

**BARBERTON CITY SCHOOL DISTRICT-SUMMIT COUNTY  
SCHEDULE 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**



**Forecast Provided By  
Barberton City School District  
Treasurer's Office  
Craig McKendry, Treasurer/CFO  
May 25, 2022**

**Barberton City School District  
Summit County**

Schedule of Revenues, 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 2026

	Actual				Average Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021			Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$12,135,856	\$12,635,520	\$12,924,325	3.2%	\$13,225,280	\$12,698,479	\$12,841,680	\$12,972,271	\$12,991,501	
1.020 Public Utility Personal Property	958,432	1,000,241	1,075,415	5.9%	1,164,825	1,222,657	1,247,851	1,272,750	1,308,209	
1.035 Unrestricted State Grants-in-Aid	28,377,152	27,685,193	28,027,560	-0.6%	25,871,535	25,762,928	25,765,111	25,767,317	25,769,544	
1.040 Restricted State Grants-in-Aid	1,904,134	1,886,425	1,894,418	-0.3%	2,859,327	2,993,001	2,993,001	2,993,001	2,993,001	
1.045 Restricted Federal Grants-in-Aid - SFSF/EdJobs	0	0	0	0.0%	0	0	0	0	0	
1.050 Property Tax Allocation	2,174,406	2,101,497	2,004,908	-4.0%	1,939,840	1,975,410	2,004,099	2,032,732	2,032,946	
1.060 All Other Revenues	4,063,106	3,748,687	3,001,526	-13.8%	1,981,578	2,011,244	2,041,775	2,073,188	2,105,498	
1.070 <i>Total Revenues</i>	<b>\$49,613,086</b>	<b>\$49,057,563</b>	<b>\$48,928,152</b>	<b>1.8%</b>	<b>\$47,042,386</b>	<b>\$46,663,719</b>	<b>\$46,893,517</b>	<b>\$47,111,259</b>	<b>\$47,200,699</b>	
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0	
2.020 State Emergency Loans and Advancements	0	0	0	0.0%	0	0	0	0	0	
2.040 Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0	
2.050 Advances-In	0	0	0	0.0%	576,000	0	0	0	0	
2.060 All Other Financing Sources	9,500	250	0	-98.7%	250	250	250	250	250	
2.070 <i>Total Other Financing Sources</i>	<b>\$9,500</b>	<b>\$250</b>	<b>\$0</b>	<b>-98.7%</b>	<b>\$576,250</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>	
2.080 <i>Total Revenues and Other Financing Sources</i>	<b>\$49,622,586</b>	<b>\$49,057,813</b>	<b>\$48,928,152</b>	<b>-0.7%</b>	<b>\$47,618,636</b>	<b>\$46,663,969</b>	<b>\$46,893,767</b>	<b>\$47,111,509</b>	<b>\$47,200,949</b>	
<b>Expenditures</b>										
3.010 Personnel Services	25,537,496	25,670,139	26,692,135	2.3%	25,547,839	27,384,125	28,669,040	29,821,674	30,672,908	
3.020 Employees' Retirement/Insurance Benefits	10,261,910	10,833,554	11,855,228	7.5%	11,361,638	12,121,899	12,918,583	13,752,957	14,597,286	
3.030 Purchased Services	11,264,228	11,802,611	10,932,982	-1.3%	7,711,051	7,861,931	8,103,107	8,902,905	9,121,865	
3.040 Supplies and Materials	1,321,484	1,025,468	694,051	-27.4%	750,000	750,000	750,000	1,300,000	1,300,000	
3.050 Capital Outlay	475,291	552,203	81,146	-34.6%	56,116	57,238	58,383	259,551	370,742	
3.060 Intergovernmental	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	412,594	428,709	0.0%	444,718	461,325	478,552	496,422	514,959	
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	82,587	161,387	145,954	42.9%	129,945	113,338	96,111	78,241	59,704	
4.300 Other Objects	211,011	93,124	175,164	16.1%	424,008	433,500	443,237	453,227	463,477	
4.500 <i>Total Expenditures</i>	<b>\$49,154,007</b>	<b>\$50,551,080</b>	<b>\$51,005,369</b>	<b>1.9%</b>	<b>\$46,425,315</b>	<b>\$49,183,356</b>	<b>\$51,517,013</b>	<b>\$55,064,977</b>	<b>\$57,100,941</b>	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	69,144	48,688	0	-64.8%	55,000	55,000	55,000	55,000	55,000	
5.020 Advances-Out	0	0	576,000	0.0%	0	0	0	0	0	
5.030 All Other Financing Uses	25,817	13,517	4,522	-57.1%	10,000	10,000	10,000	10,000	10,000	
5.040 <i>Total Other Financing Uses</i>	<b>\$94,961</b>	<b>\$62,205</b>	<b>\$580,522</b>	<b>399.4%</b>	<b>\$65,000</b>	<b>\$65,000</b>	<b>\$65,000</b>	<b>\$65,000</b>	<b>\$65,000</b>	
5.050 <i>Total Expenditures and Other Financing Uses</i>	<b>\$49,248,968</b>	<b>\$50,613,285</b>	<b>\$51,585,891</b>	<b>2.3%</b>	<b>\$46,490,315</b>	<b>\$49,248,356</b>	<b>\$51,582,013</b>	<b>\$55,129,977</b>	<b>\$57,165,941</b>	
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	<b>\$373,618</b>	<b>(\$1,555,472)</b>	<b>(\$2,657,739)</b>	<b>-222.7%</b>	<b>\$1,128,321</b>	<b>(\$2,584,387)</b>	<b>(\$4,688,245)</b>	<b>(\$8,018,468)</b>	<b>(\$9,964,992)</b>	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$24,765,369	\$25,138,987	\$23,583,515	-2.3%	\$20,925,776	\$22,054,097	\$19,469,709	\$14,781,464	\$6,762,996	
7.020 <i>Cash Balance June 30</i>	<b>\$25,138,987</b>	<b>\$23,583,515</b>	<b>\$20,925,776</b>	<b>-8.7%</b>	<b>\$22,054,097</b>	<b>\$19,469,709</b>	<b>\$14,781,464</b>	<b>\$6,762,996</b>	<b>(\$3,201,996)</b>	
8.010 <i>Estimated Encumbrances June 30</i>	\$1,559,813	\$1,582,001	\$1,479,909	-2.5%	\$1,479,909	\$1,479,909	\$1,479,909	\$1,479,909	\$1,479,909	
<b>Reservation of Fund Balance</b>										
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 <i>Subtotal</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	<b>\$23,579,174</b>	<b>\$22,001,514</b>	<b>\$19,445,867</b>	<b>-9.2%</b>	<b>\$20,574,188</b>	<b>\$17,989,800</b>	<b>\$13,301,555</b>	<b>\$5,283,087</b>	<b>(\$4,681,905)</b>	

**Barberton City School District  
Summit County**

Schedule of Revenues, 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 2026

	Actual			Average Change	Forecasted					
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	
<b>Revenue from Replacement/Renewal Levies</b>										
11.010	Income Tax - Renewal			0.0%						
11.020	Property Tax - Renewal or Replacement	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	
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
		\$23,579,174	\$22,001,514	\$19,445,867	-9.2%	\$20,574,188	\$17,989,800	\$13,301,555	\$5,283,087	(\$4,681,905)
<b>Revenue from New Levies</b>										
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	
13.020	Property Tax - New	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	
14.010	Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	
15.010	<i>Unreserved Fund Balance June 30</i>	\$23,579,174	\$22,001,514	\$19,445,867	-9.2%	\$20,574,188	\$17,989,800	\$13,301,555	\$5,283,087	(\$4,681,905)
<b>ADM Forecasts</b>										
20.010	Kindergarten - October Count	220	259	245		273	250	250	250	250
20.015	Grades 1-12 - October Count	3,421	3,441	3,263		3,251	3,211	3,151	3,135	3,020

**Barberton City School District – Summit County**  
**Notes to the Five Year Forecast**  
**General Fund Only**

**Introduction to the Five Year Forecast**

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 Ohio Department of Education 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.

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 (July 1, 2021-June 30, 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 the district is substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$47,011,588 or 0.59% higher than the November forecasted amount of \$46,738,098.

Line 1.01 and 1.02 - Property taxes represent 30.61% of revenues and are estimated to be \$14,390,105 which is \$403,211 higher for FY22 than the original estimate of \$13,986,894.

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 estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order 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 \$28,730,863 which is \$122,495 lower than the original estimate for FY22. We are currently on the guarantee and are expected to remain on a guarantee for FY23 through FY26.

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 \$46,425,315 for FY22 which have increased from the November forecast by \$1,422,009. The increase is due to the changes that were going to be deducted to ESSER but were not within the current plan.

### **Unreserved Ending Cash Balance:**

With revenues decreasing over estimates and expenditures increasing, the ending unreserved cash balance June 30, 2022 is anticipated to be \$20.54 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to have a positive accumulative balance through 2025 if assumptions for state aid in future state budgets remain close to estimates.

### **Forecast Risks and Uncertainty:**

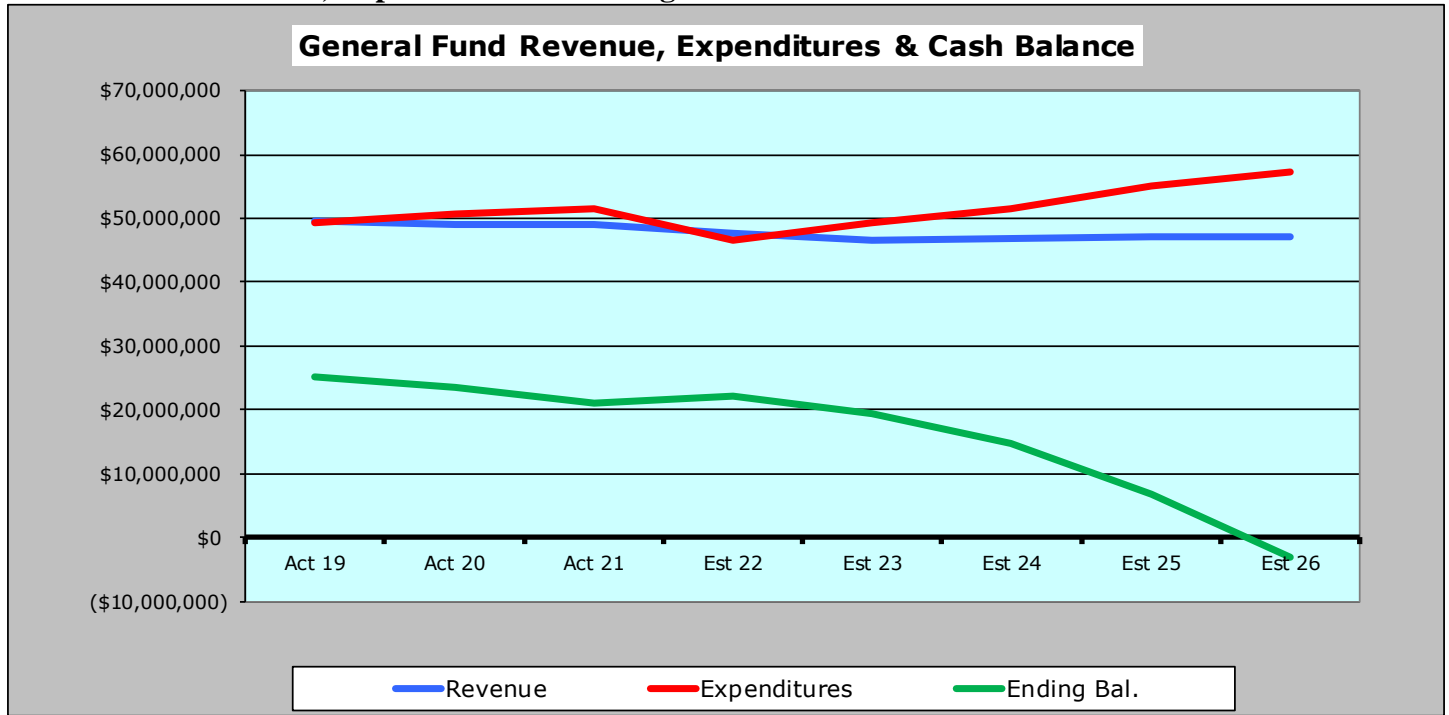
A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect 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 second largest revenue source for the school system. The housing market in our district is stable. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 34.82% of the district's resources. We believe there is a low risk that local collections would fall below projections in the forecast.
- II. Summit County experienced a reappraisal in calendar year 2020 tax year for collection in 2021. The 2020 reappraisal increased overall assessed values by \$48.1 million or an increase of 12.76% for Class I and II. A reappraisal update will occur in tax year 2023 for collection in 2024, which we anticipate value increases for Class I and II property by \$25.43 million for an overall increase of 6.32%. 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.

- III. The state budget represented 65.18% 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 or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. 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-FY27 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 that 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 that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. 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. 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 which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes 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.
- VI. Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

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 Craig McKendry, Treasurer/CFO of Barberton City Schools at 330-753-1025.

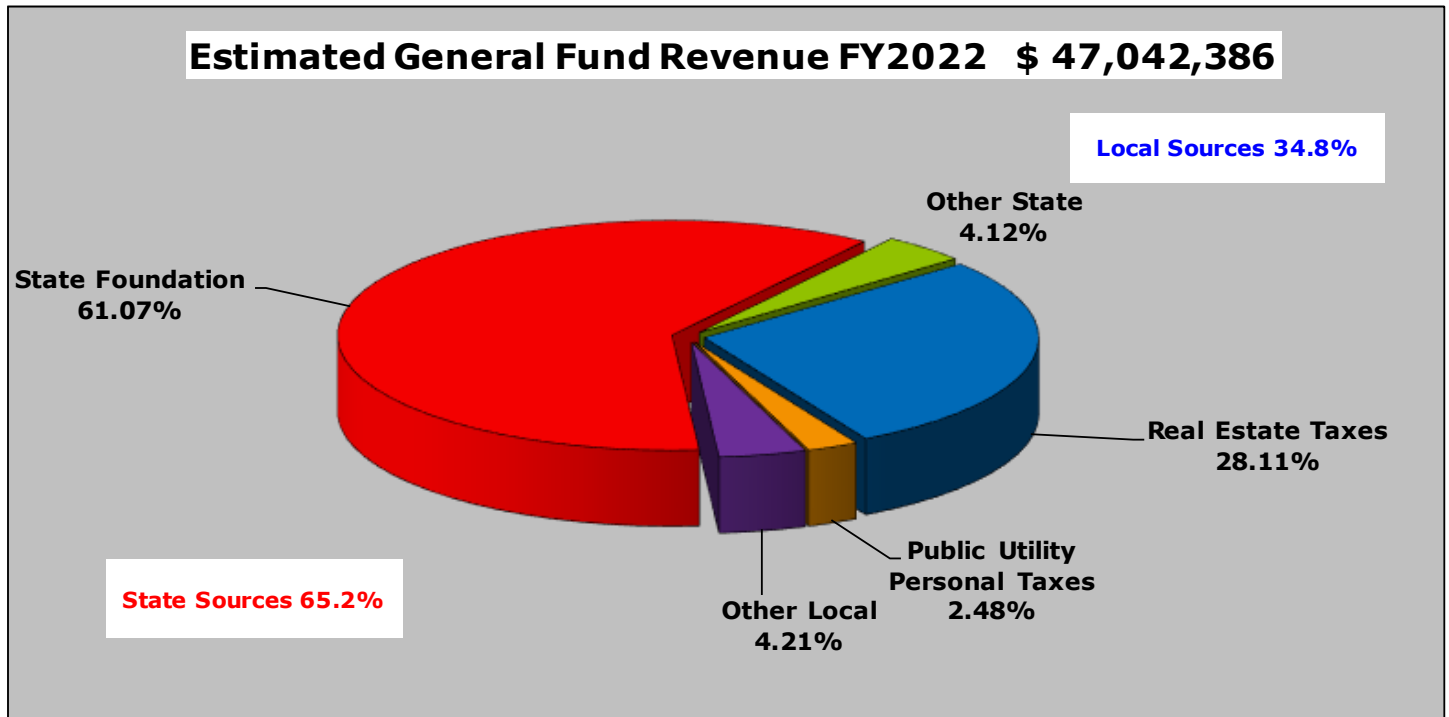
**General Fund Revenue, Expenditure and Ending Cash Balance Actual FY19-21 and Estimated FY22-26**



The graph captures in one snapshot the operating scenario facing Barberton City School District over the next few years. Cash balances will be less than zero at the end of FY25 based on our current assumptions.

**Revenue Assumptions**

**Estimated General Fund Revenue Sources 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. Summit County experienced a reappraisal of the district property values in 2020 for collection in calendar year 2021. The Residential/Agricultural Class I values increased by 12.96% or \$33.9 million, while Commercial/Industrial Class II values increased by \$11.9 million or 17.86%. The increase of Class I valuation is of greater importance since nearly 80% of the district values are within this area. Our next reappraisal update will occur in tax year 2023 with collection in 2024.

CAUV values represent 0.1% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. The district experienced this in the Tax Year 2020 update with a decrease of 24% of the values from 2019. A reduction of value has been weighted in to our average Class I value change in 2020.

Tax abatement values are not included in valuations for the district. However, the district has agreed to a 75% of values for 10 years abatement that will include 25% of the values in the district tax valuation upon completion of the building. Once the values are established they will be included in the forecast.

As a reminder Tangible Personal Property (TPP) values were reduced to \$0 in 2011 as a result of HB 66 to be effective July 1, 2005. This began a systematic phase-out of this tax base statewide to be replaced by a Commercial Activities Tax (CAT) which revenue was to fully reimburse school districts for TPP losses through FY18 based on 2004 property values.

Public Utility Personal Property (PUPP) taxes are not subject to the three year valuation cycle but are changed each year. In tax year 2021 the district experienced an increase in values of \$1.19 million or 6.41%, this is important as PUPP is paid at the total voted millage rate. It is very difficult to know from one year to the next the changes in values, we have included \$600,000 increase each remaining year of the forecast.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

Classification	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2021	TAX YEAR 2022	TAX YEAR 2023	TAX YEAR 2024	TAX YEAR 2025
	<u>COLLECT 2022</u>	<u>COLLECT2023</u>	<u>COLLECT2024</u>	<u>COLLECT2025</u>	<u>COLLECT 2026</u>
Res./Ag.	\$299,105,650	\$299,291,150	\$321,923,486	\$322,108,986	\$322,294,486
Comm./Ind.	\$77,352,290	\$77,822,290	\$80,626,959	\$81,066,959	\$81,536,959
Public Utility (PUPP)	<u>\$19,809,590</u>	<u>\$20,409,590</u>	<u>\$21,009,590</u>	<u>\$21,609,590</u>	<u>\$22,209,590</u>
Total Assessed Valuation	<u>\$396,267,530</u>	<u>\$397,523,030</u>	<u>\$423,560,035</u>	<u>\$424,785,535</u>	<u>\$426,041,035</u>

**Estimated Real Estate Tax (Line #1.010)**

Property tax levies are estimated to be collected at 97% of the annual amount. In general, 52.51 % of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.49% collected in the August tax settlement.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Real Estate Taxes - Line #1.01	<u>\$13,225,280</u>	<u>\$12,698,479</u>	<u>\$12,841,680</u>	<u>\$12,972,271</u>	<u>\$12,991,501</u>

**Estimated PUPP Taxes – Line #1.020**

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above, which were \$19.8 million in assessed values in 2021 and are



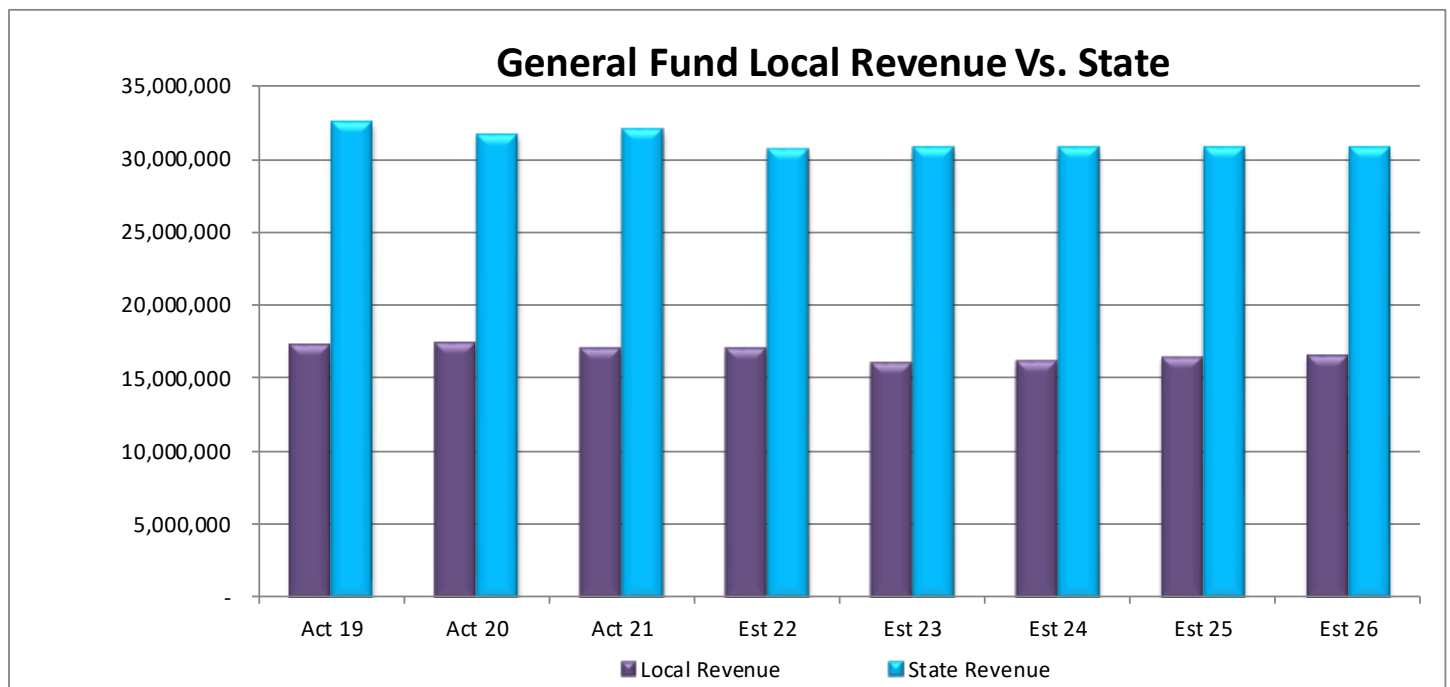
collected at the district’s gross voted millage rate in 2022. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

Also included in this line are any delinquent Tangible Personal Property Taxes (TPP) from FY12 or prior years that were due the district before the elimination of TPP.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Public Utility Personal Property	<u>\$1,164,825</u>	<u>\$1,222,657</u>	<u>\$1,247,851</u>	<u>\$1,272,750</u>	<u>\$1,308,209</u>
Total PUPP Tax Line #1.020	<u>\$1,164,825</u>	<u>\$1,222,657</u>	<u>\$1,247,851</u>	<u>\$1,272,750</u>	<u>\$1,308,209</u>

**Renewal/Replacement Levies – Line #11.02**

Since the district restructured the two emergency levies into one substitute emergency levy for ten years beginning collection in 2020, we will not have any renewal levies during this forecast period. We will show the renewal levy beginning with the FY29 forecast.



**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 formula occurred in January 2022 half way through FY22, and 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 guarantee district in FY22 and is expected to continue as a guarantee district in FY23-FY26 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 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
- C. Personal Income of District Residents
- D. Historical Funding- CAPS and Guarantees from prior funding formulas

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

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for five (5) areas:

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

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

Once the base cost is calculated, which is estimated to be as high as \$7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

- 1. 60% based on 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 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 Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index from ranging 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. The balance of this amount is the state share to pay.

### **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’ calculation 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.

#### Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding, DPIA 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 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on 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 & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand alone fund.

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

HB110 provides funding for FY22 and FY23. While the FSFP was presented as a six (6) year phase-in plan, the state legislature only approved the first two (2) years of the funding plan. 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 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes “formula transition aid” which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY22 than they received in FY21. The guarantee 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.

#### **State Funding changes for May Forecast**

Fiscal Year 22 revenue has been updated based on the April #1 settlement report payment and includes the updated calculations for FY23 with new valuations and enrollment from the April #1 report instead of the simulations that were used in November. As a result, FY22 experienced a decrease from the simulations due to the changes in the funding formula and the actual data being used in the state foundation payments. The FY23 revenue amounts will see changes from the simulations due to the Local Capacity that is calculated on a three-year average of valuations and federal adjusted gross income since the simulations did not include any change in this calculation from year one to year two of the simulations. The district did receive two adjustments from the FY21 payments for a total decrease \$58,487 and a correction from the Community Schools FTE review of \$32,504.

## Future State Budgets:

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 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 will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.77 per pupil. FY22 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
State Basic Aid	\$24,931,425	\$24,815,528	\$24,815,528	\$24,815,528	\$24,815,528
Additional Aid	\$726,041	\$729,041	\$729,041	\$729,041	\$729,041
Basic Aid-Unrestricted Subtotal	\$25,657,465	\$25,544,569	\$25,544,569	\$25,544,569	\$25,544,569
Ohio Casino Commission ODT/Credentials	\$214,070	\$218,359	\$220,542	\$222,748	\$224,975
Total Unrestricted St. Aid Line # 1.035	\$25,871,535	\$25,762,928	\$25,765,111	\$25,767,317	\$25,769,544

## 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-FY26 due to uncertainty on continued funding of the current funding formula.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
DPIA	\$1,484,521	\$1,611,159	\$1,611,159	\$1,611,159	\$1,611,159
Career Tech-Restricted	\$280,392	\$273,330	\$273,330	\$273,330	\$273,330
Gifted	\$204,831	\$217,044	\$217,044	\$217,044	\$217,044
English Learners	\$23,466	\$25,350	\$25,350	\$25,350	\$25,350
Student Wellness	\$759,384	\$759,384	\$759,384	\$759,384	\$759,384
Catastrophic Special Education	\$106,734	\$106,734	\$106,734	\$106,734	\$106,734
Total Restricted St. Aid Line #1.040	\$2,859,327	\$2,993,001	\$2,993,001	\$2,993,001	\$2,993,001

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

No federal unrestricted grants are projected for FY22-26.

## Summary of State Foundation Revenues:

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Unrestricted Line # 1.035	\$25,871,535	\$25,762,928	\$25,765,111	\$25,767,317	\$25,769,544
Restricted Line # 1.040	\$2,859,327	\$2,993,001	\$2,993,001	\$2,993,001	\$2,993,001
Restricted Fed. SFSF /EdJobs #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$28,730,863</u>	<u>\$28,755,929</u>	<u>\$28,758,112</u>	<u>\$28,760,318</u>	<u>\$28,762,545</u>

## State Taxes Reimbursement/Property Tax Allocation Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or who are disabled regardless of income. Effective September 29, 2013 HB59 changes 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 currently have 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.

## TPP Reimbursement – Fixed Sum

The last year of any receipts will be for the TPP Reimbursement will be tax year 2021 which we received in November of this fiscal year.

## Summary of State Tax Reimbursement – Line #1.050

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Rollback and Homestead	\$1,909,042	\$1,975,410	\$2,004,099	\$2,032,732	\$2,032,946
TPP Reimbursement - Fixed Rate	\$0	\$0	\$0	\$0	\$0
TPP Reimbursement - Fixed Sum	<u>\$30,798</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Tax Reimb./Prop Allocations	<u>\$1,939,840</u>	<u>\$1,975,410</u>	<u>\$2,004,099</u>	<u>\$2,032,732</u>	<u>\$2,032,946</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 have been open enrollment, tuition for court placed students, student fees, 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-FY26 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.

Interest income is expected to be 25% less in FY22 due to the decrease in the Federal Reserve rates. We do not expect interest rates to increase and have forecasted a 2% decrease in FY23-FY26.

The tuition from other districts that are enrolled in Barberton continues to grow. The district has implemented procedures to ensure that other districts are correctly billed for those students. The district will begin posting the amounts from the CTC Compact as tuition instead of as negative expenditures in Other Expenses, this will increase the tuition by \$604,186 starting in FY22.

Medicaid payments are projected to increase by 3% each year of the forecast. The district is holding the Payment in Lieu of Taxes (PILOT) payments for the Akron Metropolitan Housing project flat in future years of the forecast. This is mostly due to the uncertainty around COVID-19.

The payment for the Turf Project through pledges is projected to be \$35,000 per year from FY21-FY25. All other revenues are expected to continue on historic trends.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Open Enrollment	\$0	\$0	\$0	\$0	\$0
Interest	\$250,343	\$245,336	\$240,429	\$235,620	\$230,908
Tuition SF-14 & SF-14H	\$1,206,353	\$1,230,480	\$1,255,090	\$1,280,192	\$1,305,796
Medicaid	\$295,484	\$304,349	\$313,479	\$322,884	\$332,570
Pilot Payments	\$61,287	\$61,287	\$61,287	\$61,287	\$61,287
Other Income and Fees	\$168,111	\$169,792	\$171,490	\$173,205	\$174,937
Total Line #1.060	<u>\$1,981,578</u>	<u>\$2,011,244</u>	<u>\$2,041,775</u>	<u>\$2,073,188</u>	<u>\$2,105,498</u>

**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 advanced funds in FY21 to federal grants at the end of the fiscal year of \$576,000 but do not expect for there to be any other advances in future years.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$576,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Transfer & Advances In	<u>\$576,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

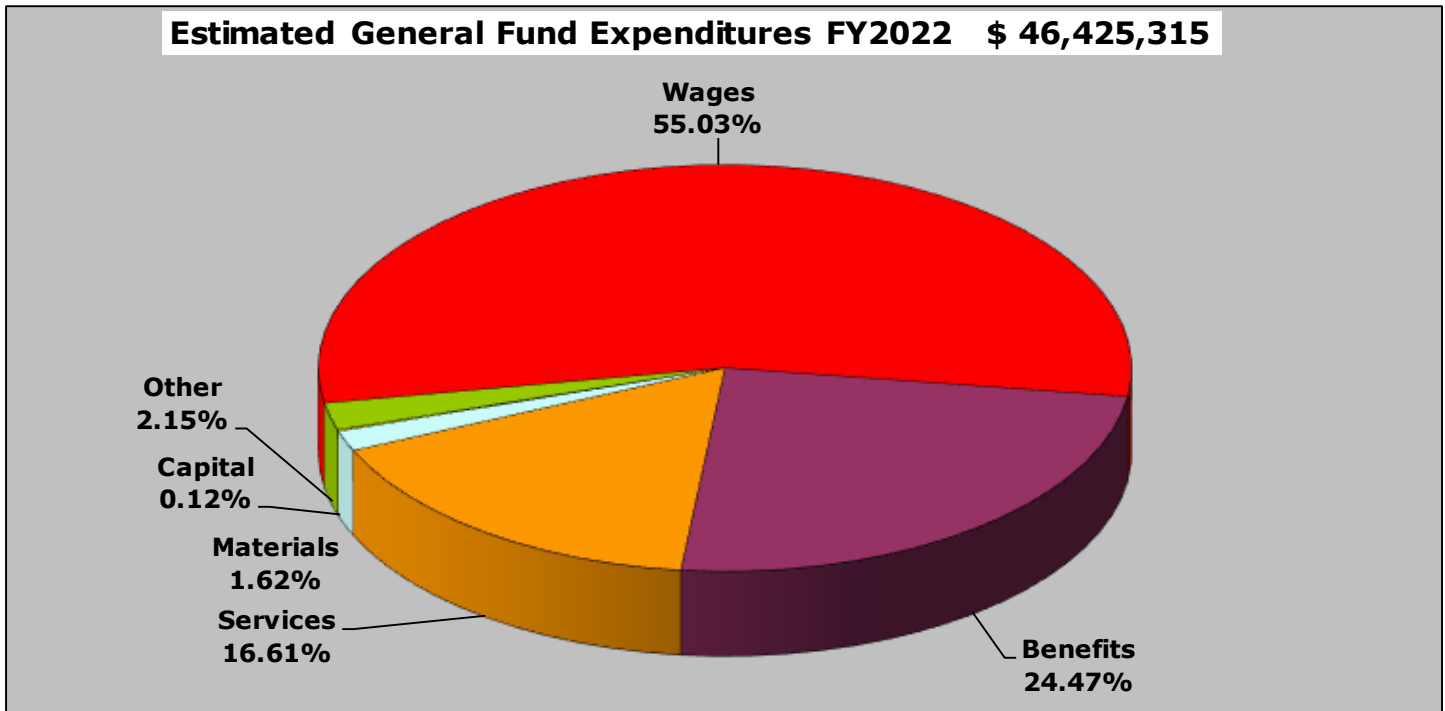
**All Other Financial Sources – Line #2.060**

This funding source is typically a refund of prior year expenditures that are very unpredictable. The district is forecasting small future refunds for the remainder of the forecast.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Refund of prior years expenditures	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>

## Expenditures Assumptions

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



### Wages – Line #3.010

The district has finalized negotiations with a 1.75% base increase in FY22 through FY24 and is using 2% in FY25 and FY26 for forecasting purposes only. As part of the negotiations the district is updating the steps which will increase the steps and training from 1.35% in FY21 to 2.47% in FY22, 2.64% in FY23 and FY24 which will then return to 1.62% in FY25 and FY26.

In FY22 the district expected that the expenses for substitutes and the supplemental salaries would be similar to the pandemic levels using the ESSER funds, however due to actual expenses we are increasing this line by \$336,000

The district is recoding current staff to the Student Wellness and Success fund over three years instead of two and returning those costs to the general fund in FY23. The district has received the amounts for ESSER funds and will be using it to recode costs for salaries in FY22 through FY25.

Severance pay is based off of the number of retirees that the district is expecting per year. Based off of historical number of retirees we are forecasting 6 retirements each year from FY22-FY26 at \$21,000 each for their severance payments.

The district has received the amounts for ESSER funds and will be using it to recode costs for salaries in FY22 through FY25.

The district is planning for staffing for future years with the decrease of students by only replacing the staff that is absolutely necessary. The District expects to have a net decrease of one certified staff in FY23. In FY24 the District anticipates a net decrease of one administrative and two certified positions. In FY25 and FY26 the

District anticipates to be net two and net three decreases in certified staff respectively. This is expected to be handled via attrition and retirements.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Base Wages	\$25,246,912	\$25,848,038	\$26,687,103	\$27,548,763	\$28,316,835
SWSF & ESSER recoding of staff	-\$1,841,466	-\$858,398	-\$449,437	-\$79,312	\$0
Base wage increases	\$441,821	\$452,341	\$467,024	\$550,975	\$566,337
All Staff - Steps & Training	\$623,599	\$682,388	\$704,540	\$446,290	\$458,733
Staff Replacement/Additions	\$119,131	\$183,050	\$72,347	\$49,413	\$8,262
Subs. & Supplemental Contracts	\$1,415,267	\$1,429,420	\$1,443,714	\$1,458,151	\$1,472,733
Severance	\$126,000	\$126,000	\$126,000	\$126,000	\$126,000
Staff Reductions	-\$583,425	-\$478,714	-\$382,251	-\$278,606	-\$275,992
Total Wages Line 3.010	<u>\$25,547,839</u>	<u>\$27,384,125</u>	<u>\$28,669,040</u>	<u>\$29,821,674</u>	<u>\$30,672,908</u>

### **Fringe Benefits Estimates**

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

#### **A) STRS/SERS**

As required by law the BOE pays 14% of all employee wages to STRS or SERS. 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**

The district will receive a decrease of 4% the premium change for FY22 and a 4.6% increase in FY23 with future increases of 8% in FY24-FY26. Our insurance costs could increase at a much higher rate long term should claims increase dramatically or if the consortium needs to increase the rates to alleviate the negative balances.

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.

#### **C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at 0.4781% in FY22-FY26 of wages. 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.

#### **D) Medicare**

Medicare will continue to increase at the rate of increases in 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.

The district will use amounts from the ESSER funds to help offset costs for benefits in FY22 through FY25, however the amount that was deducted was \$200,000 more than what was included in the final plan.



**Summary of Fringe Benefits – Line #3.020**

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
STRS/SERS	\$4,058,231	\$4,324,539	\$4,517,229	\$4,691,739	\$4,822,651
Insurance's	\$6,809,239	\$7,264,749	\$7,841,172	\$8,475,807	\$9,172,735
Workers & UC Comp	\$127,144	\$135,924	\$142,067	\$147,577	\$151,647
Medicare	\$353,524	\$383,187	\$404,615	\$424,334	\$436,753
Other Fringe Benefits	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500
Total Line #3.020	<u>\$11,361,638</u>	<u>\$12,121,899</u>	<u>\$12,918,583</u>	<u>\$13,752,957</u>	<u>\$14,597,286</u>

**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-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

The district had been posting the tuition costs for the career technology compact in Other Expenses as a net from the bi-monthly state foundation settlement reports. Beginning in FY22 the district will expend the amount for our students attending other district as tuition for an additional cost of \$330,630. The Chancelight tuition was not included in the November forecast which increases the tuition line by \$883,000 beginning in FY22.

An overall inflation of 3% is being estimated for this category of expenses. Utility costs are assumed to increase 5% a year and could be lower depending how effective our energy conservations measures will be. The district has decided not to lease buses in the future but to purchase them which are shown in Capital Outlay.

Federal stimulus funds have allowed the district to significantly reduce base costs through FY24. The expenses covered by ESSER funds will be returned in FY25.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Base Services, Prof Fees, etc.	\$2,624,863	\$2,611,288	\$2,682,401	\$3,206,325	\$3,238,388
Tuition & ESC Sp Ed	\$2,760,669	\$2,843,489	\$2,928,794	\$3,016,658	\$3,107,158
Open Enrollment Deduction	\$0	\$0	\$0	\$0	\$0
Community School Deductions	\$0	\$0	\$0	\$0	\$0
Scholarship & STEM Deductions	\$0	\$0	\$0	\$0	\$0
Building Repairs	\$1,462,751	\$1,506,634	\$1,551,833	\$1,598,388	\$1,646,340
Utilities	\$708,884	\$744,328	\$781,544	\$920,621	\$966,652
Communications/Phone/Internet	\$153,884	\$156,192	\$158,535	\$160,913	\$163,327
Total Line #3.030	<u>\$7,711,051</u>	<u>\$7,861,931</u>	<u>\$8,103,107</u>	<u>\$8,902,905</u>	<u>\$9,121,865</u>

**Supplies and Materials – Line #3.040**

Since the district has received additional funding for ESSER funds we have been working on a plan will recode expenditures from the forecast to that fund in FY22 through FY24. We will be using one-half of the annual cost for supplies prior to the pandemic of \$1.3 million, which will save the forecast approximately \$1,950,000

during these three years. We will continue to monitor these expenses throughout the time period of the ESSER funding.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Supplies - Instructional/Other	\$375,000	\$375,000	\$375,000	\$650,000	\$650,000
Operation/Maint./Transportation	\$375,000	\$375,000	\$375,000	\$650,000	\$650,000
Total Line #3.040	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$1,300,000</u>	<u>\$1,300,000</u>

**Equipment – Line #3.050**

An overall inflation rate of 2% for FY21– FY25 is assumed. The district bus fleet is aging and needs to purchase new buses in FY23. In the past the district leased with the option to own the buses, however the district finances have improved so that there is not any need to lease the buses at this time. Buses are being purchased from ESSER Funds in FY23.

The district knows that there will be technology needs each year and have included an annual amount of \$200,000 for these needs, fortunately the district will be able to use the CARES Act funding for the Elementary and Secondary School Emergency Relief Fund (ESSERF) in FY22 for Chromebooks for a total of \$200,000 then in FY23 for the entire number of Chromebooks of \$200,000. The district will utilized ESSER II & III to recode the expenditures for technology in FY24 of \$200,000 each year and to purchase buses in FY23 of \$224,000. The district will continue to monitor the ESSER funding throughout the forecast.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Capital Outlay	\$56,116	\$57,238	\$58,383	\$59,551	\$60,742
Additional Bus Purchases	\$0	\$0	\$0	\$0	\$110,000
Technology	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$200,000</u>	<u>\$200,000</u>
Total Line #3.050	<u>\$56,116</u>	<u>\$57,238</u>	<u>\$58,383</u>	<u>\$259,551</u>	<u>\$370,742</u>

**Note Repayments – Line #4.020 and Line #4.060**

The district is borrowing funds for the purpose of construction of new bus garage facilities and synthetic turf surfaces at a rate of 3.9% for 10 years. The payments will be paid beginning in FY19 and will end in FY29.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Bus Garage & Turf Principal Line 4.020	\$444,718	\$461,325	\$478,552	\$496,422	\$514,959
Principal State Loans Line 4.030	\$0	\$0	\$0	\$0	\$0
Principal State Advances Line 4.040	\$0	\$0	\$0	\$0	\$0
TAN Principal - Emergency Levy 4.055	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Principal Payments	<u>\$444,718</u>	<u>\$461,325</u>	<u>\$478,552</u>	<u>\$496,422</u>	<u>\$514,959</u>

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Interest Payments Line 4.060	<u>\$129,945</u>	<u>\$113,338</u>	<u>\$96,111</u>	<u>\$78,241</u>	<u>\$59,704</u>

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, ESC Fees and other miscellaneous expenses. We are forecasting between a 1.5% and 3% increase for each year for the different areas within this line. The district is changing the way in which it is posting the career tech compact beginning in FY22, instead of posting the net amount as a negative expenditure in ESC fees and Other

Miscellaneous, the amount paid to the district from other compact members will be shown in revenue as tuition from other district and the amount for our students attending other schools will be shown as tuition to be paid to other schools as an expenditure. There will be no change in the forecast total from this just the proper posting of the funds.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
A & T Fees/ Election Costs	\$166,584	\$169,916	\$173,314	\$176,780	\$180,316
Delinquent Land Taxes	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Annual Audit Fees	\$24,178	\$24,541	\$24,909	\$25,283	\$25,662
ESC Fees and Other Misc.	\$193,246	\$199,043	\$205,014	\$211,164	\$217,499
Total Line #4.300	<u>\$424,008</u>	<u>\$433,500</u>	<u>\$443,237</u>	<u>\$453,227</u>	<u>\$463,477</u>

**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 district expects to make annual transfers to the Athletics for \$55,000 each year.

<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Transfer Line #5.010	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
Advances Line #5.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Transfers & Advances	<u>\$55,000</u>	<u>\$55,000</u>	<u>\$55,000</u>	<u>\$55,000</u>	<u>\$55,000</u>

**All Other Financing Uses – Line #5.030**

The district has refunds that are made each year. The district anticipates annual refunds for the forecast in the amount of \$10,000 each year.

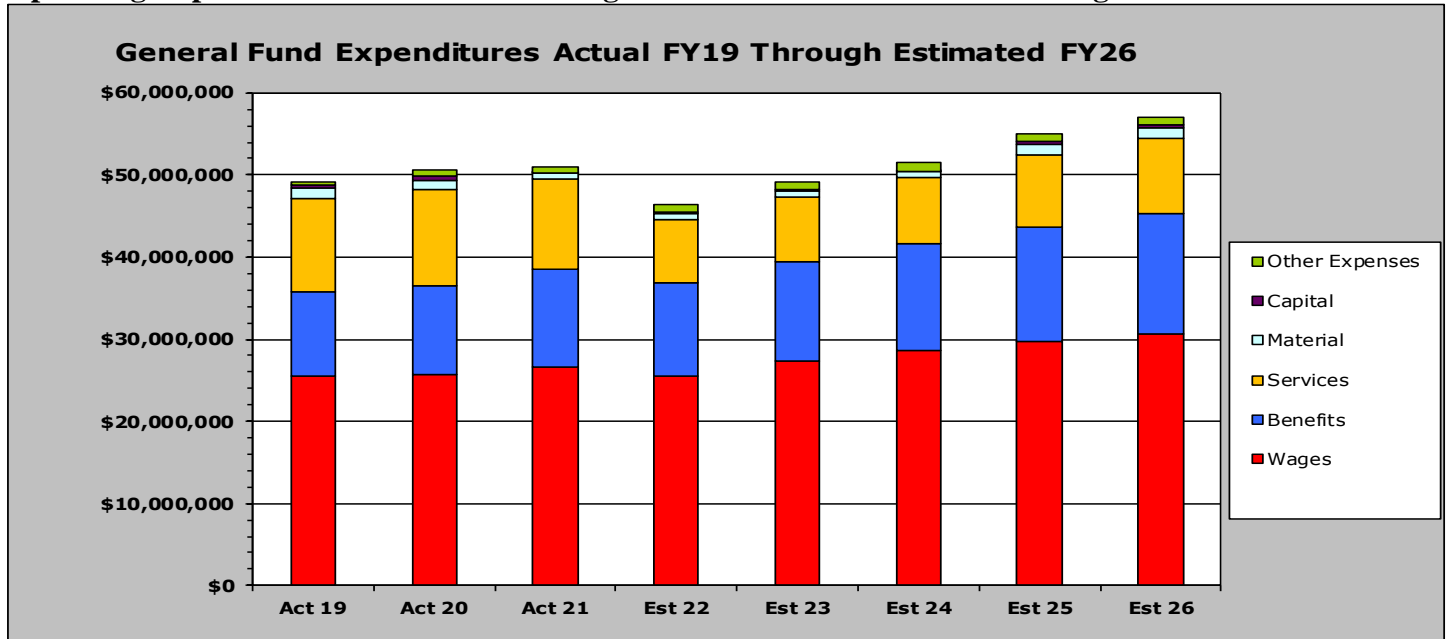
<u>Category</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
All Other Financing Uses Line #5.030	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>

**Encumbrances –Line #8.010**

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

<u>Source</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Estimated Encumbrances	<u>\$1,479,909</u>	<u>\$1,479,909</u>	<u>\$1,479,909</u>	<u>\$1,479,909</u>	<u>\$1,479,909</u>

**Operating Expenditures Actual FY19 through FY21 and Estimated FY22 through FY26**



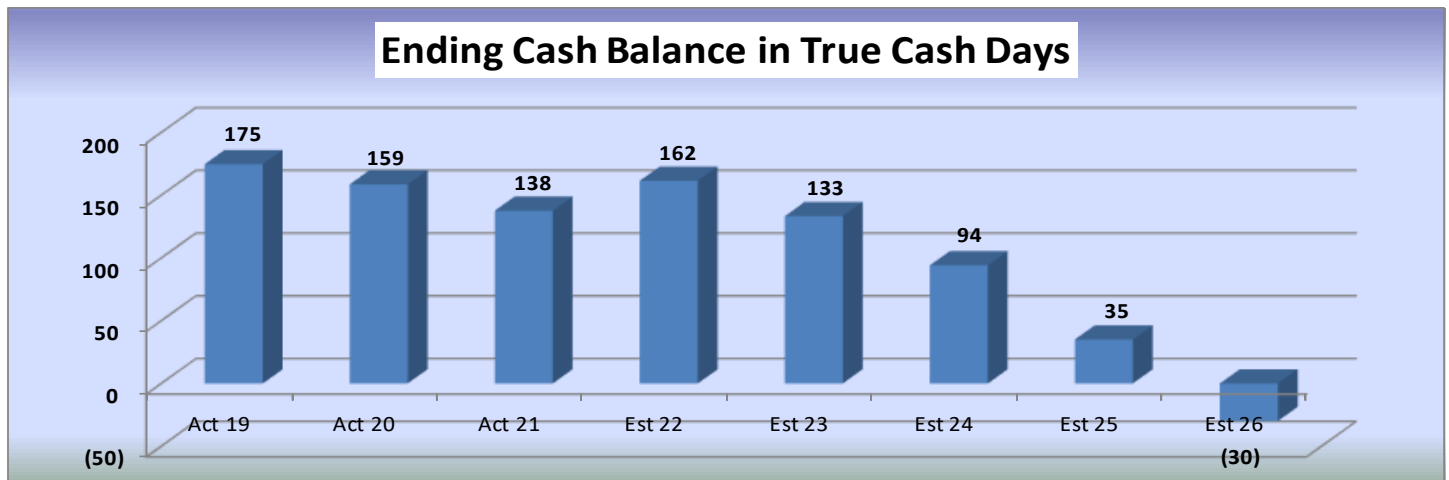
**Ending Unencumbered Cash Balance – Line #15.010**

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 which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance which is about \$7.4 million for our district in FY22.

<u>Source</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Ending Unencumbered Cash Balance	<u>\$20,574,188</u>	<u>\$17,989,800</u>	<u>\$13,301,555</u>	<u>\$5,283,087</u>	<u>-\$4,681,905</u>

**True Cash Days**

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The chart below shows the number of days that the district will have at the end each fiscal year based on the data within the current forecast.



## Conclusion

Barberton City School District receives 65.2% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The current state budget, HB110, has now been updated for the May forecast using the Fair School Funding Plan. Simulations used for the November forecast projected more state aid than what was actually received due to changes in actual data for enrollment, property tax valuations and income factors. Furthermore, 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-FY26.

Based on the current state funding, the district is a guaranteed district, meaning that we will not receive any additional funding at this time, unless the Fair School Funding Plan is fully funded which could be up to six years. Since the current funding is based on the number of students that are enrolled in our district, the administration will need to review enrollment very closely. The chart below shows that the enrollment is decreasing, as the kindergarten classes are not as large as the senior class that is graduating.

Class Sizes	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Total K-12	3816	3879	3894	3802	3789	3827	3835	3813	3700	3508	3524	3461	3401	3385	3270
Kindergarten	284	288	289	262	275	241	247	219	259	245	273	250	250	250	250
12th Grade	314	318	301	338	330	330	359	375	374	325	313	310	266	365	285
Difference K - 12	(30)	(30)	(12)	(76)	(55)	(89)	(112)	(156)	(115)	(80)	(40)	(60)	(16)	(115)	(35)

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in able to obtain this.

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.