Lancaster City School District

Fairfield

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 $ 2,029
	Revenues									
1.010	General Property Tax (Real Estate)	20,163,469	22,723,036	24,305,282	9.8%	24,766,339	26,464,897	28,119,338	28,384,321	$ 29,427,978
1.020	Tangible Personal Property Tax	5,181,606	5,371,637	5,622,171	4.2%	7,186,653	7,134,861	7,011,951	7,238,055	$ 7,464,160
1.030	Income Tax	15,306,877	17,231,504	17,055,115	5.8%	18,532,574	19,273,877	20,044,832	20,846,625	$ 21,680,490
1.035	Unrestricted State Grants-in-Aid	26,733,024	28,666,681	32,520,406	10.3%	32,792,805	33,360,270	32,262,338	32,707,414	$ 31,356,151
1.040	Restricted State Grants-in-Aid	2,357,713	2,655,848	3,349,998	19.4%	6,802,035	4,771,976	4,529,449	4,494,695	$ 4,355,812
1.045	Restricted Federal Grants-in-Aid - SFSF				0.0%					$ -
1.050	State Share of Local Property Taxes	2,340,682	2,587,434	2,829,535	9.9%	2,931,284	3,187,512	3,468,203	3,486,244	$ 3,619,025
1.060	All Other Revenues	2,871,329	3,393,764	4,091,565	19.4%	4,876,897	4,603,122	3,933,122	4,583,122	$ 4,268,122
1.070	*Total Revenues*	74,954,700	82,629,904	89,774,072	9.4%	97,888,587	98,796,515	99,369,233	101,740,476	$ 102,171,738
	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	15,664	16,487	17,111	4.5%	17,410	18,000	18,000	18,000	$ 18,000
2.050	Advances-In			2,900,909	0.0%					$ -
2.060	All Other Financing Sources	13,564	72,505	35,699	191.9%	12,500	12,500	12,500	12,500	$ 12,500
2.070	*Total Other Financing Sources*	29,228	88,992	2,953,719	999.0%	29,910	30,500	30,500	30,500	$ 30,500
2.080	*Total Revenues and Other Financing Sources*	74,983,928	82,718,896	92,727,791	11.2%	97,918,497	98,827,015	99,399,733	101,770,976	$ 102,202,238
	Expenditures									
3.010	Personal Services	43,358,487	44,906,906	47,152,604	4.3%	54,359,821	57,296,512	59,892,903	62,658,825	$ 63,891,451
3.020	Employees' Retirement/Insurance Benefits	17,016,939	19,698,528	21,608,505	12.7%	24,809,038	25,831,532	28,742,370	32,054,490	$ 35,550,356
3.030	Purchased Services	6,520,189	6,607,260	7,372,694	6.5%	9,831,622	10,126,571	10,430,368	10,743,279	$ 11,065,577
3.040	Supplies and Materials	2,434,816	3,027,071	3,861,036	25.9%	4,954,424	4,929,056	5,082,148	5,413,832	$ 5,576,247
3.050	Capital Outlay	473,558	1,228,293	303,556	42.0%	722,339	722,339	722,339	722,339	$ 722,339
3.060	Intergovernmental				0.0%					$ -
	Debt Service:									
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	821,113	1,035,273	1,023,232	12.5%	1,074,111	1,117,076	1,161,759	1,208,229	$ 1,256,558
4.500	*Total Expenditures*	70,625,102	76,503,331	81,321,627	7.3%	95,751,355	100,023,086	106,031,887	112,800,994	$ 118,062,528
	Other Financing Uses									
5.010	Operating Transfers-Out	9,111,009	6,887,560	4,404,068	-30.2%	17,948,143			794,866	$ 3,470,598
5.020	Advances-Out		2,900,909		0.0%					$ -
5.030	All Other Financing Uses				0.0%					$ -
5.040	*Total Other Financing Uses*	9,111,009	9,788,469	4,404,068	-23.8%	17,948,143			794,866	$ 3,470,598
5.050	*Total Expenditures and Other Financing Uses*	79,736,111	86,291,800	85,725,695	3.8%	113,699,498	100,023,086	106,031,887	113,595,860	$ 121,533,126
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	4,752,183-	3,572,904-	7,002,096	-160.4%	15,781,001-	1,196,071-	6,632,154-	11,824,884-	$ (19,330,888)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	42,821,702	38,069,519	34,496,615	-10.2%	41,498,711	25,717,710	24,521,639	17,889,485	$ 6,064,601
7.020	*Cash Balance June 30*	38,069,519	34,496,615	41,498,711	5.5%	25,717,710	24,521,639	17,889,485	6,064,601	$ (13,266,287)
8.010	*Estimated Encumbrances June 30*	2,294,551	1,637,434	1,512,826	-18.1%	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				0.0%					$ -
9.020	Capital Improvements				0.0%					$ -
9.030	Budget Reserve				0.0%					$ -
9.040	DPIA				0.0%					$ -
9.045	Fiscal Stabilization				0.0%					
9.050	Debt Service				0.0%					$ -
9.060	Property Tax Advances				0.0%					$ -
9.070	Bus Purchases				0.0%					$ -
9.080	*Subtotal*				0.0%					$ -
10.010	*Fund Balance June 30 for Certification of Appropriations*	35,774,968	32,859,181	39,985,885	6.8%	23,717,710	22,521,639	15,889,485	4,064,601	$ (15,266,287)
	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%					$ -
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	35,774,968	32,859,181	39,985,885	6.8%	23,717,710	22,521,639	15,889,485	4,064,601	$ (15,266,287)
	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	*Unreserved Fund Balance June 30*	35,774,968	32,859,181	39,985,885	6.8%	23,717,710	22,521,639	15,889,485	4,064,601	$ (15,266,287)

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Lancaster City Schools
FY25 through FY29
Fiscal Forecast
Assumptions - May 2025 Update

General Assumptions

This is a forecast based on the data available at the time of preparation. The District is in the second year of HB33, the biennium budget for the State of Ohio, for FY24 and FY25. Funds included in this forecast are: General (001) only. CARES Act funding designated as the Elementary and Secondary School Emergency Relief Fund 507 (ESSER) is not included in the forecast; however the funding helped defer some costs from the General Fund. FY24 was the last year ESSER funds were available to be spent; some expenditures returned to the General Fund the latter months of FY24 and are continued throughout this forecast.

Revenues:

General Property Tax

Property values are established each year by the County Auditor based on new construction and complete or updated values. The most current certified reappraisal of district property values was for 2019 values collected in calendar year 2020. The update of district property values was in 2022 for collection in calendar year 2023. The next certified reappraisal of district property values will be 2025 values collected in calendar year 2026. The next update of district property values will be 2028 values collected in calendar year 2029.

- For 2023: Overall valuations increased 1%. Property values increased .7% for residential/agricultural and 1.3% for commercial/industrial.
- For 2024: Overall valuations increased 1.5%. Property values increased .6% for residential/agriculture and 2.2% for commercial/industrial.
- For 2025: (Reappraisal): It is estimated that the reappraisal will increase property values 19% for residential/agricultural and 4.5% for commercial/industrial.
- For 2026: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+2%).
- For 2027: Growth trends are estimated to be relatively flat for residential/agriculture (+.5%) and commercial/industrial (+2%).
- For 2028: (Update): It is estimated that the Update will increase property values 7% for residential/agriculture and 3% for commercial/industrial.

Tangible Personal Property Tax

Rocky Pipeline increased valuations by $19.86 million in FYI and FY12. TPP values increased roughly $8 million in TY2019, TY2020 and TY2021; however the Rocky Pipeline appealed values statewide last year. Rocky Pipeline has a just recently reached an agreement with the State of Ohio about its appeal on values. The appeal has caused collections in FY23 to come in at 92.3% rather than the usual 100%. The District did receive a payment from Rocky Pipeline in August 2023 of nearly $500k. Rocky Pipeline brought its accounts current with the 2nd payment this fiscal yera. Going forward, it is expected that the District will receive an addition $3.5 million for TY2024 and each year after.

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Revenues (continued):

Income Tax

A ten year 1.5% earned income tax went into effective on January l, 2007. The District renewed the income tax on a continuing basis the fall of 2015. Due to a change made in HB166 eliminating a $250,000 deduction on small business income, the District saw a 7.65% increase in FY20. Due to the economic effects of COVID-19 and job losses*, income tax collections saw a minimal increase of .9%. Since then, income tax revenue increased an unprecedented 13% in FY22 and 12.6 % in FY23. However, FY22 and FY23 included an additional $1.3 million in delinquent collections. The state experienced a slowdown in growth in FY24 and, as predicted, delinquent collections dropped significantly. The District experienced a 1% decrease in collections for FY24. This fiscal year, collections came in strong at an 8.66% increase, which included an increase in delinquency collections of $230K over FY24. The District was expecting an increase of 5% for FY25. Based on the 15 year historical average, a 4% annual increase has been assumed for **FY26-FY29.** *Note: unemployment compensation is not taxable for earned income tax districts.

Unrestricted Grants in Aid

With HB110, FY22 & FY23 unrestricted grants in aid funds are based on a phase in of the new Fair School Funding method. However, HB110 only covered the first two years' phase in percentages of 16.67% and 33.33%. HB33 continued the phase in of the Fair School Funding method at 50% for FY24 and 66.67% for FY25. FY26-27 will be held based on that funding structure but held at a 66.67% phase in (same as FY25). It will be up to the next budget bill to continue the phase in until it reaches 100%.

FY22 - FY23: Funding per HB110 phases in the new Fair School Funding method at 16.67% for FY22 and 33.33% for FY23. This is the first time in many years the District is formula funded (meaning the District loses state dollars for every student who leaves, but gains state dollars for every student who enters the District).

FY24 - FY25: Funding per HB33, the Fair School Funding method continues to be phased in at 50% for FY24 and 66.67% for FY25**.

FY26 - FY28: Funding will be determined by the next biennium budget (set July 1, 2025). This forecast assumes the phase in flat at 66.67% in these fiscal years**.

**Enrollment is expected to remain relatively steady over the forecast at around 5,900 students. A reduction of 42 students has been forecast since the November forecast based on the current EMIS numbers.
[FY25 5,868 District Educated Enrollment; FY26 5,884; FY27 5,883; FY28 5908, FY29 5,908]

Starting in FY13, the District began receiving casino revenue to supplement current state aid to schools districts. It is not supposed to supplant. The amount Lancaster City Schools receives is approximately $67-70 per student based on enrollment.

Catastrophic special education payments are also classified as unrestricted. The Ohio Department of Education increased the pool for Catastrophic cost reimbursement; thus, the District has recently seen an increase in this funding. However, Districts are now required to fund the state pool for Catastrophic cost reimbursement, which is an offset. Lancaster City Schools usually breaks about even with this funding.

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Revenues (continued):

Restricted Grants in Aid

Economically disadvantaged student aid must be reported as restricted. Funding must be spent towards an extended school day and school year, reading improvement and intervention, instructional technology or blended learning, professional development in reading instruction for teachers of students in kindergarten through third grade, dropout prevention, school safety and security measures, community learning centers that address barriers to learning, and/or academic interventions for students in any of grades six through twelve. This funding increased drastically in FY25 due to the District signing up to be a CEP District. Changes are expected to be made to this pool of money in the next biennium budget. As such, half of the increase in FY25 has been backed off future years.

Career Tech funding, including Career Awareness funds are also listed as restricted.

The Fair School Funding Plan, starting in FY22, added some new categories to this line: Student Wellness and Success, Gifted Funding, English Learners Funding, and Career Awareness & Exploration Funds. New for FY24 and FY25 was reimbursement from ODEW for Science of Reading stipends.

Property Tax Allocation

Rollback and homestead reimbursements from the State of Ohio are categorized in th.is line. Rollback and homestead reimbursements will generally grow with new construction, reappraisals, updates and new levies.

All Other Revenues

The largest revenue items in this category are as follows:

- Tuition for students from other districts. Starting in FY22, open enrollment revenue is eliminated as Districts educating these students are funded directly.
- Interest income.
- Pay-to-participate fees for athletics, fine arts, and clubs.
- Rental Income from Board owned property.
- In Lieu of Taxes payments.
- Property Tax Settlements. HB126 was signed in April 2022 which greatly inhibits our ability to protect our tax base. This revenue stream was greatly reduced.
- CAFS/Medicaid reimbursements.
- E-rate revenues

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Expenditures:

Note: Fiscal year 2025 expenditures are primarily based on the Permanent Appropriation Measure approved in September and updated with current expenditures posted through mid-May. See our website for details of our expenditures in the FY25 Budget Document.

Personal Services

FY24 budget includes average raises 2% and average step increases of 1.5%.
FY25 budget includes average raises 3% and average step increases of 1.5%.
FY26 budget includes average raises 4% and average step increases of 1.5%.
FY27 budget includes average raises 3% and average step increases of 1.5%.
FY28 budget includes average raises 3% and average step increases of 1.5%.
FY29 budget includes average raises 0% and average step increases of 1.5%.

Additional personnel have been added in fiscal years 2026 through 2029 to absorb any additional staffing needed to meet class size/special education/curriculum requirements. ESSER/ARP funding absorbed any additional personnel needed for FY22-FY24 in addition to many personnel from the General Fund (supplanted) ; however, starting late in FY24 several positions were brought back to the General Fund as that funding stream was exhausted prior to fiscal year end. Salaries saw a significant increase in FY25 when positions were brought back or added to the General Fund with the elimination of ARP during FY24.

Employees Retirement/Insurance Benefits

The largest expenditures in this category are health insurance and retirement system payments.

Employee health insurance premiums increased 8.38% in FY25 and are set to increase 4% in FY26. An Optional PPO plan was added with an effective date of 1/1/25 to help reduce the rising health insurance costs. It is too early in the process to know the financial impact of this change over time. Estimates going forward are modeled at an increase of 15% annually.

Dental insurance premiums remained flat for FY25 but are set to increase 5% in FY26.

Note: The District qualified for a one month health insurance premium holiday during FY22.

ESSER/ARP funding absorbed any additional personnel needed for FY22-FY24 in addition to many personnel from the General Fund (supplanted); however, starting late in FY24 several positions were brought back to the General Fund as that funding stream was exhausted prior to fiscal year end. Employee benefits also saw a significant increase in FY25 when positions were brought back or added to the General Fund with the elimination of ARP funding during FY24.

Purchased Services

The expenditures in this category include, but are not limited to: all district utilities, maintenance and repairs, tuition, postage, and data processing services. The District has experienced larger than normal increases in tuition paid out for special needs students starting in FY24. Inflation in purchase services has been set at 3% each fiscal year.

This line item was significantly reduced in FY22 due to community school and open enrollment payments (which made up the majority of this line item) being eliminated with HB110 when students were funded were they were educated. However, FY25 saw a significant increase due to purchased services being added back to the General Fund from the exhaustion of ARP funding during FY24.

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Expenditures (continued):

Supplies and Materials

The expenditures in this category include, but are not limited to: instructional and office supplies, fuel, library books, textbooks, and equipment valued less than $5,000 which do not meet our capitalization criteria. An annual increase of 3% has been applied to this line item for inflation.

Textbooks, the largest expenditure out of this category, are purchased on a cycle and fluctuate between fiscal years depending on the subject.

FY25 saw a significant increase due to supplies previously paid by ARP being added back to the General Fund from the exhaustion of ARP funding during FY24.

A Capital Plan was devised and has been rolled into this forecast. Operational supplies and materials, including technology replacement costs, are included in this line item. As part of our technology plan the District implements a K-12 1-to-1 computer program.

Capital Outlay

Expenditures in this category are for building improvements and capital assets valued over $5,000.

A Capital Plan was devised and has been rolled into this forecast. Operational capital expenditures, including bus replacement costs, are included in this line item.

Timing of bus purchase expenditures explains the increase in FY23. In addition, two additional buses that were planned for purchase in FY24 were purchased in FY23.

Other Objects

Expenditures in this category include audit fees, property tax collection fees, income tax collection fees, and dues/memberships. An annual increase of 4% has been applied to this line item for inflation.

Other Financing Options

A Capital Plan was been devised and has been rolled into this forecast. It is broken down into three categories that are funded by the corresponding fund: Operating (General Fund), Permanent Improvements (Permanent Improvement Fund), and Capital Projects (Capital Projects Fund). Operating expenditure s are shown within the appropriate categories of the forecast. Permanent Improvement and Capital Projects expenditures are funded annually via a transfer.

With the passage of the income tax levy, the District has continued it's in partnership with the Ohio Facilities Construction Commission, to building two new junior high schools without increasing taxes. Bonds were sold in 2016 and payments will be made from the General Fund over 23 years via transfers to a bond retirement fund. Payments out of the General Fund started in FY18.

Other transfers include populating the Board Service Fund, and replenishing the Severance Fund and BWC Fund.

A majority of Capital Plan transfers have been advanced to FY25 due to current discussions to cap cash balances at 30% of prior year expenditures. These funds are needed for the debt & projects above.

Advances Out is to cover deficits that may exist in any state or federal grant funds at fiscal yearend.