Louisville City School District

Stark 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

NOVEMBER 2023		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$8,705,519	$10,225,476	$11,876,385	16.8%	$12,070,727	$12,413,387	$12,772,786	$11,739,630	$10,885,733
1.020	Tangible Personal Property Tax	1,096,420	1,354,252	1,348,025	11.5%	1,360,066	1,384,888	1,410,483	1,349,873	1,309,086
1.035	Unrestricted State Grants-in-Aid	14,298,341	14,108,288	14,199,022	-0.3%	14,624,546	14,919,956	15,364,430	15,518,674	15,827,697
1.040	Restricted State Grants-in-Aid	283,106	971,032	928,725	119.3%	1,023,899	1,030,308	1,049,314	1,068,700	1,078,587
1.050	State Share of Local Property Taxes	1,330,482	1,423,387	1,509,868	6.5%	1,534,575	1,595,958	1,659,799	1,692,992	1,760,713
1.060	All Other Revenues	1,872,689	808,559	995,931	-16.8%	1,357,121	1,234,600	1,189,100	1,038,600	938,100
1.070	*Total Revenues*	27,586,557	28,890,994	30,857,956	5.8%	31,970,934	32,579,097	33,445,912	32,408,469	31,799,916
	Other Financing Sources									
2.050	Advances-In	346,897	141,499		-79.6%					
2.060	All Other Financing Sources	140,713	29,498	64,251	19.4%	83,000	45,000	60,000	60,000	60,000
2.070	*Total Other Financing Sources*	487,610	170,997	64,251		83,000	45,000	60,000	60,000	60,000
2.080	*Total Revenues and Other Financing Sources*	28,074,167	29,061,991	30,922,207	5.0%	32,053,934	32,624,097	33,505,912	32,468,469	31,859,916
	Expenditures									
3.010	Personnel Services	15,195,641	16,263,305	17,441,164	7.1%	18,393,747	19,285,309	19,820,593	20,358,638	20,887,227
3.020	Employees' Retirement/Insurance Benefits	6,254,798	6,645,210	7,692,135	11.0%	8,106,564	8,612,937	9,066,633	9,585,249	10,139,106
3.030	Purchased Services	3,790,139	3,014,701	3,386,804	-4.1%	3,343,730	3,402,330	3,471,491	3,513,799	3,567,222
3.040	Supplies and Materials	468,288	971,630	1,239,176	67.5%	1,078,500	885,500	891,000	897,500	903,000
3.050	Capital Outlay	178,788	627,751	454,057	111.7%	573,629	480,140	466,500	473,000	479,500
	Debt Service:									
4.055	Principal-Other	178,937	92,588	66,161	-38.4%	44,416				
4.060	Interest and Fiscal Charges	8,960	2,899	1,216	-62.8%	502				
4.300	Other Objects	375,024	384,726	444,367	9.0%	455,147	452,300	456,050	445,100	427,850
4.500	*Total Expenditures*	26,450,574	28,002,810	30,725,080	7.8%	31,996,235	33,118,516	34,172,267	35,273,286	36,403,905
	Other Financing Uses									
5.010	Transfers-Out	79,668	85,000	75,708	-2.1%					
5.020	Advances-Out	3,500								
5.040	*Total Other Financing Uses*	83,168	85,000	75,708						
5.050	*Total Expenditures and Other Financing Uses*	26,533,742	28,087,810	30,800,788	7.8%	31,996,235	33,118,516	34,172,267	35,273,286	36,403,905
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,540,425	974,181	121,419	-62.1%	57,699	494,419-	666,355-	2,804,817-	4,543,989-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,641,055	7,181,480	8,155,661	20.4%	8,277,080	8,334,779	7,840,360	7,174,005	4,369,188
7.020	*Cash Balance June 30*	7,181,480	8,155,661	8,277,080	7.5%	8,334,779	7,840,360	7,174,005	4,369,188	174,801-
8.010	*Estimated Encumbrances June 30*	558,695	651,790	772,366	17.6%	237,140				
10.010	*Fund Balance June 30 for Certification of Appropriations*	6,622,785	7,503,871	7,504,714	6.7%	8,097,639	7,840,360	7,174,005	4,369,188	174,801-
	Revenue from Replacement/Renewal Levies									
11.020	Property Tax - Renewal or Replacement								1,281,000	2,562,000
11.300	Cumulative Balance of Replacement/Renewal Levies								1,281,000	3,843,000
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	6,622,785	7,503,871	7,504,714	6.7%	8,097,639	7,840,360	7,174,005	5,650,188	3,668,199
15.010	*Unreserved Fund Balance June 30*	6,622,785	7,503,871	7,504,714	6.7%	8,097,639	7,840,360	7,174,005	5,650,188	3,668,199
	ADM Forecasts									
20.010	Kindergarten - October Count	181	201	225	11.5%	194	215	225	230	235
20.015	Grades 1-12 - October Count	2,621	2,595	2,575	-0.9%	2638	2640	2627	2647	2625

11.20.2023

See accompanying summary of significant forecast assumptions and accounting policies.
Includes: General fund, Emergency Levy fund and any portion of Debt Service fund related to General fund debt.

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LOUISVILLE CITY SCHOOL DISTRICT
Stark County, Ohio

Notes to the Five Year Forecast
November 2023

Derek L. Nottingham, Treasurer

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OVERVIEW

While the Louisville City School District is focused on providing excellent educational programming for students, the District is also committed to fiscal responsibility and transparency. The five year forecast is required by State law to be updated and filed with the Ohio Department of Education twice each fiscal year. It is a valuable tool for assessing the District's financial outlook, which aids the Board of Education and administration in making decisions with regards to all district operations while focusing on continued financial sustainability. The Louisville City Board of Education has a long history of a strong commitment to providing the best opportunities for the students of Louisville and Nimishillen Township while being fiscally responsible with public funds and support from the community.

REVENUES

1.010 General Property (Real Estate) Tax

Real Estate Tax is the second largest revenue source for the Louisville City School District's general operating fund. These revenues are generated from both the District's inside and outside (voted) millage.

In November 2023, the District's emergency levy (originally passed in 2013) was substituted for another 5 year term which will end with tax year 2027 (collection year 2028). The substitute levy will maintain the annual collection of $1,835,000 for another 5 years and will generate additional tax revenue on new construction only built in tax/calendar years 2024 through 2027.

In May 2021, the District passed a new five year emergency operating levy which generates $2,562,000 annually starting with tax year 2021 (collection year 2022). This new revenue is vital for the continued operations of the District. At expiration, the levy will collect the final half years' worth of the levy in fiscal year 2027 unless it is renewed. As such, the property tax revenue decreases beginning in fiscal year 2027 with the assumed renewal presented on line 11.020 of the forecast.

Property values have continued to rise in Stark County over the last decade. Although increased property values do result in additional property taxes, the increase does not correspond directly to the total property value increase. The increase that is realized is on the District's inside millage (5.0 mills) and new construction within the District only. However, with reappraisal increases, the District hit the 20 mill floor on Class I property for the first time in fiscal year 2019. Based on state law, the District's effective millage for voted operating levies cannot be reduced below a 20 mill threshold. As a result, the District will receive increased tax revenue to maintain the minimum effective millage level.

Calendar year 2021 was the latest triennial update, and the District's assessed valuation increased a total of 17.4 percent over the 2018 valuation which brought the total assessed value to $479,298,350. Tax year 2022 increased slightly to $482,350,750. The next reappraisal will take place in tax year 2024 (collection year 2025).

Modest increases have been taken into account each year of the forecast based on the information provided above.

1.020 Tangible Personal Property Tax

This line item reflects the taxes raised from the only companies still required to pay tangible personal property tax: utility companies. Gradual growth is assumed moving forward.

Modest increases for current public utility tax collections have been forecasted for fiscal years 2024 through 2028.

The District has a portion of the Nexus Pipeline running through it. Since the pipeline became operational in calendar year 2018, the related valuation was reported for the first time on the calendar year 2019 tax duplicate. In early October 2019, the State of Ohio finalized the pipeline's valuation and forwarded it to the County Auditor. Per the County Auditor's Office, the valuation for the District's portion of the pipeline was $10,516,050 to generate approximately $495,000 in new general fund revenue for the district in calendar year 2020. Public utility personal property tax is depreciated over time, so this annual revenue yield will be reduced each year until it reaches the threshold established by State statute.

Although the District has received tax payments on the pipeline since 2020, the payments have been significantly reduced due to the valuation appeal filed by Nexus in an effort to reduce the valuation by over 50 percent. The State of Ohio ruled that the valuation should not be reduced, but another appeal was filed. This second appeal was resolved in 2022 at a reduced valuation, but another appeal initiated by a county auditor has been filed, so there is still uncertainty related to where this will end up and what the actual revenue is that will be collected. For now, the forecasted amounts include the reduced estimates.

1.035 Unrestricted Grants-in-Aid

Unrestricted Grants-in-Aid is the District's largest revenue source and is determined primarily by the state funding formula for schools in Ohio. After a lot of instability and change in the State's school funding formula over the last fifteen years, a new funding formula, the Fair School Funding Plan, was approved and began to be phased in during the last biennium covering fiscal years 2022 (16.67%) and 2023 (33.33%). Fortunately, the continued phase in of this formula was approved for the current biennium covering fiscal years 2024 (50.00%) and 2025 (66.67%). Although not guaranteed, the intent is to phase in the rest of the formula in the next biennium covering fiscal years 2026 (83.33%) and 2027 (100.00%); that will be determined by the legislature during the next budget bill process.

The Fair School Funding Plan was born out of the vision and work of two former Ohio legislators, Republican House member Bob Cupp and Democrat House member John Patterson who engaged educational leaders and stakeholders across the State in an effort to develop a new formula that would not only address unconstitutionality but that would be logically structured to provide for the various components of cost involved with a student's education.

One significant change in the formula is funding all students educated by the District instead of the previous method of funding resident students and transferring funds to account for students who are open enrolled (in and out) and those attending charter/community/STEM schools. Another change in the formula shifts a portion of the state fund allocations from unrestricted to restricted. Until this fiscal year, the District continued to be on the formula guarantee which ensured the state funding was not reduced below what was received in the previous school year; however, the new biennium budget, through the continuation of phasing in the new funding formula, has allowed the District to get back on the formula. This will allow the District to realize some revenue growth based on updated formula inputs each year.

In addition to state foundation revenue, casino tax revenue is included on this revenue line item which accounted for $114,207 in fiscal year 2021, $173,474 in fiscal year 2022, and $183,151 in fiscal year 2023. For fiscal year 2024, casino tax is forecasted to be around $185,000 with a slight increase included in the remaining forecasted years.

1.040 Restricted Grants-in-Aid

Restricted Grants-in-Aid previously only included state funding for both Career and Technical Education and Economically Disadvantaged Aid. With the new funding formula, restricted funds have been expanded to include the following: DPIA (economically disadvantaged), Career Tech, Gifted, English Language Learners, and Student Wellness and Success. The state has established guidelines for what specifically these dollars can be used for. Under the previous funding formula, the District received $113,606 in Career and Technical Education Funding and $116,083 in economically disadvantaged funding in fiscal year 2021. The new state formula calculated/provided the following restricted funding amounts:

	Fiscal Year 2022	Fiscal Year 2023
DPIA/Economically Disadvantaged	$115,104	$121,286
Career Tech	$93,566	$90,621
Gifted	$143,656	$147,595
English Language Learners	$3,971	$3,541
Student Wellness and Success	$509,137	$494,399

Revenue from Catastrophic Aide, a State partial-reimbursement program for high cost special needs student, is also included on this line item. The District received $53,417, $109,625 and $71,309 in fiscal years 2021, 2022 and 2023, respectively. For forecasting purposes, the District is forecasting $80,000 each year of the forecast period.

1.050 State Share of Local Property Taxes

This allocation includes state reimbursements for Homestead Exemption and 10%/2.5% Rollback. Homestead and Rollback are state deductions taxpayers receive on their local property taxes based on certain requirements. The State, in turn, reimburses the District for revenue lost from these deductions. In the 2014-15 biennium, the State made some very drastic changes to these allocations. New levies passed after November 2013 are no longer eligible for the rollback exemption. Fortunately, the District's 2013 emergency levy is not impacted by this since it was renewed in 2017 and substituted in 2023. The 2021 emergency operating levy is not eligible for rollback based on this change in the law, but the homestead exemption still applies. Historically, this line item mirrors line 1.010 in growth or decline because it is a function of property tax collections.

1.060 All Other Operating Revenue

Traditionally, the largest revenue item classified here was funding for open enrollment students. In fiscal year 2021, the District received $844,197 for open enrollment tuition. However, as discussed above, the new state funding formula has changed the methodology of funding students not based on their district of residence as it has been in the past. Instead, it is now funding students where they are educated which means the State is funding districts directly for students open-enrolled into the district, so no accounting for tuition is required. This is the major reason there is a very large decrease in this revenue line item between fiscal years 2021 and 2022.

Another revenue stream included in this category is the collection of fees charged to students who participate in sports and other activities. These fees help cover the cost of offering extracurricular programming and only cover a small portion of total cost. Due the failure of the levy attempts, pay to participate fees were increased in fiscal year 2021 generating $160,702. However, with the passage of the new emergency operating levy, these fees were reduced back to FY20 levels collecting $81,626 in fiscal year 2022 and $83,884 in fiscal year 2023. Forecasted amounts are forecasted to increase in fiscal year 2024 and beyond due to an inflationary increase in the fee structure.

The District also receives reimbursements from Medicaid for a small portion of the costs incurred providing services to special needs students. Average projected revenues over the forecast period are $170,000 each year for Medicaid reimbursements.

Investment earnings accounted $56,765 in fiscal year 2021, $46,029 in fiscal year 2022, and $244,246 in fiscal year 2023. Investment earnings in fiscal years 2021 and 2022 were negatively impacted due to the pandemic. Fortunately, the market has significantly improving as seen with the fiscal year 2023 earnings. Interest revenue is forecasted to increase significantly more in fiscal year 2024 and is forecasted to decrease each year based on a reduced cash balance.

2.050 Advances-In

Advance-in receipts are included in fiscal years 2021 and 2022 to account for the return of funds that had previously been advanced out to other funds.

2.060 All Other Financing Sources

Other miscellaneous reimbursements and refunds are included on this line. Fiscal year 2021 accounts for an additional BWC refund received in the amount of $56,146. $79,758, $28,842, and $50,287 in federal e-rate reimbursements were received in fiscal years 2021, 2022, and 2023, respectively. Forecasted revenues for this line have been projected between $40,000 and $80,000 each year.

EXPENDITURES

3.010 Personal Services

Personnel Service expenditures include employee salaries and stipends. Since the District is primarily a service agency, this is the largest expenditure category. In May 2018, the District settled an early settlement agreement with the Louisville Education Association for the period July 1, 2019 through June 30, 2022. Related salary increases were as follows: 2% base increase with step plus a 1% lump sum in fiscal year 2020, 2.5% base increase with step plus a 1% lump sum in fiscal year 2021, and 3% base increase with step in fiscal year 2022. In May 2022, the District and union settled a new contract for the period of July 1, 2022 through June 30, 2025. Related salary increases were 3.0% base increases with steps for each year of the contract. Fiscal years 2026 through 2028 are forecasted with the following annual base increases (with steps): 2.0% and 2.0%.

In August 2018, the District settled an early settlement agreement with the classified staff for the period July 1, 2021 through June 30, 2023 mirroring the certified settlement for fiscal years 2021 and 2022. Fiscal year 2023 includes a “me too” clause related to salary as it will be negotiated with the teachers. In August 2023, the District settled a new labor contract

for the period of July 1, 2023 through June 30, 2026 which includes base salary increases of 3% and steps in fiscal year 2024, 3% and steps in fiscal year 2025, and 2% and steps in fiscal year 2026. These are incorporated into the forecasted amounts for the respective fiscal years. Fiscal years 2027 and 2028 are forecasted with the same base increases as listed above for the certified staff.

Due to previous failed levy attempts, a reduction plan was enacted in fiscal year 2021. These reductions included 1 administrative position, 12 certified positions, and 23 classified positions. The related expenditures reductions are included on the forecast in fiscal year 2021. With the passage of the new emergency operating levy in May 2021, many, but not all, of these positions were reinstated for fiscal year 2022 and are forecasted to remain in future years.

3.020 Employees' Retirement/Insurance Benefits

The District's second highest expenditure is Employees' Retirement/Insurance Benefits which includes Board-paid pension benefits, medicare, and worker's compensation, as well as the Board-paid share of Medical, Prescription, Dental, Vision and Life insurances.

Pension, medicare, and workers' compensation are all percentage based and are calculated based on the forecasted salaries.

Insurance is calculated based on assumed annual increases to the premium. For fiscal years 2021, 2022, 2023 and 2024, premiums increased by 3.85%, 3.90%, 7.35%, and 7.98%, respectively. For fiscal years 2025 and beyond, the premiums for medical/prescription coverage are projected to increase by 8% each year. Another factor with the forecasted insurance amounts deals with premium holidays. Since the health plan is partially self-funded, based on the claims experience, each year the plan reserves are analyzed and if the reserves are higher than the required limit, the plan can and has awarded premium holidays, or a specified number of months where the premiums are waived. The District was awarded two premium holidays for fiscal year 2020 to be taken in fiscal year 2021, two premium holidays for fiscal year 2021 to be taken in fiscal year 2022, one premium holiday for fiscal year 2022 to be taken in fiscal year 2023, and one premium holiday for fiscal year 2023 to be taken in fiscal year 2024. These financial savings related to these premium holidays are included in the forecast. Although not yet awarded, one premium holiday has been forecasted in fiscal years 2025, 2026, 2027 and 2028.

3.030 Purchased Services

Purchased Services include utilities, tuition, property insurance, health services, repair services, and other contracted services. In addition to these, the State deductions for Community Schools and Open Enrolled Out students are included here for fiscal year 2021.

The District's utility costs are forecasted with inflationary increases. Although rates continue to increase, the District has implemented and continues to implement measures to improve utility consumption throughout the District.

A few of the high dollar costs in this expenditure category revolve around special education. The District contracts for occupation therapy, physical therapy, interpreter services, and other excess costs and tuition related to the District's special education needs. These are expenditures that are needed to service the specific needs of current students and can

fluctuate greatly from one year to the next. The District is seeing an increase in these costs in the current fiscal year and is forecasting these expenditure to continue to rise.

The District incurs costs related to the College Credit Plus program and must pay credit hour costs and class textbooks. The tuition cost is projected at average of $115,000 for fiscal years 2024 and beyond.

As discussed previously, the tuition related to Open Enrolled students has changed with the new State funding formula. This also applies to tuition related to students attending community schools. These tuition expenses that traditionally were reported within this expenditure category are falling off in fiscal year 2022 as students will now be funded where they are being educated instead of based on their district of residence. This accounts for the large decrease in this line item between fiscal years 2021 and 2022.

3.040 Supplies and Materials

Supplies and Materials include not only instructional supplies, textbooks, and office supplies but also custodial supplies, transportation supplies, and bus fuel.

For fiscal years 2021, 2022 and 2023, fuel costs totaled $90,287, $198,121 and $223,813, respectively. Due to failed levy attempts, transportation in the District was reduced to state minimums in fiscal year 2021 meaning no high school busing and students in grades K-8 only being transported if they live greater than 2 miles from the school building they attend. This accounts for the large decrease of this expenditure in fiscal year 2021. With the passage of the new emergency operating levy in May 2021, bussing was restored for fiscal year 2022. Also, due to market conditions, fuel costs have significantly increased and are projected to remain close to $215,000 each year of the forecast.

General supply expenditures were reduced significantly in fiscal year 2021 as a result of federal stimulus dollars granted to the District used to offset custodial, nursing, and other related supplies. A large increase in fiscal year 2022 was realized in instructional supplies as the District is eliminating student fees and making these expenditures part of the general operating budget as was promised with the passage of the new emergency operating levy. Due to recent inflation, all supply costs have increased. Also, several waves of curriculum adoptions are significantly increasing costs on this line item in fiscal years 2023 and 2024.

3.050 Capital Outlay

Capital outlay includes building equipment, technology equipment, musical instruments, and buses/vehicles.

The total capital outlay expense is forecasted as the District continues to prioritize and budget for various capital improvement, technology and building equipment needs throughout the forecast period. Beginning in fiscal year 2023, two buses will be purchased each year as opposed to four buses being purchased every other year as it has been done over the past eight years.

4.055/ Principal
4.060 Interest and Fiscal Charges

In fiscal year 2020, the District was able to secure grant funds in the amount of $256,536 to cover 49 percent of the cost of 6 buses, essentially allowing six buses to be purchased for

the cost of three. The remaining 51 percent was financed through a lease-purchase agreement. All leases will be complete in fiscal year 2024.

4.300 Other Objects

The Other Object expenditure category includes audit fees, liability insurance, ESC deductions, and County Auditor/Treasurer fees. These costs are forecasted to remain consistent through the forecast period.

5.010 Transfers-Out

In fiscal years 2021, 2022 and 2023, the District transferred $48,500, $85,000 and $70,000, respectively, to cover deficit balances in the general athletic fund in part due to the reduced ticket revenue for games due to COVID restrictions.

5.010 Advances-Out

In fiscal year 2021, one advance in the amount of $3,500 was made to the public school support fund for student fees.

CASH BALANCE

6.010 Excess of Revenues and Other Financing Sources over/(under) Expenditures and Other and Other Financing Uses

This line is the most important line on the forecast and is a good measure of the District's financial health. A positive balance indicates revenues are sufficient to cover expenditures on an annual basis. With the passage of the substitute levy in November 2023, the District is projected to end fiscal year 2024 in the black; however, as the forecast shows, there is a possibility for deficit spending as early as fiscal year 2025 based on current assumptions.

The Board of Education and District leadership have worked for many years to run the District as efficiently as possible while providing for all of the needs of students and will continue to provide the best opportunities for students with the resources available.

7.020 Cash Balance June 30

This line shows the District's ongoing general fund cash balance based on actual and forecasted revenues and expenditures without the renewal of the District's emergency operating revenues. As such, the forecast clearly demonstrates the need for these levies and shows that without the renewal of these levies, the District will be facing a deficit cash balance by the end of the five year forecast period.

8.010 Estimated Encumbrances June 30

Actual encumbrances outstanding at the end of the completed fiscal years are shown on the forecast. No encumbrances are shown for any of the forecasted years as total expenditures are captured within the fiscal year expenditures above on the forecast with the exception of $231,702 for fiscal year 2023. This amount relates to a purchase of two buses which have been ordered but will not be received and paid for until sometime in fiscal year 2024.

11.020 Property Tax – Renewal of Replacement

See explanation above under 1.010.

12.010/ Fund Balance June 30 Certificate of Contracts, Salary Schedules & Other Obligations
15.010 Unreserved Fund Balance June 30

At the end of fiscal year 2023, the District had a general fund unreserved fund balance of $7,504,714. Based on the forecasted revenues and expenditures, the District is forecast to maintain a positive cash balance throughout the forecast period provided the expiring emergency operating levy is either renewed or substituted.

ADM FORECASTS

20.010/ Kindergarten
20.015 Grades 1-12

Prior to the current school year, state funding was calculated with an ADM (Average Daily Membership) and only included resident students. With the new funding formula, enrollment will be used instead. Enrollment is the actual number of students the District is educating. As such, the numbers forecasted from fiscal year 2024 and beyond correlate to enrollment.