MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY

SCHOOL OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2019, 2020 and 2021 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2022 THROUGH JUNE 30, 2026

Margaretta Local School District

Treasurer's Office

Mrs. Diane Keegan, Treasurer

May 9, 2022

MARGARETTA LOCAL SCHOOL DISTRICT
Erie County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020, 2021
Forecasted Fiscal Year Ending June 30, 2022 through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	4,967,158	4,990,335	4,866,409	-1.0%	4,862,911	4,976,580	5,050,565	5,078,215	5,105,751
1.020	Public Utility Personal Property Tax	723,910	2,762,247	4,808,064	177.8%	5,762,405	6,178,779	6,291,621	6,176,614	6,066,057
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	4,492,246	4,224,798	4,332,344	-1.7%	4,701,069	4,732,432	4,733,817	4,735,225	4,736,664
1.040	Restricted State Grants-in-Aid	86,314	82,747	82,854	-2.0%	290,367	274,142	274,142	274,142	274,142
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	1,427,790	1,275,447	1,118,846	-11.5%	1,010,348	914,287	729,902	723,484	726,959
1.060	All Other Revenues	3,339,743	3,259,835	2,979,077	-5.5%	1,993,475	2,073,497	2,198,178	2,258,832	2,321,527
1.070	*Total Revenues*	15,037,161	16,595,409	18,187,594	10.0%	18,620,575	19,149,717	19,278,225	19,246,512	19,231,100
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	470,211	412,884	0.0%	90,608	0	0	0	0
2.050	Advances-In	0	0	2,400	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	0	7,195	282,109	0.0%	20,637	20,637	20,637	20,637	20,637
2.070	*Total Other Financing Sources*	0	477,406	697,393	0.0%	111,245	20,637	20,637	20,637	20,637
2.080	*Total Revenues and Other Financing Sources*	15,037,161	17,072,815	18,884,987	12.1%	18,731,820	19,170,354	19,298,862	19,267,149	19,251,737
	Expenditures									
3.010	Personal Services	8,035,648	7,819,926	8,091,168	0.4%	8,059,130	8,160,813	8,446,383	8,719,906	9,003,153
3.020	Employees' Retirement/Insurance Benefits	3,309,459	3,339,769	3,490,549	2.7%	3,551,603	3,707,534	3,869,800	4,035,632	4,209,395
3.030	Purchased Services	3,111,677	2,883,160	2,968,989	-2.2%	2,165,072	2,192,253	2,219,926	2,248,106	2,276,806
3.040	Supplies and Materials	393,870	355,799	417,022	3.8%	479,107	481,503	483,910	486,330	488,761
3.050	Capital Outlay	9,110	4,847	51,914	462.1%	188,748	140,494	142,274	144,089	145,941
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	462,000	483,000	498,000	3.8%	144,000	149,000	155,000	162,000	162,000
4.060	Interest and Fiscal Charges	102,846	85,626	67,750	-18.8%	55,483	49,007	42,289	35,283	35,283
4.300	Other Objects	191,170	230,628	389,277	44.7%	281,559	279,094	290,451	288,025	299,700
4.500	*Total Expenditures*	15,615,780	15,202,755	15,974,669	1.2%	14,924,702	15,159,698	15,650,033	16,119,371	16,621,039
	Other Financing Uses									
5.010	Operating Transfers-Out	88,231	1,398,179	2,593,037	785.1%	4,057,164	3,576,317	2,315,031	2,235,405	1,311,139
5.020	Advances-Out	0	2,400	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	88,231	1,400,579	2,593,037	786.3%	4,057,164	3,576,317	2,315,031	2,235,405	1,311,139
5.050	*Total Expenditures and Other Financing Uses*	15,704,011	16,603,334	18,567,706	8.8%	18,981,866	18,736,015	17,965,064	18,354,776	17,932,178
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(666,850)	469,481	317,281	-101.4%	(250,046)	434,339	1,333,798	912,373	1,319,559
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,454,049	787,199	1,256,680	6.9%	1,573,961	1,323,915	1,758,254	3,092,052	4,004,425
7.020	*Cash Balance June 30*	787,199	1,256,680	1,573,961	42.4%	1,323,915	1,758,254	3,092,052	4,004,425	5,323,984
8.010	*Estimated Encumbrances June 30*	3,593	16,618	0	131.3%	5,000	5,000	5,000	5,000	5,000

MARGARETTA LOCAL SCHOOL DISTRICT
Erie County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020, 2021
Forecasted Fiscal Year Ending June 30, 2022 through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	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	440,757	853,641	0.0%	944,249	944,249	944,249	944,249	944,249
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*	0	440,757	853,641	0.0%	944,249	944,249	944,249	944,249	944,249
10.010	*Fund Balance June 30 for Certification of Appropriations*	783,606	799,305	720,320	-3.9%	374,666	809,005	2,142,803	3,055,176	4,374,735
	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	878,909
11.300	Cumulative Balance of Renewal Levies	0	0	0	0.0%	0	0	0	0	878,909
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	783,606	799,305	720,320	-3.9%	374,666	809,005	2,142,803	3,055,176	5,253,644
	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	0	0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	783,606	799,305	720,320	-3.9%	374,666	809,005	2,142,803	3,055,176	5,253,644
	ADM Forecasts									
20.010	Kindergarten - October Count	-	-	-	0.0%	-	-	-	-	-
20.015	Grades 1-12 - October Count	-	-	-	0.0%	-	-	-	-	-

Margaretta Local School District – Erie County
Notes to the Five Year Forecast
General Fund Only
May 9, 2022

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

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

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

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

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

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

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

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

May 2022 Updates:

Revenues FY22

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $1,450,429 or 8.4% higher than the November forecasted amount of $17,170,146.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 57.1% and are estimated to be $10,625,316, which is $1,042,491 higher for FY22 than the original November estimate of $9,582,825.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimate provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 to project anticipated funding. In January of 2022, the first formula calculations were released, in part, by the Ohio Department of Education. While there are still details unpublished at this time, we can see that through early April our state aid is estimated to be $4,991,436, which is $184,805 higher than the original estimate for FY22. We are pleased that with very little detail we were able to be 96.2% accurate for FY22. We are currently on the formula and are expected to be on a guarantee for FY23 through FY26.

Line 1.06 - Other revenues are up $237,670 over original estimates, primarily due to increased preschool tuitions and shared services revenues received by the district, which is somewhat unpredictable year to year.

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

Expenditures FY22

Total General Fund expenditures (line 4.5) are estimated to be $14,924,702 for FY22, which is $84,807 higher than the original estimate of $14,839,895 in the November forecast, which is roughly 99.4% on target with original estimates. The expenditure line most significantly over projection is Other Expenses (line 4.3) due to increased County Auditor and Treasurer Fees related to higher than expected real estate tax collections.

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

Unreserved Ending Cash Balance

With revenues increasing over estimates and expenditures increasing, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $374 thousand. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty

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

I. 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 continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends, and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes, equate to 68% of the district’s resources. Our tax collections in the August 2021 and March 2022 settlements did not fall due to increased delinquencies as anticipated due to the brief rise in unemployment due to the pandemic in 2020. Long-term, we believe there is a low risk that local collections would fall below projections throughout the forecast.

II. Erie County experienced a triennial update in the 2021 tax year to be collected in FY22. The 2021 update increased overall assessed values by $16.9 million or an increase of 9%. A reappraisal will occur in tax year 2024 for collection in FY25. We anticipate value increases for Class I and II property to remain constant. There is, however, always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time. Mineral values can decrease as rapidly as they increase and the district is cautious in projecting large increases when a decrease may be as likely.

III. The state budget represents 32% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic downturn. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26, which we feel is conservative and should be close to whatever the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

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

V. The current state budget that ends June 30, 2023 continues the TPP Fixed Rate Reimbursement phase-out contained in SB208 that will lower the payment we receive each year by the amount raised by five-eights (5/8) of 1 mill based on the 3 year average of assessed district values. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY25 based on our estimates.

VI. With the NEXUS Pipeline coming online, the district will continue to monitor Public Utility Personal Property tax (PUPP) for disputes. This increased valuation in Tax Year 2019, payable in 2020, and is a major increase in current and future revenue. It should be mentioned that the taxing authorities billed Nexus approximately $8.3 million dollars payable in two tax installment payments for the first tax year of 2019. Nexus first appeal was denied which first requested a reduction of 47% and as such, Nexus tender paid the tax payment of $4.2 million payable in 2020. Nexus has submitted a second appeal requesting values to be decreased to 39.72% and the request was denied in the first round of the appeal. On February 2, 2022, a joint motion was filed to remand the determination to the Tax Commissioner. NEXUS has also appealed the second year valuations and is tender paying (i.e., short paying) to approximately 40% of the billed value in the second year as well and paid 66% of the billed amount for tax year 2021, payable in 2022. We believe that the increased amounts in their tender pay of 2022 is an encouraging sign that they may be hedging their bet a little on the final outcome of the taxing authorities, so as to lessen the penalties and interest payments at the time of the final ruling.

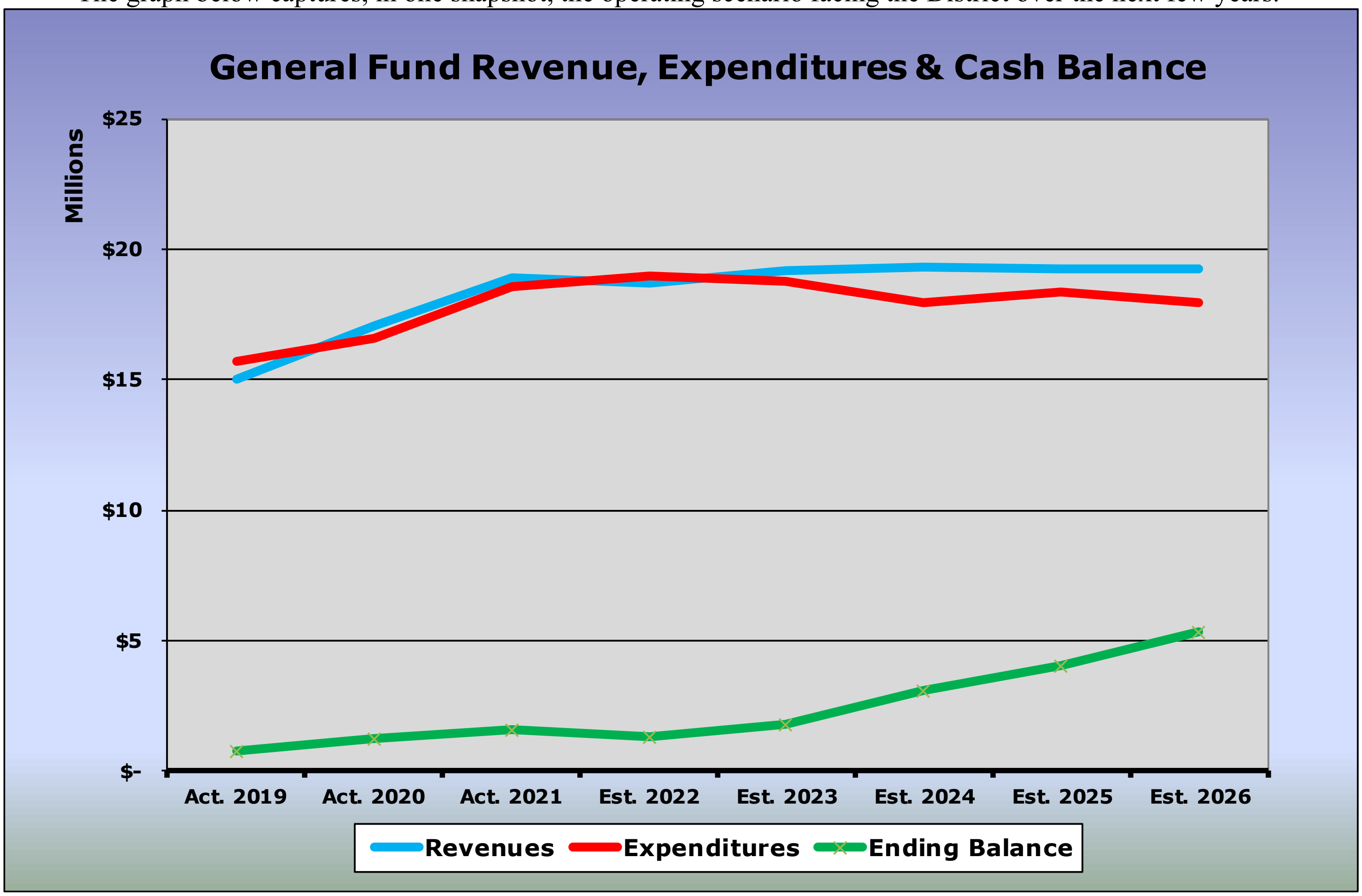
VII. HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid and will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

VIII. 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.

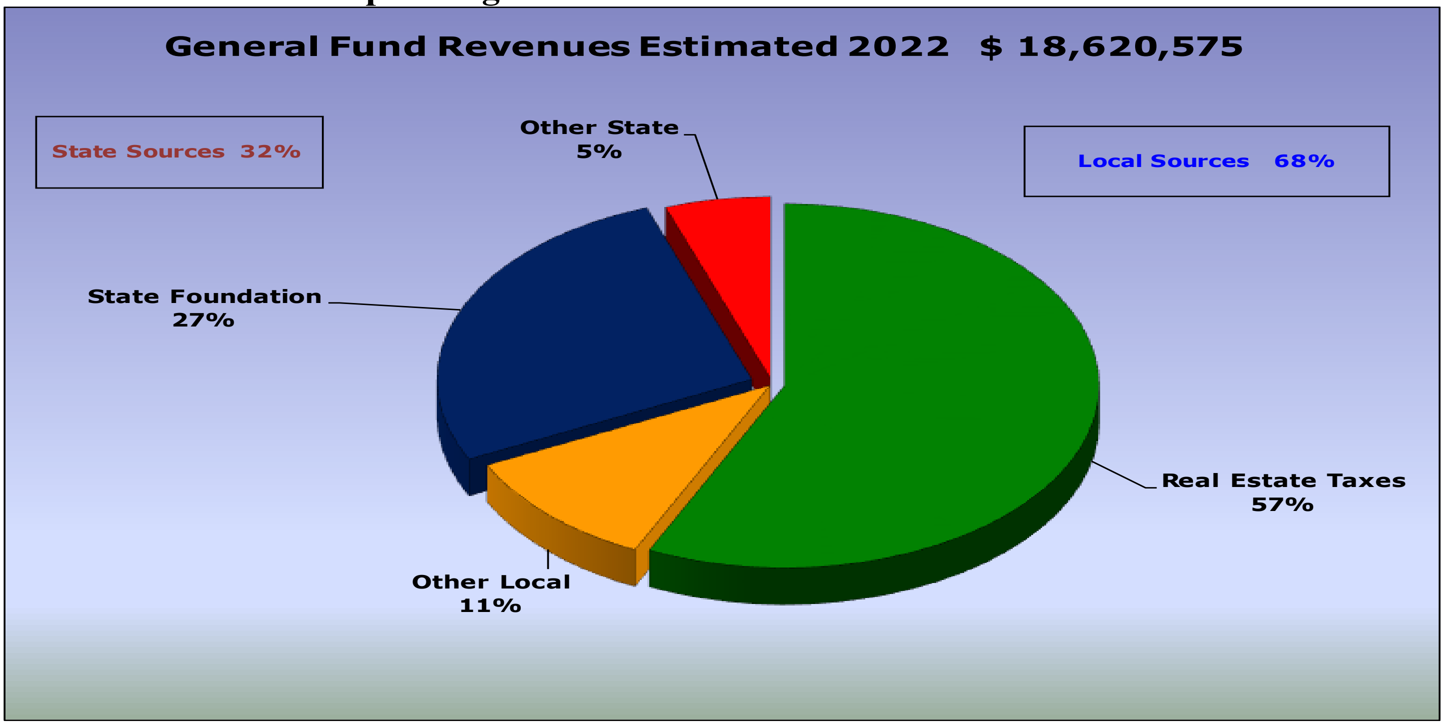
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item, and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mrs. Diane Keegan, Treasurer at 419-684-5322.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY19-21 and Estimated FY22-26

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 FY22



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Erie County experienced a triennial update for the 2021 tax year to be collected in 2022. Residential/agricultural values increased 9.68% or $16.2 million due to the update led by an improving housing market.

For tax year 2021, new construction in residential property was up 0.4% or $789 thousand in assessed value and commercial/industrial values increased $185 thousand. Over all values rose $18.1 million or 9.6%, which includes new construction for all classes of property.

A reappraisal will occur in tax year 2024 for collection in 2025. We anticipate value increases for Class I and II property to remain constant.

Public Utility Personal Property (PUPP) values increased by $28.5 million in tax year 2021. We expect our values to continue to decrease by, roughly, $2 million each year of the forecast due to depreciation.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR2025 COLLECT 2026
Res./Ag.	$185,440,150	$186,301,650	$187,163,150	$188,024,650	$188,886,150
Commercial/Mineral	19,969,840	20,055,370	20,140,900	20,226,430	20,311,960
Public Utility (PUPP)	109,433,252	107,345,821	105,340,200	103,413,526	101,563,035
Total Assessed Value	$314,843,242	$313,702,841	$312,644,250	$311,664,606	$310,761,145

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY22	FY23	FY24	FY25	FY26
Property Taxes	$4,862,911	$4,976,580	$5,050,565	$5,078,215	$5,105,751

Property tax levies are estimated to be collected at 98% of the annual amount. This allows for a 2% delinquency factor. In general, 56% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 44% collected in the August tax settlement. Collections in FY21 were down $51 thousand due to decreased delinquent taxes collected in the August and March tax settlements, which are expected to continue to collect at the reduced amount.

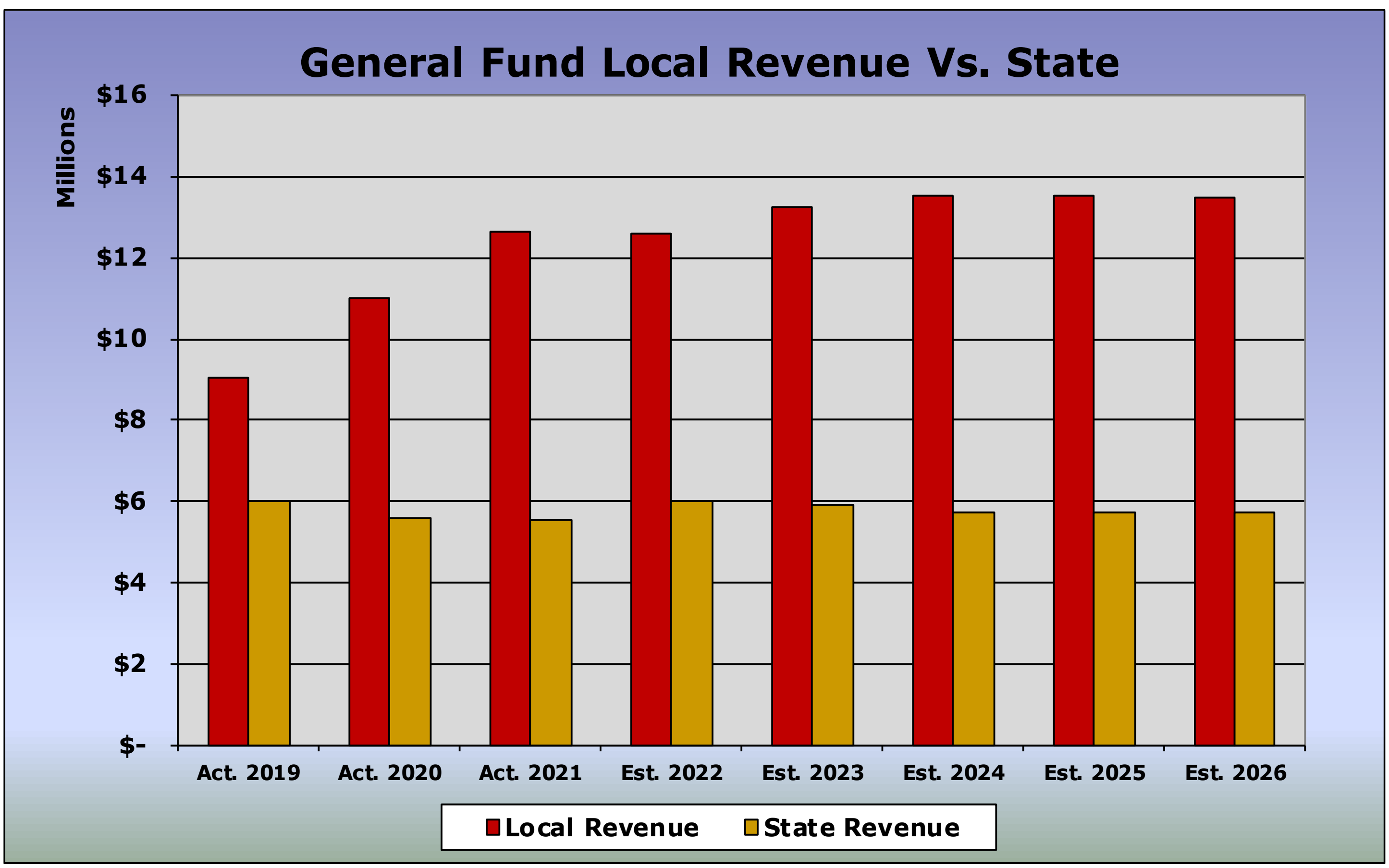
Levy Renewal –Line # 11.02
The District renewed its 7.75 mill current expense levy on May 4, 2021 with an 82.2% approval rate. This is a 5 year term levy that the district has had in place since 1998. This levy is now due to expire December 31, 2026. The continued approval of this levy is critical for the district due to the increased value of PUPP due to the NEXUS Pipeline. Please note that renewal levies do not bring in additional tax revenues to the district. The renewing levies are for the same revenue the district is currently collecting.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020
The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

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 is $109 million in assessed values in 2021 and are collected at the district's gross voted millage rate of 58.71. This increased by $71.7 million in tax year 2019 due to the NEXUS Pipeline coming online. In tax year 2021, the assessed values increased by $28.5 million. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. This is a major revenue stream for the district, and will continue to be monitored for future valuation growth trends.

Source	FY22	FY23	FY24	FY25	FY26
Public Utility Personal Property	$5,762,405	$6,178,779	$6,291,621	$6,176,614	$6,066,057



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

Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The partial release of the new Fair School Funding Plan (FSFP) formula occurred in January 2022, which was halfway through FY22. As of the date of this forecast, there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY22 and is expected to be a guarantee district in FY23-26 on the new FSFP. The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest, and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

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

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

The new funding formula uses FY18 statewide average district costs, and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district. Newer more up to date statewide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. Base costs per pupil includes funding for five (5) areas:

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

<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 $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth), and a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of district's 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's 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 added together, the total is then multiplied by a local share multiplier index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also, will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all 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 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding. With districts whose state share index is greater than 33.33% receiving the same amount as received in FY22.

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 the state average, and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories, based on the time a student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career-technical average daily membership and five (5) weighted funding categories students enrolled in.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 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 guaranteed level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and, in general, the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)

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

Future State Budget Projections beyond FY23

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

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 to pre-pandemic, FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to the COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 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 $63.07 per pupil. FY22 Casino revenues have resumed their historical growth rate and we are assuming a 2% annual growth rate for the forecast period.

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

Source	FY22	FY23	FY24	FY25	FY26
Basic Aid-Unrestricted	$4,169,596	$4,199,606	$4,199,606	$4,199,606	$4,199,606
Additional Aid Items	310,044	310,044	310,044	310,044	310,044
Basic Aid-Unrestricted Subtotal	$4,479,640	$4,509,650	$4,509,650	$4,509,650	$4,509,650
Catastrophic and Motor Fuel Refund	$153,675	$153,675	$153,675	$153,675	$153,675
Ohio Casino Commission ODT	67,754	69,107	70,492	71,900	73,339
Unrestricted State Aid Line # 1.035	$4,701,069	$4,732,432	$4,733,817	$4,735,225	$4,736,664

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career-Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. Using current April 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 FY24-26 due to uncertainty on continued funding of the current funding formula.

Source	FY22	FY23	FY24	FY25	FY26
Student Wellness and Success	$159,124	$159,124	$159,124	$159,124	$159,124
Disadvantaged Pupil Impact Aid (DPIA)	36,029	33,896	33,896	33,896	33,896
English Learners (ESL)	0	0	0	0	0
Gifted	54,271	45,262	45,262	45,262	45,262
Career Tech Education	40,943	35,860	35,860	35,860	35,860
Restricted Revenues Line #1.040	$290,367	$274,142	$274,142	$274,142	$274,142

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY22-26.

Summary	FY22	FY23	FY24	FY25	FY26
Unrestricted Line # 1.035	$4,701,069	$4,732,432	$4,733,817	$4,735,225	$4,736,664
Restricted Line # 1.040	290,367	274,142	274,142	274,142	274,142
Rest. Fed. Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$4,991,436	$5,006,574	$5,007,959	$5,009,367	$5,010,806

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 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.

Tangible Personal Property Reimbursements – Fixed Rate
State budget bill HB153 slashed these reimbursements to our district after FY12, reducing our state revenue each year starting in FY13. HB64, the FY16-17 state budget, reinstituted the phase out of TPP reimbursements to districts beginning in FY16, which included a TPP Supplemental Payment for some districts. We were not eligible for TPP Supplemental Payments as our state foundation aid grew by enough to offset the loss in TPP.

Beginning in FY18, SB 208 amended HB64 and became effective February 15, 2016. SB 208 provides that beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes on the three (3) year average of assessed values. Based on our calculations, we will receive TPP Phase out payments through FY24. We project with the new phase-out calculation that TPP Fixed Rate reimbursements will be fully phased out for our district in 2025.

Tangible Personal Property Reimbursements – Fixed Sum
The district does not receive fixed sum reimbursements.

Summary of State Tax Reimbursement – Line #1.050

Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	$689,222	$708,307	$719,986	$723,484	$726,959
TPP Reimbursement - Fixed Rate	321,126	205,980	9,916	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimbursements #1.050	$1,010,348	$914,287	$729,902	$723,484	$726,959

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY22-26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid.

Another key source occurs due to the District sponsored Townsend Community School (TCS). The District receives funds from Townsend two ways - shared support services, and a statutory Sponsor Fee of 3% of the TCS received State Aid. The District rents space to Townsend, including a land lease to allow for the construction of a Learning Center on the Margaretta High School campus. The District provides shared services to cover maintenance of the building, transportation for

Townsend students and staff support services. It is forecasted that this TCS funding would shrink through the five year forecast in part due the decline of their ADM numbers, based on the ODE Settlement agreement that restricts TCS enrollment. We have increased FY22 interest due to the rapid rebound to the economy that was not expected in the spring due to the COVID-19 recession. All other revenues are expected to continue on historic trends. All investments are held in accordance with Board Policy 6144. At this time we will continue monitoring this line of the forecast for future projections.

Source	FY22	FY23	FY24	FY25	FY26
Rentals	$253,016	$253,016	$253,016	$253,016	$253,016
Open Enrollment	0	0	0	0	0
Interest	18,750	42,000	108,000	108,000	108,000
Other Tuition SF-6, SF-14, SF-14H	554,160	570,785	587,909	605,546	623,712
Shared Services & Preschool	655,412	675,074	695,326	716,186	737,672
Other Income, Class Fees, and Other Adj	512,137	532,622	553,927	576,084	599,127
Total Other Local Revenue Line #1.060	$1,993,475	$2,073,497	$2,198,178	$2,258,832	$2,321,527

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

There is no short term borrowing planned for in this forecast at this time from any sources.

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. The district is anticipating an additional transfer to the Budget Stabilization fund in FY22 of $90,608. The Budget Stabilization fund is allowed to hold up to 5% of previous year's receipts in the operating fund.

Source	FY22	FY23	FY24	FY25	FY26
Transfers In - Line 2.040	$90,608	$0	$0	$0	$0
Advance Returns - Line 2.050	0	0	0	0	0
Total Transfer & Advances In	$90,608	$0	$0	$0	$0

All Other Financial Sources – Line #2.060

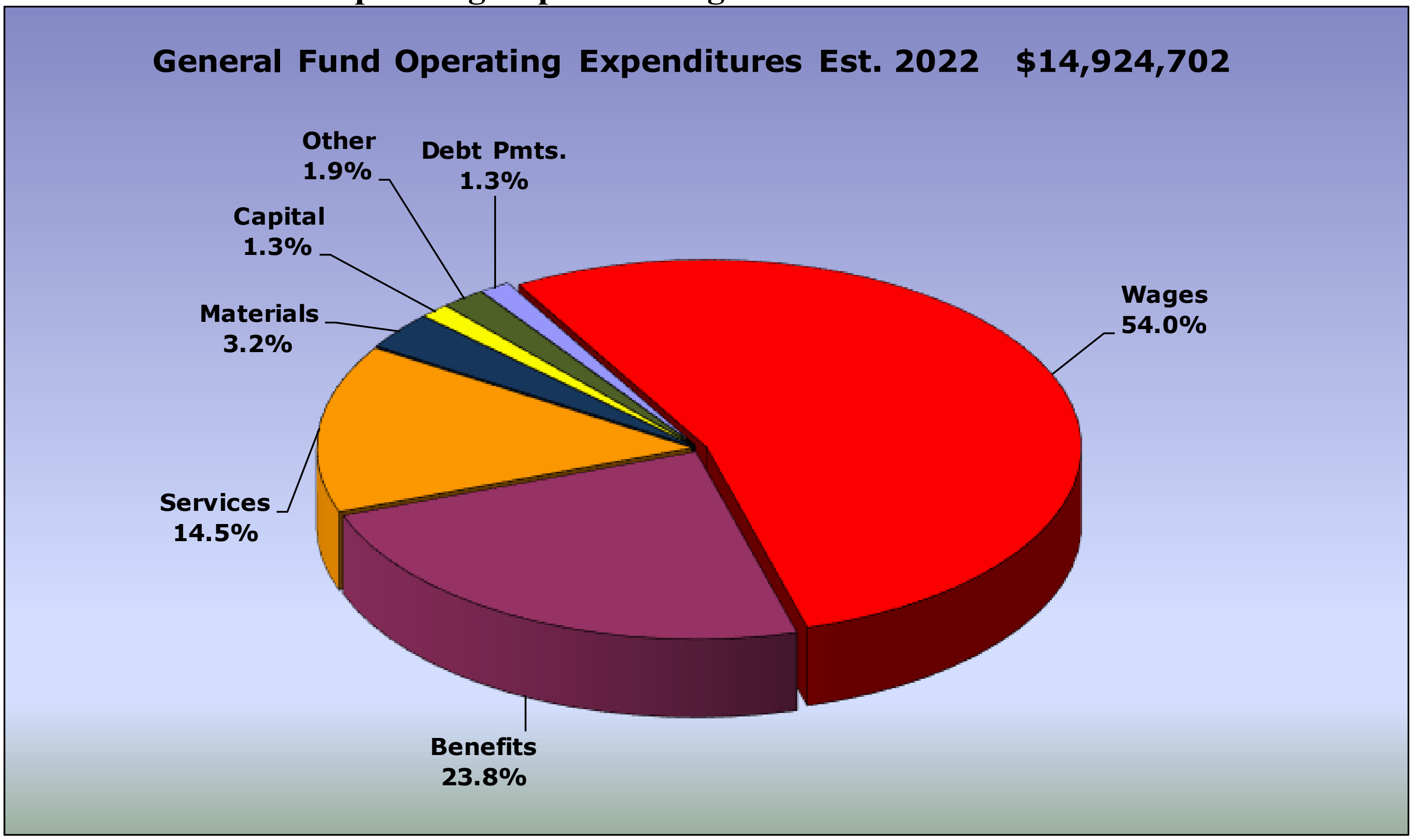
This funding source is typically a refund of prior year expenditures and sale of personal property. Both of which are very unpredictable.

Source	FY22	FY23	FY24	FY25	FY26
Refunds of a Prior Year Expenditure	$20,637	$20,637	$20,637	$20,637	$20,637

Expenditures Assumptions

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

All Operating Expense Categories - General Fund FY22



Wages – Line #3.010

Due to unknowns with the NEXUS Pipeline revenue, negotiations with bargaining unit members were extended as a carryover one-year contract in FY20 and the Margaretta Teachers Association extended as a carryover one-year contract in FY21, and we settled a 2 year contract for FY22-23. This included a 3.08% base increase in FY22, and 2% in FY23. Our OAPSE, settled a 3 year contract for FY22-24 which includes 4% on the base, and a money opener in FY24. For planning purposes this includes 1.14% average yearly increase for education and steps. At this time we are forecasting a 2.5% increase to base wages in FY24-26.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$7,490,580	$7,277,955	$7,562,345	$7,841,930	$8,109,408
Base Increases	262,170	187,439	181,949	189,059	196,048
All Staff - Steps and Training	89,887	96,951	97,636	78,419	81,094
Substitutes	99,980	100,980	101,990	103,010	104,040
Supplementals	334,775	338,123	341,504	344,919	348,368
Stipends/OT/Board & Misc	157,787	159,365	160,959	162,569	164,195
Severance	188,633	0	0	0	0
Staff Adjustment	(564,682)	0	0	0	0
Total Wages Line 3.010	$8,059,130	$8,160,813	$8,446,383	$8,719,906	$9,003,153

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

A) STRS/SERS will increase as Wages Increase
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance
We are estimating an increase of 3% for FY22, and 5% in FY23-26, which reflects trend. This is based on our current employee census and claims data.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to be approximately 0.15% of wages FY22-26. Unemployment is expected to remain at a very low level FY22-26. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare
Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY22	FY23	FY24	FY25	FY26
STRS/SERS	$1,196,251	$1,240,581	$1,284,187	$1,325,950	$1,369,199
Insurances	2,171,040	2,279,592	2,393,572	2,513,251	2,638,914
Workers Comp/Unemployment	13,577	12,985	13,429	13,854	14,294
Medicare	115,949	119,317	123,278	126,966	131,099
Other adjustments/Tuition	54,786	55,059	55,334	55,611	55,889
Total Fringe Benefits Line #3.020	$3,551,603	$3,707,534	$3,869,800	$4,035,632	$4,209,395

Purchased Services – Line #3.030
HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-26 line 3.03 costs and historical FY19 through FY21 costs on the five-year forecast. College Credit Pus, excess costs, and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

The District has been a part of a natural gas consortium to keep down costs and the district has initiated some energy savings by using capital funds to install LED lighting in high demand areas with the goal of reducing our electric demand. The district also is experiencing utility reductions starting in FY20, due to the auction and sale of our original Townsend school in Vickery, Ohio. In addition, the district joined Ohio School Council (OSC) to participate in Power 4 Our Schools electric rate program in order to reduce risk of electric cost fluctuation.

Source	FY22	FY23	FY24	FY25	FY26
Base Services	$287,937	$290,816	$293,724	$296,661	$299,628
Instructional Contracts	817,373	825,547	833,802	842,140	850,561
Other Tuition and CCP	269,375	272,069	274,790	277,538	280,313
Community School, OE, Ed Scholarship	0	0	0	0	0
Utilities	184,318	191,691	199,359	207,333	215,626
Professional Services	606,069	612,130	618,251	624,434	630,678
Total Purchased Services Line #3.030	$2,165,072	$2,192,253	$2,219,926	$2,248,106	$2,276,806

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. With the increase in NEXUS revenue, the district will begin to formulate a plan for curriculum enhancements. This line currently reflects a 0.5% increase each year.

Source	FY22	FY23	FY24	FY25	FY26
Supplies	$243,203	$244,419	$245,641	$246,869	$248,103
Maintenance Supplies	132,777	133,441	134,108	134,779	135,453
Transportation Supplies	103,127	103,643	104,161	104,682	105,205
Total Line 3.040	$479,107	$481,503	$483,910	$486,330	$488,761

Capital Outlay – Line # 3.050

An overall inflation of 1% is being estimated for this category of expenses. The district passed a resolution on September 26, 2018 to establish a Capital Projects Fund (070) that will be funded with additional NEXUS Pipeline funds at least 50% of the Nexus incremental taxes, and other gifts to the district. This will be funded over a ten year period for acquisition, construction, or improvement of fixed assets during this ten year period. The district is currently anticipating purchasing one bus in each year of the forecast.

Source	FY22	FY23	FY24	FY25	FY26
Improvements	$2,898	$2,927	$2,956	$2,985	$3,015
Technology	100,000	50,000	50,000	50,000	50,000
School Busses	85,850	87,567	89,318	91,104	92,926
Total Equipment Line #3.050	$188,748	$140,494	$142,274	$144,089	$145,941

Principal, Interest and Fiscal Charges – Lines #4.055 and #4.06

In FY2008 the District incurred $2.7 million to make improvements at the Elementary building, the purpose of this project was to accommodate the consolidation of our PK-5 students into one building. The financing instrument is for twenty years. In FY2016, the District entered into a Lease Arrangement with Townsend Community School to assist in the financing of the expansion project of their Learning Center.

Source	FY22	FY23	FY24	FY25	FY26
Principal Improvement Financing # 4.055	$144,000	$149,000	$155,000	$162,000	$162,000
Total Principal Payments	$144,000	$149,000	$155,000	$162,000	$162,000

Source	FY22	FY23	FY24	FY25	FY26
Interest on Borrowing Line 4.060	$55,483	$49,007	$42,289	$35,283	$35,283

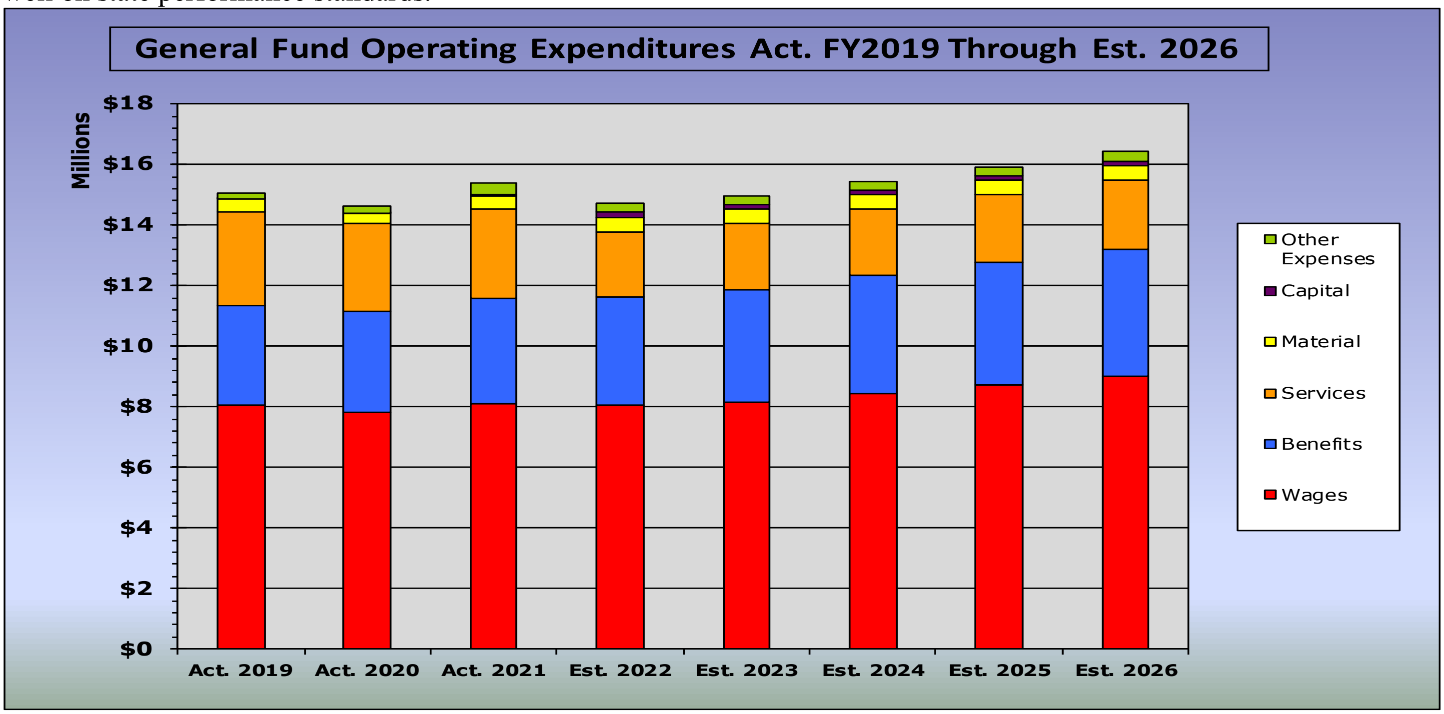
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 2% increase is projected in this area.

Source	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$211,238	$215,463	$219,772	$224,167	$228,650
Election Expense	6,800	0	6,936	0	7,075
Other expenses	5,511	5,621	5,733	5,848	5,965
Liability Insurance	58,010	58,010	58,010	58,010	58,010
Total Other Expenses Line #4.300	$281,559	$279,094	$290,451	$288,025	$299,700

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-26

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



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer 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. The transfer of $40,000 is made to the Food Services Fund to cover short falls in this Fund and the forecast assumes that will continue. The Board has also passed a resolution to allocate 25% of the Nexus tax revenue to the general fund and 25% to a general fund reserve, which is capped at a balance no greater than 5% of the previous year's general fund revenue, and 50% of Nexus to the 070 fund for capital improvements and buildings. If the transfer to the general reserve fund is capped by the 5% of the previous year's general fund revenue, then the amount above the cap, not able to be transferred to the general fund reserve, will be included with the transfer to the 070 fund for capital improvements. However, the 50% can be reduced in any given year in order to keep a positive General Fund cash balance before adding in the property tax renewal.

Source	FY22	FY23	FY24	FY25	FY26
Operating Transfers Out Line #5.010	$4,057,164	$3,576,317	$2,315,031	$2,235,405	$1,311,139
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$4,057,164	$3,576,317	$2,315,031	$2,235,405	$1,311,139

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	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	$5,000	$5,000	$5,000	$5,000	$5,000

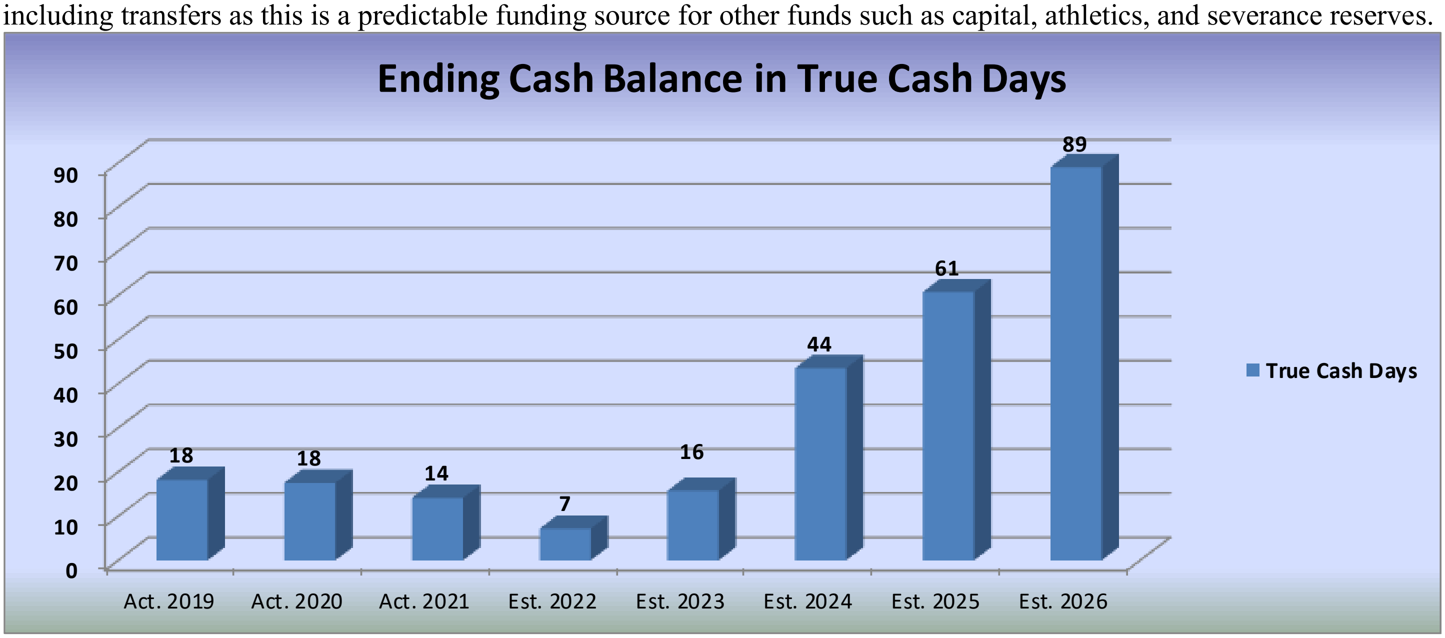
Reserve Assumptions
The district also passed a resolution on September 26, 2018 to establish a Reserve Balance Account within the General Fund (001) that will be funded with additional NEXUS Pipeline funds, and other gifts to the district. The purpose of this fund is to stabilize the district's budget against cyclical changes in revenues and expense. The amount of money reserved in such account in any fiscal year shall not exceed 5% of the revenue credited to the General Fund in the preceding fiscal year. Upon termination of the Reserve Balance Account, the balance therein shall be returned to the General Fund. The chart below will reflect the maximum amount the budget reserve could have in it at the end of any fiscal year.

Source	FY22	FY23	FY24	FY25	FY26
Budget Reserve - Line 9.030	$944,249	$944,249	$944,249	$944,249	$944,249

Ending Unencumbered Cash Balance – Line#15.010
This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended by the Government Finance Officers Association (GFOA), and other authoritative sources, that a district maintains a minimum of sixty (60) day cash balance, which is approximately $2.4 million for our district.

Source	FY22	FY23	FY24	FY25	FY26
Ending Cash Balance	$374,666	$809,005	$2,142,803	$3,055,176	$5,253,644

True Cash Days Ending Unreserved Balance without Levy Renewals
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 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 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.



Conclusion

The NEXUS Pipeline going online in FY19 could not have come at a better time for our district. In FY19 the district finished the year with 18 true days cash which was 42 days below the 60-day benchmark. The district will continue to maximize the value out of these dollars to enhance the educational experience for our students.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state 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 FY24-26.

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

We want to thank the community for continuing to support the district and approving the renewal levy on May 4, 2021. This levy will not collect additional tax but allow us to continue providing an excellent education for our students.

As you read through 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, and any future forecasts could vary greatly if major assumptions change.