# 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**

**May 18, 2022**

# 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 | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Average Change | 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% | $4,554,704 | $4,461,656 | $4,474,019 | $4,495,083 | $4,511,185 |
| 1.020 | Public Utility Personal Property Tax | 220,959 | 246,736 | 225,846 | 1.6% | 387,470 | 312,979 | 326,037 | 339,094 | 352,152 |
| 1.030 | Income Tax | - | - | - | 0.0% | - | - | - | - | - |
| 1.035 | Unrestricted State Grants-in-Aid | 13,946,709 | 13,780,832 | 13,738,579 | -0.7% | 11,882,147 | 11,868,835 | 11,869,652 | 11,870,459 | 11,871,255 |
| 1.040 | Restricted State Grants-in-Aid | 738,642 | 748,964 | 664,263 | -5.0% | 1,002,024 | 1,031,713 | 1,031,713 | 1,031,713 | 1,031,713 |
| 1.045 | Restricted Federal Grants In Aid | - | - | - | 0.0% | - | - | - | - | - |
| 1.050 | Property Tax Allocation | 689,620 | 676,846 | 674,598 | -1.1% | 659,997 | 676,589 | 677,616 | 680,284 | 682,402 |
| 1.060 | All Other Revenues | 1,370,221 | 1,457,969 | 1,446,646 | 2.8% | 976,335 | 980,379 | 984,464 | 988,590 | 992,757 |
| 1.070 | *Total Revenues* | 21,199,928 | 21,249,335 | 21,036,531 | -0.4% | 19,462,677 | 19,332,151 | 19,363,501 | 19,405,223 | 19,441,464 |
| | **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% | 586 | - | - | - | - |
| 2.070 | *Total Other Financing Sources* | 1,793 | 0 | 298,143 | 0.0% | 586 | - | - | - | - |
| 2.080 | *Total Revenues and Other Financing Sources* | 21,201,721 | 21,249,335 | 21,334,674 | 0.3% | 19,463,263 | 19,332,151 | 19,363,501 | 19,405,223 | 19,441,464 |
| | **Expenditures** | | | | | | | | | |
| 3.010 | Personal Services | $9,594,873 | $9,887,462 | $9,876,960 | 1.5% | $9,898,933 | $7,188,901 | $10,500,218 | $10,815,205 | $11,031,917 |
| 3.020 | Employees' Retirement/Insurance Benefits | 4,683,881 | 4,779,834 | 4,676,656 | -0.1% | 4,715,809 | 3,886,832 | 5,034,770 | 5,184,372 | 5,374,222 |
| 3.030 | Purchased Services | 5,600,218 | 5,357,177 | 5,484,978 | -1.0% | 3,894,813 | 3,700,065 | 3,709,501 | 3,783,689 | 3,859,303 |
| 3.040 | Supplies and Materials | 995,965 | 884,198 | 378,969 | -34.2% | 390,473 | 400,980 | 426,490 | 452,002 | 500,517 |
| 3.050 | Capital Outlay | 5,750 | 55,363 | - | 381.4% | 75,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 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% | 191,602 | 199,145 | 251,739 | 249,384 | 247,081 |
| 4.500 | *Total Expenditures* | 21,076,429 | 21,143,030 | 20,589,414 | -1.2% | 19,166,630 | $15,425,922 | 19,972,718 | 20,534,652 | 21,063,039 |
| | **Other Financing Uses** | | | | | | | | | |
| 5.010 | Operating Transfers-Out | $135,489 | $438,225 | $700,441 | 141.6% | $140,000 | $20,000 | $20,000 | $20,000 | $20,000 |
| 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% | 140,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| 5.050 | *Total Expenditures and Other Financing Uses* | 21,211,918 | 21,581,255 | 21,289,855 | 0.2% | 19,306,630 | 15,445,922 | 19,992,718 | 20,554,652 | 21,083,039 |
| 6.010 | *Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses* | (10,197) | (331,920) | 44,819 | 1520.8% | 156,633 | 3,886,229 | (629,217) | (1,149,429) | (1,641,575) |
| 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 | 4,565,968 | 8,452,197 | 7,822,980 | 6,673,551 |
| 7.020 | *Cash Balance June 30* | 4,696,436 | 4,364,516 | 4,409,335 | -3.0% | 4,565,968 | 8,452,197 | 7,822,980 | 6,673,551 | 5,031,975 |
| 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% | - | - | - | - | - |
| 10.010 | *Fund Balance June 30 for Certification of Appropriations* | 4,696,436 | 4,364,516 | 4,392,721 | -3.2% | 4,545,968 | 8,432,197 | 7,802,980 | 6,653,551 | 5,011,975 |

# 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 | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Average Change | 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 | *Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations* | 4,696,436 | 4,364,516 | 4,392,721 | -3.2% | 4,545,968 | 8,432,197 | 7,802,980 | 6,653,551 | 5,011,975 |
| | **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 | *Unreserved Fund Balance June 30* | $4,696,436 | $4,364,516 | $4,392,721 | -3.2% | $4,545,968 | $8,432,197 | $7,802,980 | $6,653,551 | $5,011,975 |

**Galion City School District – Crawford County**
**Notes to the Five Year Forecast**
**General Fund Only**
**May 18, 2022**

## Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2022 filing.

## Economic Outlook

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

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

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

**May 2022 Updates:**

**Revenues FY22:**

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $19,462,677 or 2.19% higher than the November forecasted amount of $19,046,126. This indicates the November forecast was 97.81% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 25.4% and are estimated to be $4,942,174 which is $153,944 higher for FY22 than the original estimate of $4,788,230. Our estimates are 96.89% accurate for FY22 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order to project anticipated funding. In January of 2022 the first formula calculations were released in part by the Ohio Department of Education. While there are still details unpublished at this time we can see that through early April our state aid is estimated to be $12,884,171 which is $89,761 lower than the original estimate for FY22. We are pleased that with very little detail we were able to be 99.31% accurate for FY22. We are currently one of the three guarantees and are expected to remain on a guarantee for FY23 through FY26.

Line 1.06 - Other revenues are up $360,149 over original estimates primarily due to Medicaid reimbursements and funds from Mid-Ohio ESC, and added miscellaneous revenue received by the district that is unpredictable.

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

**Expenditures FY22:**

Total General Fund expenditures (line 4.5) are estimated to be $19,166,630 for FY22 which is $803,721 higher than the original estimate of $18,362,909 in the November forecast, which is roughly 95.81% on target with original estimates. The expenditure line most significantly over projection is Purchased Services (line 3.03) due to additional unexpected costs.

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

**Unreserved Ending Cash Balance:**

With revenues increasing over estimates and expenditures ending most on target, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $4,545,968. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 if assumptions we have made for property tax collections, state aid in future state budgets and expenditure assumptions remain close to our estimates.

**Forecast Risks and Uncertainty:**

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) The State Budget represents 69.6% of district revenues and is an area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic downturn. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

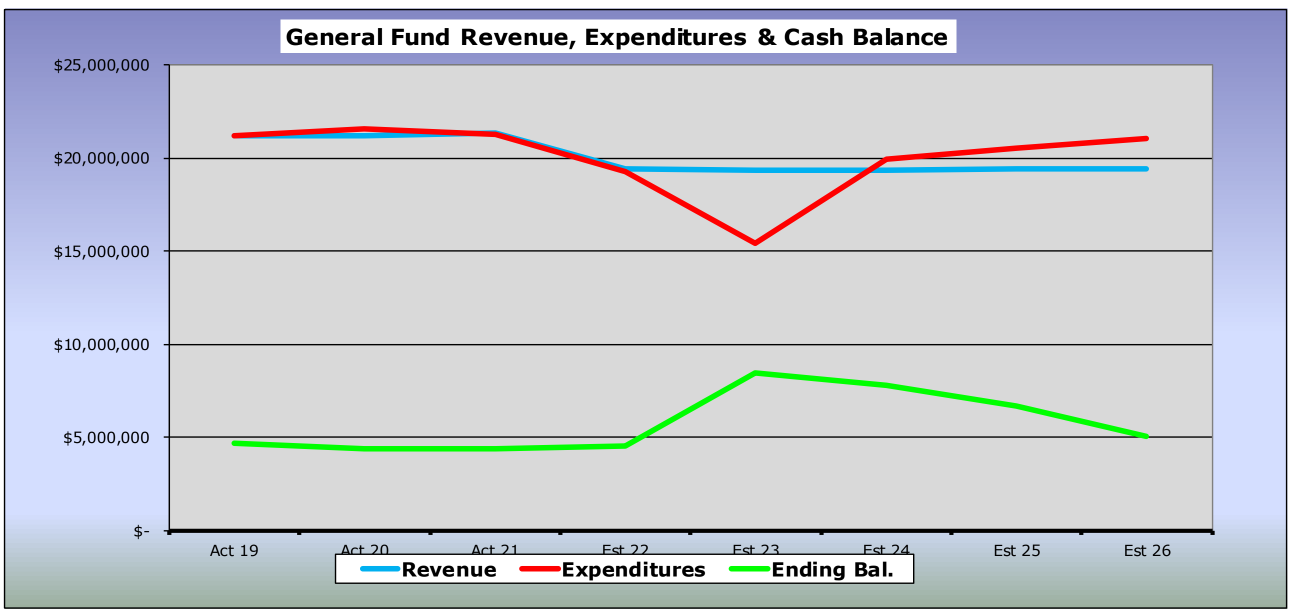
2) Property tax collections are 25.4% of revenues which is the second largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 30.4% of the district's resources. Our tax collections in the August 2021 and March 2022 settlements were on target with original estimates. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

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 $20.48 million or 11.92%. Additionally, we estimate their reappraisal in 2024 to provide an increase in values overall of $5.45 million or 2.81%. 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.

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

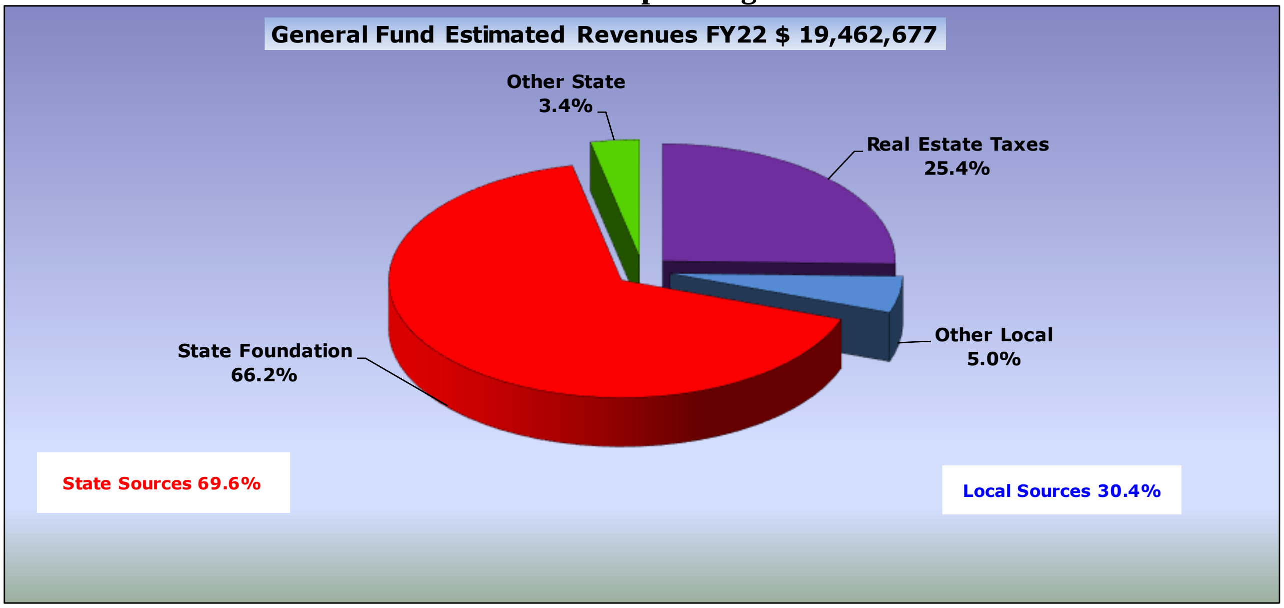
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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. 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 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 an update for the 2021 tax year to be collected in 2022. Residential/agricultural values increased 13.17% or $18.52 million due to the reappraisal update led by an improving housing market. Commercial/industrial values increased 6.3% or $1.97 million, this is an overall increase by $20.48 million or 11.92%. 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 2025 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**

| | Actual | 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. | $159,081,440 | $159,111,440 | $160,732,554 | $165,584,531 | $165,614,531 |
| Comm./Ind. | 33,195,460 | 33,135,460 | 33,075,460 | 33,676,969 | 33,616,969 |
| Public Utility Personal Property (PUPP) | 5,867,330 | 6,117,330 | 6,367,330 | 6,617,330 | 6,867,330 |
| Total Assessed Value | $198,144,230 | $198,364,230 | $200,175,344 | $205,878,830 | $206,098,830 |

**Estimated Real Estate Tax (Line #1.010)**

| Source | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| General Property Taxes | $4,554,704 | $4,461,656 | $4,474,019 | $4,495,083 | $4,511,185 |

Property tax levies are estimated to be collected at 95% of the annual amount. This allows 5% delinquency factor. In general, 55.6% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 44.40% collected 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.

**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) | $387,470 | $312,979 | $326,037 | $339,094 | $352,152 |

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

**A) Unrestricted State Foundation Revenue– Line #1.035**
The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a **guarantee** district in FY22 and is **expected to be a guarantee district** FY23-FY26 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 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 Per Pupil
C. Personal Income of District Residents Per Pupil
D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district. Newer more up to date state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes funding for five (5) areas:

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

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

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then multiplied by a Local Share Multiplier Index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount.

**Categorical State Aid**
In addition to the base state foundation funding calculated above the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid
1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.

**State Funding Phase-In FY22 and FY23 and Guarantees**

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

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

**Student Wellness and Success (Restricted Fund 467)**

In FY20 and FY21 HB166, provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110 the new state budget essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until spent fully.

**Future State Budget Projections beyond FY23**

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

**Casino Revenue**

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

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

| Source | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Basic Aid-Unrestricted | $11,401,547 | $11,387,372 | $11,387,372 | $11,387,372 | $11,387,372 |
| Additional Aid Items | 374,941 | 374,941 | 374,941 | 374,941 | 374,941 |
| Basic Aid-Unrestricted Subtotal | 11,776,488 | 11,762,313 | 11,762,313 | 11,762,313 | 11,762,313 |
| Ohio Casino Commission ODT | 105,659 | 106,522 | 107,339 | 108,146 | 108,942 |
| Total Unrestricted State Aid Line # 1.035 | $11,882,147 | $11,868,835 | $11,869,652 | $11,870,459 | $11,871,255 |

**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 | $461,115 | $493,618 | $493,618 | $493,618 | $493,618 |
| Career Tech | 96,177 | 90,683 | 90,683 | 90,683 | 90,683 |
| Gifted Supplement | 92,017 | 94,934 | 94,934 | 94,934 | 94,934 |
| ESL | 1,951 | 1,714 | 1,714 | 1,714 | 1,714 |
| Student Wellness | 350,764 | 350,764 | 350,764 | 350,764 | 350,764 |
| Total Restricted State Revenues Line #1.040 | $1,002,024 | $1,031,713 | $1,031,713 | $1,031,713 | $1,031,713 |

**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 | $11,882,147 | $11,868,835 | $11,869,652 | $11,870,459 | $11,871,255 |
| Restricted Line # 1.040 | $1,002,024 | $1,031,713 | $1,031,713 | $1,031,713 | $1,031,713 |
| Restricted Federal - Line #1.045 | 0 | 0 | 0 | 0 | 0 |
| Total State Foundation Revenue | $12,884,171 | $12,900,548 | $12,901,365 | $12,902,172 | $12,902,968 |

**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) | $659,997 | $676,589 | $677,616 | $680,284 | $682,402 |

**Other Local Revenues – Line #1.060**

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, Payment In Lieu of Taxes, 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 return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends FY22-FY26, less the Open Enrollment income noted above.

| 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 | 567,958 | 567,958 | 567,958 | 567,958 | 567,958 |
| Total Line # 1.060 | $976,335 | $980,379 | $984,464 | $988,590 | $992,757 |

**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.

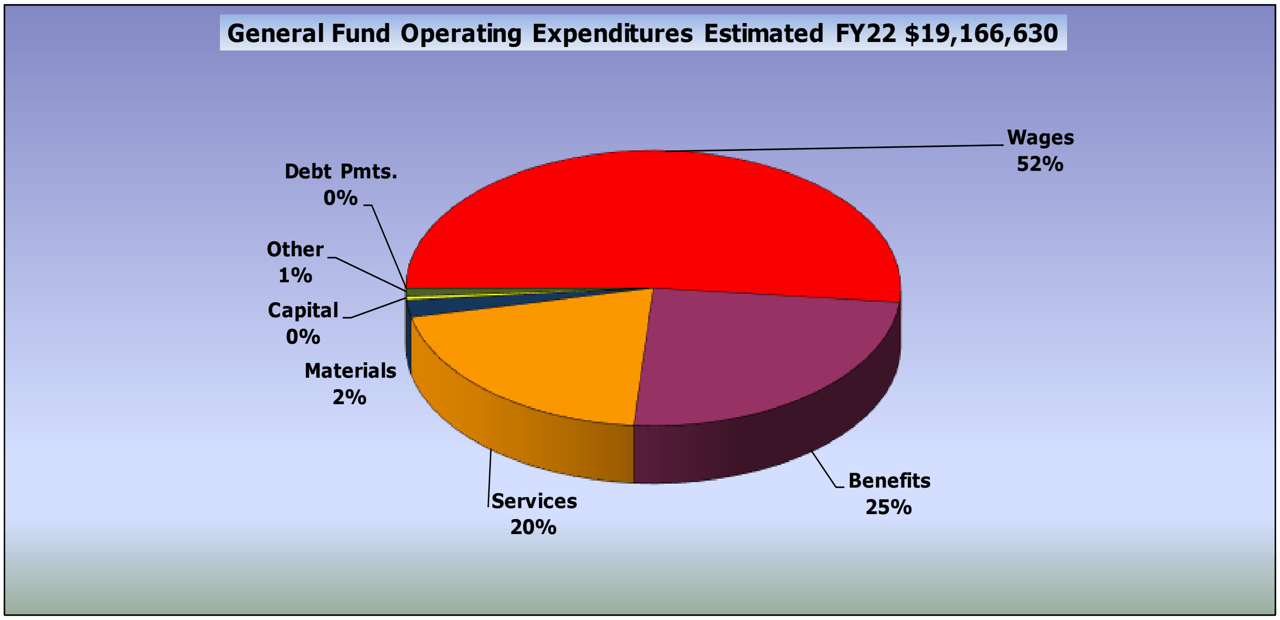
**All Other Financial Sources – Line #2.060**

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 | $9,331,183 | $6,621,151 | $9,932,468 | $10,247,455 |
| Steps & Training | 142,185 | 139,968 | 99,317 | 148,987 | 153,712 |
| 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 | (290,000) | (2,850,000) | 3,212,000 | 166,000 | 63,000 |
| Total Wages Line #3.010 | $9,898,933 | $7,188,901 | $10,500,218 | $10,815,205 | $11,031,917 |

**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 4% for FY22, 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 approximately .005% 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 | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| A) STRS/SERS | $1,717,616 | $1,333,037 | $1,701,770 | $1,861,765 | $1,903,130 |
| B) Insurance's | 2,773,310 | 2,255,709 | 3,139,374 | 3,336,183 | 3,518,112 |
| C) Workers Comp/Unemployment | 50,495 | 36,945 | 53,501 | 55,076 | 56,160 |
| D) Medicare | 143,835 | 149,588 | 155,572 | 161,795 | 168,267 |
| Other/Tuition | 30,553 | 111,553 | -15,447 | -230,447 | -271,447 |
| Total Fringe Benefits Line #3.020 | $4,715,809 | $3,886,832 | $5,034,770 | $5,184,372 | $5,374,222 |

**Purchased Services – Line #3.030**
HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 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. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SRO's and then returned these costs to the General Fund in FY22-26.

With HB110 Purchased Services now comprise 20% 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 | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| 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 | 2,250,891 | 2,023,900 | 2,000,139 | 2,040,140 | 2,080,541 |
| Building Maintenance Repairs 42x | 395,601 | 399,557 | 403,553 | 407,589 | 411,665 |
| Utilities | 526,789 | 547,861 | 569,775 | 592,566 | 616,269 |
| Total Purchased Services Line #3.030 | $3,894,813 | $3,700,065 | $3,709,501 | $3,783,689 | $3,859,303 |

**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 | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Supplies | $200,621 | $210,621 | $235,621 | $260,621 | $308,621 |
| Textbooks | 1,796 | 1,796 | 1,796 | 1,796 | 1,796 |
| Building Maintenance | 86,658 | 86,658 | 86,658 | 86,658 | 86,658 |
| Transportation | 101,398 | 101,905 | 102,415 | 102,927 | 103,442 |
| Total Supplies Line #3.040 | $390,473 | $400,980 | $426,490 | $452,002 | $500,517 |

**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 | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Capital Outlay | $75,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| Replacement Bus Purchases | $0 | $0 | $0 | $0 | $0 |
| Budget Reserve | 0 | 0 | 0 | 0 | 0 |
| Total Equipment Line #3.050 | $75,000 | $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 | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| County Auditor & Treasurer Fees | $130,256 | $131,559 | $132,875 | $134,204 | $135,546 |
| County ESC | 20,000 | 25,000 | 75,000 | 70,000 | 65,000 |
| Other expenses | 41,346 | 42,586 | 43,864 | 45,180 | 46,535 |
| Total Other Expenses Line #4.300 | $191,602 | $199,145 | $251,739 | $249,384 | $247,081 |

**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 $105,000 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.

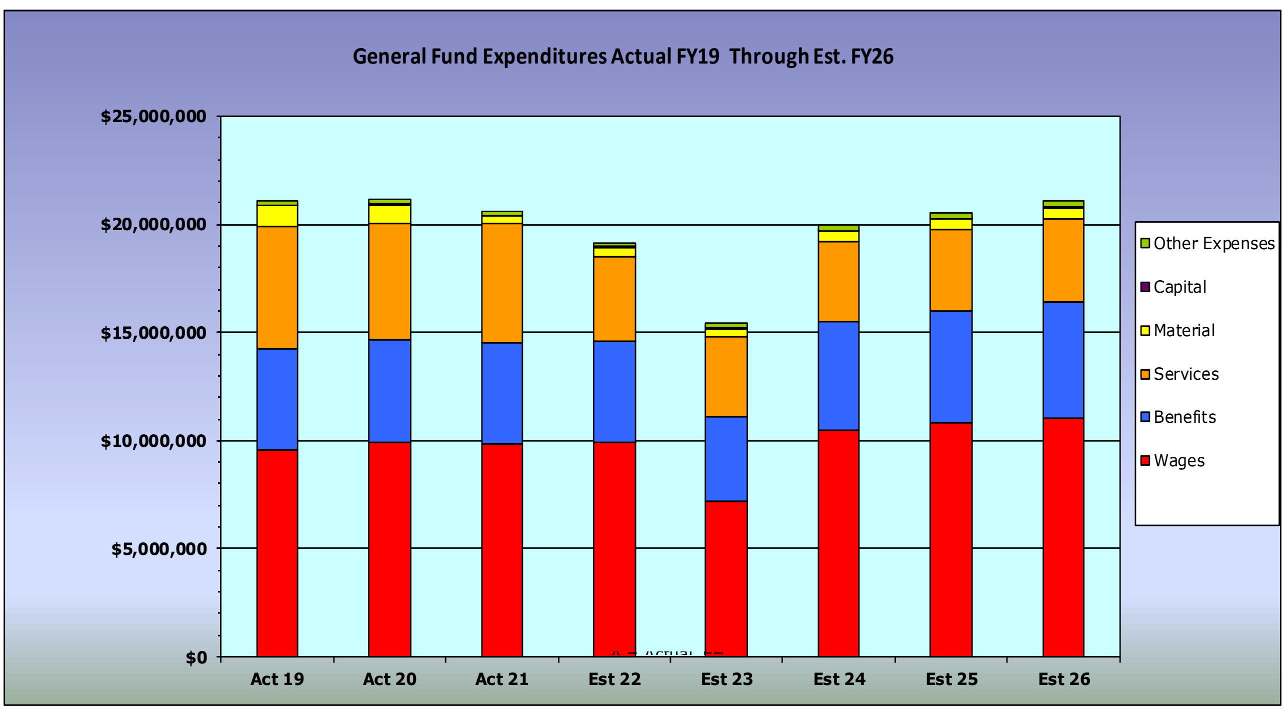
Severance costs are also included as operating transfers out to minimize the impact on the general fund for retirements and other expenses associated with the termination of employment. Lastly the District has a campus wide dress code and provides financial support for those families who are not able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

| Source | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Operating Transfers Out Line #5.010 | $140,000 | $20,000 | $20,000 | $20,000 | $20,000 |
| Advances Out Line #5.020 | 0 | 0 | 0 | 0 | 0 |
| Total Transfer & Advances Out | $140,000 | $20,000 | $20,000 | $20,000 | $20,000 |

**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.

| | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Estimated Encumbrances | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 |

**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.

| | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Ending Unencumbered Cash Balance | $4,545,968 | $8,432,197 | $7,802,980 | $6,653,551 | $5,011,975 |

**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 districts 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.