

**BERKSHIRE LOCAL SCHOOL DISTRICT-GEAUGA 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
Berkshire Local School District**

**Beth A. McCaffrey, Treasurer
May 12, 2025**

Berkshire Local School District

Geauga County

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

		Actual			Average Change	Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024		Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues										
1.010	General Property Tax (Real Estate)	6,550,746	6,613,773	7,787,775	9.4%	8,512,636	8,615,886	9,025,003	9,301,115	9,315,279
1.020	Public Utility Personal Property Tax	725,221	350,754	1,244,488	101.6%	768,730	937,217	949,667	962,117	974,567
1.030	Income Tax	3,515,642	3,775,205	3,708,399	2.8%	3,962,417	4,002,042	4,042,064	4,082,485	4,123,311
1.035	Unrestricted State Grants-in-Aid	5,198,627	5,311,144	5,404,394	2.0%	5,437,733	5,438,178	5,438,608	5,439,020	5,439,412
1.040	Restricted State Grants-in-Aid	327,687	368,643	486,013	22.2%	510,599	403,110	403,110	403,110	403,110
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050	State Share of Local Property Taxes	932,747	935,404	1,056,056	6.6%	1,184,006	1,181,189	1,230,344	1,279,341	1,281,631
1.060	All Other Revenues	1,146,453	1,304,925	1,478,180	13.5%	1,628,888	1,638,443	1,649,718	1,639,523	1,631,617
1.070	Total Revenues	18,397,123	18,659,848	21,165,305	7.4%	22,005,009	22,216,065	22,738,514	23,106,711	23,168,927
Other Financing Sources										
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	173,810	208,696	50,626	-27.8%	20,000	20,000	20,000	20,000	20,000
2.060	All Other Financing Sources	31,822	36,897	56,129	34.0%	31,000	31,000	31,000	31,000	31,000
2.070	Total Other Financing Sources	205,632	245,593	106,755	-18.5%	51,000	51,000	51,000	51,000	51,000
2.080	Total Revenues and Other Financing Sources	18,602,755	18,905,441	21,272,060	7.1%	22,056,009	22,267,065	22,789,514	23,157,711	23,219,927
Expenditures										
3.010	Personal Services	8,736,270	9,410,485	9,936,690	6.7%	11,395,383	11,832,916	12,309,148	12,682,569	13,040,752
3.020	Employees' Retirement/Insurance Benefits	3,291,336	3,354,638	3,495,640	3.1%	3,763,441	3,750,612	3,848,161	3,930,501	3,999,058
3.030	Purchased Services	4,029,007	4,836,293	5,458,500	16.5%	5,240,979	5,086,707	5,179,351	5,327,088	5,427,877
3.040	Supplies and Materials	387,502	505,006	687,814	33.3%	662,580	577,820	577,820	577,820	577,820
3.050	Capital Outlay	182,918	286,101	295,501	29.8%	443,360	383,864	410,890	174,090	248,399
4.300	Other Objects	254,107	301,801	339,053	15.6%	337,677	337,677	337,677	337,677	337,677
4.500	Total Expenditures	16,881,140	18,694,324	20,213,198	9.4%	21,843,421	\$21,969,596	22,663,046	23,029,745	23,631,582
Other Financing Uses										
5.010	Operating Transfers-Out	835,804	1,023,886	1,190,844	19.4%	1,289,844	1,488,993	1,754,467	1,785,567	1,722,456
5.020	Advances-Out	256,909	-	222,256	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	-	-	-	0.0%	0	0	0	0	0
5.040	Total Other Financing Uses	1,092,713	1,023,886	1,413,100	15.9%	1,289,844	1,488,993	1,754,467	1,785,567	1,722,456
5.050	Total Expenditures and Other Financing Uses	17,973,853	19,718,210	21,626,298	9.7%	23,133,265	23,458,589	24,417,514	24,815,312	25,354,039
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	628,902	(812,769)	(354,238)	-142.8%	(1,077,256)	(1,191,523)	(1,628,000)	(1,657,601)	(2,134,112)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,600,240	5,229,142	4,416,373	-0.9%	4,062,135	2,984,879	1,793,356	165,356	(1,492,245)
7.020	Cash Balance June 30	5,229,142	4,416,373	4,062,135	-11.8%	2,984,879	1,793,356	165,356	1,492,245-	3,626,357-
8.010	Estimated Encumbrances June 30	341,221	373,585	566,782	30.6%	150,000	150,000	150,000	150,000	150,000
10.010	Fund Balance June 30 for Certification of Appropriations	4,887,921	4,042,788	3,495,353	-15.4%	2,834,879	1,643,356	15,356	(1,642,245)	(3,776,357)
Revenue from New Levies										
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	Unreserved Fund Balance June 30	4,887,921	4,042,788	3,495,353	-15.4%	2,834,879	1,643,356	15,356	(1,642,245)	(3,776,357)

Berkshire Local School District – Geauga 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 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, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal forecast is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the 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 \$22.01 million or \$162,341 lower which is .73% lower than the November forecasted amount of \$21.17 million. This indicates that the November forecast was 99.27% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 42.2% and are estimated to be \$8.5 million, which is \$67,065 lower for FY25 than the original November estimate of \$8.58 million. Our estimates are 99.22% accurate for FY25 and should mean future projections are also on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be \$3.85 million in the November forecast. Collections for FY25 are \$3.96 million, which is 2.79% over our original estimate by \$107,670. The SDIT represents 18% of the district revenues and is 97.21% on target for the year.

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 \$5.95 million, which is \$35,327 lower than the original estimate for FY25. Our estimate is 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 expected to be lower by \$106,154 in FY25 due to lower preschool collections.

All other 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 \$21.84 million for FY25, which is \$41,456 lower than the original estimate of \$21.88 million in the November forecast, which is roughly 99.81% on target with initial estimates. Various lines of the forecast had minor adjustments to lower expenses overall.

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

Unreserved Ending Cash Balance

With revenues and expenses down slightly from estimates, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly \$2.83 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through FY27, before slipping into fiscal precaution in FY28, if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

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 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, predominately local taxes, equating to 68% of the district's resources. Our tax collections in the second half 2024 and first half 2025 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Geauga County experienced a reappraisal update in the 2023 tax year to be collected in FY24. Overall values rose \$105.83 million or 28.13%, including reappraisal and new construction for all property classes. An update will occur in the tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$35.78 million for an overall increase of 7.34%. 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) The Ohio Legislature in 2024 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 HB96 which could impact every district in the state of Ohio.

HB96 seeks to limit school district ending carry over cash balances to 30% of their prior years 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. HB96 has several severe consequences for school districts in terms of financial stability, and 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 HB96 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 HB96 and several other legislative proposals that would limit property tax growth. Several of these proposals in addition to HB96 could be a very significant risk to future local tax growth for our district. We will update the forecast when factual data is available.

4) The state budget represented 32% 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 governors proposed budget recommendation in HB96 dated February 3, 2025, reduced funding for public school by -\$103.5 million over FY26-27. The legislative process will continue with uncertainty through June 30, 2025, which is after the forecast must be approved. This is an area of elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on of HB33 our current state budget which expires June 30, 2025. We will adjust the forecast for state aid in future years as we have reliable data to make an informed decision.

5) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 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.

6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid.

However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

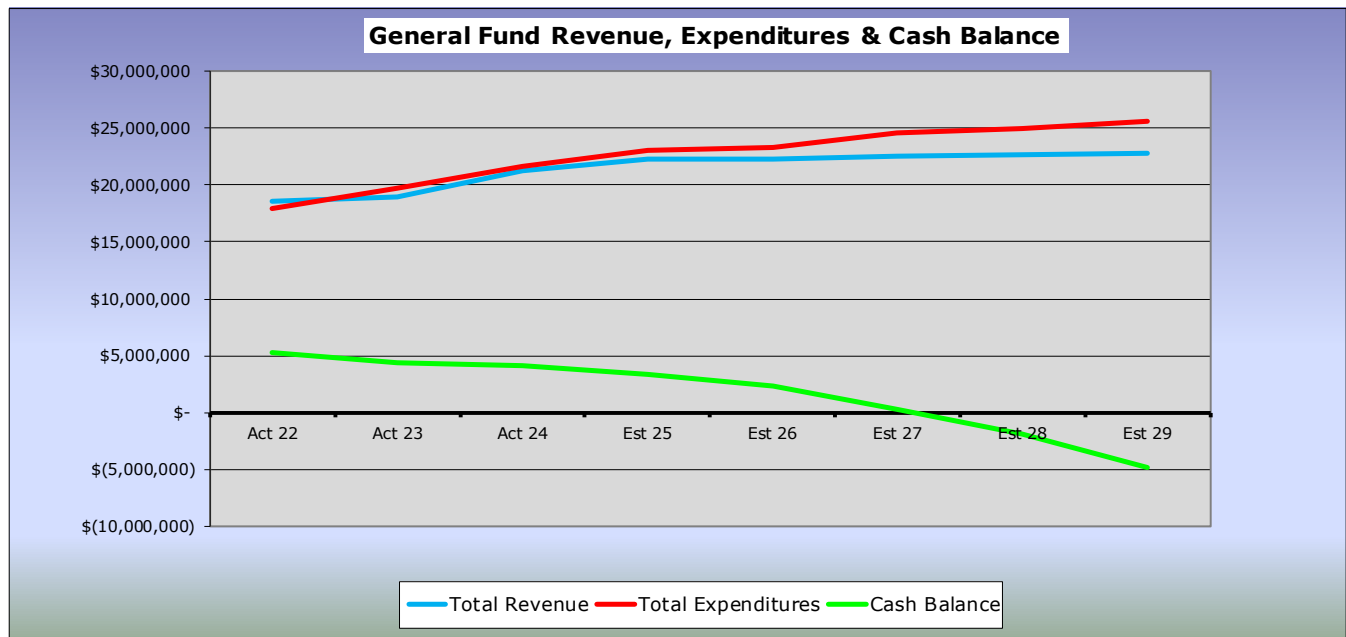
7) Income tax is the district's third-largest revenue source. The past few payments we received have been greater than in previous years, making income tax forecasting even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

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 Beth McCaffrey, Treasurer, at 440.834.3380.

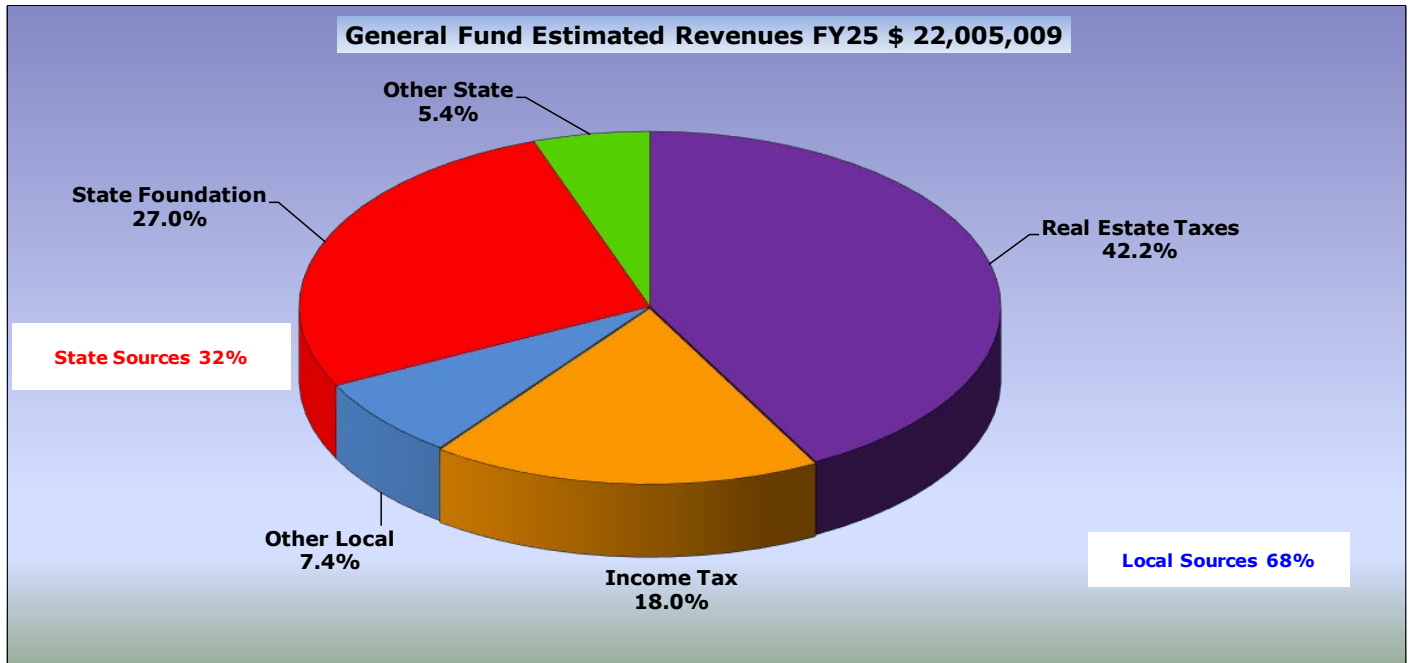
General Fund Revenue, Expenditures, and Ending Cash Balance FY22-24 and Estimated FY25-29

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



Revenue Assumptions

Estimated Operating Revenue Sources General Fund FY25



General Property Tax and Property Value Assumptions (Real Estate) – Line #1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Geauga County experienced a sexennial reappraisal for the 2023 tax year to be collected in FY24. Residential/agricultural values increased 29.73% or \$101 million due to the update, led by an improving housing market. Commercial/industrial values increased by \$4.1 million. Overall values increased \$105.8 million or 28.13%, which includes new construction for all classes of property.

A triennial update will occur in the tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$35.78 million for an overall increase of 7.34%. 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.

Public Utility Personal Property (PUPP) values increased by \$1.94 million in the tax year 2024. We expect our values to continue to grow by \$250,000 each year of the forecast.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over legislative actions that may take place in the spring of 2025 that limits property tax growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
Classification	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028	COLLECT 2029
Res./Ag.	\$434,465,110	\$435,315,110	\$444,871,412	\$445,721,412	\$446,571,412
Comm./Ind.	49,616,230	49,466,230	49,316,230	49,166,230	49,016,230
Public Utility Personal Property (PUPP)	<u>16,996,640</u>	<u>17,246,640</u>	<u>17,496,640</u>	<u>17,746,640</u>	<u>17,996,640</u>
Total Assessed Value	<u>\$501,077,980</u>	<u>\$502,027,980</u>	<u>\$511,684,282</u>	<u>\$512,634,282</u>	<u>\$513,584,282</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 levies is 49.8 mills while the Class I effective millage rate is 20 mills and the Class II effective millage rate is 20.42 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the floor for Class I.

Estimated Real Estate Tax (Line #1.010)

Source	FY25	FY26	FY27	FY28	FY29
General Property Taxes	<u>\$8,579,701</u>	<u>\$8,569,920</u>	<u>\$8,719,240</u>	<u>\$8,797,415</u>	<u>\$8,811,579</u>

Property tax levies are estimated to be collected at 98.28% of the annual amount. This allows for a 1.72% delinquency factor. In general, 56.6% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 43.4% in the August tax settlement.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

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

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table below under P.U. Personal, which was \$16.7 million in assessed values in 2023 and is 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 11.57% or \$1.94 million and are expected to grow by \$250,000 each year of the forecast.

The Orwell Trumbull Pipeline filed for bankruptcy and the assets were sold separately from the liabilities. This issue is affecting all school districts that are associated with the pipeline. The Public Utility valuations were reduced after the 2020 Geauga County triennial appraisal and the Orwell Trumbull Pipeline values were completely removed in the amount of \$1.1 million. The County Treasurer currently shows that Berkshire is owed \$942,671 dollars in delinquent taxes from the Orwell Trumbull Pipeline. This delinquency has not been included in the forecast as advised by the County Budget Commission in February 2023. At the tax budget hearing held by the Geauga County budget Commission on February 20, 2025, Geauga County Prosecutor, James R Flaiz, stated that a complaint was filed in May 2024 with the Geauga Court of Common Pleas

regarding the payment of unpaid delinquent taxes. Mr. Flaiz advised that the case was sent to the Cuyahoga Common Pleas Court and in March 2025 Judge Brendan Sheehan ruled that that Geauga County had no basis for a claim as they were notified of the sale in 2019. Mr. Flaiz filed an appeal on April 25, 2025. It is unknown at this time when the appeal will be heard.

Source	FY25	FY26	FY27	FY28	FY29
Public Utility Personal Property (Line#1.020)	<u>\$768,730</u>	<u>\$937,217</u>	<u>\$949,667</u>	<u>\$962,117</u>	<u>\$974,567</u>

School District Income Tax – Line#1.030

The district has a 1% earned SDIT for a continuous period. The changes in tax amounts are leveling off from the pandemic. We suffered an unexpected dip of \$66,806 or 1.77% in FY24 from projected amounts. So far, in FY25, income tax collection statewide has ranged from 1% to a 9% increase. Our collection in FY25 is \$3.96 million which is up 2.79% over estimates and 6.85% year over year. We will assume that income from withholdings will continue to increase in future collections. We will assume an annual growth rate of 1% for FY26-FY29 as the concerns over inflation may slow growth in this area.

Source	FY25	FY26	FY27	FY28	FY29
School District Income Tax	\$3,708,399	\$3,962,417	\$4,002,042	\$4,042,064	\$4,082,485
Adjustments	<u>254,018</u>	<u>39,625</u>	<u>40,021</u>	<u>40,422</u>	<u>40,826</u>
Total to Line #1.030	<u>\$3,962,417</u>	<u>\$4,002,042</u>	<u>\$4,042,064</u>	<u>\$4,082,485</u>	<u>\$4,123,311</u>

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

A) Unrestricted State Foundation Revenue– Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the most recent foundation settlement and funding factors.

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).

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.

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 1.0% annual growth rate for the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	\$5,077,126	\$5,077,126	\$5,077,126	\$5,077,126	\$5,077,126
Additional Aid Items	271,090	271,090	271,090	271,090	271,090
Basic Aid-Unrestricted Subtotal	\$5,348,216	\$5,348,216	\$5,348,216	\$5,348,216	\$5,348,216
Ohio Casino Commission ODT	89,517	89,962	90,392	90,804	91,196
Total Unrestricted State Aid Line # 1.035	<u>\$5,437,733</u>	<u>\$5,438,178</u>	<u>\$5,438,608</u>	<u>\$5,439,020</u>	<u>\$5,439,412</u>

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive \$107,489 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

Source	FY25	FY26	FY27	FY28	FY29
DPIA	\$28,445	\$28,445	\$28,445	\$28,445	\$28,445
Career Tech	779	779	779	779	779
Gifted	32,306	32,306	32,306	32,306	32,306
ESL	660	660	660	660	660
Student Wellness	90,043	90,043	90,043	90,043	90,043
Other Restricted State Funds	107,489	0	0	0	0
Catastrophic Aid	250,877	250,877	250,877	250,877	250,877
Total Restricted State Revenues Line #1.040	<u>\$510,599</u>	<u>\$403,110</u>	<u>\$403,110</u>	<u>\$403,110</u>	<u>\$403,110</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line # 1.035	\$5,437,733	\$5,438,178	\$5,438,608	\$5,439,020	\$5,439,412
Restricted Line # 1.040	510,599	403,110	403,110	403,110	403,110
Restricted Federal Grants - #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$5,948,332</u>	<u>\$5,841,288</u>	<u>\$5,841,718</u>	<u>\$5,842,130</u>	<u>\$5,842,522</u>

State Share of Local Property Tax – 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.

Summary of State Tax Reimbursement – Line #1.050

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Rollback and Homestead	\$1,184,006	\$1,181,189	\$1,230,344	\$1,279,341	\$1,281,631
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$1,184,006</u>	<u>\$1,181,189</u>	<u>\$1,230,344</u>	<u>\$1,279,341</u>	<u>\$1,281,631</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22 any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024 and 25 basis points in November. 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. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY25	FY26	FY27	FY28	FY29
Preston Rent	\$0	\$36,000	\$60,000	\$60,000	\$60,000
Interest	345,000	241,500	217,350	195,615	176,054
Medicaid	100,901	101,907	102,923	103,949	104,985
Tuitions	1,004,894	1,040,943	1,051,352	1,061,866	1,072,485
MH Tax, Fees, and Miscellaneous	<u>178,093</u>	<u>218,093</u>	<u>218,093</u>	<u>218,093</u>	<u>218,093</u>
Total Other Local Revenue Line #1.060	<u>\$1,628,888</u>	<u>\$1,638,443</u>	<u>\$1,649,718</u>	<u>\$1,639,523</u>	<u>\$1,631,617</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.

Preschool/latchkey, Fund 020 received an advance of \$171,629.77 in FY24 for the early childhood program. It is anticipated that \$20,000 will be repaid in FY25 and \$20,000 will be repaid each year of this forecast until it is paid off.

Source	FY25	FY26	FY27	FY28	FY29
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
Total Transfer & Advances In	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

All Other Financial Sources – Line #2.060

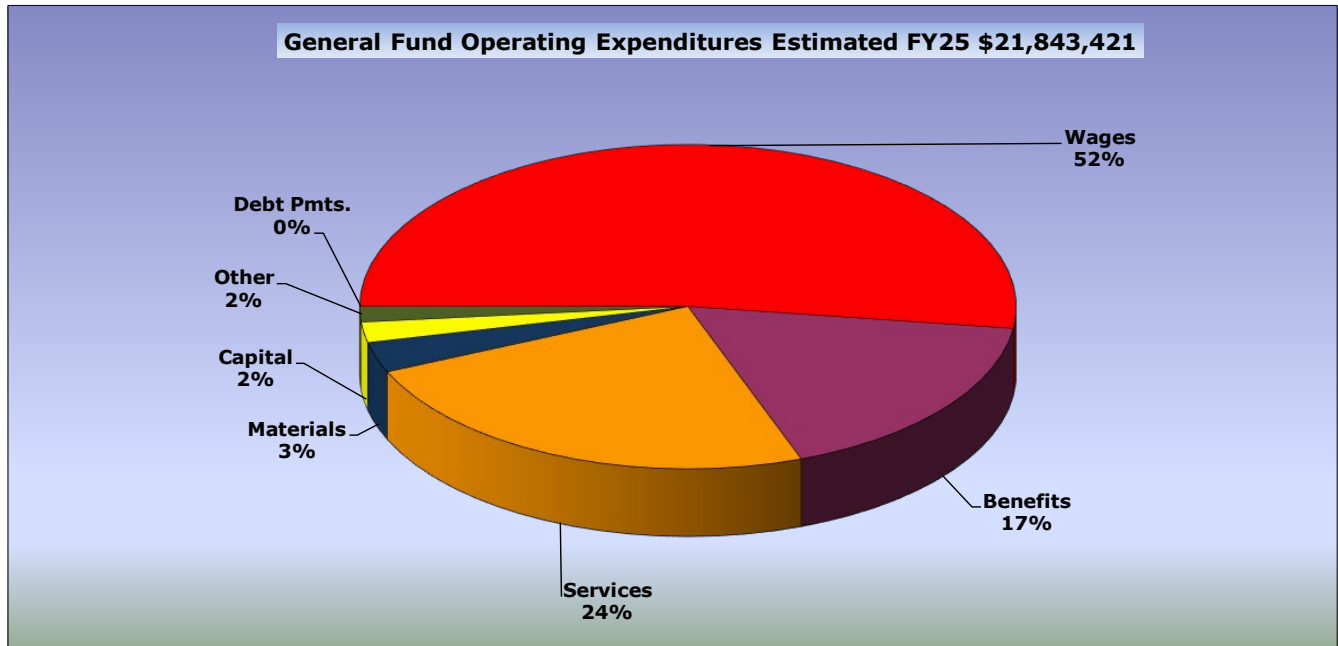
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Refund of prior years expenditures	<u>\$31,000</u>	<u>\$31,000</u>	<u>\$31,000</u>	<u>\$31,000</u>	<u>\$31,000</u>

Expenditures Assumptions

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

Estimated General Fund Operating Expenditures for FY25



Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. Negotiations with bargaining unit members resulted in an agreement to include base increases of 4.45% for FY25 and 3% for FY26 and FY27. Future years for planning purposes are estimated at 2% a year from FY28 through FY29 with employees. Classified employee's salary schedules were re-negotiated to bring their pay scale in line with area districts, in order to accomplish this the classified employees agreed to concessions on healthcare coverages. The district also has step increases of 1.3% each year of the forecast. FY25 reflects the addition of 1 administrator position in special education and 1 administrator position as a director of professional learning and outreach, 4 preschool teaching positions and 6 preschool classified positions, 1 new special ed teacher, 1 literacy teacher and 6 new classified positions in the elementary school, 1 new special ed teacher and 1 new classified position in the middle school.

In FY25, a voluntary buyout program has been implemented to help the district reduce staffing costs. It is anticipated that seven teaching staff will participate in the program. All seven positions will be replaced to maintain instructional capacity.

Looking ahead to FY26, the district plans to add one Board Certified Behavior Analyst (BCBA) position. This addition is expected to reduce expenditures in contracted purchase services by bringing this specialized service in-house.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$9,992,650	\$11,327,700	\$11,794,260	\$12,155,192	\$12,528,034
Step & Training	129,904	147,260	153,325	158,017	162,864
Growth	771,623	476,188	70,864	70,864	93,062
Substitutes	196,661	202,561	208,638	212,810	217,067
Supplementals	170,802	175,926	181,204	184,828	188,524
Staff Reductions	(251,267)	(531,720)	(99,143)	(99,143)	(148,800)
Total Wages Line #3.010	<u>\$11,395,383</u>	<u>\$11,832,916</u>	<u>\$12,309,148</u>	<u>\$12,682,569</u>	<u>\$13,040,752</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid.

A) STRS/SERS

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

FY25 saw an increase in medical insurance premiums from Medical Mutual of 3%. This is a 2-year agreement so there will be no increase in FY26. For FY27-29 we are estimating 2% increases. Classified staff agreed to medical insurance concessions moving to an ICHRA plan limited to University Hospital networks. The ICHRA rates change each year, 2% increase is forecasted in FY26-FY29. Dental and Life insurance rates are not known at this time. We believe that there will be slight increases to both these categories.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .4% of wages FY24– FY28. Unemployment is likely to remain at a shallow level FY25-FY29. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of 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.

Estimated Fringe Benefits – Line #3.020

Source	FY25	FY26	FY27	FY28	FY29
A) STRS/SERS	\$1,747,657	\$1,808,788	\$1,881,675	\$1,938,746	\$1,993,843
B) Insurance's	\$1,811,088	\$1,721,570	\$1,737,876	\$1,754,509	\$1,761,332
C) Workers Comp/Unemployment	\$41,229	\$48,332	\$50,237	\$51,730	\$53,163
D) Medicare	\$162,178	\$170,633	\$177,084	\$184,227	\$189,431
Other/Tuition	<u>\$1,289</u>	<u>\$1,289</u>	<u>\$1,289</u>	<u>\$1,289</u>	<u>\$1,289</u>
Total Fringe Benefits Line #3.020	<u>\$3,763,441</u>	<u>\$3,750,612</u>	<u>\$3,848,161</u>	<u>\$3,930,501</u>	<u>\$3,999,058</u>

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SROs and then returned these costs to the General Fund in FY23-29.

For FY25, preschool and other special education services are being provided in our school building rather than be contracted out. 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. FY26-FY29 assumes a 2% growth rate for Tuitions, professional support and repairs, transportation and utilities.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Services	\$63,211	\$63,211	\$63,211	\$63,211	\$63,211
Excess Cost County ESC 474	67,647	67,647	67,647	67,647	67,647
Other Tuition Including Ed Scholarship-479	1,094,397	1,016,285	1,036,611	1,057,343	1,078,490
Professional Support 41x	1,163,819	1,037,095	1,057,837	1,128,994	1,151,574
Building & Bus Repairs 42x	323,691	323,691	323,691	323,691	323,691
Transportaion	2,216,711	2,261,045	2,306,266	2,352,391	2,399,439
Utilities	311,503	317,733	324,088	333,811	343,825
Total Purchased Services Line #3.030	<u>\$5,240,979</u>	<u>\$5,086,707</u>	<u>\$5,179,351</u>	<u>\$5,327,088</u>	<u>\$5,427,877</u>

Supplies and Materials – Line #3.040

This category of expenses which are characterized by classroom supplies, textbooks, janitorial supplies, transportation fuel and supplies, and other miscellaneous materials. Costs have increased in FY25 for startup of the preschool program. Chromebook replacement has been accelerated in FY25.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Supplies 511,512,514,516,519	\$395,116	\$300,000	\$300,000	\$300,000	\$300,000
Textbooks 521	14,644	25,000	25,000	25,000	25,000
Building Maintenance	86,653	86,653	86,653	86,653	86,653
Transportation 570,572,582	<u>166,167</u>	<u>166,167</u>	<u>166,167</u>	<u>166,167</u>	<u>166,167</u>
Total Supplies Line #3.040	<u>\$662,580</u>	<u>\$577,820</u>	<u>\$577,820</u>	<u>\$577,820</u>	<u>\$577,820</u>

Capital Outlay – Line # 3.050

The area of capital outlay is for all types of equipment whether it is for educational purposes or building repairs. Capital outlay accounts for expenditures with a useful life of more than five years and include classroom equipment, bus lease payments and building improvements. The district is projecting near flat funding in FY25-FY29.

Source	FY25	FY26	FY27	FY28	FY29
Capital Outlay	\$117,100	\$25,000	\$25,000	\$25,000	\$25,000
Chromebooks 690	122,886	212,485	239,511	66,090	140,399
Replacement Bus/Van Purchases	<u>203,374</u>	<u>146,379</u>	<u>146,379</u>	<u>83,000</u>	<u>83,000</u>
Total Equipment Line #3.050	<u>\$443,360</u>	<u>\$383,864</u>	<u>\$410,890</u>	<u>\$174,090</u>	<u>\$248,399</u>

Debt Service – Line # 4.01-4.06

Because the permanent improvement levy was defeated in November 2024, debt payments on the COPS issue for the Athletics Facility and lease payments on the preschool modular have been included in the general fund transfers out to capital improvement fund 070 and debt the service fund. The transfers to those funds are included in Line #5.01 beginning in FY26.

Other Expenses – Line #4.300

This category of expenses is primarily for county auditors and treasurers' fees for collecting property taxes and the Ohio Department of Taxation to collect and manage the districts income tax collection, and educational service center fees. The other expense category is several small expenses with the largest being district liability insurance and dues and fees to organizations such as OSBA.

Source	FY25	FY26	FY27	FY28	FY29
County Auditor & Treasurer Fees	\$202,085	\$202,085	\$202,085	\$202,085	\$202,085
County ESC	\$8,385	\$8,385	\$8,385	\$8,385	\$8,385
Other expenses	<u>\$127,207</u>	<u>\$127,207</u>	<u>\$127,207</u>	<u>\$127,207</u>	<u>\$127,207</u>
Total Other Expenses Line #4.300	<u>\$337,677</u>	<u>\$337,677</u>	<u>\$337,677</u>	<u>\$337,677</u>	<u>\$337,677</u>

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer 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. Transfers out in FY25 include \$350,000 to the Self Insurance Fund, \$100,000 to Severance Fund; \$30,000 to the Athletic Fund; \$489.990 to Athletic Supplementals; and \$169,854 to OFCC Fund 034. In FY24 and in future years, athletic supplementals are included in the Athletics Fund and will be supplemented through the General Fund. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Transfers to capital improvement fund 070 for athletic facility Certificates of Participation (COPS) and debt service fund for our bus lease payments will begin in FY26 through FY29 due to failure of the Permanent Improvement levy November 2024.

Source	FY25	FY26	FY27	FY28	FY29
Operating Transfers Out Line #5.010	\$1,289,844	\$1,488,993	\$1,754,467	\$1,785,567	\$1,722,456
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total Transfer & Advances Out	<u>\$1,289,844</u>	<u>\$1,488,993</u>	<u>\$1,754,467</u>	<u>\$1,785,567</u>	<u>\$1,722,456</u>

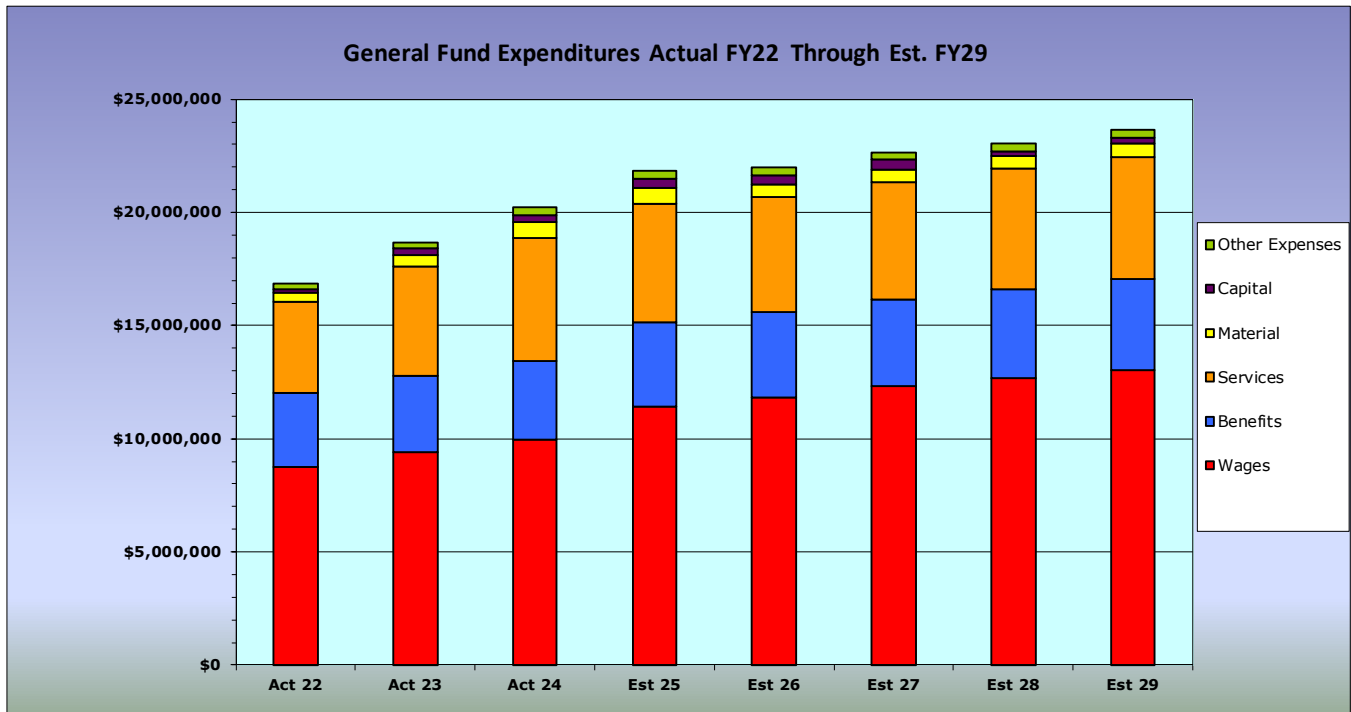
Encumbrances –Line#8.010

These outstanding purchase orders have yet to be approved for payment, as the goods were not received in the fiscal year in which they were ordered.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$150,000</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As the graph on the following page 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.



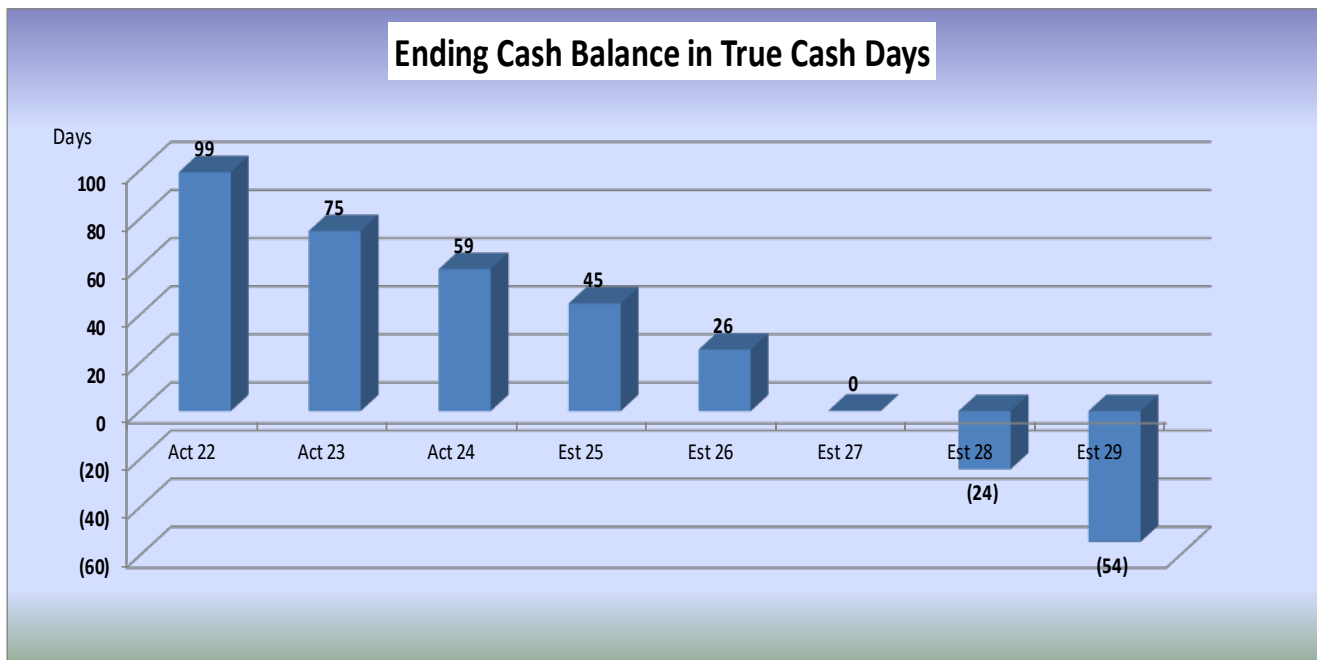
Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract knowingly signed those results in a negative unencumbered cash balance violates 5705.412, ORC, punishable by the personal liability of \$10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$1.66 million for our district.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unencumbered Cash Balance	<u>\$2,834,879</u>	<u>\$1,643,356</u>	<u>\$15,356</u>	<u>-\$1,642,245</u>	<u>-\$3,776,357</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 recommends that no less than two (2) months or 60 days of cash is on hand at year-end. Still, it could be more depending 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.



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