

**KEYSTONE LOCAL SCHOOL DISTRICT - LORAIN COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2020, 2021 and 2022 ACTUAL**  
**FORECASTED FISCAL YEARS ENDING**  
**JUNE 30, 2023 THROUGH JUNE 30, 2027**



**Forecast Provided By**  
**Keystone Local School District**  
**Treasurer's Office**  
**Adam Hines, Treasurer/CFO**

**November 21, 2022**

# Keystone Local School District

Lorain County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;  
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	\$6,806,328	\$7,328,909	\$7,320,034	3.8%	\$7,440,664	\$7,577,643	\$7,691,451	\$7,796,217	\$7,874,011
1.020 Public Utility Personal Property Tax	1,326,929	1,815,440	2,147,052	27.5%	2,238,568	2,287,698	2,304,131	2,322,624	2,343,191
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	6,031,805	6,208,240	6,607,249	4.7%	6,403,524	6,405,543	6,407,607	6,409,717	6,411,857
1.040 Restricted State Grants-in-Aid	105,303	100,597	189,149	41.8%	395,143	395,143	395,143	395,143	395,143
1.045 Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	825,779	835,987	844,507	1.1%	797,224	756,428	765,971	775,427	780,182
1.060 All Other Revenues	1,663,528	1,608,700	597,887	-33.1%	625,551	625,551	619,301	613,364	607,723
1.070 <i>Total Revenues</i>	<i>\$16,759,672</i>	<i>\$17,897,873</i>	<i>\$17,705,878</i>	<i>2.9%</i>	<i>\$17,900,674</i>	<i>\$18,048,006</i>	<i>\$18,183,604</i>	<i>\$18,312,492</i>	<i>\$18,412,107</i>
<b>Other Financing Sources</b>									
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020 State Emergency Loans	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	20,656	2,698	5,000	-0.8%	0	5,000	5,000	5,000	5,000
2.060 All Other Financing Sources	55,875	47,650	3,059	-54.2%	2,500	2,500	2,500	2,500	2,500
2.070 <i>Total Other Financing Sources</i>	<i>\$76,531</i>	<i>\$50,348</i>	<i>\$8,059</i>	<i>-59.1%</i>	<i>\$2,500</i>	<i>\$7,500</i>	<i>\$7,500</i>	<i>\$7,500</i>	<i>\$7,500</i>
2.080 <i>Total Revenues and Other Financing Sources</i>	<i>\$16,836,203</i>	<i>\$17,948,221</i>	<i>\$17,713,937</i>	<i>2.6%</i>	<i>\$17,903,174</i>	<i>\$18,055,506</i>	<i>\$18,191,104</i>	<i>\$18,319,992</i>	<i>\$18,419,607</i>
<b>Expenditures</b>									
3.010 Personal Services	\$8,932,782	\$9,230,709	\$9,144,515	1.2%	\$9,403,951	\$9,892,439	\$10,817,777	\$11,288,249	\$11,725,199
3.020 Employees' Retirement/Insurance Benefits	3,223,402	3,267,663	3,489,375	4.1%	3,452,343	3,747,339	4,207,867	4,539,485	4,873,540
3.030 Purchased Services	2,771,420	2,782,769	2,272,196	-9.0%	2,327,557	2,384,388	2,718,841	2,784,266	2,851,401
3.040 Supplies and Materials	565,356	460,102	542,240	-0.4%	555,425	569,311	583,544	598,133	613,087
3.050 Capital Outlay	205,371	302,875	165,923	1.1%	271,587	275,393	266,393	271,943	277,771
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
4.300 Other Objects	525,607	516,426	577,431	5.0%	587,167	597,098	607,227	617,559	628,098
4.500 <i>Total Expenditures</i>	<i>\$16,223,938</i>	<i>\$16,560,544</i>	<i>\$16,191,680</i>	<i>-0.1%</i>	<i>\$16,598,030</i>	<i>\$17,465,969</i>	<i>\$19,201,648</i>	<i>\$20,099,635</i>	<i>\$20,969,096</i>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	\$50,000	\$99,438	\$0	-0.6%	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
5.020 Advances-Out	2,698	5,000	0	-7.3%	0	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 <i>Total Other Financing Uses</i>	<i>\$52,698</i>	<i>\$104,438</i>	<i>\$0</i>	<i>-0.9%</i>	<i>\$40,000</i>	<i>\$40,000</i>	<i>\$40,000</i>	<i>\$40,000</i>	<i>\$40,000</i>
5.050 <i>Total Expenditures and Other Financing Uses</i>	<i>\$16,276,636</i>	<i>\$16,664,982</i>	<i>\$16,191,680</i>	<i>-0.2%</i>	<i>\$16,638,030</i>	<i>\$17,505,969</i>	<i>\$19,241,648</i>	<i>\$20,139,635</i>	<i>\$21,009,096</i>
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>	<i>\$559,567</i>	<i>\$1,283,239</i>	<i>\$1,522,257</i>	<i>74.0%</i>	<i>\$1,265,144</i>	<i>\$549,537</i>	<i>(\$1,050,544)</i>	<i>(\$1,819,643)</i>	<i>(\$2,589,489)</i>
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies									
7.010	\$5,815,394	\$6,374,961	\$7,658,200	14.9%	\$9,180,457	\$10,445,601	\$10,995,138	\$9,944,593	\$8,124,951
7.020 <i>Cash Balance June 30</i>	<i>\$6,374,961</i>	<i>\$7,658,200</i>	<i>\$9,180,457</i>	<i>20.0%</i>	<i>\$10,445,601</i>	<i>\$10,995,138</i>	<i>\$9,944,593</i>	<i>\$8,124,951</i>	<i>\$5,535,462</i>
8.010 <i>Estimated Encumbrances June 30</i>	<i>\$607,356</i>	<i>\$671,084</i>	<i>\$476,293</i>	<i>-9.3%</i>	<i>\$476,293</i>	<i>\$476,293</i>	<i>\$476,293</i>	<i>\$476,293</i>	<i>\$476,293</i>
<b>Reservation of Fund Balance</b>									
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
9.080 <i>Subtotal Reservations of fund Balance</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	<i>\$5,767,605</i>	<i>\$6,987,116</i>	<i>\$8,704,164</i>	<i>22.9%</i>	<i>\$9,969,308</i>	<i>\$10,518,845</i>	<i>\$9,468,300</i>	<i>\$7,648,658</i>	<i>\$5,059,169</i>
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0

# Keystone Local School District

Lorain County

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For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;  
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
11.300 Cumulative Balance of Renewal Levies <i>Fund Balance June 30 for Certification of Contracts,</i>	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
12.010 <i>Salary Schedules and Other Obligations</i>	\$5,767,605	\$6,987,116	\$8,704,164	22.9%	\$9,969,308	\$10,518,845	\$9,468,300	\$7,648,658	\$5,059,169
<b>Revenue from New Levies</b>									
13.010 Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030 Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	\$5,767,605	\$6,987,116	\$8,704,164	22.9%	\$9,969,308	\$10,518,845	\$9,468,300	\$7,648,658	\$5,059,169

**Keystone Local School District – Lorain County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**November 21, 2022**

**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

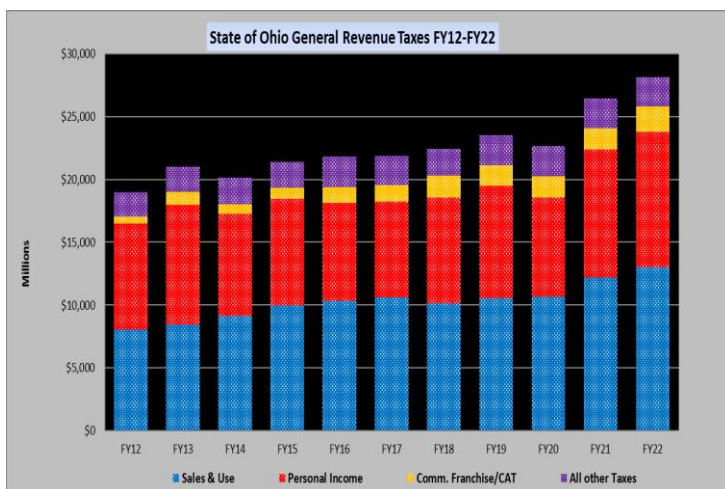
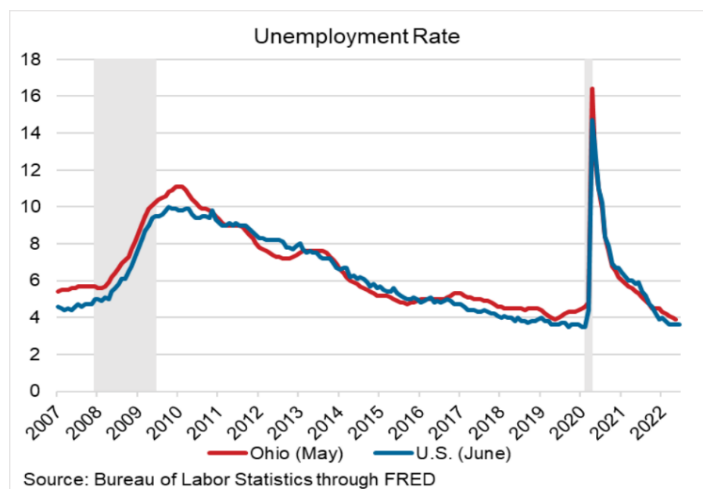
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

**Economic Outlook**

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chains concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment, and many economists anticipate an economic recession in the first half of the calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery, the state of Ohio has enjoyed over the past two years, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.



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

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

### Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic 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:

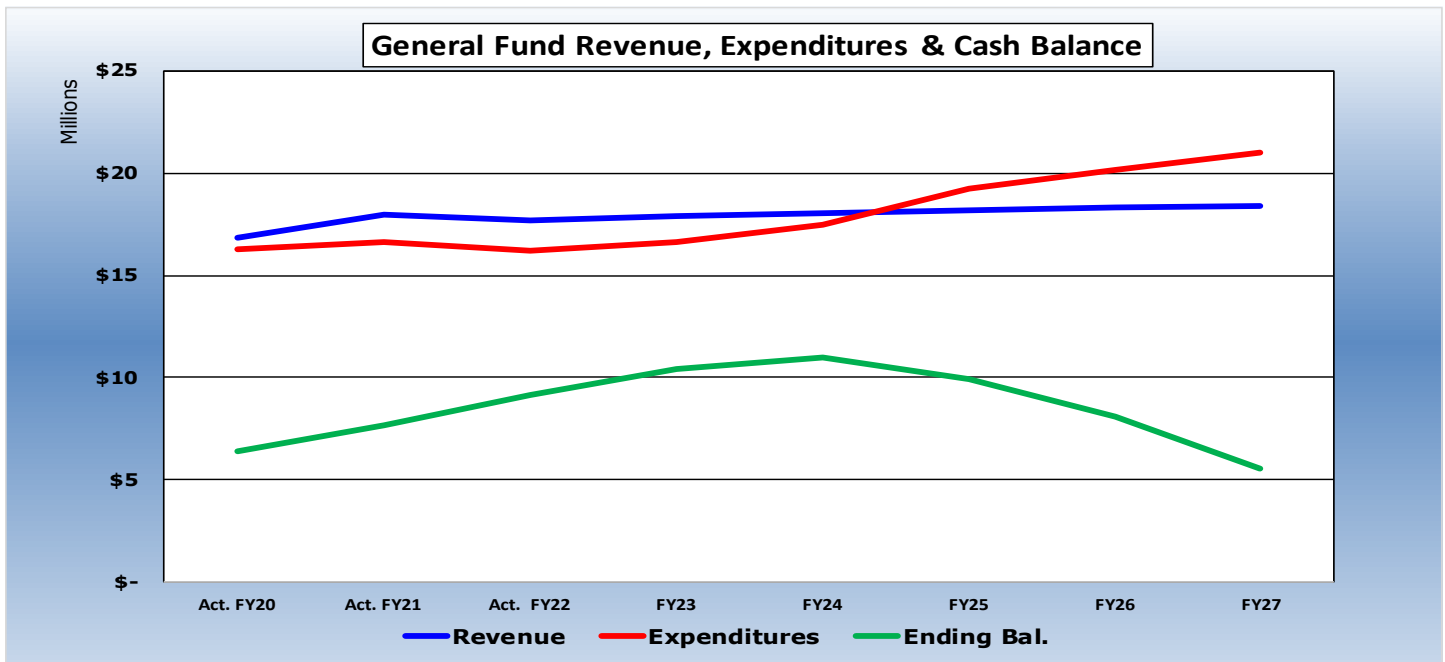
- I. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 57.57% of the district's resources. Long term we believe there is a low risk that local collections would fall below projections throughout the forecast.
- II. Lorain County experienced a Triennial update in the 2021 tax year to be collected in 2022. The 2021 update increased overall assessed values by \$40 million or an increase of 13.89%, which includes update and new construction for all classes of property. A reappraisal will occur in tax year 2024 for collection in 2025. We anticipate value increases for Class I and II property by \$18.6 million for an overall increase of 5.56%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

- III. Public Utility Personal Property tax collections has become a major source of income for the district with the NEXUS pipeline and pumping station. There is a risk that changes in the values could be lowered due to tax appeals or depreciation for future years of the forecast.
- IV. The State Budget represents 42.43% 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 or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. 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 FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- V. HB110 the current state budget implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 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. Beginning in FY22, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. A change in expenditures beginning in FY22 also occurred, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the historic actual costs for FY20 through FY21 potentially reflecting different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022 the legislature passed HB583 to resolves issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.
- VI. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

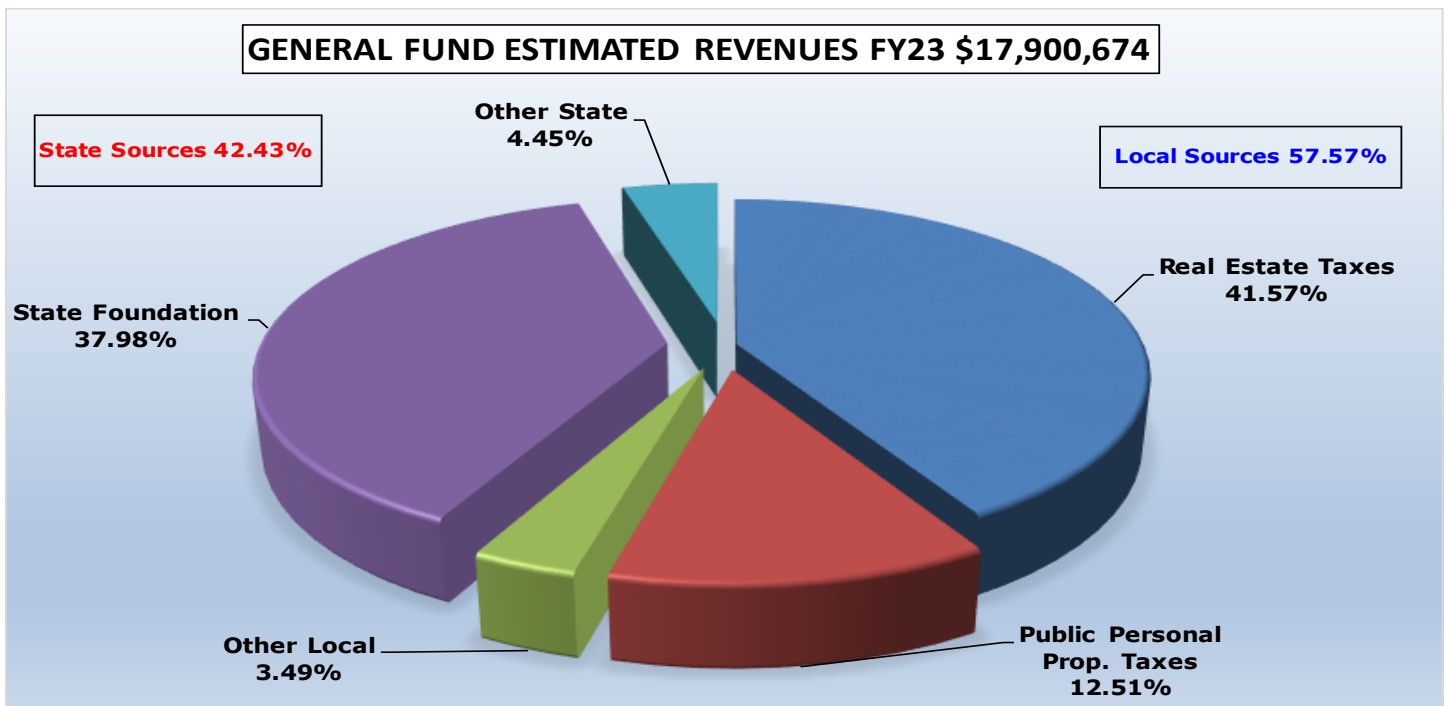
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Adam Hines, Treasurer/CFO of Keystone Local School District.

### **General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27**

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



**Revenue Assumptions**  
**Estimated General Fund Operating Revenues FY23**



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

Property values are set by the Lorain County Auditor every three years either as a full reappraisal of property or through the triennial update. Lorain County experienced a triennial update in Tax Year 2021 for collection in 2022. We realized an overall increase in our total tax base of 13.89% due to inflation and new construction. When values increase due to reappraisals and updates (inflationary increases), reduction factors are increased and House Bill 920 decreases effective tax rates so the district tax revenues do not grow except for 4.62 inside millage. The district is well above the 20 mill floor for residential and commercial property so increases due to reappraisals or updates will only increase revenue by the 4.62 inside millage. New construction will increase

annual revenue for all classes of property and we have projected historic trends in both Residential/Agriculture (Class I) and Commercial/Industrial (Class II) property.

A reappraisal will occur in 2024 for Lorain County and we anticipate a 5% increase in Class I and 1% in Class II values. CAUV values represent 11.4% of Class I residential/agricultural values and while HB49 authorized a reduction in CAUV computations, we have included the possible reduction in the overall increase for Class I values.

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

<u>Classification</u>	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	\$302,059,310	\$303,959,310	\$321,057,276	\$322,957,276	\$324,857,276
Comm./Ind.	28,917,840	30,107,840	31,598,918	32,788,918	33,978,918
Public Utility Personal Property (PUPP)	41,662,872	41,941,849	42,258,323	42,612,544	43,004,798
Total Assessed Value	<u>\$372,640,022</u>	<u>\$376,008,999</u>	<u>\$394,914,517</u>	<u>\$398,358,738</u>	<u>\$401,840,992</u>

Property tax levies are estimated to be collected at 97.62% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws. The timing of the tax payments is always in flux but they appear to have normalized. The district receives tax payments for delinquent taxes at the rate of 0.5% in August and 1.9% in February collections. Property taxes are estimated to be collected at 55.99% of the Res/Ag and Comm/Ind in the February tax settlements and 44.01% collected in the August tax settlements.

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

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Est. Real Estate Taxes	<u>\$7,440,664</u>	<u>\$7,577,643</u>	<u>\$7,691,451</u>	<u>\$7,796,217</u>	<u>\$7,874,011</u>
Total Line #1.01 Real Estate Taxes	<u>\$7,440,664</u>	<u>\$7,577,643</u>	<u>\$7,691,451</u>	<u>\$7,796,217</u>	<u>\$7,874,011</u>

#### Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020

This line includes phase out of TPP taxes that began in FY06 with HB66. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. Any amounts received in this forecast period will be Public Utility Personal Property and delinquent TPP collections from previous periods and we have renamed the line to reflect the source of the collection.

Amounts noted below are public utility personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility, which were \$39.9 million in assessed values in 2021 and are collected at the district's gross voted millage rate of 50.55 mills. Collections are typically 61.92% in February and 46.29% in August along with the real estate settlements from the county auditor.

The values in 2021 rose by 8.43% or \$3.1 million and are expected to grow by \$500,000 each year of the forecast. The large increase over the past few years is from the NEXUS pipeline that is in our school district. NEXUS appealed the valuations that were set throughout the state for the pipeline, which that appeal has been denied by the Department of Taxation, however, the company has filed a second appeal for an even lower valuation. The second hearing was scheduled for February 2022, however, has been remanded to the Ohio Tax Commissioner. The tax commissioner set values for all taxing districts that are to receive PUPP tax dollars from NEXUS in late June, those values have been appealed by the Lorain County Auditor and subsequently appealed by NEXUS with no hearing date set for these appeals.

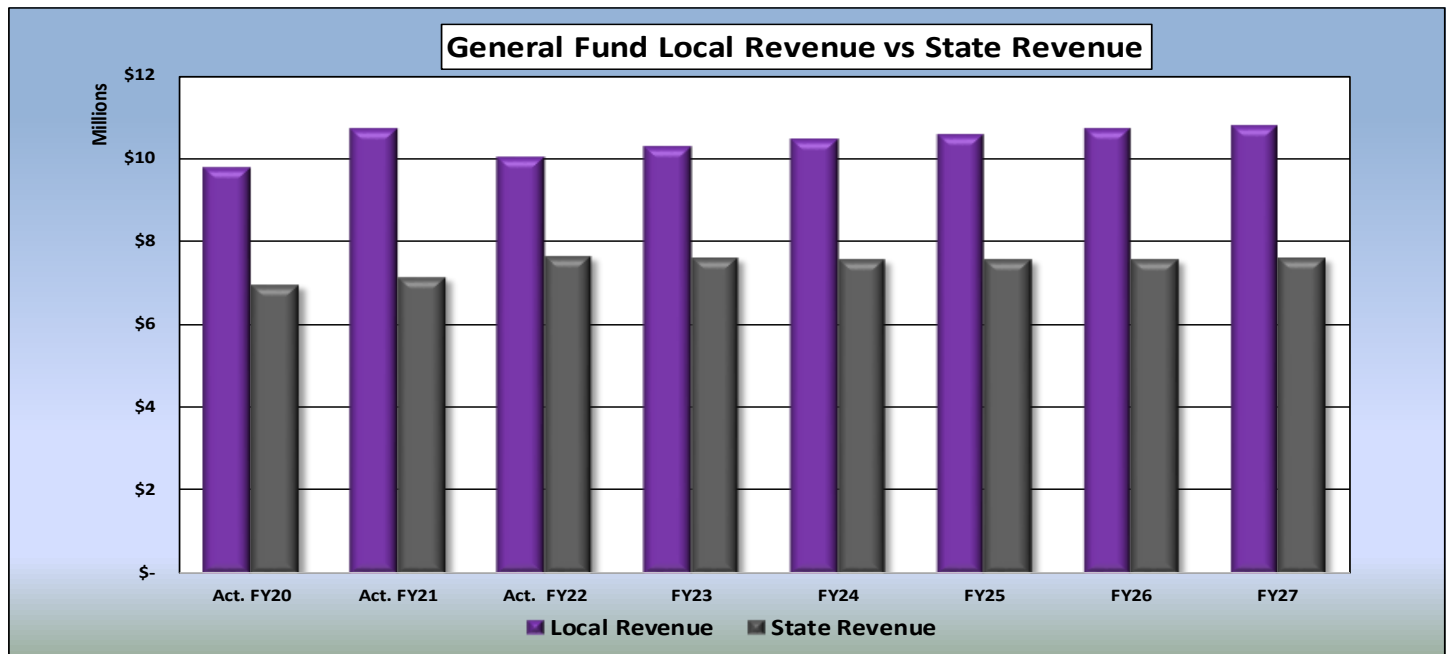


Since this is the first couple of years of the pipeline, the increases for future years will need to be monitored very closely in order to correctly forecast the tax dollars for the district. We are basing the value for tax year 2022 collect in 2023 on the amount that was paid to the district with decrease of the valuation for depreciation for NEXUS and increases from the other utility companies.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property	\$2,238,568	\$2,287,698	\$2,304,131	\$2,322,624	\$2,343,191
Total PUPP Tax Line #1.020	<u>\$2,238,568</u>	<u>\$2,287,698</u>	<u>\$2,304,131</u>	<u>\$2,322,624</u>	<u>\$2,343,191</u>

### Comparison of Local Revenue and State Revenue:

The following graph clearly shows that local taxpayers are the chief source of district operating dollars as the state funding formula is not attempting to help fund districts considered wealthy by the state. It is also apparent that revenue growth from the state has been and is projected to be mostly flat.



### 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 full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. Full calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October #2 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to continue on the guarantee in FY24-FY27 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, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different

with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

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

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

#### 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 that includes base 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 estimated to be as high as \$7,202 per pupil when fully phased in, 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 Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index from 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 29.17% in FY22 and 33.33% in FY23.

#### 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. The phase-in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating what the percentage increase may be for FY24 and beyond for DPIA.
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 FY22 and FY23 and Guarantees**

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will 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.

#### **Future State Budgets Projections beyond FY23**

Our funding status for the FY24-27 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 FY23 through FY27.

#### **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 is collected as a tax. School districts receive 34% of the 33% General Casino Revenue that

is paid into a student fund at the state level. These funds are distributed to school districts on the 31<sup>st</sup> 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 FY23-27 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 \$62.71 per pupil. FY23 Casino revenues are based on the August payment with a 2% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$6,054,714	\$6,054,714	\$6,054,714	\$6,054,714	\$6,054,714
Additional Aid Items	<u>247,667</u>	<u>247,667</u>	<u>247,667</u>	<u>247,667</u>	<u>247,667</u>
Basic Aid-Unrestricted Subtotal	6,302,381	6,302,381	6,302,381	6,302,381	6,302,381
Ohio Casino Commission ODT	<u>101,143</u>	<u>103,162</u>	<u>105,226</u>	<u>107,336</u>	<u>109,476</u>
Total Unrestricted State Aid Line #1.035	<u>\$6,403,524</u>	<u>\$6,405,543</u>	<u>\$6,407,607</u>	<u>\$6,409,717</u>	<u>\$6,411,857</u>

#### **B) Restricted State Foundation Revenue – Line #1.035**

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 October #2 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>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
DPIA	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172
Career Tech - Restricted	\$0	\$0	\$0	\$0	\$0
English Learner	\$530	\$530	\$530	\$530	\$530
Gifted	\$64,762	\$64,762	\$64,762	\$64,762	\$64,762
Student Wellness	\$211,637	\$211,637	\$211,637	\$211,637	\$211,637
Catastrophic Aid	<u>91,042</u>	<u>91,042</u>	<u>91,042</u>	<u>91,042</u>	<u>91,042</u>
Total Restricted State Revenues Line #1.040	<u>\$395,143</u>	<u>\$395,143</u>	<u>\$395,143</u>	<u>\$395,143</u>	<u>\$395,143</u>

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

No federal unrestricted grants are projected during this forecast.

#### **Summary of State Foundation Revenues**

<u>SUMMARY</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line #1.035	\$6,403,524	\$6,405,543	\$6,407,607	\$6,409,717	\$6,411,857
Restricted Line #1.040	395,143	395,143	395,143	395,143	395,143
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$6,798,667</u>	<u>\$6,800,686</u>	<u>\$6,802,750</u>	<u>\$6,804,860</u>	<u>\$6,807,000</u>

## State Taxes Reimbursement/Property Tax Allocation

### 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 had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

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

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	<u>\$797,224</u>	<u>\$756,428</u>	<u>\$765,971</u>	<u>\$775,427</u>	<u>\$780,182</u>
Total Tax Reimbursements #1.050	<u>\$797,224</u>	<u>\$756,428</u>	<u>\$765,971</u>	<u>\$775,427</u>	<u>\$780,182</u>

### Other Local Revenues – Line #1.060

The main sources of revenue in this area have been interest, tuition for court placed students, student fees, Manufactured home taxes and general rental fees.

HB110 the current state budget will stop paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted as students that attend the district within the Enrolled ADM and will be included in the state basic funding. This change is projected below as zeros to help show the difference between projected FY23-FY27 Line 1.06 revenues and historical FY20 through FY21 revenues on the five-year forecast.

Due to the Federal Reserve raising the interest rates to curb inflation we are increasing the amount of interest in FY23 to \$125,000 in FY23 and FY24 with decreases of 5% in FY25 through FY27 for declining cash balances. Security of the public funds collected by the district is the top priority of the treasurer's office. All other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Tuition Related Payments	\$112,104	\$112,104	\$112,104	\$112,104	\$112,104
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	69,274	69,274	69,274	69,274	69,274
Interest Earnings	125,000	125,000	118,750	112,813	107,172
Medicaid	49,337	49,337	49,337	49,337	49,337
Mobile Home Taxes	54,960	54,960	54,960	54,960	54,960
Miscellaneous	<u>214,876</u>	<u>214,876</u>	<u>214,876</u>	<u>214,876</u>	<u>214,876</u>
Total Other Local Revenue Line #1.060	<u>\$625,551</u>	<u>\$625,551</u>	<u>\$619,301</u>	<u>\$613,364</u>	<u>\$607,723</u>

### 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. The district anticipates small amount each year for advances to other funds.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Total Transfer & Advances In	<u>\$0</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>

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

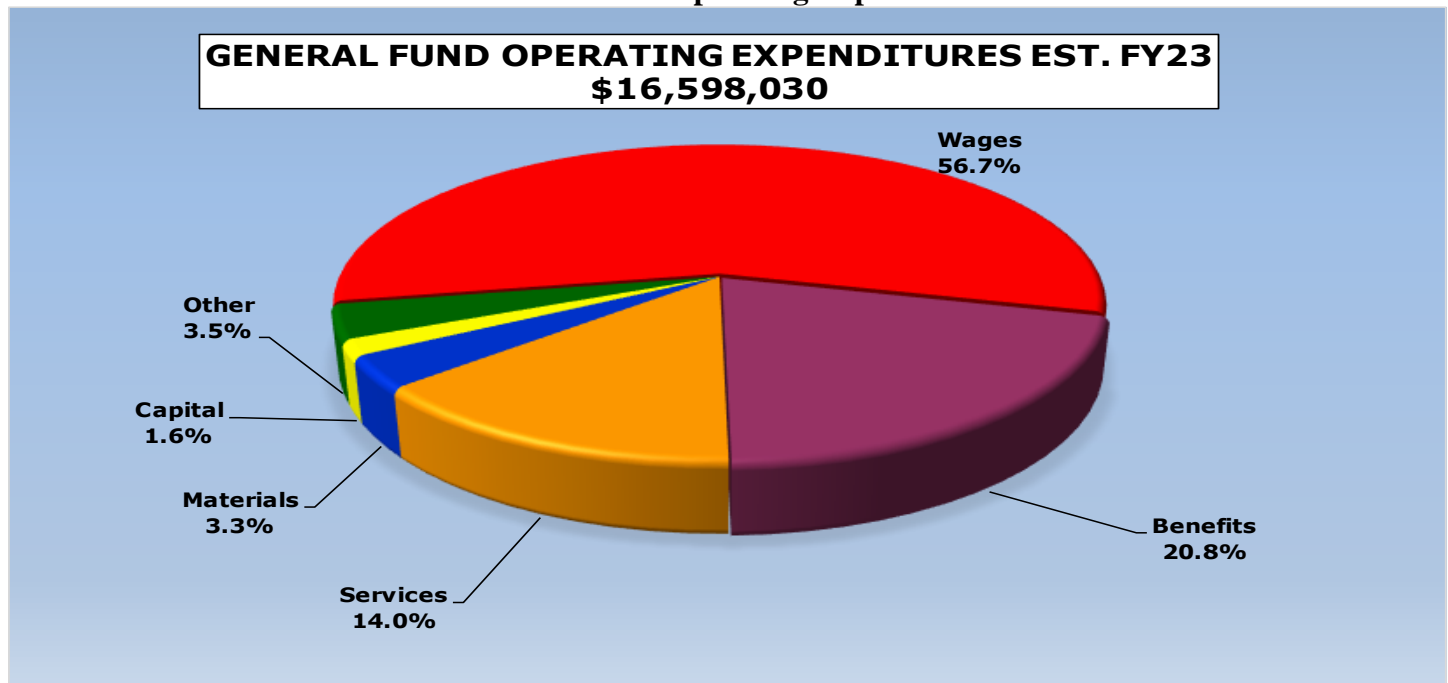
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we will project a small amount in each year of the forecast

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Refund of prior years expenditures	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</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 Operating Expenditures for FY23



### Wages – Line #3.010

The forecast reflects base pay increase of 3% for certified staff in FY23 through FY25 and for classified staff a 4.5% during the same time period. We are using a 2% increase for base pay increases in FY26 or FY27 for forecasting purposes only. A 2% increase for steps and academic training based on current negotiated agreements is being used for FY23 through FY27.

In FY23 the district is utilizing the ESSER funds to decrease salaries and benefits for six teaching staff members, the salaries will be returned to the forecast in FY24 for one staff member and then the remainder in FY25 along with two other positions that had already been included in costs to the ESSER funds. The district hired tutors with ESSER funds as new position and anticipate that those position will continue, therefore we are increasing the forecast in FY25 by \$150,000 for them.

Supplemental salaries are increased each year by 2% in FY23-FY27. Substitutes rate will increase from \$90 per day to \$120 per in FY23 along with an increase of 2% annually in FY24 through FY27.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$8,499,022	\$8,716,998	\$9,191,748	\$10,103,072	\$10,559,249
Based Pay Increase	283,017	290,276	306,085	202,061	211,185
Steps & Academic Training	169,980	174,340	183,835	202,061	211,185
Growth Staff	38,770	62,146	271,404	52,055	0
Substitutes	365,416	372,724	380,178	387,782	395,538
Supplementals	321,537	327,967	334,527	341,217	348,042
Severance	0	0	0	0	0
SWSF & CARES Adjustments	0	0	150,000	0	0
Other Adjustments/Reductions	<u>(273,791)</u>	<u>(52,012)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$9,403,951</u>	<u>\$9,892,439</u>	<u>\$10,817,777</u>	<u>\$11,288,249</u>	<u>\$11,725,199</u>

### **Fringe Benefits Estimates Line 3.02**

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

#### **A) STRS/SERS**

Generally, the district must pay 14% of wages paid to both STRS and SERS. In addition, the district pays to SERS the employee surcharge which is an additional amount required over the 14% to provide added funds SERS collects to supplement contributions on lower paid short hour classified staff so they can have a pension when they retire.

#### **B) Insurance**

Based on current industry trend, this forecast assumes annual increases of 9.5% in FY23 and 10% increase in FY24 through FY27. Our estimates are based on our current employee census and claims data. This could increase at a much higher rate should claims increase dramatically.

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

#### **C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about 0.41% of wages for FY23-FY27. Unemployment Compensation has returned to a more normal amount which is what is being projected for the forecast.

#### **D) Medicare**

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all employees hired 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 #3.02**

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$1,482,368	\$1,522,979	\$1,652,366	\$1,731,902	\$1,799,917
B) Insurance's	1,788,293	2,030,037	2,340,178	2,586,689	2,845,358
C) Workers Comp/Unemployment	39,056	41,059	44,853	46,782	48,573
D) Medicare	132,949	143,587	160,793	164,435	170,015
Other/Tuition/Annuities	<u>9,677</u>	<u>9,677</u>	<u>9,677</u>	<u>9,677</u>	<u>9,677</u>
Total Fringe Benefits Line #3.020	<u>\$3,452,343</u>	<u>\$3,747,339</u>	<u>\$4,207,867</u>	<u>\$4,539,485</u>	<u>\$4,873,540</u>

**Purchased Services – Line #3.030**

HB110 the current state budget will impact Purchased Services as the Ohio Department of Education will now directly pay the 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 FY23-FY27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast.

The district is employing the Parent Family Liaison as a staff member with ESSER funds instead of being a service through the ESC which will decrease those costs beginning in FY23 of \$70,000.

We have based the remainder of the purchased services off of the historical amounts that have been spent in these areas. The increases are between no increases to 4% increase each year. In FY25 the district will increase Professional & Technical Services, ESC line by \$276,110 for services through the ESC of a literacy coach, BCBA and parent liaison that had been paid through ESSER funds but will now be added to the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Professional & Technical Services, ESC	\$438,042	\$446,803	\$731,849	\$746,486	\$761,416
Maintenance, Insurance & Garbage Removal	227,295	234,114	241,137	248,371	255,822
Professional Development	19,501	19,891	20,289	20,695	21,109
Communications, Postage, & Telephone	57,547	59,273	61,051	62,883	64,769
Utilities	338,219	351,748	365,818	380,451	395,669
Contracted Trades & Services	0	0	0	0	0
Tuition, Excess Costs & Scholarship Costs	1,116,473	1,138,802	1,161,578	1,184,810	1,208,506
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	63,738	65,013	66,313	67,639	68,992
Contract Transportation	46,015	47,395	48,817	50,282	51,790
Miscellaneous Purchased Services	<u>20,727</u>	<u>21,349</u>	<u>21,989</u>	<u>22,649</u>	<u>23,328</u>
Total Purchased Services Line #3.030	<u>\$2,327,557</u>	<u>\$2,384,388</u>	<u>\$2,718,841</u>	<u>\$2,784,266</u>	<u>\$2,851,401</u>

**Supplies and Materials – Line #3.040**

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. The district has increased each line by 2.5% each year of the forecast.



<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Office Supplies & Materials	\$214,310	\$219,668	\$225,160	\$230,789	\$236,559
Textbooks & Instructional Supplies	82,332	84,390	86,500	88,663	90,880
Facility Supplies & Materials	126,028	129,179	132,408	135,718	139,111
Transportation Fuel & Supplies	132,755	136,074	139,476	142,963	146,537
Other/Adjustments SWSF, CARES, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Supplies Line #3.040	<u>\$555,425</u>	<u>\$569,311</u>	<u>\$583,544</u>	<u>\$598,133</u>	<u>\$613,087</u>

### **Equipment – Line #3.050**

The district does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. The district does plan on purchasing one bus each year of the forecast. The district will also purchase one maintenance truck in FY23 and a van in FY24. The district will purchase technology and other curriculum equipment each year of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay & Maintenance	\$35,393	\$35,393	\$35,393	\$35,393	\$35,393
Technology/Curriculum Purchases	120,000	120,000	120,000	120,000	120,000
Busses & Other Vehicles	<u>116,194</u>	<u>120,000</u>	<u>111,000</u>	<u>116,550</u>	<u>122,378</u>
Total Equipment Line #3.050	<u>\$271,587</u>	<u>\$275,393</u>	<u>\$266,393</u>	<u>\$271,943</u>	<u>\$277,771</u>

### **Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of County Auditor and Treasurer Fees for collection of property taxes and advertising for delinquent taxes. Auditor and Treasurer Fees and the ESC deductions are expected to increase by 2% each year of the forecast. Other expenses are liability insurance, annual audit, and dues and fees. The district does not expect to increase these items throughout the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$166,604	\$169,936	\$173,335	\$176,802	\$180,338
ESC Deduction	295,707	301,621	307,653	313,806	320,082
Annual Audit Costs	34,239	34,924	35,622	36,334	37,061
Dues, Fees & other Expenses	<u>90,617</u>	<u>90,617</u>	<u>90,617</u>	<u>90,617</u>	<u>90,617</u>
Total Other Expenses Line #4.300	<u>\$587,167</u>	<u>\$597,098</u>	<u>\$607,227</u>	<u>\$617,559</u>	<u>\$628,098</u>

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

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund and the district is not planning on any advances throughout the forecast. We have included the \$10,000 annual transfer out to athletics and latchkey programs.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Operating Transfers Out Line #5.010	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>

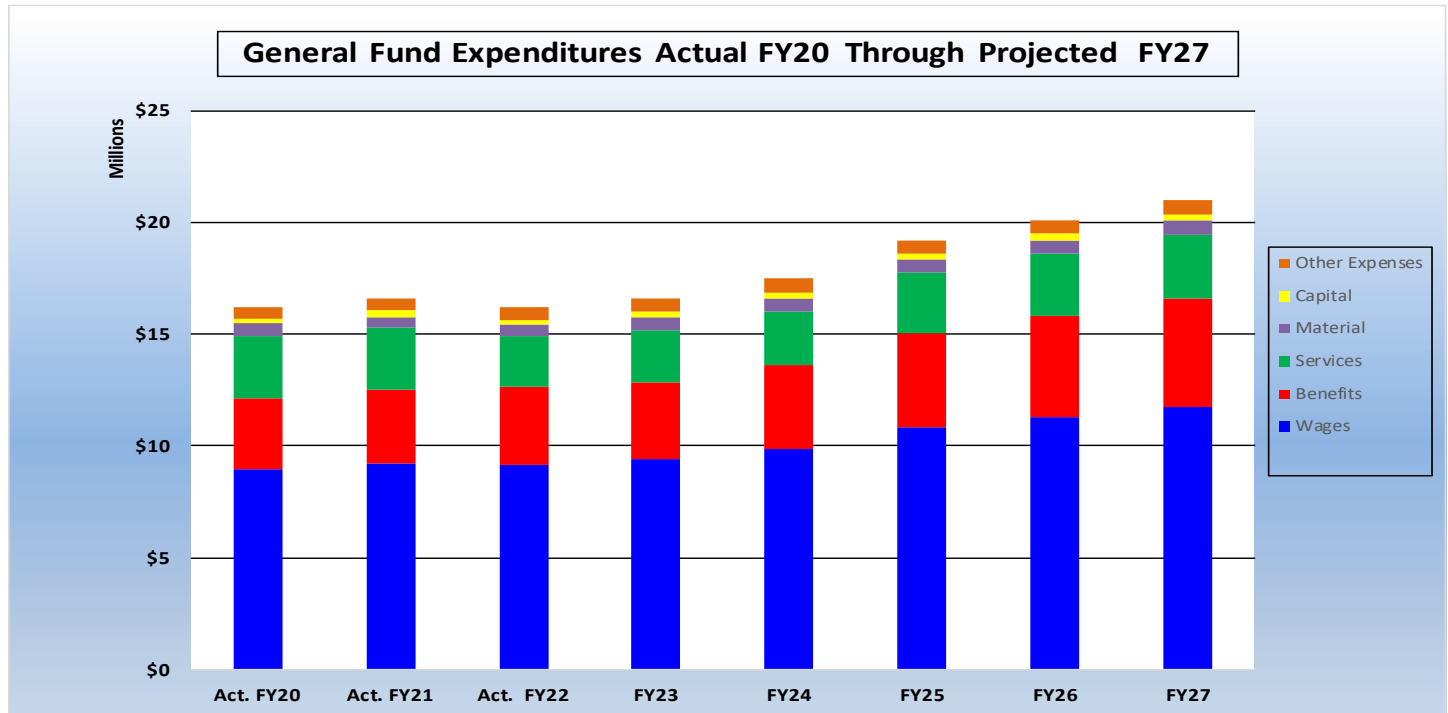
### Encumbrances – Line #8.010

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.

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances Line #8.010	<u>\$476,293</u>	<u>\$476,293</u>	<u>\$476,293</u>	<u>\$476,293</u>	<u>\$476,293</u>

### Operating Expenditures Actual FY20 through FY22 and Estimated FY23 through FY27

The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



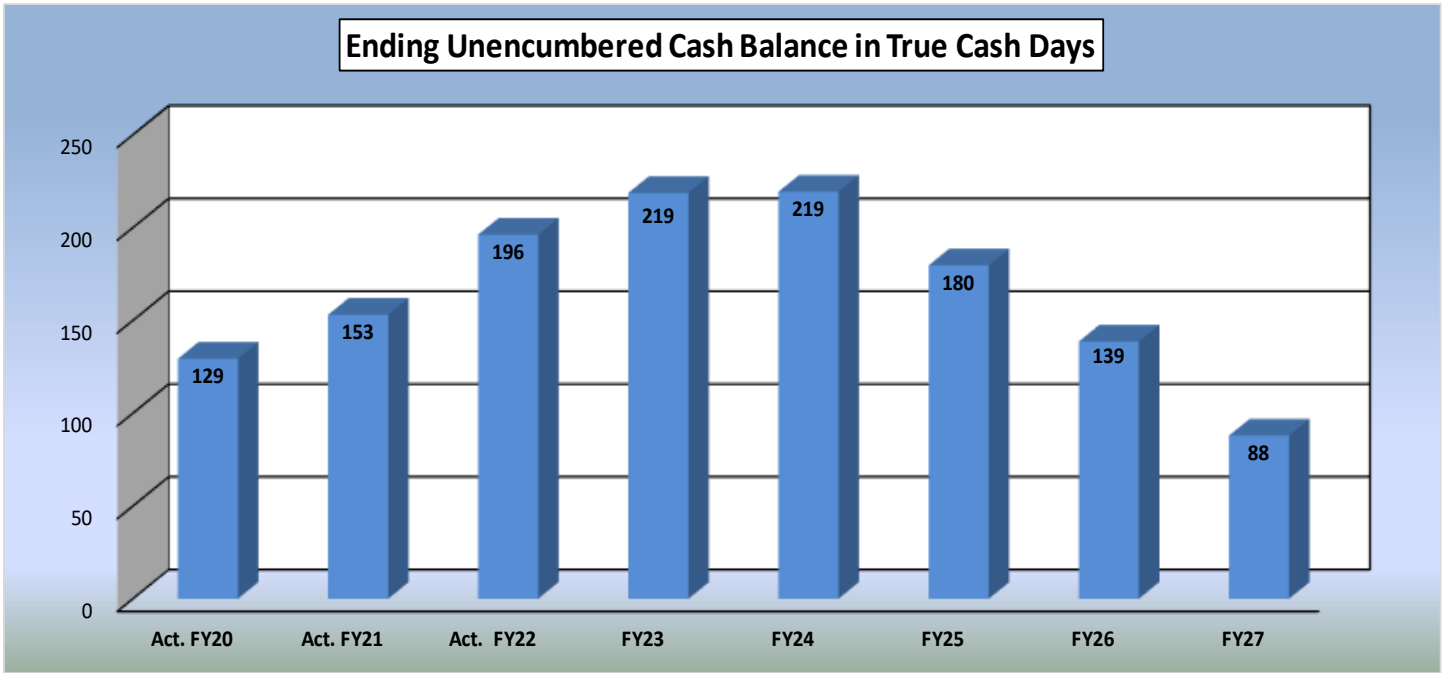
### Ending Unencumbered Cash Balance “The Bottom-line” – Line #15.010

This amount must not go below \$-0- or the district General Fund will violate Ohio Budgetary Laws. Any multi-year contract which is knowingly signed that 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Ending Cash Balance Line #15.01	<u>\$9,969,308</u>	<u>\$10,518,845</u>	<u>\$9,468,300</u>	<u>\$7,648,658</u>	<u>\$5,059,169</u>

### 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.



**Conclusion**

Keystone Local School District receives 42.43% of it’s funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The current state budget, HB110, has now been updated for the November forecast using the Fair School Funding Plan. 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 FY24-FY27.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in able to obtain this.

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.