

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT
LICKING 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
Southwest Licking Local School District
Treasurer's Office
Richard D. Jones, Treasurer
May 15, 2025**

Southwest Licking Local School District
Licking 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)	19,182,757	20,165,974	25,518,342	15.8%	27,908,334	29,643,243	32,518,186	35,128,840	36,483,329
1.020	Public Utility Personal Property Tax	1,715,382	1,953,418	2,002,941	8.2%	2,064,437	2,192,235	2,263,123	2,335,671	2,422,915
1.030	Income Tax	7,748,085	9,007,057	8,810,672	7.0%	9,487,235	10,175,074	10,935,924	11,783,003	12,746,127
1.035	Unrestricted State Grants-in-Aid	15,620,391	16,128,493	19,257,224	11.3%	19,422,904	15,734,650	15,481,310	15,228,206	14,975,341
1.040	Restricted State Grants-in-Aid	999,854	1,089,628	1,598,176	27.8%	1,562,353	1,361,353	1,361,353	1,361,353	1,361,353
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050	State Share of Local Property Taxes	2,614,208	2,693,814	3,140,814	9.8%	3,575,438	3,679,041	3,986,608	4,281,819	4,404,909
1.060	All Other Revenues	1,426,906	2,400,852	3,229,909	51.4%	3,405,009	3,223,519	3,061,180	2,916,092	2,786,546
1.070	<i>Total Revenues</i>	49,307,583	53,439,236	63,558,078	13.7%	67,425,710	66,009,115	69,607,684	73,034,984	75,180,520
Other Financing Sources										
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	553,386	642,429	737,956	15.5%	660,000	679,800	700,194	714,198	728,482
2.050	Advances-In	61,604	599	13,461	1024.1%	17,182	-	-	-	-
2.060	All Other Financing Sources	197,028	483,137	180,386	41.3%	161,896	160,277	158,674	157,088	155,517
2.070	<i>Total Other Financing Sources</i>	812,018	1,126,165	931,803	10.7%	839,078	840,077	858,868	871,286	883,999
2.080	<i>Total Revenues and Other Financing Sources</i>	50,119,601	54,565,401	64,489,881	13.5%	68,264,788	66,849,192	70,466,552	73,906,270	76,064,519
Expenditures										
3.010	Personal Services	27,451,985	28,571,595	30,697,213	5.8%	35,948,749	39,511,252	42,464,228	45,201,776	48,079,060
3.020	Employees' Retirement/Insurance Benefits	10,763,973	11,639,642	13,195,503	10.8%	15,159,220	16,953,605	18,338,401	19,793,603	21,391,765
3.030	Purchased Services	3,927,000	6,272,065	6,517,871	31.8%	11,784,581	5,959,981	6,257,980	6,570,879	6,899,423
3.040	Supplies and Materials	1,360,478	1,523,845	1,503,640	5.3%	2,700,464	2,086,305	2,144,395	2,204,227	2,265,854
3.050	Capital Outlay	22,201	2,968	683,939	#####	24,150	24,150	24,150	24,150	24,150
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	603,292	753,641	834,006	17.8%	946,161	974,546	1,003,782	1,033,895	1,064,912
4.500	<i>Total Expenditures</i>	44,128,929	48,763,756	53,432,172	10.0%	66,563,325	65,509,840	70,232,936	74,828,529	79,725,165
Other Financing Uses										
5.010	Operating Transfers-Out	553,667	642,429	737,675	15.4%	32,184,505	834,300	859,329	876,516	894,046
5.020	Advances-Out	599	13,461	21,504	1103.5%	19,400	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-
5.040	<i>Total Other Financing Uses</i>	554,266	655,890	759,179	17.0%	32,203,905	834,300	859,329	876,516	894,046
5.050	<i>Total Expenditures and Other Financing Uses</i>	44,683,195	49,419,646	54,191,351	10.1%	98,767,230	66,344,140	71,092,265	75,705,045	80,619,211
6.010	<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	5,436,406	5,145,755	10,298,530	47.4%	(30,502,442)	505,052	(625,713)	(1,798,776)	(4,554,692)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	27,548,311	32,984,718	38,130,471	17.7%	48,429,001	17,926,559	18,431,611	17,805,898	16,007,122
7.020	<i>Cash Balance June 30</i>	32,984,717	38,130,473	48,429,001	21.3%	17,926,559	18,431,611	17,805,898	16,007,122	11,452,430
8.010	<i>Estimated Encumbrances June 30</i>	281,027	1,057,955	795,793	125.8%	-	-	-	-	-
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	2,243,916	2,475,231	2,696,119	9.6%	-	3,379,380	2,682,757	1,689,542	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	<i>Subtotal</i>	2,243,916	2,475,231	2,696,119	9.6%	-	3,379,380	2,682,757	1,689,542	-
10.010	<i>Fund Balance June 30 for Certification of Appropriations</i>	30,459,774	34,597,287	44,937,089	21.7%	17,926,559	15,052,231	15,123,142	14,317,580	11,452,430
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-

Southwest Licking Local School District
Licking County
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For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

		Actual			Average Change	Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024		Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	30,459,774	34,597,287	44,937,089	21.7%	17,926,559	15,052,231	15,123,142	14,317,580	11,452,430
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	<i>Unreserved Fund Balance June 30</i>	30,459,774	34,597,287	44,937,089	21.7%	17,926,559	15,052,231	15,123,142	14,317,580	11,452,430

Southwest Licking Local School District – Licking County
Notes to the Five-Year Forecast
General Fund Only
May 15, 2025

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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since preparing 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 school district's Treasurer/Chief Fiscal Officer (CFO) 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 at least three purposes or objectives of the five-year forecast:

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal forecast is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the May 2025 filing.

May 2025 Updates:

Revenues FY25

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$1 million or 1.6% higher than the November forecasted amount of \$66.38 million.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 45.15% and are estimated to be \$29.97 million, which is \$39 thousand higher for FY25 than the original November estimate of \$29.93 million.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be higher in the November forecast. Collections for FY25 are 1% under our original estimate by \$104 thousand. The SDIT represents 14.1% of the district revenues.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$20.99 million, which is \$645 thousand higher than the original estimate for FY25. We are currently on the formula and are expected to remain as a formula district for FY26 through FY29.

Line 1.06 - Other revenues are up \$453 thousand over the original estimates, primarily due to interest received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY25 based on our best information at this time.

Expenditures FY25

Total General Fund expenditures (line 4.5) are estimated to be \$66.56 million for FY25, which is \$234 thousand higher than the original estimate of \$66.33 million in the November forecast, which is roughly on target with initial estimates.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from original estimates and expenditures ending primarily on target, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly \$17.93 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2029 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates. However, line 5.010 – Operating Transfers Out will have an increase in operating transfers out due to planned transfers to support capital projects. Future years are expected to return to normal levels unless additional project needs arise.

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

1. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 64% of the district's resources. Our tax collections in the February 2025 and August 2024 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections in the forecast.
2. Licking County experienced a reappraisal in the 2023 tax year that were collected in FY24. The 2023 reappraisal increased class I assessed values by \$322.3 million, or 40.19%. Overall values rose \$459.0 million or 46.45%, including reappraisal and new construction for all property classes. A reappraisal will occur in the tax year 2025 for collection in FY26 for Fairfield County. We anticipate value increases for Class I and II property by \$59.88 million for an overall increase of 4.24%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.
3. SB271 passed in 2024 that created a Joint Committee on Property Taxation and Reform. This action was in response to the historic property valuation increases. The committee's mission was to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee released their report to the General Assembly on January 2, 2025. The report outlined twenty-one (21) recommendations on actions that could be taken to restrict local tax growth for Ohio school districts.

As a result of the numerous recommendations in the report there are currently 14 pending pieces of legislation in the Ohio Legislature that seeks to limit growth of local property taxes in several different ways. The most egregious is HB96 which could impact every district in the state of Ohio. HB96 seeks to limit school district ending carry over cash balances to 30% of their prior years expenditures and to allow county budget commissions to suspend voter approved property tax levies and the 20-mill floor in order to reduce district reserves to the 30% target. HB96 has several severe consequences for school districts in terms of financial stability, loss of local control and will likely result in increased levy requests to district taxpayers. It is unclear at the time of this forecast whether HB96 will continue on through the Ohio Senate and be signed into law July 1, 2025. The district will be watching carefully for the final outcome of HB96 and several other legislative proposals that would limit property tax growth. Several of these proposals in addition to HB96 could be a very significant risk to future local tax growth for our district. We will update the forecast when factual data is available

4. The state budget represented 36% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state does not fund the last two (2) years of the Fair School Funding Plan in the FY26-27 biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY26-27 and FY28-29.

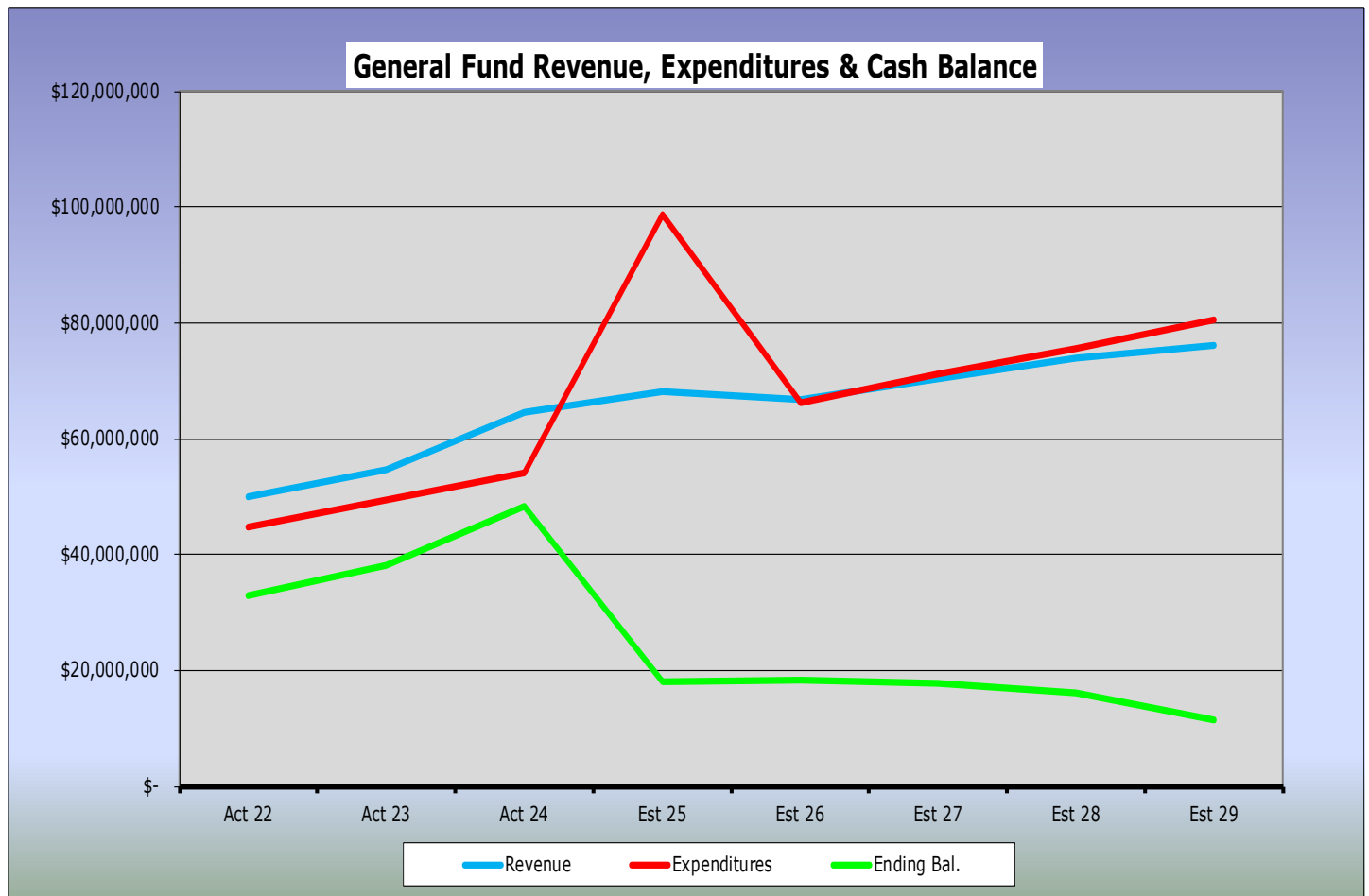
The state legislature has shown little interest in equitably funding the current formula. The governors proposed budget recommendation in HB96 dated February 3, 2025, reduced funding for public school by -\$103.5 million over FY26-27. The legislative process will continue with uncertainty through June 30, 2025, which is after the forecast must be approved. This is an area of elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on of HB33 our current state budget which expires June 30, 2025. We will adjust the forecast for state aide in future years as we have reliable data to make an informed decision.

5. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.67% 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, which as of this forecast do not appear favorable. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.
6. Income tax is the district's 3rd largest revenue source. Revenues from the income tax are slightly lower than anticipated in the November forecast. We will monitor the income tax revenue very closely for any positive or negative changes that may occur in the forecast period.
7. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges today. Our positive working relationship will continue and grow stronger as we move forward.

The significant 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 Richard D. Jones, Treasurer.

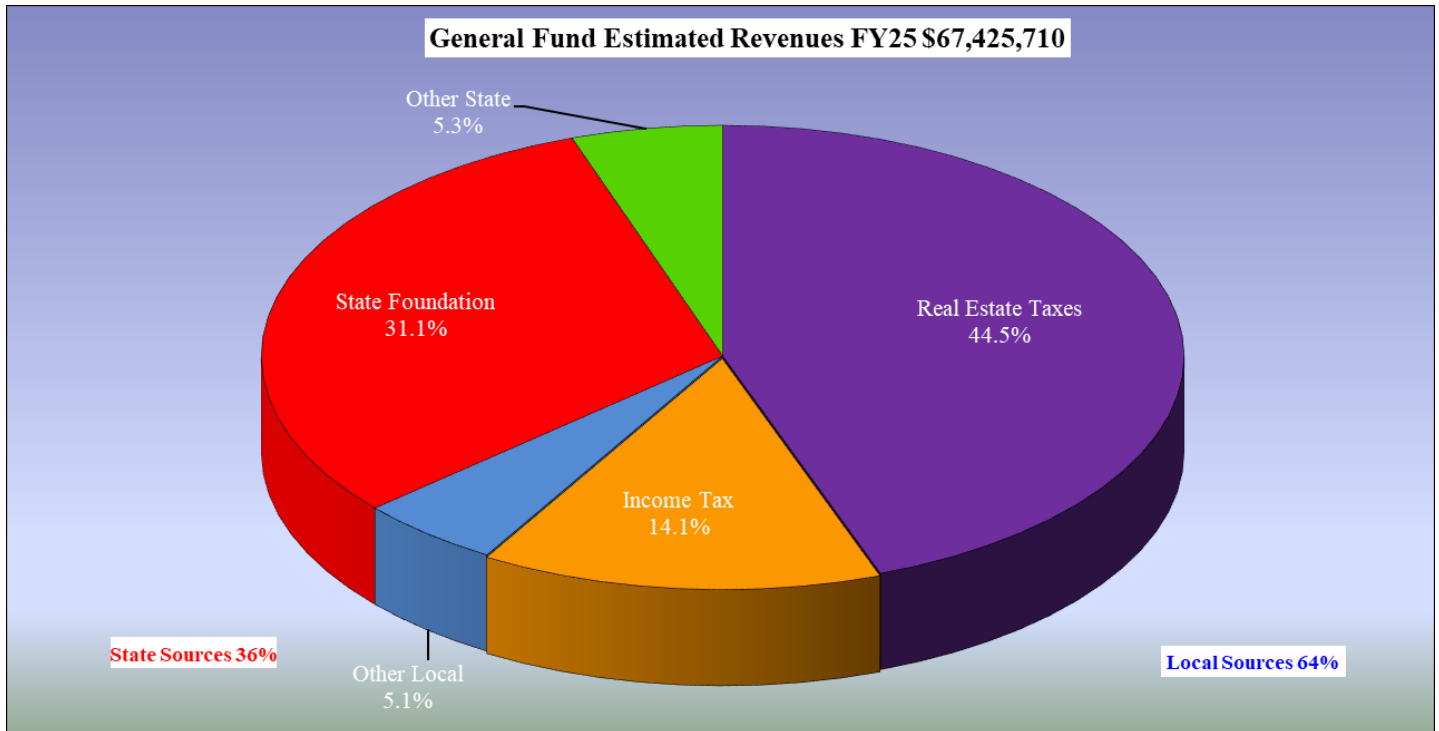
General Fund Revenue, Expenditures, and Ending Cash Balance Act. FY22-24 and Est. FY25-29

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



Revenue Assumptions:

Estimated General Fund Operating Revenue for FY25



General Property Tax and Property Value Assumptions (Real Estate)– Line # 1.010

Property Values are established each year by the County Auditors in Licking and Fairfield counties based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. There was a reappraisal completed in 2023 for the collection in 2024 in Licking County and a reappraisal update in 2022 for the collection in 2023 in Fairfield County. Class I, the residential/agricultural values, increased 40.19% or \$322.3 million due to the Licking County reappraisal led by an improving housing market. There was a significant increase in the Class II commercial/industrial values of 114.2% or \$134.5 million.

For the tax year 2024, residential property values were up by 2.36% or \$32.44 million in assessed value, and commercial/industrial values decreased by \$278 thousand. Overall values rose \$38.22 million or 2.64%, including new construction for all property classes.

A reappraisal will occur for Fairfield County in 2025 for collection in 2026, for which we estimate a 1.24% increase in residential and a potential decrease for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase by \$59.88 million or 4.25% overall.

Public Utility Personal Property (PUPP) values increased by \$5.79 million in Tax Year 2024. We expect our values to continue to grow in each year of the forecast.

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

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
<u>Classification</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>
Res./Ag.	\$1,156,988,130	\$1,198,072,287	\$1,378,036,986	\$1,409,890,496	\$1,459,936,337
Comm./Ind.	\$252,002,012	\$270,793,989	\$328,186,209	\$353,152,105	\$378,877,625
Public Utility Personal Property (PUPP)	<u>\$76,329,760</u>	<u>\$79,440,427</u>	<u>\$82,578,562</u>	<u>\$85,748,918</u>	<u>\$88,955,242</u>
Total Assessed Value	<u>\$1,485,319,902</u>	<u>\$1,548,306,703</u>	<u>\$1,788,801,757</u>	<u>\$1,848,791,519</u>	<u>\$1,927,769,204</u>

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 28.16 mills while the Class I effective millage rate is 23.46 mills and the Class II effective millage rate is 23.46 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the floor for both Class I and Class II. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor; the district has one substitute levy of 3.46 mills that was voted on for an original annual amount of \$4,525,000.

Estimated Real Estate Tax (Line # 1.010)

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Property Taxes	<u>\$27,908,334</u>	<u>\$29,643,243</u>	<u>\$32,518,186</u>	<u>\$35,128,840</u>	<u>\$36,483,329</u>

Property taxes levies are estimated to be collected at about 96% in February and 98% in August. This allows a 4% and 2% respective delinquency factor. In general, 54.51% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45.49% collected in the August tax settlement. Property tax levies are estimated to be collected at about 97% of the annual amount. This allows a 3.0% delinquency factor.

New Tax Levies – Line # 13.030

No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – 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 \$76.33 million in assessed values in Tax Year 2024 and is collected at the district’s full voted millage rate. Collections are estimated to be received 50.32% in the spring settlement and 49.68% in the fall settlement, 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>\$2,064,437</u>	<u>\$2,192,235</u>	<u>\$2,263,123</u>	<u>\$2,335,671</u>	<u>\$2,422,915</u>

School District Income Tax – Line # 1.030

The district had a .75% continuous income tax that has been effective since 1991. The income tax produced \$9.49 million in FY25. We are estimating a growth rate of 7.25% in FY26, 7.48% in FY27 and modest increases each year after.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
School District Income Tax	\$8,810,672	\$9,487,235	\$10,175,074	\$10,935,924	\$11,783,003
Adjustments	<u>\$676,563</u>	<u>\$687,839</u>	<u>\$760,850</u>	<u>\$847,079</u>	<u>\$963,124</u>
Total	<u>\$9,487,235</u>	<u>\$10,175,074</u>	<u>\$10,935,924</u>	<u>\$11,783,003</u>	<u>\$12,746,127</u>

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

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue– Line # 1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the most recent 2025 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 Fair School Funding Plan (FSFP).

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

State Funding Phase-In FY25 and Guarantees

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

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

Future State Budget Projections beyond FY25:

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

Casino Revenue

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

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY24 was \$114.18 million or \$65.44 per pupil. In FY25, the funding totaled \$114.30 million or \$65.99 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.0% annual growth rate for the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	\$18,151,730	\$14,450,237	\$14,183,427	\$13,916,617	\$13,649,807
Additional Aid Items *	<u>\$944,362</u>	<u>\$944,362</u>	<u>\$944,362</u>	<u>\$944,362</u>	<u>\$944,362</u>
Basic Aid-Unrestricted Subtotal	\$19,096,092	\$15,394,599	\$15,127,789	\$14,860,979	\$14,594,169
Ohio Casino Commission ODT	<u>\$326,812</u>	<u>\$340,051</u>	<u>\$353,521</u>	<u>\$367,227</u>	<u>\$381,172</u>
Total Unrestricted State Aid	<u>\$19,422,904</u>	<u>\$15,734,650</u>	<u>\$15,481,310</u>	<u>\$15,228,206</u>	<u>\$14,975,341</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 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. The district is required to maintain documentation for how funds were spent for any subsidy received.

Source	FY25	FY26	FY27	FY28	FY29
Disadvantaged Pupil Impact Aid (DPIA)	\$286,016	\$286,016	\$286,016	\$286,016	\$286,016
Career Tech	\$142,415	\$142,415	\$142,415	\$142,415	\$142,415
ESL	\$117,704	\$117,704	\$117,704	\$117,704	\$117,704
Gifted	\$234,739	\$234,739	\$234,739	\$234,739	\$234,739
Student Wellness	\$580,479	\$580,479	\$580,479	\$580,479	\$580,479
Threshold, SOR, and High Quality Instr. Mat. Subsid	\$201,000	\$0	\$0	\$0	\$0
Total Restricted State Revenues	<u>\$1,562,353</u>	<u>\$1,361,353</u>	<u>\$1,361,353</u>	<u>\$1,361,353</u>	<u>\$1,361,353</u>

C) Restricted Federal Grants in Aid – Line # 1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY25	FY26	FY27	FY28	FY29
Unrestricted	\$19,422,904	\$15,734,650	\$15,481,310	\$15,228,206	\$14,975,341
Restricted	\$1,562,353	\$1,361,353	\$1,361,353	\$1,361,353	\$1,361,353
Rest. Fed. Grants - SFSF & Ed Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$20,985,257</u>	<u>\$17,096,003</u>	<u>\$16,842,663</u>	<u>\$16,589,559</u>	<u>\$16,336,694</u>

State Share of Local Property Tax – Line # 1.050

a) Rollback and Homestead Reimbursement

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

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

b) Tangible Personal Property Reimbursements – Fixed Rate

The district does not receive TPP Fixed Rate reimbursements.

Summary of State Tax Reimbursement – Line # 1.050

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
State Share of Local Property Taxes	<u>\$3,575,438</u>	<u>\$3,679,041</u>	<u>\$3,986,608</u>	<u>\$4,281,819</u>	<u>\$4,404,909</u>

Other Local Revenues – Line # 1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22 any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

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

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Fees (1635, 1690, 1740, 1790, 1810)	\$382,801	\$386,629	\$390,495	\$394,400	\$398,344
Interest (1410)	\$1,900,000	\$1,710,000	\$1,539,000	\$1,385,100	\$1,246,590
Medicaid / Erate (4120)	\$327,000	\$323,730	\$320,493	\$317,288	\$314,115
Tuitions (1211, 1221, 1223, 1232)	\$658,004	\$664,584	\$671,230	\$677,942	\$684,721
Other Income and rentals	<u>\$137,204</u>	<u>\$138,576</u>	<u>\$139,962</u>	<u>\$141,362</u>	<u>\$142,776</u>
Total Other Local Revenue	<u>\$3,405,009</u>	<u>\$3,223,519</u>	<u>\$3,061,180</u>	<u>\$2,916,092</u>	<u>\$2,786,546</u>

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

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

All Other Financial Sources – Line # 2.010 through Line # 2.060 & Line # 14.010

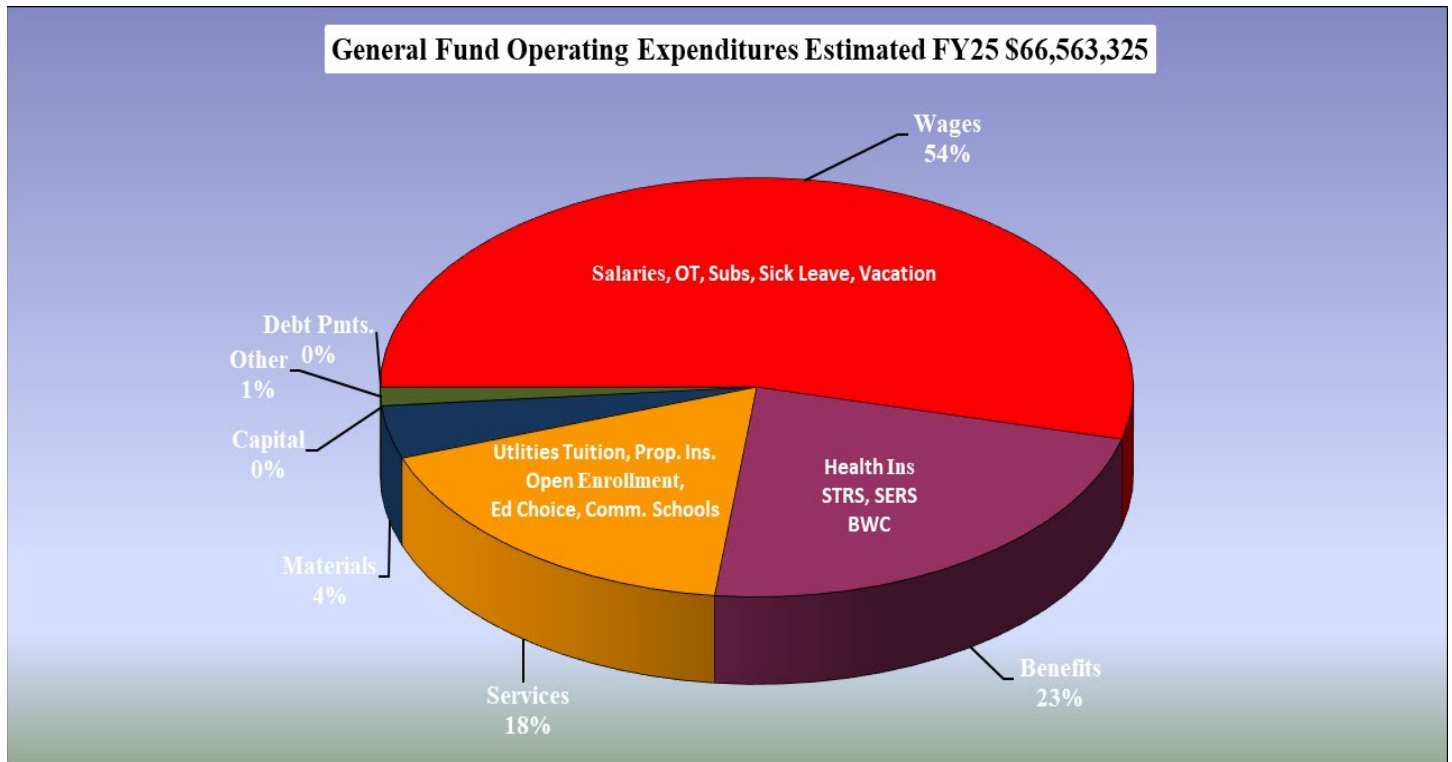
There is no short-term borrowing planned for in this forecast at this time. The other area in these lines is Refund of Prior year expenses which are for refunds that the district has received and is anticipating a similar amount each year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Rev. From State Advances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

Estimated Operating Expense Categories - General Fund FY25



Personnel Services – Employees’ Salaries & Wages – Line # 3.010

The district is expecting a base 10% increase in FY25, a 3% increase in FY26-FY27 and a 2% increase in the remaining years of the forecast. The district has included 2.5% for steps raises and other adjustments. There is also an increase each year for Substitute and Supplement wages from FY25 through FY29 consistent with the estimated raises. The district is also including additional staff to support the enrollment growth.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$34,173,614	\$35,239,244	\$38,781,675	\$41,399,504	\$44,152,602
Steps	\$0	\$880,981	\$969,542	\$1,034,988	\$1,103,815
One-time payment in lieu of base salary increase	\$0	\$0	\$0	\$0	\$0
Growth	\$40,422	\$1,604,273	\$872,654	\$890,120	\$907,936
Substitutes	\$711,117	\$732,451	\$754,424	\$769,513	\$784,903
Supplementals	\$1,023,596	\$1,054,304	\$1,085,933	\$1,107,652	\$1,129,805
Staff Reductions	\$0	\$0	\$0	\$0	\$0
Total Wages	<u>\$35,948,749</u>	<u>\$39,511,252</u>	<u>\$42,464,228</u>	<u>\$45,201,776</u>	<u>\$48,079,060</u>

Fringe Benefits Estimates – Line # 3.020

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

A) STRS/SERS

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 planning for a 12.0% increase in FY25, a 13.8% increase in FY26, and 12.0% increases each additional year through FY29.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at less than 1% of wages FY25-FY29 which is in line with our recent trend. Unemployment Compensation has been negligible.

D) Medicare

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

E) Other/Tuition

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

Summary of Retirement/Insurance Benefits – Line # 3.020

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$5,317,418	\$5,956,558	\$6,400,400	\$6,811,647	\$7,243,867
B) Insurance's	\$8,640,416	\$9,733,556	\$10,623,129	\$11,619,450	\$12,735,330
C) Workers Comp/Unemployment	\$104,121	\$114,570	\$123,133	\$131,071	\$139,414
D) Medicare	\$521,257	\$572,913	\$615,731	\$655,426	\$697,146
Other/Tuition/Social Security	\$576,008	\$576,008	\$576,008	\$576,008	\$576,008
Total Fringe Benefits	<u>\$15,159,220</u>	<u>\$16,953,605</u>	<u>\$18,338,401</u>	<u>\$19,793,603</u>	<u>\$21,391,765</u>

Purchased Services – Line # 3.030

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

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional & Technical Services, ESC	\$7,329,195	\$2,364,595	\$2,482,824	\$2,606,966	\$2,737,314
Maintenance, Insurance & Garbage Removal	\$548,416	\$575,837	\$604,629	\$634,860	\$666,603
Professional Development	\$80,239	\$84,251	\$88,463	\$92,887	\$97,531
Communications, Postage, & Telephone	\$238,237	\$250,149	\$262,656	\$275,789	\$289,579
Utilities	\$1,246,900	\$1,394,245	\$1,463,957	\$1,537,155	\$1,614,013
Contracted Trades & Services	\$7,300	\$7,665	\$8,048	\$8,451	\$8,873
Tuition, Excess Costs & Scholarship Costs	\$1,542,900	\$452,276	\$474,890	\$498,634	\$523,566
College Credit Plus	\$77,802	\$81,692	\$85,777	\$90,066	\$94,569
Contract Transportation	\$76,600	\$80,430	\$84,452	\$88,674	\$93,108
Miscellaneous Purchased Services	\$636,992	\$668,842	\$702,284	\$737,398	\$774,268
Budget Reserves or (Reductions)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Purchased Services	<u>\$11,784,581</u>	<u>\$5,959,981</u>	<u>\$6,257,980</u>	<u>\$6,570,879</u>	<u>\$6,899,423</u>

Supplies and Materials – Line # 3.040

Expenses which include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies and materials, bus fuel, etc.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Supplies (51x, 590)	\$1,014,069	\$1,044,491	\$1,075,826	\$1,108,101	\$1,141,344
Textbooks (52x)	\$820,556	\$150,000	\$150,000	\$150,000	\$150,000
Building Maintenance (57x)	\$280,709	\$289,130	\$297,804	\$306,738	\$315,940
Transportation (58x)	<u>\$585,130</u>	<u>\$602,684</u>	<u>\$620,765</u>	<u>\$639,388</u>	<u>\$658,570</u>
Total Supplies	<u>\$2,700,464</u>	<u>\$2,086,305</u>	<u>\$2,144,395</u>	<u>\$2,204,227</u>	<u>\$2,265,854</u>

Capital Outlay – Line # 3.050

The district does not anticipate costs increasing significantly in this line because the Permanent Improvement Fund pays most capital outlay.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay	\$24,150	\$24,150	\$24,150	\$24,150	\$24,150
Replacement Bus Purchases	\$0	\$0	\$0	\$0	\$0
Budget Reserve	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Equipment	<u>\$24,150</u>	<u>\$24,150</u>	<u>\$24,150</u>	<u>\$24,150</u>	<u>\$24,150</u>

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 3% increase is projected for Auditor and Treasurer fees.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor / Treasurer & Income Tax Fees	\$553,600	\$570,208	\$587,314	\$604,933	\$623,081
County ESC	\$3,500	\$3,605	\$3,713	\$3,824	\$3,939
Other expenses	\$389,061	\$400,733	\$412,755	\$425,138	\$437,892
Increased A&T Fees for New Levies	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Other Expenses	<u>\$946,161</u>	<u>\$974,546</u>	<u>\$1,003,782</u>	<u>\$1,033,895</u>	<u>\$1,064,912</u>

Transfers Out/Advances Out – Line # 5.010

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. Additional transfers are planned in FY25 for anticipated capital projects on the horizon.

Source	FY25	FY26	FY27	FY28	FY29
Operating Transfers Out	\$32,184,505	\$834,300	\$859,329	\$876,516	\$894,046
Advances Out	\$19,400	\$0	\$0	\$0	\$0
Total Transfer & Advances Out	<u>\$32,203,905</u>	<u>\$834,300</u>	<u>\$859,329</u>	<u>\$876,516</u>	<u>\$894,046</u>

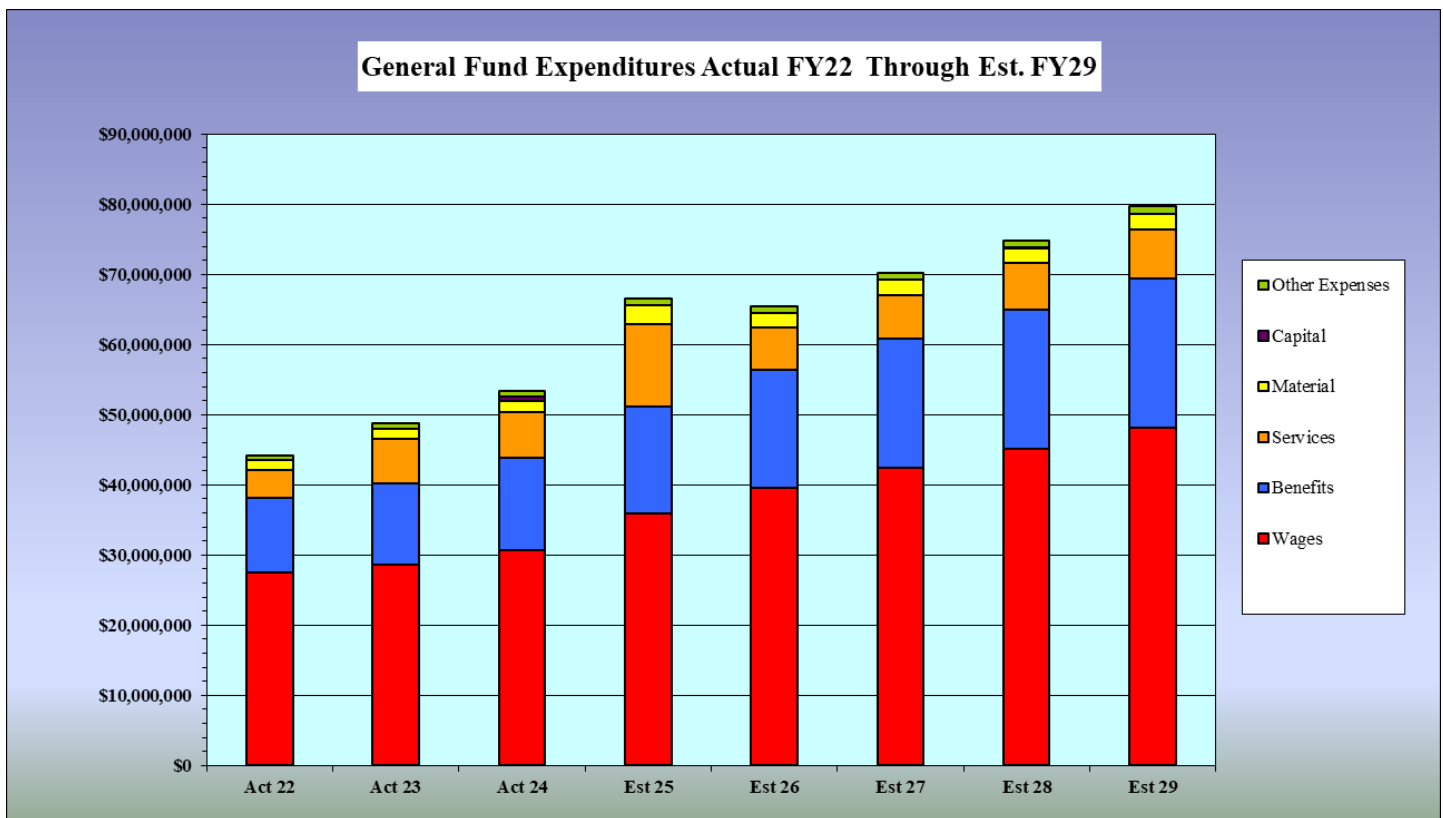
Encumbrances – Line # 8.010

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

Source	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As the graph on the following page indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



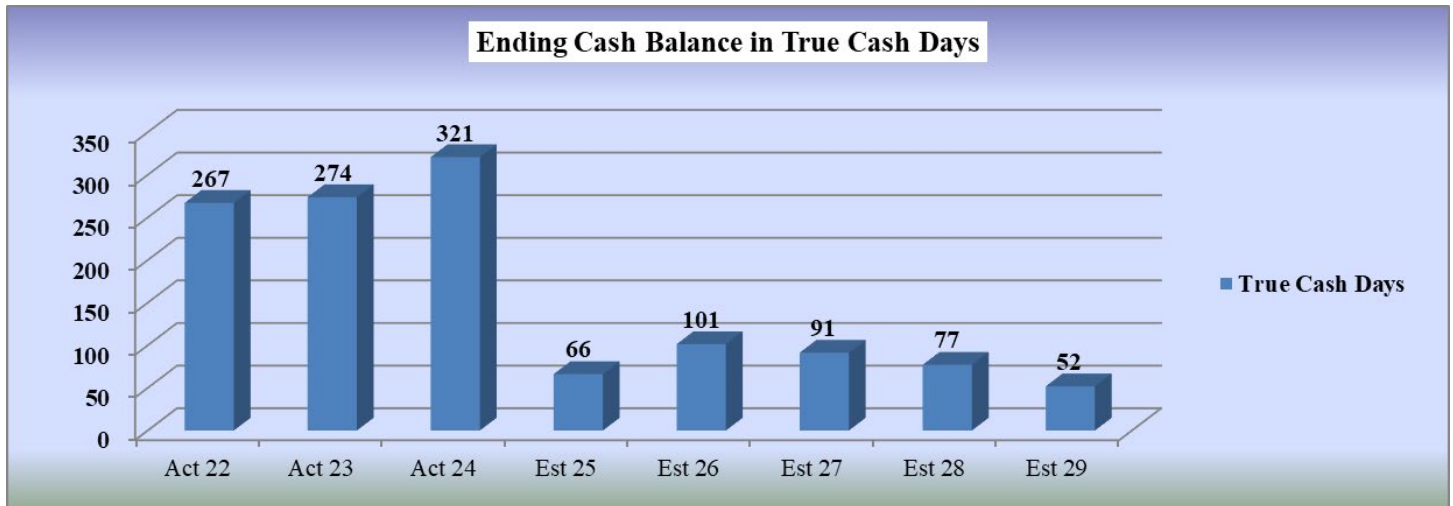
Ending Unencumbered Cash Balance “The Bottom-line”– Line # 15.010

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

Source	FY25	FY26	FY27	FY28	FY29
Ending Unencumbered Cash Balance	<u>\$17,926,559</u>	<u>\$18,431,611</u>	<u>\$17,805,898</u>	<u>\$16,007,122</u>	<u>\$11,452,430</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) = 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.



Conclusion

Southwest Licking Local School District receives 36% of it's funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

District administrations appreciates the supportive Southwest Licking community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

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