HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY 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
Huber Heights City School District
Treasurer's Office
Penelope Rucker, Treasurer/CFO
(937) 237 - 4126
November 14, 2024

Huber Heights City School District

Montgomery County

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

		Actual				Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	Revenues									
1.010	General Property Tax (Real Estate)	$27,138,583	$26,931,727	27,966,684	1.5%	$29,170,060	$29,299,386	$29,421,563	$29,626,113	$29,835,453
1.020	Public Utility Personal Property Tax	1,020,554	1,082,809	1,206,124	8.7%	1,305,680	1,334,805	1,363,930	1,393,055	1,422,180
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	31,713,472	31,323,508	36,247,191	7.2%	34,202,612	34,607,147	35,011,730	35,416,362	35,821,041
1.040	Restricted State Grants-in-Aid	2,295,580	2,512,975	2,977,745	14.0%	3,366,371	2,862,237	2,862,237	2,862,237	2,862,237
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	3,879,890	3,870,784	3,907,681	0.4%	3,957,054	3,962,949	3,980,873	4,013,328	4,046,580
1.060	All Other Revenues	5,024,235	4,969,422	7,053,711	20.4%	7,042,713	7,032,158	7,022,043	7,012,366	7,003,125
1.070	*Total Revenues*	$71,072,314	$70,691,225	$79,359,136	5.9%	$79,044,490	$79,098,682	$79,662,376	$80,323,461	$80,990,616
	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 and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	1,254,400	391,500	1,308,000	82.7%	1,838,300	150,000	150,000	150,000	150,000
2.060	All Other Financing Sources	142,125	-	-	0.0%	0	0	0	0	0
2.070	*Total Other Financing Sources*	$1,396,525	$391,500	$1,308,000	81.1%	$1,838,300	$150,000	$150,000	$150,000	$150,000
2.080	*Total Revenues and Other Financing Sources*	72,468,839	71,082,725	80,667,136	5.79%	80,882,790	79,248,682	79,812,376	80,473,461	81,140,616
	Expenditures									
3.010	Personal Services	$42,116,643	$41,370,199	$43,477,381	1.7%	$47,876,184	$50,809,886	$53,587,350	$56,500,784	$59,556,487
3.020	Employees' Retirement/Insurance Benefits	17,539,256	18,052,033	18,595,459	3.0%	20,427,389	21,944,127	23,431,408	25,014,337	26,699,270
3.030	Purchased Services	5,771,998	5,039,017	5,974,084	2.9%	6,754,713	6,820,674	6,887,294	6,954,580	7,022,539
3.040	Supplies and Materials	2,772,720	1,767,199	1,725,214	-19.3%	3,476,970	3,581,280	3,617,092	3,653,263	3,689,796
3.050	Capital Outlay	87,120	143,680	93,709	15.1%	383,520	249,416	252,398	255,470	258,634
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	-	0.0%	0	0	0	0	0
4.300	Other Objects	2,233,606	2,170,858	2,090,341	-3.3%	2,175,912	2,218,757	2,262,552	2,307,318	2,353,081
4.500	*Total Expenditures*	$70,521,343	$68,542,986	$71,956,188	1.1%	$81,094,689	$85,624,140	$90,038,094	$94,685,752	$99,579,807
	Other Financing Uses									
5.010	Operating Transfers-Out	$5,119,676	$145,000	$115,000	-58.9%	$250,000	$250,000	$250,000	$250,000	$250,000
5.020	Advances-Out	391,500	1,308,000	1,838,800	137.3%	150,000	150,000	150,000	150,000	150,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$5,511,176	$1,453,000	$1,953,800	-19.6%	$400,000	$400,000	$400,000	$400,000	$400,000
5.050	*Total Expenditures and Other Financing Uses*	$76,032,519	$69,995,986	$73,909,988	-1.2%	$81,494,689	$86,024,140	$90,438,094	$95,085,752	$99,979,807
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	($3,563,680)	$1,086,739	$6,757,148	195.6%	($611,899)	($6,775,458)	($10,625,718)	($14,612,291)	($18,839,191)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	61,314,188	57,750,508	58,837,247	-1.97%	65,594,395	64,982,496	58,207,039	47,581,321	32,969,030
7.020	*Cash Balance June 30*	$57,750,508	$58,837,247	$65,594,395	6.7%	$64,982,496	$58,207,039	$47,581,321	$32,969,030	$14,129,840
8.010	*Estimated Encumbrances June 30*	$846,237	$1,136,965	$2,556,319	79.6%	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.00%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.00%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.00%	-	-	-	-	-
9.040	DPIA	-	-	-	0.00%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.00%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.00%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.00%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.00%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.00%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	56,904,271	57,700,282	63,038,076	5.32%	62,982,496	56,207,039	45,581,321	30,969,030	12,129,840
	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 Replacement/Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$56,904,271	$57,700,282	$63,038,076	5.3%	$62,982,496	$56,207,039	$45,581,321	$30,969,030	$12,129,840
	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	0.00%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	$56,904,271	$57,700,282	$63,038,076	5.3%	$62,982,496	$56,207,039	$45,581,321	$30,969,030	$12,129,840
20.010	Kindergarten -ADM count	351	448	448	14%	448	448	448	448	448
20.015	Grades -ADM count	5243	5386	5386	1%	5386	5386	5386	5386	5386

Huber Heights City School District-Montgomery County
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 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 second largest 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 47.5% 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.

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.

2) Montgomery County experienced a reappraisal update in the 2023 tax year to be collected in FY24. The 2023 update increased assessed values by $267.52 million, or 32.2%. Overall values rose $279.81 million or 32.92%, 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 $30.29 million for an overall increase of 2.73%. There is, however, always a slight risk that the district could sustain a reduction in values in the next appraisal update due to legislative action, but we do not anticipate that at this time.

3) The state budget represented 52.5% 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 the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY29, which we feel is conservative and should be close to what-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.

4) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and 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 most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.

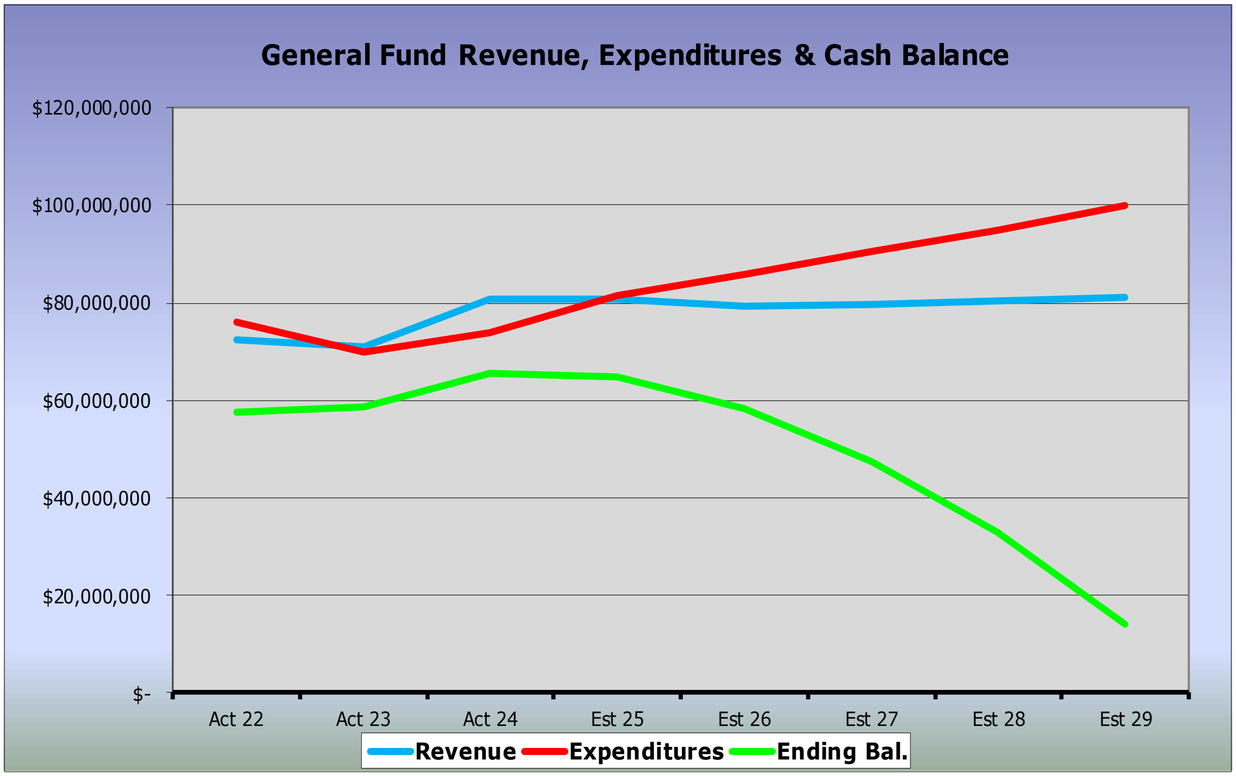
5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue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

6) 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.

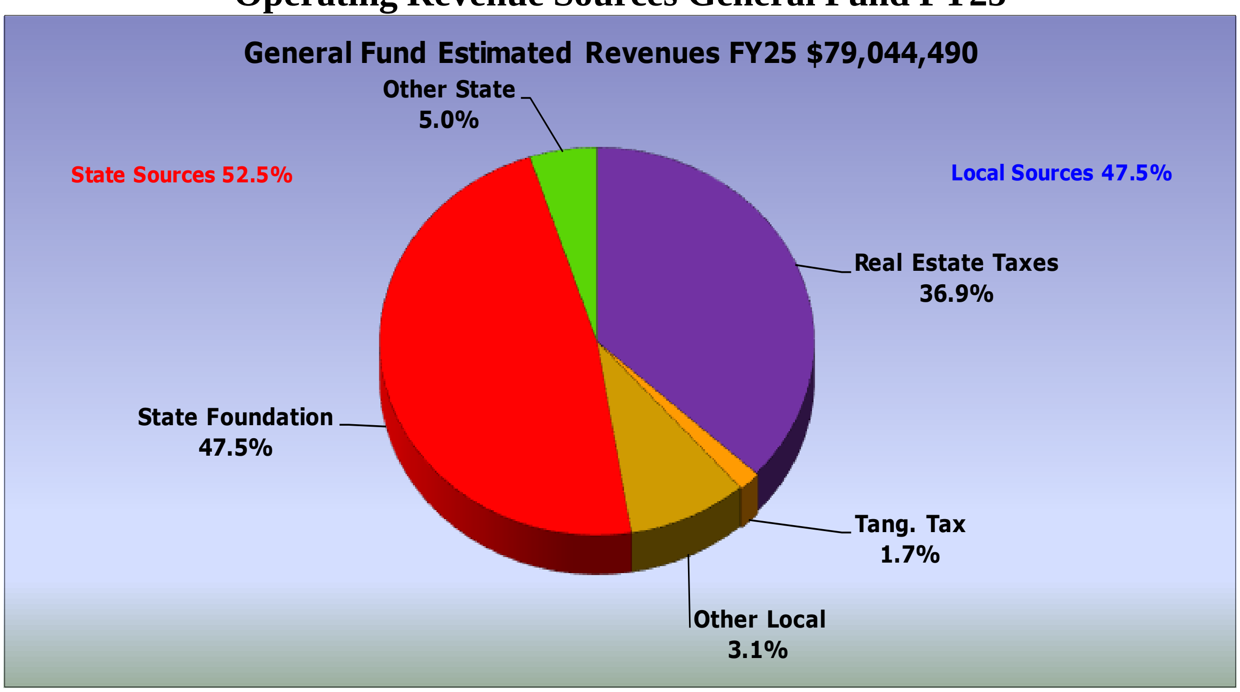
If you would like further information please feel free to contact me – Penelope Rucker, Treasurer/CFO of Huber Heights City School District at 937.237.4126.

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



General Property Tax and Property Value Assumptions (Real Estate)– 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. Montgomery County experienced a reappraisal for the 2023 tax year to be collected in FY24. The 2023 update increased assessed values by $267.52 million, or 32.2%. Overall values rose $279.81 million or 32.92%, 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 $30.29 million for an overall increase of 2.73%.

Public Utility Personal Property (PUPP) values increased by $2.92 million in Tax Year 2023. We expect our values to continue to grow by at least $500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	$959,802,370	$960,452,370	$989,915,941	$1,020,263,419	$1,051,521,322
Comm./Ind.	148,106,570	147,806,570	148,984,636	150,174,482	151,376,227
Public Utility Personal Property (PUPP)	22,665,110	23,165,110	23,665,110	24,165,110	24,665,110
Total Assessed Value	$1,130,574,050	$1,131,424,050	$1,162,565,687	$1,194,603,011	$1,227,562,659

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 58.25mills while the Class I effective millage rate is 28.49 mills and the Class II effective millage rate is 38.89 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 not at the 20-mill floor for Class I and II property.

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Estimated Property Taxes - Line #1.010	$29,170,060	$29,299,386	$29,421,563	$29,626,113	$29,835,453

Property tax levies are estimated to be collected at 97.75% of the annual amount. This allows a 2.25% delinquency. Typically, 53.9% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 46.1% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to receive 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.020 below.

Renewal and Replacement Levies – Line #11.02
No renewal or replacement levies are modeled in this forecast.

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

Estimated Public Utility Personal Property (PUPP)Taxes – Line #1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above, which was $22.165 million in assessed values in 2023 and is collected at the district's full voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The values in 2023 rose by 15.16% or $2.92 million and are expected to grow by $500,000 each year of the forecast.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Public Utility Personal Property - Line #1.020	$1,305,680	$1,334,805	$1,363,930	$1,393,055	$1,422,180

State Foundation Revenue Estimates

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 to be on the formula in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding.

State Funding Phase-In FY25 and Guarantees

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

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

Future State Budget Projections beyond FY25

Our funding status for FY26-28 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. 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.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Basic Aid-Unrestricted	$32,446,460	$32,846,460	$33,246,460	$33,646,460	$34,046,460
Additional Aid Items	1,363,587	1,363,587	1,363,587	1,363,587	1,363,587
Basic Aid-Unrestricted Subtotal	33,810,047	34,210,047	34,610,047	35,010,047	35,410,047
Ohio Casino Commission ODT	392,565	397,100	401,683	406,315	410,994
Total Unrestricted State Aid Line #1.035	$34,202,612	$34,607,147	$35,011,730	$35,416,362	$35,821,041

B) Restricted State Revenues – Line #1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. The amount of DPIA is limited to 66.67% phase-in 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 $500,512 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
DPIA	$1,001,783	$1,001,783	$1,001,783	$1,001,783	$1,001,783
Career Tech - Restricted	140,418	140,418	140,418	140,418	140,418
ESL	341,469	341,469	341,469	341,469	341,469
Gifted	293,313	293,313	293,313	293,313	293,313
Student Wellness	1,085,254	1,085,254	1,085,254	1,085,254	1,085,254
Other Restricted State Funds	504,134	0	0	0	0
State Communiction Grant	0	0	0	0	0
Total Restricted State Revenues Line #1.040	$3,366,371	$2,862,237	$2,862,237	$2,862,237	$2,862,237

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Unrestricted Line #1.035	$34,202,612	$34,607,147	$35,011,730	$35,416,362	$35,821,041
Restricted Line #1.040	3,366,371	2,862,237	2,862,237	2,862,237	2,862,237
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$37,568,983	$37,469,384	$37,873,967	$38,278,599	$38,683,278

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 do not currently have 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

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Rollback and Homestead - Line #1.050	$3,957,054	$3,962,949	$3,980,873	$4,013,328	$4,046,580

Other Local Revenues – Line #1.060

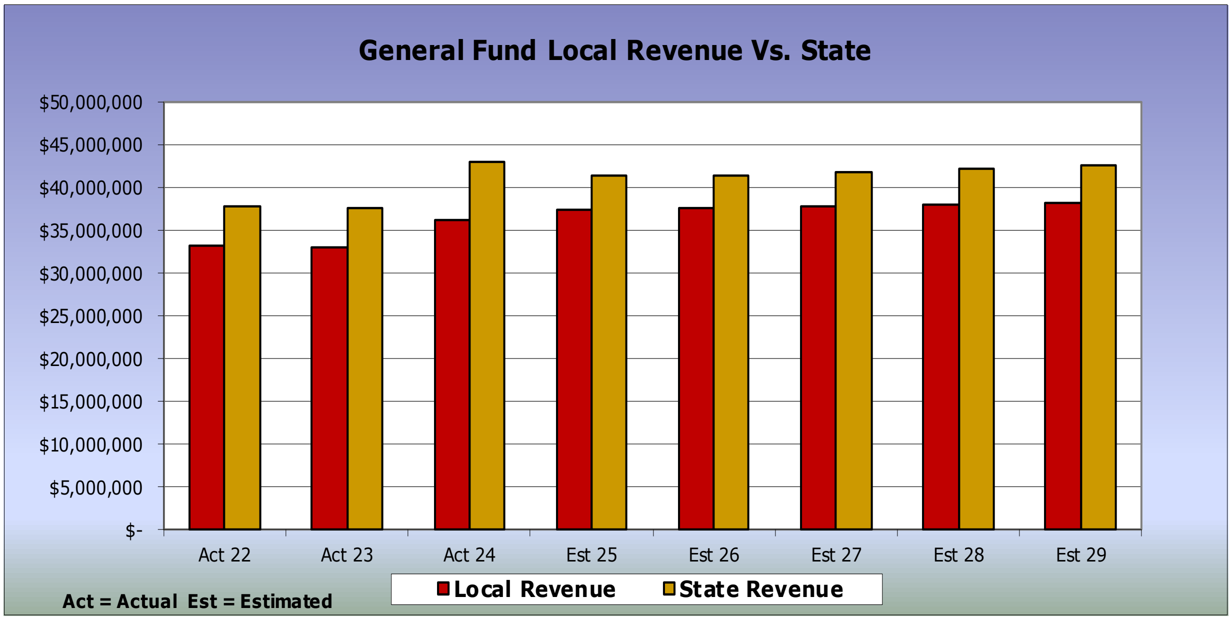
All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees, tax increment financing, and general rental fees.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23 and FY24, rates increased due to the Federal Reserve's strategy to combat inflation. Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district.

Rentals are expected to return to pre-pandemic levels over time. Catastrophic (Threshold) Aid remained stable in FY24 due to increased state appropriations, which are funded at the state level by a 10% reduction in special education funding at the local level. These revenues are inconsistent year to year and we are projecting minimal growth over the remainder of the forecast. All other revenues are expected to continue on historical trends.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Tuition SF-14 & Catastrophic Aid	$1,872,201	$1,881,562	$1,890,970	$1,900,425	$1,909,927
Interest	2,961,147	2,931,536	2,902,221	2,873,199	2,844,467
TIF & BOR Payments	969,481	979,176	988,968	998,858	1,008,847
Student Fees	196,811	196,811	196,811	196,811	196,811
Medicaid, other Income and rentals	1,043,073	1,043,073	1,043,073	1,043,073	1,043,073
Total Line #1.060	$7,042,713	$7,032,158	$7,022,043	$7,012,366	$7,003,125

Comparison of Local Revenue and State Revenue



Short-Term Borrowing – Lines #2.010 & 2.020
There is no short-term borrowing projected in this forecast.

Transfers In / Return of Advances – Line #2.040 & 2.050
Other financing sources consist of transfers and advances. Transfers are permanent reallocation of funds and advances are those funds that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year-end.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	1,838,300	150,000	150,000	150,000	150,000
Total Transfer & Advances In	$1,838,300	$150,000	$150,000	$150,000	$150,000

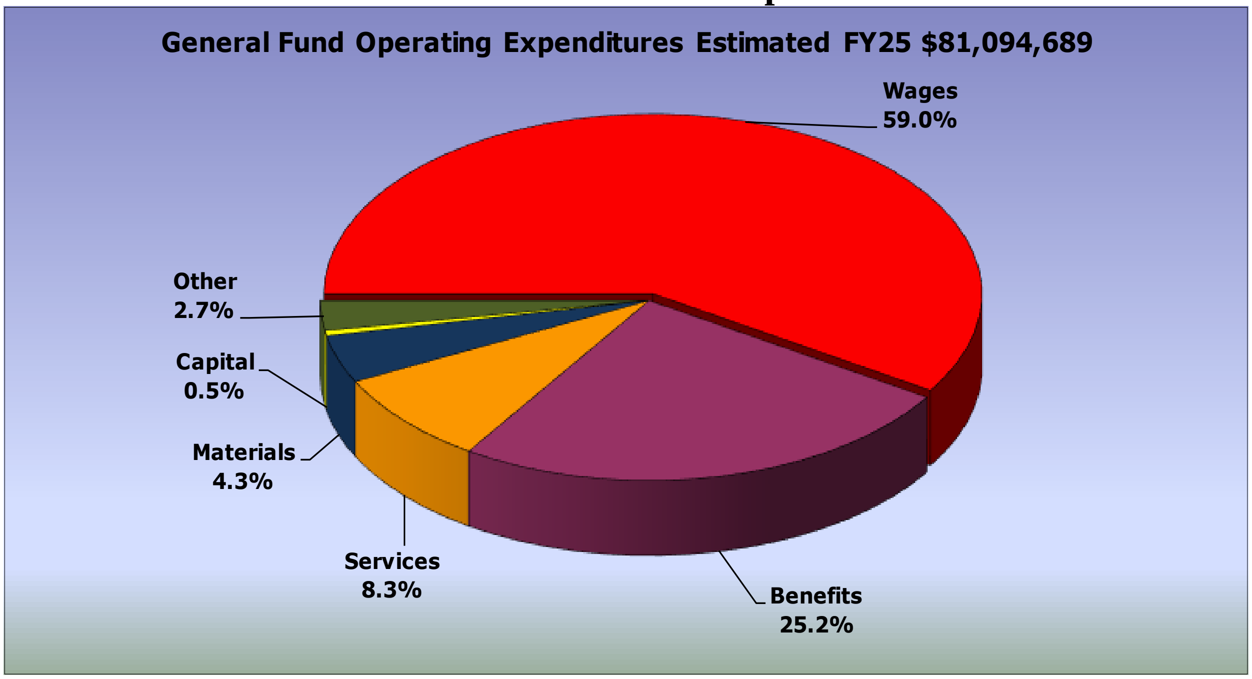
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY25. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

	FY 25	FY 26	FY 27	FY 28	FY 29
Refund of prior years expenditures	$0	$0	$0	$0	$0

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.

Estimated General Fund Expenditures



Wages – Line #3.010

In February 2023, negotiations with bargaining unit members resulted in a two-year extension. This two-year extension included a base increase of all teachers by 2.5 percent ending in July 31, 2025 and a base increase of 2.5% for all classified staff ending June 30, 2025. The model reflects these updates and a base increase of 2.5% for FY26-29 for planning purposes. Additionally, the model reflects known or anticipated growth in FY25.

We have reclassified many staffing positions to the ESSER funds in FY23 and FY24 i.e. 22 teaching positions were spent out of ESSER funds this year and then those staff are put back in the forecast for FY25 and beyond.

Due to Special Education laws and restrictions, we are also increasing staffing in the special services department due to caseloads and intensive needs of additional students coming to the district. There are some areas of the district that we see increases so we do have to add staff and other areas of the district we are able to use ESSER funding (and other grants) to offset for this year. That is one of the main reasons for the changes in the staffing costs. We needed an additional English Language Learner (ELL) teacher, an EL and ED teacher and also ELL, EL and ED Paraprofessionals classified staff also added to staffing. Additional restricted funding for Student Wellness and Success Funding (SWSF) in the general fund is also used in this area. We had to add 3 additional staff proficient in ASL (American Sign Language) for special needs students along with hiring a dog handler as well. These updates were made in FY25 and beyond.

The Disadvantaged Pupil Impact Aid (DPIA) restricted state funds in the general fund are still being used to fund Instructional Support Personnel (ISP) aides for every building: One for each of the five elementary buildings; two for the Middle School and two for the High School. We also added one support para-professional for each of the five elementary buildings. These three large impacts to the General Fund all at once increased spending on staffing: ESSER funds ending; DPIA funding restricted; and SWSF funding restrictions. All these needs that were fulfilled or had to be fulfilled via general fund for FY25 forward.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Base Wages	$41,985,579	$46,459,846	$49,431,416	$52,242,187	$55,191,661
Steps & Training/Performance Based Pay	755,740	836,277	889,765	940,359	993,450
Growth & ESSER Adjustment	2,585,360	929,648	646,806	662,976	679,551
Substitutes	1,516,626	1,531,792	1,547,110	1,562,581	1,578,207
Supplementals	777,736	797,180	817,109	837,537	858,475
Severance Pay/Other Compensation	255,143	255,143	255,143	255,143	255,143
Total Wages Line #3.010	$47,876,184	$50,809,886	$53,587,350	$56,500,784	$59,556,487

Fringe Benefits Estimates Line #3.02

This area of the forecast captures all costs associated with benefits and retirement costs, of which all benefits except health insurance are directly related to the wages paid.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The model also includes an estimate for the annual surcharge due to the School Employees Retirement System. Additional pick-up for administrators went up 3.7% to compete in the market for personnel at this level. Our pick-up went from 6.3% to 10% to stay within industry standards so we can recruit and retain administrators in these current market conditions.

B) Insurance

The increase for medical and dental insurance was 7.5% for FY21-FY22 and 7% in FY23. We are estimating 5% for FY25 and 7% for FY26-FY29. The increases include adjustments for inflation and the most current research of where premiums will be going in the future.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is estimated at approximately 0.57% of wages which is consistent with past forecasts. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	FY 25	FY 26	FY 27	FY 28	FY 29
A) STRS/SERS	$7,490,318	$7,968,777	$8,402,844	$8,853,558	$9,325,599
B) Insurance's	12,010,540	12,991,829	13,989,380	15,062,958	16,214,086
C) Workers Comp/Unemployment	232,326	246,777	262,168	278,559	296,015
D) Medicare	694,205	736,743	777,017	819,261	863,569
Other/Tuition	0	0	0	0	0
Total Fringe Benefits Line #3.020	$20,427,389	$21,944,127	$23,431,408	$25,014,337	$26,699,270

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will start to direct pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends.

In FY25 we added: $400,000 for Mental Health Therapists that was funded by ESSER; $60,000 for part time public relations, and $115,000 to the Warren County ESC. Other costs are expected to grow based on historic trend.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Professional & Technical Services, ESC	$3,168,985	$3,200,675	$3,232,682	$3,265,009	$3,297,659
Maintenance, Insurance & Garbage Removal	968,219	977,901	987,680	997,557	1,007,532
Professional Development	58,653	58,653	58,653	58,653	58,653
Communications, Postage, & Telephone	252,273	254,795	257,343	259,917	262,516
Utilities	888,757	897,644	906,621	915,687	924,844
Tuition, Excess Costs & Scholarship Costs	1,155,990	1,167,550	1,179,226	1,191,018	1,202,928
College Credit Plus	113,603	114,739	115,886	117,045	118,215
Contract Transportation	48,234	48,716	49,203	49,695	50,192
Miscellaneous Purchased Services	100,000	100,000	100,000	100,000	100,000
Total Purchased Services Line #3.030	$6,754,713	$6,820,674	$6,887,294	$6,954,580	$7,022,539

Supplies and Materials – Line #3.040

Beginning in FY25 we have added $1.7 million for curriculum adoptions and improvements in the Textbook and Instructional Supply category. An overall inflation of 3.0% is being estimated for other categories of expenses in this area, as well as the district's five year plans for technology and textbook adoptions.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
General Office Supplies & Materials	$909,939	$937,237	$946,610	$956,076	$965,636
Textbooks & Instructional Supplies	1,930,498	1,988,412	2,008,297	2,028,380	2,048,663
Facility Supplies & Materials	220,379	226,990	229,260	231,553	233,868
Transportation Fuel & Supplies	416,155	428,640	432,926	437,255	441,628
Other adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Total Supplies Line #3.040	$3,476,970	$3,581,280	$3,617,092	$3,653,263	$3,689,796

Capital Outlay – Line #3.050

Costs in FY 25-29 include purchasing equipment for students and staff and is based on the District's five-year plans for bus purchases, capital improvements and technology. We anticipate purchasing 2 busses from the general fund for FY25 and one (1) bus a year for the remainder of the forecast, and an additional bus each year will have to come from the Permanent Improvement fund. A rate of 3.0% increase is projected in other areas of this category of expenses.

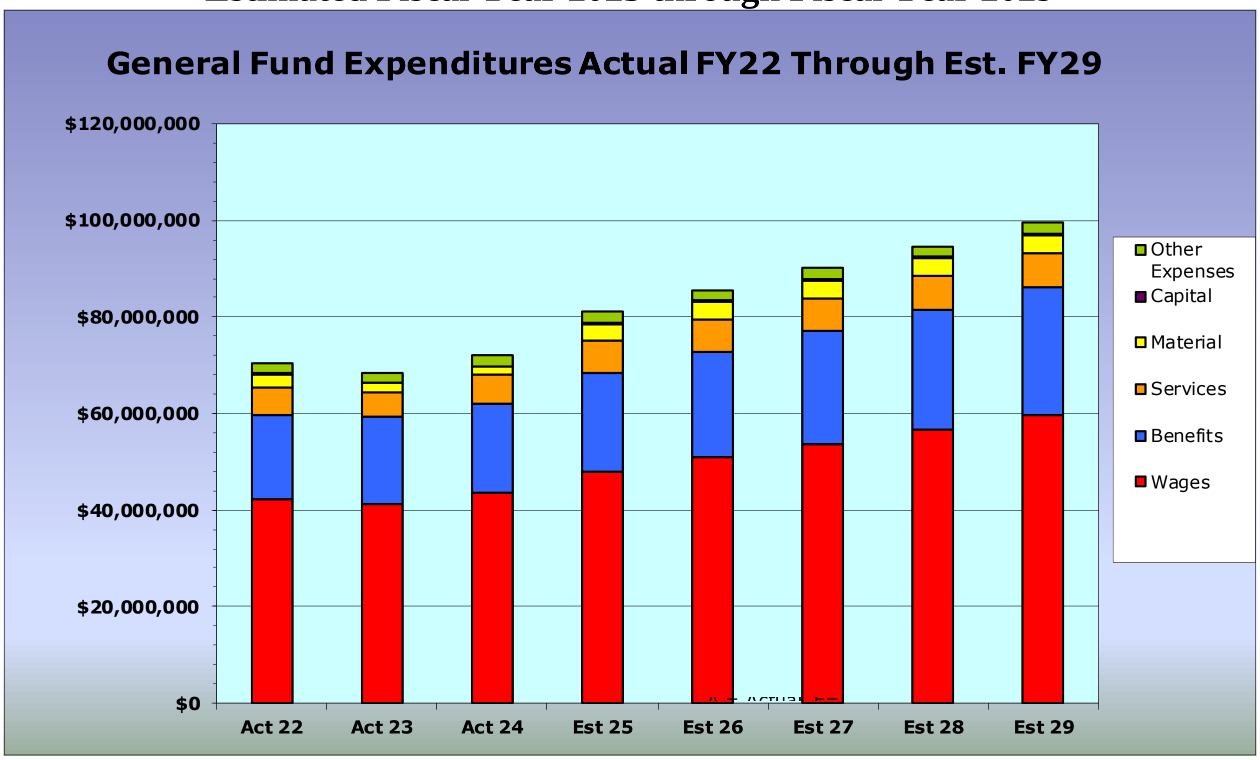
Source	FY 25	FY 26	FY 27	FY 28	FY 29
Capital Outlay	$96,520	$99,416	$102,398	$105,470	$108,634
Replacement Bus Purchases	287,000	150,000	150,000	150,000	150,000
Total Equipment Line #3.050	$383,520	$249,416	$252,398	$255,470	$258,634

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. New construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increases of 3% for A&T fees and Dues. We increased fees to the ESC by $44,306 in FY25, and thereafter a 1.5% increase for ESC deductions for this forecast.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
County Auditor & Treasurer Fees	$497,107	$512,020	$527,381	$543,202	$559,498
ESC Deduction	1,495,473	1,517,905	1,540,674	1,563,784	1,587,241
Dues, Fees & other Expenses	183,332	188,832	194,497	200,332	206,342
Total Other Expenses Line #4.300	$2,175,912	$2,218,757	$2,262,552	$2,307,318	$2,353,081

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



Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund transfers and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. Transfers are permanent reallocation of funds. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY 25	FY 26	FY 27	FY 28	FY 29
Operating Transfers Out Line #5.010	$250,000	$250,000	$250,000	$250,000	$250,000
Advances Out Line #5.020	150,000	150,000	150,000	150,000	150,000
Total Transfer & Advances Out	$400,000	$400,000	$400,000	$400,000	$400,000

Encumbrances –Line #8.010

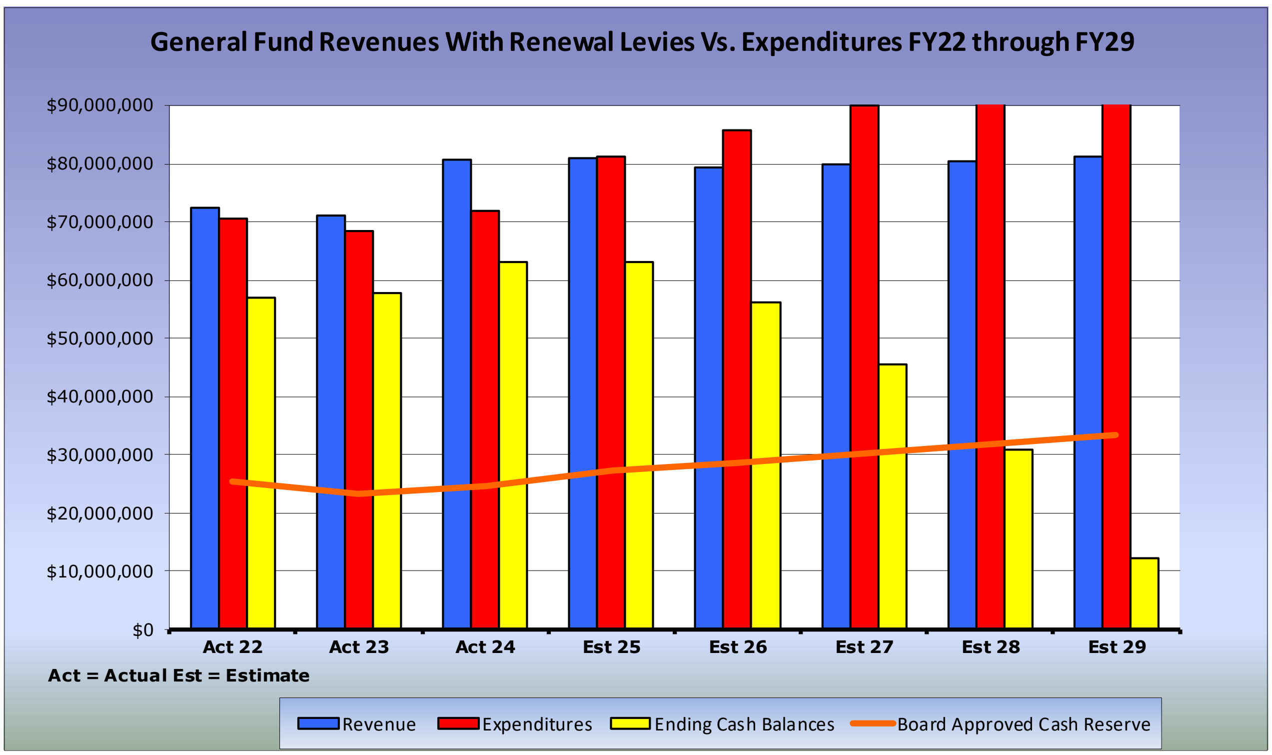
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY 25	FY 26	FY 27	FY 28	FY 29
Estimated Encumbrances Line #8.010	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000

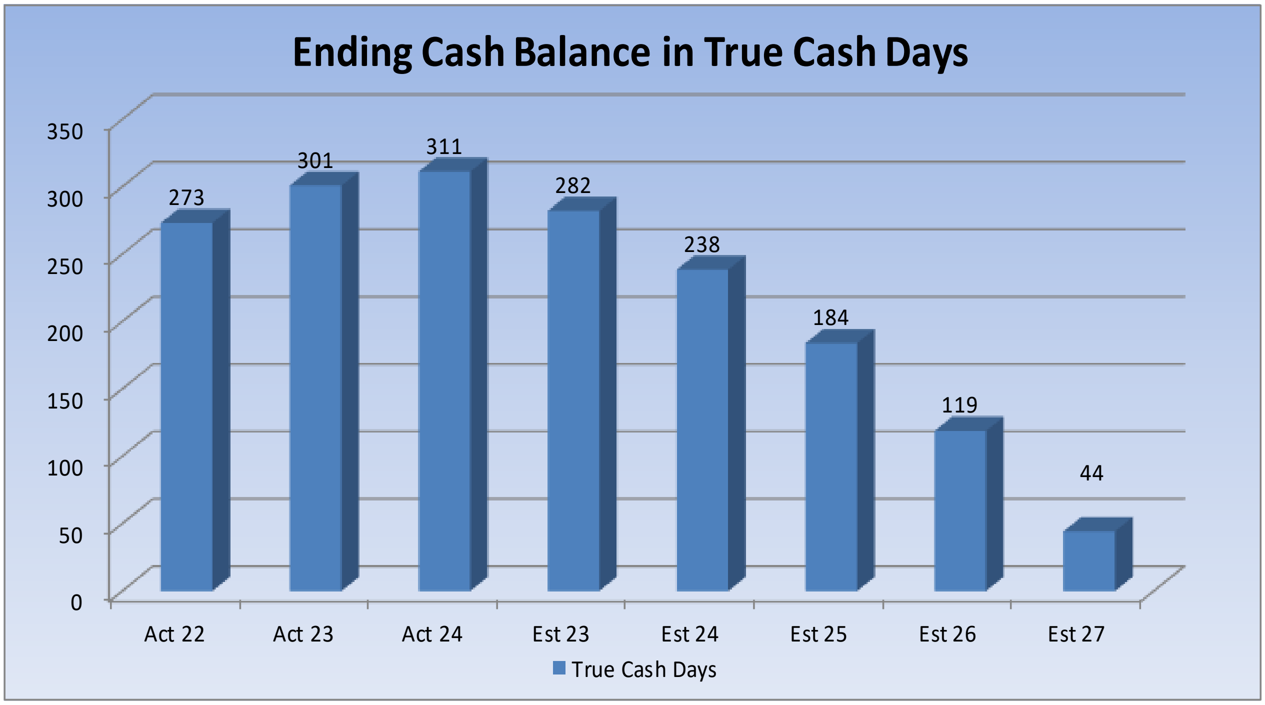
Ending Unencumbered Cash Balance "The Bottom-line" – Line #15.010

This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. Based on the chart immediately below, unencumbered fund balance will be positive throughout FY28. In addition, Board policy requires cash reserves equal to 4 months of operating expenditures. Based on the chart immediately below, cash reserves are in compliance with Board policy throughout FY28.

	FY 25	FY 26	FY 27	FY 28	FY 29
Ending Unencumbered Cash Balance	$62,982,496	$56,207,039	$45,581,321	$30,969,030	$12,129,840



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) = the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association recommends that no less than two (2) months or 60 days of 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, athletics, and severance reserves.



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