

Vermilion Local School District

Five Year Forecast Financial Report

May, 2024

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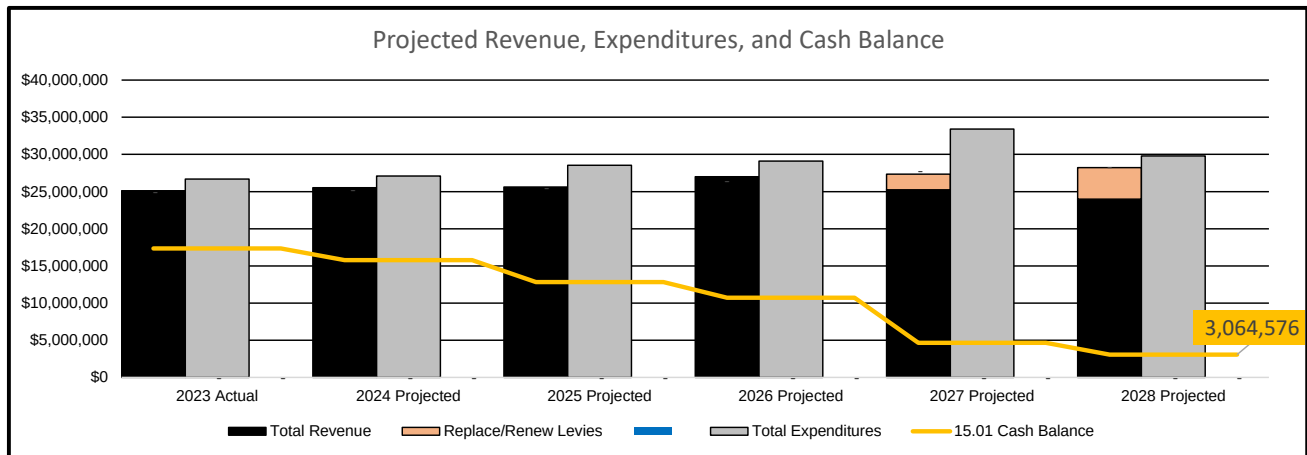
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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

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

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



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	17,350,379	15,776,620	12,827,934	10,717,336	4,645,430
+ Revenue	25,533,678	25,600,353	27,007,655	25,233,752	23,983,585
+ Proposed Renew/Replacement Levies	-	-	-	2,112,981	4,225,880
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(27,107,437)	(28,549,039)	(29,118,253)	(33,418,639)	(29,790,319)
= Revenue Surplus or Deficit	(1,573,759)	(2,948,686)	(2,110,597)	(6,071,906)	(1,580,854)
Line 7.020 Ending Balance with renewal/new levies	15,776,620	12,827,934	10,717,336	4,645,430	3,064,576

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(1,573,759)	(2,948,686)	(2,110,597)	(8,184,887)	(5,806,734)
Ending Balance w/o Levies	15,776,620	12,827,934	10,717,336	2,532,449	(3,274,285)

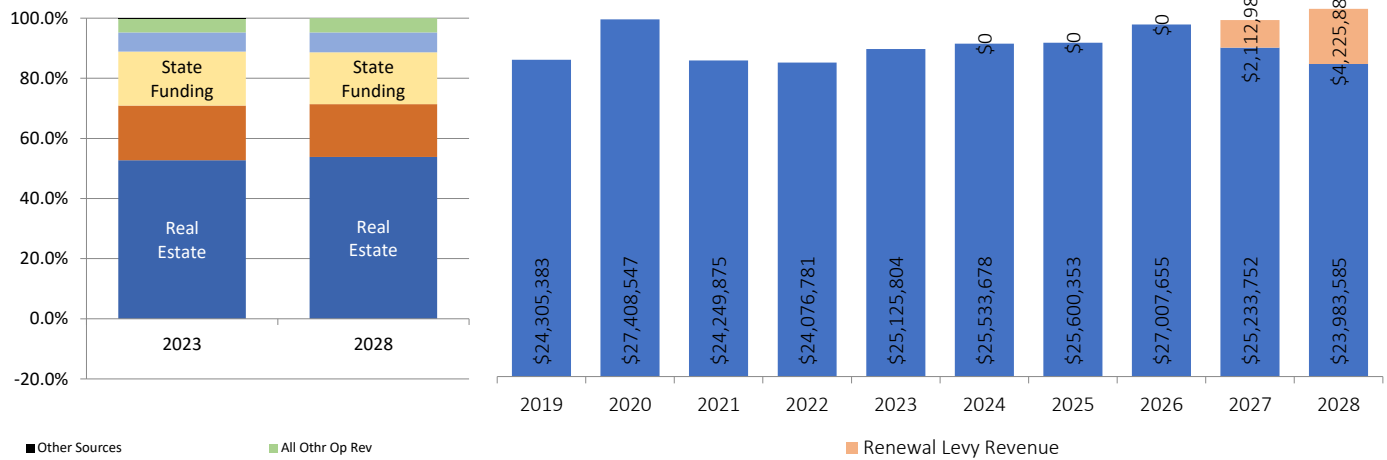
In FY 2024 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$1,573,759 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,806,734. The district would need to cut its FY 2028 projected expenses by 19.49% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

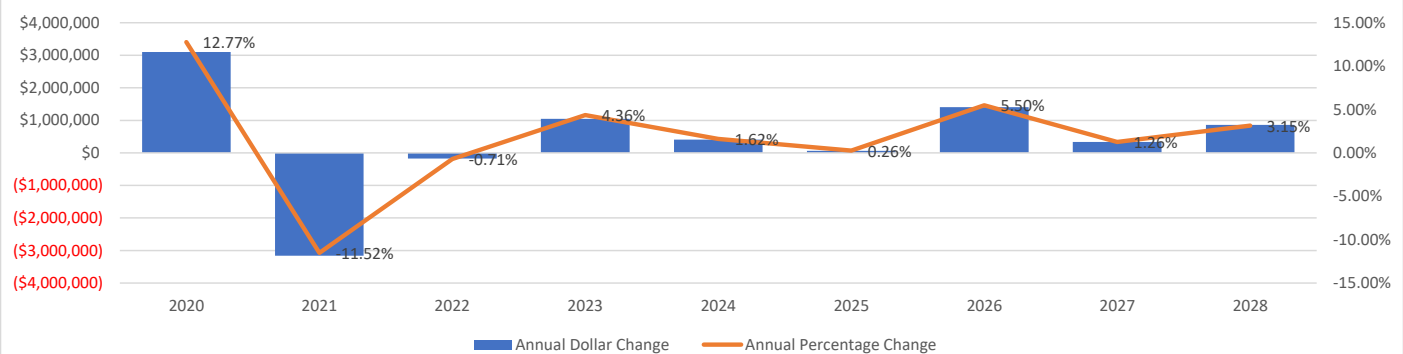
Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Vermilion Local School District the calculated Base Cost total is \$13,312,461 in FY 2024. The state's share of the calculated Base Cost total is \$2,494,647 or \$1,607 per pupil.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



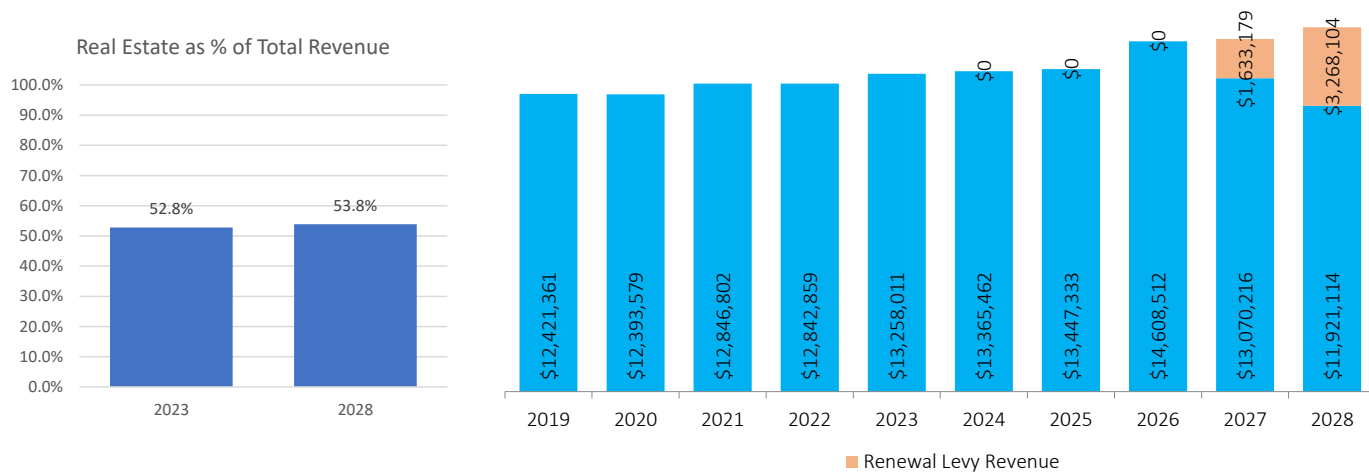
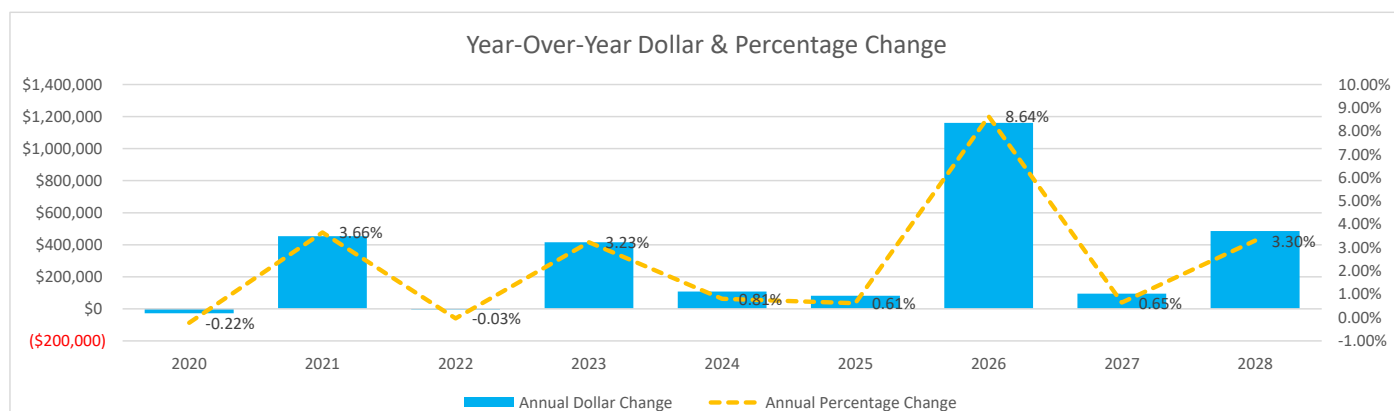
4-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.22% or \$205,105 annually during the past 4-Year period and is projected to increase 2.36% or \$616,732 annually through FY2028. All Other Op Rev has the most projected average annual variance compared to the historical average at \$302,115
Real Estate	209,163	386,241	\$177,079	
Public Utility	\$331,621	\$74,242	(\$257,379)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$69,008)	72,808	\$141,816	
Prop Tax Alloc	\$15,437	\$51,831	\$36,394	
All Other Op Rev	(\$264,131)	\$37,984	\$302,115	
Other Sources	(\$17,976)	(\$6,374)	\$11,602	
Total Average Annual Change	205,105 1.22%	616,732 2.36%	\$411,627 1.14%	

Note: Expenditure average annual change is projected to be > \$619,828 On an annual average basis, expenditures are projected to grow slower than revenue.

1.010 - General Property Tax (Real Estate)

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



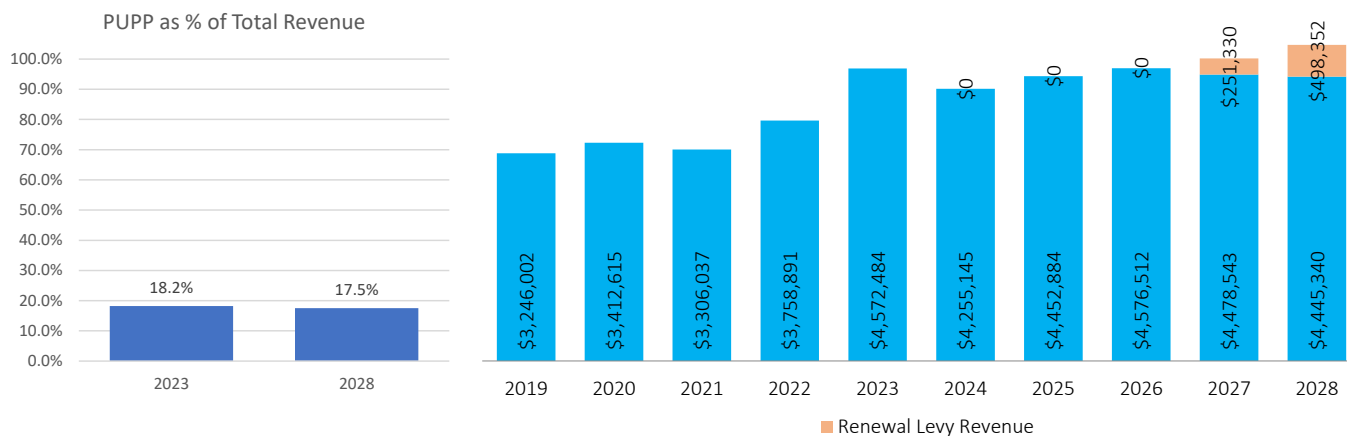
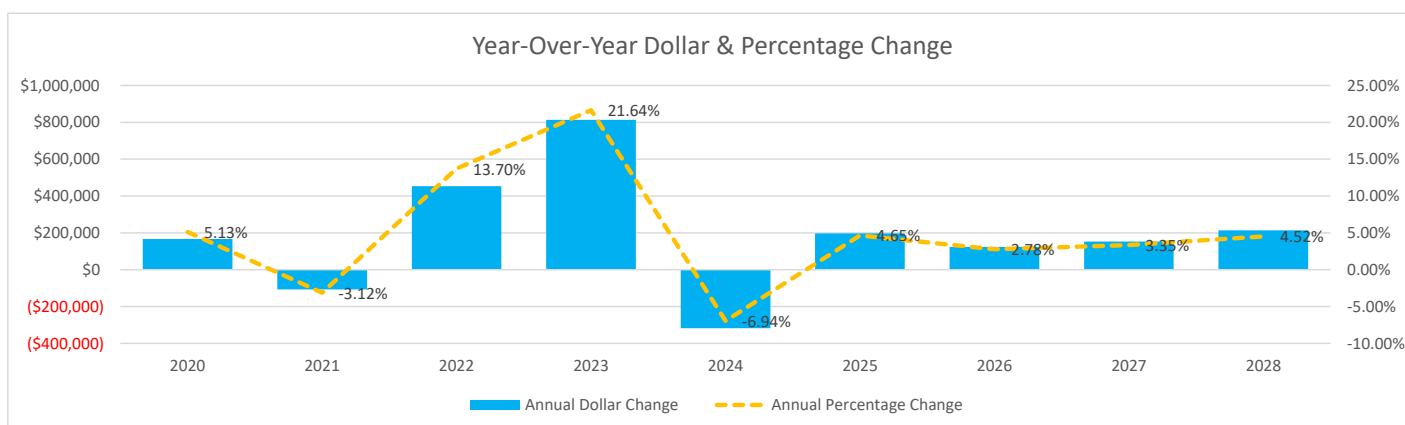
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	481,849,630	7,853,790	27.85	-	48.90	-	101.3%
2023	487,282,537	5,432,907	27.74	(0.11)	48.42	(0.48)	102.0%
2024	544,730,964	57,448,427	26.98	(0.76)	47.30	(1.12)	102.0%
2025	550,675,435	5,944,471	26.89	(0.09)	46.84	(0.45)	102.0%
2026	556,691,036	6,015,601	26.79	(0.09)	46.39	(0.45)	102.0%
2027	601,751,107	45,060,071	26.30	(0.49)	45.54	(0.85)	102.0%

Real estate property tax revenue accounts for 52.77% of total revenue. Class I or residential/agricultural taxes make up approximately 74.23% of the real estate property tax revenue. The Class I tax rate is 27.74 mills in tax year 2023. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 102.0% annually through tax year 2027. The revenue changed at an average annual historical rate of 1.66% and is projected to change at an average annual rate of 2.80% through FY 2028.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

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



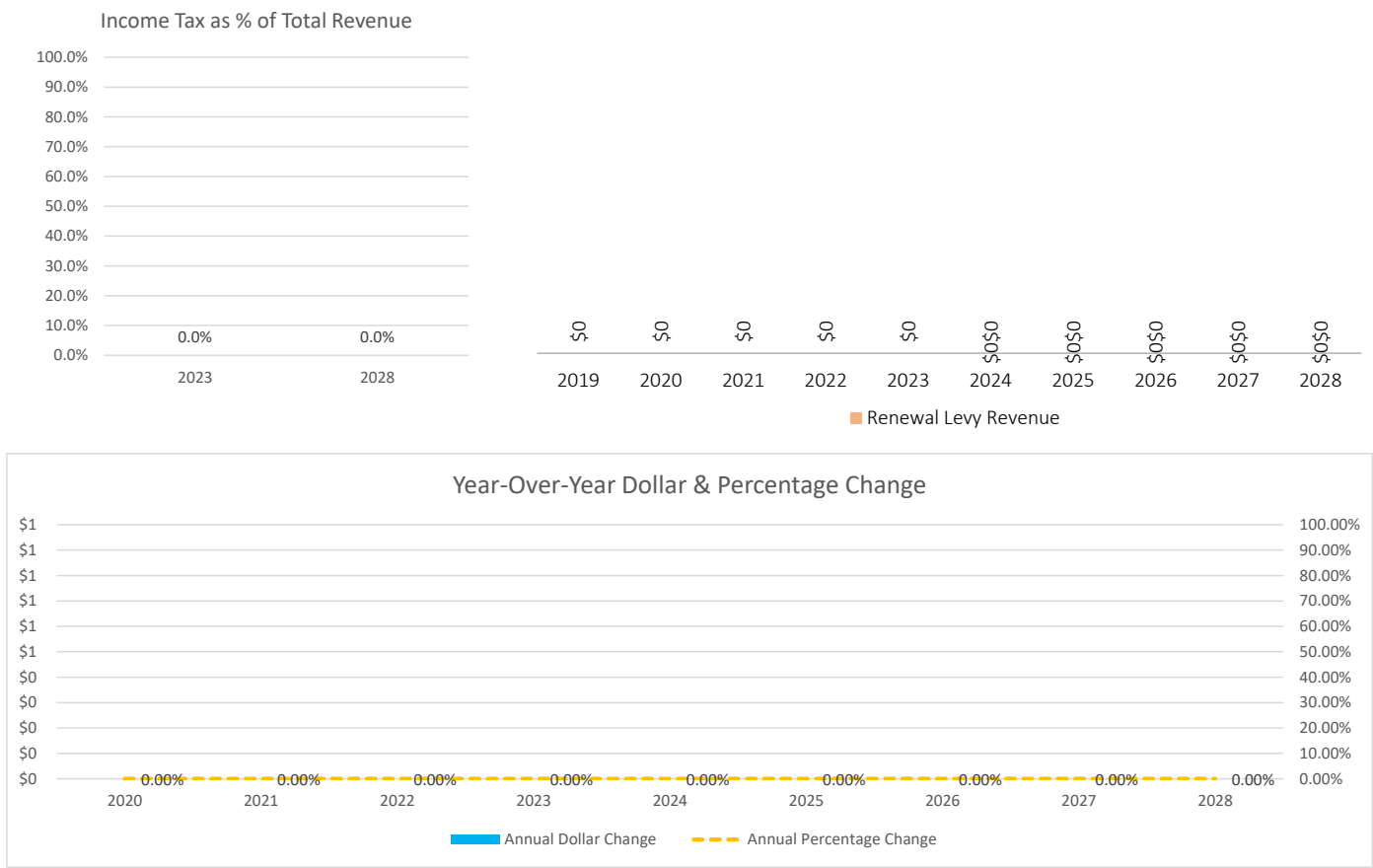
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	63,871,270	638,030	65.75	(0.07)	84.5%
2023	66,426,121	2,554,851	65.64	(0.11)	135.4%
2024	69,083,166	2,657,045	64.88	(0.76)	100.0%
2025	71,501,077	2,417,911	64.79	(0.09)	100.0%
2026	74,003,614	2,502,537	64.69	(0.09)	100.0%
2027	78,443,831	4,440,217	64.20	(0.49)	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 18.20% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 65.64 mills. The forecast is modeling an average gross collection rate of 107.07%. The revenue changed historically at an average annual dollar amount of \$331,621 and is projected to change at an average annual dollar amount of \$74,242 through FY 2028.

**Projected % trends include renewal levies*

1.030 - No Income Tax

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

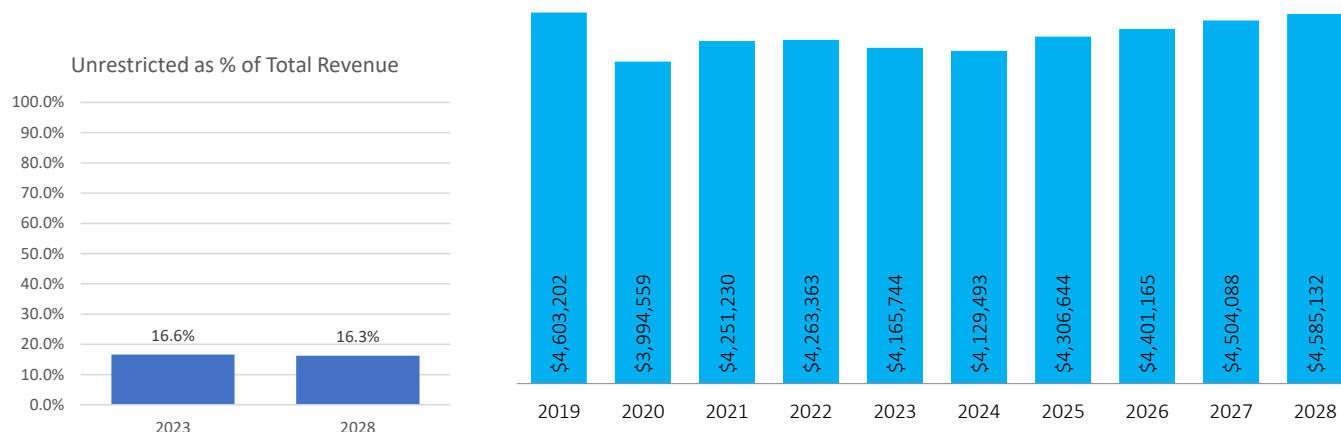
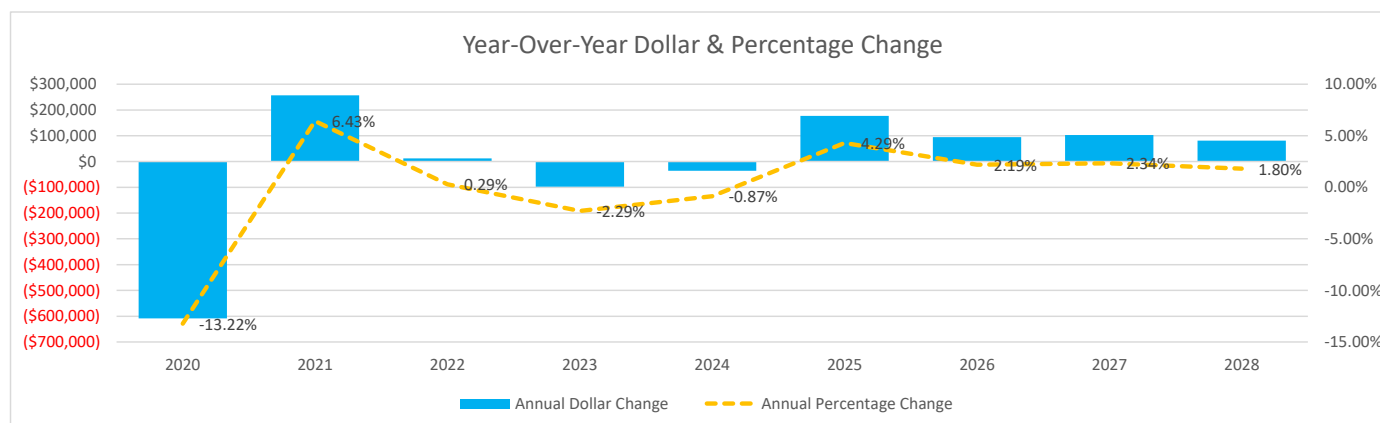
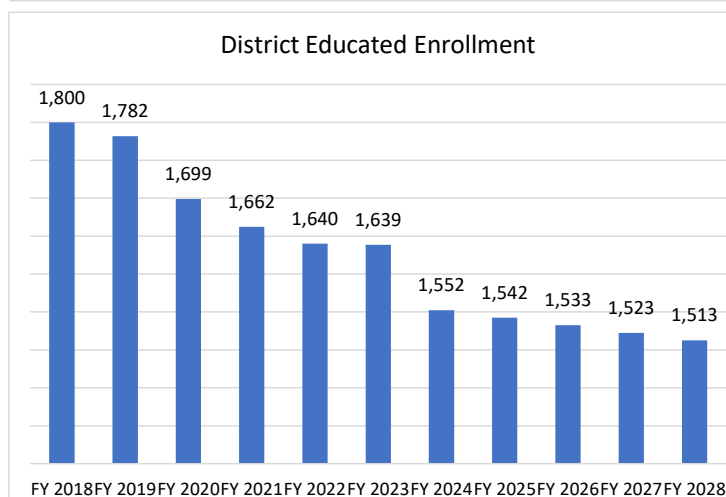


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



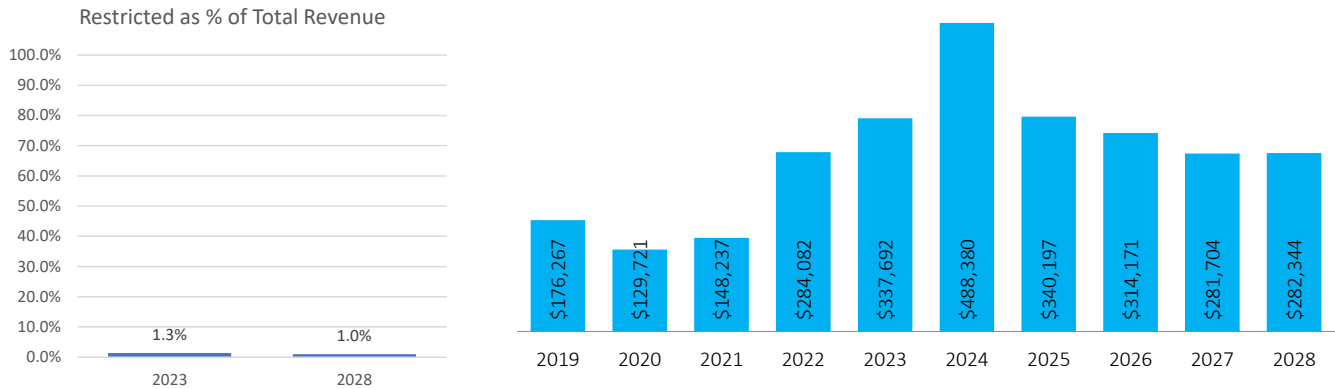
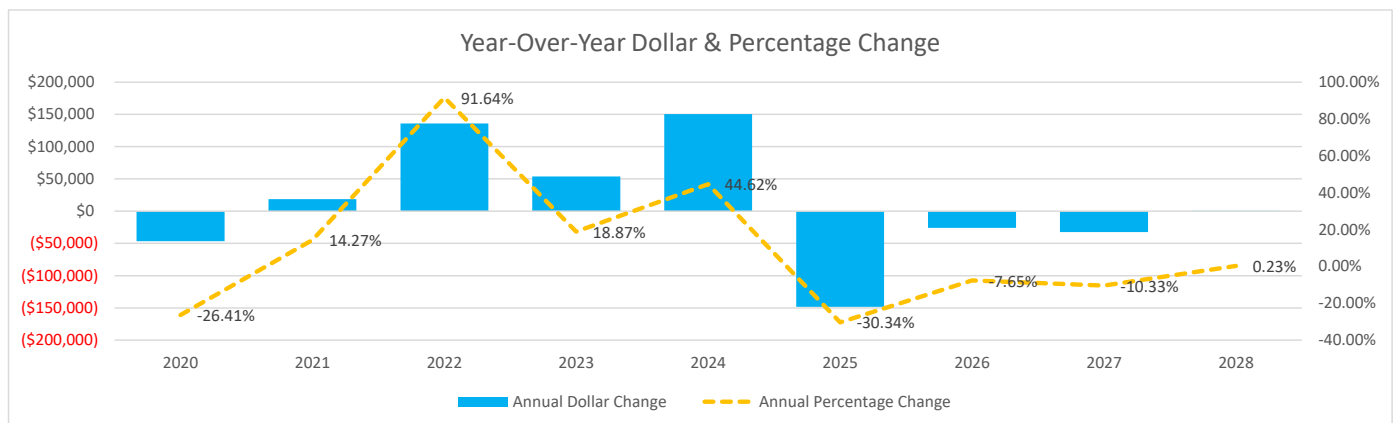
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Vermilion Local School District the calculated Base Cost total is \$13,312,461 in FY 2024. The state's share of the calculated Base Cost total is \$2,494,647 or \$1,607 per pupil.

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

1.040 & 1.045 - Restricted Grants-in-Aid

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



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$69,324 and is projected to change annually on average by -\$11,070. Restricted funds represent 1.34% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$140,537. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - State Share of Local Property Taxes

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

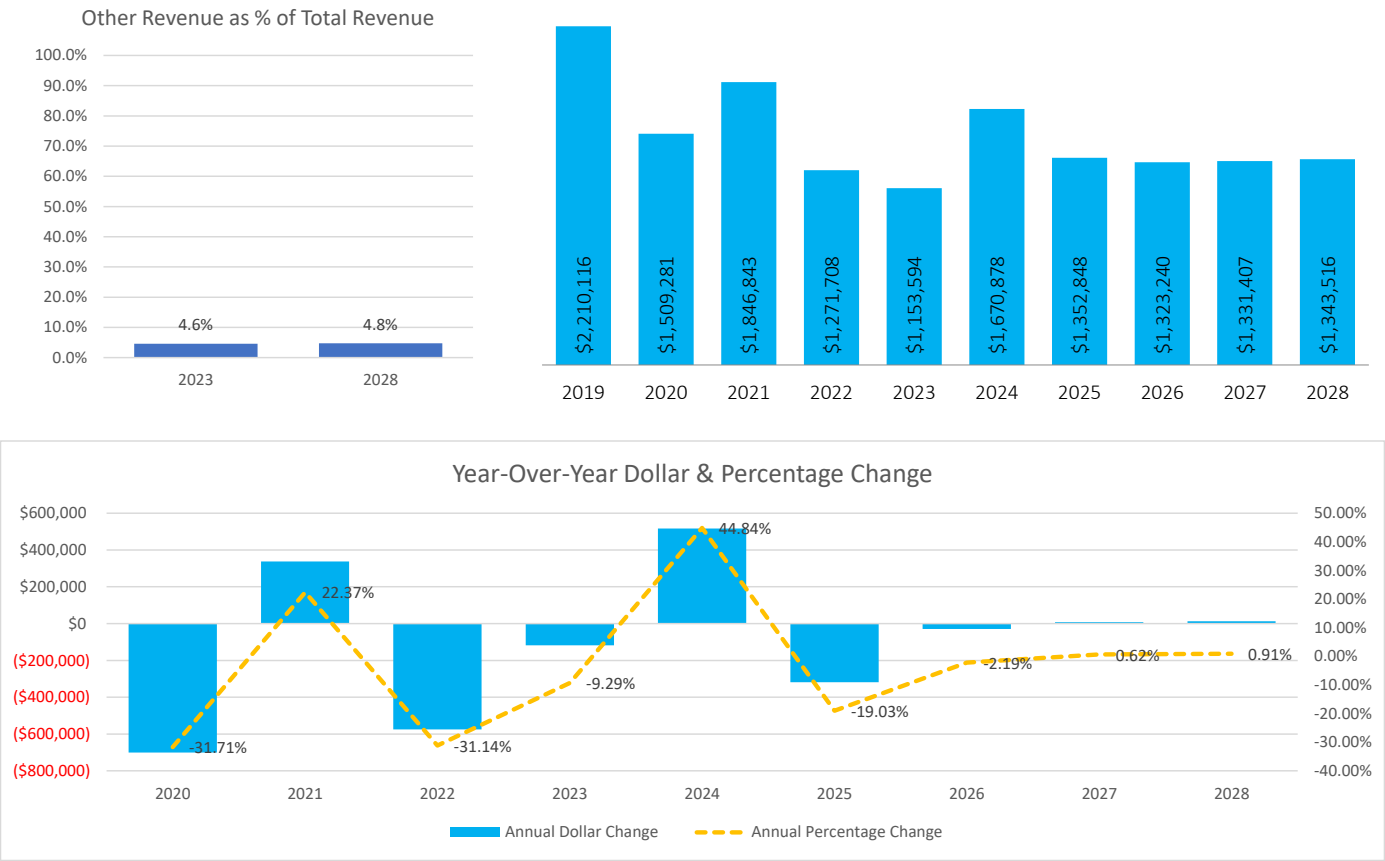


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.2% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

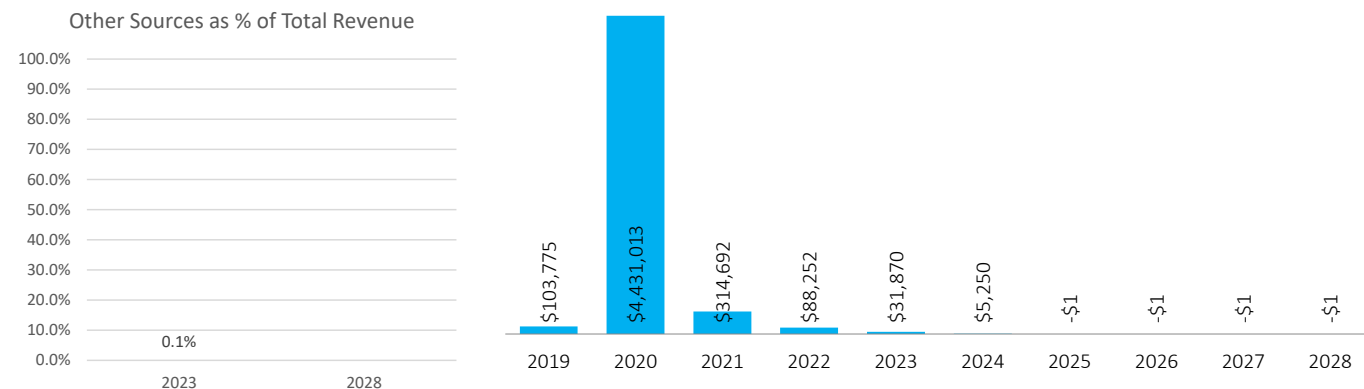
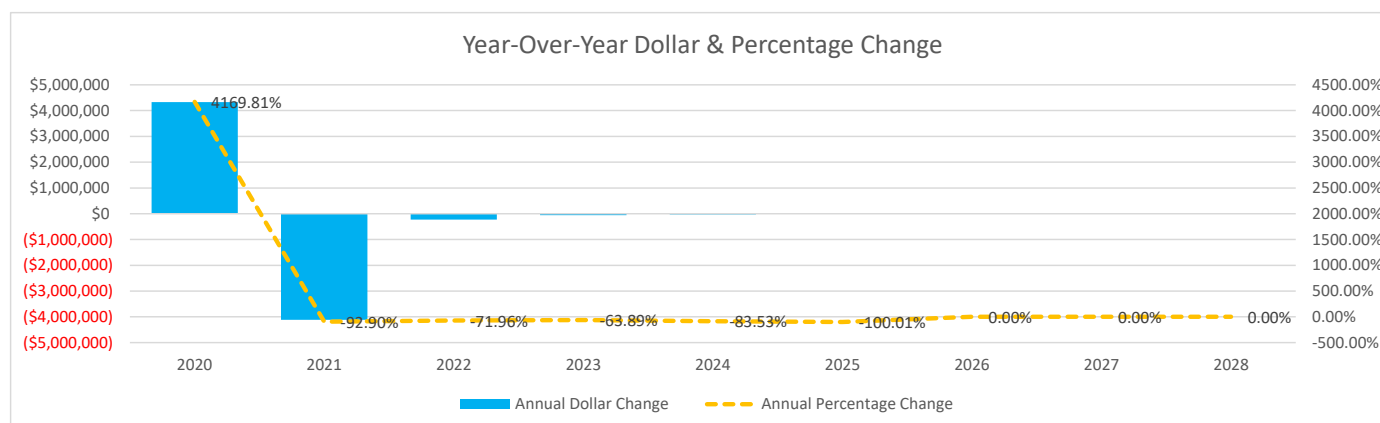
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$264,131. The projected average annual change is \$37,984 through FY 2028.

2.070 - Total Other Financing Sources

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

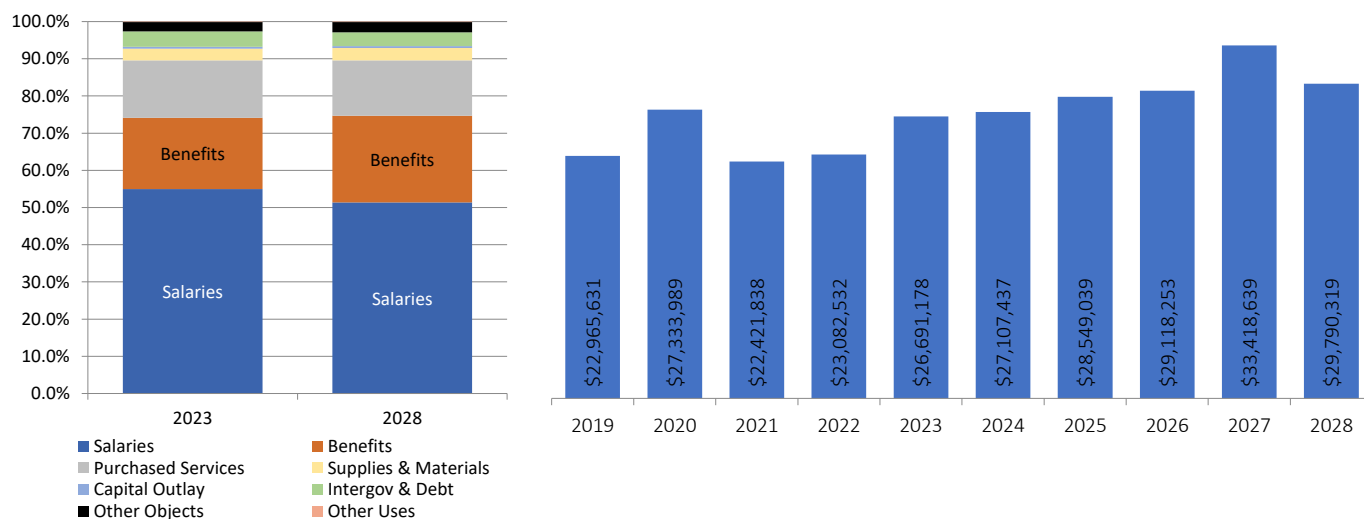


	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers In	-	0	0	0	0	0
Advances In	21,524	(0)	(0)	(0)	(0)	(0)
All Other Financing Sources	10,346	5,251	(0)	(0)	(0)	(0)

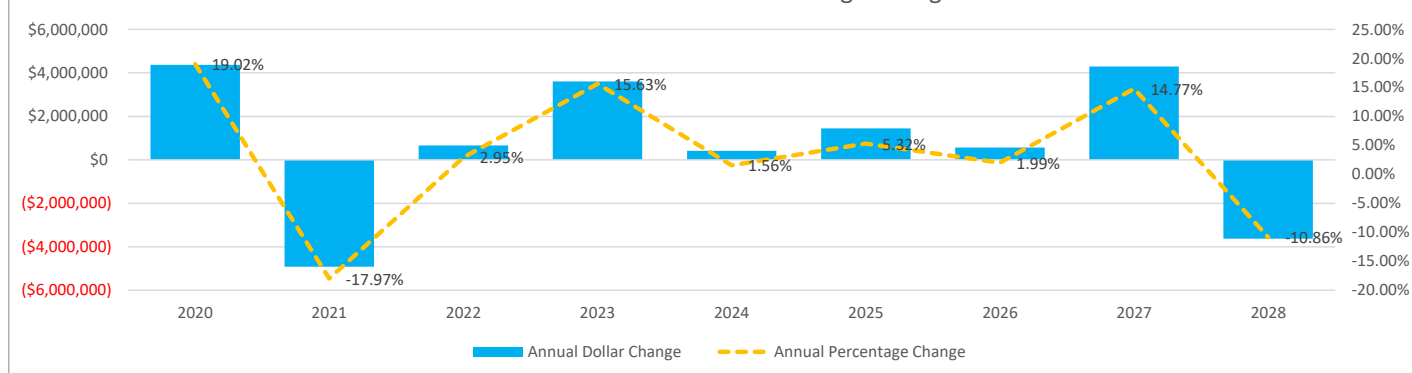
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$21,524 as advances-in and is projecting advances of \$0 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$5,251 in FY 2024 and average \$0 annually through FY 2028.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



4-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 4.91% or \$931,387 annually during the past 4-Year period and is projected to increase 2.32% or \$619,828 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at -\$716,665.
Salaries	846,826	130,160	(\$716,665)	
Benefits	\$164,837	\$363,274	\$198,437	
Purchased Services	(\$37,109)	\$63,602	\$100,710	
Supplies & Materials	\$33,556	\$29,892	(\$3,664)	
Capital Outlay	(\$19,164)	\$1,555	\$20,719	
Intergov & Debt	(\$32,636)	(\$1,750)	\$30,886	
Other Objects	\$3,225	\$32,705	\$29,480	
Other Uses	(\$28,149)	\$390	\$28,539	
Total Average Annual Change	\$931,387 4.91%	\$619,828 2.32%	(\$311,559) -2.59%	

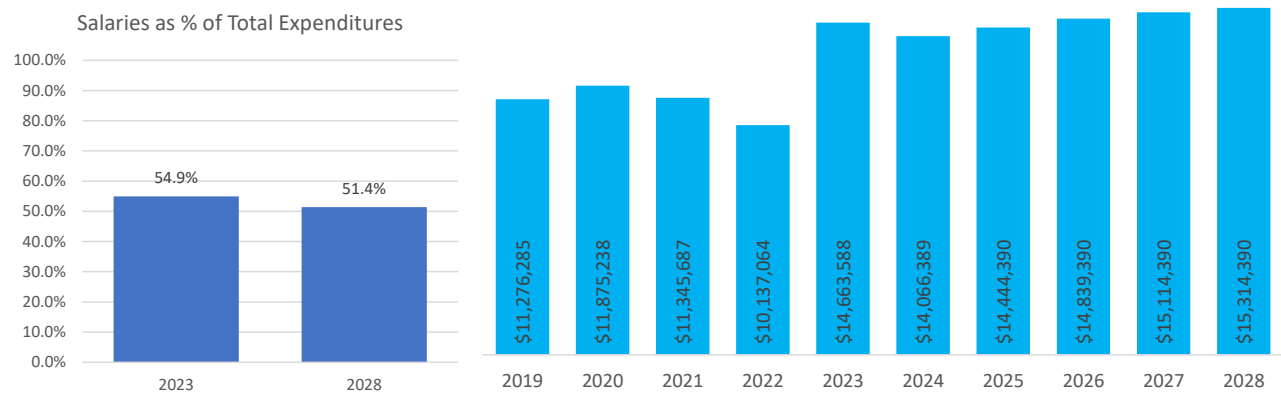
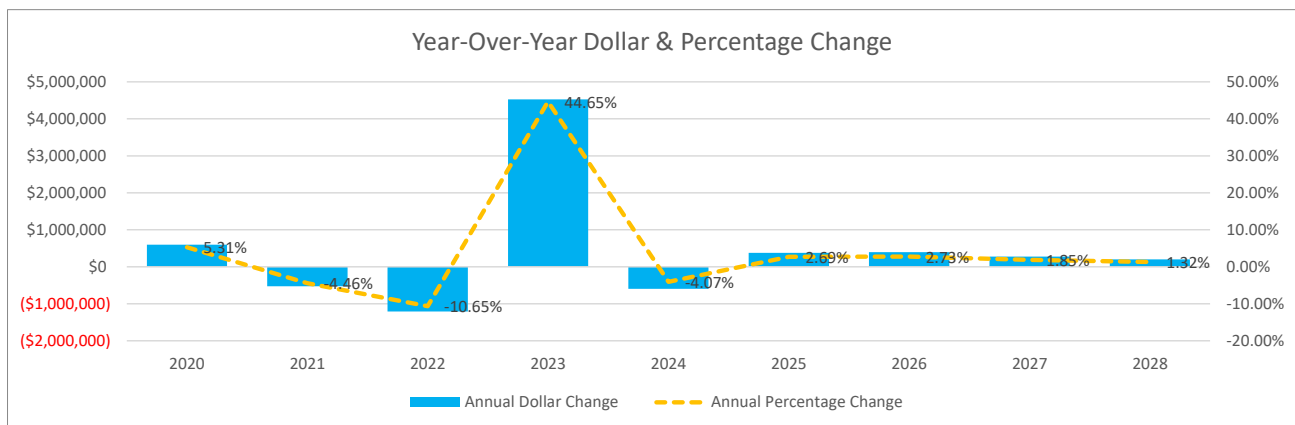
Note: Revenue average annual change is projected to

be > \$616,732

On an annual average basis, revenues are projected to grow faster than expenditures.

3.010 - Personnel Services

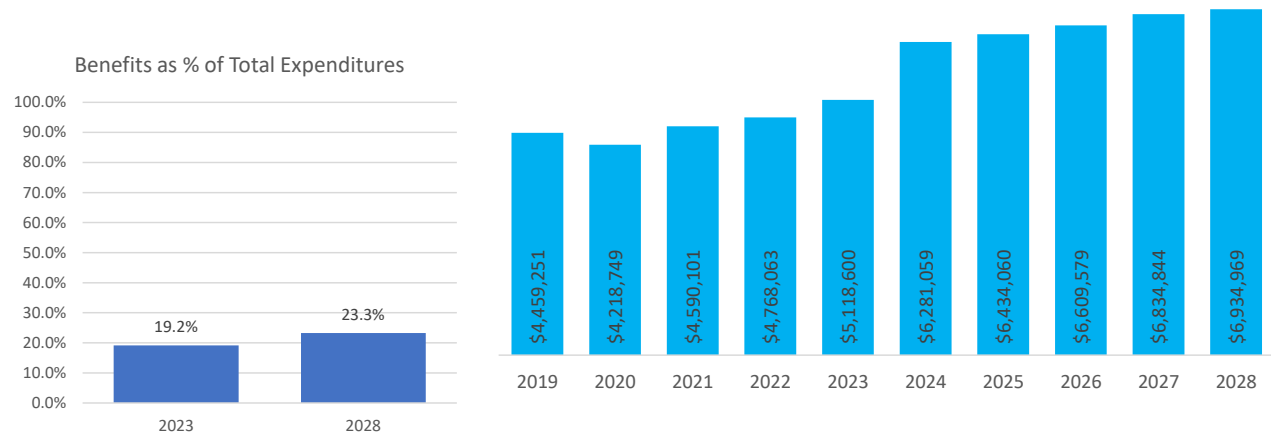
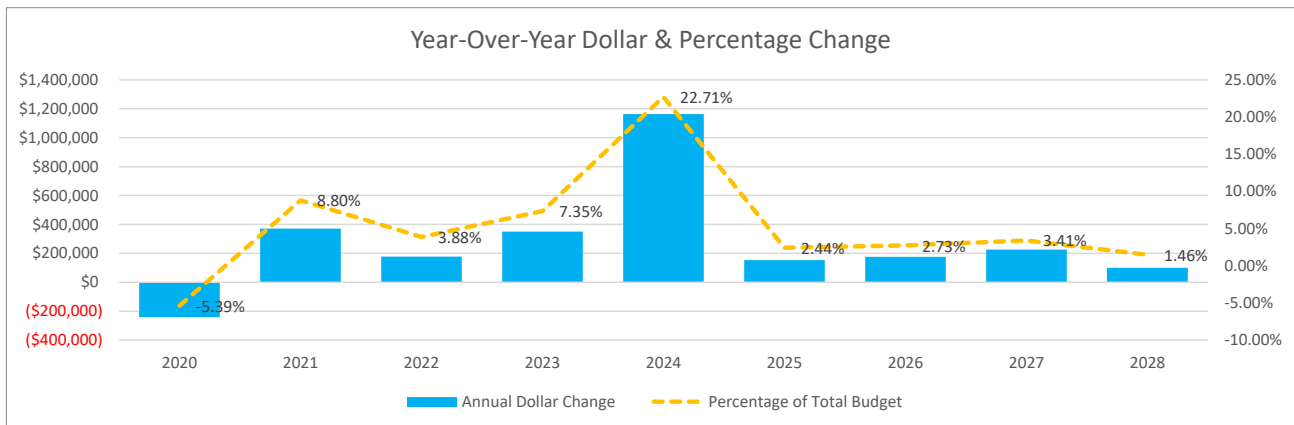
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 54.94% of total expenditures and increased at a historical average annual rate of 8.71% or \$846,826. This category of expenditure is projected to grow at an annual average rate of 0.91% or \$130,160 through FY 2028. The projected average annual rate of change is -7.81% less than the five year historical annual average.

3.020 - Employees' Benefits

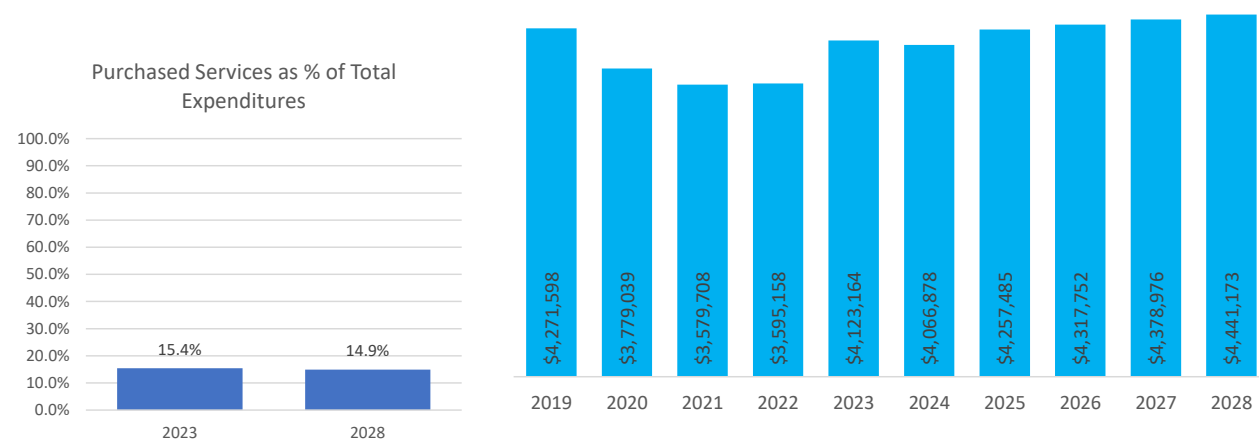
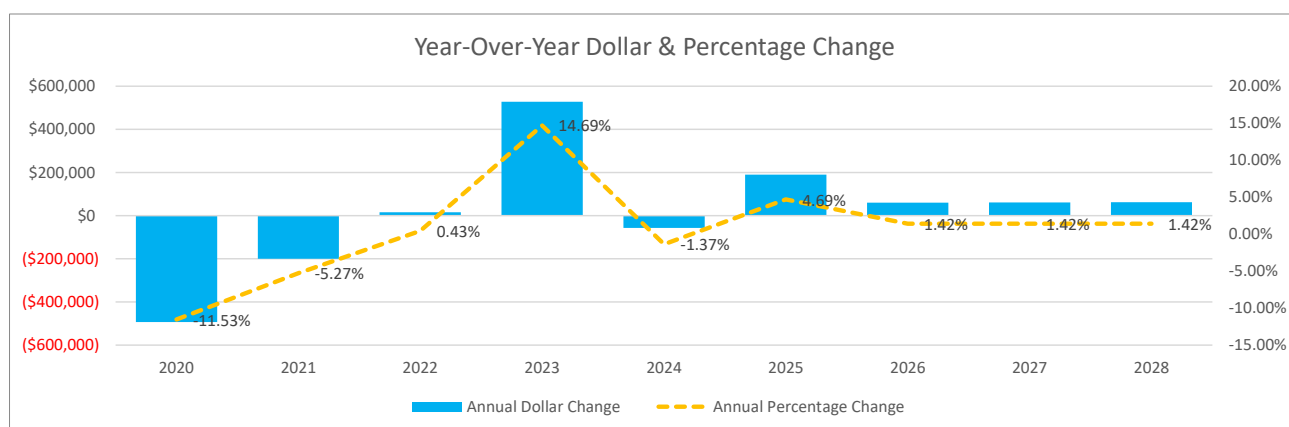
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.18% of total expenditures and increased at a historical average annual rate of 3.66%. This category of expenditure is projected to grow at an annual average rate of 6.55% through FY 2028. The projected average annual rate of change is 2.89% more than the five year historical annual average.

3.030 - Purchased Services

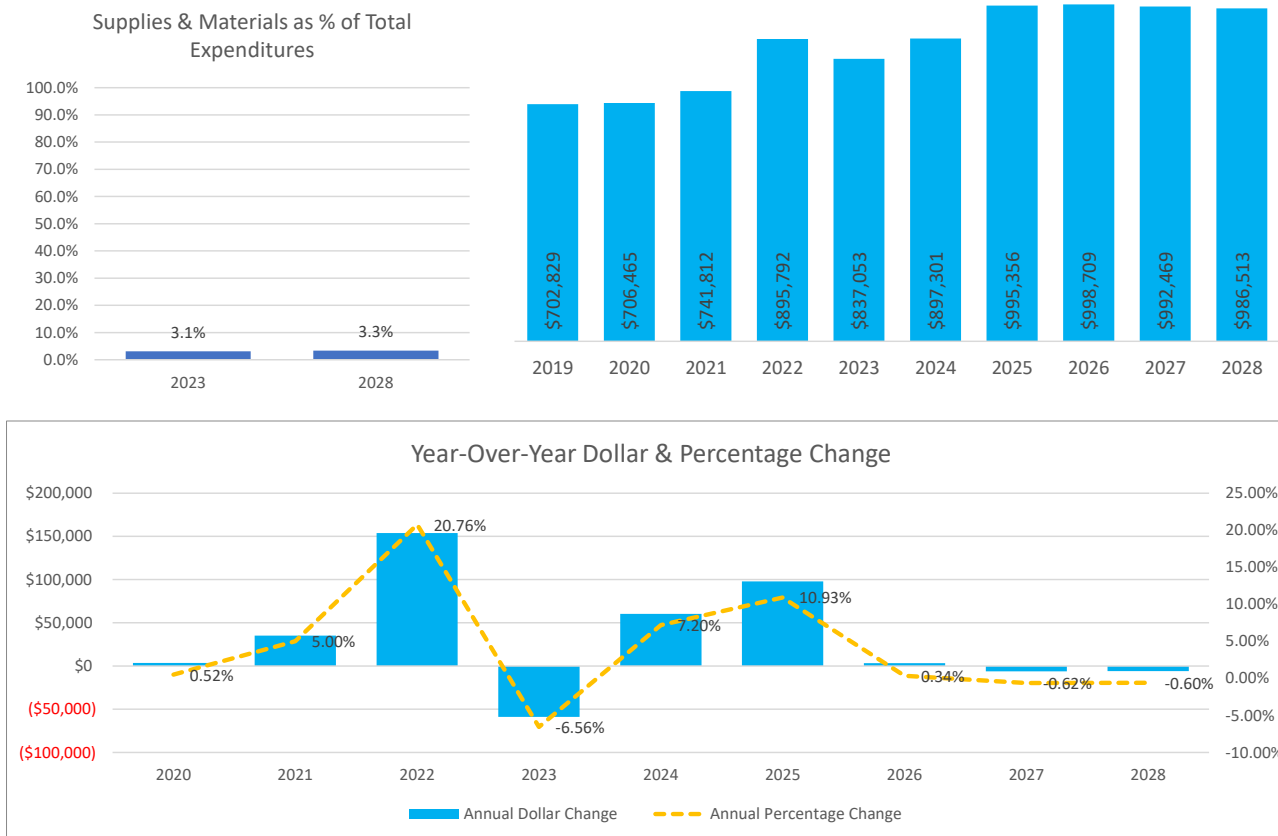
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 15.45% of total expenditures and decreased at a historical average annual rate of -0.42%. This category of expenditure is projected to grow at an annual average rate of 1.52% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

3.040 - Supplies & Materials

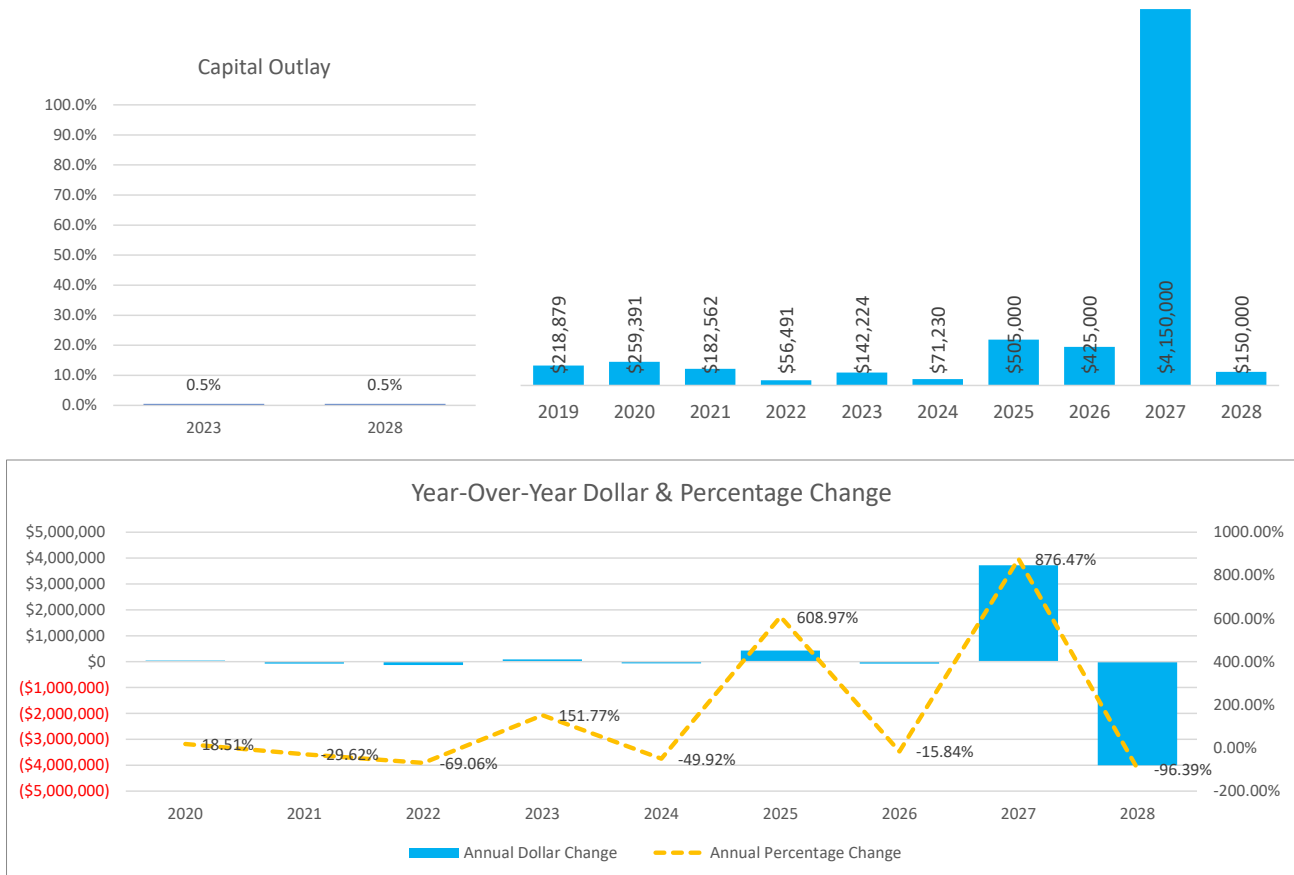
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.14% of total expenditures and increased at a historical average annual rate of 4.93%. This category of expenditure is projected to grow at an annual average rate of 3.45% through FY 2028. The projected average annual rate of change is -1.48% less than the five year historical annual average.

3.050 - Capital Outlay

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

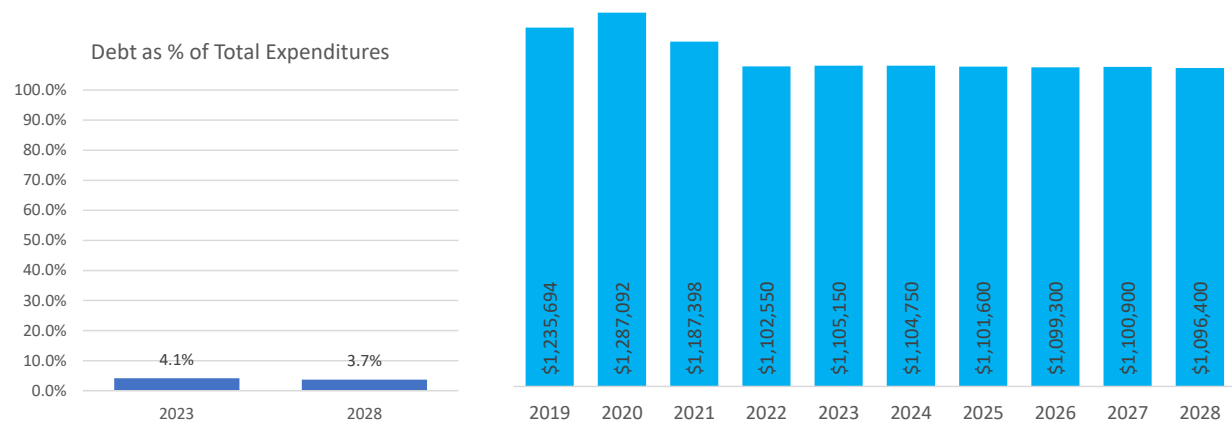
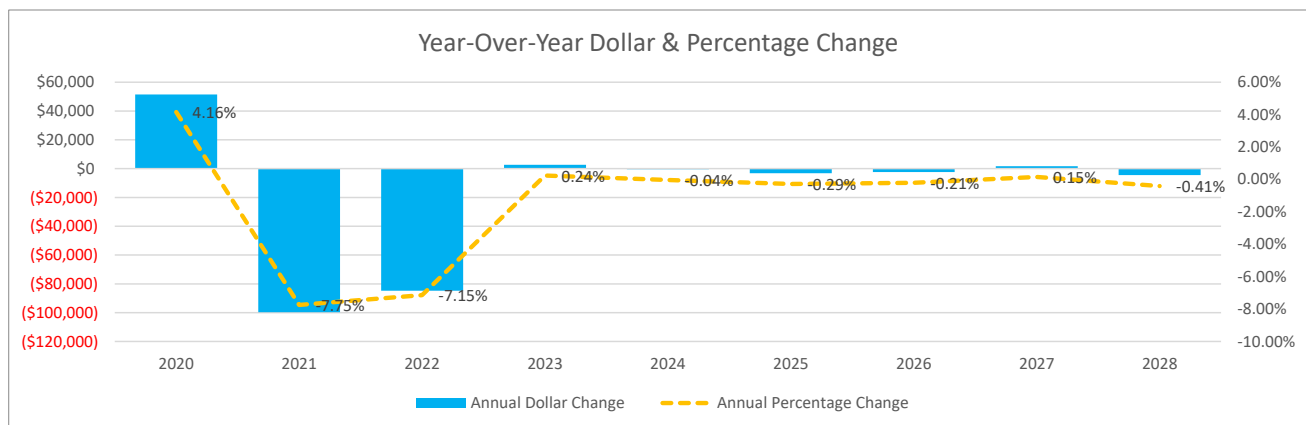


Capital Outlay represent 0.53% of total expenditures and decreased at a historical average annual amount of -\$19,164. This category of expenditure is projected to grow at an annual average rate of \$1,555 through FY 2028. The projected average annual change is more than the five year historical annual average.

The District plans to replace two new school buses, one transportation van, and replace its middle school elevator in FY 2025. In FY 2026, the District anticipates to replace 2 school buses, one transportation van and one pickup truck. In FY 2027, the District anticipates replacing the roof on its high school and replacing one school bus, and replacing one school bus in FY 2028.

3.060-4.060 - Intergovernmental & Debt

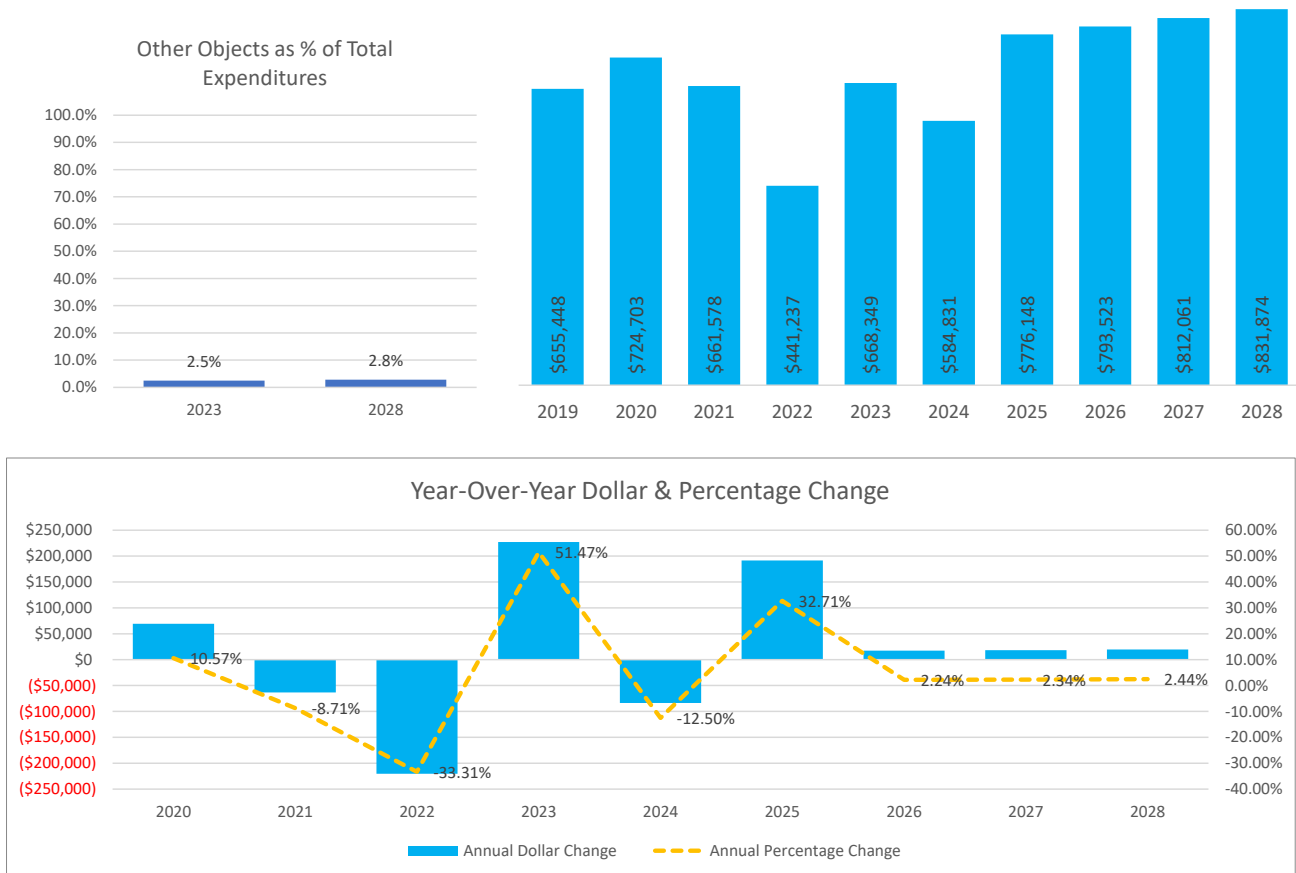
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

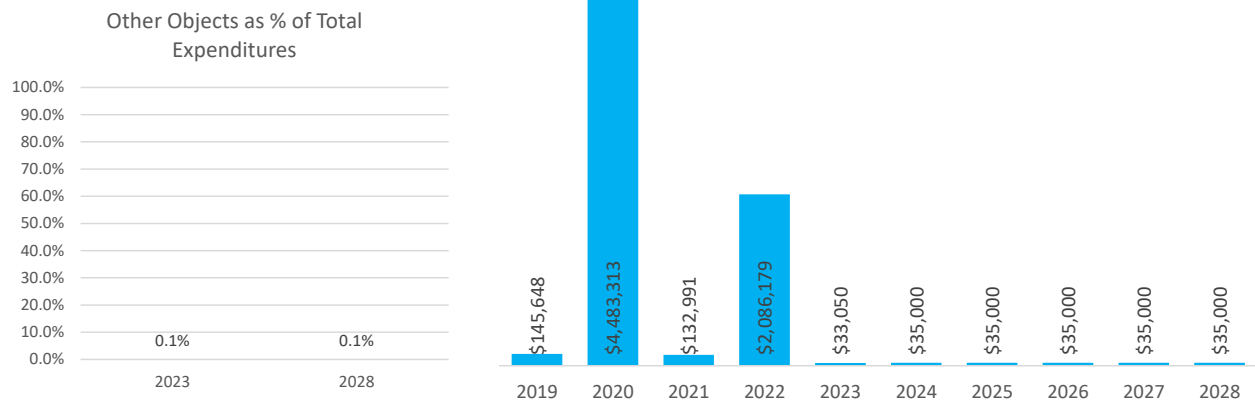
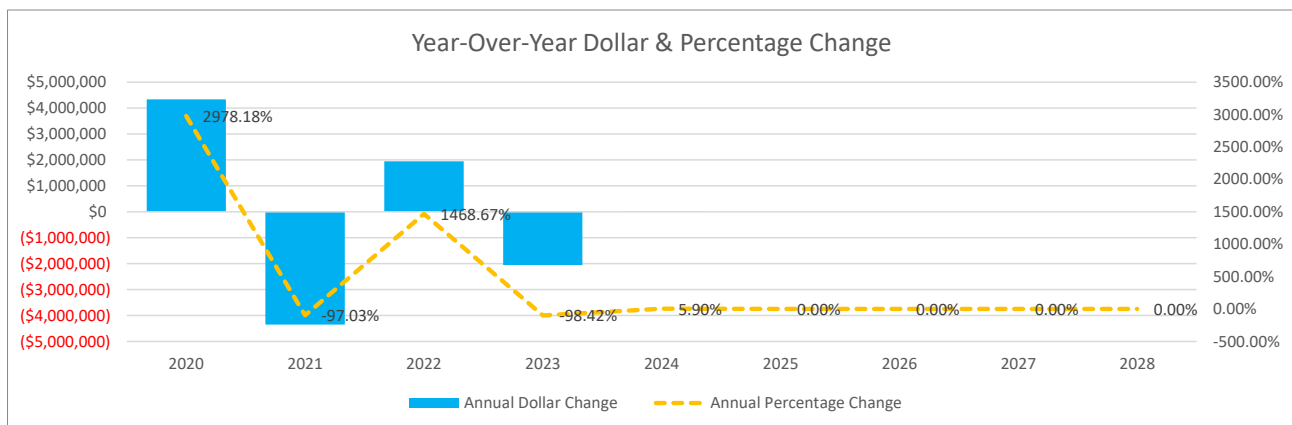
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 2.50% of total expenditures and increased at a historical average annual rate of 5.01%. This category of expenditure is projected to grow at an annual average rate of 5.45% through FY 2028. The projected average annual rate of change is 0.44% more than the five year historical annual average.

5.040 - Total Other Financing Uses

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



	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers Out	33,050	35,000	35,000	35,000	35,000	35,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2028. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Vermilion Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	13,258,011	13,365,462	13,447,333	14,608,512	13,070,216	11,921,114
1.020 - Public Utility Personal Property	4,572,484	4,255,145	4,452,884	4,576,512	4,478,543	4,445,340
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,165,744	4,129,493	4,306,644	4,401,165	4,504,088	4,585,132
1.040 - Restricted Grants-in-Aid	337,692	488,380	340,197	314,171	281,704	282,344
1.050 - State Share-Local Property Taxes	1,606,408	1,619,070	1,700,447	1,784,056	1,567,795	1,406,139
1.060 - All Other Operating Revenues	1,153,594	1,670,878	1,352,848	1,323,240	1,331,407	1,343,516
1.070 - Total Revenue	25,093,934	25,528,428	25,600,353	27,007,656	25,233,753	23,983,585
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	0	0	0	0	0
2.050 - Advances-In	21,524	(0)	(0)	(0)	(0)	(0)
2.060 - All Other Financing Sources	10,346	5,251	(0)	(0)	(0)	(0)
2.070 - Total Other Financing Sources	31,870	5,250	(1)	(1)	(1)	(1)
2.080 - Total Rev & Other Sources	25,125,804	25,533,678	25,600,353	27,007,655	25,233,752	23,983,585
Expenditures:						
3.010 - Personnel Services	14,663,588	14,066,389	14,444,390	14,839,390	15,114,390	15,314,390
3.020 - Employee Benefits	5,118,600	6,281,059	6,434,060	6,609,579	6,834,844	6,934,969
3.030 - Purchased Services	4,123,164	4,066,878	4,257,485	4,317,752	4,378,976	4,441,173
3.040 - Supplies and Materials	837,053	897,301	995,356	998,709	992,469	986,513
3.050 - Capital Outlay	142,224	71,230	505,000	425,000	4,150,000	150,000
Intergovernmental & Debt Service	1,105,150	1,104,750	1,101,600	1,099,300	1,100,900	1,096,400
4.300 - Other Objects	668,349	584,831	776,148	793,523	812,061	831,874
4.500 - Total Expenditures	26,658,128	27,072,437	28,514,039	29,083,252	33,383,639	29,755,319
Other Financing Uses						
5.010 - Operating Transfers-Out	33,050	35,000	35,000	35,000	35,000	35,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	33,050	35,000	35,000	35,000	35,000	35,000
5.050 - Total Exp and Other Financing Uses	26,691,178	27,107,437	28,549,039	29,118,253	33,418,639	29,790,319
6.010 - Excess of Rev Over/(Under) Exp	(1,565,374)	(1,573,759)	(2,948,686)	(2,110,597)	(8,184,887)	(5,806,734)
7.010 - Cash Balance July 1 (No Levies)	18,915,753	17,350,379	15,776,620	12,827,934	10,717,336	2,532,449
7.020 - Cash Balance June 30 (No Levies)	17,350,379	15,776,620	12,827,934	10,717,336	2,532,449	(3,274,285)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	200,000	200,000	200,000	200,000	200,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	17,350,379	15,576,620	12,627,934	10,517,336	2,332,449	(3,474,285)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	2,112,981	4,225,880
11.030 - Cumulative Balance of Levies	-	-	-	-	2,112,981	6,338,861
12.010 - Fund Bal June 30 for Cert of Obligations	17,350,379	15,576,620	12,627,934	10,517,336	4,445,430	2,864,576
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	17,350,379	15,576,620	12,627,934	10,517,336	4,445,430	2,864,576

