

**LAKOTA LOCAL SCHOOL DISTRICT-BUTLER 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
Lakota Local School District
Treasurer's Office
Mr. Adam Zink, Treasurer/CFO**

May 12, 2025

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Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023, 2024 Actual;
Forecasted Fiscal Year Ending June 30, 2025 through 2029

	Actual				Average Change	Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024			Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues										
1.010	General Property Tax (Real Estate)	100,670,326	102,849,758	107,848,475	3.5%	113,743,105	115,737,596	121,132,245	126,199,022	128,045,907
1.020	Tangible Personal Property	8,869,566	9,295,585	10,143,737	7.0%	10,659,626	11,504,628	12,863,023	13,594,087	14,355,417
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	46,947,398	47,430,636	48,612,019	1.8%	49,056,715	49,707,227	50,373,346	50,920,455	51,474,023
1.040	Restricted State Grants-in-Aid	3,093,319	2,950,544	4,547,822	24.8%	3,088,850	3,159,369	3,248,853	3,340,649	3,434,811
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	10,922,109	11,132,848	11,714,680	3.6%	12,273,847	12,356,582	12,998,701	13,640,211	13,801,848
1.060	All Other Revenues	20,023,358	23,601,610	27,165,713	16.5%	25,906,360	24,043,226	23,679,768	23,883,935	23,944,666
1.070	Total Revenues	190,526,076	197,260,981	210,032,446	5.0%	214,728,503	216,508,628	224,295,936	231,578,359	235,056,672
Other Financing Sources										
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	1,984,281	2,016,173	162,985	-45.2%	0	0	0	0	0
2.050	Advances-In	0	0	178,925	0.0%	1,551,967	0	0	0	0
2.060	All Other Financing Sources	215,689	160,825	51,760	-46.6%	833,480	268,767	284,946	290,311	302,424
2.070	Total Other Financing Sources	2,199,970	2,176,998	393,670	-41.5%	2,385,447	268,767	284,946	290,311	302,424
2.080	Total Revenues and Other Financing Sources	192,726,046	199,437,979	210,426,116	4.5%	217,113,950	216,777,395	224,580,882	231,868,670	235,359,096
Expenditures										
3.010	Personal Services	107,158,336	111,653,418	114,651,152	3.4%	119,525,574	122,529,554	125,442,559	128,196,198	130,890,825
3.020	Employees' Retirement/Insurance Benefits	35,578,252	36,936,010	42,514,476	9.5%	45,879,447	48,375,612	50,464,893	52,579,173	54,723,980
3.030	Purchased Services	34,481,911	36,195,955	36,853,403	3.4%	39,933,881	38,060,227	38,930,772	40,348,790	41,918,843
3.040	Supplies and Materials	4,729,834	5,173,315	6,964,970	22.0%	10,551,751	6,081,610	6,172,833	6,265,425	6,359,407
3.050	Capital Outlay	1,215,134	985,834	461,922	-36.0%	228,302	231,977	235,712	239,507	243,366
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	689,000	550,000	570,000	-8.3%	600,000	620,000	640,000	670,000	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	856,000	796,005	865,000	0.8%	870,000	670,000	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	84,219	213,875	208,083	75.6%	140,670	58,100	32,900	10,050	0
4.300	Other Objects	2,107,896	2,206,261	2,071,370	-0.7%	2,226,711	2,549,123	2,549,433	2,570,996	2,583,867
4.500	Total Expenditures	186,900,582	194,710,673	205,160,376	4.8%	219,956,336	219,176,203	224,469,102	230,880,139	236,720,288
Other Financing Uses										
5.010	Operating Transfers Out	3,813,012	3,889,119	3,346,439	-6.0%	50,021,243	9,312,184	9,535,941	9,695,620	9,816,391
5.020	Advances-Out	0	178,925	1,551,967	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	Total Other Financing Uses	3,813,012	4,068,044	4,898,406	13.6%	50,021,243	9,312,184	9,535,941	9,695,620	9,816,391
5.050	Total Expenditures and Other Financing Uses	190,713,594	198,778,717	210,058,782	5.0%	269,977,579	228,488,387	234,005,043	240,575,759	246,536,679
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	2,012,452	659,262	367,334	-55.8%	(52,863,629)	(11,710,992)	(9,424,161)	(8,707,089)	(11,177,583)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	113,308,767	115,321,219	115,980,481	1.2%	116,347,815	63,484,186	51,773,194	42,349,033	33,641,944
7.020	Cash Balance June 30	115,321,219	115,980,481	116,347,815	0.4%	63,484,186	51,773,194	42,349,033	33,641,944	22,464,361
8.010	Estimated Encumbrances June 30	792,118	520,451	402,778	-28.5%	500,000	500,000	500,000	500,000	500,000
Reservation of Fund Balance										
9.045	Fiscal Stabilization	7,021,231	7,913,380	7,983,035	6.8%	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	Subtotal	7,021,231	7,913,380	7,983,035	6.8%	0	0	0	0	0
10.010	Fund Balance June 30 for Certification of Appropriations	107,507,870	107,546,650	107,962,002	0.2%	62,984,186	51,273,194	41,849,033	33,141,944	21,964,361
Revenue from New Levies										
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	11,970,044
13.030	Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	11,970,044
14.010	Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0
15.010	Unreserved Fund Balance June 30	107,507,870	107,546,650	107,962,002	0.2%	62,984,186	51,273,194	41,849,033	33,141,944	33,934,405

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund Only
May 12, 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 30th and May 31st each fiscal year (July 1st to June 30th). 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 \$214.6 million, which is 0.4% lower than the November forecasted amount of \$215.4 million. This indicates that the November forecast was 99.6% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 58% and are estimated to be \$124.4 million, which is \$254 thousand lower for FY25 than the original November estimate of \$124.6 million. Our estimates are 99.8% 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 \$52 million, which is \$316 thousand higher than the original estimate for FY25. We are pleased that we were able to be 99.4% accurate for FY25. We are currently on the guarantee and are expected to remain as a guarantee district for FY26 through FY29.

Line 1.06 - Other revenues are \$915 thousand under original estimates, primarily due to tuition payments and interest revenues received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY25 based on our best information at this time.

Expenditures FY25

Total General Fund expenditures (line 4.5) are estimated to be \$219.9 million for FY25, which is \$1.2 million lower than the original estimate of \$221.1 million in the November forecast, which is roughly 99.5% on target with initial estimates. The expenditure line most significantly under projection is Purchased Services (line 3.030), which decreased by \$1 million.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues decreasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly \$62.9 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2029 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

- I. Property tax collections are the largest single 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 70% of the district's resources. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- II. Butler County experienced a triennial update in the 2023 tax year, which will be collected in 2024. The 2023 update increased residential and commercial assessed values by 32.9%. A sexennial reappraisal will occur in tax year 2026 for collection in calendar year 2027. We anticipate overall value increases for residential and commercial property of 23.4% at that time. We feel these estimates are reasonable, but they could unexpectedly be lower which would reduce anticipated property tax collections. New construction assessed value in 2023 for residential property was \$56.1 million and \$22.6 million for commercial industrial property.
- III. [SB.271](#) passed in 2024 that created a Joint Committee on Property Taxation and Reform. This action was in response to the historic property valuation increases. The committee's mission was to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee released their report to the General Assembly on January 2, 2025. The report outlined twenty-one (21) recommendations on actions that could be taken to restrict local tax growth for Ohio school districts.

As a result of the numerous recommendations in the report there are currently 14 pending pieces of legislation in the Ohio Legislature that seeks to limit growth of local property taxes in several different ways. The most egregious is HB.96, which could impact every district in the state of Ohio. [HB.96](#) seeks to limit school district ending carry over cash balances to 30% of their prior year's expenditures and to allow county budget commissions to suspend voter approved property tax levies and the 20-mill floor in order to reduce district reserves to the 30% target. HB.96 has several severe consequences for school districts in terms of financial stability, loss of local control which will likely result in increased levy requests to district taxpayers. It is unclear at the time of this forecast whether HB.96 will continue on through the Ohio Senate and be signed into law July 1, 2025. The district will be watching carefully for the final outcome of HB.96 and several other legislative proposals that would limit property tax growth. Several of these proposals in addition to HB.96 could be a very significant risk to future local tax growth for our district. We will update the forecast when factual data is available.

- IV. The state budget represented 30% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state does not fund the last two (2) years of the Fair School Funding Plan in the FY26-27 biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY26-27 and FY28-29.

The state legislature has shown little interest in equitably funding the current formula. The Governor's proposed budget recommendation in [HB.96](#), 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 district funding long-range through FY29. We have projected our state funding in FY25 based on HB.33, our current state budget, which expires June 30, 2025. We will adjust the forecast for state aide in future years as we have reliable data to make an informed decision.

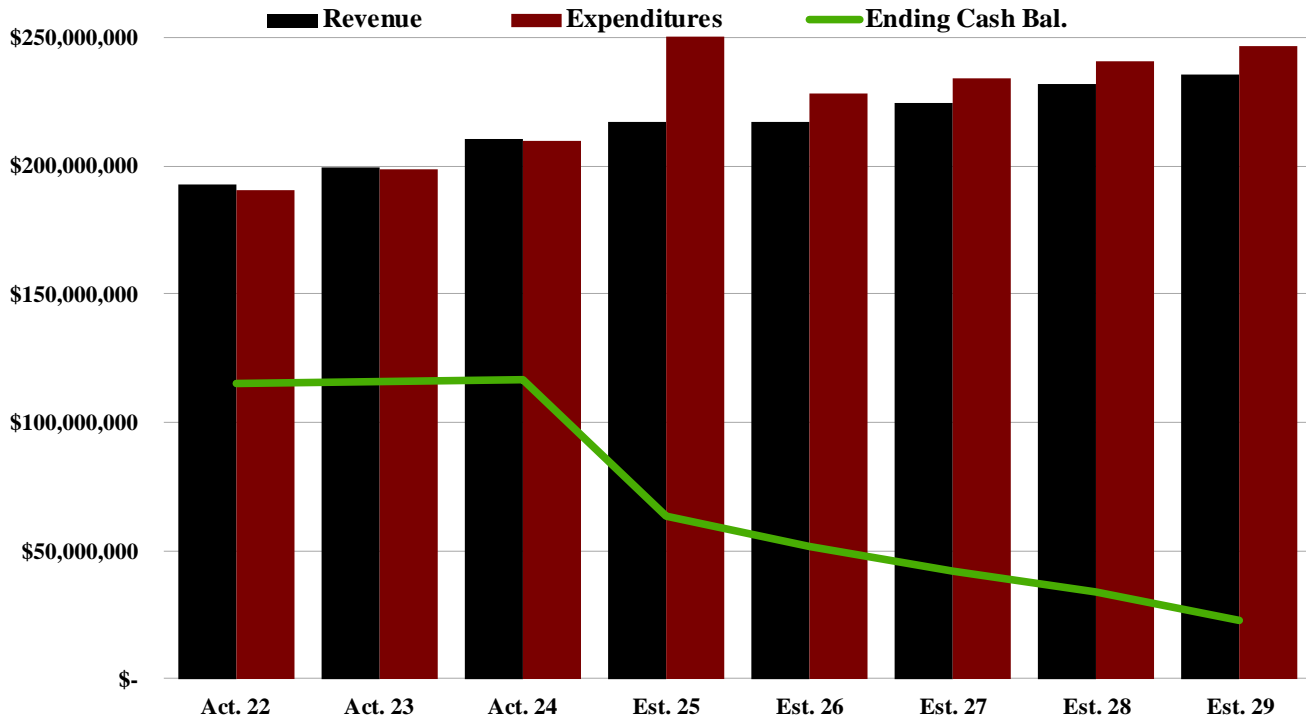
- V. [HB.33](#), the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.67% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and are dependent on legislative actions for the FY26 and FY27 state biennium budget, which as of this forecast do not appear favorable. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.
- VI. [HB.33](#) 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.
- VII. Labor relations in our district have been amicable with all parties working for the best interest of students. We believe as we move forward our positive working relationship will continue. Both labor union contracts have been extended through June 30, 2026.

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 to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. Adam Zink, Treasurer/CFO of Lakota Local Schools at 513-644-1180, adam.zink@lakotaonline.com, or visit our [webpage](#) for additional resources.

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.

General Fund Revenue, Expenditures & Cash Balance

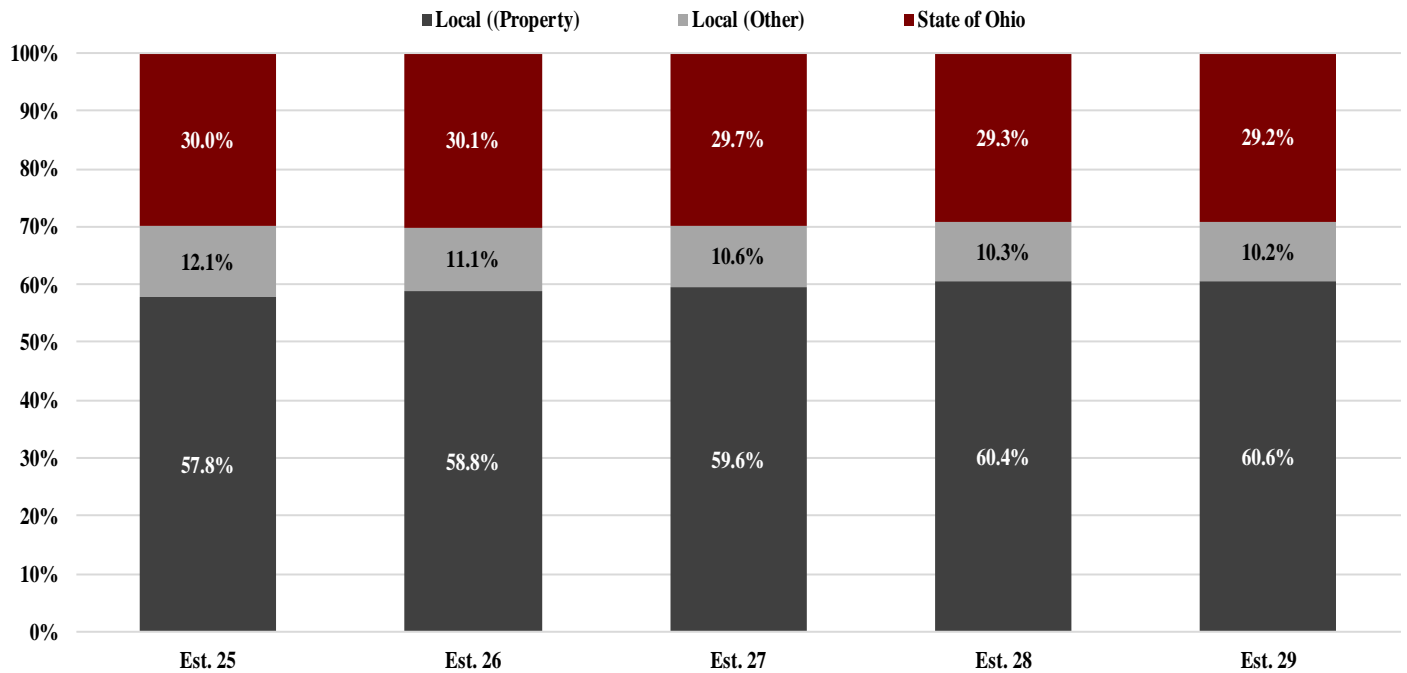


Revenue Assumptions

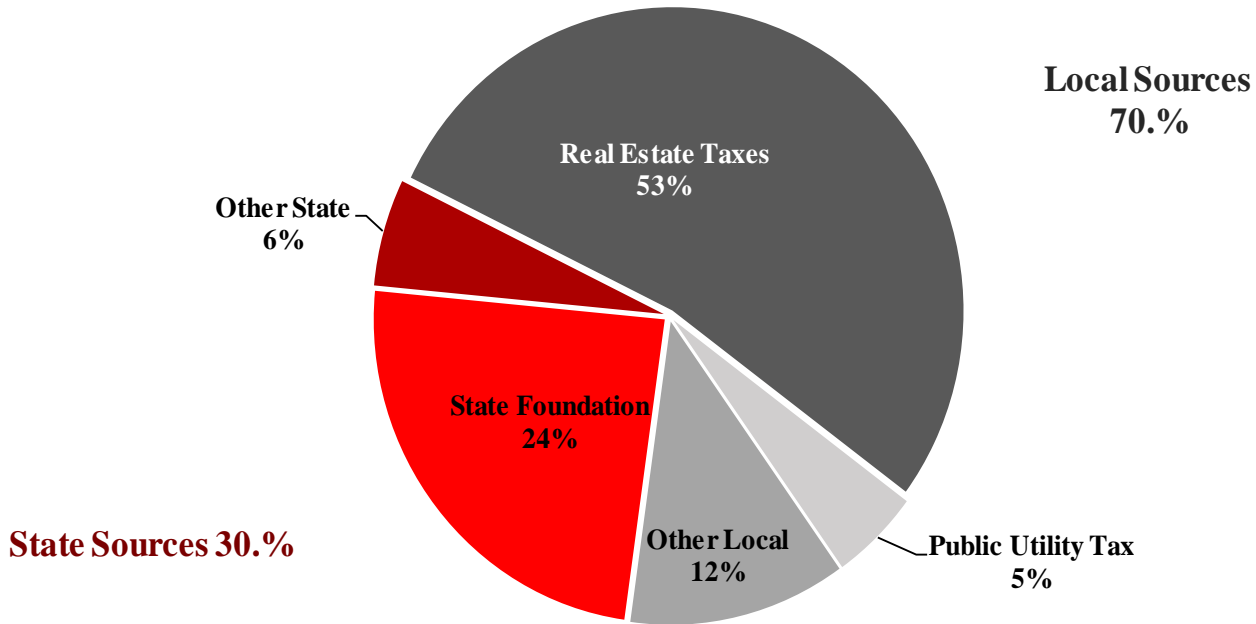
All Operating Revenue Sources General Fund FY25

In this section the reader will find information on where district revenues come from, as well as the methodology used to estimate future years' revenues. These estimates are based on the best information we have at the time of submission.

Investors in Lakota Local Schools



Est. General Fund Revenues FY2025 \$214,728,503



Real Estate Value Assumptions – Line #1.010

Property values have shown a trend of recovery since 2014, and the pace is picking up. Our 2023 triennial update shows values increasing at a pace not seen since before 2008. When the district values rise due to inflation, [HB.920](#) will reduce voted tax rates so there is no increase other than on the un-voted inside millage amount. As we get further away from the recession of 2008, our values will continue to increase and HB.920 will prevent our district from collecting additional revenues from those increased values until our district reaches the 20-mill floor.

Property values are established each year by the county auditor based on new construction, demolitions, Board of Revisions and Board of Tax Appeals activity and complete reappraisal or updated values. Butler County experienced a triennial update for the 2023 tax year to be collected in 2024. Residential/agricultural values increased 38.05%, or \$1.11 billion, due to the update led by an improving housing market.

For tax year 2024, new construction in residential property was up 1.2%, or \$52.9 million, in assessed value and commercial/industrial values increased 2.5%, or \$21.6 million. Overall values rose \$85.5 million, or 1.7%, which includes new construction for all classes of property. At this time, we are modeling property tax collections over the forecasted period using average new construction growth trends for both Class I and Class II. Due to the rapid growth the district has seen for both Class I and Class II properties, we have been moderately aggressive in our new construction estimates. New construction growth has additional revenue considerations for our real property collections caused by [HB.920](#). The new construction revenue is received prior to the new values being added to the district's total property valuation, which would reduce the effective millage collected for Class I and Class II properties. Because the revenue is received prior to the effective millage reduction, these are new revenues to the district and are a significant area of risk that we monitor closely for any changes in value.

A sexennial reappraisal will occur in 2026 for collection in fiscal year 2027, which we are estimating to increase 24.5% in residential and 10% for commercial/industrial property. Overall, we anticipate Residential/Agricultural and Commercial/Industrial values to increase \$1.2 billion, or 23.4%. Due to [HB.920](#), the assumed reappraisal growth will decrease the voted effective millage. The increase to collections in the reappraisal is only to the 6.49 inside mills Lakota receives.

Public Utility Personal Property (PUPP) is not impacted by [HB.920](#), due to tax payments being calculated with voted millage, or 64.14 mills for Lakota. PUPP values increased by roughly \$16.3 million in tax year 2024. However, we have reduced the increase by \$21.9 million to account for a value dispute that Duke Energy has filed on parcels within Lakota's boundaries. We anticipate that Duke will "tender pay" these property taxes until the dispute is settled. This is to ensure that the district does not collect the funds ahead of the determination. If the funds are collected, and the value is reduced, the district would owe a refund to Duke Energy. If the values remain at the higher amount, then Duke will make payments to the district on the unpaid amounts. This would result in a windfall in future

years, due to the high level of risk, we do not anticipate this in this forecast. The estimated \$4.2 million value per tax year reduces the payment to Lakota Local Schools by \$270 thousand per tax year. We are assuming our values will continue to grow by a rolling three-year average (omitting the dramatic increase in tax year 2023, which was not in alignment with trend) for each year of the forecasted period.

Tangible personal property (TPP) values decreased to \$0 in 2011 because of [HB.66](#) passed in 2005 to be effective July 1, 2005. This began a systematic phase-out of the tax base statewide to be replaced by a Commercial Activities Tax (CAT). The district has not been held harmless from the loss of the local taxes by the state TPP reimbursements noted below for Line 1.050 under TPP reimbursements due to cuts made in [HB.153](#) reimbursements. In 2004, our district's TPP values were \$183,373,135 and yielded the general fund \$11,119,738 in local taxes, which is equivalent to losing a 4.42 mill levy each year. Eliminating the TPP taxes, in effect, transferred the burden for those lost dollars into increased taxes on local taxpayers, a shift of the tax burden from businesses to residential taxpayers.

Estimated Assessed Property Valuations by Collection Years

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>
Res./Ag.	\$4,180,616,310	\$4,244,177,796	\$5,337,594,701	\$5,401,124,599	\$5,463,362,310
Comm./Ind.	883,487,920	911,587,357	1,026,793,811	1,052,644,977	1,077,635,676
Public Utility (PUPP)	<u>162,925,919</u>	<u>195,255,297</u>	<u>205,629,279</u>	<u>218,011,069</u>	<u>229,388,954</u>
Total	<u>\$5,227,030,149</u>	<u>\$5,351,020,449</u>	<u>\$6,570,017,791</u>	<u>\$6,671,780,645</u>	<u>\$6,770,386,940</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 general fund operating levies is 64.14 mills while the Class I effective millage rate is 23.24 mills, and the Class II effective millage rate is 30.21 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 not on the floor for Class I or Class II in tax year 2024 or assumed to be in the forecasted period.

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last Calendar Year of Collection</u>	Full Tax Rate	Effective Rates	
			(per \$1,000 of assessed valuation)	<u>Res/Ag</u>	<u>Comm/Ind</u>
Inside Ten-Mill Limitation	n/a	n/a	6.49	6.49	6.49
Continuing Operating	1976	n/a	15.88	1.82	3.66
Continuing Operating	1978	n/a	3.80	0.43	0.88
Continuing Operating	1985	n/a	5.90	1.32	2.06
Continuing Operating	1988	n/a	5.67	1.43	2.33
Continuing Operating	1991	n/a	5.90	2.01	3.25
Continuing Operating	1996	n/a	6.50	2.56	4.19
Continuing Operating	2000	n/a	4.90	2.20	3.43
Continuing Operating	2005	n/a	5.60	3.07	3.92
Continuing Operating	2013	n/a	<u>3.50</u>	<u>1.92</u>	<u>2.45</u>
Total Gross & Effective Tax Rates			<u>64.14</u>	<u>23.25</u>	<u>32.66</u>

Estimated Real Estate Tax Collections - Line #1.010

Property tax levies are estimated to be collected at 98.51% of the annual amount. This allows for a 1.49% delinquency factor. In general, 52.74% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 47.26% collected in the August tax settlement. Collections in FY24 were down \$626 thousand due to fewer delinquent taxes collected in the August and March tax settlements. In FY25, the delinquent collections were higher than FY24 by \$199 thousand. We believe this fluctuation is due to the dramatic increase in values caused by the 2023 triennial update, which increased tax bills for many taxpayers in 2024. We believe the delinquent collections will return to the trend beginning in FY27 and continuing.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Real Estate Tax Line # 1.010	<u>\$113,743,105</u>	<u>\$115,737,596</u>	<u>\$121,132,245</u>	<u>\$126,199,022</u>	<u>\$128,045,907</u>

New Tax Levies – Lines #13.010-13.030

[Board Policy 6218](#) states that the Board believes that maintaining a cash reserve unencumbered unreserved balance of ninety (90) days of operating expenditures is necessary in the interest of sound fiscal management. The Board affirms that tax levies shall be pursued, and/or the district’s finances otherwise managed, to ensure a General Operating Fund unencumbered unreserved cash balance equivalent to at least ninety (90) days of operating expenditures. Fiscal year 2029 of this forecast would fall to thirty-three (33) days of operating expenditures; therefore, we have modeled a 3.4 mill levy to begin collecting in FY29.

We believe the need for this levy could be mitigated, if not offset entirely, with operational savings through the Master Facilities Plan if approved by the district’s taxpayers. This plan aims to reduce the overall number of buildings operated by the district, currently 23, down to 16, which will be more fiscally efficient operationally. For more information on the Master Facilities Plan please visit the district webpage, [Lakota Master Facilities Plan](#).

<u>Source and Type of New Revenue</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
New Property Tax Line # 13.020	\$0	\$0	\$0	\$0	\$11,970,044
Total Line # 13.030	\$0	\$0	\$0	\$0	\$11,970,044

Renewal and Replacement Levies – Lines #11.010-11.030

Tax levies that are not continuous by law cannot be included with the property taxes. The levies passed by Lakota’s residents are continuing levies; therefore, there are no levies that will appear on this line of the forecast.

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

The phase out of TPP taxes, as noted earlier, began in FY06 because of [HB.66](#), which systematically phased out General Personal Property tax along with telephone/railroad public utility property by 2011. The last collection of local TPP taxes was October 2010. Any amounts received in the forecast period are from settlement of old, outstanding delinquent TPP taxes. The last settlements were received in FY22 and are no longer projected in this forecast.

Amounts noted below are PUPP tax payments from public utilities. The values for PUPP are noted in the table below, which were \$162.9 million in assessed values in tax year 2024 and are collected at the district’s gross voted millage rate. Collections are typically 51% in March and 49% in August along with the real estate settlements from the county auditor. The values in 2024 would have increased by 9.7%, or \$16.3 million, had it not been for the valuation dispute initiated by Duke Energy in tax year 2024, which decreased values by an estimated \$21.9 million. This caused a net reduction in PUPP values of \$5.5 million in tax year 2024. PUPP values are expected to grow by a rolling three-year average (omitting the dramatic increase in tax year 2023, which was not in alignment with trend) for each year of the forecasted period.

As noted in the tax value section above, this revenue assumption reflects the tender payment for Duke Energy. At this time, estimated to be a reduction of \$1.4 million per tax year. We will continue to monitor, and adjust these estimates as future information becomes available.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property Taxes Line #1.02	\$10,659,626	\$11,504,628	\$12,863,023	\$13,594,087	\$14,355,417

School District Income Tax – Line #1.030

Our school district does not have an income tax levy; therefore, income tax revenues are not modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB.33 through June 30, 2025

Unrestricted State Foundation Revenue – Line #1.035

[HB.33](#), 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 guarantee district in FY25 and is expected to continue to be on the guarantee in FY26-FY29 on the new Fair School Funding Plan (FSFP). In FY25 the district is currently receiving \$6.2 million in guarantee dollars, or receiving \$6.2 million more than (FSFP) calculates. If fully phased in, at this time, we are estimating the guarantee amount to be \$10.8 million in FY27. This poses a significant risk to the district if the guarantee is not continued in future state budgets. For illustrative purposes, this would require 2.6 mills to offset this loss, based on tax year 2024 value estimates in this forecast.

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 FY24 and 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 [HB.110](#) and extended the plan in [HB.33](#) 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 Aid

Threshold Aid (formerly Catastrophic Aid) 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 31st of January and August each year, beginning for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY24 was \$114.18 million or \$65.44 per pupil. In FY25, the funding totaled \$114.30 million or \$65.99 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 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-Per HB110	\$37,577,206	\$36,003,480	\$34,434,080	\$34,875,409	\$35,321,151
HB33 Guarantee	5,686,090	7,692,449	9,698,808	9,698,808	9,698,808
Additional Items	<u>3,146,431</u>	<u>3,220,035</u>	<u>3,295,137</u>	<u>3,371,764</u>	<u>3,449,944</u>
Basic Aid- Subtotal	<u>\$46,409,727</u>	<u>\$46,915,964</u>	<u>\$47,428,025</u>	<u>\$47,945,981</u>	<u>\$48,469,903</u>
Casino Revenue	\$1,189,024	\$1,217,026	\$1,245,509	\$1,274,662	\$1,304,308
Threshold Aid	1,453,410	1,569,683	1,695,258	1,695,258	1,695,258
Industry Credentials	<u>4,554</u>	<u>4,554</u>	<u>4,554</u>	<u>4,554</u>	<u>4,554</u>
Total Unrestricted State Aid Line # 1.035	<u>\$49,056,715</u>	<u>\$49,707,227</u>	<u>\$50,373,346</u>	<u>\$50,920,455</u>	<u>\$51,474,023</u>

Restricted State Revenues – Line #1.040

[HB.33](#) 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 guarantee. It should be noted due to uncertainty on continued funding of the current funding formula this could result in different numbers when [HB.96](#) is complete at the end of June.

In FY25, [HB.33](#) 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 approximately \$1.5 million from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent. This is captured in the Other Restricted State Funds line below, which also includes an additional increase for Highly Qualified Instructional Materials (HQIM) of \$13,708. Due to the nature of these funds, we will continue to monitor, and update should future biennium budgets include one-time restricted funding from the state.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$413,729	\$425,476	\$437,527	\$449,890	\$462,571
ESL	549,774	565,383	581,397	597,824	614,674
Gifted	689,246	708,816	728,892	749,487	770,613
Career Tech - Restricted	0	0	0	0	0
Other Restricted State Funds	16,708	0	0	0	0
Student Wellness and Success Funds	<u>1,419,393</u>	<u>1,459,694</u>	<u>1,501,037</u>	<u>1,543,448</u>	<u>1,586,953</u>
Total Restricted State Revenues Line # 1.040	<u>\$3,088,850</u>	<u>\$3,159,369</u>	<u>\$3,248,853</u>	<u>\$3,340,649</u>	<u>\$3,434,811</u>

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected in this forecast.

Summary of State Aid Projections

<u>Summary</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) Unrestricted State Aid Line # 1.035	\$49,056,715	\$49,707,227	\$50,373,346	\$50,920,455	\$51,474,023
B) Restricted State Aid Line # 1.040	3,088,850	3,159,369	3,248,853	3,340,649	3,434,811
C) Restricted Federal Grants Line # 1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$52,145,565</u>	<u>\$52,866,596</u>	<u>\$53,622,199</u>	<u>\$54,261,104</u>	<u>\$54,908,834</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>
Rollback and Homestead	<u>\$12,273,847</u>	<u>\$12,356,582</u>	<u>\$12,998,701</u>	<u>\$13,640,211</u>	<u>\$13,801,848</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 from investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. 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 and an additional 25 basis points in December 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district.

Medicaid revenues were inflated for FY24 due to a shift in the timing of receiving the FY23 settlement payment in FY24. Preschool tuition revenue in the Local Tuition line below has decreased beginning in FY24 due to fewer inclusion classroom offerings, which reduces the number of seats available for tuition-based students. Rental revenues are expected to grow by 4% annually to accommodate wages and benefits increases for the staff paid by the rental fees, which is the largest portion of the expense related to rentals.

The district will begin receiving new revenue in the general fund from indirect costs. This amount is the portion of administrative costs incurred by programs administered by the district, such as food services and federal programs.

Lakota receives payments in lieu of taxes (PILOT) from several TIFs and RIDs to help facilitate economic development within the district. These are significant revenue sources for the district. In total, the Lakota Local School District's borders include eight TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township, four TIF districts for Butler County, and one TIF district for the City of Fairfield. The district currently receives compensation for all but one TIF, the Union Centre Boulevard (UCB) TIF. The UCB TIF district was created before legislation was adopted, which required school district involvement and approval. Due to the early expiration of a portion of the UCB TIF, the district began receiving tax revenue in the collection year of 2019. West Chester did extend the remaining UCB TIF district for 15 years, but at the same time worked with the district to modify the current 747 TIF. All other TIFs involve some sort of compensation agreement with the district. Unfortunately, not all agreements hold the district financially harmless. The district strives to balance the economic vitality of the entire community with the financial well-being of the district. Two RIDs in Liberty Township have also been terminated early: Hawthorne Hills and Allen Estates, which lowered our payments beginning in 2018 and beyond. This has merely moved the revenue line item from Other Local Revenues (Line 1.06) to Real Estate Tax collections (Line 1.01). In FY23, additional parcels were pulled into the Cincinnati-Dayton TIF from TY18 through TY21. We anticipate payments from these parcels to be \$1.9 million in TY23, which pays first half in FY23 and second half in FY24 for the collections in arrears, then \$760 thousand moving forward for annual collections. These abated properties can result in positive or negative implications for our state funding due to fluctuations in valuation. A continued partnership with West Chester and Liberty townships and Butler County is vital not just to the district, but the community. During the triennial update in tax year 2023, the values inside TIF districts did not increase to the same level as values outside the TIF districts, which caused the collection of PILOTs from TIF districts to be lower than originally estimated by \$2 million in FY24. It should be noted that a decrease in PILOT payments due to expiration of the agreement will result in a decrease to line 1.060 and an increase to line 1.010 of the forecast due to the way in which the district is required to record these revenues.

The district also collects PILOTs from several Enterprise Zone Abatement (EZA) properties for GE Aviation, Republic Wire, Systecon, and John Planes Enterprises. In FY24, we anticipated collections beginning for two new properties, which finished construction in tax year 2023: Kemba Credit Union and Queen City Harley Davidson. The abatement paperwork for Queen City Harley Davidson is still being finalized with the Ohio Department of Taxation and is now anticipated to be received in FY26. The abatement paperwork for Kemba Credit Union was finalized in January 2025 and began being received in line 1.060 as opposed to line 1.010, where it was received previously. The tax revenues from Kemba Credit Union will be 25% less than previously received as part of the abatement incentive. Queen City Harley Davidson will also realize a 25% tax incentive from the abatement.

Although the district does not have the ability to create abatements, we appreciate communications we receive in regard to the planning taking place with our townships and county. This allows us to plan accordingly, to reduce the risk of over or understating revenues. The district strives to be a good community partner with our local governments to continue to meet the economic needs of our growing community.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Payment In Lieu of Taxes	\$17,183,079	\$16,707,731	\$16,943,786	\$17,179,841	\$17,179,841
Interest	5,149,362	3,696,793	3,038,991	2,947,608	2,947,608
Tuition from State	1,332,818	1,346,146	1,359,607	1,373,203	1,386,935
Local Tuition	147,489	150,439	153,448	156,517	159,647
Rentals	294,524	306,305	318,557	331,299	344,551
Indirect Cost	521,320	539,566	550,357	561,364	572,591
Medicaid Reimbursement	570,002	581,402	593,030	604,891	616,989
Miscellaneous	<u>707,766</u>	<u>714,844</u>	<u>721,992</u>	<u>729,212</u>	<u>736,504</u>
Total Other Local Revenues Line # 1.060	<u>\$25,906,360</u>	<u>\$24,043,226</u>	<u>\$23,679,768</u>	<u>\$23,883,935</u>	<u>\$23,944,666</u>

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

There is no short-term borrowing projected in this forecast at this time. Other financing sources consist of advances that the school district anticipates during the forecasted period. Transfers into the general fund had increased in recent years due to the Board's approval of [Budget Stabilization Policy 6217](#) on June 10, 2019; however, these transfers will not continue in years where deficit spending is projected. Also, the Board approved a change to the Budget Stabilization policy, which reserves the funds within the Permanent Improvement fund as opposed to the General Fund. Since the Permanent Improvement fund is not reflected in the five-year forecast, the transfers, should they occur again, will not be reflected as revenue to the General Fund reserve account.

Advances are approved from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. At the end of FY23, the district made an advance to the Healthcare Fund to meet actuary reserve obligations. This is reflected as the

advance return in FY24. The district is not anticipating future advances to this fund. However, it should be noted that the performance of the insurance fund could result in future advances.

Sale of Personal Property and Refund of Prior Year Expenditures are calculated on a rolling three-year average for the forecasted period. Should the district move forward with the Master Facilities Project, Sale of Personal Property could see an increase as decommissioned furniture, equipment, or other assets could be sold as a result of this future project. Refund of Prior Year's Expense is inflated for FY25 due to a refund from our annual reconciliation with the State Employees Retirement System (SERS). This reconciliation of annual contributions deducted from our state foundation payments, which is based on an estimate of our payroll expenditures, resulted in a refund of \$545 thousand. This is a one-time refund and is not projected to continue.

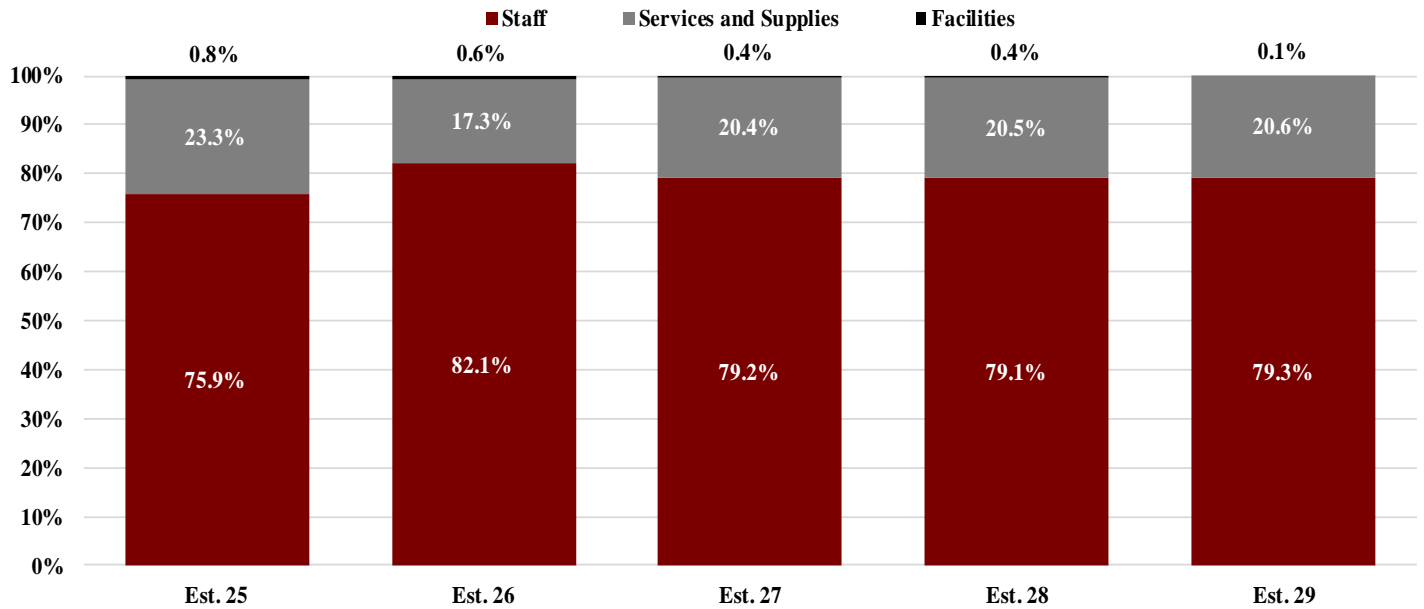
<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Transfers In Line # 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns # 2.050	<u>1,551,967</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfers and Advances In	<u>\$1,551,967</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Sale of Personal Property	\$16,020	\$18,767	\$24,946	\$19,911	\$21,208
Refund of prior years expense	<u>817,460</u>	<u>250,000</u>	<u>260,000</u>	<u>270,400</u>	<u>281,216</u>
Total Other Financing Sources Line # 2.060	<u>\$833,480</u>	<u>\$268,767</u>	<u>\$284,946</u>	<u>\$290,311</u>	<u>\$302,424</u>

Expenditure Assumptions

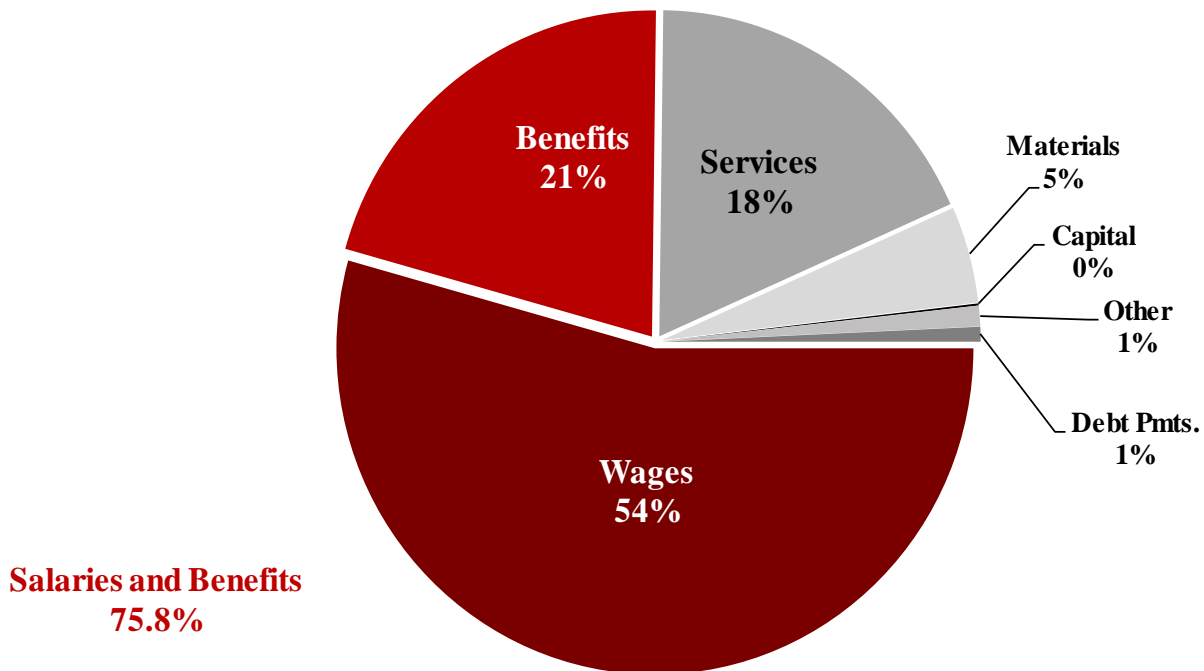
The district's leadership team is always looking at ways to improve the education of our students, whether it be with changes in staffing, curriculum, or new technology. In this section, the reader will gain a better understanding of the way the district invests its resources to meet the current and future needs of the students. As the administration of the district reviews the distribution of resources, the education of the students is always the main focus.

All Operating Expense Categories - General Fund FY25

Investment in Lakota Students



Est. General Fund Operating Investment FY2025 \$219,956,336



Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all collective bargaining units and non-collective bargaining unit employees. The current agreement with the Lakota Education Association (LEA) provided for a 1.97% cost of living adjustment (COLA) for FY22-24 as well as a 2% increase on the base. The current agreement with the Lakota School Support Association (LSSA) provided for a 1% COLA and a 2.5% increase on the base for FY22-24. The existing contracts were extended for a two-year period and will begin negotiating again in the spring of 2026. The extension of the agreements provides a 4% increase in FY25 and a 3.5% increase in FY26. Administrative and non-represented salary increases have been estimated to be comparable to the base increases received by the collective bargaining employees, these increases are reviewed on an annual basis. Stipend, supplemental, severance, and substitute costs for classified positions are included in this line item also. For planning purposes only at this time, a 2% base increase is projected for FY27-29.

Severance payments have historically been paid from this line on the forecast. In an effort to stabilize the districts' budgets against cyclical changes in revenues and expenditures, the district will establish a fund for processing employee severance payments beginning in FY24. This shifted severance expenses from this line into another fund (Fund 035). The severance fund will be supported by a payroll deduction, which will begin in fiscal year 2025 and will accrue at a rate of 0.75% of wages paid by all district employees.

Staffing and Enrollment

The district continues to analyze and audit classroom sizes and support staff ratios. We plan to continue this practice and align classroom teachers to enrollment. The district also considers the demographic study completed in February 2019 when predicting enrollment and the staff needed. Our enrollment exceeded the predicted demographic study by more than 300 students for the 2022-2023 school year. A recurring conversation centers on elementary student-to-teacher ratios. Additionally, the temporary influx of federal aid had allowed the district to increase staffing for the identified priorities. The district plans to further analyze its staffing needs for the forecasted period.

ESSER funds were used for reading and English language learner support teachers, nurses, Multi-Tiered Systems of Support (MTSS) staff, and a Director for Digital Learning in FY23. The total wages that returned to the general fund in FY24 were \$2.6 million. We have exhausted the ESSER funding that was allocated to the district; we do not anticipate receiving additional ESSER funds.

The district saw 32 LEA members retire under an early retirement provision in the LEA negotiated agreement in FY23. Due to this, the severance payments increased above normal trends in FY24. For FY25, the district is anticipating 72 retirements due to the STRS change allowing staff to retire with 32 years of service from 35 years. The positions are estimated to be replaced with staff averaging Column A and Step 6 on the FY26 certified salary schedule. Based on past trends, FY26-29 assumes a yearly retirement and replacement of 24 certified staff per year at this time. The district will continue to monitor staffing levels and position classifications to maximize our general operating fund.

Athletic staff, including the athletic directors, athletic operations managers, athletic maintenance staff, and athletic managers, have been moved to the athletic fund in order to represent the true cost of the program. The general fund continues to subsidize the athletic program through a transfer, which is represented in the Operating Transfers Out (Line 5.01) section below.

For FY26, the district anticipates the following staffing changes. In administration, one Director of Gifted Services is returning to an in-house position and will be removed from purchased services, one Executive Director of Student Services will be a returning position as it was vacant for one year. In our certified staff members, we are anticipating hiring seven additional Special Education teachers. We have one Gifted teacher retiring in FY25, which will not be replaced. We do not anticipate any staffing changes within the Classified staff. In our non-represented staff, we are anticipating hiring a new Administrative Assistant to the Assistant Superintendents and adding a Residency Specialist. The Treasurer's Office and Welcome Center both have a Generalist position which will not be replaced.

The district analyzed class sizes to determine the ratios that best meet the needs of our students. We worked with our buildings and curriculum team to adjust classes to remain within these class sizes.

<u>Grade</u>	<u>Ratio</u>
Kindergarten	22:1 to 25:1
1 st Grade to 2 nd Grade	23:1 to 26:1
3 rd Grade to 4 th Grade	24:1 to 27:1
5 th Grade to 6 th Grade	25:1 to 28:1
7 th Grade to 12 th Grade	Varies according to contractual language for core subject areas, foreign languages, performing arts, etc.
ESL/Reading Specialists and Title I Teachers	40:1
Special Education Kindergarten to 8 th Grade	16:1
Special Education 9 th Grade to 12 th Grade	24:1
Social Communications Classrooms	6:1
Multiple Disability Classrooms	8:1
Emotional Disturbance Classrooms	12:1

Summary of Wages – Line #3.010

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$112,544,613	\$116,971,757	\$119,929,912	\$122,817,538	\$125,533,403
Base Increases	3,997,585	4,094,011	2,398,598	2,456,351	2,510,668
Cost of Living Adjustment & Education Advancements	1,239,251	1,403,661	1,343,215	1,363,275	1,393,421
Staff Retire Replacement	(1,284,583)	(3,693,838)	(1,254,187)	(1,277,094)	(1,254,187)
Staff Decrease, Increase or Reclass	435,605	1,154,321	400,000	173,333	26,667
Positions Pending Replacements	39,286	0	0	0	0
Certified Stipends	702,598	714,124	721,265	728,478	735,763
Classified OT and Extra Duty	260,880	260,880	260,880	260,880	260,880
Contracted Payments	106,000	128,500	128,500	148,500	148,500
Curricular Supplemental	565,640	565,640	565,640	565,640	565,640
Certified Extended Days	329,869	329,869	329,869	329,869	329,869
Longevity & Vacation Buyback	91,895	95,571	105,524	107,634	109,787
Classified Subs	406,135	414,258	422,543	430,994	439,614
Board of Education	22,800	22,800	22,800	22,800	22,800
Student Worker	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>
Total Wages Line #3.010	<u>\$119,525,574</u>	<u>\$122,529,554</u>	<u>\$125,442,559</u>	<u>\$128,196,198</u>	<u>\$130,890,825</u>

Fringe Benefits - Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. With the exception of medical and dental insurance, all costs are directly related to the wages paid.

Retirement Contributions

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.

Insurance

The district provides health, dental, and life insurance to its employees. The plan years for these insurances run from January 1st through December 31st each year, while the district's fiscal year runs from July 1st through June 30th each year. This creates a blended rate for six months of one plan year with six months of the following plan year. This blended rate is adjusted individually for each type of plan.

In January 2019, the district moved from Anthem to Medical Mutual of Ohio (MMO) for health care coverage of its employees. This move facilitated a 1% decrease in premiums, which remained constant for two (2) additional years through the 2021 plan year. The district moved to a self-insured plan for health care coverage and returned to Anthem coverage for the 2022 plan year. For the 2023 plan year, the district initially was anticipating a 17.1% increase in healthcare premiums. The insurance committee elected to increase deductibles, provider co-pays, and institute a new pharmaceutical administration plan. This, along with changing stop loss providers from Anthem to Voya, resulted in an estimated savings of 8.3%, or \$1.2 million, of which the actual increase of 8.8%. The increase that was blended through FY24-25 for medical premiums is 25% due to an unusually high volume of claims. Moving forward, and based on national trends, we are assuming a 7% premium increase for FY25-26, then 6% annual increases for the remainder of this forecast. The district works hard to control these costs and will monitor them closely as we continue to establish a self-insured trend.

In an effort to provide the best value for our employees as possible, for the 2025 plan year, a new health insurance plan has been offered. For those employees who value the district's PPO plan offering, the district has added a high-performance network PPO option that has regional coverage at a reduced premium cost.

The district provides dental insurance to its employees, for which we are projecting a 0% increase for the 2025 plan year and a 1% increase for the 2026-2029 plan years.

The district also provides life insurance to its employees which is estimated to cost approximately \$114 thousand in FY25. The district has been negotiating the premium for life insurance for the last two plan years. In 2023, the monthly cost of coverage was \$0.08 per \$1,000 of coverage. Since then, the district has been able to reduce the monthly rate to \$0.045 per \$1,000 of coverage, which is nearly half the previous cost.

Workers' Compensation & Unemployment Compensation

Lakota is one of a handful of districts in the state that has taken advantage of self-insuring their Workers' Compensation. We have historically funded this at 0.25% of wages. This move to self-insurance has saved the district and its residents millions of dollars over the past decade. After meeting with our workers' compensation consultant, Hunter Consultants, and analyzing our cash reserve and maximum exposure, we are setting a reserve target of \$300,000. To meet this reserve target, we have been taking advantage of a premium vacation, which ended in 2022. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

Medicare

Medicare will continue to increase at the rate of increases in wages 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 #3.020

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
STRS/SERS	\$19,006,894	\$19,794,982	\$20,243,956	\$20,674,096	\$21,085,931
Insurances	24,898,805	26,561,509	28,154,020	29,793,153	31,481,813
Workers Comp/Unemployment	305,718	309,486	316,725	323,568	330,264
Medicare	<u>1,668,030</u>	<u>1,709,635</u>	<u>1,750,192</u>	<u>1,788,356</u>	<u>1,825,972</u>
Total Fringe Benefits Line # 3.020	<u>\$45,879,447</u>	<u>\$48,375,612</u>	<u>\$50,464,893</u>	<u>\$52,579,173</u>	<u>\$54,723,980</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 as well as utility costs, mileage, meeting expenses, repairs and maintenance, legal fees, and property insurance. 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.

An increase will be seen in FY25 for Orton-Gillingham training in the amount of \$400 thousand. The Orton-Gillingham approach is a structured, multisensory teaching method that empowers educators to develop individualized plans for teaching reading and vocabulary skills, particularly for students with dyslexia. Further professional development is projected at \$60 thousand for Dynamic Indicators of Basic Early Literacy Skills (DIBELS) training for K-6 staff in FY24-25. The DIBELS training and methodology empowers instructional staff through training on proper assessment administration, accurate data collection, guidance on interpretation of the results, and guidance on using the data for instructional decisions.

Beginning in FY24, Professional Services saw a decrease for videographer services, which was hired internally, as noted above in the section labeled Wages (Line 3.01). Beginning in FY25, the district will begin using a new human resources database (Frontline Central) and a new district notification system (Parent Square), which will cost an estimated \$50 thousand and \$100 thousand, respectively. The district also migrated away from the online benefit platform (BenefitSolver) to a new platform (Employee Navigator), which will save \$105 thousand annually beginning in August 2024. The substitute teacher contract expenses are projected to increase in FY25, stemming from an increase in the daily rate for substitutes (currently \$125/day and moving to \$130/day). The Professional Services line will also see an increase in FY25 for a contracted Gifted Director. This shifted the expenditures from Wages and Benefits (Lines 3.010 and 3.020, respectively) to this section. Overall, this change does not increase the expense for the Gifted Director position; however, this expense will be returning to Lines 3.010 and 3.020 for FY26 and beyond as we bring this position back in-district.

In FY21, the district returned to busing its freshmen students, which resulted in an increase to the Transportation line. The contract with our transportation provider, Petermann, was renegotiated at the end of FY23. Due to a shortage of bus drivers, the district realized a decrease to this contract in FY23 from FY22 based on unfilled routes and a service reduction to schools deemed outside of 30 minutes or unaffordable due to low attendance. Fiscal year 2024 was deflated due to the need to cancel eight routes caused by under-staffing, and our contract was credited five days of the contract due to the strike that occurred in September 2023. For FY25, the contract with Petermann increased 3.8%. In addition, we are employing more bus monitors to assist with special education transportation, and we have increased the number of non-routine hours as those were underestimated in FY24. We have also seen an increase in the need for van services for homeless students and to accommodate specialized transportation for special education students. Furthermore, the district needed to add routes in FY25. The district was able to strategically consolidate freshman campus student pickup locations and was able to reduce the need for six routes. At this time the district is forecasting 3% increases each year FY26-29. This will be monitored closely in future forecasts.

In FY25, the district is making plans to effectively use the funds we have to ensure the district against cyclical changes in revenues, the district will purchase the fleet of buses back from Petermann. As you can see reflected below, purchasing the buses will reduce the transportation contract by an average of \$3 million each year FY26-FY29.

The district's SRO Contract line saw an increase of \$463 thousand in FY25 due to multiple factors, one of which was a new agreement with West Chester Police Department, which increased by 11.6%. Also included is an estimate for detail officers to be the second SRO at West High School and an SRO at Shawnee Early Childhood School. These positions have been difficult to fill consistently; therefore, it was determined that we would conservatively budget for the positions to be filled at the highest rate possible. The contract for FY25 with the Butler County Sheriff's Office also includes an 11.2% increase, and it includes one new full-time SRO for Woodland Elementary.

Rentals and Lease Payments will increase \$50 thousand in FY25. This is due to a combination of two factors. The first factor is an anticipated \$150 thousand expense related to a dispute with Spectrum regarding fiber lines on district property. The second factor offsets this expense by saving the district \$100 thousand by purchasing new copiers rather than continuing to lease.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Phone, Postage & Advertising	\$324,243	\$327,485	\$330,760	\$334,068	\$337,409
Transportation	22,082,448	22,744,921	23,427,269	24,130,087	24,853,990
Fleet Purchase	0	(2,925,000)	(3,013,000)	(3,104,000)	(3,198,000)
CS/OE/CCP/Scholarships/Tuition	790,023	975,515	1,216,999	1,532,223	1,944,608
Local Tuition	2,377,158	2,553,773	2,728,179	2,926,254	3,153,967
Professional Services	2,605,947	2,048,136	2,078,858	2,110,041	2,141,692
SRO Contract	1,820,433	2,009,842	2,050,039	2,091,040	2,132,861
Preschool Contract	2,071,105	2,102,172	2,133,704	2,165,710	2,198,195
Substitute Teachers	2,003,389	2,033,440	2,063,942	2,094,901	2,126,325
Management Services	252,323	254,846	257,394	259,968	262,568
Software Service	374,905	332,699	336,026	339,386	342,780
Instructional Services	209,334	212,474	215,661	218,896	222,179
Legal Expense	241,840	245,468	249,150	252,887	256,680
Repairs & Maintenance	540,099	548,200	556,423	564,769	573,241
Rental & Lease Payments	820,556	732,864	743,857	755,015	766,340
Utilities	2,723,101	3,131,566	2,787,094	2,870,707	2,956,828
Travel & Meeting Exp.	402,291	422,406	443,526	465,702	488,987
Property Insurance	294,686	309,420	324,891	341,136	358,193
Total Purchased Services Line # 3.030	<u>\$39,933,881</u>	<u>\$38,060,227</u>	<u>\$38,930,772</u>	<u>\$40,348,790</u>	<u>\$41,918,843</u>

Supplies and Materials – Line #3.040

Textbooks, copy paper, maintenance supplies and materials, etc. characterize this category of expenses. The cost for diesel fuel spiked during the pandemic but started to return to normal levels in FY23-24. In FY25, the annual cost of fuel is projected to be consistent with FY24 due to the reduction of routes. The cost of fuel is estimated to increase 1.5% each year in FY26-29. We will continue to monitor this closely for future implications on this section of the forecast.

The district has established a new rotation for textbook adoptions to meet the needs of our students' educational goals. Due to this, over the forecasted period, we have shown a substantial increase in the resources that have been allocated to this section of the forecast. The nature of these investments in our students' education is identified in the table below. Going forward, these rotations will be purchased from the Permanent Improvement fund (Fund 003), which is not reflected within this forecast. You will see this reflected below as the curriculum rotation line is zero for FY26-29.

<u>Course</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Map Testing					\$766,248
K-12 ESL National Geographic					\$763,618
Apex Learning Courses (3 yr.)	\$ 99,927	\$ 99,927	\$ 99,927	\$ 105,923	\$105,923
ELA K-6 Heggerty*	\$ 889,649				
K-6 ELA/Math Education Imagine Learning*	\$ 1,810,291	\$ 368,279	\$ 333,279	\$ 298,279	\$240,279
7-12 ELA My Perspectives	\$ 524,101	\$ 349,401			
7-12 Math Amplify Desmos	\$ 979,333				
7-12 Pre-Calc McGraw Hill	\$ 85,540				

<u>Course</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
7-12 Math AP Stats BFW	\$ 23,905				
7-8 Health Good Heart Wilcox	\$ 126,250				
K-6 SEL		\$ 50,000			
K-12 Science		\$ 6,000,000			
K-12 Music		\$ 200,000			
K-6 Steam/Wonderlab		\$ 50,000			
K-12 Art			\$ 200,000		
K-6 Health			\$ 100,000		
9-12 AI/Data Science			\$ 50,000		
K-12 Social Studies			\$ 2,000,000		
9-12 World Languages			\$ 500,000		
K-12 PE				\$ 200,000	
7-12 Computer Science				\$ 100,000	
7-12 Business				\$ 50,000	
7-12 Cyber Security				\$ 50,000	

*ODEW subsidy per provisions in [HB.33](#) received in FY24 (Restricted State Revenue – Line 1.04).

Summary of Supplies and Materials – Line #3.040

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Supplies	\$915,073	\$628,799	\$638,231	\$647,804	\$657,521
Instructional Supplies and Textbooks	985,570	1,000,354	1,015,359	1,030,589	1,046,048
Curriculum Rotation	4,264,451	0	0	0	0
Health Supplies	30,290	30,744	31,206	31,674	32,149
Electronic Books	1,640,717	1,665,328	1,690,308	1,715,662	1,741,397
Building Maintenance Supplies	970,683	985,243	1,000,022	1,015,022	1,030,248
Fuel for vehicles	1,135,000	1,152,025	1,169,305	1,186,845	1,204,648
Software & Computer Supplies	<u>609,967</u>	<u>619,117</u>	<u>628,403</u>	<u>637,829</u>	<u>647,397</u>
Total Supplies and Materials Line # 3.040	<u>\$10,551,751</u>	<u>\$6,081,610</u>	<u>\$6,172,833</u>	<u>\$6,265,425</u>	<u>\$6,359,407</u>

Equipment – Line #3.050

Capital Outlay is distinct from Supplies and Materials, as these purchases consist of any item with a life expectancy of five years or more, such as land, buildings, ground improvements, computers/technology, buses, vehicles, furnishings, and equipment. With the passage of the permanent improvement (PI) 2 mill levy in 2013, we have been able to move most of the expenditures for the upkeep and maintenance of the districts' 25 facilities. The PI funds are not maintained in the general fund and are not reflected in the five-year forecast, but the funds could have a negative impact on the general fund should the needs outpace the PI revenue.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Equipment	\$178,302	\$180,977	\$183,692	\$186,447	\$189,244
Improvements other than Buildings	<u>50,000</u>	<u>51,000</u>	<u>52,020</u>	<u>53,060</u>	<u>54,122</u>
Total Capital Outlay Line # 3.050	<u>\$228,302</u>	<u>\$231,977</u>	<u>\$235,712</u>	<u>\$239,507</u>	<u>\$243,366</u>

Debt Service – Line #4.020; 4.050; 4.060

Debt committing general fund sources to its repayment must be included in the forecast. Repayment on debt began in FY08 for a \$10 million bond issue, which provided funding for the new Union Elementary School. Additionally, the district issued debt in 2009 and 2010 for energy conservation projects at both high schools and the central office. The final issuance required to be included in the forecast, is debt associated with the artificial turf at both high school stadiums. Payments for the aforementioned debt are reflected in the forecast but paid from the debt service fund per applicable Ohio law. Sequestration has increased our interest payments for our energy conservation projects from its original debt issuance. Our guaranteed federal subsidies have reduced indefinitely by 5.7%. This is an average of an additional \$17,000 each year in interest expense to the district.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Bond Principal Payments Line # 4.010	\$600,000	\$620,000	\$640,000	\$670,000	\$0
HB 264 Principal 3 Issues Line # 4.050	870,000	670,000	0	0	0
Bond & HB264 Interest Total Line # 4.060	<u>140,670</u>	<u>58,100</u>	<u>32,900</u>	<u>10,050</u>	<u>0</u>
Total Principal and Interest	<u>\$1,610,670</u>	<u>\$1,348,100</u>	<u>\$672,900</u>	<u>\$680,050</u>	<u>\$0</u>

Other Expenses – Line #4.300

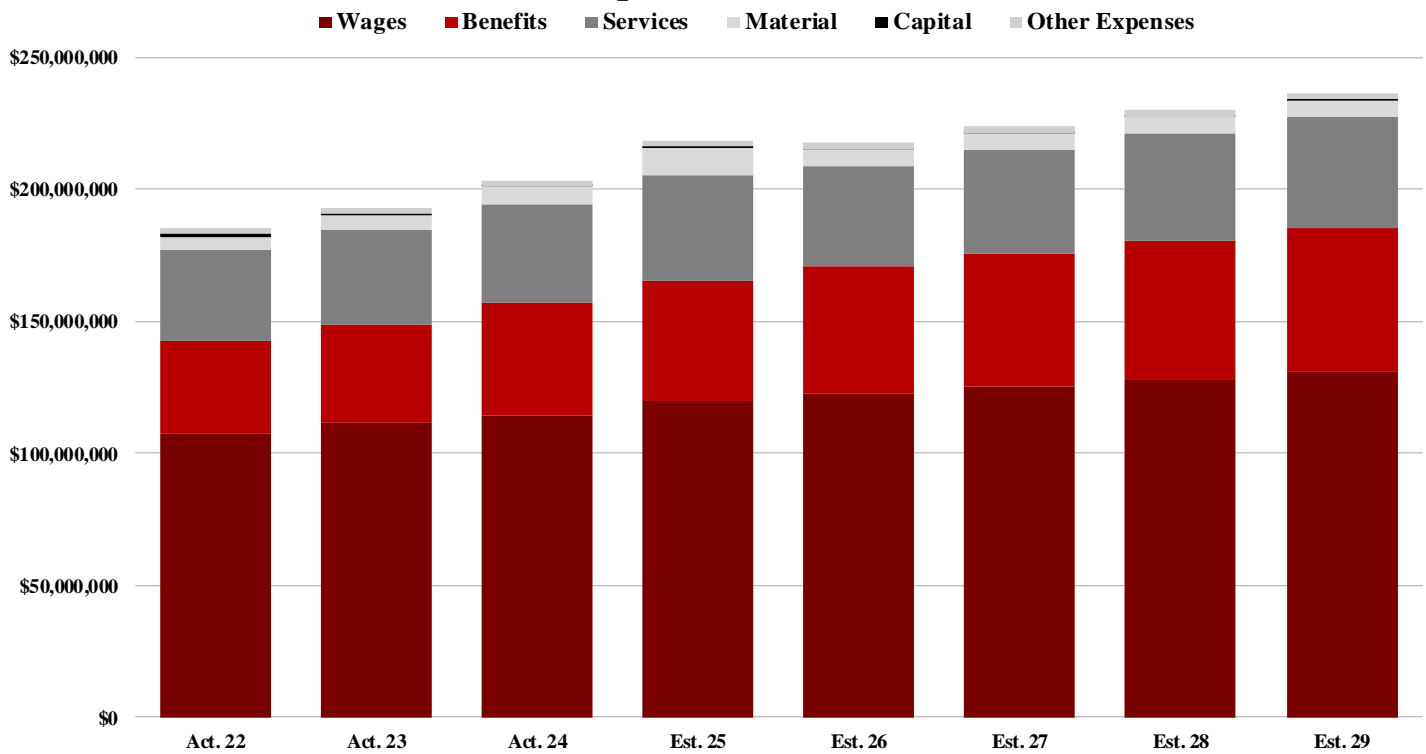
The category of Other Expenses consists primarily of the county educational service center deductions for specialized services provided to the district and auditor and treasurer fees. Auditor and treasurer fees will increase when a new operating levy is collected, during a sexennial reappraisal or triennial update, or during a year when the Board has elections for the voters to select its members. The district had previously received refunds from the county auditor’s office for over-collection of auditor fees during real estate settlement distribution to local governments and school districts in FY20-21, but we did not receive the refund in FY22-23. In FY24, we began receiving the refund again and anticipate continuing to receive it for the remainder of the forecasted period.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$1,750,620	\$1,820,620	\$1,790,620	\$1,780,620	\$1,760,620
Real Estate Fee Return	(505,610)	(510,666)	(515,773)	(520,931)	(526,140)
Butler County ESC	110,650	112,310	113,995	115,705	117,441
Liability Insurance	364,037	382,239	401,351	421,419	442,490
Fleet Insurance	0	230,000	236,900	244,007	251,327
Dues & Fees	326,519	331,417	336,388	341,434	346,556
Audit Fees	74,911	76,035	77,176	78,334	79,509
Banking Fees	96,611	98,060	99,531	101,024	102,539
Other expenses	<u>8,973</u>	<u>9,108</u>	<u>9,245</u>	<u>9,384</u>	<u>9,525</u>
Total Other Expenses Line #4.300	<u>\$2,226,711</u>	<u>\$2,549,123</u>	<u>\$2,549,433</u>	<u>\$2,570,996</u>	<u>\$2,583,867</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 Act. FY22 - Est. FY29



Transfers, Advances and All Other Financing Uses – Line #5.010; 5.020; 5.030

This category includes operating transfers-out, advances-out and refunds of prior year receipts. Operating transfers are funds transferred to the 300 fund to pay for extra-curricular supplemental contracts, administration, and supplies. In FY24, the district began transferring funds to build capital reserves for the rotational replacement of turf, uniforms, and marching band instruments. The district recognized marching band as an extra-curricular beginning in 2014. Since it was approved, the district transferred an equal amount per pupil to the band fund as it contributes to athletics. Beginning in FY25, the band will be operated in line with the accounting model set by athletics of a per participant budget. While this will shift the accounting procedures for marching band funds, it will not change the overall program structure for participants.

In FY25, the district has made plans to effectively use the funds to insure the district against cyclical changes in revenues, the district is establishing reserve funds for school buses, curriculum rotations, and severance payments. These reserve accounts will begin in FY25 with an estimated three-year reserve, then managed with a yearly transfer to assume positive balances through FY35. The objective of these accounts is to ensure stability of programming for current and future students.

Each account will use a similar but slightly different methodology to calculate the initial reserve for a three-year estimate and transfer year-over-year to support the reserve to a zero-based balance over a ten-year period. Currently, the school bus reserve will be set up assuming 16 buses per year are purchased on a twelve-year replacement cycle. Curriculum reserve account is taking into consideration the recommended replacement cycle and a three-year average cost to estimate the yearly transfer amount. The district leadership team reviews the rotation plans with the forecast updates in November and May to make adjustments to price estimates based on factors such as enrollment trends, needs based on academic outcomes, and inflationary adjustments. Severance reserve is a function of wages estimated in the forecasted years and actual spent at the end of the current year, based around current negotiated agreements as well as board policies [1415](#), [1531](#), and [4422](#) the current forecast assumes 0.6% of yearly wages to meet the current obligations of the district. These items are currently captured in the “Reserve Planning” line of the table below and will be illustrated separately in future forecast submissions.

Transfers-out increase or decrease in line with the levy promise to reduce fees and implement a family cap. At the time, the Board of Education reduced extracurricular student fees by 50% as well as provided a fee waiver for our economically disadvantaged families, which historically increased this line by an additional \$300 thousand. Due to record inflation and a flat participation fee over the last twelve years, the district has identified that the support the district must provide to our extracurricular programs will need to increase. The district increased the total transfer to the athletic program to approximately \$3.15 million in FY24, which included planning aimed at additional budgets for extra-curricular programming and creating a separate fund to plan for uniform replacements that aligns with normal replacement cycles. The transfer for extra-curricular also includes an annual capital outlay transfer to begin building a reserve for replacement cycles of the turf fields and marching band instruments. The FY25 extra-curricular transfer is expected to be approximately \$2.77 million. The marching band instruments have not been on a replacement cycle since Lakota went to the two High School model; therefore, the district will advance \$300 thousand to the capital outlay fund to supplement the replacement cycle, which will be repaid by the fund over a six-year cycle.

In collaboration with the Finance Committee, the district approved [Policy 6217](#), the “Budget Stabilization Policy,” on June 10, 2019. [Budget Stabilization Policy 6217](#) states that the district may approve a transfer for 50% of the district general operating fund (001) unencumbered balance over the prior fiscal year-end closing unencumbered balance may be set-aside in the budget stabilization reserve. This annual set-aside may not exceed 5% of the revenue credited to the general operating fund the prior fiscal year. The cumulative balance of the Budget Stabilization Fund shall not exceed 15% of total district general operating fund expenditures for the past three years, as reported in the five-year forecast submitted to the State of Ohio in May of the same fiscal year. Expenditure of these monies will require a separate resolution approved by the Board. In FY25, the Board approved an update to the policy, which changes the fund in which the reserve is held to the Permanent Improvement (PI) fund. Therefore, the district is forecasting a nearly \$8 million transfer of the balance to the PI fund and reclassifying the currently Board approved expenditures from FY25.

Advances include loans to another fund to cover a temporary end of year deficit balance. These funds are returned to the general fund in the subsequent fiscal year. Refunds of prior year receipts are payments received in one fiscal year and returned to the original payer in another fiscal year.

With the expiration of ESSER funds, the district will return to a student fee collection for school fees in accordance with Board approved [policy 6152](#) in FY25. Using these funds to provide relief to the families of students has been well received over the last four years. Should the district receive additional grant revenues in the future, this will be a high priority consideration.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Reserve Planning	\$35,344,789	\$4,901,838	\$5,028,246	\$5,088,160	\$5,106,681
Extra Curricular	2,769,048	2,824,429	2,880,918	2,938,536	2,997,307
Capital	849,975	866,975	884,315	902,001	920,041
Severance	2,378,318	0	0	0	0
Curricular Supplies	565,378	587,993	611,513	635,974	661,413
Budget Stabilization to PI Transfer	7,982,786	0	0	0	0
Club Card	<u>130,949</u>	<u>130,949</u>	<u>130,949</u>	<u>130,949</u>	<u>130,949</u>
Operating Transfers Out Line # 5.010	<u>\$50,021,243</u>	<u>\$9,312,184</u>	<u>\$9,535,941</u>	<u>\$9,695,620</u>	<u>\$9,816,391</u>
Advances Out Line # 5.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Transfers and Advances	<u>\$50,021,243</u>	<u>\$9,312,184</u>	<u>\$9,535,941</u>	<u>\$9,695,620</u>	<u>\$9,816,391</u>

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>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line # 8.010	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

Reservations of Fund Balance – Lines #9.010-9.080

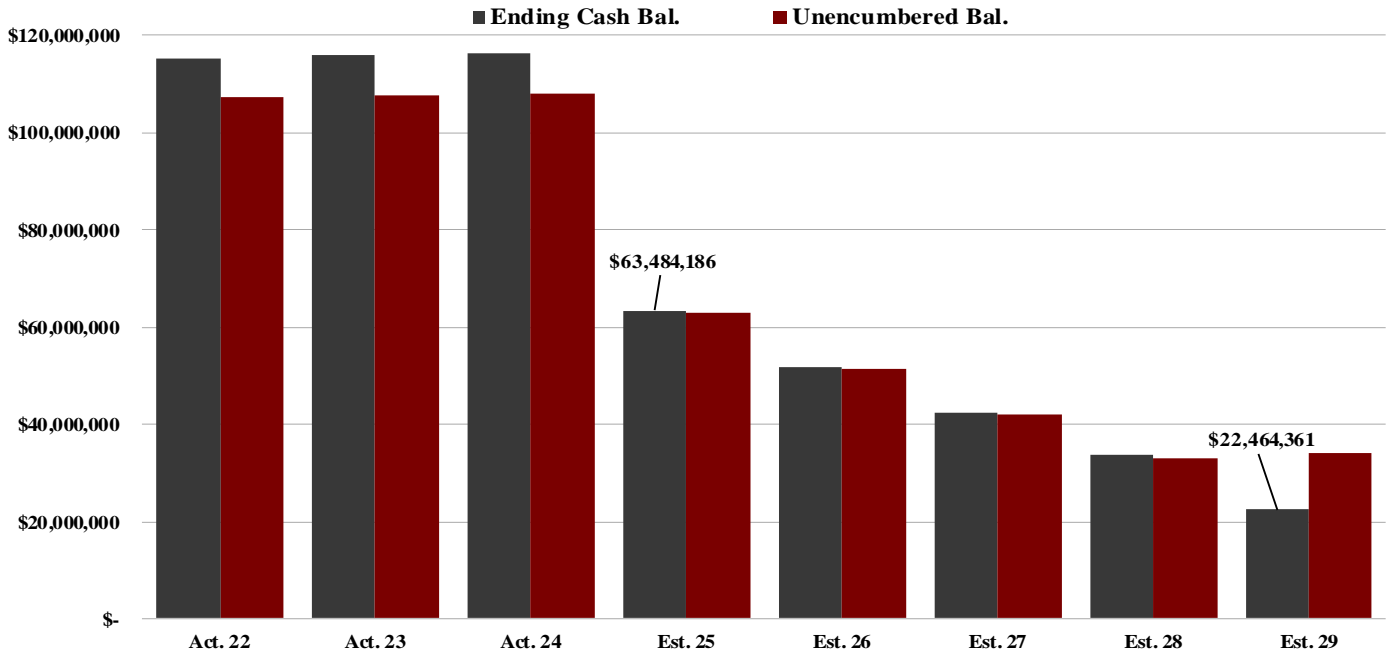
On June 10, 2019 the Board approved [Policy 6217](#), the “Budget Stabilization,” to transfer a portion of the prior year general fund unencumbered carry-over balance to a reserve fund. The district made the first transfer to this newly established fund in July 2019. Policy 6217 states that the district may approve a transfer for 50% of the district general operating fund (001) unencumbered balance over the prior fiscal year-end closing unencumbered balance may be set-aside in the budget stabilization reserve. This annual set-aside may not exceed 5% of the revenue credited to the general operating fund the prior fiscal year. The cumulative balance of the Budget Stabilization Fund shall not exceed 15% of total district general operating fund expenditures for the past three years, as reported in the five-year forecast submitted to the State of Ohio in May of the same fiscal year. Expenditure of these monies will require a separate resolution approved by the Board. On April 3, 2024, the Board of Education approved expenditures of \$3.65 million for one-time facility expenses in anticipation of the master facilities plan. In FY25, the forecast anticipates an update to the policy, which would change the fund in which the reserve is held to the Permanent Improvement (PI) fund.

Ending Unreserved Cash Balance “The Bottom-line” – Line #12.010

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 HB.153, effective September 30, 2011, is issued. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance with reserve accounts, which is approximately \$18 million for our district. Although this is a recommended benchmark, [Board Policy 6218](#) states that upon reaching ninety (90) days cash balance, or approximately \$54.2 million in FY25, the Superintendent and Treasurer/CFO will prepare and propose options that the Board may consider to forestall such an eventuality. Further, the Board believes the financial goals of the district should be in alignment with the district’s strategic plan and instructional goals. When a General Operating Fund cash balance exceeds 150 days, the Superintendent may prepare a plan for the expenditure of the excess General Operating cash balance on one or more of the deliverables of the strategic plan. This plan must be approved by the Board of Education and cannot result in the General Operating Fund cash balance falling below ninety (90) days in any year of the rolling five-year forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance	<u>\$62,984,186</u>	<u>\$51,273,194</u>	<u>\$41,849,033</u>	<u>\$33,141,944</u>	<u>\$33,934,405</u>

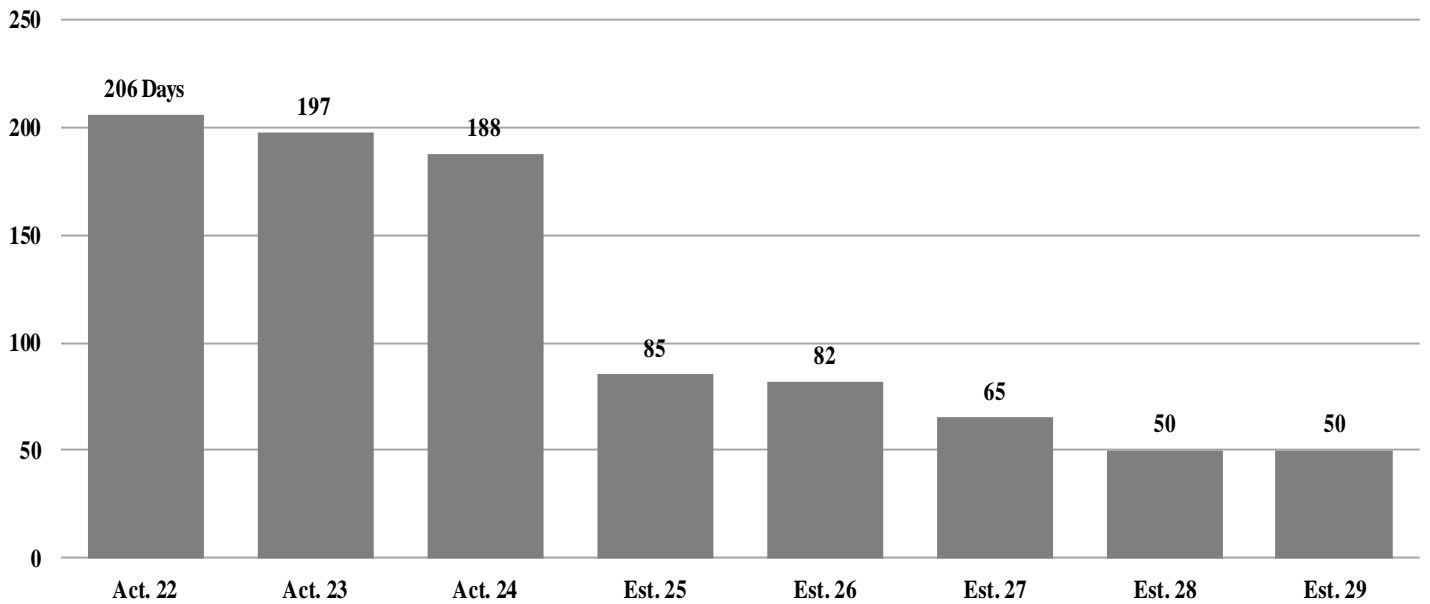
General Fund Ending Cash Balance



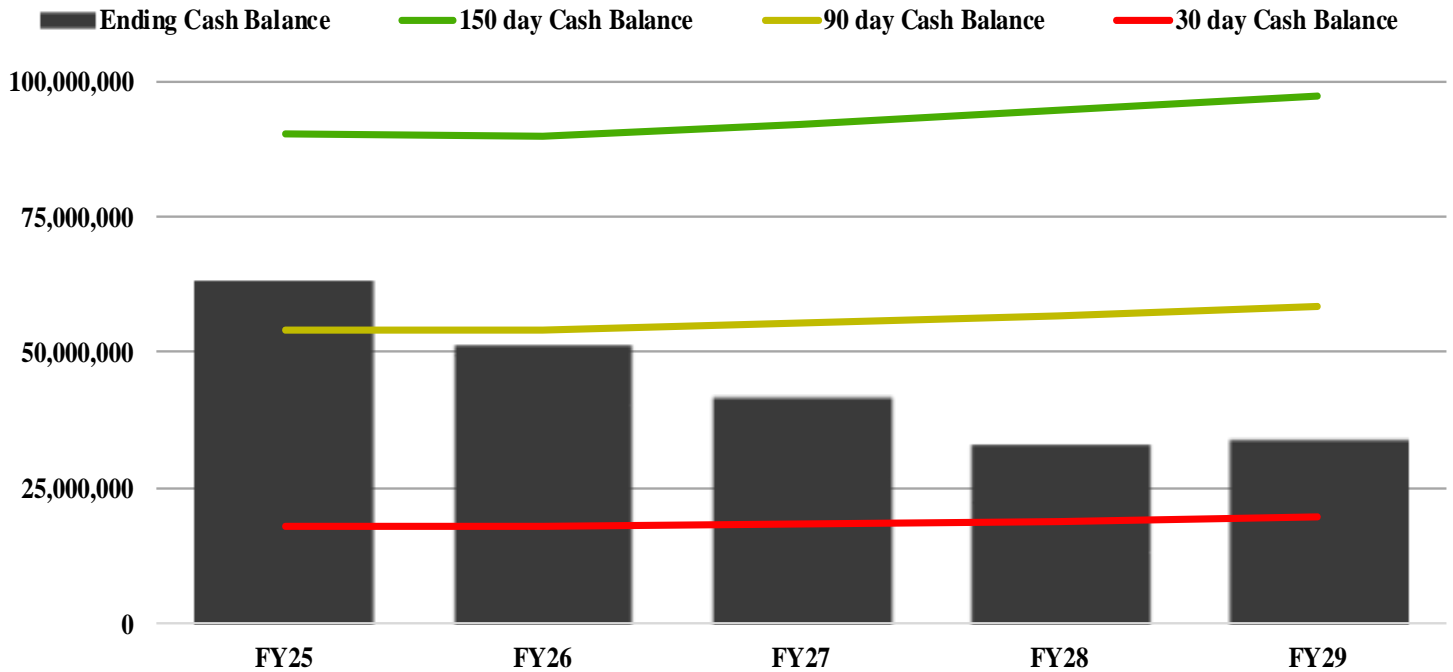
True Cash Days Ending Balance

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 represents the number of days the district could operate without additional resources or a severe resource interruption. It is calculated by dividing the Current Year’s Ending Cash Balance by the average daily expenditures over 365 days. The Government Finance Officers Association (GFOA) recommends that no fewer than one (1) months or thirty (30) days of cash is on hand at year-end with reserve accounts. Still, it could be more dependent on each district’s complexity and risk factors for revenue collection. This calculation includes the transfer line because this is a predictable funding source for other funds such as capital, athletics, and severance reserves.

Ending Cash Balance in True Cash Days



Cash Balance with True Cash Days Benchmarks



Additional Financial Resources

- [Treasurer's Office Webpage](#)
- [Financial Prospectus](#)
- [Comprehensive Annual Financial Report](#)
- [Budget and Appropriations](#)
- [Monthly Board Reports](#)
- [Public Records](#)
- [Strategic Plan](#)
- [Master Facilities Plan](#)
- [2013 Levy Facts](#)
- [District Report Cards](#)
- [Financial Audit](#)
- [Quality Profile](#)
- [School Finances 101](#)
- [School Finances: Valuation Explained](#)
- [School Funding: Millage Explained](#)
- [OEPI HB.920 Explanation by Dr. Howard Fleeter](#)
- [House Bill 920](#)
- [House Bill 33](#)

Financial Policies

- [6144 - INVESTMENTS](#)
- [6144.01 - INVESTMENTS](#)
- [6152 - STUDENT FEES, FINES, AND CHARGES](#)
- [6210 - FISCAL PLANNING](#)
- [6217 - BUDGET STABILIZATION POLICY](#)
- [6218 - CASH BALANCE RESERVE POLICY](#)
- [6219 - SCHOOL DISTRICT FINANCIAL POLICY](#)
- [DOCUMENT STRUCTURALLY BALANCED BUDGET](#)
- [6220 - BUDGET PREPARATION](#)
- [6231 - APPROPRIATIONS AND SPENDING PLAN](#)
- [6232 - APPROPRIATIONS IMPLEMENTATION](#)
- [6320 - PURCHASING AND BIDDING](#)