RIVERSIDE LOCAL SCHOOL DISTRICT-LAKE 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

Educating Excellence!
Riverside Local Schools

Forecast Provided By
Riverside Local School District
Treasurer's Office
Mr. Gary Platko, Treasurer/CFO
November 16, 2023

Riverside Local School District – Lake County
Notes to the Five Year Forecast
General Fund Only

Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately 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 viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

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

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

Here are at least three 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.

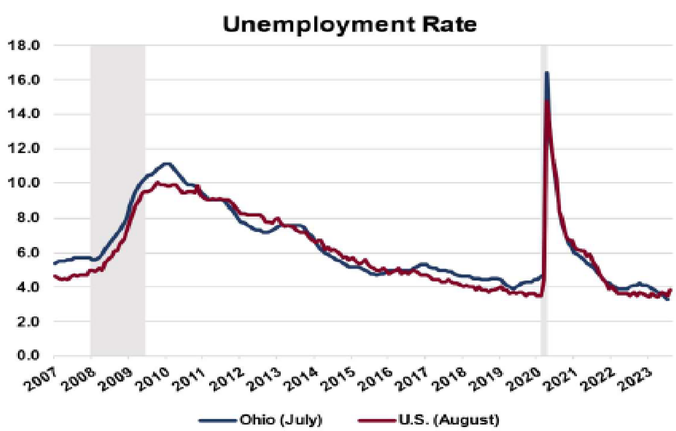
Economic Outlook

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

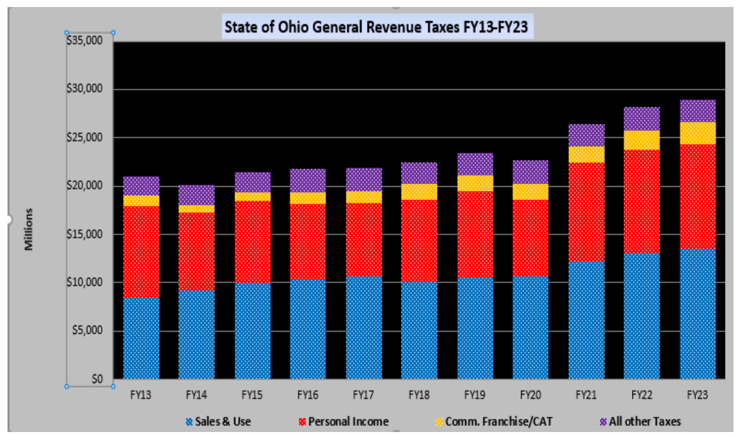
2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

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 77% of the district's resources. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Lake County underwent a reappraisal update in tax year 2021 for collection in FY22. We realized value increases for Class I and II property of $159.8 million for an overall increase of 16.54% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49 which is higher than our original projections of a 10% increase. 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 represents 23% of district revenues and is an area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

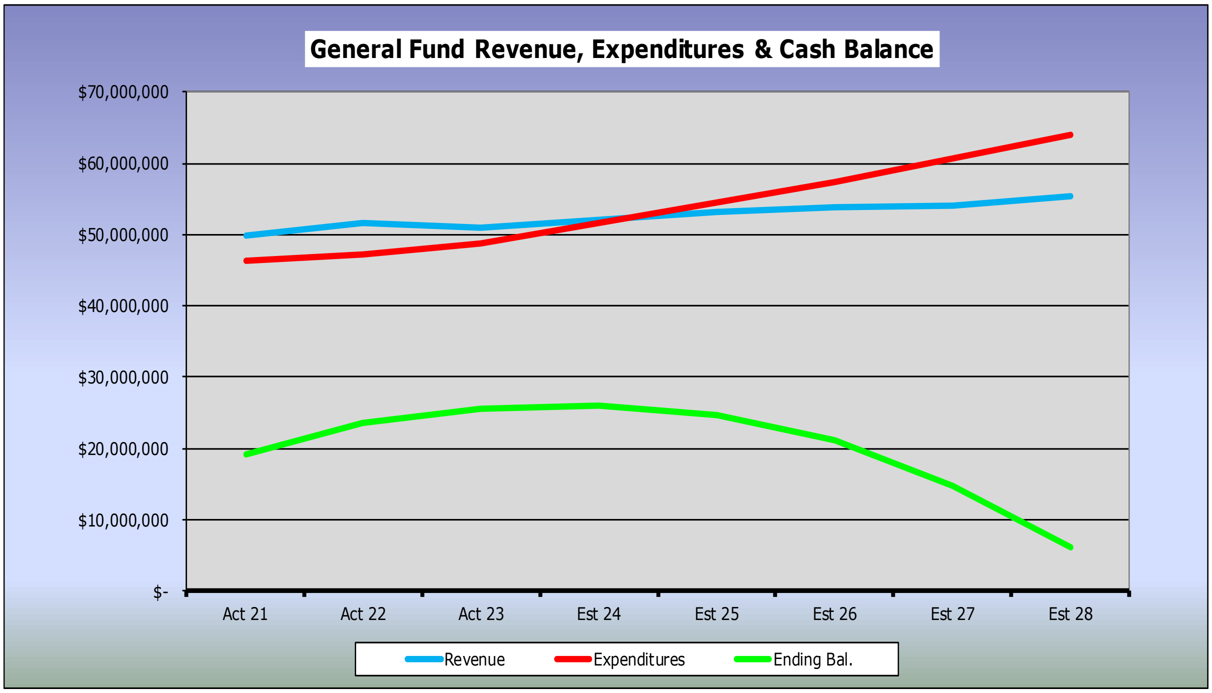
4) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding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

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

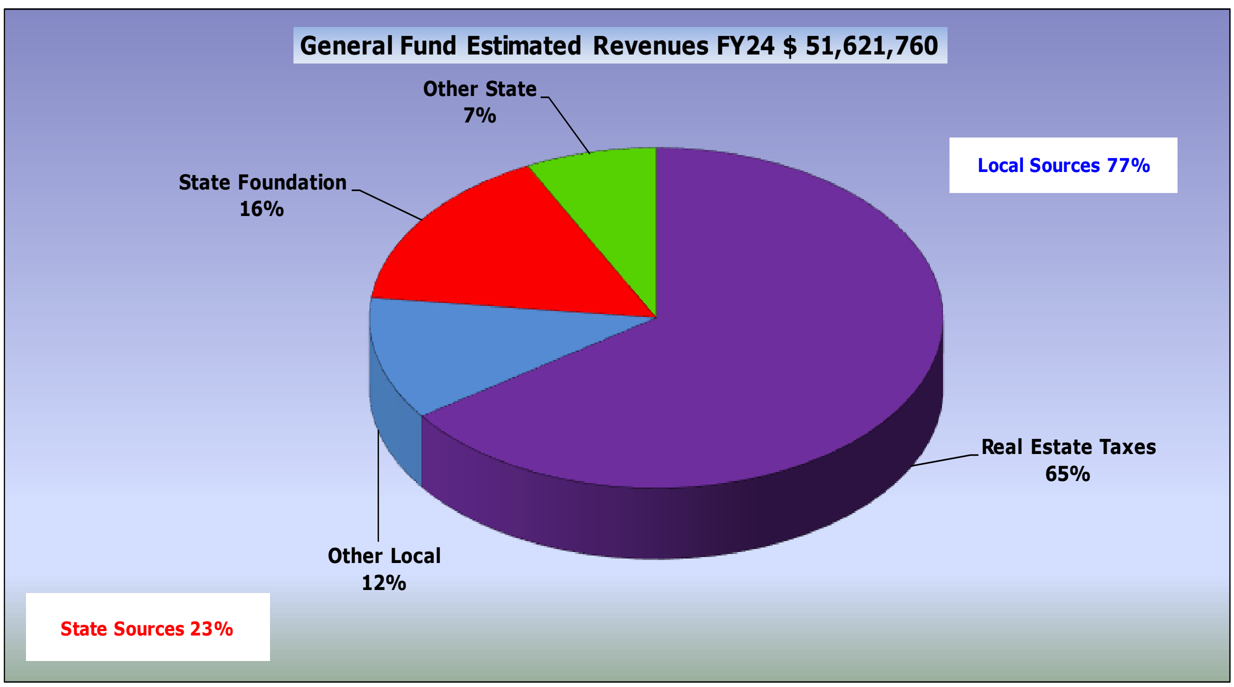
The major Line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Gary Platko, Treasurer/CFO at 440-352-0668

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 in Lake County based on new construction and complete reappraisal or updated values. There was a full reappraisal completed in 2018 for the collection in 2019. Class I the residential/agricultural values increased 8.19% or $70.1 million due to the update led by an improving housing market. There was an increase in the Class II commercial/industrial values of 2.07% or $2.21 million.

A reappraisal update occurred in 2021 for collection in 2022 for which realized a 16.54% increase in residential/agricultural values and a .33% increase for commercial/industrial property. Residential/Agricultural values increased $159.8 million or 16.54% up from the projected 10% and Commercial/Industrial values increased $401,430 or .33% down from the projected 2%.

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.	$1,169,224,330	$1,410,969,196	$1,418,869,196	$1,426,769,196	$1,548,810,732
Comm./Ind.	119,733,710	122,329,716	123,129,716	123,929,716	124,729,716
Public Utility Personal Property (PUPP)	54,617,480	55,617,480	56,617,480	57,617,480	58,617,480
Total Assessed Value	$1,343,575,520	$1,588,916,392	$1,598,616,392	$1,608,316,392	$1,732,157,927

Estimated Real Estate Tax (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
General Property Taxes	$30,718,299	$31,531,405	$32,161,947	$32,318,736	$33,546,248

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 98% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. Property taxes are estimated to be collected at 53% of the Res/Ag and Comm/Ind in the March tax settlements and 47% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in the February and 50% in the August settlements.

New Tax Levies – Line #13.030

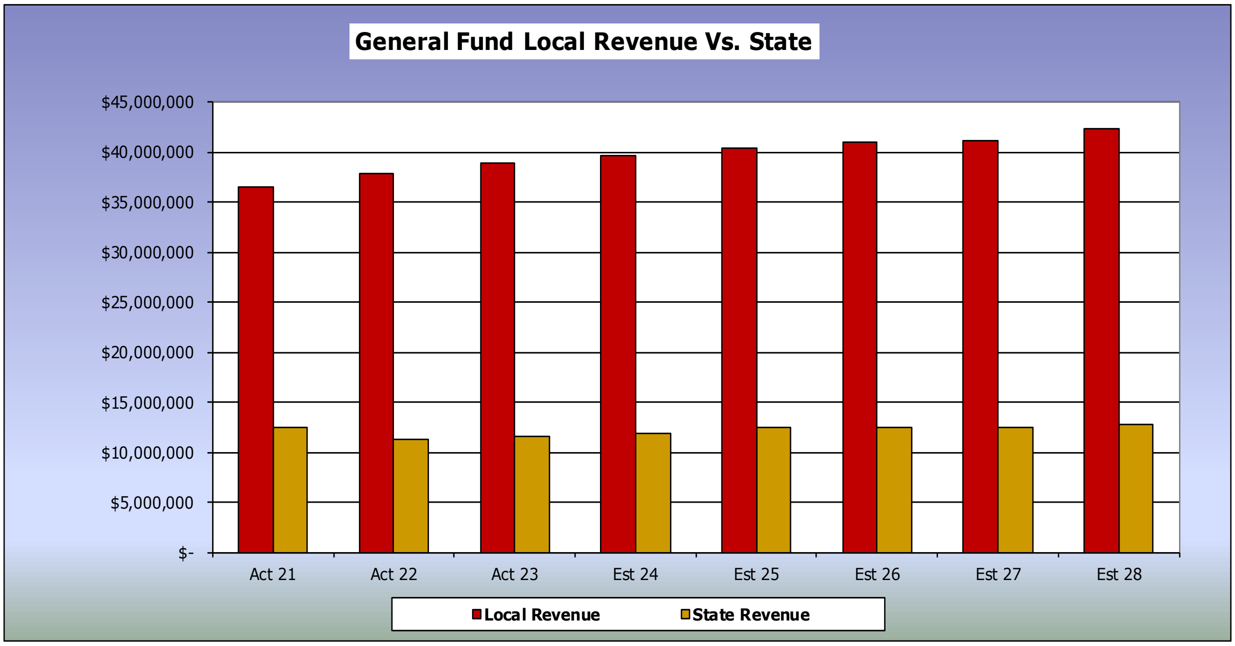
No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property (Line#1.020)	$2,943,339	$3,055,338	$3,095,094	$3,149,141	$3,197,628

Comparison of Local and State Revenue



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

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 guarantee district in FY24 and is expected to continue on the guarantee 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 new funding formula uses 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 state wide average costs will update for FY24. Base costs per pupil includes 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 will 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 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 most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then 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 amount 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:

<u>Unrestricted Categorical State Aid</u>
1. <u>Targeted Assistance/Capacity Aid</u> – 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). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. <u>Special Education Additional Aid</u> – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. <u>Transportation Aid</u> – 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.

<u>Restricted Categorical State Aid</u>
1. <u>Disadvantage Pupil Impact Aid (DPIA)</u> - 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 time student 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 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 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 FY23

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.

Unrestricted Basic Aid Foundation Funding

a) The statewide average base cost per pupil will update to FY22 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.

Unrestricted Categorical State Aid

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

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	FY27	FY28
Basic Aid-Unrestricted	$6,784,496	$7,118,478	$7,148,478	$7,178,478	$7,208,478
Additional Aid Items	579,021	628,847	628,847	628,847	628,847
Basic Aid-Unrestricted Subtotal	7,363,517	7,747,325	7,777,325	7,807,325	7,837,325
Ohio Casino Commission ODT	283,535	287,831	292,186	296,599	301,073
Total Unrestricted State Aid Line # 1.035	$7,647,052	$8,035,156	$8,069,511	$8,103,924	$8,138,398

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economically Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted below under "Restricted Categorical Aid" for Gifted, English Learners (ESL) and Student Wellness. The district has elected to reclassify Catastrophic Aid for special education to Other Revenue beginning in FY22. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	$92,821	$86,264	$86,264	$86,264	$86,264
Career Tech	1,761	1,903	1,903	1,903	1,903
Gifted	131,181	105,827	75,827	45,827	15,827
ESL	22,462	25,307	25,307	25,307	25,307
Student Wellness	199,278	199,278	199,278	199,278	199,278
Catastrophic Cost Reimbursement	0	0	0	0	0
Total Restricted State Revenues Line #1.040	$447,503	$418,579	$388,579	$358,579	$328,579

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY22-26.

Summary of State Foundation Revenues	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	$7,647,052	$8,035,156	$8,069,511	$8,103,924	$8,138,398
Restricted Line # 1.040	$447,503	$418,579	$388,579	$358,579	$328,579
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$8,094,555	$8,453,735	$8,458,090	$8,462,503	$8,466,977

State Taxes Reimbursement/Property Tax Allocation – Line #1.050
Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do 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 currently have 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 Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	$3,833,501	$3,959,511	$4,067,043	$4,085,793	$4,269,524

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. Lake County School financing district revenue is the largest single item in this category. This source is set to expire in FY26. The district has assumed the levy will pass when it is up for renewal and thus continues the full amount in FY26. The other sources of revenue in this area have been open enrollment, 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 they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. 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.

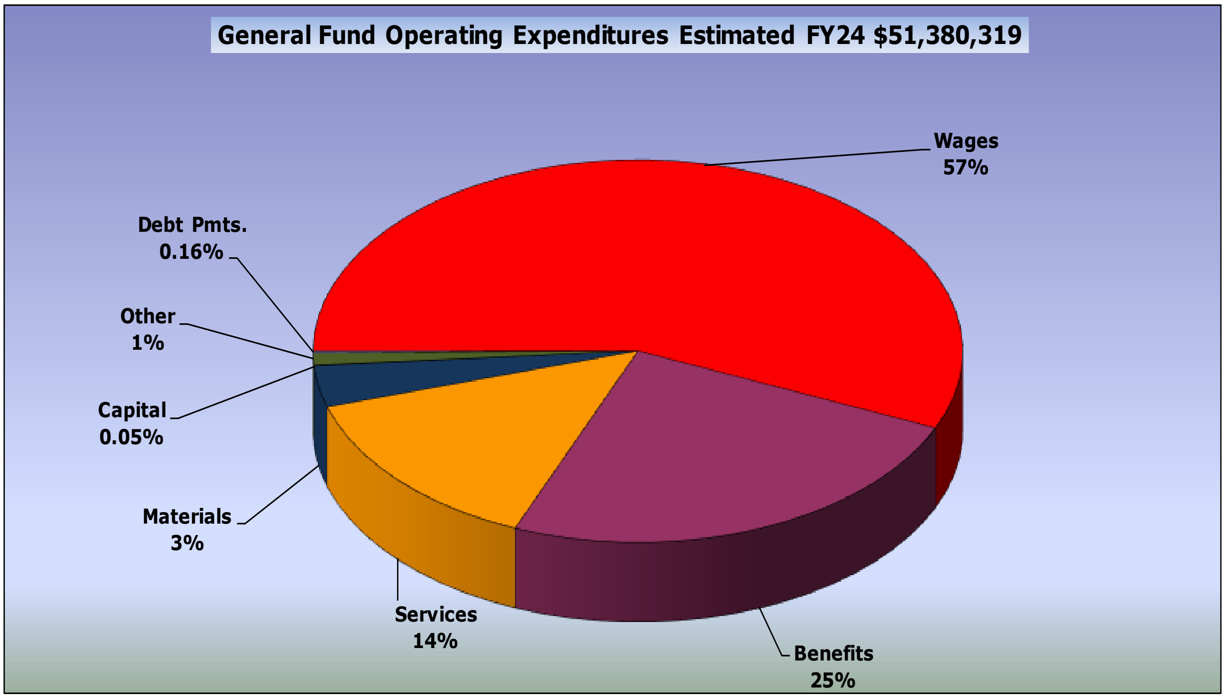
Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Gross	$0	$0	$0	$0	$0
Lake County School Financing District (Fund 030)	3,235,497	3,235,497	3,235,497	3,235,497	3,235,497
Interest	950,000	855,000	812,250	731,025	657,923
Class/Pay to Participate Fees	446,000	446,000	446,000	446,000	446,000
Medicaid Services	385,000	385,000	385,000	385,000	385,000
Pilot	334,701	196,000	196,000	196,000	196,000
Tuitions	546,348	551,811	557,329	562,902	568,531
Catastrophic Cost Reimbursement					
Other Income and rentals	134,520	134,520	134,520	134,520	134,520
Total Other Local Revenue Line #1.060	$6,032,066	$5,803,828	$5,766,596	$5,690,944	$5,623,471

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

This funding source is typically a refund of prior year expenditures that is very unpredictable. The District reclassified the State reimbursement for Catastrophic Costs as this more accurately reflects the payment type.

Expenditures Assumptions

All Operating Expense Categories - General Fund FY24



Wages – Line #3.010
The district has included a base increase of 2% in FY24 and 3% in FY25-FY28. There is also a 1% increase each year for Substitute wages from FY24-FY28. Additional ESSER III funds have been allocated to our district that can be used through September 2024, which will continue to offset the COVID expenses helping with academic support for lost learning due to school closures as a result of the pandemic. ESSER III funds are more restrictive. ESSER III expenditure offsets are included in this forecast.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$27,254,979	$28,873,728	$30,518,152	$32,341,241	$34,281,715
Base Increases	545,100	866,212	915,545	970,237	1,028,451
Growth	$0	$0	$0	$0	$0
Substitutes	424,676	428,922	433,212	437,544	441,919
Supplementals	584,227	601,754	619,807	638,401	657,553
Severance	15,000	15,000	15,000	15,000	15,000
ESSER Offset	256,000	-	-	-	-
Staff Reductions	0	-88,000	-8,000	0	0
Total Wages Line #3.010	$29,079,982	$30,697,617	$32,493,715	$34,402,423	$36,424,639

Fringe Benefits Estimates Line 3.02
This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid. Additional ESSER III funds have been allocated to our district that can be used through September 2024 which will continue to offset the COVID expenses helping with academic support for lost learning due to school closures as a result of the pandemic. ESSER III funds are more restrictive. ESSER III expenditure offsets are included in this forecast.

A) STRS/SERS

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.

B) Insurance

We are estimating an increase of 8% for FY24-FY28, which reflects trend. This is based on our current employee census and claims data. Premium holidays are included in the forecast when known.

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 remain at about .02% of wages FY24-FY28 which is in line with historic growth recently. Unemployment Compensation in FY21 was more significant than other years. This expense returned to a more normal level in FY22.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$4,598,535	$4,893,655	$5,178,443	$5,482,583	$5,804,973
B) Insurance's	7,435,799	8,009,543	8,648,386	9,340,257	10,087,478
C) Workers Comp/Unemployment	155,829	157,338	158,861	160,400	161,954
D) Medicare	430,733	447,962	465,880	484,515	503,896
Other/Tuition	2,782	2,782	2,782	2,782	2,782
Total Fringe Benefits Line #3.020	$12,623,678	$13,511,280	$14,454,352	$15,470,537	$16,561,083

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five year forecast. College Credit Pus, 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.

Source	FY24	FY25	FY26	FY27	FY28
Base Services	$1,103,981	$1,126,061	$1,148,582	$1,171,554	$1,194,985
Excess Cost County ESC	85,352	87,913	90,550	93,267	96,065
Open Enrollment Deduction-477	-	-	-	-	-
Community School Deductions-478	-	-	-	-	-
Other Tuition	1,154,164	1,177,247	1,200,792	1,224,808	1,249,304
Professional Support	3,760,281	3,835,487	3,912,197	3,990,441	4,070,250
Building Maintenance Repairs	408,050	428,453	449,876	472,370	495,989
Utilities	731,618	760,883	791,318	822,971	855,890
Total Purchased Services Line #3.030	$7,243,446	$7,416,044	$7,593,315	$7,775,411	$7,962,483

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.

Source	FY24	FY25	FY26	FY27	FY28
Supplies	$911,886	$939,243	$967,420	$996,443	$1,026,336
Building Maintenance	199,059	205,031	211,182	217,517	224,043
Transportation	682,523	716,649	752,481	790,105	829,610
Total Supplies Line #3.040	$1,793,468	$1,860,923	$1,931,083	$2,004,065	$2,079,989

Capital Outlay – Line # 3.050

The area of capital outlay is for all types of equipment whether it is for educational purposes or building repairs. The majority of capital expenditures are taken from the district's permanent improvement fund.

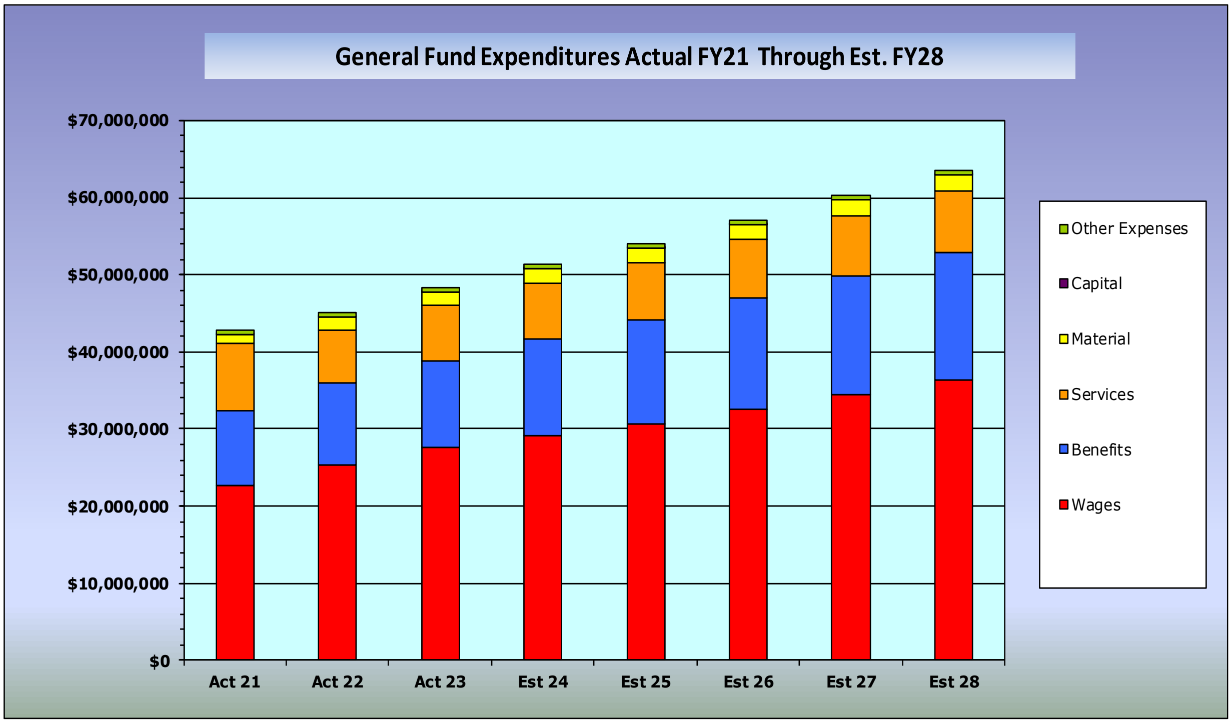
Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay	$25,200	$25,200	$25,200	$25,200	$25,200
Replacement Bus Purchases	0	0	0	0	0
Total Equipment Line #3.050	$25,200	$25,200	$25,200	$25,200	$25,200

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. Increases or decreases in each line are based on historical trends and known factors.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$369,253	$372,946	$376,675	$380,442	$384,246
County ESC	27,330	27,057	26,786	26,518	26,253
Other expenses	137,960	142,099	146,362	150,753	155,276
Total Other Expenses Line #4.300	$534,543	$542,102	$549,823	$557,713	$565,775

Operating Expenditures Actual FY21-FY23 and Estimated FY24-FY28
The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



Transfers Out/Advances Out – Line# 5.010
This account group covers fund to fund transfers 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. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Beginning in FY21 the district created a termination benefits fund to be used in accordance with Ohio Revised Code section 5705.13. The district plans to transfer $250,000 annually to this fund to be used to make severance payments to employees upon retirement and $75,000 to athletics. FY22 included a transfer of $1,650,000 to PI with the remaining budgeted amount for transfers to athletics and severance payments.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	$325,000	$325,000	$325,000	$325,000	$325,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$325,000	$325,000	$325,000	$325,000	$325,000

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	FY27	FY28
Estimated Encumbrances	$450,000	$450,000	$450,000	$450,000	$450,000

Ending Unencumbered Cash Balance – Line#15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000, unless the new alternative 412 certificate can be issued pursuant to HB153 effective after September 30, 2011.

	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	$25,567,406	$24,299,025	$20,781,318	$14,234,142	$5,699,926

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.