HURON CITY SCHOOL DISTRICT - ERIE COUNTY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH JUNE 30, 2027**

**Forecast Provided By
Huron City School District
Treasurer's Office
Paul DeMarco, Treasurer/CFO**

November 2022

Huron City School District
Erie County
Notes to the Five Year Forecast
General Fund Only
November 2022

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) 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 2022 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 FY22 were notably impacted in areas such a 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 FY23, 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. It is expected that interest rate increases that will occur before December 2022, will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen right as the state legislature considers the next biennium budget for FY24 and FY25. In spite of the strong economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

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. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years, and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 68.07% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2. The state budget represented 17.22% of district revenues, which significant but not an overall controlling factor. 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 full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be

calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those district from the state. The initial impact of these changes on the forecast will be noticed in that the historic actual costs for FY20 through FY21 potentially reflecting different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022 the legislature passed HB583 to resolves issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

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

5. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. 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 Paul DeMarco, Treasurer/CFO of Huron City School District

REVENUE PROJECTIONS

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$357,541,106	$357,916,106	$358,291,106	$362,249,017	$366,246,507
Comm./Ind.	52,028,745	52,328,889	52,630,534	52,933,686	53,503,023
Public Utility Personal Property (PUPP)	13,626,910	13,926,910	14,226,910	14,526,910	14,826,910
Total Assessed Value	$423,196,761	$424,171,905	$425,148,549	$429,709,613	$434,576,440

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY23	FY24	FY25	FY26	FY27
Est. Real Estate Taxes	$10,290,961	$10,423,475	$10,568,222	$10,614,913	$10,692,176
Total Line #1.01 Real Estate Taxes	$10,290,961	$10,423,475	$10,568,222	$10,614,913	$10,692,176

Summary of Real Estate Values & Taxes – Line #1.010

Our district is located solely in Erie County. Erie County experienced a triennial update in tax year 2021. A reappraisal update will occur in 2024. When values increase due to reappraisals and updates (inflationary increases), reduction factors are increased and House Bill 920 decreases effective tax rates so the district tax revenues do not grow except for the 5.30 mills of inside unvoted millage. However, the district is at the 20 mill floor for residential and agricultural property. Any increases in valuation will result in property tax revenue growth. Residential/agricultural values account for approximate 80.73% of the districts total value. Our commercial property tax rate exceeds the 20 mill floor so additional revenue is not anticipated through any commercial and industrial growth that we may experience. New construction will also increase annual revenue for the residential and agricultural values.

We do not anticipate significant increase in residential and commercial property values. CAUV values represent a very small percentage of the Class I residential/agricultural values and while HB49 authorized a reduction in CAUV computations, they will not have a significant impact on our values. These reductions will occur as districts experience their next reappraisal or update cycle.

In general, 54% of the Res/Ag and Comm./Ind. property taxes are expected to be collected in the February tax settlement and 46% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below. We've approached this projection very conservatively.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

ESTIMATED PUBLIC UTILITY PERSONAL PROPERTY TAX (Line #1.020)

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property	$921,589	$946,992	$972,957	$992,873	$1,012,285
Total PUPP Tax Line #1.020	$921,589	$946,992	$972,957	$992,873	$1,012,285

Summary of Public Utility Personal Property – Line #1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts' gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. We have projected a 3.17% average increase in collections for the next five years.

ESTIMATED UNRESTRICTED GRANTS-IN-AID (Line 1.035)

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$2,528,851	$2,528,851	$2,528,851	$2,528,851	$2,528,851
Additional Aid Items	85,160	85,160	85,160	85,160	85,160
Basic Aid-Unrestricted Subtotal	2,614,011	2,614,011	2,614,011	2,614,011	2,614,011
Ohio Casino Commission ODT	80,484	82,094	83,736	85,410	87,118
Catastrophic Aid	123,505	123,505	123,505	123,505	123,505
Total Unrestricted State Aid Line #1.035	$2,818,000	$2,819,610	$2,821,252	$2,822,926	$2,824,634

Summary of Unrestricted State Funding – Line 1.035

State Foundation Revenue Estimates Funding Model per HB110 – June 30, 2023

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. Complete calculations of the new formula were not available for nearly all of the last fiscal year. We have projected FY23 funding based on the September 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to continue on the formula in FY24-FY27 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, and now HB110, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

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

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is estimated to be as high as $7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts 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 the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 14% in FY23. No legislation indicates the percentage increase for FY24 and beyond for DPIA.
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 in HB583 in June 2022. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase-in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get less funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Student Wellness and Success (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 FY24-27 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

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.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increases 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 FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil; actual payments in FY22 were $62.87 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

ESTIMATED RESTRICTED STATE REVENUE – Line # 1.040

Source	FY23	FY24	FY25	FY26	FY27
D.P.I.A.	$18,542	$18,542	$18,542	$18,542	$18,542
Career Tech	2,066	2,066	2,066	2,066	2,066
Gifted	47,888	47,888	47,888	47,888	47,888
ESL	0	0	0	0	0
Student Wellness	75,301	75,301	75,301	75,301	75,301
Total Restricted State Revenues Line #1.040	$143,798	$143,797	$143,797	$143,797	$143,797

Summary of Restricted State Revenue – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness The amount of DPIA is limited to a 0% phase in growth for FY22 and 14% in FY23. We have flat-lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

ESTIMATED STATE REVENUE

SUMMARY	FY23	FY24	FY25	FY26	FY27
State Unrestricted Aid (Line # 1.035)	$2,818,000	$2,819,610	$2,821,252	$2,822,926	$2,824,634
State Restricted Aid (Line # 1.040)	143,798	143,797	143,797	143,797	143,797
Federal Funds (Line # 1.045)	0	0	0	0	0
Total State Foundation Revenue	$2,961,798	$2,963,407	$2,965,049	$2,966,723	$2,968,431

ESTIMATED PROPERTY TAX ALLOCATION – Line # 1.050

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$1,427,465	$1,493,525	$1,515,712	$1,521,806	$1,533,746
Total Tax Reimbursements #1.050	$1,427,465	$1,493,525	$1,515,712	$1,521,806	$1,533,746

Summary of Rollback and Homestead Reimbursements – Line # 1.050

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it 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.

ESTIMATED ALL OTHER REVENUE (Line #1.060)

Source	FY23	FY24	FY25	FY26	FY27
Tuition Related Payments	$238,375	$243,143	$248,005	$252,965	$258,025
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	125,000	127,500	130,050	132,651	135,304
Interest Earnings	7,456	7,605	7,757	7,913	8,071
Payments In Lieu of Taxes	20,807	21,223	21,648	22,081	22,522
Medicare	177,395	180,943	184,562	188,253	192,018
Miscellaneous	74,564	76,055	77,576	79,128	80,711
Total Other Local Revenue Line #1.060	$643,598	$656,470	$669,599	$682,991	$696,651

Summary of All Other Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY23-FY27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated, and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid. In FY21 and FY22, interest income fell due to fed rate reductions due to the pandemic, which will impact our earning capability in this area until rates and our ending cash balance begins to increase. All other revenues are expected to continue on historical trends.

ESTIMATED SHORT-TERM BORROWING – LINE 2.010 & LINE 2.020

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

ESTIMATED TRANSFERS & ADVANCE IN – LINE 2.040 & 2.050

Source	FY23	FY24	FY25	FY26	FY27
Transfers In (Line # 2.040)	$0	$0	$0	$0	$0
Return of Advances (Line # 2.050)	0	0	0	0	0
Total Transfer & Advances In	$0	$0	$0	$0	$0

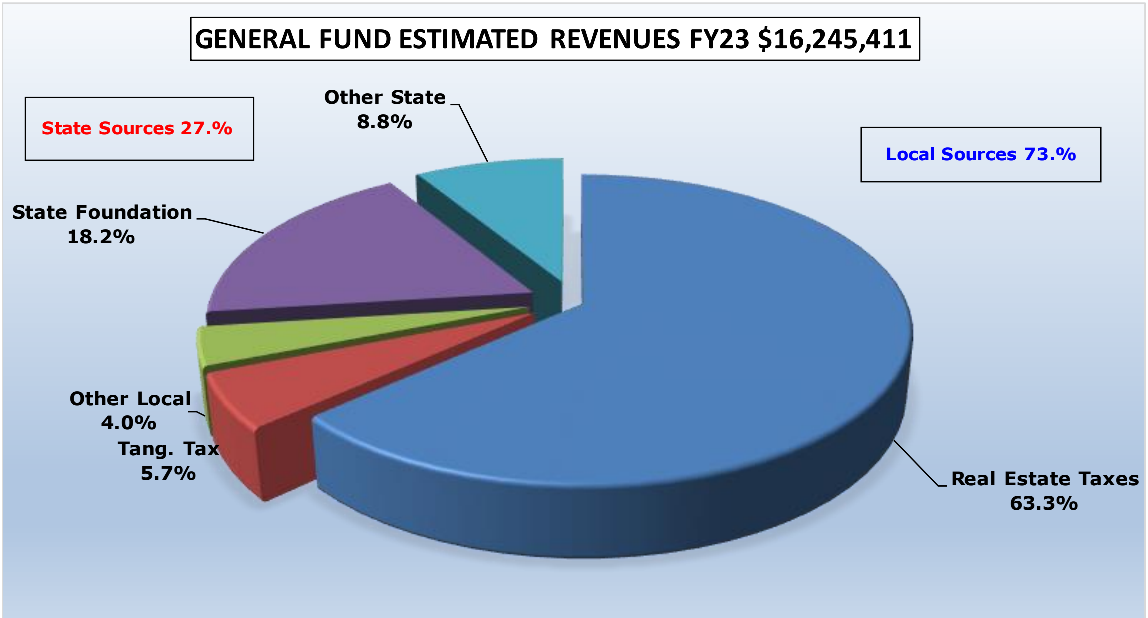
Summary of Transfers & Advances – Line 2.040 & 2.050
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

ESTIMATED ALL OTHER FINANCIAL SOURCES – LINE 2.060

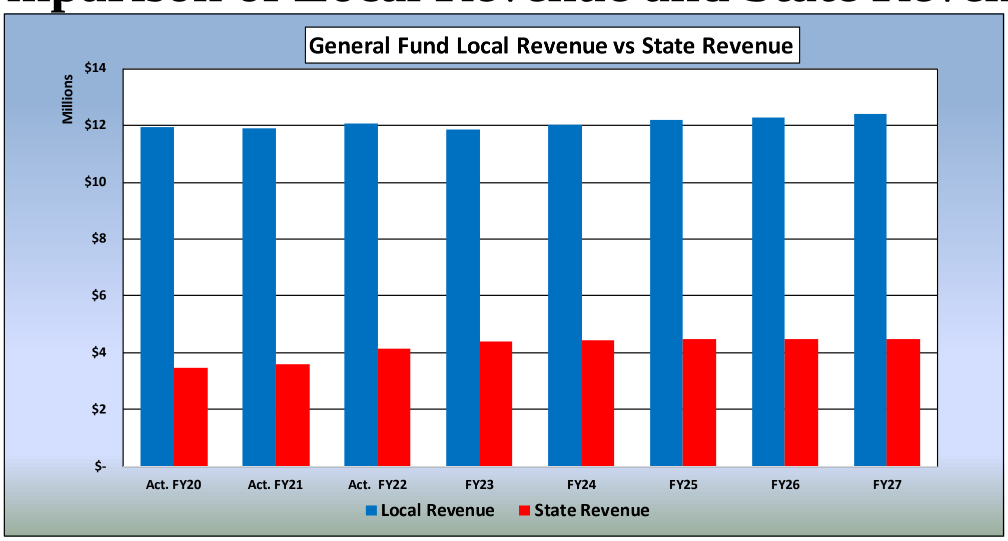
Source	FY23	FY24	FY25	FY26	FY27
Refund of A Prior Years Expenditure	$4,762	$4,762	$4,762	$4,762	$4,762

Summary of All Other Financial Sources – Line #2.060 & Line #14.010
This funding source is typically a refund of prior year expenditures that is fairly predictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

GENERAL FUND REVENUE PROJECTIONS



Comparison of Local Revenue and State Revenue



EXPENDITURE PROJECTIONS

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.

ESTIMATED PERSONNEL SERVICES – LINE 3.010

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$7,757,610	$7,990,338	$8,230,048	$8,476,949	$8,731,257
Base Pay Increase	232,728	239,710	246,901	254,308	261,938
Substitutes	48,492	48,977	49,467	49,962	50,462
Supplementals	393,904	405,721	417,893	430,430	443,343
Total Wages Line #3.010	$8,432,734	$8,684,746	$8,944,309	$9,211,649	$9,487,000

Summary of Personal Services – Line #3.010

A two year negotiated agreement with the Huron Education Association (HEA) was recently ratified in June of 2022. The agreement commenced on August 1st, 2022 and will expire on July 31st of 2024. The district is currently in the middle of a contract with the local AFSCME chapter. The contract will expire at the end of the current fiscal year. The goal of the board and administration is to fairly compensate all of our employees. A portion of the current staffing is being funded with federal ESSER funds. Salaries have been projected to increase over the length of this forecast at an average rate of three (3.00%) annually.

ESTIMATED EMPLOYEE RETIREMENT & INSURANCE BENEFITS – LINE 3.020

Source	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$1,432,705	$1,475,550	$1,519,679	$1,565,132	$1,611,946
B) Insurance's	1,842,948	2,084,773	2,352,506	2,648,791	2,976,535
C) Workers Comp/Unemployment	39,873	40,982	42,124	43,300	44,512
D) Medicare	122,275	125,929	129,692	133,569	137,562
E) Other/Tuition/Annuities	171,859	171,859	171,859	171,859	171,859
Total Fringe Benefits Line #3.020	$3,609,660	$3,899,093	$4,215,860	$4,562,651	$4,942,414

Summary of Fringe Benefits – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs, which all except for health insurance are directly related to the wages paid.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

The Huron City School District offers two health insurance plans. Employees have the choice between a traditional PPO plan and a high deductible plan. The Board pays 85% of the cost for both plans. The fifteen (15%) percent employee share is capped at $ 242.00 per month. The Board contributes $ 500.00 annually toward an HAS for the high deductible plan. Claims are fairly consistent an increases of eight (8.00%) percent annually have been projected for the current fiscal year and ten (10.0%) for the remaining years of the forecast. The increases include adjustments for inflation and the cost of actual claims. The administration will continue to monitor this ever-increasing area of uncontrollable cost.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .04% per thousand of wages after fiscal year 2022 due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

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

ESTIMATED PURCHASED SERVICES – LINE 3.030

Source	FY23	FY24	FY25	FY26	FY27
Professional & Technical Services, ESC	$927,962	$965,080	$1,003,683	$1,043,830	$1,085,583
Maintenance, Insurance & Garbage Removal	167,152	173,838	180,792	188,024	195,545
Professional Development	9,918	10,315	10,728	11,157	11,603
Communications, Postage, & Telephone	90,069	93,672	97,419	101,316	105,369
Utilities	282,346	293,640	305,386	317,601	330,305
Contracted Trades & Services	400	416	433	450	468
Tuition, Excess Costs & Scholarship Costs	1,140,865	1,186,500	1,233,960	1,283,318	1,334,651
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	186,795	194,267	202,038	210,120	218,525
Other Adjustments SWSF, CARES, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	56,806	59,078	61,441	63,899	66,455
Total Purchased Services Line #3.030	$2,862,313	$2,976,806	$3,095,880	$3,219,715	$3,348,504

Summary of Purchased Services – Line #3.030

HB110 the new state budget will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amount below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five year forecast. College Credit Pus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

In FY23-27 an average overall inflation rate of 4.0% is being estimated the remaining line items of the purchased services budget. This area of our budget represents approximately 19% of our overall projected expenditures. Purchased services include staff contracted through the education service center (ESC), speech therapy, classroom aides, technology services, special needs tuition, and a number of other contracted services. This remains the most volatile are of our budget, these expenses can be affected by the continuing instructional needs of our students. The district will continue to evaluate the needs of our students and will continue to aggressively monitor the expenses related to the out-sourcing of these services.

ESTIMATED SUPPLIES & MATERIALS – LINE 3.040

Source	FY23	FY24	FY25	FY26	FY27
General Office Supplies & Materials	$205,558	$211,725	$218,077	$224,619	$231,358
Textbooks & Instructional Supplies	52,839	54,424	56,057	57,739	59,471
Facility Supplies & Materials	80,078	82,480	84,954	87,503	90,128
Transportation Fuel & Supplies	91,182	93,917	96,735	99,637	102,626
Other adjustments SWSF, CARES, Etc.	2,610	2,688	2,769	2,852	2,938
Total Supplies Line #3.040	$432,267	$445,234	$458,592	$472,350	$486,521

Summary of Supplies and Materials – Line #3.040
An overall inflation of 3.00% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working on updating the curriculum over the next few years, fiscal year 2023-2027 includes adjustments in each fiscal year for an update to the district curriculum. The district has almost completed the transition to the one-to-one. A major portion of the district's migration to one-to-one has been taken care of by federal ESSER funding.

ESTIMATED CAPITAL OUTLAY – LINE # 3.050

Source	FY23	FY24	FY25	FY26	FY27
Capital Outlay & Maintenance	$25,672	$26,185	$26,709	$27,243	$27,788
Technology/Curriculum Purchases	0	0	0	0	0
Vehicle Replacement	54,436	55,525	56,636	57,769	58,924
Bus Purchase	0	225,000	0	0	0
Total Equipment Line #3.050	$80,108	$306,710	$83,345	$85,012	$86,712

Summary of Capital Outlay Equipment – Line #3.050
The administration continues to monitor capital expenditures as they relate to the general fund. The district is planning to purchase two (2) buses in fiscal year 2023-24 from the general fund.

ESTIMATED OTHER OBJECTS – LINE # 4.300

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$203,194	$205,226	$207,278	$209,351	$211,445
Annual Audit Costs	21,963	22,183	22,405	22,629	22,855
Increased A&T Fees for New Levies	0	0	0	0	0
Dues, Fees & other Expenses	91,637	92,553	93,479	94,414	95,358
Total Other Expenses Line #4.300	$316,794	$319,962	$323,162	$326,394	$329,658

Summary of Other Expenses – Line #4.300
The category of Other Expenses consists of fees associated with operations of the district. Areas of expenses are: auditor and treasurer fees, annual audit costs, GAAP reporting, income tax collection fees, bank charges, liability Insurance, bond premiums, professional memberships and the amount paid to the esc for general services. Currently, we are estimating annual increases of 1% for this forecast.

ESTIMATED DEBT SERVICE – LINE # 4.010 & 4.060

The District currently has no General Fund Debt issues.

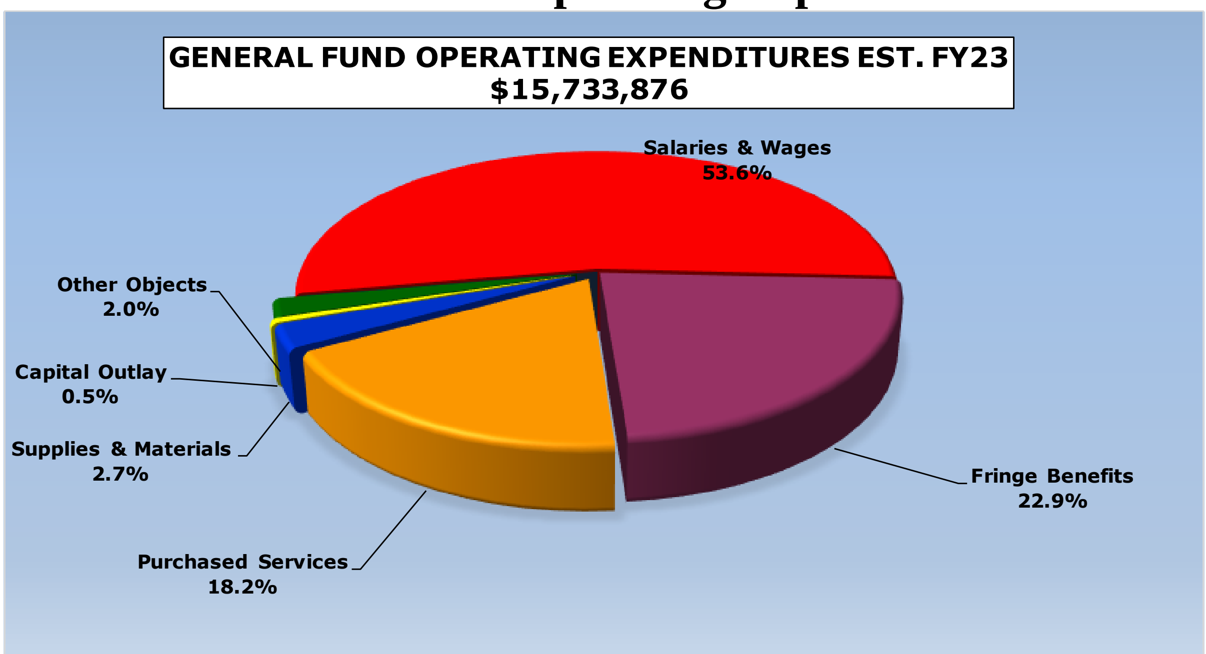
ESTIMATED TRANSFERS & ADVANCES OUT – LINE # 5.010 & 5.020

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	$10,000	$10,000	$10,000	$10,000	$10,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$10,000	$10,000	$10,000	$10,000	$10,000

Summary of Transfers & Advances – Line #5.010 & 5.020

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The transfers are permanent and will not be paid back to the General Fund. The food service fund and the pre-school programs have been the recipients of recent transfers.

Estimated General Fund Operating Expenditures for FY23



ESTIMATED ENCUMBRANCES – LINE # 8.010

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances Line #8.010	$125,000	$125,000	$125,000	$125,000	$125,000

Summary of 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.

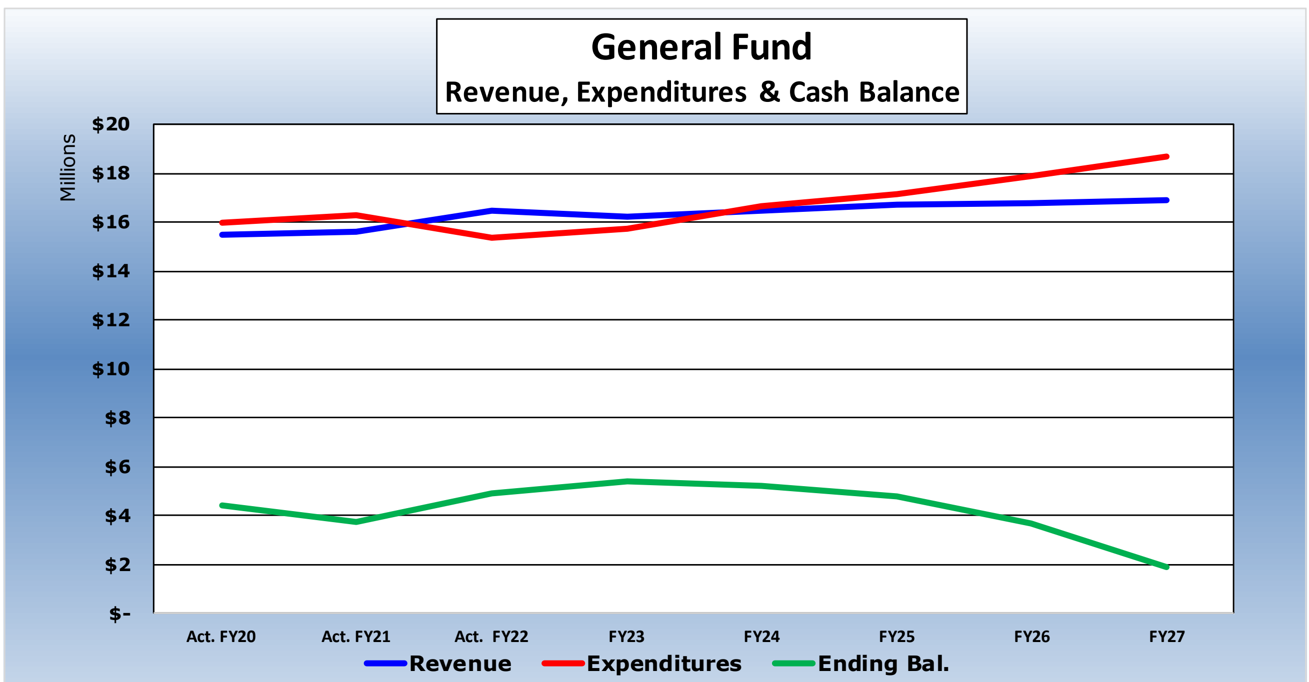
ESTIMATED ENDING CASH BALANCE – Line # 15.010

	FY23	FY24	FY25	FY26	FY27
Ending Unreserved Cash Balance Line #15.01	$5,215,409	$5,105,779	$4,670,932	$3,567,229	$1,784,471

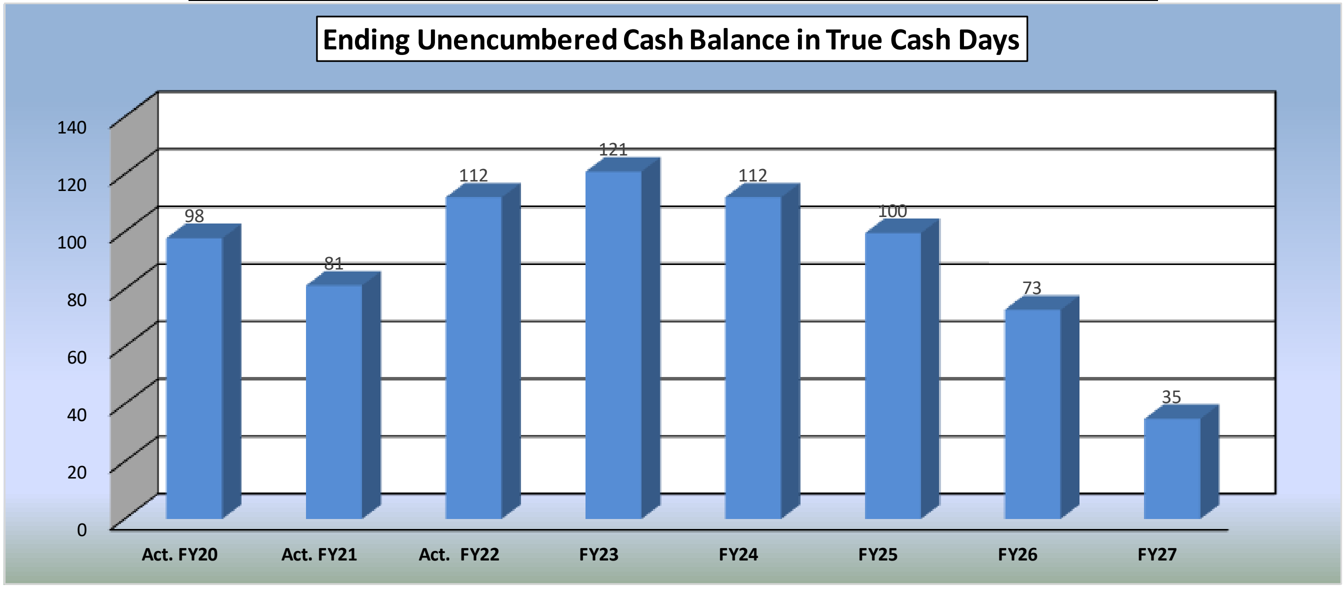
Summary of the Ending Cash Balance – Line #15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

GENERAL FUND
CASH FLOW PROJECTIONS
Fiscal Years 2019 thru 2026

This graph, captures in one snapshot, the operating scenario facing the District over the next few years based on the current forecast.



TRUE DAYS ENDING CASH BALANCE



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

GENERAL FUND
EXPENDITURE CATEGORY ANALYSIS
Fiscal Years 2023 through 2027