

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



**Forecast Provided By
Barberton City School District
Treasurer's Office
Craig McKendry, Treasurer/CFO
November 21, 2023**

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

| | Actual | | | Average Change | Forecasted | | | | |
|--|----------------------|---------------------|----------------------|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 |
| Revenues | | | | | | | | | |
| 1.010 General Property Tax (Real Estate) | \$12,924,325 | \$13,225,280 | \$13,332,126 | 1.6% | \$14,101,942 | \$14,872,017 | \$14,882,370 | \$15,009,323 | \$15,127,326 |
| 1.020 Public Utility Personal Property | \$1,075,415 | \$1,164,825 | \$1,238,764 | 7.3% | \$1,249,320 | \$1,246,959 | \$1,289,531 | \$1,327,587 | \$1,365,382 |
| 1.035 Unrestricted State Grants-in-Aid | \$28,027,560 | \$27,161,193 | \$26,229,546 | -3.3% | \$27,033,890 | \$27,656,035 | \$27,658,543 | \$27,661,076 | \$27,663,636 |
| 1.040 Restricted State Grants-in-Aid | \$1,894,418 | \$1,937,091 | \$3,119,467 | 31.6% | \$3,119,467 | \$2,910,077 | \$2,910,077 | \$2,910,077 | \$2,910,077 |
| 1.045 Restricted Federal Grants-in-Aid - SFSF/EdJobs | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1.050 State Share of Local Property Taxes | \$2,004,908 | \$1,919,840 | \$1,894,493 | -2.8% | \$2,095,756 | \$2,288,779 | \$2,288,766 | \$2,310,744 | \$2,333,469 |
| 1.060 All Other Revenues | \$3,001,526 | \$2,047,557 | \$2,048,023 | -15.9% | \$2,220,364 | \$2,245,447 | \$2,271,551 | \$2,298,695 | \$2,326,895 |
| 1.070 <i>Total Revenues</i> | \$48,928,152 | \$47,455,786 | \$47,862,419 | 1.8% | \$49,820,740 | \$51,219,313 | \$51,300,839 | \$51,517,503 | \$51,726,785 |
| Other Financing Sources | | | | | | | | | |
| 2.010 Proceeds from Sale of Notes | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2.020 State Emergency Loans and Advancements | \$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 | \$576,000 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2.060 All Other Financing Sources | \$0 | \$1,364 | \$49,689 | 0.0% | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 |
| 2.070 <i>Total Other Financing Sources</i> | \$0 | \$577,364 | \$49,689 | 0.0% | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 |
| 2.080 <i>Total Revenues and Other Financing Sources</i> | \$48,928,152 | \$48,033,150 | \$47,912,108 | -1.0% | \$49,850,740 | \$51,249,313 | \$51,330,839 | \$51,547,503 | \$51,756,785 |
| Expenditures | | | | | | | | | |
| 3.010 Personnel Services | \$26,692,135 | \$25,635,035 | \$25,697,143 | -1.9% | \$27,034,331 | \$28,166,742 | \$28,041,806 | \$28,670,150 | \$29,399,266 |
| 3.020 Employees' Retirement/Insurance Benefits | \$11,855,228 | \$11,351,267 | \$11,511,165 | -1.4% | \$12,147,518 | \$13,379,175 | \$14,277,292 | \$15,356,136 | \$16,572,884 |
| 3.030 Purchased Services | \$10,932,982 | \$7,995,119 | \$9,117,018 | -6.4% | \$8,803,343 | \$9,093,450 | \$9,294,164 | \$9,500,935 | \$9,713,984 |
| 3.040 Supplies and Materials | \$694,051 | \$793,852 | \$1,135,228 | 28.7% | \$1,197,446 | \$1,263,101 | \$1,332,387 | \$1,405,504 | \$1,482,668 |
| 3.050 Capital Outlay | \$81,146 | \$86,421 | \$311,529 | 133.5% | \$150,000 | \$350,000 | \$350,000 | \$490,000 | \$495,000 |
| 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 | \$428,709 | \$444,718 | \$461,325 | 3.7% | \$478,552 | \$496,422 | \$514,959 | \$498,469 | \$480,702 |
| 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 | \$145,954 | \$129,945 | \$113,338 | -11.9% | \$96,111 | \$78,241 | \$59,704 | \$40,474 | \$22,521 |
| 4.300 Other Objects | \$175,164 | \$542,693 | \$589,002 | 109.2% | \$602,601 | \$616,566 | \$630,908 | \$645,637 | \$660,763 |
| 4.500 <i>Total Expenditures</i> | \$51,005,369 | \$46,979,049 | \$48,935,748 | -1.9% | \$50,509,901 | \$53,443,697 | \$54,501,219 | \$56,607,305 | \$58,827,788 |
| Other Financing Uses | | | | | | | | | |
| 5.010 Operating Transfers-Out | \$0 | \$0 | \$0 | 0.0% | \$70,000 | \$70,000 | \$70,000 | \$70,000 | \$70,000 |
| 5.020 Advances-Out | \$576,000 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5.030 All Other Financing Uses | \$4,522 | \$128,118 | \$62,242 | 1340.9% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5.040 <i>Total Other Financing Uses</i> | \$580,522 | \$128,118 | \$62,242 | -64.7% | \$70,000 | \$70,000 | \$70,000 | \$70,000 | \$70,000 |
| 5.050 <i>Total Expenditures and Other Financing Uses</i> | \$51,585,891 | \$47,107,167 | \$48,997,990 | -2.3% | \$50,579,901 | \$53,513,697 | \$54,571,219 | \$56,677,305 | \$58,897,788 |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | (\$2,657,739) | \$925,983 | (\$1,085,882) | -176.1% | (\$729,161) | (\$2,264,384) | (\$3,240,381) | (\$5,129,802) | (\$7,141,003) |
| 7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | \$23,583,515 | \$20,925,776 | \$21,851,759 | -3.4% | \$20,765,877 | \$20,036,715 | \$17,772,332 | \$14,531,951 | \$9,402,149 |
| 7.020 <i>Cash Balance June 30</i> | \$20,925,776 | \$21,851,759 | \$20,765,877 | -0.3% | \$20,036,715 | \$17,772,332 | \$14,531,951 | \$9,402,149 | \$2,261,146 |
| 8.010 <i>Estimated Encumbrances June 30</i> | \$1,479,909 | \$1,267,420 | \$1,396,024 | -2.1% | \$1,396,024 | \$1,396,024 | \$1,396,024 | \$1,396,024 | \$1,396,024 |
| Reservation of Fund Balance | | | | | | | | | |
| 9.010 Textbooks and Instructional Materials | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.020 Capital Improvements | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.030 Budget Reserve | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.040 DPIA | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.045 Fiscal Stabilization | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.050 Debt Service | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.060 Property Tax Advances | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.070 Bus Purchases | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9.080 <i>Subtotal</i> | \$0 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 |
| <i>Fund Balance June 30 for Certification of Appropriations</i> | \$19,445,867 | \$20,584,339 | \$19,369,853 | 0.0% | \$18,640,691 | \$16,376,308 | \$13,135,927 | \$8,006,125 | \$865,122 |

**Barberton City School District
Summit County**

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

| | Actual | | | Average Change | Forecasted | | | | |
|---|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 |
| Revenue from Replacement/Renewal Levies | | | | | | | | | |
| 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> | | | | | | | | | |
| | \$19,445,867 | \$20,584,339 | \$19,369,853 | 0.0% | \$18,640,691 | \$16,376,308 | \$13,135,927 | \$8,006,125 | \$865,122 |
| 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 <i>Unreserved Fund Balance June 30</i> | \$19,445,867 | \$20,584,339 | \$19,369,853 | 0.0% | \$18,640,691 | \$16,376,308 | \$13,135,927 | \$8,006,125 | \$865,122 |
| ADM Forecasts | | | | | | | | | |
| 20.010 Kindergarten - October Count | 245 | 273 | 256 | | 275 | 250 | 250 | 250 | 250 |
| 20.015 Grades 1-12 - October Count | 3,263 | 3,251 | 3,234 | | 3,142 | 3,110 | 3,073 | 3,074 | 2,987 |

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-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

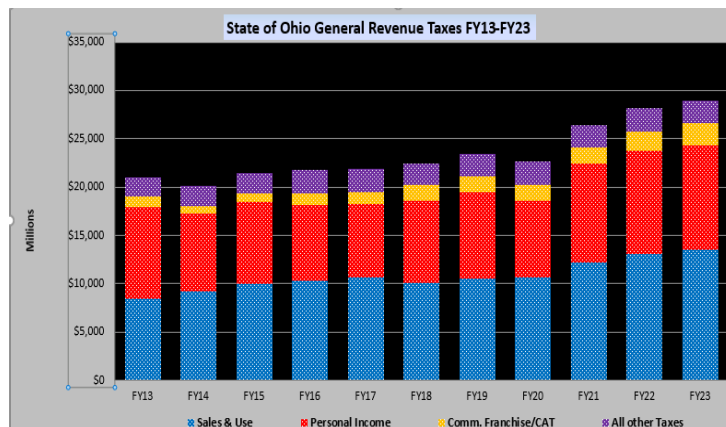
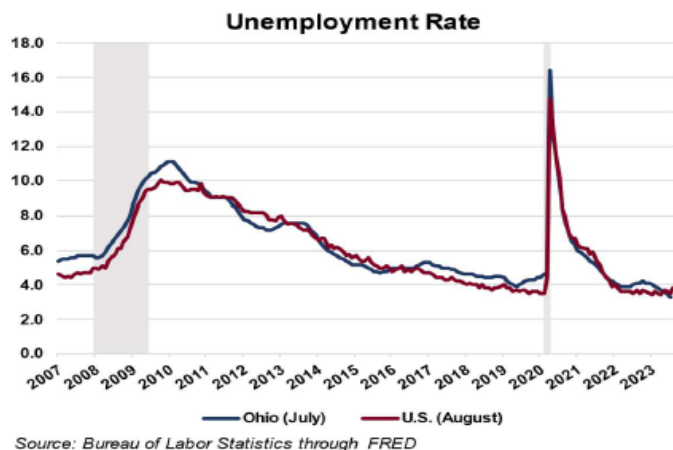
Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic which began in early 2020. The effects of the pandemic have lessened but several supply chain concerns and high inflation continues to impact our state, country and broader globalized economy. Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY23 were notably impacted in areas such as diesel fuel for busses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation impacting district costs are expected to continue in FY24, 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.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscore why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy-Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been

fully restored, and a new state funding formula is in the third year of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio's school districts.



While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

Forecast Risks and Uncertainty:

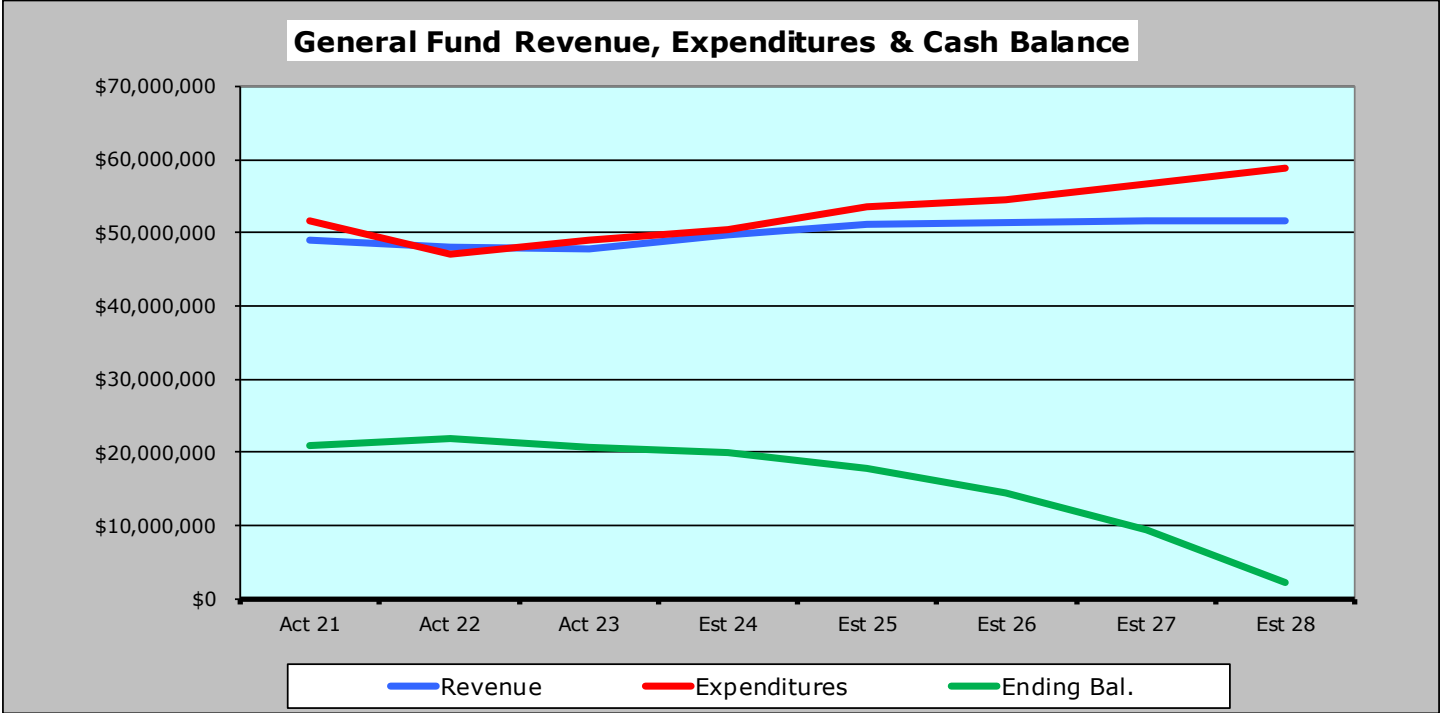
A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and the affect that may occur in the forecast in the 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 34.52% 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 \$50.16 million for an overall increase of 11.64%. 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 represents 65.48% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.
- V. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
- 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.

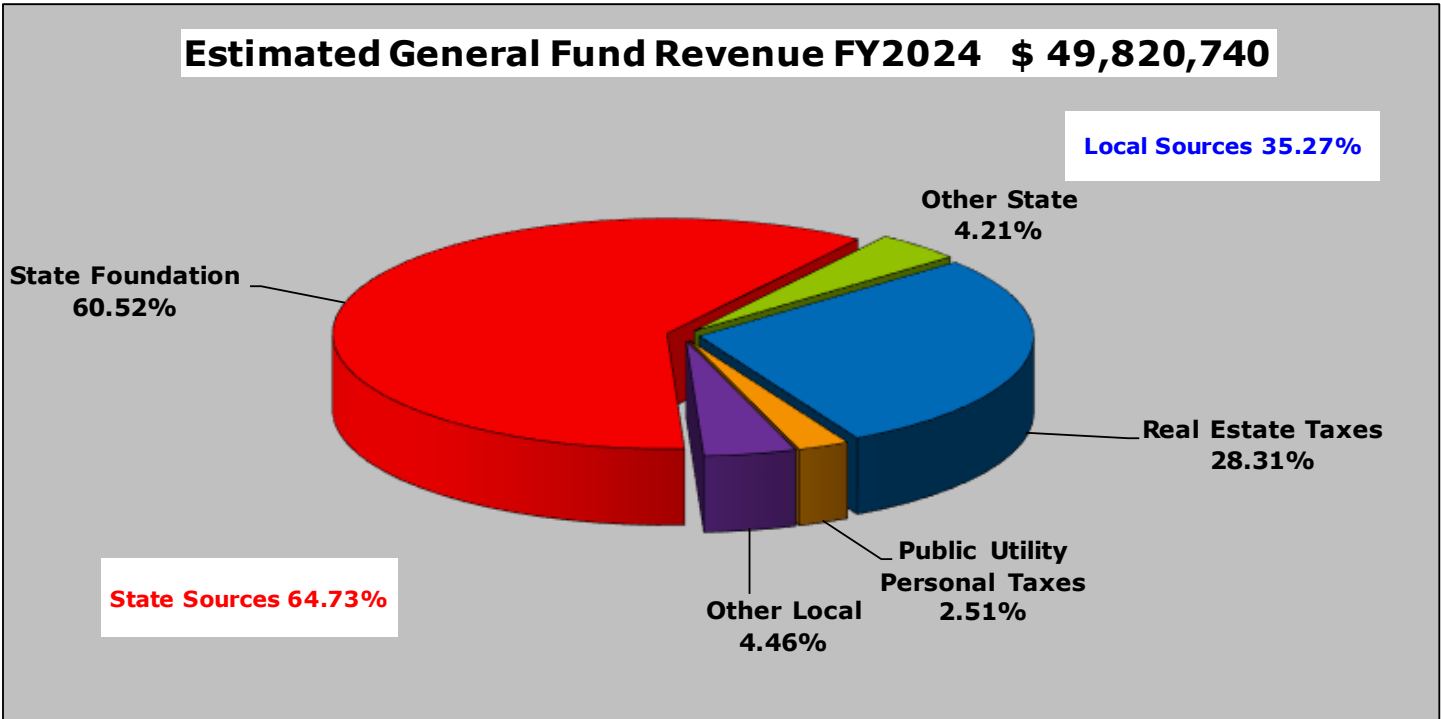
General Fund Revenue, Expenditures, & Ending Cash Balance Actual FY21-23 and Estimated FY24-28



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 FY27 based on our current assumptions.

Revenue Assumptions

Estimated General Fund Revenue Sources FY24



Real Estate Value Assumptions – Line #1.010

Property Values are established each year by the Summit 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 or Class I values increased by 12.96% or \$33.9 million, while Commercial/Industrial or 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.

There is a reappraisal update in tax year 2023 with collection in 2024. We have been given information from the Summit County auditor that the Class I increase will be approximately 39% or \$117.4 million in values and the Class II increase will be 11.74% or 9.36 million. We will not know until sometime in January the actual amount of increases when everything is finalized with Department of Taxation. Another item that the district is reviewing is that of House Bill 187 and Senate Bill 153 that have been introduced to average property value in reappraisals and updates. HB187 has passed in the House and we are waiting to see if the Senate will pass this version or use the companion Senate version. These bills are pending and could have an impact on the 2023 reappraisal update and potentially the 20-mill floor.

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.

Public Utility Personal Property (PUPP) taxes are not subject to the three year valuation cycle but are changed each year. In tax year 2022 the district experienced an increase in values of \$1.05 million or 5.29%, 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 \$750,000 increase each remaining year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

| Classification | Estimated TAX YEAR 2023 COLLECT2024 | Estimated TAX YEAR 2024 COLLECT2025 | Estimated TAX YEAR 2025 COLLECT 2026 | Estimated TAX YEAR 2026 COLLECT 2027 | Estimated TAX YEAR 2027 COLLECT 2028 |
|--------------------------|---|---|--|--|--|
| Res./Ag. | \$419,285,781 | \$419,290,781 | \$419,245,781 | \$432,178,154 | \$432,533,154 |
| Comm./Ind. | \$89,369,562 | \$89,529,562 | \$89,849,562 | \$91,966,553 | \$92,286,553 |
| Public Utility (PUPP) | <u>\$21,608,060</u> | <u>\$22,358,060</u> | <u>\$23,108,060</u> | <u>\$23,858,060</u> | <u>\$24,608,060</u> |
| Total Assessed Valuation | <u>\$530,263,403</u> | <u>\$531,178,403</u> | <u>\$532,203,403</u> | <u>\$548,002,767</u> | <u>\$549,427,767</u> |

Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 43.09 mills while the Class I effective millage rate is 20.590692 mills and the Class II effective millage rate is 28.174204 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for either Class I or Class II. Any emergency levy that is voted on is not included in the 20-mill floor, the district has one emergency levy of 17.94 mills that was voted on for an annual amount of \$6.675 million of taxes, as the values increase the millage rate will decrease in order to only collect the amount that was approved by the voters.

Estimated Real Estate Tax (Line #1.010)

Property tax levies are estimated to be collected at 97% of the annual amount. In general, 52.42 % of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.58% collected in the August tax settlement.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Real Estate Taxes - Line #1.01 | <u>\$14,101,942</u> | <u>\$14,872,017</u> | <u>\$14,882,370</u> | <u>\$15,009,323</u> | <u>\$15,127,326</u> |

Estimated PUPP Taxes – Line #1.020

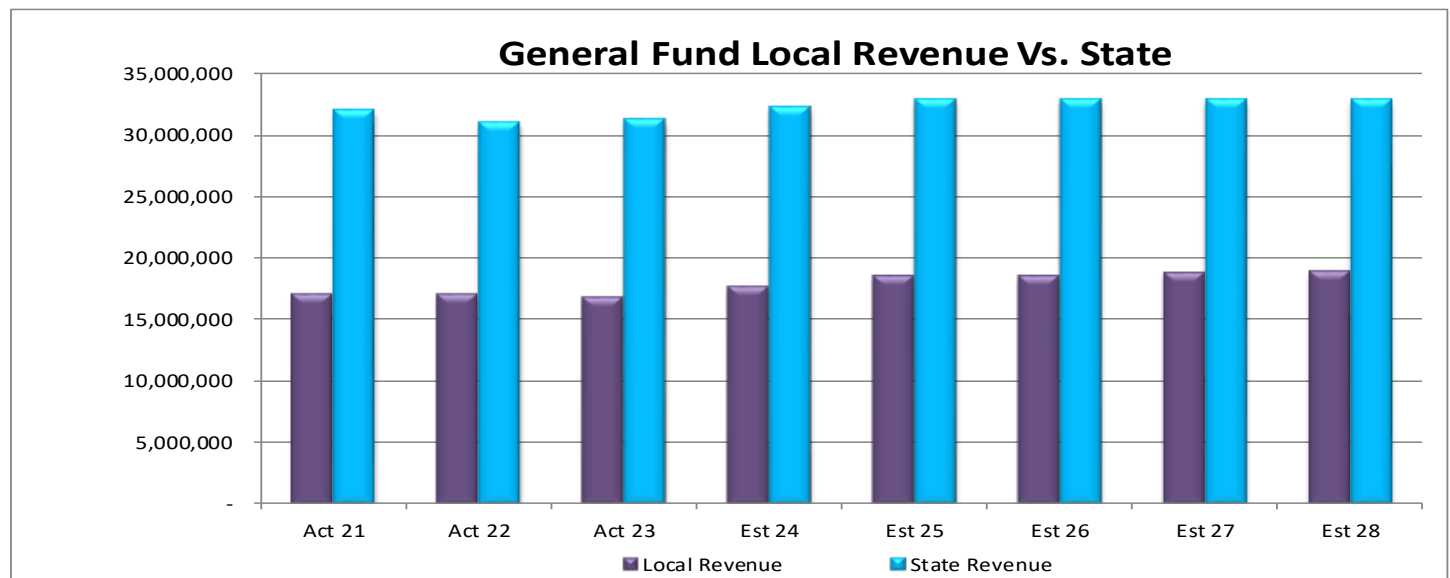
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

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 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Public Utility Personal Property | <u>\$1,249,320</u> | <u>\$1,246,959</u> | <u>\$1,289,531</u> | <u>\$1,327,587</u> | <u>\$1,365,382</u> |
| Total PUPP Tax Line #1.020 | <u>\$1,249,320</u> | <u>\$1,246,959</u> | <u>\$1,289,531</u> | <u>\$1,327,587</u> | <u>\$1,365,382</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 HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY24 based on the October 2023 foundation settlement and funding factors for FY25 on the simulations provided by the Department of Education and Workforce.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced 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 FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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 current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$8,242.19 per pupil in FY24, 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. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. 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 37.5% in FY24 and 41.67% in FY25.

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 50% for FY24 and 66.67% in FY25.
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

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) “Formula Transition Aid,” 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|---|--------------|--------------|--------------|--------------|--------------|
| State Basic Aid | \$25,827,675 | \$26,717,255 | \$26,717,255 | \$26,717,255 | \$26,717,255 |
| Additional Aid | \$957,849 | \$687,930 | \$687,930 | \$687,930 | \$687,930 |
| Basic Aid-Unrestricted Subtotal | \$26,785,524 | \$27,405,185 | \$27,405,185 | \$27,405,185 | \$27,405,185 |
| CTE Credentials | | | | | |
| Ohio Casino Commission | \$223,803 | \$226,041 | \$228,301 | \$230,584 | \$232,890 |
| Total Unrestricted St. Aid Line # 1.035 | \$27,033,890 | \$27,656,035 | \$27,658,543 | \$27,661,076 | \$27,663,636 |

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors and using the simulations from the Department of Education and Workforce for FY25, there is no new amount included in those estimates for the Student Wellness so we are using the FY24 amount. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| DPIA | \$1,703,398 | \$1,450,658 | \$1,450,658 | \$1,450,658 | \$1,450,658 |
| Career Tech-Restricted | \$267,201 | \$282,489 | \$282,489 | \$282,489 | \$282,489 |
| Gifted | \$218,153 | \$240,736 | \$240,736 | \$240,736 | \$240,736 |
| English Learners | \$30,482 | \$35,961 | \$35,961 | \$35,961 | \$35,961 |
| Student Wellness | \$790,292 | \$790,292 | \$790,292 | \$790,292 | \$790,292 |
| Catastrophic Special Education | \$109,941 | \$109,941 | \$109,941 | \$109,941 | \$109,941 |
| Total Restricted St. Aid Line #1.040 | \$3,119,467 | \$2,910,077 | \$2,910,077 | \$2,910,077 | \$2,910,077 |

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues:

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Unrestricted Line # 1.035 | \$27,033,890 | \$27,656,035 | \$27,658,543 | \$27,661,076 | \$27,663,636 |
| Restricted Line # 1.040 | \$3,119,467 | \$2,910,077 | \$2,910,077 | \$2,910,077 | \$2,910,077 |
| Restricted Fed. SFSF /EdJobs #1.045 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total State Foundation Revenue | \$30,153,357 | \$30,566,112 | \$30,568,620 | \$30,571,153 | \$30,573,713 |

State Share of Local Property Tax – Line #1.050

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 was tax year 2021 which we received in November of FY22.

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

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rollback and Homestead | \$2,095,756 | \$2,288,779 | \$2,288,766 | \$2,310,744 | \$2,333,469 |
| TPP Reimbursement - Fixed Rate | \$0 | \$0 | \$0 | \$0 | \$0 |
| TPP Reimbursement - Fixed Sum | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total Tax Reimb./Prop Allocations | <u>\$2,095,756</u> | <u>\$2,288,779</u> | <u>\$2,288,766</u> | <u>\$2,310,744</u> | <u>\$2,333,469</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 interest, tuition for court placed students, student fees, and general rental fees.

HB110, the previous state budget, stopped 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 FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

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

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 also posts the amounts from the CTC Compact as tuition.

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.

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 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Open Enrollment | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest | \$500,000 | \$490,000 | \$480,200 | \$470,596 | \$461,184 |
| Tuition SF-14 & SF-14H | \$903,047 | \$921,108 | \$939,530 | \$958,321 | \$977,487 |
| Medicaid | \$485,382 | \$499,944 | \$514,942 | \$530,390 | \$546,302 |
| Pilot Payments | \$85,979 | \$85,979 | \$85,979 | \$85,979 | \$85,979 |
| Other Income and Fees | \$245,956 | \$248,416 | \$250,900 | \$253,409 | \$255,943 |
| Total Line #1.060 | <u>\$2,220,364</u> | <u>\$2,245,447</u> | <u>\$2,271,551</u> | <u>\$2,298,695</u> | <u>\$2,326,895</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 does not expect for there to be any advances throughout the forecast.

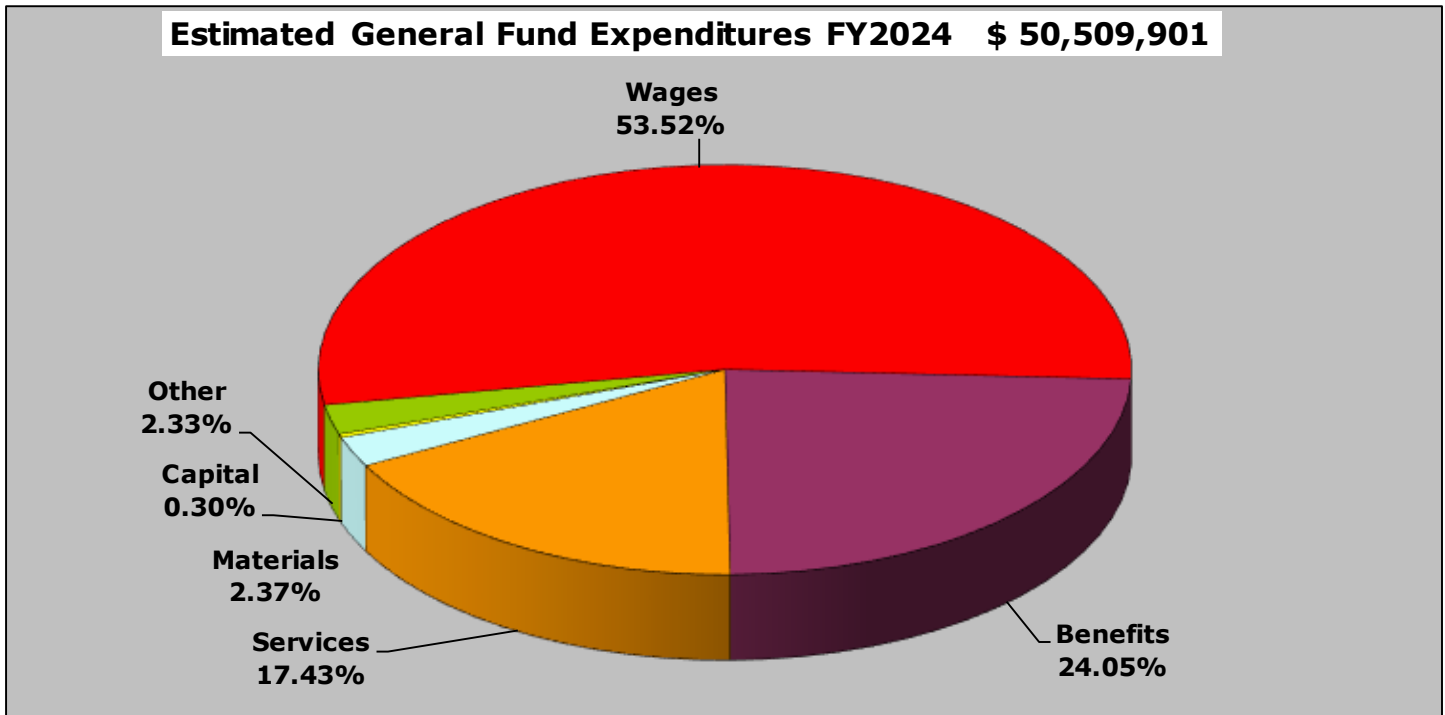
All Other Financial Sources – Line #2.060

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 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Refund of prior years expenditures | <u>\$30,000</u> | <u>\$30,000</u> | <u>\$30,000</u> | <u>\$30,000</u> | <u>\$30,000</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 2% base increase in FY22 through FY24 and is using 1.5% in FY25 through FY27 for forecasting purposes only. As part of the negotiations the district is updating the steps which will increase the steps and training from 2.64% in FY23 and FY24 which will then return to 1.62% in FY25 through FY28.

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, we are expecting for payments of \$170,000 each year of the forecast.

The district has received amounts for ESSER funds and will be using it to recode costs for salaries in FY22 through FY25. The district has needed more substitutes during FY23 increasing those costs by \$100,000. The district is planning for staffing for future years with the decrease of students by only replacing the staff that is absolutely necessary. In FY24 the district anticipates a net decrease of one certified positions. In FY25 through FY28 the district is planning on three certified retirements each year with replacing these employees, unless there is not a need to replace the position.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Wages | \$24,183,098 | \$25,163,378 | \$25,826,026 | \$26,507,010 | \$27,114,332 |
| SWSF & ESSER recoding of staff | \$377,155 | \$826,592 | \$0 | \$0 | \$0 |
| Base wage increases | \$483,662 | \$377,451 | \$387,390 | \$397,605 | \$406,715 |
| All Staff - Steps & Training | \$638,434 | \$407,647 | \$418,382 | \$429,414 | \$439,252 |
| Staff Replacement/Additions | \$153,352 | \$148,239 | \$151,204 | \$154,228 | \$157,312 |
| Substitutes | \$708,835 | \$723,011 | \$737,472 | \$752,221 | \$767,265 |
| Supplemental Contracts | \$614,963 | \$621,113 | \$627,324 | \$633,597 | \$639,933 |
| Severance | \$170,000 | \$170,000 | \$170,000 | \$170,000 | \$170,000 |
| Staff Reductions | -\$295,168 | -\$270,689 | -\$275,992 | -\$373,925 | -\$295,543 |
| Total Wages Line 3.010 | <u>\$27,034,331</u> | <u>\$28,166,742</u> | <u>\$28,041,806</u> | <u>\$28,670,150</u> | <u>\$29,399,266</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 an increase in premium change in FY23 of 7.64% with future increases of 10% in FY25-FY28. 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 FY24-FY28 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.

Summary of Fringe Benefits – Line #3.020

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| STRS/SERS | \$4,132,979 | \$4,304,330 | \$4,294,847 | \$4,391,059 | \$4,500,234 |
| Insurance's | \$7,472,739 | \$8,511,212 | \$9,421,220 | \$10,391,737 | \$11,485,251 |
| Workers & UC Comp | \$133,802 | \$139,216 | \$138,619 | \$141,623 | \$145,109 |
| Medicare | \$391,998 | \$408,417 | \$406,606 | \$415,717 | \$426,290 |
| Other Fringe Benefits | <u>\$16,000</u> | <u>\$16,000</u> | <u>\$16,000</u> | <u>\$16,000</u> | <u>\$16,000</u> |
| Total Line #3.020 | <u>\$12,147,518</u> | <u>\$13,379,175</u> | <u>\$14,277,292</u> | <u>\$15,356,136</u> | <u>\$16,572,884</u> |

Purchased Services – Line #3.030

HB110, the previous state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends.

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. The district is increasing costs for payments in lieu of transportation by \$40,000 beginning in FY24.

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 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Base Services, Prof Fees, etc. | \$4,419,306 | \$4,463,499 | \$4,508,134 | \$4,553,215 | \$4,598,747 |
| Tuition & ESC Sp Ed | \$2,242,453 | \$2,309,727 | \$2,379,019 | \$2,450,390 | \$2,523,902 |
| 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 | \$1,193,435 | \$1,229,238 | \$1,266,115 | \$1,304,098 | \$1,343,221 |
| Utilities | \$817,553 | \$958,431 | \$1,006,353 | \$1,056,671 | \$1,109,505 |
| Communications/Phone/Internet | \$130,596 | \$132,555 | \$134,543 | \$136,561 | \$138,609 |
| Total Line #3.030 | <u>\$8,803,343</u> | <u>\$9,093,450</u> | <u>\$9,294,164</u> | <u>\$9,500,935</u> | <u>\$9,713,984</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 monitor any increase for future years of the forecast.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Supplies - Instructional/Other | \$578,347 | \$613,047 | \$649,830 | \$688,820 | \$730,149 |
| Operation/Maint./Transportation | \$619,099 | \$650,054 | \$682,557 | \$716,684 | \$752,519 |
| Total Line #3.040 | <u>\$1,197,446</u> | <u>\$1,263,101</u> | <u>\$1,332,387</u> | <u>\$1,405,504</u> | <u>\$1,482,668</u> |

Equipment – Line #3.050

The district will purchase one bus in FY27 and FY28.

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 ESSER funding for those purchases in FY23 through FY24 with the return of the costs to the forecast in FY25.

The district is planning on other equipment purchases of \$150,000 in each year of the forecast.

| Category | FY 24 | FY 25 | FY 26 | FY 27 | FY 28 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| Capital Outlay | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 |
| Additional Bus Purchases | \$0 | \$0 | \$0 | \$140,000 | \$145,000 |
| Technology | <u>\$0</u> | <u>\$200,000</u> | <u>\$200,000</u> | <u>\$200,000</u> | <u>\$200,000</u> |
| Total Line #3.050 | <u>\$150,000</u> | <u>\$350,000</u> | <u>\$350,000</u> | <u>\$490,000</u> | <u>\$495,000</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.

| Category | FY 24 | FY 25 | FY 26 | FY 27 | FY 28 |
|---|------------------|------------------|------------------|------------------|------------------|
| Bus Garage & Turf Principal - Line #4.020 | \$478,552 | \$496,422 | \$514,959 | \$498,469 | \$480,702 |
| Principal State Loans - Line #4.030 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Principal State Advances - Line #4.040 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TAN Principal - Line #4.055 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total Principal Payments | <u>\$478,552</u> | <u>\$496,422</u> | <u>\$514,959</u> | <u>\$498,469</u> | <u>\$480,702</u> |

| Category | FY 24 | FY 25 | FY 26 | FY 27 | FY 28 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Interest Payments - Line #4.060 | <u>\$96,111</u> | <u>\$78,241</u> | <u>\$59,704</u> | <u>\$40,474</u> | <u>\$22,521</u> |

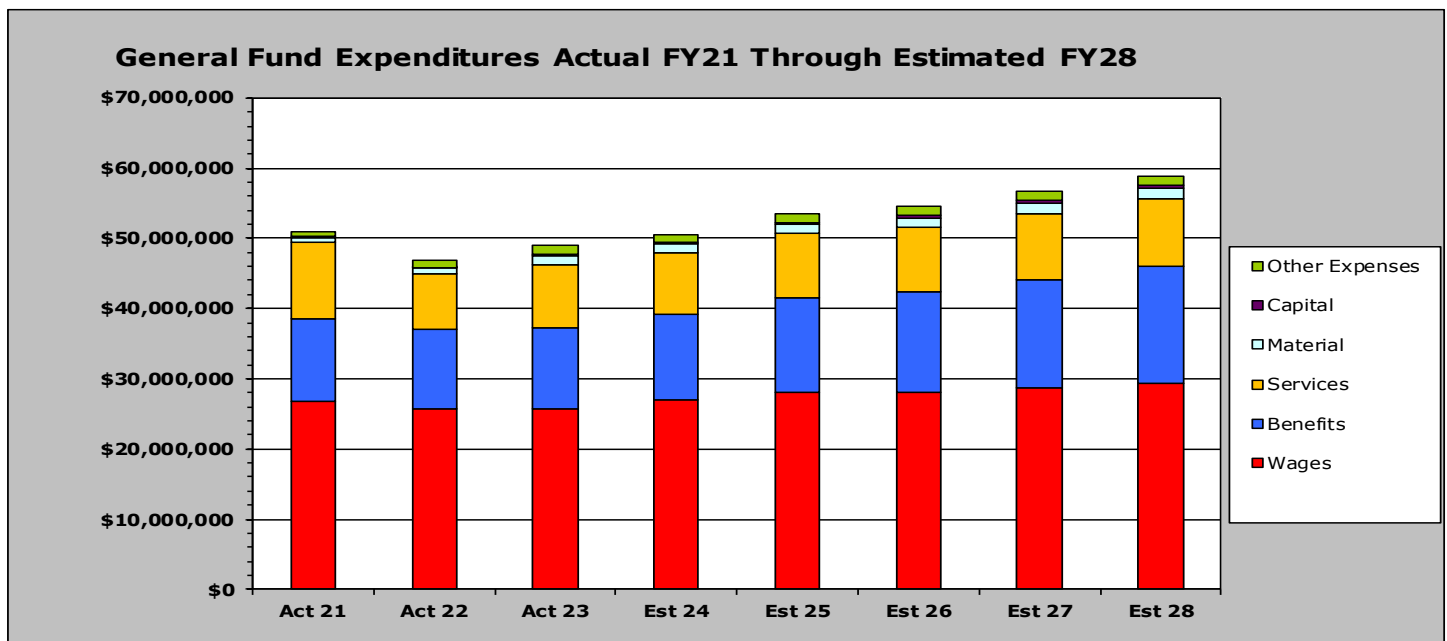
Other Expenses – Line #4.300

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.

| Category | FY 24 | FY 25 | FY 26 | FY 27 | FY 28 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| A & T Fees/ Election Costs | \$176,514 | \$180,044 | \$183,645 | \$187,318 | \$191,064 |
| Delinquent Land Taxes | \$62,598 | \$62,598 | \$62,598 | \$62,598 | \$62,598 |
| Annual Audit Fees | \$31,322 | \$31,792 | \$32,269 | \$32,753 | \$33,244 |
| ESC Fees and Other Misc. | <u>\$332,167</u> | <u>\$342,132</u> | <u>\$352,396</u> | <u>\$362,968</u> | <u>\$373,857</u> |
| Total Line #4.300 | <u>\$602,601</u> | <u>\$616,566</u> | <u>\$630,908</u> | <u>\$645,637</u> | <u>\$660,763</u> |

Operating Expenditures Actual FY21 through FY23 and Estimated FY24 through FY28

The graph below shows a quick overview of actual and estimated expenses by proportion to the total for the General Fund expenditures.



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 \$70,000 each year.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Transfer Line #5.010 | \$70,000 | \$70,000 | \$70,000 | \$70,000 | \$70,000 |
| Advances Line #5.020 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total Transfers & Advances | <u>\$70,000</u> | <u>\$70,000</u> | <u>\$70,000</u> | <u>\$70,000</u> | <u>\$70,000</u> |

All Other Financing Uses – Line #5.030

The district has refunds that are made each year. The district does not anticipate any annual refunds for the forecast.

| <u>Category</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| All Other Financing Uses Line #5.030 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</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 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Estimated Encumbrances | <u>\$1,396,024</u> | <u>\$1,396,024</u> | <u>\$1,396,024</u> | <u>\$1,396,024</u> | <u>\$1,396,024</u> |

Ending Unencumbered Cash Balance – Line #15.010

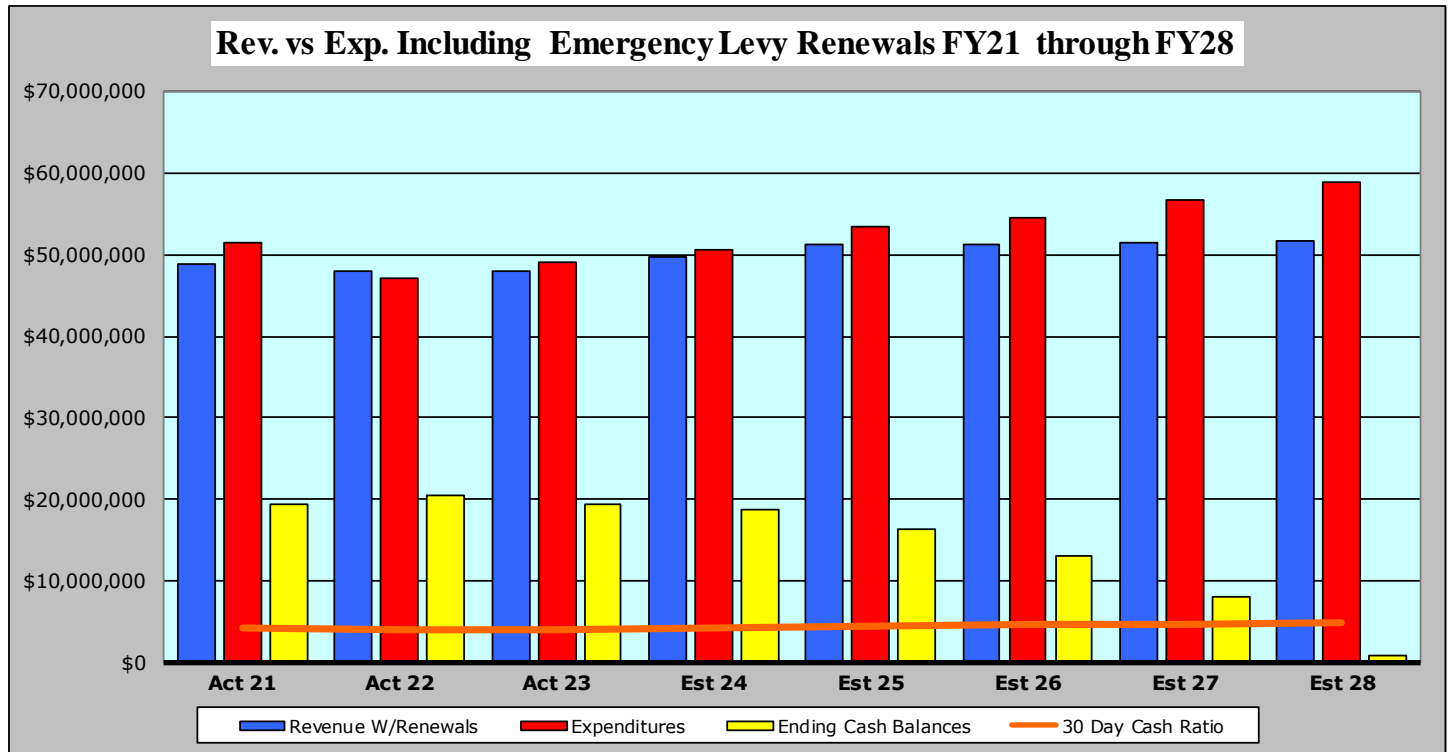
This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000. It is recommended by the GFOA and

other authoritative sources that a district maintains a minimum of sixty (60) day cash balance which is about \$8.3 million for our district in FY24.

| <u>Source</u> | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|----------------------------------|---------------------|---------------------|---------------------|--------------------|------------------|
| Ending Unencumbered Cash Balance | <u>\$18,640,691</u> | <u>\$16,376,308</u> | <u>\$13,135,927</u> | <u>\$8,006,125</u> | <u>\$865,122</u> |

Revenue vs Expenditures with Deficit Spending

The chart below shows that the district is deficit spending beginning in FY22.

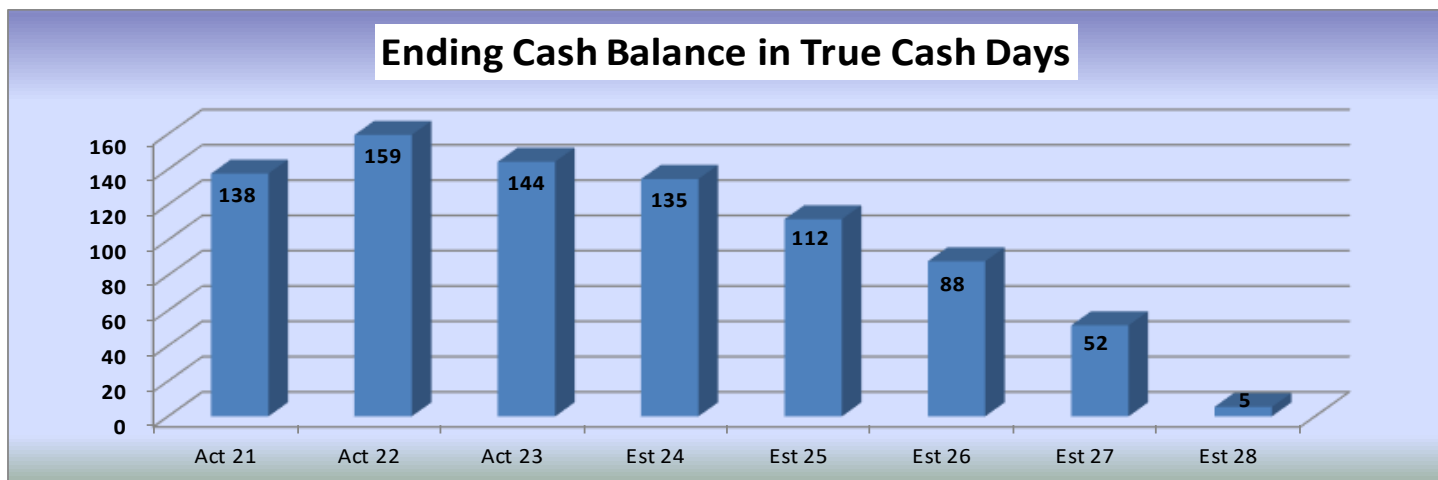


Deficit spending affects the amount of carryover that the district has to plan for the future. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit spending in order to have positive cash balances on the forecast. The chart below shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would be needed in order to erase the deficit spending.

| | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> |
|---|--------------|---------------|---------------|---------------|---------------|
| Excess Revenues over/(under) Expenditures | (\$729,161) | (\$2,264,384) | (\$3,240,381) | (\$5,129,802) | (\$7,141,003) |
| Millage equivalent for deficit spending | 1.84 | 5.71 | 8.07 | 9.67 | 13.44 |

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, the district will not have 60 days of true cash balance at the end of FY27.



Conclusion

Barberton City School District receives 64.73% of its funding for the district from state. The district administration is grateful for the changes in the current state budget HB33 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 FY26-FY28.

Based on the current state funding, the district is a formula district, meaning that we will receive additional funding at this time, for the Fair School Funding Plan as it is being phased in at this time. 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 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total K-12 | 3835 | 3813 | 3700 | 3508 | 3524 | 3490 | 3417 | 3360 | 3323 | 3324 | 3237 |
| Kindergarten | 247 | 219 | 259 | 245 | 273 | 256 | 275 | 250 | 250 | 250 | 250 |
| 12th Grade | 359 | 375 | 374 | 325 | 313 | 266 | 307 | 287 | 249 | 337 | 276 |
| Difference K - 12 | (112) | (156) | (115) | (80) | (40) | (10) | (32) | (37) | 1 | (87) | (26) |

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.