

**LICKING VALLEY 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
Licking Valley Local School District
Treasurer's Office
Andrew Douglass, Treasurer
May 19, 2025**

Licking Valley 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)	\$4,960,561	\$5,113,793	\$6,039,423	10.6%	\$6,725,991	\$6,830,163	\$7,049,118	\$7,223,517	\$7,262,040	
1.020 Public Utility Personal Property Tax	824,405	862,868	757,770	-3.8%	965,520	1,010,567	1,016,547	1,022,527	1,028,507	
1.030 Income Tax	3,094,434	3,558,138	3,711,218	9.6%	4,012,526	4,132,902	4,174,231	4,215,974	4,258,134	
1.035 Unrestricted State Grants-in-Aid	11,057,592	11,598,772	12,774,115	7.5%	13,066,961	13,069,783	13,072,680	13,075,620	13,078,625	
1.040 Restricted State Grants-in-Aid	693,006	710,561	912,980	15.5%	885,675	761,913	761,913	761,913	761,913	
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	724,810	740,440	841,645	7.9%	939,585	965,594	995,282	1,024,971	1,030,452	
1.060 All Other Revenues	919,639	665,971	1,111,857	19.7%	1,104,435	924,635	817,074	601,952	494,391	
1.070 Total Revenues	\$22,274,447	\$23,250,543	\$26,149,008	8.4%	\$27,700,693	\$27,695,557	\$27,886,845	\$27,926,474	\$27,914,062	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0	
2.020 State Emergency Loans	0	0	0	0.0%	0	0	0	0	0	
2.040 Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0	
2.050 Advances-In	0	121,553	189,901	0.0%	155,000	155,000	155,000	155,000	155,000	
2.060 All Other Financing Sources	102,517	78,141	138,500	26.7%	78,141	78,141	78,141	78,141	78,141	
2.070 Total Other Financing Sources	\$102,517	\$199,694	\$328,401	79.6%	\$233,141	\$233,141	\$233,141	\$233,141	\$233,141	
2.080 Total Revenues and Other Financing Sources	\$22,376,964	\$23,450,237	\$26,477,409	8.9%	\$27,933,834	\$27,928,698	\$28,119,986	\$28,159,615	\$28,147,203	
Expenditures										
3.010 Personal Services	\$12,434,679	\$12,710,034	\$12,996,496	2.2%	\$14,212,424	\$14,986,545	\$15,745,719	\$16,393,395	\$17,006,048	
3.020 Employees' Retirement/Insurance Benefits	3,829,603	3,843,342	3,783,757	-0.6%	4,244,386	4,790,754	5,356,312	5,973,336	6,616,111	
3.030 Purchased Services	3,004,916	2,707,145	2,832,358	-2.6%	3,346,575	3,372,046	3,504,287	3,621,023	3,741,811	
3.040 Supplies and Materials	985,268	911,880	958,511	-1.2%	1,465,244	1,287,484	1,360,379	1,532,490	1,644,822	
3.050 Capital Outlay	153,455	449,275	367,812	87.3%	436,245	169,799	33,591	34,935	36,332	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0	
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0	
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0	
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0	
4.050 Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0	
4.055 Principal-Other	0	0	0	0.0%	0	0	0	0	0	
4.060 Interest and Fiscal Charges	0	0	-	0.0%	0	0	0	0	0	
4.300 Other Objects	210,533	257,399	305,202	20.4%	320,642	333,468	346,806	364,384	382,887	
4.500 Total Expenditures	\$20,618,454	\$20,879,075	\$21,244,136	1.5%	\$24,025,516	\$24,940,096	\$26,347,094	\$27,919,563	\$29,428,011	
Other Financing Uses										
5.010 Operating Transfers-Out	\$788,529	\$741,743	\$838,529	3.6%	\$11,503,529	\$898,529	\$898,529	\$1,133,529	\$1,441,529	
5.020 Advances-Out	121,553	189,901	235,481	40.1%	155,000	155,000	155,000	155,000	155,000	
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0	
5.040 Total Other Financing Uses	\$910,082	\$931,644	\$1,074,010	8.8%	\$11,658,529	\$1,053,529	\$1,053,529	\$1,288,529	\$1,596,529	
5.050 Total Expenditures and Other Financing Uses	\$21,528,536	\$21,810,719	\$22,318,146	1.8%	\$35,684,045	\$25,993,625	\$27,400,623	\$29,208,092	\$31,024,540	
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>	\$848,428	\$1,639,518	\$4,159,263	123.5%	(\$7,750,211)	\$1,935,073	\$719,363	(\$1,048,477)	(\$2,877,337)	
7.010 <i>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</i>	\$11,389,973	\$12,238,401	\$13,877,919	10.4%	\$18,037,182	\$10,286,971	\$12,222,044	\$12,941,407	\$11,892,930	
7.020 <i>Cash Balance June 30</i>	\$12,238,401	\$13,877,919	\$18,037,182	21.7%	\$10,286,971	\$12,222,044	\$12,941,407	\$11,892,930	\$9,015,593	

Licking Valley 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
8.010 <i>Estimated Encumbrances June 30</i>	\$0	\$62,167	\$62,167	0.0%	\$62,167	\$62,167	\$62,167	\$62,167	\$62,167	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0	
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0	
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0	
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0	
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0	
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0	
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0	
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0	
9.080 <i>Subtotal Reservations of fund Balance</i>	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
<i>Fund Balance June 30 for Certification of Appropriations</i>	\$12,238,401	\$13,815,752	\$17,975,015	21.5%	\$10,224,804	\$12,159,877	\$12,879,240	\$11,830,763	\$8,953,426	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0	
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0	
11.300 Cumulative Balance of Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	\$12,238,401	\$13,815,752	\$17,975,015	21.5%	\$10,224,804	\$12,159,877	\$12,879,240	\$11,830,763	\$8,953,426	
Revenue from New Levies										
13.010 Income Tax - New	0	0	0	0.0%	0	0	0	0	0	
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0	
13.030 Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
14.010 Revenue from Future State Advancements				0.0%	0	0	0	0	0	
15.010 <i>Unreserved Fund Balance June 30</i>	\$12,238,401	\$13,815,752	\$17,975,015	21.5%	\$10,224,804	\$12,159,877	\$12,879,240	\$11,830,763	\$8,953,426	

Licking Valley Local School District – Licking County
Notes to the Five-Year Forecast
General Fund Only
May 19, 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), 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 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.

Three important purposes or objectives of the five-year forecast are:

- (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 updated May 2025 filing.

May 2025 Updates:

Revenues FY25

The overview of revenue 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 \$27.7 million or 2% higher than the November forecasted amount of \$27.1 million.

Line 1.01 and 1.02 - Property tax revenues represent a significant source of revenues at 27.87% and are estimated to be \$7.69 million, which is \$26 thousand higher for FY25 than the original November estimate of \$7.66 million.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be lower in the November forecast. Collections for FY25 are 3.3% over our original estimate by \$130 thousand. The SDIT represents 14.5% 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 \$13.95 million, which is \$254 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 \$146 thousand over original estimates, driven mostly by interest received by the district. Other revenue can be 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 \$24 million for FY25, which is \$186 thousand lower than the original estimate of \$24.2 million in the November forecast, which is roughly 0.77% lower than initial estimates. The most significant change came from insurance and benefits expenses (Employees' Retirement/Insurance Benefit: line 3.020), which were lower than projected due to fewer new employees enrolling in the district's insurance plans than initially anticipated. 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.

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 estimates and expenditures increasing, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly \$10.29 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.

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 brief description of the current issues and how they may affect our forecast in the long term:

1. Property tax collections are the second largest source of revenue 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 46.2% of the district's resources.
2. Licking County experienced a reappraisal in the 2023 tax year to be collected in FY24. The 2023 update increased overall assessed values by \$92.86 million or an increase of 32.2% for Class I and Class II. A reappraisal update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$20.54 million for an overall increase of 5.27%. There is, however, always a

minor risk that the district could sustain a reduction in values in the next reappraisal update, but we do not anticipate that at this time.

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 the growth of local property taxes in several different ways. One particular piece of legislation, HB96, has several severe consequences for school districts in terms of financial stability, loss of local control and could result in increased levy requests to district taxpayers. It is unclear at the time of this forecast whether HB96 will continue 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.

4. The state budget represented 53.8% 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.

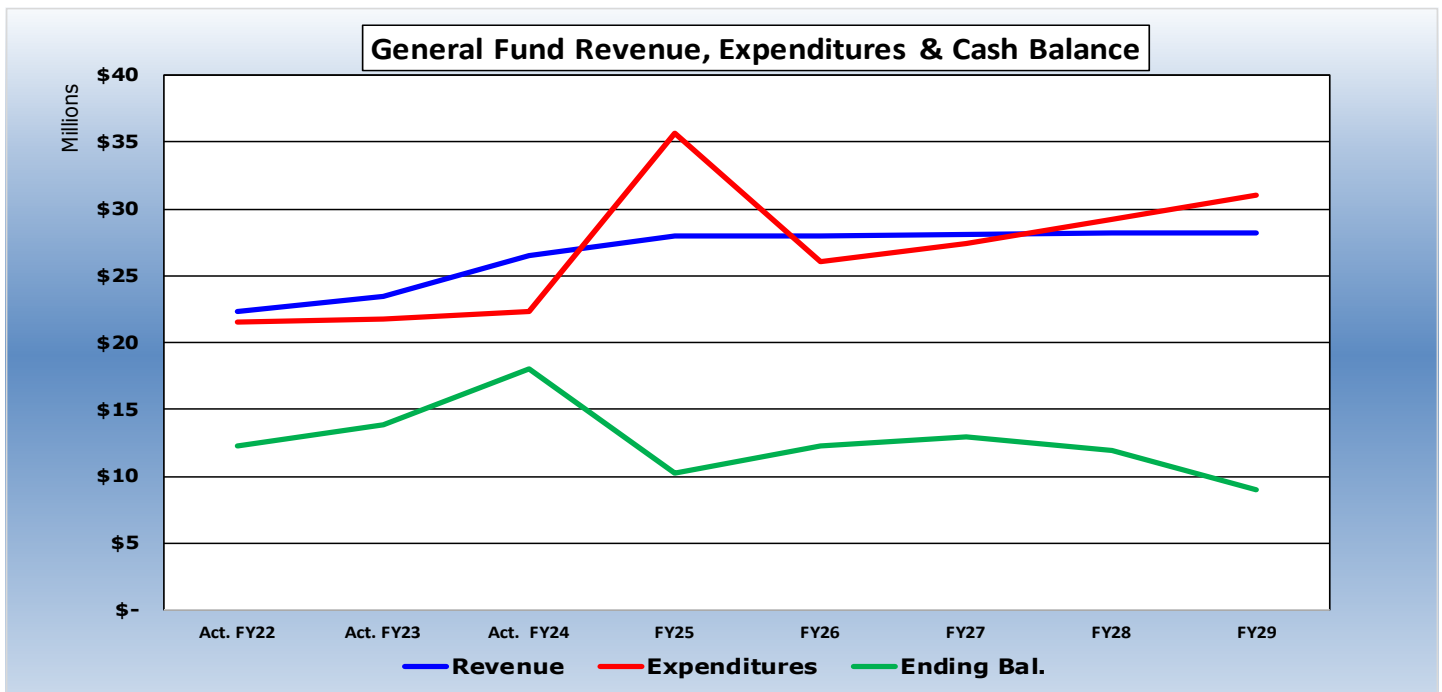
The governors proposed budget recommendation in HB96 dated February 3, 2025, reduced funding for public school by -\$103.5 million over FY26-27. The legislative process will continue with uncertainty through June 30, 2025, which is after the forecast must be approved. This is an area of elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on HB33, our current state budget, which expires June 30, 2025. We will adjust the forecast for state aid 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 forecast revenues in FY25.
6. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
7. Income tax is the district's 3rd largest revenue source. The past few payments we received have been greater than in previous years, making income tax forecasting even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

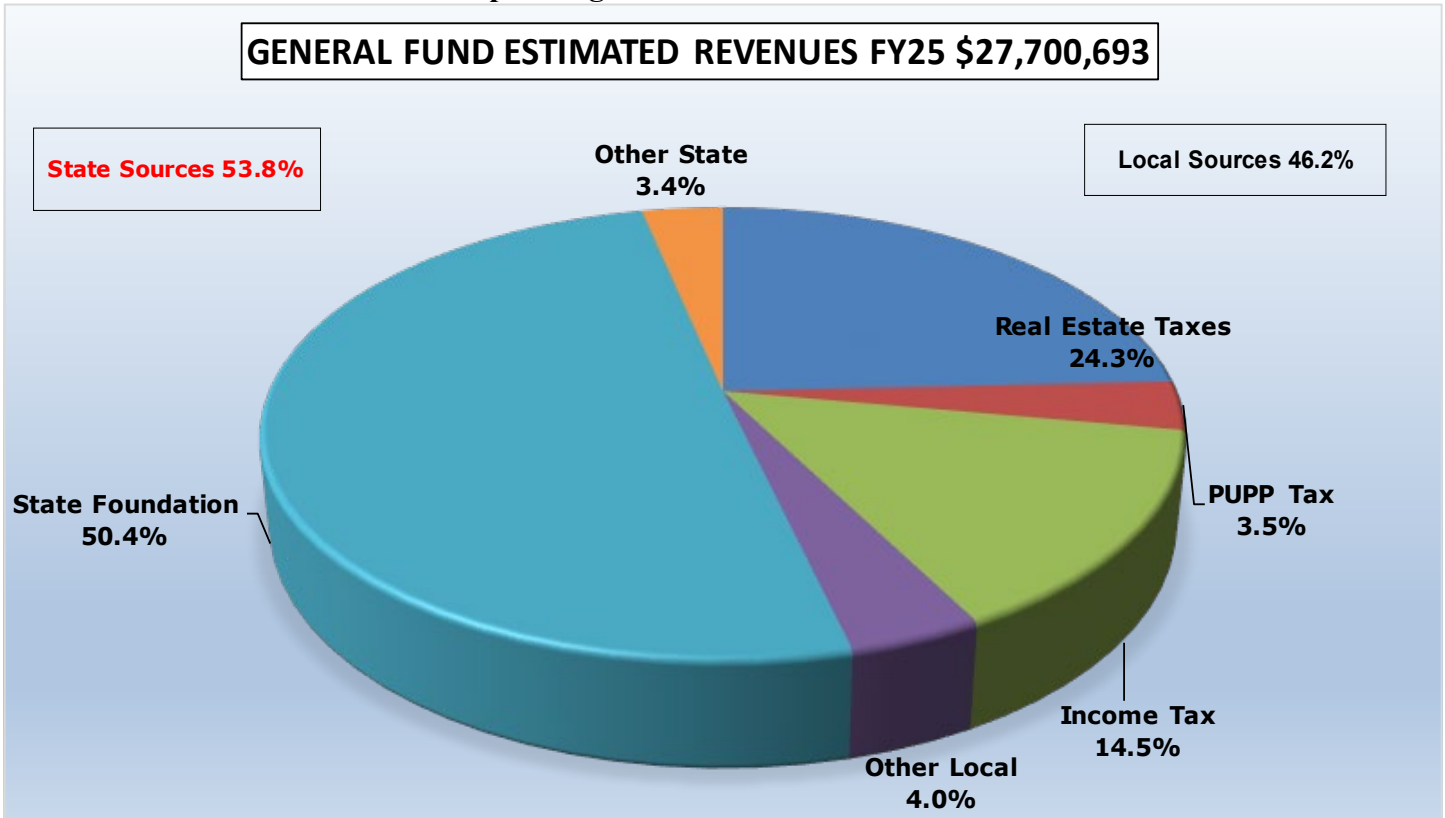
- 8. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The 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 Andrew Douglass, Treasurer of Licking Valley Local School District.

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
Estimated 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. Licking County experienced a reappraisal for the 2023 tax year to be collected in 2024. Residential/agricultural values increased 31.63% or \$84.8 million due to the reappraisal led by an improving housing market.

For the tax year 2024, residential property values were up by 1.8% or \$6.37 million in assessed value, and commercial/industrial values increased by 0.16% or \$46 thousand. Overall values rose \$6.4 million or 1.68%, including new construction for all property classes.

A reappraisal update will occur in 2026 for collection in 2027 for which we are estimating a 5.00% increase in residential and a 1.0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$20.54 million or 5.27% overall.

Public Utility Personal Property (PUPP) values increased by \$2.6 million in tax year 2024. We expect our values to continue to grow by \$200 thousand each year after, in this 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 limit property tax growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Actual	Actual	Estimated	Estimated
	TAX YEAR2024	TAX YEAR2025	TAX YEAR2026	TAX YEAR2027	TAX YEAR2028
Classification	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028	COLLECT 2029
Res./Ag.	\$359,273,490	\$361,318,490	\$381,429,415	\$383,474,415	\$385,519,415
Comm./Ind.	28,205,866	28,355,866	28,789,424	28,939,424	29,089,424
Public Utility Personal Property (PUPP)	33,698,240	33,898,240	34,098,240	34,298,240	34,498,240
Total Assessed Value	<u>\$421,177,596</u>	<u>\$423,572,596</u>	<u>\$444,317,079</u>	<u>\$446,712,079</u>	<u>\$449,107,079</u>

Tax Rate Assumptions

The county auditor establishes the tax rates for each voter-approved levy to generate the necessary tax revenues for the school district. Under Ohio law, "reduction factors" are applied to voted property tax levies to prevent districts from collecting additional revenue due to inflation in property values. These factors lower the millage rates so that the taxes collected reflect the amount approved by voters at the time of the election.

Reduction factors are calculated separately for Residential/Agricultural properties (Class I) and Commercial/Industrial properties (Class II), resulting in different effective millage rates for each class. The district’s total voted rate for General Fund levies is 29.9 mills, while the current effective rates are 20.00 mills for Class I properties and 20.00 mills for Class II properties.

Ohio law also establishes a “20-mill floor,” which prevents the combined voted and non-voted millage rate from being reduced below 20 mills for each property class. Currently, Licking Valley is at the 20-mill floor for Class I and Class II properties.

It is important to note that emergency and substitute emergency levies are excluded from the 20-mill floor calculation. However, the district does not currently have an emergency or substitute levy.

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY25	FY26	FY27	FY28	FY29
Est. Real Estate Taxes	<u>\$6,725,991</u>	<u>\$6,830,163</u>	<u>\$7,049,118</u>	<u>\$7,223,517</u>	<u>\$7,262,040</u>
Total Line #1.01 Real Estate Taxes	<u>\$6,725,991</u>	<u>\$6,830,163</u>	<u>\$7,049,118</u>	<u>\$7,223,517</u>	<u>\$7,262,040</u>

Property tax levies are estimated to be collected at 97.3% of the annual amount. This allows for a 2.7% delinquency factor. In general, 57.14% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 42.86% collected in the August tax settlement.

Estimated Public Utility Personal Property Tax (PUPP) – 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 under Public Utility Personal Property, which was \$33.7 million in assessed values in 2024 and is collected at the district’s full voted millage rate. Collections are typically 50% in March and 50% in August. The values in 2024 rose by 7.85% and are expected to grow by \$200 thousand each year of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Public Utility Personal Property	<u>\$965,520</u>	<u>\$1,010,567</u>	<u>\$1,016,547</u>	<u>\$1,022,527</u>	<u>\$1,028,507</u>
Total PUPP Tax Line #1.020	<u>\$965,520</u>	<u>\$1,010,567</u>	<u>\$1,016,547</u>	<u>\$1,022,527</u>	<u>\$1,028,507</u>

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

School District Income Tax – Line#1.030

The district has a 1% School District Income Tax (SDIT) for a continuing period of time. We are projecting an annual growth rate of 8% for FY25, 3% for FY26, and 1% increases for FY27 through FY29 as the concerns over inflation may slow growth in this area.

Source	FY25	FY26	FY27	FY28	FY29
July payment	\$1,384,201	\$1,425,727	\$1,439,984	\$1,454,384	\$1,468,928
October payment	824,451	849,185	857,677	866,254	874,917
January payment	784,733	808,275	816,358	824,522	832,767
April payment	1,019,141	1,049,715	1,060,212	1,070,814	1,081,522
Total SDIT Collections	\$4,012,526	\$4,012,526	\$4,132,902	\$4,174,231	\$4,215,974
Adjustments	0	120,376	41,329	41,743	42,160
Total SDIT Line #1.030	\$4,012,526	\$4,132,902	\$4,174,231	\$4,215,974	\$4,258,134

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 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 FY26-29 will depend on two (2) new state budgets that are currently unknown. 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 2.0% annual growth rate for the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	\$12,735,674	\$12,735,674	\$12,735,674	\$12,735,674	\$12,735,674
Additional Aid Items	189,514	189,514	189,514	189,514	189,514
Basic Aid-Unrestricted Subtotal	12,925,188	12,925,188	12,925,188	12,925,188	12,925,188
Ohio Casino Commission ODT	141,773	144,595	147,492	150,432	153,437
Total Unrestricted State Aid Line #1.035	<u>\$13,066,961</u>	<u>\$13,069,783</u>	<u>\$13,072,680</u>	<u>\$13,075,620</u>	<u>\$13,078,625</u>

B) Restricted State Revenues – Line #1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current funding factors. The amount of DPIA is limited to 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty about continuing 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 requests. The district is required to maintain documentation for how funds were spent for any subsidy received.

Source	FY25	FY26	FY27	FY28	FY29
Economically Disadvantaged Aid	\$117,788	\$117,788	\$117,788	\$117,788	\$117,788
ESL	1,108	1,108	1,108	1,108	1,108
Gifted	137,984	137,984	137,984	137,984	137,984
Career Tech - Restricted	59,001	59,001	59,001	59,001	59,001
Student Wellness	400,581	400,581	400,581	400,581	400,581
Other Restricted State Funds	123,762	0	0	0	0
Catastrophic Aid	45,451	45,451	45,451	45,451	45,451
Total Restricted State Revenues Line #1.040	<u>\$885,675</u>	<u>\$761,913</u>	<u>\$761,913</u>	<u>\$761,913</u>	<u>\$761,913</u>

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

SUMMARY	FY25	FY26	FY27	FY28	FY29
Unrestricted Line #1.035	\$13,066,961	\$13,069,783	\$13,072,680	\$13,075,620	\$13,078,625
Restricted Line #1.040	885,675	761,913	761,913	761,913	761,913
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$13,952,636</u>	<u>\$13,831,696</u>	<u>\$13,834,593</u>	<u>\$13,837,533</u>	<u>\$13,840,538</u>

State Share of Local Property Tax – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-

occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

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

Summary of State Tax Reimbursement – Line #1.050

Source	FY25	FY26	FY27	FY28	FY29
Rollback and Homestead	<u>\$939,585</u>	<u>\$965,594</u>	<u>\$995,282</u>	<u>\$1,024,971</u>	<u>\$1,030,452</u>
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimbursements #1.050	<u>\$939,585</u>	<u>\$965,594</u>	<u>\$995,282</u>	<u>\$1,024,971</u>	<u>\$1,030,452</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22, any open-enrolled students 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 points 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.

Source	FY25	FY26	FY27	FY28	FY29
Tuition Related Payments	\$226,744	\$181,395	\$181,395	\$181,395	\$181,395
Class & Sports Oriented Fees	145,426	145,426	145,426	145,426	145,426
Interest Earnings	672,256	537,805	430,244	215,122	107,561
Miscellaneous	<u>60,009</u>	<u>60,009</u>	<u>60,009</u>	<u>60,009</u>	<u>60,009</u>
Total Other Local Revenue Line #1.060	<u>\$1,104,435</u>	<u>\$924,635</u>	<u>\$817,074</u>	<u>\$601,952</u>	<u>\$494,391</u>

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

There is no short-term borrowing projected in this forecast.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>
Total Transfer & Advances In	<u>\$155,000</u>	<u>\$155,000</u>	<u>\$155,000</u>	<u>\$155,000</u>	<u>\$155,000</u>

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

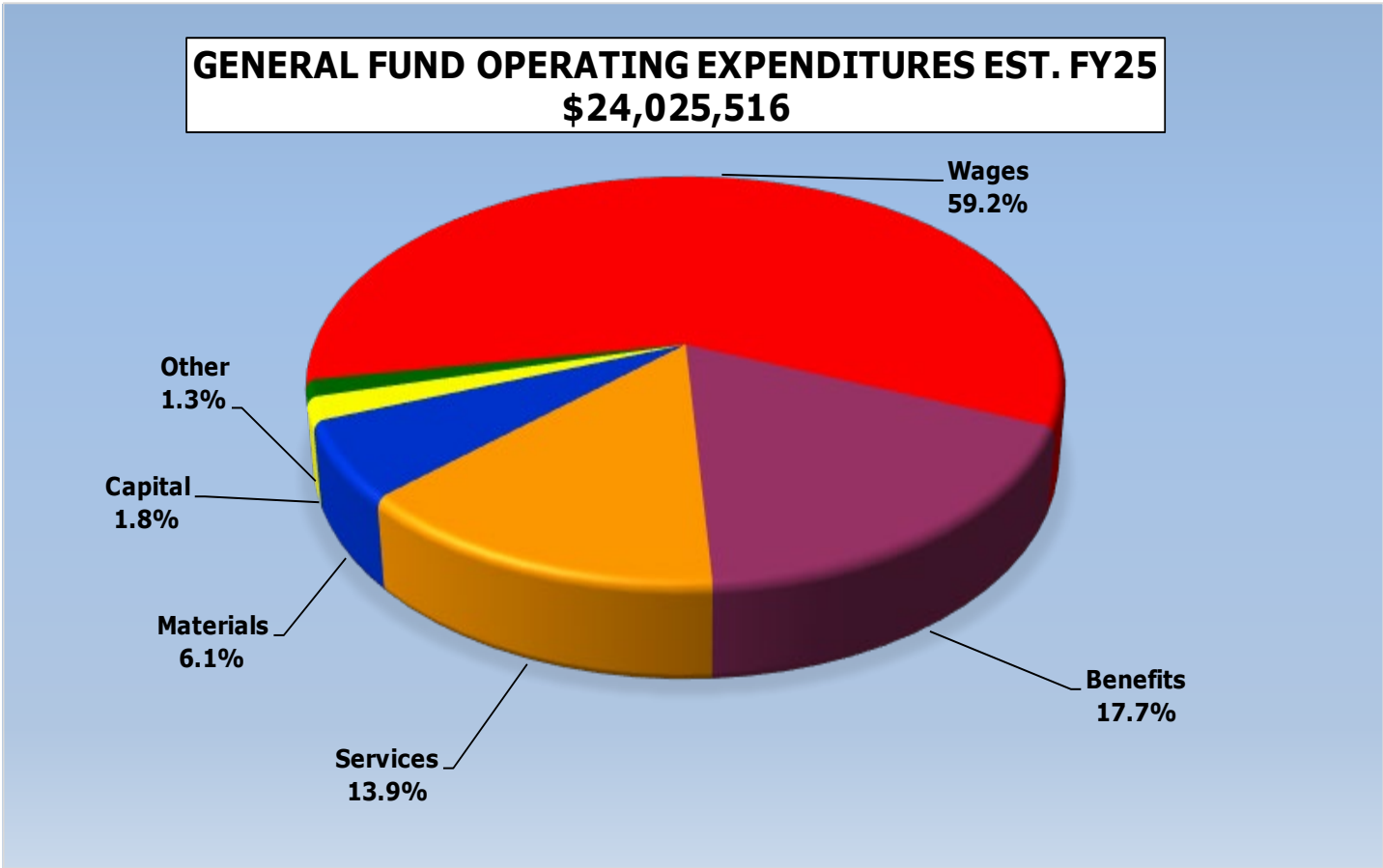
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent from year to year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior years expenditures	<u>\$78,141</u>	<u>\$78,141</u>	<u>\$78,141</u>	<u>\$78,141</u>	<u>\$78,141</u>

Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students and addressing student needs is at the forefront of resource utilization.

Estimated General Fund Operating Expenditures for FY25



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

The expenditures in this category represents salaries and wages for services rendered for all union and non-union employees. Negotiations with bargaining unit members resulted in an agreement to include base increases of 4.0% for FY25, 3% for FY26, and 3% in FY27. We are estimating a 2% increase in FY28-FY29. There are two intervention specialist positions and an aide that has been added for FY25. There are two additional aide

positions added in FY26, and certified positions added in FY27 and FY28 that could be needed if there is growth in the district.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$11,500,000	\$12,601,009	\$13,315,553	\$14,012,978	\$14,612,536
Based Pay Increase	510,000	384,769	406,340	287,271	299,262
Steps & Academic Training	200,366	201,250	220,518	233,022	245,227
Growth Staff	129,542	71,625	63,567	72,265	12,084
New Building Staff	0	0	0	0	0
Substitutes	1,168,284	1,203,333	1,239,432	1,264,221	1,289,506
Supplementals	308,417	333,045	358,795	382,124	405,919
Severance	141,514	141,514	141,514	141,514	141,514
Grant Adjustments	254,301	50,000	0	0	0
Other Adjustments/Reductions	0	0	0	0	0
Total Wages Line #3.010	<u>\$14,212,424</u>	<u>\$14,986,545</u>	<u>\$15,745,719</u>	<u>\$16,393,395</u>	<u>\$17,006,048</u>

Employees’ Retirement & Insurance Benefits Estimates Line #3.020

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

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 estimating an 11% increase in insurance costs in FY25 and a 10% increase in each of the remaining years of the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.20% of wages for FY25. Unemployment expenses could increase in FY26-FY29 based on district experience. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all employees hired 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 tuition to further their education to maintain licensure for teaching. The district does not anticipate any significant increase during the forecast.

Summary of Retirement/Insurance Benefits – Line #3.02

Source	FY25	FY26	FY27	FY28	FY29
A) STRS/SERS	\$2,199,927	\$2,330,325	\$2,450,900	\$2,555,522	\$2,653,286
B) Insurance's	1,750,577	2,142,647	2,576,572	3,076,414	3,611,796
C) Workers Comp/Unemployment	28,555	37,541	36,652	37,961	39,198
D) Medicare	190,327	205,241	217,188	228,439	236,831
Other/Tuition/Annuities	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Total Fringe Benefits Line #3.020	<u>\$4,244,386</u>	<u>\$4,790,754</u>	<u>\$5,356,312</u>	<u>\$5,973,336</u>	<u>\$6,616,111</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 fees, 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. There will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio’s electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% in FY25. The district anticipates increases in expenditures as strategic plan initiatives are implemented. The district saw significant increases in costs for special education and preschool during the fiscal year.

Source	FY25	FY26	FY27	FY28	FY29
Professional & Technical Services, ESC	\$1,049,369	\$995,350	\$1,025,211	\$1,055,967	\$1,087,646
Maintenance, Insurance & Garbage Removal	521,586	537,234	573,351	590,552	608,269
Professional Development	18,497	19,052	19,624	20,213	20,819
Communications, Postage, & Telephone	62,201	64,067	65,989	67,969	70,008
Utilities	779,674	814,759	851,423	889,737	929,775
Contracted Trades & Services	1,013	1,013	1,013	1,013	1,013
Tuition, Excess Costs & Scholarship Costs	800,697	824,718	849,460	874,944	901,192
College Credit Plus	109,119	111,301	113,527	115,798	118,114
Contract Transportation	4,419	4,552	4,689	4,830	4,975
Miscellaneous Purchased Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Purchased Services Line #3.030	<u>\$3,346,575</u>	<u>\$3,372,046</u>	<u>\$3,504,287</u>	<u>\$3,621,023</u>	<u>\$3,741,811</u>

Supplies and Materials – Line #3.040

This category includes expenses for curricular and testing supplies, copy paper, maintenance and custodial supplies, instructional materials, and fuel. The district anticipates continued increases in this area as strategic plan initiatives are implemented. Recent cost increases have been driven by the implementation of the Science of Reading, the purchase of interactive display boards, and the procurement of a new phone system.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$888,571	\$673,614	\$815,559	\$963,181	\$1,049,708
Textbooks & Instructional Supplies	25,053	28,185	31,708	35,672	40,131
Facility Supplies & Materials	287,439	310,937	227,374	236,469	245,928
Transportation Fuel & Supplies	264,181	274,748	285,738	297,168	309,055
Other adjustments	0	0	0	0	0
Total Supplies Line #3.040	<u>\$1,465,244</u>	<u>\$1,287,484</u>	<u>\$1,360,379</u>	<u>\$1,532,490</u>	<u>\$1,644,822</u>

Capital Outlay – Line #3.050

The district does not anticipate significant increases in capital outlay expenditures in the General Fund, as most capital costs are funded through the Permanent Improvement Fund. Some expenses previously included in this line have been shifted to a transfer to the Permanent Improvement Fund to support vehicle purchases for transportation. However, the district does anticipate capital outlay related to the purchase of networking equipment in FY25 and FY26, which will be partially offset through the E-Rate program.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	\$95,961	\$94,799	\$33,591	\$34,935	\$36,332
Technology/Curriculum Purchases	90,000	75,000	0	0	0
Busses & Other Vehicles	250,284	0	0	0	0
Other adjustments	0	0	0	0	0
Total Equipment Line #3.050	<u>\$436,245</u>	<u>\$169,799</u>	<u>\$33,591</u>	<u>\$34,935</u>	<u>\$36,332</u>

Other Objects – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, and other miscellaneous expenses.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$171,309	\$178,161	\$185,287	\$196,404	\$208,188
ESC Deduction	0	0	0	0	0
Annual Audit Costs	33,989	35,349	36,763	38,234	39,763
Dues, Fees & other Expenses	<u>115,344</u>	<u>119,958</u>	<u>124,756</u>	<u>129,746</u>	<u>134,936</u>
Total Other Expenses Line #4.300	<u>\$320,642</u>	<u>\$333,468</u>	<u>\$346,806</u>	<u>\$364,384</u>	<u>\$382,887</u>

Transfers Out/Advances Out – Line #5.010

This line includes fund-to-fund transfers and year-end short-term advances from the General Fund to other funds pending reimbursement. In FY25, the district had additional transfers to support the strategic plan, which included a pilot program covering student event admissions as part of the student participation initiative. Significant transfers are also planned for the purchase of transportation vehicles and other strategic initiatives. Additionally, the district will transfer \$8.25 million to support capital projects currently in the planning pipeline.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$11,503,529	\$898,529	\$898,529	\$1,133,529	\$1,441,529
Advances Out Line #5.020	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>
Total Transfer & Advances Out	<u>\$11,658,529</u>	<u>\$1,053,529</u>	<u>\$1,053,529</u>	<u>\$1,288,529</u>	<u>\$1,596,529</u>

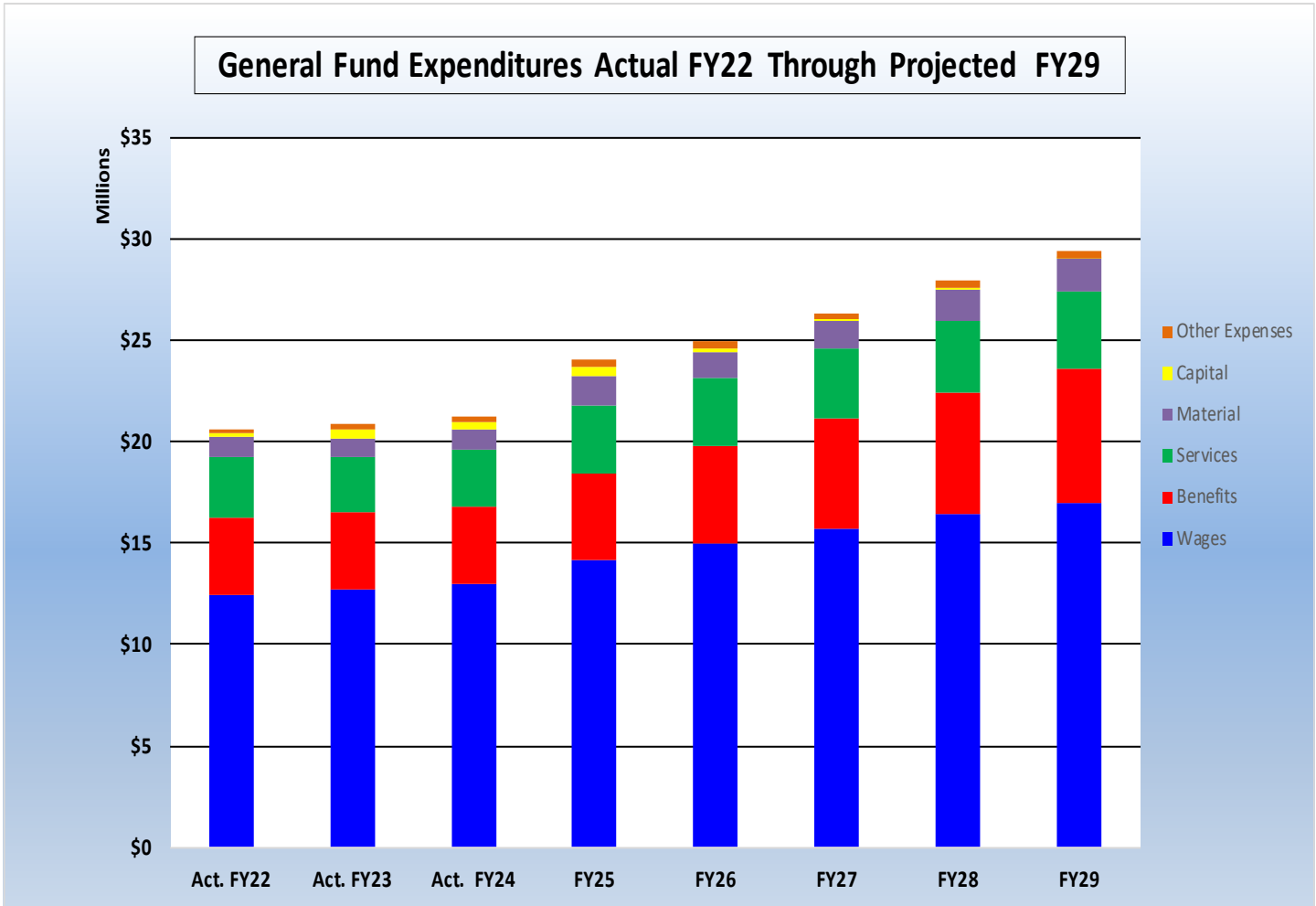
Encumbrances – Line #8.010

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.

	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances Line #8.010	<u>\$62,167</u>	<u>\$62,167</u>	<u>\$62,167</u>	<u>\$62,167</u>	<u>\$62,167</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As seen in the graph below, the district is continually making efforts to control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



Ending Unencumbered Cash Balance– Line #15.010

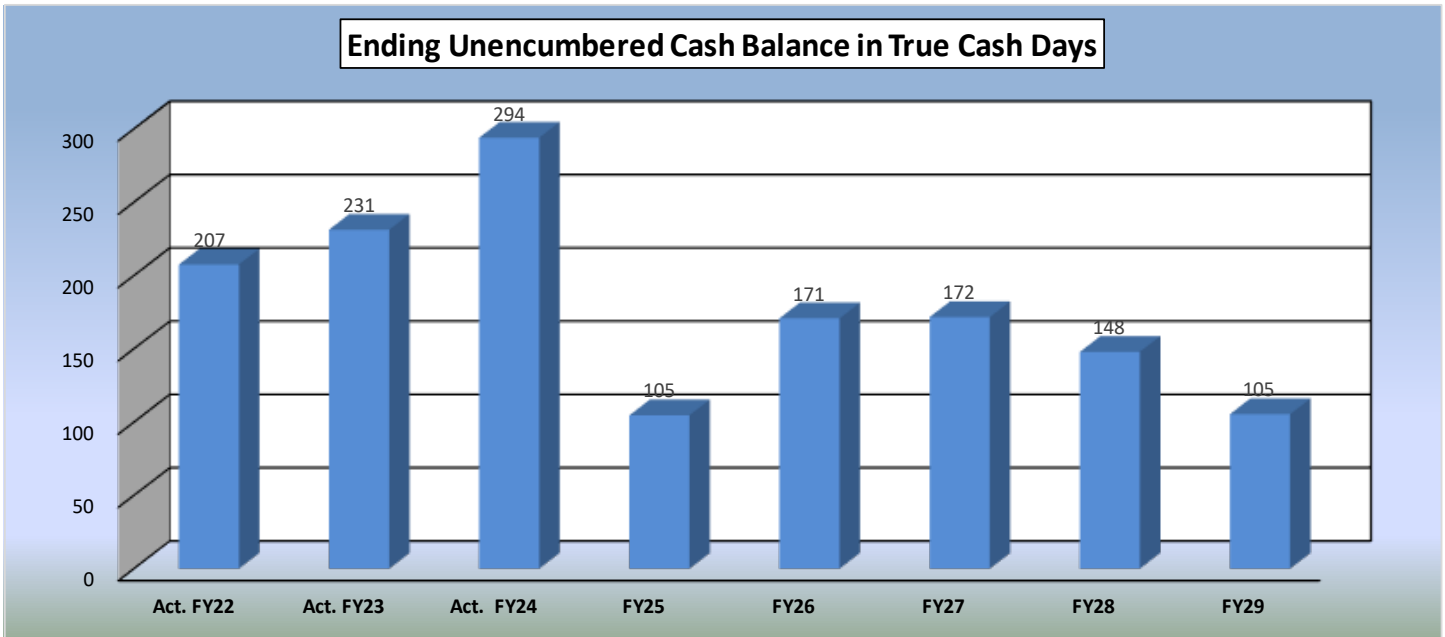
This amount must not go below \$-0- or the district General Fund will violate Ohio Budgetary Laws. Any multi-year contract which is knowingly signed that results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance.

	FY25	FY26	FY27	FY28	FY29
Ending Unreserved Cash Balance Line #15.01	<u>\$10,224,804</u>	<u>\$12,159,877</u>	<u>\$12,879,240</u>	<u>\$11,830,763</u>	<u>\$8,953,426</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days.’ In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash

Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days of cash on hand at year end but could be more depending on each district's complexity and risk factors for revenue collection.



CONCLUSION

Licking Valley Local School District receives 53.8% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration appreciates the supportive Licking Valley 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.