

**SOUTHEASTERN LOCAL SCHOOL DISTRICT-CLARK COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2022, 2023, and 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2025, THROUGH JUNE 30, 2029**



Home of the Trojans!

**Forecast Provided By
Southeastern Local School District
Treasurer's Office
Mr. Ben Kitchen, Treasurer
November 19, 2024**

Southeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

	Actual				Average Change	Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024			Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues										
1.010 General Property Tax (Real Estate)	2,633,708	2,872,157	3,100,106	8.5%	3,060,325	3,132,056	3,182,847	2,958,232	2,851,447	
1.020 Public Utility Personal Property Tax	451,506	505,318	537,071	9.1%	544,132	562,407	565,212	546,217	527,323	
1.030 Income Tax	1,359,089	1,395,019	1,426,047	2.4%	1,455,965	1,470,526	1,485,232	1,500,085	1,515,087	
1.035 Unrestricted State Grants-in-Aid	4,437,280	4,460,419	4,977,959	6.1%	5,110,975	5,361,367	5,611,761	5,812,155	6,012,550	
1.040 Restricted State Grants-in-Aid	109,018	253,913	337,081	82.8%	374,998	285,360	285,360	285,360	285,360	
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	361,092	380,344	400,582	5.3%	411,502	418,865	427,169	402,908	382,402	
1.060 All Other Revenues	402,848	310,756	562,908	29.1%	568,537	574,222	579,965	585,764	591,622	
1.070 Total Revenues	9,754,541	10,177,926	11,341,754	7.9%	11,526,434	11,804,804	12,137,546	12,090,721	12,165,791	
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	166,949	89,647	147,907	9.3%	244,758	100,000	110,000	110,000	110,000	
2.060 All Other Financing Sources	12,581	19,905	12,496	10.5%	20,000	20,000	20,000	20,000	20,000	
2.070 Total Other Financing Sources	179,530	109,552	160,403	3.7%	264,758	120,000	130,000	130,000	130,000	
2.080 Total Revenues and Other Financing Sources	9,934,071	10,287,478	11,502,157	7.7%	11,791,192	11,924,804	12,267,546	12,220,721	12,295,791	
Expenditures										
3.010 Personal Services	5,524,099	5,791,482	6,160,221	5.6%	6,542,659	6,707,056	6,798,762	6,892,439	6,988,128	
3.020 Employees' Retirement/Insurance Benefits	2,076,175	2,169,161	2,327,407	5.9%	2,546,254	2,673,372	2,795,591	2,925,123	3,062,945	
3.030 Purchased Services	1,725,434	1,871,103	2,229,851	13.8%	2,292,980	2,357,997	2,424,962	2,493,935	2,564,982	
3.040 Supplies and Materials	249,964	320,001	329,951	15.6%	339,543	349,423	359,600	370,082	380,878	
3.050 Capital Outlay	14,071	13,232	55,920	158.3%	57,598	194,326	61,105	62,938	209,827	
3.060 Intergovernmental				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	168,487	170,026	201,646	9.8%	204,817	208,043	211,324	214,663	218,059	
4.500 Total Expenditures	9,758,230	10,335,005	11,304,996	7.6%	11,983,851	12,490,217	12,651,344	12,959,180	13,424,818	
Other Financing Uses										
5.010 Operating Transfers-Out	23,741	0	0	0.0%	0	0	0	0	0	
5.020 Advances-Out	89,647	147,907	244,758	65.2%	\$100,000	\$110,000	\$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	113,388	147,907	244,758	48.0%	100,000	110,000	110,000	110,000	110,000	
5.050 Total Expenditures and Other Financing Uses	9,871,618	10,482,912	11,549,754	8.2%	12,083,851	12,600,217	12,761,344	13,069,180	13,534,818	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	62,453	(195,434)	(47,597)	-244.3%	(292,659)	(675,413)	(493,798)	(848,459)	(1,239,027)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,652,132	4,714,585	4,519,151	-1.4%	4,471,554	4,178,895	3,503,482	3,009,683	2,161,224	
7.020 Cash Balance June 30	4,714,585	4,519,151	4,471,554	-2.6%	4,178,895	3,503,482	3,009,683	2,161,224	922,197	
8.010 Estimated Encumbrances June 30	230,531	380,264	34,938	-12.9%	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	4,381,214	4,036,049	4,333,778	-0.3%	3,961,057	3,285,644	2,791,845	1,943,386	704,359	

Southeastern Local School District

Clark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

	Actual			Average Change	Forecasted					
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024		Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	
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	301,561	502,602	
11.300	Cumulative Balance of Replacement/Renewal Levies			0.0%	-	-	-	301,561	804,164	
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
		4,381,214	4,036,049	4,333,778	-0.3%	3,961,057	3,285,644	2,791,845	2,244,948	1,508,523
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>	4,381,214	4,036,049	4,333,778	-0.3%	3,961,057	3,285,644	2,791,845	2,244,948	1,508,523

Southeastern Local School District – Clark County
Notes to the Five-Year Forecast
General Fund Only
November 19, 2024

Introduction to the Five-Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. 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. Various 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, enrollment variances, 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 helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially 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 Ohio Department of Education and Workforce, and the 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, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal forecast is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024 that is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs for goods and services in FY23 and FY24 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. Inflation affecting district costs is expected to continue in FY25. There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by

calendar year end 2024 or early in 2025. 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 the forecast period.

The Federal Reserve Bank cut Federal Fund rates in September 2024 by 50 basis points (.5%) which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at \$3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, 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 finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

Since 2020 all school districts were being aided in varying degrees by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

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 FY29 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 single revenue source for the school system. The housing market in our district is stable and growing moderately. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 48.84% of the district's resources. Our tax collections in the March 2024 and August 2024 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

\$4.5 million for an overall increase of 3%. Greene County experienced a reappraisal in 2023 to be collected in 2024. Our values increased by 2.13% overall for Class I and II property or an increase of \$3.15 million in assessed values. However, there is 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.

4) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non voted tax increases on taxpayers. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure annual income and property taxes do not exceed 5% of a qualified taxpayer's income. If passed by the General Assembly this will result in lowering tax increases for our residents who qualify. We are watching this legislation closely.

In addition to SB271, the legislature developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our district to limit tax growth or to reduce taxes.

5) The state budget represented 51.16% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the Fair School Funding Plan is not funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in 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 FY29, which we feel is conservative and should be close to what the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.

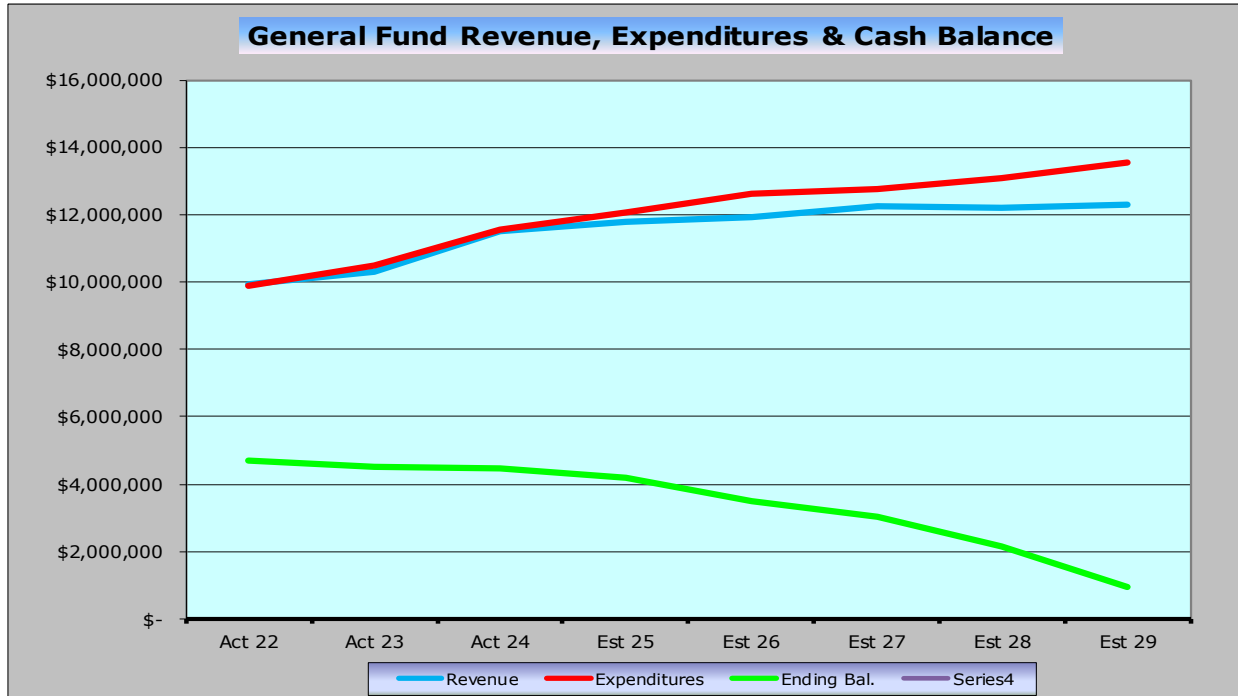
6) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.67% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and are dependent on legislative actions for the FY26 and FY27 state biennium budget. 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 FY25.

7) 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, Excess Costs and various tuitions 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.

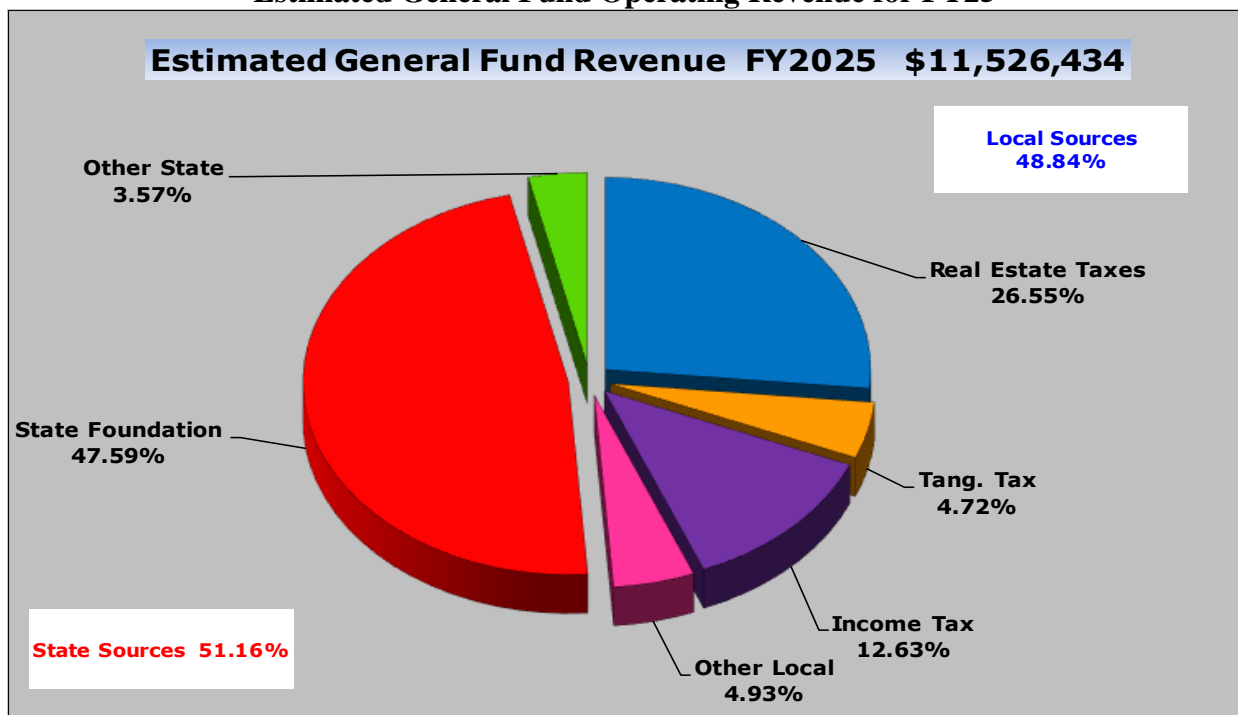
Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. Our positive working relationship will continue and grow stronger as we move forward.

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 FY22-24 and Estimated FY25-29



Revenue Assumptions
Estimated General Fund Operating Revenue for FY25



General Property Tax and Property Value Assumptions (Real Estate) – 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 \$26.39 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 \$4.5 million for an overall increase of 3%. Greene County experienced a reappraisal in 2023 to be collected in 2024. Our values increased by 2.13% overall for Class I and II property or an increase of \$3.15 million in assessed values. There is however always a minor risk that the district could sustain a reduction in values but we do not anticipate that at this time.

Public Utility Personal Property (PUPP) values increased by \$1.12 million in Tax Year 2023. We expect our values to continue to grow by \$100,000 each year of the forecast.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over legislative actions that may take place in the spring of 2025 that limits property tax growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2024	TAX YEAR2025	TAX YEAR2026	TAX YEAR2027	TAX YEAR2028
<u>Classification</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>
Res./Ag.	\$138,649,968	\$143,159,467	\$144,941,062	\$145,291,062	\$149,999,794
Comm./Ind.	12,639,230	12,664,230	12,689,230	12,714,230	12,739,230
Public Utility Personal Property (PUPP)	<u>15,251,280</u>	<u>15,351,280</u>	<u>15,451,280</u>	<u>15,551,280</u>	<u>15,651,280</u>
Total Assessed Value	<u>\$166,540,478</u>	<u>\$171,174,977</u>	<u>\$173,081,572</u>	<u>\$173,556,572</u>	<u>\$178,390,304</u>

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 36.79 mills while the Class I effective millage rate is 22.99 mills and the Class II effective millage rate is 24.4 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the 20-mill floor for Class I values. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor; the district has one emergency levy of 2.99 mills that was voted on for an annual amount of \$490,000 of taxes.

Estimated Real Estate Tax (Line #1.010)

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Est. General Property Taxes Line #1.010	<u>\$3,060,325</u>	<u>\$3,132,056</u>	<u>\$3,182,847</u>	<u>\$2,958,232</u>	<u>\$2,851,447</u>

Property tax levies are estimated to be collected at 100% of the annual amount. This allows a 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% in the August tax settlement. Taxes dip a small amount in FY25 due to a larger than usual 1st half settlement in February 2024 (FY24), which reduced the 2nd half August 2024 (FY25). The splits between 1st and 2nd half settlements is expected to normalize in FY26.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Property Tax (PUPP) – Line#1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above, which was \$15.15 million in assessed values in 2023 and is collected at the district’s full 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 2023 rose by 8% or \$1.12 million and are expected to grow by \$100,000 each year of the forecast.

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Public Utility taxes	<u>\$544,132</u>	<u>\$562,407</u>	<u>\$565,212</u>	<u>\$546,217</u>	<u>\$527,323</u>

Renewal and Replacement Levies – Line #11.02

The 2012 \$490,000 Emergency Levy with approximately 3.53 mills 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 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Renewal (\$490,000) Emergency	\$0	\$0	\$0	\$301,561	\$502,602
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$301,561</u>	<u>\$502,602</u>

School District Income Tax – Line#1.030

The district has a 1% earned SDIT for a continuous period. The changes in tax amounts are leveling off from the pandemic. So far, in FY25, income tax collection statewide has risen by around 3.0%. The July and October 2024 payments were up \$23,000 over prior year collections. We will assume that income from withholdings will continue to increase in future collections. We will assume an annual growth rate of 2.0% for FY25 and 1% for FY26-FY29 as the concerns over inflation may slow growth in this area.

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
SDIT Collection	\$1,426,047	\$1,455,965	\$1,470,526	\$1,485,232	\$1,500,085
Adjustments	<u>29,918</u>	<u>14,561</u>	<u>14,706</u>	<u>14,853</u>	<u>15,002</u>
Total SDIT Line #1.030	<u>\$1,455,965</u>	<u>\$1,470,526</u>	<u>\$1,485,232</u>	<u>\$1,500,085</u>	<u>\$1,515,087</u>

**State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025**

A) Unrestricted State Foundation Revenue– Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the October 2024 foundation settlement and funding factors.

Our district is currently a formula district in FY25 and is expected to continue to be on the formula in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>.

State Funding Phase-In FY25 and Guarantees

The Fair School Funding Plan 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 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

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

Future State Budget Projections beyond FY25

Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan 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 FY29.

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 FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Basic Aid-Unrestricted	\$4,926,293	\$5,176,293	\$5,426,293	\$5,626,293	\$5,826,293
Additional Aid Items	<u>135,983</u>	<u>135,983</u>	<u>135,983</u>	<u>135,983</u>	<u>135,983</u>
Basic Aid-Unrestricted Subtotal	\$5,062,276	\$5,312,276	\$5,562,276	\$5,762,276	\$5,962,276
Ohio Casino Commission ODT	<u>48,699</u>	<u>49,091</u>	<u>49,485</u>	<u>49,879</u>	<u>50,274</u>
Total Unrestricted State Aid Line # 1.035	<u>\$5,110,975</u>	<u>\$5,361,367</u>	<u>\$5,611,761</u>	<u>\$5,812,155</u>	<u>\$6,012,550</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 under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive \$89,638 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
DPIA	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700
Career Tech - Restricted	19,313	19,313	19,313	19,313	19,313
Gifted	51,583	51,583	51,583	51,583	51,583
ESL	490	490	490	490	490
Other Restricted State Funds	89,638	0	0	0	0
Student Wellness	<u>209,274</u>	<u>209,274</u>	<u>209,274</u>	<u>209,274</u>	<u>209,274</u>
Total Restricted State Revenues Line #1.040	<u>\$374,998</u>	<u>\$285,360</u>	<u>\$285,360</u>	<u>\$285,360</u>	<u>\$285,360</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Unrestricted Line # 1.035	\$5,110,975	\$5,361,367	\$5,611,761	\$5,812,155	\$6,012,550
Restricted Line # 1.040	374,998	285,360	285,360	285,360	285,360
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>\$5,485,973</u>	<u>\$5,646,727</u>	<u>\$5,897,121</u>	<u>\$6,097,515</u>	<u>\$6,297,910</u>

State Share of Local Property Tax – 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.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Rollback and Homestead	<u>\$411,502</u>	<u>\$418,865</u>	<u>\$427,169</u>	<u>\$402,908</u>	<u>\$382,402</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$411,502</u>	<u>\$418,865</u>	<u>\$427,169</u>	<u>\$402,908</u>	<u>\$382,402</u>

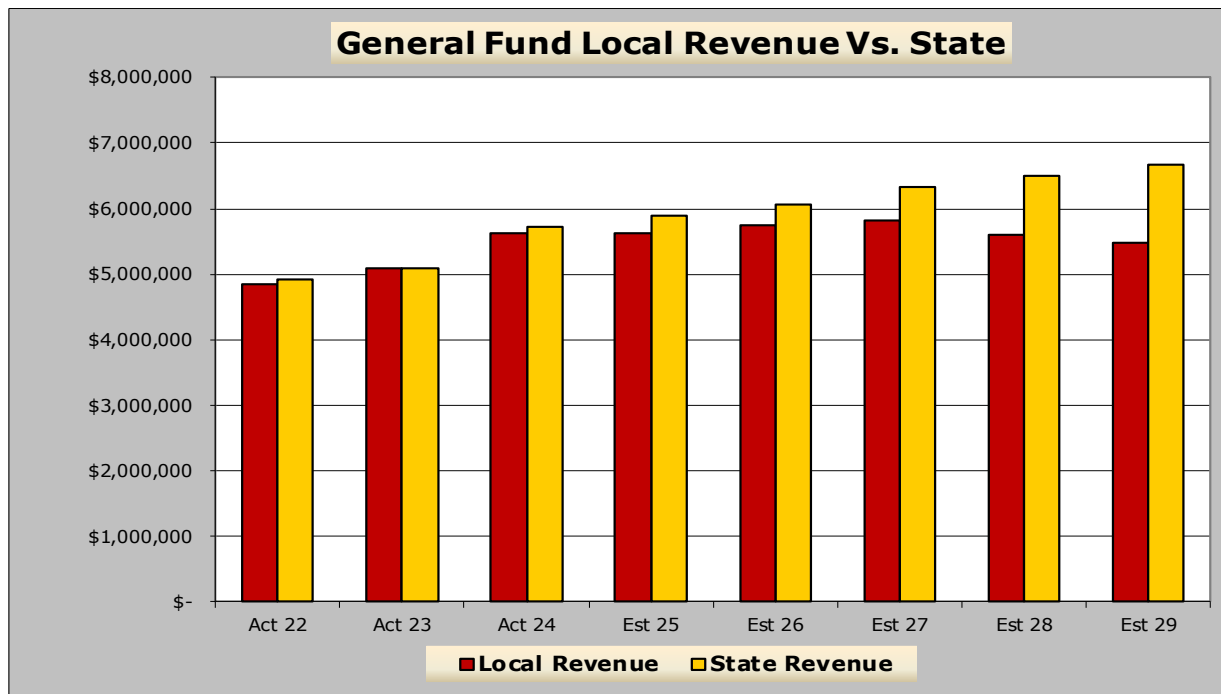
Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22 any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on the district’s cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district. Rentals 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 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Tuition SF-14 & Excess Costs	\$339,236	\$342,628	\$346,054	\$349,515	\$353,010
Medicaid, Class Fees and Other Income	<u>229,301</u>	<u>231,594</u>	<u>233,910</u>	<u>236,249</u>	<u>238,612</u>
Total Other Local Revenue Line #1.060	<u>\$568,537</u>	<u>\$574,222</u>	<u>\$579,965</u>	<u>\$585,764</u>	<u>\$591,622</u>

Comparison of Local Revenue and State Revenue:



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

There is no short-term borrowing projected in this forecast.

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

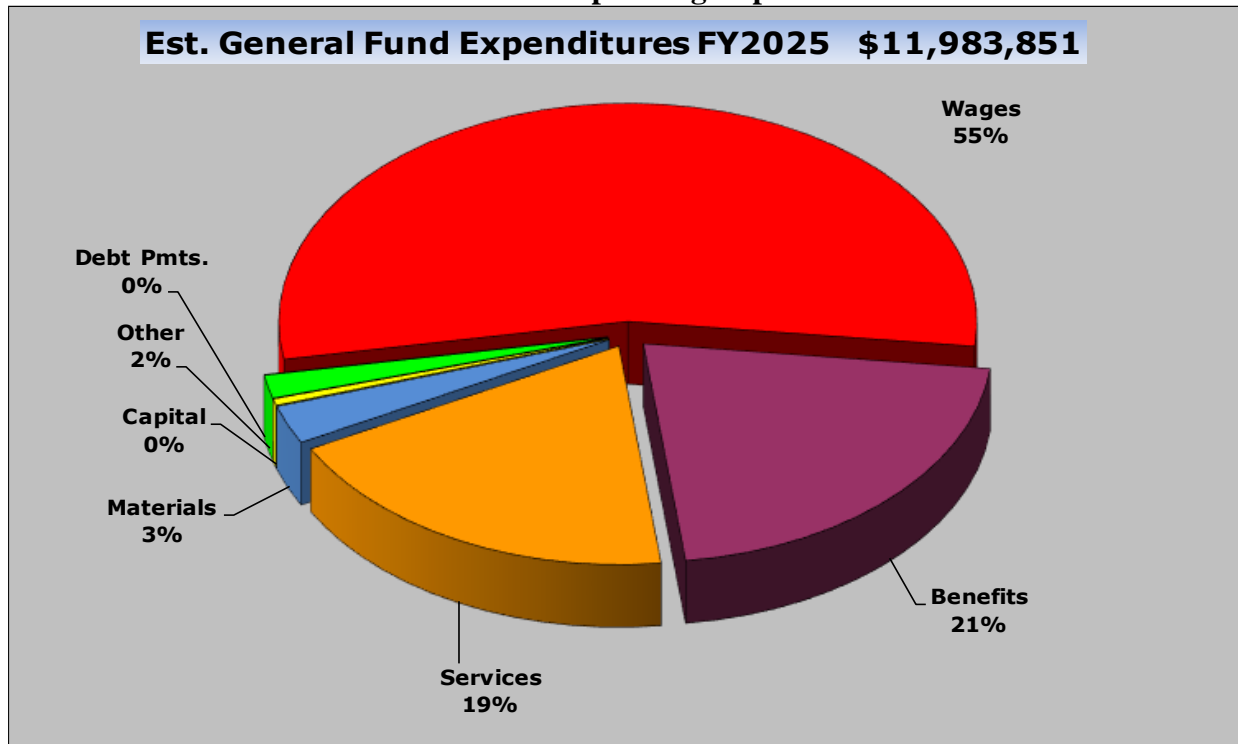
These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. The advances out in the prior fiscal year are expected to be repaid in the current year,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

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>244,758</u>	<u>100,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Total Transfer & Advances In	<u>\$244,758</u>	<u>\$100,000</u>	<u>\$110,000</u>	<u>\$110,000</u>	<u>\$110,000</u>

<u>Sources</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</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 FY25



Wages – Line #3.010

A 1.25% increase was paid in FY22 and FY23, and 3% for FY24. We are estimating 2% for FY25, 1.25% for FY26 and then for planning purposes we have estimated a 0% base increase for FY27-FY29. 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 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Base Wages	\$5,722,275	\$6,100,834	\$6,261,312	\$6,349,061	\$6,438,741
Increases	114,446	76,260	-	-	-
Steps & Training	125,890	134,218	137,749	139,679	141,652
Substitutes & Supplementals	391,825	395,744	399,701	403,698	407,735
Staff Adjustments SWSF and ESSER	<u>188,223</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$6,542,659</u>	<u>\$6,707,056</u>	<u>\$6,798,762</u>	<u>\$6,892,439</u>	<u>\$6,988,128</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. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

Insurance Trend is adjusted upward by a composite rate for all coverages of 7.78% a year increase for FY22 and 7% in FY23. We will continue to project 7% FY25 through FY29, which reflects the trend of our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .4% of wages FY25– FY29. Unemployment is likely to remain at a shallow level FY25-FY29. 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 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
STRS/SERS	\$1,008,454	\$1,033,371	\$1,047,751	\$1,061,976	\$1,076,500
Insurance's	1,417,734	1,516,975	1,623,163	1,736,785	1,858,360
Workers Comp/Unemployment	26,471	27,128	27,495	27,870	28,253
Medicare	91,597	93,899	95,183	96,494	97,834
Other/Tuition	<u>1,999</u>	<u>1,999</u>	<u>1,999</u>	<u>1,999</u>	<u>1,999</u>
Total Fringe Benefits Line #3.020	<u>\$2,546,254</u>	<u>\$2,673,372</u>	<u>\$2,795,591</u>	<u>\$2,925,123</u>	<u>\$3,062,945</u>

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts

from our state foundation funding. 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.

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Base Services	\$618,180	\$630,544	\$643,155	\$656,018	\$669,138
ESC Ded. - Sp Ed. , Scholarship,	1,554,338	1,600,968	1,648,997	1,698,467	1,749,421
STEM, Community School & CC+	28,554	29,981	31,480	33,054	34,707
Utilities	<u>91,909</u>	<u>96,504</u>	<u>101,329</u>	<u>106,396</u>	<u>111,715</u>
Total Purchased Services Line #3.030	<u>\$2,292,980</u>	<u>\$2,357,997</u>	<u>\$2,424,962</u>	<u>\$2,493,935</u>	<u>\$2,564,982</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 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Supplies	\$329,339	\$339,219	\$349,396	\$359,878	\$370,674
Textbooks	<u>10,204</u>	<u>10,204</u>	<u>10,204</u>	<u>10,204</u>	<u>10,204</u>
Total Supplies Line #3.040	<u>\$339,543</u>	<u>\$349,423</u>	<u>\$359,600</u>	<u>\$370,082</u>	<u>\$380,878</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 FY25-FY29.

<u>Source</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
Capital Outlay	\$57,598	\$59,326	\$61,105	\$62,938	\$64,827
New Busses	-	135,000	-	-	145,000
New Building	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$57,598</u>	<u>\$194,326</u>	<u>\$61,105</u>	<u>\$62,938</u>	<u>\$209,827</u>

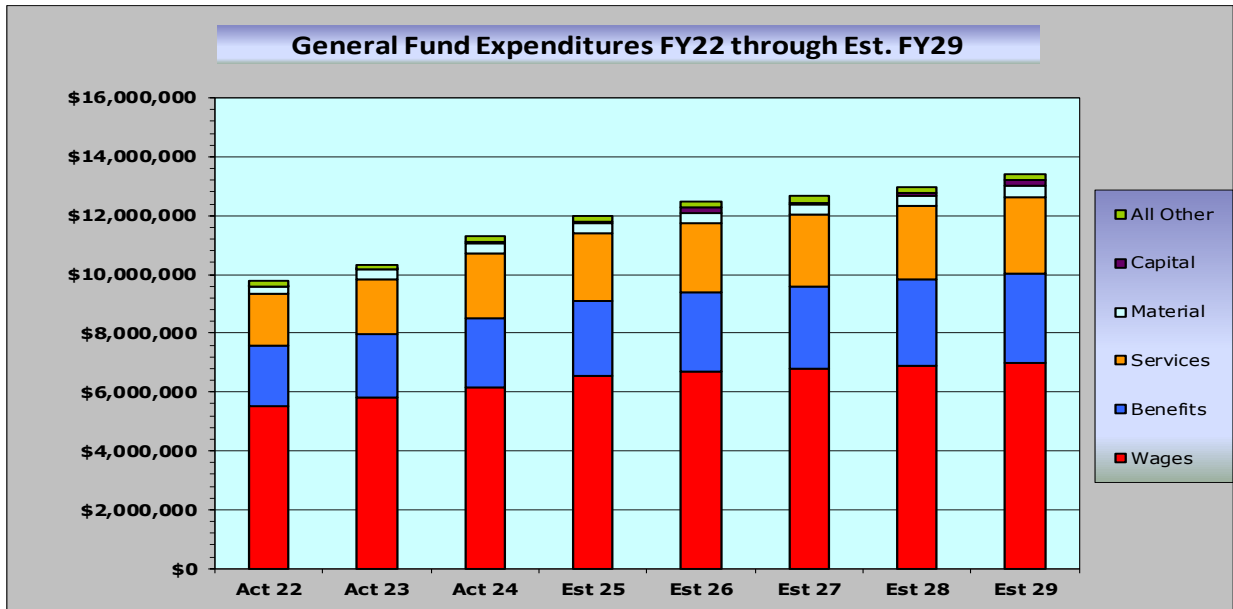
Other Expenses – Line #4.300

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 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>
A&T Fees	\$87,074	\$87,945	\$88,824	\$89,713	\$90,610
Audit Fee, Liability Ins. & Other Fees	<u>117,743</u>	<u>120,098</u>	<u>122,500</u>	<u>124,950</u>	<u>127,449</u>
Total Other Expenses Line #4.300	<u>\$204,817</u>	<u>\$208,043</u>	<u>\$211,324</u>	<u>\$214,663</u>	<u>\$218,059</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

The graph on the following page 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 25	FY 26	FY 27	FY 28	FY 29
Transfers Out/ Contingency Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>100,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Total Transfer & Advances Out	<u>\$100,000</u>	<u>\$110,000</u>	<u>\$110,000</u>	<u>\$110,000</u>	<u>\$110,000</u>

Encumbrances –Line#8.010

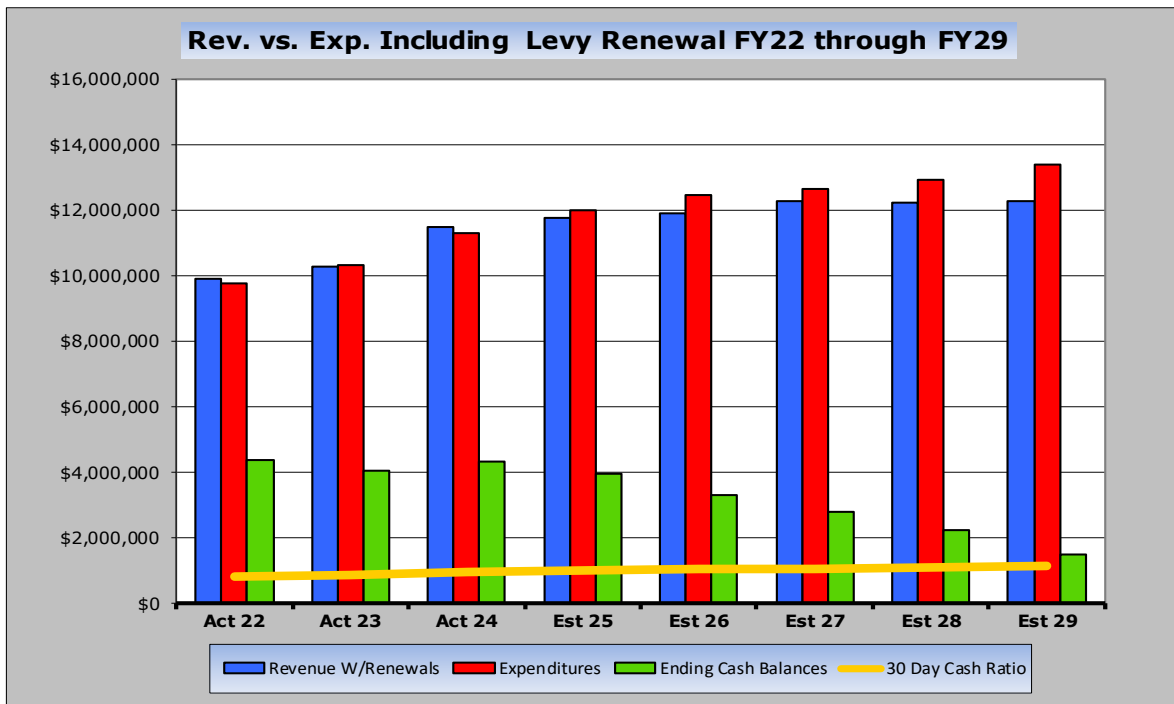
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. The amounts outstanding vary year to year.

	FY 25	FY 26	FY 27	FY 28	FY 29
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

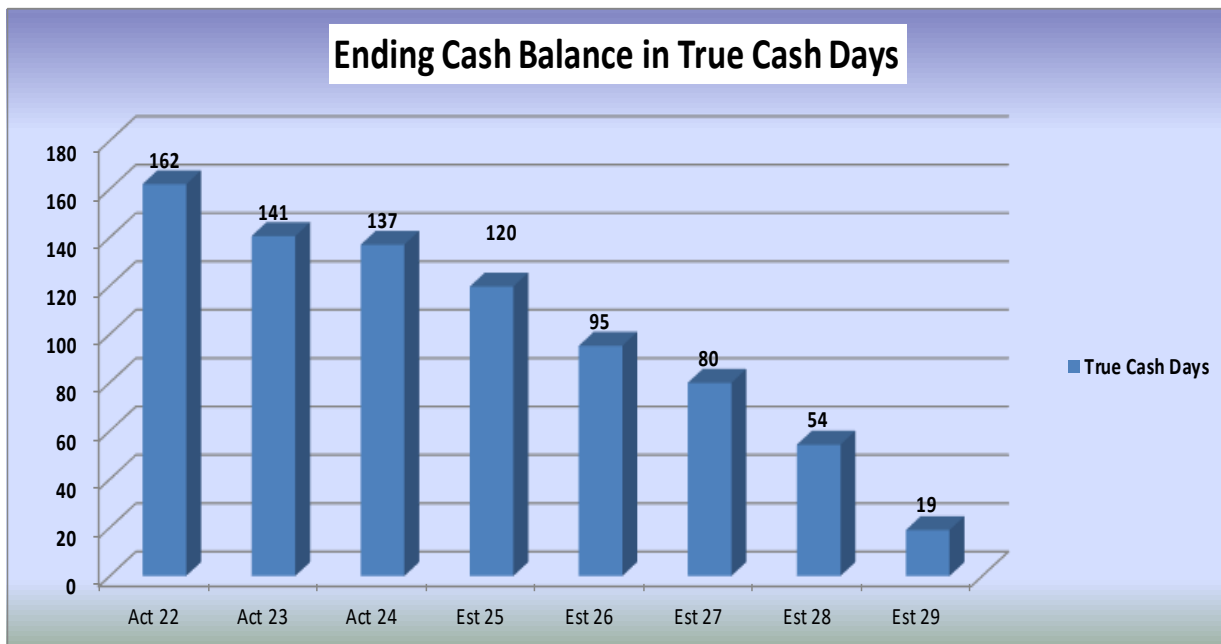
This amount must not go below \$-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$998,000 for our district. The graph below includes renewal of the district emergency levy that will expire December 31, 2027.

	FY 25	FY 26	FY 27	FY 28	FY 29
Ending Cash Balance	<u>\$ 3,961,057</u>	<u>\$ 3,285,644</u>	<u>\$ 2,791,845</u>	<u>\$ 2,244,948</u>	<u>\$ 1,508,523</u>



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 365 (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. Still, it 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.