BIG WALNUT LOCAL SCHOOL DISTRICT- DELAWARE 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

BIG WALNUT LOCAL SCHOOLS | INSPIRE & GUIDE

Forecast Provided By
Big Walnut Local School District
Treasurer's Office
Scott Gooding, Interim-Treasurer/CFO
May 20, 2024

Big Walnut Local School District

Delaware 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)	$20,952,954	$22,993,047	$24,022,638	7.1%	$28,784,931	$32,889,810	$33,424,011	$34,947,291	$36,365,184
1.020	Public Utility Personal Property Tax	$4,471,439	$4,496,663	$4,492,050	0.2%	$4,517,899	$4,345,334	$4,360,095	$4,363,144	$4,366,184
1.030	Income Tax	$8,188,767	$9,983,767	$12,175,411	21.9%	$11,062,620	$11,360,147	$11,663,625	$11,973,173	$12,288,911
1.035	Unrestricted State Grants-in-Aid	$6,924,018	$6,352,343	$6,495,325	-3.0%	$6,463,688	$6,727,552	$6,741,959	$6,756,735	$6,761,460
1.040	Restricted State Grants-in-Aid	$199,565	$780,366	$602,688	134.1%	$816,955	$608,355	$608,355	$608,355	$608,355
1.045	Restricted Federal Grants In Aid	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
1.050	State Share of Local Property Taxes	$2,886,085	$3,084,552	$3,229,244	5.8%	$3,775,949	$4,259,327	$4,331,799	$4,509,340	$4,687,117
1.060	All Other Revenues	$1,574,518	$1,835,016	$2,741,326	33.0%	$3,260,516	$2,903,413	$2,682,517	$2,701,811	$2,721,295
1.070	*Total Revenues*	$45,197,346	$49,525,754	$53,758,682	9.1%	$58,682,558	$63,093,938	$63,812,363	$65,859,848	$67,798,507
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.020	State Emergency Loans and Advancements (Approved)	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.040	Operating Transfers-In	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.050	Advances-In	$0	$278,000	$0	0.0%	$0	$0	$0	$0	$0
2.060	All Other Financing Sources	$344,835	$196,576	$130,607	-38.3%	$130,607	$130,607	$130,607	$130,607	$130,607
2.070	*Total Other Financing Sources*	$344,835	$474,576	$130,607	-17.4%	$130,607	$130,607	$130,607	$130,607	$130,607
2.080	*Total Revenues and Other Financing Sources*	$45,542,181	$50,000,330	$53,889,289	8.8%	$58,813,165	$63,224,545	$63,942,970	$65,990,455	$67,929,114
	Expenditures									
3.010	Personnel Services	$24,622,936	$25,761,961	$27,230,536	5.2%	$29,574,794	$32,462,155	$35,166,474	$37,645,115	$40,085,632
3.020	Employees' Retirement/Insurance Benefits	$11,676,260	$10,995,215	$10,872,537	-3.5%	$11,528,449	$12,748,792	$14,181,518	$15,584,671	$17,047,149
3.030	Purchased Services	$5,665,718	$5,992,864	$6,916,076	10.6%	$7,647,758	$8,351,717	$9,070,238	$9,803,627	$10,552,198
3.040	Supplies and Materials	$914,665	$1,150,900	$1,297,155	19.3%	$1,693,340	$1,434,967	$1,471,660	$1,509,327	$1,547,994
3.050	Capital Outlay	$7,015	$15,090	$167,017	561.0%	$1,350,027	$1,495,000	$1,515,800	$1,537,432	$1,559,929
3.060	Intergovernmental	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.020	Principal-Notes	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.030	Principal-State Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.040	Principal-State Advancements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.050	Principal-HB 264 Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.055	Principal-Other	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.060	Interest and Fiscal Charges	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.300	Other Objects	$568,391	$638,409	$698,119	10.8%	$695,658	$714,753	$734,352	$754,468	$775,114
4.500	*Total Expenditures*	$43,454,985	$44,554,439	$47,181,440	4.2%	$52,490,025	$57,207,385	$62,140,042	$66,834,639	$71,568,016
	Other Financing Uses									
5.010	Operating Transfers-Out	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
5.020	Advances-Out	$278,000	$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*	$278,000	$0	$0	0.0%	$0	$0	$0	$0	$0
5.050	*Total Expenditures and Other Financing Uses*	$43,732,985	$44,554,439	$47,181,440	3.9%	$52,490,025	$57,207,385	$62,140,042	$66,834,639	$71,568,016
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$1,809,196	$5,445,891	$6,707,849	112.1%	$6,323,140	$6,017,160	$1,802,928	($844,184)	($3,638,902)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$11,603,385	$13,412,581	$18,858,472	28.1%	$25,566,321	$31,889,461	$37,906,621	$39,709,549	$38,865,365
7.020	*Cash Balance June 30*	$13,412,581	$18,858,472	$25,566,321	38.1%	$31,889,461	$37,906,621	$39,709,549	$38,865,365	$35,226,462
8.010	*Estimated Encumbrances June 30*	$770,521	$675,718	$602,766	-11.5%	$602,766	$602,766	$602,766	$602,766	$602,766
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.020	Capital Improvements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.030	Budget Reserve	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.040	DPIA	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.045	Fiscal Stabilization	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.050	Debt Service	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.060	Property Tax Advances	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
9.070	Bus Purchases	$0	$0	$0	0.0%	$0	$0	$0	$0	$0

Big Walnut Local School District

Delaware 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
9.080	*Subtotal*	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$12,642,060	$18,182,754	$24,963,555	40.6%	$31,286,695	$37,303,855	$39,106,783	$38,262,599	$34,623,696
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	$0			0.0%	$0	$0	$0	$0	$0
11.020	Property Tax - Renewal or Replacement	$0			0.0%	$0	$0	$0	$0	$0
11.300	Cumulative Balance of Replacement/Renewal Levies	$0			0.0%	$0	$0	$0	$0	$0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$12,642,060	$18,182,754	$24,963,555	40.6%	$31,286,695	$37,303,855	$39,106,783	$38,262,599	$34,623,696
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New				0.0%	$0	$0	$0	$0	$0
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
14.010	Revenue from Future State Advancements				0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$12,642,060	$18,182,754	$24,963,555	40.6%	$31,286,695	$37,303,855	$39,106,783	$38,262,599	$34,623,696

Big Walnut Local School District –Delaware County
Notes to the Five-Year Forecast
General Fund Only
May 20, 2024

Introduction to the Five-Year Forecast
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 Ohio Department of Education 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.

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 May 2024 filing.

May 2024 Updates:

<u>Revenues FY24</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 $58.7 million or 4.24% higher than the November forecast amount of $56.3 million. This indicates that the November forecast was 95.76% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 56.75% and are estimated to be $33.3 million, which is $1.2 million greater for FY24 than the original November estimate of $32.1 million. Our estimates are 96.27% accurate for FY24 and should mean future projections are also on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be lower in the November forecast. Collections for FY24 are 5.09 % over our original estimate by $535 thousand. The SDIT represents 18.85% of the district revenues.

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 $7.28 million, which is $5 thousand greater than the original estimate for FY24. We are pleased that we were able to be 99.93% accurate for FY24. We are currently on the guarantee and are expected to remain as a guarantee district for FY25 through FY28.

Line 1.06 - Other revenues are up $482 thousand over original estimates, primarily due to interest on investments and TIF/Pilot payments received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $52.5 million for FY24, which on target with the original estimate in the November forecast. All 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, 2024, is anticipated to be roughly $31.3 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through FY28 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 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 the affect that may occur in the forecast in the long term:

1) Delaware County experienced the sexennial reappraisal in the tax year 2023 for collection in 2024. The increases for Class I and II property by $434.7 million for an overall increase of 38.96%, these increases include new construction along with the amounts for reappraisal. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

2) The legislature has formed a “Joint Committee on Property Tax Review and Reform” which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Our district is on the 20-mill floor for Class I and Class II values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

3) Income tax collections are dependent upon the economy. As unemployment decreases the amount of funding increases for the district. We have seen an increase in the payments as employment has recovered from the decrease that was experienced with the pandemic. There is a risk that we could see decreases in the future but at this time, we are not anticipating any for future years of the forecast.

4) The state budget represents 18.84% 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 makes 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.

5) 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.

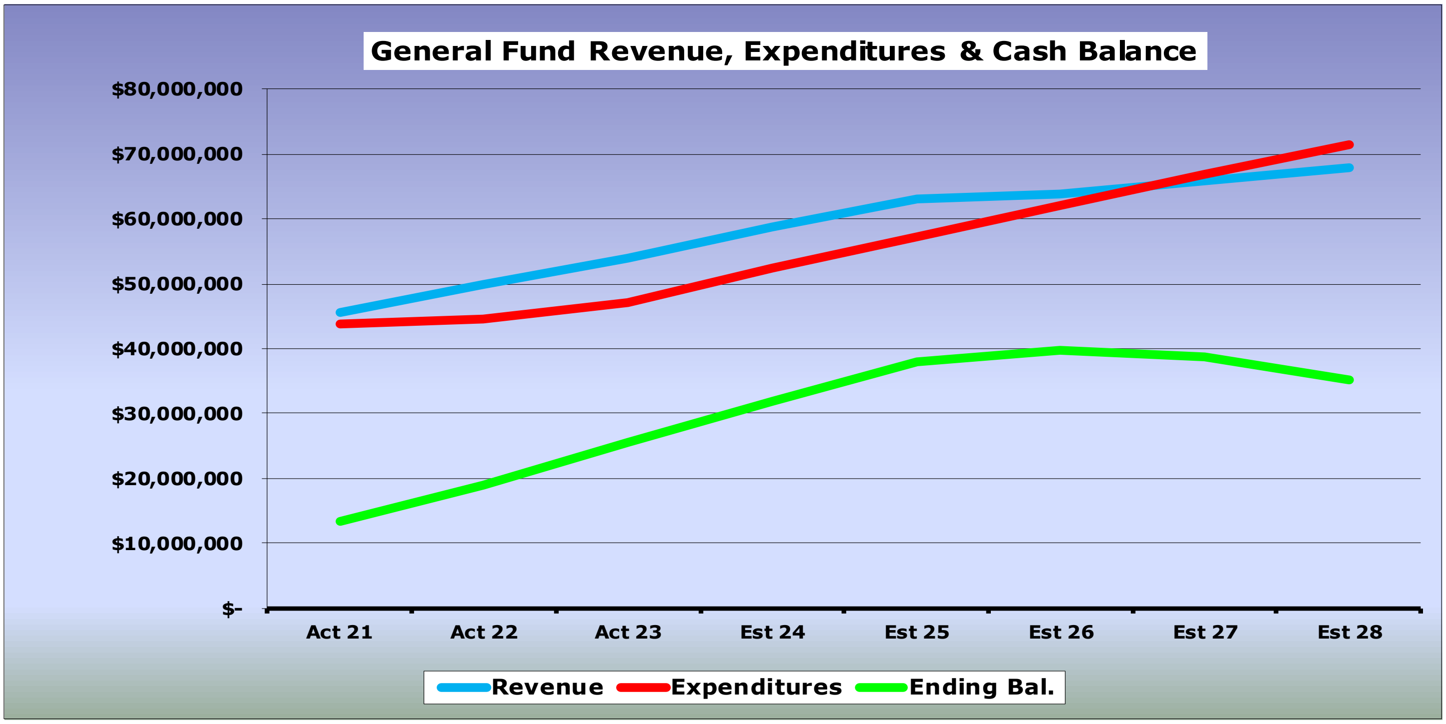
6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, 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 enrollment reporting for the state is very difficult to track. This is another area that we must monitor very closely, especially with the increased enrollment that we are expecting from new housing developments.

8) Labor relations in the district have been amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a good working relationship will continue.

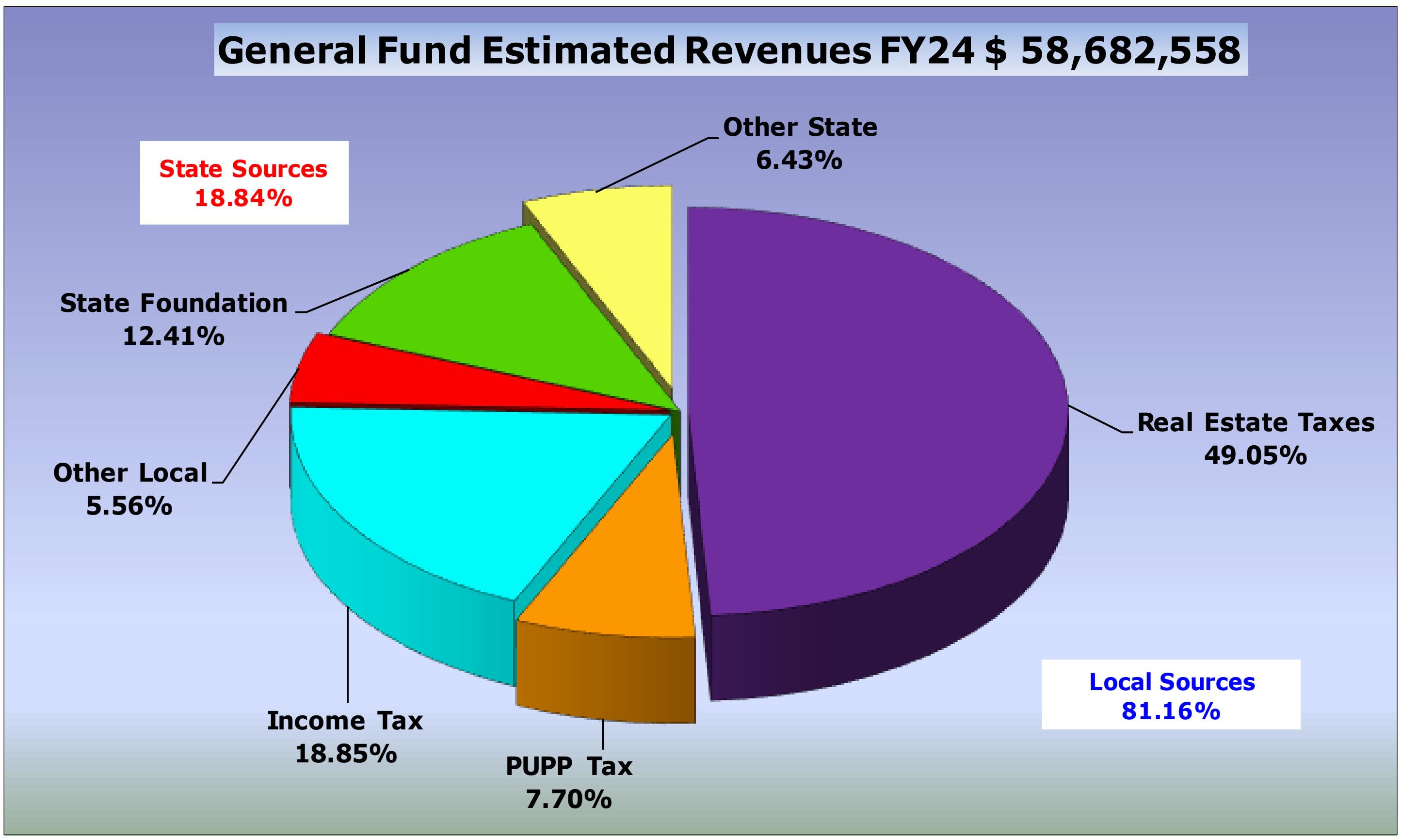
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Scott Gooding, Interim-Treasurer/CFO at 740-965-3010.

General Fund Revenue, Expenditure 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

All Revenue Sources General Fund FY24



Property Valuation Assumptions

Property Values are established annually by the Delaware County Auditor based on the type of property either residential/agriculture or commercial/industrial, which the values are defined even further based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Delaware County experienced a sexennial reappraisal for the 2023 tax year to be collected in FY24. Residential/agricultural values increased 36.01 % or $372.6 million due to the reappraisal, led by an improving housing market.

Data captured from the different townships and villages is used to estimate new construction for each collection year for the forecast. For tax year 2023, new construction in residential/agricultural property was up 41.6% or $48.9 million in assessed value from tax year 2022, and commercial/industrial values increased by $3.9 million. Overall values increased $434.7 million or 38.96%, which includes new construction for all classes of property. This is important in that new construction is taxed at the full voted rate and not subject to effective millage rates, for the first year of collection, which will increase the estimate for taxes being collected. For 2024 values for collection in 2025, we are assuming new construction of 200 homes. For 2026 through 2028, we are estimating an increase from new construction of $20 million.

A triennial update will occur in 2026 for collection in FY27, for which we are estimating a 6.0% increase in residential and a 2.0% increase for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values to increase $127.3 million or 7.94%.

Public Utility Personal Property (PUPP) values change annually as the values are not included in the reappraisal or update years, which make them very difficult to forecast. The PUPP values in 2023 decreased by 0.44% or ($603,660). The AEP Vassell Substation continues to be a very important section of the Public Utility Personal Property (PUPP) tax valuation for the district. Since the substation was first added to the values in 2016 the district has seen increases and decreases over the years in PUPP tax values. The district has been told to expect decreases in PUPP throughout the remainder of the forecast due to depreciation of the power plant equipment of approximately 3% to 3.5% each year. Due to new planned housing developments, we believe there will be additions to public utility infrastructure that will compensate for current depreciation. We expect our values to continue to grow by $500,000 annually in FY25 through FY28 due to current growth in public utility infrastructure.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR2025 COLLECT 2026	Estimated TAX YEAR2026 COLLECT 2027	Estimated TAX YEAR2027 COLLECT 2028
Res./Ag.	1,456,634,370	1,483,212,946	1,507,865,942	1,618,837,899	1,643,870,645
Comm./Ind.	93,687,890	94,156,578	94,925,734	111,272,769	112,059,042
Public Utility (PUPP)	135,052,190	135,552,190	136,052,190	136,552,190	137,052,190
Total Assessed Value	1,685,374,450	1,712,921,714	1,738,843,867	1,866,662,858	1,892,981,877

Tax Rate Assumptions

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 general fund operating levies that affect the five-year forecast is 32.12 mills of which 3.62 mills are from the Substitute Emergency Levy, while the Class I effective millage rate is 23.62 mills, and the Class II effective millage rate is 23.62 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 both Class I and Class II. Any emergency/substitute levy that is voted on is not included in the 20-mill floor, the district has one emergency levy of 3.62 mills that was voted on for an annual amount of $4.9 million of taxes, as the values increase the millage rate will decrease to only collect the annual amount that was approved by the voters.

Real Estate Value Assumptions – Line # 1.010

Property tax levies are estimated to be collected at 98.29% of the annual amount. This allows a 1.71% delinquency factor. In general, 52.13% of the Residential/Agriculture and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 47.87% in the August tax settlement. Collections in FY24 were up $672,561 due to additional delinquent taxes collected in the August and March tax settlements.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Est. Property Taxes Line #1.010	$28,784,931	$32,889,810	$33,424,011	$34,947,291	$36,365,184

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The amounts below are public utility 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.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line #1.020

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Est. PUPP Taxes Line 1.020	$4,517,899	$4,345,334	$4,360,095	$4,363,144	$4,366,184

New Tax Levies – Line #13.20

No new tax levy is being included at this time; however, the projected revenues are not anticipated to keep up with the expenditures over the entirety of the forecast as our community continues to grow and support staff positions are planned to be added. The board discussed needing a new levy last year, and ultimately, they decided to wait. With recent updates we may be able to continue stretching our finances a little longer due to rebounding revenues and medical insurance premium reductions, but planning for a levy will need to continue to be something the district is mindful of and monitors.

School District Income Tax – Line #1.03

The district passed an income tax (SDIT) of .75% effective in 1995, which was approved as a continuing tax in 2003. The amount of growth in income tax is difficult to estimate as most of the information from the Ohio Department of Taxation is confidential. The final increase for FY24 is 9.14% under FY23We will assume an annual growth rate of 2% for FY25 through FY28 as we feel that the increases in withholding taxes will outperform the estimates and tax return amounts. In addition, we are estimating growth from new families based on the following assumption: 100 families per year in FY23 and 90 families per year in FY24-FY28 with an annual family income of approximately $113,000 which includes an increase over the amount that is estimated from U.S. Census Bureau, 2013-2017 American Community Survey as compiled by Ohio Municipal Advisory Council OMAC data. We will continue to monitor and adjust the amounts as more information is known to the district.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
SDIT Collection	$12,175,411	$11,062,620	$11,360,147	$11,663,625	$11,973,173
Adjustments	($1,112,791)	$297,527	$303,478	$309,548	$315,738
Total to Line #1.030	$11,062,620	$11,360,147	$11,663,625	$11,973,173	$12,288,911

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 the funding in FY24 based on the April 2024 foundation settlement and funding factors for FY25 on the simulations provided by the Department of Education and Workforce.

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
C. Personal Income of District Residents
D. Historical Funding- CAPS and Guarantees from prior funding formulas.

<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 (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 Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index ranging 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. The balance of this amount is the state share to pay.

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). 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 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. Transportation Aid – Funding 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 number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase-in increases are limited to 50% in 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 & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand-alone fund.

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

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

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

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Basic Aid-Unrestricted	$5,757,061	$5,964,200	$5,964,200	$5,964,200	$5,964,200
Additional Aid Items	$434,834	$477,521	$477,521	$477,521	$477,521
Basic Aid-Unrestricted Subtotal	$6,191,895	$6,441,720	$6,441,720	$6,441,720	$6,441,720
Ohio Casino Commission ODT	$271,793	$285,831	$300,239	$315,015	$319,740
Total Line # 1.035	$6,463,688	$6,727,552	$6,741,959	$6,756,735	$6,761,460

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 district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current April funding factors and using the simulations from the Department of Education and Workforce for FY25. 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.

HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $194,255 from this one-time subsidy and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
DPIA	$28,342	$33,126	$33,126	$33,126	$33,126
Career Tech - Restricted	$0	$0	$0	$0	$0
Gifted	$114,800	$95,099	$95,099	$95,099	$95,099
English Learner	$9,383	$9,858	$9,858	$9,858	$9,858
Student Wellness	$185,778	$185,875	$185,875	$185,875	$185,875
Catastrophic Aid	$284,397	$284,397	$284,397	$284,397	$284,397
Other Restrict	$194,255	$0	$0	$0	$0
Total Line #1.040	$816,955	$608,355	$608,355	$608,355	$608,355

Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues

SUMMARY	FY 24	FY 25	FY 26	FY 27	FY 28
Unrestricted Line # 1.035	$6,463,688	$6,727,552	$6,741,959	$6,756,735	$6,761,460
Restricted Line # 1.040	$816,955	$608,355	$608,355	$608,355	$608,355
Restricted Fed. Grants Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$7,280,643	$7,335,906	$7,350,314	$7,365,090	$7,369,815

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

Rollback funds are reimbursements paid to the district from Ohio for tax credits given to 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 changed the requirement for Homestead Exemptions. Individual taxpayers who did 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 only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, did not lose it going forward and did not have to meet the new income qualification. These changes have slowed the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increases the taxes collected locally on taxpayers.

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

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Rollback and Homestead	$3,775,949	$4,259,327	$4,331,799	$4,509,340	$4,687,117
Total Property Tax Allocations #1.050	$3,775,949	$4,259,327	$4,331,799	$4,509,340	$4,687,117

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 source of revenue in this area is tuition for court placed students, preschool tuition, full-day kindergarten tuition, open enrollment, general rental fees, interest earnings and Medicaid reimbursements.

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 have increased interest for FY24 as actual amounts were more than we estimated in November. We will continue to monitor the investments for the district.

We anticipate TIF receipts to continue throughout the forecast period with a modest growth rate, which is indicative of past trends. The TIF payments are from the Sunbury Mills Plaza development.

Medicaid payments have increased in previous years, we are anticipating that these costs and all other revenues are expected to continue at historic trends.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
TIF and PILOTS	$360,759	$226,987	$229,257	$231,549	$233,865
Tuition	$769,289	$776,982	$784,751	$792,599	$800,525
Open Enrollment	$0	$0	$0	$0	$0
Excess Cost	$65,703	$66,031	$66,362	$66,693	$67,027
Interest	$1,200,000	$960,000	$720,000	$720,000	$720,000
Class Fees	$239,867	$242,266	$244,688	$247,135	$249,606
Other Miscellaneous Receipts	$624,899	$631,148	$637,460	$643,834	$650,273
Total Line # 1.060	$3,260,516	$2,903,413	$2,682,517	$2,701,811	$2,721,295

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. There are no advances or transfers planned during the forecast.

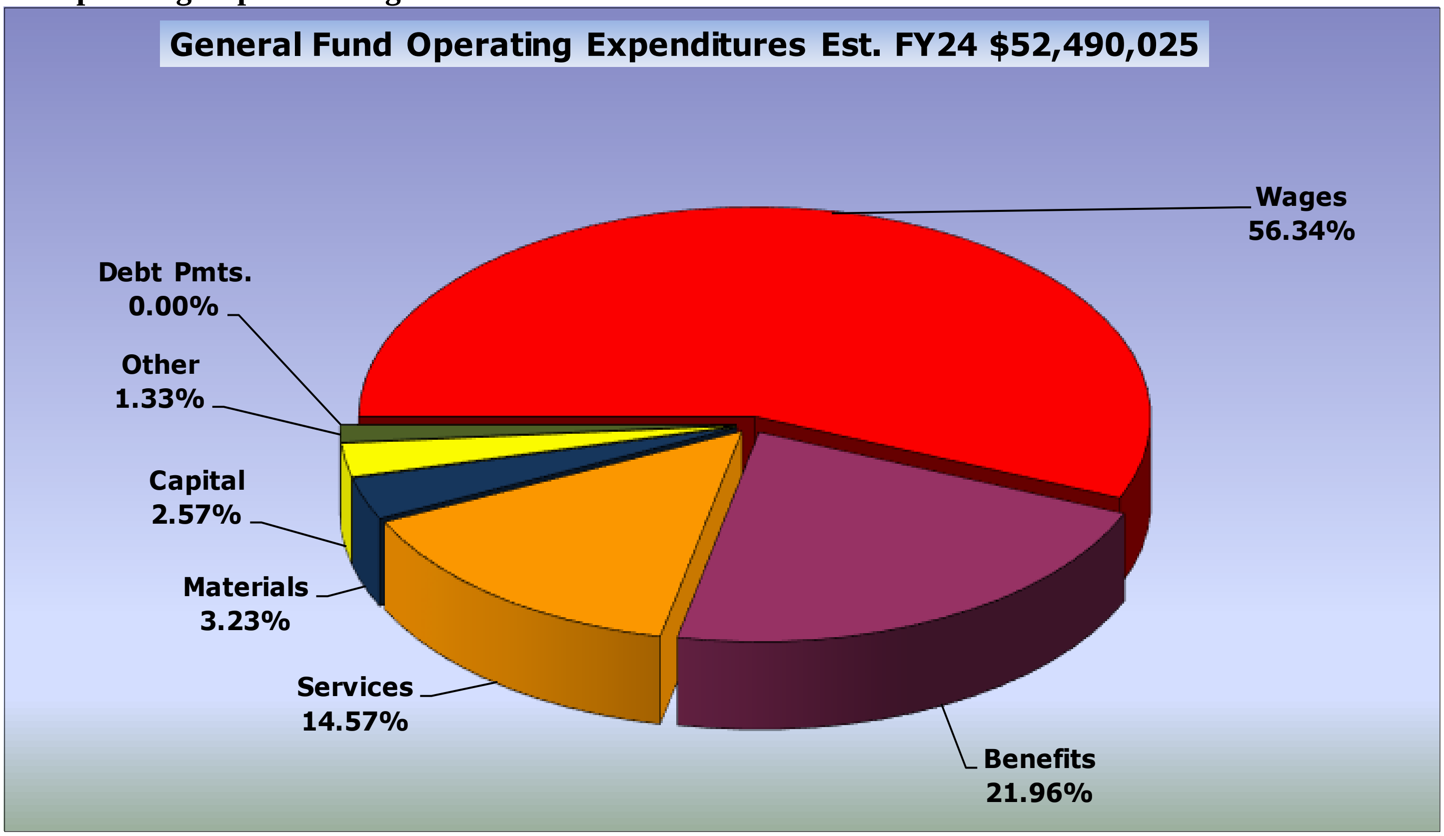
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures and one-time payments that are very unpredictable. We have received small amounts for refunds in previous years and do not expect any other large payments within the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
All Other Sources	$130,607	$130,607	$130,607	$130,607	$130,607

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether with changes in curriculum or new technology needs. As the administration of the district constantly reviews expenditures, the education of our students is the forefront of decision making.

All Operating Expense Categories - General Fund FY24



Wages – Line #3.010

The district evaluates staffing needs with the help of enrollment projections that are based on the study conducted for the district by Future Think. Even though the district continues to see enrollment growth minimal staffing increases have been made in recent years due to budget pressures. District leadership is currently reviewing staffing needs for both instructional and support roles as we attempt to accommodate anticipated enrollment growth and a focus on supporting the whole child, which was identified by the board as part of our District's strategic planning. The district has discussed over the last year about aligning allowable uses of ESSER II and ARP ESSER III funds to help with previously noted staffing initiative and to offset some salaries in FY22 through FY24 to ensure we can maintain the continuity of operations and services. We have accounted for four STEM teaching positions being funded for fiscal years FY22 through FY24 with ESSER II, which are not being accounted for in our net forecasted FTE's until FY25. Our two elementary counselors were added in FY22 with ARP ESSER III funds, and we are accounting for these in our net FTE increases noted below in FY25.

Our staffing increases are being accounted for in the estimated net new hires in our forecast of 17 in FY24, 28.45 in FY25, 19.5 in FY26, 14.5 in FY27 and 10.2 in FY28. Previously, the planned positions were mainly for staffing we believed were necessary to meet the demands of the new buildings, state or federal requirements for busing and students with special needs. The district is reevaluating the staffing needs for FY25 and the future year. Step increases for all current employees are estimated to be 2.5%. The District and BWEA agreed to a three-year contract in December 2021 with 2.0% increases in all years. BWPSS agreed to a three-year contract for FY23 through FY25 with a 1.25% base and changes to the index and steps. OAPSE 524 has agreed to a three-year contract for FY23 through FY25 for 3%, 4%, and 5% base increases. BWPSS also agreed to a three-year contract for FY23 through FY25 that includes step and base wage increases of 3% each year. The district is forecasting an increase of 3% growth in Substitutes and Extra-Curricular wages during the forecast years.

Summary of Personal Services – Line #3.010

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Base Wages	$25,600,172	$27,902,144	$30,799,459	$33,424,579	$35,818,562
Wage adjustments	$593,642	$679,501	$615,989	$668,492	$716,371
Steps & Training	$640,004	$697,554	$769,986	$835,614	$895,464
Growth/Replacement staff	$1,426,409	$1,532,764	$1,199,345	$858,089	$714,716
Other & ESSER Adjustments	$300,000	$200,000	$200,000	$200,000	$200,000
Salary In Lieu of Insurance	$414,370	$440,268	$484,295	$532,724	$585,996
Substitutes & Supplemental	$1,138,280	$1,172,428	$1,207,601	$1,243,829	$1,281,144
Severance	$120,000	$50,000	$50,000	$50,000	$50,001
Staff Reductions (Retire/Resignation)	($658,083)	($212,504)	($160,201)	($168,211)	($176,622)
Total Wages Line 3.010	$29,574,794	$32,462,155	$35,166,474	$37,645,115	$40,085,632

Fringe Benefits Estimates – Line #3.020

A) STRS/SERS will increase as Wages Increase

As required by law the BOE pays 14% of all employee wages to STRS or SERS. The district is using a blended rate of 15.9% for those that received pick-up on pick-up of the retirement and the additional amount is for the SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members, which is used for SERS insurance upon retirement.

B) Insurance

As the graph below notes, health care is a significant cost for the district and has been a real challenge as we have seen rising costs over the last several years.

Because of the changes in the plans and premium adjustments the district was able to complete an insurance RFP, which resulted in changing insurance carriers starting in calendar year 2022 and a decrease in our overall premium. The district experienced a decrease of 6.25% in FY23 premium costs compared to FY22. However, with additional staff members being hired significant savings in overall insurance costs are not anticipated. We are projecting insurance premium cost increases of 1.25% for FY24 because of the 0% in 2023 and a 2.5% increase in 2024. Since our rates change as of January 1 of each year we use a blended rate for the fiscal year rates. We are forecasting an increase in FY25 of 6.25%, in FY26 through FY28 a 10% increase. These increases are a blend of the districts history of claims increases and the industry standards of annual premium increases.

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.

C) Workers Compensation & Unemployment Compensation

The district moved to Retro Group Rating in FY21 for Worker’s Compensation payments, which is anticipated to lower payments in future years due to higher premium refund amounts. The district is not projecting any unemployment claims throughout the forecast.

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.

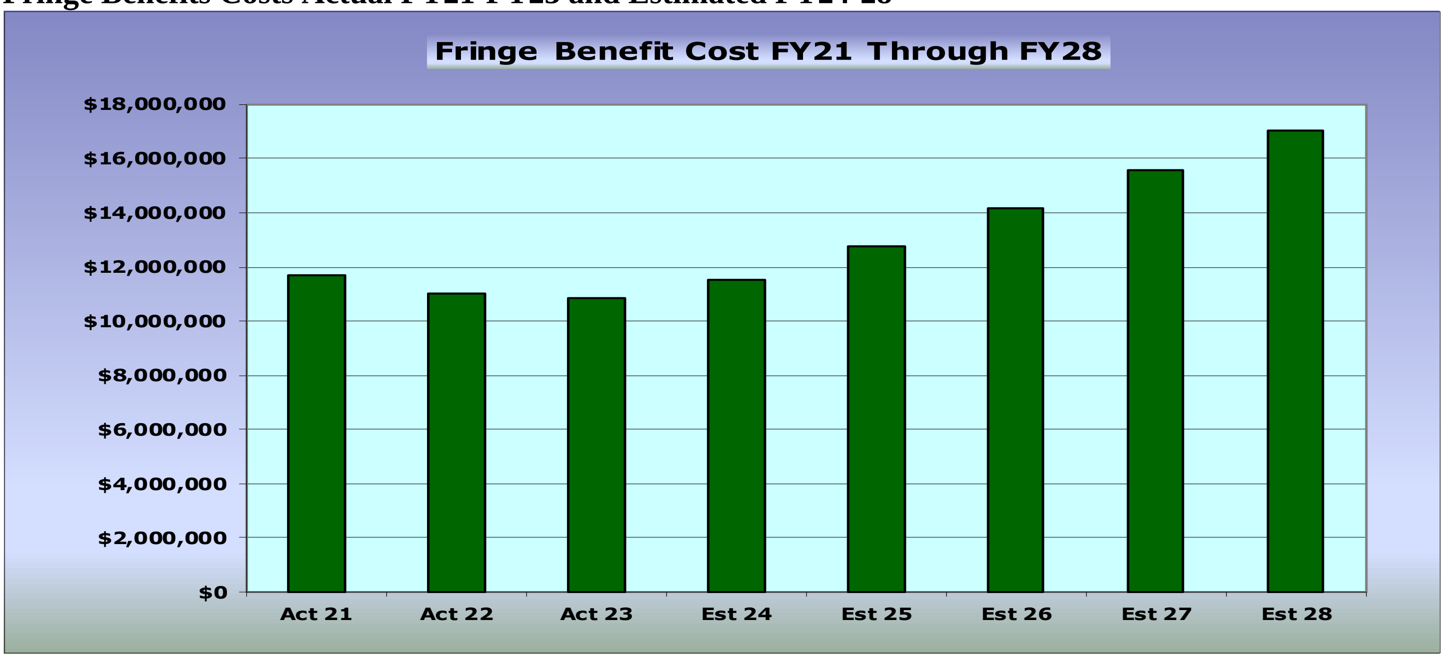
E) Tuition and Other Benefits

With the implementation of the high deductible health plan, the district agreed to make contributions into health savings accounts for employees on the plan which are included with tuition reimbursements on this line.

Summary of Fringe Benefits – Line #3.020

Source	FY 24	FY 25	FY 26	FY 27	FY 28
STRS/SERS	$4,573,690	$5,028,481	$5,456,639	$5,847,434	$6,227,843
Insurance's	$6,355,647	$7,069,738	$8,026,106	$8,994,287	$10,022,860
Workers Comp/Unemployment	$88,277	$97,872	$106,858	$115,095	$133,205
Medicare	$428,835	$470,701	$509,914	$545,854	$581,242
Tuition and Other Benefits	$82,000	$82,000	$82,000	$82,000	$82,000
Total Line 3.020	$11,528,449	$12,748,792	$14,181,518	$15,584,671	$17,047,149

Fringe Benefits Costs Actual FY21-FY23 and Estimated FY24-28



Purchased Services – Line #3.030

An overall average inflation of 2% is being estimated for all categories except utilities that are being projected with a 5% inflationary factor.

HB110, the previous state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating 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.

The district will have FTE additions for FY22 that are being paid with ARP ESSER funds in FY22 through FY25 are 1.0 nurse, 1 Psychologist, and the cost of approximately 4.0 tutors with additional tutors adds if ESSER funds are available. We are, also, able to fund for one additional year the cost of 1.0 nursing and 1.0 of mental health support through the student wellness and success funds (SWSF) that were provide in the last biennium budget, and we intend to utilize additional ESSER dollars provided to the district to further support these positions through FY25. In FY23, the district is planning on additional FTE supports of 1.0 for athletic coordination, 1.0 for nursing, and 9.0 tutors to be paid through the ESC. For FY24, the district is planning for additional ESC costs for 0.2 adaptive physical education, 1.0 mental health service, 0.4 occupational therapy, 0.2 physical therapy, 0.4 speech services, 1.0 technology support and 10.0 tutors. In FY25, 1.0 for nursing services, 0.5 of an ELL specialists, and 1.0 tutor supports are planned for our purchased services. The cost of 2.0 nurses, 1 Psychologist, 1.0 mental health professional, and 5.0 tutors that had previously been paid with ARP ESSER funds is brought into the general fund in FY25 for the planned continuance of these services. In FY26, we are planning for additions of 0.4 of occupational therapy, 0.4 of speech, and 1.0 of tutoring services. As always, the district will continue to evaluate the needs for additional services with the growth of the district and actual enrollment and make appropriate changes annually. An overall 2% annual increase in the costs of these services is estimated for inflation.

Utilities are increased annually by 3% for FY24 through FY28. In FY24 we anticipate increases for reopening the intermediate school as an updated elementary school. We have attempted to capture the cost impact for these movements in our forecast.

Maintenance and repair costs will increase with the changes and additions of the new buildings and have a base increase of 2% each year. We will continue to monitor inflationary costs in this area to see if increased costs should be planned.

Purchased Services – Line #3.030

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Insurance, Leases, Postage, & Other	$1,013,903	$1,034,182	$1,054,865	$1,075,962	$1,097,482
Professional Services, Legal Fees & ESC	$3,642,781	$4,250,522	$4,870,417	$5,502,710	$6,147,650
Tuition, OE, SF14, CCP & Excess Costs	$727,742	$742,297	$757,143	$772,286	$787,732
Community School Deductions	$0	$0	$0	$0	$0
Phone and Internet Services	$45,917	$46,836	$47,772	$48,728	$49,702
Utilities	$1,611,818	$1,660,172	$1,709,978	$1,761,277	$1,814,115
Building Repairs & Services	$605,596	$617,708	$630,062	$642,664	$655,517
Total Line 3.030	$7,647,758	$8,351,717	$9,070,238	$9,803,627	$10,552,198

Supplies and Materials – Line #3.040

An inflation rate of 3.0% for FY24, and 2.0% are estimated in FY25 through FY28, respectively, for classroom supplies, textbooks, copy paper, and other classroom related supplies. We are increasing supplies in FY24 for the cost of the adoption of a new Math curriculum series of $300,000. An average inflation rate of 4.0% in FY24, and 3.0% in the remaining years of the forecast are planned for maintenance supplies, materials, and bus fuel. We are anticipating additional costs for educational supplies and maintenance supplies when each of the new schools are opened in FY24 and have attempted to capture these costs in this forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Supplies, Textbooks, and other	$917,262	$635,607	$648,319	$661,285	$674,511
Maintenance & Transportation Supplies	$776,078	$799,360	$823,341	$848,041	$873,483
Total Line 3.040	$1,693,340	$1,434,967	$1,471,660	$1,509,327	$1,547,994

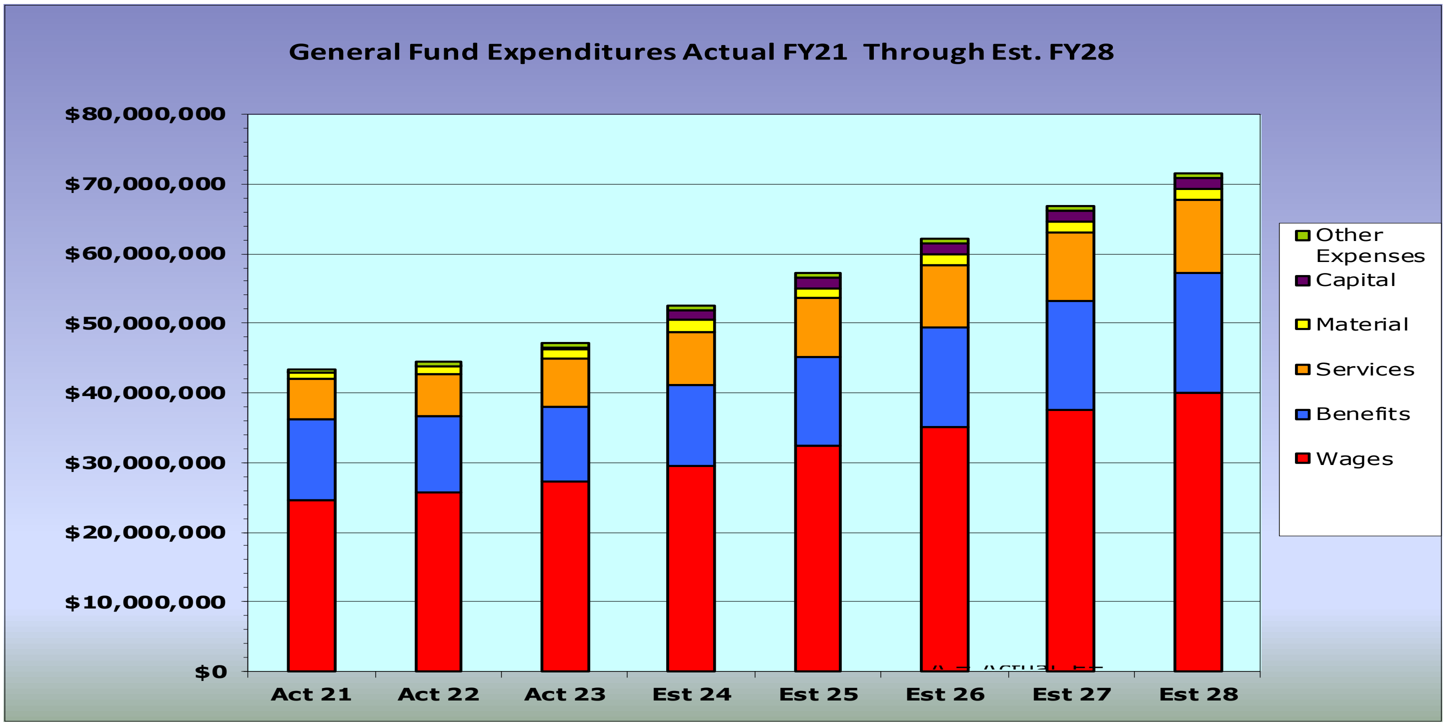
Equipment – Line # 3.050
The district is reviewing the capital outlay needs of the district in order to budget for repairs and replacements of our assets such as roofing, asphalt, HVAC and other equipment we are including $750,000 annually in order to plan for these costs. Along with capital outlays, the district is planning for Technology replacements of staff Chromebooks each year to come out of the general fund. Additional student Chromebook replacement purchases are planned for FY23 through FY24 using additional ESSER dollars provided by the State. The district is also planning on replacing four school buses each year of the forecast.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Capital Outlay	$750,000	$750,000	$750,000	$750,000	$750,000
Technology	$100,027	$225,000	$225,000	$225,000	$225,000
School Buses & Vehicles	$500,000	$520,000	$540,800	$562,432	$584,929
Total Line 3.050	$1,350,027	$1,495,000	$1,515,800	$1,537,432	$1,559,929

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, SDIT collection fees and our annual audit and other miscellaneous expenses. The district uses an average increase of 2.13% for the annual increase in our other expenses.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Auditor & Treasurer Fees	$403,835	$415,950	$428,429	$441,282	$454,520
County ESC	$26,500	$27,030	$27,570	$28,122	$28,684
SDIT Fees	$165,939	$170,402	$174,954	$179,598	$184,334
Other expenses	$99,384	$101,371	$103,399	$105,467	$107,576
Total Line 4.300	$695,658	$714,753	$734,352	$754,468	$775,114

Operating Expenditures Actual FY21 through FY23 and Estimated FY24 through FY28
As the graph below indicates the largest expenditure for the district is that of staffing. We are attempting to accommodate the needs of a growing student population with these expenditures but understand the challenging budgetary constraints we face.

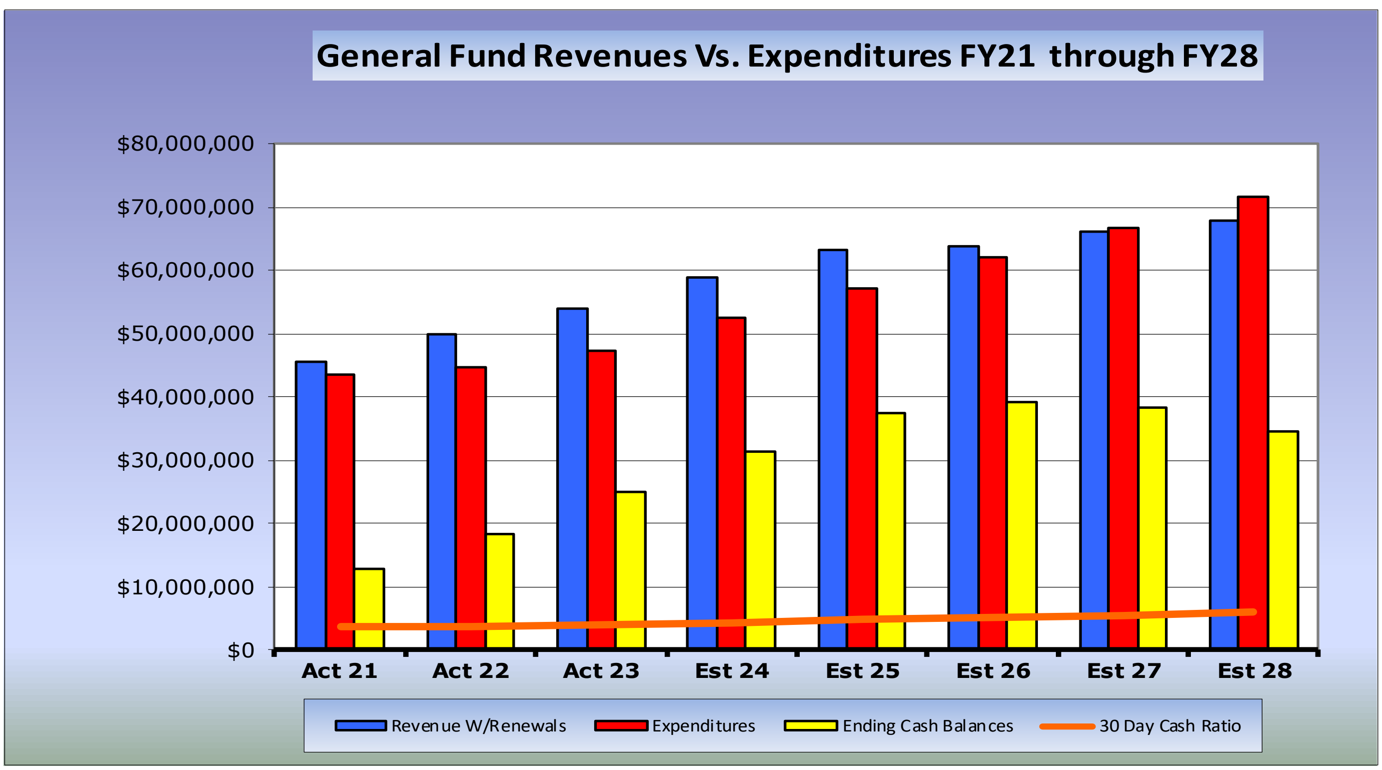


Transfers Out/Advances Out – Line #5.010

This account group includes funds for 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 district does not expect to transfer or advance any funds.

Revenue vs Expenditures with Deficit Spending

The graph below shows that the district will begin to deficit spend in FY27 and each year of the forecast.



Deficit spending affects the amount of carryover that the district has to plan for the future. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit spending in order to have positive cash balances on the forecast. The chart below shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would be needed in order to erase the deficit spending.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Excess Revenue over/(under) Expenditures	$6,323,140	$6,017,160	$1,802,928	($844,184)	($3,638,902)
Millage equivalend for deficit spending	0.00	0.00	0.00	0.45	1.92

Encumbrances –Line #8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Estimated Encumbrances	$602,766	$602,766	$602,766	$602,766	$602,766

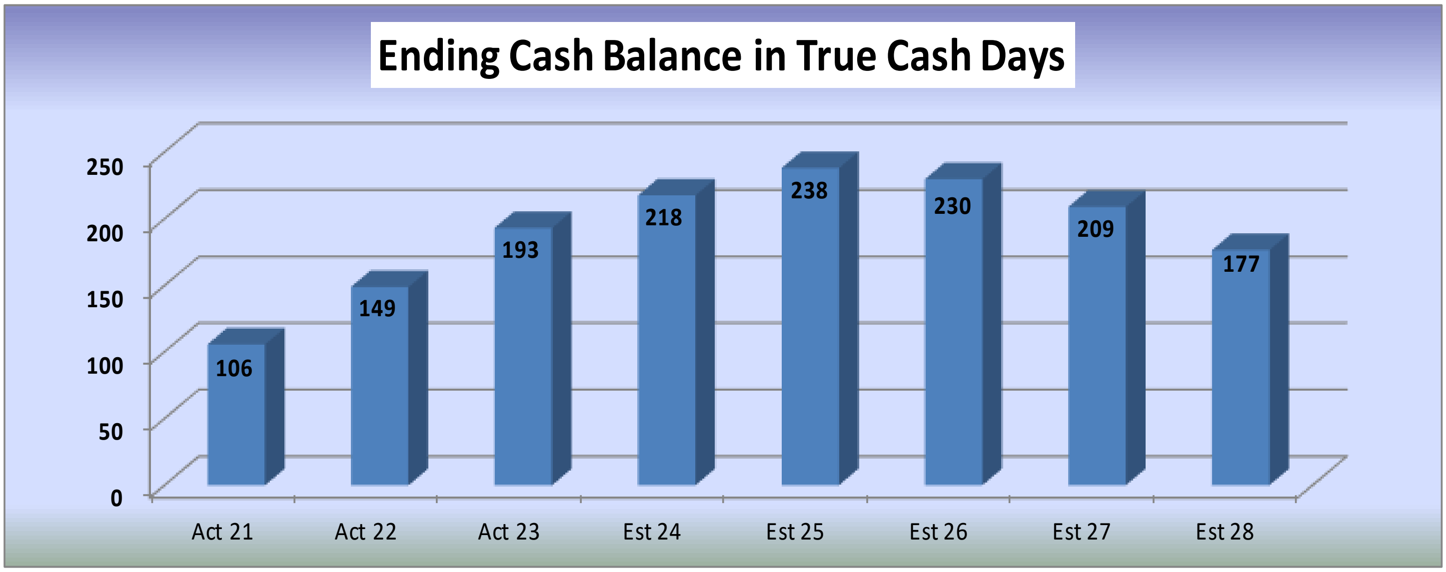
Ending Unencumbered Cash Balance – Line#15.010

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. While we have been able to shrink the variance between revenues and expenditures from May, we are anticipating with current trends to begin utilizing our cash balance or “rainy day fund” for operating needs in future years.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Ending Cash Balance	$31,286,695	$37,303,855	$39,106,783	$38,262,599	$34,623,696

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 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. Based on the current fund balances the district is not anticipated to have the sixty (60) day balance at the end of FY27.



CONCLUSION

Big Walnut Local School District receives 18.84% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

District administrations appreciate the supportive Big Walnut community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

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.