

	Actual			Forecasted			
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues							
General Property Tax (Real Estate)	\$2,382,652	\$2,874,929	\$3,204,889	\$3,204,889	\$3,204,889	\$3,204,889	\$3,204,889
Tangible Personal Property Tax	281,223	279,891	296,980	305,890	315,066	324,518	334,254
Income Tax	2,777,073	2,827,905	2,953,912	3,027,760	3,103,454	3,181,040	3,260,566
Unrestricted State Grants-in-Aid	6,775,303	7,738,777	8,125,777	8,449,175	8,657,842	8,657,842	8,657,842
Restricted State Grants-in-Aid	376,773	516,006	516,830	465,813	468,483	468,483	468,483
State Reimbursement for Property Tax Credits	390,713	447,831	506,277	506,277	506,277	506,277	506,277
All Other Revenues	544,060	718,662	644,458	604,507	517,895	492,895	467,895
Total Revenues	13,527,797	15,404,001	16,249,123	16,564,311	16,773,906	16,835,944	16,900,206
Other Financing Sources							
Operating Transfers-In							
Advances-In	13,476	100,394					
All Other Financing Sources	11,207	11,177	24,058	6,000	6,000	6,000	6,000
Total Other Financing Sources	24,683	111,571	24,058	6,000	6,000	6,000	6,000
Total Revenues and Other Financing Sources	13,552,480	15,515,572	16,273,181	16,570,311	16,779,906	16,841,944	16,906,206
Expenditures							
Personal Services	6,582,725	6,809,893	7,292,236	8,061,739	8,451,224	8,799,861	9,075,397
Employees' Retirement/Insurance Benefits	3,159,954	3,298,466	3,630,216	3,861,791	4,127,150	4,403,689	4,687,213
Purchased Services	2,124,001	2,492,224	2,532,991	2,583,031	2,614,585	2,678,010	2,768,480
Supplies and Materials	344,428	396,394	431,804	437,998	391,249	399,790	408,629
Capital Outlay	401,457	260,147	1,493,826	1,337,419	145,000	100,000	100,000
Debt Service:							
Principal-Other	100,438	77,229					
Interest and Fiscal Charges	22,799	15,199					
Other Objects	399,376	427,024	472,455	490,278	501,236	516,641	528,509
Total Expenditures	13,135,178	13,776,576	15,853,528	16,772,256	16,230,444	16,897,991	17,568,228
Other Financing Uses							
Operating Transfers-Out	70,000	722,380	415,000	70,000	70,000	70,000	70,000
Advances-Out	100,394						
All Other Financing Uses	11,944			5,000	5,000	5,000	5,000
Total Other Financing Uses	182,338	722,380	415,000	75,000	75,000	75,000	75,000
Total Expenditures and Other Financing Uses	13,317,516	14,498,956	16,268,528	16,847,256	16,305,444	16,972,991	17,643,228
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other	234,964	1,016,616	4,653	276,945-	474,462	131,047-	737,022-
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,428,586	6,663,550	7,680,166	7,684,819	7,407,874	7,882,336	7,751,289
Cash Balance June 30	6,663,550	7,680,166	7,684,819	7,407,874	7,882,336	7,751,289	7,014,267
Estimated Encumbrances June 30	534,212	1,596,399	836,427	750,000	750,000	750,000	750,000
Reservation of Fund Balance							
Textbooks and Instructional Materials							
Capital Improvements							
Budget Reserve							
DPIA							
Fiscal Stabilization							
Debt Service							
Property Tax Advances							
Bus Purchases							
Subtotal							
Fund Balance June 30 for Certification of	6,129,338	6,083,767	6,848,392	6,657,874	7,132,336	7,001,289	6,264,267
Revenue from Replacement/Renewal Levies							
Income Tax - Renewal							
Property Tax - Renewal or Replacement							
Cumulative Balance of Replacement/Renewal Levies							
Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	6,129,338	6,083,767	6,848,392	6,657,874	7,132,336	7,001,289	6,264,267
Revenue from New Levies							
Income Tax - New							
Property Tax - New							
Cumulative Balance of New Levies							
Revenue from Future State Advancements							
Unreserved Fund Balance June 30	6,129,338	6,083,767	6,848,392	6,657,874	7,132,336	7,001,289	6,264,267



**ARCANUM-BUTLER
LOCAL SCHOOL DISTRICT**

**FINANCIAL FORECAST
ASSUMPTIONS**

PRESENTED OCTOBER 9, 2025

Introduction

Arcanum-Butler Local School District serves approximately 1,150 students in grades PK–12 across a 60-square-mile area that includes the Village of Arcanum and the surrounding Twin, Van Buren, and Butler Townships.

The district's mission is to provide a caring and safe environment where students are challenged to become lifelong learners and productive citizens.

In accordance with state requirements, Ohio public school districts must submit a financial forecast twice each year to the Ohio Department of Education and Workforce. The primary purposes of the forecast are to:

1. Engage the local Board of Education and community in long-range planning and discussion of financial issues facing the district.
2. Serve as the basis for determining the district's ability to sign the certificate required by Ohio Revised Code §5705.412, commonly known as the "412 Certificate."
3. Provide a tool for the Department of Education and Workforce and the Auditor of State to identify districts with potential financial concerns.

The forecast includes historical data for fiscal years 2023–2025 and projects expected revenues, expenditures, and fund balances for the General Fund from fiscal years 2026–2029.

The financial forecast offers a snapshot of the district's financial condition at a specific point in time. It represents the district's best estimate of future trends based on current information, historical data, and reasonable assumptions.

Revenue Assumptions

Forecasted revenues are based on conservative projections and current information provided by the Ohio Department of Education & Workforce, Ohio Department of Taxation, and Darke County Auditor's Office. In FY25, 43.5% of all revenues were generated from local sources and 56.5% of all revenues were provided by state sources.

Revenue is generated from three main sources: taxes levied on property located within the district, taxes levied on income (using the same base as the state's income tax) within the district, and the State of Ohio school foundation program. These three sources account for over 95% of the district's revenue.

Line 1.010 - General Property Taxes (Real Estate)

General property tax collections are based on the effective tax rate and the valuation of the properties located within the school district. Arcanum-Butler Local School District has a voted tax rate of 23.6 mills (4.9 inside mills and 18.7 outside mills). However, due to Ohio House Bill 920 reduction factors, tax collections are based on an effective millage of 20 mills, currently the minimum millage for Ohio public school districts. This is otherwise known as the 20-mill floor. Property values are determined by the Darke County Auditor and the Ohio Department of Taxation. The total real estate valuation for the school district is currently \$187,068,650, which is an increase of \$47,917,140 (approx. 33%) from the 2022 tax duplicate. These values are adjusted using a reappraisal process conducted every six years with an update applied three years after each reappraisal. Property values are scheduled for an update in 2026, with collections starting in 2027.

General property tax collections increased by \$492,277 in FY24. In FY25, with the full year phase in of the 2023 reappraisal, property increased by an additional \$329,960. No increase is assumed for FY26, FY27, FY28 or FY29.

While the increase in property taxes has been a boost to district revenues, the possibility exists for property taxes to decrease in the future. Currently, the Ohio Legislature has a number of bills focused on property tax reform in Ohio.

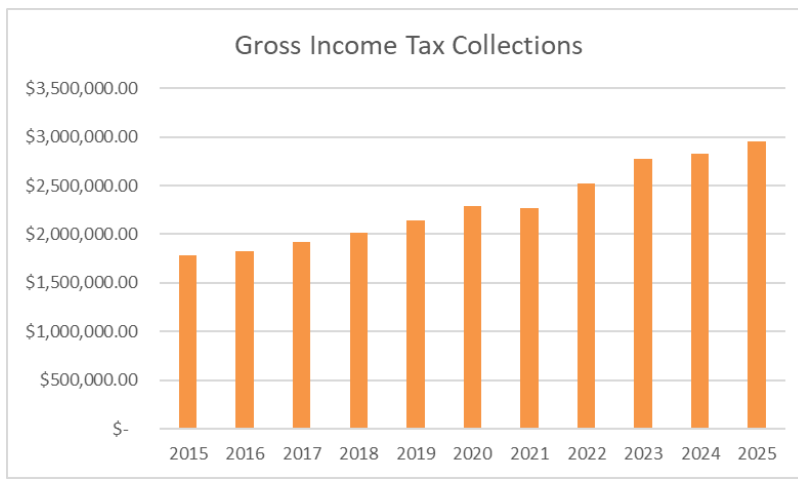
Line 1.020 - Tangible Personal Property Tax

Tangible Personal Property Tax is collected on public utility property located within the district. Tangible Personal Property Tax is not subject to H.B. 920 reduction factors and is therefore collected at the full voted rate of 23.6 mills. Tangible Personal Property Taxes have steadily increased over the last several years. FY24 collections totaled \$279,891. FY25 collections totaled \$296,980. Beginning with FY26, Tangible Personal Property Tax collections are expected to modestly increase at a rate of 3% each year of the forecast.

Line 1.030 - Income Tax

The school district receives income tax revenue based on an approved tax rate of 1.5%. This includes a 0.75% continuing income tax levy and a 0.75% five-year, limited income tax levy. The five-year limited income tax levy was recently renewed in November 2024. This levy has now been approved through December 31, 2030.

The FY24 income tax collections totaled \$2,827,905, an increase of 1.8% or \$50,832. The FY25 income tax collections totaled \$2,953,912, an increase of 4.5% or \$126,007. After FY25, income tax revenue is expected to grow by 2.5% each year.



Line 1.035 - Unrestricted State Grants-In-Aid

State funding (including both unrestricted and restricted grants-in-aid) is determined by the State of Ohio. The state government undergoes a budget process every two years in which the school funding levels are established for the following two years. The current biennium budget was approved in July 2025 and included the continued phase-in of the Fair School Funding formula.

Over the last five years, K-12 enrollment has remained relatively unchanged. Estimates are based on steady student enrollment.

FY25 unrestricted state funding increased by \$387,000, approximately 5%. FY26 unrestricted state funding is based on the October #1 foundation payment. FY26 is the fifth-year of a six-year phasing in the Fair School Funding formula. The district anticipates receiving an additional increase of 2.5% in FY27. No increase in state funding is assumed for FY28 - FY29.

Casino tax funding is also recorded as unrestricted state grants-in-aid. FY25 casino tax revenues totaled \$70,006.

Line 1.040 - Restricted State Grants-In-Aid

This line item is also a part of the foundation payment but is restricted in use. This line item includes funding for economically disadvantaged students (DPIA), career tech education, gifted education, English learners, catastrophic cost and student wellness and success. In FY24, the district received one-time state funding of \$59,788 for high-quality instructional materials. Restricted funding elements will continue to be phased-in during FY26. FY26 estimates are based on the October #1 foundation payment. Also in FY25, the district received reimbursement for Science of Reading stipends totaling \$54,031. Like unrestricted state funding, the district anticipates receiving an additional 2.5% increase in FY27, and no additional funding increase is assumed for FY28 - FY29.

Line 1.050 – State Reimbursement for Property Tax Credits

Property Tax Allocation includes state reimbursements for homestead and rollback property tax deductions. The State of Ohio currently reimburses school districts for a 10% non-business rollback, a 2.5% owner-occupied reduction, and a homestead exemption for qualifying senior residences. FY24 homestead and rollback reimbursements equaled \$447,831, an increase of \$57,118 or 14.6%. Property tax allocations increased by \$58,446 in FY25, for a total of \$506,277. No increase is assumed for FY26-FY29.

Note: under Ohio law, any new tax levy approved after August 2013 is not eligible for the 10% rollback reimbursement. While this change does not impact existing levies, the elimination of the rollback program will make the passage of a future property tax levy more difficult as the burden is shifted from the State of Ohio to local taxpayers.

Line 1.060 - All Other Revenues

Other income is primarily comprised of investment revenue and special education tuition received from other school districts. With the rise of interest rates, investment revenue grew significantly in FY23 and FY24. FY22 investment revenue totaled \$68,608. FY23 investment revenue totaled \$296,023, and FY24 investment revenue totaled \$490,478. Investment revenue in FY25 totaled \$496,743. Investment revenue in FY26 is estimated to total \$425,000. With diminishing rates and a smaller cash reserve, investment revenue is estimated to decrease from FY27-FY29.

Line 2.040 – Operating Transfers-In

The district does not expect any transfers into the general fund throughout the forecast.

Line 2.050 – Advances-In

The district advanced federal programs a total of \$100,394 at the end of FY23. This amount was returned to the general fund at the beginning of FY24. The district does not plan to advance any funds for FY26 and beyond.

Expenditure Assumptions

The board of education, administration and staff are committed to providing a quality education to Arcanum students, while remaining fiscally responsible. This section is an overview of the expenditures of the district. As a service provider, the majority of expenses (nearly 69%) arise from employee salary and benefits.

Line 3.010 - Personal Services

Arcanum-Butler Local School District currently employs 131 regular employees and a number of substitute and supplemental employees. Estimates are based on current staffing levels and do not assume any future staff retirements.

The district recently reached a new three-year employee agreement with the Arcanum-Butler Classroom Teachers Association. The agreement included a 5% base increase for the 25-26 school year, a 3% base increase for the 26-27 school year, and a 3% base increase for the 27-28 school year. The agreement also included changes to the supplemental contract schedule and changes to the salary schedule. These changes were intended to keep Arcanum-Butler competitive with other area school districts.

Beginning with FY26, employee severance payments are paid from fund 035 (termination benefits). In June of 2025, the district transferred \$345,000 from the general fund to termination benefits (fund 035). A calculation will be performed each year to ensure that the fund is adequately funded for severance payments throughout the forecast.

To accommodate increasing enrollment, the district hired an additional 5th grade teacher beginning with the 25-26 school year, and plans to add a 6th grade teacher for the 26-27 school year. Also, in FY26, the district began employing a special education van driver and a special education aide.

Line 3.020 - Employees' Retirement/Insurance Benefits

The district pays 90% of health care premiums for the high deductible health plan (HDHP) and 80% of premiums for a PPO insurance plan. Insurance premiums rose 8% in CY25 and will increase by 4% in CY25. The district was scheduled for a 6% premium increase, but increased the insurance deductible during negotiations. This resulted in a 2% annual premium savings. An estimated 9% premium increase is assumed in subsequent years.

The district contributes 50% of the HDHP deductible to employee health savings accounts. In FY25, this equaled \$167,250. These contributions are made in two separate payments, January and September.

In addition to medical insurance, the district also offers dental, vision, and life insurance.

The district pays the state minimum of 14% of all wages to STRS and SERS for employee retirement. These retirement benefits, as well as the other fringe benefits

such as Medicare tax, are largely salary driven and correlate with the increase in the personal services line.

The school district, per the negotiated agreement, will continue to provide tuition reimbursement which is expected to cost the district \$40,000 per year.

Line 3.030 - Purchased Services

This line accounts for a wide variety of services that include ESC services, special education services received at other school districts, cost for preschool students to attend Anthony Wayne Preschool, virtual learning curriculum, utilities, property maintenance, bus maintenance, athletic trainer services, legal fees, and snow removal.

Purchased services have increased by an average of 3.4% over the last five years. Beginning in FY26, a 3.5% increase is applied to each year of the forecast.

Line 3.040 - Supplies and Materials

This line contains expenditures for office supplies, classroom supplies, library books and textbooks, as well as fuel and maintenance supplies.

Diesel fuel costs totaled \$79,139 in FY24 and \$69,189 in FY25. Diesel fuel costs are expected to total \$80,000 in FY26.

In FY25, the district purchased new Math curriculum at a cost of \$122,335. In FY26, the district purchased K-5 reading curriculum as part of high-quality instructional materials (HQIM) requirement at a cost of \$79,113.

Other supply costs are estimated to increase by 3.5% each year of the forecast.

Line 3.050 - Capital Outlay

The district installed a new HVAC system in the fieldhouse at a cost of \$232,181 in FY22 and FY23. Also, in FY23, the district replaced various sidewalks at a cost of \$25,150 and built press boxes at the baseball/softball field for a cost of \$48,580.

As part of the State of Ohio School Bus Purchase grant, the district purchased three buses in FY23, at a total cost of \$298,663. With the grant paying for \$135,000 of the bus purchases, and the general fund paying for the remaining portion of \$163,693.

In FY24, the district purchased two new copiers at an estimated cost of \$17,158, updated exterior digital signage at a cost of \$47,110, purchased a 2015 Chevrolet Express Van for \$18,500 and updated audio system in the cafetorium at a cost of \$45,252. The district also began work related to the Booster Stadium renovation. In FY24, the district purchased a new scoreboard, moved the preschool playground and renovated the locker rooms.

In FY25, the district purchased a 2024 Ford Transit van at a cost of \$85,365. The district spent \$1,160,472 towards the Booster Stadium renovation. This includes additional parking lots, scoreboards, relocating field events, the installation of a new walking

bridge at the entrance of the stadium, and a new ticket booth. In FY26, an estimated \$1,000,000 is allocated towards the project.

After FY26, \$50,000 of annual capital outlay is forecasted for each year with a new school bus scheduled to be purchased in FY27.

Line 4.050 and 4.060 - Debt Service

In FY15, the school entered into a 15-year fixed rate (2.875%) lease with GNB Banking Center for \$1,500,000. The balance of the lease (\$652,380) was transferred to Fund 070 in March 2024. All principal and interest payments will be made from Fund 070 after FY24.

Line 4.300 - Other Expenditures

Other expenditures include auditor and treasurer fees, county board of education deductions and annual audit cost. The most significant cost in other expenditures is the amount paid to the Darke County ESC for special education services. In FY25, this cost equaled \$276,154. Property, fleet and liability insurance at an annual cost of \$55,271 is also recorded as an Other Expenditure.

Line 5.010 and 5.020 - Operating Transfers/Advances-Out

The district transfers \$70,000 from the general fund during each year of the forecast. This transfer will go to support the Arcanum Early Learning Center, which the district believes is an invaluable asset to our school.

In FY24, the district transferred \$652,380 to Fund 070 for the purpose of repaying the lease that entered into in 2015.

In FY25, the district transferred \$345,000 to Fund 035 to be used for paying severance payments during the next four years.

Line 6.010 - Excess of Revenues over (under) Expenditures

Line 2.080 minus 5.050. This line can be used to get a good sense of a school district's fiscal health.

Line 8.010 - Estimated Encumbrances

This line indicates obligations from the previous year that have not yet been paid in full. This line is estimated at \$750,000 for each year of the forecast.

Line 12.010 - Unreserved Fund Balance

This line must not go below \$0 or the District would be unable to sign a 412 certificate for qualifying contracts, including multi-year employee agreements.

Fiscal Outlook

Under current assumptions, the district projects to maintain a positive unreserved fund balance throughout the forecasted period.

Key fiscal risks include potential state funding formula revisions, property tax reform, and health insurance cost volatility. The district will continue to monitor legislative changes and economic conditions closely to ensure proactive financial planning and sustainability.

The assumptions contained in this forecast are consistent with the data submitted to the Ohio Department of Education & Workforce and meet the requirements of Ohio Revised Code Section 5705.391.

For additional information or questions, please email the Treasurer/CFO at matt_huffman@arcanum-butler.k12.oh.us.