GALION CITY SCHOOL DISTRICT-CRAWFORD COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022, and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024, THROUGH JUNE 30, 2028

Forecast Provided By
Galion City School District
Treasurer's Office
Charlene Parkinson, Treasurer
November 21, 2023

Galion City School District – Crawford County
Notes to the Five Year Forecast
General Fund Only
November 21, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum when required under the 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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

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

Here are three essential purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
(2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
(3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

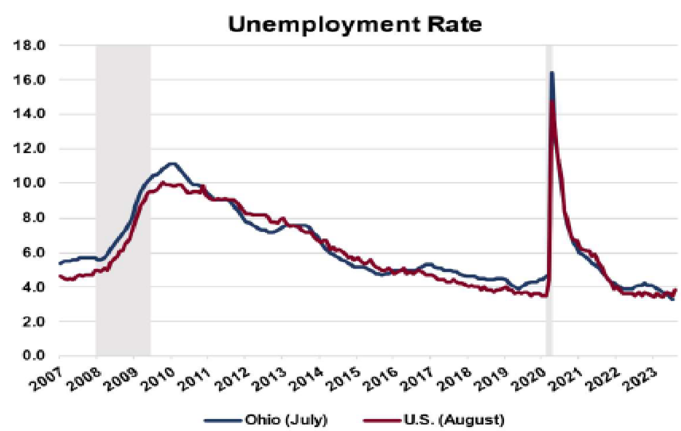
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar

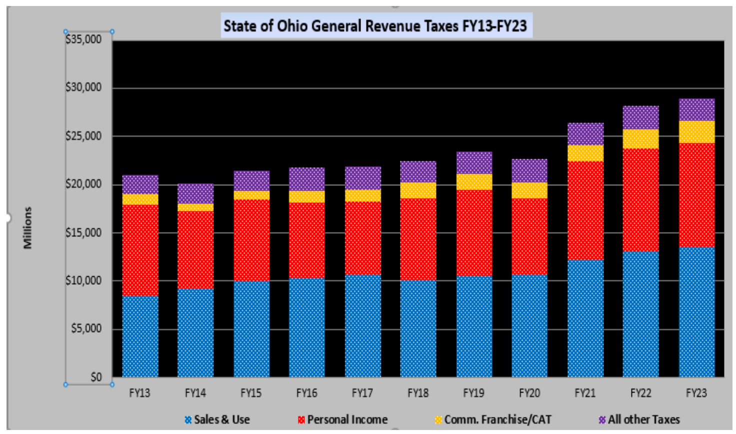
2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund is at $3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio's school districts.



Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) The state budget represented 73.3% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair

School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what-the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

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

3) Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 26.7% of the district's resources. Our tax collections in the March 2023 and August 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

4) Being in three different counties can pose many challenges in determining the increases or decreases in values. Crawford County had an update in 2021. Morrow and Richland counties had a reappraisal update in 2020 with a full reappraisal occurring in 2023. Crawford's 2021 update provided an increase in values overall of $20.68 million or 12.04%. Additionally, we estimate their reappraisal in 2024 to provide an increase in values overall of $5.47 million or 2.82%. Morrow and Richland counties reappraisal update in 2020 provided an increase in overall values of $493,980 or 0.29% increase. We estimate the 2023 reappraisal will provide an increase in overall values at $1.57 million or 0.81%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now. House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2023 and 2024 reappraisal. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

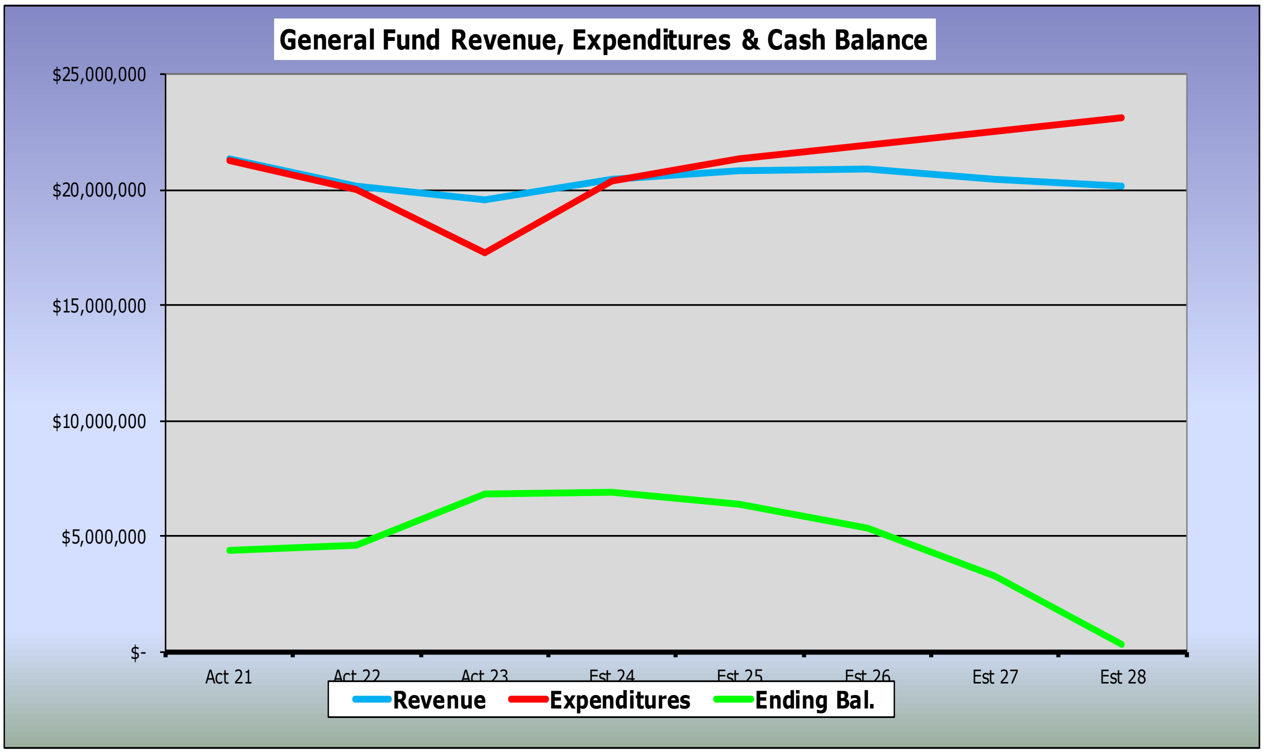
5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid,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

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. Our positive working relationship will continue and grow stronger as we move forward.

The significant 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 assist the reader in reviewing the assumptions noted below to understand the overall financial forecast for our district. If you want further information, please contact Charlene Parkinson, Treasurer/CFO, at 419.468.3432 x11003.

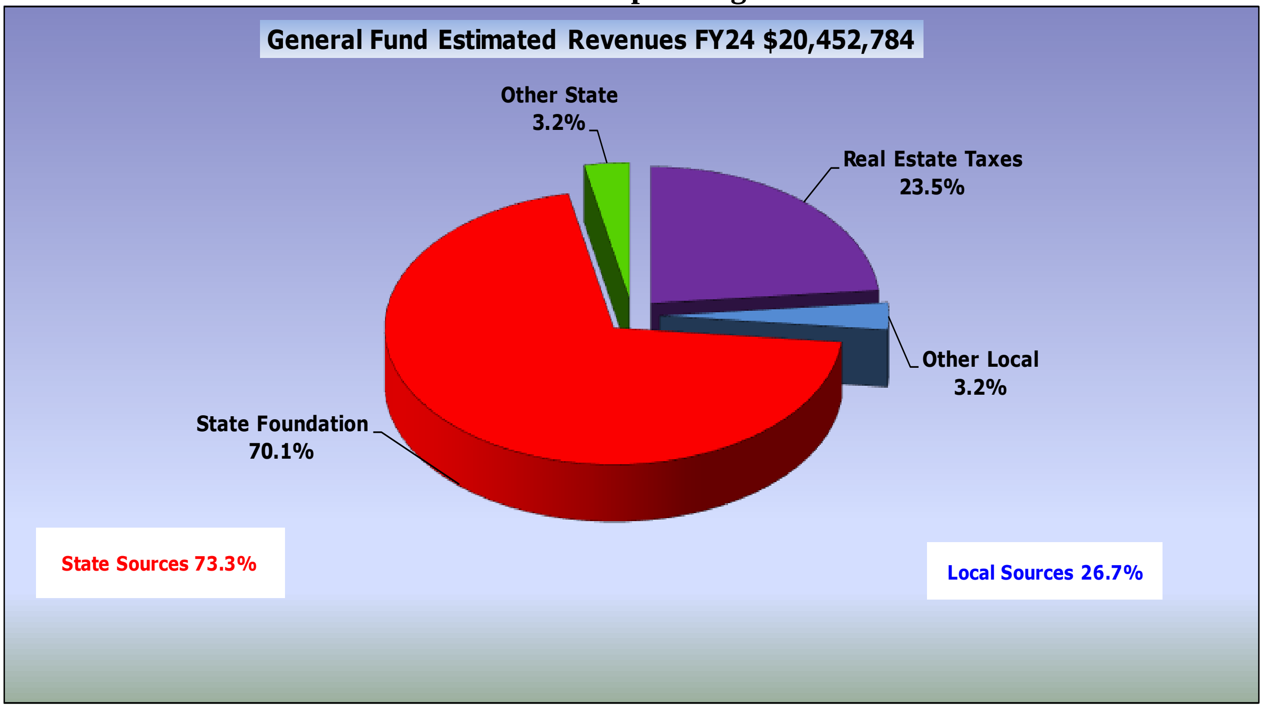
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

The graph captures in one snapshot the operating scenario facing the District over the next few years. The drop in costs in FY22 below is due to the state of Ohio paying school choice costs directly to the educating entity and not deducting these costs from our state foundation funds, per HB110 our new state budget. Our foundation funds also dropped as these students were included in our state funding prior to FY22. Our FY22 expenses paid on our behalf fell more than the revenue so we were a net benefactor in FY22 in the revised state funding method.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY24



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 an update for the 2021 tax year to be collected in 2022. Residential/agricultural values increased 12.96% or $18.2 million due to the reappraisal update led by an improving housing market. Commercial/industrial values increased 1.68% or $523,680, this is an overall increase by $20.68 million or 12.04%. Morrow and Richland counties experienced a reappraisal update in tax year 2020 to be collected in 2021.

A reappraisal will occur in Crawford County in 2024 for collection in FY25 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.

Public Utility Personal Property (PUPP) values increased by $938,810 in Tax Year 2022. We expect our values to continue to grow by $250,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	$161,707,073	$166,588,285	$166,618,285	$168,314,468	$173,393,902
Comm./Ind.	32,628,650	33,221,223	33,161,223	33,101,223	33,703,247
Public Utility Personal Property (PUPP)	7,056,140	7,306,140	7,556,140	7,806,140	8,056,140
Total Assessed Value	$201,391,863	$207,115,648	$207,335,648	$209,221,831	$215,153,290

Estimated Real Estate Tax (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
General Property Taxes	$4,453,719	$4,545,796	$4,561,969	$4,165,572	$3,936,652

Property tax levies are estimated to be collected at 95% of the annual amount. This allows a 5% delinquency factor. In general, 56.50% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 43.50% in the August tax settlement.

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.

Source	FY24	FY25	FY26	FY27	FY28
Renewal of 7.73 Mill Operating levy-Line #11.02	$0	$0	$0	$568,553	$993,261

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above under P.U. Personal, which was $6.81 million in assessed values in 2022 and is collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2022 rose by .62% or $938,810 and are expected to grow by $250,000 each year of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property - Line #1.020	$345,849	$375,593	$388,651	$369,124	$353,381

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue– Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

A. Student Population and Demographics
B. Property Valuation Per Pupil

C. Personal Income of District Residents Per Pupil
D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of $8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is 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 multiplied by the local share multiplier index for each district. The result is the local per pupil capacity 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). It 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, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) – Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

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

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

Future State Budget Projections beyond FY25

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

Casino Revenue

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or $42.18 per pupil. In FY22, the funding was increased to $109.39 million for schools or $62.86 per pupil, and in FY23, the funding totaled $113.1 million or $64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$12,626,413	$12,910,256	$12,910,256	$12,910,256	$12,910,256
Additional Aid Items	483,119	483,119	483,119	483,119	483,119
Basic Aid-Unrestricted Subtotal	13,109,532	13,393,375	13,393,375	13,393,375	13,393,375
Ohio Casino Commission ODT	111,472	112,347	113,212	114,067	114,912
Total Unrestricted State Aid - Line #1.035	$13,221,004	$13,505,722	$13,506,587	$13,507,442	$13,508,287

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	$545,619	$545,619	$545,619	$545,619	$545,619
Career Tech	105,464	105,464	105,464	105,464	105,464
Gifted Supplement	101,628	101,628	101,628	101,628	101,628
ESL	2,674	2,674	2,674	2,674	2,674
Student Wellness	370,045	370,045	370,045	370,045	370,045
Total Restricted State Revenues - Line #1.040	$1,125,430	$1,125,430	$1,125,430	$1,125,430	$1,125,430

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY24	FY25	FY26	FY27	FY28
Unrestricted - Line #1.035	$13,221,004	$13,505,722	$13,506,587	$13,507,442	$13,508,287
Restricted - Line #1.040	1,125,430	1,125,430	1,125,430	1,125,430	1,125,430
Restricted Federal - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$14,346,434	$14,631,152	$14,632,017	$14,632,872	$14,633,717

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

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

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 or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that 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 and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead - Line #1.05	$651,609	$655,817	$657,856	$612,145	$574,753

Other Local Revenues – Line #1.060
All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid. The small amounts noted in the table below are for pre-school Open Enrolled students that do not fall in the formula.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Gross	$7,358	$7,432	$7,506	$7,581	$7,657
Interest	111,013	111,013	111,013	111,013	111,013
Medicaid & CAT Aid	205,993	208,050	210,128	212,226	214,345
Tuitions	69,606	70,302	71,005	71,715	72,432
Other Income and rentals	261,203	261,203	261,203	261,203	261,203
Total Line # 1.060	$655,173	$658,000	$660,855	$663,738	$666,650

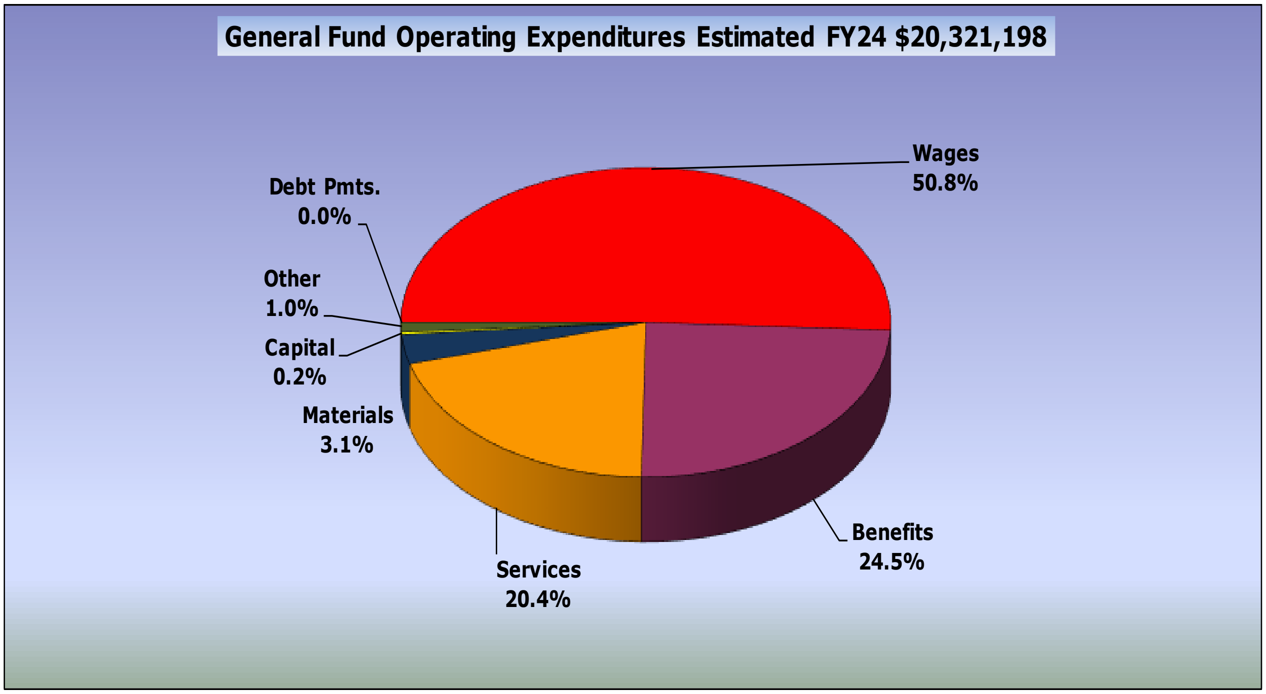
Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing projected in this forecast.

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 FY24. 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 FY24



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. increases of 3% and 2.5% for FY21 and FY22 respectively.

Negotiations with bargaining unit members resulted in an agreement to include base increases of 3.0% through FY25. For planning purposes a 0% base amount has been used for FY26-28. We have used ESSER funds in FY22-24 to help offset wage costs.

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. We have added back wage costs that were paid from ESSER funds in FY24 and other adjustments noted for attrition.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$7,131,538	$9,970,457	$10,286,014	$10,503,304	$10,723,854
Steps & Training	106,973	149,557	154,290	157,550	160,858
Substitutes	216,000	216,000	216,000	216,000	216,000
Supplementals	351,750	351,750	351,750	351,750	351,750
Staff Adjustments SWSF & ESSER	2,518,000	166,000	63,000	63,000	63,000
Total Wages - Line #3.010	$10,324,261	$10,853,764	$11,071,054	$11,291,604	$11,515,462

Fringe Benefits Estimates - Line #3.02
This area of the forecast captures all benefits and retirement costs. These payments and HSA costs are included in the table below.

A) STRS/SERS
As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, 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 experienced a rate increases of 6% for FY23 and are estimating 5% for FY24-28 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.

C) Workers Compensation & Unemployment Compensation
Workers' Compensation is expected to be approximately .5% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY24-FY28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare
Medicare will continue to increase at the rate of wage increases 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	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$1,695,000	$1,868,493	$1,909,958	$1,948,440	$1,987,499
B) Insurance's	3,049,262	3,201,725	3,376,931	3,560,898	3,754,063
C) Workers Comp/Unemployment	40,000	41,000	45,000	48,000	50,000
D) Medicare	158,077	164,400	170,976	177,815	184,928
Other/Tuition	30,399	30,399	30,399	30,399	30,399
Total Fringe Benefits - Line #3.020	$4,972,738	$5,306,017	$5,533,264	$5,765,552	$6,006,889

Purchased Services – Line #3.030
HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM

schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SROs and then returned these costs to the General Fund in FY23-28.

Source	FY24	FY25	FY26	FY27	FY28
Base Services	$158,021	$159,601	$161,197	$162,809	$164,437
Excess Cost County ESC	264,388	267,032	269,702	272,399	275,123
Open Enrollment Deduction-477	0	0	0	0	0
Community School Deductions-478	0	0	0	0	0
Tuition, CC+ and Ed Scholarship-479	430,006	434,306	438,649	443,035	447,465
Professional Support 41x	2,325,185	2,368,437	2,412,121	2,456,242	2,500,804
Building Maintenance Repairs 42x	315,405	318,559	321,745	324,962	328,212
Utilities	648,392	674,328	701,301	729,353	758,527
Total Purchased Services - Line #3.030	$4,141,397	$4,222,263	$4,304,715	$4,388,800	$4,474,568

Supplies and Materials – Line #3.040
Expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, and bus fuel.

Source	FY24	FY25	FY26	FY27	FY28
Supplies	$248,354	$273,354	$321,354	$369,354	$417,354
Textbooks	2,215	2,215	2,215	2,215	2,215
Building Maintenance	134,894	134,894	134,894	134,894	134,894
Transportation	237,963	239,153	240,349	241,551	242,759
Total Supplies - Line #3.040	$623,426	$649,616	$698,812	$748,014	$797,222

Equipment – Line # 3.050
The District does not anticipate costs increasing significantly in this line because the Permanent Improvement Fund pays most capital outlay.

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay	50,000	50,000	50,000	50,000	50,000
Total Equipment - Line #3.050	$50,000	$50,000	$50,000	$50,000	$50,000

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	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$133,442	$134,776	$136,124	$137,485	$138,860
County ESC	25,000	25,000	25,000	25,000	25,000
Other expenses	50,934	52,462	54,036	55,657	57,327
Total Other Expenses - Line #4.300	$209,376	$212,238	$215,160	$218,142	$221,187

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.

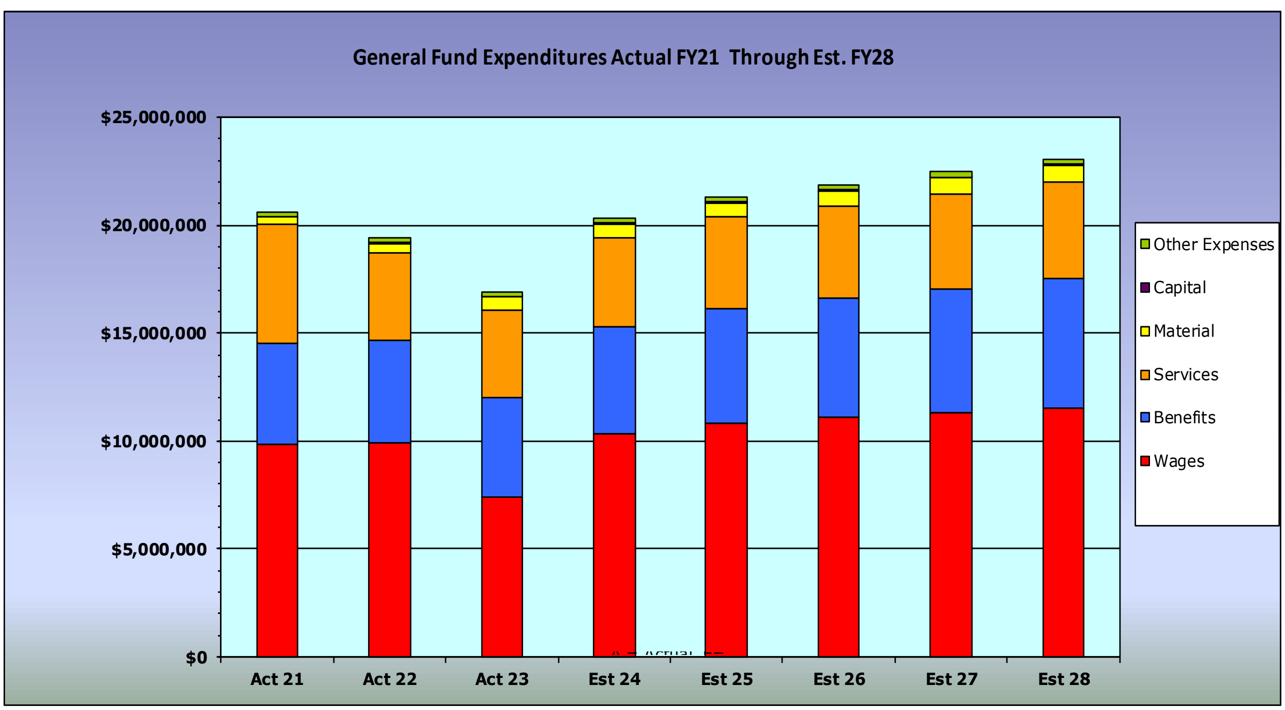
Severance costs are also included as operating transfers out to minimize the impact on the general fund for retirements and other expenses associated with the termination of employment. Lastly the District has a campus wide dress code and provides financial support for those families who are not able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

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out - Line #5.010	$70,000	$70,000	$70,000	$70,000	$70,000
Advances Out - Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$70,000	$70,000	$70,000	$70,000	$70,000

Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	$20,000	$20,000	$20,000	$20,000	$20,000

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28
As the graph on the following page indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



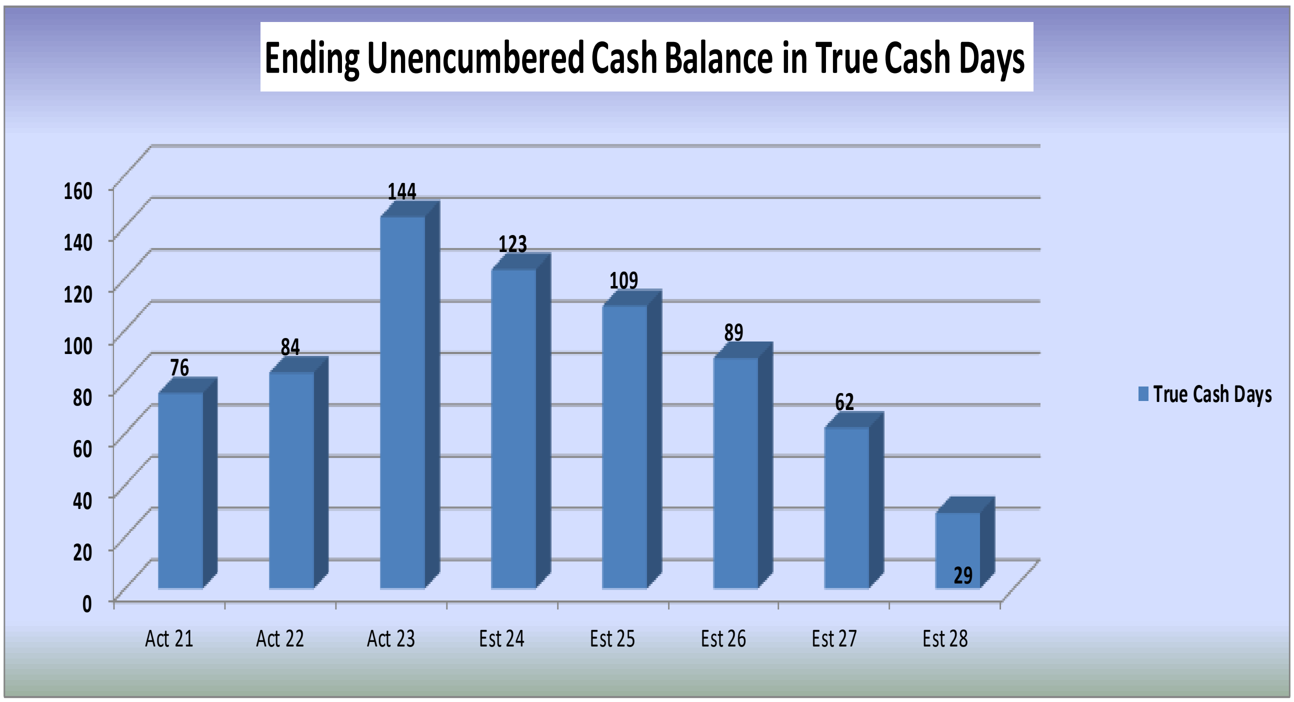
Ending Unencumbered Cash Balance "The Bottom-line"– Line#15.010

This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violates 5705.412, ORC, punishable by the personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $1.7 million for our district.

	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	$6,899,206	$6,401,666	$5,360,009	$3,839,901	$1,862,987

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) = the number of days the district could operate without additional resources or a severe resource interruption. The government Finance Officers Association recommends that no less than two (2) months or 60 days of cash is on hand at year-end. Still, it 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.



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