



## **FIVE-YEAR FINANCIAL FORECAST NOTES AND ASSUMPTIONS**

**For the Fiscal Years Ending June 30, 2022 through 2026**

**Forecast Provided By  
Dayton Public Schools  
Treasurer's Office  
Hiwot Abraha, Treasurer/CFO  
May 17, 2022**

# Dayton City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;  
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

|  | Actual              |                     |                     |         | Average<br>Change | Forecasted          |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Fiscal Year<br>2019 | Fiscal Year<br>2020 | Fiscal Year<br>2021 |         |                   | Fiscal Year<br>2022 | Fiscal Year<br>2023 | Fiscal Year<br>2024 | Fiscal Year<br>2025 | Fiscal Year<br>2026 |
| <b>Revenues</b>  |                     |                     |                     |         |                   |                     |                     |                     |                     |                     |
| 1.010 General Property Tax (Real Estate)   | 53,088,486          | 55,211,583          | 56,608,092          | 3.3%    | 59,540,842        | 57,937,453          | 58,012,944          | 58,088,588          | 58,164,386          |                     |
| 1.020 Public Utility Personal Property Tax   | 7,517,148           | 8,683,129           | 8,851,380           | 8.7%    | 8,878,343         | 9,227,349           | 9,362,449           | 9,497,549           | 9,632,649           |                     |
| 1.030 Income Tax   | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 1.035 Unrestricted State Grants-in-Aid   | 177,248,611         | 175,416,640         | 178,873,313         | 0.5%    | 102,655,701       | 101,702,368         | 101,706,882         | 101,711,291         | 101,715,587         |                     |
| 1.040 Restricted State Grants-in-Aid   | 16,585,151          | 16,173,912          | 16,142,017          | -1.3%   | 14,730,745        | 15,890,053          | 15,890,053          | 15,890,053          | 15,890,053          |                     |
| 1.045 Restricted Federal   | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 1.050 Property Tax Allocation  | 7,320,326           | 7,185,597           | 6,998,902           | -2.2%   | 6,802,466         | 6,714,739           | 6,718,813           | 6,722,905           | 6,727,015           |                     |
| 1.060 All Other Revenues   | 10,490,222          | 8,505,224           | 5,181,167           | -29.0%  | 5,203,748         | 5,227,121           | 5,252,159           | 5,278,811           | 5,307,021           |                     |
| 1.070 <i>Total Revenues</i>  | 272,249,944         | 271,176,085         | 272,654,871         | 0.1%    | 197,811,845       | 196,699,083         | 196,943,300         | 197,189,197         | 197,436,711         |                     |
| <b>Other Financing Sources</b>   |                     |                     |                     |         |                   |                     |                     |                     |                     |                     |
| 2.010 Proceeds from Sale of Notes  | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 2.020 State Emergency Loans and Advancements   | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 2.040 Operating Transfers-In   | 13,000,000          | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 2.050 Advances-In  | 1,903,789           | 844,462             | 4,036,055           | 161.2%  | 17,335,986        | 7,750,000           | 7,750,000           | 7,750,000           | 7,750,000           |                     |
| 2.060 All Other Financing Sources  | 1,377,247           | 16,057              | 2,214,319           | 6795.8% | 45,000            | 45,000              | 45,000              | 45,000              | 45,000              |                     |
| 2.070 <i>Total Other Financing Sources</i>   | 16,281,036          | 860,519             | 6,250,374           | 265.8%  | 17,380,986        | 7,795,000           | 7,795,000           | 7,795,000           | 7,795,000           |                     |
| 2.080 <i>Total Revenues and Other Financing Sources</i>  | 288,530,980         | 272,036,604         | 278,905,245         | -1.6%   | 215,192,831       | 204,494,083         | 204,738,300         | 204,984,197         | 205,231,711         |                     |
| <b>Expenditures</b>  |                     |                     |                     |         |                   |                     |                     |                     |                     |                     |
| 3.010 Personal Services  | 91,035,425          | 100,989,703         | 92,925,986          | 1.5%    | 101,084,442       | 113,907,895         | 121,027,542         | 151,358,344         | 155,306,334         |                     |
| 3.020 Employees' Retirement/Insurance Benefits   | 35,879,019          | 38,162,734          | 36,935,661          | 1.6%    | 39,939,526        | 44,544,938          | 47,357,184          | 57,365,173          | 60,174,348          |                     |
| 3.030 Purchased Services   | 106,407,378         | 117,685,016         | 111,963,078         | 2.9%    | 41,124,635        | 42,209,361          | 43,326,629          | 44,477,415          | 45,662,723          |                     |
| 3.040 Supplies and Materials   | 5,410,225           | 7,040,977           | 7,312,221           | 17.0%   | 9,731,688         | 9,926,322           | 10,224,111          | 10,530,835          | 10,846,760          |                     |
| 3.050 Capital Outlay   | 6,272,821           | 7,278,833           | 8,113,012           | 13.7%   | 7,904,930         | 6,925,673           | 6,311,503           | 2,672,663           | 2,739,343           |                     |
| 3.060 Intergovernmental  | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| Debt Service:  |                     |                     |                     | 0.0%    |                   |                     |                     |                     |                     |                     |
| 4.010 Principal-All (Historical Only)  | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 4.020 Principal-Notes  | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 4.030 Principal-State Loans  | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 4.040 Principal-State Advancements   | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 4.050 Principal-HB 264 Loans   | -                   | -                   | -                   | 0.0%    | -                 | -                   | -                   | -                   | -                   |                     |
| 4.055 Principal-Other  | 1,072,459           | 1,094,665           | 1,117,331           | 2.1%    | 1,140,467         | 1,164,082           | 591,049             | -                   | -                   |                     |
| 4.060 Interest and Fiscal Charges  | 121,814             | 99,607              | 76,930              | -20.5%  | 53,806            | 30,192              | 6,088               | 0                   | \$0                 |                     |
| 4.300 Other Objects  | 4,058,147           | 2,654,467           | 2,218,702           | -25.5%  | 2,351,242         | 2,445,335           | 2,525,880           | 2,579,993           | 2,635,550           |                     |
| 4.500 <i>Total Expenditures</i>  | 250,257,288         | 275,006,002         | 260,662,921         | 2.3%    | 203,330,736       | \$221,153,798       | 231,369,986         | 268,984,424         | 277,365,058         |                     |
| <b>Other Financing Uses</b>  |                     |                     |                     |         |                   |                     |                     |                     |                     |                     |
| 5.010 Operating Transfers-Out  | -                   | -                   | 352,923             | 0.0%    | 1,149,023         | 1,594,900           | 1,595,900           | 1,596,100           | 1,596,100           |                     |
| 5.020 Advances-Out   | 2,187,341           | 4,036,055           | 17,335,986          | 207.0%  | 7,750,000         | 7,750,000           | 7,750,000           | 7,750,000           | 7,750,000           |                     |
| 5.030 All Other Financing Uses   | 1,706               | 0                   | 133,600             | 0.0%    | \$0               | \$0                 | \$0                 | \$0                 | \$0                 |                     |
| 5.040 <i>Total Other Financing Uses</i>  | 2,189,047           | 4,036,055           | 17,822,509          | 213.0%  | 8,899,023         | 9,344,900           | 9,345,900           | 9,346,100           | 9,346,100           |                     |
| 5.050 <i>Total Expenditures and Other Financing Uses</i>   | 252,446,335         | 279,042,057         | 278,485,430         | 5.2%    | 212,229,759       | 230,498,698         | 240,715,886         | 278,330,524         | 286,711,158         |                     |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | 36,084,645          | (7,005,453)         | 419,815             | -112.7% | 2,963,071         | (26,004,615)        | (35,977,586)        | (73,346,327)        | (81,479,447)        |                     |
| 7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies                              | 78,482,015          | 114,566,660         | 107,561,207         | 19.9%   | 107,981,022       | 110,944,093         | 84,939,478          | 48,961,892          | (24,384,435)        |                     |
| 7.020 <i>Cash Balance June 30</i>  | 114,566,660         | 107,561,207         | 107,981,022         | -2.9%   | 110,944,093       | 84,939,478          | 48,961,892          | (24,384,435)        | (105,863,882)       |                     |
| 8.010 <i>Estimated Encumbrances June 30</i>  | 9,678,404           | 15,889,218          | 8,513,173           | 8.9%    | 6,500,000         | 6,500,000           | 6,500,000           | 6,500,000           | 6,500,000           |                     |

# Dayton City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;  
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

|   | Actual              |                     |                     |       | Average<br>Change | Forecasted          |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|-------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Fiscal Year<br>2019 | Fiscal Year<br>2020 | Fiscal Year<br>2021 |       |                   | Fiscal Year<br>2022 | Fiscal Year<br>2023 | Fiscal Year<br>2024 | Fiscal Year<br>2025 | Fiscal Year<br>2026 |
| <b>Reservation of Fund Balance</b>  |                     |                     |                     |       |                   |                     |                     |                     |                     |                     |
| 9.010 Textbooks and Instructional Materials   | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.020 Capital Improvements  | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.030 Budget Reserve  | 24,571,933          | 29,885,118          | 32,060,138          | 14.5% | 10,166,537        | 11,057,690          | 11,568,499          | -                   | -                   | -                   |
| 9.040 DPIA  | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.045 Fiscal Stabilization  | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.050 Debt Service  | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.060 Property Tax Advances   | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.070 Bus Purchases   | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 9.080 <i>Subtotal</i>   | 24,571,933          | 29,885,118          | 32,060,138          | 14.5% | 10,166,537        | 11,057,690          | 11,568,499          | -                   | -                   | -                   |
| <i>Fund Balance June 30 for Certification of Appropriations</i>   | 80,316,323          | 61,786,871          | 67,407,711          | -7.0% | 94,277,556        | 67,381,788          | 30,893,393          | (30,884,435)        | (112,363,882)       |                     |
| <b>Revenue from Replacement/Renewal Levies</b>  |                     |                     |                     |       |                   |                     |                     |                     |                     |                     |
| 11.010 Income Tax - Renewal   |                     |                     |                     | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 11.020 Property Tax - Renewal or Replacement  |                     |                     |                     | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 11.300 Cumulative Balance of Renewal Levies   |                     |                     |                     | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i> | 80,316,323          | 61,786,871          | 67,407,711          | -7.0% | 94,277,556        | 67,381,788          | 30,893,393          | (30,884,435)        | (112,363,882)       |                     |
| <b>Revenue from New Levies</b>  |                     |                     |                     |       |                   |                     |                     |                     |                     |                     |
| 13.010 Income Tax - New   |                     |                     |                     | 0.0%  | \$0               | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| 13.020 Property Tax - New   |                     |                     |                     | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 13.030 Cumulative Balance of New Levies   | -                   | -                   | -                   | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 14.010 Revenue from Future State Advancements   |                     |                     |                     | 0.0%  | -                 | -                   | -                   | -                   | -                   | -                   |
| 15.010 <i>Unreserved Fund Balance June 30</i>   | 80,316,323          | 61,786,871          | 67,407,711          | -7.0% | 94,277,556        | 67,381,788          | 30,893,393          | (30,884,435)        | (112,363,882)       |                     |

**Dayton Public School District –Montgomery County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**May 17, 2022**

**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 (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2022 filing.

**Economic Outlook**

This five-year forecast is being filed during the recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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

### **May 2022 Updates:**

#### **Revenues FY22:**

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 #1.070) are estimated to be \$197,811,845 or 0.25% higher than the November forecasted amount of \$197,319,954. This indicates the November forecast was 99.75% accurate.

Line #1.010 and 1.020 - Property tax revenues represent a large source of revenue at 37.2% and are estimated to be \$68,419,185 which is \$2,019,395 higher for FY22 than the original estimate of \$66,399,790. The majority of this difference is the result of lower than expected delinquencies and higher than estimated PUPP values. Our estimates are 96.96% accurate for FY22 and should mean future projections are on target as well.

Line #1.035 and 1.040 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order to project anticipated funding. In January of 2022 the first formula calculations were released in part by the Ohio Department of Education. While there are still details unpublished at this time we can see that through early April our state aid is estimated to be \$117,386,446 which is \$3,175,310 lower than the original estimate for FY22. We are pleased that with very little detail we were able to be 97.37% accurate for FY22. We are currently on the guarantee and are expected to remain on a guarantee for FY23 through FY26.

Line #1.060 - Other revenues are up \$1,703,000 over original estimates primarily due to a \$1.7 million Medicaid settlement received by the district. Miscellaneous revenues are somewhat unpredictable.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

#### **Expenditures FY22:**

Total General Fund expenditures (Line #4.5) are estimated to be \$203,330,736 for FY22 which is 18.7 million or 8.4% below the original estimate of \$221,996,543 in the November forecast which means the November estimate was 91.6% accurate.

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

#### **Unreserved Ending Cash Balance:**

With revenues increasing over estimates and expenditures ending under estimates, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly \$97.3 million. The ending unreserved cash balance on Line #15.010 of the forecast is anticipated to be a positive accumulative balance through 2024 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 uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project 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 37.2% of the district's resources. Our tax collections in the August 2021 and March 2022 settlements did not fall due to higher delinquencies as anticipated due to the brief rise in unemployment due to the pandemic in 2020. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

Montgomery County experienced a reappraisal update in the 2020 tax year to be collected in FY21. The 2020 update increased overall assessed values by \$132.6 million or an increase of 9.97%. Overall values rose \$135.9 million or 9.35%, which includes reappraisal and new construction for all classes of property. A reappraisal update will occur in tax year 2023 for collection in FY24. At that time Class I and II property are estimated to remain steady.

2) The state budget represented 62.8% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic downturn. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way 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. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines #1.035, 1.040, 1.060 and 3.030 beginning in FY22. Longer term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

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

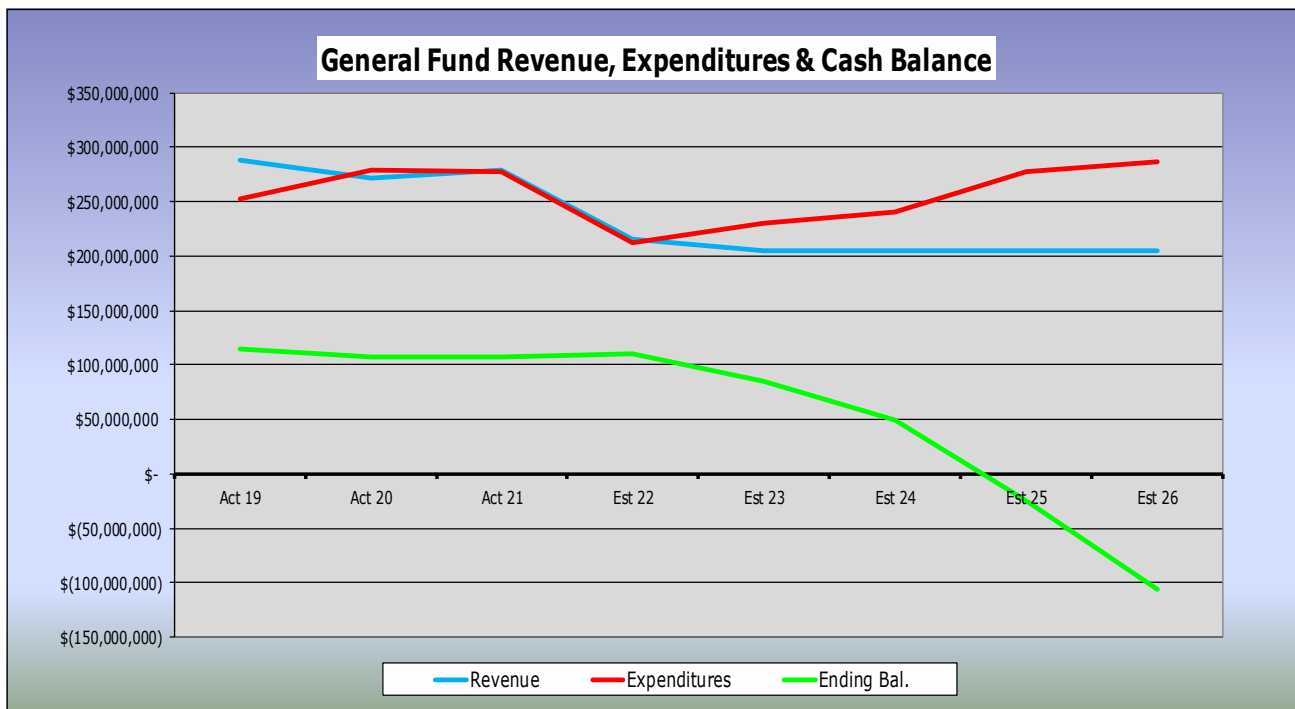
are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

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

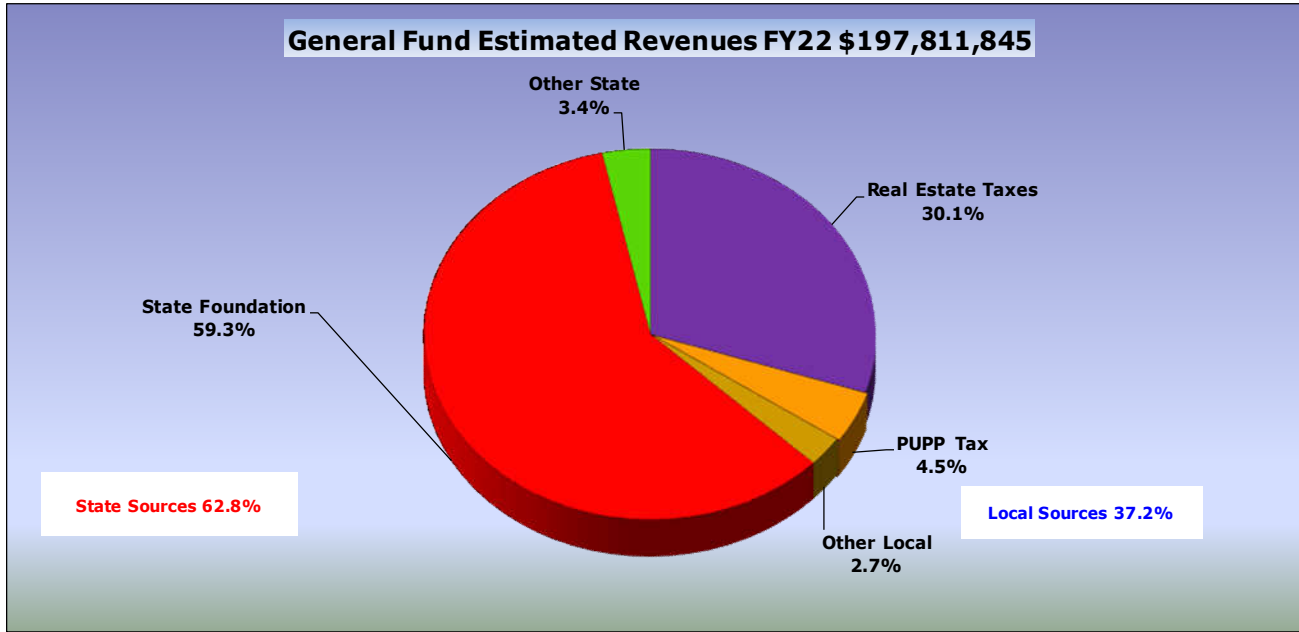
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact me Hiwot Abraha, Treasurer/CFO of Dayton City School District.

### General Fund Revenue, Expenditures and Ending Cash Balance Actual FY19-21 and Estimated FY22-26

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



**Revenue Assumptions  
Estimated General Fund Revenues FY22**



**Real Estate Value Assumptions – Line #1.010**

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity. Montgomery County experienced a reappraisal in the 2020 tax year to be collected in 2021. The 2020 update increased Class I residential property by 13.97% and Class II commercial property increased by 1.72% and overall values rose \$132.6 million or 9.97% increase. A reappraisal update will occur in tax year 2023 for collection in 2024. At that time Class I and II property are estimated to remain steady.

Public Utility Personal Property (PUPP) grew in Tax Year 2020 by \$3.34 million due to reinvestments being made by utilities statewide. This will increase revenue long range for the district.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

| Classification                          | Actual                       | Estimated                    | Estimated                    | Estimated                    | Estimated                     |
|---|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
|   | TAX YEAR2021<br>COLLECT 2022 | TAX YEAR2022<br>COLLECT 2023 | TAX YEAR2023<br>COLLECT 2024 | TAX YEAR2024<br>COLLECT 2025 | TAX YEAR 2025<br>COLLECT 2026 |
| Res./Ag.                                | \$1,020,544,390              | \$1,018,444,390              | \$1,016,344,390              | \$1,014,244,390              | \$1,012,144,390               |
| Comm./Ind.                              | 452,215,910                  | 452,615,910                  | 453,015,910                  | 453,415,910                  | 453,815,910                   |
| Public Utility Personal Property (PUPP) | <u>135,570,280</u>           | <u>137,570,280</u>           | <u>139,570,280</u>           | <u>141,570,280</u>           | <u>143,570,280</u>            |
| Total Assessed Value                    | <u>\$1,608,330,580</u>       | <u>\$1,608,630,580</u>       | <u>\$1,608,930,580</u>       | <u>\$1,609,230,580</u>       | <u>\$1,609,530,580</u>        |

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

| Source                 | FY22                | FY23                | FY24                | FY25                | FY26                |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Property Taxes | <u>\$59,540,842</u> | <u>\$57,937,453</u> | <u>\$58,012,944</u> | <u>\$58,088,588</u> | <u>\$58,164,386</u> |

Property tax levies are estimated to be collected at 90% of the annual amount. This allows a 10% current delinquency. Typically, 52.5% of the new residential/agriculture (Res/Ag) and commercial/industrial



(Comm/Ind) is expected to be collected in the February tax settlements and 47.5% is expected to be collected in the August tax settlements.

**Renewal and Replacement Levies – Line #11.020**

All levies are currently continuing.

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**Estimated Tangible Personal Tax & PUPP Tax – Line #1.020**

The phase out of tangible personal property tax (TPP), began in fiscal year 2006 and was completely eliminated after fiscal year 2011. Any revenues received in this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts’ gross tax rates not subject to reduction factors. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. PUPP values are estimated to grow by \$2 million each year and are collected at the districts full tax rate.

| <u>Source</u>           | <u>FY22</u>        | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| TPP & PUPP Tax Revenues | \$8,878,343        | \$9,227,349        | \$9,362,449        | \$9,497,549        | \$9,632,649        |
| Total Line #1.020       | <u>\$8,878,343</u> | <u>\$9,227,349</u> | <u>\$9,362,449</u> | <u>\$9,497,549</u> | <u>\$9,632,649</u> |

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

**A) Unrestricted State Foundation Revenue– Line #1.035**

The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a **guarantee** district in FY22 and is **expected to be guaranteed** FY23-FY26 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 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines #1.035, 1.040, 1.060 and 3.030 of the forecast.

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district. Newer more up to date state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. 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)

#### State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state wide average of \$7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on 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:

#### 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 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding.

#### Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23.

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.

### **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. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

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

### **Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)**

In FY20 and FY21 HB166, provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110 the new state budget essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line #1.040 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until spent fully.

### **Future State Budget Projections beyond FY23**

Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY26.

### **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.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.87per pupil. FY22 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

**A) Unrestricted State Foundation Revenue – Line #1.035**

| <u>Source</u>                            | <b>FY22</b>          | <b>FY23</b>          | <b>FY24</b>          | <b>FY25</b>          | <b>FY26</b>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Basic Aid-Unrestricted                   | \$101,092,701        | \$100,134,754        | \$100,134,754        | \$100,134,754        | \$100,134,754        |
| Additional Aid Items                     | <u>851,687</u>       | <u>851,687</u>       | <u>851,687</u>       | <u>851,687</u>       | <u>851,687</u>       |
| Basic Aid-Unrestricted Subtotal          | 101,944,388          | 100,986,441          | 100,986,441          | 100,986,441          | 100,986,441          |
| Ohio Casino Commission ODT               | <u>711,313</u>       | <u>715,927</u>       | <u>720,441</u>       | <u>724,850</u>       | <u>729,146</u>       |
| Total Unrestricted State Aid Line #1.035 | <u>\$102,655,701</u> | <u>\$101,702,368</u> | <u>\$101,706,882</u> | <u>\$101,711,291</u> | <u>\$101,715,587</u> |

**B) Restricted State Revenues – Line #1.040**

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-FY26 due to uncertainty on continued funding of the current funding formula.

| <u>Source</u>                               | <b>FY22</b>         | <b>FY23</b>         | <b>FY24</b>         | <b>FY25</b>         | <b>FY26</b>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| DPIA  | \$9,594,941         | \$10,681,473        | \$10,681,473        | \$10,681,473        | \$10,681,473        |
| Career Tech - Restricted                    | \$639,818           | \$706,048           | \$706,048           | \$706,048           | \$706,048           |
| Gifted                                      | \$754,215           | \$704,586           | \$704,586           | \$704,586           | \$704,586           |
| ESL   | \$1,078,023         | \$1,134,198         | \$1,134,198         | \$1,134,198         | \$1,134,198         |
| Student Wellness                            | \$2,663,748         | \$2,663,748         | \$2,663,748         | \$2,663,748         | \$2,663,748         |
| Total Restricted State Revenues Line #1.040 | <u>\$14,730,745</u> | <u>\$15,890,053</u> | <u>\$15,890,053</u> | <u>\$15,890,053</u> | <u>\$15,890,053</u> |

**C) Restricted Federal Grants in Aid – Line #1.045**

No amounts are included in the forecasted years 2022 through 2026.

| <u>Summary of State Foundaton Revenues</u> | <b>FY22</b>          | <b>FY23</b>          | <b>FY24</b>          | <b>FY25</b>          | <b>FY26</b>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Unrestricted Line #1.035                   | \$102,655,701        | \$101,702,368        | \$101,706,882        | \$101,711,291        | \$101,715,587        |
| Restricted Line #1.040                     | 14,730,745           | 15,890,053           | 15,890,053           | 15,890,053           | 15,890,053           |
| Restricted Federal Grants - #1.045         | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| Total State Foundation Revenue             | <u>\$117,386,446</u> | <u>\$117,592,421</u> | <u>\$117,596,935</u> | <u>\$117,601,344</u> | <u>\$117,605,640</u> |

**State Taxes Reimbursement/Property Tax Allocation**

**a) 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 credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled

regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who 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. The result of HB59 is that homestead reimbursements have decreased from previous levels and like the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

**b) Tangible Personal Property Reimbursements – Fixed Rate**

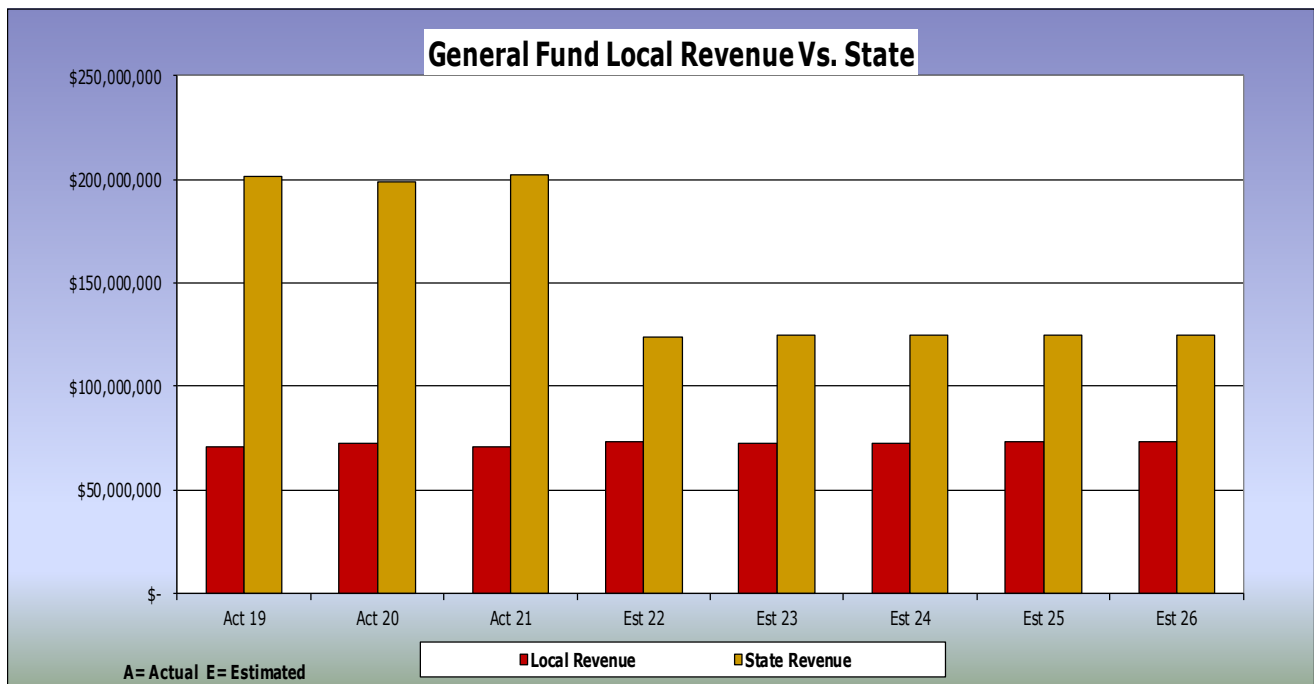
The District no longer receives fixed rate TPP reimbursements.

**Summary of State Tax Reimbursement – Line #1.050**

| <u>Source</u>          | <u>FY22</u>        | <u>FY23</u>        | <u>FY24</u>        | <u>FY25</u>        | <u>FY26</u>        |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rollback and Homestead | <u>\$6,802,466</u> | <u>\$6,714,739</u> | <u>\$6,718,813</u> | <u>\$6,722,905</u> | <u>\$6,727,015</u> |

**Comparison of Local Revenue and State Revenue:**

State revenues drop due to the way the new HB110 Funding Formula pays for school choice students. The district where the students are educated are paid directly and are not a flow through our state aid as they have been for decades. There is a large corresponding drop in our deduction on Line 3.03 for Purchased Services where these student costs use to be deducted as part of this flow through.



**Other Local Revenues – Line #1.060**

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110, the new state budget, will stop paying \$951,000 of open enrollment revenue as an increase to other revenue for the district. 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. Line #1.060 revenue will fall as a result when comparing it to FY19 through FY21 actual other revenues.

| <u>Source</u>            | <b>FY22</b>        | <b>FY23</b>        | <b>FY24</b>        | <b>FY25</b>        | <b>FY26</b>        |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tuition and Excess Costs | \$568,359          | \$574,043          | \$579,783          | \$585,581          | \$591,437          |
| Interest                 | 477,705            | 453,820            | 431,129            | 409,573            | 389,094            |
| Medicaid, ROTC & Erate   | 2,198,240          | 2,220,219          | 2,242,418          | 2,264,839          | 2,287,484          |
| Rentals                  | 35,163             | 35,515             | 35,870             | 36,229             | 36,591             |
| Other Income             | <u>1,924,281</u>   | <u>1,943,524</u>   | <u>1,962,959</u>   | <u>1,982,589</u>   | <u>2,002,415</u>   |
| Total Line #1.060        | <u>\$5,203,748</u> | <u>\$5,227,121</u> | <u>\$5,252,159</u> | <u>\$5,278,811</u> | <u>\$5,307,021</u> |

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

There is no short term borrowing planned for in this forecast at this time from any sources.

**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 during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

| <u>Source</u>                 | <b>FY22</b>         | <b>FY23</b>        | <b>FY24</b>        | <b>FY25</b>        | <b>FY26</b>        |
|-------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Transfers In - Line #2.040    | \$0                 | \$0                | \$0                | \$0                | \$0                |
| Advance Returns - Line #2.050 | <u>17,335,986</u>   | <u>7,750,000</u>   | <u>7,750,000</u>   | <u>7,750,000</u>   | <u>7,750,000</u>   |
| Total Transfer & Advances In  | <u>\$17,335,986</u> | <u>\$7,750,000</u> | <u>\$7,750,000</u> | <u>\$7,750,000</u> | <u>\$7,750,000</u> |

**All Other Financial Sources – Line #2.060**

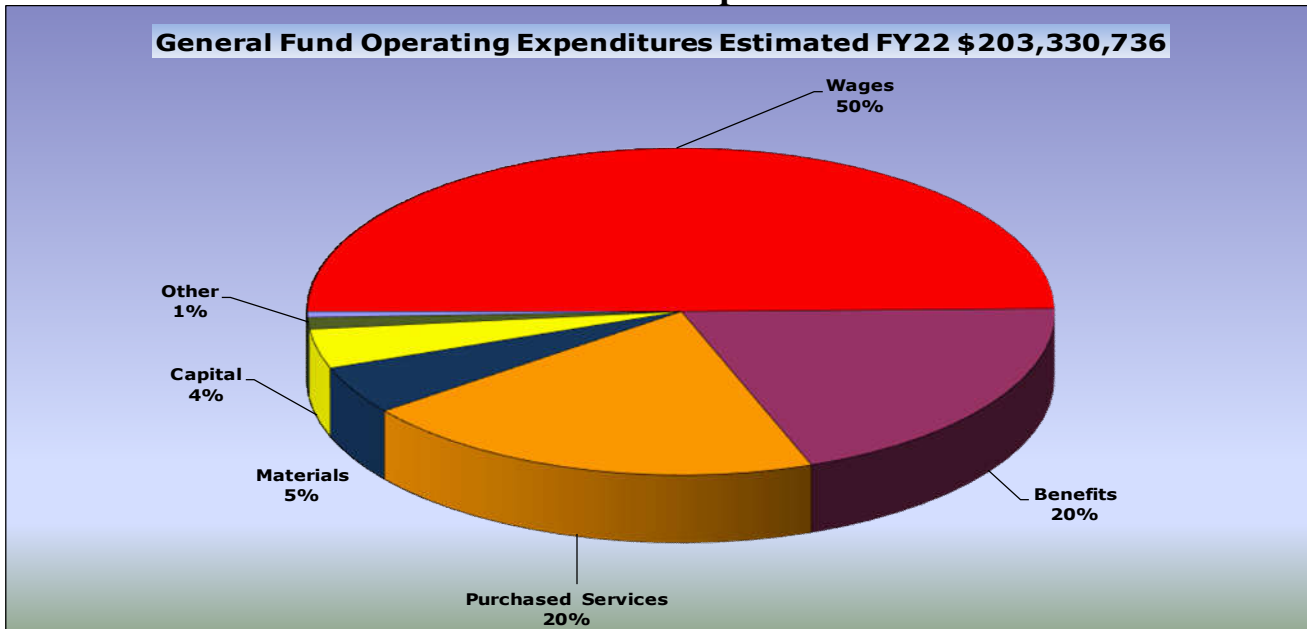
The amount reflected in refund of prior year expenditures line for FY20 reports the \$1.3 million is reimbursement of CARES Act received for the payroll expenditures paid during the shutdown from Montgomery County and \$29,977 is for other miscellaneous refunds. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

|                                    | <b>FY22</b>     | <b>FY23</b>     | <b>FY24</b>     | <b>FY25</b>     | <b>FY26</b>     |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Refund of prior years expenditures | <u>\$45,000</u> | <u>\$45,000</u> | <u>\$45,000</u> | <u>\$45,000</u> | <u>\$45,000</u> |

## Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

### Estimated General Fund Expenditures for FY22



#### Wages – Line #3.010

The expenditures in this category are for salaries and wages for services rendered for all union and non-union employees. In addition to cost of living wage increases, a majority of employees who are paid on a salary schedule receive vertical step increases based on years of experience. Additionally, certified staff can move horizontally between ranges on the salary schedule by furthering their education (i.e. Bachelor’s Degree to Master’s Degree, etc.). Union employees are represented by eleven different associations. Professional staff members are represented by the Dayton Education Association (DEA). In August 2017, DEA and the District approved a new Master Contract effective through June 30, 2019 and also, in June 2019 a continuation contract was approved through June 30, 2022. Most of the eleven bargaining Units have contracts approved through June 30, 2022. We have approved wage increases to retain and attract additional high quality staff at all levels of the organization. In addition we have planned on the return of wages to the General Fund that were charged to Student Wellness and Success Fund 467 in FY20 and FY21 since that money is now part of our base foundation aid paid to the General Fund. We also have planned in FY25 the return of wages that were charge to Federal ESSER funds as part of the pandemic stimulus in FY20 through FY24.

| Source                         | FY22                        | FY23                        | FY24                        | FY25                        | FY26                        |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Base Wages                     | \$91,166,459                | \$99,195,588                | \$112,019,040               | \$119,138,687               | \$149,469,490               |
| Contractual Increases          | 5,925,820                   | 5,455,757                   | 6,161,047                   | 2,382,774                   | 2,989,390                   |
| Early Retirement Program       | 958,600                     | 958,600                     | 958,600                     | 958,600                     | 958,600                     |
| Unfunded Recapture - 467&507   | 0                           | 4,351,606                   | 0                           | 26,989,429                  | 0                           |
| Substitutes and Temporaries    | 393,151                     | 393,151                     | 393,151                     | 393,151                     | 393,151                     |
| Supplemental/Overtime          | 1,495,704                   | 1,495,704                   | 1,495,704                   | 1,495,704                   | 1,495,704                   |
| Staff Additions                | 1,144,709                   | 2,057,489                   | 0                           | 0                           | 0                           |
| <b>Total Wages Line #3.010</b> | <b><u>\$101,084,442</u></b> | <b><u>\$113,907,895</u></b> | <b><u>\$121,027,542</u></b> | <b><u>\$151,358,344</u></b> | <b><u>\$155,306,334</u></b> |

### **Fringe Benefits Estimates Line #3.020**

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid.

#### **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. In addition, SERS Levies a surcharge for part time employees who earn less than \$25,000 and there is a minimum of \$2,520 if a classified employee earns less than \$7,000. There is a cap of 2% of total district payroll. In addition, SERS cannot collect more than 1.5% of the total statewide payroll.

#### **B) Insurance**

Health care coverage is provided for employees on a self-insured basis up to stop loss limit of \$350,000 specific claim. Claims are funded based upon per employee charge. The district contributes 85% of the medical premium for full time staff and less for part time staff. The district also contributes 90% of the dental and vision premiums. The health insurance plan is administered as a high deductible health plan (HDHP) with a health savings account (HSA). The board's contribution to the health savings account \$750 for single plan and \$1,500 for a family plan. The estimated increases for medical, vision and dental insurance are 7.0% for FY22 and then 6.0% for benefit years 2023 through 2026. The above increases include adjustments for inflation, historical trends and the function of the health insurance committee to maintain control of costs. Vision was added to the last labor agreement.

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 continues in a Group Retrospective Rating Program. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

#### **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**

| <u>Source</u>                     | <u>FY22</u>         | <u>FY23</u>         | <u>FY24</u>         | <u>FY25</u>         | <u>FY26</u>         |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| A) STRS/SERS                      | \$14,160,882        | \$15,980,252        | \$17,015,474        | \$21,283,144        | \$21,926,856        |
| B) Insurance's                    | 22,640,504          | 25,129,956          | 26,752,785          | 31,711,715          | 33,729,450          |
| C) Workers Comp/Unemployment      | 1,683,876           | 1,812,111           | 1,883,307           | 2,186,615           | 2,226,095           |
| D) Medicare                       | 1,367,178           | 1,535,533           | 1,618,532           | 2,096,613           | 2,204,861           |
| Other/Tuition                     | <u>87,086</u>       | <u>87,086</u>       | <u>87,086</u>       | <u>87,086</u>       | <u>87,086</u>       |
| Total Fringe Benefits Line #3.020 | <u>\$39,939,526</u> | <u>\$44,544,938</u> | <u>\$47,357,184</u> | <u>\$57,365,173</u> | <u>\$60,174,348</u> |



### Purchased Services – Line #3.030

HB110, the new state budget, will impact 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 FY22-FY26 Line #3.030 costs and historical FY19 through FY21 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. An area on concern has been sub teacher availability, we have decreased the services contract for FY21 and returned to the full amount in FY22.

We have assumed the utilities to increase 1.5% in fiscal year 2022-2026 due to an increase and electricity transmission fees. Basic services and county ESC services has increased to include additional instructional services.

| <u>Source</u>                                 | <u>FY22</u>         | <u>FY23</u>         | <u>FY24</u>         | <u>FY25</u>         | <u>FY26</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Services                                 | \$1,888,645         | \$1,945,304         | \$2,003,663         | \$2,063,773         | \$2,125,686         |
| Instructional & Professional Services         | 21,055,217          | 21,686,874          | 22,337,480          | 23,007,604          | 23,697,832          |
| Open Enrollment Deduction-477                 | 0                   | 0                   | 0                   | 0                   | 0                   |
| Community & STEM School Deductions-478        | 0                   | 0                   | 0                   | 0                   | 0                   |
| Tuition SF-14, CC Plus and Ed Scholarship-479 | 391,356             | 403,097             | 415,190             | 427,646             | 440,475             |
| Excess Cost and SF14 470-475                  | 5,509,696           | 5,674,987           | 5,845,237           | 6,020,594           | 6,201,212           |
| Sub Teachers and Paras (ESS contract)         | 4,967,100           | 4,967,100           | 4,967,100           | 4,967,100           | 4,967,100           |
| Building Services                             | 4,101,009           | 4,224,039           | 4,350,760           | 4,481,283           | 4,615,721           |
| Utilities                                     | <u>3,211,612</u>    | <u>3,307,960</u>    | <u>3,407,199</u>    | <u>3,509,415</u>    | <u>3,614,697</u>    |
| Total Purchased Services Line #3.030          | <u>\$41,124,635</u> | <u>\$42,209,361</u> | <u>\$43,326,629</u> | <u>\$44,477,415</u> | <u>\$45,662,723</u> |

### Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The administration will continue to invest additional monies into the textbooks and Chrome Books to improve the curriculum for the students.

| <u>Source</u>              | <u>FY22</u>        | <u>FY23</u>        | <u>FY24</u>         | <u>FY25</u>         | <u>FY26</u>         |
|----------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| Supplies                   | \$3,721,477        | \$3,795,907        | \$3,909,784         | \$4,027,078         | \$4,147,890         |
| Transportation             | 1,950,397          | 1,989,405          | 2,049,087           | 2,110,560           | 2,173,877           |
| Textbooks & Technology     | 2,874,968          | 2,932,467          | 3,020,441           | 3,111,054           | 3,204,386           |
| Building Supplies          | <u>1,184,846</u>   | <u>1,208,543</u>   | <u>1,244,799</u>    | <u>1,282,143</u>    | <u>1,320,607</u>    |
| Total Supplies Line #3.040 | <u>\$9,731,688</u> | <u>\$9,926,322</u> | <u>\$10,224,111</u> | <u>\$10,530,835</u> | <u>\$10,846,760</u> |

### Equipment – Line #3.050

For FY 2022 through FY2026 we included a capital plan around all building improvements. For FY22 we added \$700,000 to improve our camera security system. The administration added planned costs for Building Maintenance and Technology Improvements at approximately \$15 million for FY 22-23. The district also issued \$10 million in debt for facility improvements. The General Fund will transfer the payment annually to the Permanent Improvement Fund to retire any of this debt we issue.

| <u>Source</u>                 | FY22               | FY23               | FY24               | FY25               | FY26               |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Capital Outlay                | \$2,074,330        | \$2,095,073        | \$2,157,925        | \$2,222,663        | \$2,289,343        |
| Building Improvements         | 798,000            | 798,000            | 0                  | 0                  | 0                  |
| Technology                    | 5,032,600          | 4,032,600          | 4,153,578          | 450,000            | 450,000            |
| Mound Street Academy Purchase | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           |
| Total Equipment Line #3.050   | <u>\$7,904,930</u> | <u>\$6,925,673</u> | <u>\$6,311,503</u> | <u>\$2,672,663</u> | <u>\$2,739,343</u> |

**Debt Service:**

The District currently amortizes the purchase of \$9.2 million bus fleet lease that is complete in November of 2023.

| <u>Source</u>           | FY22               | FY23               | FY24             | FY25       | FY26       |
|-------------------------|--------------------|--------------------|------------------|------------|------------|
| Principal -Other #4.055 | <u>\$1,140,467</u> | <u>\$1,164,082</u> | <u>\$591,049</u> | <u>\$0</u> | <u>\$0</u> |

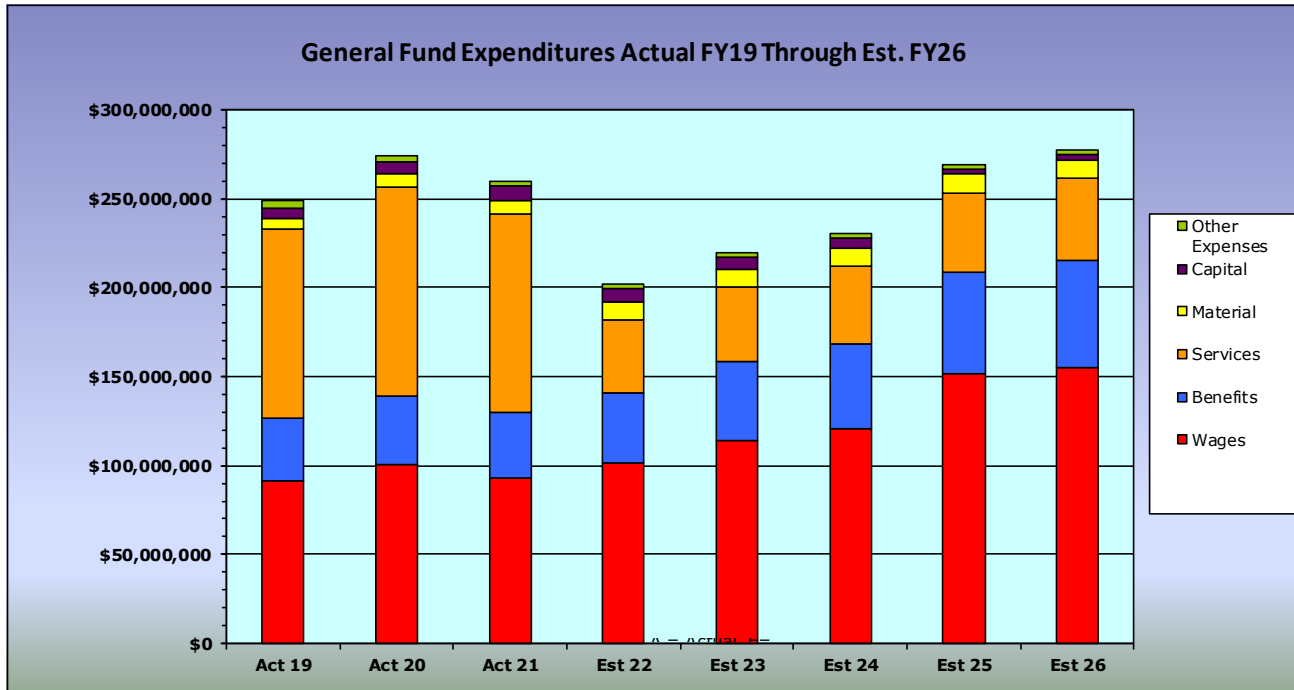
| <u>Source</u>                    | FY22            | FY23            | FY24           | FY25       | FY26       |
|----------------------------------|-----------------|-----------------|----------------|------------|------------|
| Interest Other Total Line #4.060 | <u>\$53,806</u> | <u>\$30,192</u> | <u>\$6,088</u> | <u>\$0</u> | <u>\$0</u> |

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase with new construction as more dollars are collected. As a result, A&T fees noted below are maintained at current levels. Currently, we are estimating annual increase of 1% for this forecast.

| <u>Source</u>                    | FY22               | FY23               | FY24               | FY25               | FY26               |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| County Auditor & Treasurer Fees  | \$860,967          | \$886,796          | \$895,664          | \$904,621          | \$913,667          |
| County ESC                       | 125,000            | 125,000            | 125,000            | 125,000            | 125,000            |
| Other expenses                   | <u>1,365,275</u>   | <u>1,433,539</u>   | <u>1,505,216</u>   | <u>1,550,372</u>   | <u>1,596,883</u>   |
| Total Other Expenses Line #4.300 | <u>\$2,351,242</u> | <u>\$2,445,335</u> | <u>\$2,525,880</u> | <u>\$2,579,993</u> | <u>\$2,635,550</u> |

**Total Expenditure Categories Actual Fiscal Year 2019 through Fiscal Year 2021 and Estimated Fiscal Year 2022 through Fiscal Year 2026**



**Transfers Out/Advances Out – Line #5.010**

This account group covers fund to fund transfers not to be paid back the General Fund or advances which are end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. The FY22-FY26 transfers will be to the Permanent Improvement Fund for the Capital Building Projects debt service payment.

| Source                                       | FY22               | FY23               | FY24               | FY25               | FY26               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Transfers Out #5.010- Debt Service | \$1,149,023        | \$1,594,900        | \$1,595,900        | \$1,596,100        | \$1,596,100        |
| Advances Out Line #5.020                     | <u>7,750,000</u>   | <u>7,750,000</u>   | <u>7,750,000</u>   | <u>7,750,000</u>   | <u>7,750,000</u>   |
| Total Transfer & Advances Out                | <u>\$8,899,023</u> | <u>\$9,344,900</u> | <u>\$9,345,900</u> | <u>\$9,346,100</u> | <u>\$9,346,100</u> |

**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.

|                        | FY22               | FY23               | FY24               | FY25               | FY26               |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Estimated Encumbrances | <u>\$6,500,000</u> | <u>\$6,500,000</u> | <u>\$6,500,000</u> | <u>\$6,500,000</u> | <u>\$6,500,000</u> |

**Reservation of Fund Balance “Budget Reserve” - Line #9.030**

In December of 2014 the Board of Education passed Board Police DBDA. The Board believes that the creation and maintenance of a cash balance reserve of five percent (5%) of operating expenditures is both prudent and necessary and in the interest of sound fiscal management.

The Board affirms and declares that tax levies shall be pursued, and or the School District’s finances otherwise be managed, to ensure a general fund cash balance equivalent to at least five percent (5%) of general fund operating expenditures.

Upon receiving any indication that such a cash balance may not be maintained for any year during the current five-year financial forecast period, the Treasurer shall report such a finding to the Board. The Superintendent and Treasurer will propose options that the Board may consider.

| <u>Source</u>                                | <u>FY22</u>         | <u>FY23</u>         | <u>FY24</u>         | <u>FY25</u> | <u>FY26</u> |
|--|---------------------|---------------------|---------------------|-------------|-------------|
| Budget Reserve-Line #9.030 (BOE Policy DBDA) | \$10,166,537        | \$11,057,690        | \$11,568,499        | \$0         | \$0         |
| Total Reservations of Balance- Line#9.080    | <u>\$10,166,537</u> | <u>\$11,057,690</u> | <u>\$11,568,499</u> | <u>\$0</u>  | <u>\$0</u>  |

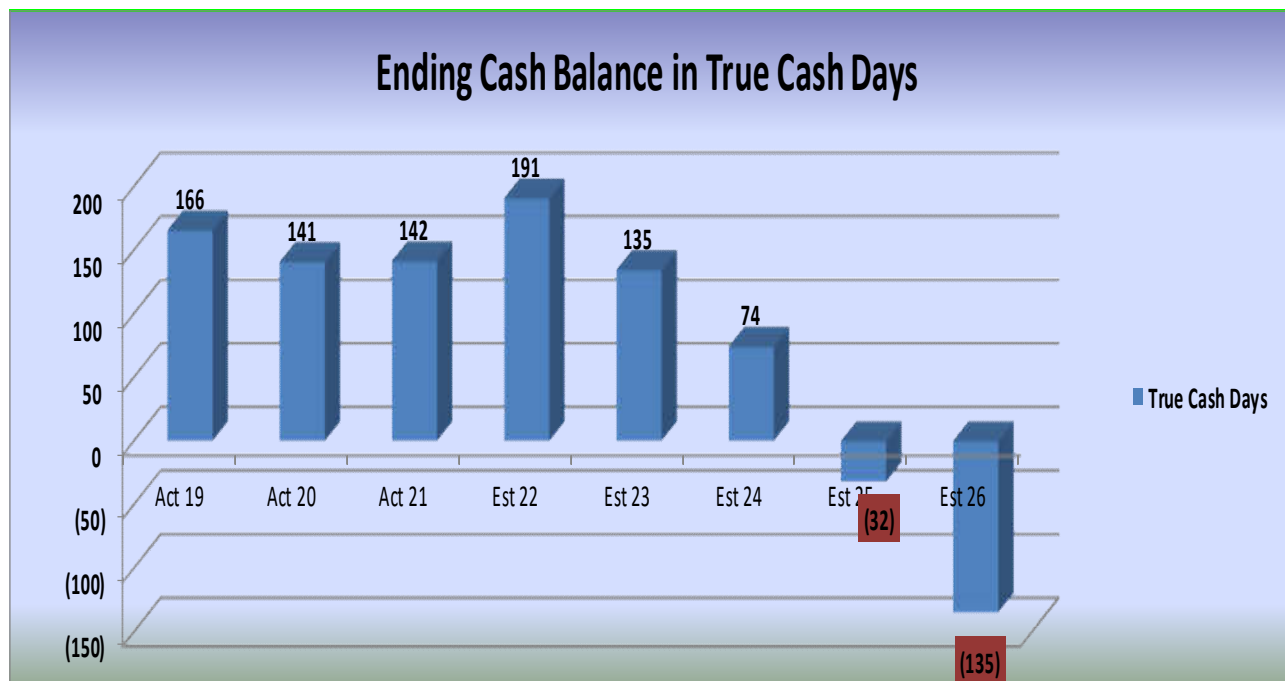
**Ending Unencumbered Cash Balance “The Bottom-line” – Line #15.010**

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

|                                  | <u>FY22</u>          | <u>FY23</u>          | <u>FY24</u>          | <u>FY25</u>            | <u>FY26</u>             |
|----------------------------------|----------------------|----------------------|----------------------|------------------------|-------------------------|
| Ending Unencumbered Cash Balance | <u>\$ 94,277,556</u> | <u>\$ 67,381,788</u> | <u>\$ 30,893,393</u> | <u>\$ (30,884,435)</u> | <u>\$ (112,363,882)</u> |

**True Cash Days for Ending Cash Balance**

The district has seen an increase of revenue from the state as the percentage state revenue has increased with the past two budget bills. The increase has allowed the district to increase the districts true cash days from being underfunded in FY14 to a reputable balance. The Government Financial Officers Association (GFOA) recommends, regardless of size, that a district maintain unrestricted budgetary fund balance in their general fund of no less than two months (60 days) of regular general fund operating revenues or regular general fund operating expenditures. The district will have that amount at the end of FY23.



## **Conclusion**

State law requires schools to operate with positive cash balances. Additional revenue and/or expenditure reductions will need to be considered prior to years where Line #7.020 Cash Balance June 30 is negative. Changes in circumstances and the availability of additional information make this forecast subject to revision. Given the uncertainty of future state budgets, local, state and national economic factors, FY23 and beyond may deviate significantly from the forecast due to ESSER funds and potential impacts of the new state funding formula for school districts in Sub. HB110.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB110 our current state budget has not provided new unrestricted operating funds to our district. Future state biennium budgets could affect us positively or negatively for FY24 through FY26. With current unknowns to our state funding we will continue monitoring and communicating changes as they become available to our district.

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