Louisville City School District

Stark 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

NOVEMBER 2024

		Actual				Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	Revenues									
1.010	General Property Tax (Real Estate)	$10,225,476	$11,876,385	$11,995,013	8.6%	$13,206,773	$14,628,807	$13,618,652	$12,988,410	$12,472,875
1.020	Tangible Personal Property Tax	1,354,252	1,348,025	1,424,256	2.6%	1,550,017	1,641,268	1,398,901	1,390,346	1,379,057
1.035	Unrestricted State Grants-in-Aid	14,108,288	14,199,022	14,615,596	1.8%	14,956,019	14,524,866	14,814,483	14,088,049	14,368,810
1.040	Restricted State Grants-in-Aid	971,032	928,725	1,137,819	9.1%	2,993,850	1,009,243	1,009,243	1,027,927	1,027,927
1.050	State Share of Local Property Taxes	1,423,387	1,509,868	1,518,133	3.3%	1,602,900	1,796,835	1,699,138	1,654,594	1,667,132
1.060	All Other Revenues	808,559	995,931	1,560,650	39.9%	1,511,400	1,385,400	1,344,000	1,310,740	1,277,206
1.070	*Total Revenues*	28,890,994	30,857,956	32,251,466	5.7%	35,820,959	34,986,419	33,884,417	32,460,066	32,193,007
	Other Financing Sources									
2.050	Advances-In	141,499								
2.060	All Other Financing Sources	29,498	64,251	89,920	78.9%	62,574	103,414	70,000	70,000	92,500
2.070	*Total Other Financing Sources*	170,997	64,251	89,920		62,574	103,414	70,000	70,000	92,500
2.080	*Total Revenues and Other Financing Sources*	29,061,991	30,922,207	32,341,386	5.5%	35,883,533	35,089,833	33,954,417	32,530,066	32,285,507
	Expenditures									
3.010	Personnel Services	16,263,305	17,441,164	18,243,733	5.9%	19,642,840	20,249,732	20,782,777	21,313,105	21,841,629
3.020	Employees' Retirement/Insurance Benefits	6,645,210	7,692,135	8,118,416	10.6%	8,908,340	9,343,660	9,865,266	10,422,661	11,016,233
3.030	Purchased Services	3,014,701	3,386,804	3,502,993	7.9%	3,967,700	3,978,798	4,048,882	4,092,779	4,148,457
3.040	Supplies and Materials	971,630	1,239,176	967,804	2.8%	1,231,252	933,074	945,624	953,974	964,524
3.050	Capital Outlay	627,751	454,057	569,968	-1.1%	525,140	583,311	588,617	602,148	616,355
	Debt Service:									
4.055	Principal-Other	92,588	66,161	44,331	-30.8%					
4.060	Interest and Fiscal Charges	2,899	1,216	475	-59.5%					
4.300	Other Objects	384,726	444,367	448,746	8.2%	423,283	407,500	399,500	401,500	393,500
4.500	*Total Expenditures*	28,002,810	30,725,080	31,896,465	6.8%	34,698,555	35,496,075	36,630,666	37,786,167	38,980,698
	Other Financing Uses									
5.010	Transfers-Out	85,000	75,708	176,332	61.0%	700,000	175,000	175,000	175,000	175,000
5.020	Advances-Out			22,500						
5.040	*Total Other Financing Uses*	85,000	75,708	198,832		700,000	175,000	175,000	175,000	175,000
5.050	*Total Expenditures and Other Financing Uses*	28,087,810	30,800,788	32,095,297	6.9%	35,398,555	35,671,075	36,805,666	37,961,167	39,155,698
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	974,181	121,419	246,090	7.6%	484,978	581,242-	2,851,249-	5,431,101-	6,870,191-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,181,480	8,155,661	8,277,080	7.5%	8,523,170	9,008,148	8,426,906	5,575,657	144,556
7.020	*Cash Balance June 30*	8,155,661	8,277,080	8,523,170	2.2%	9,008,148	8,426,906	5,575,657	144,556	6,725,635-
8.010	*Estimated Encumbrances June 30*	651,790	772,366	566,146	-4.1%					
10.010	*Fund Balance June 30 for Certification of Appropriations*	7,503,871	7,504,714	7,957,023	3.0%	9,008,148	8,426,906	5,575,657	144,556	6,725,635-
	Revenue from Replacement/Renewal Levies									
11.020	Property Tax - Renewal or Replacement							1,281,000	2,562,000	3,479,500
11.300	Cumulative Balance of Replacement/Renewal Levies							1,281,000	3,843,000	7,322,500
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	7,503,871	7,504,714	7,957,023	3.0%	9,008,148	8,426,906	6,856,657	3,987,556	596,865
15.010	*Unreserved Fund Balance June 30*	7,503,871	7,504,714	7,957,023	3.0%	9,008,148	8,426,906	6,856,657	3,987,556	596,865
	ADM Forecasts									
20.010	Kindergarten - October Count	181	201	225	11.5%	191	205	205	205	205
20.015	Grades 1-12 - October Count	2,621	2,595	2,575	-0.9%	2612	2580	2576	2542	2508

11.18.24

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 2024

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. At expiration, the levy will collect the final half years' worth of the levy in fiscal year 2029 unless it is renewed. As such, the property tax revenue decreases beginning in fiscal year 2029 with the assumed renewal presented on line 11.020 of the forecast.

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. Normally, 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 1 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, property taxes will increase and 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% 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 is nearing completion for tax year 2024 (collection year 2025), and it is anticipated that property values across Stark County will be increasing significantly. Current estimates from the County Auditor for Louisville/Nimishillen Township are showing an average increase of 30.64% for Class 1 property (Residential/Agricultural) and 50.15% for Class 2 property

(Commercial/Industrial). As such, significant 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%. 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 was filed. That final appeal has since been dismissed. As such, estimates from the County Auditor show that the District's general fund is due $319,480 in back taxes, so the forecast is assuming that those monies will be received over fiscal years 2025 and 2026.

1.035 Unrestricted Grants-in-Aid

Unrestricted Grants-in-Aid is currently 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 new formula, 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.

It is important to note that a key part of the formula is the distinction of the district's wealth, and higher wealth districts receive less state foundation revenue proportionately. Since property values are one measure of District wealth, the increased property values being realized will have a direct impact on the state foundation revenue we receive. Although the exact impact is unknown, the forecast does show a reduction in state foundation beginning in fiscal year 2026 as a result.

In addition to state foundation revenue, casino tax revenue is included on this revenue line item which accounted for $173,474 in fiscal year 2022, $183,151 in fiscal year 2023, and $186,708 in fiscal year 2024. For fiscal year 2025, casino tax is anticipated to hit $191,000 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. The state formula calculated/provided the following restricted funding amounts:

	Fiscal Year 2023	Fiscal Year 2024
DPIA/Economically Disadvantaged	$121,286	$166,291
Career Tech	$90,621	$93,560
Gifted	$147,595	$156,773
English Language Learners	$3,541	$5,219
Student Wellness and Success	$494,399	$513,152

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 $109,625, $71,309, and $75,051 in fiscal years 2022, 2023 and 2024, respectively. For forecasting purposes, the District is forecasting $75,000 each year of the forecast period. Additional one-time only restricted funds were received in fiscal year 2024 related to new state mandates. The first was for $3,000 to offset the costs related the mandate for offering free menstrual products in school building. And the second is $124,248 for the High Quality Instructional Materials mandate related to the new Science of Reading alignment requirement; these funds will not fully cover the cost to purchase/implement these materials, so the remaining cost will be bore by the District. In fiscal year 2025, additional funds are being reimbursed for teacher stipends to complete required Science of Reading professional development.

The District implemented the Community Eligibility Plan (CEP) for the 2024-25 school year. This program allows the District to offer free meals (breakfast and lunch) to all

students. Although this change will result in a loss of funds for the District's food service fund, a mechanism in the state foundation formula provides for a significant increase in the District's DPIA funding. The District is anticipating an increase of almost $1.9 million in DPIA restricted general fund funding in fiscal year 2025. With the intent to make the food service whole and cover its loss, it in projected that the net impact will still be an increase of almost $1.5 million. The legislature is aware of this nuance and is likely to implement a change in the DPIA funding calculation, so this increase revenue is being considered as one-time, non-recurring funding.

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

One of the revenue streams 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. Participation fees collected were $81,626, $83,884, and $104,452 in fiscal years 2022, 2023, and 2024, respectively. The increase in fiscal year 2024 is a result of an inflationary increase in the fee amounts. Fee amounts to be collected are forecasted to remain the same throughout the forecast period.

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 $225,000 each year for Medicaid reimbursements.

Investment earnings accounted $46,029 in fiscal year 2022, $244,246 in fiscal year 2023, and $476,934 in fiscal year 2024. The increase in investment earnings are a direct result of a health investment market. Interest revenue is forecasted at around $460,000 in fiscal year 2025 and is forecasted to decrease each year based on a reduced cash balance.

2.050 Advances-In

Advance-in receipts are included in fiscal year 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. $28,842, $50,287, and $85,352 in federal e-rate reimbursements were received in fiscal years 2022, 2023, and 2024, respectively. Forecasted revenues for this line average about $65,000 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 2029 are each forecasted with an annual base increase of 2.0% (with steps).

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 was 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 through 2029 are forecasted with the same base increases as listed above for the certified staff.

Other costs in this line item include salaries for administration, discretionary staff and substitutes as well as stipends for academic and athletic extracurricular coaches/advisors.

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 2022, 2023, 2024 and 2025, premium increases have been 3.90%, 7.35%, 7.98% and 6.48%, respectively. For fiscal years 2026 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 2021 to be taken in fiscal year 2022, one premium holiday for fiscal year 2022 to be taken in fiscal year 2023, one premium holiday in fiscal year 2023 to be taken in fiscal year 2024, and one premium holiday for fiscal year 2024 to be taken in fiscal year 2025. These financial savings related to these premium holidays are included in the forecast. Although not yet awarded, one premium holiday has been included in each of the remaining forecasted fiscal years.

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. Due to upcoming changes in the cost of the capacity portion of electricity charges, the District is anticipating a large increase of approximately 25% beginning in fiscal year 2026.

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 $120,000 for fiscal years 2025 and beyond.

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 2022, 2023 and 2024, fuel costs totaled $198,121, $223,813 and $197,952, respectively. This cost has been forecasted at $195,000 for fiscal year 2025 with an inflationary increase each of the following forecasted fiscal years.

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, 2024 and 2025.

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. As with many things, inflation has greatly affected bus prices; a bus that cost the District around $85,000 a few years back is now around $130,000.

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% of the cost of 6 buses, essentially allowing six buses to be purchased for the cost of three. The remaining 51% was financed through a lease-purchase agreement. The final payments for this lease were made 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 2022, 2023 and 2024, the District transferred $85,000, $70,000 and $25,000, respectively, to cover deficit balances in the general athletic fund. $25,000 is forecasted for this purpose for each forecasted fiscal years. In fiscal year 2024, an additional $1,332 was transferred to cover student fees expenses. No future transfers are anticipated for this. Also in fiscal year 2024, $150,000 was transferred to establish a new Termination of Benefits fund which will be used to pay for employee severances. For fiscal year 2025, an estimate of $325,000 will be transferred for this purpose with an average of $150,000 for each of the remaining forecasted fiscal years.

5.010 Advances-Out

In fiscal year 2024, one advance in the amount of $22,500 was made to the permanent improvement-stadium scoreboard fund. This advance will be repaid to the general fund in future fiscal years.

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. Even with the passage of the substitute levy in November 2023, the District is projected to see deficit spending in the forecast period based on the assumption detailed above.

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 significant reduction in 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.

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 2024, the District had a general fund unreserved fund balance of $7,957,023. Based on the forecasted revenues and expenditures, the District is forecast to maintain a positive cash balance throughout the forecast period based on the successful renewal and/or substitution of the District's fixed-sum levies.

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 correlate to enrollment.