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**

November 17, 2022

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 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	13,185,094	14,102,103	14,432,095	4.6%	14,732,031	14,992,782	15,266,080	15,385,535	15,590,973
1.020	Public Utility Personal Property Tax	2,520,797	2,415,804	2,455,280	-1.3%	2,004,593	2,144,934	2,169,084	2,193,234	2,217,384
1.030	Income Tax	7,659,856	7,373,306	8,458,140	5.5%	9,277,135	9,527,618	9,784,863	10,049,055	10,320,379
1.035	Unrestricted State Grants-in-Aid	7,489,025	7,848,531	8,085,710	3.9%	8,160,718	8,164,396	8,168,404	8,172,491	8,176,661
1.040	Restricted State Grants-in-Aid	144,907	144,906	574,924	148.4%	524,606	524,606	524,606	524,606	524,606
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%	1,640,359	1,656,887	1,688,481	1,696,408	1,712,580
1.060	All Other Revenues	2,635,286	2,486,788	1,892,514	-14.8%	1,787,846	1,787,846	1,787,846	1,787,846	1,787,846
1.070	*Total Revenues*	35,083,933	35,879,610	37,547,284	3.5%	38,127,288	38,799,068	39,389,364	39,809,174	40,330,430
	Other Financing Sources									
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%	0	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%	193,826	172,157	168,342	178,108	172,869
2.070	*Total Other Financing Sources*	250,320	245,879	154,105	-19.5%	748,414	247,157	243,342	253,108	247,869
2.080	*Total Revenues and Other Financing Sources*	35,334,253	36,125,489	37,701,389	3.3%	38,875,702	39,046,225	39,632,706	40,062,282	40,578,299
	Expenditures									
3.010	Personnel Services	20,369,455	20,381,035	20,501,243	0.3%	20,862,537	21,468,050	22,320,776	23,196,462	24,107,175
3.020	Employees' Retirement/Insurance Benefits	6,846,524	6,889,556	7,391,163	4.0%	8,167,870	8,939,722	9,688,393	10,327,246	10,859,605
3.030	Purchased Services	7,111,083	7,164,162	7,091,530	-0.1%	7,570,648	7,858,569	8,088,209	8,321,965	8,562,991
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%	5,024,632	1,001,443	698,152	718,064	837,667
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%	930,737	983,352	1,038,964	1,097,743	1,159,872
4.500	*Total Expenditures*	36,784,708	36,446,259	37,120,738	0.5%	43,567,306	41,238,132	42,943,570	44,800,914	46,637,518
	Other Financing Uses									
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	*Total Other Financing Uses*	26,070	918,627	554,588	1692.0%	75,000	75,000	75,000	75,000	75,000
5.050	*Total Expenditures and Other Financing Uses*	36,810,778	37,364,886	37,675,326	1.2%	43,642,306	41,313,132	43,018,570	44,875,914	46,712,518
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(1,476,525)	(1,239,397)	26,063	-59.1%	(4,766,605)	(2,266,907)	(3,385,864)	(4,813,632)	(6,134,219)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	24,737,102	23,260,577	22,021,180	-5.6%	22,047,243	17,280,638	15,013,732	11,627,867	6,814,235
7.020	*Cash Balance June 30*	23,260,577	22,021,180	22,047,243	-2.6%	17,280,638	15,013,732	11,627,867	6,814,235	680,016
8.010	*Estimated Encumbrances June 30*	39,352	227,053	148,639	221.2%	148,639	148,639	148,639	148,639	148,639
10.010	*Fund Balance June 30 for Certification of Appropriations*	23,221,225	21,794,127	21,898,604	-2.8%	17,131,999	14,865,093	11,479,228	6,665,596	531,377
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	23,221,225	21,794,127	21,898,604	-2.8%	17,131,999	14,865,093	11,479,228	6,665,596	531,377
	Revenue from New Levies									
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	23,221,225	21,794,127	21,898,604	-2.8%	17,131,999	14,865,093	11,479,228	6,665,596	531,377

Talawanda City School District – Butler County
Notes to the Five Year Forecast
General Fund Only
November 17, 2022

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 and reality. A variety of events will ultimately impact the latter years of the forecast such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events 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 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

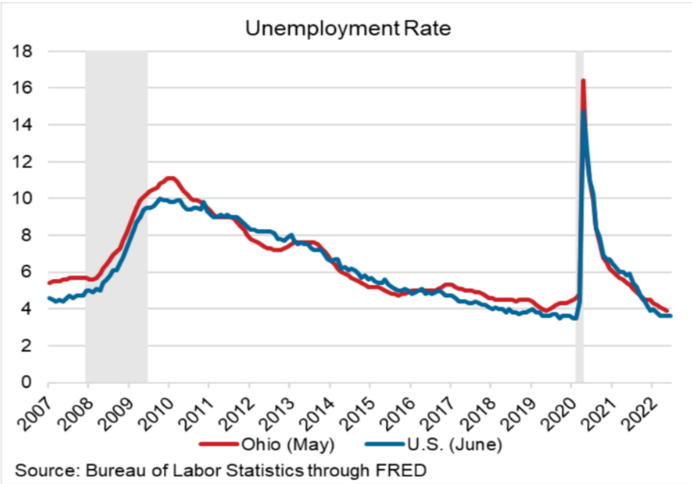
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five-years of projected general fund 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. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

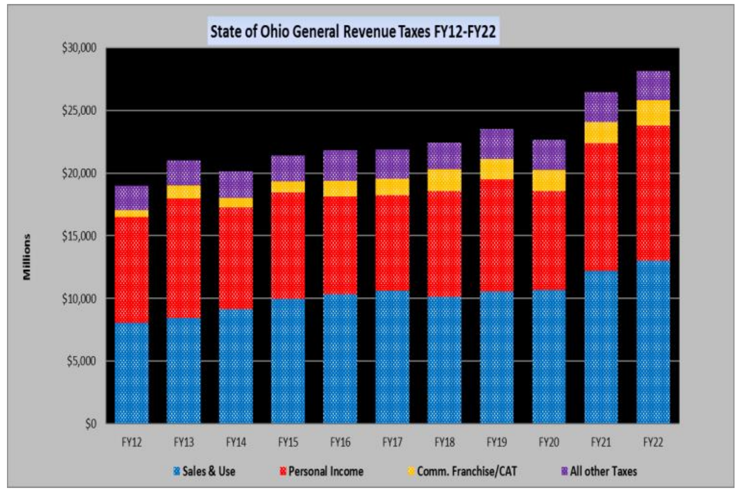
Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.





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

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

Forecast Risks and Uncertainty:
A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following 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:

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 modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes, equate to 73% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements were on target with original estimates. We believe there is a low risk that local collections would fall below projections throughout the forecast.

Butler County experienced a reappraisal in the 2020 tax year to be collected in FY21. The 2020 reappraisal increased overall assessed values by $78 million or an increase of 11%. Overall values rose $85.9 million or 12%, 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 $24 million for an overall increase of 3%. There is, however, always a minor risk that the district could sustain a reduction in values in the next triennial update, but we do not anticipate that at this time. HB920 will always play a factor in 'voted' millage decreasing the tax rate so that we will only collect the same amount of money that was certified at the time the levy was passed by community members.

The state budget represented 27% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State

Biennium Budgets are covering the period from FY24-25 and FY26-27 in this forecast. 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 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 whatever 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.

HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. 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, also occurred, 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 that the actual historical costs for FY20 through FY21, 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.

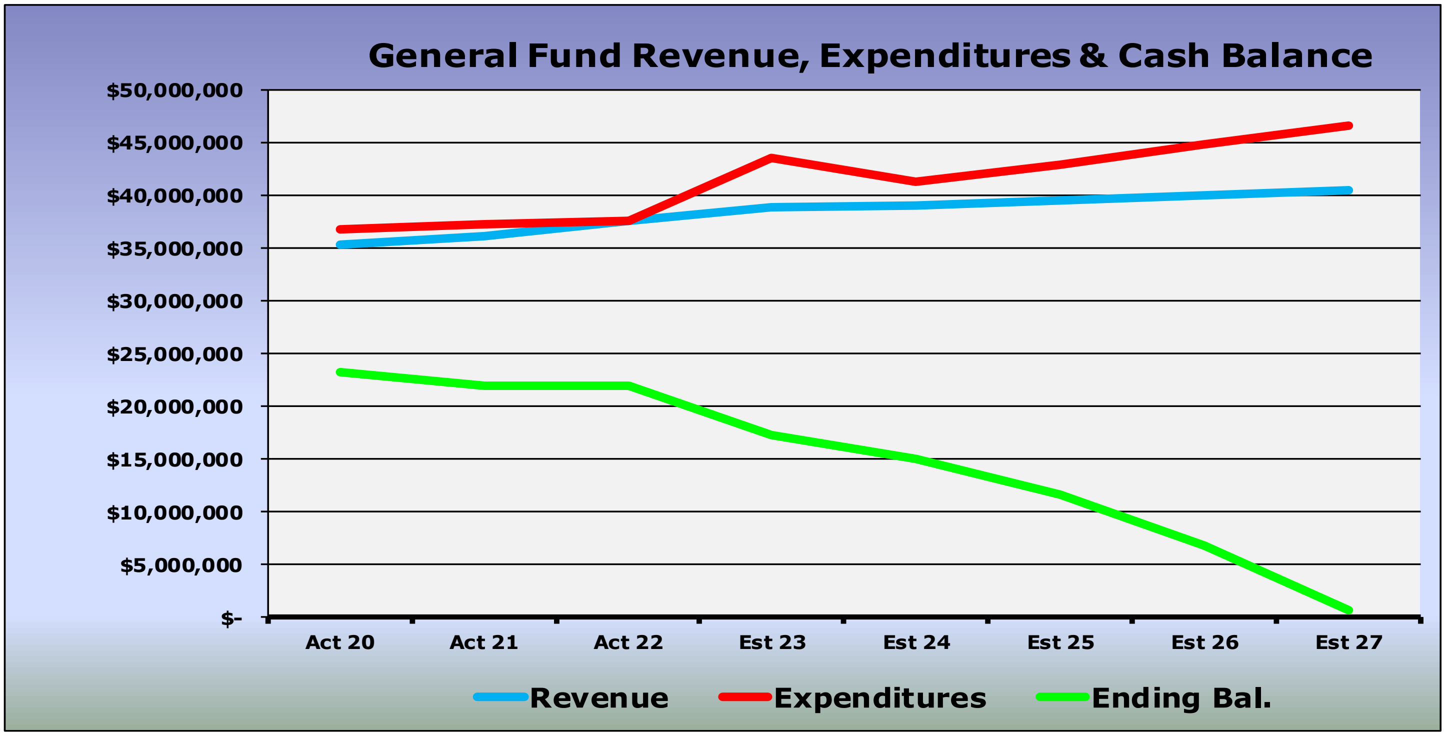
HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there are still education option programs such as College Credit Plus, which continue to be removed from state aid, ultimately 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.

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.

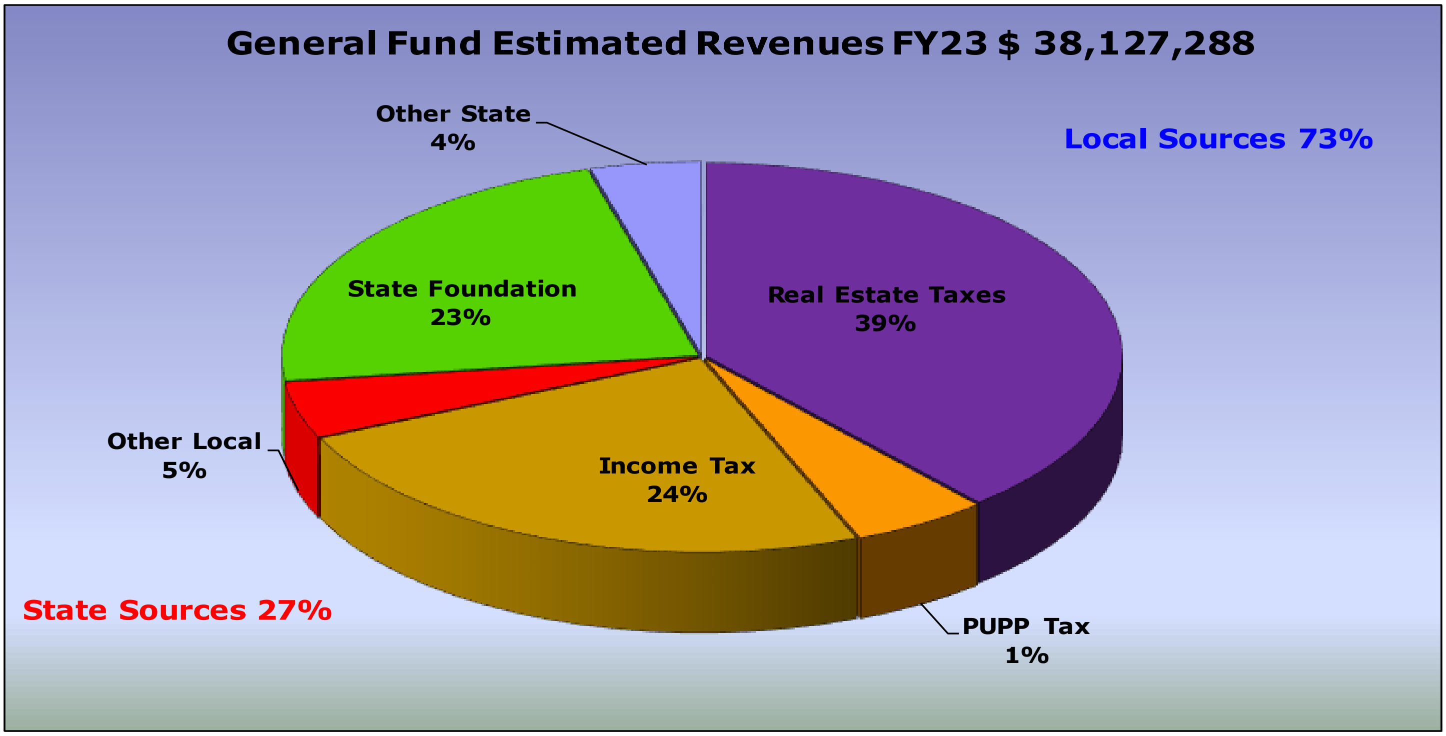
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item, referencing back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast 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.



Revenue Assumptions
Operating Revenue Sources General Fund FY23



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 reappraisal for the 2020 tax year to be collected in 2021. Residential/agricultural values increased 9.7% or $53.7 million due to the reappraisal led by an improving housing market.

For tax year 2021, new construction in residential property was up 0.8% or $4.5 million in assessed value and commercial/industrial values increased $2.8 million. Overall values rose $6.5 million or 0.8%, which includes new construction for all classes of property.

A triennial update will occur in 2023 for collection in 2024 for which we are estimating a 3% increase in residential and a 3% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $24 million or 3% overall.

Public Utility Personal Property (PUPP) values increased by $743 thousand in tax year 2021. We expect our values to continue to grow by an estimated $500 thousand each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$614,525,893	$635,644,918	$638,680,268	$641,627,290	$650,886,047
Comm./Ind.	186,142,218	195,569,696	198,997,693	202,210,365	207,724,048
Public Utility (PUPP)	44,158,580	44,658,580	45,158,580	45,658,580	46,158,580
Total Assessed Value	$844,826,690	$875,873,194	$882,836,541	$889,496,235	$904,768,675

Estimated Real Estate Tax - Line #1.010

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Est. Property Taxes Line #1.010	$14,732,031	$14,992,782	$15,266,080	$15,385,535	$15,590,973

Property tax levies are estimated to be collected at 98% of the annual amount. This allows for a 2% delinquency factor. In general, 55.5% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 44.5% collected in the August tax settlement. Collections in FY22 were down $84 thousand due to fewer delinquent taxes collected in the August and March tax settlements, which we anticipate continuing in FY23.

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 $53.2 million in assessed values in 2021 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 2021 rose by 1.4% or $743 thousand and are expected to grow by an estimated $500 thousand each year of the forecast.

We continue to monitor the ongoing dispute with Rocky Pipeline over assessed values. The pipeline is currently paying a "Tender Rate" based on their disputed value which is $10.3 million valuation less than the assessed amount. It is estimated to cause the district to receive around $200 thousand less than anticipated. Should the dispute end in the districts 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Public Utility Personal Property Taxes	$2,004,593	$2,144,934	$2,169,084	$2,193,234	$2,217,384

New Tax Levies – Line #13.030

On the November 8, 2022 ballot, the district placed a 5.7 mill continuing levy, which would collect $4.8 million annually. The community voted not to pass the levy. We appreciate the community's decision and will begin evaluating methods to continue operations with a balanced budget. For planning purposes, at this time we have removed any new levy from these assumptions.

School District Income Tax – Line#1.030

The district has a 1% earned 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 FY23-27 as the concerns over inflation may slow growth in this area.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
SDIT Collection	$8,458,140	$9,277,135	$9,527,618	$9,784,863	$10,049,055
Adjustments	818,995	250,483	257,246	264,191	271,324
Total to Line #1.030	$9,277,135	$9,527,618	$9,784,863	$10,049,055	$10,320,379

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 with HB583 passing in June 2022. Complete calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October 2022 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to remain on the guarantee FY24-27 in 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 expenses 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.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up to date 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)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>

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 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share 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 14% in FY23. No legislation indicates the percentage increase for FY24 and beyond for DPIA.
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 average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds, in FY20 and FY21, were accounted for in Fund 467, but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

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 will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase-in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on 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.

Student Wellness and Success Funds (SWSF)- (Restricted Fund 467)
In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF.

Future State Budget Projections beyond FY23
Our funding status for FY24-27 will depend on two (2) unknown state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

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 31st of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped 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 FY22 were $62.93 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Basic Aid-Unrestricted	$7,703,233	$7,702,976	$7,702,976	$7,702,976	$7,702,976
Additional Aid Items	261,039	261,039	261,039	261,039	261,039
Basic Aid-Unrestricted Subtotal	$7,964,272	$7,964,015	$7,964,015	$7,964,015	$7,964,015
Ohio Casino Commission ODT	196,446	200,381	204,389	208,476	212,646
Total Unrestricted State Aid Line #1.035	$8,160,718	$8,164,396	$8,168,404	$8,172,491	$8,176,661

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 September 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 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Student Wellness	$248,909	$248,909	$248,909	$248,909	$248,909
DPIA	136,484	136,484	136,484	136,484	136,484
ESL	11,966	11,966	11,966	11,966	11,966
Gifted	120,474	120,474	120,474	120,474	120,474
Career Tech - Restricted	6,773	6,773	6,773	6,773	6,773
Total Restricted State Revenues Line #1.040	$524,606	$524,606	$524,606	$524,606	$524,606

Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY23-27.

SUMMARY	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line # 1.035	$8,160,718	$8,164,396	$8,168,404	$8,172,491	$8,176,661
Restricted Line # 1.040	524,606	524,606	524,606	524,606	524,606
Restricted Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$8,685,324	$8,689,002	$8,693,010	$8,697,097	$8,701,267

State Taxes Reimbursement/Property Tax Allocation

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.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead Line #1.05	$1,640,359	$1,656,887	$1,688,481	$1,696,408	$1,712,580

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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as 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 fed rate reductions due to the pandemic, which will impact our earning capability in this area until rates and our ending cash balance begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Medicaid	$208,130	$208,130	$208,130	$208,130	$208,130
Tuition	1,182,589	1,182,589	1,182,589	1,182,589	1,182,589
Manufactured Homes	5,760	5,760	5,760	5,760	5,760
TIF and Abatements	81,109	81,109	81,109	81,109	81,109
Open Enrollment	0	0	0	0	0
Interest	294,544	294,544	294,544	294,544	294,544
Other Miscellaneous Receipts	15,714	15,714	15,714	15,714	15,714
Total Line #1.06	$1,787,846	$1,787,846	$1,787,846	$1,787,846	$1,787,846

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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	554,588	75,000	75,000	75,000	75,000
Total Transfer & Advances In	$554,588	$75,000	$75,000	$75,000	$75,000

All Other Financial Sources – Line #2.060

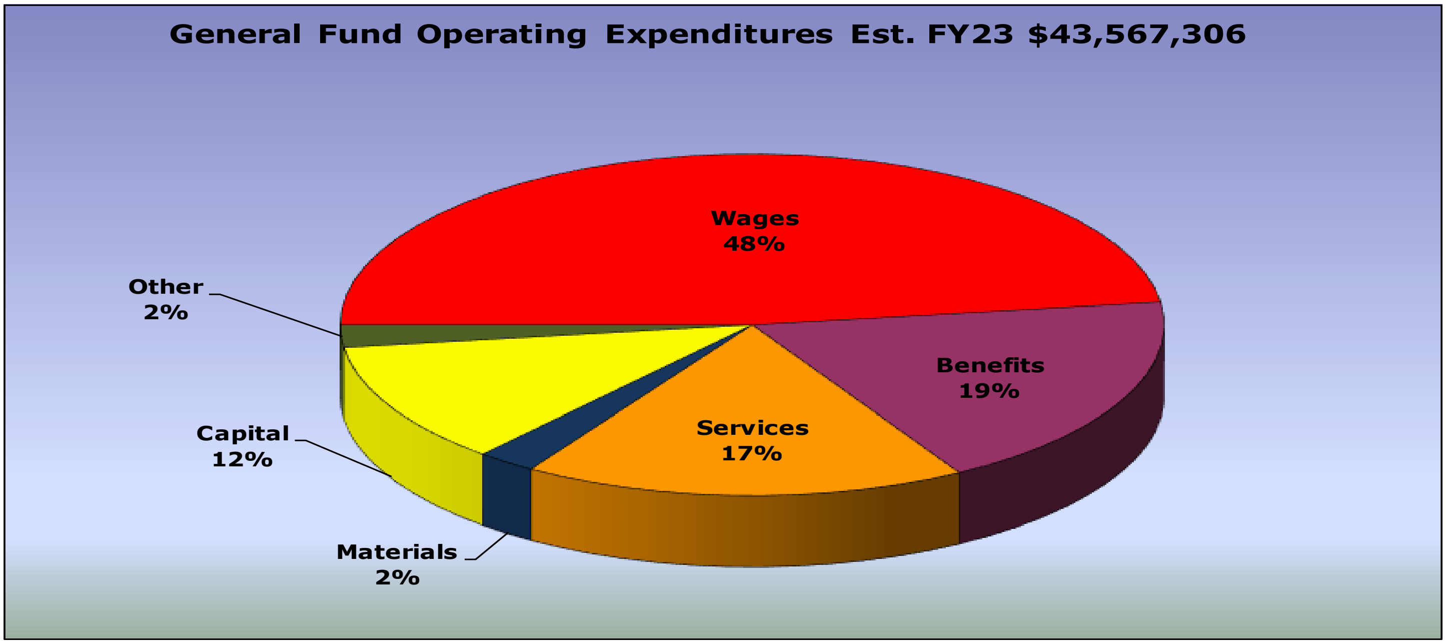
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Sale of Personal Property	$8,773	$8,773	$8,773	$8,773	$8,773
Refund of Prior Year Expense	185,053	163,384	159,569	169,335	164,096
Total Other Financing Sources	$193,826	$172,157	$168,342	$178,108	$172,869

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 not to increase in 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 $197,835 for staff returning to our General Fund from ESSER II.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Base Wages	$19,599,461	$19,887,445	$20,482,029	$21,301,311	$22,153,363
Wage adjustments	195,995	0	409,641	426,026	443,067
Steps & Training	391,989	397,749	409,641	426,026	443,067
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)	0	0	0	0
Total Wages Line #3.010	$20,862,537	$21,468,050	$22,320,776	$23,196,462	$24,107,175

Fringe Benefits Estimates – Line #3.020

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

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance

The district is projecting an increase to the employees' insurance rates of 14.2% for FY23, 14% in FY24, and gradually reducing 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
STRS/SERS	$3,290,224	$3,386,467	$3,521,655	$3,660,689	$3,805,284
Insurance's	4,406,126	5,070,224	5,665,975	6,147,583	6,516,438
Workers Comp/Unemployment	69,326	71,338	74,172	77,082	80,108
Medicare	325,112	334,610	347,967	361,696	375,974
Tuition and Other Benefits	77,082	77,082	78,624	80,196	81,800
Total Fringe Benefits Line #3.020	$8,167,870	$8,939,722	$9,688,393	$10,327,246	$10,859,605

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Professional & Technical Services, ESC	$1,870,428	$1,924,483	$1,980,101	$2,037,326	$2,096,205
Maintenance, Insurance & Garbage Removal	430,145	440,899	451,921	463,219	474,799
Professional Development	43,001	43,001	43,001	43,001	43,001
Communications, Postage, & Telephone	199,479	204,466	209,578	214,817	220,187
Utilities	761,667	799,750	815,745	832,060	848,701
Contracted Trades & Services	580,225	597,632	615,561	630,950	646,724
Tuition, Excess Costs & Scholarship Costs	621,978	632,241	642,673	653,277	664,056
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	109,298	116,949	125,135	133,894	143,267
Contract Transportation	2,953,016	3,097,714	3,203,036	3,311,939	3,424,545
Other Adjustments SWSF, CARES, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	1,411	1,434	1,458	1,482	1,506
Total Purchased Services Line #3.030	$7,570,648	$7,858,569	$8,088,209	$8,321,965	$8,562,991

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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
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.	10,809	11,107	11,414	11,729	12,053
Total Supplies Line #3.040	$1,010,882	$986,996	$1,109,076	$1,139,434	$1,110,208

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. The technology line follows the 1:1 initiative that the BOE approved in 2014/15 with slight increases due to inflation. FY23, the district is constructing a new bus and maintenance garage facility, which is estimated to cost $3,531,566 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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Capital Outlay	$177,346	$179,119	$180,910	$182,719	$184,546
Technology	727,720	822,324	517,242	535,345	653,121
Facility Upkeep	4,119,566	0	0	0	0
Replacement Bus Purchases	0	0	0	0	0
Total Equipment Line #3.050	$5,024,632	$1,001,443	$698,152	$718,064	$837,667

Principal and Interest Payment – Lines # 4.05 and 4.06

There are no borrowings planned in the forecast period.

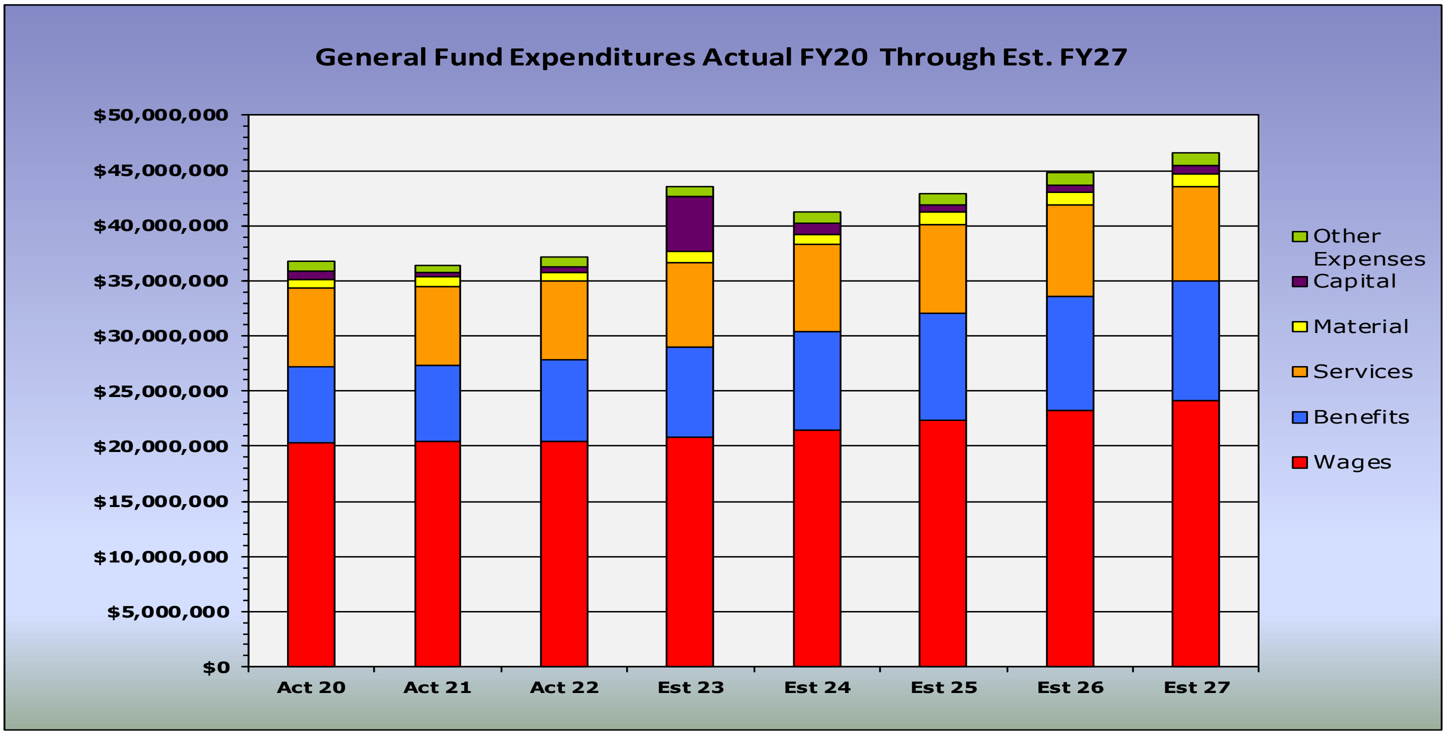
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of 5.8% is projected in this area.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Auditor & Treasurer Fees	$768,208	$813,071	$860,554	$910,810	$964,001
ESC	18,706	19,267	19,845	20,440	21,053
Other expenses	143,823	151,014	158,565	166,493	174,818
Total Other Expenses Line #4.300	$930,737	$983,352	$1,038,964	$1,097,743	$1,159,872

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.



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.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Operating Transfers Out Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	75,000	75,000	75,000	75,000	75,000
Total Transfer & Advances Out	$75,000	$75,000	$75,000	$75,000	$75,000

Encumbrances –Line#8.010

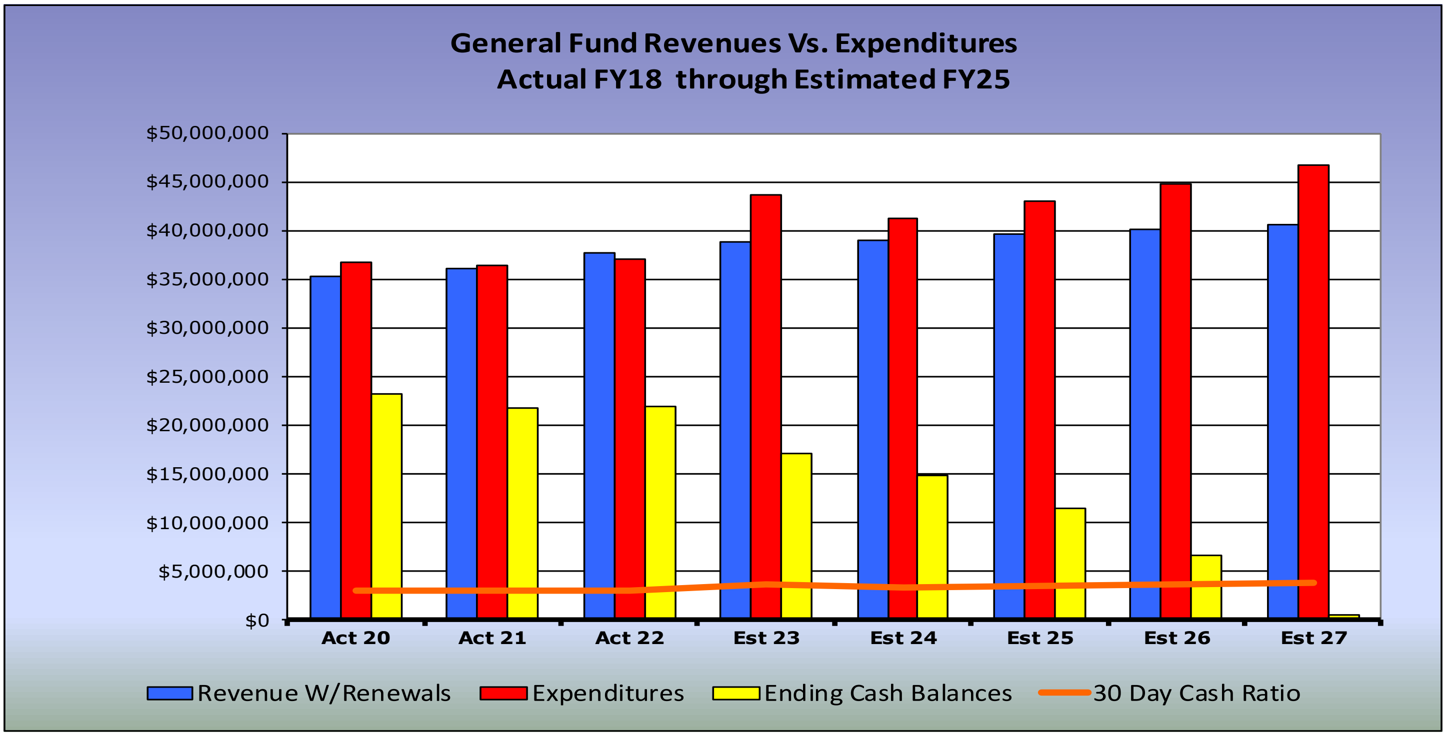
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Estimated Encumbrances	$148,639	$148,639	$148,639	$148,639	$148,639

Ending Unencumbered Cash Balance – Line#15.010

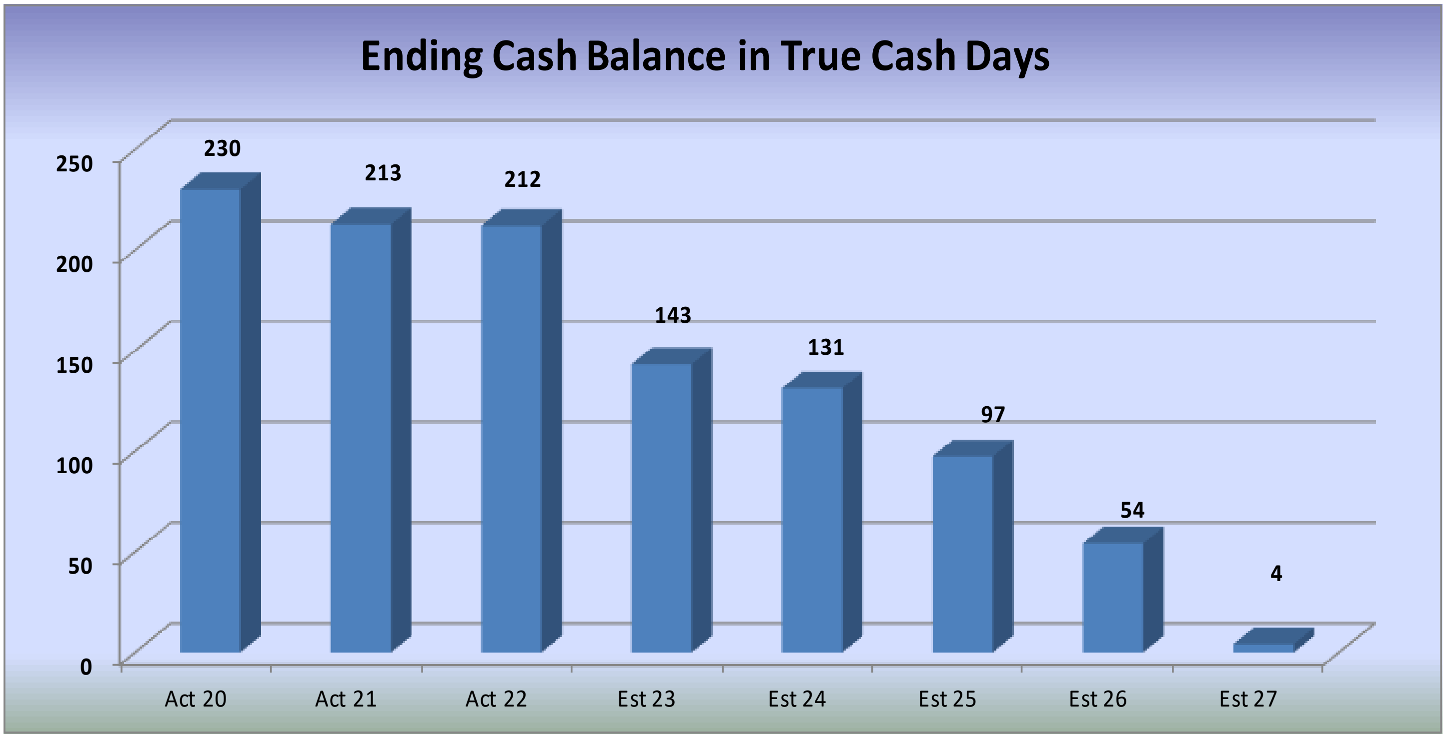
This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately $3.5 million for our district.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Ending Cash Balance	$17,131,999	$14,865,093	$11,479,228	$6,665,596	$531,377



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. The GFOA recommends no less than two (2) months or sixty (60) days cash is on hand at year-end but could be more (Talawanda SD prefers a ninety (90) day cash balance) 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.



COVID-19 IMPACT

Talawanda School District does not anticipate any additional expenditure's in the general fund due to COVID-19. The State of Ohio has provided Coronavirus Relief Funds (CRF) in the amount of $176,246, a broadband connectivity in the amount of $130,834, and federal funding (CARES ACT, ESSER II and ARP) of $4.3M. We also want to recognize the City of Oxford and Oxford Township who awarded us CRF sub-grants totaling $132,000. Although there are restrictions and criteria associated with each of the grants listed above, the General Fund (GF) has been greatly impacted, as a number of expenses that would have been paid out of the GF has been allocated (if allowable) to some of these grants, including personnel, technology and instructional supplies. In FY23/24 the district will absorb some of these costs, and by FY25 the GF will re-assume 100% of these expenditures.

Conclusion/Risk Assessment

- Although the levy did not pass on November 8th, we want to thank all of our tax payers that have taken the time to share their thoughts during community events. 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.

- We are grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that are not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget, and there is no guarantee for future increases in state budgets for FY24-27; still relying heavily on our local community, with a very low State Share Index.

- Revenue does not grow with inflation or enrollment growth due to HB920 and the state funding formula, resulting in TSD deficit spending in FY19, continuing in FY20/FY21, with a balanced budget in FY22 due to timing issue with the bus/maintenance project, and are forecasting deficit spending through FY27. This means current programming may not be sustainable without new revenue. Revenue is largely voter approved in a 73% locally-funded school district such as Talawanda.

- Due to the high reliance on local property tax revenue property valuations continue to be a major area of risk given the current economic climate. Butler County went through a reappraisal in calendar year 2020 and collected in calendar year 2021. The district realized a 13% increase in residential and an 18% increase in commercial property values, while agriculture values dropped -6%. The next update will occur in calendar year 2023 to collect in 2024. Although we are assuming growth outlined above, we will continue to monitor this discussion and adjust the forecast accordingly.

- Rockies Express Pipeline filed an appeal with the State of Ohio in their valuation. This decision is out of our control, and we have had no word on whether the state will grant their appeal or not. Based on projections given we would lose $200K in annual revenue in line 1.02 – Public Utility, which has been assumed for FY23 – FY27 or until the State of Ohio passes a verdict on the valuation.

- State reimbursements continue to be a risk especially at the beginning of any biennial budget process. Reimbursements such as Homestead and Rollback could be legislated away just as the TPP reimbursement has been. This revenue source is roughly $1.65 million on existing levies to Talawanda School District.

- HB59 eliminated the Rollback exemption on any future new or replacement levy after 2013. This means that taxpayers will no longer receive the 12.5% reduction on any new levies. This could make passing any new levy more difficult. This will not affect the total collection for the school district but will shift the tax burden from the State of Ohio onto local taxpayers.

- Utility costs are always a risk factor depending on weather conditions and cost increases from year to year. This expenditure area actually benefited from remote learning during the pandemic as utilities were not used to the same level when buildings were empty.

- Fuel costs (for our busses) are also a risk factor due to current economic conditions. We have budgeted a 2.76% annual increase through FY27. This is also an expenditure area that benefited from the shut down and remote learning as busses were not being utilized.

- HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district as program utilization increases.

- A change in residential development is always a risk. The district is closely monitoring development around our community. If additional homes or complexes are constructed the District's enrollment projections could be greatly impacted causing added costs in personnel and retirement/benefits for staffing in both the classroom and transportation costs associated with additional routes that could be necessary.

- The district has included increases in purchased services as a result of College Credit Plus that mandates that districts pay 100% of the tuition for current students attending up to 15 credit hours of higher education per semester as well as all course fees and textbooks. This legislation also prohibits districts from charging any type of fee associated with public colleges. We will continue to monitor this expense.

- The bus and maintenance garage did not get off the ground as quickly as we had originally anticipated, shifting the financial burden to FY23. This project was originally estimated at $2M, but with the economic turnaround, escalated inflation, this project is now costing the district $3.5 million with another $588K as contingency.

- Negotiated agreements expire June 30, 2024.