

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



**Forecast Provided By**  
**Talawanda City School District**  
**Treasurer's Office**  
**Shaunna Tafelski, Treasurer/CFO**

**May 18, 2023**

**Talawanda City School District – Butler County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
**May 18, 2023**

**Introduction to the Five-Year Forecast**

A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends the more likely it is that the projections will deviate from experience. 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), tax adjustments (reappraisal/updates), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education (ODE) when events take place that will significantly change their forecast or, at a minimum, when required under the statute.

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. 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 2023 Updates:**

**Revenues FY23**

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 \$471 thousand or 1.2% higher than the November forecasted amount of \$38.1 million. This indicates the November forecast was 98.8% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 43% and are estimated to be \$16.5 million, which is \$144 thousand lower for FY23 than the original November estimate of \$16.7 million. Our estimates are 99.1% accurate for FY23 and should mean future projections are on target as well.

Line 1.03 – Income tax revenues represent the second largest source of revenue for our district at just under \$9.4 million. Although the COVID Pandemic brought uncertainties with this collection, the district continues to maintain a stable, and growing revenue source.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$8.7 million, which is \$112 thousand higher than the original estimate for FY23. We are pleased that we were able to be 98.7% accurate for FY23. We are currently on the guarantee and are expected (forecast to remain on the guarantee for FY24 through FY27).

Line 1.06 - Other revenues are up \$301 thousand over original estimates, primarily due to the district taking advantage of increased interest rates.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

### **Expenditures FY23**

Total General Fund expenditures (line 4.5) are estimated to be \$42.3 million for FY23, which is \$1.1 million lower than the original estimate of \$43.5 million in the November forecast, which is roughly 97.2% on target with original estimates. The expenditure line most significantly under projection is Employees' Retirement/Insurance Benefits (line 3.02) and Capital Outlay (line 3.050) due to a decrease in insurance projections and our Bus and Maintenance Project not being completed and the anticipation of the financials crossing fiscal years.

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

### **Unreserved Ending Cash Balance**

With revenues increasing from estimates and expenditures decreasing our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$18.6 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 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 uncertainties not only due to the 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 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. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with continued 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 72.9% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements were on target with original estimates. We believe there is a low risk that local collections would fall below projections throughout the forecast.
2. Butler County experienced a reappraisal in the 2020 tax year to be collected in FY21. The 2020 reappraisal increased overall assessed values by \$78.2 million or an increase of 11.1%. Overall values rose \$85.8 million or 12.2%, which includes the reappraisal and new construction for all classes of property. A triennial update will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by \$137.7 million, for an overall increase of 20% based on recent information.
3. The district has a 1% traditional income tax that generates 24.5% of the district's operating revenues. Due to this being our second largest source of income, a shift in our local economy could have an adverse effect on district revenues. This forecast assumes stable, and slightly increasing revenues to this line. However, we recognize the potential risk associated with change to our local economy.
4. The two-year state budget for FY24-25, HB33, is currently in discussion. State revenues represented 27.1% of district revenues, which not only includes our State Aid but the State's Rollback and Homestead property tax reimbursement program. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained

high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY24-25 and FY26-27. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY27. We have projected our state funding to be in-line with the FY23 funding levels through FY27, which we feel is conservative and should be close to what the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

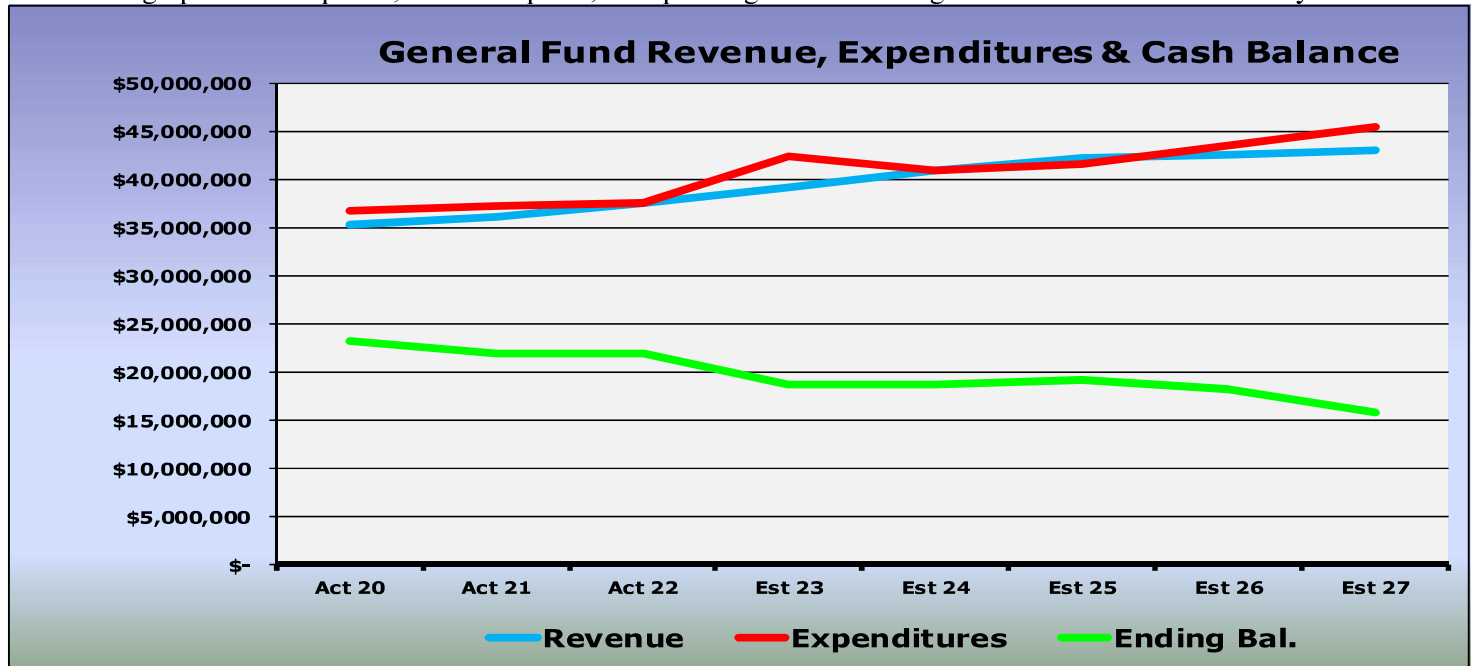
5. HB 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in actual historical costs for FY20 through FY21, which may reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.
6. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are closely monitoring any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
7. The current proposed state budget for FY24-25, HB33 was introduced on Feb. 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.
8. The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its sixth hearing in regard to HB1 on April 18, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

9. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward our positive working relationship will continue and will only grow stronger.

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 in understanding the overall financial forecast for our district. If you would like further information, please contact Shaunna Tafelski, Treasurer/CFO at 513-273-3100.

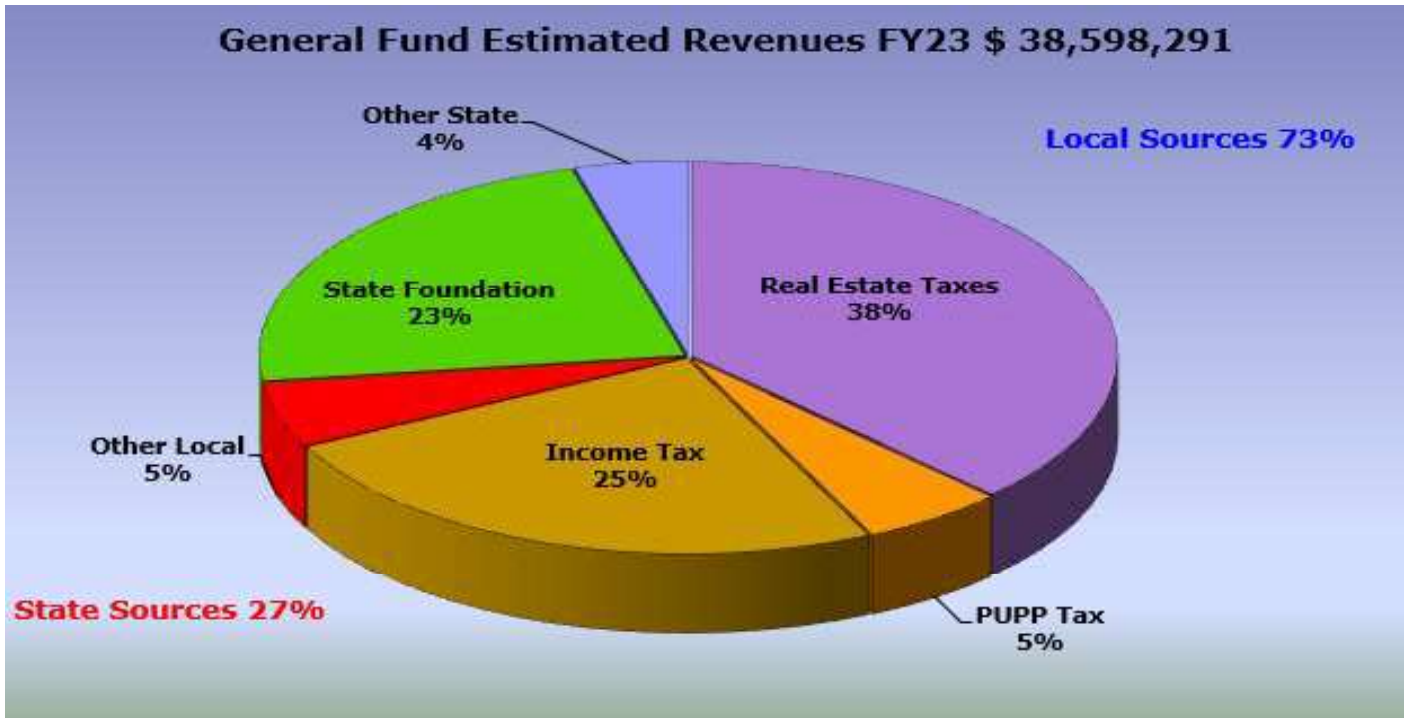
**General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27**

The graph below captures, in one snapshot, the operating scenario facing the district over the next few years.



|        | Actual  |                  |                  | Forecasted       |                  |                  |                  |                  |             |
|--------|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
|        | Fiscal Year 2020  | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 |             |
| 2.080  | Total Revenues  | 35,334,253       | 36,125,489       | 37,701,389       | 39,235,254       | 40,974,560       | 42,271,839       | 42,625,174       | 43,138,142  |
| 5.050  | Total Expenditures  | 36,810,778       | 37,364,886       | 37,675,326       | 42,451,019       | 41,021,238       | 41,733,946       | 43,662,376       | 45,625,941  |
| 6.010  | Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | (1,476,525)      | (1,239,397)      | 26,063           | (3,215,765)      | (46,678)         | 537,892          | (1,037,202)      | (2,487,799) |
| 7.010  | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies                       | 24,737,102       | 23,260,577       | 22,021,180       | 22,047,243       | 18,831,478       | 18,784,800       | 19,322,692       | 18,285,490  |
| 7.020  | Cash Balance June 30  | 23,260,577       | 22,021,180       | 22,047,243       | 18,831,478       | 18,784,800       | 19,322,692       | 18,285,490       | 15,797,692  |
|        | Encumbrances  | 39,352           | 227,053          | 148,639          | 148,639          | 148,639          | 148,639          | 148,639          | 148,639     |
| 11.300 | Cumulative Balance of Replacement/Renewal Levies  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0           |
| 15.010 | Unreserved Fund Balance June 30   | 23,221,225       | 21,794,127       | 21,898,604       | 18,682,839       | 18,636,161       | 19,174,053       | 18,136,851       | 15,649,053  |

## Revenue Assumptions



### 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. Butler County experienced a sexennial reappraisal for the 2020 tax year to be collected in FY21. Residential/agricultural values increased 9.7% or \$78.2 million due to the reappraisal, led by an improving housing market.

For tax year 2022, new construction in residential property was up 0.5% or \$3.3 million in assessed value, and commercial/industrial values increased \$1.7 million. Overall values increased \$5.7 million or 0.7%, which includes new construction for all classes of property.

A triennial update will occur in 2023 for collection in FY24, for which we are estimating a 20% increase in residential and an 8% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase \$137.7 million or 17.2%, overall.

### Estimated Assessed Value (AV) by Collection Years

| <u>Classification</u> | <u>Estimated</u>     | <u>Estimated</u>     | <u>Estimated</u>     | <u>Estimated</u>     | <u>Estimated</u>       |
|-----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
|                       | <u>TAX YEAR 2022</u> | <u>TAX YEAR 2023</u> | <u>TAX YEAR 2024</u> | <u>TAX YEAR 2025</u> | <u>TAX YEAR 2026</u>   |
|                       | <u>COLLECT 2023</u>  | <u>COLLECT 2024</u>  | <u>COLLECT 2025</u>  | <u>COLLECT 2026</u>  | <u>COLLECT 2027</u>    |
| Res./Ag.              | \$615,139,820        | \$740,683,909        | \$743,510,355        | \$746,196,248        | \$756,367,281          |
| Comm./Ind.            | 184,355,080          | 202,381,439          | 205,098,317          | 207,435,159          | 211,906,304            |
| Public Utility (PUPP) | <u>35,621,030</u>    | <u>36,121,030</u>    | <u>36,621,030</u>    | <u>37,121,030</u>    | <u>37,621,030</u>      |
| Total Assessed Value  | <u>\$835,115,930</u> | <u>\$979,186,378</u> | <u>\$985,229,702</u> | <u>\$990,752,437</u> | <u>\$1,005,894,615</u> |

### Estimated Real Estate Tax - Line #1.010

| <u>Source</u>                   | <u>FY 23</u>        | <u>FY 24</u>        | <u>FY 25</u>        | <u>FY 26</u>        | <u>FY 27</u>        |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Est. Property Taxes Line #1.010 | <u>\$14,498,928</u> | <u>\$16,036,478</u> | <u>\$17,215,783</u> | <u>\$17,314,989</u> | <u>\$17,504,825</u> |

Property tax levies are estimated to be collected at 99% of the annual amount. This allows for a 1% delinquency factor. In general, 53.75% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 46.25% collected in the August tax settlement. Collections in FY23 were down \$96 thousand due to fewer delinquent taxes collected in the August and March tax settlements, which are expected to return to normal in FY24 and beyond.

**Public Utility Personal Property Taxes – Line#1.020**

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were \$35.6 million in assessed values in 2022 and are collected at the district’s gross voted millage rate. Collections are typically 50% in March and 50% in August along with the real estate settlements from the county auditor. The values in 2022 fell by 18.4%, or \$8 million, and are expected to grow by \$500 thousand each year of the forecast. As stated above, Rockies Express Pipeline, LLC payments are currently forecasted at a tender rate, or the value the companies believe it should be. We will continue to monitor and update as more information is provided.

We continue to monitor the ongoing dispute with Rockies Express Pipeline, LLC over assessed values. The pipeline is currently paying a “tender rate,” which is based on their disputed value of \$28.5 million less valuation than the assessed amount. It is estimated to cause the district to receive around \$2 million less than anticipated. Should the dispute end in the district’s favor, we would receive a windfall for these short payments. We will continue to monitor and forecast the best information we have at the time of the submission.

| <u>Source</u>                          | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Public Utility Personal Property Taxes | <u>\$2,092,841</u> | <u>\$2,023,001</u> | <u>\$1,756,721</u> | <u>\$1,780,871</u> | <u>\$1,805,021</u> |

**Levy Renewal –Line #11.02**

No levy renewals are modeled in this forecast.

**New Tax Levies – Line #13.030**

On the November 8, 2022 ballot, the district placed a 5.7 mill continuing levy, which would have collected \$4.8 million annually. The community voted not to pass the levy. We appreciate the community’s decision and have already begun evaluating methods to continue operations with a balanced budget. At this time, we have removed a new levy assumption for planning purposes.

**School District Income Tax – Line#1.030**

The district has a 1% traditional school district income tax. As we move into post-pandemic economic times, we are seeing that income tax collections are beginning to increase with the economic recovery. So far in FY23, income tax collection statewide has increased on average around 9%. We will assume an annual growth rate of 2.7% for FY24-27 as the concerns over inflation may slow growth in this area.

| <u>Source</u>        | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>        | <u>FY 27</u>        |
|----------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| SDIT Collection      | \$8,458,140        | \$9,464,884        | \$9,720,436        | \$9,982,888         | \$10,252,426        |
| Adjustments          | <u>1,006,744</u>   | <u>255,552</u>     | <u>262,452</u>     | <u>269,538</u>      | <u>276,815</u>      |
| Total to Line #1.030 | <u>\$9,464,884</u> | <u>\$9,720,436</u> | <u>\$9,982,888</u> | <u>\$10,252,426</u> | <u>\$10,529,241</u> |

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

**Unrestricted State Foundation Revenue– Line #1.035**

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the May #1, 2023 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to remain on the guarantee in FY24-27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest, and possibly the most complicated, funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated, and how expenses are deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

- A. Student Population and Demographics
- B. Property Valuation Per Pupil
- C. Personal Income of District Residents Per Pupil
- D. Historical Funding - CAPS and Guarantees from prior funding formulas “Funding Bases” for guarantees.

### **Base Cost Approach - Unrestricted Basic Aid Foundation Funding**

The 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 statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district’s local capacity will update for FY23. Base costs per pupil include funding for five (5) areas:

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

### **State Share Percentage – Unrestricted Basic Aid Foundation Funding**

Once the base cost is calculated, which is currently at a state-wide average of \$7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

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

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

### **Categorical State Aid**

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



### Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. An amount of 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within one 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 is less than 33.33% will 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 the number and concentration of economically disadvantaged students compared to the state average and multiplied by \$422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.33% in FY23.
2. English Learners - Based on funded categories generated from time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds - Based on four funded components generated primarily from a ratio of teachers to gifted pupils and multiplied by a weighted teacher cost.
4. Career-Technical Education Funds - Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds - These funds, were moved as a part of DPIA funding, which is restricted funding and will be spent on same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

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

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 and was changed by the legislature to be in line with the overall phase in at 33.33% in FY23. Transportation categorical funds will not be subject to 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 fewer funds in FY22 and FY23 than they received in FY21. The guaranteed level of funding for FY22 is a calculated funding guarantee level based on total 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 guarantee in FY22. In general, the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

### **Future State Budget Projections**

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

### Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum through FY25.

### Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

### Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.
- c) Student Wellness and Success Funds
  - a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
  - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
  - c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million in each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted state funding to be in line with the FY23 funding levels through the remainder of the forecast according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

### **Catastrophic Aid**

Catastrophic Aid nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year-to-year and we are not projecting any growth over the remainder of the forecast.

### **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 (GCR) that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY23 were \$64.81 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

| <u>Source</u>                            | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Basic Aid-Unrestricted                   | \$7,783,139        | \$7,782,882        | \$7,782,882        | \$7,782,882        | \$7,782,882        |
| Additional Aid Items                     | 290,820            | 290,820            | 290,820            | 290,820            | 290,820            |
| Basic Aid-Unrestricted Subtotal          | <u>\$8,073,959</u> | <u>\$8,073,702</u> | <u>\$8,073,702</u> | <u>\$8,073,702</u> | <u>\$8,073,702</u> |
| Ohio Casino Commission ODT               | 194,635            | 198,517            | 202,487            | 206,537            | 210,668            |
| Total Unrestricted State Aid Line #1.035 | <u>\$8,268,594</u> | <u>\$8,272,219</u> | <u>\$8,276,189</u> | <u>\$8,280,239</u> | <u>\$8,284,370</u> |

### Restricted State Foundation Revenue – Line #1.035

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. Using current May funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.33% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

| <u>Source</u>                               | <u>FY 23</u>     | <u>FY 24</u>     | <u>FY 25</u>     | <u>FY 26</u>     | <u>FY 27</u>     |
|---|------------------|------------------|------------------|------------------|------------------|
| Student Wellness                            | \$248,785        | \$248,785        | \$248,785        | \$248,785        | \$248,785        |
| DPIA  | 136,987          | 136,987          | 136,987          | 136,987          | 136,987          |
| ESL   | 14,588           | 14,588           | 14,588           | 14,588           | 14,588           |
| Gifted                                      | 122,468          | 122,468          | 122,468          | 122,468          | 122,468          |
| Career Tech - Restricted                    | 6,644            | 6,644            | 6,644            | 6,644            | 6,644            |
| Total Restricted State Revenues Line #1.040 | <u>\$529,472</u> | <u>\$529,472</u> | <u>\$529,472</u> | <u>\$529,472</u> | <u>\$529,472</u> |

### Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

| <u>SUMMARY</u>                       | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Unrestricted Line # 1.035            | \$8,268,594        | \$8,272,219        | \$8,276,189        | \$8,280,239        | \$8,284,370        |
| Restricted Line # 1.040              | 529,472            | 529,472            | 529,472            | 529,472            | 529,472            |
| Restricted Fed. Grants - Line #1.045 | 0                  | 0                  | 0                  | 0                  | 0                  |
| Total State Foundation Revenue       | <u>\$8,798,066</u> | <u>\$8,801,691</u> | <u>\$8,805,661</u> | <u>\$8,809,711</u> | <u>\$8,813,842</u> |

### State Taxes Reimbursement/Property Tax Allocation – Line #1.050

#### Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed prior to 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 residential taxpayers. 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 did not get a new application approved for tax year 2013, and who become eligible after, 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.

| <u>Source</u>                     | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rollback and Homestead Line #1.05 | <u>\$1,653,819</u> | <u>\$1,805,958</u> | <u>\$1,976,947</u> | <u>\$1,984,289</u> | <u>\$2,001,415</u> |

### Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The 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.

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 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 and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

| <u>Source</u>                | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Medicaid                     | \$243,492          | \$208,130          | \$208,130          | \$208,130          | \$208,130          |
| Tuition                      | 1,223,354          | 1,094,269          | 1,094,269          | 1,094,269          | 1,094,269          |
| Manufactured Homes           | 6,933              | 6,933              | 6,933              | 6,933              | 6,933              |
| TIF and Abatements           | 91,109             | 91,109             | 91,109             | 91,109             | 91,109             |
| Open Enrollment              | 0                  | 0                  | 0                  | 0                  | 0                  |
| Interest                     | 466,614            | 611,096            | 578,858            | 540,947            | 526,190            |
| Other Miscellaneous Receipts | 58,251             | 379,614            | 379,614            | 379,614            | 379,614            |
| Total Line #1.06             | <u>\$2,089,753</u> | <u>\$2,391,151</u> | <u>\$2,358,913</u> | <u>\$2,321,002</u> | <u>\$2,306,245</u> |

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

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

#### **Transfers In / Return of Advances – Line #2.040 & Line #2.050**

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

| <u>Source</u>                | <u>FY 23</u>     | <u>FY 24</u>    | <u>FY 25</u>    | <u>FY 26</u>    | <u>FY 27</u>    |
|------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Transfers In - Line 2.040    | \$42,485         | \$0             | \$0             | \$0             | \$0             |
| Advance Returns - Line 2.050 | 554,588          | 75,000          | 75,000          | 75,000          | 75,000          |
| Total Transfer & Advances In | <u>\$597,073</u> | <u>\$75,000</u> | <u>\$75,000</u> | <u>\$75,000</u> | <u>\$75,000</u> |

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

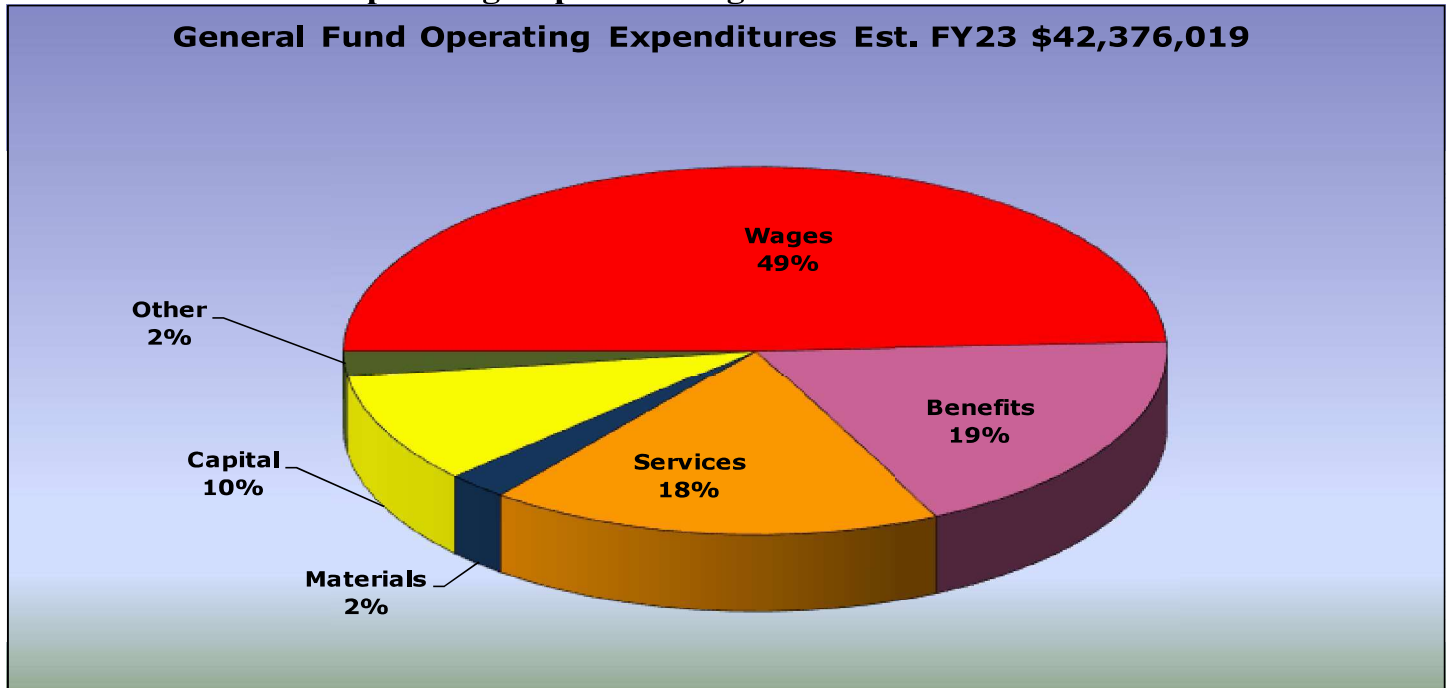
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

| <u>Source</u>                 | <u>FY 23</u>    | <u>FY 24</u>     | <u>FY 25</u>    | <u>FY 26</u>    | <u>FY 27</u>     |
|-------------------------------|-----------------|------------------|-----------------|-----------------|------------------|
| Sale of Personal Property     | \$8,773         | \$8,773          | \$8,773         | \$8,773         | \$8,773          |
| Refund of Prior Year Expense  | 31,117          | 112,072          | 91,153          | 78,114          | 93,780           |
| Total Other Financing Sources | <u>\$39,890</u> | <u>\$120,845</u> | <u>\$99,926</u> | <u>\$86,887</u> | <u>\$102,553</u> |

## Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students, whether it be with changes in staffing, curriculum, or new technology. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

### All Operating Expense Categories - General Fund FY23



#### Wages – Line #3.010

Base wages in the forecast are projected to increase by 1% in FY23 and 0% in FY24. Steps and training increases are estimated at the normal level FY23-27. We are not anticipating any large changes in staffing during the course of the forecasted period. The forecast as presented reflects a 2% base increase in FY25-27, for planning purposes only at this time. This forecast reflects \$300 thousand in savings for FY23, due to attrition in preparation for the \$196 thousand for staff returning to our general fund from staff currently paid through ESSER II funding.

| <u>Source</u>                         | <u>FY 23</u>        | <u>FY 24</u>        | <u>FY 25</u>        | <u>FY 26</u>        | <u>FY 27</u>        |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Wages                            | \$19,599,461        | \$19,887,445        | \$20,191,529        | \$20,999,191        | \$21,839,159        |
| Wage adjustments                      | 195,995             | 0                   | 403,831             | 419,984             | 436,783             |
| Steps & Training                      | 391,989             | 397,749             | 403,831             | 419,984             | 436,783             |
| Growth/Replacement staff              | 0                   | 196,835             | 0                   | 0                   | 0                   |
| Substitutes                           | 300,181             | 300,181             | 300,181             | 300,181             | 300,181             |
| Supplemental                          | 546,468             | 557,397             | 590,841             | 614,475             | 639,054             |
| Severance                             | 101,540             | 101,540             | 101,540             | 101,540             | 101,540             |
| Ot/Stipend/BOE                        | 26,903              | 26,903              | 26,903              | 26,903              | 26,903              |
| Staff Reductions (Retire/Resignation) | (300,000)           | (290,500)           | <u>0</u>            | <u>0</u>            | <u>0</u>            |
| <b>Total Wages Line #3.010</b>        | <u>\$20,862,537</u> | <u>\$21,177,550</u> | <u>\$22,018,656</u> | <u>\$22,882,258</u> | <u>\$23,780,403</u> |

#### Fringe Benefits Estimates – Line #3.020

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

**A) STRS/SERS will increase as Wages Increase**

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.

**B) Insurance**

The district is projecting an increase to the employees’ insurance rates of 14.2% for FY23, 14% in FY24, and the future increases will gradually decline by approximately 3% each year FY25 through FY27, which reflects the trend of our current employee census and claims data. We will continue to monitor this section to adjust as more information is received.

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 healthcare costs in the forecast.

**C) Workers Compensation & Unemployment Compensation**

Workers’ Compensation is expected to be approximately 0.3 % of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning 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.

| <u>Source</u>                     | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>        |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| STRS/SERS                         | \$3,182,831        | \$3,340,192        | \$3,473,528        | \$3,610,638        | \$3,753,232         |
| Insurance's                       | 4,230,245          | 4,799,999          | 5,363,999          | 5,819,939          | 6,169,135           |
| Workers Comp/Unemployment         | 61,502             | 70,623             | 73,418             | 76,288             | 79,272              |
| Medicare                          | 325,112            | 330,046            | 343,221            | 356,760            | 370,840             |
| Tuition and Other Benefits        | <u>43,644</u>      | <u>77,082</u>      | <u>78,624</u>      | <u>80,196</u>      | <u>81,800</u>       |
| Total Fringe Benefits Line #3.020 | <u>\$7,843,334</u> | <u>\$8,617,942</u> | <u>\$9,332,790</u> | <u>\$9,943,821</u> | <u>\$10,454,280</u> |

**Purchased Services – Line #3.030**

HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to directly pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships that granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast. College Credit Plus, 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.

| <u>Source</u>                             | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Professional & Technical Services, ESC    | \$2,043,627        | \$1,693,158        | \$1,742,090        | \$1,792,436        | \$1,844,237        |
| Maintenance, Insurance & Garbage Removal  | 442,735            | 453,803            | 465,148            | 476,777            | 488,696            |
| Professional Development                  | 43,001             | 43,001             | 43,001             | 43,001             | 43,001             |
| Communications, Postage, & Telephone      | 195,446            | 200,332            | 205,340            | 210,474            | 215,736            |
| Utilities                                 | 859,596            | 876,788            | 894,324            | 912,210            | 930,454            |
| Contracted Trades & Services              | 585,858            | 603,434            | 621,537            | 637,075            | 653,002            |
| Tuition, Excess Costs & Scholarship Costs | 455,690            | 520,395            | 528,981            | 537,709            | 546,581            |
| Open Enrollment & Community School Costs  | 0                  | 0                  | 0                  | 0                  | 0                  |
| College Credit Plus                       | 149,272            | 159,721            | 170,901            | 182,864            | 195,664            |
| Contract Transportation                   | 2,795,004          | 2,855,592          | 2,995,516          | 3,097,364          | 3,202,674          |
| Miscellaneous Purchased Services          | <u>1,411</u>       | <u>1,434</u>       | <u>1,458</u>       | <u>1,482</u>       | <u>1,506</u>       |
| Total Purchased Services Line #3.030      | <u>\$7,571,640</u> | <u>\$7,407,657</u> | <u>\$7,668,296</u> | <u>\$7,891,392</u> | <u>\$8,121,551</u> |

**Supplies and Materials – Line #3.040**

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

| <u>Source</u>                       | <u>FY 23</u>       | <u>FY 24</u>     | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| General Office Supplies & Materials | \$350,402          | \$360,073        | \$370,011          | \$380,223          | \$390,717          |
| Textbooks & Instructional Supplies  | 242,198            | 194,001          | 290,943            | 295,307            | 239,199            |
| Facility Supplies & Materials       | 138,209            | 145,119          | 152,375            | 159,994            | 167,994            |
| Transportation Fuel & Supplies      | 269,264            | 276,696          | 284,333            | 292,181            | 300,245            |
| Other adjustments SWSF, CARES, Etc. | <u>10,809</u>      | <u>11,107</u>    | <u>11,414</u>      | <u>11,729</u>      | <u>12,053</u>      |
| Total Supplies Line #3.040          | <u>\$1,010,882</u> | <u>\$986,996</u> | <u>\$1,109,076</u> | <u>\$1,139,434</u> | <u>\$1,110,208</u> |

**Equipment – Line # 3.050**

The District does not anticipate annual costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. In FY23, the district is constructing a new bus and maintenance garage facility, which is estimated to cost \$3.5 million, with a \$588 thousand contingency. The board made the difficult decision to construct this facility after plans to participate in the Butler County Regional Transit Authority were not able to be realized. The district still supports the new transportation hub, but needs to ensure taxpayer dollars are being utilized to benefit the Talawanda School District.

| <u>Source</u>               | <u>FY 23</u>       | <u>FY 24</u>       | <u>FY 25</u>     | <u>FY 26</u>     | <u>FY 27</u>     |
|-----------------------------|--------------------|--------------------|------------------|------------------|------------------|
| Capital Outlay              | \$106,624          | \$177,521          | \$179,296        | \$181,089        | \$182,900        |
| Technology                  | 624,191            | 880,000            | 300,172          | 439,350          | 728,816          |
| Facility Upkeep             | <u>3,415,479</u>   | <u>704,087</u>     | <u>0</u>         | <u>0</u>         | <u>0</u>         |
| Total Equipment Line #3.050 | <u>\$4,146,294</u> | <u>\$1,761,608</u> | <u>\$479,468</u> | <u>\$620,439</u> | <u>\$911,716</u> |

**Principal and Interest Payment – Lines # 4.05 and 4.06**

There are no borrowings planned in the forecast period.

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of 5.6% is projected in this area.

| <u>Source</u>                    | <u>FY 23</u>     | <u>FY 24</u>     | <u>FY 25</u>       | <u>FY 26</u>       | <u>FY 27</u>       |
|----------------------------------|------------------|------------------|--------------------|--------------------|--------------------|
| Auditor & Treasurer Fees         | \$768,208        | \$813,071        | \$860,554          | \$910,810          | \$964,001          |
| ESC                              | 18,343           | 18,893           | 19,460             | 20,044             | 20,645             |
| Other expenses                   | <u>154,781</u>   | <u>162,520</u>   | <u>170,646</u>     | <u>179,178</u>     | <u>188,137</u>     |
| Total Other Expenses Line #4.300 | <u>\$941,332</u> | <u>\$994,484</u> | <u>\$1,050,660</u> | <u>\$1,110,032</u> | <u>\$1,172,783</u> |

**Transfers Out/Advances Out – Lines # 5.010 and 5.020**

This account group covers fund to fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund.

| <u>Source</u>                       | <u>FY 23</u>    | <u>FY 24</u>    | <u>FY 25</u>    | <u>FY 26</u>    | <u>FY 27</u>    |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating Transfers Out Line #5.010 | \$0             | \$0             | \$0             | \$0             | \$0             |
| Advances Out Line #5.020            | <u>75,000</u>   | <u>75,000</u>   | <u>75,000</u>   | <u>75,000</u>   | <u>75,000</u>   |
| Total Transfer & Advances Out       | <u>\$75,000</u> | <u>\$75,000</u> | <u>\$75,000</u> | <u>\$75,000</u> | <u>\$75,000</u> |

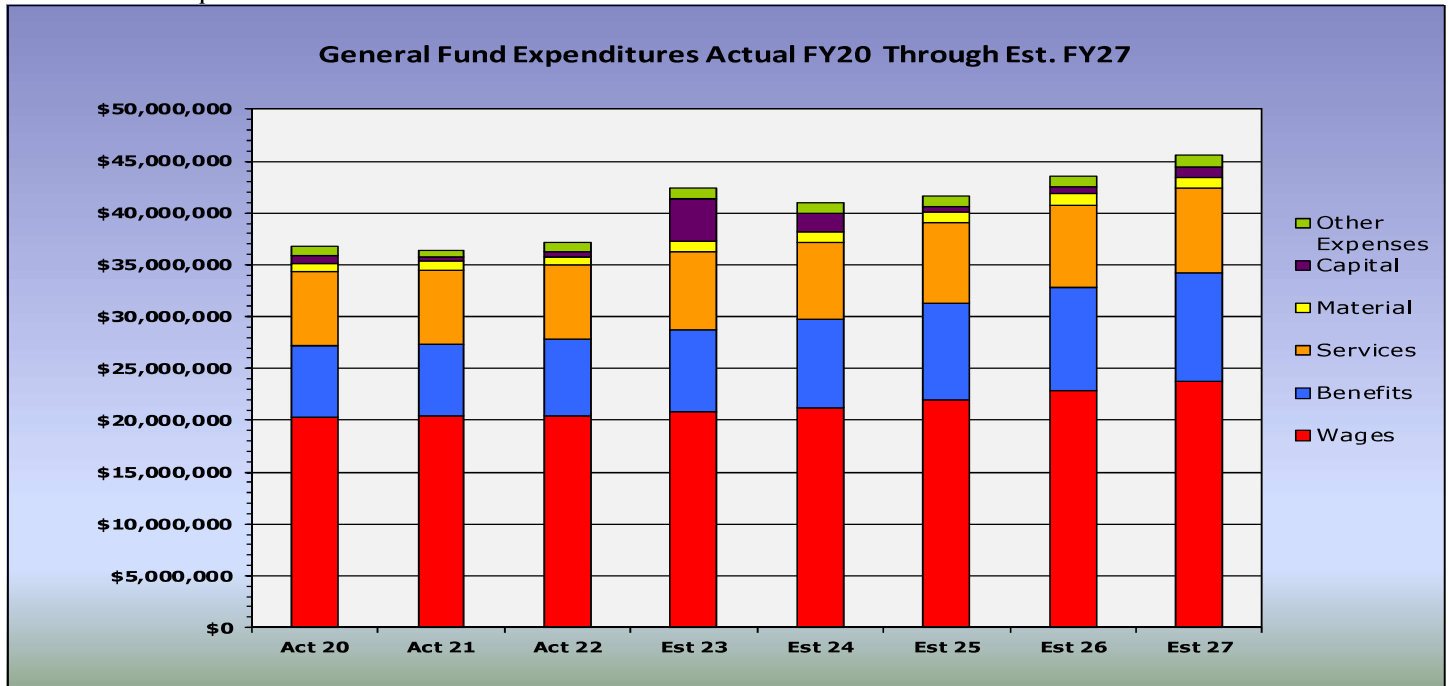
**Encumbrances – Line#8.010**

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>Source</u>          | <u>FY 23</u>     | <u>FY 24</u>     | <u>FY 25</u>     | <u>FY 26</u>     | <u>FY 27</u>     |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Estimated Encumbrances | <u>\$148,639</u> | <u>\$148,639</u> | <u>\$148,639</u> | <u>\$148,639</u> | <u>\$148,639</u> |

**Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27**

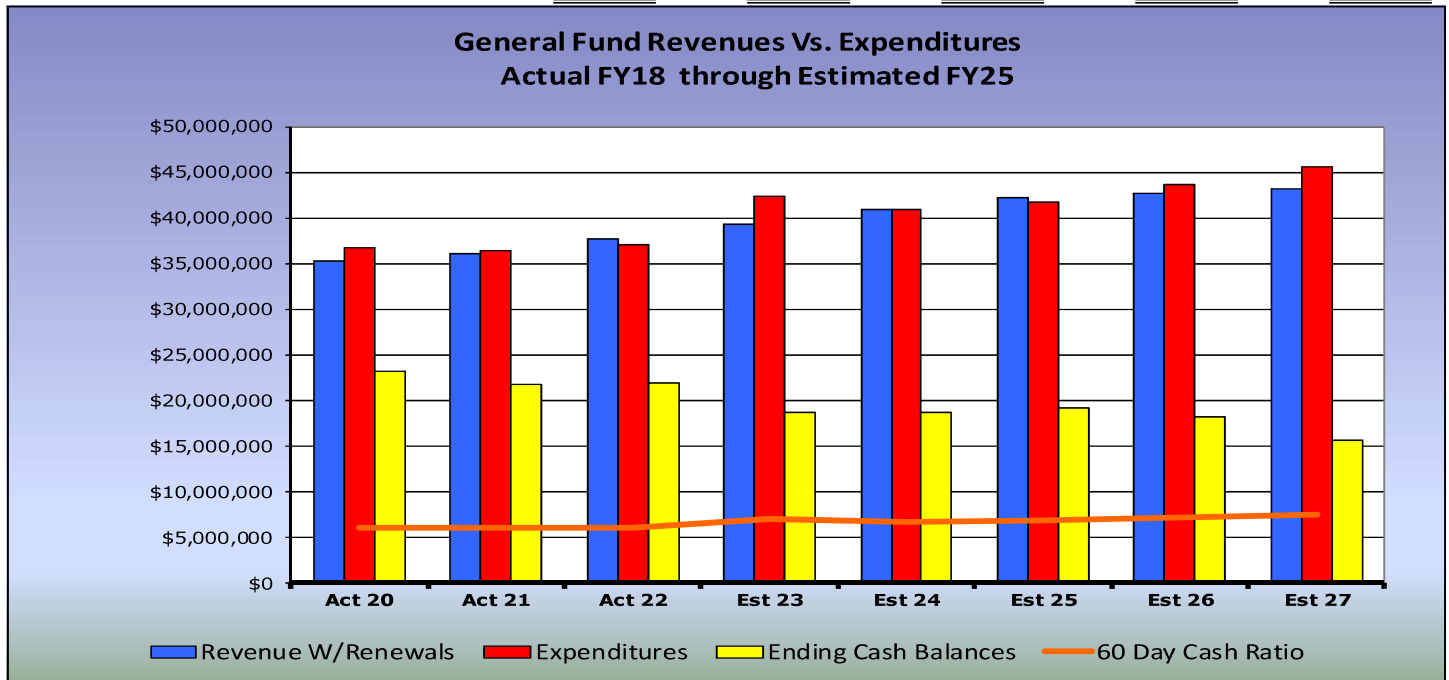
As the following graph indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



**Ending Unencumbered Cash Balance – 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, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of \$10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance, which is approximately \$6.9 million for our district. As CFO of Talawanda, it is my recommendation to maintain a minimum of ninety (90) days cash balance, which is approximately \$10.4 million.

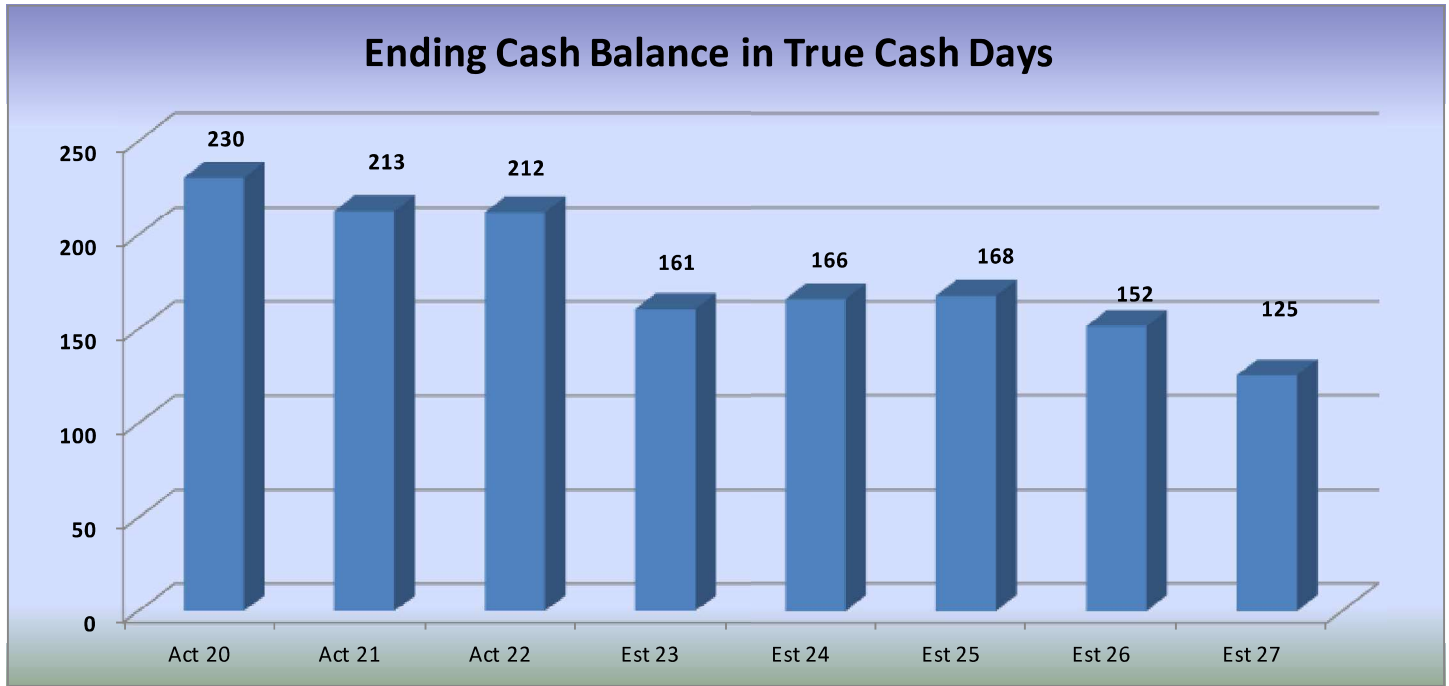
| <u>Source</u>       | <u>FY 23</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Ending Cash Balance | \$18,682,839 | \$18,636,161 | \$19,174,053 | \$18,136,851 | \$15,649,053 |





**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 Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two (2) months, or sixty (60) days cash is on hand at year-end but ninety (90) is preferred at Talawanda due to complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



**Conclusion**

Although the levy did not pass on November 8<sup>th</sup>, we want to thank all of our community members that have taken the time to share their thoughts at the community conversations. We also want to encourage everyone in our community to collaborate with us in order to align the needs of our students with valuable tax revenue.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district’s control. However, future state funding will be closely monitored as HB33 moves through the legislative process for FY24-25.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. Additional ESSER II and III have been allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the expenses and help with academic support for lost learning due to school closures as a result of the pandemic. We will monitor this and all other funding that is affecting our forecast from the pandemic.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.

# Talawanda City School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;

Forecasted Fiscal Years Ending June 30, 2023 Through 2027

|  | Actual              |                     |                     |                   | Forecasted          |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Fiscal Year<br>2020 | Fiscal Year<br>2021 | Fiscal Year<br>2022 | Average<br>Change | Fiscal Year<br>2023 | Fiscal Year<br>2024 | Fiscal Year<br>2025 | Fiscal Year<br>2026 | Fiscal Year<br>2027 |
| <b>Revenues</b>  |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 1.010 General Property Tax (Real Estate)   | 13,185,094          | 14,102,103          | 14,432,095          | 4.6%              | 14,498,928          | 16,036,478          | 17,215,783          | 17,314,989          | 17,504,825          |
| 1.020 Public Utility Personal Property Tax   | 2,520,797           | 2,415,804           | 2,455,280           | -1.3%             | 2,092,841           | 2,023,001           | 1,756,721           | 1,780,871           | 1,805,021           |
| 1.030 Income Tax   | 7,659,856           | 7,373,306           | 8,458,140           | 5.5%              | 9,464,884           | 9,720,436           | 9,982,888           | 10,252,426          | 10,529,241          |
| 1.035 Unrestricted State Grants-in-Aid   | 7,489,025           | 7,848,531           | 8,085,710           | 3.9%              | 8,268,594           | 8,272,219           | 8,276,189           | 8,280,239           | 8,284,370           |
| 1.040 Restricted State Grants-in-Aid   | 144,907             | 144,906             | 574,924             | 148.4%            | 529,472             | 529,472             | 529,472             | 529,472             | 529,472             |
| 1.045 Restricted Federal Grants In Aid   | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 1.050 Property Tax Allocation  | 1,448,968           | 1,508,172           | 1,648,621           | 6.7%              | 1,653,819           | 1,805,958           | 1,976,947           | 1,984,289           | 2,001,415           |
| 1.060 All Other Revenues   | 2,635,286           | 2,486,788           | 1,892,514           | -14.8%            | 2,089,753           | 2,391,151           | 2,358,913           | 2,321,002           | 2,306,245           |
| 1.070 <b>Total Revenues</b>  | <b>35,083,933</b>   | <b>35,879,610</b>   | <b>37,547,284</b>   | <b>3.5%</b>       | <b>38,598,291</b>   | <b>40,778,715</b>   | <b>42,096,913</b>   | <b>42,463,287</b>   | <b>42,960,589</b>   |
| <b>Other Financing Sources</b>   |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 2.010 Proceeds from Sale of Notes  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 2.020 State Emergency Loans and Advancements (Approved)  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 2.040 Operating Transfers-In   | 0                   | 0                   | 0                   | 0.0%              | 42,485              | 0                   | 0                   | 0                   | 0                   |
| 2.050 Advances-In  | 0                   | 26,070              | 15,062              | 0.0%              | 554,588             | 75,000              | 75,000              | 75,000              | 75,000              |
| 2.060 All Other Financing Sources  | 250,320             | 219,809             | 139,043             | -24.5%            | 39,890              | 120,845             | 99,926              | 86,887              | 102,553             |
| 2.070 <b>Total Other Financing Sources</b>   | <b>250,320</b>      | <b>245,879</b>      | <b>154,105</b>      | <b>-19.5%</b>     | <b>636,963</b>      | <b>195,845</b>      | <b>174,926</b>      | <b>161,887</b>      | <b>177,553</b>      |
| 2.080 <b>Total Revenues and Other Financing Sources</b>  | <b>35,334,253</b>   | <b>36,125,489</b>   | <b>37,701,389</b>   | <b>3.3%</b>       | <b>39,235,254</b>   | <b>40,974,560</b>   | <b>42,271,839</b>   | <b>42,625,174</b>   | <b>43,138,142</b>   |
| <b>Expenditures</b>  |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 3.010 Personnel Services   | 20,369,455          | 20,381,035          | 20,501,243          | 0.3%              | 20,862,537          | 21,177,550          | 22,018,656          | 22,882,258          | 23,780,403          |
| 3.020 Employees' Retirement/Insurance Benefits   | 6,846,524           | 6,889,556           | 7,391,163           | 4.0%              | 7,843,334           | 8,617,942           | 9,332,790           | 9,943,821           | 10,454,280          |
| 3.030 Purchased Services   | 7,111,083           | 7,164,162           | 7,091,530           | -0.1%             | 7,571,640           | 7,407,657           | 7,668,296           | 7,891,392           | 8,121,551           |
| 3.040 Supplies and Materials   | 852,212             | 992,174             | 788,995             | -2.0%             | 1,010,882           | 986,996             | 1,109,076           | 1,139,434           | 1,110,208           |
| 3.050 Capital Outlay   | 662,105             | 287,871             | 466,852             | 2.8%              | 4,146,294           | 1,761,608           | 479,468             | 620,439             | 911,716             |
| 3.060 Intergovernmental  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| Debt Service:  |                     |                     |                     | 0.0%              |                     |                     |                     |                     |                     |
| 4.010 Principal-All (Historical Only)  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.020 Principal-Notes  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.030 Principal-State Loans  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.040 Principal-State Advancements   | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.050 Principal-HB 264 Loans   | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.055 Principal-Other  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.060 Interest and Fiscal Charges  | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 4.300 Other Objects  | 943,329             | 731,461             | 880,955             | -1.0%             | 941,332             | 994,484             | 1,050,660           | 1,110,032           | 1,172,783           |
| 4.500 <b>Total Expenditures</b>  | <b>36,784,708</b>   | <b>36,446,259</b>   | <b>37,120,738</b>   | <b>0.5%</b>       | <b>42,376,019</b>   | <b>40,946,238</b>   | <b>41,658,946</b>   | <b>43,587,376</b>   | <b>45,550,941</b>   |
| <b>Other Financing Uses</b>  |                     |                     |                     |                   |                     |                     |                     |                     |                     |
| 5.010 Operating Transfers-Out  | 0                   | 903,565             | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 5.020 Advances-Out   | 26,070              | 15,062              | 554,588             | 1769.9%           | 75,000              | 75,000              | 75,000              | 75,000              | 75,000              |
| 5.030 All Other Financing Uses   | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   | 0                   |
| 5.040 <b>Total Other Financing Uses</b>  | <b>26,070</b>       | <b>918,627</b>      | <b>554,588</b>      | <b>1692.0%</b>    | <b>75,000</b>       | <b>75,000</b>       | <b>75,000</b>       | <b>75,000</b>       | <b>75,000</b>       |
| 5.050 <b>Total Expenditures and Other Financing Uses</b>   | <b>36,810,778</b>   | <b>37,364,886</b>   | <b>37,675,326</b>   | <b>1.2%</b>       | <b>42,451,019</b>   | <b>41,021,238</b>   | <b>41,733,946</b>   | <b>43,662,376</b>   | <b>45,625,941</b>   |
| 6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b> | <b>(1,476,525)</b>  | <b>(1,239,397)</b>  | <b>26,063</b>       | <b>-59.1%</b>     | <b>(3,215,765)</b>  | <b>(46,678)</b>     | <b>537,892</b>      | <b>(1,037,202)</b>  | <b>(2,487,799)</b>  |
| 7.010 <b>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</b>                       | <b>24,737,102</b>   | <b>23,260,577</b>   | <b>22,021,180</b>   | <b>-5.6%</b>      | <b>22,047,243</b>   | <b>18,831,478</b>   | <b>18,784,800</b>   | <b>19,322,692</b>   | <b>18,285,490</b>   |
| 7.020 <b>Cash Balance June 30</b>  | <b>23,260,577</b>   | <b>22,021,180</b>   | <b>22,047,243</b>   | <b>-2.6%</b>      | <b>18,831,478</b>   | <b>18,784,800</b>   | <b>19,322,692</b>   | <b>18,285,490</b>   | <b>15,797,692</b>   |
| 8.010 <b>Estimated Encumbrances June 30</b>  | <b>39,352</b>       | <b>227,053</b>      | <b>148,639</b>      | <b>221.2%</b>     | <b>148,639</b>      | <b>148,639</b>      | <b>148,639</b>      | <b>148,639</b>      | <b>148,639</b>      |
| <b>Fund Balance June 30 for Certification of Appropriations</b>  | <b>23,221,225</b>   | <b>21,794,127</b>   | <b>21,898,604</b>   | <b>-2.8%</b>      | <b>18,682,839</b>   | <b>18,636,161</b>   | <b>19,174,053</b>   | <b>18,136,851</b>   | <b>15,649,053</b>   |