BIG WALNUT LOCAL SCHOOL DISTRICT- DELAWARE 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
Big Walnut Local School District
Treasurer's Office
Jeremy Buskirk, Treasurer/CFO
November 18, 2021

Big Walnut Local School District

Delaware 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				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	18,283,805	19,459,483	20,952,954	7.1%	22,630,628	23,273,497	24,445,236	25,552,079	26,092,654
1.020	Public Utility Personal Property Tax	4,457,625	4,492,567	4,471,439	0.2%	4,419,541	4,333,110	4,227,265	4,113,167	4,010,380
1.030	Income Tax	7,609,785	8,208,628	8,188,767	3.8%	9,269,915	9,534,813	9,940,081	10,359,534	10,793,668
1.035	Unrestricted State Grants-in-Aid	6,883,850	6,505,464	6,924,018	0.5%	6,596,743	6,698,418	6,712,752	6,727,559	6,733,144
1.040	Restricted State Grants-in-Aid	82,077	176,387	199,565	64.0%	384,571	384,571	384,571	384,571	384,571
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	2,575,146	2,690,631	2,886,085	5.9%	3,070,499	3,170,072	3,337,681	3,500,913	3,578,393
1.060	All Other Revenues	2,179,404	1,838,750	1,574,518	-15.0%	1,386,703	1,385,306	1,391,023	1,404,208	1,413,897
1.070	*Total Revenues*	42,071,692	43,371,910	45,197,346	3.6%	47,758,600	48,779,787	50,438,610	52,042,031	53,006,706
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	-	-	-	0.0%	278,000	-	-	-	-
2.060	All Other Financing Sources	375,379	146,611	344,835	37.1%	13,346	13,346	13,346	13,346	13,346
2.070	*Total Other Financing Sources*	375,379	146,611	344,835	37.1%	291,346	13,346	13,346	13,346	13,346
2.080	*Total Revenues and Other Financing Sources*	42,447,071	43,518,521	45,542,181	3.6%	48,049,946	48,793,133	50,451,956	52,055,377	53,020,052
	Expenditures									
3.010	Personnel Services	$23,102,495	$23,828,519	$24,622,936	3.2%	26,102,302	28,341,639	31,518,292	34,443,927	37,121,257
3.020	Employees' Retirement/Insurance Benefits	$11,159,419	12,083,661	11,676,260	2.5%	11,477,008	11,819,426	13,440,150	15,474,038	17,145,435
3.030	Purchased Services	$5,492,543	5,530,294	5,665,718	1.6%	5,797,074	6,405,729	7,121,484	7,659,894	7,911,574
3.040	Supplies and Materials	1,052,607	980,710	914,665	-6.8%	1,063,249	1,090,273	1,168,010	1,197,680	1,228,133
3.050	Capital Outlay	15,335	580	7,015	506.6%	255,000	210,000	210,000	210,000	210,000
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	$527,508	558,704	568,391	3.8%	600,406	617,037	636,130	655,801	676,070
4.500	*Total Expenditures*	41,349,907	42,982,468	43,454,985	2.5%	45,295,038	48,484,105	54,094,065	59,641,340	64,292,469
	Other Financing Uses									
5.010	Operating Transfers-Out	$0	100,000	-	0.0%	100,000	-	-	-	-
5.020	Advances-Out	-	-	278,000	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	$0	-	-	0.0%	-	-	-	-	-
5.040	*Total Other Financing Uses*	-	100,000	278,000	0.0%	100,000	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	41,349,907	43,082,468	43,732,985	2.8%	45,395,038	48,484,105	54,094,065	59,641,340	64,292,469
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,097,164	436,053	1,809,196	127.3%	2,654,908	309,028	(3,642,110)	(7,585,963)	(11,272,417)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,070,167	11,167,331	11,603,384	7.4%	13,412,580	16,067,488	16,376,516	12,734,406	5,148,443
7.020	*Cash Balance June 30*	11,167,331	11,603,384	13,412,580	9.7%	16,067,488	16,376,516	12,734,406	5,148,443	(6,123,974)
8.010	*Estimated Encumbrances June 30*	280,428	364,730	770,521	70.7%	785,931	801,650	817,683	834,037	850,717
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	10,886,903	11,238,654	12,642,059	7.9%	15,281,556	15,574,866	11,916,723	4,314,406	(6,974,691)
	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
11.300	Cumulative Balance of Replacement/Renewal Levies	-			0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	10,886,903	11,238,654	12,642,059	7.9%	15,281,556	15,574,866	11,916,723	4,314,406	(6,974,691)

Big Walnut Local School District

Delaware 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

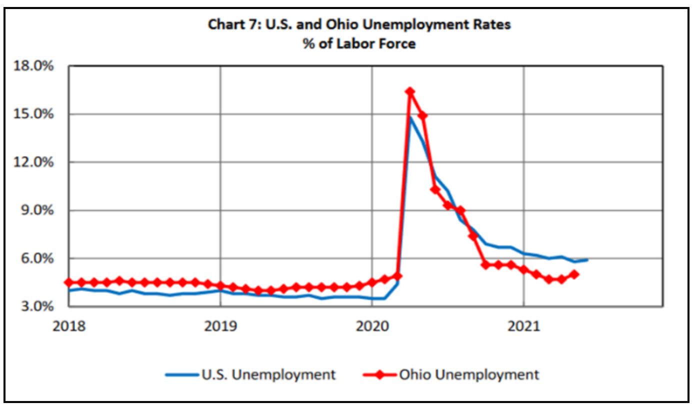
		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	10,886,903	11,238,654	12,642,059	7.9%	15,281,556	15,574,866	11,916,723	4,314,406	(6,974,691)

Big Walnut Local School District –Delaware County
Notes to the Five Year Forecast
General Fund Only

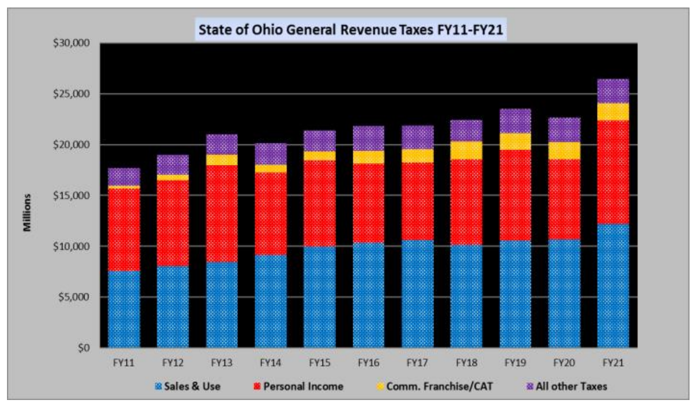
School districts are required to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (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 November 2021 filing.

Economic Outlook

This five-year forecast is being filed during the ongoing global health and financial recovery from the COVID-19 Pandemic which began in early 2020, and continues due to several serious virus mutations such as the Delta, Alpha B.1.1.7; Beta B.1.351, and; Gamma P.1 strains. The effects of the pandemic continue to impact our state, country and our globalized economy. Our school district plays a vital role in the recovery in our community and we have maintained continuity of services to our students and staff. As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past year thus the full restoration of the original school foundation funding cuts from May 2020 are being restored to school districts beginning July 1, 2021. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

As a result, from the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and can be extended into fiscal year 2025 for ESSER III expenses. The ESSER funds and restored state budget cuts will assist our district in providing vital services to our students.

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

Forecast Risks and Uncertainty:

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

1) Delaware County experienced the triennial update for the 2020 tax year to be collected in 2021, which increased residential/agricultural, assessed values by $97.3 million or an increase of 11.86%, and an increase of $1.6 million or 2.54% for commercial/industrial values. The changes authorized by HB49 to CAUV values lower Class I agricultural values for counties experiencing a reappraisal or update beginning in Tax Year 2017. Delaware County has went through both the reappraisal and update cycle for the changes in CAUV with decreases in both cycles. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. The cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.

2) The State Budget represents 21.05% of district revenues and is an 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.

3) HB110 the current state budget implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of the forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district. 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. Also, the previously deducted expenses from a district's state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients will no longer occur as the state will make direct payments to the district where the student is enrolled. 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 some adjustments for FY22 and FY23 in state aid 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 as calculated by the Ohio Department of Education.

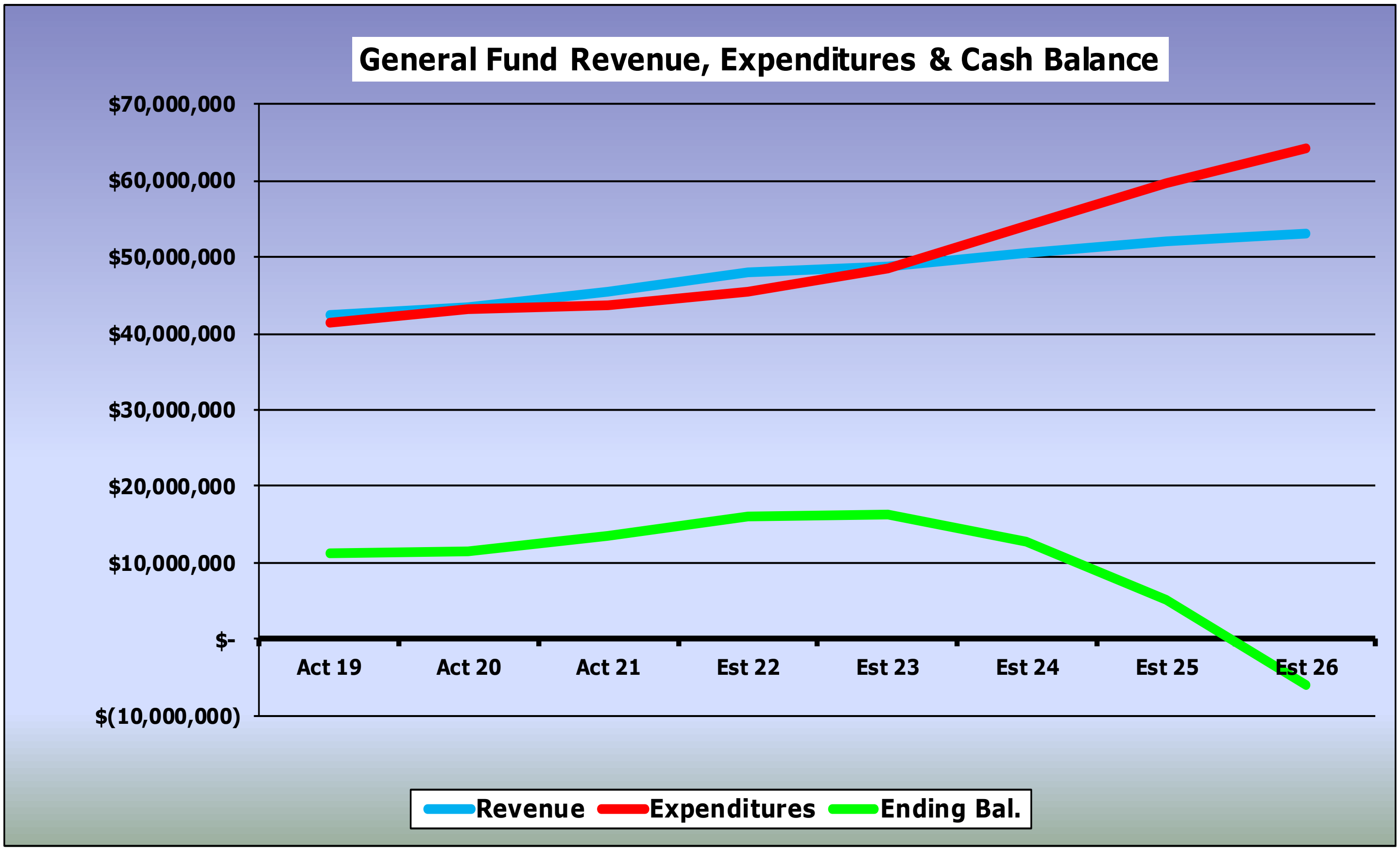
4) HB110 will direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships to the educating school district. These costs will no longer be deducted from our state aid. However, there still are education option programs such as 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.

5) The enrollment reporting for the state is very difficult to track. This is another area that we must monitor very closely especially with the increased enrollment that we are expecting from new housing developments.

6) Labor relations in the district have been fairly 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 good working relationship will continue.

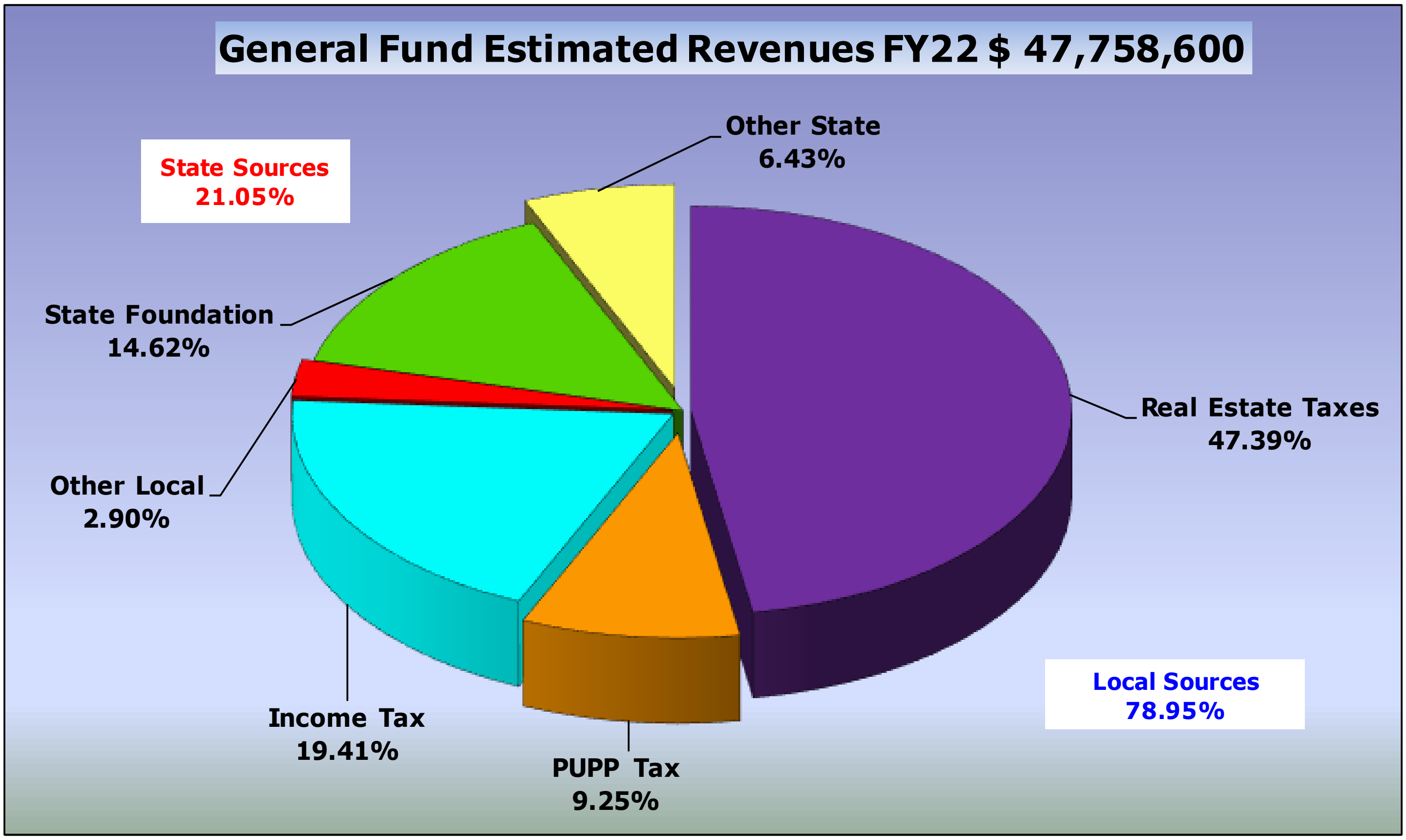
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Jeremy Buskirk, Treasurer at 740-965-3010.

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 the district over the next few years.



Revenue Assumptions

All Revenue Sources General Fund FY22



Real Estate Value Assumptions – Line # 1.010

The County Auditor, based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values, establishes property values each year.

Delaware County went through a triennial update for the 2020 tax year to be collected in 2021, which included an 11.86% increase in Class I reappraisal and a 2.54% increase for Class II. The Class I reappraisal includes the decreases for CAUV due to the changes in HB49 that took effect in 2017 or the first year for any county going through either reappraisal or update after the passage of the law. The district experienced CAUV decreases in 2017 of 14.3% and another 16.0% in 2020. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers and may contribute to lower than anticipated taxes to our district.

There will be a reappraisal in 2023 for collection in 2024. The district is estimating a 6% increase of values for Class I and a 2% increase in Class II.

The growth of new construction for homes has increased the district's valuations each year between the update in 2020 and the reappraisal in 2023. With the growth in the district, we continue to be at the 20 mill floor for the tax rates to be collected in 2021 for our Class I property. When values increase reduction factors are increased and House Bill 920 decreases effective tax rates so the district tax revenues are held harmless, until the effective millage is lowered to 20 mills. No district can collect less than 20 mills if the district voted millage is greater than 20 mills. Only the Class I rates will be at the 20 mill floor with the new values. Since the district is at the 20 mill floor the district will see some increase in the amount that is collected for taxes. The substitute emergency levy is not included in the millage rate for the 20 mill floor.

Data captured from the different townships and villages is used to estimate new construction for each collection year for the forecast. These are only estimates based on information provided at this time. The actual increase for new construction in Class I was 25,515,450 and Class II was 5,091,590 for 2020 collection in 2021. This is important in that new construction is taxed at the full voted rate and not subject to the effective millage rates, for the first year of collection, which will increase the estimate for taxes being collected. We have adjusted our new construction estimates for 2021 to $26,826,240 for Class I and $1,895,270 for Class II property in collection years 2022 based on preliminary numbers from Delaware County. For 2022 values for collection in 2023 and 2023 values for collection in 2024, we are assuming new construction on 225 homes with slight decreases to 200 homes in the next year. For 2026, we are estimating an increase from new construction of $20 million.

The AEP Vassell Substation continues to be a very important section of the Public Utility Personal Property (PUPP) tax valuation for the district. Since the substation was first added to the values in 2016 the district has seen increases and decreases over the years in PUPP tax values. The district has been told to expect decreases in PUPP throughout the remainder of the forecast due to depreciation of the power plant equipment of approximately 3% to 3.5% each year. However, in 2020 for collection in 2021 there was a $1.00 million increase instead of the 2% decrease that was expected in the November forecast. Due to new planned housing developments, we believe there will be additions to public utility infrastructure that will compensate for current depreciation, and our projections assume decreases throughout the forecast in this line of 2.0% in tax year 2021 and 2022, 2.25% in tax year 2023 and 2024, and 2.5% in fiscal years 2025 and beyond. The PUPP collections are 50% for each half collection in 2020.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR2025
Classification	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	$971,133,252	$999,276,175	$1,084,912,433	$1,110,530,188	$1,133,469,672
Comm./Ind.	$74,993,791	$75,893,784	$78,236,660	$79,139,897	$80,044,037
Public Utility (PUPP)	$131,252,781	$128,627,726	$125,733,602	$122,590,262	$119,525,505
Total Assessed Value	$1,177,379,824	$1,203,797,685	$1,288,882,695	$1,312,260,346	$1,333,039,214

Property tax levies are estimated to be collected at 98.14% of the annual amount, which accounts for delinquencies that occur. Due to economic challenges some residents may encounter, our delinquency rate may increase, but this is something we will need to monitor for the second half property tax collections. We, also, anticipate 50.77% of the Res/Ag and Comm/Ind property taxes will be collected in the February tax settlement and 49.23% will be collected in the August tax settlement.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Est. Property Taxes Line #1.010	$22,630,628	$23,273,497	$24,445,236	$25,552,079	$26,092,654

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

There was a phase out of TPP taxes beginning in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. Big Walnut does not receive any TPP payments.

The amounts on this line of the forecast consist of Public Utility Personal Property (PUPP) tax payments. The amounts noted below are tax payments from public utilities. The values for PUPP are noted on the estimated assessments table above under Public Utility, which was $133.9 million in assessed values in 2020 collected in 2021 and estimated to be about $131.3 million in assessed value for 2021 collected in 2022. These tax payments are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line 1.020

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Public Utility Personal Property Taxes	$4,419,541	$4,333,110	$4,227,265	$4,113,167	$4,010,380
Est. PUPP Taxes Line 1.020	$4,419,541	$4,333,110	$4,227,265	$4,113,167	$4,010,380

New Tax Levies – Line #13.20

No new tax levy is being included at this time, however, the projected revenues are not anticipated to keep up with the expenditures over the entirety of the forecast as our community continues to grow. The board discussed needing a new levy last year, and ultimately, they decided to wait. With recent updates we may be able to continue stretching our finances a little longer due to rebounding revenues and medical insurance premium reductions, but planning for a levy will need to continue to be something the District is mindful of and monitors.

School District Income Tax – Line #1.03

The district passed an income tax (SDIT) of .75% effective in 1995, which was approved as a continuing tax in 2003. The amount of growth in income tax is difficult to estimate as most of the information from the Ohio Department of Taxation is confidential. The Department of Taxation has previously advised for increases between 2.0% and 4.0% for school income taxes. In our recent history, the district has received increases that have out-paced these estimates, such as FY19 that was 10.26% over FY18 and FY20 where we saw an increase of 7.87% increase over FY19 even with the SDIT filing date being moved to July 2020 due to the COVID-19 pandemic. Government tax filing deadline changes and economic factors from COVID-19 have caused a considerable disruption in what could be viewed as a normal income tax receipt trend for our District as we saw a slight decline of 0.24% in these resources in FY21 compared to FY20, and a new anticipated trend will take some time to determine. With two of four quarterly payments already received in the current fiscal year, it is appearing that our income tax is rebounding quicker than anticipated, but we want to be cautious regarding growth expectations past the current year. With current information, we have updated growth estimates for FY22, which equate to an estimated 13.20% increase over FY21 followed by a 2% increase in FY23 and a 3.5% increase in FY24 through FY26. In addition, we are estimating growth from new families based on the following assumption: 100 families per year in FY21-FY23 and 90 families per year in FY24 and FY25 with an annual family income of approximately $106,000 as estimated data from U.S. Census Bureau, 2013-2017 American Community Survey as compiled by Ohio Municipal Advisory Council OMAC data. This will be something we monitor closely as we plan for the coming years.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
SDIT Collection	$8,188,767	$9,269,915	$9,534,813	$9,940,081	$10,359,534
Adjustments	$1,081,148	$264,898	$405,268	$419,453	$434,134
Total to Line #1.030	$9,269,915	$9,534,813	$9,940,081	$10,359,534	$10,793,668

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023

The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of the forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district.

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB110, referred to as the 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. HB110 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 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

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

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

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

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 will 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 districts residents or the most recent year, whichever is lower divided by base students enrolled
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
4. When the weighted values are calculated and 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 district's 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 is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. The 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 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 FY21 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.

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

Future State Budgets Projections beyond FY23
Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant 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. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue is collected as a tax. School districts receive 34% of the 33% GCR that is paid into a student fund at the state level. These funds are distributed to school districts twice a year on the 31st of January and August each year which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped 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 $95.8 million or $59.80 per pupil. We believe FY22 Casino revenues will resume their historical growth rate.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Basic Aid-Unrestricted	$6,113,456	$6,201,257	$6,201,257	$6,201,257	$6,201,257
Additional Aid Items	$247,077	$247,077	$247,077	$247,077	$247,077
Basic Aid-Unrestricted Subtotal	$6,360,533	$6,448,334	$6,448,334	$6,448,334	$6,448,334
Ohio Casino Commission ODT	$236,210	$250,084	$264,418	$279,225	$284,810
Total Line # 1.035	$6,596,743	$6,698,418	$6,712,752	$6,727,559	$6,733,144

B) Restricted State Revenues – Line # 1.040
HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economically Disadvantaged) 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. The district has elected to also post Catastrophic Aid for special education as restricted revenues and have increased the amount from previous years since HB110 is deducting special education funding from all districts that is to double the amount in previous years. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. We will not know until after the forecast submission deadline as to the amount of funds that will be restricted with HB110, since the Ohio Department of Education is still working on the formula accounting changes with tentative completion for the first payment in December 2021, therefore we have not included any amounts within the restricted chart at this time.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
DPIA	$13,065	$13,065	$13,065	$13,065	$13,065
Career Tech - Restricted	$1,494	$1,494	$1,494	$1,494	$1,494
Gifted	$0	$0	$0	$0	$0
ESL	$0	$0	$0	$0	$0
Student Wellness	$0	$0	$0	$0	$0
Catastrophic Aid	$370,012	$370,012	$370,012	$370,012	$370,012
Total Line #1.040	$384,571	$384,571	$384,571	$384,571	$384,571

Restricted Federal Grants in Aid – line #1.045
There is no additional restricted federal funding projected in this forecast.

Summary of State Foundation Revenues

SUMMARY	FY 22	FY 23	FY 24	FY 25	FY 26
Unrestricted Line # 1.035	$6,596,743	$6,698,418	$6,712,752	$6,727,559	$6,733,144
Restricted Line # 1.040	$384,571	$384,571	$384,571	$384,571	$384,571
Restricted Fed. Grants Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$6,981,314	$7,082,989	$7,097,323	$7,112,130	$7,117,715

State Taxes Reimbursement/Property Tax Allocation
A) 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 older or who are disabled regardless of income. Effective September 29, 2013 HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who did not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. These changes have slowed the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increases the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements –
The previous state budget bill HB153 reduced all reimbursements that the district received on TPP replacement dollars for both Fixed Rate and Fixed Sum Levies.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 22	FY 23	FY 24	FY 25	FY 26
a) Rollback and Homestead	$3,070,499	$3,170,072	$3,337,681	$3,500,913	$3,578,393
b) TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
Total Tax Reimb./Prop. Tax Allocations #1.(	$3,070,499	$3,170,072	$3,337,681	$3,500,913	$3,578,393

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 source of revenue in this area is tuition for court placed students, preschool tuition, full-day kindergarten tuition, open enrollment, general rental fees, interest earnings and Medicaid reimbursements.

HB110 the new state budget will stop paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted as students that attend the district within the Enrolled ADM and will be included in the state basic funding. This change 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.

In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to remain somewhat lower due to COVID-19 restrictions and lower participation. All other revenues are expected to continue on historic trends.

We anticipate TIF receipts to continue throughout the forecast period with a modest growth rate which is indicative of the past trends. The TIF payments are from the Sunbury Mills Plaza development. The district will receive two PILOT payments in FY22 of $10,900 each and one payment in FY23 which we do not expect to receive any further payment throughout the forecast.

We have reduced interest in FY22 by 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 pandemic and 5% decrease in FY23 with minimal changes in future years due to rates and declining balances.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
TIF and PILOTS	$215,101	$206,352	$197,516	$199,491	$201,486
Tuition	$713,324	$720,458	$727,662	$734,939	$742,288
Open Enrollment	$0	$0	$0	$0	$0
Interest	$72,734	$69,097	$72,552	$72,552	$68,924
Class Fees	$229,481	$231,776	$234,094	$236,435	$238,799
Other Miscellaneous Receipts	$156,063	$157,624	$159,200	$160,792	$162,400
Total Line # 1.060	$1,386,703	$1,385,306	$1,391,023	$1,404,208	$1,413,897

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 to the food service fund due to timing of the federal lunch program reimbursements in FY21 which will repay those funds in FY22, with no other advances or transfers planned during the forecast.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$278,000	$0	$0	$0	$0
Total Transfer & Advances In	$278,000	$0	$0	$0	$0

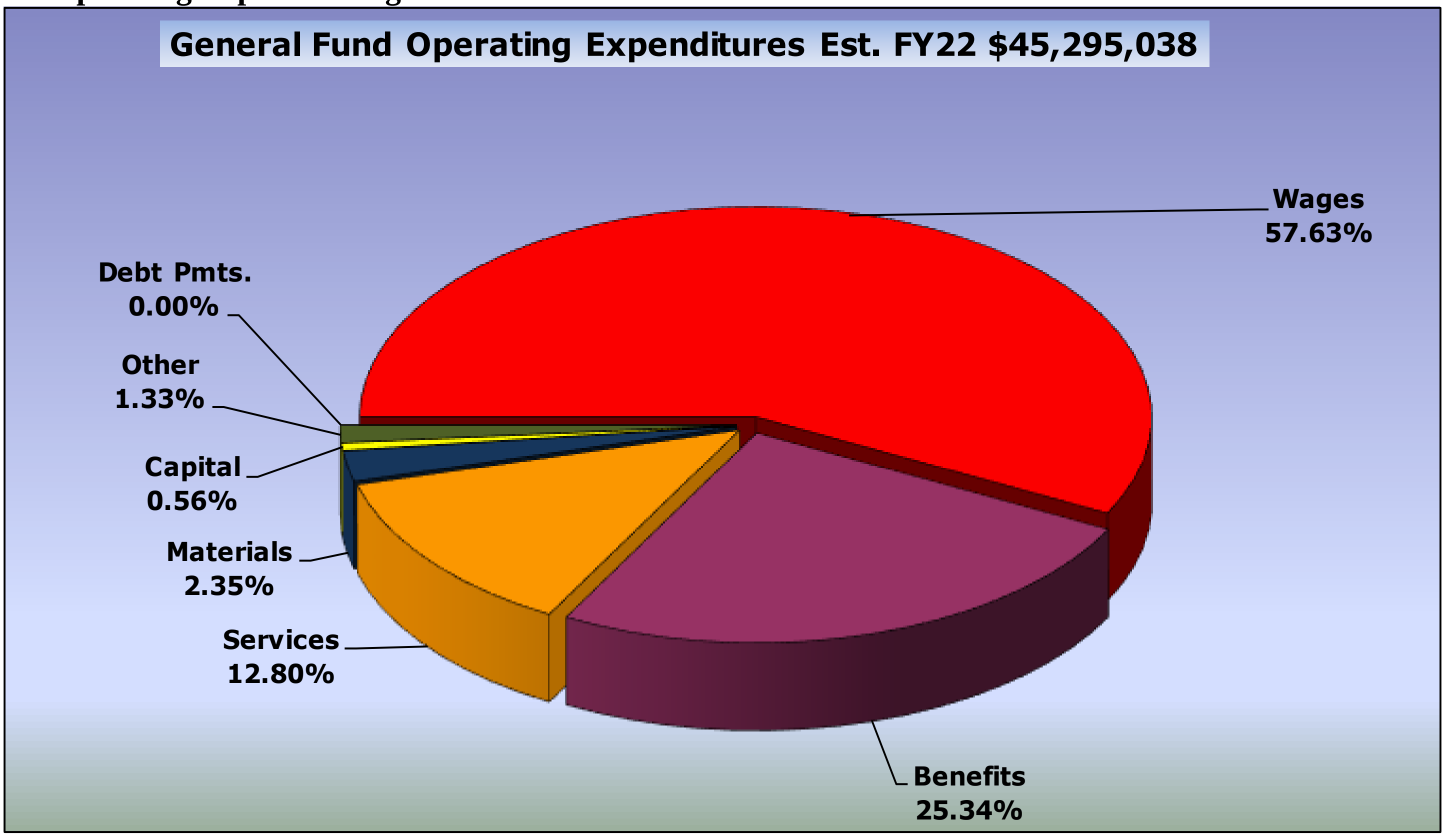
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures and one-time payments that are very unpredictable. We do not expect any large payments as we had received in the past from BWC throughout the remainder of the forecast.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
All Other Sources	$13,346	$13,346	$13,346	$13,346	$13,346

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether with changes in curriculum or new technology needs. As the administration of the district constantly reviews expenditures the education of our students is the forefront of decision making.

All Operating Expense Categories - General Fund FY22



Wages – Line #3.010

The district evaluates staffing needs with the help of enrollment projections that are based on the study conducted for the district by Future Think. Even though the district continues to see enrollment growth minimal staffing increases have been made in recent years due to budget pressures. District leadership is currently reviewing staffing needs for both instructional and support roles as we attempt to accommodate anticipated enrollment growth and a focus on supporting the whole child, which was identified by the board as part of our District's strategic planning. The district has discussed over the last year about aligning allowable uses of ESSER II and ARP ESSER III funds to help with previously noted staffing initiative and to offset some salaries in FY22 through FY24 to ensure we can maintain the continuity of operations and services. We have accounted for four STEM teaching positions being aided for fiscal years FY22 and FY23 with ESSER II, which are not being accounted for in our net forecasted FTE's until FY24. Our two elementary counselors were added in FY22 with ARP ESSER III funds, and we are accounting for these in our net FTE increases noted below in FY25.

Our staffing increases are being accounted for in the estimated net new hires in our forecast 13.75 in FY22, 27.25 in FY23, 34.00 in FY24, 24.95 in FY25 and 18.5 in FY26. Previously, the planned positions were mainly for staffing we believed were necessary to meet the demands of the new buildings, state or federal requirements for busing and students with special needs. The staffing changes accounted for in FY22 – FY26 account for returning services and support roles that were reduced in FY20 and FY21 due to budget pressures and uncertainty from COVID-19 as well as additional positions to provide our students with more opportunities and support, which aligns with an updated district strategic plan that the Board and administration worked on during FY21. Accounted for in the FY24 staffing is the anticipated transition of Big Walnut Intermediate School to our fifth elementary school. These estimates will be adjusted each year with the needs of the educational programs and as actual student information is available. The district will continue to keep a close watch of available resources to evaluate whether additional staffing can be accommodated or if other action will need to be taken. The district approved a contract in the fall of 2019 with BWEA and BWPSS that ran retroactively from July 1, 2019 to June 30, 2021. These agreements provided a 3% increase in wages for each year and modified the district's insurance plan design, which will be discussed in the next section. Step increases for current employees are estimated to be 2.2%. Both BWEA and BWPSS have agreed to a one-year contract extension providing a 1.0% and 1.5% wage increase respectively. The district has a contract with both OAPSE 524 and 696 unions that run from July 1, 2020 to June 30, 2022, which provide a 1.5% increase in wages for each year. The district is forecasting an increase of 3% growth in Substitutes and Extra Curricular wages during the forecast years.

Summary of Personal Services – Line #3.010

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Base Wages	$23,162,451	$24,488,158	$26,821,096	$29,922,440	$32,742,878
Wage adjustments	$331,721	$489,763	$536,422	$598,449	$654,858
Steps & Training	$509,574	$538,739	$590,064	$658,294	$720,343
Growth/Replacement staff	$1,716,774	$1,489,428	$1,820,165	$1,516,268	$1,173,340
Other & ESSER Adjustments	$225,000	$200,000	$300,000	$200,000	$200,000
Salary In Lieu of Insurance	$469,066	$445,613	$490,174	$563,701	$620,071
Substitutes & Supplemental	$995,078	$1,024,930	$1,055,678	$1,087,348	$1,119,969
Severance	$150,000	$50,000	$50,000	$50,000	$50,000
Staff Reductions (Retire/Resignation)	($1,457,363)	($384,991)	($145,307)	($152,573)	($160,201)
Total Wages Line 3.010	$26,102,302	$28,341,639	$31,518,292	$34,443,927	$37,121,257

Fringe Benefits Estimates – Line #3.020

A) STRS/SERS will increase as Wages Increase

As required by law the BOE pays 14% of all employee wages to STRS or SERS. The district is using a blended rate of 15.9% for those that received pick-up on pick-up of the retirement and the additional amount is for the SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members, which is used for SERS insurance upon retirement.

B) Insurance

As the graph below notes health care is a significant cost for the district and has been a real challenge as we have seen rising costs over the last several years. Through the negotiations with the BWEA, administrators and classified support staff, the district made modifications to its medical insurance plan design and implement a high deductible health plan (HDHP), which started in calendar year 2020. This plan change decreased our anticipated premium increase and resulted in slightly lower participation. This has resulted in a lower overall insurance trend percentage for FY20 and FY21 and provided significant savings for the district. In negotiations with our OAPSE Local 524 and 696 unions in the summer of 2020, it was agreed that these individuals would join the HDHP starting in calendar year 2021 and premium caps for these members would increase each year of the contract.

Because of the changes in the plans and premium adjustments the district was able to complete an insurance RFP, which resulted in changing insurance carriers starting in calendar year 2022 and a decrease in our overall premium. The District's forecasted decrease in FY22 is 3.8%, which takes into effect the decreases from the policy changes, switching from UHC to Anthem as the district insurance carrier and the actual amount of the premium increases due to staffing increases. The overall savings in our insurance line for FY22 also includes an

$8,000 rebate received from our medical carrier. The district is expecting a -5.0% in FY23 and increases of 10.0% for FY24, 15% in FY25, and 10% in FY26. By changing insurance carriers the district was able to receive three year rates of a 14% decrease in the first year, no increase in the second year and the worst case scenario in the third year of a 20% increase. This increase is a blend of the districts history of claims increases and the industry standards of annual premium increases.

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

The district will move to Retro Group Rating in FY21 for Worker's Compensation payments, which is anticipated to lower payments in future years. Prior to the COVID-19 pandemic, the district has had nominal claims for unemployment. However, there has been a slight increase from normal trends, and the district is estimating unemployment for part-time staff that are unemployed by their regular employer as the district has to pay for the portion that is equivalent for their salaries. Big Walnut Schools estimated costs are of $5,000 in FY22 and then decreasing the amount to $3,000 per year for FY23-FY26.

D) Medicare

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

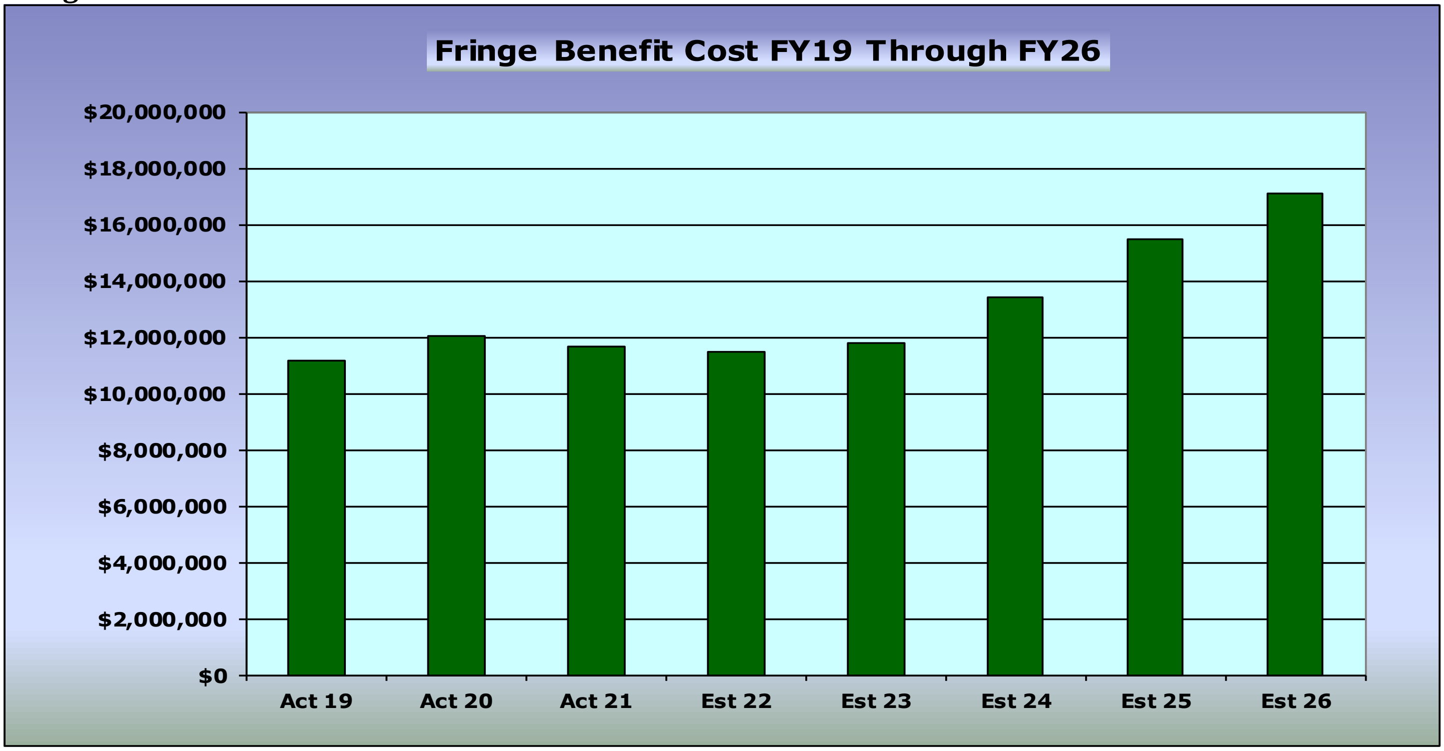
E) Tuition and Other Benefits

With the implementation of the high deductible health plan, the District agreed to make contributions into health savings accounts for employees on the plan, which are also account for in this line in FY21 and FY22. No further payments are being planned for after FY22. These costs will be deceased to the normal tuition reimbursement beginning in FY23 through the remainder of the forecast.

Summary of Fringe Benefits – Line #3.020

Source	FY 22	FY 23	FY 24	FY 25	FY 26
STRS/SERS	$4,026,646	$4,383,192	$4,866,595	$5,325,418	$5,746,560
Insurance's	$6,900,121	$6,880,854	$7,970,905	$9,493,828	$10,686,364
Workers Comp/Unemployment	$96,358	$96,527	$97,735	$107,457	$126,354
Medicare	$378,483	$410,954	$457,015	$499,437	$538,258
Tuition and Other Benefits	$75,399	$47,899	$47,899	$47,899	$47,899
Total Line 3.020	$11,477,008	$11,819,426	$13,440,150	$15,474,038	$17,145,435

Fringe Benefits Costs Actual FY18-20 and Estimated FY21-25



Purchased Services – Line #3.030
An overall average inflation of 2% is being estimated for this category.

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 reduced the payments from the tuition line for Open Enrollment, STEM and Scholarship deductions of $648,445 and to show the amounts for Community Schools 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 Pus, excess costs and other tuition costs will continue to draw funds away from the district, which have been adjusted based on historical trend.

The district has increased costs for purchased services due to a full-year of liability insurance coverage costs for Prairie Run, estimated additional liability insurance coverage for the our new buildings that open in January, and costs for outside transportation for students with special needs that have increased over FY21 due some students being in a virtual learning environment last school year and newly enrolled students.

The district has reviewed the professional service needs for FY22 and has included the following FTE additions, 1.0 mental health, 0.4 occupational therapy, 0.4 speech, 1.0 ELL specialist and 1.0 technology support, and approximately 2.0 tutors. Other FTE additions for FY22 that are being paid with ARP ESSER funds in FY22 through FY24 are 1.0 nurse, 1 Psychologist, and the cost of approximately 4.0 tutors. We are, also, able to fund for one additional year the cost of 1.0 nursing and 1.0 of mental health support through the student wellness and success funds (SWSF) that were provide in the last biennium budget. In FY23, the district is planning on additional FTE supports of 1.0 for athletic coordination, 1.0 for nurse, and 6.0 tutors to be paid through the ESC. The previously noted 1.0 nursing and 1.0 mental health funded through SWSF are included as a new cost in the general fund. For FY24, the district is planning for additional ESC costs for 0.2 adaptive physical education, 1.0 mental health service, 0.4 occupational therapy, 0.2 physical therapy, 0.4 speech services, 1.0 technology support and 10.0 tutors. In FY25, 1.0 for nursing services, 0.5 of an ELL specialist, and 1.0 tutor supports are planned for in our purchased services. The cost of 1.0 nurse, 1 Psychologist, and 4.0 tutors that had previously been paid with ARP ESSER funds is brought into the general fund in FY25 for the planned continuance of these services. In FY26, we are planning for additions of 0.4 of occupational therapy, 0.4 of speech, and 1.0 of tutoring services. As always, the district will continue to evaluate the needs for additional services with the growth of the district and actual enrollment and make appropriate changes annually. The district is also increasing legal fees, building services and substitute costs beginning in FY22 of $90,000 due to anticipated additional services and a return to more normal needs compared to last year. We have attempted to capture the additional costs of phone and internet services, annual inspections, and maintenance and repair in FY22 due to the opening of our new high school. An overall 2% annual increase for costs of these services is estimated for inflation.

Utilities are being increased annually by 3%. We will increase FY22 by additional increase of $190,000 for the anticipated half year additional utilities for the new school that was going to begin in FY23. In FY23, we will see changes for the new high school being open and bringing the intermediate school off line for a year, and in FY24 we anticipate increases for reopening the intermediate school as an updated elementary school. We have attempted to capture the cost impacts for these movements in our forecast.

Maintenance and repair costs will increase with the changes and additions of the new buildings and have a base increase of 2% each year.

Purchased Services – Line #3.030

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Insurance, Leases, Postage, & Other	$798,336	$814,303	$830,589	$847,201	$864,145
Professional Services, Legal Fees & ESC	$2,708,095	$3,223,422	$3,814,011	$4,276,046	$4,449,517
Tuition, OE, SF14, CCP & Excess Costs	$805,084	$821,186	$837,609	$854,362	$871,449
Community School Deductions	$0	$0	$0	$0	$0
Phone and Internet Services	$75,776	$77,292	$78,838	$80,414	$82,023
Utilities	$904,860	$952,006	$1,022,566	$1,053,243	$1,084,840
Building Repairs & Services	$504,922	$517,521	$537,871	$548,629	$559,601
Total Line 3.030	$5,797,074	$6,405,729	$7,121,484	$7,659,894	$7,911,574

Supplies and Materials – Line #3.040

On average an inflation rate of 3% is being estimated for this category of expenses which are characterized by classroom supplies, textbooks, copy paper, maintenance supplies, materials, and bus fuel. Additional costs in FY22 include software licenses and College Credit Plus textbooks of $43,000 that will continue throughout the forecast. We are anticipating additional costs for educational supplies and maintenance supplies when each of the new schools are opened in FY23 and FY24 and have attempted to capture these costs in this forecast.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Supplies, Textbooks, and other	$487,340	$497,086	$537,028	$547,769	$558,724
Maintenance & Transportation Supplies	$575,909	$593,186	$630,982	$649,911	$669,409
Total Line 3.040	$1,063,249	$1,090,273	$1,168,010	$1,197,680	$1,228,133

Equipment – Line # 3.050

The district continues to update its capital projects budget to update the aging bus fleet and replenish or refresh other assets such as roofing, asphalt, computers, desks and chairs that will be paid from the permanent improvement fund or within construction fund for the new buildings. Along with various minor capital outlays, the district is planning for Technology replacements of Chromebooks each year to come out of the general fund.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Capital Outlay	$10,000	$10,000	$10,000	$10,000	$10,000
Technology	$245,000	$200,000	$200,000	$200,000	$200,000
Total Line 3.050	$255,000	$210,000	$210,000	$210,000	$210,000

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, SDIT collection fees and our annual audit and other miscellaneous expenses. The district uses an average increase of 2.8% for the annual increase for this area.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Auditor & Treasurer Fees	$343,026	$353,317	$363,916	$374,834	$386,079
County ESC	$25,293	$25,799	$26,315	$26,841	$27,378
SDIT Fees	$139,049	$143,022	$149,101	$155,393	$161,905
Other expenses	$93,039	$94,899	$96,797	$98,733	$100,708
Total Line 4.300	$600,406	$617,037	$636,130	$655,801	$676,070

Transfers Out/Advances Out – Line #5.010

This account group includes funds for 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 is planning for a possible transfer to the Food Service Fund due to ongoing challenges presented by the COVID-19 pandemic in FY22.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Operating Transfers Out Line #5.010	$100,000	$0	$0	$0	$0
Advances Out Line #5.020	$0	$0	$0	$0	$0
Total	$100,000	$0	$0	$0	$0

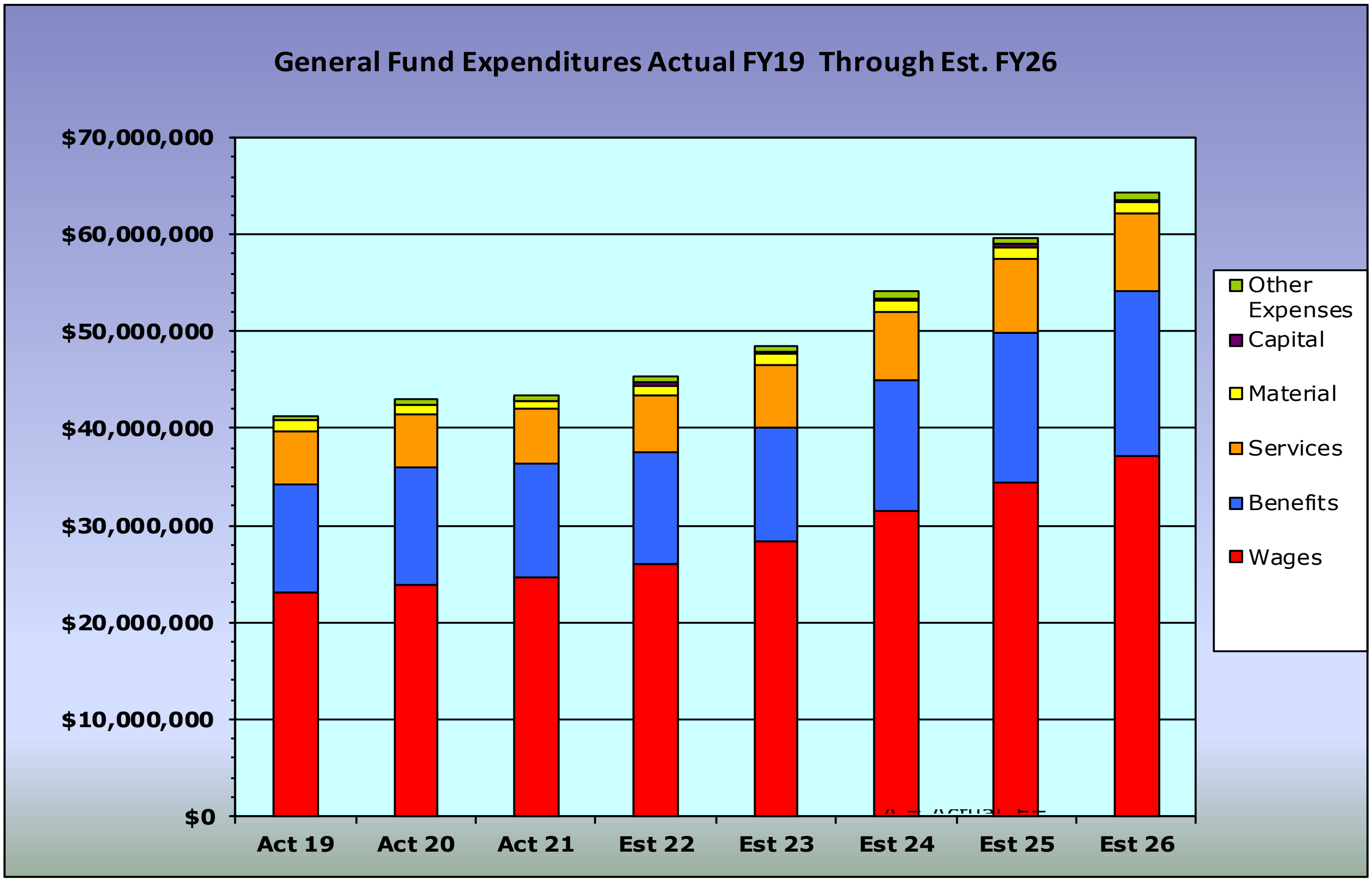
Encumbrances –Line #8.010

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

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Estimated Encumbrances	$785,931	$801,650	$817,683	$834,037	$850,717

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

As the graph below indicates the largest expenditure for the district is that of staffing. We are attempting to accommodate the needs of a growing student population with these expenditures, but understand the challenging budgetary constraints we face.



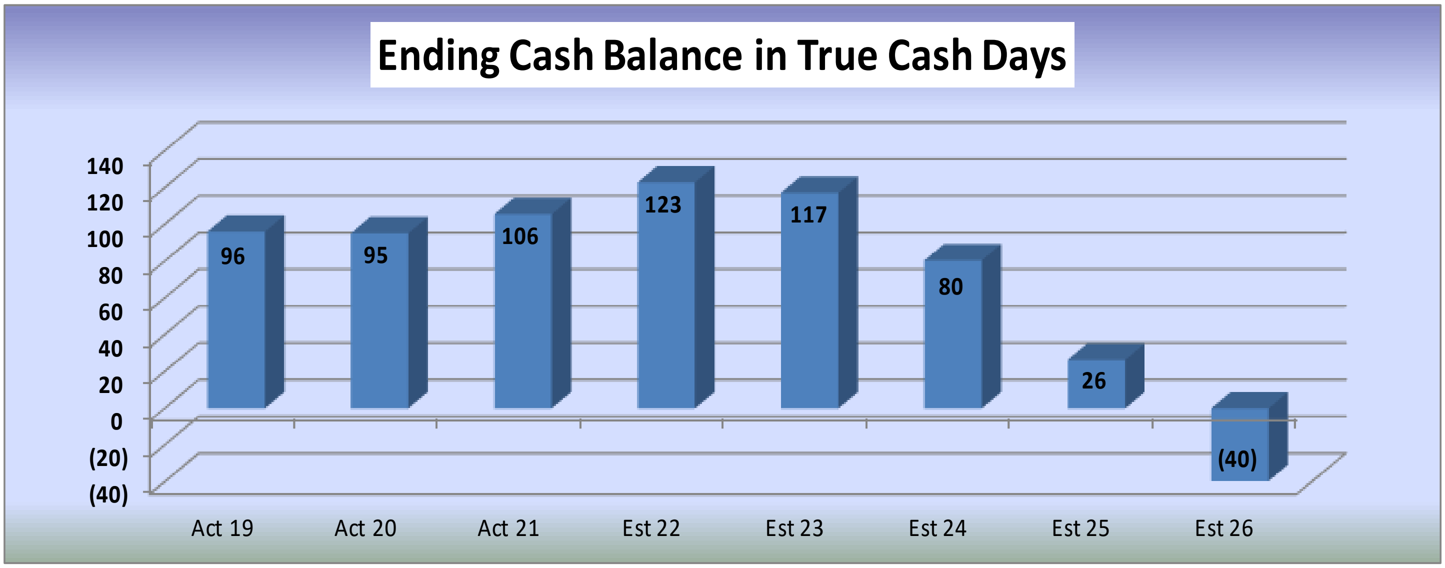
Ending Unencumbered Cash Balance – Line#15.010

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. While we have been able to shrink the variance between revenues and expenditures from May, we are anticipating with current trends to begin utilizing our cash balance or "rainy day fund" for operating needs in future years.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Ending Cash Balance	15,281,556	15,574,866	11,916,723	4,314,406	(6,974,691)

True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves. Based on the current fund balances the district is not anticipated to have the sixty (60) day balance at the end of FY25.



CONCLUSION

Big Walnut Local School District receives 21.05% of it's funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since, the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY24-FY26.

District administrations appreciates the supportive Big Walnut community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.