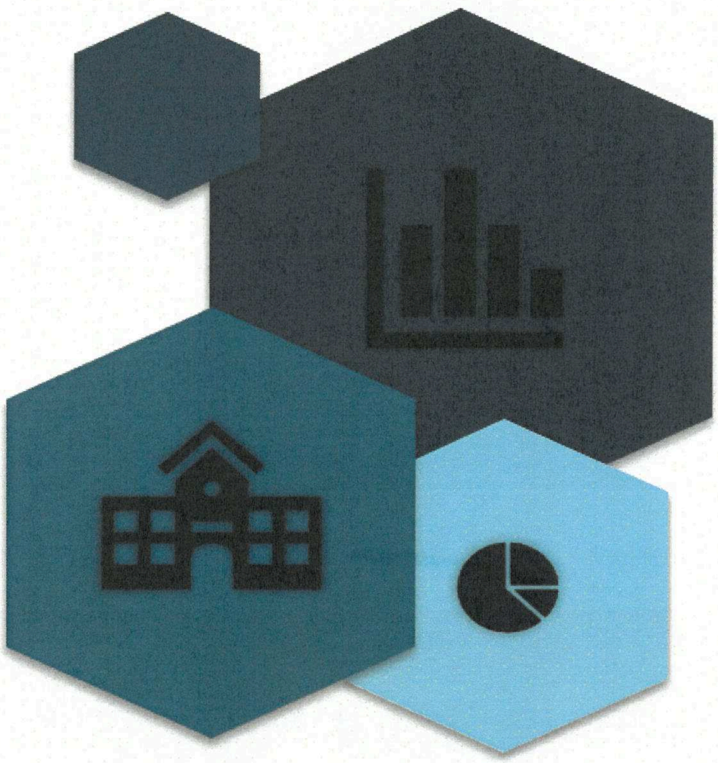
Hillsdale Local School District

# Fiscal Year 2026 February

# Financial Forecast Report



Prepared By:

**Lesa Deter - Treasurer/CFO**

**Hillsdale Local School District**

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## Forecast Purpose/Objectives

Ohio Department of Education and Workforce's purposes/objectives for the financial forecast are:

1. To engage the local board of education and the community in the 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 Department of Education and Auditor of State to identify school districts with potential financial problems.

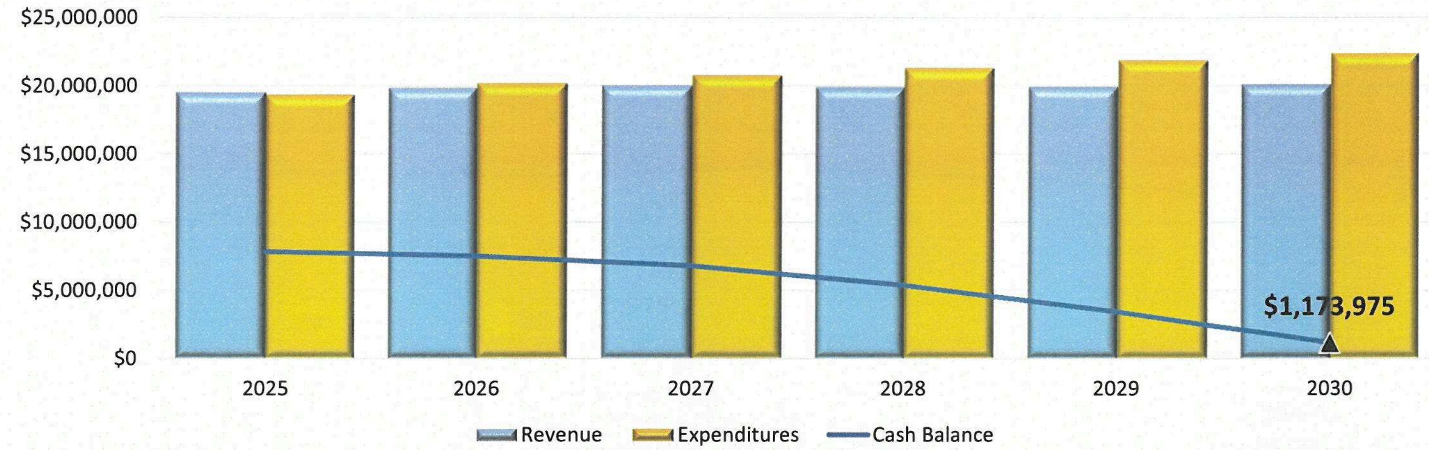
## Forecast Methodology

This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year, and while cash flow monitoring helps to identify unexpected variances, no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

# Forecast Summary



## Projected Revenue, Expenditures, and Cash Balance




## Financial Forecast Summary

| | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 |
|---|---|---|---|---|---|
| Beginning Balance (Line 7.010)<br>**Includes Renewal/New Levy Revenue, see Disclosures* | 7,858,597 | 7,531,465 | 6,810,232 | 5,390,086 | 3,445,616 |
| + Revenue | 19,853,813 | 20,042,071 | 19,894,289 | 19,925,804 | 20,109,771 |
| - Expenditures | (20,180,945) | (20,763,305) | (21,314,435) | (21,870,273) | (22,381,412) |
| = Revenue Surplus or Deficit | (327,132) | (721,233) | (1,420,146) | (1,944,470) | (2,271,641) |
| Line 7.020 Ending Balance with Renewal/New Levies | 7,531,465 | 6,810,232 | 5,390,086 | 3,445,616 | 1,173,975 |

## Financial Summary Notes

Expenditure growth is projected to outpace revenue change. By the end of 2030, the cash balance is projected to decline by a total of $6,684,622 compared to 2025. For fiscal year 2030, expenditures are currently projected to exceed revenue, resulting in a revenue shortfall the final year of the forecast period.

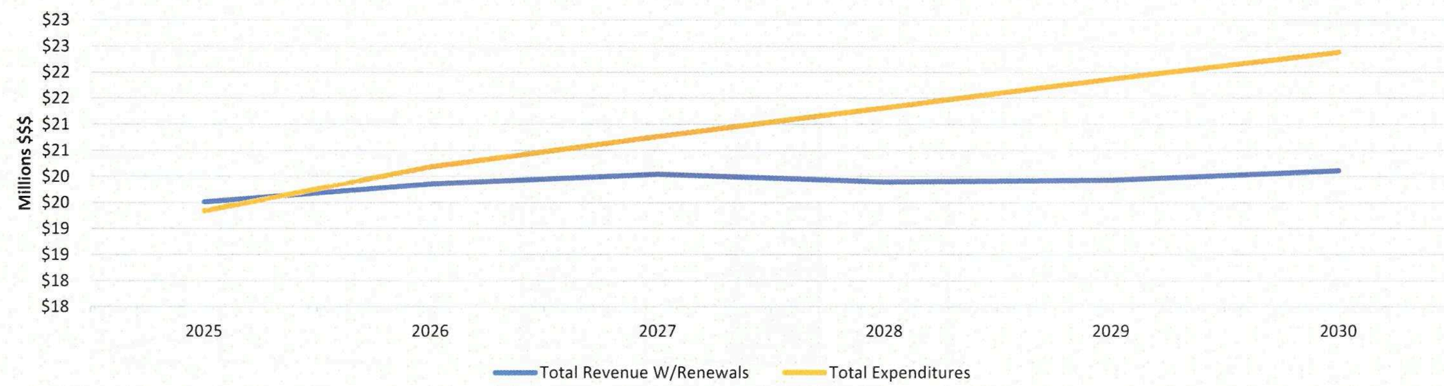
For revenue, projected change is expected to be less than the historical average. Over the past five years, revenue increased by 1.87% ($312,649 annually). However, it is projected to increase by 0.61% ($119,781 annually) through fiscal year 2030. Notably, Public Utility, is expected to be $224,716 less per year compared to history, and is the biggest driver of trend change on the revenue side.

For expenses, projected change is forecasted to increase at a faster pace than the historical trend. Expenditures increased by 1.98% ($329,648 annually) during the past 5-year period, and are projected to increase by 2.97% ($608,997 annually) through 2030. The forecast line with the most change on the expense side, Benefits, is anticpated to be $196,522 more per year in the projected period compared to historical averages.

| *Disclosure Items:* | *2026* | *2027* | *2028* | *2029* | *2030* |
|---|---|---|---|---|---|
| *Modeled Renewal Levies - Annual Amount* | - | - | - | - | - |
| *Modeled New Levies - Annual Amount* | - | - | - | - | - |
| *Encumbrances (not subtracted from Cash Balance)* | *165,000* | *165,000* | *165,000* | *165,000* | *165,000* |

# Forecast Analysis

## Revenue Compared to Expenditures

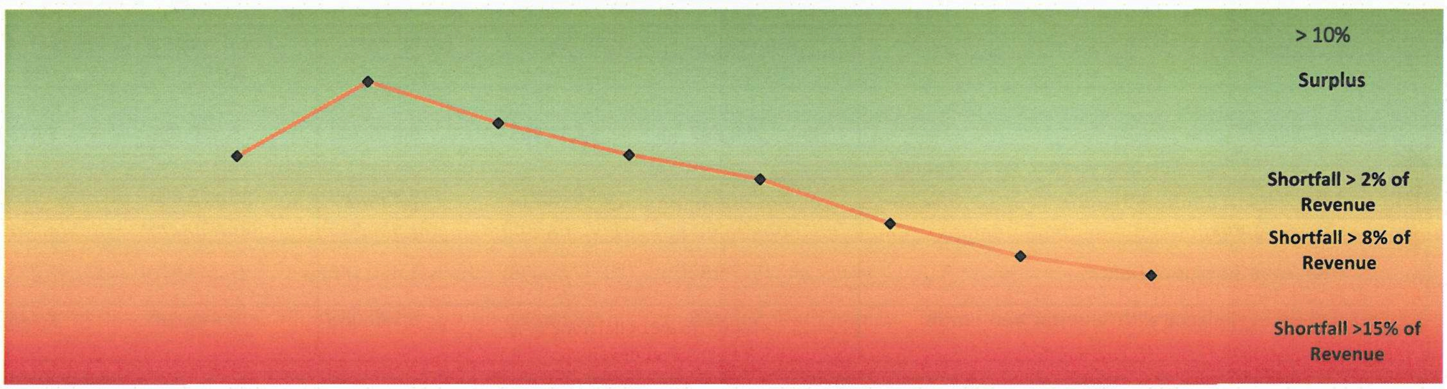



**From 2026 to 2030, total revenues are projected to change by 0.61%**

Expenditure change is expected to outpace revenue change.

**From 2026 to 2030, total expenses are projected to change by 2.97%**

## Revenue Surplus/(Shortfall) as a Percentage of Revenue




| Current Forecast | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|
| Surplus/(Shortfall) | 4.2% | .9% | -1.6% | -3.6% | -7.1% | -9.8% | -11.3% |

The district is trending toward revenue shortfall with the expenditures growing faster than revenue.
A revenue increase of 9.76% is needed to balance the budget in fiscal year 2030, or a $2,271,641 reduction in expenditures.

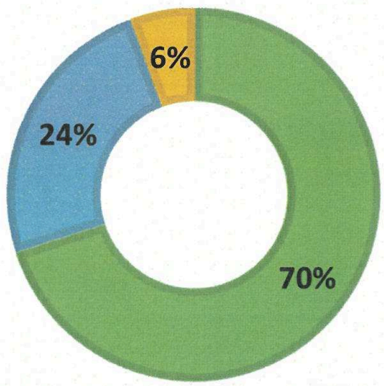
- The largest contributor to the projected revenue trend is the change in Public Utility.
- The expenditure most impacting the changing trend is Benefits.

## Days Cash on Hand at Fiscal Year-end


**based on 365 days*

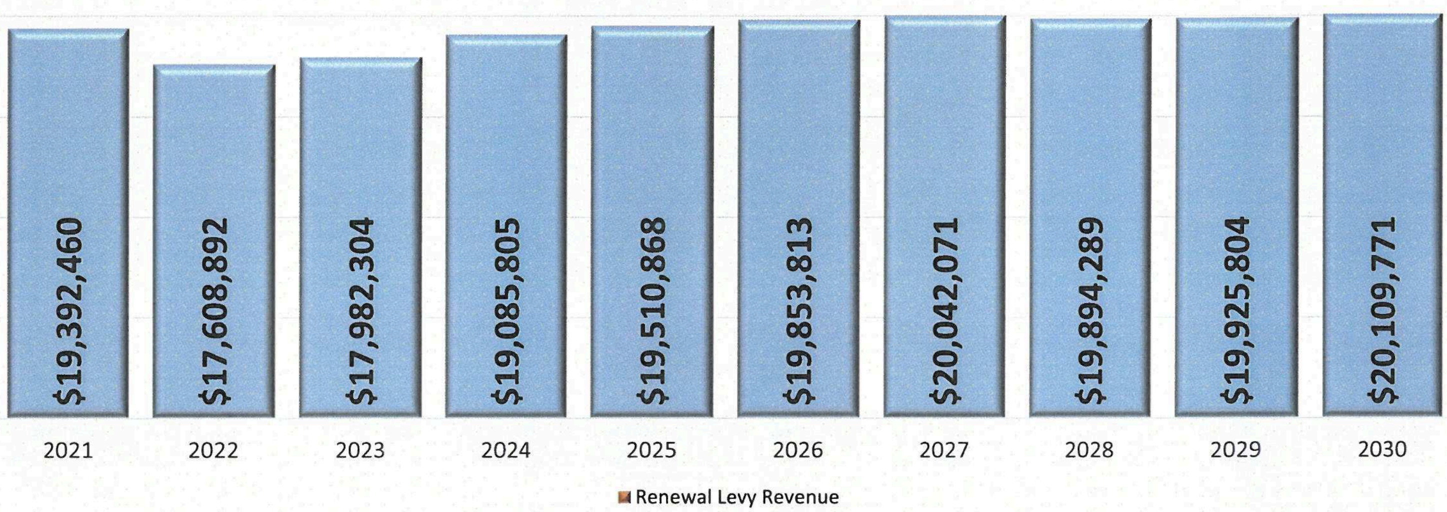
# Revenue Overview

## Revenue Sources




| | |
|---|---|
| **Local Taxes** | |
| Real Estate Tax | 21.57% |
| Public Utility Tax | 36.23% |
| Income Tax | 12.18% |
| **State Sources** | |
| State Funding | 20.63% |
| Restricted Aid | 0.70% |
| State Reimb Prop Tax Cr | 3.04% |
| **All Other Revenue** | |
| Other Revenue | 4.93% |
| Other Sources | 0.71% |

## Annual Revenue Actual + Projected




## Historic Revenue Change versus Projected Revenue Change

| | Historical Average Annual $$ Change | Projected Average Annual $$ Change | Projected Compared to Historical Variance |
|---|---|---|---|
| Real Estate | $26,333 | $107,793 | $81,460 |
| Public Utility | $102,958 | ($121,758) | ($224,716) |
| Income Tax | $102,910 | $60,455 | ($42,454) |
| State Funding | $49,005 | $75,638 | $26,633 |
| State Reimb Prop Tax Credits | $11,323 | $16,310 | $4,987 |
| All Othr Op Rev | $33,429 | ($31,729) | ($65,157) |
| Other Sources | ($13,309) | $13,072 | $26,380 |
| Total Average Annual Change | $312,649 | $119,781 | ($192,869) |
| | 1.87% | 0.61% | -1.26% |

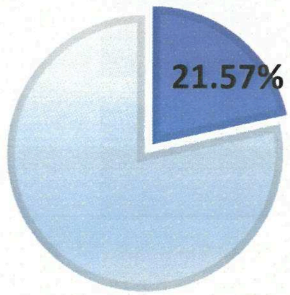
Over the past five years, revenue increased by 1.87% ($312,649 annually). However, it is projected to increase by 0.61% ($119,781 annually) through fiscal year 2030. Notably, Public Utility, is expected to be $224,716 less per year compared to history, and is the biggest driver of trend change on the revenue side.

Income tax collections are projected to level off due to the absence of the strong wage and salary increases experienced in prior years. Recent collections benefited from higher compensation levels and employment changes that are not expected to continue at the same pace. Forecast assumptions reflect more stable payroll and income levels moving forward.

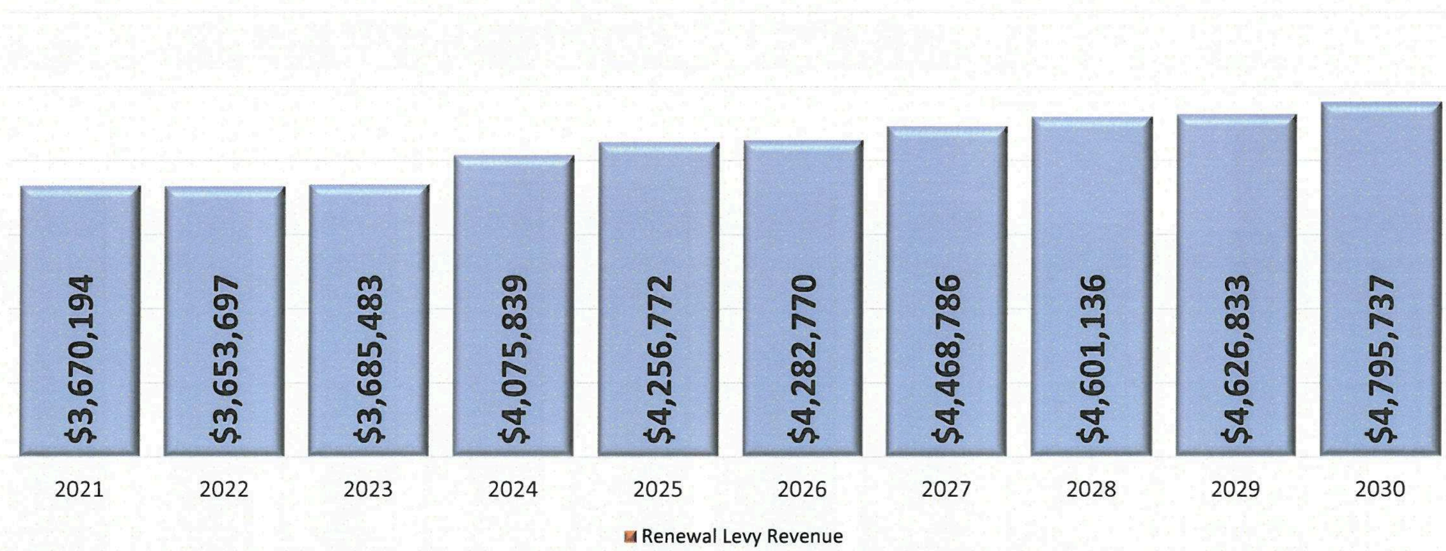
For Comparison:
Expenditure average annual change is projected to be > $608,997 On an annual average basis, expenditures are projected to grow faster than revenue.

## 1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).




Real estate property tax revenue accounts for 21.57% of total district general fund revenue.



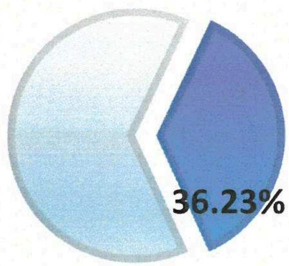

Key Assumptions & Notes

| Values, Tax Rates and Gross Collections | | | | | | | Gross Collection Rate Including Delinquencies |
|---|---|---|---|---|---|---|---|
| Tax Yr | Valuation | Value Change | Class I Rate | Change | Class 2 Rate | Change | |
| 2024 | 236,818,210 | 1,545,530 | 20.01 | - | 31.61 | - | 101.4% |
| 2025 | 237,961,520 | 1,143,310 | 20.01 | 0.00 | 31.61 | (0.00) | 99.9% |
| 2026 | 256,361,520 | 18,400,000 | 20.00 | (0.01) | 31.61 | (0.00) | 99.9% |
| 2027 | 257,761,520 | 1,400,000 | 20.00 | - | 31.61 | (0.00) | 99.9% |
| 2028 | 259,161,520 | 1,400,000 | 20.00 | - | 31.61 | (0.00) | 99.9% |
| 2029 | 273,561,520 | 14,400,000 | 20.00 | - | 31.61 | (0.00) | 99.9% |

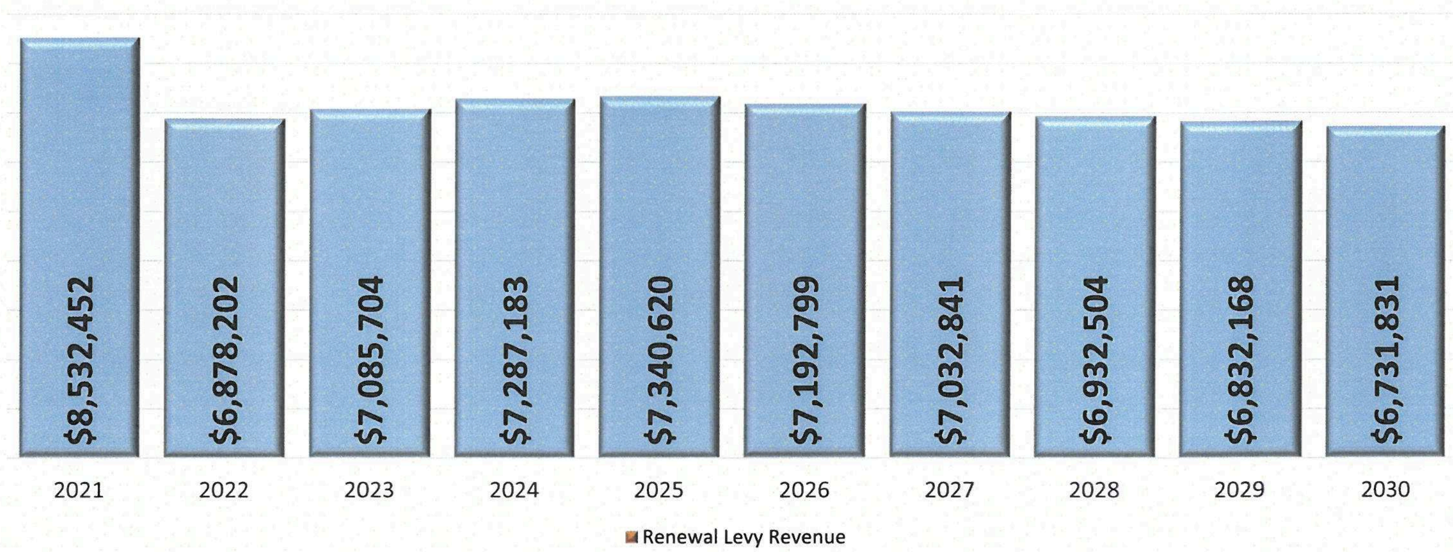
Class I, or residential/agricultural taxes make up approximately 92.55% of the real estate property tax revenue. The Class I tax rate is 20.01 mills in tax year 2025. The projections reflect an average gross collection rate of 99.9% annually through tax year 2029. The revenue changed at an average annual historical rate of 0.88% and is projected to change at an average annual rate of 2.42% through fiscal year 2030.

## 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.




Public Utility Personal Property tax revenue accounts for 36.23% of total district general fund revenue.



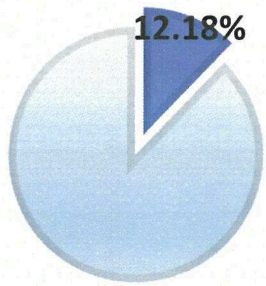

### Key Assumptions & Notes

| Values and Tax Rates | | | | | Gross Collection Rate |
|---|---|---|---|---|---|
| Tax Year | Valuation | Value Change | Full Voted Rate | Change | Including Delinquencies |
| 2024 | 282,381,880 | (2,194,250) | 47.00 | - | 56.5% |
| 2025 | 276,590,784 | (5,791,096) | 47.00 | - | 54.7% |
| 2026 | 272,688,839 | (3,901,945) | 47.00 | - | 54.7% |
| 2027 | 268,786,894 | (3,901,945) | 47.00 | - | 54.7% |
| 2028 | 264,884,949 | (3,901,945) | 47.00 | - | 54.7% |
| 2029 | 260,983,004 | (3,901,945) | 47.00 | - | 54.7% |

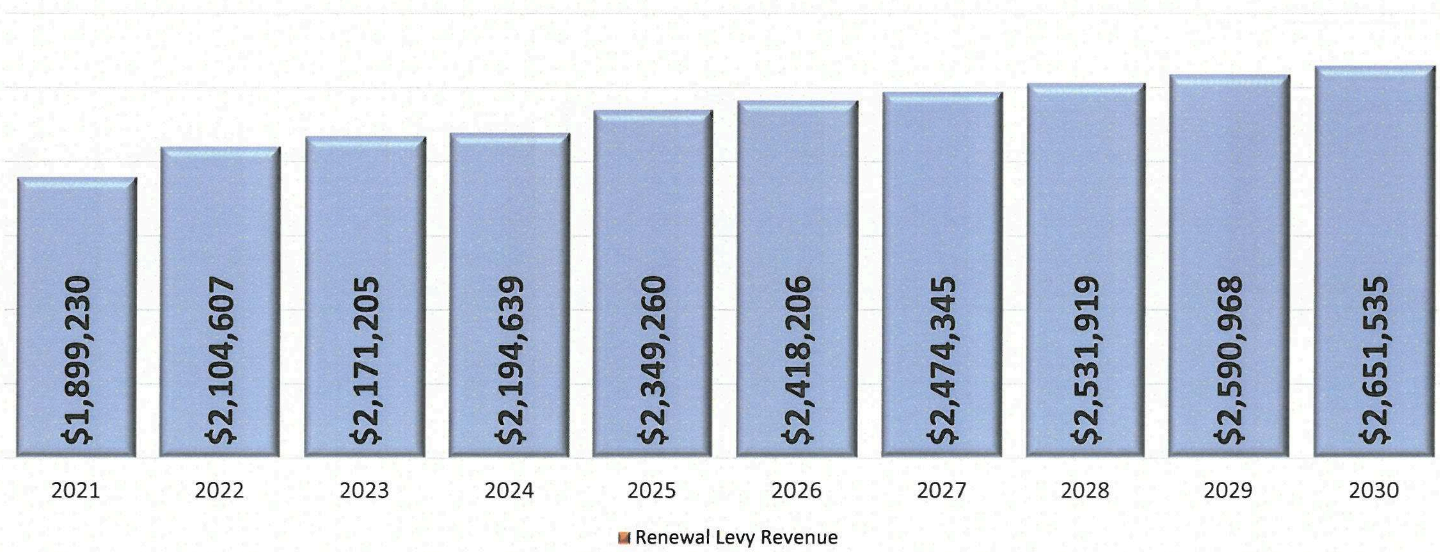
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. The property is taxed at the full voted tax rate which in tax year 2025 is 47.00 mills. The forecast is modeling an average gross collection rate of 54.71%. The revenue changed historically at an average annual dollar amount of $102,958 and is projected to change at an average annual dollar amount of -$121,758 through fiscal year 2030.

## 1.030 - School District Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.




School District Income Tax revenue accounts for 12.18% of total district general fund revenue.

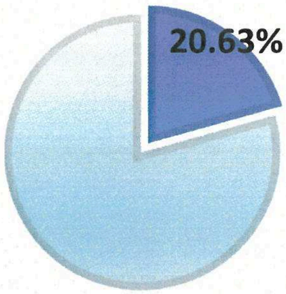



### Key Assumptions & Notes

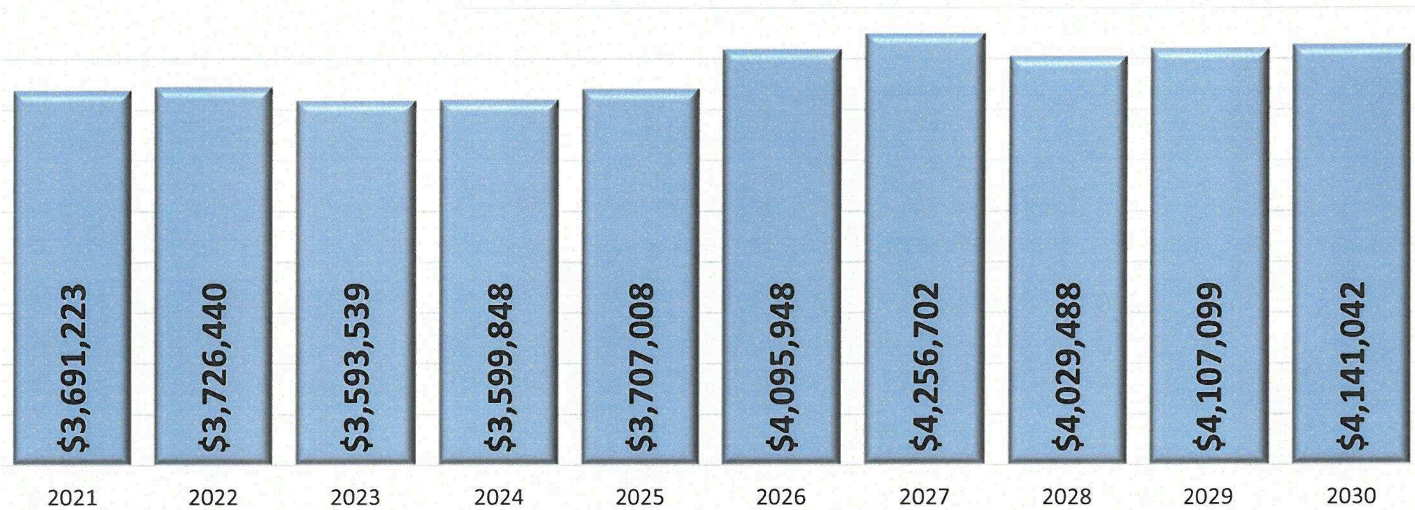
The district maintained one income tax levy in fiscal year 2026. The average annual dollar change in total income tax revenue is forecasted to be $60,455 through 2030.

## 1.035 - Unrestricted Grants-in-Aid

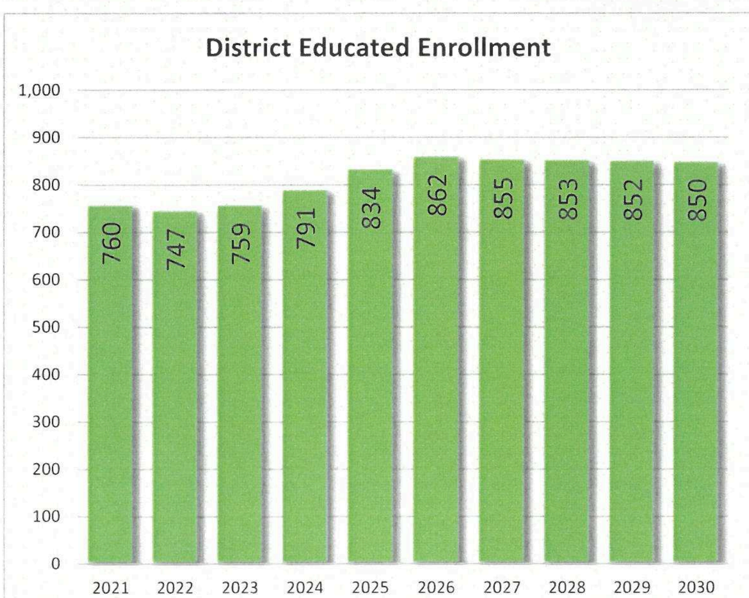
Funds received through the State Foundation Program with no restriction.




Unrestricted State Aid revenue accounts for 20.63% of total district general fund revenue.




### Key Assumptions & Notes




Beginning in fiscal year 2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

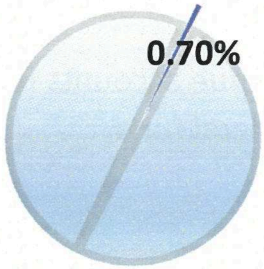
For Hillsdale Local School District, the calculated Base Cost total is $7,312,214 in 2026.

The State's Share of the calculated Base Cost total is $755,464, or $876 per pupil.

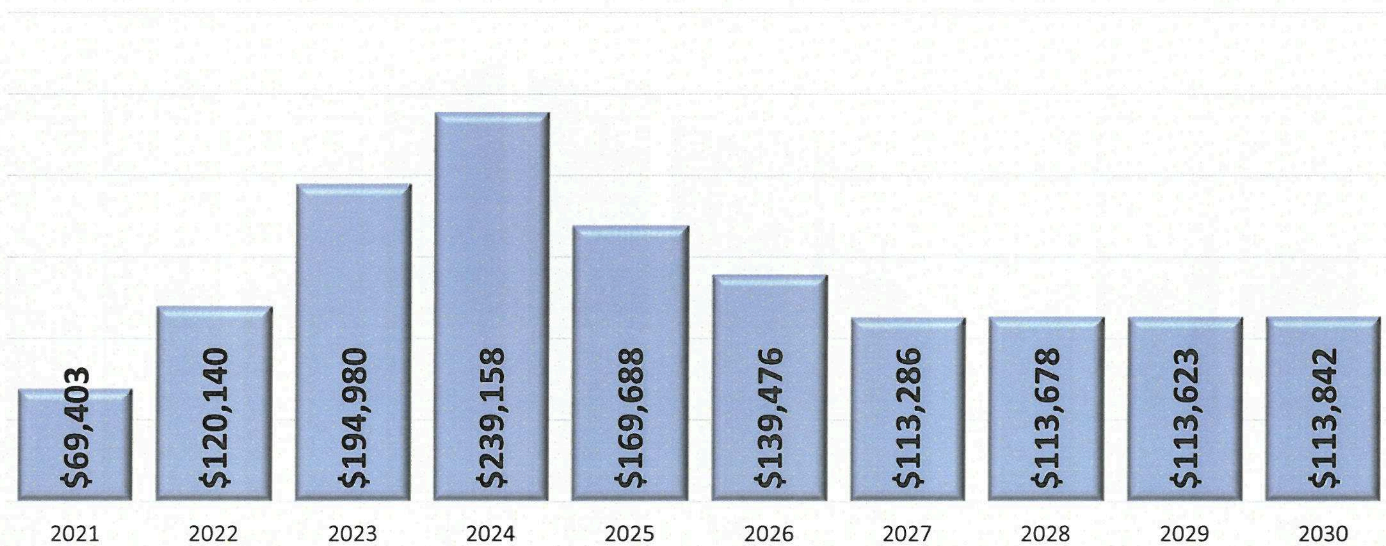
The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts, which impacts the expense side of the forecast.

## 1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.




Restricted State Aid revenue accounts for 0.70% of total district general fund revenue.

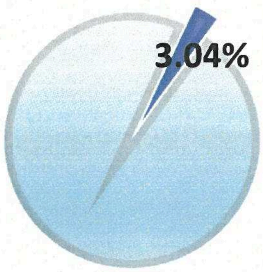



### Key Assumptions & Notes

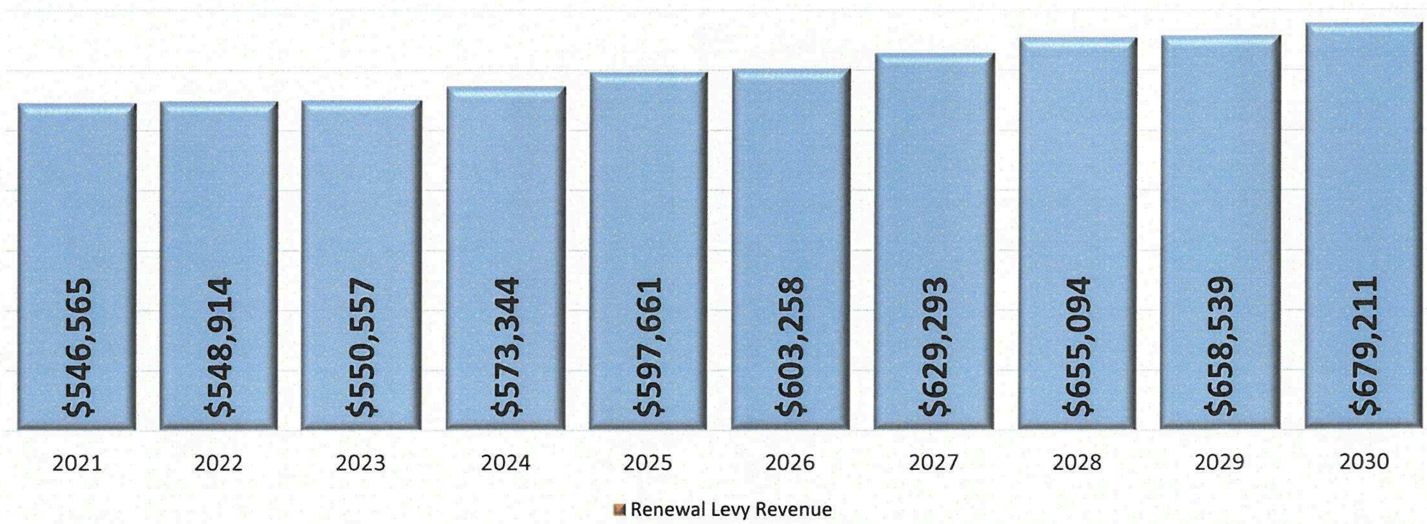
Restricted aid is the portion of state per pupil funding that must be classifed as restricted use. Historically the district's restricted state aid changed annually on average by $16,516 and is projected to change annually on average by -$11,169. Restricted funds represent 0.70% of the district's total revenue. Starting in fiscal year 2022, the district's Success & Wellness funding became restricted; the state's share of this funding recorded as restricted is $63,816. This funding has implications on general fund expenditures in that certain spending now occuring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

## 1.050 - State Reimbursement Property Tax Credits

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.




State Reimbursement of Property Tax Credit revenue accounts for 3.04% of total district general fund revenue.

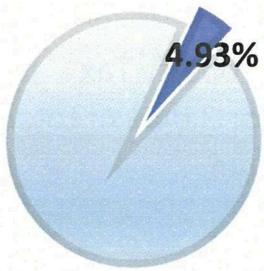



### Key Assumptions & Notes

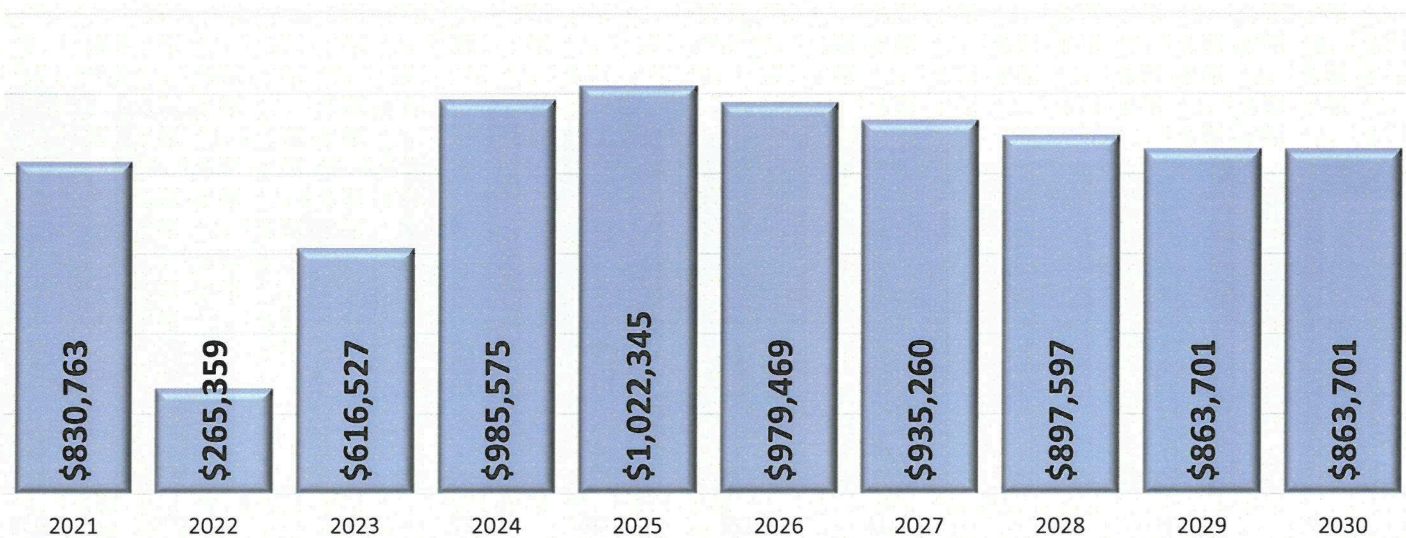
State Reimbursement of Property Tax Credits primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions to their tax bill. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2026, approximately 11.5% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.8% will be reimbursed in the form of qualifying homestead exemption credits.

# 1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.




All Other Revenue accounts for 4.93% of total district general fund revenue.



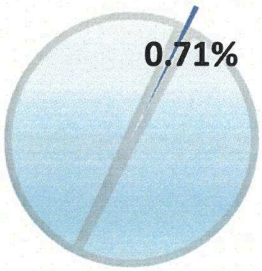

## Key Assumptions & Notes

Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was $33,429. The projected average annual change is -$31,729 through fiscal year 2030.

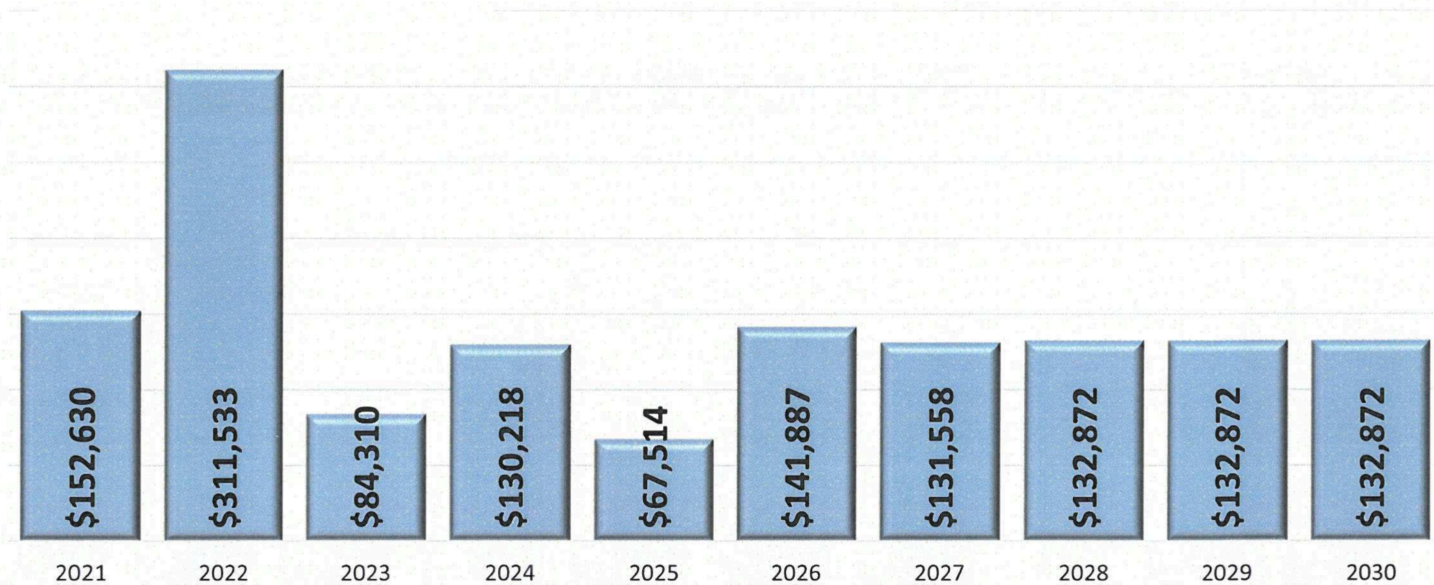
Interest earnings have begun to decline over the past year and are projected to continue decreasing over the next several years as market rates stabilize. Hillsdale Local School District invests a portion of its carryover balance not needed for current expenditures in Certificates of Deposit structured using a laddering strategy to maximize yield while maintaining liquidity. The District also maintains funds in STAR Ohio, which provides monthly interest earnings and allows for immediate access to funds without penalty to support ongoing operational cash flow needs.

## 2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.




Other Sources of revenue accounts for 0.71% of total district general fund revenue.



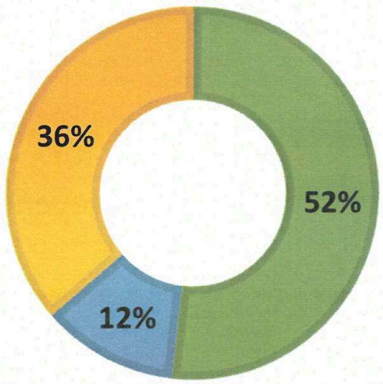

Key Assumptions & Notes

| | | FORECASTED | | | | |
|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Transfers In | - | - | - | - | - | - |
| Advances In | - | - | - | - | - | - |
| All Other Financing Sources | 67,514 | 141,887 | 131,558 | 132,872 | 132,872 | 132,872 |

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In 2025 the district receipted $0 as advances-in and is projecting advances of $0 in fiscal year 2026. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be $141,887 in 2026 and average $132,544 annually through 2030.

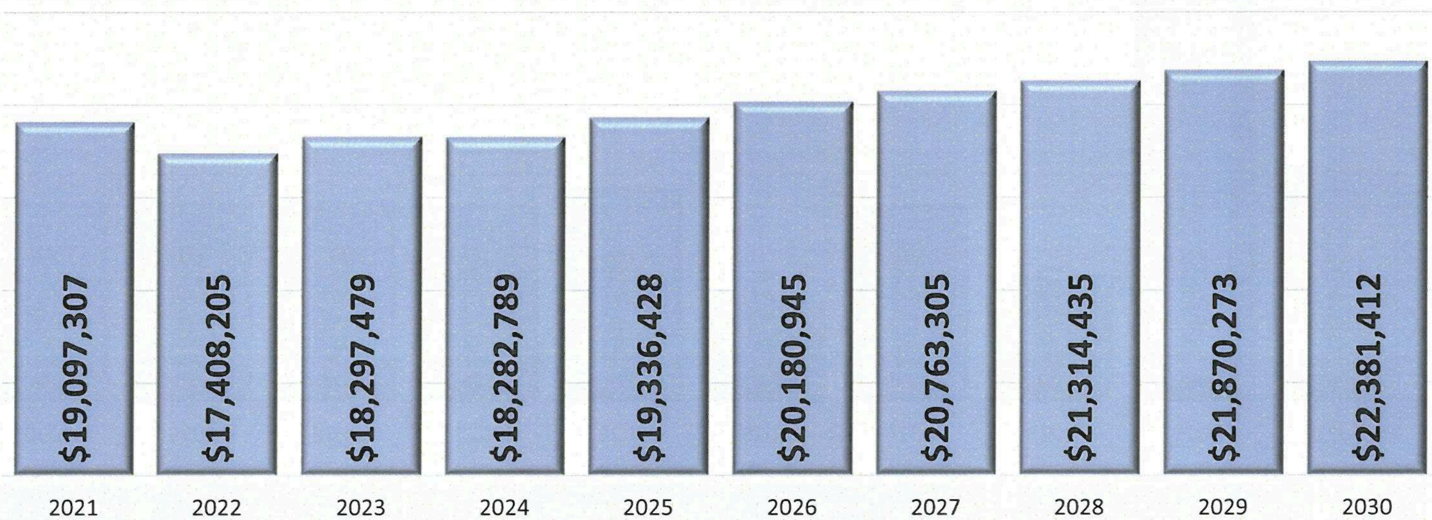
# Expenditure Overview

## Expenditure Categories




| | |
|---|---|
| **Personnel Costs** | |
| Salaries | 33.65% |
| Benefits | 18.16% |
| **Purchased Services** | 11.82% |
| **All Other Expenditures** | |
| Supplies, Capital, Debt, Other Obj | 6.15% |
| Other Uses | 30.23% |

## Annual Expenditures Actual + Projected




## Historic Expenditures Change versus Projected Expenditures Change

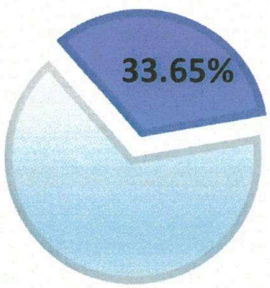
| | Historical Average Annual $$ Change | Projected Average Annual $$ Change | Projected Compared to Historical Variance |
|---|---|---|---|
| Salaries | $260,802 | $208,937 | ($51,865) |
| Benefits | $121,906 | $318,429 | $196,522 |
| Purchased Services | $129,201 | $61,830 | ($67,371) |
| Supplies & Materials | $58,376 | $22,480 | ($35,896) |
| Capital Outlay | ($7,883) | ($6,634) | $1,248 |
| Intergov & Debt | $0 | $0 | ($0) |
| Other Objects | ($86,821) | $12,155 | $98,976 |
| Other Uses | ($145,933) | ($8,200) | $137,733 |
| Total Average Annual Change | $329,648 | $608,997 | $279,349 |
| | 1.98% | 2.97% | 0.99% |

Expenditures increased by 1.98% ($329,648 annually) during the past 5-year period, and are projected to increase by 2.97% ($608,997 annually) through 2030. The forecast line with the most change on the expense side, Benefits, is anticpated to be $196,522 more per year in the projected period compared to historical averages.

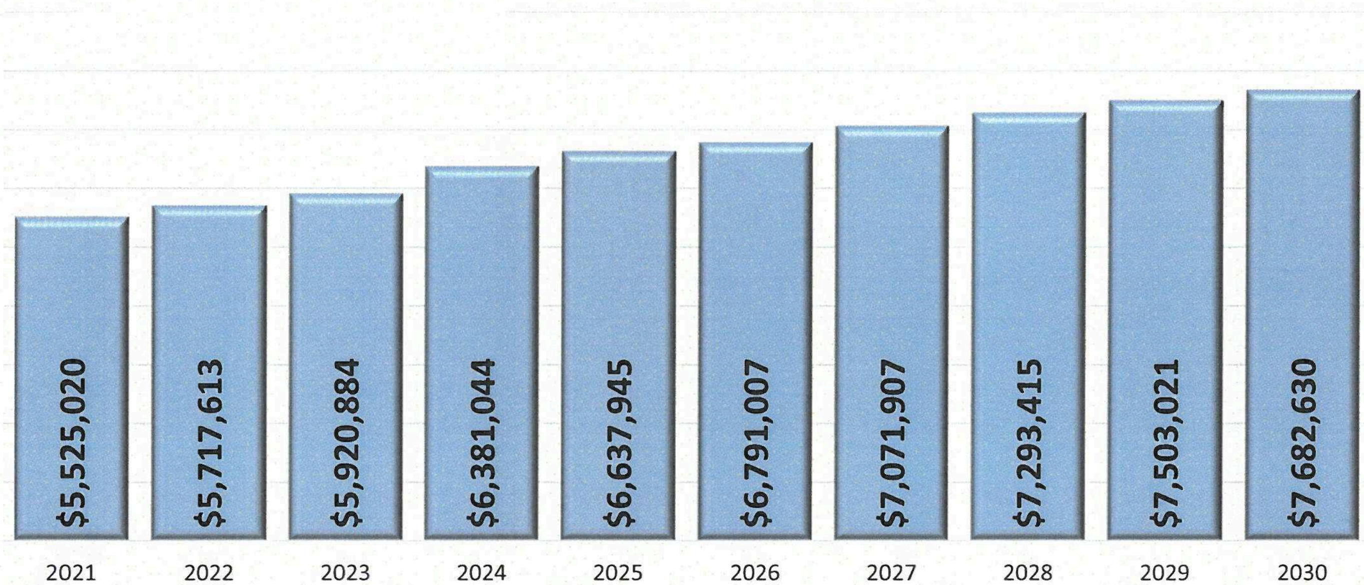
For Comparison:
Revenue average annual change is projected to be > $119,781 On an annual average basis, revenues are projected to grow slower than expenditures.

## 3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.




Salaries account for 33.65% of the district's total general fund spending.



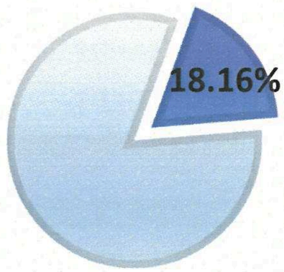

### Key Assumptions & Notes

Salaries represent 33.65% of total expenditures and increased at a historical average annual rate of 4.48% (or $260,802). This category of expenditure is projected to grow at an annual average rate of 2.97% (or $208,937) through fiscal year 2030. The projected average annual rate of change is 1.52% less than the five year historical annual average.

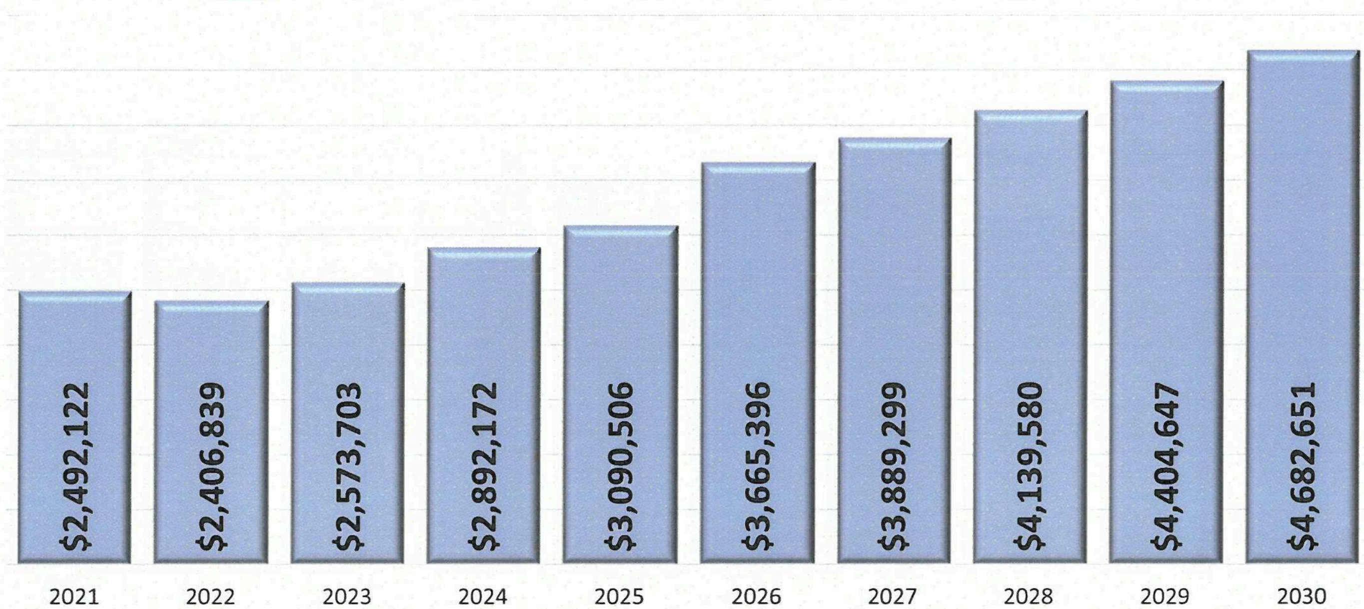
The current negotiated agreements with the Hillsdale Education Association and Hillsdale Chapter 444 OAPSE are in effect through June 30, 2027. Salary projections through Fiscal Year 2027 reflect the terms of these agreements. Beginning in Fiscal Year 2028 and beyond, projected salary increases reflect only step advancements for experience and anticipated educational attainment, as no negotiated base wage increases have been assumed beyond the current contract period.

## 3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.




Benefits account for 18.16% of the district's total general fund spending.




### Key Assumptions & Notes

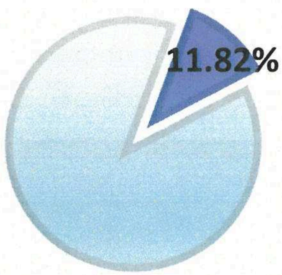
Benefits represent 18.16% of total expenditures and increased at a historical average annual rate of 4.64%. This category of expenditure is projected to grow at an annual average rate of 8.77% through fiscal year 2030. The projected average annual rate of change is 4.13% more than the five year historical annual average.

Hillsdale Local School District has experienced unusually high medical claims in recent periods. As a self-funded participant in the Jefferson Health Plan, the District is required to maintain a minimum reserve level. Due to recent claims activity, the reserve balance has fallen below the required threshold. As a result, the District is projected to incur a 2% supplemental charge in addition to an estimated 18% annual premium increase to restore the reserve balance to the required minimum level.

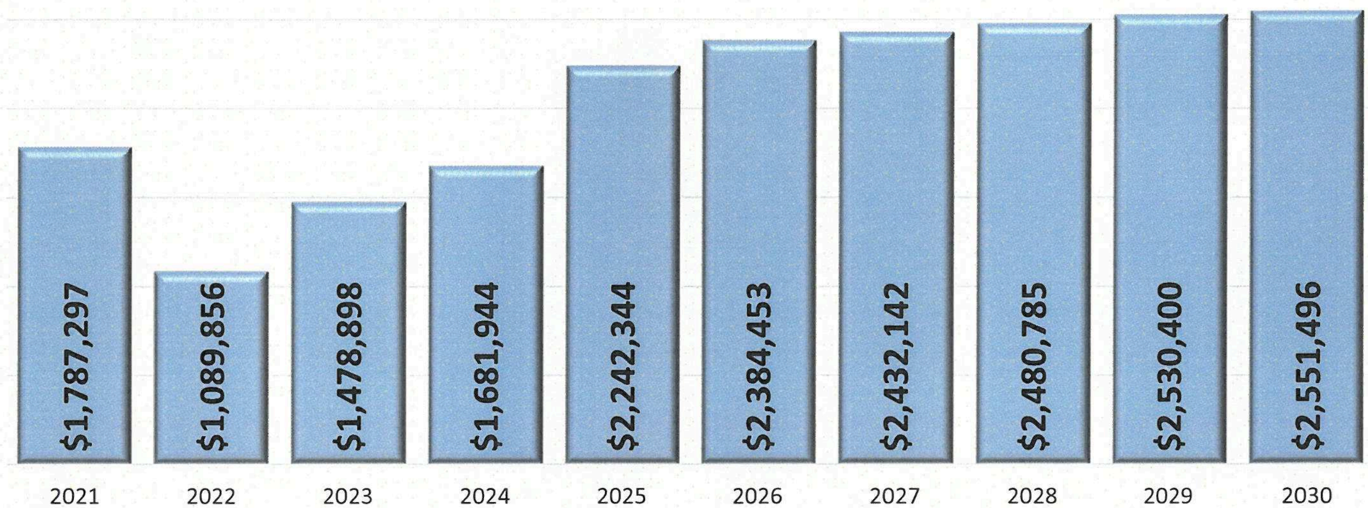
In addition, Fiscal Year 2026 will include a one-time supplemental payment estimated between $300,000 and $400,000 to help restore the reserve fund to its required minimum balance. Medical costs continue to trend upward and represent one of the most significant areas of increase within the District's benefit expenditures.

## 3.030 - Purchased Services

Amounts paid for services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utility costs and other services which the school district may purchase.




Purchased Services account for 11.82% of the district's total general fund spending.

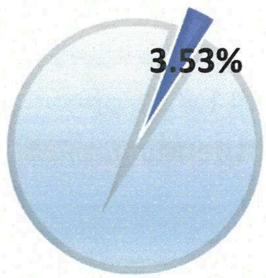



### Key Assumptions & Notes

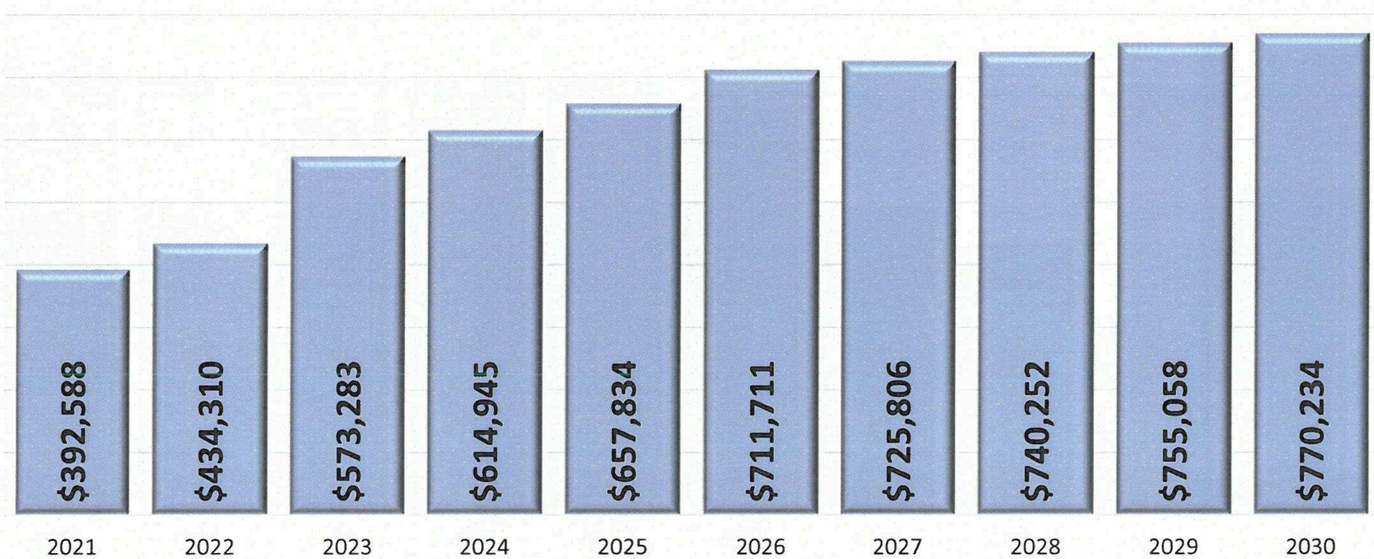
Purchased Services represent 11.82% of total expenditures and increased at a historical average annual rate of 11.14%. This category of expenditure is projected to grow at an annual average rate of 2.63% through fiscal year 2030. Starting in 2022, the Fair School Funding Plan (State Funding) only accounted for district educated enrollment, thereby reducing district tuition costs for open enrollment 'out,' community schools, STEM, and scholarship students. This change resulted in lower district costs, but also less per pupil state revenue since per pupil funding is now paid directly by the state to the district students attend.

## 3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.




Supplies and Materials account for 3.53% of the district's total general fund spending.

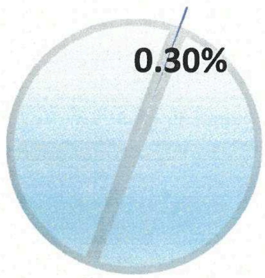



### Key Assumptions & Notes

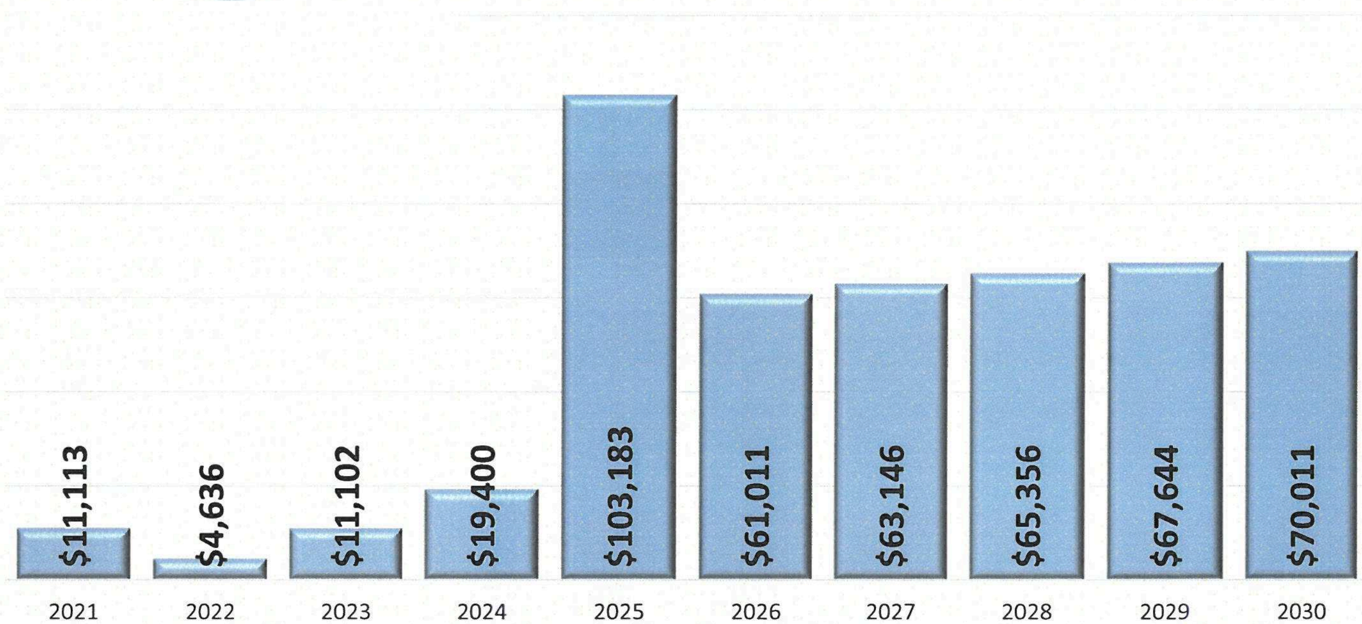
Supplies & Materials represent 3.53% of total expenditures and increased at a historical average annual rate of 12.83%. This category of expenditure is projected to grow at an annual average rate of 3.23% through fiscal year 2030. The projected average annual rate of change is 9.59% less than the five year historical annual average.

## 3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.




Capital Outlay account for 0.30% of the district's total general fund spending.

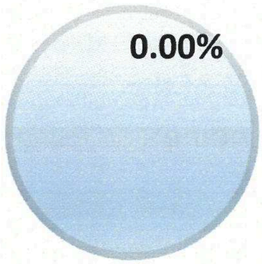



Key Assumptions & Notes

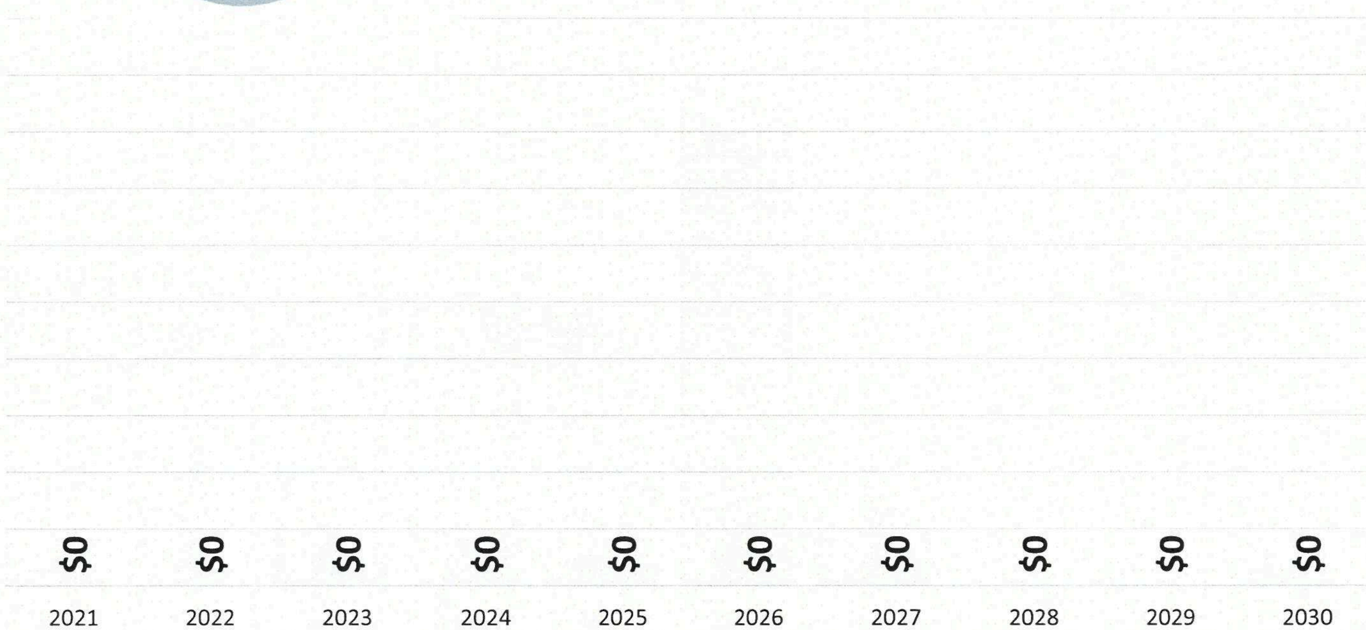
Capital Outlay represent 0.30% of total expenditures and decreased at a historical average annual amount of $7,883. This category of expenditure is projected to decrease at an annual average rate of $6,634 through 2030. The projected average annual change is less than the five year historical annual average.

## 3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.




Intergovernmental and Debt account for 0.00% of the district's total general fund spending.

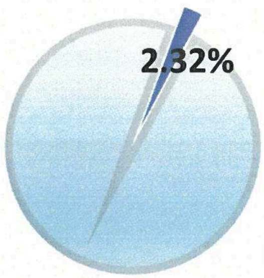



### Key Assumptions & Notes

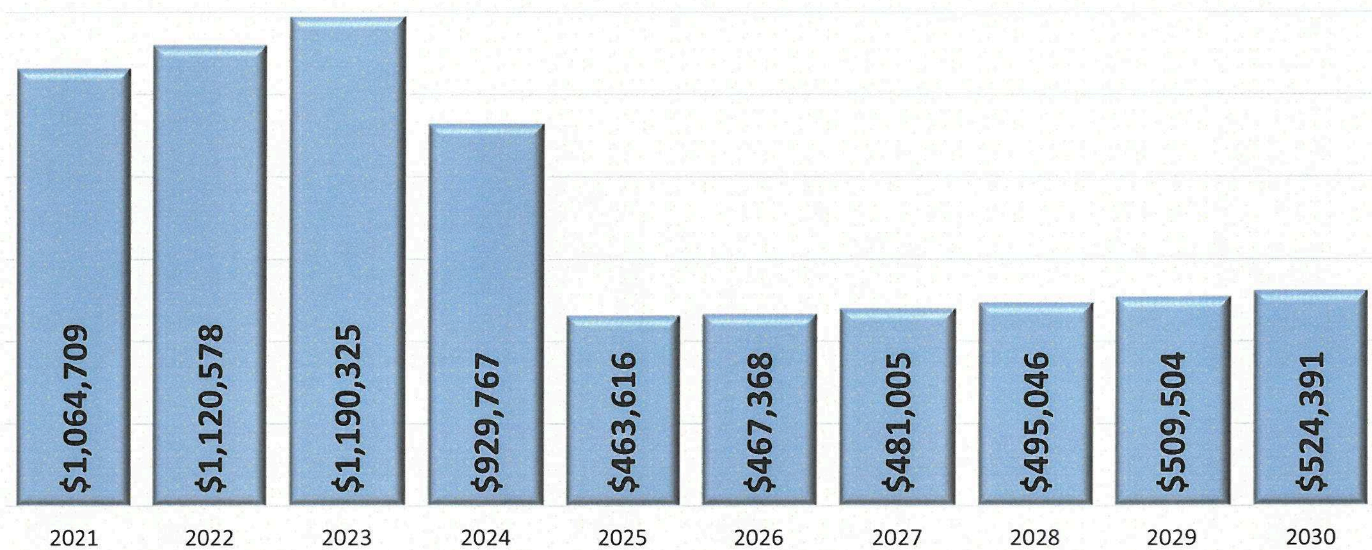
The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

## 4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.




Other Objects account for 2.32% of the district's total general fund spending.

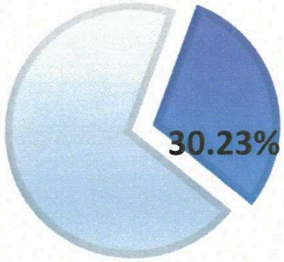



### Key Assumptions & Notes

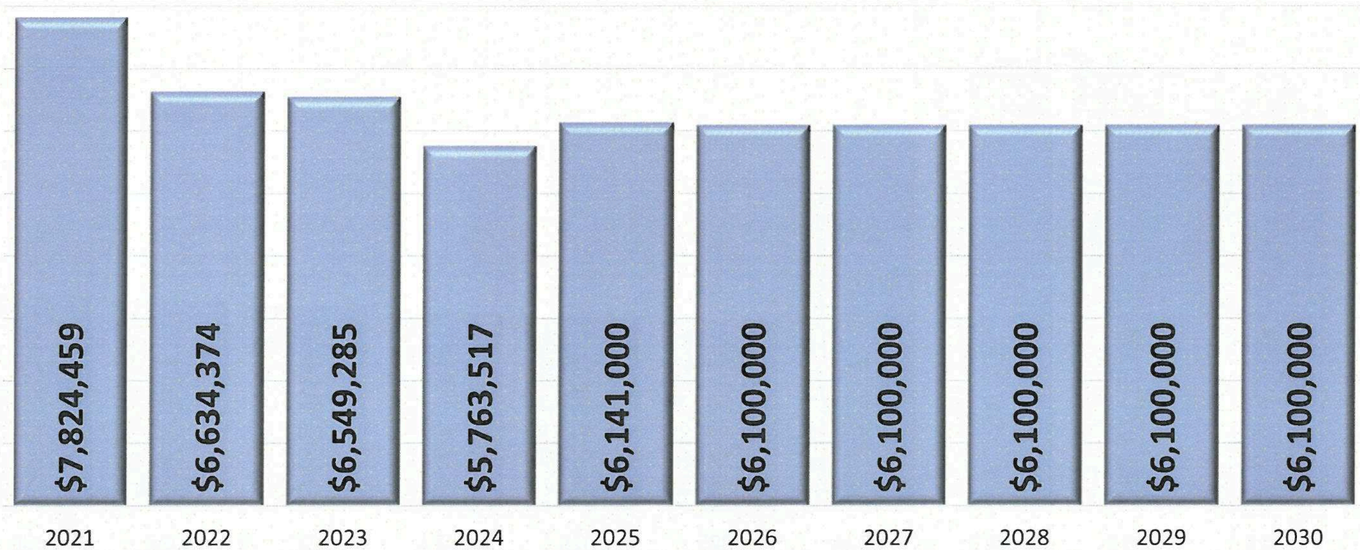
Other Objects represent 2.32% of total expenditures and decreased at a historical average annual rate of -8.39%. This category of expenditure is projected to grow at an annual average rate of 2.50% through fiscal year 2030. The projected average annual rate of change is 10.89% more than the five year historical annual average.

## 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.




Other Uses account for 30.23% of the district's total general fund spending.




### Key Assumptions & Notes

| | | FORECASTED | | | | |
|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Transfers Out | 6,141,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 |
| Advances Out | - | (0) | (0) | (0) | (0) | (0) |
| Other Financing Uses | - | - | - | - | - | - |

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In 2025 the district had no advances-out and has no advances-out forecasted through fiscal year 2030. The district can also move general funds permanently to other funds, and as the schedule above presents, the district has transfers forecasted through fiscal year 2030. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Hillsdale Local School District makes transfers of available public utility tax collections to support current and future rent obligations for the District's K–12 facilities. Due to uncertainty surrounding future valuation and tax payments from Rover Pipeline LLC, the District is proactively transferring higher amounts while revenues remain elevated. This approach helps build financial capacity to ensure continued rent payment stability in future years when public utility tax collections may decline. Additionally, transfers are made to the 035 Severance Fund to provide for future severance obligations for eligible employees, particularly those with 30 or more years of service. This annual transfer averages $150,000 and is intended to ensure sufficient funding for anticipated retirement payouts.

# Hillsdale Local School District

Five Year Forecast

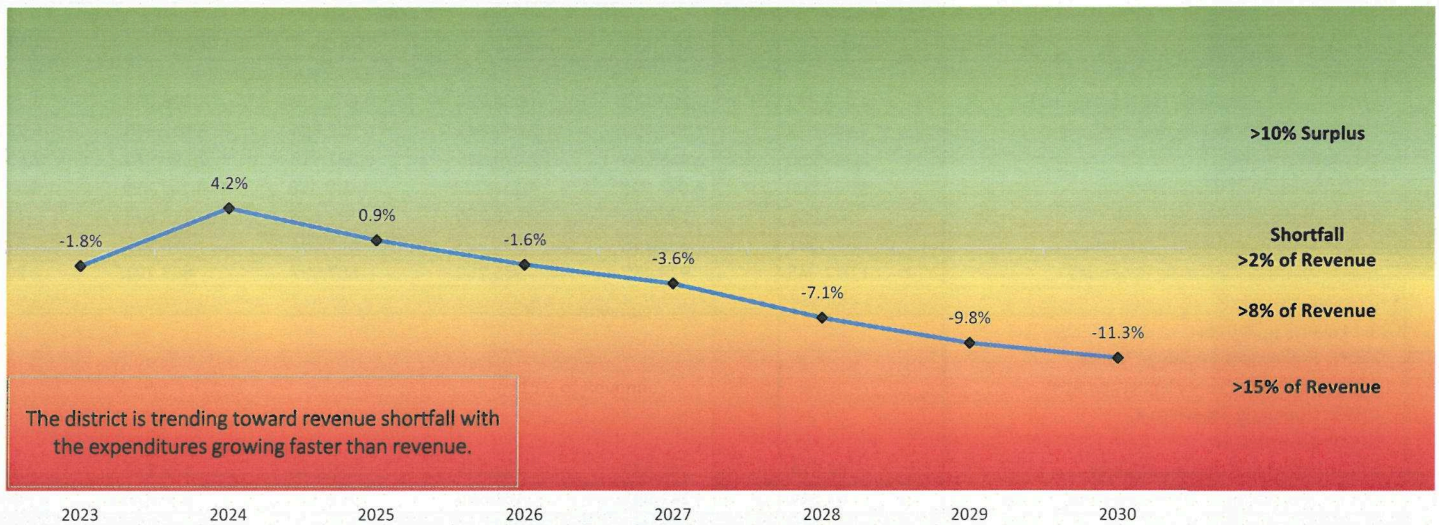
## February Fiscal Year 2026

| | Actual | FORECASTED | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year: | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| **Revenue:** | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 4,256,772 | 4,282,770 | 4,468,786 | 4,601,136 | 4,626,833 | 4,795,737 |
| 1.020 - Public Utility Personal Property | 7,340,620 | 7,192,799 | 7,032,841 | 6,932,504 | 6,832,168 | 6,731,831 |
| 1.030 - Income Tax | 2,349,260 | 2,418,206 | 2,474,345 | 2,531,919 | 2,590,968 | 2,651,535 |
| 1.035 - Unrestricted Grants-in-Aid | 3,707,008 | 4,095,948 | 4,256,702 | 4,029,488 | 4,107,099 | 4,141,042 |
| 1.040 - Restricted Grants-in-Aid | 169,688 | 139,476 | 113,286 | 113,678 | 113,623 | 113,842 |
| 1.050 - State Reimb Prop Tax Credits | 597,661 | 603,258 | 629,293 | 655,094 | 658,539 | 679,211 |
| 1.060 - All Other Operating Revenues | 1,022,345 | 979,469 | 935,260 | 897,597 | 863,701 | 863,701 |
| 1.070 - Total Revenue | 19,443,354 | 19,711,926 | 19,910,513 | 19,761,417 | 19,792,932 | 19,976,899 |
| **Other Financing Sources:** | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Adv | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | - | - | - | - | - | - |
| 2.050 - Advances-In | - | - | - | - | - | - |
| 2.060 - All Other Financing Sources | 67,514 | 141,887 | 131,558 | 132,872 | 132,872 | 132,872 |
| 2.070 - Total Other Financing Sources | 67,514 | 141,887 | 131,558 | 132,872 | 132,872 | 132,872 |
| 2.080 - Total Rev & Other Sources | 19,510,868 | 19,853,813 | 20,042,071 | 19,894,289 | 19,925,804 | 20,109,771 |
| **Expenditures:** | | | | | | |
| 3.010 - Personnel Services | 6,637,945 | 6,791,007 | 7,071,907 | 7,293,415 | 7,503,021 | 7,682,630 |
| 3.020 - Employee Benefits | 3,090,506 | 3,665,396 | 3,889,299 | 4,139,580 | 4,404,647 | 4,682,651 |
| 3.030 - Purchased Services | 2,242,344 | 2,384,453 | 2,432,142 | 2,480,785 | 2,530,400 | 2,551,496 |
| 3.040 - Supplies and Materials | 657,834 | 711,711 | 725,806 | 740,252 | 755,058 | 770,234 |
| 3.050 - Capital Outlay | 103,183 | 61,011 | 63,146 | 65,356 | 67,644 | 70,011 |
| Intergovernmental & Debt Service | - | - | - | - | - | - |
| 4.300 - Other Objects | 463,616 | 467,368 | 481,005 | 495,046 | 509,504 | 524,391 |
| 4.500 - Total Expenditures | 13,195,428 | 14,080,945 | 14,663,305 | 15,214,435 | 15,770,274 | 16,281,413 |
| **Other Financing Uses** | | | | | | |
| 5.010 - Operating Transfers-Out | 6,141,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 |
| 5.020 - Advances-Out | - | (0) | (0) | (0) | (0) | (0) |
| 5.030 - All Other Financing Uses | - | - | - | - | - | - |
| 5.040 - Total Other Financing Uses | 6,141,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 |
| 5.050 - Total Exp and Other Financing Uses | 19,336,428 | 20,180,945 | 20,763,305 | 21,314,435 | 21,870,273 | 22,381,412 |
| | | | | | | |
| 6.010 - Excess of Rev Over/(Under) Exp | 174,440 | (327,132) | (721,233) | (1,420,146) | (1,944,470) | (2,271,641) |
| | | | | | | |
| 7.010 - Cash Balance July 1 (No Levies) | 7,684,156 | 7,858,597 | 7,531,465 | 6,810,232 | 5,390,086 | 3,445,616 |
| 7.020 - Cash Balance June 30 (No Levies) | 7,858,597 | 7,531,465 | 6,810,232 | 5,390,086 | 3,445,616 | 1,173,975 |
| | | Reservations | | | | |
| 8.010 - Estimated Encumbrances June 30 | 165,000 | 165,000 | 165,000 | 165,000 | 165,000 | 165,000 |
| 9.080 - Reservations Subtotal | - | - | - | - | - | - |
| 10.010 - Fund Bal June 30 for Cert of App | 7,693,596 | 7,366,465 | 6,645,231 | 5,225,086 | 3,280,616 | 1,008,975 |
| **Rev from Replacement/Renewal Levies** | | | | | | |
| 11.010 & 11.020 - Renewal Levies | | - | - | - | - | - |
| 11.030 - Cumulative Balance of Levies | - | - | - | - | - | - |
| 12.010 - Fund Bal June 30 for Cert of Obligations | 7,693,596 | 7,366,465 | 6,645,231 | 5,225,086 | 3,280,616 | 1,008,975 |
| **Revenue from New Levies** | | | | | | |
| 13.010 & 13.020 - New Levies | | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 7,693,596 | 7,366,465 | 6,645,231 | 5,225,086 | 3,280,616 | 1,008,975 |

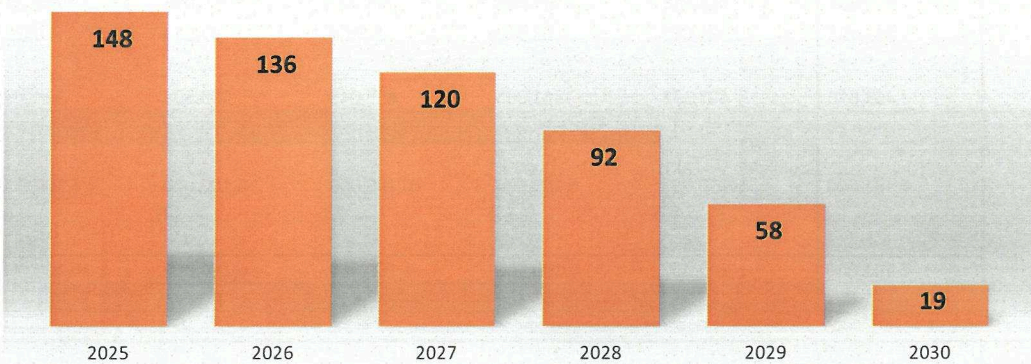
## Financial Health Indicators



### Revenue Surplus/(Shortfall) - Current Forecast




### Days Cash on Hand - Current Forecast

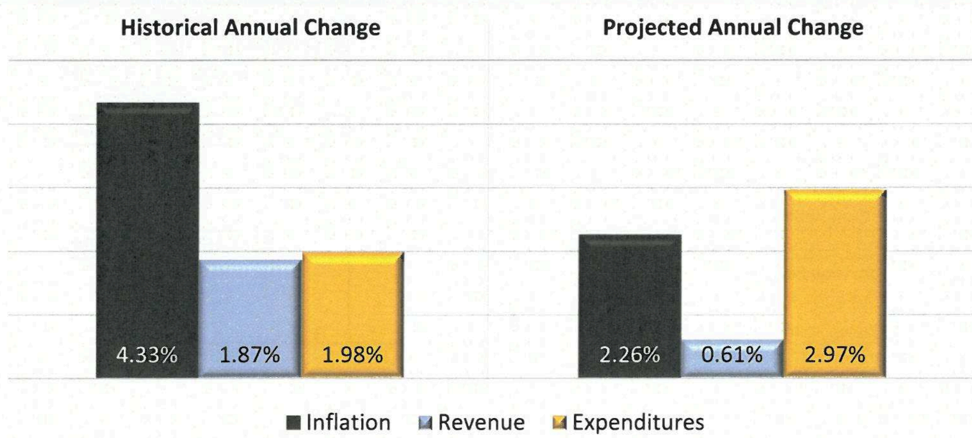



Days cash on hand is projected to decline and is less than 60 days by 2030.

*based on 365 days*

### 5-Year Average Annual Change - Inflation, Revenue and Expenditures

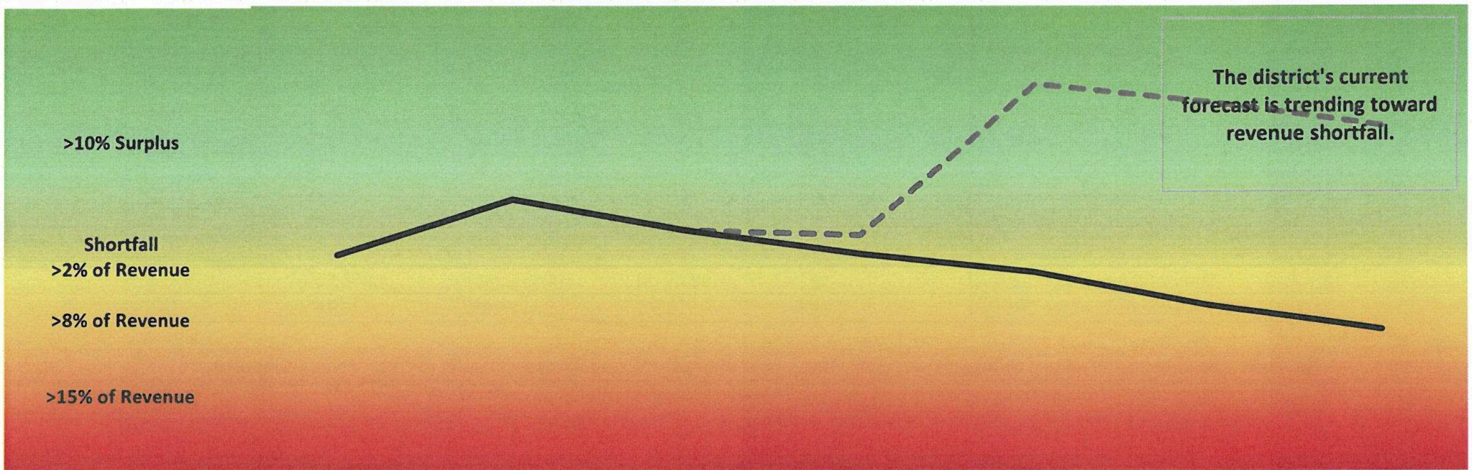
Average projected annual expenditure change is greater than inflation, and more than revenue.




CPI (Inflation) Source: Federal Reserve Bank of St. Louis (July 1, 2025)
https://alfred.stlouisfed.org

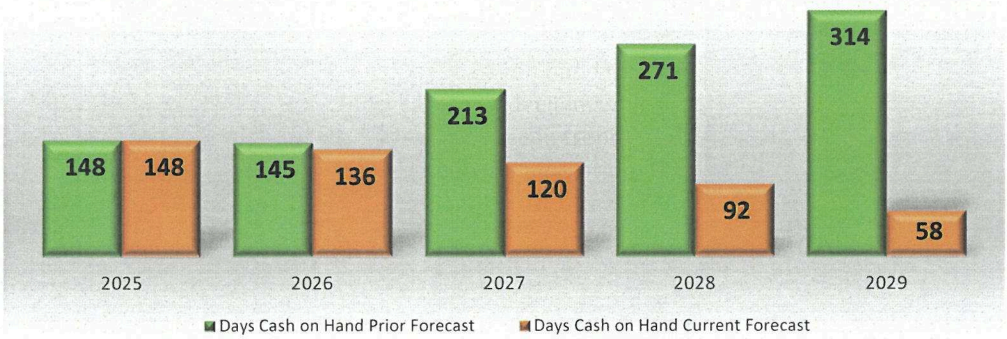
# Current to Prior Forecast Comparison

## Revenue Surplus/(Shortfall) - Current Compared to Prior Forecast




| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|---|---|
| Prior Forecast | -1.8% | 4.2% | 0.9% | 0.4% | 16.6% | 14.7% | 12.1% |
| Current Forecast | -1.8% | 4.2% | 0.9% | -1.6% | -3.6% | -7.1% | -9.8% |

## Days Cash on Hand - Current Compared to Prior Forecast




Days cash on hand is forecasted to decline, which is a variance in trend compared to the prior forecast.

*based on 365 days*

## Revenue and Expenditure Variances - Current Compared to Prior Forecast

| | Revenue Variance | |
|---|---|---|
| **Cumulative Unfavorable Revenue Variance** | **-12.71%** | ($14,453,062) |
| | Largest Revenue Variances | |
| 1.02 Pub Utility | **-13.16%** | ($14,958,288) |
| 1.060 All Other 2.xx Other Sources | **0.58%** | $654,247 |
| 1.035,1.040 State | **-0.29%** | ($334,710) |
| All Other Revenue Categories | **0.16%** | $185,688 |

The current revenue forecast is down by 12.71% compared to the prior forecast.

**NET cumulative forecast impact for the forecast period 2025 - 2029 of Revenue and Expense variances is -13.44% (or -$15,203,330).**

The current forecast for expenditures is up by 0.73% compared to the prior forecast.

| Expenditure Variance | | |
|---|---|---|
| **0.73%** | $750,268 | **Cumulative Unfavorable Expenditure Variance** |
| Largest Expenditure Variances | | |
| **1.31%** | $1,349,998 | Intergov + Debt + Other |
| **0.59%** | $601,069 | 3.02 Benefits |
| **-0.38%** | ($391,253) | 4.3 Other Exp |
| **-0.79%** | ($809,546) | All Other Expenditure Categories |

# Detailed Comparison of Net Revenue Change Since October

Forecast Compare $$ Variance

Current Over/(Under) Prior

| | Actual | FORECASTED | | | |
|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 |
| Revenue: 1.01 Real Estate | 0 | (5,307) | (8,352) | (8,352) | (8,353) |
| 1.02 Pub Utility | 0 | (392,490) | (4,937,792) | (4,855,266) | (4,772,740) |
| 1.03 Income Tax | (0) | 66,707 | 58,485 | 49,865 | 40,833 |
| 1.035,1.040 State | (0) | 46,738 | 48,030 | (227,660) | (201,818) |
| 1.050 - State Reimb Prop Tax Credits | (0) | 23 | 46 | 46 | 46 |
| 1.060 All Other | (0) | 74,292 | 98,094 | 99,165 | 100,129 |
| 2.010-2.060 Other Sources | 0 | 23,022 | 86,243 | 86,651 | 86,651 |
| Levy Renewals | - | - | - | - | - |
| Total 2.08 Rev plus Renewals | 0 | (187,015) | (4,655,246) | (4,855,550) | (4,755,251) |
| Total 2.08 Revenue Percentage Change | 0.0% | -0.9% | -18.8% | -19.6% | -19.3% |

The table above reflects the net change in revenue when comparing the current forecast results to the forecast submitted to Ohio DEW in October. The revenue variance was attributable to the public utilities tax collections.

The Ohio Board of Tax Appeals denied Rover's valuation appeal, and that decision was unanimously upheld by the Ohio Supreme Court on August 13, 2025, for tax year 2019. Following that ruling, it was anticipated that Rover would begin paying on the full assessed value like other public utilities. On November 10, 2025, Rover filed a new lawsuit in Franklin County Common Pleas Court challenging its post-2019 valuations on constitutional grounds, continuing its practice of paying only on the undisputed portion of value while litigating the remainder.

Rover is currently remitting approximately 48% of its total tax liability. Accordingly, financial planning and revenue projections are based on partial collections until the litigation is resolved or a settlement is reached.

# Property Tax Reform Impact - Retrospective Look

Tax Years 2023, 2024, and 2025

## District's Outside Millage "Floor" Status Before Property Tax Reform

| **Class I** | **TY 2023** | **TY 2024** | **TY 2025** |
|---|---|---|---|
| Inside Millage | 4.20 | 4.20 | 4.20 |
| Effective Outside Millage | 15.80 | 15.81 | 15.81 |
| Effective Inside + Outside Millage | 20.00 | 20.01 | 20.01 |

Before property tax reform, H.B. 920 prevented inside plus outside millage from dropping below the 20-mill floor, resulting in large increases in taxpayer bills after reappraisals.

| **Class I Property Values Change** | **TY 2023** | **TY 2024** | **TY 2025** |
|---|---|---|---|
| Reappraisal or Update Year | Yes | No | No |
| Percent of District in Reappraisal/Update | 100.00% | 0.00% | 0.00% |
| Class I Combined Change | 46.1% | -0.1% | 0.0% |
| New GDP-D Allowed Growth | 13.00% | 15.40% | 13.30% |

## Do local taxpayers qualify for prior property tax relief in the way of Credits or Millage reductions?

| **Millage Change** | **TY 2023** | **TY 2024** | **TY 2025** |
|---|---|---|---|
| Combined Ag/Residential Inflation | 46.14% | -0.07% | 0.00% |
| Outside Millage Reduction | (5.72) | 0.01 | 0.00 |
| Percentage Change in Millage | -26.59% | 0.07% | 0.00% |

| **Taxpayer Credits** | **TY 2023** | **TY 2024** | **TY 2025** |
|---|---|---|---|
| If at the floor and exceeded GDP-D Growth | $ - | $ - | $ - |

H.B. 186 taxpayer credits can occur when a district was at the millage floor and the reappraisal or update growth exceeded GDP-D. Otherwise, no credits are generated.

H.B. 186 credits should apply to 2nd half tax year

# Property Tax Reform - Prospective Look

Tax Years 2026, 2027, 2028, and 2029

**Does projected property value Reappraisal/Update/Inflation exceed cumulative GDP-D?**

| | TY 2025 | TY 2026 | TY 2027 | TY 2028 | TY 2029 |
|---|---|---|---|---|---|
| Reappraisal or Update Year | No | Yes | No | No | Yes |
| Percent of District in Reappraisal/Update | 0.00% | 100.00% | 0.00% | 0.00% | 100.00% |
| Class I Combined Change | 0.0% | 7.4% | 0.0% | 0.0% | 5.2% |
| GDP-D | 13.30% | 9.15% | 8.00% | 8.05% | 7.65% |

**With Property Tax Reform, how are projected tax rates responding to property value inflation?**

| | TY 2025 | TY 2026 | TY 2027 | TY 2028 | TY 2029 |
|---|---|---|---|---|---|
| **Inside Millage Class I & II*** | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 |
| Millage Change | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Percentage Change in Millage | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

*Starting in TY 2026, H.B. 335 provides for the County Budget Commission to reduce inside millage when reappraisal exceeds GPD-D

| | TY 2025 | TY 2026 | TY 2027 | TY 2028 | TY 2029 |
|---|---|---|---|---|---|
| **Outside Millage** | 15.81 | 15.80 | 15.80 | 15.80 | 15.80 |
| Millage Change | 0.00 | -0.01 | 0.00 | 0.00 | 0.00 |
| Percentage Change in Millage | 0.00% | -0.06% | 0.00% | 0.00% | 0.00% |
| **Fixed Sum Millage** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Millage Change (no change) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Percentage Change in Millage | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| | TY 2025 | TY 2026 | TY 2027 | TY 2028 | TY 2029 |
|---|---|---|---|---|---|
| **Total Effective Rate (Inside+Outside+Fixed Sum)** | 20.01 | 20.00 | 20.00 | 20.00 | 20.00 |

***Beginning with the first reappraisal or update cycle occurring in tax year 2026 or after, H.B. 129 includes fixed sum levies in the district floor calculation.

**Does the Reappraisal/Update/Inflation generate taxpayer credits?**

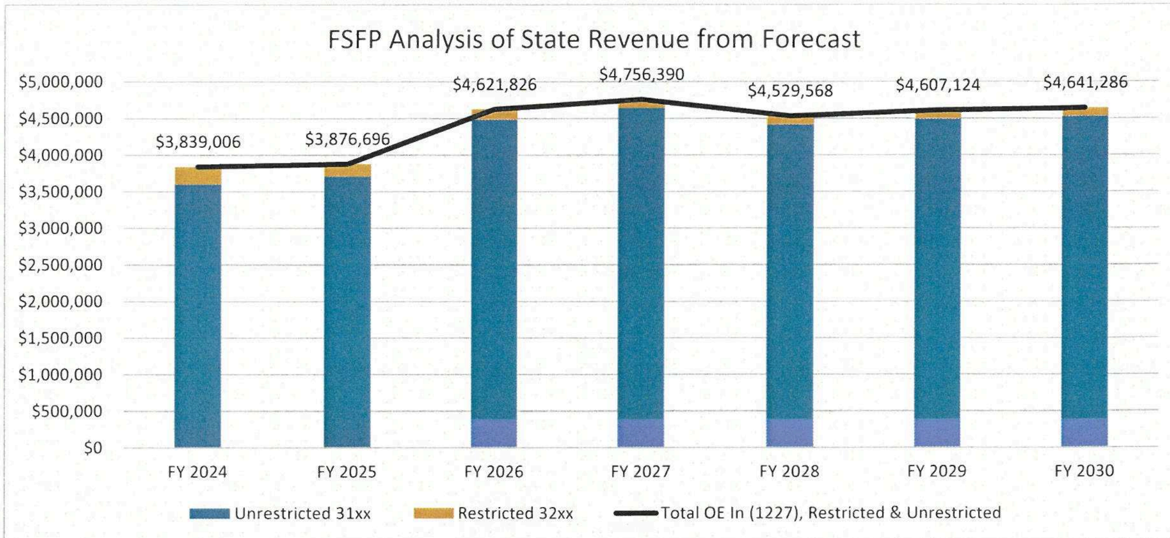
| | TY 2025 | TY 2026 | TY 2027 | TY 2028 | TY 2029 |
|---|---|---|---|---|---|
| H.B. 186 - Calculated Credit if at 20 Mill Floor | $ - | $ - | $ - | $ - | $ - |

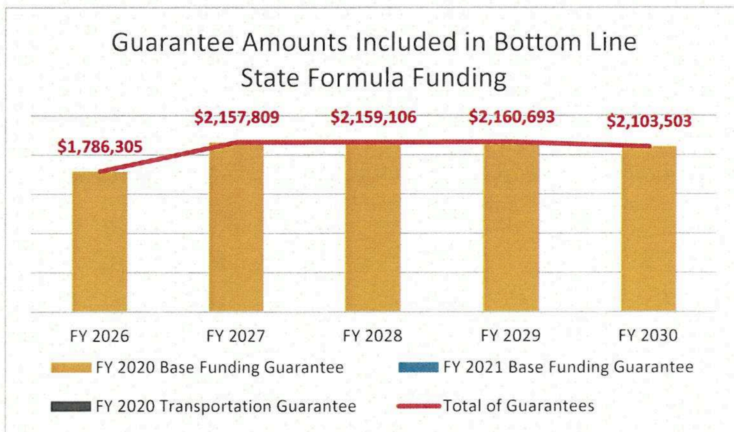
***H.B. 186 credits are only for districts at the floor, if H.B. 129 and the inclusion of fixed-sum levies may bring districts off the floor and end credits.

**Is the district modeling county budget commission imposed homestead and owner-occupied credit increases?**

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|
| Homestead/Owner-Occupied Credits | $ (0) | $ (0) | $ (0) | $ (0) |

## State Foundation Funding Results




| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---|---|---|---|---|---|
| Base Cost Per Pupil Total Funding | $8,764 | $8,708 | $8,712 | $8,713 | $8,714 |
| Local Share | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% |
| State Share | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |

## Property Tax Reform Disclosure Items

The Ohio Department of Taxation, county auditors, and other partners are actively working through interpertation and implementation of property tax reform. As details are finalized, assumptions may evolve and updated forecasts may be necessary.

**Property Tax Reform includes the following pieces of legistlation:**

H.B. 129 revises the 20-mill floor calculation to include fixed-sum levies. Impact begins in first update/ reappraisal cycle after tax year 2025.

H.B. 186 limits revenue increases associated with the 20-mill and 2-mill floors to inflation measured by three years of Gross Domestic Product Deflator (GDP-D) change. Taxpayers are given a credit based on update/reappraisal changes beginning in Tax Year 2023; credits are recalculated with each update/reappraisal. Districts first experience a fiscal impact in FY 2027 the impact represents full Tax Year 2025 revenue loss and one half of Tax Year 2026 revenue loss. In FY2028 and beyond the impact is only one year of revenue loss. Districts above the floor are not eligible for Inflation Cap Credits. DEW will reimburse districts on the 2023/2024 reappraisal cycles for the credit until the next reappraisal/ update cycle (2026/2027).

H.B. 335 caps inside millage revenue growth due to inflation. Beginning with update/reappraisal in tax year 2026 requires County Budget Commission to adjust inside millage rates to limit real property revenue increases to GDP-D growth over the three preceding years. This limitation applies only to real property and does not apply to public utility tangible personal property.

H.B. 96 allows counties to offer a property tax exemption that "piggy-backs" on existing state homestead exemption and owner-occupied credit. Unlike existing credit and exemption the piggy-back amounts are not reimbursed to the district by the state.

The Gross Domestic Product Delfator (GDP-D) is estimated based on available data from the U.S. Bureau of Economic Analysis (BEA) and Federal Reserve Bank's forward inflation expectation rate.