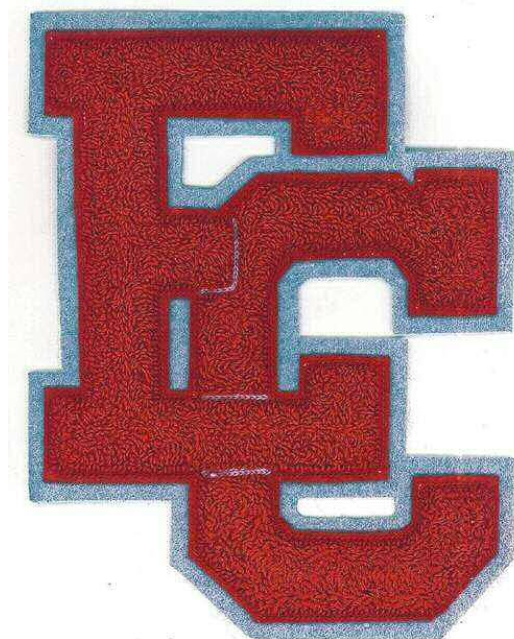


**EAST CLINTON LOCAL SCHOOL DISTRICT - CLINTON COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2022, 2023, and 2024 ACTUAL**  
**FORECASTED FISCAL YEARS ENDING**  
**JUNE 30, 2025, THROUGH JUNE 30, 2029**



**Forecast Provided By**  
**East Clinton Local School District**  
**Treasurer's Office**  
**John Stanley, Treasurer/CFO**

**May 21, 2025**

# East Clinton Local School District

Clinton 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
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	3,144,478	3,174,066	3,746,752	9.5%	4,170,608	4,319,133	4,457,982	4,578,778	4,611,528
1.020 Public Utility Personal Property Tax	210,647	238,677	253,378	9.7%	290,821	323,990	341,747	362,397	383,047
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	8,818,781	8,753,798	9,365,839	3.1%	9,457,403	9,463,163	9,464,372	9,465,604	9,466,849
1.040 Restricted State Grants-in-Aid	501,259	508,238	634,692	13.1%	1,291,223	1,142,513	1,142,513	1,142,513	1,142,513
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	501,789	461,342	512,487	1.5%	578,154	583,836	600,776	620,798	626,196
1.060 All Other Revenues	420,998	838,075	939,917	55.6%	902,872	872,417	848,661	827,778	809,486
1.070 <b>Total Revenues</b>	<b>13,597,952</b>	<b>13,974,196</b>	<b>15,453,065</b>	<b>6.7%</b>	<b>16,691,081</b>	<b>16,705,052</b>	<b>16,856,051</b>	<b>16,997,868</b>	<b>17,039,619</b>
<b>Other Financing Sources</b>									
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	0	0	0.0%	0	0	0	0	0
2.060 All Other Financing Sources	88,740	64,480	71,121	-8.5%	18,139	51,247	46,836	38,740	45,608
2.070 <b>Total Other Financing Sources</b>	<b>88,740</b>	<b>64,480</b>	<b>71,121</b>	<b>-8.5%</b>	<b>18,139</b>	<b>51,247</b>	<b>46,836</b>	<b>38,740</b>	<b>45,608</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>13,686,692</b>	<b>14,038,676</b>	<b>15,524,186</b>	<b>6.6%</b>	<b>16,709,220</b>	<b>16,756,299</b>	<b>16,902,887</b>	<b>17,036,608</b>	<b>17,085,227</b>
<b>Expenditures</b>									
3.010 Personal Services	8,105,616	8,986,912	9,306,002	7.2%	9,704,935	10,035,622	10,382,504	10,741,201	11,112,193
3.020 Employees' Retirement/Insurance Benefits	3,081,485	3,364,358	3,562,662	7.5%	3,849,355	4,060,805	4,284,348	4,521,398	4,772,853
3.030 Purchased Services	1,887,724	2,094,780	2,501,237	15.2%	2,191,304	2,229,794	2,205,298	2,216,681	2,228,318
3.040 Supplies and Materials	444,649	537,167	512,596	8.1%	533,100	554,424	576,601	599,665	623,651
3.050 Capital Outlay	80,672	120,377	110,962	20.7%	208,620	130,158	142,529	148,067	157,343
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
<b>Debt Service:</b>									
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	40,000	40,000	45,000	6.3%	45,000	0	0	0	0
4.055 Principal-Other	0	0	94,800	0.0%	99,300	103,900	108,800	113,900	119,300
4.060 Interest and Fiscal Charges	1,950	1,430	83,250	2847.5%	87,503	82,436	77,437	72,204	66,724
4.300 Other Objects	189,695	190,970	205,708	4.2%	209,850	211,586	213,339	215,109	216,897
4.500 <b>Total Expenditures</b>	<b>13,831,791</b>	<b>15,335,994</b>	<b>16,422,217</b>	<b>9.0%</b>	<b>16,928,967</b>	<b>17,408,725</b>	<b>17,990,856</b>	<b>18,628,225</b>	<b>19,297,279</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	83,000	105,000	50,000	999.0%	50,000	50,000	50,000	50,000	50,000
5.020 Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 <b>Total Other Financing Uses</b>	<b>83,000</b>	<b>105,000</b>	<b>50,000</b>	<b>-12.9%</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>13,914,791</b>	<b>15,440,994</b>	<b>16,472,217</b>	<b>8.8%</b>	<b>16,978,967</b>	<b>17,458,725</b>	<b>18,040,856</b>	<b>18,678,225</b>	<b>19,347,279</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</b>	<b>(228,099)</b>	<b>(1,402,318)</b>	<b>(948,031)</b>	<b>241.2%</b>	<b>(269,747)</b>	<b>(702,426)</b>	<b>(1,137,969)</b>	<b>(1,641,617)</b>	<b>(2,262,052)</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,408,661	7,180,562	5,778,244	-11.3%	4,830,213	4,560,466	3,858,040	2,720,071	1,078,454
7.020 <b>Cash Balance June 30</b>	<b>7,180,562</b>	<b>5,778,244</b>	<b>4,830,213</b>	<b>-18.0%</b>	<b>4,560,466</b>	<b>3,858,040</b>	<b>2,720,071</b>	<b>1,078,454</b>	<b>(1,183,598)</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>0</b>	<b>0</b>	<b>(960)</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reservation of Fund Balance</b>									
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 <b>Subtotal Reservations of fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>7,180,562</b>	<b>5,778,244</b>	<b>4,831,173</b>	<b>-18.0%</b>	<b>4,560,466</b>	<b>3,858,040</b>	<b>2,720,071</b>	<b>1,078,454</b>	<b>(1,183,598)</b>
<b>Revenue from Replacement/Renewal Levies</b>									
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 <b>Cumulative Balance of Renewal Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>7,180,562</b>	<b>5,778,244</b>	<b>4,831,173</b>	<b>-18.0%</b>	<b>4,560,466</b>	<b>3,858,040</b>	<b>2,720,071</b>	<b>1,078,454</b>	<b>(1,183,598)</b>
<b>Revenue from New Levies</b>									
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 <b>Cumulative Balance of New Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
14.010 Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0
15.010 <b>Unreserved Fund Balance June 30</b>	<b>7,180,562</b>	<b>5,778,244</b>	<b>4,831,173</b>	<b>-18.0%</b>	<b>4,560,466</b>	<b>3,858,040</b>	<b>2,720,071</b>	<b>1,078,454</b>	<b>(1,183,598)</b>

**East Clinton Local School District – Clinton County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
**May 21, 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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental 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.

Here are three (3) essential purposes or objectives of the five-year forecast:

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30<sup>th</sup> and May 31<sup>st</sup> each fiscal year (July 1<sup>st</sup> to June 30<sup>th</sup>). 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 revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$16.7 million, which is 0.6% higher than the November forecasted amount of \$16.6 million. This indicates that the November forecast was 99.4% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second most significant source of revenues at 26.6% and are estimated to be \$4.4 million, which is \$78 thousand lower for FY25 than the original November estimate of \$4.5 million. Our estimates are 98.3% accurate for FY25 and should mean future projections are also on target.

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 \$10.7 million, which is \$136 thousand higher than the original estimate for FY25. We are pleased that we were able to be 98.7% accurate for FY25. We are currently on the cap and are expected to remain as a capped district for FY26 through FY29.

Line 1.06 - Other revenues are projected to increase \$49 thousand primarily due to changes in tuition payments, which are difficult to project 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 \$17 million for FY25, which is a decrease of \$473 thousand from the estimate in the November forecast. This change is primarily due to Purchased Services (Line 3.030), which decreased by \$320 thousand due to changes in tech staffing and rentals that are no longer needed for the construction projects. This decrease was offset by an increase of \$138 thousand in Capital Outlay (Line 3.050) for additional technology equipment for instruction.

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 decreasing, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly \$4.6 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 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 short description of the current issues and how they may affect our forecast in the long term:

- (1) Property tax collections are the second largest revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, which are predominately local taxes, equate to 32% of the district's resources. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- (2) Clinton County experienced a sexennial triennial update in the 2023 tax year to be collected in 2024. The 2023 reappraisal increased assessed values by \$62.87 million, or 37.02%. A triennial update will occur in the tax year 2026 for collection in 2027. We anticipate value increases for Class I and II property by \$12.4 million for an overall increase of 5%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.
- (3) SB271 passed in 2024 that created a Joint Committee on Property Taxation and Reform. This action was in response to the historic property valuation increases. The committee's mission was to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee released their report to the General Assembly on January 2, 2025. The report outlined twenty-one (21) recommendations on actions that could be taken to restrict local tax growth for Ohio school districts.

As a result of the numerous recommendations in the report there have been several new legislative proposals that seeks to limit growth of local property taxes. It is unclear at the time of this forecast what legislative actions will pass that restricts local property tax growth. Depending on the mechanism used to limit property tax growth it could be a very significant risk to future local tax growth for our district. We are watching proposed legislation closely and will update the forecast when factual data is available.

- (4) The state budget represented 68% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the Fair School Funding Plan is not funded in the next state biennium budget. In this forecast, there are

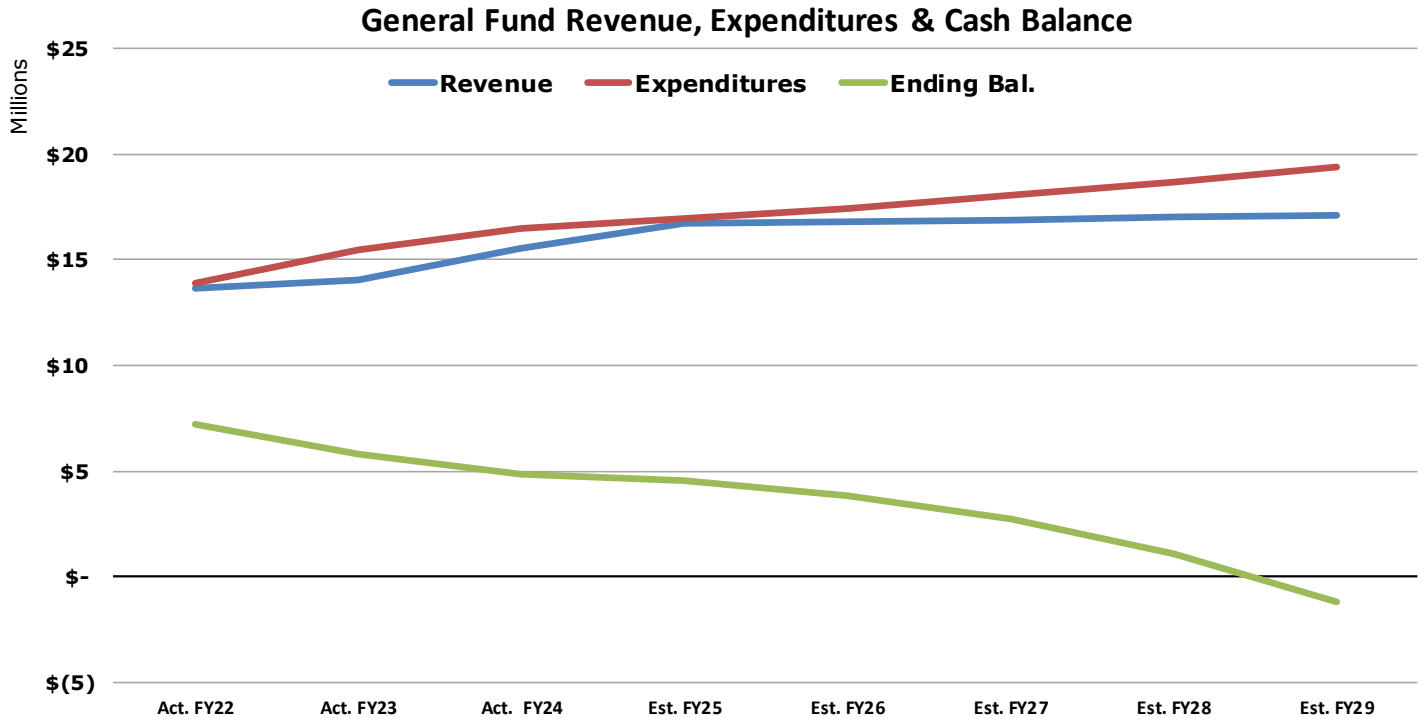
two unknown future State Biennium Budgets covering FY26-27 and FY28-29. The state legislature has shown little interest in equitably funding the current formula. The governor's proposed budget recommendation in HB96 dated February 3, 2025, reduced funding for public schools by \$103.5 million over FY26-27. 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 districts' long-range funding 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 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.
- (6) 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. Our positive working relationship will continue and grow stronger as we move forward.

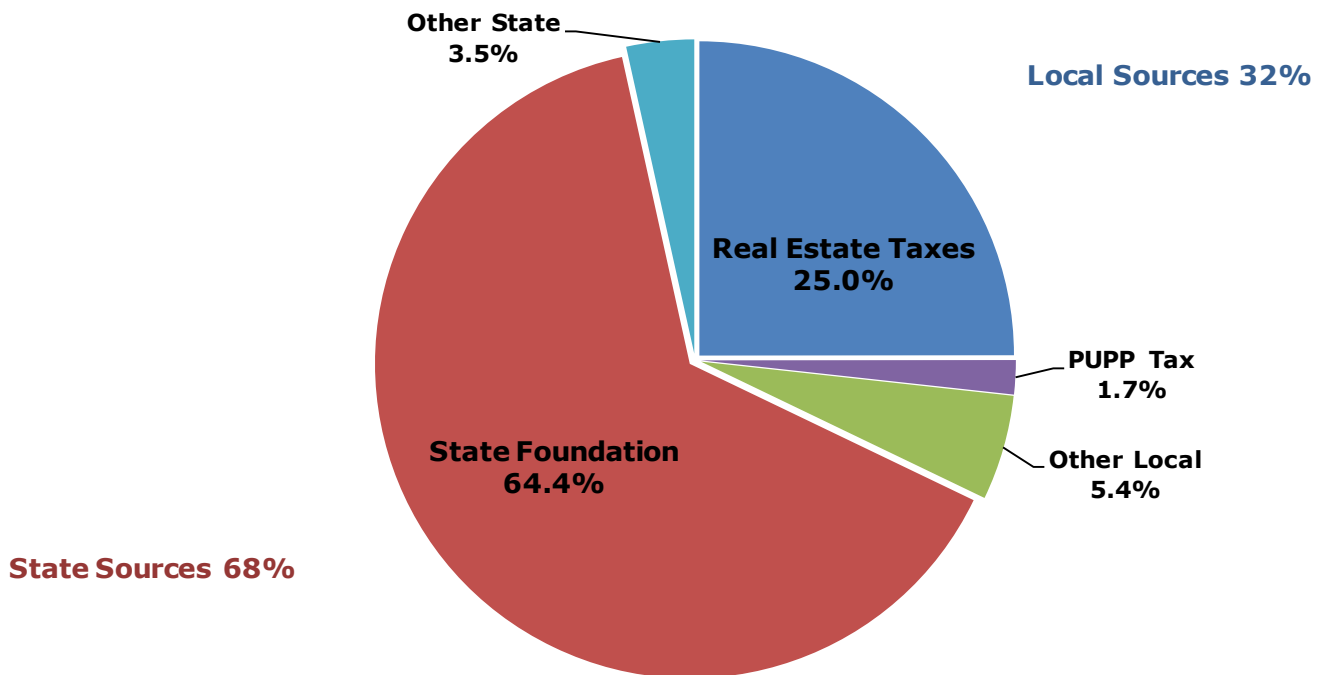
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below to understand the overall financial forecast for our district. If you want further information, please contact John Stanley, Treasurer/CFO.

# General Fund Revenue, Expenditures and Ending Cash Balance Actual FY22-24 and Estimated FY25-29

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



## Revenue Assumptions All Operating Revenue Sources General Fund FY25 GENERAL FUND ESTIMATED REVENUES FY25 \$16,691,081



**Real Estate Value Assumptions – Line #1.010**

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Clinton County, which comprises 70% of the district’s tax base, experienced a triennial update for the 2023 tax year to be collected in FY24. Residential/agricultural values decreased 38.35%, or \$59.99 million, due to the update, which is primarily due to a decline in residential/agricultural values. Highland County, which comprises 30% of the district’s tax base, experienced a triennial update for the 2021 tax year to be collected in FY22. Residential/agricultural values increased 1.5%, or \$2.5 million, due to the update, which was led by an improving housing market.

For tax year 2023, new construction in residential property was up 0.15%, or \$231 thousand, in assessed value, and commercial/industrial values remained stable. Overall values increased \$62.9 million or 37%, which includes new construction for all classes of property.

For Clinton County, a triennial update will occur in 2026 for collection in FY27, for which we are estimating a 5% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase \$12.4 million, or 5%, overall.

Public Utility Personal Property (PUPP) values increased by \$1.25 million in tax year 2023. We expect our values to continue to grow by \$700 thousand each year of the forecast period.

**Estimated Assessed Value (AV) by Collection Years**

Classification	Actual TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	\$227,965,090	\$228,870,720	\$241,219,886	\$244,537,715	\$245,443,345
Comm./Ind.	16,539,030	16,535,040	16,613,725	16,692,804	16,688,814
Public Utility Personal Property (PUPP)	<u>10,504,740</u>	<u>11,204,740</u>	<u>11,904,740</u>	<u>12,604,740</u>	<u>13,304,740</u>
Total Assessed Value	<u>\$255,008,860</u>	<u>\$256,610,500</u>	<u>\$269,738,351</u>	<u>\$273,835,259</u>	<u>\$275,436,899</u>

**Tax Rate Assumptions**

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all levies is 29.5 mills while the Class I effective millage rate is 20 mills and the Class II effective millage rate is 20 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the on the floor for both Class I and Class II effective millage.

Property tax levies are estimated to be collected at 96.7% of the annual amount. This allows a 3.3% delinquency factor. In general, 60% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 40% in the August tax settlement.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Line #1.01 Real Estate Taxes	<u>\$4,170,608</u>	<u>\$4,319,133</u>	<u>\$4,457,982</u>	<u>\$4,578,778</u>	<u>\$4,611,528</u>

**Replacement/Renewal Levies – Line #11.30**

No levy renewals are modeled in this forecast.

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020**

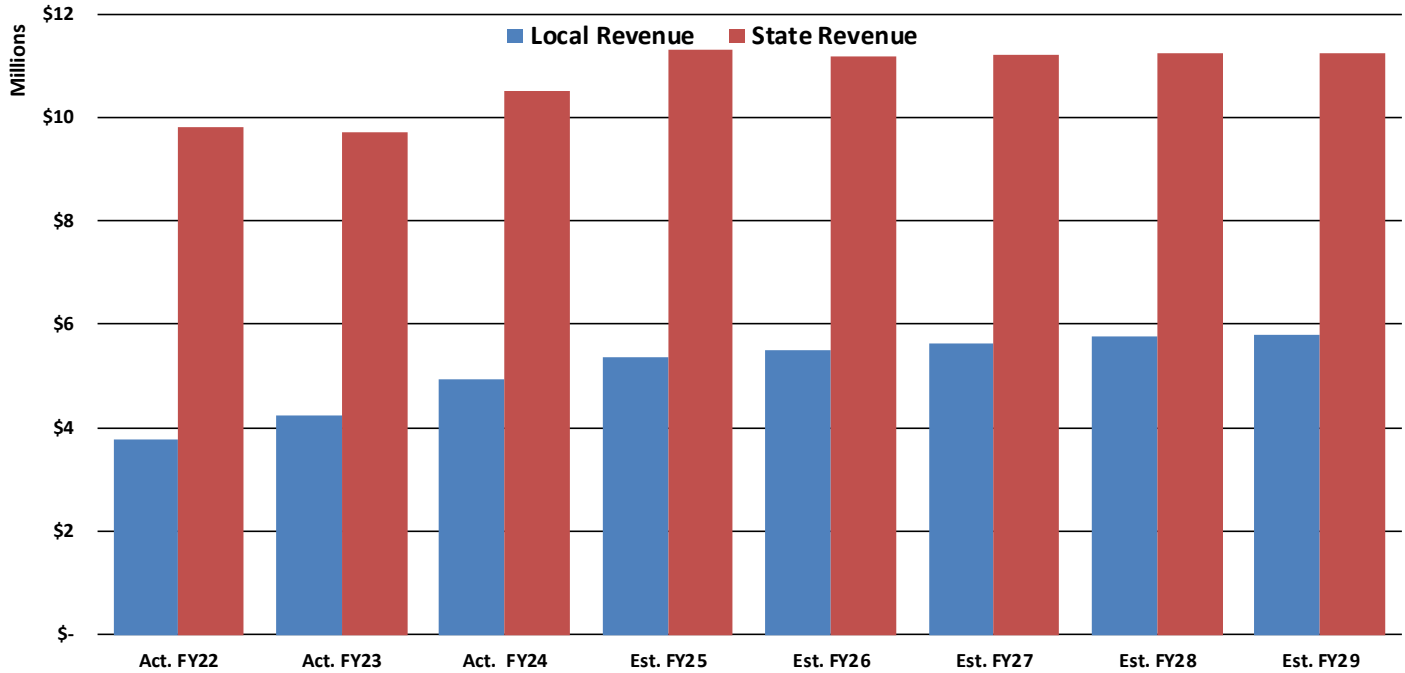
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were \$10.5 million in assessed values in 2024 and are collected at the district’s gross voted millage rate. Collections are typically 54% in March and 46% in August along with the real estate settlements from the county auditor. The values in 2024 rose by 13.74% or \$1.2 million and are expected to grow by \$700 thousand each year of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total PUPP Tax Line #1.020	<u>\$290,821</u>	<u>\$323,990</u>	<u>\$341,747</u>	<u>\$362,397</u>	<u>\$383,047</u>

**School District Income Tax – Line#1.030**

No school district income taxes are modeled in this forecast.

**General Fund Local Revenue vs State Revenue**



**State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045  
Current State Funding Model per HB33 through June 30, 2025**

**Unrestricted State Foundation Revenue – Line #1.035**

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY25 based on the May 2025 foundation settlement and funding factors from the simulations provided by the Department of Education and Workforce.

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

**Threshold Cost Reimbursement**

Threshold Cost (formerly Catastrophic Cost) reimbursement nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year-to-year and we are not projecting any growth over the remainder of the forecast.

**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 31<sup>st</sup> 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 FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$8,998,227	\$8,998,227	\$8,998,227	\$8,998,227	\$8,998,227
Additional Aid Items	<u>299,052</u>	<u>299,052</u>	<u>299,052</u>	<u>299,052</u>	<u>299,052</u>
Basic Aid-Unrestricted Subtotal	\$9,297,279	\$9,297,279	\$9,297,279	\$9,297,279	\$9,297,279
Ohio Casino Commission ODT/Threshold	<u>160,124</u>	<u>165,884</u>	<u>167,093</u>	<u>168,325</u>	<u>169,570</u>
Total Unrestricted State Aid Line #1.035	<u>\$9,457,403</u>	<u>\$9,463,163</u>	<u>\$9,464,372</u>	<u>\$9,465,604</u>	<u>\$9,466,849</u>

**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 FY25 revenues for these new restricted funding lines using current May #1 funding factors. The amount of DPIA was limited to a 50% phase in growth for FY24 and 66.67% in FY25/ We have slightly increased levels for FY26-FY29 due to the district being on the cap. It should be noted due to uncertainty on continued funding of the current funding formula this could result in different numbers when HB96 is complete at the end of June.

Below you will see a line for other restricted state funds. This line captures new initiatives the state has put in place for specific purposes. In FY25, HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive \$148,710 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$799,426	\$799,426	\$799,426	\$799,426	\$799,426
ESL	1,195	1,195	1,195	1,195	1,195
Gifted	70,517	70,517	70,517	70,517	70,517
Career Tech - Restricted	12,814	12,814	12,814	12,814	12,814
Other Restricted State Funds	148,710	0	0	0	0
Student Wellness and Success	<u>258,561</u>	<u>258,561</u>	<u>258,561</u>	<u>258,561</u>	<u>258,561</u>
Total Restricted State Revenues Line #1.040	<u>\$1,291,223</u>	<u>\$1,142,513</u>	<u>\$1,142,513</u>	<u>\$1,142,513</u>	<u>\$1,142,513</u>

### **Restricted Federal Grants in Aid – Line #1.045**

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line #1.035	\$9,457,403	\$9,463,163	\$9,464,372	\$9,465,604	\$9,466,849
Restricted Line #1.040	1,291,223	1,142,513	1,142,513	1,142,513	1,142,513
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$10,748,626</u>	<u>\$10,605,676</u>	<u>\$10,606,885</u>	<u>\$10,608,117</u>	<u>\$10,609,362</u>

### **State Share of Local Property Taxes – Line #1.050**

#### **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.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total State Share of Local Property Taxes #1.050	<u>\$578,154</u>	<u>\$583,836</u>	<u>\$600,776</u>	<u>\$620,798</u>	<u>\$626,196</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, Manufactured Homes, and Medicaid reimbursements. Since FY22, any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY27 and future years. We will continue to monitor the investments for the district.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Related Payments	\$235,334	\$237,687	\$240,064	\$242,465	\$244,890
Preschool	36,783	37,151	37,523	37,898	38,277
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	52,213	52,735	53,262	53,795	54,333
Interest Earnings	313,994	282,595	254,336	228,902	206,012
Medicaid	85,279	86,132	86,993	87,863	88,742
Mobile Home Taxes	47,175	44,023	44,389	44,761	45,138
Miscellaneous	<u>132,094</u>	<u>132,094</u>	<u>132,094</u>	<u>132,094</u>	<u>132,094</u>
Total Other Local Revenue Line #1.060	<u>\$902,872</u>	<u>\$872,417</u>	<u>\$848,661</u>	<u>\$827,778</u>	<u>\$809,486</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 prior fiscal year in the current fiscal year. The advances in the last fiscal year are expected to be repaid in the current year, as noted in the table below.

**All Other Financial Sources – Line #2.060**

This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections. / Due to the nature of these collections, this forecast does not assume future collections in this section.

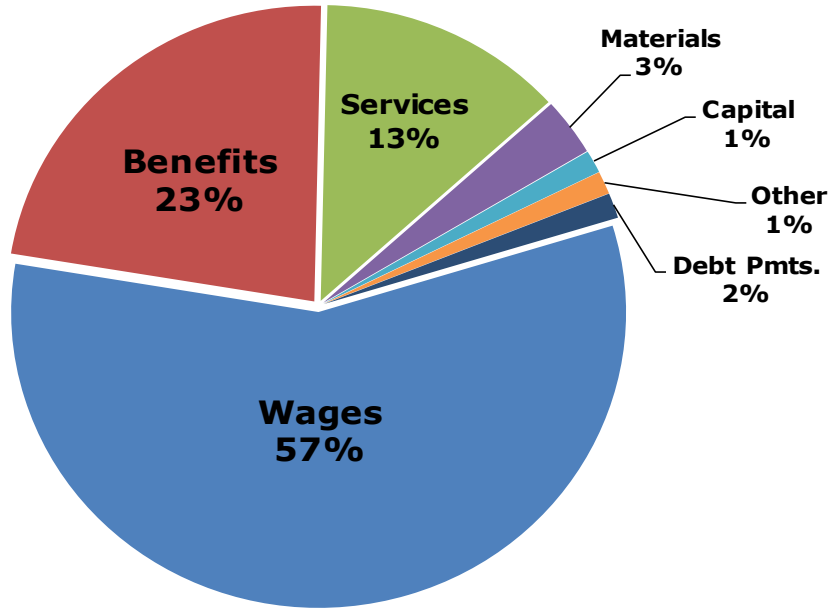
<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Sale of Property & Refund of prior years exp.	<u>\$18,139</u>	<u>\$51,247</u>	<u>\$46,836</u>	<u>\$38,740</u>	<u>\$45,608</u>

## Expenditure 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 is always the main focus for resource utilization.

### All Operating Expense Categories - General Fund FY25

#### GENERAL FUND OPERATING EXPENDITURES EST. FY25 \$16,928,967



#### Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement which included base increases of 3.0% for FY23 and 2.5% for FY24, including step increases of 2%. For planning purposes, a 2% base increase is planned for FY25 through FY28. In FY21, the district utilized ESSER funding to reduce General Fund wages by \$2 million. FY22 saw \$2 million of these wages return to the General Fund and an additional \$150 thousand returned in FY25.

As referenced above in Restricted State Revenues (Line 1.040), in FY25, the district will receive a reimbursement for one-time stipends paid to teachers for completing training in the State of Ohio’s Science of Reading initiative. Administrators do not qualify for a stipend as part of this initiative. The amount shown in the chart below is the gross wages paid to teachers. The remaining expenditure of the reimbursement is reflected in the Fringe Benefits (Line 3.020) section below. This initiative is fully funded by the State of Ohio and will not be an expense to the district.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$8,697,178	\$9,335,930	\$9,661,232	\$10,002,621	\$10,355,716
Based Pay Increase	173,944	186,719	193,225	200,052	207,114
Steps & Academic Training	178,683	130,458	140,039	144,918	150,039
Growth Staff (ESSER/SWSF Return)	150,000	0	0	0	0
New Building Staff	0	0	0	0	0
Substitutes/OT	99,763	99,763	99,763	99,763	99,763
Supplementals	269,242	274,627	280,120	285,722	291,436
Science of Reading	128,000	0	0	0	0
Board of Education	8,125	8,125	8,125	8,125	8,125
<b>Total Wages Line #3.010</b>	<u><b>\$9,704,935</b></u>	<u><b>\$10,035,622</b></u>	<u><b>\$10,382,504</b></u>	<u><b>\$10,741,201</b></u>	<u><b>\$11,112,193</b></u>

### **Fringe Benefits Estimates – Line #3.020**

This area of the forecast captures all costs associated with benefits and retirement costs. These payments and HSA costs are included in the table below.

#### **A) STRS/SERS will increase as Wages Increase**

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

#### **B) Insurance**

The district is a member of the Southwestern Ohio Educational Purchasing Council for insurance coverage. We saw an increase of 7% in FY24, and we are estimating an increase of 7% for FY25-29, which reflects trend. This is based on our current employee census and claims data.

#### **C) Workers Compensation & Unemployment Compensation**

Workers' Compensation is expected to be approximately 0.3% of wages FY25-29. Unemployment is expected to remain at a shallow level for FY25-29. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

#### **D) Medicare**

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

### **Summary of Fringe Benefits – Line #3.02**

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$1,496,852	\$1,549,887	\$1,603,577	\$1,659,094	\$1,716,516
B) Insurance's	2,192,528	2,346,005	2,510,225	2,685,941	2,873,957
C) Workers Comp/Unemployment	28,775	29,755	30,784	31,847	32,947
D) Medicare	129,325	133,283	137,887	142,641	147,558
Tuition	<u>1,875</u>	<u>1,875</u>	<u>1,875</u>	<u>1,875</u>	<u>1,875</u>
Total Fringe Benefits Line #3.020	<u>\$3,849,355</u>	<u>\$4,060,805</u>	<u>\$4,284,348</u>	<u>\$4,521,398</u>	<u>\$4,772,853</u>

### **Purchased Services – Line #3.030**

Purchased Services includes various services and supports that the district acquires from external providers to enhance educational operations and student well-being. 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 has been adjusted based on historical trends. In FY26 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% annually for just that twelve (12) month period.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional & Technical Services, ESC	\$923,498	\$923,498	\$923,498	\$923,498	\$923,498
Maintenance, Insurance & Garbage Removal	201,153	201,153	201,153	201,153	201,153
Professional Development	32,818	32,818	32,818	32,818	32,818
Communications, Postage, & Telephone	125,890	125,890	125,890	125,890	125,890
Utilities	227,952	262,145	233,309	240,308	247,517
Tuition & Excess Costs	151,566	151,566	151,566	151,566	151,566
Local Tuition	429,737	434,034	438,374	442,758	447,186
College Credit Plus	88,938	88,938	88,938	88,938	88,938
Miscellaneous Purchased Services	<u>9,752</u>	<u>9,752</u>	<u>9,752</u>	<u>9,752</u>	<u>9,752</u>
Total Purchased Services Line #3.030	<u>\$2,191,304</u>	<u>\$2,229,794</u>	<u>\$2,205,298</u>	<u>\$2,216,681</u>	<u>\$2,228,318</u>

### Supplies and Materials – Line #3.040

Supplies and materials expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, bus fuel, and other supplies consumed or used during the educational process. An average increase of 4% is projected in this area for the forecasted period.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$188,685	\$196,232	\$204,081	\$212,244	\$220,734
Textbooks & Instructional Supplies	57,300	59,592	61,976	64,455	67,033
Facility Supplies & Materials	100,775	104,806	108,998	113,358	117,892
Transportation Fuel & Supplies	186,340	193,794	201,546	209,608	217,992
Other adjustments SWSF, CARES, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Supplies Line #3.040	<u>\$533,100</u>	<u>\$554,424</u>	<u>\$576,601</u>	<u>\$599,665</u>	<u>\$623,651</u>

### Equipment – Line #3.050

The district does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. The gym flooring replacement was partially paid for in FY23 and FY24. The amount for FY24 increased to \$120 thousand as a result. The estimates for FY25-29 are based on a three-year rolling average with an increase of \$85 thousand for instructional technology purchased with restricted DPIA funds.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	<u>\$208,620</u>	<u>\$130,158</u>	<u>\$142,529</u>	<u>\$148,067</u>	<u>\$157,343</u>
Total Equipment Line #3.050	<u>\$208,620</u>	<u>\$130,158</u>	<u>\$142,529</u>	<u>\$148,067</u>	<u>\$157,343</u>

### Principal and Interest Payment – Lines # 4.010 through 4.060

This section is made up of payments for HB264 and COPS debt payments. HB264 will be completed in FY25. The new COPS debt will make its final payment in FY38.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
HB 264 Principal Line #4.050	45,000	0	0	0	0
Principal Em. Levy TANS Line #4.055	<u>99,300</u>	<u>103,900</u>	<u>108,800</u>	<u>113,900</u>	<u>119,300</u>
Total Principal Payments	<u>\$144,300</u>	<u>\$103,900</u>	<u>\$108,800</u>	<u>\$113,900</u>	<u>\$119,300</u>
<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Interest On Debt Line # 4.060	<u>\$87,503</u>	<u>\$82,436</u>	<u>\$77,437</u>	<u>\$72,204</u>	<u>\$66,724</u>

### Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor and Treasurer fees, our annual audit and other miscellaneous expenses. An increase of 1% is projected for Auditor and Treasurer fees.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$118,556	\$119,742	\$120,939	\$122,148	\$123,369
ESC Deduction	14,840	14,840	14,840	14,840	14,840
Annual Audit Costs	21,443	21,443	21,443	21,443	21,443
Dues, Fees & other Expenses	<u>55,011</u>	<u>55,561</u>	<u>56,117</u>	<u>56,678</u>	<u>57,245</u>
Total Other Expenses Line #4.300	<u>\$209,850</u>	<u>\$211,586</u>	<u>\$213,339</u>	<u>\$215,109</u>	<u>\$216,897</u>

### Transfers Out/Advances Out – Line #5.010 and 5.020

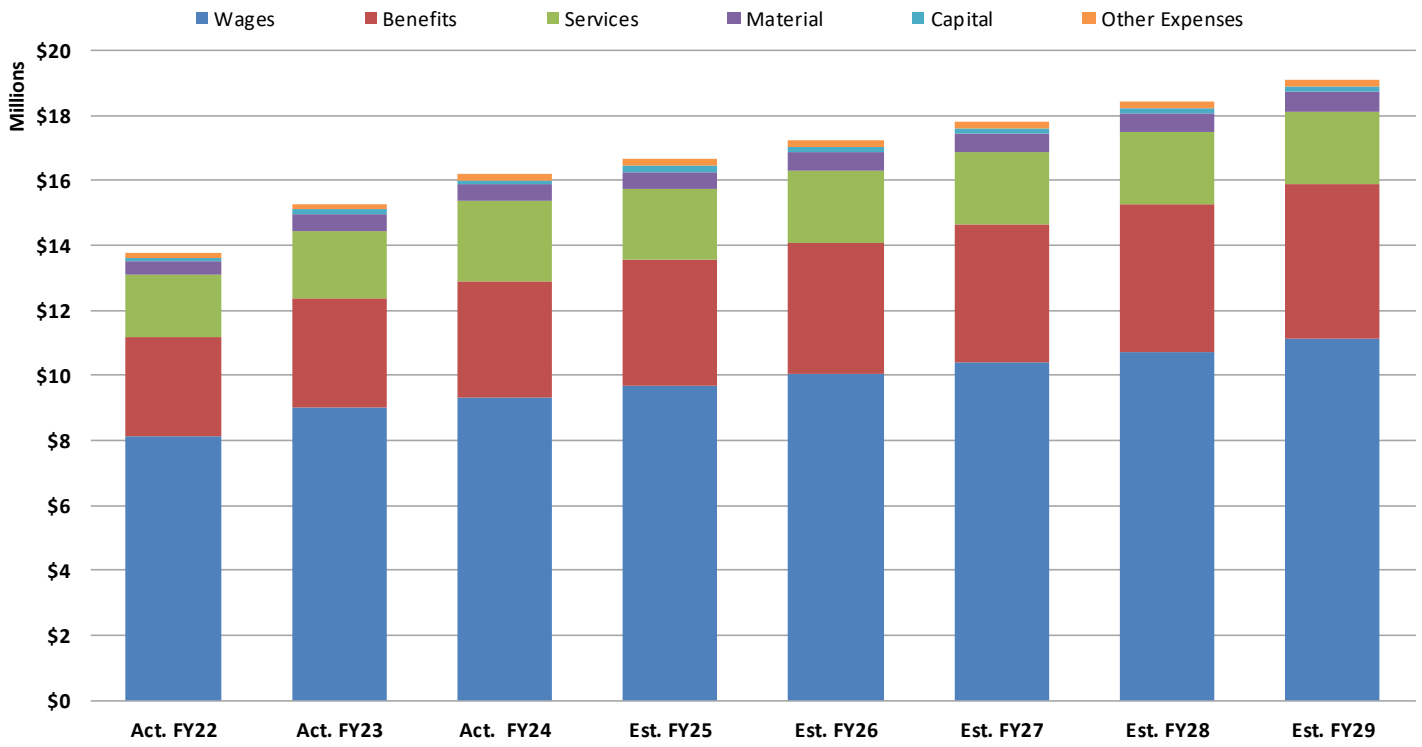
This account group covers fund-to-fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district is projecting to make a \$50 thousand transfer to a termination benefits fund to make severance payments.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

## Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

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

### General Fund Expenditures Actual FY22 through Projected FY29



### Encumbrances – Line #8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line #8.010	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Ending Unencumbered Cash Balance – Line#15.010

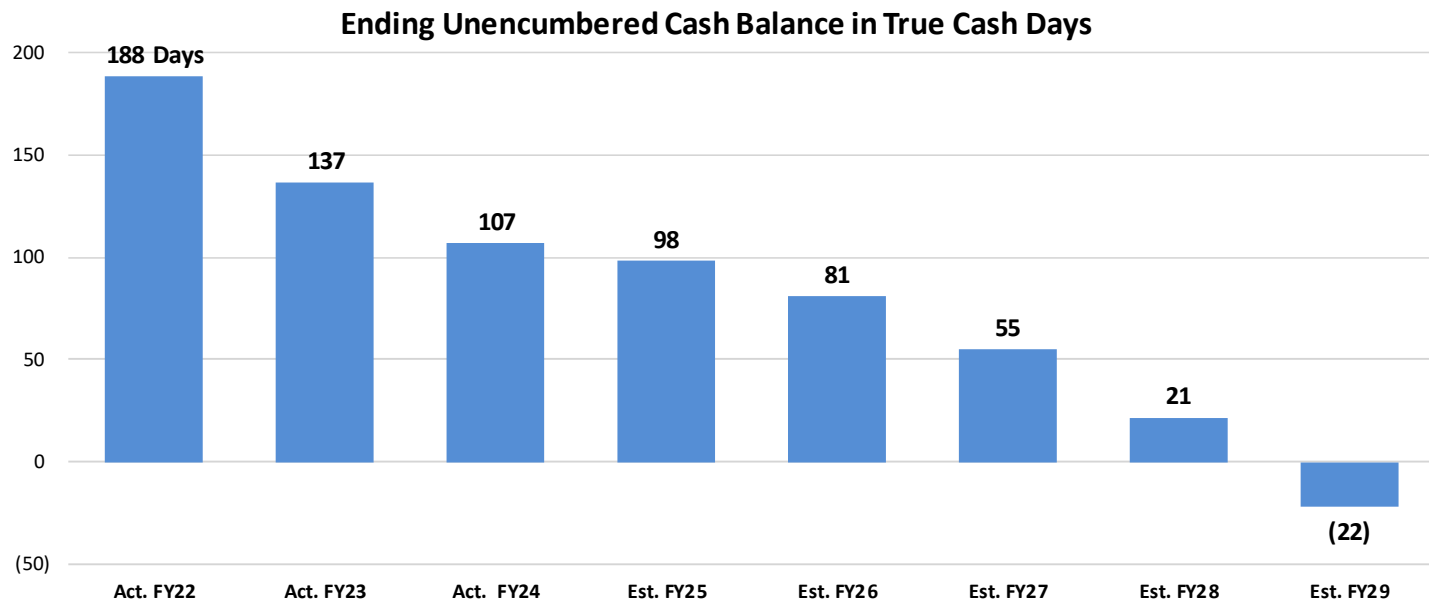
This amount must not go below \$-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance, which is approximately \$2.8 million for our district.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance Line #15.010	<u>\$4,560,466</u>	<u>\$3,858,040</u>	<u>\$2,720,071</u>	<u>\$1,078,454</u>	<u>(\$1,183,598)</u>

### True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends that no fewer than two

(2) months or 60 days of cash is on hand at year-end. Still, it could be more dependent on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



### Conclusion

East Clinton Local School District receives 68% 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 is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

As the administration plans for the future, they will need to make sure that the district is able to maintain a positive cash balance throughout the forecast. The expenditures will need to be reviewed based on the current revenues in order to obtain this.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.