

**GALION CITY SCHOOL DISTRICT-CRAWFORD COUNTY
SCHEDULE OF REVENUE, 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 JUNE 30, 2026**



**Forecast Provided By
Galion City School District
Treasurer's Office
Charlene Parkinson, Treasurer
November 16, 2021**

Galion City School District

Crawford 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 Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenues									
1.010 General Property Tax (Real Estate)	\$4,233,777	\$4,337,988	\$4,286,599	0.6%	\$4,424,826	\$4,382,494	\$4,394,221	\$4,414,576	\$4,430,393
1.020 Public Utility Personal Property Tax	220,959	246,736	225,846	1.6%	363,404	325,291	338,348	351,406	364,463
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035 Unrestricted State Grants-in-Aid	13,946,709	13,780,832	13,738,579	-0.7%	12,309,669	12,416,691	12,417,458	12,418,215	12,418,962
1.040 Restricted State Grants-in-Aid	738,642	748,964	664,263	-5.0%	664,263	664,263	664,263	664,263	664,263
1.045 Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050 Property Tax Allocation	689,620	676,846	674,598	-1.1%	667,778	666,017	667,040	669,556	671,569
1.060 All Other Revenues	1,370,221	1,457,969	1,446,646	2.8%	616,186	620,230	624,315	628,441	632,608
1.070 Total Revenues	21,199,928	21,249,335	21,036,531	-0.4%	19,046,126	19,074,986	19,105,645	19,146,457	19,182,258
Other Financing Sources									
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020 State Emergency Loans (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050 Advances-In	-	-	-	0.0%	-	-	-	-	-
2.060 All Other Financing Sources	1,793	-	298,143	0.0%	-	-	-	-	-
2.070 Total Other Financing Sources	1,793	0	298,143	0.0%	-	-	-	-	-
2.080 Total Revenues and Other Financing Sources	21,201,721	21,249,335	21,334,674	0.3%	19,046,126	19,074,986	19,105,645	19,146,457	19,182,258
Expenditures									
3.010 Personal Services	\$9,594,873	\$9,887,462	\$9,876,960	1.5%	\$10,088,933	\$10,231,751	\$10,376,711	\$10,523,845	\$10,673,186
3.020 Employees' Retirement/Insurance Benefits	4,683,881	4,779,834	4,676,656	-0.1%	4,779,959	4,977,031	5,158,435	5,347,938	5,545,931
3.030 Purchased Services	5,600,218	5,357,177	5,484,978	-1.0%	2,729,813	2,904,915	2,950,400	2,996,997	3,044,744
3.040 Supplies and Materials	995,965	884,198	378,969	-34.2%	545,852	546,359	546,869	547,381	547,896
3.050 Capital Outlay	5,750	55,363	-	381.4%	36,750	13,750	38,750	15,750	15,750
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	-	-	-	0.0%	-	-	-	-	-
4.060 Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300 Other Objects	195,742	178,996	171,851	-6.3%	181,602	184,145	186,739	189,384	192,081
4.500 Total Expenditures	21,076,429	21,143,030	20,589,414	-1.2%	18,362,909	\$18,857,950	19,257,904	19,621,296	20,019,588
Other Financing Uses									
5.010 Operating Transfers-Out	\$135,489	\$438,225	\$700,441	141.6%	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
5.020 Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030 All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.040 Total Other Financing Uses	135,489	438,225	700,441	141.6%	525,000	275,000	275,000	275,000	275,000
5.050 Total Expenditures and Other Financing Uses	21,211,918	21,581,255	21,289,855	0.2%	18,887,909	19,132,950	19,532,904	19,896,296	20,294,588
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(10,197)	(331,920)	44,819	1520.8%	158,217	(57,964)	(427,259)	(749,839)	(1,112,330)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,706,633	4,696,436	4,364,516	-3.6%	4,409,335	4,567,552	4,509,588	4,082,329	3,332,491
7.020 Cash Balance June 30	4,696,436	4,364,516	4,409,335	-3.0%	4,567,552	4,509,588	4,082,329	3,332,491	2,220,160
8.010 Estimated Encumbrances June 30	-	-	16,614	0.0%	20,000	20,000	20,000	20,000	20,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
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 Subtotal	-	-	-	0.0%	-	-	-	-	-
Fund Balance June 30 for Certification of Appropriations	4,696,436	4,364,516	4,392,721	-3.2%	4,547,552	4,489,588	4,062,329	3,312,491	2,200,160

Galion City School District

Crawford 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 Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	4,696,436	4,364,516	4,392,721	-3.2%	4,547,552	4,489,588	4,062,329	3,312,491	2,200,160
Revenue from New Levies									
13.010 Income Tax - New				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>	\$4,696,436	\$4,364,516	\$4,392,721	-3.2%	\$4,547,552	\$4,489,588	\$4,062,329	\$3,312,491	\$2,200,160

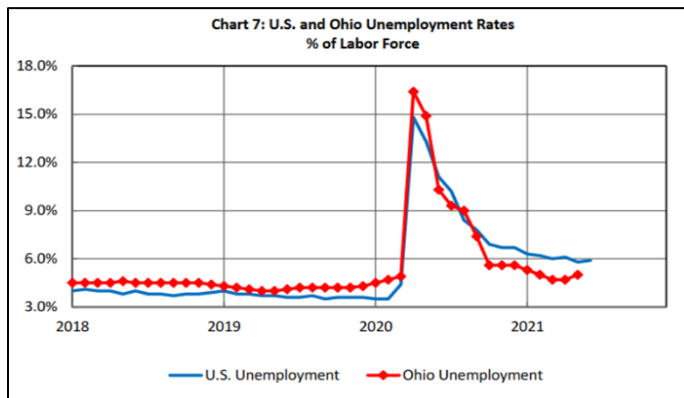
Galion City School District – Crawford County
Notes to the Five Year Forecast
General Fund Only
November 16, 2021

Introduction to the Five Year Forecast

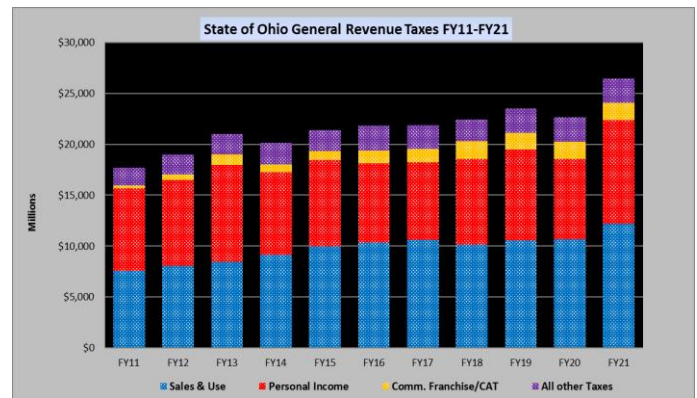
School districts are required to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (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 November 2021 filing.

Economic Outlook

This five-year forecast is being filed during the ongoing global health and financial recovery from the COVID-19 Pandemic which began in early 2020, and continues due to several serious virus mutations. The effects of the pandemic continue to impact our state, country and our globalized economy. Our school district plays a vital role in the recovery in our community and we have maintained continuity of services to our students and staff. As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past year thus the full restoration of the original school foundation funding cuts from May 2020 are being restored to school districts beginning July 1, 2021. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

As a result from the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and can be extended into fiscal year 2025 for ESSER III expenses. The ESSER funds and restored state budget cuts will assist our district in providing vital services to our students.

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:

1) 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 has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district. 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, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be some adjustments for FY22 and FY23 in state aid 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 that we have at this time.

2) The State Budget represents 71.6% of district revenues and is an 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 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.

3) Property tax collections are 25.1% of revenues which is the second 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. Total local revenues which are predominately local property taxes and income tax equate to 28.4% of the district's resources. Collection rates for the 2021 property tax collections did not show sharp declines due to increased delinquencies. With the economy recovering and growing we believe there is a low risk that local collections would fall below projections in the forecast.

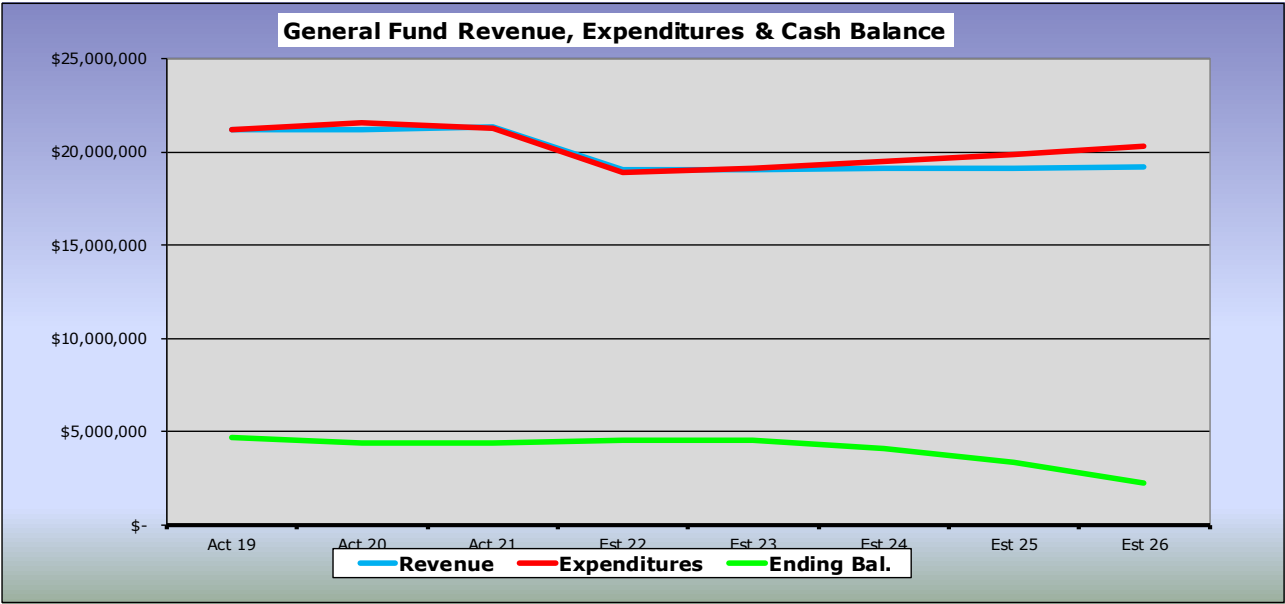
4) Being in three different counties can pose many challenges in determining the increases or decreases in values. Crawford County had a reappraisal in 2018 and an update will occur in 2021. Morrow and Richland counties had a reappraisal update in 2020 with a full reappraisal occurring in 2023. Crawford's 2018 reappraisal provided an increase in values overall of \$14.76 million or 8.57%. Additionally, we estimate their update in 2021 to provide an increase in values overall of \$4.84 million or 2.80%. Morrow and Richland counties reappraisal update in 2020 provided an increase in overall values of \$726,460 or .29% increase. We estimate the 2023 reappraisal will provide an increase in overall values at \$1.45 million or .80%. There is, however, always a minor risk that the district could sustain a reduction in values in the upcoming appraisal/reappraisal updates, but we do not anticipate that at this time.

5) HB110 direct pays costs associated with open enrollment, community and STEM schools, and for 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

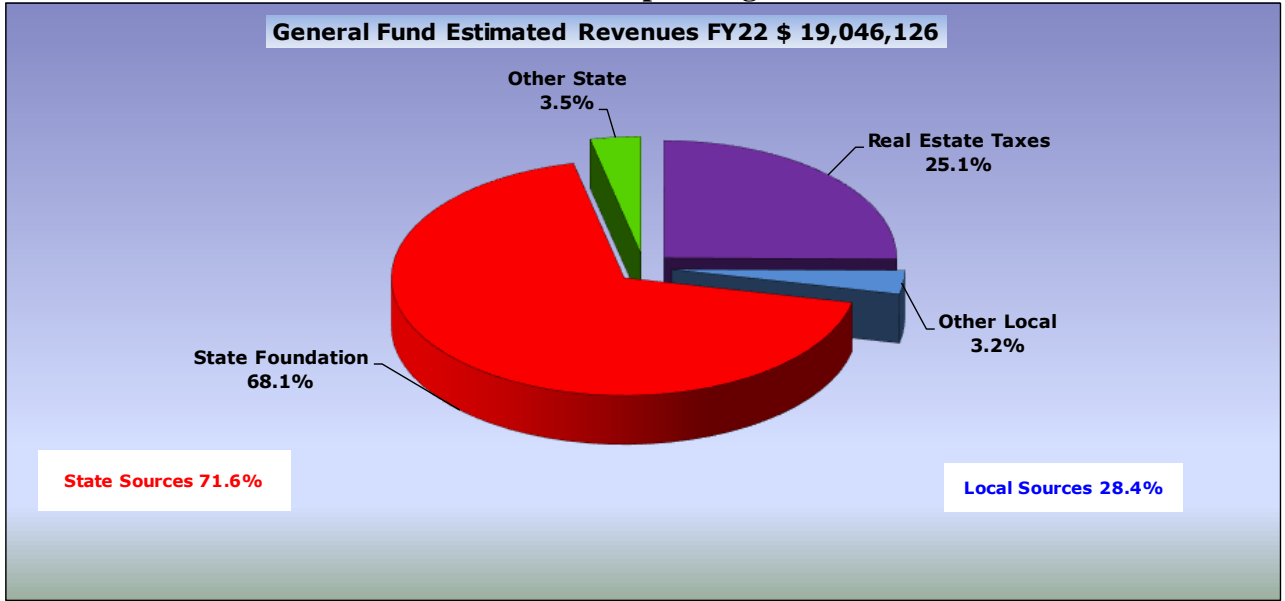
the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

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 Charlene Parkinson, Treasurer/CFO at 419.468.3432 x11003.

General Fund Revenue, Expenditure 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 Operating Revenue for 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 and complete reappraisal or updated values. Crawford County experienced a reappraisal for the 2018 tax year to be collected in 2019. Residential/agricultural values increased 8.44% or \$10.93 million due to the reappraisal update led by an improving housing market. Commercial/industrial values increased 13.50% or \$3.83 million, this is an overall increase by \$14.76 million or 8.57%. Morrow and Richland counties experienced a reappraisal update in tax year 2020 to be collected in 2021. Residential/agricultural values increased .36% or \$509,610. Commercial/industrial values increased by .70% or \$216,850, this is an overall increase of \$726,460 or .29%.

A reappraisal update will occur in Crawford County in 2021 for collection in 2022 for which we are estimating a 3% increase in residential and a 2% increase for commercial/industrial property. Additionally, Morrow and Richland counties will experience a full reappraisal in 2023 to be collected in FY24, providing a 1% increase in residential and a 0% increase for commercial/industrial property. CAUV values represent 7.8% of Class I residential/agricultural values and possess no significant concern on lowering our values.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025
Classification	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	\$144,811,940	\$144,841,940	\$146,320,359	\$150,739,970	\$150,769,970
Comm./Ind.	31,792,703	31,732,703	31,672,703	32,246,157	32,186,157
Public Utility Personal Property (PUPP)	6,103,040	6,353,040	6,603,040	6,853,040	7,103,040
Total Assessed Value	<u>\$182,707,683</u>	<u>\$182,927,683</u>	<u>\$184,596,102</u>	<u>\$189,839,167</u>	<u>\$190,059,167</u>

Estimated Real Estate Tax (Line #1.010)

Source	FY22	FY23	FY24	FY25	FY26
General Property Taxes	<u>\$4,424,826</u>	<u>\$4,382,494</u>	<u>\$4,394,221</u>	<u>\$4,414,576</u>	<u>\$4,430,393</u>

Property tax levies are estimated to be collected at 95% of the annual amount. This allows 5% delinquency factor. Lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did occur in the first half 2021 collection which was lower by \$135,000. In general, 55.60% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 44.40% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

Levy Renewal – Line# 11.02

Residents renewed the 7.73 mill operating levy that was expiring December 31, 2021. The levy was renewed for a five (5) year period with the last collection ending in December 31, 2026. Renewal levies do not increase taxes for the school district or cost resident's additional taxes.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020

The phase out of TPP Tangible Personal Property taxes began in FY06 with HB66 adopted in June 2005 and the provisions of the legislation that general tangible personal property (TPP) tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent taxes. The amounts received below are generally

all Public Utility Personal Property (PUPP) taxes which are an ongoing property tax collection. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

Source	FY22	FY23	FY24	FY25	FY26
Public Utility Personal Property (Line#1.020)	<u>\$363,404</u>	<u>\$325,291</u>	<u>\$338,348</u>	<u>\$351,406</u>	<u>\$364,463</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 actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district.

The amounts estimated for state funding are based on HB110, referred to as the 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. HB110 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, 1.04, 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 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.

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

HB110 provides funding for FY22 and FY23. 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. 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 “formula transition aid” which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY22 than they received in FY21.

The guarantee level of funding for FY21 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.

Student Wellness and Success (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 has 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 1.04 below. Any remaining funds in Special Revenue Fund 467 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 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% GCR 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. We believe FY22 Casino revenues will resume their historical growth rate.

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Basic Aid-Unrestricted	\$11,912,081	\$12,018,327	\$12,018,327	\$12,018,327	\$12,018,327
Additional Aid Items	297,814	297,814	297,814	297,814	297,814
Basic Aid-Unrestricted Subtotal	12,209,895	12,316,141	12,316,141	12,316,141	12,316,141
Ohio Casino Commission ODT	99,774	100,550	101,317	102,074	102,821
Total Unrestricted State Aid Line # 1.035	<u>\$12,309,669</u>	<u>\$12,416,691</u>	<u>\$12,417,458</u>	<u>\$12,418,215</u>	<u>\$12,418,962</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. We will need to see the new HB110 model to get the amounts the new formula allocates to these new restricted lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23.

Source	FY22	FY23	FY24	FY25	FY26
DPIA	\$476,292	\$476,292	\$476,292	\$476,292	\$476,292
Career Tech	136,790	136,790	136,790	136,790	136,790
Gifted Supplement	51,181	51,181	51,181	51,181	51,181
ESL	0	0	0	0	0
Student Wellness	0	0	0	0	0
Total Restricted State Revenues Line #1.040	<u>\$664,263</u>	<u>\$664,263</u>	<u>\$664,263</u>	<u>\$664,263</u>	<u>\$664,263</u>

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY22-26.

Summary of State Foundation Revenues	FY22	FY23	FY24	FY25	FY26
Unrestricted Line # 1.035	\$12,309,669	\$12,416,691	\$12,417,458	\$12,418,215	\$12,418,962
Restricted Line # 1.040	\$664,263	\$664,263	\$664,263	\$664,263	\$664,263
Restricted Federal - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$12,973,932</u>	<u>\$13,080,954</u>	<u>\$13,081,721</u>	<u>\$13,082,478</u>	<u>\$13,083,225</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

Rollback and Homestead Reimbursement

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

Homestead Exemptions are 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

Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead (Line #1.05)	<u>\$667,778</u>	<u>\$666,017</u>	<u>\$667,040</u>	<u>\$669,556</u>	<u>\$671,569</u>

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 has been open enrollment, tuition for court placed students, student fees, and general rental fees. HB110 the new state budget will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until

rates begin to increase. Rentals are expected to remain somewhat lower due to COVID-19 restrictions and lower participation. All other revenues are expected to continue on historic trends.

Source	FY22	FY23	FY24	FY25	FY26
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Interest	3,660	3,660	3,660	3,660	3,660
Medicaid & CAT Aid	178,175	179,954	181,751	183,566	185,399
Tuitions	226,542	228,807	231,095	233,406	235,740
Other Income and rentals	<u>207,809</u>	<u>207,809</u>	<u>207,809</u>	<u>207,809</u>	<u>207,809</u>
Total Line # 1.060	<u>\$616,186</u>	<u>\$620,230</u>	<u>\$624,315</u>	<u>\$628,441</u>	<u>\$632,608</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.

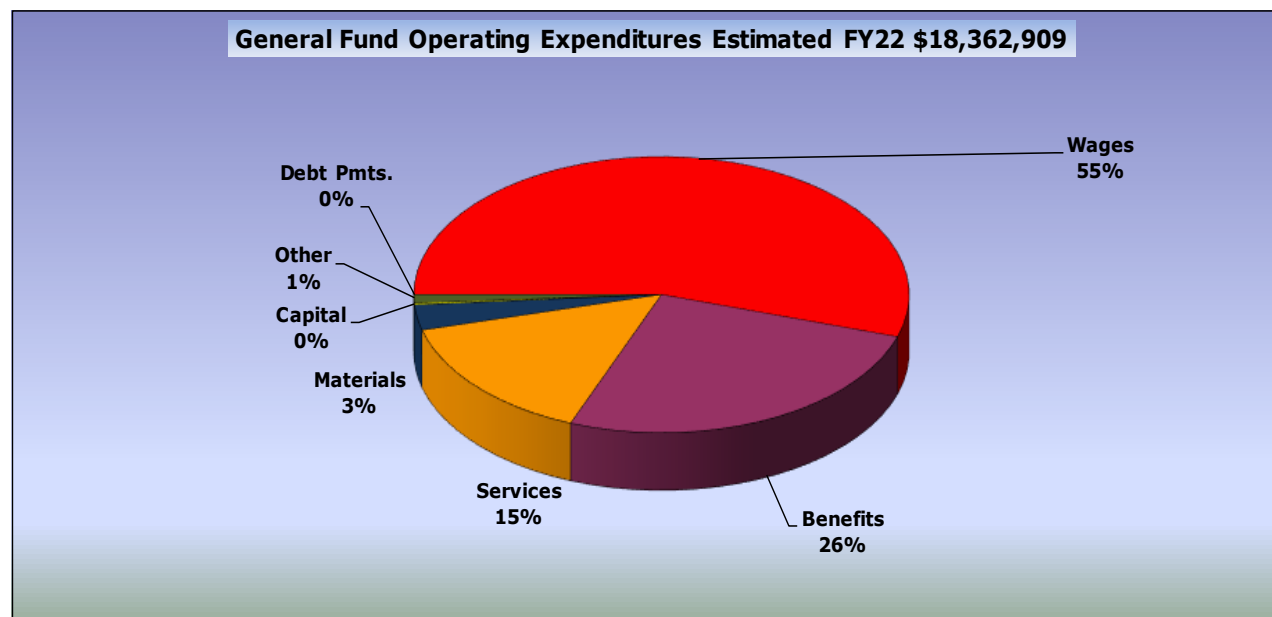
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

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 FY22



Wages – Line #3.010

The District is implemented a “pause” in all hiring relating to attrition, for fiscal year 2021 a salary/benefits reduction of \$500,000 is reflected that is attributable to several positions being absorbed and not replaced. In May, 2019 the Galion Board of Education entered into a three (3) year agreement with the Galion Education Association and with the Ohio Association of Public School Employees. The financial impact of these two

contracts are fully recognized in this forecast submission. The forecast represents salary increases based upon negotiated “step increases” per the collective bargaining agreements with the Galion Education Association and the Ohio Association of Public Employees that end August 14, 2022 and June 30, 2022 respectively. Negotiations with bargaining unit members resulted in an agreement through FY22 that provides for base increases of 3% and 2.5% for FY21 and FY22 respectively. For planning purposes a 0% base amount has been used for FY23-26.

Additional ESSER II and III funds will be allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic. These adjustments will be made when the plans have been approved in the state CCIP program and the required hearings for ESSER III have taken place. Interim final rules for ESSER III were just released on April 22, 2021.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	\$9,478,998	\$9,521,183	\$9,664,001	\$9,808,961	\$9,956,095
Steps & Training	142,185	142,818	144,960	147,134	149,341
Substitutes	216,000	216,000	216,000	216,000	216,000
Supplementals	351,750	351,750	351,750	351,750	351,750
Staff Reductions/Attrition	(100,000)	0	0	0	0
Total Wages Line #3.010	<u>\$10,088,933</u>	<u>\$10,231,751</u>	<u>\$10,376,711</u>	<u>\$10,523,845</u>	<u>\$10,673,186</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

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. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The District participates in the Wyandot-Crawford Health Benefit Plan (Plan) to provide major medical, prescription and dental coverage for participating employees. The Plan is a public entity shared risk pool. The Plan pays all claims for covered participants and provides for stop loss coverage for claims in excess of \$200,000. Major medical claims are reviewed by the District on a monthly basis and analyzed daily by the Plan administrator. We are estimating rate increases of 3.0% for FY21, 4% for FY22, 4.6% for FY23 and 5% for FY24-26 which reflects trend and the likely increase in health care costs. This is based on our current employee census and claims data. Renewal occurs January 1 each year.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be about .05% of wages FY22– FY26. Unemployment is expected to remain at a very low level FY22-FY26. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

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

Estimated Fringe Benefits – Line #3.020

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
A) STRS/SERS	\$1,744,216	\$1,765,686	\$1,790,979	\$1,816,652	\$1,842,710
B) Insurance's	2,818,910	2,988,045	3,137,447	3,294,319	3,459,035
C) Workers Comp/Unemployment	51,445	52,159	52,884	53,619	54,366
D) Medicare	143,835	149,588	155,572	161,795	168,267
Other/Tuition	<u>21,553</u>	<u>21,553</u>	<u>21,553</u>	<u>21,553</u>	<u>21,553</u>
Total Fringe Benefits Line #3.020	<u>\$4,779,959</u>	<u>\$4,977,031</u>	<u>\$5,158,435</u>	<u>\$5,347,938</u>	<u>\$5,545,931</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 amount below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five year forecast. College Credit Pus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

With HB110 Purchased Services now comprise 15% of the total District Expenditure budget. This includes professional fees (legal, property and casualty insurance, lease payments), data and telecommunication fees, and physical plant expenditures (utilities, trash/snow removal). These expenses are forecast at a minimal increases year over year, FY22-FY26 based on historical trends.

Additional ESSER II and III funds will be allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Base Services	\$99,930	\$100,929	\$101,938	\$102,957	\$103,987
Excess Cost County ESC	12,081	12,202	12,324	12,447	12,571
Open Enrollment Deduction-477	0	0	0	0	0
Community School Deductions-478	0	0	0	0	0
Tuition, CC+ and Ed Scholarship-479	609,521	615,616	621,772	627,990	634,270
Professional Support 41x	1,085,891	1,228,750	1,241,038	1,253,448	1,265,982
Building Maintenance Repairs 42x	395,601	399,557	403,553	407,589	411,665
Utilities	<u>526,789</u>	<u>547,861</u>	<u>569,775</u>	<u>592,566</u>	<u>616,269</u>
Total Purchased Services Line #3.030	<u>\$2,729,813</u>	<u>\$2,904,915</u>	<u>\$2,950,400</u>	<u>\$2,996,997</u>	<u>\$3,044,744</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.

Additional ESSER II and III funds will be allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Supplies	\$356,000	\$356,000	\$356,000	\$356,000	\$356,000
Textbooks	1,796	1,796	1,796	1,796	1,796
Building Maintenance	86,658	86,658	86,658	86,658	86,658
Transportation	<u>101,398</u>	<u>101,905</u>	<u>102,415</u>	<u>102,927</u>	<u>103,442</u>
Total Supplies Line #3.040	<u>\$545,852</u>	<u>\$546,359</u>	<u>\$546,869</u>	<u>\$547,381</u>	<u>\$547,896</u>

Equipment – Line # 3.050

These items are projected at a minimal increase year over year 2022-2026. In addition the District has projected a small amount in capital outlays to plan for the disposition and replacement of aging equipment such as lawn mowers, hydraulic lift jacks and other related machinery to maintain a District of 60 acres of land and various facilities totaling 325,000 square feet. The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

Additional ESSER II and III funds will be allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset the COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Capital Outlay	<u>\$36,750</u>	<u>\$13,750</u>	<u>\$38,750</u>	<u>\$15,750</u>	<u>\$15,750</u>
Replacement Bus Purchases	\$0	\$0	\$0	\$0	\$0
Budget Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$36,750</u>	<u>\$13,750</u>	<u>\$38,750</u>	<u>\$15,750</u>	<u>\$15,750</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 1% increase is projected in this area.

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
County Auditor & Treasurer Fees	\$130,256	\$131,559	\$132,875	\$134,204	\$135,546
County ESC	10,000	10,000	10,000	10,000	10,000
Other expenses	<u>41,346</u>	<u>42,586</u>	<u>43,864</u>	<u>45,180</u>	<u>46,535</u>
Total Other Expenses Line #4.300	<u>\$181,602</u>	<u>\$184,145</u>	<u>\$186,739</u>	<u>\$189,384</u>	<u>\$192,081</u>

Transfers Out/Advances Out – Line# 5.010

Amounts in this category reflect transfers from the general fund to the following funds, Permanent Improvement, Severance, High School Athletics and Campus Wear. The District does not have a voter approved Permanent Improvement Levy, but the required year-end balance in the Permanent Improvement Fund, per House Bill 59, is approximately \$360,000.

Each year all Casino receipts, estimated at approximately \$99,000 per year, are transferred to the Permanent Improvement Fund. In addition, provisions have been made in Fiscal 2022-2026 to transfer funds to Permanent Improvement to cover the costs of school bus garage payment, HB264 payback, network and uninterrupted

power source components, overhead projectors, one to one devices for students, maintenance vehicles, Heise Park improvements including bleachers, press box and running track and District parking lots.

Severance costs are also included as operating transfers out to minimize the impact on the general fund for retirements and other expenses associated with the termination of employment. Lastly the District has a campus wide dress code and provides financial support for those families who are not able to afford the approved dress code attire.

Source	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Operating Transfers Out Line #5.010	\$25,000	\$275,000	\$275,000	\$275,000	\$275,000
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>\$525,000</u>	<u>\$275,000</u>	<u>\$275,000</u>	<u>\$275,000</u>	<u>\$275,000</u>

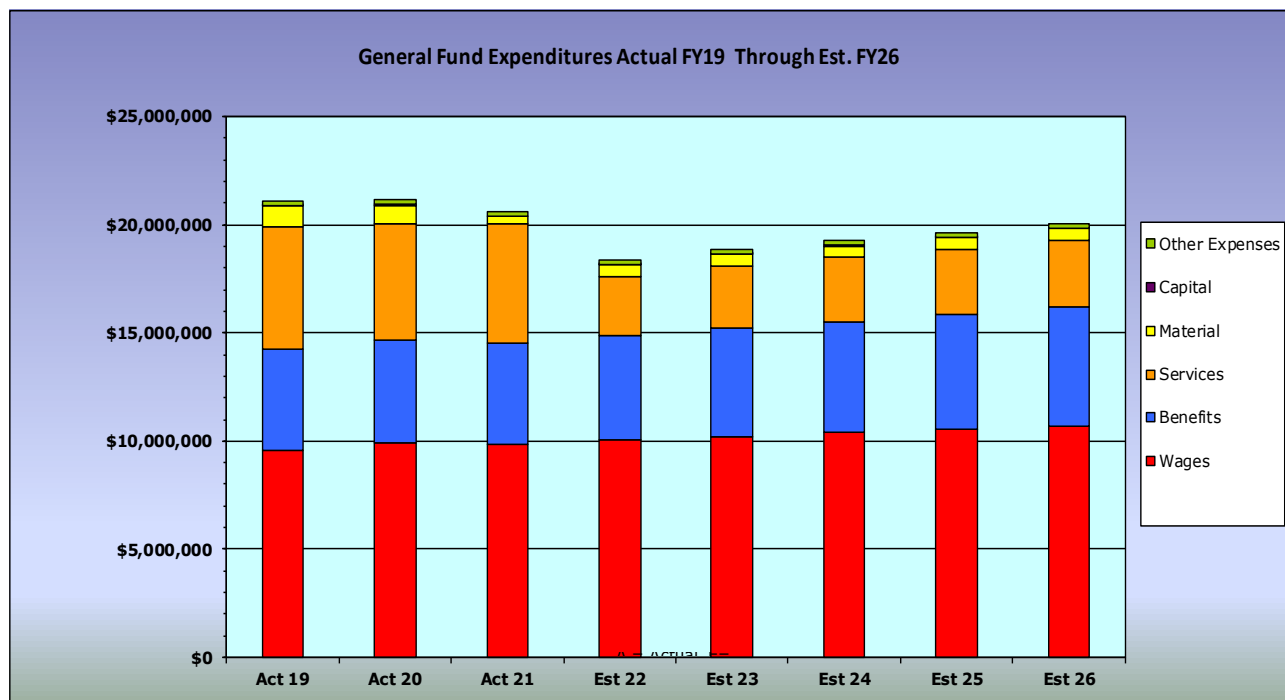
Encumbrances –Line#8.010

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>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Estimated Encumbrances	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-FY26

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



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

This amount must not go below \$0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a

violation of 5705.412, ORC punishable by personal liability of \$10,000. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance.

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Ending Unencumbered Cash Balance	<u>\$4,547,552</u>	<u>\$4,489,588</u>	<u>\$4,062,329</u>	<u>\$3,312,491</u>	<u>\$2,200,160</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 should be no less than thirty (30) at a minimum. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves. The graph below includes revenue assuming the renewal levy is approved.

