LUCAS LOCAL SCHOOL DISTRICT- RICHLAND COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

Forecast Provided By
Lucas Local School District
Treasurer's Office
Eric Pickering, Treasurer/CFO
November 21, 2023

Lucas Local School District

Richland County

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

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$1,774,732	$1,851,086	$1,838,531	1.8%	$1,942,738	$2,100,752	$1,827,095	$1,686,159	$1,621,837
1.020	Public Utility Personal Property Tax	2,268,722	2,439,756	2,803,501	11.2%	2,927,806	2,914,770	2,738,097	2,558,619	2,529,591
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	2,758,775	2,794,301	2,816,221	1.0%	2,801,604	2,817,981	2,818,824	2,819,687	2,820,573
1.040	Restricted State Grants-in-Aid	32,093	217,237	211,154	287.0%	239,656	225,451	225,451	225,451	225,451
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	309,617	311,167	306,890	-0.4%	333,310	356,856	318,858	285,152	277,775
1.060	All Other Revenues	960,598	357,929	815,346	32.5%	820,721	549,297	413,585	345,729	345,729
1.070	*Total Revenues*	$8,104,537	$7,971,476	$8,791,643	4.3%	$9,065,835	$8,965,107	$8,341,910	$7,920,797	$7,820,956
	Other Financing Sources									
2.050	Advances-In	$36,088	$37,743	$0	-47.7%	$0	$0	$0	$0	$0
2.060	All Other Financing Sources	133,237	60,979	13,848	-65.8%	13,848	13,848	13,848	13,848	13,848
2.070	*Total Other Financing Sources*	$169,325	$98,722	$13,848	-63.8%	$13,848	$13,848	$13,848	$13,848	$13,848
2.080	*Total Revenues and Other Financing Sources*	$8,273,862	$8,070,198	$8,805,491	3.3%	$9,079,683	$8,978,955	$8,355,758	$7,934,645	$7,834,804
	Expenditures									
3.010	Personal Services	$3,527,271	$3,437,936	$3,606,691	1.2%	$3,829,381	$4,197,914	$4,455,776	$4,575,496	$4,701,220
3.020	Employees' Retirement/Insurance Benefits	1,081,257	1,165,954	1,284,374	9.0%	1,383,022	1,546,390	1,674,464	1,780,677	1,891,063
3.030	Purchased Services	1,342,964	919,769	764,502	-24.2%	917,894	938,429	966,583	995,581	1,025,448
3.040	Supplies and Materials	227,998	337,565	282,159	15.8%	290,623	299,342	308,322	317,572	327,099
3.050	Capital Outlay	181,080	50,715	166,911	78.6%	274,876	202,512	290,227	211,024	213,905
	Debt Service:				0.0%					
4.050	Principal-HB 264 Loans	37,000	37,000	37,000	0.0%	37,000	37,000	37,000	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	558	3,924	6,410	333.3%	3,500	3,000	2,500	0	0
4.300	Other Objects	99,549	114,823	146,183	21.3%	143,106	133,728	136,403	139,131	141,914
4.500	*Total Expenditures*	$6,497,677	$6,067,686	$6,294,230	-1.4%	$6,879,402	$7,358,315	$7,871,275	$8,019,481	$8,300,649
	Other Financing Uses									
5.010	Operating Transfers-Out	$1,071,141	$1,111,790	$1,064,732	-0.2%	$75,000	$75,000	$75,000	$75,000	$75,000
5.020	Advances-Out	17,743	0	0	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*	$1,088,884	$1,111,790	$1,064,732	-1.1%	$75,000	$75,000	$75,000	$75,000	$75,000
5.050	*Total Expenditures and Other Financing Uses*	$7,586,561	$7,179,476	$7,358,962	-1.4%	$6,954,402	$7,433,315	$7,946,275	$8,094,481	$8,375,649
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses*	$687,301	$890,722	$1,446,529	46.0%	$2,125,281	$1,545,640	$409,483	($159,836)	($540,845)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$9,909,013	$10,596,314	$11,487,036	7.7%	$12,933,565	$15,058,846	$16,604,486	$17,013,969	$16,854,133
7.020	*Cash Balance June 30*	$10,596,314	$11,487,036	$12,933,565	10.5%	$15,058,846	$16,604,486	$17,013,969	$16,854,133	$16,313,288
8.010	*Estimated Encumbrances June 30*	$51,162	$51,138	$123,205	70.4%	$123,205	$123,205	$123,205	$123,205	$123,205
10.010	*Fund Balance June 30 for Certification of Appropriations*	$10,545,152	$11,435,898	$12,810,360	10.2%	$14,935,641	$16,481,281	$16,890,764	$16,730,928	$16,190,083

Lucas Local School District

Richland County

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

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	533,355	941,780	1,106,780
11.300	Cumulative Balance of Renewal Levies	$0	$0	$0	0.0%	$0	$0	$533,355	$1,475,135	$2,581,915
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$10,545,152	$11,435,898	$12,810,360	10.2%	$14,935,641	$16,481,281	$17,424,119	$18,206,063	$18,771,998
	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*	$10,545,152	$11,435,898	$12,810,360	10.2%	$14,935,641	$16,481,281	$17,424,119	$18,206,063	$18,771,998

Lucas Local School District –Richland County
Notes to the Five Year Forecast
General Fund Only
November 21, 2023

Introduction to the Five-Year Forecast

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

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

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

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

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

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

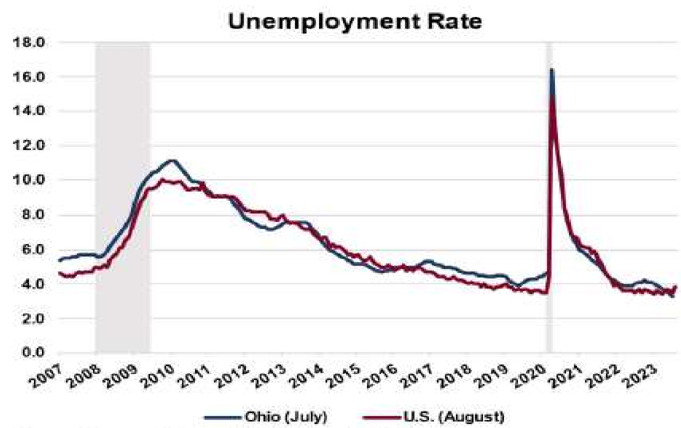
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar

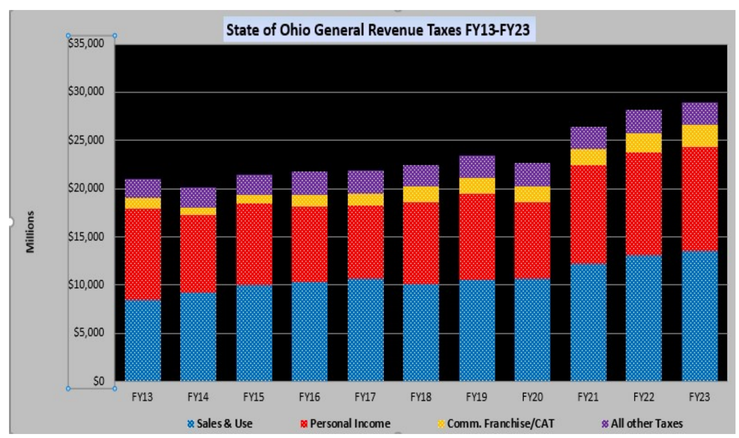
2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

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

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



Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

Forecast Risks and Uncertainty:

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

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 62.8%

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

2) Richland and Ashland Counties experienced a reappraisal update in the 2019 tax year to be collected in 2020. The 2020 reappraisal update increased overall assessed values by $5.8 million or an increase of 9.57%. Overall values rose $7.78 million or 9.76%, which includes reappraisal and new construction for all classes of property. A reappraisal update will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by $16.8 million for an overall increase of 23.8%. There is, however, always a minor risk that the district could sustain a reduction in values in the next triennial update, but we do not anticipate that at this time. House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2025 reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

3) The state budget represented 37.2% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

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

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

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

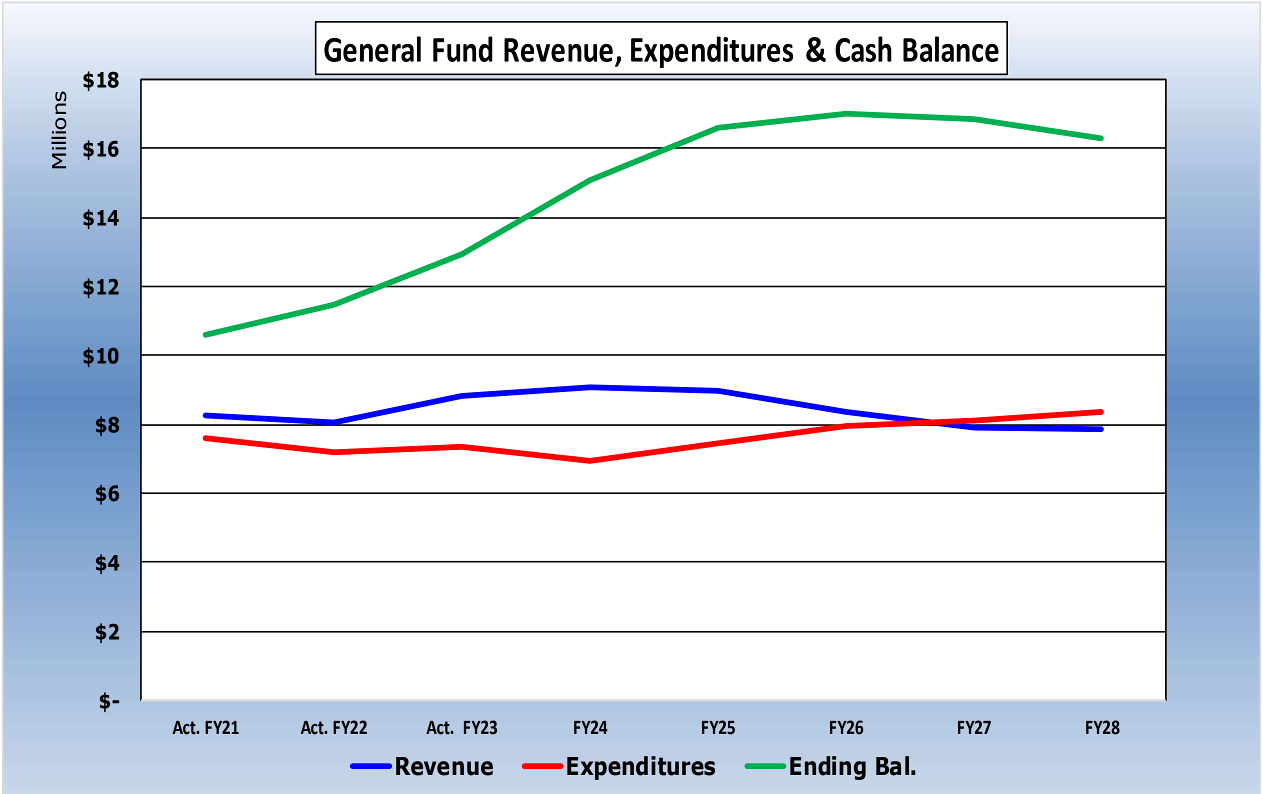
7) The district has a $961,000 emergency levy that will expire in 2025 and a $300,000 levy that will expire in 2027. It will be important to renew these levies when they come up for renewal. We believe the levy will be renewed, but there is always a chance that it would not be.

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

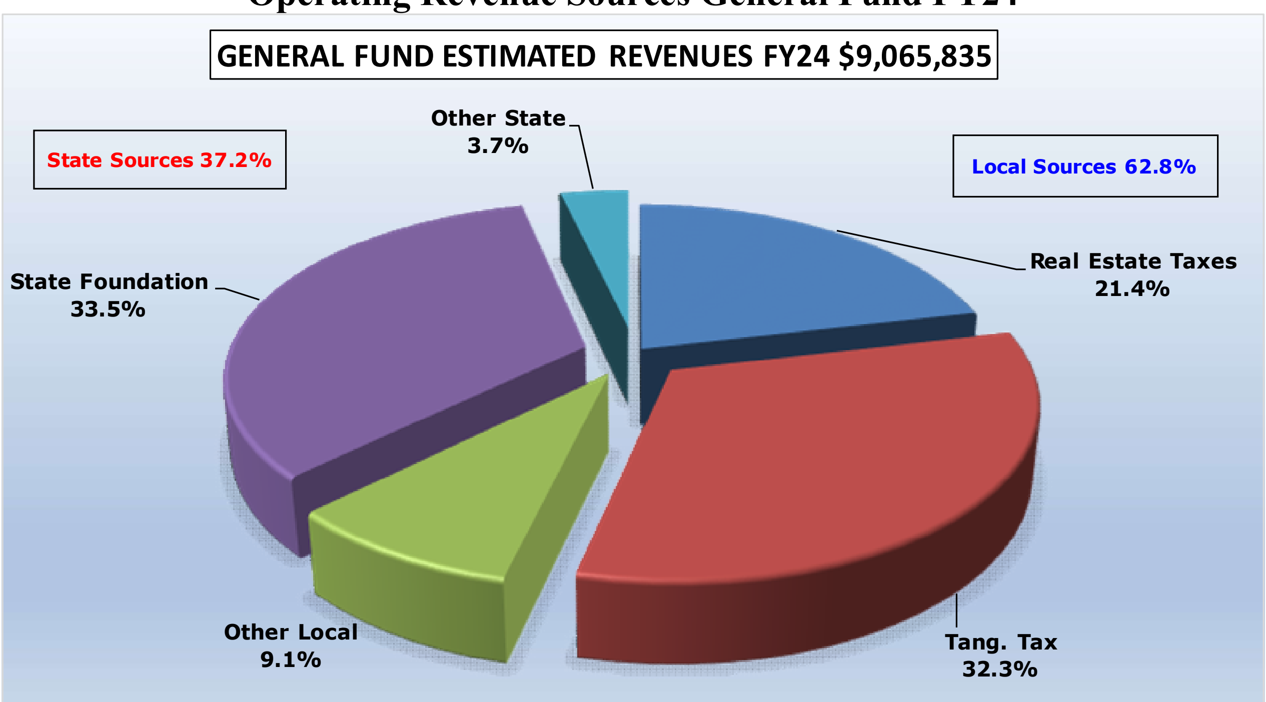
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Eric Pickering, Treasurer/CFO at 419-892-2338.

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

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions
Operating Revenue Sources General Fund FY24



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. Ashland and Richland County experienced a reappraisal for the 2020 tax year to be collected in 2021. Residential/agricultural values increased 9.76% or $6.1 million due to the reappraisal led by an improving housing market.

For tax year 2022 residential property values were up largely due to new construction by 1.06% or $722,180 in assessed value and commercial/industrial values increased by 2.3% or $47,200. Overall values rose $769,280 million or 1.1%, which includes new construction for all classes of property.

A reappraisal update will occur in 2023 for collection in 2024 for which we are estimating a 24.01% increase in residential and a 0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $16.8 million or 23.80% overall.

Public Utility Personal Property (PUPP) values increased by $8,785,670 million in Tax Year 2022. We expect our values to continue to grow by $1.25 million each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	$85,866,249	$86,066,249	$86,266,249	$89,054,237	$89,254,237
Comm./Ind.	1,673,360	1,713,360	1,753,360	1,793,360	1,833,360
Public Utility Personal Property (PUPP)	72,535,180	73,785,180	75,035,180	76,285,180	77,535,180
Total Assessed Value	$160,074,789	$161,564,789	$163,054,789	$167,132,777	$168,622,777

Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 41.90 mills while the Class I effective millage rate is 27.87 mills and the Class II effective millage rate is 29.01 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor". Currently, our district is on the floor for either Class I.

Source	FY24	FY25	FY26	FY27	FY28
Est. Real Estate Taxes - Line #1.01	$1,942,738	$2,100,752	$1,827,095	$1,686,159	$1,621,837

Property tax levies are estimated to be collected at 95.8% of the annual amount. This allows 4.2% delinquency factor. In general, 60% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 40% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in March and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

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

Public Utility Tangible Personal Property Taxes – 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 P.U. Personal, which were $71,285,180 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 7.21% or $8.78 million and are expected to grow by $1.25 million each year of the forecast.

Source	FY24	FY25	FY26	FY28	FY28
Public Utility Personal Property Line #1.020	$2,927,806	$2,914,770	$2,738,097	$2,558,619	$2,529,591

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

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

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

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

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

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

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

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is currently at a state-wide average of $8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher

for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

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

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

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

Unrestricted Categorical State Aid

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

Restricted Categorical State Aid

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

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

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

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

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

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

Source	FY24	FY25	FY26	FY28	FY28
Basic Aid-Unrestricted	$2,720,967	$2,736,522	$2,736,522	$2,736,522	$2,736,522
Additional Aid Items	47,890	47,890	47,890	47,890	47,890
Basic Aid-Unrestricted Subtotal	2,768,857	2,784,412	2,784,412	2,784,412	2,784,412
Ohio Casino Commission ODT	32,747	33,569	34,412	35,275	36,161
Total Unrestricted State Aid Line #1.035	$2,801,604	$2,817,981	$2,818,824	$2,819,687	$2,820,573

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

Source	FY24	FY25	FY26	FY28	FY28
DPIA	$26,627	$27,325	$27,325	$27,325	$27,325
Career Tech - Restricted	0	0	0	0	0
Gifted	41,466	26,563	26,563	26,563	26,563
ESL	0	0	0	0	0
Student Wellness	171,563	171,563	171,563	171,563	171,563
Catastrophic Aid	0	0	0	0	0
Total Restricted State Revenues Line #1.040	$239,656	$225,451	$225,451	$225,451	$225,451

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

SUMMARY	FY24	FY25	FY26	FY28	FY28
Unrestricted Line #1.035	$2,801,604	$2,817,981	$2,818,824	$2,819,687	$2,820,573
Restricted Line #1.040	239,656	225,451	225,451	225,451	225,451
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$3,041,260	$3,043,432	$3,044,275	$3,045,138	$3,046,024

State Share of Local Property Tax – Line #1.050
Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner-occupied residences. Credits equal 12.5% of the gross property taxes charged 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. 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 thereafter 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.

Summary of State Share of Local Property Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY28	FY28
Rollback and Homestead Line #1.050	$333,310	$356,856	$318,858	$285,152	$277,775

Other Local Revenues – Line #1.060

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

HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

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

Source	FY24	FY25	FY26	FY28	FY28
Tuition Related Payments	$264,358	$264,358	$264,358	$264,358	$264,358
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	11,917	11,917	11,917	11,917	11,917
Interest Earnings	542,849	271,425	135,713	67,857	67,857
Miscellaneous	1,597	1,597	1,597	1,597	1,597
Total Other Local Revenue Line #1.060	$820,721	$549,297	$413,585	$345,729	$345,729

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

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

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

All Other Financial Sources – Line #2.060

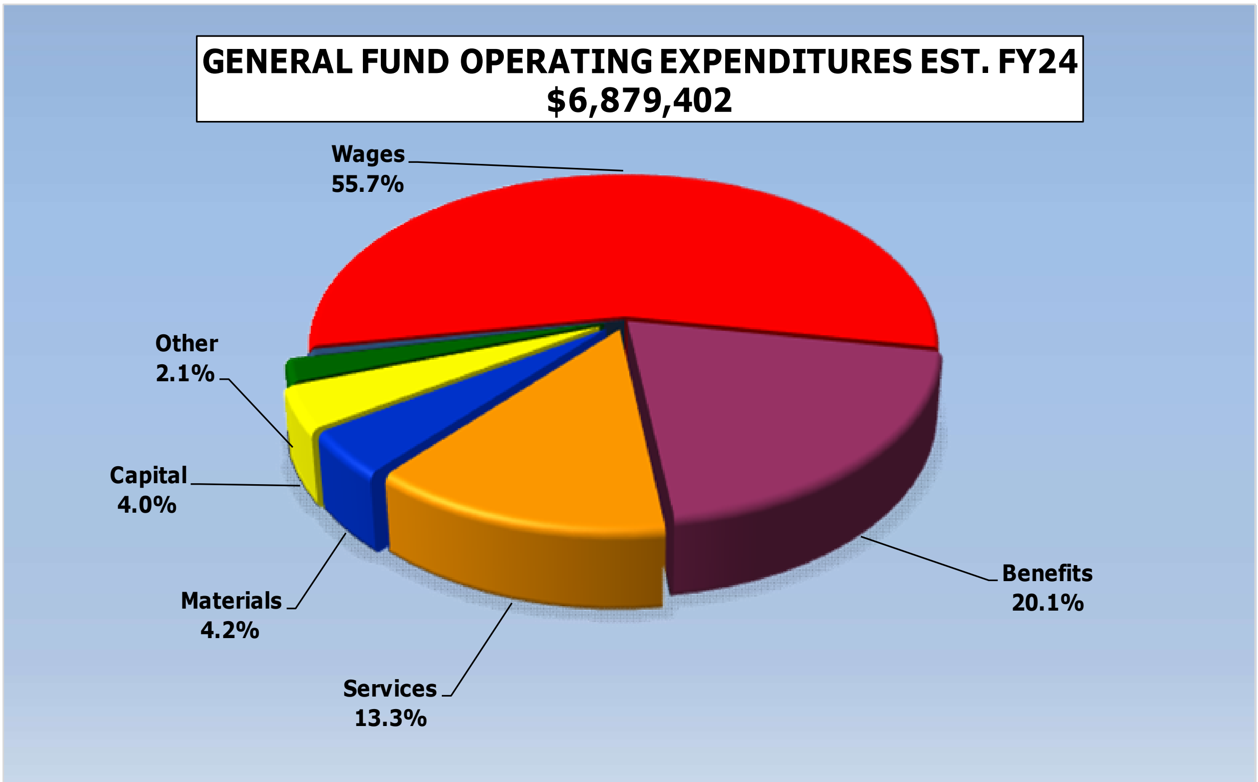
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in in the future. These revenues are inconsistent year to year and we will not project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

Source	FY24	FY25	FY26	FY28	FY28
Refund of prior years expenditures	$13,848	$13,848	$13,848	$13,848	$13,848

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 needs. 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 FY24



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 3.0% for FY23. The contract negotiation in FY23 for FY24-FY26 resulted in a 6%, 5% and 4% respectively. For planning purposes, a 1% base increase is planned for FY27. Our IT director will be retiring at the end of this year and this function will be run by the ESC so these expenses were moved to line 3.030. Furthermore, we have 4 teachers and 1 administrator that is partially paid from ARP ESSER funds, their salaries will return to the general fund in FY25.

Source	FY24	FY25	FY26	FY28	FY28
Base Wages	$3,418,130	$3,634,162	$3,996,814	$4,249,736	$4,368,172
Based Pay Increase	205,088	181,708	159,873	42,497	43,682
Steps & Academic Training	64,944	64,944	69,049	75,939	80,745
Growth Staff	(54,000)	0	0	0	0
Substitutes	77,602	77,602	77,602	77,602	77,602
Supplementals	117,617	123,498	128,438	129,722	131,019
SWSF & ESSER Adjustments	0	116,000	24,000	0	0
Total Wages Line #3.010	$3,829,381	$4,197,914	$4,455,776	$4,575,496	$4,701,220

Fringe Benefits Estimates

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

B) Insurance

The district saw an increase in the category due to picking up 80% of the staffs health care premiums. Stark County Council of Governments also expects a 7.98% increase for FY24. For premium increases we are estimating an increase of 9.0% in FY25-FY28 which reflects trend.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.44% of wages FY24-FY28. Unemployment is expected to remain at a very low level FY24-FY28. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	FY24	FY25	FY26	FY28	FY28
A) STRS/SERS	$583,065	$642,220	$683,761	$704,315	$723,693
B) Insurance's	725,736	823,532	904,370	985,763	1,074,482
C) Workers Comp/Unemployment	16,849	18,471	19,605	20,132	20,685
D) Medicare	51,514	56,309	60,870	64,609	66,345
Other/Tuition/Annuities	5,858	5,858	5,858	5,858	5,858
Total Fringe Benefits Line #3.020	$1,383,022	$1,546,390	$1,674,464	$1,780,677	$1,891,063

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends.

An average increase of 3% is projected in this area for the forecasted period. The professional and technical services category will increase starting in FY24 by $123,457 for a contract with the ESC to cover IT responsibilities.

Source	FY24	FY25	FY26	FY28	FY28
Professional & Technical Services, ESC	$397,072	$408,984	$421,254	$433,892	$446,909
Maintenance, Insurance & Garbage Removal	93,704	96,515	99,410	102,392	105,464
Professional Development	20,077	20,679	21,299	21,938	22,596
Communications, Postage, & Telephone	11,841	12,196	12,562	12,939	13,327
Utilities	117,073	120,585	124,203	127,929	131,767
Contracted Trades & Services	31,510	32,455	33,429	34,432	35,465
Tuition, Excess Costs & Scholarship Costs	152,962	157,551	162,278	167,146	172,160
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	31,579	32,526	33,502	34,507	35,542
Contract Transportation	3,570	3,677	3,787	3,901	4,018
Other Adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	58,506	53,261	54,859	56,505	58,200
Total Purchased Services Line #3.030	$917,894	$938,429	$966,583	$995,581	$1,025,448

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. This category has a 3% inflation adjustment for each year in the forecast.

Source	FY24	FY25	FY26	FY28	FY28
General Office Supplies & Materials	$94,466	$97,300	$100,219	$103,226	$106,323
Textbooks & Instructional Supplies	59,804	61,598	63,446	65,349	67,309
Facility Supplies & Materials	37,359	38,480	39,634	40,823	42,048
Transportation Fuel & Supplies	98,994	101,964	105,023	108,174	111,419
Other adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Total Supplies Line #3.040	$290,623	$299,342	$308,322	$317,572	$327,099

Equipment – Line #3.050
The District is planning to purchase a bus for each year of the forecast and a special needs van in FY24 and a suburban in FY26. Other lines in the category have a 3% inflationary adjustment for each year of the forecast.

Source	FY24	FY25	FY26	FY28	FY28
Capital Outlay & Maintenance	$75,032	$77,283	$79,601	$81,989	$84,449
Technology/Curriculum Purchases	12,844	13,229	13,626	14,035	14,456
Busses & Other Vehicles	187,000	112,000	197,000	115,000	115,000
Other adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Total Equipment Line #3.050	$274,876	$202,512	$290,227	$211,024	$213,905

Principal and Interest Payment – Lines # 4.05 and 4.06
In FY26 we will pay off our energy conservation note.

Source	FY24	FY25	FY26	FY28	FY28
HB 264 Principal Line #4.050	$37,000	$37,000	$37,000	$0	$0

Source	FY24	FY25	FY26	FY28	FY28
Interest & Fiscal Costs On Debt Line #4.060	$3,500	$3,000	$2,500	$0	$0

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. In FY23 we had to pay auditors for an audit of FY20 and FY21. We anticipate our annual audit costs to drop back down to historical trends from FY24 to FY28. A rate of 2% increase is projected in this area.

Source	FY24	FY25	FY26	FY28	FY28
County Auditor & Treasurer Fees	$79,747	$81,342	$82,969	$84,628	$86,321
ESC Deduction	2,874	2,931	2,990	3,050	3,111
Annual Audit Costs	27,504	28,054	28,615	29,187	29,771
Increased A&T Fees for New Levies	12,000	0	0	0	0
Dues, Fees & other Expenses	20,981	21,401	21,829	22,266	22,711
Total Other Expenses Line #4.300	$143,106	$133,728	$136,403	$139,131	$141,914

Transfers Out/Advances Out – Lines # 5.010 and 5.020
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The advance of $1,111,790 in FY22 included a $1,000,000 transfer to the 070 fund for various construction projects and the remaining $111,790 was for two month of board's share of health premiums due to moratoriums. We also transferred $1,000,000 to the 070 fund in FY23 but will not in future years. We have estimated a $75,000 transfer for one month of board's share of health premiums due to moratoriums for the remainder of the forecast.

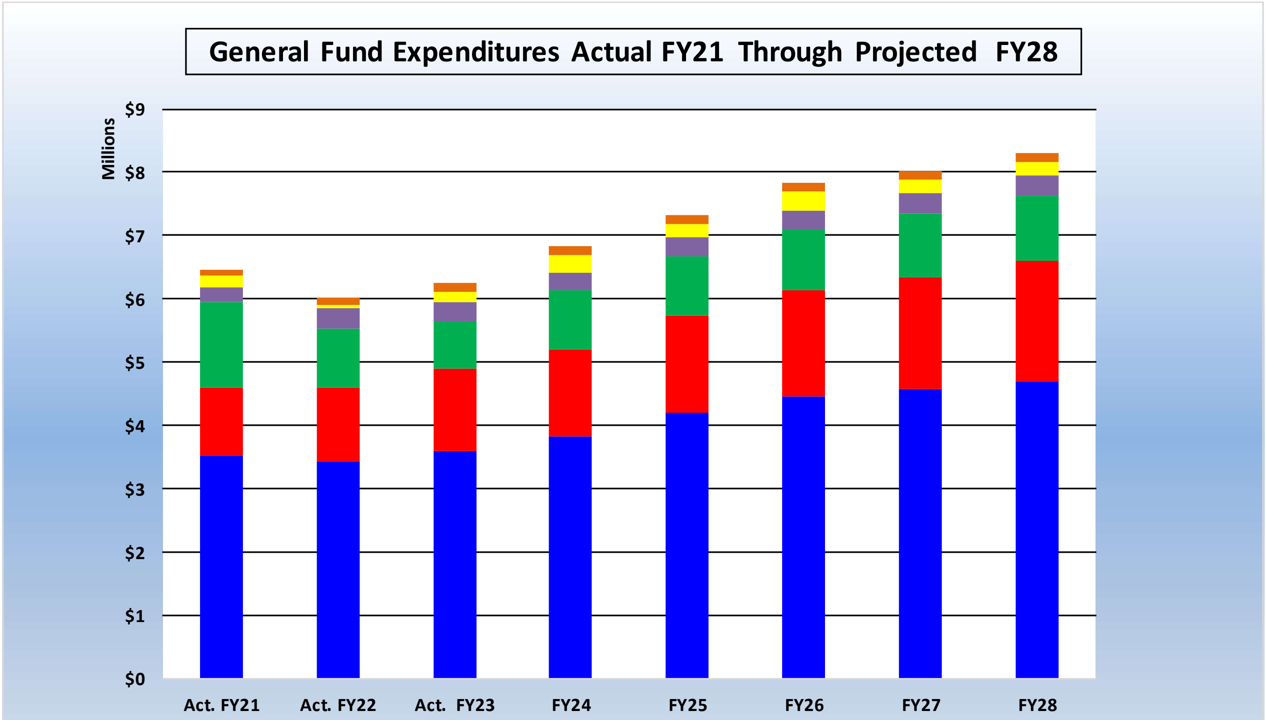
Source	FY24	FY25	FY26	FY28	FY28
Operating Transfers Out Line #5.010	$75,000	$75,000	$75,000	$75,000	$75,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$75,000	$75,000	$75,000	$75,000	$75,000

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.

	FY24	FY25	FY26	FY28	FY28
Estimated Encumbrances Line #8.010	$123,205	$123,205	$123,205	$123,205	$123,205

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

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



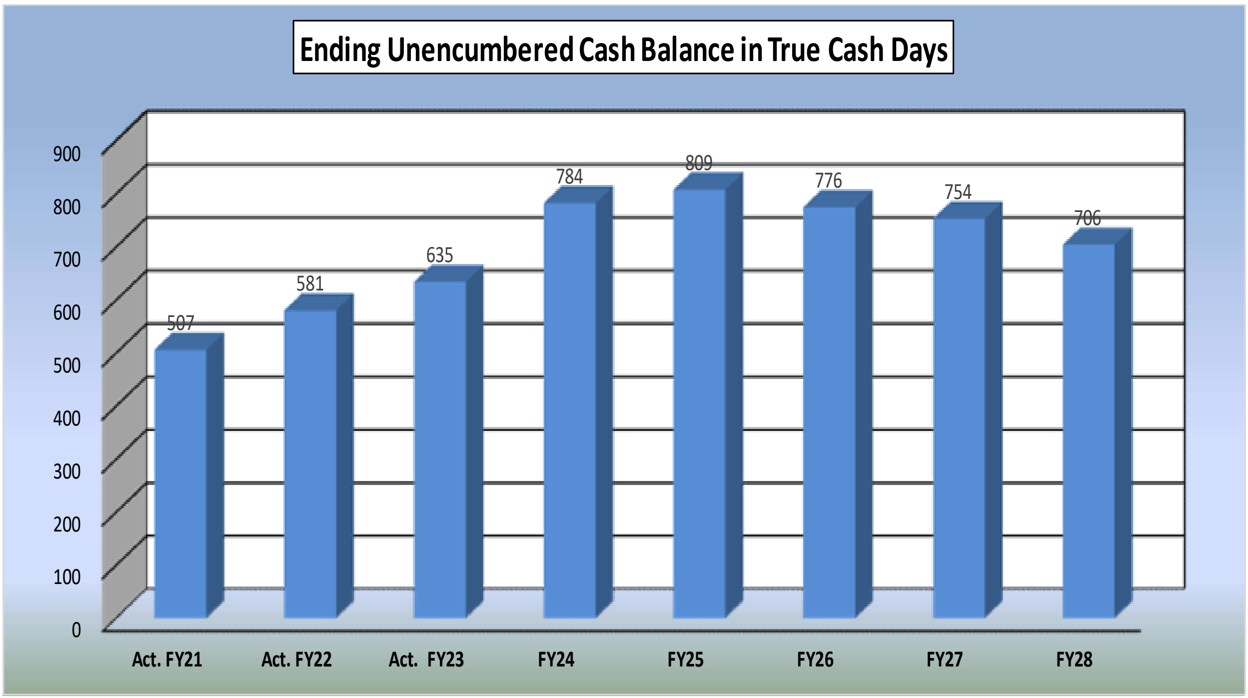
Ending Unencumbered Cash Balance "The Bottom-line"– Line#15.010

This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $573,000 for our district.

	FY24	FY25	FY26	FY28	FY28
Ending Unreserved Cash Balance Line #15.01	$14,935,641	$16,481,281	$17,424,119	$18,206,063	$18,771,998

True Cash Days Ending Balance

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



As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.