

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

APPROVED RESOLUTION NO 038-2024



**Forecast Provided By
Bradford Exempted Village School District
Treasurer's Office
Carla Surber, CPA, CGMA, Treasurer/CFO
May 8, 2024**

Bradford Exempted Village School District

Miami County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

	Actual			Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues									
1.010 General Property Tax (Real Estate)	\$985,057	\$1,006,051	\$1,078,268	4.7%	\$1,196,128	\$1,266,069	\$1,291,570	\$1,313,049	\$1,318,794
1.020 Public Utility Personal Property Tax	50,290	51,799	64,564	13.8%	64,008	70,090	72,680	75,270	77,860
1.030 Income Tax	1,248,986	1,400,828	1,714,347	17.3%	1,573,978	1,589,719	1,605,617	1,621,674	1,637,892
1.035 Unrestricted State Grants-in-Aid	4,164,956	4,170,451	4,236,160	0.9%	4,726,707	5,005,930	5,006,817	5,007,729	5,008,664
1.040 Restricted State Grants-in-Aid	65,622	300,327	326,192	183.1%	428,206	425,944	425,945	425,946	425,947
1.045 Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050 State Share of Local Property Taxes	160,587	161,192	168,743	2.5%	184,527	203,926	207,598	211,721	212,781
1.060 All Other Revenues	594,504	309,452	656,683	32.1%	793,049	582,383	457,045	315,768	306,459
1.070 Total Revenues	\$7,270,002	\$7,400,100	\$8,244,957	6.6%	\$8,966,603	\$9,144,061	\$9,067,272	\$8,971,157	\$8,988,397
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	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	545,439	744,709	888,778	27.9%	2,120,000	350,000	350,000	350,000	350,000
2.060 All Other Financing Sources	91,599	35,679	49,898	-10.6%	45,000	45,000	45,000	45,000	45,000
2.070 Total Other Financing Sources	\$637,038	\$780,388	\$938,676	21.4%	\$2,165,000	\$395,000	\$395,000	\$395,000	\$395,000
2.080 Total Revenues and Other Financing Sources	\$7,907,040	\$8,180,488	\$9,183,633	7.9%	\$11,131,603	\$9,539,061	\$9,462,272	\$9,366,157	\$9,383,397
Expenditures									
3.010 Personal Services	\$3,695,717	\$3,927,467	\$4,159,323	6.1%	\$4,282,818	\$4,601,015	\$4,809,011	\$5,059,841	\$5,277,024
3.020 Employees' Retirement/Insurance Benefits	1,478,692	1,727,933	1,731,939	8.5%	1,823,494	2,093,264	2,246,235	2,455,582	2,690,777
3.030 Purchased Services	1,380,178	923,841	984,326	-13.3%	1,113,842	1,450,535	1,606,883	1,686,477	1,775,052
3.040 Supplies and Materials	129,684	104,345	86,184	-18.5%	95,470	182,208	171,259	179,761	188,686
3.050 Capital Outlay	194,877	45,297	239,978	176.5%	165,914	474,232	284,017	427,747	501,810
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:									
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	72,672	0.0%	66,650	65,150	63,000	60,200	57,300
4.030 Other Objects	116,392	131,615	131,735	6.6%	121,659	126,976	133,123	138,974	145,711
4.500 Total Expenditures	\$6,995,540	\$6,860,498	\$7,406,157	3.0%	\$7,669,847	\$8,993,380	\$9,313,528	\$10,008,582	\$10,636,360
Other Financing Uses									
5.010 Operating Transfers-Out	\$20,000	\$3,205,000	\$162,157	7915.0%	\$227,000	\$725,500	\$243,350	\$261,200	\$279,050
5.020 Advances-Out	645,354	753,709	1,808,778	78.4%	1,200,000	350,000	350,000	350,000	350,000
5.030 All Other Financing Uses	1,578	0	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	\$666,932	\$3,958,709	\$1,970,935	221.7%	\$1,427,000	\$1,075,500	\$593,350	\$611,200	\$629,050
5.050 Total Expenditures and Other Financing Uses	\$7,662,472	\$10,819,207	\$9,377,092	13.9%	\$9,096,847	\$10,068,880	\$9,906,878	\$10,619,782	\$11,265,410
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses	\$244,568	(\$2,638,719)	(\$193,459)	-635.8%	\$2,034,756	(\$529,819)	(\$444,606)	(\$1,253,625)	(\$1,882,013)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$7,355,962	\$7,600,530	\$4,961,811	-15.7%	\$4,768,352	\$6,803,108	\$6,273,289	\$5,828,683	\$4,575,058
7.020 Cash Balance June 30	\$7,600,530	\$4,961,811	\$4,768,352	-19.3%	\$6,803,108	\$6,273,289	\$5,828,683	\$4,575,058	\$2,693,045
8.010 Estimated Encumbrances June 30	\$217,616	\$452,387	\$352,080	42.9%	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080 Subtotal Reservations of fund Balance	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
10.010 Fund Balance June 30 for Certification of Appropriations	\$7,382,914	\$4,509,424	\$4,416,272	-20.5%	\$6,303,108	\$5,773,289	\$5,328,683	\$4,075,058	\$2,193,045
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 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	\$7,382,914	\$4,509,424	\$4,416,272	-20.5%	\$6,303,108	\$5,773,289	\$5,328,683	\$4,075,058	\$2,193,045
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
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010 Unreserved Fund Balance June 30	\$7,382,914	\$4,509,424	\$4,416,272	-20.5%	\$6,303,108	\$5,773,289	\$5,328,683	\$4,075,058	\$2,193,045

Bradford Exempted Village School District – Miami County
Notes to the Five-Year Forecast
General Fund Only
May 8, 2024

Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. 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 statute.

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2023, and May 31, 2024, for fiscal year 2024 (July 1, 2023 to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast reflects the most current economic data available for the May 2024 filing.

May 2024 Updates:

Revenues FY24

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 2% higher than the November forecast. This indicates that the November forecast was 99.8% accurate.

Line 1.01 and 1.02 - Property tax revenues represent an important source of revenues at 14% and are estimated to be \$1.2 million, which is \$52,363 higher than the original November estimate.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be lower in the November forecast. Collections for FY24 are over our original estimate by \$6,617. The SDIT represents 17.6% of the district revenues.

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 \$5.15 million, which is \$79,468 thousand than the original estimate for FY24. We are currently on the **formula** and are expected to remain as a **formula** district from FY25 through FY28.

Line 1.06 - Other revenues are up \$33,000 thousand over original estimates, primarily due to interest received by the district.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be \$7.67 million for FY24, which is \$523,784 thousand lower than the original estimate in the November forecast. This reduction of 6.39% is primarily due to Capital Outlay (line 3.050).

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

Unreserved Ending Cash Balance

The ending unreserved cash balance June 30, 2024, is anticipated to be roughly \$6.3 million and is anticipated to be a positive balance through 2028 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty, not only due to economic delays noted above, but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for Fiscal Year 2026-27 and Fiscal Year 2028-29. Both of these budgets will affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. A short description of the current issues and how they may affect our forecast in the long term is noted in the following:

1) Property tax collections are an important revenue source for the school system because of the stability that they bring. The housing market in our district is stable. We project growth in appraised values and new construction every three (3) years, with modest increases in local taxes. Total local revenues, which are predominately local taxes, equate to 40.5 % of the district's resources. Our tax collections in the August 2023 and March 2024 settlements rose slightly from the prior year. We believe there is a low risk that local collections will fall below projections throughout the forecast.

The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely as they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Our district is currently on the 20-mill floor for Class I and Class II values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

2) Darke and Shelby Counties experienced a reappraisal in tax year 2023 for collection in 2024. Values for Class I and II property rose by \$8.4 million or 12.99%. Miami County will undergo a reappraisal in tax year 2025, for collection in 2026. We estimate an increase of 3% or \$2.36 million for Class I and II property. These increases include an adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. We do not anticipate any reduction in property values.

3) HB33, the current state budget, continues to phase in the Fair School Funding Plan (FSFP) for Fiscal Year 2024 and Fiscal Year 2025. Fiscal Year 2024 reflects 50% of the implementation cost for year three of a six-year phase-in plan, which increases by 16.66% each year. Fiscal Year 2025 will result in 66.66% funding of (FSFP). The final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to foundation revenue calculations for school districts and how expenses are charged off. State foundation basic aid is calculated on a base cost methodology, with funding paid to the district where a student is educated. We have used the most recent simulation published by the Department of Education and Workforce for our forecasted revenues in Fiscal Year 2025.

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

5) State funds represent 59.6% of District revenues, of which 57.8% is our state foundation funding. This could be an area of risk. The future risk comes in FY26 and beyond if the state economy stalls due to high inflation or the Fair School Funding Plan is not funded in the future state budgets. Two future State Biennium Budgets are included in the current forecast period. This forecast assumes state funding will remain stagnant through FY28. Adjustments will be made to the forecast as data that is more definitive becomes available.

6) The district has a 1.75% continuing income tax levy and is a critical source of revenue for the district. In Fiscal Year 2024, this levy generated \$1.59M of revenue and is projected to represent 17.6% of district's operating revenue in 2024. Moderate increases of 1% are projected for the remainder of the forecast.

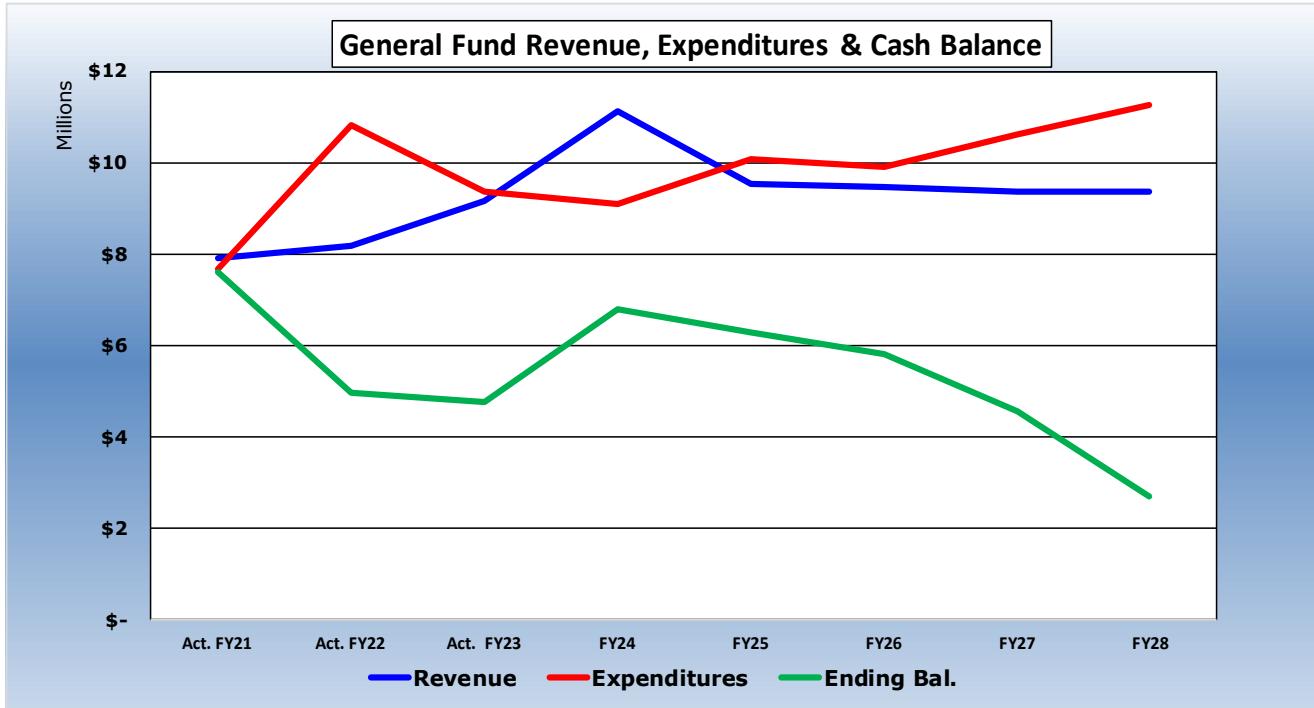
Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger. This is represented by an agreement voted upon by the Board of Education, defining increases for Fiscal Year 2023 of 2%, Fiscal Year 2024 of 2.5% and Fiscal Year 2025 of 3.0%, which exceeds the average for both the State of Ohio and the area in question. Calculations for the remaining three years of the forecast were figured using a step increase and a 2.5% increase annually for the duration of the forecast.

The significant lines of reference for the forecast, noted below in the headings, will make it easier to relate the assumptions made for the forecast item back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district.

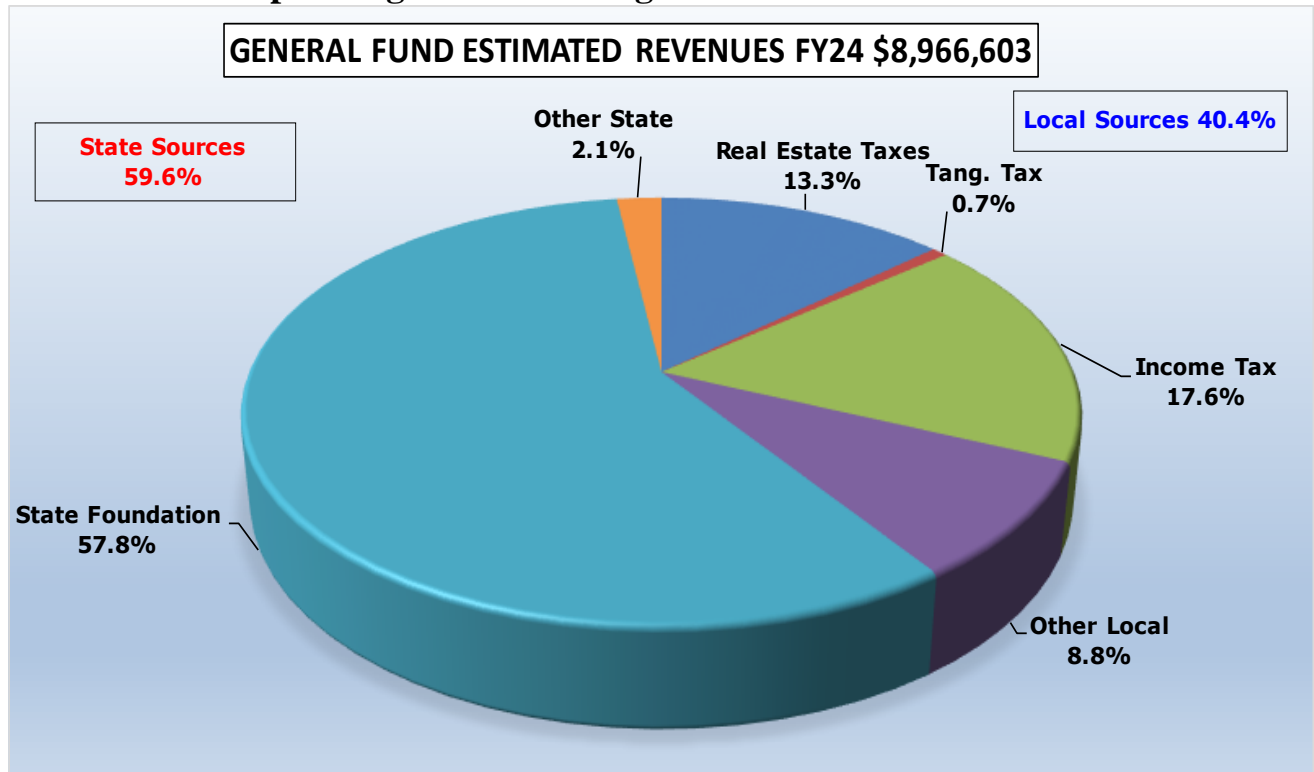
If you would like further information, please feel free to contact Carla G. Surber, CPA, Treasurer/CFO of Bradford Exempted Village School District at 937-448-2770, Extension 1116.

General Fund Revenue, Expenditures and Ending Cash Balance Actual Fiscal Year 2021-23 and Estimated Fiscal Year 2024-28

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions Operating Revenue Categories - General Fund FY24



Property Value Assumptions – Line # 1.010

Property Values are established each year by each County Auditor based on new construction, demolitions, Board of Revisions/Board of Tax Appeals activity and complete reappraisal or updated values.

A reappraisal occurred in Darke and Shelby Counties for Tax Year 2023, for in 2024. We experienced a 12.99% increase in Class I and Class II property. This increase will result in new tax revenue in Fiscal Year 2024 and Fiscal Year 2025.

Public Utility Personal Property (PUPP) values increased by \$324,670 in Tax Year 2023. We expect our values to continue to grow by \$100,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
<u>Classification</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>
Res./Ag.	\$70,219,320	\$70,419,320	\$72,751,900	\$73,262,907	\$73,482,907
Comm./Ind.	3,422,780	3,422,780	3,457,008	3,457,008	3,457,009
Public Utility Personal Property (PUPP)	<u>2,644,160</u>	<u>2,744,160</u>	<u>2,844,160</u>	<u>2,944,160</u>	<u>3,044,160</u>
Total Assessed Value	<u>\$76,286,260</u>	<u>\$76,586,260</u>	<u>\$79,053,067</u>	<u>\$79,664,075</u>	<u>\$79,984,076</u>

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election.

The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 25.9 mills. Ohio law prevents the reduction factors from lowering the total millage rate for each class to less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the floor for both Class I and Class II.

General Property Tax (Real Estate) & PUPP Taxes– Line #1.010

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Est. Real Estate Taxes	<u>1,196,128</u>	<u>1,266,069</u>	<u>1,291,570</u>	<u>1,313,049</u>	<u>1,318,794</u>
Total Line #1.01 Real Estate Taxes	<u>\$1,196,128</u>	<u>\$1,266,069</u>	<u>\$1,291,570</u>	<u>\$1,313,049</u>	<u>\$1,318,794</u>

Property tax levies were collected at 97.3% of the annual amount in CY23. We will continue to estimate this percentage of collection. This allows for County Auditor fees and a 2% delinquency factor. In general, 59% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 41% collected in the August tax settlement.

Tangible Personal Tax – Line#1.020

The phase out of TPP also known as Tangible Personal Property taxes as noted earlier began in Fiscal Year 2006 with HB66 that was adopted in June 2005. 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 and are collected at the district's gross voted millage rate. These taxes are estimated to be received 60% in March and 40% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property	\$64,008	\$70,090	\$72,680	\$75,270	\$77,860
Total PUPP Tax Line #1.020	<u>\$64,008</u>	<u>\$70,090</u>	<u>\$72,680</u>	<u>\$75,270</u>	<u>\$77,860</u>

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

School District Income Tax –Line #1.030

The 1.75% SDIT, approved in 1983, is continuing. Fiscal year 24 collections were as expected. We are estimating an annual growth rate of 1 % for Fiscal Year 2025-Fiscal Year 2028 as the concerns over inflation may slow growth in this area.

School District Income Tax –Line #1.030 continued

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
School District Income Tax	\$1,567,347	\$1,573,978	\$1,589,719	\$1,605,617	\$1,621,674
Adjustments	<u>6,631</u>	<u>15,741</u>	<u>15,898</u>	<u>16,057</u>	<u>16,218</u>
Total SDIT Line #1.030	<u>\$1,573,978</u>	<u>\$1,589,719</u>	<u>\$1,605,617</u>	<u>\$1,621,674</u>	<u>\$1,637,892</u>

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for Fiscal Year 2024 and Fiscal Year 2025. We have projected Fiscal Year 2024 funding based on the April 2023 foundation settlement and funding factors.

Our district is currently a **formula** district in Fiscal Year 2024 and is expected to continue on the **formula** in Fiscal Year 2025-Fiscal Year 2028 with the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. HB583 implemented the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. HB33 continues this formula for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated, and expenses deducted from state funding, which will make the five-year forecast look different in FY22 and onward, compared to 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 current funding formula uses Fiscal Year 2022 statewide average district costs in 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 costs will not update for Fiscal Year 2024 and Fiscal Year 2025 and remain frozen at Fiscal Year 2022 levels, while other factors impacting a district’s local capacity will update for Fiscal Year 2024. Base costs per pupil include funding for five (5) areas:

Base Cost Approach - Unrestricted Basic Aid Foundation Funding Cont’d

- 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 statewide average of \$8242.19 per pupil in Fiscal Year 2024, the FSFP calculates a state share percentage (SSP). The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and lower 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. The state share percentage is 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 districts residents or the most recent year, whichever is lower divided by base students enrolled.
- 3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
- 4. When the weighted values are calculated and item 1 through 3 above added together the total is then multiplied by a Local Share Multiplier Index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding, which began in Fiscal Year 2022, 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 will also provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total Fiscal Year 2019 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in Fiscal Year 2024 and 41.67% in Fiscal Year 2025

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase-in increases are limited to 50% for Fiscal Year 2024 and 66.67% in Fiscal Year 2025.
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 are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In Fiscal Year 2024- Fiscal Year 2025 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. The funding plan has been extended in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) “Formula Transition Aid,” 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in Fiscal Year 2024 and Fiscal Year 2025 than they received in Fiscal Year 2021.

Future State Budget Projections beyond Fiscal Year 2025

Our funding status for Fiscal Year 2026-28 will depend on (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond Fiscal Year 2025. For this reason, funding is held constant in the forecast for Fiscal Year 2026 through Fiscal Year 2028, and we will adjust the forecast when we have authoritative data to work with.

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. 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 has recovered from the pandemic from closing the casinos in 2020. Total funding in FY22, was \$109.39 million for schools or \$62.86 per pupil, in FY23, the funding totaled \$113.1 million or \$64.90 per pupil, and in FY24 the funding totaled \$113.11 million or \$65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$4,644,063	\$4,923,004	\$4,923,004	\$4,923,004	\$4,923,004
Additional Aid Items	48,134	47,554	47,554	47,554	47,554
Basic Aid-Unrestricted Subtotal	4,692,197	4,970,558	4,970,558	4,970,558	4,970,558
Ohio Casino Commission ODT	34,510	35,372	36,259	37,171	38,106
Total Unrestricted State Aid Line #1.035	<u>\$4,726,707</u>	<u>\$5,005,930</u>	<u>\$5,006,817</u>	<u>\$5,007,729</u>	<u>\$5,008,664</u>

B) Restricted State Foundation Revenue – Line #1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economically Disadvantaged funding) and Career Technical funding, as well as Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

HB33 set aside \$64 million state-wide to subsidize the cost of high-quality instructional materials (HQIM) purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received \$23,744 from this one-time subsidy in FY24 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$81,109	\$98,165	\$98,166	\$98,167	\$98,168
Career Tech - Restricted	1,108	834	834	834	834
Gifted	55,386	60,058	60,058	60,058	60,058
EL	0	0	0	0	0
Student Wellness	266,859	266,887	266,887	266,887	266,887
Other Restricted State Funds	<u>23,744</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1.040	<u>\$428,206</u>	<u>\$425,944</u>	<u>\$425,945</u>	<u>\$425,946</u>	<u>\$425,947</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line #1.035	\$4,726,707	\$5,005,930	\$5,006,817	\$5,007,729	\$5,008,664
Restricted Line #1.040	428,206	425,944	425,945	425,946	425,947
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$5,154,913</u>	<u>\$5,431,874</u>	<u>\$5,432,762</u>	<u>\$5,433,675</u>	<u>\$5,434,611</u>

State Share of Local Property Tax – Line #1.050

A) 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 residential taxpayers on levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after that time.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Share of Local Property Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	<u>\$184,527</u>	<u>\$203,926</u>	<u>\$207,598</u>	<u>\$211,721</u>	<u>\$212,781</u>
Total Tax Reimbursements #1.050	<u>\$184,527</u>	<u>\$203,926</u>	<u>\$207,598</u>	<u>\$211,721</u>	<u>\$212,781</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 main sources of revenue in this area are tuition for court placed students, student fees, and general rental fees. This area of revenue also includes our Medicaid and catastrophic cost and erate reimbursements.

HB110, the previous state budget, eliminated paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between actual Fiscal Year 2022-Fiscal Year 2023 and estimated Fiscal Year 2024-28 Line 1.06 revenues, and Fiscal Year 2021 on the five-year forecast. Open enrolled students are now counted in the enrolled student base at the school district where they are educated, and state aid follows. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

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

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tuition Related Payments	\$117,687	\$117,687	\$117,687	\$117,687	\$117,687
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	20,924	21,029	21,134	21,240	21,346
Interest Earnings	533,000	319,800	191,880	47,970	35,978
Miscellaneous(medicaid,cat cost,erate)	<u>121,438</u>	<u>123,867</u>	<u>126,344</u>	<u>128,871</u>	<u>131,449</u>
Total Other Local Revenue Line #1.060	<u>\$793,049</u>	<u>\$582,383</u>	<u>\$457,045</u>	<u>\$315,768</u>	<u>\$306,459</u>

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

The district entered into a Certificates of Participation financing agreement in Fiscal Year 2023 of \$1,790,000. This debt will be repaid over 20 years, with the last payment due 12/1/2041. See Lines #3.020 and #4.060.

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 during the fiscal year. All advances during the current year are planned to be returned at fiscal year-end.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>2,120,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Total Transfer & Advances In	<u>\$2,120,000</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$350,000</u>

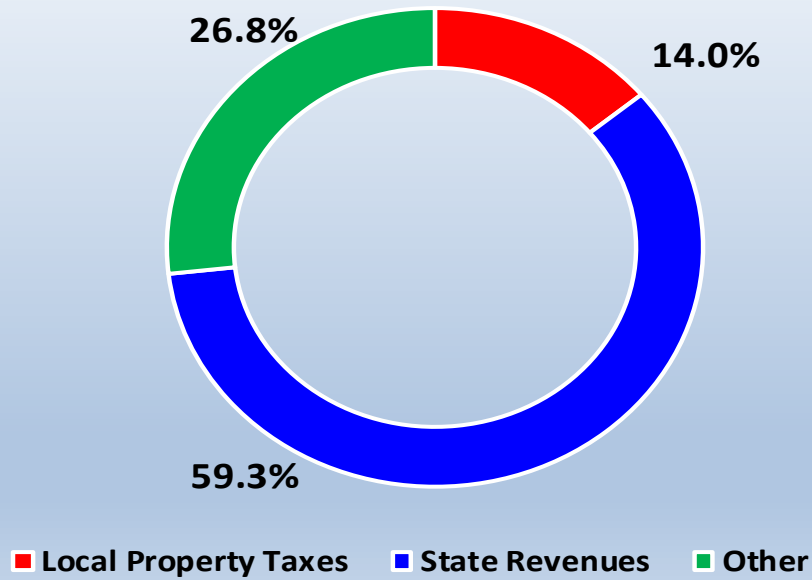
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable.

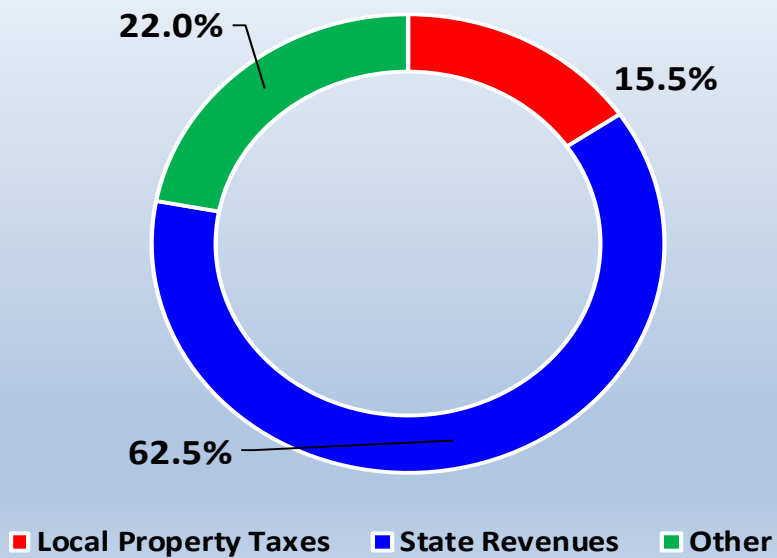
<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Refund of prior years expenditures	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>

Comparison of Actual Historical Revenue and Future Revenues based on changing demographics as the district looks to other revenues for funding

Actual FY2024 Revenue



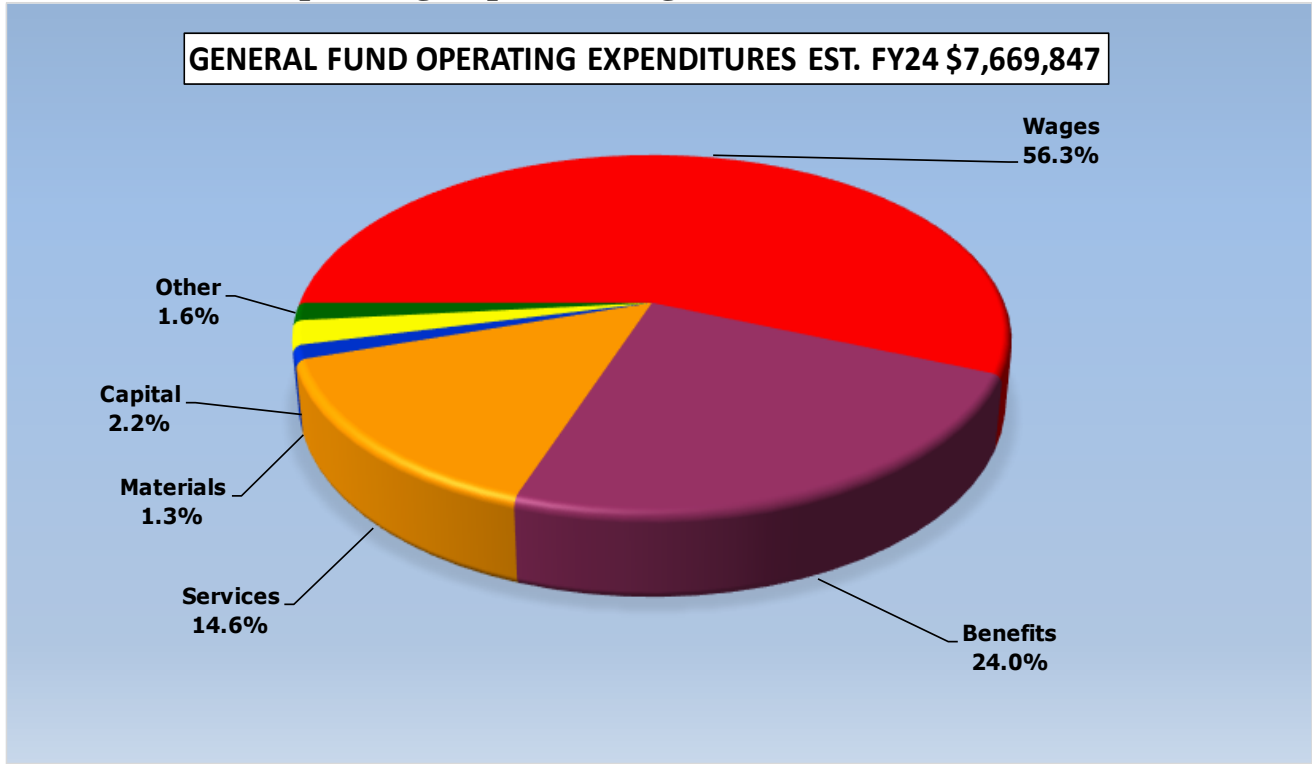
Estimated FY28 Revenue



Expenditure Assumptions

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

All Operating Expense Categories - General Fund FY24



Personal Services – Wages – Line #3.010

In April 2022, the Board ratified a contract with the Bradford Exempted Village Education Association (BEA) effective July 1, 2022. The agreement called for a 2% base wage increase in Fiscal Year 2023 with an anticipated step increase of 2.0% as well as step and training increase. Fiscal Year 2024 will increase 2.50% and a subsequent 3.0% in Fiscal Year 2025 as agreed upon in the master agreement. For Fiscal Year 2026-Fiscal Year 2028, we have included a 2.5% increase in base wages and increases for step and training adjustments.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	\$3,776,227	\$3,954,875	\$4,282,632	\$4,495,539	\$4,675,733
Based Pay Increase	94,406	118,646	85,653	89,911	93,515
Steps & Academic Training	64,566	97,804	79,888	63,383	86,764
Substitutes	90,603	95,133	99,890	104,885	110,129
Supplementals	203,453	209,557	213,748	218,023	222,383
Severance	53,563	35,000	22,200	61,200	43,500
Other Adjustments/Reductions-tabs and extra clas	0	90,000	25,000	26,900	45,000
Total Wages Line #3.010	<u>\$4,282,818</u>	<u>\$4,601,015</u>	<u>\$4,809,011</u>	<u>\$5,059,841</u>	<u>\$5,277,024</u>

Employees' Retirement & Insurance Benefits – Line #3.020

This area of the forecast captures all costs associated with benefit and retirement costs.

A) STRS/SERS will increase as Wages Increase

As required by law, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay a SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members. It is used exclusively to fund health care.

B) Insurance

The increase for medical insurance was 7.5% for benefit year 2022. The district introduced an HSA as well as spousal carve-out provisions and incentives in 2017 with an increase in rates for employees in the years beginning 2023, in the amount of 1% for each succeeding year during the contract. The district rewards nonparticipants in order to help curb costs. For a point of reference, the current billing of \$ 93,724.12 as compared to September 2017 of \$ 50,484.40 nearly doubled in fifty months. The current loss ratio of nearly 200% is contributory to these escalating costs.

We had a rate increase of 4.8% for 2024. For planning purposes, we have included a 12% increase annually for Fiscal Year 2025-Fiscal Year 2028. Loss ratios continue to escalate due to the heavy burden of claims on the district and the continuation of the higher premium increase seems reasonable.

C) Workers Compensation & Unemployment Compensation

Workers Compensation and unemployment costs are expected to be approximately .27% of wages Fiscal Year 2024– Fiscal Year 2028. Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

A) Medicare

Medicare will continue to increase with the rate of increase of wages. 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. Few wages are not subject to this tax and exemption will eventually be phased out completely.

Summary of Retirement/Insurance Benefits – Line #3.020

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	\$643,075	\$744,033	\$739,468	\$771,734	\$804,516
B) Insurance's	1,057,404	1,220,198	1,373,622	1,545,989	1,744,108
C) Workers Comp/Unemployment	11,421	12,330	12,926	13,498	14,133
D) Medicare	62,101	66,715	69,731	73,368	76,517
Other/Tuition/Annuities	<u>49,493</u>	<u>49,988</u>	<u>50,488</u>	<u>50,993</u>	<u>51,503</u>
Total Fringe Benefits Line #3.020	<u>\$1,823,494</u>	<u>\$2,093,264</u>	<u>\$2,246,235</u>	<u>\$2,455,582</u>	<u>\$2,690,777</u>

Purchased Services – Line #3.030

HB110, the previous state budget, affected Purchased Services beginning in Fiscal Year 2022 as the Ohio Department of Education began to directly pay the educating districts for open enrollment, community and STEM schools, and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding as expenses. We have continued to show these amounts below as zeros to help reflect the difference between Fiscal Year 2023-Fiscal Year 2028 Line 3.03 costs and historical Fiscal Year 2021 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 based on historical trend.

This area of expenses also includes utilities, ESC costs, maintenance expenses, professional services and the lease payment for the Certificates of Participation, aka Certificates of Participation borrowing. A general inflation of 5% is used for all categories.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Professional & Technical Services, ESC	\$448,766	\$657,204	\$704,064	\$739,267	\$776,230
Maintenance, Insurance & Garbage Removal	217,820	253,711	266,397	279,717	298,703
Professional Development	7,290	7,655	8,038	8,440	8,862
Communications, Postage, & Telephone	31,592	33,172	34,831	36,573	38,402
Utilities	108,779	119,218	195,749	205,536	215,813
Tuition, Excess Costs & Scholarship Costs	183,416	242,587	254,716	267,452	280,825
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	54,507	57,232	60,094	63,099	66,254
Contract Transportation-cw transport	30,734	32,271	33,885	35,579	37,358
Other Adjustments SWSF, CARES, Etc.	0	15,000	15,000	15,000	15,000
Miscellaneous Purchased Services	<u>30,938</u>	<u>32,485</u>	<u>34,109</u>	<u>35,814</u>	<u>37,605</u>
Total Purchased Services Line #3.030	<u>\$1,113,842</u>	<u>\$1,450,535</u>	<u>\$1,606,883</u>	<u>\$1,686,477</u>	<u>\$1,775,052</u>

Supplies and Materials – Line #3.040

An overall inflation of 5% is being estimated for this category of expenses, which are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working to improve the report card by funding innovative strategies. As our ESSER funds are depleted, costs will increase in the general fund.. Much thought is going into changes that will make the district more successful from a curriculum standpoint and as those plans are developed, funding will be firmer within the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Office Supplies & Materials	\$53,537	\$56,214	\$59,025	\$61,976	\$65,075
Textbooks & Instructional Supplies	1,197	81,221	65,282	68,546	71,973
Facility Supplies & Materials	6,071	6,375	6,694	7,029	7,380
Transportation Fuel & Supplies	34,665	36,398	38,218	40,129	42,135
Other adjustments SWSF, CARES, Etc.	<u>0</u>	<u>2,000</u>	<u>2,040</u>	<u>2,081</u>	<u>2,123</u>
Total Supplies Line #3.040	<u>\$95,470</u>	<u>\$182,208</u>	<u>\$171,259</u>	<u>\$179,761</u>	<u>\$188,686</u>

Capital Outlay – Line # 3.050

The expenditures within the equipment object line includes the ongoing investment in maintaining the bus fleet. The district received a state grant to help offset the cost of a bus purchase and added bus stations in the new

garage. The district will receive reimbursement from the EPA for the purchase of electric buses in Fiscal Year 2024. At this time, another bus purchase is expected for Fiscal Year 2025 & Fiscal Year 2027. The District has a five-year plan for improvements to the facilities, parking lots and yearly Chromebook upgrades, which had been coming from ESSER funding. The use of grants has greatly diminished the general fund activity. Large capital outlay is planned in 2025, and forward for curriculum, when there will be a need to start replacing chrome books and other technology. Without the use of grant funds, the General Fund will become a source of expenditures. Inflation specific to the expense will be factored into these expenses going forward.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay & Maintenance-resurfacing greenl	\$165,914	\$239,232	\$174,017	\$177,497	\$381,047
Technology/Curriculum Purchases	0	100,000	105,000	110,250	115,763
Busses & Other Vehicles	0	130,000	0	135,000	0
Other adjustments SWSF, CARES, Etc.	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Total Equipment Line #3.050	<u>\$165,914</u>	<u>\$474,232</u>	<u>\$284,017</u>	<u>\$427,747</u>	<u>\$501,810</u>

Debt Service:

The district entered into a Certificates of Participation financing agreement in Fiscal Year 2023 of \$1,790,000. The proceeds are being used to supplement track construction along with an all-purpose activity center for use in the school district. The certificates of participation will be repaid from purchased services, as a lease payment. This debt will be repaid over 20 years, with the last payment due 12/1/2041.

Interest Payment – Lines # 4.060

The Interest expense for the Certificates of Participation borrowing is shown here.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Interest & Fiscal Costs On Debt Line # 4.060	<u>\$66,650</u>	<u>\$65,150</u>	<u>\$63,000</u>	<u>\$60,200</u>	<u>\$57,300</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and property and liability insurance. A rate of 5% increase is projected in this area.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
County Auditor & Treasurer Fees	\$24,512	\$25,738	\$27,025	\$28,376	\$29,795
ESC Deduction	16,010	16,811	17,652	18,535	19,462
Annual Audit Costs	19,187	19,379	20,146	20,348	21,153
Dues, Fees & other Expenses	<u>61,950</u>	<u>65,048</u>	<u>68,300</u>	<u>71,715</u>	<u>75,301</u>
Total Other Expenses Line #4.300	<u>\$121,659</u>	<u>\$126,976</u>	<u>\$133,123</u>	<u>\$138,974</u>	<u>\$145,711</u>

Transfers Out/Advances Out – Line# 5.010

Transfers to other funds occur for various purposes. We transferred funds to Fund 070 for several Permanent Improvement needs. This includes, but is not limited to, a roofing project in which a company gave the district an inclusive cost analysis for future repairs and upgrades. In addition, the district provided 1/3 of the anticipated costs for the track project for the district residents. Additionally, the Athletic Fund annually requires supplements from the General Fund and that annual allocation has been built into the forecast.

This account group also covers advances (end of year short-term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Operating Transfers Out Line #5.010	\$227,000	\$725,500	\$243,350	\$261,200	\$279,050
Advances Out Line #5.020	<u>1,200,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Total Transfer & Advances Out	<u>\$1,427,000</u>	<u>\$1,075,500</u>	<u>\$593,350</u>	<u>\$611,200</u>	<u>\$629,050</u>

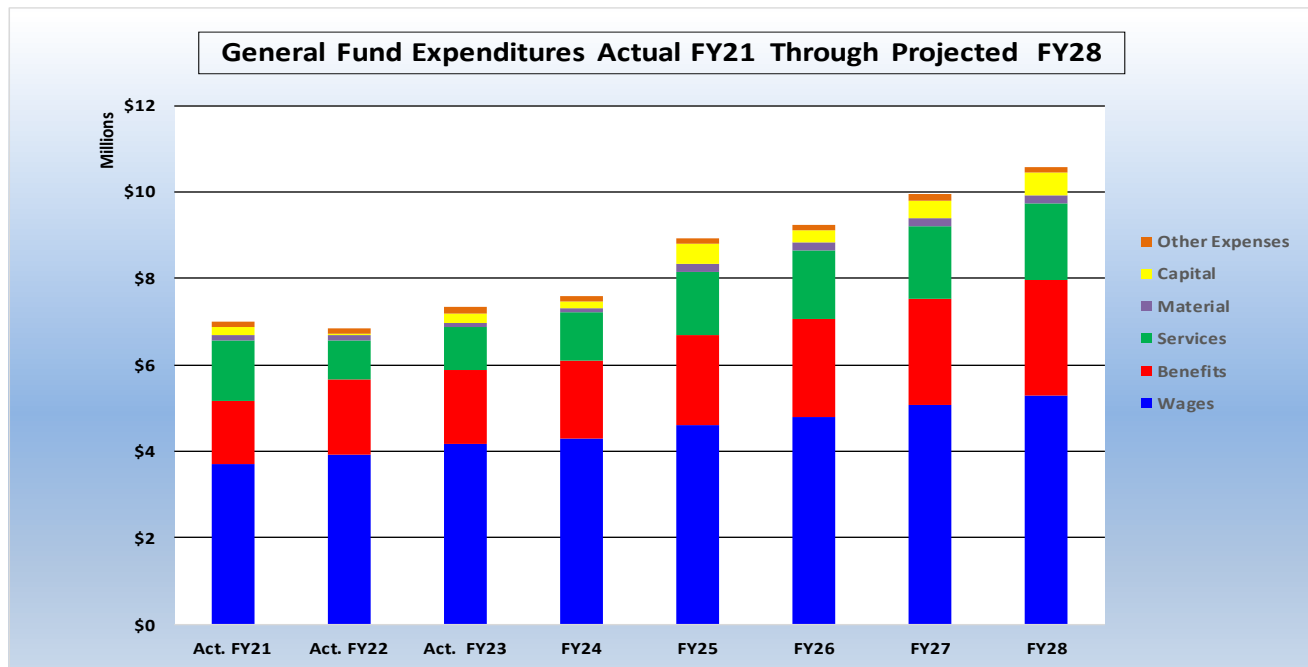
Encumbrances –Line#8.010

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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances Line #8.010	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

Operating Expenditures Actual Fiscal Year 2021 through Fiscal Year 2023 and Estimated Fiscal Year 2024-Fiscal Year 2028

As the graph indicates, costs are rising steadily. We will need to watch these expenses closely as we are in deficit spending, which will erode our cash balance.



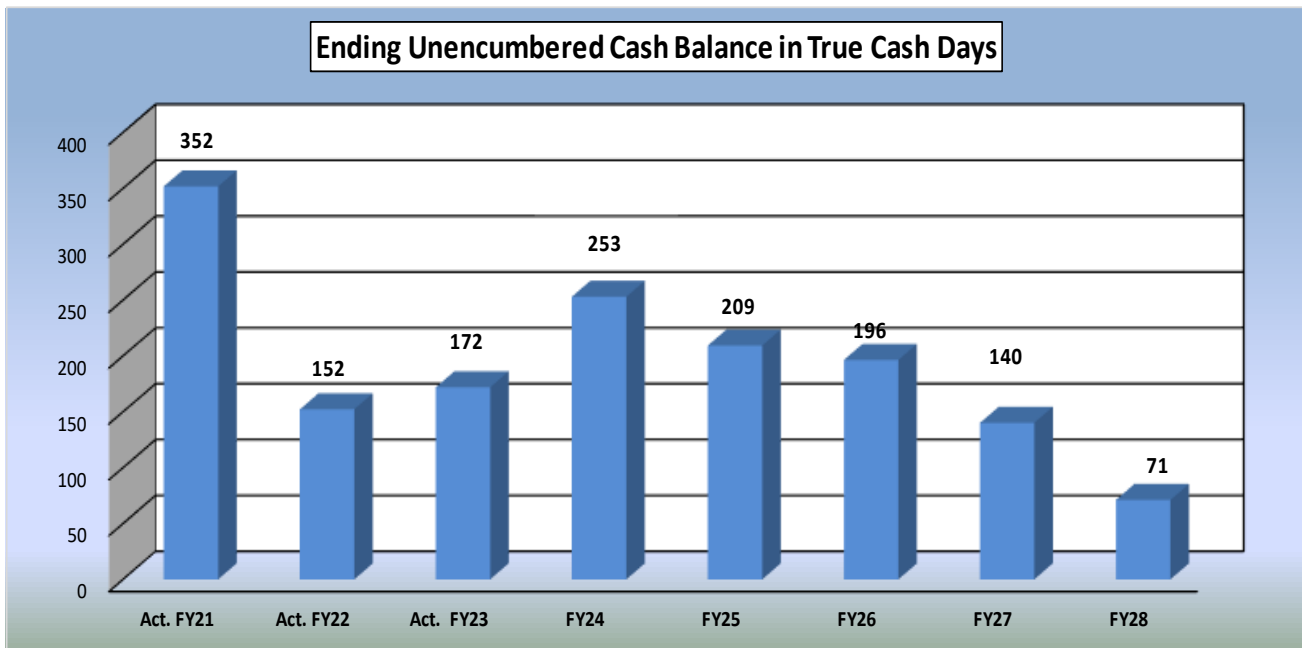
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$6,303,108</u>	<u>\$5,773,289</u>	<u>\$5,328,683</u>	<u>\$4,075,058</u>	<u>\$2,193,045</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year-end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days’ cash to be on hand at year-end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds.



Plan to Improve Financial Standing within the School District

The district is experiencing a deficit in the fifth year of the forecast, which is a signal that the district must take measures to eliminate future deficit spending. The administration has been analyzing this, knowing that the resulting construction project could create this situation and knowingly has some areas to mitigate the effects of the transfers from the general fund. The district is currently promoting legislation to enable regular general fund spending to be displaced from the general fund. This will elevate the balances for the fund and will be implemented in Fiscal Year 2023.

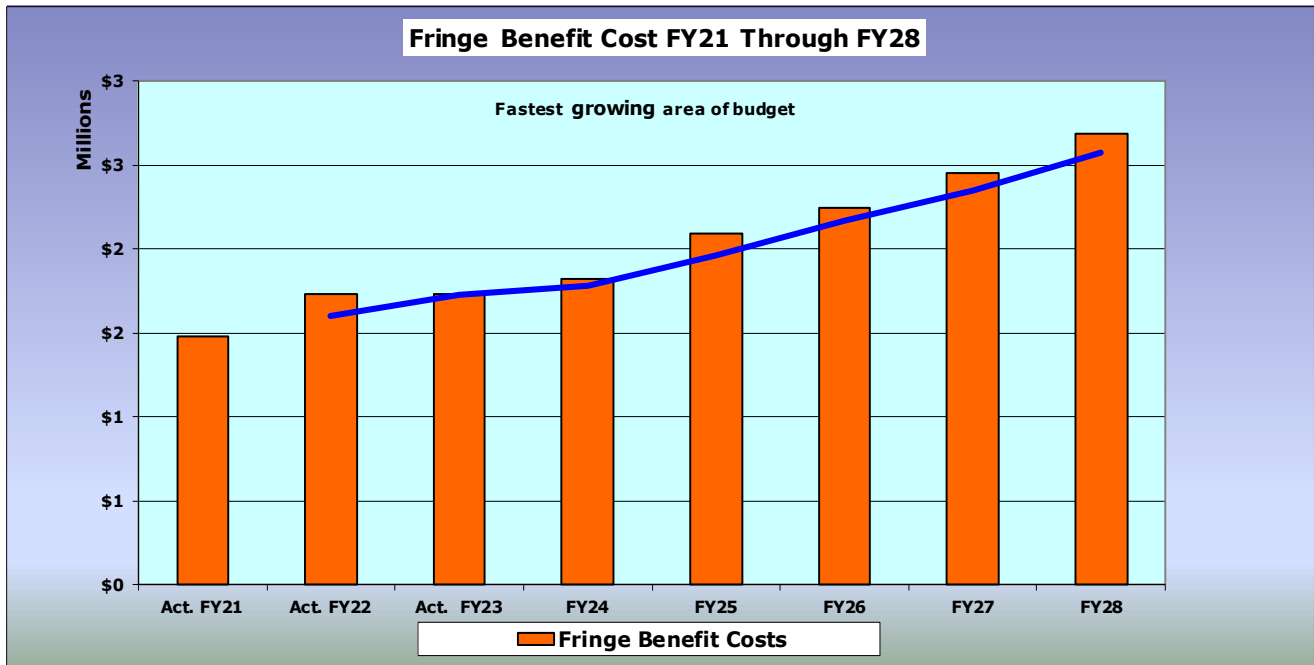
Additionally, the administration has been analyzing particular expenditures and has a long-term plan to reduce spending, with the general fund spending of various specialized expenditures, without a reduction of services. Various details need to be vetted and the process is ongoing. Implementation of these actions will be over the next few years to bring the forecast on course.

The district is hopeful that the increase of the employee’s share of Preferred Provider Organization will create a greater interest in the Health Savings Plan and drive a more consumer-oriented view of health insurance within

the district. This has been the greatest growing single expense with the district and will continue to be a problem for the district. An analysis was done in the year 2018-2019 to determine whether we were a group that could benefit from an individual plan for the district, outside the consortium in which we currently participate. It was inconclusive at the time. Our loss ratios have increased to the point that it is no longer feasible to consider any other option.

Additional Analytical Data

Graphs subsequently displayed allow the viewer to glean visual information about the district.



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. As you read the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared. A PowerPoint presentation was provided to the Board of Education at the meeting of May 8, 2024 and can be viewed at www.bradford.k12.oh.us.

All questions can be directed to **Carla G. Surber, CPA, CGMA, Treasurer, CFO**
760 Railroad Avenue
Bradford, Ohio 45308

Respectfully submitted on May 8, 2024