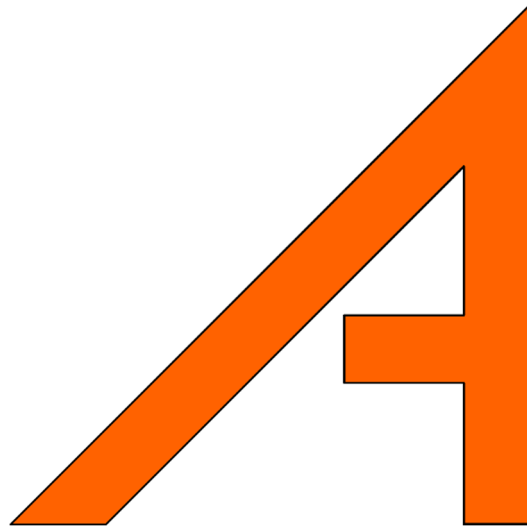


**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2022, 2023, and 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2025, THROUGH JUNE 30, 2029**



**Forecast Provided By
Ashland City School District
Treasurer's Office
Kyle Klingler, Treasurer
November 25, 2024**

Ashland City School District

Ashland 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)	\$14,792,699	\$14,692,085	\$15,453,345	2.3%	\$15,551,465	\$15,511,651	\$15,684,758	\$14,798,039	\$14,128,689
1.020	Public Utility Personal Property Tax	3,970,066	4,216,865	4,417,312	5.5%	4,271,099	4,219,741	4,170,941	3,682,376	3,412,258
1.035	Unrestricted State Grants-in-Aid	12,164,702	12,399,013	13,501,409	5.4%	12,873,962	12,562,715	12,394,936	12,398,207	12,401,527
1.040	Restricted State Grants-in-Aid	942,459	835,578	1,053,643	7.4%	1,199,302	852,722	844,571	844,572	844,572
1.050	State Share of Local Property Taxes	1,771,767	1,761,621	1,754,642	-0.5%	1,780,766	1,784,546	1,798,118	1,780,275	1,749,329
1.060	All Other Revenues	997,367	1,374,858	1,986,005	41.2%	1,645,426	1,545,426	1,515,426	1,485,426	1,455,426
1.070	Total Revenues	\$34,639,060	\$35,280,020	\$38,166,356	5.0%	\$37,322,020	\$36,476,801	\$36,408,750	\$34,988,895	\$33,991,801
Other Financing Sources										
2.040	Operating Transfers-In	\$15,446	\$2,261	\$1,007	-70.4%	\$0	\$0	\$0	\$0	\$0
2.050	Advances-In	0	800,000	1,000,000	0.0%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2.060	All Other Financing Sources	25,044	(585)	1,730	-249.0%	0	0	0	0	0
2.070	Total Other Financing Sources	\$40,490	\$801,676	\$1,002,737	952.5%	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
2.080	Total Revenues and Other Financing Sources	\$34,679,550	\$36,081,696	\$39,169,093	6.3%	\$38,322,020	\$37,476,801	\$37,408,750	\$35,988,895	\$34,991,801
Expenditures										
3.010	Personal Services	\$16,826,530	\$17,545,089	\$18,410,982	4.6%	\$19,772,510	\$19,291,807	\$19,638,274	\$19,908,250	\$20,183,423
3.020	Employees' Retirement/Insurance Benefits	6,749,799	7,361,442	8,701,512	13.6%	9,661,202	9,884,817	10,249,076	10,717,155	11,217,961
3.030	Purchased Services	4,131,060	4,545,407	5,117,138	11.3%	5,330,653	5,566,293	5,733,281	5,905,282	6,082,440
3.040	Supplies and Materials	1,079,115	1,505,418	1,074,869	5.5%	1,334,404	1,401,124	1,471,179	1,544,738	1,621,975
3.050	Capital Outlay	477,481	675,105	25,735	-27.4%	250,000	250,000	250,000	250,000	250,000
Debt Service:										
4.050	Principal-HB 264 Loans	295,000	309,750	300,000	0.9%	0	0	0	0	0
4.060	Interest and Fiscal Charges	23,556	5,250	5,250	-38.9%	0	0	0	0	0
4.300	Other Objects	483,420	494,651	410,602	-7.3%	506,465	521,659	537,309	603,428	571,531
4.500	Total Expenditures	\$30,065,961	\$32,442,112	\$34,046,088	6.4%	\$36,855,234	\$36,915,700	\$37,879,119	\$38,928,853	\$39,927,330
Other Financing Uses										
5.010	Operating Transfers-Out	\$303,329	\$505,024	\$1,253,321	107.3%	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
5.020	Advances-Out	0	800,000	1,000,000	0.0%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	Total Other Financing Uses	\$303,329	\$1,305,024	\$2,253,321	201.4%	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000
5.050	Total Expenditures and Other Financing Uses	\$30,369,290	\$33,747,136	\$36,299,409	9.3%	\$38,005,234	\$38,065,700	\$39,029,119	\$40,078,853	\$41,077,330
6.010	<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>	\$4,310,260	\$2,334,560	\$2,869,684	-11.5%	\$316,786	(\$588,899)	(\$1,620,369)	(\$4,089,958)	(\$6,085,529)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$6,069,389	\$10,379,649	\$12,714,209	46.8%	\$15,583,893	\$15,900,679	\$15,311,780	\$13,691,411	\$9,601,453
7.020	Cash Balance June 30	\$10,379,649	\$12,714,209	\$15,583,893	22.5%	\$15,900,679	\$15,311,780	\$13,691,411	\$9,601,453	\$3,515,924
8.010	Estimated Encumbrances June 30	\$1,797,119	\$1,117,831	\$772,663	-34.3%	\$772,663	\$772,663	\$772,663	\$772,663	\$772,663
Reservation of Fund Balance										
9.080	<i>Subtotal Reservations of fund Balance Fund Balance June 30 for Certification of Appropriations</i>	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
10.010	Appropriations	\$8,582,530	\$11,596,378	\$14,811,230	31.4%	\$15,128,016	\$14,539,117	\$12,918,748	\$8,828,790	\$2,743,261

Ashland City School District

Ashland 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	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
11.020	0	0	0	0.0%	0	0	0	1,432,331	2,367,330	
11.300	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$1,432,331	\$3,799,661	
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010	\$8,582,530	\$11,596,378	\$14,811,230	31.4%	\$15,128,016	\$14,539,117	\$12,918,748	\$10,261,121	\$6,542,922	
Revenue from New Levies										
13.010	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
13.020	0	0	0	0.0%	0	0	0	0	0	0
13.030	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
14.010	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
15.010	\$8,582,530	\$11,596,378	\$14,811,230	31.4%	\$15,128,016	\$14,539,117	\$12,918,748	\$10,261,121	\$6,542,922	

Ashland City School District –Ashland County
Notes to the Five Year Forecast
General Fund Only
November 25, 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 of the school district with any questions you may have. The Treasurer 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 year 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 (0.5%) which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

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

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

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) 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 modest increases in local taxes. Total local revenues, predominately local taxes, equating to 57.5% of the district's resources. Our tax collections in the March 2024 and August 2024 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Ashland and Richland County experienced an update and reappraisal update in the 2023 tax year to be collected in FY24. The 2023 update increased assessed values by \$147.66 million, or 37.38%. Overall values rose \$136.73 million or 24.55%, including reappraisal and new construction for all property classes. A reappraisal update will occur in the tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$43.6 million for an overall increase of 6.28%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

3) 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 taxpayers 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 Rover pipeline (natural gas) came "on-line" in calendar year 2018, payable in 2019. The second line was completed in calendar year 2019, payable in 2020. Rover filed an appeal of the value with the Ohio Department of taxation. It is anticipated that the payment in fiscal year 2023 and beyond will be based on the appeal value, reducing their annual payment by approximately \$1,516,700. The pipeline value is based on the construction of the line and will only gain value if improvements are made. The value will depreciate over 30 years. To be conservative we have assumed the \$30.04M in PUPP value will be removed from our values for future projections. That reduces PUPP tax revenue by \$1.8M per year in the forecast. We have reduced the PUPP values each year by \$800,000 for FY25 through FY29. We are monitoring the Ohio Board of Tax Appeals where this case has been rescheduled from November 10, 2021, to May 9, 2022 and on March 30, 2022 it was continued again for a third time to August 1, 2022. Currently there is legal acrobatics taking place to delay any decision until the Ohio Supreme Court hears the Case 2023-0354 filed by the Lorain County Auditor against the Nexus Pipeline decision reached by the Board of Tax Appeals earlier this year. The Supreme Court began hearings on the Nexus Case - October 24, 2023. No decision on the Nexus Case or Rover Case has been reached as of this forecast date.

4) The state budget represented 42.5% 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 will drop to FY21 minimum levels in FY27 through FY29. We will adjust the forecast in future years as we have data to make an informed decision.

5) 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 are dependent on legislative actions for the FY26 and FY27 state biennium budget. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the October #2 payment published by the Department of Education and Workforce for our forecasted revenues in FY25.

6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid

by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

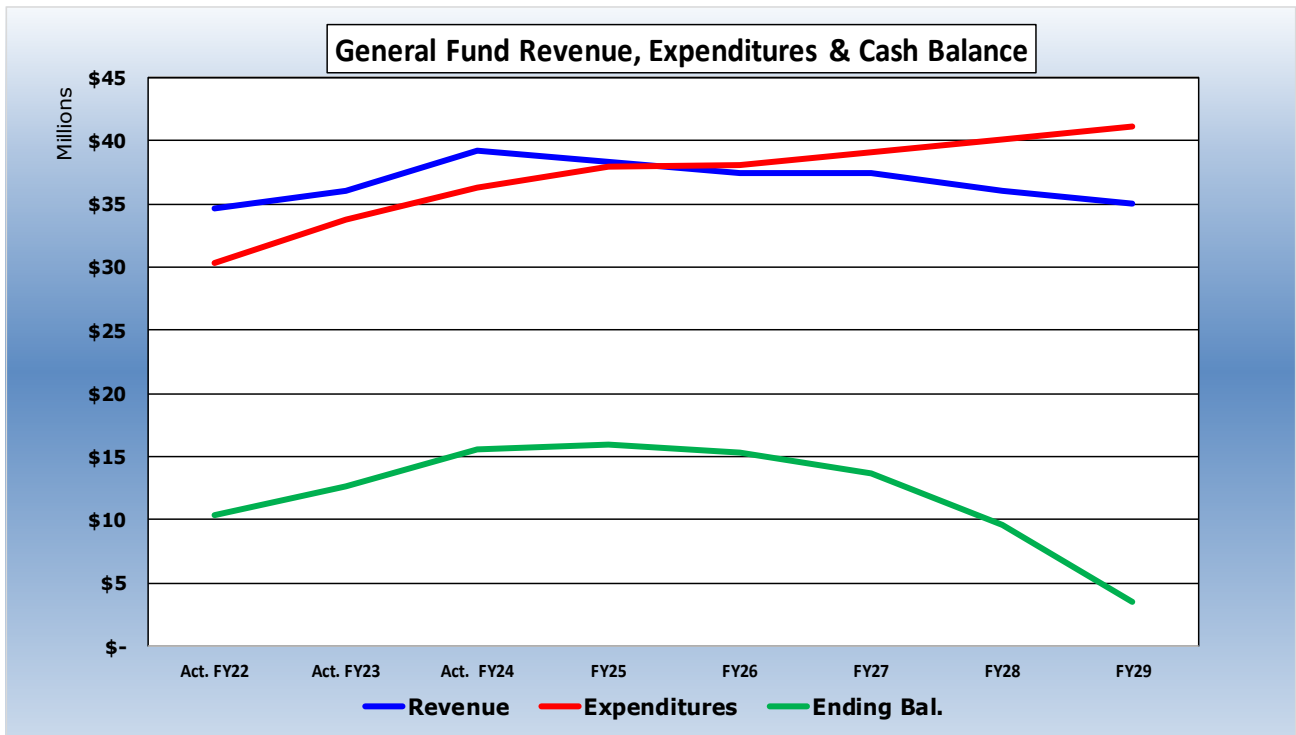
8) The district's 2004 9.9 mill levy is set to expire in 2027. Because the district is so close to the 20 mill floor for Class I, it will not lose this revenue if it does not get renewed by the voters. Due to reduction factor that has occurred since this levy was passes in 2004, we are projected to be collecting 5.57 mills in 2027, but because we will be at 20.71 mills we will only drop by 0.71 mills for Class I whereas Class II and PUPP will see the full drop in millage. We believe the levy will be renewed, but there is always a chance it will not.

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

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should 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 Kyle Klingler, Treasurer at kyklingl@goarrows.org.

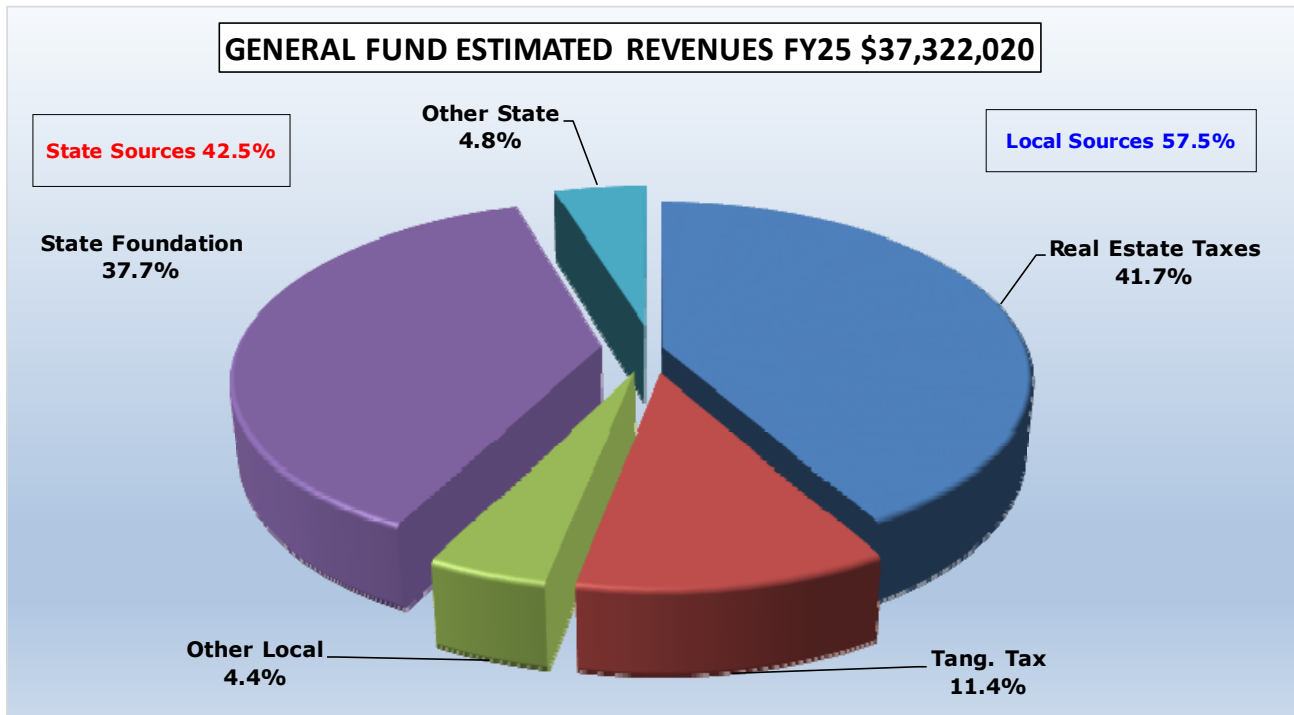
General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY22-24 and Estimated FY25-29

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions

Operating Revenue Sources General Fund FY25



Real Estate Value Assumptions – Line # 1.010

Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Ashland County experienced an update and Richland a reappraisal for the 2023 tax year to be collected in FY24. Due to the reappraisal led by an improving housing market, residential/agricultural values increased 37.38% or \$147.66 million. Overall values rose \$148.36 million or 24.55%, including new construction for all property classes.

A reappraisal update will occur in 2026 for collection in 2027, for which we estimate an 8.0% increase in residential and a 0.0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase by \$43.57 million or 6.28% overall.

Public Utility Personal Property (PUPP) values decreased by \$940,936 in Tax Year 2023. We expect our values to continue to decrease by \$800,000 each year of the forecast due to the Rover Pipeline lawsuit. Due to Rover pipeline disputing the taxable valuation, they are currently paying at a tender rate, or the rate they believe it should be. The current forecast reflects values at the tender rate in an effort not to overinflate assumed collections in 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, the district will see these delinquent payments in future tax collections.

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

<u>Classification</u>	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.	\$545,327,410	\$545,277,410	\$588,849,603	\$588,949,603	\$589,049,603
Comm./Ind.	148,362,320	148,362,320	148,362,320	148,362,320	148,362,320
Public Utility Personal Property (PUPP)	<u>69,704,080</u>	<u>68,904,080</u>	<u>68,104,080</u>	<u>67,304,080</u>	<u>66,504,080</u>
Total Assessed Value	<u>\$763,393,810</u>	<u>\$762,543,810</u>	<u>\$805,316,003</u>	<u>\$804,616,003</u>	<u>\$803,916,003</u>

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 61.0 mills while the Class I effective millage rate is 22.02 mills and the Class II effective millage rate is 35.88 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is very close to the floor for Class I. Any emergency or substitute emergency levy or income tax levy that is voted on is not included in the 20-mill floor, the district does not have any emergency levies at this time.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Est. Real Estate Taxes	\$15,551,465	\$15,511,651	\$15,684,758	\$14,798,039	\$14,128,689
Total Line #1.01 Real Estate Taxes	<u>\$15,551,465</u>	<u>\$15,511,651</u>	<u>\$15,684,758</u>	<u>\$14,798,039</u>	<u>\$14,128,689</u>

Property tax levies are estimated to be collected at 97.26% of the annual amount. This allows 2.74% delinquency factor. In general, 58.00% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 42.00% collected in the August tax settlement. The 2004 9.0 mill levy expires in calendar year 2027 and drops to line #11.02.

Renewal and Replacement Levies – Line #11.02

Tax levies that are not continuous by law cannot be included with the property taxes; therefore, there are no levies that will appear in this line until FY28 when the 2004 9.0 mill levy will need to be renewed. This levy is a current expense levy and is part of the 20 mill floor calculation, because the district is so close to the 20 mill floor, the district will not lose the full amount collected from this levy for Class I values if it is not renewed.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Renewal Levy 2004	\$0	\$0	\$0	\$1,432,331	\$2,367,330
Total Line #11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,432,331</u>	<u>\$2,367,330</u>

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Public Utility tax settlements (PUPP taxes) are estimated to be received 66% in March and 34% in August settlement from the County Auditor and are noted in Line #1.02 totals below. As stated above Rover/pipeline

payments are forecasted at a tender rate, or the value the companies believe it should be. We will continue to monitor and update as more information is provided.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property	\$4,271,099	\$4,219,741	\$4,170,941	\$3,682,376	\$3,412,258
Total PUPP Tax Line #1.020	<u>\$4,271,099</u>	<u>\$4,219,741</u>	<u>\$4,170,941</u>	<u>\$3,682,376</u>	<u>\$3,412,258</u>

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

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035

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

Our district is currently a formula district in FY25 and is expected to continue drop to the guarantee in FY26-FY29 on the new Fair School Funding Plan (FSFP) due to rising income and assessed values in the district.

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 (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 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. We are projecting that we will hit the FY21 ‘floor’ in FY27 through FY29 due to increasing income and property valuations.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We

expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$12,260,314	\$11,954,175	\$11,788,213	\$11,788,213	\$11,788,213
Additional Aid Items	<u>401,997</u>	<u>393,715</u>	<u>388,676</u>	<u>388,676</u>	<u>388,676</u>
Basic Aid-Unrestricted Subtotal	12,662,311	12,347,890	12,176,888	12,176,889	12,176,889
Ohio Casino Commission ODT	<u>211,651</u>	<u>214,825</u>	<u>218,048</u>	<u>221,318</u>	<u>224,638</u>
Total Unrestricted State Aid Line #1.035	<u>\$12,873,962</u>	<u>\$12,562,715</u>	<u>\$12,394,936</u>	<u>\$12,398,207</u>	<u>\$12,401,527</u>

B) Restricted State Revenues – Line #1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 66.67% in FY25. We have dropped funding to FY21 levels for FY27-FY29 due to rising income levels and assessed valuation in the district.

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 \$248,300 from this one-time reimbursement subsidy in FY25 and is required to maintain documentation as to how the funds were spent. Salaries, strs and Medicare has been increased to counterbalance this reimbursement.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$273,199	\$173,103	\$176,507	\$176,507	\$176,507
Career Tech - Restricted	19,354	12,683	8,027	8,027	8,027
Gifted	176,437	171,967	164,685	164,685	164,685
ESL	17,254	20,842	21,227	21,227	21,227
Student Wellness	464,758	474,126	474,126	474,126	474,126
Other Restricted State Funds	<u>248,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1.040	<u>\$1,199,302</u>	<u>\$852,722</u>	<u>\$844,571</u>	<u>\$844,572</u>	<u>\$844,572</u>

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line #1.035	\$12,873,962	\$12,562,715	\$12,394,936	\$12,398,207	\$12,401,527
Restricted Line #1.040	<u>1,199,302</u>	<u>852,722</u>	<u>844,571</u>	<u>844,572</u>	<u>844,572</u>
Total State Foundation Revenue	<u>\$14,073,264</u>	<u>\$13,415,437</u>	<u>\$13,239,507</u>	<u>\$13,242,779</u>	<u>\$13,246,099</u>

State Share of Local Property Tax – Line #1.050

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after

September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Share of Local Property 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>\$1,780,766</u>	<u>\$1,784,546</u>	<u>\$1,798,118</u>	<u>\$1,780,275</u>	<u>\$1,749,329</u>
Total Tax Reimbursements #1.050	<u>\$1,780,766</u>	<u>\$1,784,546</u>	<u>\$1,798,118</u>	<u>\$1,780,275</u>	<u>\$1,749,329</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, catastrophic aide and general rental fees. HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY25-FY29 Line 1.06 revenues and historical FY22 through FY24 revenues on the five-year forecast

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. All other revenues are expected to continue on historical trends.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Related Payments	\$318,844	\$318,844	\$318,844	\$318,844	\$318,844
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	93,443	93,443	93,443	93,443	93,443
Interest Earnings	671,000	571,000	541,000	511,000	481,000
Medicaid	325,000	325,000	325,000	325,000	325,000
Miscellaneous	<u>237,139</u>	<u>237,139</u>	<u>237,139</u>	<u>237,139</u>	<u>237,139</u>
Total Other Local Revenue Line #1.060	<u>\$1,645,426</u>	<u>\$1,545,426</u>	<u>\$1,515,426</u>	<u>\$1,485,426</u>	<u>\$1,455,426</u>

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

There is no short term borrowing projected in this forecast.

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 previous fiscal year in the current fiscal year. Return of advances are currently projected to cover balances in the Employee Benefits Self-Insurance Fund during the 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>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Transfer & Advances In	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>

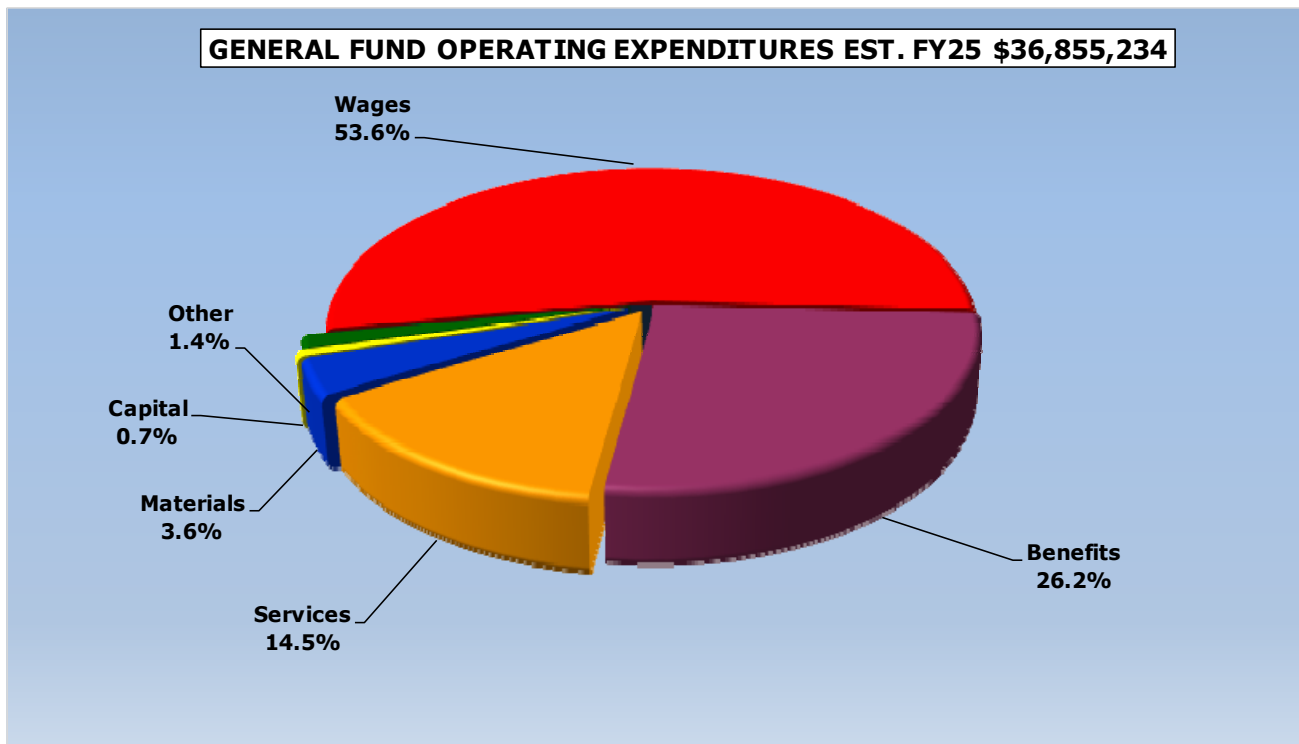
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

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 main focus for resource utilization.

All Operating Expense Categories - General Fund FY25



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement with OAPSE members to include base increases of 0.20 dollars per Classification January 1, 2023 and then a 0.50 dollar increase on July 1, 2023 and July 1, 2024. Certified employees received a 1.5% increase starting July 1, 2023 and a 2.0% increase starting July 1, 2024. Step increases are calculated to increase wages 1.5% each year. For planning purposes, a 0.0% base increase is planned FY26 through FY28. Other adjustments were made to wages for growth of staff and staffing reductions, along with ESSER adjustments and Science of Reading stipends.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$17,137,542	\$18,264,077	\$17,998,427	\$18,344,894	\$18,614,870
Based Pay Increase	383,196	135,154	128,509	0	0
Steps & Academic Training	257,063	257,063	273,961	269,976	275,173
Growth Staff	226,727	23,255	0	0	0
Substitutes	276,420	276,420	276,420	276,420	276,420
Supplementals	1,016,960	1,016,960	1,016,960	1,016,960	1,016,960
Science of Reading	215,053	0	0	0	0
SWSF & ESSER Adjustments	473,500	(360,500)	0	0	0
Other Adjustments/Reductions	(213,951)	(320,622)	(56,003)	0	0
Total Wages Line #3.010	<u>\$19,772,510</u>	<u>\$19,291,807</u>	<u>\$19,638,274</u>	<u>\$19,908,250</u>	<u>\$20,183,423</u>

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs.

A) STRS/SERS will increase as Wages Increase

As required by law, the BOE pays 14% of all employee wages to STRS or SERS. The BOE also pick up 5% of Teachers STRS contributions.

B) Insurance

The district is on a self-insured medical insurance plan. The School District is self-insured for health benefits and through 2021 has not had increase in premiums since 2016. Claims and expenses in the Employee Benefits Self Insurance fund increase by 26% from 2021 to 2022, and premiums were increased 20% as a result for 2023 and rose 28.5% in FY24. We are estimating an increase of 12.5% for FY25 and 7% for the remainder of the forecast which reflects trend on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.44% of wages FY25 through FY29. Unemployment is expected to remain at a very low level FY25-FY29.

D) Medicare

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

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	\$3,997,732	\$4,024,226	\$4,017,089	\$4,071,298	\$4,128,720
B) Insurance's	5,306,886	5,493,235	5,862,080	6,272,426	6,711,496
C) Workers Comp/Unemployment	86,321	85,152	86,676	87,864	89,075
D) Medicare	270,263	282,204	283,231	285,567	288,670
Total Fringe Benefits Line #3.020	<u>\$9,661,202</u>	<u>\$9,884,817</u>	<u>\$10,249,076</u>	<u>\$10,717,155</u>	<u>\$11,217,961</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 students to be educated elsewhere, as opposed to deducting these amounts

from our state foundation funding. 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. Overall, FY24 has a 4 percent inflationary increase with a \$170,000 reduction for TCCSA techs and FY25 we will recode some TCCSA techs back to the General fund from ESSER funds. The remaining years have a 3 percent inflationary adjustment. 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.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional & Technical Services, ESC	\$3,242,049	\$3,339,310	\$3,439,489	\$3,542,674	\$3,648,954
Maintenance, Insurance & Garbage Removal	580,595	598,013	615,953	634,432	653,465
Professional Development	49,883	51,379	52,920	54,508	56,143
Communications, Postage, & Telephone	75,080	77,332	79,652	82,042	84,503
Utilities	445,418	534,502	550,537	567,053	584,065
Contracted Trades & Services	8,064	8,306	8,555	8,812	9,076
Tuition, Excess Costs & Scholarship Costs	709,019	730,290	752,199	774,765	798,008
College Credit Plus	160,545	165,361	170,322	175,432	180,695
Other Adjustments SWSF, ESSER, Etc.	60,000	61,800	63,654	65,564	67,531
Total Purchased Services Line #3.030	<u>\$5,330,653</u>	<u>\$5,566,293</u>	<u>\$5,733,281</u>	<u>\$5,905,282</u>	<u>\$6,082,440</u>

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. We have estimated a 5% inflationary increase for all years of the forecast in the supplies and materials category.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$539,126	\$566,082	\$594,386	\$624,105	\$655,310
Textbooks & Instructional Supplies	396,237	416,049	436,851	458,694	481,629
Facility Supplies & Materials	158,788	166,727	175,063	183,816	193,007
Transportation Fuel & Supplies	240,253	252,266	264,879	278,123	292,029
Other adjustments SWSF, ESSER, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Supplies Line #3.040	<u>\$1,334,404</u>	<u>\$1,401,124</u>	<u>\$1,471,179</u>	<u>\$1,544,738</u>	<u>\$1,621,975</u>

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. For FY24 we have budgeted \$100,000 for equipment and \$450,000 for the remaining years of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>
Total Equipment Line #3.050	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>

Principal and Interest Payment – Lines #4.05 and #4.06

In FY13, the School District issued \$3,045,000 in general obligation bonds to finance a HB264 energy conservation project. The bonds were issued for a ten year period with a final maturity at November 1, 2023. Principal and interest payments on the bond are reflected in this line item. These bonds were paid off in FY24.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. These costs are projected to remain stable over the five year forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$327,772	\$337,605	\$347,733	\$408,165	\$370,410
Annual Audit Costs	28,693	29,554	30,441	31,354	32,295
Dues, Fees & other Expenses	<u>150,000</u>	<u>154,500</u>	<u>159,135</u>	<u>163,909</u>	<u>168,826</u>
Total Other Expenses Line #4.300	<u>\$506,465</u>	<u>\$521,659</u>	<u>\$537,309</u>	<u>\$603,428</u>	<u>\$571,531</u>

Transfers Out/Advances Out – Lines #5.010 and #5.020

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. In prior years, transfers were made to pay for large construction project out of the capital improvements fund. Future transfers are currently forecasted to cover expenses in the Termination Benefits Fund. Advances are currently projected to cover balances in the Employee Benefits Self-Insurance 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	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Advances Out Line #5.020	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Transfer & Advances Out	<u>\$1,150,000</u>	<u>\$1,150,000</u>	<u>\$1,150,000</u>	<u>\$1,150,000</u>	<u>\$1,150,000</u>

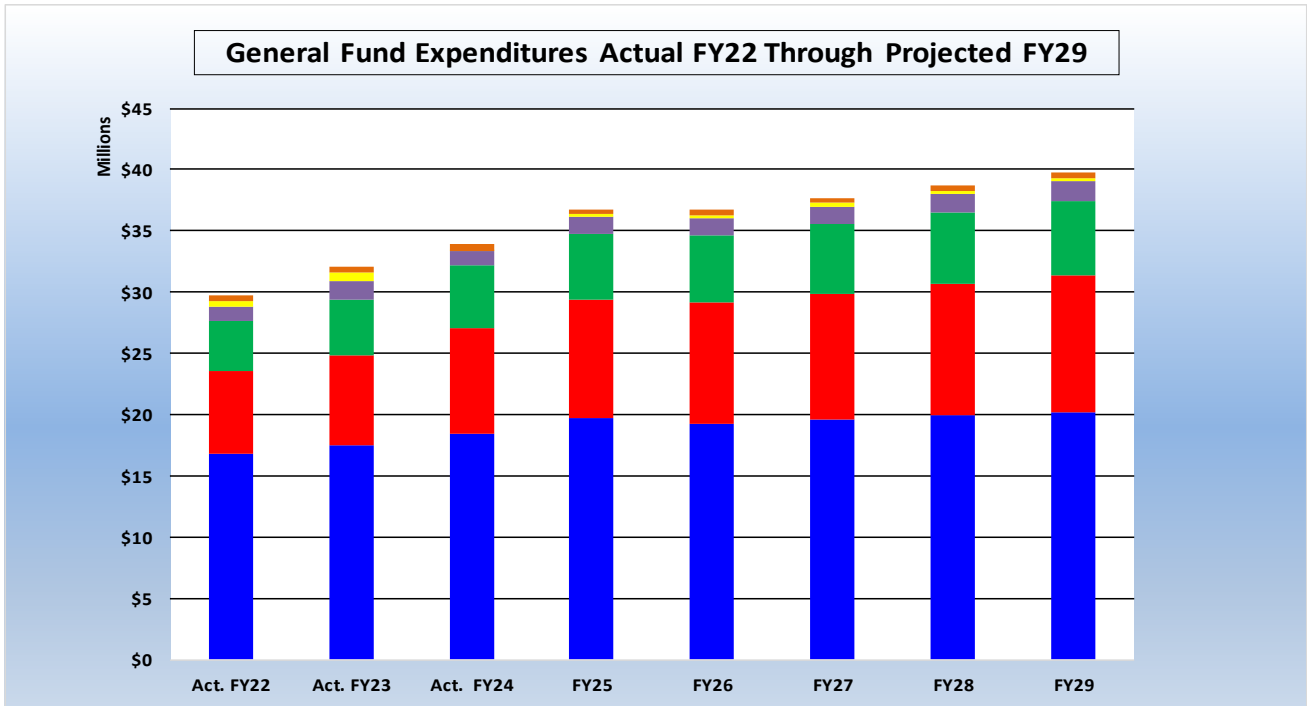
Encumbrances –Line#8.010

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

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line #8.010	<u>\$772,663</u>	<u>\$772,663</u>	<u>\$772,663</u>	<u>\$772,663</u>	<u>\$772,663</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As the graph on the following page indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.

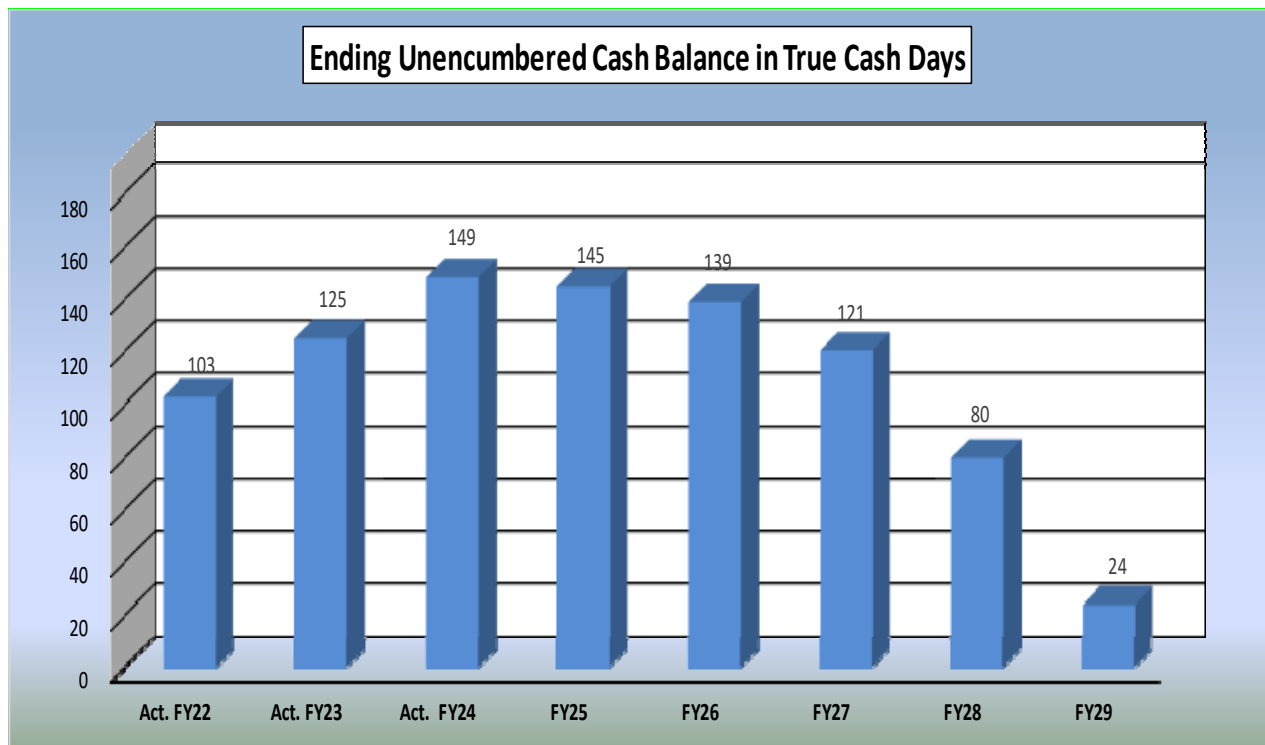


Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

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. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$3.1 million for our district.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$15,128,016</u>	<u>\$14,539,117</u>	<u>\$12,918,748</u>	<u>\$10,261,121</u>	<u>\$6,542,922</u>

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 Years Ending Cash Balance divided by $(\text{Current Years Expenditures}/365 \text{ days}) = \text{number of days the district could operate without additional resources or a severe resource interruption}$. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves.

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