

**GALION CITY SCHOOL DISTRICT-CRAWFORD COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2022, 2023, and 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2025, THROUGH JUNE 30, 2029**



**Forecast Provided By
Galion City School District
Treasurer's Office
Charlene Parkinson, Treasurer
November 19, 2024**

Galion City School District – Crawford County
Notes to the Five-Year Forecast
General Fund Only
November 19, 2024

Introduction to the Five-Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. 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, enrollment variances, 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 helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially 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 Ohio Department of Education and Workforce, and the 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, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal year is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024 that is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs for goods and services in FY23 and FY24 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. Inflation affecting district costs is expected to continue in FY25. There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by

calendar year end 2024 or early in 2025. 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 the forecast period.

The Federal Reserve Bank cut Federal Fund rates In September 2024 by 50 basis points (.5%) which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at \$3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, 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 finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

Since 2020 all school districts were being aided in varying degrees by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

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 72.2% 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 FY29. We have projected our state funding in 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 FY29, which we feel is conservative and should be close to what the state approves for the FY26-FY29 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. FY25 reflects 66.67% of the implementation cost at year four 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 and are dependent on legislative actions for the FY26 and FY27 state biennium budget. 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 FY25.

3) Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 27.8% of the district's resources. Our tax collections in the March 2024 and August 2024 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 2023 with a full reappraisal occurring in 2026. Crawford's 2021 update provided an increase in values overall of \$20.68 million or 12.04%. Morrow and Richland counties reappraisal update in 2023 provided an increase in overall values of \$4.71 million or 2.44% increase. We estimate the Crawford County 2024 reappraisal will provide an increase in overall values at \$25.37 million or 12.85% increase. 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.

5) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non voted tax increases on taxpayers. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure annual income and property taxes do not exceed 5% of a qualified taxpayer's income. If passed by the General Assembly this will result in lowering tax increases for our residents who qualify. We are watching this legislation closely.

In addition to SB271, the legislature developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our district to limit tax growth or to reduce taxes.

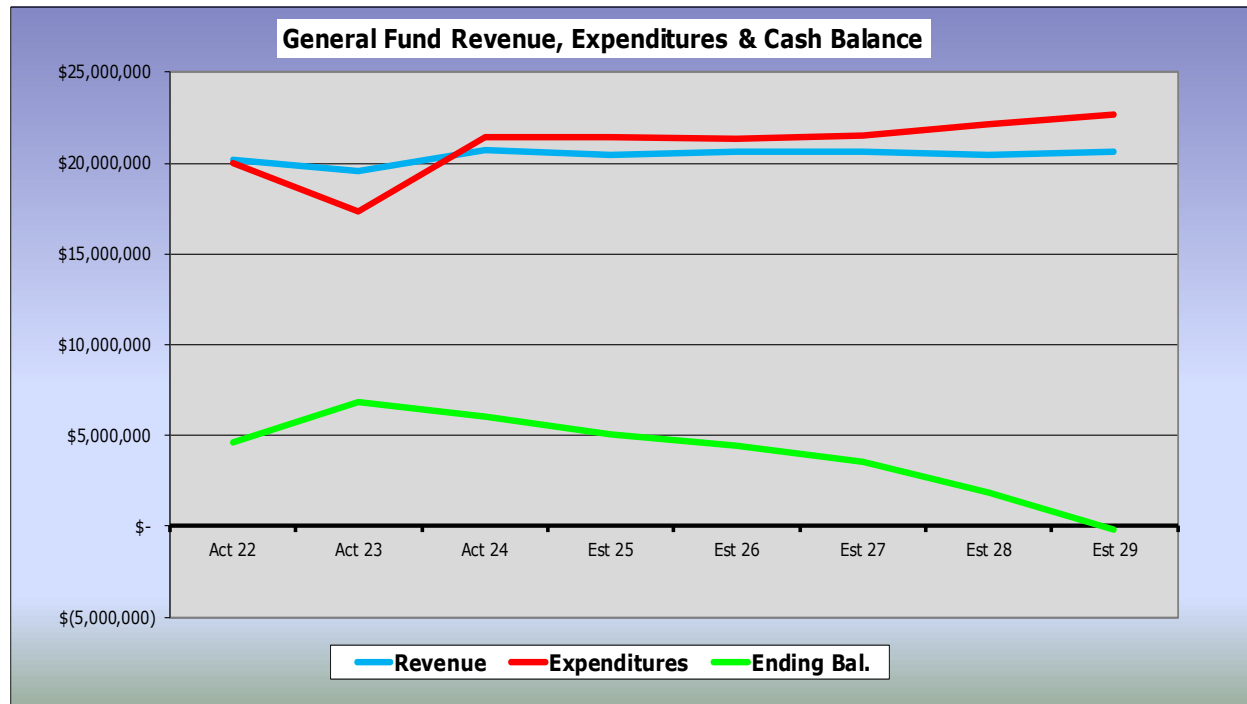
6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue 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.

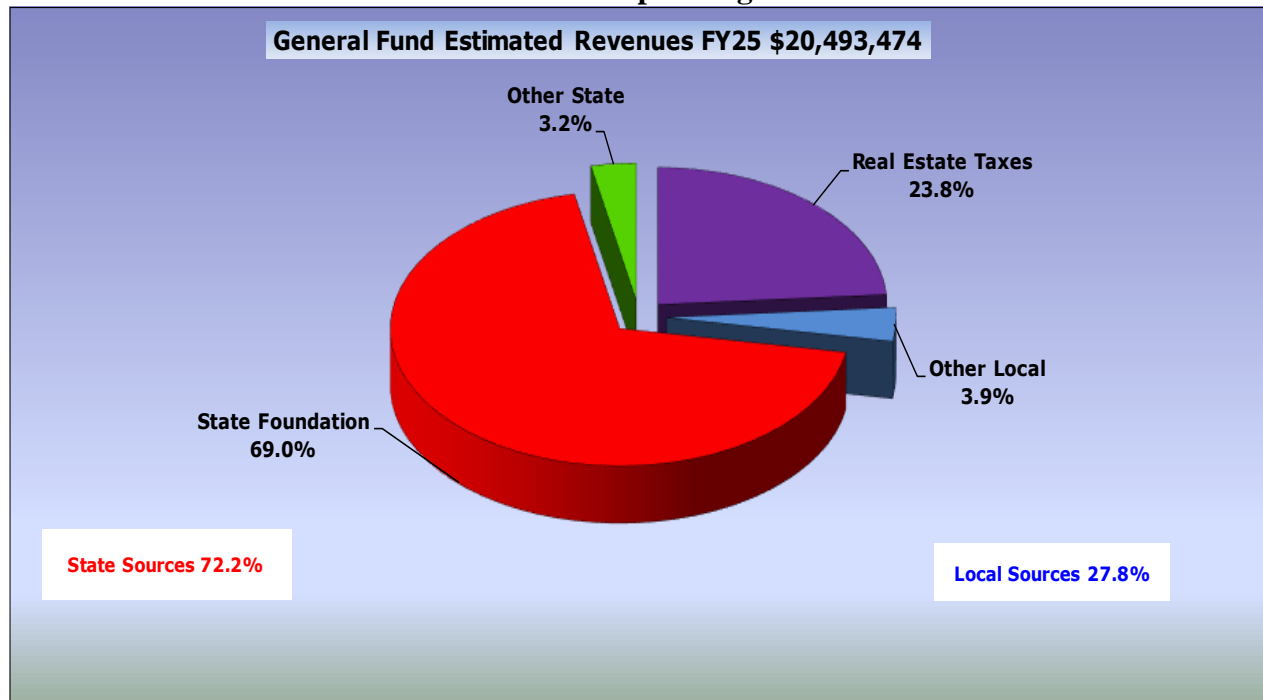
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY22-24 and Estimated FY25-29

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 FY25



General Property Tax and Property Value Assumptions (Real Estate) – 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 2023 to be collected in 2024 resulting in added value of \$4.71 million or a 2.44% increase.

A reappraisal will occur in Crawford County in 2024 for collection in FY25 for which we are estimating a 15% increase in residential and a 2% increase for commercial/industrial property. Additionally, Morrow and Richland counties will experience a full reappraisal in 2026 to be collected in FY27, providing a 1% increase in residential and a 0% increase for commercial/industrial property.

Public Utility Personal Property (PUPP) values increased by \$486,000 in Tax Year 2023. We expect our values to continue to grow by \$250,000 each year of the forecast.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over legislative actions that may take place in the spring of 2025 that limits property tax growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	\$189,785,969	\$189,815,969	\$191,744,128	\$197,526,452	\$203,482,246
Comm./Ind.	33,061,613	33,001,613	32,941,613	33,540,446	34,151,255
Public Utility Personal Property (PUPP)	<u>7,542,600</u>	<u>7,792,600</u>	<u>8,042,600</u>	<u>8,292,600</u>	<u>8,542,600</u>
Total Assessed Value	<u>\$230,390,182</u>	<u>\$230,610,182</u>	<u>\$232,728,342</u>	<u>\$239,359,498</u>	<u>\$246,176,100</u>

Tax Rate Assumptions

The Crawford County Auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 52.23 mills while the Class I effective millage rate is 23.68 mills and the Class II effective millage rate is 38.66 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for either Class I or Class II.

Estimated Real Estate Tax (Line #1.010)

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.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Property Taxes	<u>\$4,588,557</u>	<u>\$4,653,679</u>	<u>\$4,439,941</u>	<u>\$4,346,341</u>	<u>\$4,449,079</u>

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	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Renewal of 7.73 Mill Operating levy-Line #11.02	<u>\$0</u>	<u>\$0</u>	<u>\$657,310</u>	<u>\$1,148,318</u>	<u>\$1,148,318</u>

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 \$7.06 million in assessed values in 2023 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 2023 rose by 7.1% or \$486,000 and are expected to grow by \$250,000 each year of the forecast.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property - Line #1.020	<u>\$295,486</u>	<u>\$401,001</u>	<u>\$380,487</u>	<u>\$363,903</u>	<u>\$375,028</u>

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, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the October 2024 foundation settlement and funding factors.

Our district is currently a formula district in FY25 and is expected to continue on the formula in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>

State Funding Phase-In FY25 and Guarantees

The Fair School Funding Plan 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 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 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 FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan 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 FY29.

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 FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$12,457,731	\$12,657,731	\$12,857,731	\$12,857,731	\$12,857,731
Additional Aid Items	<u>385,615</u>	<u>385,615</u>	<u>385,615</u>	<u>385,615</u>	<u>385,615</u>
Basic Aid-Unrestricted Subtotal	12,843,346	13,043,346	13,243,346	13,243,346	13,243,346
Ohio Casino Commission ODT	<u>107,826</u>	<u>108,087</u>	<u>108,331</u>	<u>108,559</u>	<u>108,769</u>
Total Unrestricted State Aid - Line #1.035	<u>\$12,951,172</u>	<u>\$13,151,433</u>	<u>\$13,351,677</u>	<u>\$13,351,905</u>	<u>\$13,352,115</u>

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. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive \$161,030 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$457,320	\$457,320	\$457,320	\$457,320	\$457,320
Career Tech	107,835	107,835	107,835	107,835	107,835
Gifted Supplement	103,787	103,787	103,787	103,787	103,787
ESL	3,071	3,071	3,071	3,071	3,071
Student Wellness	365,544	365,544	365,544	365,544	365,544
Other State Restricted	<u>161,030</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues - Line #1.040	<u>\$1,198,587</u>	<u>\$1,037,557</u>	<u>\$1,037,557</u>	<u>\$1,037,557</u>	<u>\$1,037,557</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted - Line #1.035	\$12,951,172	\$13,151,433	\$13,351,677	\$13,351,905	\$13,352,115
Restricted - Line #1.040	1,198,587	1,037,557	1,037,557	1,037,557	1,037,557
Restricted Federal - Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$14,149,759</u>	<u>\$14,188,990</u>	<u>\$14,389,234</u>	<u>\$14,389,462</u>	<u>\$14,389,672</u>

State Share of Local Property Tax – 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	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Rollback and Homestead - Line #1.05	<u>\$650,578</u>	<u>\$654,075</u>	<u>\$640,060</u>	<u>\$635,290</u>	<u>\$654,446</u>

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, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22 any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. 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	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Open Enrollment Gross	\$7,908	\$7,987	\$8,067	\$8,148	\$8,229
Interest	211,757	169,406	152,465	137,219	123,497
Medicaid & CAT Aid	205,540	207,592	209,665	211,759	213,874
Tuitions	82,997	83,827	84,665	85,512	86,367
Other Income and rentals	<u>300,892</u>	<u>300,892</u>	<u>300,892</u>	<u>300,892</u>	<u>300,892</u>
Total Line # 1.060	<u>\$809,094</u>	<u>\$769,704</u>	<u>\$755,754</u>	<u>\$743,530</u>	<u>\$732,859</u>

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

There is no short-term borrowing projected in this forecast.

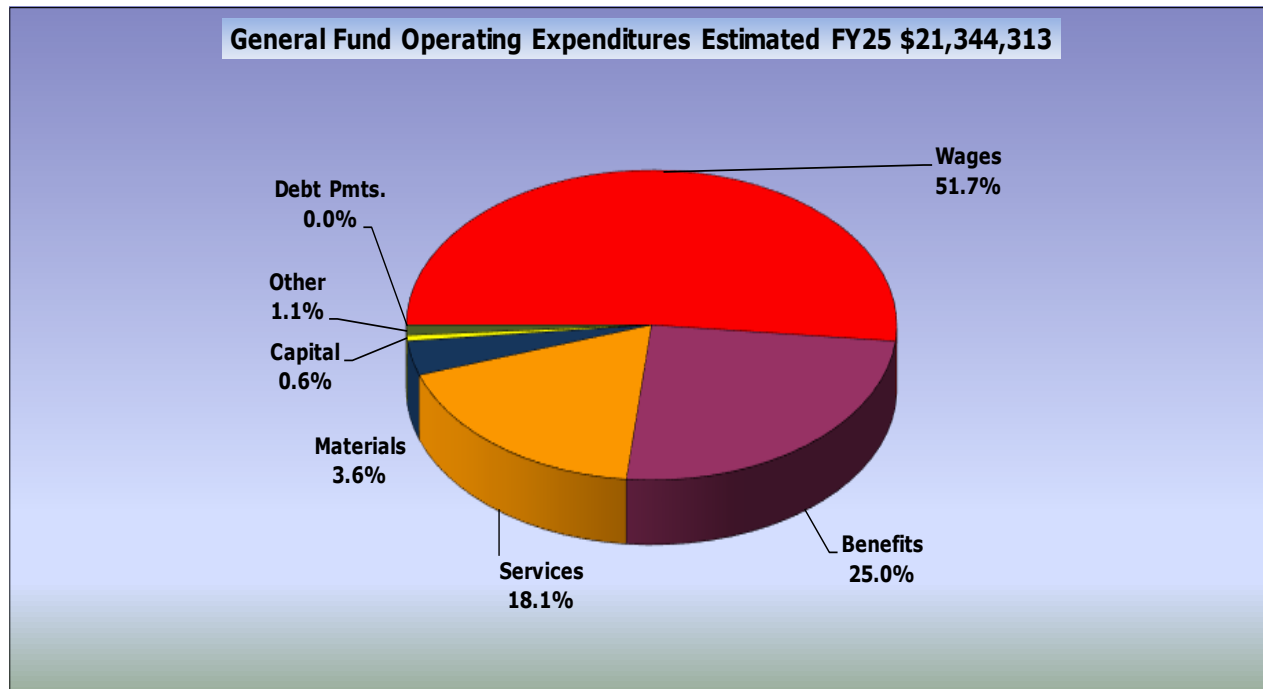
All Other Financial Sources – Line #2.060

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 FY25. 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 FY25



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 2023 the Galion Board of Education entered into a one (1) 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 of 3% for FY25.

For planning purposes, a 0% base amount has been used for FY26-29. 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	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$10,292,179	\$10,460,562	\$10,382,470	\$10,388,207	\$10,607,030
Steps & Training	154,383	156,908	155,737	155,823	159,105
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	<u>14,000</u>	<u>(235,000)</u>	<u>(150,000)</u>	<u>63,000</u>	<u>63,000</u>
Total Wages - Line #3.010	<u>\$11,028,312</u>	<u>\$10,950,220</u>	<u>\$10,955,957</u>	<u>\$11,174,780</u>	<u>\$11,396,885</u>

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 5% for FY24 and are estimating 5% for FY25-29 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 .3% of wages FY24 and .5% for FY25-FY29.

Unemployment is likely to remain at a shallow level FY25-FY29. 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	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$1,904,190	\$1,899,150	\$1,897,220	\$1,928,056	\$1,966,810
B) Insurance's	3,189,108	3,233,563	3,320,241	3,501,373	3,691,562
C) Workers Comp/Unemployment	41,000	45,000	48,000	50,000	50,000
D) Medicare	161,211	167,659	174,365	181,340	188,594
Other/Tuition	<u>33,960</u>	<u>33,960</u>	<u>33,960</u>	<u>33,960</u>	<u>33,960</u>
Total Fringe Benefits - Line #3.020	<u>\$5,329,469</u>	<u>\$5,379,332</u>	<u>\$5,473,786</u>	<u>\$5,694,729</u>	<u>\$5,930,926</u>

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 educating 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. 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. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Services	\$116,142	\$117,303	\$118,476	\$119,661	\$120,858
Excess Cost County ESC	273,315	276,048	278,808	281,596	284,412
Tuition, CC+ and Ed Scholarship-479	358,348	361,931	365,550	369,206	372,898
Professional Support 41x	2,361,603	2,345,219	2,388,671	2,432,558	2,476,884
Building Maintenance Repairs 42x	184,475	186,320	188,183	190,065	191,966
Utilities	572,286	595,177	618,984	643,743	669,493
Total Purchased Services - Line #3.030	<u>\$3,866,169</u>	<u>\$3,881,998</u>	<u>\$3,958,672</u>	<u>\$4,036,829</u>	<u>\$4,116,511</u>

Supplies and Materials – Line #3.040

Expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, and bus fuel.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Supplies	\$269,848	\$317,848	\$365,848	\$413,848	\$461,848
Textbooks	5,647	5,647	5,647	5,647	5,647
Building Maintenance	172,927	172,927	172,927	172,927	172,927
Transportation	<u>318,369</u>	<u>319,961</u>	<u>321,561</u>	<u>323,169</u>	<u>324,785</u>
Total Supplies - Line #3.040	<u>\$766,791</u>	<u>\$816,383</u>	<u>\$865,983</u>	<u>\$915,591</u>	<u>\$965,207</u>

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	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay	<u>125,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Equipment - Line #3.050	<u>\$125,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

Other Expenses – Line #4.300

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

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$137,671	\$139,048	\$140,438	\$141,842	\$143,260
County ESC	25,000	25,000	25,000	25,000	25,000
Other expenses	<u>65,901</u>	<u>67,878</u>	<u>69,914</u>	<u>72,011</u>	<u>74,171</u>
Total Other Expenses - Line #4.300	<u>\$228,572</u>	<u>\$231,926</u>	<u>\$235,352</u>	<u>\$238,853</u>	<u>\$242,431</u>

Transfers Out/Advances Out – Line# 5.010

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

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

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out - Line #5.010	\$125,000	\$25,000	\$25,000	\$25,000	\$25,000
Advances Out - Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$125,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

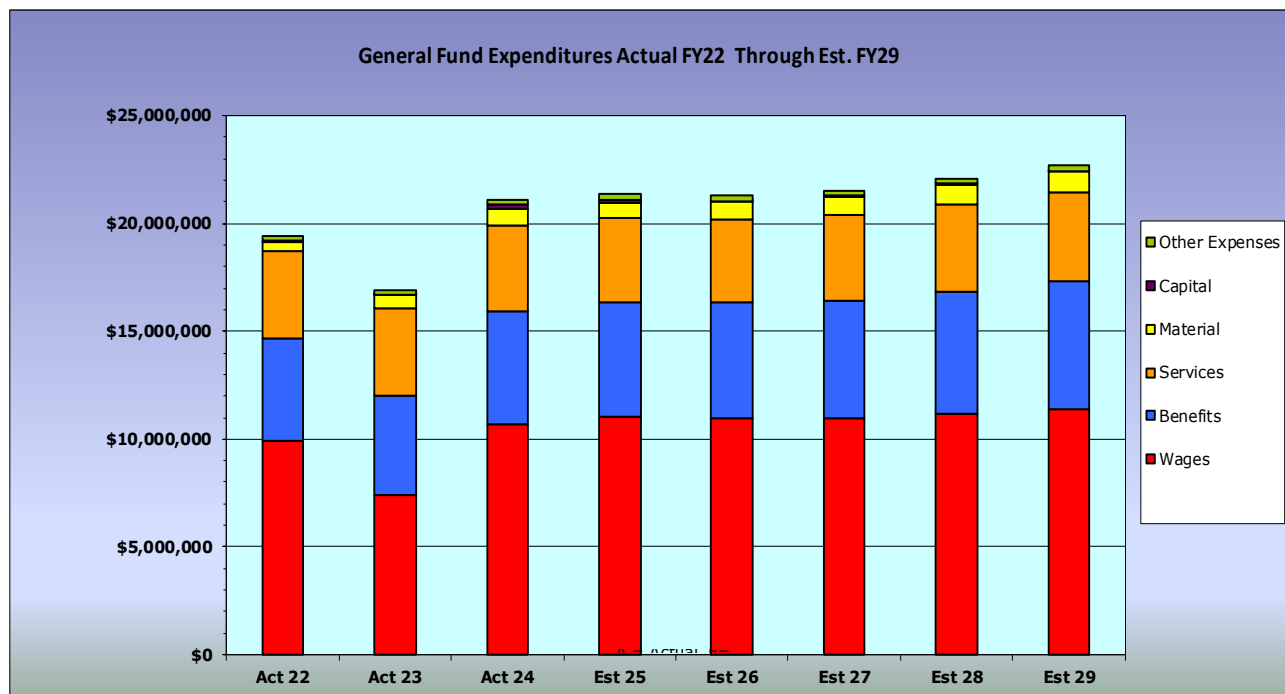
Encumbrances –Line#8.010

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

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

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.



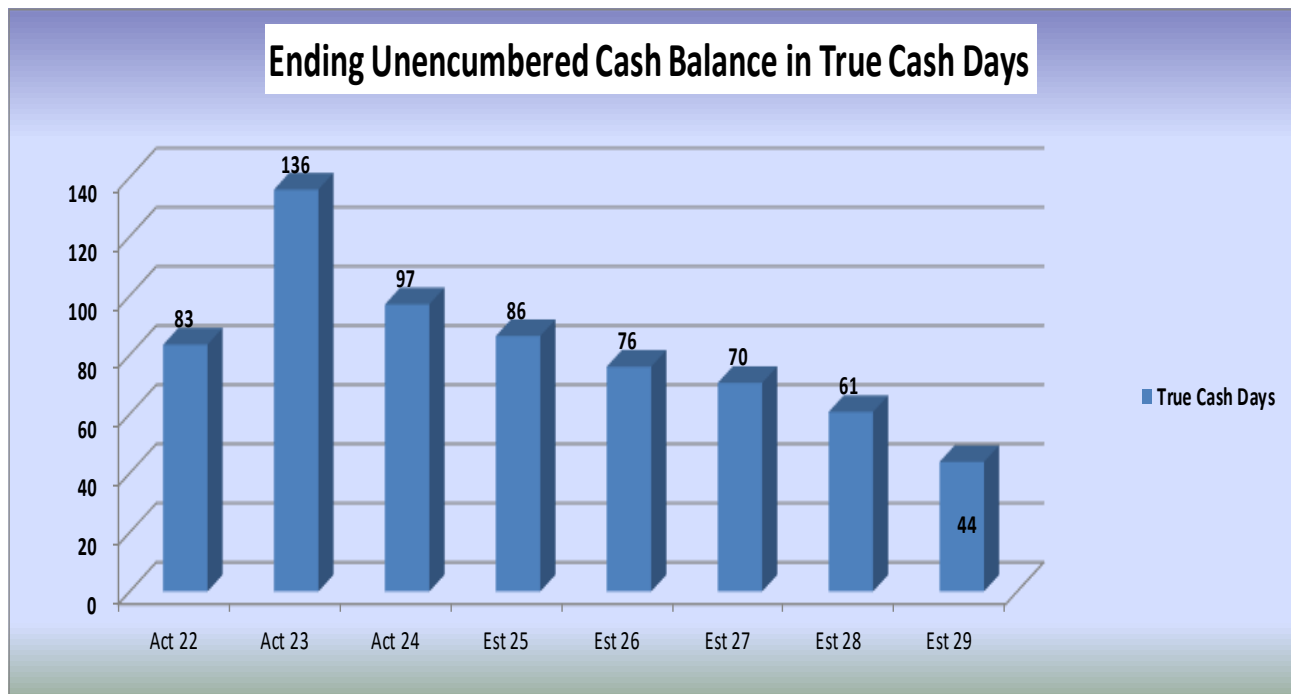
Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

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.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unencumbered Cash Balance	<u>\$5,077,267</u>	<u>\$4,434,857</u>	<u>\$4,157,893</u>	<u>\$3,673,956</u>	<u>\$2,721,398</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by 365 (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.