

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



Forecast Provided By
Northeastern Local School District
Treasurer's Office
Dale R. Miller, CPA, Treasurer/CFO
937-325-7615
November 21, 2024

Northeastern Local School District

Clark County

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

		Actual				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)	\$11,303,121	\$12,096,467	\$12,482,952	5.1%	\$12,356,146	\$12,438,738	\$12,544,538	\$12,564,476	\$12,706,780
1.020	Public Utility Personal Property Tax	1,210,505	1,258,338	1,290,955	3.3%	1,264,398	1,343,324	1,366,394	1,389,464	1,412,534
1.030	Income Tax	5,756,183	6,280,237	5,967,017	2.1%	6,493,244	5,147,854	0	0	0
1.035	Unrestricted State Grants-in-Aid	11,846,184	12,001,181	12,014,214	0.7%	12,098,588	12,107,089	12,113,359	12,119,819	12,124,239
1.040	Restricted State Grants-in-Aid	802,677	901,833	870,406	4.4%	803,868	803,868	803,868	803,868	803,868
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	1,778,463	1,778,334	1,793,849	0.4%	1,783,295	1,808,456	1,827,999	1,829,645	1,849,595
1.060	All Other Revenues	1,487,089	1,978,488	2,714,947	35.1%	2,251,735	2,251,735	2,251,735	2,251,735	2,251,735
1.070	Total Revenues	\$34,184,222	\$36,294,878	\$37,134,340	4.2%	\$37,051,274	\$35,901,064	\$30,907,893	\$30,959,007	\$31,148,751
Other Financing Sources										
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	2,430	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	0	162,397	302,146	0.0%	29,744	100,000	100,000	100,000	100,000
2.060	All Other Financing Sources	79,934	38,093	30,434	-36.2%	30,434	30,434	30,434	30,434	30,434
2.070	Total Other Financing Sources	\$82,364	\$200,490	\$332,580	104.7%	\$60,178	\$130,434	\$130,434	\$130,434	\$130,434
2.080	Total Revenues and Other Financing Sources	\$34,266,586	\$36,495,368	\$37,466,920	4.6%	\$37,111,452	\$36,031,498	\$31,038,327	\$31,089,441	\$31,279,185
Expenditures										
3.010	Personal Services	\$19,143,629	\$19,531,499	\$20,829,055	4.3%	\$22,008,222	\$22,866,690	\$23,686,241	\$24,536,989	\$25,418,873
3.020	Employees' Retirement/Insurance Benefits	8,154,911	8,152,571	9,043,414	5.4%	9,775,088	10,415,086	11,075,186	11,776,679	12,526,747
3.030	Purchased Services	3,557,965	3,308,114	3,687,217	2.2%	3,637,610	3,701,675	3,767,662	3,835,628	3,905,633
3.040	Supplies and Materials	1,237,720	1,597,214	1,889,815	23.7%	1,597,840	1,509,881	1,532,783	1,556,373	1,580,669
3.050	Capital Outlay	282,184	339,112	570,051	44.1%	100,000	100,000	100,000	100,000	100,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:										
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	-	0.0%	0	0	0	0	0
4.300	Other Objects	409,169	445,797	446,986	4.6%	460,395	474,206	488,433	503,086	518,178
4.500	Total Expenditures	\$32,785,578	\$33,374,307	\$36,466,538	5.5%	\$37,579,155	\$39,067,538	\$40,650,305	\$42,308,755	\$44,050,100
Other Financing Uses										
5.010	Operating Transfers-Out	\$0	\$0	\$55,000	0.0%	\$0	\$0	\$0	\$0	\$0
5.020	Advances-Out	162,397	302,146	29,744	-2.1%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	112	0	0	0.0%	0	0	0	0	0
5.040	Total Other Financing Uses	\$162,509	\$302,146	\$84,744	7.0%	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
5.050	Total Expenditures and Other Financing Uses	\$32,948,087	\$33,676,453	\$36,551,282	5.4%	\$37,629,155	\$39,117,538	\$40,700,305	\$42,358,755	\$44,100,100
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses										
6.010		\$1,318,499	\$2,818,915	\$915,638	23.1%	(\$517,703)	(\$3,086,040)	(\$9,661,978)	(\$11,269,314)	(\$12,820,915)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies										
7.010		\$16,645,940	\$17,964,439	\$20,783,354	11.8%	\$21,698,992	\$21,181,289	\$18,095,250	\$8,433,272	(\$2,836,042)
7.020	Cash Balance June 30	\$17,964,439	\$20,783,354	\$21,698,992	10.0%	\$21,181,289	\$18,095,250	\$8,433,272	(\$2,836,042)	(\$15,656,957)
8.010	Estimated Encumbrances June 30	\$758,632	\$946,916	\$777,179	3.4%	\$777,179	\$777,179	\$777,179	\$777,179	\$777,179
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	Subtotal Reservations of fund Balance	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
10.010	Fund Balance June 30 for Certification of Appropriations	\$17,205,807	\$19,836,438	\$20,921,813	10.4%	\$20,404,110	\$17,318,071	\$7,656,093	(\$3,613,221)	(\$16,434,136)

Northeastern Local School District

Clark County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024			Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	0	0	0	0.0%		0	1,540,187	6,888,682	7,095,343	7,308,203
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%		0	0	0	0	0
11.300 Cumulative Balance of Renewal Levies	\$0	\$0	\$0	0.0%		\$0	\$1,540,187	\$8,428,869	\$15,524,212	\$22,832,415
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010	\$17,205,807	\$19,836,438	\$20,921,813	10.4%		\$20,404,110	\$18,858,258	\$16,084,963	\$11,910,991	\$6,398,280
Revenue from New Levies										
13.010 Income Tax - New	0	0	0	0.0%		0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.0%		0	0	0	0	0
13.030 Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%		\$0	\$0	\$0	\$0	\$0
14.010 Revenue from Future State Advancements				0.0%		-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	\$17,205,807	\$19,836,438	\$20,921,813	10.4%		\$20,404,110	\$18,858,258	\$16,084,963	\$11,910,991	\$6,398,280

Northeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
November 21, 2024

Introduction to the Five-Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, enrollment variances, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially change their forecast or, at a minimum when required under the statute.

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

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

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

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

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

Economic Outlook

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

calendar year end 2024 or early in 2025. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over the forecast period.

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

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at \$3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

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 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 (our property taxes and earned income tax) equate to 53.3% of the district's resources. Our property tax collections in the August 2024 settlement were on target with original estimates with collection trends and March 2024 settlement was stronger with the increased assessed values for tax year 2023. We believe there is a low risk that local collections would fall below projections throughout the forecast.

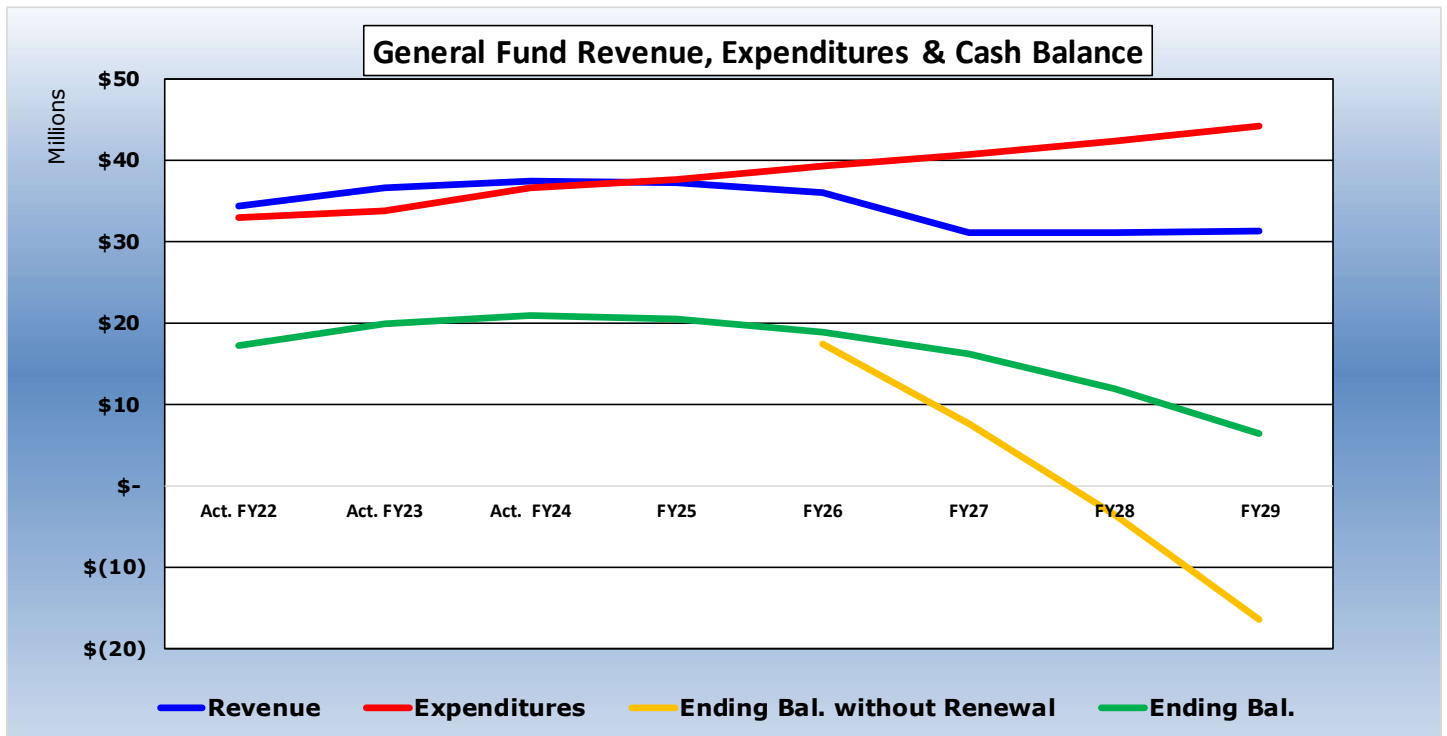
The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Our district is currently just above the 20-mill floor for Class I values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

2. Clark and Champaign Counties experienced a triennial update in the 2022 tax year to be collected in FY23. The 2023 update increased overall assessed values by \$115.6 million or an increase of 21.62%. Overall, values rose \$116.7 million or 20.8%, which includes the update and new construction for all classes of property. A sexennial reappraisal will occur in tax year 2025 for collection in FY26 with a 2% increase in assessed values.

3. State revenues represented 39.9% of district revenues, which means it is a significant area of risk to the district's revenue. The future risk comes in FY25 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on the additional phase-in of HB33 (the Fair School Funding Plan). This forecast reflects state revenue to align with the FY25 funding levels through FY29. We will adjust the forecast in future years as we have data to help guide this 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 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.
5. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
6. The district has a 1% Earned Income Tax that generates \$6.2 million which will expire in 2025. Considering the fact the income tax accounts for 17% of the General Fund revenues the importance of the renewal is apparent for the financial stability of the district. We believe the levy will be renewed, but there is always a chance that it would not be.
7. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

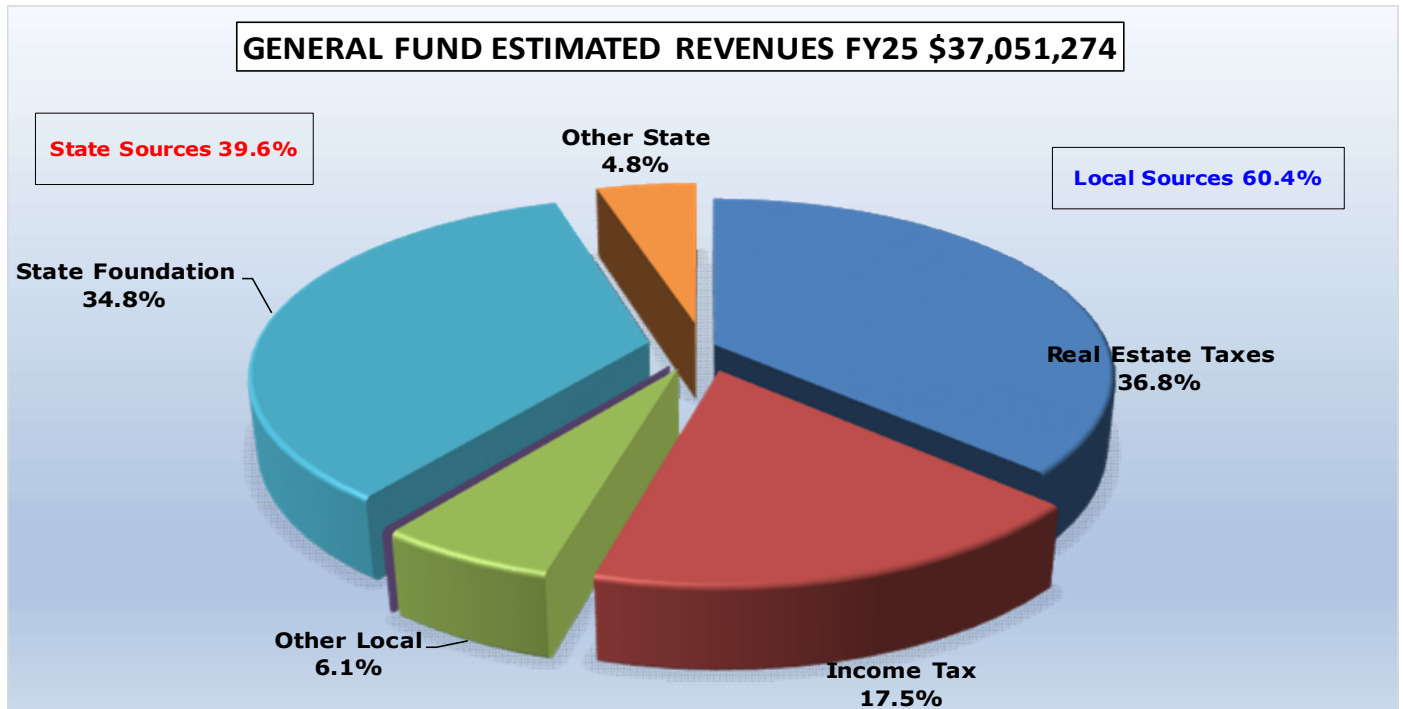
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Mr. Dale R. Miller, Treasurer/CFO of Northeastern Local School District 937-325-7615.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenues FY25:



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Clark & Champaign Counties experienced a triennial update for the 2022 tax year to be collected in FY23. Residential/agricultural values increased 23.25% or \$111.65 million due to the update, led by an improving housing market.

A sexennial reappraisal will occur in 2025 for collection in FY26, for which we are estimating a 2% increase in residential and a 0% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase \$11.95 million or 2%, overall.

Public Utility Personal Property (PUPP) values increased by \$1.1 million in tax year 2022. We expect our values to continue to grow by \$500 thousand each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
	TAX YEAR 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028	COLLECT 2029
Res./Ag.	\$598,173,750	\$610,687,225	\$611,237,225	\$611,787,225	\$624,572,970
Comm./Ind.	69,534,890	69,734,890	69,934,890	70,134,890	70,334,890
Public Utility Personal Property (PUPP)	<u>28,864,080</u>	<u>29,364,080</u>	<u>29,864,080</u>	<u>30,364,080</u>	<u>30,864,080</u>
Total Assessed Value	<u>\$696,572,720</u>	<u>\$709,786,195</u>	<u>\$711,036,195</u>	<u>\$712,286,195</u>	<u>\$725,771,940</u>

Tax Rates

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 46.14 mills while the Class I effective millage rate is 20 mills and the Class II effective millage rate is 28.96 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, our district is on the 20 mill floor for Class I and not for Class II.

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Est. Real Estate Taxes	<u>\$12,356,146</u>	<u>\$12,438,738</u>	<u>\$12,544,538</u>	<u>\$12,564,476</u>	<u>\$12,706,780</u>

Property tax levies are estimated to be collected at 98.3% of the annual amount. This allows a 1.7% delinquency and auditor and treasurer fees. Typically, 55% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 42% is expected to be collected in the August tax settlements.

Renewal and Replacement Property Tax Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts' gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. The phase out of tangible personal property tax (TPP) began in fiscal year 2006 and was completely eliminated after fiscal year 2011 for Northeastern School District.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property	<u>\$1,264,398</u>	<u>\$1,343,324</u>	<u>\$1,366,394</u>	<u>\$1,389,464</u>	<u>\$1,412,534</u>

School District Income Tax –Line #1.030

The district has a 1% earned SDIT for a continuous period of 10 years. The earned SDIT will need renewed by December 2025. The changes in tax amounts are leveling off from the pandemic. We will assume that income from withholdings will continue to increase in future collections. We have included the actual increase of 3% for FY25 and are projecting a 3% increase for FY26-FY29 as the concerns over inflation may slow growth in this area.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
July payment	\$2,027,420	\$2,088,243	\$2,150,890	\$0	\$0
October payment	1,516,488	1,561,983	1,608,842	0	0
January payment	1,454,008	1,497,629	1,542,558	0	0
April payment	<u>1,495,327</u>	<u>0</u>	<u>1,586,393</u>	<u>0</u>	<u>0</u>
Total SDIT Collections	\$6,493,244	\$5,147,854	\$0	\$0	\$0
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total SDIT Line #1.030	<u>\$6,493,244</u>	<u>\$5,147,854</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model Per HB110 Through June 30, 2025

A) Unrestricted State Foundation Revenue– Line #1.035

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

Our district is currently a 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

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 for the opening of four (4) casinos one each 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% 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 which began 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

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$11,409,888	\$11,409,888	\$11,409,888	\$11,409,888	\$11,409,888
Additional Aid Items	<u>489,750</u>	<u>489,750</u>	<u>489,750</u>	<u>489,750</u>	<u>489,750</u>
Basic Aid-Unrestricted Subtotal	11,899,638	11,899,638	11,899,638	11,899,638	11,899,638
Ohio Casino Commission ODT	<u>198,950</u>	<u>207,451</u>	<u>213,721</u>	<u>220,181</u>	<u>224,601</u>
Total Unrestricted State Aid Line #1.035	<u>\$12,098,588</u>	<u>\$12,107,089</u>	<u>\$12,113,359</u>	<u>\$12,119,819</u>	<u>\$12,124,239</u>

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (DPIA)(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 amount of DPIA is limited to a 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive \$118,400 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$60,370	\$60,370	\$60,370	\$60,370	\$60,370
Career Tech - Restricted	54,054	54,054	54,054	54,054	54,054
ESL	7,240	7,240	7,240	7,240	7,240
Gifted	121,798	121,798	121,798	121,798	121,798
Student Wellness	388,119	388,119	388,119	388,119	388,119
Catastrophic Aid	<u>172,287</u>	<u>172,287</u>	<u>172,287</u>	<u>172,287</u>	<u>172,287</u>
Total Restricted State Revenues Line #1.040	<u>\$803,868</u>	<u>\$803,868</u>	<u>\$803,868</u>	<u>\$803,868</u>	<u>\$803,868</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2024 through 2028.

<u>SUMMARY</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line #1.035	\$12,098,588	\$12,107,089	\$12,113,359	\$12,119,819	\$12,124,239
Restricted Line #1.040	803,868	803,868	803,868	803,868	803,868
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$12,902,456</u>	<u>\$12,910,957</u>	<u>\$12,917,227</u>	<u>\$12,923,687</u>	<u>\$12,928,107</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.05

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 changes 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 currently have 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 reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy is not renewed, we would never regain this revenue on any levies in the future.

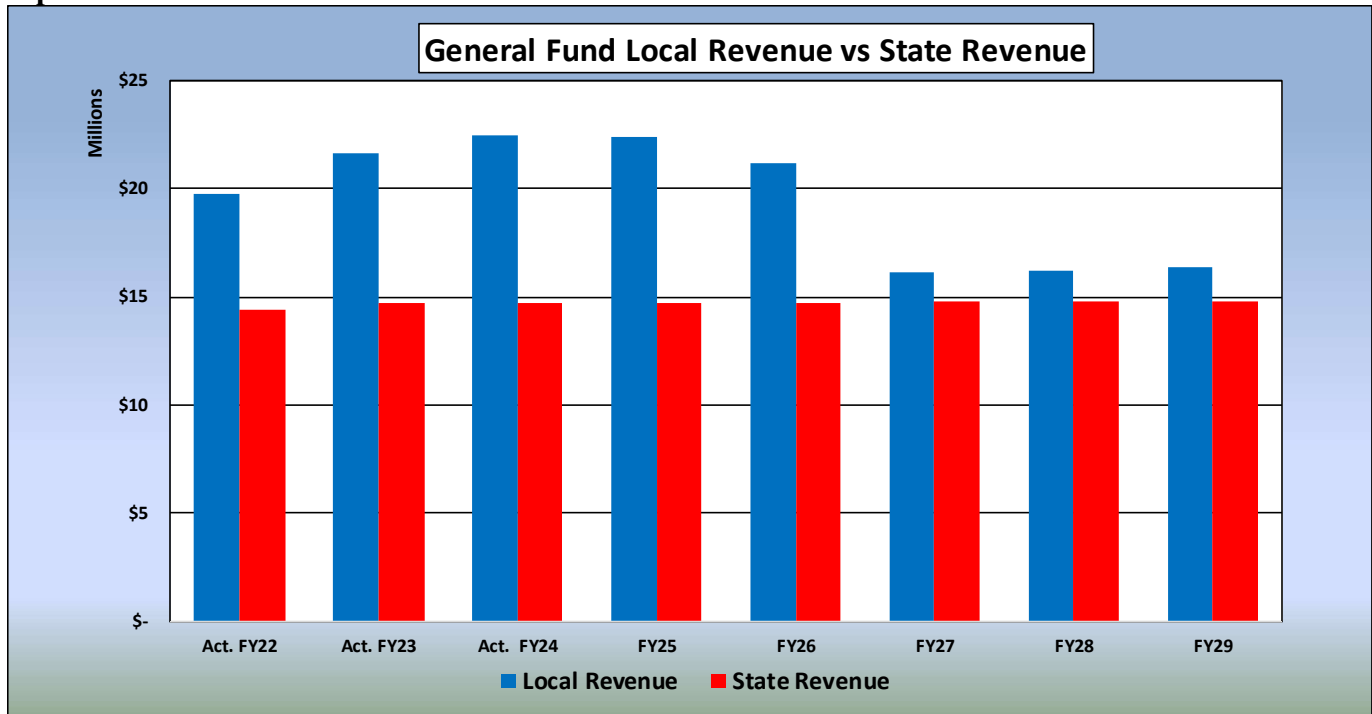
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

The district no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Rollback and Homestead	<u>\$1,783,295</u>	<u>\$1,808,456</u>	<u>\$1,827,999</u>	<u>\$1,829,645</u>	<u>\$1,849,595</u>

Comparison of Local Revenue and State Revenue:



Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student 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 (.05%) 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.

Source	FY25	FY26	FY27	FY28	FY29
Tuition Related Payments	\$895,256	\$895,256	\$895,256	\$895,256	\$895,256
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	288,472	288,472	288,472	288,472	288,472
Interest Earnings	856,718	856,718	856,718	856,718	856,718
Miscellaneous	211,289	211,289	211,289	211,289	211,289
Total Other Local Revenue Line #1.060	<u>\$2,251,735</u>	<u>\$2,251,735</u>	<u>\$2,251,735</u>	<u>\$2,251,735</u>	<u>\$2,251,735</u>

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

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

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

These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the subsequent fiscal year.

<u>Source</u>	<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	<u>29,744</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Transfer & Advances In	<u>\$29,744</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

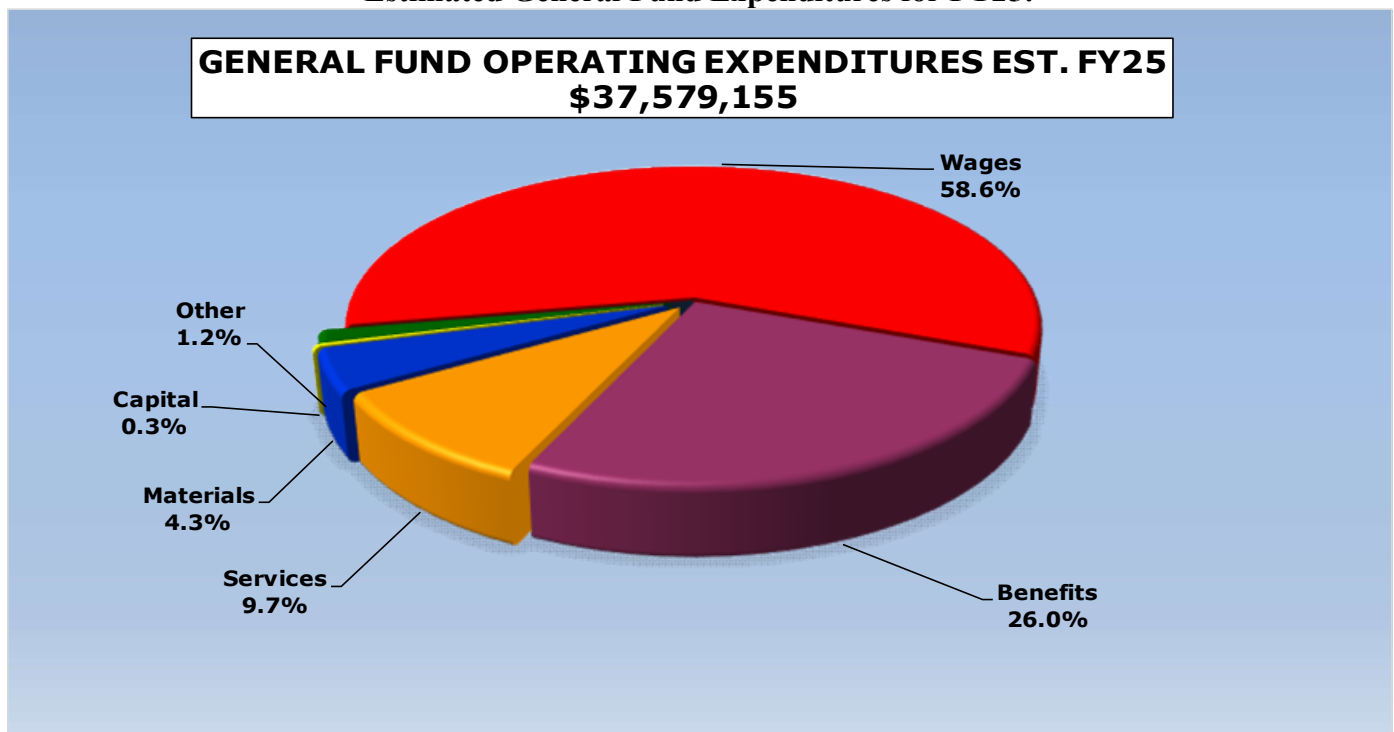
All Other Financial Sources – Line #2.060

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior years expenditures	<u>\$30,434</u>	<u>\$30,434</u>	<u>\$30,434</u>	<u>\$30,434</u>	<u>\$30,434</u>

Expenditures Assumptions

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 General Fund Expenditures for FY25:



Wages – Line #3.010

In August 2022, the Board ratified a contract with the Northeastern Local Education Association (NELEA) effective August 1, 2022. A contract with the Northeastern Local Association of School Employee/OEA-NEA effective September 1, 2022, was ratified in July 2022 by the Board of Education. Negotiations with the NELEA and NELASE began in April of 2022, within the forecast we included wages increase equal to the past contracts' annual percentages. Base wages increased 1.8% for step and training adjustments for fiscal year 2024. The current contract expires in June 2025, we will begin negotiation in the spring of 2025.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$19,899,056	\$21,066,061	\$21,912,124	\$22,719,022	\$23,556,864
Based Pay Increase	397,981	421,321	438,242	454,380	471,137
Steps & Academic Training	348,233	348,233	368,656	383,462	397,583
Growth Staff	420,791	76,509	0	0	0
New Building Staff	0	0	0	0	0
Substitutes	321,924	321,924	321,924	321,924	321,924
Supplementals	<u>620,237</u>	<u>632,642</u>	<u>645,295</u>	<u>658,201</u>	<u>671,365</u>
Total Wages Line #3.010	<u>\$22,008,222</u>	<u>\$22,866,690</u>	<u>\$23,686,241</u>	<u>\$24,536,989</u>	<u>\$25,418,873</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except for health insurance are 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

The increase for medical and dental insurance was 0% for benefit year January 2023-December 2023 since we negotiated modifications to benefits based on usage. The increase includes adjustments for inflation and the cost of actual claims. We are estimating an increase of 8% for CY25-28 which reflects trends on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .5% of wages after fiscal year 2020 due to a moderated claims experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

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.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$3,429,385	\$3,569,993	\$3,699,537	\$3,832,762	\$3,970,887
B) Insurance's	5,910,964	6,402,203	6,914,379	7,467,529	8,064,931
C) Workers Comp/Unemployment	56,617	58,763	60,812	62,938	65,143
D) Medicare	308,122	314,127	330,458	343,450	355,786
Other/Tuition/Annuities	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Total Fringe Benefits Line #3.020	<u>\$9,775,088</u>	<u>\$10,415,086</u>	<u>\$11,075,186</u>	<u>\$11,776,679</u>	<u>\$12,526,747</u>

Purchased Services – Line #3.030

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

amounts from our state foundation funding and shown below as expenses. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. The district has invested more in curriculum in FY25.

We estimate FY25-29 utility costs will begin to increase in FY25 due to inflation. We will monitor the estimates as the district moves into the new buildings which should be more efficient.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Including Ed Scholarship	116,654	116,654	116,654	116,654	116,654
Professional Support	2,135,485	2,199,550	2,265,537	2,333,503	2,403,508
Building Maintenance Repairs	385,500	385,500	385,500	385,500	385,500
Utilities	883,510	883,510	883,510	883,510	883,510
Miscellaneous Purchased Services	<u>116,461</u>	<u>116,461</u>	<u>116,461</u>	<u>116,461</u>	<u>116,461</u>
Total Purchased Services Line #3.030	<u>\$3,637,610</u>	<u>\$3,701,675</u>	<u>\$3,767,662</u>	<u>\$3,835,628</u>	<u>\$3,905,633</u>

Supplies and Materials – Line #3.040

An overall inflation rate of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel for FY 25-29. The district is working on updating the curriculum over the next few years; FY25-29 includes approximately \$300,000 to \$375,000 each fiscal year for an update to the district curriculum. We have a significant investment in FY25 as we will update for the Science of Reading.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$996,469	\$746,469	\$746,469	\$746,469	\$746,469
Textbooks & Instructional Supplies	200,000	350,000	360,500	371,315	382,454
Facility Supplies & Materials	140,000	144,200	148,526	152,982	157,571
Transportation Fuel & Supplies	<u>261,371</u>	<u>269,212</u>	<u>277,288</u>	<u>285,607</u>	<u>294,175</u>
Total Supplies Line #3.040	<u>\$1,597,840</u>	<u>\$1,509,881</u>	<u>\$1,532,783</u>	<u>\$1,556,373</u>	<u>\$1,580,669</u>

Equipment – Line # 3.050

The administration has prepared a five-year capital plan which includes the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. The May 2018 Bond Issue to construct two new Pre-K thru 12 schools will relieve the stress on the General Fund capital budget and allow the District General Fund to maintain financial stability. The expenditures remaining within the equipment object line are related to the ongoing investment annually in updating the bus fleet as necessary.

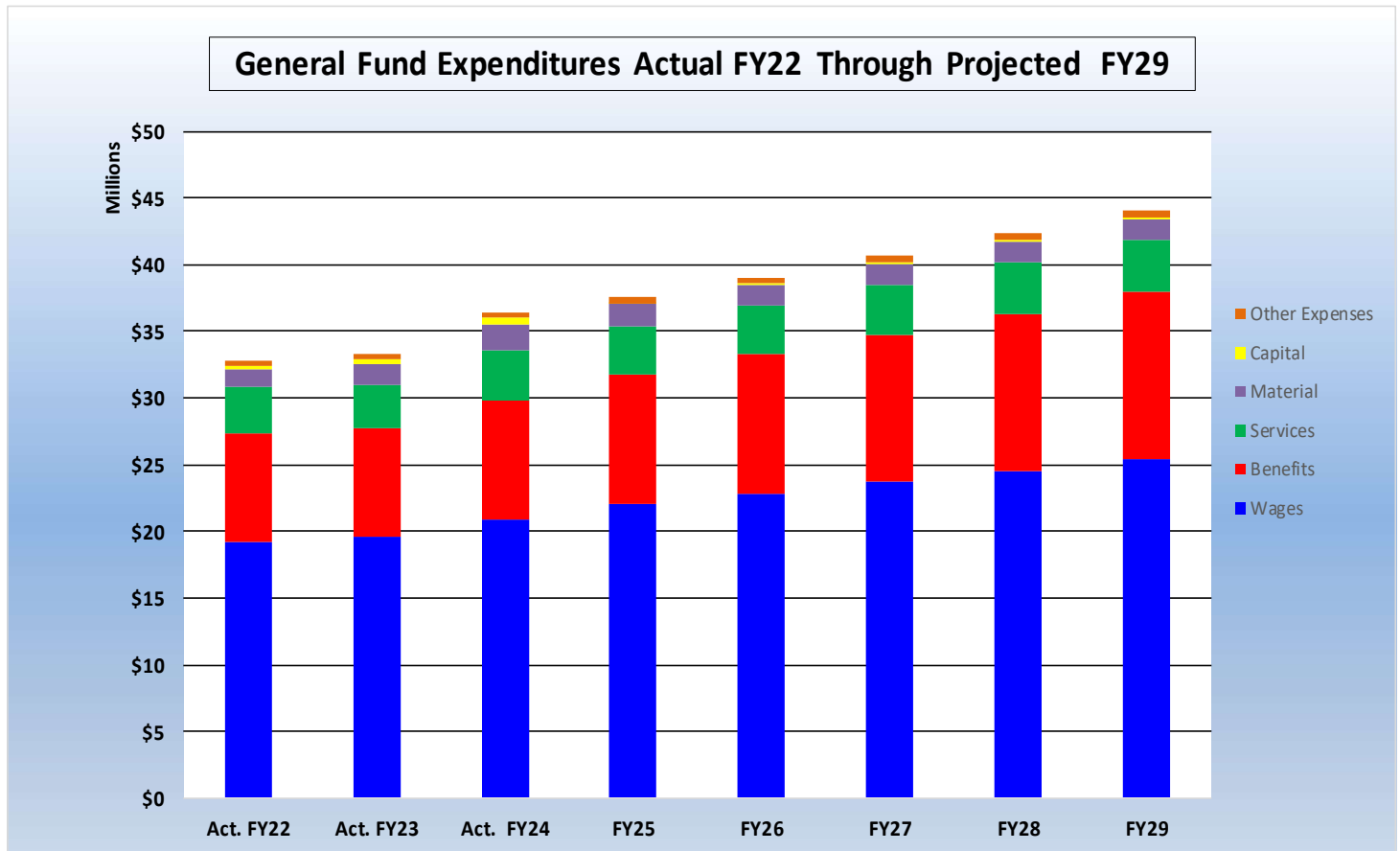
<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Busses & Other Vehicles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increase of 3% for this forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$344,779	\$355,122	\$365,776	\$376,749	\$388,051
Annual Audit Costs & Other Misc Costs	<u>115,616</u>	<u>119,084</u>	<u>122,657</u>	<u>126,337</u>	<u>130,127</u>
Total Other Expenses Line #4.300	<u>\$460,395</u>	<u>\$474,206</u>	<u>\$488,433</u>	<u>\$503,086</u>	<u>\$518,178</u>

Total Expenditure Categories Actual Fiscal Year 2022 Through Fiscal Year 2024 and Estimated Fiscal Year 2025 Through Fiscal Year 2029



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to 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. The transfers are permanent and will not be paid back to the General Fund.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Transfer & Advances Out	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Debt Service:

The District currently has no General Fund Debt issues.

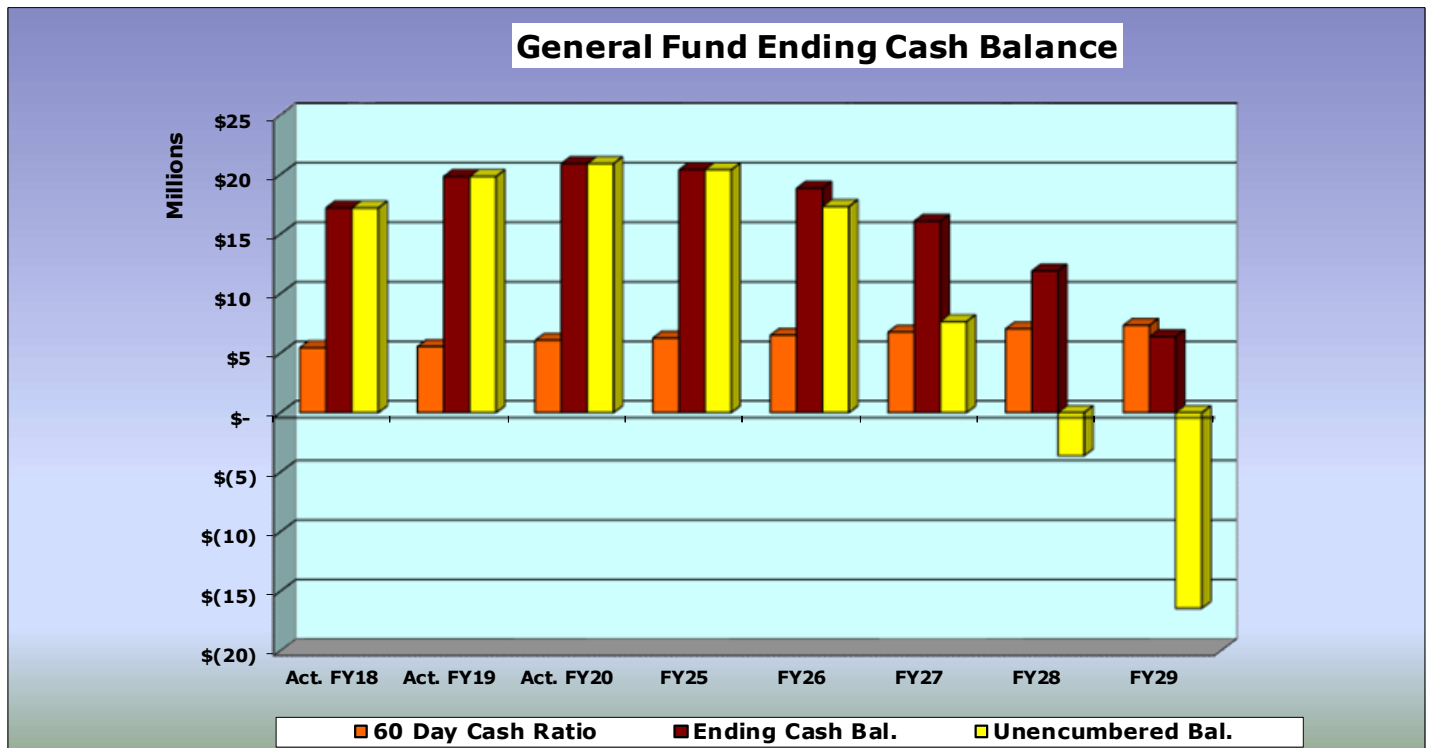
Encumbrances –Line#8.010

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.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line #8.010	<u>\$777,179</u>	<u>\$777,179</u>	<u>\$777,179</u>	<u>\$777,179</u>	<u>\$777,179</u>

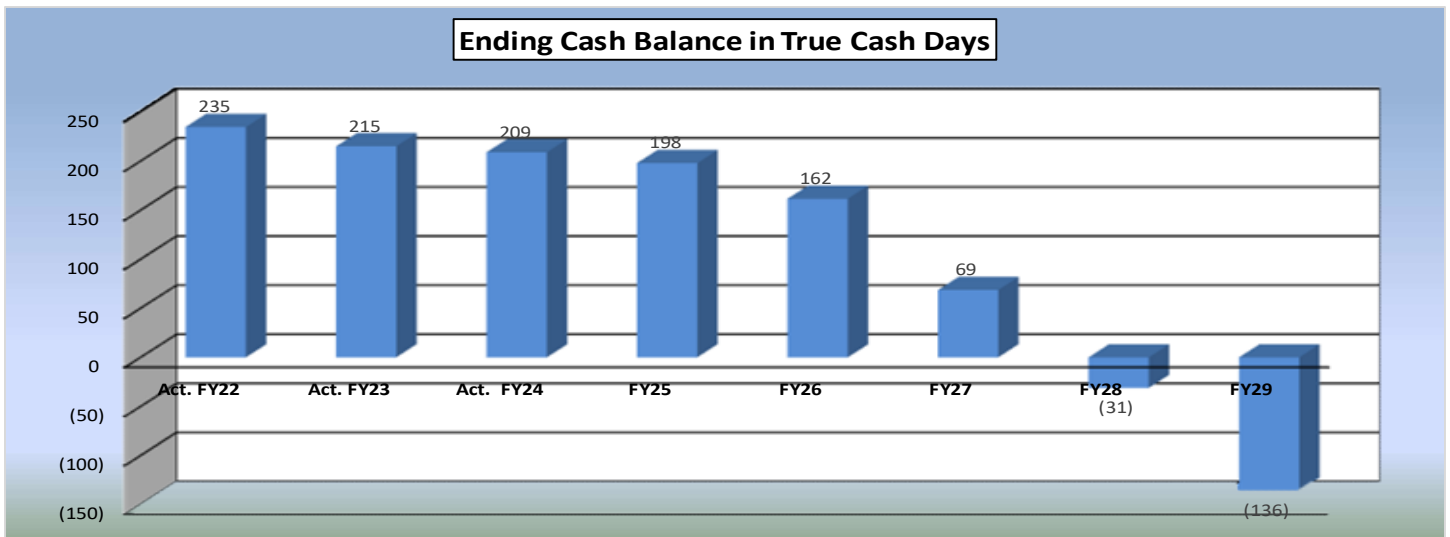
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the 1% Income Tax.



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. This is the Current Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. 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. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. This calculation does not include renewal of the School District Income Tax. Renewing this levy in 2025 will be important to maintain a 60 day or better ending true day cash balance.



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2029, the district forecast has adequate reserves to continue the instructions and programs as provided currently. The true impact to the district from Fair Funding Formula will be carefully monitored and in compliance with ODE funding requirements.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as Fair Funding Formula has not provided new unrestricted operating funds. Two future state biennium budgets could affect us positively or negatively for FY26 through FY29.

- No growth in state funding, in fact the district increases in state funding has moved more to the restricted line. The result is the state will control more of our expenditures. We are also close to a formula district which could see lower state support.
- We can expect limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Earned Income Tax has become the backbone of the district finances (17% of revenues) and will need renewed before December 2025.
- As we move through 2025 the national inflationary concerns will increase some operational contracts, supplies and capital needs.

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