

**SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN 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
Sheffield-Sheffield Lake City School District
Treasurer's Office
Adam Hines, Treasurer/CFO
November 14, 2024**

**Sheffield-Sheffield Lake City School District
Lorain 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)	\$14,034,818	\$13,520,823	\$14,257,489	0.9%	\$14,394,644	\$15,115,244	\$15,201,927	\$15,433,023	\$15,640,559	
1.020 Public Utility Personal Property Tax	\$0	\$0	\$0	0.0%	\$765,668	\$786,600	\$823,589	\$857,126	\$890,903	
1.030 Income Tax	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
1.035 Unrestricted State Grants-in-Aid	\$4,869,214	\$4,877,843	\$4,919,243	0.5%	\$4,939,091	\$4,938,548	\$4,938,008	\$4,937,471	\$4,936,937	
1.040 Restricted State Grants-in-Aid	\$518,744	\$703,129	\$673,282	15.6%	\$733,691	\$586,001	\$586,001	\$586,001	\$586,001	
1.045 Restricted Federal Grants-in-Aid	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
1.050 Property Tax Allocation	\$1,243,095	\$1,274,080	\$1,290,626	1.9%	\$1,373,197	\$1,454,910	\$1,465,618	\$1,498,278	\$1,530,424	
1.060 All Other Revenues	\$1,154,446	\$1,040,504	\$892,131	-12.1%	\$1,161,588	\$1,161,588	\$1,161,588	\$1,161,588	\$1,161,588	
1.070 <i>Total Revenues</i>	\$21,820,317	\$21,416,379	\$22,032,771	0.5%	\$23,367,879	\$24,042,891	\$24,176,731	\$24,473,487	\$24,746,412	
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	\$0	\$0	\$485,688	0.0%	\$0	\$0	\$0	\$0	\$0	
2.050 Advances-In	\$0	\$0	\$0	0.0%	\$56,400	\$0	\$0	\$0	\$0	
2.060 All Other Financing Sources	\$21,722	\$7,426	\$1,775	-71.0%	\$1,775	\$1,775	\$1,775	\$1,775	\$1,775	
2.070 <i>Total Other Financing Sources</i>	\$21,722	\$7,426	\$487,463	3199.2%	\$58,175	\$1,775	\$1,775	\$1,775	\$1,775	
2.080 <i>Total Revenues and Other Financing Sources</i>	\$21,842,039	\$21,423,805	\$22,520,234	1.6%	\$23,426,054	\$24,044,666	\$24,178,506	\$24,475,262	\$24,748,187	
Expenditures										
3.010 Personal Services	\$12,414,864	\$13,064,466	\$13,725,604	5.1%	\$13,671,663	\$14,322,388	\$14,865,783	\$15,434,566	\$16,025,547	
3.020 Employees' Retirement/Insurance Benefits	\$4,919,957	\$5,215,228	\$5,666,127	7.3%	\$6,088,067	\$6,127,872	\$6,502,857	\$6,917,839	\$7,362,096	
3.030 Purchased Services	\$2,959,446	\$2,915,413	\$3,614,060	11.2%	\$3,716,608	\$3,819,659	\$3,825,928	\$3,892,757	\$3,961,631	
3.040 Supplies and Materials	\$479,222	\$402,510	\$600,159	16.5%	\$560,561	\$566,071	\$571,691	\$577,423	\$583,270	
3.050 Capital Outlay	\$45,469	\$55,191	\$26,480	-15.3%	\$26,480	\$26,480	\$26,480	\$26,480	\$26,480	
3.060 Intergovernmental	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
Debt Service:				0.0%						
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	\$0	
4.300 Other Objects	\$430,380	\$402,283	\$453,595	3.1%	\$472,667	\$482,120	\$491,763	\$501,598	\$511,630	
4.500 <i>Total Expenditures</i>	\$21,249,338	\$22,055,091	\$24,086,025	6.5%	\$24,536,046	\$25,344,590	\$26,284,502	\$27,350,663	\$28,470,654	
Other Financing Uses										
5.010 Operating Transfers-Out	\$9,892	\$45,000	\$547,688	736.0%	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
5.020 Advances-Out	\$0	\$0	\$56,400	0.0%	\$0	\$0	\$0	\$0	\$0	
5.030 All Other Financing Uses	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 <i>Total Other Financing Uses</i>	\$9,892	\$45,000	\$604,088	798.7%	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
5.050 <i>Total Expenditures and Other Financing Uses</i>	\$21,259,230	\$22,100,091	\$24,690,113	7.8%	\$24,596,046	\$25,404,590	\$26,344,502	\$27,410,663	\$28,530,654	
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>	\$582,809	(\$676,286)	(\$2,169,879)	2.4%	(\$1,169,991)	(\$1,359,924)	(\$2,165,996)	(\$2,935,401)	(\$3,782,467)	
7.010 <i>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</i>	\$7,423,730	\$8,006,539	\$7,330,253	-0.3%	\$5,160,374	\$3,990,383	\$2,630,459	\$464,463	(\$2,470,938)	
7.020 <i>Cash Balance June 30</i>	\$8,006,539	\$7,330,253	\$5,160,374	-19.0%	\$3,990,383	\$2,630,459	\$464,463	(\$2,470,938)	(\$6,253,405)	
8.010 <i>Estimated Encumbrances June 30</i>	\$177,013	\$640,979	\$785,018	142.3%	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	

**Sheffield-Sheffield Lake City School District
Lorain 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
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 <i>Subtotal Reservations of fund Balance</i>	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
<i>Fund Balance June 30 for Certification of</i>										
10.010 <i>Appropriations</i>	\$7,829,526	\$6,689,274	\$4,375,356	-24.6%	\$3,590,383	\$2,230,459	\$64,463	(\$2,870,938)	(\$6,653,405)	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
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	\$0	\$0	\$0	\$0	
<i>Fund Balance June 30 for Certification of</i>										
12.010 <i>Contracts, Salary Schedules and Other Obligations</i>	\$7,829,526	\$6,689,274	\$4,375,356	-24.6%	\$3,590,383	\$2,230,459	\$64,463	(\$2,870,938)	(\$6,653,405)	
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%	\$0	\$0	\$0	\$0	\$0	
15.010 <i>Unreserved Fund Balance June 30</i>	\$7,829,526	\$6,689,274	\$4,375,356	-24.6%	\$3,590,383	\$2,230,459	\$64,463	(\$2,870,938)	(\$6,653,405)	

Sheffield-Sheffield Lake City School District
Notes to the Five Year Forecast
General Fund Only
November 14, 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 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 (.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 uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 69.85% of the district's resources. Our tax collections in the March 2024 and August 2024 settlements showed normal collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Lorain County experienced a reappraisal update in the 2022 tax year to be collected in 2023. The 2022 update increased overall assessed values by \$43 million or an increase of 12.32%. A reappraisal will occur in tax year 2024 for collection in 2025. We anticipate value increases for Class I and II property by \$82.56 million for an overall increase of 20.48%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

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 tax growth to no more than 5% in a year. 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.

4) The state budget represents 30.15% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. There are two future State Biennium Budgets covering the period from FY26-27 and FY27-28 in this forecast. Future uncertainty in both 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 to be in line with the FY25 funding levels through FY29 which we feel is conservative and should be close to whatever the state approves for the FY26-FY29 biennium budgets. We will adjust the forecast in future years as we have data to help guide this 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 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 payment provided by the Department of Education and Workforce for our forecasted revenues in FY25.

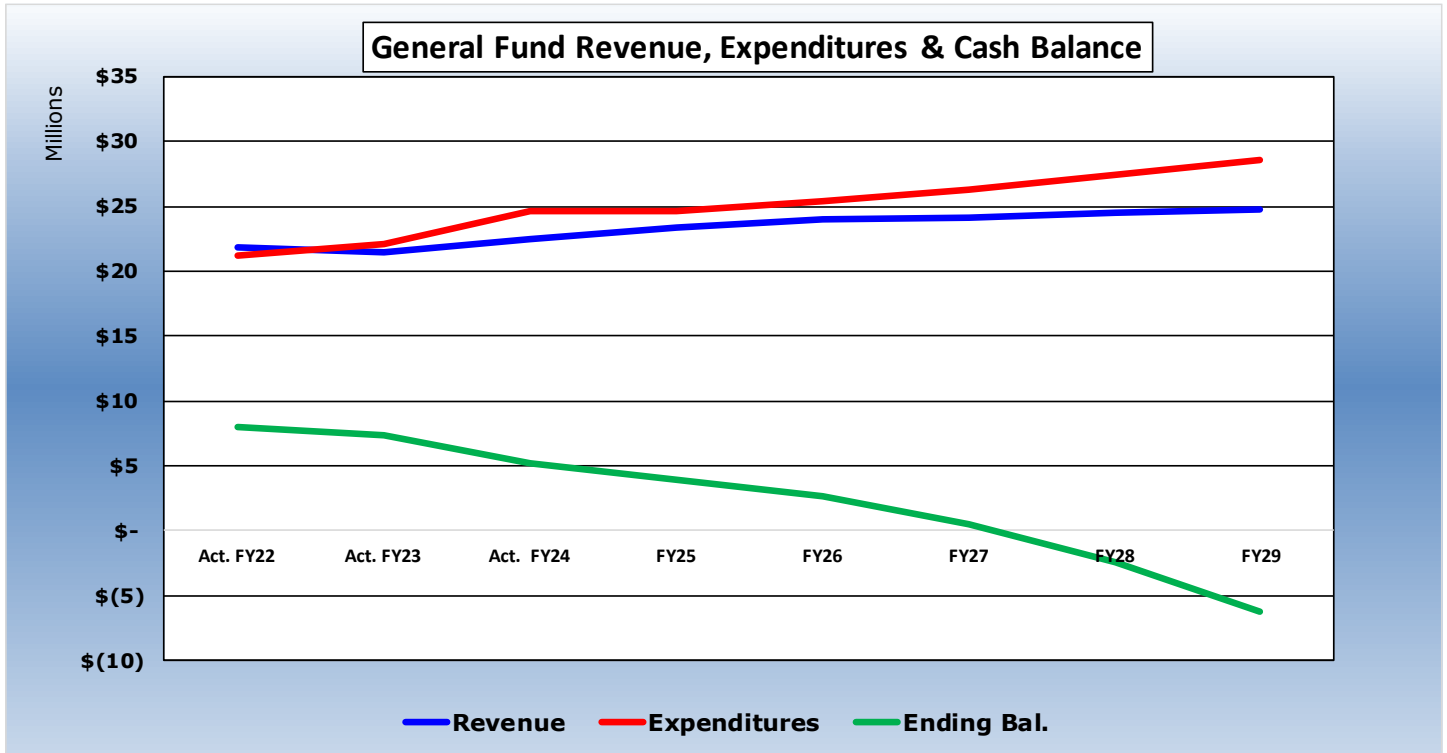
6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue 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.

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.

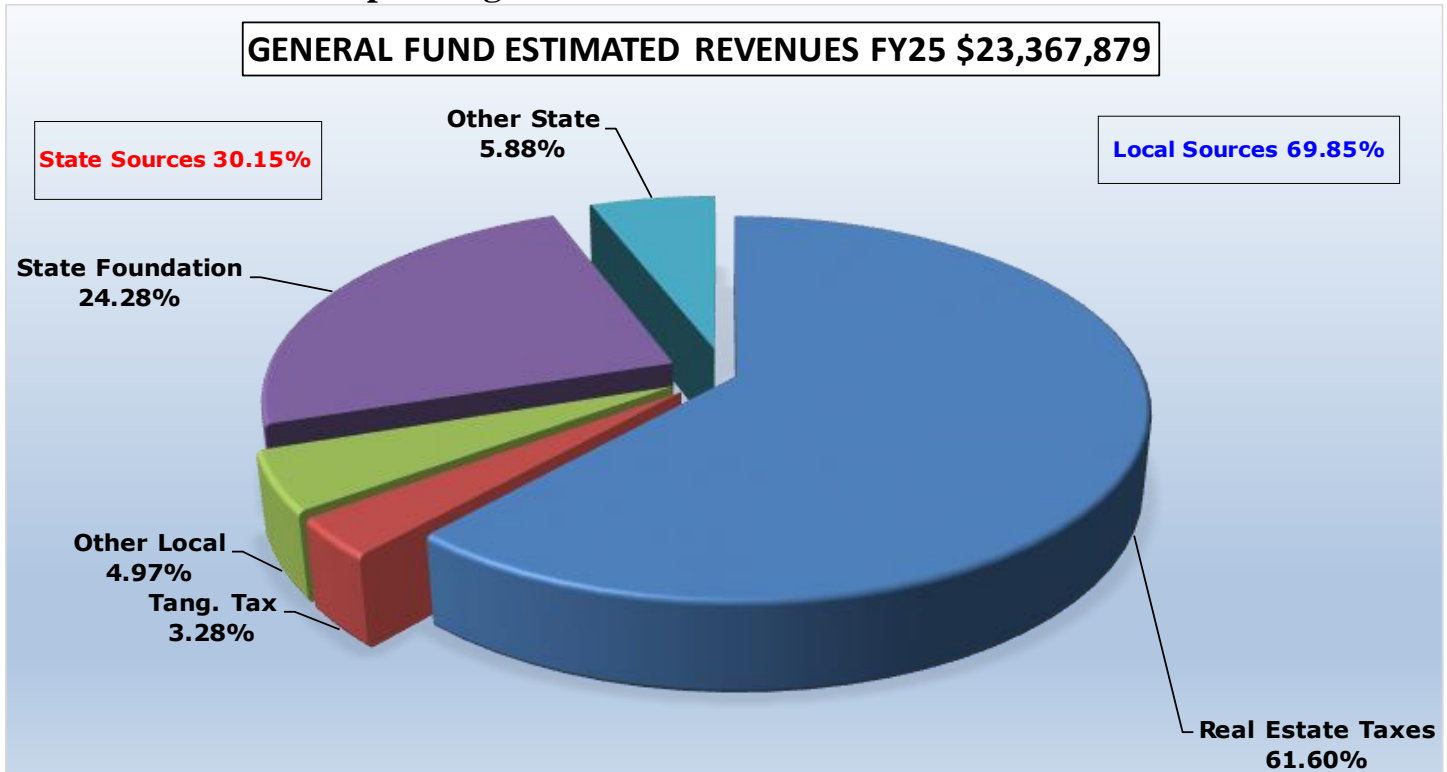
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Adam Hines, Treasurer/CFO.

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

The graph below 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 each year by the Lorain County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Lorain County experienced a triennial update for the 2021 tax year to be collected in 2022. Residential/agricultural or Class I values increased 16.93% or \$38.97 million due to the update led by an improving housing market. The Commercial/Industrial or Class II values increased by 0.19% or \$220,930 due to the update.

A reappraisal will occur in 2024 for collection in 2025 for which we are estimating a 28.0% increase for Class I and a 1.0% increase for Class II property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$82.56 million or 20.48% overall.

Public Utility Personal Property (PUPP) values increased by \$736,740 in Tax Year 2023. We expect our values to continue to grow by \$650,000 each year of the forecast.

<u>Classification</u>	<u>Estimated TAX YEAR 2024 COLLECT 2025</u>	<u>Estimated TAX YEAR 2025 COLLECT 2026</u>	<u>Estimated TAX YEAR 2026 COLLECT 2027</u>	<u>Estimated TAX YEAR 2027 COLLECT 2028</u>	<u>Estimated TAX YEAR 2028 COLLECT 2029</u>
Res./Ag.	\$360,799,520	\$363,219,520	\$366,039,520	\$383,501,101	\$385,921,101
Comm./Ind.	124,900,630	124,800,630	125,000,630	126,450,636	126,350,636
Public Utility Personal Property (PUPP)	<u>13,509,130</u>	<u>14,159,130</u>	<u>14,809,130</u>	<u>15,459,130</u>	<u>16,109,130</u>
Total Assessed Value	<u>\$499,209,280</u>	<u>\$502,179,280</u>	<u>\$505,849,280</u>	<u>\$525,410,867</u>	<u>\$528,380,867</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 levies is 59.406 mills while the Class I effective millage rate is 20.00 mills and the Class II effective millage rate is 20.91 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 property. Any emergency or substitute emergency levy approved is not included in the 20-mill floor, the district has two continuous substitute emergency levies for a total of 11.043 mills that are in the total voted millage rate.

Estimated Real Estate Tax – Line #1.010

Property tax levies are estimated to be collected at 97.36% of the annual amount. This allows a 2.64% delinquency factor. In general, 52.02% of the Class I and Class II property taxes are expected to be collected in the February tax settlement and 47.98% in the August tax settlement.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Est. Real Estate Taxes	<u>\$14,394,644</u>	<u>\$15,115,244</u>	<u>\$15,201,927</u>	<u>\$15,433,023</u>	<u>\$15,640,559</u>
Total Line #1.01 Real Estate Taxes	<u>\$14,394,644</u>	<u>\$15,115,244</u>	<u>\$15,201,927</u>	<u>\$15,433,023</u>	<u>\$15,640,559</u>

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The amounts below are public utility personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table below, which were \$13.5 million in assessed values in 2023 and are collected at the district’s gross voted millage rate. Collections are typically 51.85% in March and 48.15% in August, along with the real estate settlements from the county auditor.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property	<u>\$765,668</u>	<u>\$786,600</u>	<u>\$823,589</u>	<u>\$857,126</u>	<u>\$890,903</u>
Total PUPP Tax Line #1.020	<u>\$765,668</u>	<u>\$786,600</u>	<u>\$823,589</u>	<u>\$857,126</u>	<u>\$890,903</u>

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

School District Income Tax – Line #1.030

The district does not have a school district income tax.

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 guarantee 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 FSNP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) “Formula Transition Aid,” 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY29.

Casino Revenue

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$4,603,187	\$4,603,187	\$4,603,187	\$4,603,187	\$4,603,187
Additional Aid Items	<u>233,501</u>	<u>233,501</u>	<u>233,501</u>	<u>233,501</u>	<u>233,501</u>
Basic Aid-Unrestricted Subtotal	4,836,688	4,836,688	4,836,688	4,836,688	4,836,688
Ohio Casino Commission ODT	<u>102,403</u>	<u>101,860</u>	<u>101,320</u>	<u>100,783</u>	<u>100,249</u>
Total Unrestricted State Aid Line #1.035	<u>\$4,939,091</u>	<u>\$4,938,548</u>	<u>\$4,938,008</u>	<u>\$4,937,471</u>	<u>\$4,936,937</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. The district has elected to also post Catastrophic (Threshold) Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors. 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 \$147,467 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent. The district received additional High Quality Instructional Material payment in FY25 of \$223.21 which is due to the state redirecting funds that were not used by other districts.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$141,797	\$141,797	\$141,797	\$141,797	\$141,797
Career Tech - Restricted	5,105	5,105	5,105	5,105	5,105
Gifted	58,617	58,617	58,617	58,617	58,617
English Learners	5,989	5,989	5,989	5,989	5,989
Student Wellness	143,917	143,917	143,917	143,917	143,917
Other Restricted State & Catastrophic Costs	<u>378,266</u>	<u>230,576</u>	<u>230,576</u>	<u>230,576</u>	<u>230,576</u>
Total Restricted State Revenues Line #1.040	<u>\$733,691</u>	<u>\$586,001</u>	<u>\$586,001</u>	<u>\$586,001</u>	<u>\$586,001</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	\$4,939,091	\$4,938,548	\$4,938,008	\$4,937,471	\$4,936,937
Restricted Line #1.040	733,691	586,001	586,001	586,001	586,001
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>\$5,672,782</u>	<u>\$5,524,549</u>	<u>\$5,524,009</u>	<u>\$5,523,472</u>	<u>\$5,522,938</u>

State Taxes Reimbursement/Property Tax Allocation 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 Tax Reimbursement – Line #1.050

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Tax Reimbursements #1.050	<u>\$1,373,197</u>	<u>\$1,454,910</u>	<u>\$1,465,618</u>	<u>\$1,498,278</u>	<u>\$1,530,424</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, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

Interest income is based on the district’s cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Related Payments	\$426,135	\$426,135	\$426,135	\$426,135	\$426,135
Class & Sports Oriented Fees	4,039	4,039	4,039	4,039	4,039
Revenues In Lieu of Taxes	424,779	424,779	424,779	424,779	424,779
Interest Earnings	100,000	100,000	100,000	100,000	100,000
Miscellaneous	<u>206,635</u>	<u>206,635</u>	<u>206,635</u>	<u>206,635</u>	<u>206,635</u>
Total Other Local Revenue Line #1.060	<u>\$1,161,588</u>	<u>\$1,161,588</u>	<u>\$1,161,588</u>	<u>\$1,161,588</u>	<u>\$1,161,588</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. The advances out in FY24 are planned to be repaid in FY25 with no other advances planned throughout the forecast.

<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>56,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$56,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

All Other Financial Sources – Line #2.060

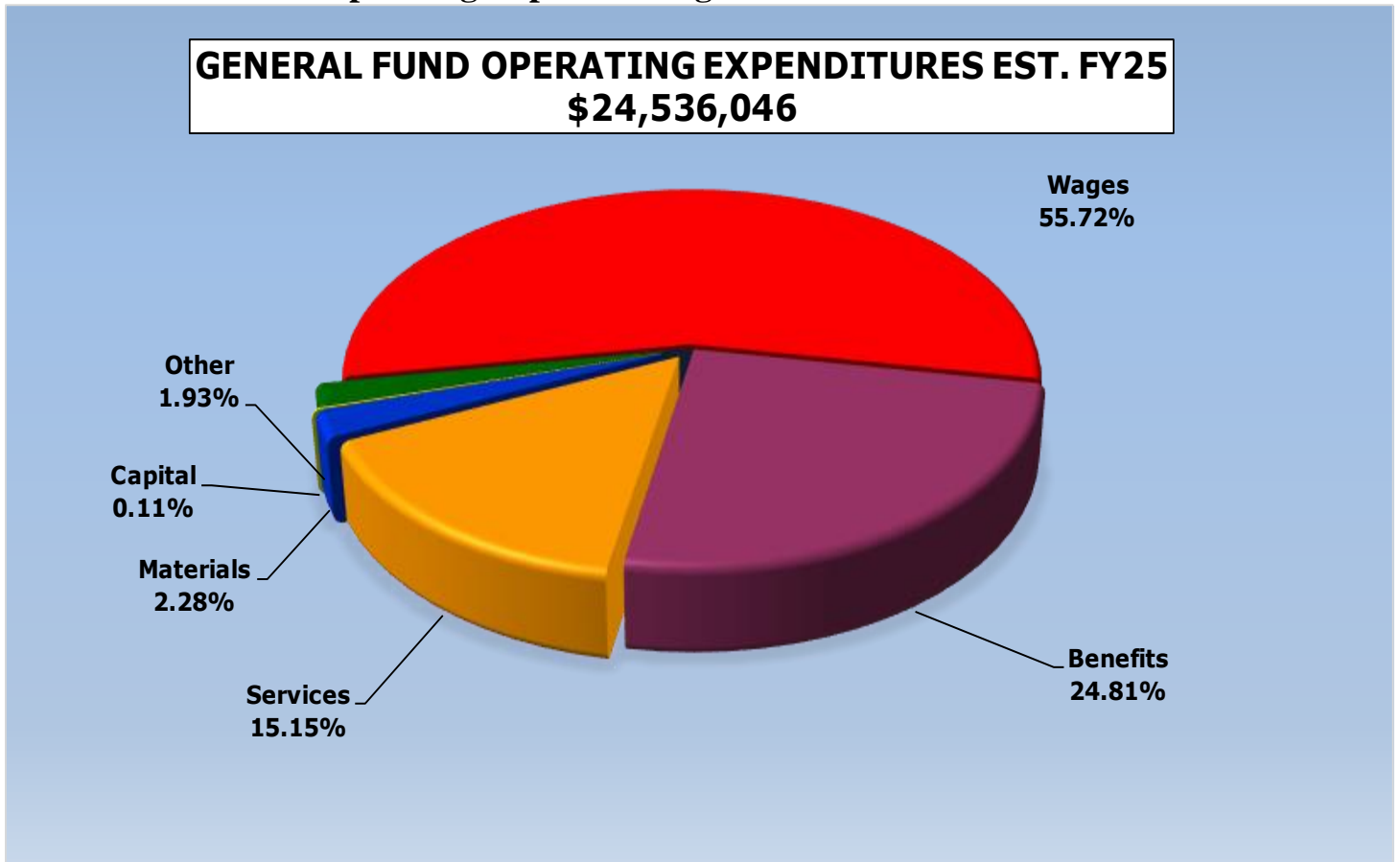
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year; therefore, we will project the amounts based on the amount received in the previous year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior years expenditures	<u>\$1,775</u>	<u>\$1,775</u>	<u>\$1,775</u>	<u>\$1,775</u>	<u>\$1,775</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 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 to include base increases of 2.5% for FY25, with the future years for forecasting purposes only of base increases to be 2.5% each year. An annual salary step and training increases of 1.5% in FY25 through FY29.

The district will pay staff stipends for attending and being certified in the Science of Reading which increases the salaries in FY25 only by \$147,467 and has decreased salaries in FY25 to make the final charge off of ESSER funds of \$346,964.

The district had many changes in staffing for FY25, there were 13 reductions with one addition of certified staff members, there were 3 reductions with 3 replacements of administrators and there were 5 classified staff reductions with 3 replacements.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$13,017,003	\$12,804,614	\$13,591,551	\$14,123,409	\$14,680,367
Based Pay Increase	325,425	320,115	339,789	353,085	367,009
Steps & Academic Training	195,255	195,255	192,069	203,873	211,851
Growth Staff	408,201	41,066	0	0	0
Substitutes	220,095	220,095	220,095	220,095	220,095
Supplementals	450,215	461,470	473,007	484,832	496,953
Severance	49,272	49,272	49,272	49,272	49,272
SWSF & ESSER Adjustments	(199,497)	346,964	0	0	0
Other Adjustments/Reductions	<u>(794,306)</u>	<u>(116,463)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$13,671,663</u>	<u>\$14,322,388</u>	<u>\$14,865,783</u>	<u>\$15,434,566</u>	<u>\$16,025,547</u>

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The district is on a self-insured medical insurance plan. FY25 saw an increase in insurance rates of 6.25% , we are estimating an annual increase of 8% for FY26 through FY29 which reflects trend on our current employee census and claims data. The district June 2024 payment was not made until July 2024 which increased the total for insurances by \$330,000 in FY25 only.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately .0026% of wages FY25– FY29. The district does not expect any unemployment claims for the remainder of the forecast.

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>
STRS/SERS	\$2,213,592	\$2,206,610	\$2,278,184	\$2,365,792	\$2,456,884
Insurance's	3,640,817	3,676,478	3,970,596	4,288,244	4,631,304
Workers Comp/Unemployment	35,418	37,110	38,523	40,002	41,538
Medicare	<u>198,240</u>	<u>207,674</u>	<u>215,554</u>	<u>223,801</u>	<u>232,370</u>
Total Fringe Benefits Line #3.020	<u>\$6,088,067</u>	<u>\$6,127,872</u>	<u>\$6,502,857</u>	<u>\$6,917,839</u>	<u>\$7,362,096</u>

Purchased Services – Line #3.030

College Credit Pus, 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.

We are estimating a 4% increase in utilities in each year of the forecast. However, 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.

The district increased ESC charges for additional students attending the alternative school in FY25 by \$42,000. All other lines are based on historical data with no increase per year up to 2% per year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional & Technical Services, ESC	\$1,289,848	\$1,328,543	\$1,368,399	\$1,409,451	\$1,451,735
Maintenance, Insurance & Garbage Removal	396,298	404,224	412,308	420,554	428,965
Professional Development	39,090	39,090	39,090	39,090	39,090
Communications, Postage, & Telephone	54,259	54,802	55,350	55,904	56,463
Utilities	328,231	380,748	335,058	348,460	362,398
Contracted Trades & Services	12,532	12,532	12,532	12,532	12,532
Tuition, Excess Costs & Scholarship Costs	139,055	139,055	139,055	139,055	139,055
College Credit Plus	1,178,497	1,178,497	1,178,497	1,178,497	1,178,497
Contract Transportation	112,331	115,701	119,172	122,747	126,429
Miscellaneous Purchased Services	<u>166,467</u>	<u>166,467</u>	<u>166,467</u>	<u>166,467</u>	<u>166,467</u>
Total Purchased Services Line #3.030	<u>\$3,716,608</u>	<u>\$3,819,659</u>	<u>\$3,825,928</u>	<u>\$3,892,757</u>	<u>\$3,961,631</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. The district has been able to charge off \$45,000 for laptops in FY25 to finalize the ESSER grants. The district is projecting 2% annual increase for facility supplies and materials and for transportation supplies throughout the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$170,946	\$170,946	\$170,946	\$170,946	\$170,946
Textbooks & Instructional Supplies	107,836	107,836	107,836	107,836	107,836
Facility Supplies & Materials	116,017	118,337	120,704	123,118	125,580
Transportation Fuel & Supplies	159,481	162,671	165,924	169,242	172,627
Other adjustments SWSF, ESSER, Etc.	<u>6,281</u>	<u>6,281</u>	<u>6,281</u>	<u>6,281</u>	<u>6,281</u>
Total Supplies Line #3.040	<u>\$560,561</u>	<u>\$566,071</u>	<u>\$571,691</u>	<u>\$577,423</u>	<u>\$583,270</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.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	\$22,415	\$22,415	\$22,415	\$22,415	\$22,415
Technology/Curriculum Purchases	4,065	4,065	4,065	4,065	4,065
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, ESSER, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$26,480</u>	<u>\$26,480</u>	<u>\$26,480</u>	<u>\$26,480</u>	<u>\$26,480</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, and other miscellaneous expenses. A rate of 2% increase is projected in this area. Due to increased services from the ESC, there is a need to increase the amount by an additional \$10,000 beginning in FY25.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$240,370	\$245,177	\$250,081	\$255,083	\$260,185
ESC Deduction	164,994	168,294	171,660	175,093	178,595
Annual Audit Costs	24,172	24,655	25,148	25,651	26,164
Increased A&T Fees for New Levies	0	0	0	0	0
Dues, Fees & other Expenses	<u>43,131</u>	<u>43,994</u>	<u>44,874</u>	<u>45,771</u>	<u>46,686</u>
Total Other Expenses Line #4.300	<u>\$472,667</u>	<u>\$482,120</u>	<u>\$491,763</u>	<u>\$501,598</u>	<u>\$511,630</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. The district plans to transfer \$60,000 to athletics each year of the forecast. There are no advances to other funds planned during the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>

Encumbrances – Line #8.010

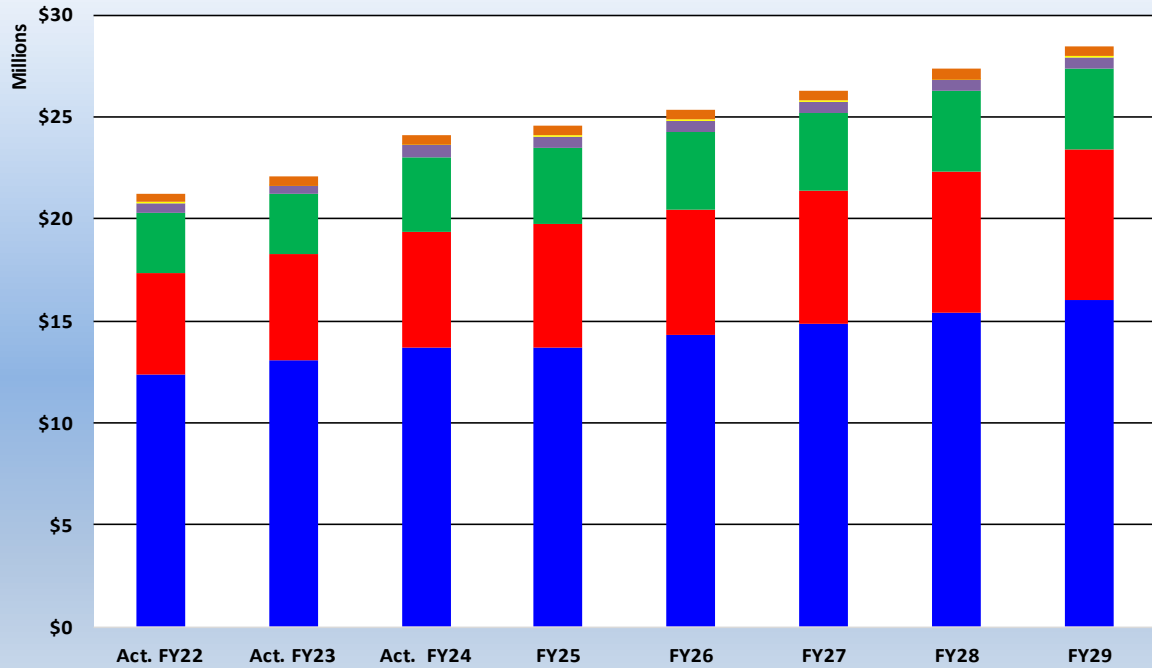
Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line #8.010	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>

Total Expenditure Categories Actual FY22 through FY24 and Estimated FY25-FY29

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

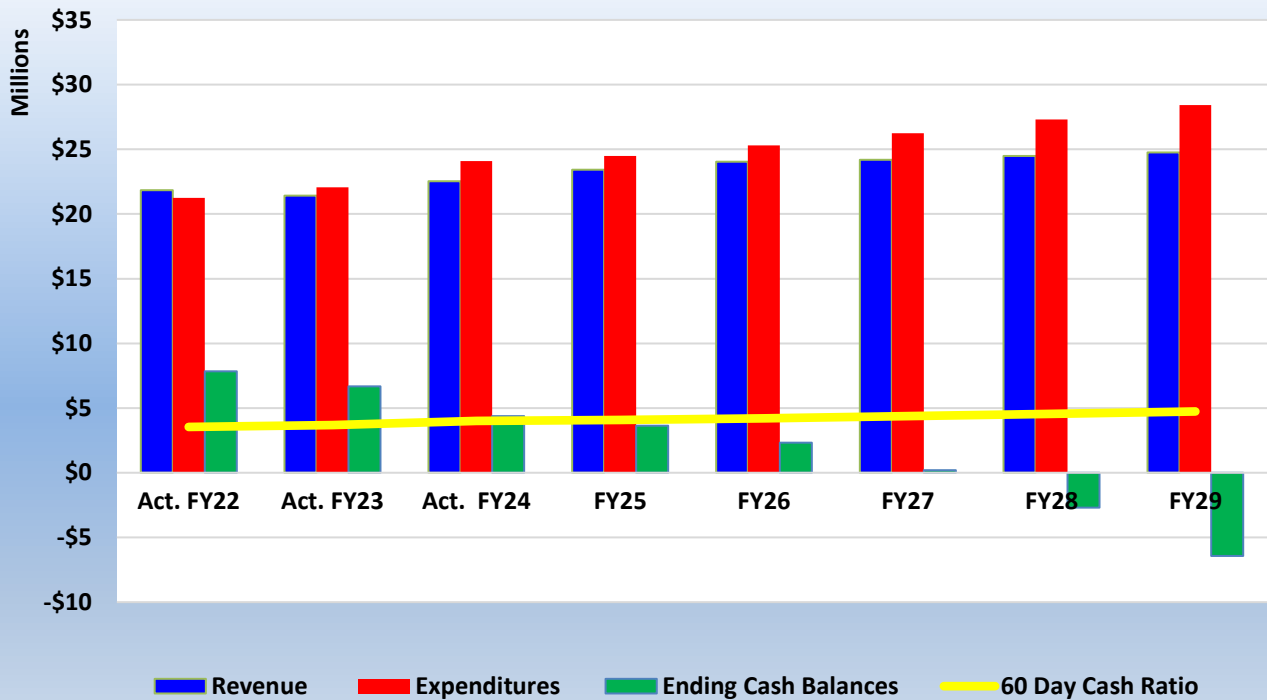
General Fund Expenditures Actual FY22 Through Projected FY29



Revenues vs Expenditures with Deficit Spending.

The graph below shows that the district has been deficit spending since FY23.

General Fund Revenues vs Expenditures FY22 through FY29



Deficit spending affects the amount of carryover that the district will have for future planning. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit spending to have positive cash balances in the forecast. The chart below, shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would be needed to erase the deficit spending.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Excess Revenues over/(under) Expenditures	(\$1,169,991)	(\$1,359,924)	(\$2,165,996)	(\$2,935,401)	(\$3,782,467)
Millage equivalent for deficit spending	2.90	3.31	5.21	5.88	7.53

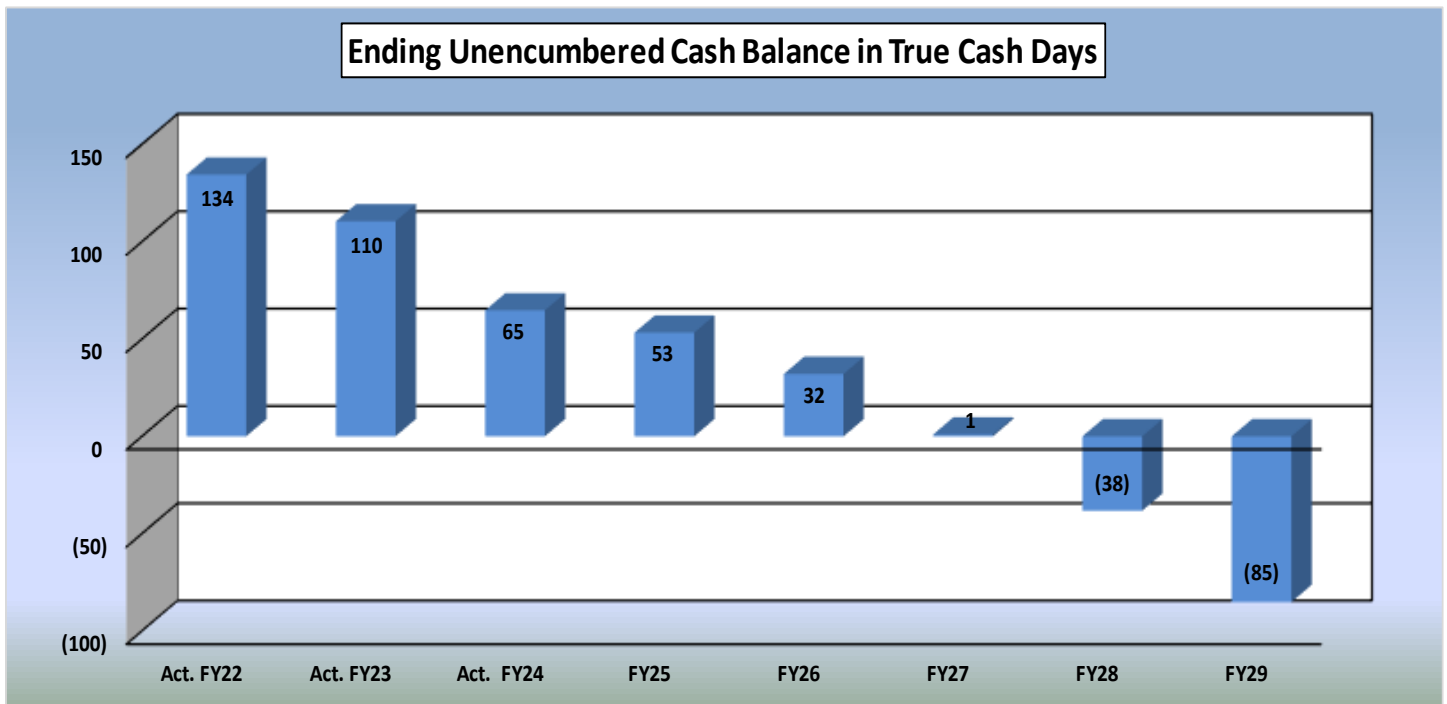
Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

This amount must not go below \$0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153 effective September 30, 2011, could be issued.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$3,590,383</u>	<u>\$2,230,459</u>	<u>\$64,463</u>	<u>(\$2,870,938)</u>	<u>(\$6,653,405)</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 (Current Years Expenditures/365 days) = 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 district’s 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 outlay and athletics.



Conclusion

Sheffield-Sheffield Lake Local School District receives 30.15% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

As the administration plans for the future, they will need to make sure that the district is able to obtain a positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in order to obtain this.

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