

**BOWLING GREEN CITY SCHOOL DISTRICT
WOOD 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**



**Forecast Provided By
Bowling Green City School District
Treasurer's Office
Matt A. Feasel, Treasurer/CFO**

November 19th, 2024

Bowling Green City School District

Wood 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)	16,985,869	16,630,586	17,937,220	2.9%	18,924,121	18,928,887	19,299,826	20,131,259	21,215,053	
1.020 Public Utility Personal Property Tax	2,296,827	2,420,576	2,460,789	3.5%	2,626,052	2,763,305	2,733,954	2,746,331	2,768,610	
1.030 Income Tax	4,176,109	4,859,754	4,841,218	8.0%	4,814,462	4,934,823	5,058,194	5,184,648	5,314,265	
1.035 Unrestricted State Grants-in-Aid	6,547,851	6,557,616	7,288,278	5.6%	7,054,224	7,055,825	7,057,442	7,059,075	7,060,724	
1.040 Restricted State Grants-in-Aid	849,070	823,452	784,353	-3.9%	824,773	540,276	527,478	527,478	527,478	
1.045 Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-	
1.050 State Share of Local Property Taxes	1,603,773	1,601,983	1,722,614	3.7%	1,828,342	1,844,544	1,893,045	1,988,820	2,111,167	
1.060 All Other Revenues	882,876	1,396,022	2,038,060	52.1%	2,041,745	1,978,332	1,943,098	1,908,734	1,875,221	
1.070 Total Revenues	33,342,374	34,289,989	37,072,532	5.5%	38,113,719	38,045,992	38,513,036	39,546,346	40,872,518	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	21,384	742,196	23,667	1637.0%	50,000	50,000	50,000	50,000	50,000	
2.060 All Other Financing Sources	18,106	24,125	43,312	56.4%	20,000	20,000	20,000	20,000	20,000	
2.070 Total Other Financing Sources	39,490	766,321	66,979	874.6%	70,000	70,000	70,000	70,000	70,000	
2.080 Total Revenues and Other Financing Sources	33,381,864	35,056,310	37,139,511	5.5%	38,183,719	38,115,992	38,583,036	39,616,346	40,942,518	
Expenditures										
3.010 Personal Services	17,858,110	18,865,311	21,049,259	8.6%	22,334,166	23,004,191	23,694,317	24,405,146	25,137,301	
3.020 Employees' Retirement/Insurance Benefits	6,900,034	7,695,246	8,279,292	9.6%	9,056,450	9,511,342	10,043,524	10,510,238	10,999,225	
3.030 Purchased Services	3,252,966	3,686,348	4,048,739	11.6%	5,049,421	5,200,903	5,356,931	5,517,640	5,683,169	
3.040 Supplies and Materials	1,365,437	1,661,417	1,676,268	11.3%	2,069,557	2,152,340	2,238,434	2,327,972	2,421,091	
3.050 Capital Outlay	7,606	19,595	5,210	42.1%	37,000	37,000	37,000	37,000	37,000	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-	
4.300 Other Objects	1,350,439	1,450,450	1,791,489	15.5%	1,660,379	1,809,813	1,972,696	2,150,239	2,343,760	
4.500 Total Expenditures	30,734,593	33,378,367	36,850,257	9.5%	40,206,973	41,715,589	43,342,902	44,948,236	46,621,545	
Other Financing Uses										
5.010 Operating Transfers-Out	1,878,843	1,810,488	1,578,895	-8.2%	1,575,000	1,527,750	1,481,918	1,437,460	1,394,336	
5.020 Advances-Out	540,353	225,510	157,014	-44.3%	100,000	100,000	100,000	100,000	100,000	
5.030 All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-	
5.040 Total Other Financing Uses	2,419,196	2,035,998	1,735,909	-15.3%	1,675,000	1,627,750	1,581,918	1,537,460	1,494,336	
5.050 Total Expenditures and Other Financing Uses	33,153,789	35,414,365	38,586,166	7.9%	41,881,973	43,343,339	44,924,820	46,485,696	48,115,882	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	228,075	(358,055)	(1,446,655)	23.5%	(3,698,254)	(5,227,347)	(6,341,784)	(6,869,350)	(7,173,364)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	18,299,116	18,527,191	18,169,136	-0.3%	16,722,481	13,024,228	7,796,880	1,455,097	(5,414,253)	
7.020 Cash Balance June 30	18,527,191	18,169,136	16,722,481	-4.9%	13,024,228	7,796,880	1,455,097	(5,414,253)	(12,587,617)	
8.010 Estimated Encumbrances June 30	-	-	-	0.0%	25,000	25,000	25,000	25,000	25,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-	
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-	
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-	
10.010 Fund Balance June 30 for Certification of Appropriations	18,527,191	18,169,136	16,722,481	-4.9%	12,999,228	7,771,880	1,430,097	(5,439,253)	(12,612,617)	
11.010 Revenue from Replacement/Renewal Levies				0.0%	-	-	-	-	-	
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-	

Bowling Green City School District

Wood County

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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
11.020 Property Tax - Renewal or Replacement					0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies					0.0%	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	18,527,191	18,169,136	16,722,481		-4.9%	12,999,228	7,771,880	1,430,097	(5,439,253)	(12,612,617)
Revenue from New Levies										
13.010 Income Tax - New					0.0%	-	394,330	4,771,565	7,360,173	8,041,680
13.020 Property Tax - New					0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-			0.0%	-	394,330	5,165,895	12,526,068	20,567,748
14.010 Revenue from Future State Advancements					0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	18,527,191	18,169,136	16,722,481		-4.9%	12,999,228	8,166,210	6,595,992	7,086,815	7,955,131

Bowling Green City School District – Wood County

Notes to the Five-Year Forecast

General Fund Only

November 19th, 2024

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because 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, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum when required under the statute.

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

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

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

- (1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
- (3) To provide a method for the Department of Education and 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, 2024, and May 31, 2025, for the fiscal year 2025 (July 1, 2024, to June 30, 2025). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2025 (July 1, 2024-June 30, 2025) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

This five-year forecast is submitted during the economic recovery and expansion following the 2020 COVID-19 Pandemic. The 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 years 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 the 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 spent or encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs may 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. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 75% of the district's resources. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.
2. Wood County experienced a full reappraisal occurred in the 2023 tax year that is being collected in FY24. The 2023 reappraisal increased Class I and Class II assessed values by \$171.6 million or an

increase of 23.96%. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$35.6 million for an overall increase of 4.0%. There is, however, always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

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.

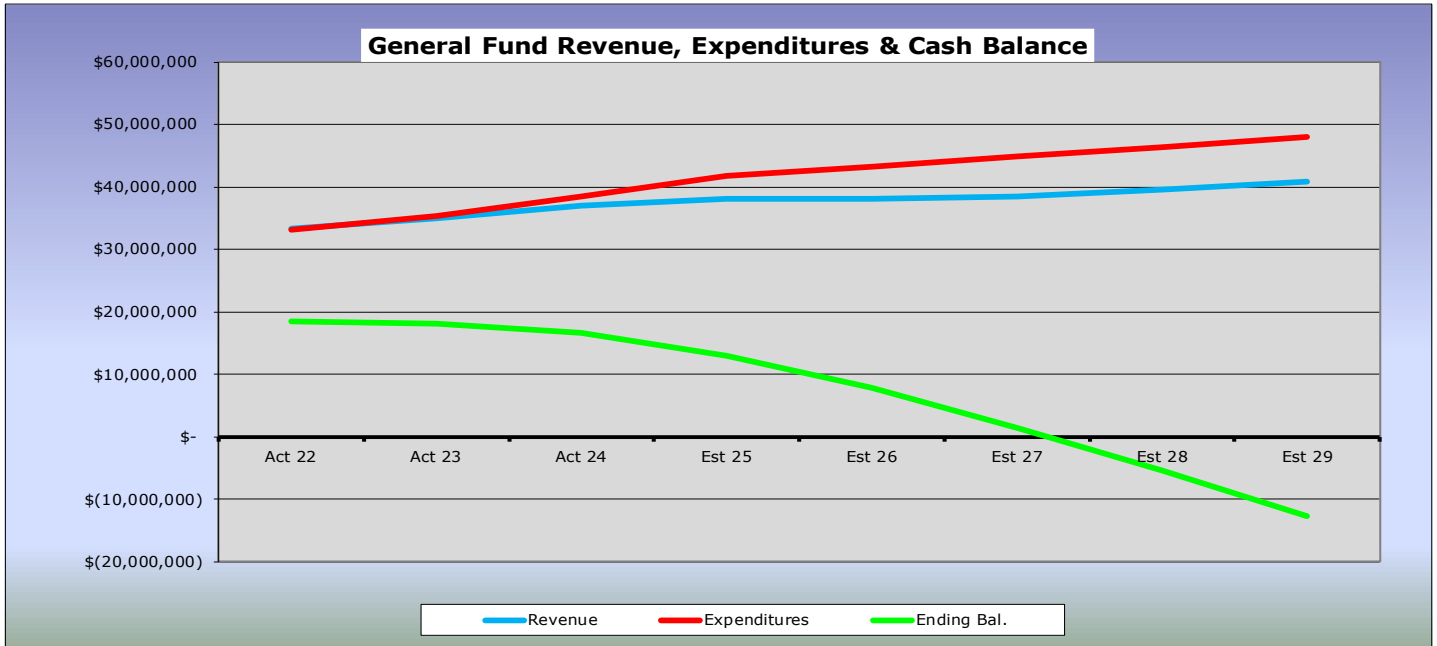
3. The state budget represented 20.7% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the Fair School Funding Plan is not funded in the next state biennium 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 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.
4. 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 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and 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 first foundation allocation in November of 2024 published by the Department of Education and Workforce for our forecast revenues in FY25.

Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward, our positive working relationship will continue and will only grow stronger. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Matt A. Feasel, Treasurer/CFO at (419) 354-0800.

General Fund Revenue, Expenditure and Ending Cash Balance

Actuals: 2021-22, 2022-23 and 2023-24.

Estimated: 2025-29



REVENUE PROJECTIONS

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEAR

Classification	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2024 COLLECT 2025	TAX YEAR 2025 COLLECT 2026	TAX YEAR 2026 COLLECT 2027	TAX YEAR 2027 COLLECT 2028	TAX YEAR 2028 COLLECT 2029
Res./Ag.	\$656,838,909	\$666,691,493	\$693,359,152	\$703,759,540	\$714,315,933
Comm./Ind.	\$244,449,839	\$248,116,587	\$258,041,250	\$261,911,869	\$265,840,547
Public Utility Personal Property (PUPP)	\$52,396,314	\$51,872,351	\$51,353,628	\$50,840,093	\$50,331,695
Total Assessed Value	<u>\$953,685,062</u>	<u>\$966,680,431</u>	<u>\$1,002,754,030</u>	<u>\$1,016,511,502</u>	<u>\$1,030,488,175</u>

Property Valuations & Tax Rates

Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values.

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 levies is 60.69 mills while the Class I effective millage rate is 27.918506 mills and the Class II effective millage rate is 35.498241 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently the district is on the 20-mill floor for Class I property. Any emergency or substitute emergency levy approved is not included in the 20-mill floor. The district has a substitute levy that is considered an emergency levy and is currently collecting approximately one million dollars

There is currently quite a bit of uncertainty with the district’s public utility personal property taxes. The ROVER Pipeline dispute is still within the court system. It does appear that the NEXUS pipeline issue may be coming to a conclusion, but Rover continues to dispute the taxable value of the pipeline. While that is being considered by the courts, Rover is currently paying at a tender rate, or the rate they believe it should be. The current forecast reflects a tender value of \$ 24,043,900 that generates approximately \$ 1,459,224.29 annually. This represents 42.39% of the original tax value of \$ 56,717,750. We have decided to report the collection at the tender rate in an effort not to overinflate assumed collections in the forecasted years. Should the state agree with the pipeline’s disputed amounts, the district would not see a refund in future collections, but continued collections based on the current assumptions. However, if the state denies their disputed values and increases the challenged values, the district will see these delinquent payments in future real estate collections. We have projected our collection to decrease by approximately one (1.00%) annually due to depreciation factors.

ESTIMATED REAL ESTATE TAX (Line # 1.010)

Source	FY25	FY26	FY27	FY28	FY29
General Property Taxes - Line # 1.010	\$18,924,121	\$18,928,887	\$19,299,826	\$20,131,259	\$21,215,053

Summary of Real Estate Tax – Line 1.010

Wood County experienced a full reappraisal occurred in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased Class I and Class II assessed values by \$171.6 million or an increase of 23.96%. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$35.6 million for an overall increase of 4.0%. There is, however, always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

Property tax levies are estimated to be collected at 97.9% of the annual amount. This allows for a 2.1% delinquency factor. In general, 58.23% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 41.77% in the August tax settlement.

New Tax Levies – Line #13.030

No new property tax levies are modeled in this forecast.

ESTIMATED PERSONAL PROPERTY TAX (Line # 1.020)

Source	FY25	FY26	FY27	FY28	FY29
Public Utility Personal Property (Line #1.020)	\$2,626,052	\$2,763,305	\$2,733,954	\$2,746,331	\$2,768,610

Summary of Personal Property Tax – Line # 1.020

The amounts above are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the valuation table above, which was \$52.4 million in assessed values in 2024 and is collected at the district’s full voted millage rate. Collections are typically 80% in February/March collection

and 20% in August, along with the real estate settlements from the county auditor. The values in tax year 2023 collectable in 2024 rose by 21% or \$9.2 million. This value does not include the value that ROVER has on appeal and only reflects 42.4% or \$ 24,043,900 of the original value of \$ 56,717,750. We have projected a depreciation factor of one (1.00%) percent on the total personal property valuation throughout the life of this forecast.

ESTIMATED SCHOOL DISTRICT INCOME TAX (Line # 1.030)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
School District Income Tax	\$4,708,127	\$4,814,462	\$4,934,823	\$5,058,194	\$5,184,648
Adjustments	\$106,335	\$120,362	\$123,371	\$126,455	\$129,616
School District Income Tax - Line # 1.030	\$4,814,462	\$4,934,823	\$5,058,194	\$5,184,648	\$5,314,265

Summary of School District Income Tax – Line # 1.030

The district has a .5% income tax that was renewed and converted to continuing on November 2, 2021. The district asked voters to approve an additional .75% traditional income tax levy on November 5th, 2024. It appears the levy may have been defeated by approximately 150 votes. Provisional ballots are still outstanding and may influence the outcome of this levy.

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

ESTIMATED UNRESTRICTED STATE GRANTS-IN-AID (Line # 1.035)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$6,577,784	\$6,577,784	\$6,577,784	\$6,577,784	\$6,577,784
Additional Aid Items	316,352	316,352	316,352	316,352	316,352
Basic Aid-Unrestricted Subtotal	6,894,136	6,894,136	6,894,136	6,894,136	6,894,136
Ohio Casino Commission ODT	160,088	161,689	163,306	164,939	166,588
Unrestricted State Aid - Line # 1.035	<u>\$7,054,224</u>	<u>\$7,055,825</u>	<u>\$7,057,442</u>	<u>\$7,059,075</u>	<u>\$7,060,724</u>

Summary of Unrestricted State Funding – 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 November #1 2024, foundation settlement and funding factors.

Our district is currently a guaranteed district in FY25 and is expected to continue to be on the guarantee 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.

ESTIMATED RESTRICTED STATE GRANTS-IN-AID (Line # 1.035)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Economically Disadvantaged Aid	\$231,245	\$236,245	\$241,245	\$241,245	\$241,245
Career Tech	0	0	0	0	0
Gifted	85,599	75,268	59,001	59,001	59,001
ESL	17,719	12,506	10,975	10,975	10,975
Student Wellness	216,257	216,257	216,257	216,257	216,257
H.D.I.M./Science of Reading	273,954	0	0	0	0
Restricted State Aid - Line # 1.040	\$824,773	\$540,276	\$527,478	\$527,478	\$527,478

Summary of Restricted State Funding – 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. The district has elected to also post Catastrophic (Threshold) Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current November #1 2024 funding allocation. The amount of DPIA is limited to 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty about continuing funding of the current funding formula.

HB33 set aside state-wide funds 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 requests. It is estimated that the district will receive \$ 273,954.00 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

ESTIMATED RESTRICTED FEDERAL GRANTS-IN-AID (Line # 1.045)

There is no restricted federal funding projected in this forecast.

Source	FY25	FY26	FY27	FY28	FY29
Unrestricted State Aid - Line # 1.035	\$7,054,224	\$7,055,825	\$7,057,442	\$7,059,075	\$7,060,724
Restricted State Aide - Line # 1.040	\$824,773	\$540,276	\$527,478	\$527,478	\$527,478
Federal Funding	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	\$7,878,997	\$7,596,101	\$7,584,920	\$7,586,553	\$7,588,202

ESTIMATED PROPERTY TAX ALLOCATION (Line # 1.050)

Source	FY25	FY26	FY27	FY28	FY29
Rollback and Homestead Reimbursement	\$1,828,342	\$1,844,544	\$1,893,045	\$1,988,820	\$2,111,167

Summary of Rollback and Homestead Reimbursement – Line 1.050

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner-occupied residences. Credits equal 12.5% of the gross property taxes charged residential taxpayers on levies passed prior to 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 of age or older or who are 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 do not get a new application approved for tax year 2013, and who become eligible thereafter 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 going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

ESTIMATED OTHER LOCAL REVENUES (Line # 1.060)

Source	FY25	FY26	FY27	FY28	FY29
Excess Cost	\$72,906	\$73,635	\$74,371	\$75,115	\$75,866
Interest	\$1,343,524	\$1,316,654	\$1,290,321	\$1,264,514	\$1,239,224
Fees	\$117,145	\$118,313	\$119,493	\$120,685	\$121,889
Tuitions	\$371,731	\$360,579	\$349,762	\$339,269	\$329,091
Other Income and rentals	\$136,439	\$109,151	\$109,151	\$109,151	\$109,151
Other Local Revenue - Line # 1.060	\$2,041,745	\$1,978,332	\$1,943,098	\$1,908,734	\$1,875,221

Summary of 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.

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 historical trends.

ESTIMATED SHORT-TERM BORROWING (Line # 2.010 & 2.020)

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

ESTIMATED NON-OPERATING RECEIPTS (Line # 2.040 & 2.050)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	\$23,667	\$50,000	\$50,000	\$50,000	\$50,000
Total Transfer & Advances In	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

Summary of Transfers In / Return of Advances – Line #2.040 & Line #2.050

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 in the last fiscal year are expected to be repaid in the current year, as noted in the table above.

ESTIMATED ALL OTHER FINANCING SOURCES (Line # 2.060)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of Prior Years Expenditures	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000

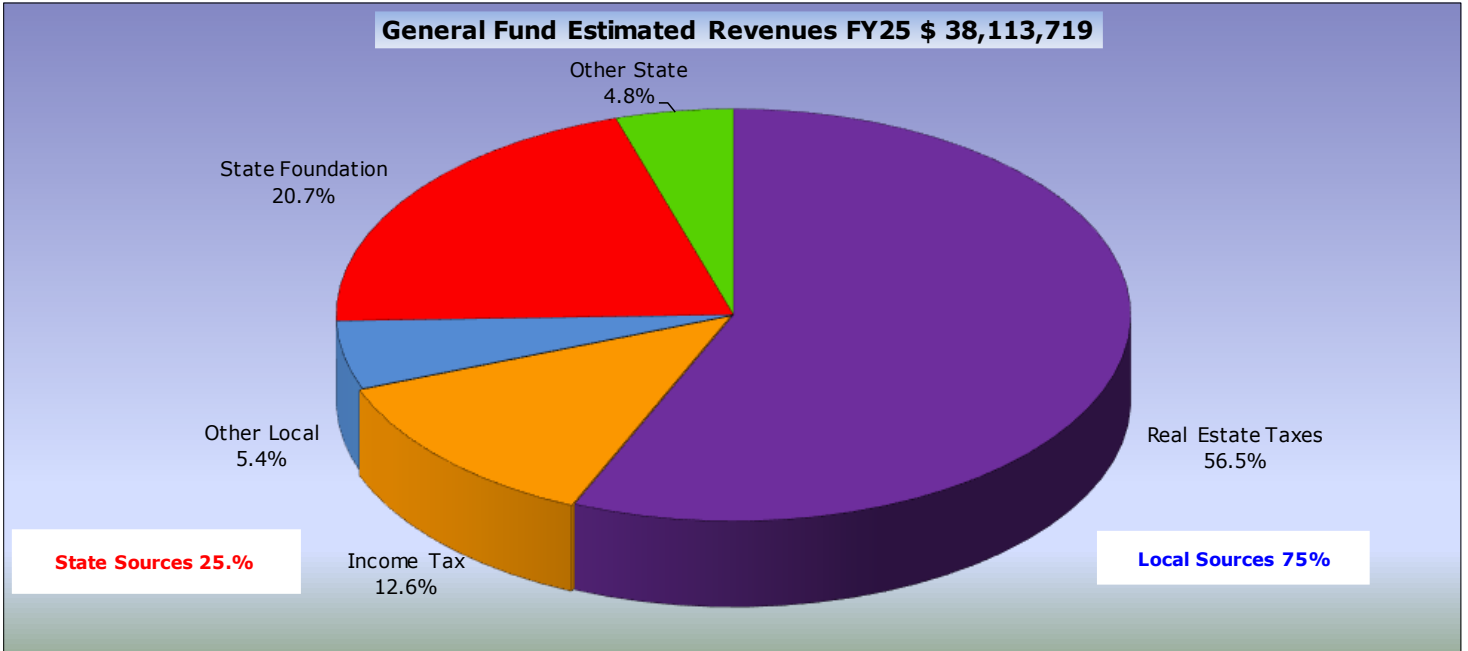
Summary of All Other Financing – Line 2.060)

This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that align with historical collections. Due to the nature of these collections, this forecast does not assume future collections in this section.

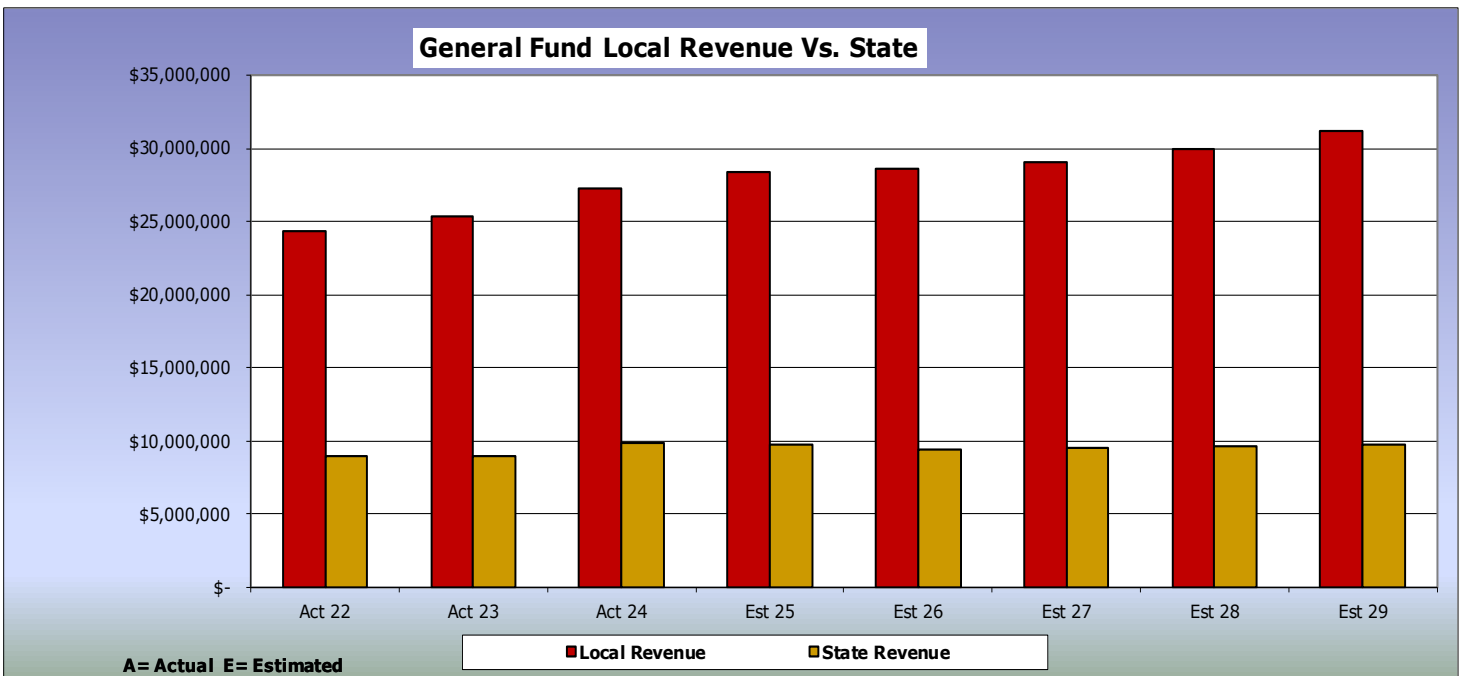
ESTIMATED REVENUE (Line 2.080)

Historically revenue for the last five (5) years has increased at an average of 2.18%. With the most current information we have at the time of this forecast being prepared, we have projected that our revenue will increase, on the average, annually, at almost two (1.98%) percent per year. We will continually monitor our revenue through our monthly financial reports. If the need arises, we will revise our forecast with more current information and projections.

2024-25 Estimated General Fund Revenue



Comparison of Local and State Revenue



Expenditures Projections

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the focus for resource utilization.

ESTIMATED PERSONAL SERVICES (Line 3.010)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$21,056,238	\$22,282,167	\$22,950,632	\$23,639,151	\$24,348,326
Substitutes	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551
ESSER Add-Backs	\$576,934	\$0	\$0	\$0	\$0
Supplementals	\$600,994	\$619,024	\$637,595	\$656,722	\$676,424
Total Salaries & Wages (Line # 3.010)	\$22,334,166	\$23,004,191	\$23,694,317	\$24,405,146	\$25,137,301

Summary of Salaries & Wages – Line # 3.010

The expenditure in this category represents salaries and wages for services rendered for all union and non-union employees. Upon the recommendation of the prior administration, the Board chose to invest in staff in 2022. That decision resulted in an increase of an average of 8% in FY23 and 7.5% in FY24 for certified staff, a \$3.00 per hour increase in FY23 and a 3% increase in FY24 for classified staff, and a salary reset for select administrators. In FY25, the certified staff will see an increase of \$2,400 on the base, as well as a \$1,200.00 rise on the base in FY26. For the purposes of this forecast, we have projected staffing costs at the current staffing levels with applicable current collective bargaining agreements.

ESTIMATED FRINGE BENEFITS (Line # 3.020)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$3,744,987	\$3,865,062	\$3,981,014	\$4,100,444	\$4,223,457
B) Insurance's	\$4,887,499	\$5,240,920	\$5,645,019	\$5,979,808	\$6,332,912
C) Workers Comp/Unemployment	\$91,779	\$81,515	\$83,930	\$86,418	\$88,981
D) Medicare	\$332,185	\$323,845	\$333,561	\$343,568	\$353,875
E) Other/Tuition	\$0	\$0	\$0	\$0	\$0
Total Fringe Benefits Line #3.020	\$9,056,450	\$9,511,342	\$10,043,524	\$10,510,238	\$10,999,225

Summary of Employee’s Retirement & Insurance Benefits - 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

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

B) Insurance

We are estimating medical to increase by 5% and dental by 5% in FY25. The district expects increases of 5% in FY26 through FY29. The increases include adjustments for inflation and the cost of actual claims.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .35% of wages FY24-FY28 which is in line with historic growth recently. Unemployment Compensation has been negligible.

D) Medicare

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

E) Other/Tuition

The district reimburses employees for tuition to further their education to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

ESTIMATED PURCHASED SERVICES (Line # 3.030)

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional and Tech	\$2,915,968	\$3,003,447	\$3,093,550	\$3,186,357	\$3,281,948
Travel	\$29,993	\$30,893	\$31,820	\$32,775	\$33,758
Communications	\$218,046	\$224,587	\$231,325	\$238,265	\$245,413
Utilities	\$813,355	\$837,755	\$862,888	\$888,775	\$915,438
Tuition	\$898,957	\$925,926	\$953,704	\$982,315	\$1,011,784
Pupil Transportation	\$24,728	\$25,470	\$26,234	\$27,021	\$27,832
Other	\$148,374	\$152,825	\$157,410	\$162,132	\$166,996
Total Purchased Services Line #3.030	\$5,049,421	\$5,200,903	\$5,356,931	\$5,517,640	\$5,683,169

Summary of Purchased Services – Line #3.030

This area of the budget reflects expenditure or the purchasing of services that cannot be performed by district personnel. This would include legal fees or any other professional fees, utilities, software support, professional meeting expenses, garbage removal and other contracted services. We have anticipated the return of some ESSER expenses to be returned to the general fund so we have projected increases of three (3%) percent annually.

In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio’s electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

ESTIMATED SUPPLIES & MATERIALS (Line # 3.040)

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Supplies	\$995,831	\$1,035,664	\$1,077,091	\$1,120,175	\$1,164,982
Textbooks	\$561,742	\$584,212	\$607,580	\$631,883	\$657,158
Building Maintenance	\$215,715	\$224,344	\$233,318	\$242,651	\$252,357
Transportation	\$296,269	\$308,120	\$320,445	\$333,263	\$346,594
Total Supplies Line #3.040	\$2,069,557	\$2,152,340	\$2,238,434	\$2,327,972	\$2,421,091

Summary of Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. FY22 saw an increase for the Math Curriculum adoption of \$100,000 dollars while FY23 remained the same with the Science Curriculum adoption of the same amount. The district will see

a decrease of \$100,000 dollars in FY24 as we have no Curriculum adoptions that year. We have anticipated the return of some ESSER expenses to be returned to the general fund, so we have projected increases of four (4%) percent annually.

ESTIMATED CAPITAL OUTLAY (Line # 3.050)

Source	FY25	FY26	FY27	FY28	FY29
Capital Outlay	\$37,000	\$37,000	\$37,000	\$37,000	\$37,000
Replacement Bus Purchases	\$0	\$0	\$0	\$0	\$0
Total Equipment Line #3.050	\$37,000	\$37,000	\$37,000	\$37,000	\$37,000

Summary of Capital Outlay – Line #3.050

The district does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Capital Projects Fund.

ESTIMATED OTHER OBJECTS (Line # 4.300)

Source	FY25	FY26	FY27	FY28	FY29
County Auditor & Treasurer Fees	\$166,288	\$181,254	\$197,567	\$215,348	\$234,729
County ESC	\$1,140,736	\$1,243,402	\$1,355,308	\$1,477,286	\$1,610,242
Other Expenses	\$353,355	\$385,157	\$419,821	\$457,605	\$498,789
Total Other Expenses Line #4.300	\$1,660,379	\$1,809,813	\$1,972,696	\$2,150,239	\$2,343,760

Summary of Other Objects – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of approximately 9% is projected in this area for the forecasted period.

ESTIMATED TRANSFERS & ADVANCES (Line # 5.010 & 5.040)

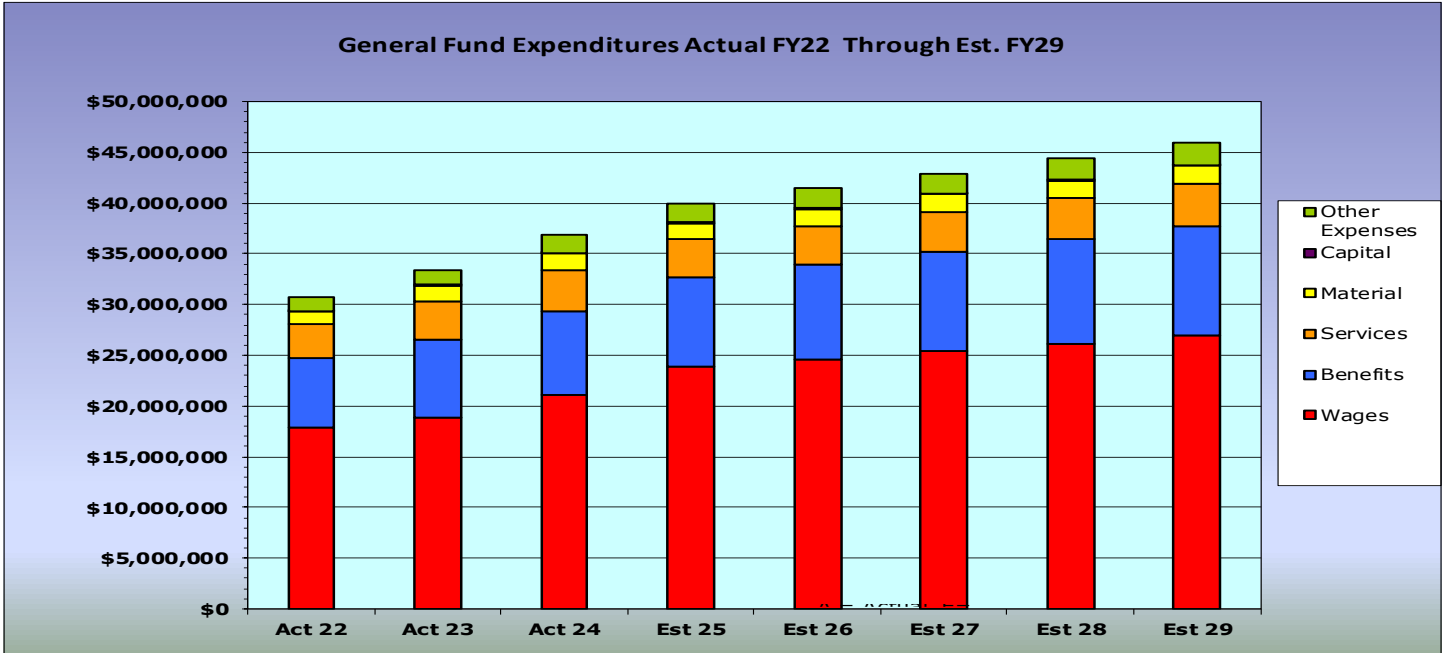
Source	FY25	FY26	FY27	FY28	FY29
Operating Transfers Out Line #5.010	\$1,575,000	\$1,527,750	\$1,481,918	\$1,437,460	\$1,394,336
Advances Out Line #5.020	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total	\$1,675,000	\$1,627,750	\$1,581,918	\$1,537,460	\$1,494,336

Summary of Transfers & Advances – Line # 5.010 & 5.040

This account group covers fund-to-fund transfers 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. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. We are anticipating transfers out to be approximately \$1.575 million in FY25 and a reduction each year after that due to depreciation, due to the Rover Pipeline funding and Board resolution directing those funds to a capital projects fund.

TOTAL EXPENDITURES CATEGORICALS

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



ESTIMATED ENCUMBRANCES (Line # 8.010)

Source	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

Summary of Encumbrances – Line # 8.010

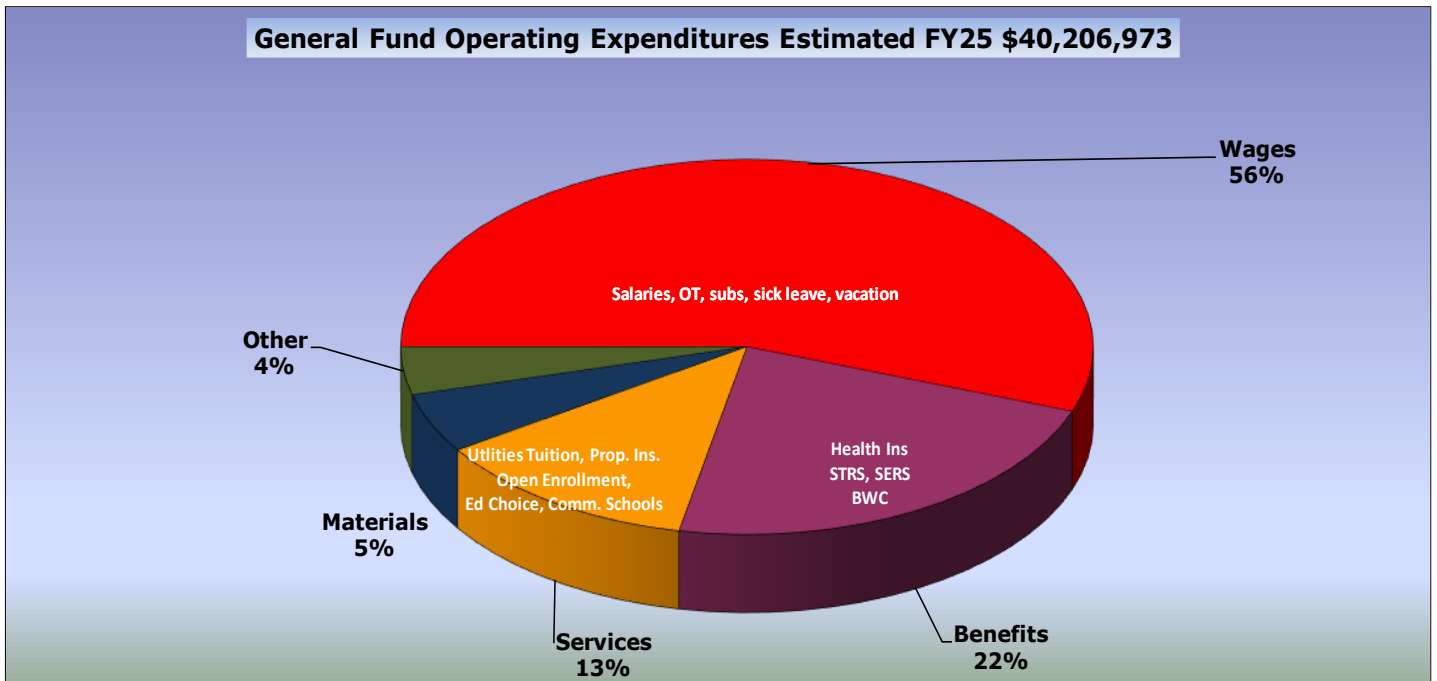
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

ESTIMATED EXPENDITURES (Line # 5.050)

Historically expenditures for the last five (5) years have increased at an average of 3.89%. With the most current information we have at the time of this forecast being prepared, we have projected that our expenses will increase, on average, annually, to almost five (4.84%) percent per year. We will continually monitor our expenses through our monthly financial reports. If the need arises, we will revise our forecast with more current information and projections.

2024-25

Estimated General Fund Expenditures



ESTIMATED ENDING CASH BALANCE (Line # 15.010)

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unencumbered Cash Balance	\$12,999,228	\$8,166,210	\$6,595,992	\$7,086,815	\$7,955,131

Summary of 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 which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless the new alternative 412 certificate can be issued pursuant to HB153 effective after September 30, 2011. It is the District’s Cash Reserve Policy, adopted December 14, 2021 that the District maintain a yearly cash balance equal to One Hundred Five (105) true days operating cash.

ESTIMATED ENDING CASH BALANCE W/O ADDITIONAL FUNDING

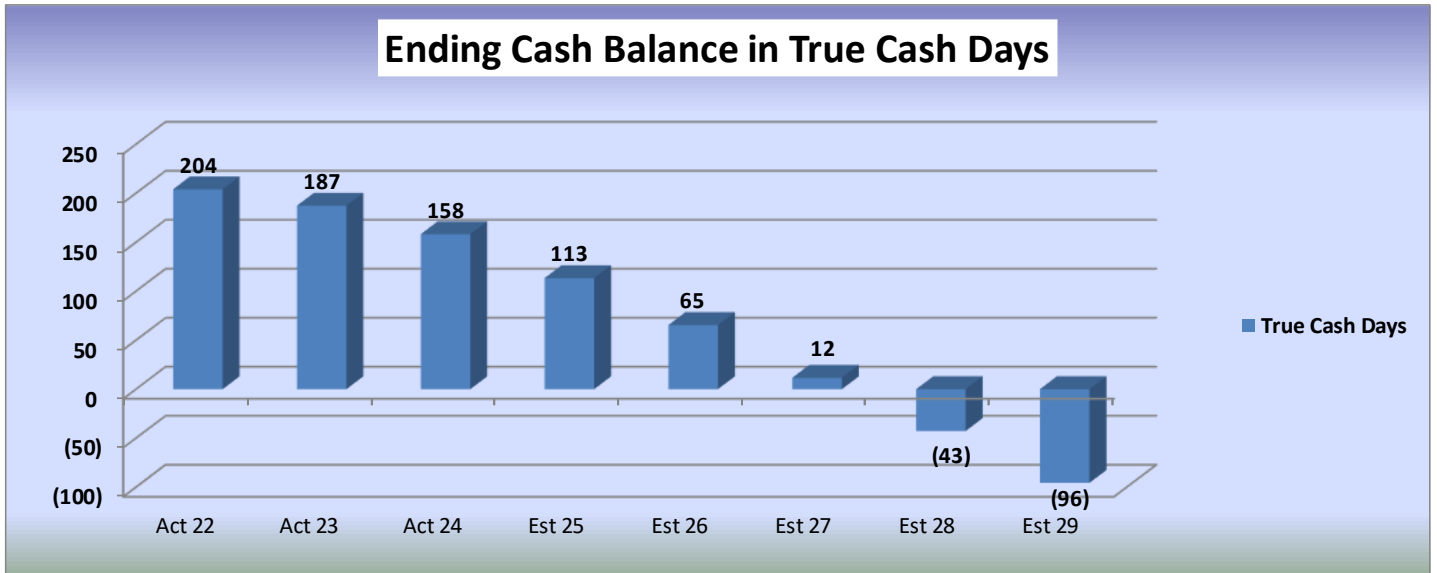
	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Cash Balance w/o Levy	\$12,999,228	\$7,771,880	\$1,430,097	-\$5,439,253	-\$12,612,617

Without additional funding, in the near future, the district will face significant challenges that will affect the Bowling Green City School District for the next decade.

The chart below shows that the district is spending throughout the life of this forecast and depleting financial reserves.

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. To preserve financial effectiveness, the District’s Cash Reserve Policy, adopted December 14, 2021 that the District maintain a yearly cash balance equal to One Hundred Five (105) true days operating cash.



SUMMARY

The Bowling Green Board of Education, administration, staff and students appreciate the continue support of the Bowling Green community. We are constantly working and planning for the future needs of our students and will continue to focus on the well-being of our students and district taxpayers while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.