331,331	$344,181	$357,031
Total Public Utility Persosonal Property Line # 1.020	$314,538	$311,604	$331,331	$344,181	$357,031

School District Income Tax – Line#1.030
No school district income taxes are modeled in this forecast.



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

Unrestricted State Foundation Revenue– Line #1.035
The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the May #1, 2023 foundation settlement and funding factors.

Our district is currently a cap district in FY23 and is expected to remain on the capped in FY24-27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest, and possibly the most complicated, funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated, and how expenses are deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

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

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up to date statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district’s local capacity will update for FY23. Base costs per pupil include funding for five (5) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of $7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

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

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. An amount of 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within one mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.33% in FY23.
2. English Learners - Based on funded categories generated from time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds - Based on four funded components generated primarily from a ratio of teachers to gifted pupils and multiplied by a weighted teacher cost.
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, were moved as a part of DPIA funding, which is restricted funding and will be spent on same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

State Funding Phase-In FY22 and FY23 and Guarantees

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

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

Future State Budget Projections

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

<u>Unrestricted Basic Aid Foundation Funding</u>

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

<u>Unrestricted Categorical State Aid</u>

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

<u>Restricted Categorical State Aid</u>

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

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

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted state funding to be in line with the FY23 funding levels through the remainder of the forecast according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33.

The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil, actual payments in FY23 were $65.19 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$6,262,308	$6,258,889	$6,258,889	$6,258,889	$6,258,889
Additional Aid Items	136,184	136,184	136,184	136,184	136,184
Basic Aid-Unrestricted Subtotal	$6,398,492	$6,395,073	$6,395,073	$6,395,073	$6,395,073
Ohio Casino Commission ODT	45,619	46,526	47,457	48,409	49,374
Total Unrestricted State Aid Line # 1.035	$6,444,111	$6,441,599	$6,442,530	$6,443,482	$6,444,447

Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. Using current May 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, 33.33% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
Student Wellness and Success	$212,922	$212,922	$212,922	$212,922	$212,922
Disadvantaged Pupil Impact Aid	156,597	156,597	156,597	156,597	156,597
ESL	0	0	0	0	0
Gifted	54,606	54,606	54,606	54,606	54,606
Career Tech	42,174	42,174	42,174	42,174	42,174
Total Restricted State Revenues Line #1.040	$466,299	$466,299	$466,299	$466,299	$466,299

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$6,444,111	$6,441,599	$6,442,530	$6,443,482	$6,444,447
Restricted Line # 1.040	466,299	466,299	466,299	466,299	466,299
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$6,910,410	$6,907,898	$6,908,829	$6,909,781	$6,910,746

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

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 prior to 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 residential taxpayers. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible after, 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 going forward 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.

Source	FY23	FY24	FY25	FY26	FY27
Total Rollback and Homestead - Line 1.050	$314,538	$300,985	$303,424	$305,723	$306,656

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Due to the District taking over management of the CC unit at the high school from the ESC, we will be losing $4.5 thousand in annual rent revenue, but pickup billable service for students from local districts that will amount to, roughly, $107 thousand.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Gross	$0	$0	$0	$0	$0
Tuitions	162,238	163,860	165,499	167,154	168,826
Other Income and rentals	168,324	170,007	171,707	173,424	175,158
Medicaid	25,000	25,000	25,000	25,000	25,000
Interest	37,777	38,155	38,537	38,922	39,311
Manufactured Homes	28,946	28,946	28,946	28,946	28,946
Total Other Local Revenue Line #1.060	$422,285	$425,968	$429,689	$433,446	$437,241

Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short-term borrowing projected in this forecast.

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

Transfers In as seen below, are for General Fund debt payments. Funds must be transferred, as these debt service payments are not backed by voted millage in the Debt Service - Fund 002. The advances out in the previous fiscal year are planned to be repaid in the following fiscal year.

Source	FY23	FY24	FY25	FY26	FY27
Transfers In - Line 2.040	$194,161	$194,156	$194,148	$184,311	$149,276
Advance Returns - Line 2.050	0	0	0	0	0
Total Transfer & Advances In	$194,161	$194,156	$194,148	$184,311	$149,276

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

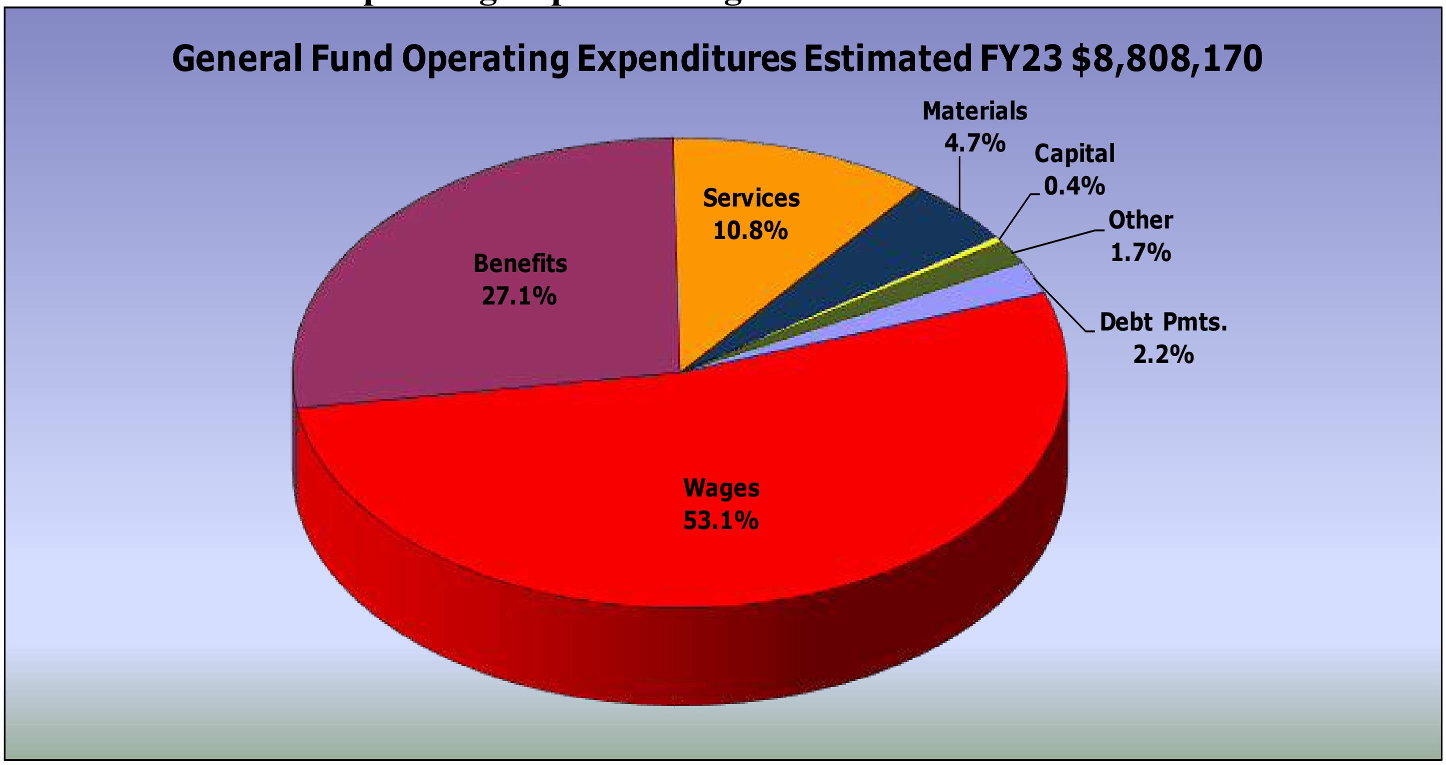
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY23. For future years we are estimating an amount of refunds that are in line with historical collections.

Source	FY23	FY24	FY25	FY26	FY27
Sale of Personal Property	$2,873	$2,873	$2,873	$2,873	$2,873
Refund of Prior Year Expense	7,709	7,709	7,709	7,709	7,709
Total All Other Financing - Line #2.060	$10,582	$10,582	$10,582	$10,582	$10,582

Expenditures Assumptions

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. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

Negotiations with our Certified bargaining unit resulted in an agreement, which ends with the FY25 contract year. The forecast reflects a 2% base increase for FY23-25, and a 0% increase in FY26-27, for planning purposes only at this time. Negotiations with our Classified bargaining unit are still ongoing, although, we are estimating a market adjustment to ensure our wages are competitive with neighboring districts. Administrative and non-represented staff typically see a similar increase to the bargaining unit members; however, these increases are reviewed on an annual basis.

In FY23, the District is anticipating hiring a new fourth grade teacher and a psychologist. Due to the District taking over management of the CC unit at the high school from the ESC, we will be hiring a teacher and three aides to support the students' needs. FY24 will see wages returned to the general fund, which had been paid from federal ESSER funding.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$3,797,642	$4,271,914	$4,531,898	$4,713,174	$4,807,437
Increases	186,464	85,438	90,638	0	0
All Staff - Steps and Training	75,953	85,438	90,638	94,263	96,149
Overtime/Board	56,719	57,286	57,859	58,438	59,022
Substitutes	262,185	262,185	262,185	262,185	262,185
Supplementals	88,578	88,578	88,578	88,578	88,578
Severance	0	16,500	0	0	0
Staff Increases/Reductions	211,855	10,550	0	0	0
ESSER Adjustment	0	78,558	0	0	0
Total Wages Line 3.010	$4,679,396	$4,956,447	$5,121,796	$5,216,638	$5,313,371

Fringe Benefits Estimates – Line #3.020
This area of the forecast captures all costs associated with benefits and retirement costs. These payments and HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance
The District is a member of the Brown County Insurance Consortium for medical and dental coverage. The consortium is made up of nine entities; six Brown County schools (Eastern, Fayetteville-Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Career Tech Center, and Western Brown), two Highland County schools (Bright Local and Lynchburg-Clay), and the Brown County Educational Service Center. The consortium is governed by 9 Superintendents representing each of the member districts with the ESC acting as the Fiscal Agent. At this time we are estimating an increase of 8.8% for FY23 and a 9% increase for FY24-27, which reflects the District's trend and the likely increase in health care costs as a result of actual claims incurred. This is based on our current employee census and claims data.

The District will be increasing insurance costs for the new positions outlined above: a new fourth grade teacher, a new CC Unit teacher, and three new CC Unit aides.

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 healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers' Compensation is expected to be approximately 0.46% of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

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

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$784,128	$828,457	$859,390	$875,514	$891,961
B) Insurance's	1,515,676	1,724,318	1,879,507	2,048,663	2,233,043
C) Workers Comp/Unemployment	22,107	23,382	24,142	24,579	25,024
D) Medicare	65,821	69,408	71,910	73,237	74,592
Other/Tuition	2,798	2,798	2,798	2,798	2,798
Total Fringe Benefits Line #3.020	$2,390,530	$2,648,363	$2,837,747	$3,024,791	$3,227,418

Purchased Services – Line #3.030
HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to directly pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships that granted 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 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.

Due to the District taking over management of the CC unit at the high school from the ESC, we will be decreasing the purchased services line by $90 thousand. We will be increasing this line by $21 thousand for Renaissance Learning in FY23, then only by $10.5 thousand after its first year of implementation. We have also signed a new preventative maintenance agreement for our HVAC systems, which will increase annual costs by $17 thousand.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Deduction	$6,435	$6,435	$6,435	$6,435	$6,435
Professional Support	222,884	216,842	221,179	225,603	230,115
Utilities	225,085	222,834	220,606	218,400	216,216
Building Maintenance/Insurance	195,901	195,901	195,901	195,901	195,901
Excess Cost and Other	112,228	112,228	112,228	112,228	112,228
Other Tuition & CCP	100,478	100,478	100,478	100,478	100,478
Base Services	42,016	42,016	42,016	42,016	42,016
Community School Deductions	9,297	9,297	9,297	9,297	9,297
Travel/Meeting	38,689	38,689	38,689	38,689	38,689
Total Purchased Services Line #3.030	$953,013	$944,720	$946,829	$949,047	$951,375

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 utilized ESSER funding to purchase one to one devices for students, which was a savings to our General Fund. The Digital/Paper Textbooks line below will see an increase of $54 thousand for renewing licenses for math and science curriculum in FY25, then will return to average trends in FY26.

Source	FY23	FY24	FY25	FY26	FY27
Supplies	$102,489	$103,514	$104,549	$105,594	$106,650
Transportation	205,033	207,083	209,154	211,246	213,358
Digital/Paper Textbooks	41,049	41,459	95,874	42,833	43,261
Building Maintenance	61,322	61,935	62,554	63,180	63,812
Total Supplies Line #3.040	$409,893	$413,991	$472,131	$422,853	$427,081

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. The District currently purchases one bus per year through the Permanent Improvement Fund. This has shifted this expense out of this section of the forecast and into Transfers to fund this initiative.

Source	FY23	FY24	FY25	FY26	FY27
Bus Purchases	$0	$0	$0	$180,000	$90,000
Equipment	34,229	11,291	11,404	11,518	11,633
Buildings	0	0	0	0	0
Total Equipment Line #3.050	$34,229	$11,291	$11,404	$191,518	$101,633

Principal and Interest Payment – Lines # 4.05, 4.055 and 4.06

The District has two HB264 loans from 2011 and 2016, which will be completed in FY26 and FY31, respectively. The District refinanced the debt incurred to purchase a boiler and chiller and has saved the District, in net present value terms, $43,337. In accordance with the new debt schedule, this debt will be completely paid in FY28.

Source	FY23	FY24	FY25	FY26	FY27
2011 HB 264 Principal	$25,200	$25,200	$25,200	$25,200	$0
2016 HB 264 Principal	10,961	11,152	11,348	11,546	11,748
2016 HB 264 Principal	35,737	36,363	36,999	37,646	38,305
Total HB 264 Principal Line # 4.050	$71,898	$72,715	$73,547	$74,392	$50,053

Source	FY23	FY24	FY25	FY26	FY27
2019 Broiler/Chiller Principal Line # 4.055	$85,765	$87,324	$88,912	$90,528	$92,174

Source	FY23	FY24	FY25	FY26	FY27
Interest Broiler/Chiller & HB 264 Total Line 4.060	$36,499	$34,117	$31,690	$19,391	$7,049

Other Expenses – Line #4.300

This category of expenses is primarily fees to the county auditors and treasurers for collecting property taxes and the Ohio Department of Taxation to collect and manage the District's real estate tax collection. The other expense category is several small expenses with the largest being district liability insurance and dues and fees to organization such as OSBA. The District's annual audit and ESC per pupil deduction. This line is not anticipating material growth in the forecasted years.

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$56,964	$56,964	$56,964	$56,964	$56,964
Memberships and Misc	46,614	46,614	46,614	46,614	46,614
Audit Fees	17,670	17,670	17,670	17,670	17,670
Audit Fees	16,398	16,398	16,398	16,398	16,398
ESC Deduction	9,302	9,302	9,302	9,302	9,302
Total Other Expense - Line #4.300	$146,948	$146,948	$146,948	$146,948	$146,948

Transfers Out and Advances Out – Line# 5.010 and Line# 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. Advanced amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The District has elected to transfer receipts collected for Medicaid reimbursements, and Casino payments received from the state to fund the Permanent Improvement fund. The district will also transfer an insurance settlement into the Permanent Improvement fund in FY23. In FY23-27, the District will transfer funds into the Permanent Improvement fund in preparation of land development for a track and soccer facility. General Fund debt obligations must be transferred yearly to the Debt Service – Fund 002 for payment.

Source	FY23	FY24	FY25	FY26	FY27
Medicaid to PI Resolution #33-2020	$25,000	$25,000	$25,000	$25,000	$25,000
Casino to PI Resolution #34-2020	45,619	46,526	47,457	48,409	49,374
Transfer to PI	363,881	382,974	30,043	90,091	74,126
Track/Soccer Facility	100,000	100,000	100,000	0	0
Debt Payment Fund 002	194,161	194,156	194,148	184,311	149,276
Total Operating Transfers Out Line #5.010	$728,661	$748,656	$396,648	$347,811	$297,776
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$728,661	$748,656	$396,648	$347,811	$297,776

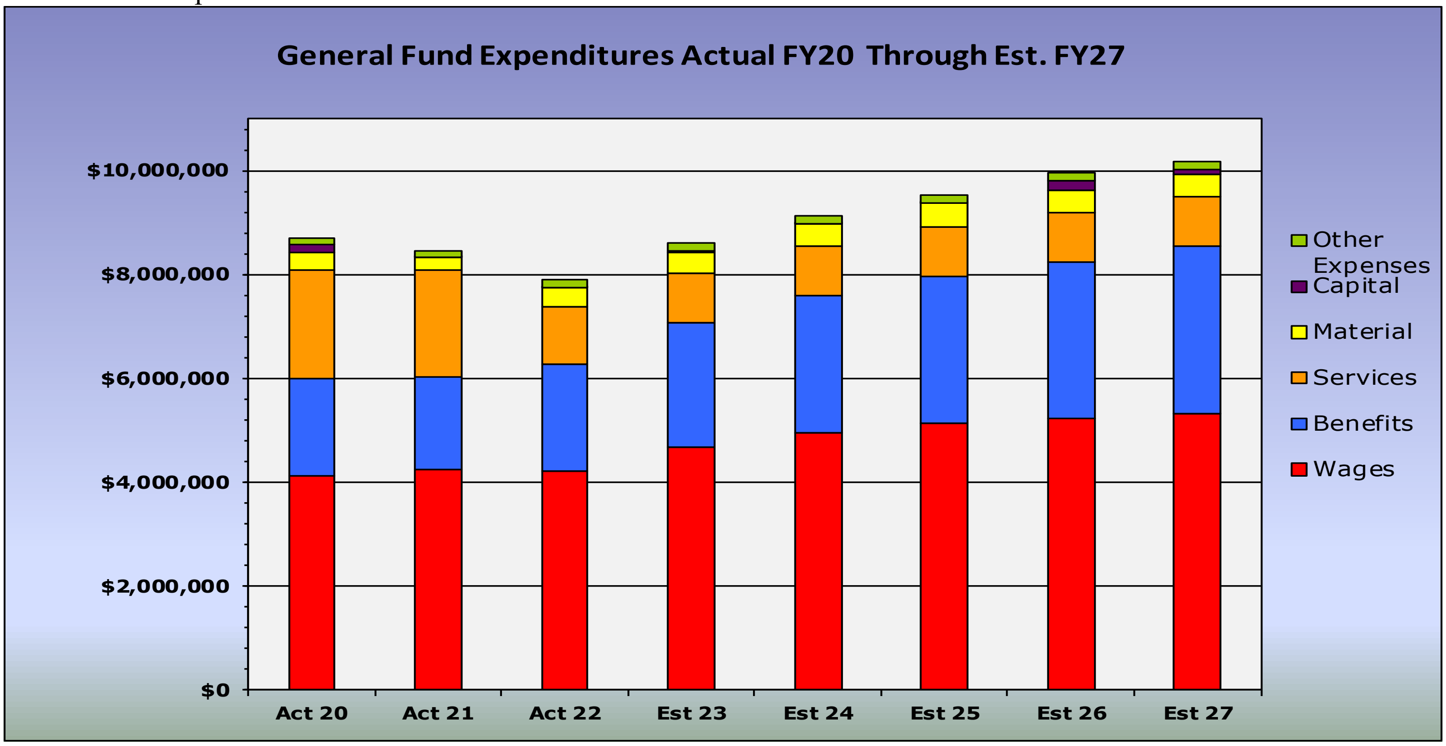
Encumbrances –Line#8.010

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.

Source	FY23	FY24	FY25	FY26	FY27
Total Estimated Encumbrances - Line #8.010	$75,000	$75,000	$75,000	$75,000	$75,000

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

As the following graph 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.

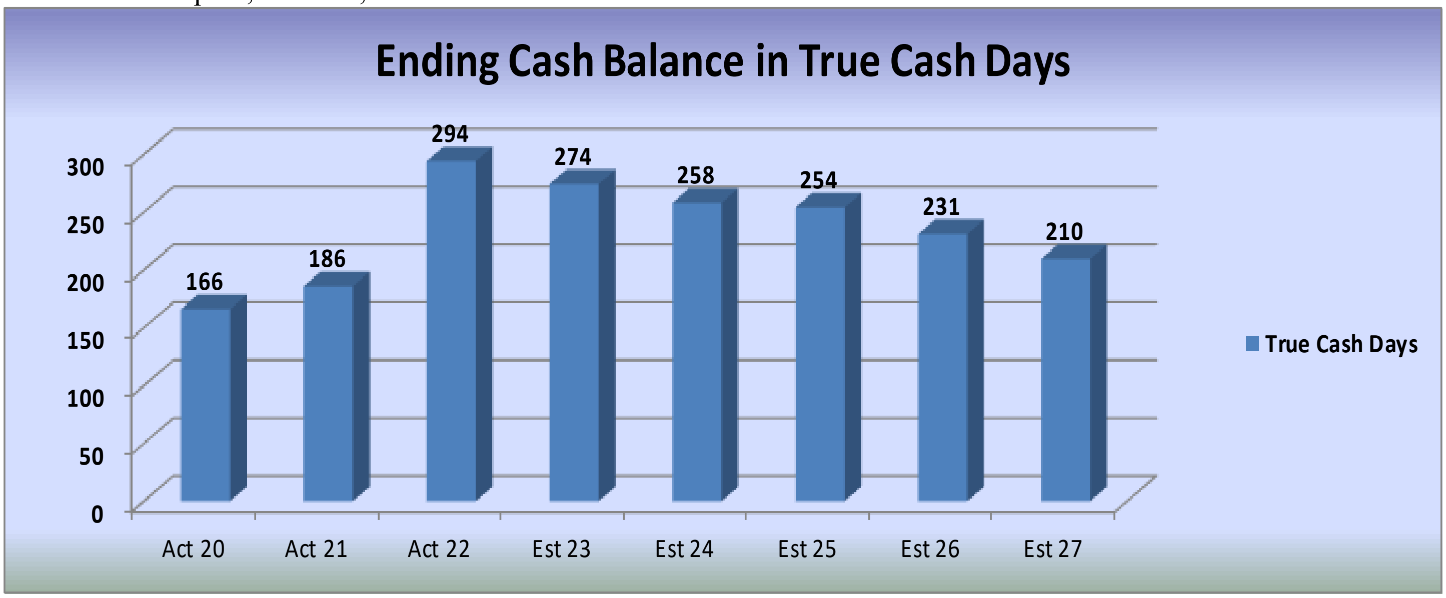


Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately $724 thousand for our district.

Source	FY23	FY24	FY25	FY26	FY27
Total Unencumbered Cash Balance - Line #15.010	$7,242,625	$7,191,416	$7,120,190	$6,715,435	$6,169,018

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 Year's Ending Cash Balance divided by (Current Year's Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two (2) months, or sixty (60) days cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



Conclusion

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state funding will be closely monitored as HB33 moves through the legislative process for FY24-25.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. Additional ESSER II and III have been allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the expenses and help with academic support for lost learning due to school closures as a result of the pandemic. We will monitor this and all other funding that is affecting our forecast from the pandemic.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.