

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



Home of the Trojans!

**Forecast Provided By
Southeastern Local School District
Treasurer's Office
Mr. Ben Kitchen, Treasurer
October 17, 2023**

Southeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
October 17, 2023

Introduction to the Five-Year Forecast

A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from 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 a crucial management tool and must be updated periodically. The five-year forecast enables 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 significantly change their forecast or, at a minimum, when required under the 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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental 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 of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

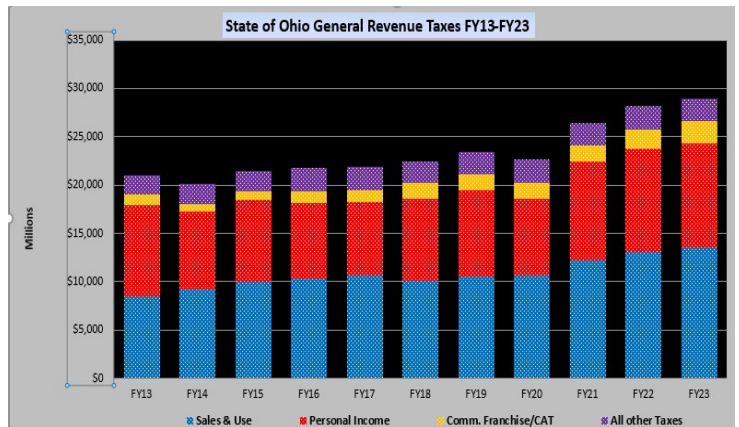
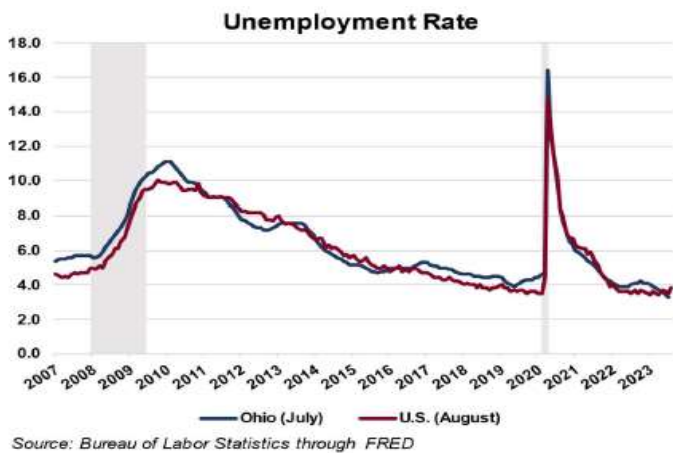
Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently 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 the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar

2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

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

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state’s Rainy Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio’s economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio’s school districts.



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

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

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) We are estimated to have a positive cash balance at the end of FY28 with renewal of the \$490,000 emergency levy that will expire on December 31, 2027, but there are many things that could occur over the next several years to change that estimate. This could change depending upon state funding FY26-28, and any new legislation that could increase costs and staff negotiations.

2) Property tax collections are the second largest 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 49% of the district's resources. Our tax collections in the March 2023 and August 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

3) Our district has roughly 95% of its total property value in Clark County and 5% in Greene County. Clark County experienced a reappraisal in the 2022 tax year to be collected in FY23. The 2022 reappraisal increased overall assessed values by \$26.34 million or an increase of 21.75%. This put the district on the 20 mill floor for Class I property and generated new revenues for the district. A reappraisal update will occur again in Clark County in tax year 2025 for collection in FY26. We anticipate value increases for Class I and II property by \$4.7 million for an overall increase of 3%. Greene County will experience a reappraisal in 2023 to be collected in 2024. We anticipate a 1% increase in Class I values and no change in Class II values. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time. House Bill 187 and Senate Bill 153 have been introduced to average property value in reappraisals and updates. These bills are pending and could have an impact on the 2025 reappraisal and potentially the 20 mill floor. We are watching these proposals very carefully and will adjust the forecast pending their outcome.

4) The state budget represented 51% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

5) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can

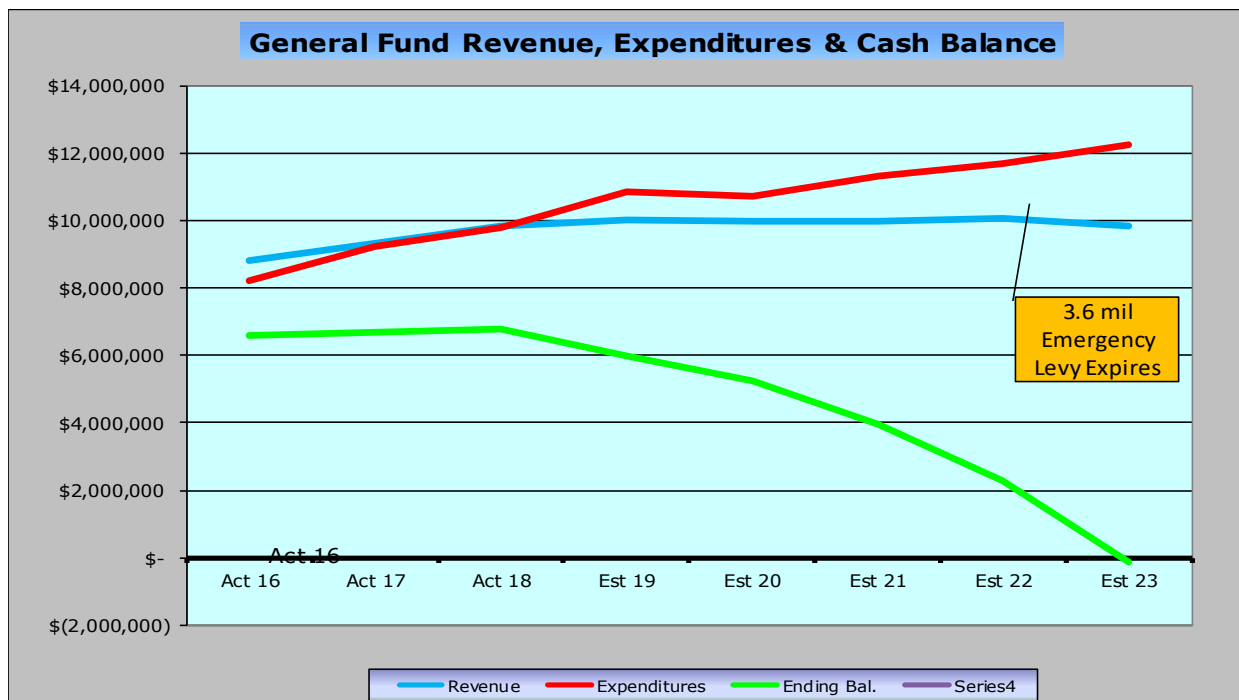
expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

7) 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 that as we move forward, our positive working relationship will continue and will only grow stronger.

The significant 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 assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. Ben Kitchen, Treasurer, at 937.462.8388.

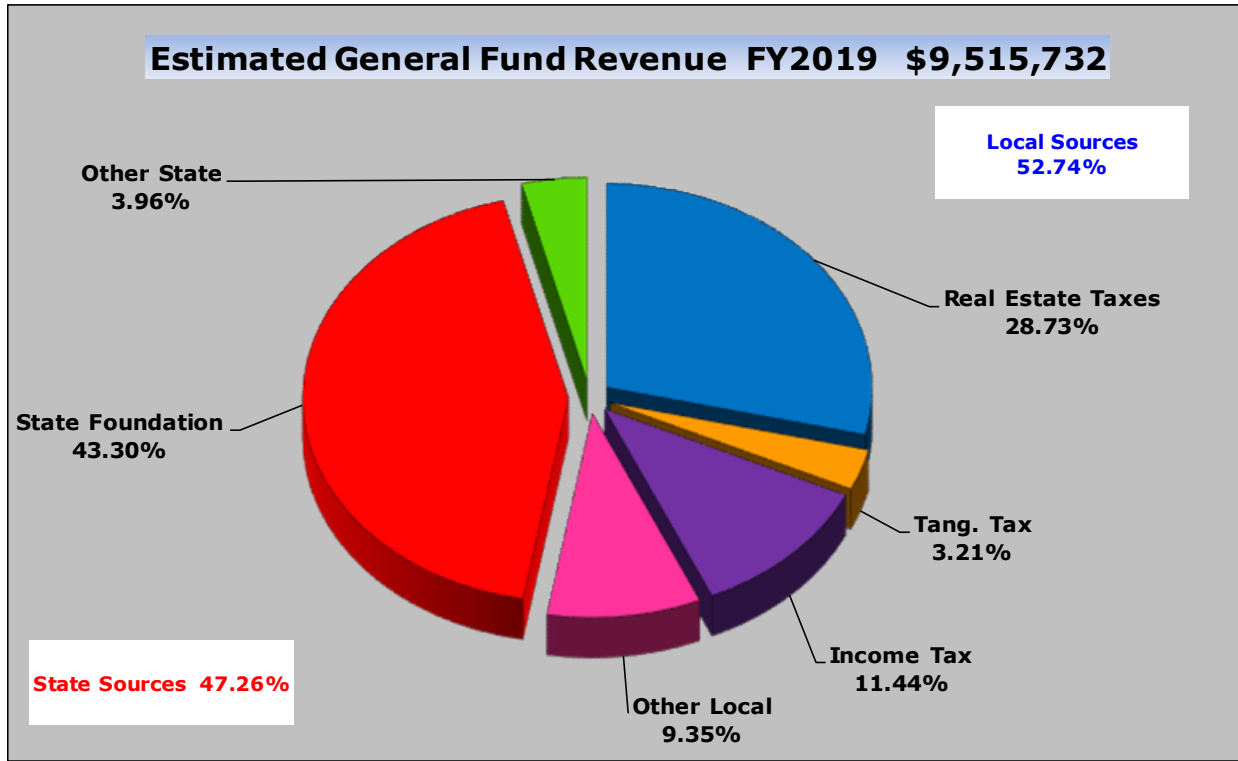
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY24



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Our district has roughly 95% of its total property value in Clark County and 5% in Greene County. Clark County experienced a reappraisal in the 2022 tax year to be collected in FY23. The 2022 reappraisal increased overall assessed values by \$26.34 million or an increase of 21.75%. This put the district on the 20 mill floor for Class I property and generated new revenues for the district. A reappraisal update will occur in tax year 2025 for collection in FY26. We anticipate value increases for Class I and II property by \$4.7 million for an overall increase of 3%. Greene County will experience a reappraisal in 2023 to be collected in 2024. We anticipate a 1% increase in Class I values and no change in Class II values. There is however always a minor risk that the district could sustain a reduction in values in the 2025 Clark County and 2023 Greene County updates but we do not anticipate that at this time.

Public Utility Personal Property (PUPP) values increased by \$1.34 million in Tax Year 2022. We expect our values to continue to grow by \$100,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR2025	TAX YEAR2026	TAX YEAR2027
<u>Classification</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>
Res./Ag.	\$136,940,188	\$137,290,188	\$141,758,894	\$143,526,483	\$143,876,483
Comm./Ind.	12,552,530	12,577,530	12,602,530	12,627,530	12,652,530
Public Utility Personal Property (PUPP)	<u>12,923,370</u>	<u>13,023,370</u>	<u>13,123,370</u>	<u>13,223,370</u>	<u>13,323,370</u>
Total Assessed Value	<u>\$162,416,088</u>	<u>\$162,891,088</u>	<u>\$167,484,794</u>	<u>\$169,377,383</u>	<u>\$169,852,383</u>

Estimated Real Estate Tax (Line #1.010)

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Est. General Property Taxes Line #1.010	<u>\$3,052,731</u>	<u>\$3,050,585</u>	<u>\$3,100,488</u>	<u>\$3,150,561</u>	<u>\$2,923,674</u>

Property tax levies are estimated to be collected at 100% of the annual amount. This allows 0% delinquency factor. In general, 60.25% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 39.75% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to receive 50% in March and 50% in August settlement from the County Auditor and are noted in Line #1.02 below.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Property Tax – Line#1.020

As noted earlier, the phase-out of TPP taxes began in FY06 with HB66, which was adopted in June 2005. The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under P.U. Personal, which was \$12.82 million in assessed values in 2022 and is collected at the district’s gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2021 rose by 15.87% or \$1,385,160 and are expected to modestly grow \$100,000 each year of the forecast.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Public Utility taxes	<u>\$445,179</u>	<u>\$478,300</u>	<u>\$481,377</u>	<u>\$484,288</u>	<u>\$468,118</u>

Renewal and Replacement Levies – Line #11.02

The 2012 \$490,000 Emergency Levy with at approximately 3.53 mils was renewed November 2, 2021 and will expire December 31, 2027. We have to move the levy from Line 1.01, 1.02 and 1.05 of the forecast and place it in Line 11.02. We anticipate that this levy will be renewed. We thank our community for their ongoing support of the school district.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Renewal (\$490,000) Emergency	\$0	\$0	\$0	\$0	\$295,125
Renew	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$295,125</u>

School District Income Tax – Line#1.030

The school district income tax (SDIT) is levied at 1% on the income of district residents and is a continuing levy (originally passed in 1990). The SDIT uses as its base the same taxable income as reported for state income purposes. These monies are not restricted, so the district can use these funds for any purpose it chooses. The advantage of the SDIT for Southeastern is that there is no millage reduction factors to negatively affect collection of this tax and the proceeds from this tax theoretically grow as residents’ income grows.

We projected an increase of 3% in income tax collections in FY23 but it actually increased 2.64% which is much slower than FY22. As we move into post-pandemic economic times we are seeing that income tax collections are beginning to flatten out with slower growth. So far in FY24 income tax collection statewide have

decreased by 2%. Our income tax in FY24 is on target with a 1% increase we have projected. We will assume an annual growth rate of 1% for FY24 and 1% for FY25-FY28 with a possible recession looming in 2024 that could slow down growth.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
SDIT Collection	\$1,395,019	\$1,408,970	\$1,423,061	\$1,437,293	\$1,451,666
Adjustments	<u>13,951</u>	<u>14,091</u>	<u>14,232</u>	<u>14,374</u>	<u>14,518</u>
Total SDIT Line #1.030	<u>\$1,408,970</u>	<u>\$1,423,061</u>	<u>\$1,437,293</u>	<u>\$1,451,666</u>	<u>\$1,466,184</u>

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

A) Unrestricted State Foundation Revenue– Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

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

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of \$8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth,

the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the 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 the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It 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, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding 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 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students 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 and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

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

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

Future State Budget Projections beyond FY23

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

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open 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% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

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

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Basic Aid-Unrestricted	\$4,693,189	\$4,879,459	\$4,879,459	\$4,879,459	\$4,879,459
Additional Aid Items	<u>165,856</u>	<u>176,328</u>	<u>176,328</u>	<u>176,328</u>	<u>176,328</u>
Basic Aid-Unrestricted Subtotal	\$4,859,045	\$5,055,787	\$5,055,787	\$5,055,787	\$5,055,787
Ohio Casino Commission ODT	<u>47,468</u>	<u>48,080</u>	<u>48,697</u>	<u>49,320</u>	<u>49,948</u>
Total Unrestricted State Aid Line # 1.035	<u>\$4,906,513</u>	<u>\$5,103,867</u>	<u>\$5,104,484</u>	<u>\$5,105,107</u>	<u>\$5,105,735</u>

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
DPIA	\$17,468	\$21,440	\$21,440	\$21,440	\$21,440
Career Tech - Restricted	15,391	19,323	19,323	19,323	19,323
Gifted	53,745	54,636	54,636	54,636	54,636
ESL	0	734	734	734	734
Student Wellness	204,447	204,447	204,447	204,447	204,447
Total Restricted State Revenues Line #1.040	<u>\$291,051</u>	<u>\$300,580</u>	<u>\$300,580</u>	<u>\$300,580</u>	<u>\$300,580</u>

C) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY24-28.

<u>SUMMARY</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Unrestricted Line # 1.035	\$4,906,513	\$5,103,867	\$5,104,484	\$5,105,107	\$5,105,735
Restricted Line # 1.040	291,051	300,580	300,580	300,580	300,580
Rest. Fed. Grants - Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$5,197,564</u>	<u>\$5,404,447</u>	<u>\$5,405,064</u>	<u>\$5,405,687</u>	<u>\$5,406,315</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed 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.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district does not receive TPP Fixed Rate or Fixed Sum reimbursements.

Summary of State Tax Reimbursement – Line #1.050

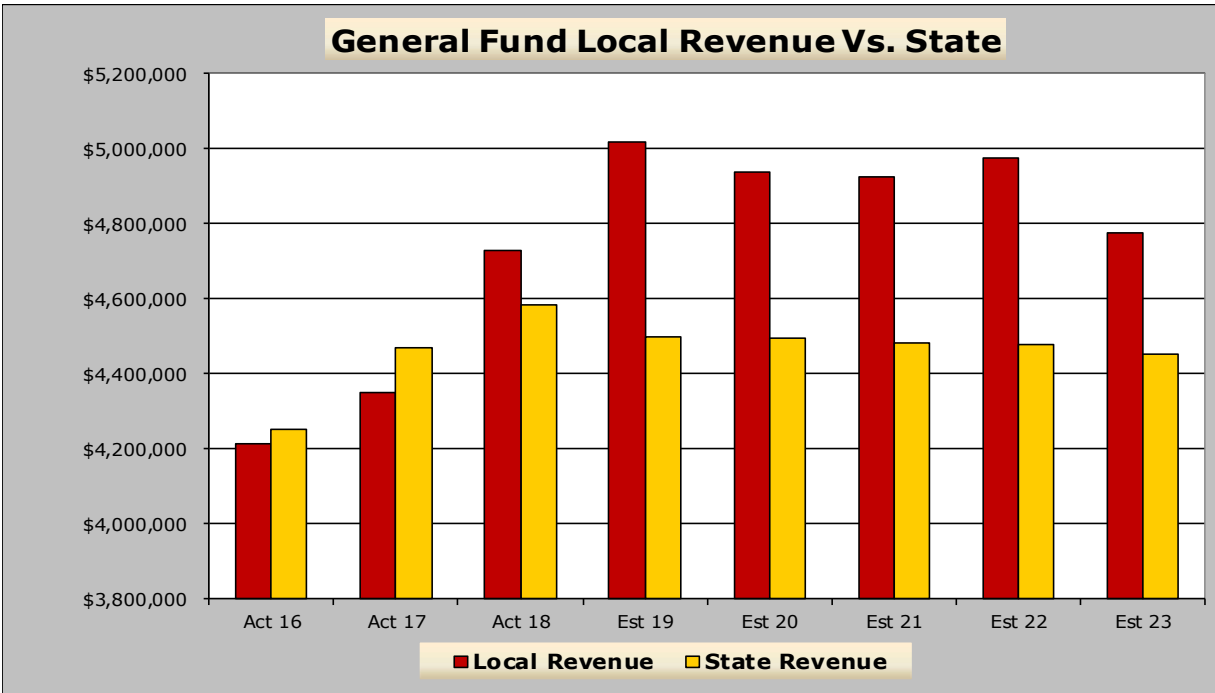
<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Rollback and Homestead	\$411,574	\$420,673	\$427,190	\$435,635	\$410,365
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$411,574</u>	<u>\$420,673</u>	<u>\$427,190</u>	<u>\$435,635</u>	<u>\$410,365</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The 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. HB33, the new state budget, will continue to pay open enrolled student revenue as state funding and not as other revenue which was past practice. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated, and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid. Tuition, class fees and other income sources are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Open Enrollment Gross	\$0	\$0	\$0	\$0	\$0
Tuition SF-14 & Excess Costs	283,318	286,151	289,013	291,903	294,822
Medicaid, Class Fees and Other Income	<u>139,459</u>	<u>140,854</u>	<u>142,262</u>	<u>143,685</u>	<u>145,122</u>
Total Other Local Revenue Line #1.060	<u>\$422,777</u>	<u>\$427,005</u>	<u>\$431,275</u>	<u>\$435,588</u>	<u>\$439,944</u>

Comparison of Local Revenue and State Revenue:



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

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

Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050, #2.060 & Line #14.010

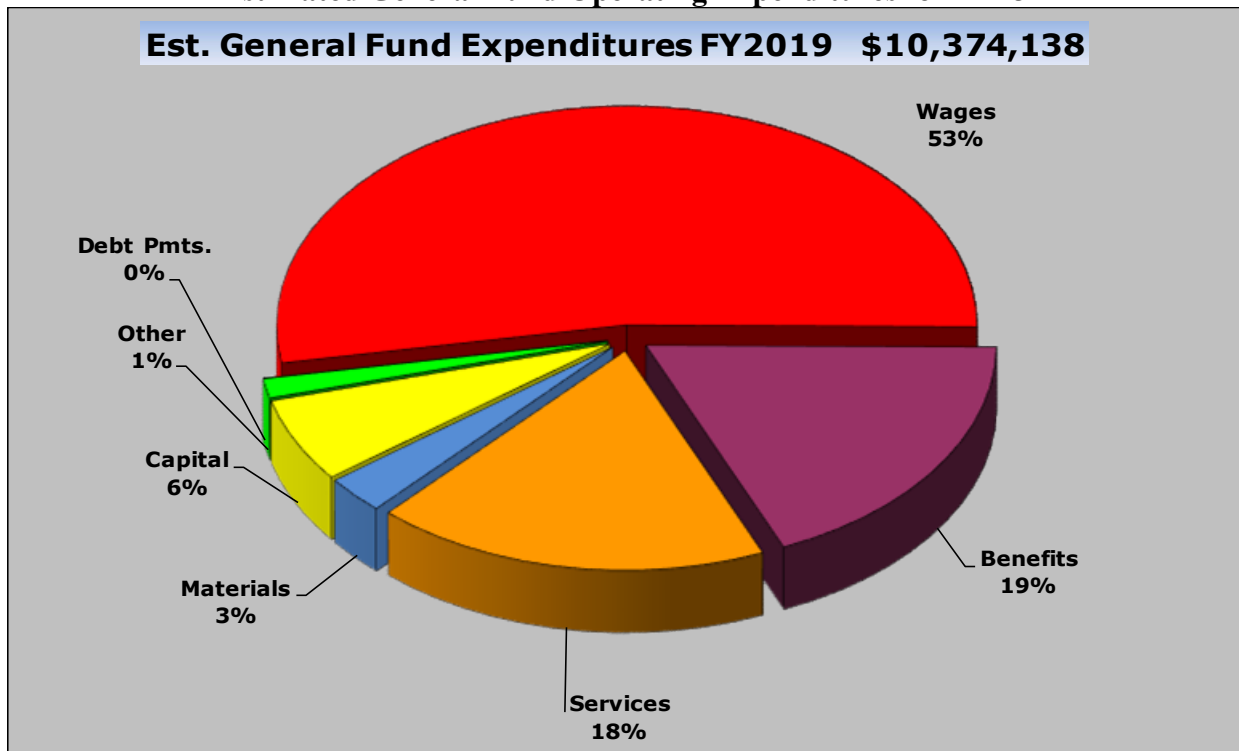
These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. The advances out in the prior fiscal year are expected to be repaid in the current year, as noted in the table below.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>80,000</u>	<u>90,000</u>	<u>100,000</u>	<u>110,000</u>	<u>110,000</u>
Total Transfer & Advances In	<u>\$80,000</u>	<u>\$90,000</u>	<u>\$100,000</u>	<u>\$110,000</u>	<u>\$110,000</u>

<u>Sources</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Refund of prior years expenditures	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY23



Wages – Line #3.010

A 1.25% increase was paid in FY22 and FY23, and for planning purposes we have estimated a 2% base increase for FY24 through FY26, and 0% for FY27-FY28. The district will return three (3) staff members paid with ESSER fund to the General Fund in FY25. Severance payments are funded through transfer out to a benefit fund 035, noted on line 5.010 of the forecast.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Base Wages	\$5,418,713	\$5,477,087	\$5,724,852	\$5,789,349	\$5,739,349
Increases	108,374	109,542	114,497	-	-
Steps & Training	-	-	-	-	-
Substitutes & Supplementals	325,997	329,257	332,549	335,875	339,233
Staff Adjustments SWSF and ESSER	<u>0</u>	<u>188,223</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$5,853,084</u>	<u>\$6,104,109</u>	<u>\$6,171,898</u>	<u>\$6,125,224</u>	<u>\$6,078,583</u>

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance

Insurance Trend is adjusted upward by a composite rate for all coverage's of 7.78% a year increase for FY22 and 7% in FY23. We will continue to project 7% through FY28, which reflects the trend of our current employee census and claims data.

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

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .04% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY24-FY28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

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

Estimated Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
STRS/SERS	\$899,540	\$936,450	\$946,967	\$941,305	\$934,966
Insurance's	1,309,037	1,434,550	1,534,968	1,642,416	1,757,385
Workers Comp/Unemployment	23,712	24,716	24,988	24,801	24,614
Medicare	81,943	85,458	86,407	85,753	85,100
Other/Tuition	<u>4,414</u>	<u>4,414</u>	<u>4,414</u>	<u>4,414</u>	<u>4,414</u>
Total Fringe Benefits Line #3.020	<u>\$2,318,646</u>	<u>\$2,485,588</u>	<u>\$2,597,743</u>	<u>\$2,698,689</u>	<u>\$2,806,479</u>

Purchased Services – Line #3.030

HB33, the new state budget continues direct paying open enrollment, community and STEM school costs to the educating districts, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SROs and then returned these costs to the General Fund in FY24-28.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Base Services	\$545,030	\$555,930	\$567,049	\$578,390	\$589,958
ESC Ded. - Sp Ed. , Scholarship,	1,264,958	1,302,907	1,341,994	1,382,254	1,423,722
Open Enrollment Deduction	0	0	0	0	0
STEM, Community School & CC+	28,899	30,344	31,861	33,454	35,127
Utilities	85,178	89,437	93,909	98,604	103,535
Total Purchased Services Line #3.030	<u>\$1,924,066</u>	<u>\$1,978,619</u>	<u>\$2,034,814</u>	<u>\$2,092,703</u>	<u>\$2,152,341</u>

Supplies and Materials – Line #3.040

Expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, and bus fuel.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Supplies	\$299,734	\$308,726	\$317,988	\$327,528	\$337,354
Textbooks	<u>28,997</u>	<u>28,997</u>	<u>28,997</u>	<u>28,997</u>	<u>28,997</u>
Total Supplies Line #3.040	<u>\$328,731</u>	<u>\$337,723</u>	<u>\$346,985</u>	<u>\$356,525</u>	<u>\$366,351</u>

Equipment – Line # 3.050

Includes new and replacement equipment, vehicles, and building/land improvements/construction. The District is assuming every other year purchasing one bus at a time, thus causing erratic fluctuations in this line item. We have adjusted the purchase of new buses due to the reduction in the number of routes. The district is projecting near flat funding in FY24-FY28.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Capital Outlay	\$48,925	\$50,393	\$51,905	\$53,462	\$55,066
New Buses	85,000	-	-	-	-
New Building	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$133,925</u>	<u>\$50,393</u>	<u>\$51,905</u>	<u>\$53,462</u>	<u>\$55,066</u>

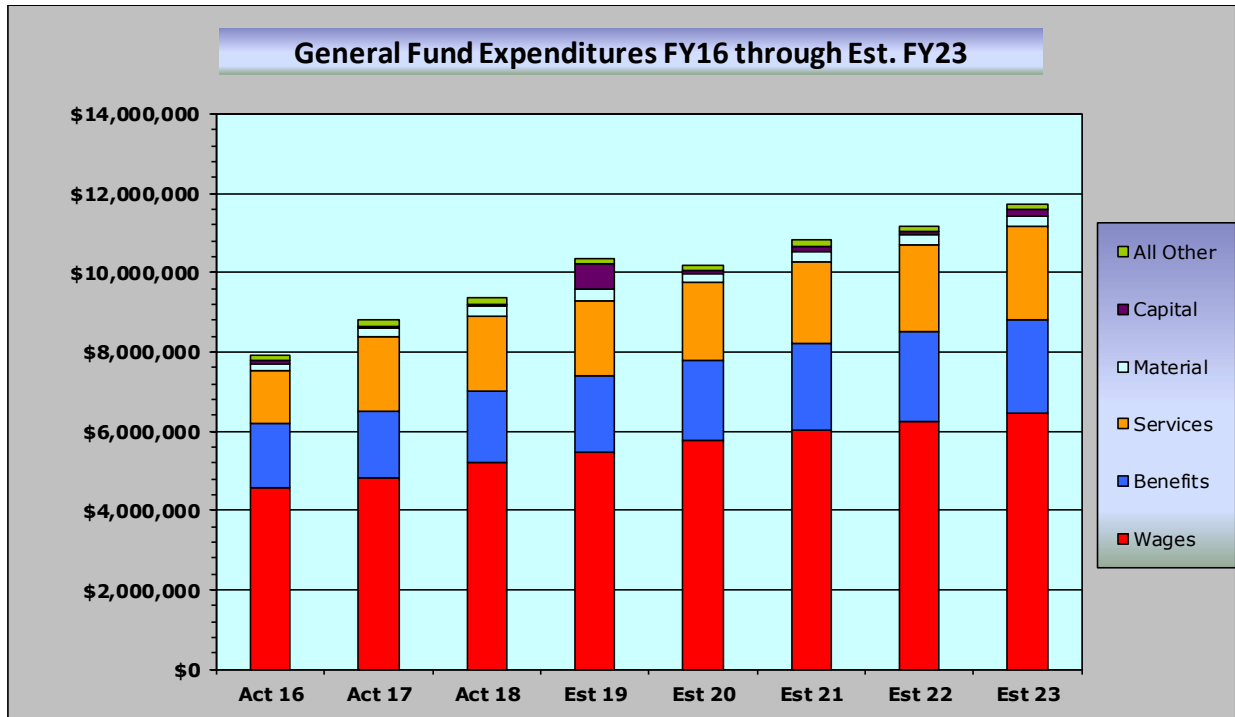
Other Expenses – Line #4.300

Include county auditor and treasurer fees, county ESC deductions, fee on delinquent taxes paid, annual single audit charges, bank charges, liability and accident insurance, professional dues/fees/memberships, judgments against the district, back pay, awards and prizes. There are fluctuations year to year because we are attempting to go to every other year audits to save auditing fees due to being under the threshold for Federal Fund income.

<u>Source</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
A&T Fees	\$83,290	\$84,123	\$84,964	\$85,814	\$86,672
Audit Fee, Liability Ins. & Other Fees	<u>92,516</u>	<u>94,366</u>	<u>96,253</u>	<u>98,178</u>	<u>100,142</u>
Total Other Expenses Line #4.300	<u>\$175,806</u>	<u>\$178,489</u>	<u>\$181,217</u>	<u>\$183,992</u>	<u>\$186,814</u>

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

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



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The largest advances planned in this area are for federal programs and an annual expected food service advance.

Source	FY 24	FY 25	FY 26	FY 27	FY 28
Transfers Out/ Contingency Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>90,000</u>	<u>100,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Total Transfer & Advances Out	<u>\$90,000</u>	<u>\$100,000</u>	<u>\$110,000</u>	<u>\$110,000</u>	<u>\$110,000</u>

Encumbrances –Line#8.010

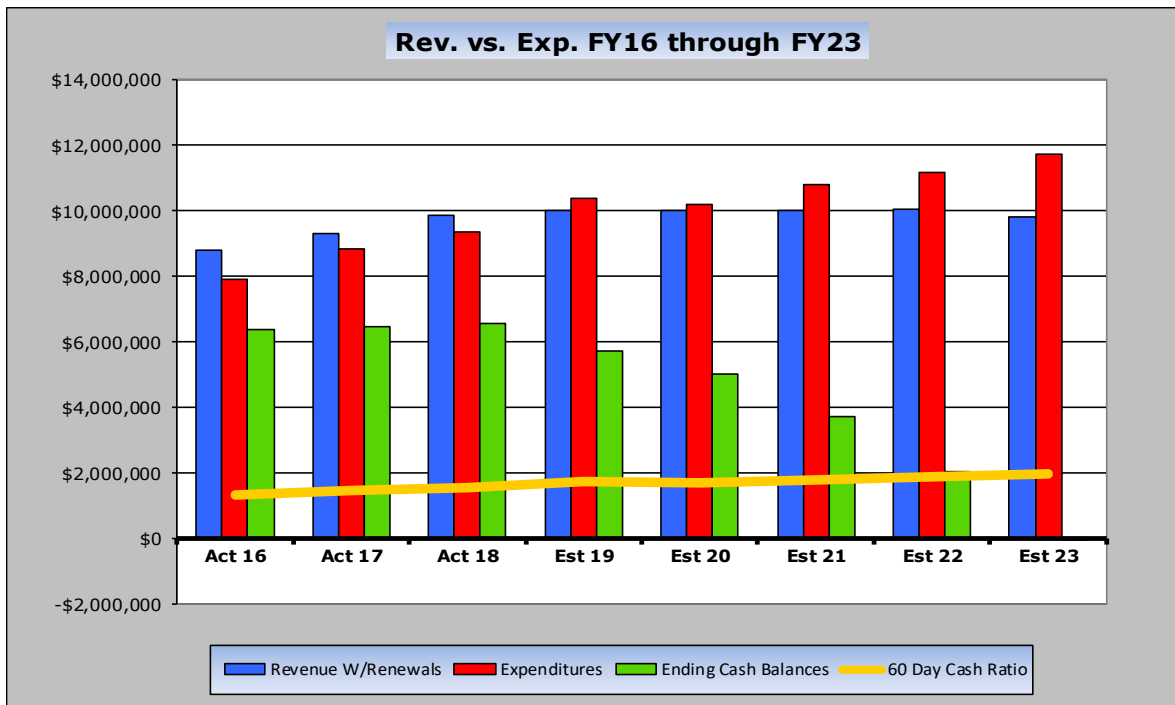
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. The amounts outstanding vary year to year.

	FY 24	FY 25	FY 26	FY 27	FY 28
Estimated Encumbrances	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>

Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

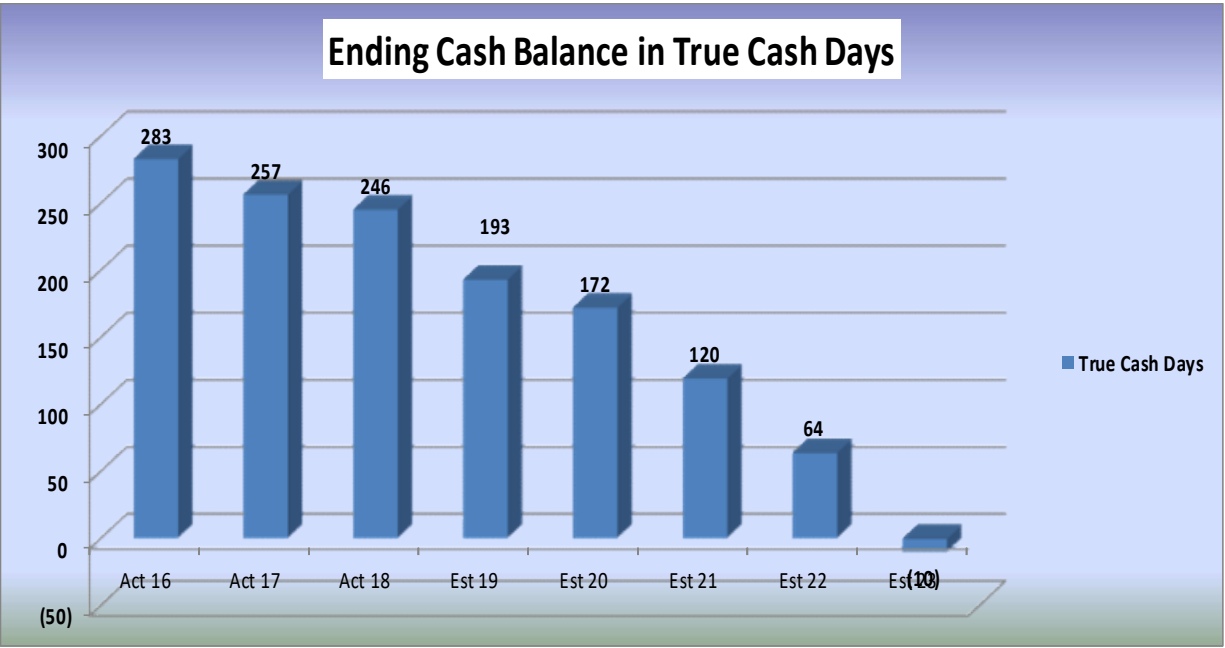
This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed that results in a negative unencumbered cash balance violate 5705.412, ORC, punishable by the personal liability of \$10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$841,000 for our district. The graph below includes renewal of the district emergency levy that will expire December 31, 2027.

	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Ending Cash Balance	\$ 4,515,851	\$ 4,595,002	\$ 4,503,127	\$ 4,375,958	\$ 4,160,050



True Cash Days Ending Balance Renewal Levy Passage

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) = the number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends that no less than two (2) months or 60 days of 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.



As you read through the notes and review the forecast, remember that the forecast is based on the best information available to us when the forecast is prepared.

Southeastern Local School District

Clark County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues										
1.010 General Property Tax (Real Estate)	2,702,206	2,633,708	2,872,157	3.3%	3,052,731	3,050,585	3,100,488	3,150,561	2,923,674	
1.020 Public Utility Personal Property Tax	429,994	451,506	505,318	8.5%	445,179	478,300	481,377	484,288	468,118	
1.030 Income Tax	1,164,077	1,359,089	1,395,019	9.7%	1,408,970	1,423,061	1,437,293	1,451,666	1,466,184	
1.035 Unrestricted State Grants-in-Aid	3,962,006	4,437,280	4,460,419	6.3%	4,906,513	5,103,867	5,104,484	5,105,107	5,105,735	
1.040 Restricted State Grants-in-Aid	56,283	109,018	253,913	113.3%	291,051	300,580	300,580	300,580	300,580	
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0	
1.050 State Share of Local Property Taxes	369,015	361,092	380,344	1.6%	411,574	420,673	427,190	435,635	410,365	
1.060 All Other Revenues	1,054,493	402,848	310,756	-42.3%	422,777	427,005	431,275	435,588	439,944	
1.070 Total Revenues	9,738,074	9,754,541	10,177,926	2.3%	10,938,794	11,204,071	11,282,687	11,363,425	11,114,601	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0	
2.020 State Emergency Loans and Advances	0	0	0	0.0%	0	0	0	0	0	
2.040 Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0	
2.050 Advances-In	241,548	166,949	89,647	-38.6%	80,000	90,000	100,000	110,000	110,000	
2.060 All Other Financing Sources	99,553	12,581	19,905	-14.6%	20,000	20,000	20,000	20,000	20,000	
2.070 Total Other Financing Sources	341,101	179,530	109,552	-43.2%	100,000	110,000	120,000	130,000	130,000	
2.080 Total Revenues and Other Financing Sources	10,079,175	9,934,071	10,287,478	1.1%	11,038,794	11,314,071	11,402,687	11,493,425	11,244,601	
Expenditures										
3.010 Personal Services	5,692,329	5,524,099	5,791,482	0.9%	5,853,084	6,104,109	6,171,898	6,125,224	6,078,583	
3.020 Employees' Retirement/Insurance Benefits	2,122,452	2,076,175	2,169,161	1.1%	2,318,646	2,485,588	2,597,743	2,698,689	2,806,479	
3.030 Purchased Services	1,954,567	1,725,434	1,871,103	-1.6%	1,924,066	1,978,619	2,034,814	2,092,703	2,152,341	
3.040 Supplies and Materials	210,489	249,964	320,001	23.4%	328,731	337,723	346,985	356,525	366,351	
3.050 Capital Outlay	68,072	14,071	13,232	-42.6%	133,925	50,393	51,905	53,462	55,066	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0	
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0	
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0	
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0	
4.050 Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0	
4.055 Principal-Other	0	0	0	0.0%	0	0	0	0	0	
4.060 Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0	
4.300 Other Objects	171,408	168,487	170,026	-0.4%	175,806	178,489	181,217	183,992	186,814	
4.500 Total Expenditures	10,219,317	9,758,230	10,335,005	0.7%	10,734,258	11,134,920	11,384,562	11,510,594	11,645,634	
Other Financing Uses										
5.010 Operating Transfers-Out	351,886	23,741	0	-96.6%	0	0	0	0	0	
5.020 Advances-Out	166,949	89,647	147,907	9.3%	\$90,000	\$100,000	\$110,000	\$110,000	\$110,000	
5.030 All Other Financing Uses	0	0	0	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 Total Other Financing Uses	518,835	113,388	147,907	-23.9%	90,000	100,000	110,000	110,000	110,000	
5.050 Total Expenditures and Other Financing Uses	10,738,152	9,871,618	10,482,912	-0.9%	10,824,258	11,234,920	11,494,562	11,620,594	11,755,634	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(658,977)	62,453	(195,434)	-261.2%	214,536	79,151	(91,875)	(127,169)	(511,033)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,311,111	4,652,134	4,714,587	-5.5%	4,519,153	4,733,689	4,812,840	4,720,965	4,593,796	
7.020 Cash Balance June 30	4,652,134	4,714,587	4,519,153	-1.4%	4,733,689	4,812,840	4,720,965	4,593,796	4,082,763	
8.010 Estimated Encumbrances June 30	37,587	230,531	380,264	289.1%	115,000	115,000	115,000	115,000	115,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0	
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0	
9.030 Budget Reserve	102,838	102,838	102,838	0.0%	102,838	102,838	102,838	102,838	102,838	
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0	
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0	
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0	
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0	
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0	
9.080 Subtotal	102,838	102,838	102,838	0.0%	102,838	102,838	102,838	102,838	102,838	
10.010 Fund Balance June 30 for Certification of Appropriations	4,511,707	4,381,218	4,036,051	-5.4%	4,515,851	4,595,002	4,503,127	4,375,958	3,864,925	

Southeastern Local School District

Clark County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal				0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement				0.0%	0	0	0	0	295,125
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	295,125
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	4,511,707	4,381,218	4,036,051	-5.4%	4,515,851	4,595,002	4,503,127	4,375,958	4,160,050	
Revenue from New Levies										
13.010	Income Tax - New				0.0%	0	0	0	0	0
13.020	Property Tax - New				0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies				0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	<i>Unreserved Fund Balance June 30</i>				-5.4%	4,515,851	4,595,002	4,503,127	4,375,958	4,160,050