JEFFERSON LOCAL SCHOOL DISTRICT-MADISON 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
Jefferson Local School District
Treasurer's Office
Mark Ingles, Treasurer

May 9, 2023

Jefferson Local School District

Madison 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)	$5,060,192	$4,965,665	$6,195,569	11.5%	$6,146,008	$6,626,017	$6,889,566	$6,885,785	$6,770,529
1.020	Public Utility Personal Property Tax	648,037	362,574	724,551	27.9%	730,243	730,706	722,894	722,985	693,945
1.030	Income Tax	1,761,051	1,771,935	1,986,966	6.4%	2,131,258	2,152,572	2,174,099	2,195,841	1,103,764
1.035	Unrestricted State Grants-in-Aid	4,249,663	4,407,100	4,327,704	1.0%	4,376,722	4,360,961	4,361,688	4,362,417	4,363,146
1.040	Restricted State Grants-in-Aid	64,425	75,537	392,324	218.3%	369,593	369,593	369,593	369,593	369,593
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	747,799	679,761	671,845	-5.1%	644,979	654,743	661,790	656,669	665,015
1.060	All Other Revenues	1,812,721	2,331,608	2,491,220	17.7%	3,036,036	2,949,689	2,056,369	2,083,320	2,111,079
1.070	*Total Revenues*	$14,343,888	$14,594,180	$16,790,179	8.4%	$17,434,839	$17,844,281	$17,235,999	$17,276,610	$16,077,071
	Other Financing Sources									
2.050	Advances-In	$0	$0	$0	0.0%	$4,000	$10,000	$10,000	$10,000	$10,000
2.060	All Other Financing Sources	44,368	238,857	26,677	174.8%	98,562	25,000	25,000	25,000	25,000
2.070	*Total Other Financing Sources*	$44,368	$238,857	$26,677	174.8%	$102,562	$35,000	$35,000	$35,000	$35,000
2.080	*Total Revenues and Other Financing Sources*	$14,388,256	$14,833,037	$16,816,856	8.2%	$17,537,401	$17,879,281	$17,270,999	$17,311,610	$16,112,071
	Expenditures									
3.010	Personal Services	$8,493,197	$8,580,958	$8,414,126	-0.5%	$8,793,129	$9,236,066	$9,423,610	$9,617,834	$9,816,264
3.020	Employees' Retirement/Insurance Benefits	3,931,362	3,655,522	3,847,201	-0.9%	3,923,832	4,187,524	4,461,275	4,715,350	4,987,812
3.030	Purchased Services	2,252,946	2,079,465	1,784,350	-10.9%	1,834,195	2,220,295	2,111,424	2,330,763	2,089,238
3.040	Supplies and Materials	400,382	350,707	423,716	4.2%	590,595	681,941	720,567	675,045	684,678
3.050	Capital Outlay	160,535	153,168	94,278	-21.5%	593,997	400,397	319,397	334,397	254,397
4.300	Other Objects	194,955	212,678	231,541	9.0%	$233,856	$236,194	$238,556	$240,942	$243,351
4.500	*Total Expenditures*	$15,433,377	$15,032,498	$14,795,212	-2.1%	$15,969,604	$16,962,418	$17,274,829	$17,914,331	$18,075,740
	Other Financing Uses									
5.010	Operating Transfers-Out	$0	$213,286	$6,000	0.0%	$10,000	$825,000	$100,000	$100,000	$100,000
5.020	Advances-Out	0	0	4,000	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$0	$213,286	$10,000	0.0%	$10,000	$825,000	$100,000	$100,000	$100,000
5.050	*Total Expenditures and Other Financing Uses*	$15,433,377	$15,245,784	$14,805,212	-2.1%	$15,979,604	$17,787,418	$17,374,829	$18,014,331	$18,175,740
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	($1,045,121)	($412,747)	$2,011,644	-323.9%	$1,557,797	$91,863	($103,831)	($702,721)	($2,063,669)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$3,408,670	$2,363,549	$1,950,802	-24.1%	$3,962,446	$5,520,243	$5,612,106	$5,508,275	$4,805,554
7.020	*Cash Balance June 30*	$2,363,549	$1,950,802	$3,962,446	42.8%	$5,520,243	$5,612,106	$5,508,275	$4,805,554	$2,741,885
8.010	*Estimated Encumbrances June 30*	$40,107	$39,309	$54,822	18.7%	$54,822	$54,822	$54,822	$54,822	$54,822
10.010	*Fund Balance June 30 for Certification of Appropriations*	$2,323,442	$1,911,493	$3,907,624	43.3%	$5,465,421	$5,557,284	$5,453,453	$4,750,732	$2,687,063

Jefferson Local School District

Madison 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	$0	$0	$1,103,006
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	403,853
11.300	Cumulative Balance of Replacement/Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$1,506,859
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$2,323,442	$1,911,493	$3,907,624	43.3%	$5,465,421	$5,557,284	$5,453,453	$4,750,732	$4,193,921
	Revenue from New Levies									
13.010	Income Tax - New	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
14.010	Revenue from Future State Advancements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$2,323,442	$1,911,493	$3,907,624	43.3%	$5,465,421	$5,557,284	$5,453,453	$4,750,732	$4,193,921

Jefferson Local School District – Madison County
Assumptions to the Five Year Forecast
General Fund Only
May 9, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. 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 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 preparing 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 school district's Treasurer/Chief Fiscal Officer (CFO) 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 the school district's financial issues.
(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. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. 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 $17.4 million or 6.08% higher than the November forecasted amount of $16.4 million. This indicates that the November forecast was 93.92% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 39.5% and are estimated to be $6.87 million, which is $63,850 higher for FY23 than the original November estimate of $6.81 million. Our estimates are 99.07% accurate for FY23 and should mean future projections are also on target.

Line 1.03 – Income tax we received $2.13 million in FY23 which is $14,895 below our estimate of $2.14 million. Our income tax projection is 99.31% accurate.

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 $4.75 million, which is $54.5 thousand higher than the original estimate for FY23. We are pleased that we were able to be 98.85% accurate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are up $892,381over original estimates, primarily due to TIF, PILOT and interest revenues are all up for the year. These revenues are somewhat unpredictable from 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 $15.97 million for FY23, which is $12,000 higher than the original estimate of $15.96 million in the November forecast, which is roughly 99.92% on target with initial estimates.

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

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures ending primarily on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $5.47 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 following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues recovering as anticipated. Total local revenues, which are predominately local taxes, equate to 69.1% 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) Madison County experienced a sexennial reappraisal in the 2020 tax year to be collected in FY21. The 2020 reappraisal increased overall assessed values by $18.23 million or an increase of 9.02%, including the reappraisal and new construction for all property classes. A triennial update will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property by $28.17 million for an overall increase of 12.03%. There is, however,

always a minor risk that the district could sustain a reduction in values in the next triennial update. Still, we do not anticipate that at this time.

3) State revenues represented 30.9% of district revenues, which means it is a significant 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 whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4) 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 delivered separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur. 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 not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

6) The current proposed state budget for FY24-25, HB33 was introduced on February 15, 2023, and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would receive at least 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.

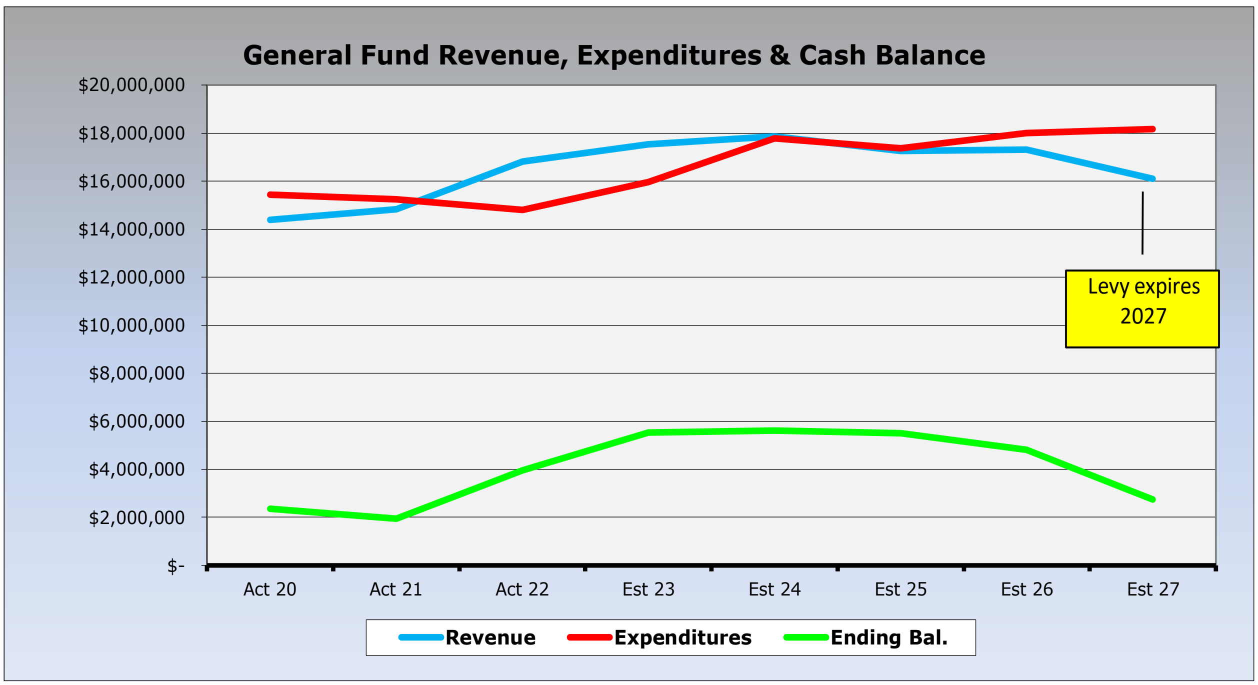
7) The legislature has introduced House Bill 1 (HB1), proposing to modify the property taxation law and Ohio income tax rates. Proposed changes to the existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied 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. The "effective" millage rate on voted levies will decrease as property values grow. 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 and increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing regarding HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

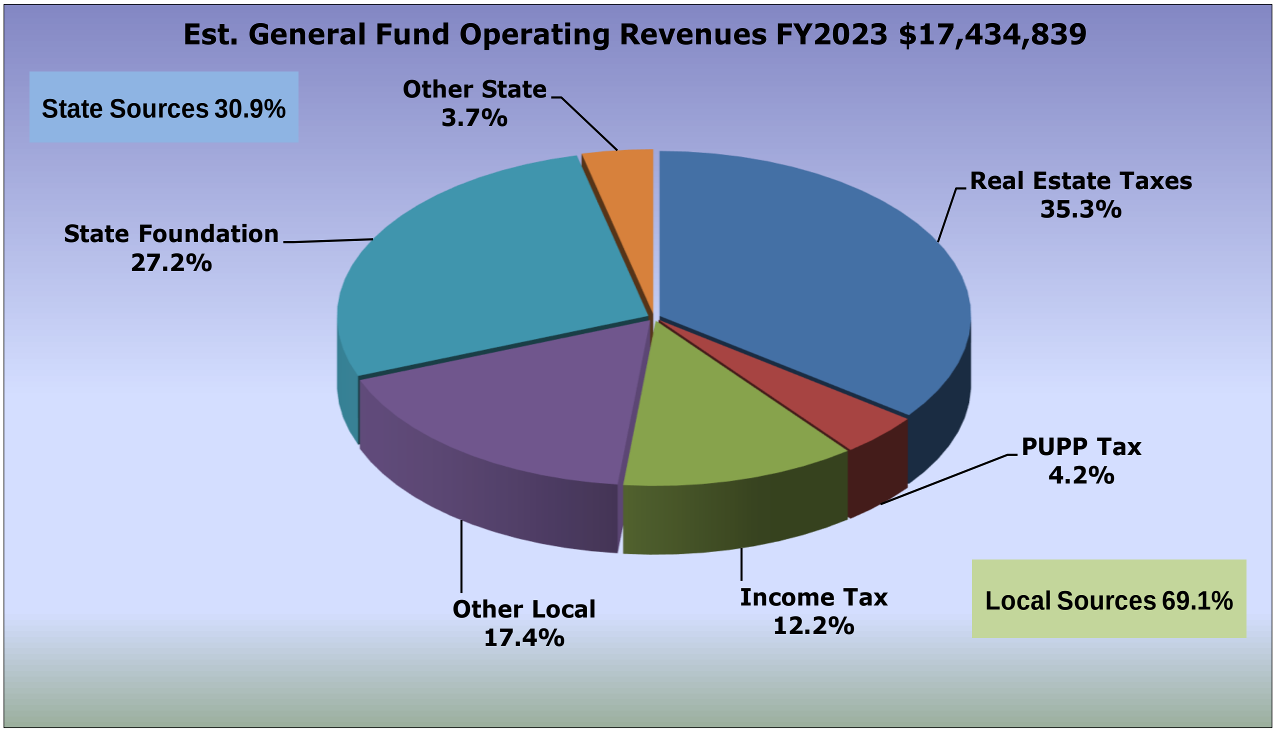
Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward, our positive working relationship will continue and will only grow stronger.

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 get in touch with Mark Ingles, Treasurer, at 614.879.7654.

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. Madison County experienced a sexennial reappraisal for the 2020 tax year to be collected in FY21. Residential/agricultural values increased 10.12% or $15.62 million due to the reappraisal, led by an improving housing market. Commercial/industrial values increased by $2.62 million. Overall values increased $18.23 million or 9.02%, which includes new construction for all classes of property.

A triennial update will occur in 2023 for collection in FY24, for which we are estimating a 5% increase in residential and a 0.56% increase for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values, including new construction to increase $28.17 million or 12.03%. The district’s residential/agricultural (Class I values) effective tax rate is at the 20-mill floor which means some additional tax revenue will be obtained from the 2023 reappraisal update valuation increases. No school district is permitted by law to have a tax rate that is less than 20 mills.

Public Utility Personal Property (PUPP) values increased by $552,440 in the tax year 2022. We expect our values to continue to grow by $200,000 each year of the forecast. PUPP taxes are collected at the district's full voted rate for levies and is very valuable to our district.

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.	$172,079,280	$180,958,244	$181,233,244	$181,508,244	$190,858,656
Comm./Ind.	62,200,150	81,495,473	84,986,486	85,414,178	98,969,318
Public Utility (PUPP)	23,176,000	23,376,000	23,576,000	23,776,000	23,976,000
Total	$257,455,430	$285,829,717	$289,795,730	$290,698,422	$313,803,974

Estimated Assessed Property Valuations by Collection Years

Property tax levies are estimated to be collected at 96.9% of the annual amount. This allows for a 3.1% delinquency factor. In general, 55.95% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 44.05% in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.020 totals below. On Line 1.01 and 1.02 revenues begin to fall in FY27 due to the $769,711 emergency levy expiring and being moved to Line 11.02 as required by law.

Source	FY23	FY24	FY25	FY26	FY27
Est. Property Taxes Line #1.010	$6,146,008	$6,626,017	$6,889,566	$6,885,785	$6,770,529

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

The phase-out of TPP taxes, as noted earlier, began in FY06 with HB66 which was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above under Public Utility (PUPP), which were $23.2 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 $552,440 and are expected to grow by $200,000 each year of the forecast

Revenues begin to fall in FY27 due to the $769,711 emergency levy expiring and being moved to Line 11.02 as required by law.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property	$730,243	$730,706	$722,894	$722,985	$693,945

Renewal and Replacement Levies – Line #11.010 and #11.020
The district currently has a $769,711 annual emergency levy that expires on December 31, 2026. The revenue from this levy is required to be removed from all revenue lines on the forecast and moved to Line #11.02 where it can be factored into the ending cash balance. The emergency levy millage is set to collect additional amounts due to the phase out of the state fixed sum reimbursements noted in Section #1.050 below and is why it is slightly above the state fixed sum amount.

In 2026 the 1% income tax levy will expire. We have reduced Line 1.03 beginning in FY27 and moved the estimated revenues from a renewal to Line 11.01 as required.

Source	FY23	FY24	FY25	FY26	FY27
SDIT Expires 12/31/26 Line #11.010	$0	$0	$0	$0	$1,103,006

Source	FY23	FY24	FY25	FY26	FY27
Emergency Levy Expires 12/31/26 $769,711	$0	$0	$0	$0	$403,853
Emergency Levy Expires 12/31/30 $1,452,338	0	0	0	0	0
Total Line #11.020	$0	$0	$0	$0	$403,853

School District Income Tax Collections – Line #1.030
The district has a 1% earned school district income tax. As we move into post-pandemic economic times, we see that income tax collections are beginning to increase with the economic recovery. So far in FY23, income tax collections statewide have increased on average around 9%. We actually received a 7.26% increase in FY23 over FY22. We will assume an annual growth rate of 1% for FY24-27 as the concerns over inflation may slow growth in this area.

In 2026 the 1% income tax levy will expire. We have reduced Line 1.03 beginning in FY27 and moved the estimated revenues from a renewal to Line 11.01 as required.

Source	FY23	FY24	FY25	FY26	FY27
SDIT Collection	$1,986,966	$2,131,258	$2,152,572	$2,174,099	$1,092,835
Adjustments	144,292	21,314	21,527	21,742	10,929
Total to Line #1.030	$2,131,258	$2,152,572	$2,174,099	$2,195,841	$1,103,764

School District Income Tax Renewal – Line #11.010
The current 1.0% SDIT expires December 31, 2026.

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 March#1 2023 foundation settlement and adjustments from FY22.

Our district is currently a guarantee district in FY23 and is expected to continue on the guarantee 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.

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

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

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

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year'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, 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. 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 33.34% in FY23.
2. English Learners - Based on funded categories generated from the 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 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 the 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 but has now been included in the overall phase 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. The same number will generally occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)
In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the current state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund, 467 from FY20 and FY21, are required to be used for the restricted purposes governing these funds until entirely spent.

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 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 can 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 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 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 and categorical state funding to align with the FY23 funding levels through the remainder of the forecast. 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 opening 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 $64.93 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	$4,119,468	$4,102,984	$4,102,984	$4,102,984	$4,102,984
Additional Aid Items	187,841	187,841	187,841	187,841	187,841
Basic Aid-Unrestricted Subtotal	$4,307,309	$4,290,825	$4,290,825	$4,290,825	$4,290,825
Ohio Casino Commission ODT	69,413	70,136	70,863	71,592	72,321
Total Unrestricted State Aid Line # 1.035	$4,376,722	$4,360,961	$4,361,688	$4,362,417	$4,363,146

Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added, as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, and 33.34% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula. The district has elected also to post Catastrophic Aid for special education as restrict revenues.

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$63,387	$63,387	$63,387	$63,387	$63,387
Career Tech - Restricted	0	0	0	0	0
Gifted	54,412	54,412	54,412	54,412	54,412
ESL	3,949	3,949	3,949	3,949	3,949
Student Wellness	167,845	167,845	167,845	167,845	167,845
Catastrophic Aid	80,000	80,000	80,000	80,000	80,000
Total Restricted State Revenues Line #1.040	$369,593	$369,593	$369,593	$369,593	$369,593

Restricted Federal Grants in Aid – Line #1.045

There are no restricted federal grants projected during this forecast.

Summary of State Foundation Revenues – Line #1.035, 1.040; and, 1.045

Source	FY23	FY24	FY25	FY26	FY27
Unrestricted Line #1.035	$4,376,722	$4,360,961	$4,361,688	$4,362,417	$4,363,146
Restricted Line #1.040	369,593	369,593	369,593	369,593	369,593
Rest. Federal Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$4,746,315	$4,730,554	$4,731,281	$4,732,010	$4,732,739

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 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.

Tangible Personal Property Reimbursements – Fixed Rate
The district no longer receives TPP Fixed Rate Reimbursement.

Tangible Personal Property Reimbursements – Fixed Sum
The district no longer receives a TPP fixed Sum Reimbursement.

Summary of State Tax Reimbursements – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$644,979	$654,743	$661,790	$656,669	$665,015
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	$644,979	$654,743	$661,790	$656,669	$665,015

Other Local Revenues – Line #1.060
All other local revenue encompasses any type 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 began 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 firm cash reserves. Rentals are expected to return to pre-pandemic levels over time. Catastrophic Aid nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year to year and we are projecting minimal growth over the remainder of the forecast. All other revenues are expected to continue on historical trends.

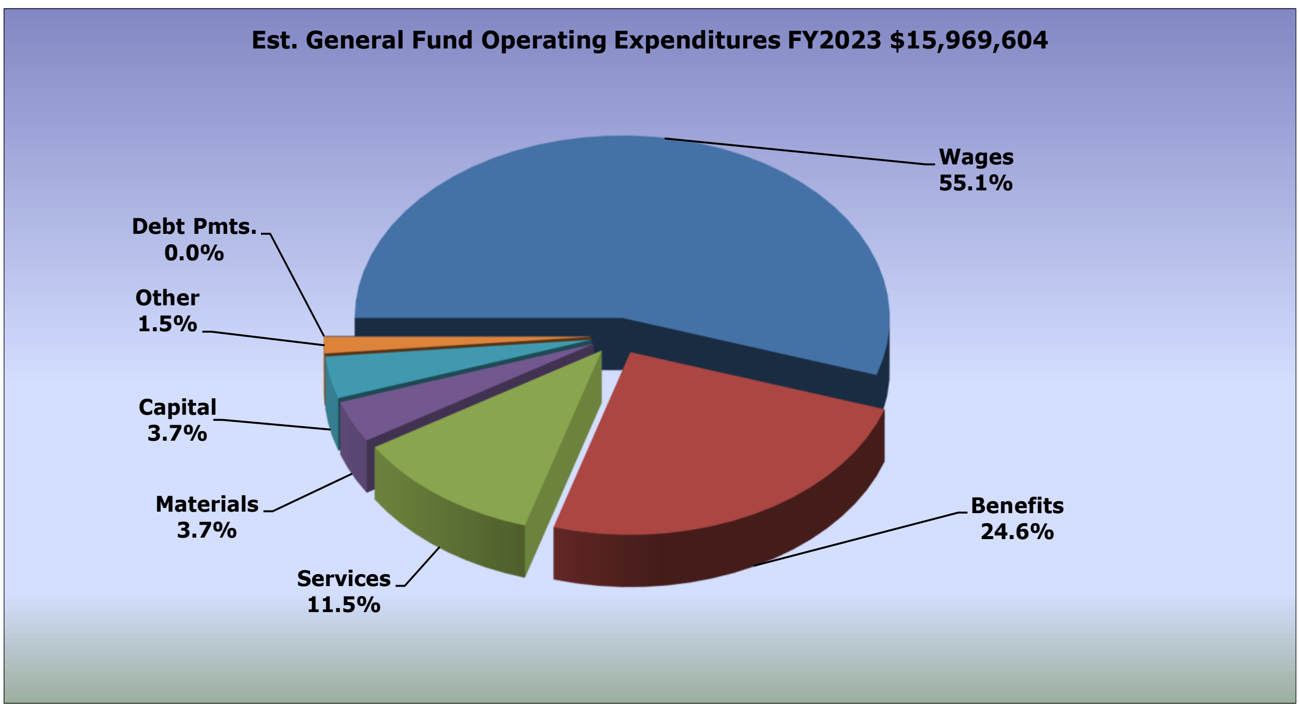
Source	FY23	FY24	FY25	FY26	FY27
Medicaid Reimbursement	$34,717	$34,717	$34,717	$34,717	$34,717
Open Enrollment Gross	0	0	0	0	0
Interest	200,000	200,000	200,000	200,000	200,000
TIF Payments 2400	846,790	872,194	898,360	925,311	953,070
Tuition SF-14 & SF-14H/Preschool	300,700	300,700	300,700	300,700	300,700
PILOT - Income Sharing 1880	1,620,945	1,484,194	564,708	564,708	564,708
Misc. Rev.1323,1344,1730,1810,1890,1832,1934	32,884	57,884	57,884	57,884	57,884
Total Line #1.060	$3,036,036	$2,949,689	$2,056,369	$2,083,320	$2,111,079

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that align with historical collections.

Source	FY23	FY24	FY25	FY26	FY27
Refund of prior years exp., sale of assets(1931,5300)	$98,562	$25,000	$25,000	$25,000	$25,000

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.



Wages – Line #3.010
The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.75% for FY22 and FY23 and 2% in FY24. For planning purposes, we are using 1% base increases for FY25 through FY27. All future pay increases are subject to negotiations. We reduced two positions through attrition starting in FY22 that will help reduce our costs. In FY23 we added 1.5 FTE classified personnel (EMIS and Aide), 2 FTE special education teachers, and reduce 1 administrator through attrition. In FY24 we are budgeting for an additional 1 FTE special education teacher plus moving permanent building substitutes formerly paid from COVID relief funds to the General Fund. Additionally, two bus drivers and a maintenance position are included in the forecast.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$8,034,881	$8,283,129	$8,726,066	$8,913,610	$9,107,834
Base increase	220,959	160,698	82,831	87,261	89,136
Steps & Training	96,419	99,398	104,713	106,963	109,294
Wage Adjustments- SWSF	(69,130)	182,841	-	-	-
Supplemental Contracts	300,000	300,000	300,000	300,000	300,000
Attendance Incent	20,000	20,000	20,000	20,000	20,000
Subs/OT/Board	170,000	190,000	190,000	190,000	190,000
Severance	20,000	0	0	0	0
Total Wages Line #3.010	$8,793,129	$9,236,066	$9,423,610	$9,617,834	$9,816,264

Fringe Benefits Estimates – Line #3.020
This area of the forecast captures all costs associated with benefits and retirement costs.

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 must pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance
The West Jefferson Education Association and Ohio Association of Public School Employees (OAPSE) agreed to an increase in employee payments toward health insurance starting in January 2021. Additional increases in employee payments were agreed to effective January 2023 and January 2024. A memorandum of understanding was signed with OASPE in 2022 that reduced the employee premium for health insurance for part-time employees, which in turn increased the district's cost. We are estimating an increase Board paid premiums of 0% for FY22, 1.5% for FY23, 7% for FY24, and 8% for FY25-FY27, which reflects the trend and likely increase in health care costs. This is based on our current employee census and claims data.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes initially imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers' Compensation is expected to be approximately 0.35% of wages FY23-27. Unemployment is likely 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 wage increases and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

E) Other/Tuition
The district reimburses employees for the tuition to further their education and to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

Summary of Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
STRS/SERS	$1,383,009	$1,452,258	$1,485,100	$1,515,856	$1,547,326
Insurances	2,359,402	2,546,271	2,749,973	2,969,971	3,207,569
Workers Comp/Unemployment	31,204	32,356	32,843	33,348	33,864
Medicare	127,501	133,922	136,642	139,458	142,336
Other/Tuition Reimb(231,233,234,273,274)	22,717	22,717	22,717	22,717	22,717
Total Fringe Benefits Line #3.020	$3,923,832	$4,187,524	$4,461,275	$4,715,350	$4,987,812

Purchased Services – Line #3.030
HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education started 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. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY23-27 Line 3.03 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. An average increase of 3.79% is projected in this area for the forecasted period.

Repair and maintenance costs are projected to fluctuate based on five-year projections of major HVAC and building repairs and replacements to keep our buildings operational for the foreseeable future.

Source	FY23	FY24	FY25	FY26	FY27
Meetings/Equip Lease/Tuition/CCP/Sp. Ed. Transp	$721,730	$782,947	$790,776	$798,684	$806,671
Open Enrollment Deduction	0	0	0	0	0
Community School Deduction	0	0	0	0	0
Repair/Maint,Rent,Business/	223,201	526,719	387,586	575,462	301,217
Utilities/Telephone/Internet/Postage	427,302	448,667	471,100	494,655	519,388
Tuitions and Scholarship Ded.	461,962	461,962	461,962	461,962	461,962
Total Purchased Services Line #3.030	$1,834,195	$2,220,295	$2,111,424	$2,330,763	$2,089,238

Supplies and Materials – Line #3.040

These expenses include curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. The increase in FY24 is due to instructional software licenses being moved from COVID relief funds to the General Fund. An average increase of 4.1% is projected in this area for the forecasted period.

Source	FY23	FY24	FY25	FY26	FY27
Supplies	$243,464	$339,899	$343,298	$346,731	$350,198
Maint. 570/Trans 580	290,531	296,342	302,269	308,314	314,480
New Textbooks	56,600	45,700	75,000	20,000	20,000
Total Supplies Line #3.040	$590,595	$681,941	$720,567	$675,045	$684,678

Equipment – Line #3.050

We are looking to replace busses in FY23 and to renew technology throughout the forecast. An increase in FY24 is expected due to purchasing new grounds equipment, replacing musical instruments, and improving central office security.

Source	FY23	FY24	FY25	FY26	FY27
Technology	$245,500	$293,800	$235,000	$250,000	$170,000
Bus /Van Purchases	261,000	0	0	0	0
Other Equipment	87,497	106,597	84,397	84,397	84,397
Total Equipment Line #3.050	$593,997	$400,397	$319,397	$334,397	$254,397

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of 1% is projected in this area for the forecasted period.

Source	FY23	FY24	FY25	FY26	FY27
Madison Co. Auditor & Treasurer Fees	$150,630	$152,136	$153,657	$155,194	$156,746
Other	83,226	84,058	84,899	85,748	86,605
Total Other Expenses Line #4.300	$233,856	$236,194	$238,556	$240,942	$243,351

Total Other Financing Uses - Line #5.040

The District has made allowance to transfer money to the Food Service Fund to cover anticipated losses each year. The District outsourced the operations of the Food Service department effective FY22 in the hopes to reduce the transfer amounts going forward. The Food Service Fund required a $10,000 advance in FY22 due to timing of reimbursement payments. These funds were repaid to the General Fund in FY23. However, it is too early to determine what level of General Fund support, if any, the Food Service Fund would require in future years. We are anticipating transfers out in FY24 to the permanent improvement fund and to create a severance fund. For FY25-FY27 we anticipate possibly needing a $100,000 transfer to the Food Service Fund as federal subsidies have begun to go away and to the severance fund as needed.

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$10,000	$825,000	$100,000	$100,000	$100,000
Advances Out Line #5.020	0	0	0	0	0
All Other Financing Uses - Line #5.030	0	0	0	0	0
Total Transfer & Advances Out	$10,000	$825,000	$100,000	$100,000	$100,000

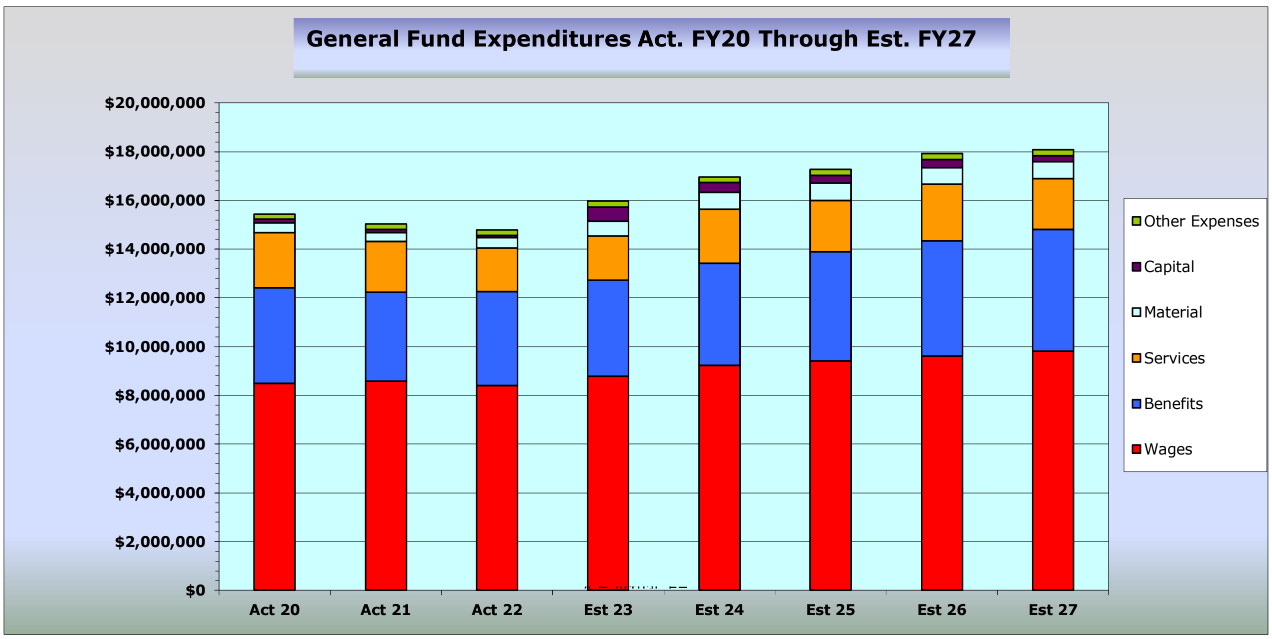
Encumbrances – Line #8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrance estimates for fiscal years 2023through 2027 are based on prior history.

Sources	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$54,822	$54,822	$54,822	$54,822	$54,822

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 maintain control over our expenses while balancing student academic needs to enable them to excel and perform well on state performance standards.



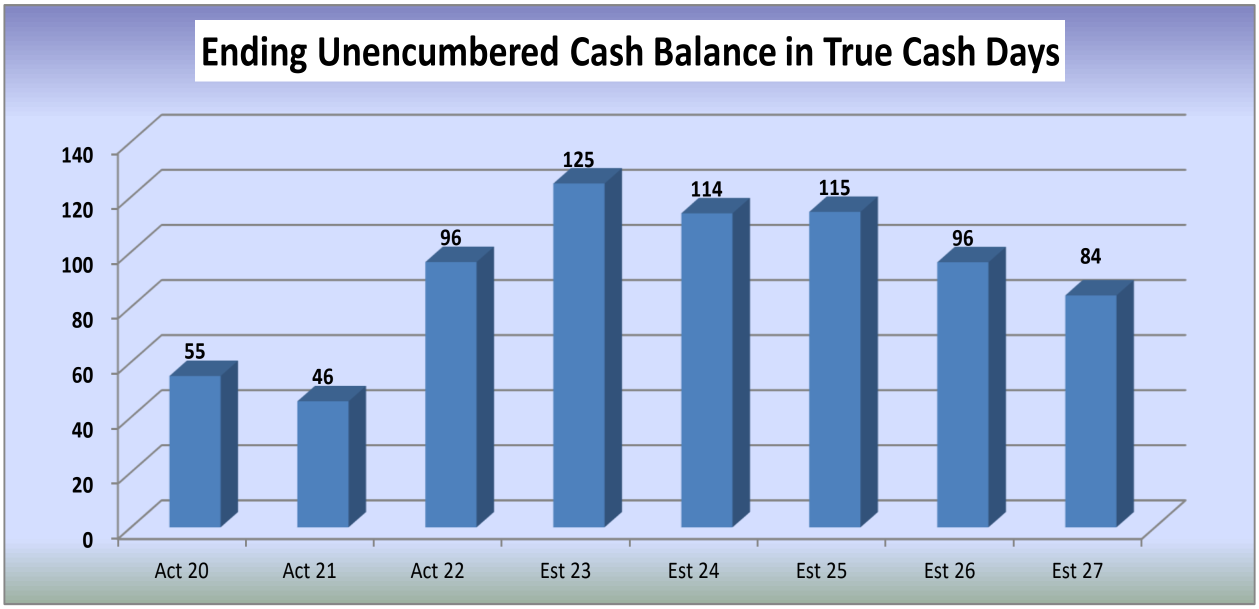
Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below $0, or the district will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance, violates O.R.C. §5705.412 and is punishable by the 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 $1.32 million for our district.

	FY23	FY24	FY25	FY26	FY27
Unencumbered Balance	$5,465,421	$5,557,284	$5,453,453	$4,750,732	$4,193,921

True Cash Days Ending Balance – Including the Renewal Levy

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association recommends that no less than two (2) months or 60 days of cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount deducted for programs that were not within the district's control. However, the subsequent state funding will be closely monitored as HB33 moves through the legislative process for FY24-25. Furthermore, future state budget funding will need to be watched since the total amount of the Fair School Funding Plan was not implemented with this budget. There is no guarantee for future increases in state budgets for FY26-FY27.

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 a result of the pandemic. We will monitor this and all other funding 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.