

**RIVERSIDE LOCAL SCHOOL DISTRICT-LAKE 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
Riverside Local School District
Treasurer's Office
Mr. Gary Platko, Treasurer/CFO
November 21, 2024**

Riverside Local School District

Lake 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)	\$30,156,100	\$30,490,539	\$31,088,275	1.5%	\$32,643,322	\$34,038,955	\$34,193,121	\$35,481,319	36,613,898
1.020 Public Utility Personal Property Tax	2,918,614	2,996,481	3,078,782	2.7%	3,020,575	3,140,556	3,194,613	3,243,084	3,291,475
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	7,038,336	7,287,208	7,545,409	3.5%	7,804,061	7,796,801	7,799,567	7,802,353	7,805,161
1.040 Restricted State Grants-in-Aid	527,821	452,129	685,156	18.6%	669,970	444,970	444,970	444,970	444,970
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050 State Share of Local Property Taxes	3,740,755	3,782,511	3,857,202	1.5%	4,072,367	4,263,452	4,281,748	4,472,211	4,662,679
1.060 All Other Revenues	4,843,015	5,400,688	6,627,430	17.1%	6,303,412	6,255,684	6,158,720	6,072,237	5,995,193
1.070 Total Revenues	49,224,641	50,409,556	52,882,254	3.7%	54,513,707	55,940,418	56,072,739	57,516,174	58,813,376
Other Financing Sources									
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020 State Emergency Loans (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050 Advances-In	1,889,082	98,000	43,300	-75.3%	224,055	0	0	0	0
2.060 All Other Financing Sources	471,968	385,926	340,811	-15.0%	340,811	340,811	340,811	340,811	340,811
2.070 Total Other Financing Sources	2,361,050	483,926	384,111	-50.1%	564,866	340,811	340,811	340,811	340,811
2.080 Total Revenues and Other Financing Sources	51,585,691	50,893,482	53,266,365	1.7%	55,078,573	56,281,229	56,413,550	57,856,985	59,154,187
Expenditures									
3.010 Personal Services	\$25,380,709	\$27,566,752	\$30,064,831	8.8%	\$32,860,069	\$34,553,972	\$36,592,814	\$38,746,184	41,027,921
3.020 Employees' Retirement/Insurance Benefits	10,611,416	11,169,552	13,059,728	11.1%	14,455,587	15,740,581	16,849,279	18,042,947	19,324,212
3.030 Purchased Services	6,872,099	7,340,179	7,460,646	4.2%	7,037,236	7,206,536	7,380,450	7,559,126	7,742,713
3.040 Supplies and Materials	1,625,929	1,728,609	1,616,269	-0.1%	1,876,879	1,745,913	1,811,655	1,880,037	1,951,172
3.050 Capital Outlay	25,060	19,634	59,706	91.2%	25,200	25,200	25,200	25,200	25,200
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-
Debt Service:				0.0%					
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050 Principal-HB 264 Loans	58,627	60,784	63,021	3.7%	65,340	67,745	70,238	72,822	75,502
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060 Interest and Fiscal Charges	21,456	19,259	16,981	-11.0%	14,619	12,170	9,632	6,999	4,270
4.300 Other Objects	\$544,992	\$527,145	\$580,607	3.4%	589,086	597,750	606,606	615,659	624,913
4.500 Total Expenditures	45,140,288	48,431,914	52,921,789	8.3%	56,924,016	\$59,949,867	63,345,874	66,948,973	70,775,904
Other Financing Uses									
5.010 Operating Transfers-Out	\$1,988,847	\$330,435	\$342,300	-39.9%	\$325,000	\$325,000	\$325,000	\$325,000	325,000
5.020 Advances-Out	98,000	43,300	224,055	180.8%	-	-	-	-	-
5.030 All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.040 Total Other Financing Uses	2,086,847	373,735	566,355	-15.3%	325,000	325,000	325,000	325,000	325,000
5.050 Total Expenditures and Other Financing Uses	47,227,135	48,805,649	53,488,144	6.5%	57,249,016	60,274,867	63,670,874	67,273,973	71,100,904
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	4,358,556	2,087,833	(221,779)	-81.4%	(2,170,443)	(3,993,637)	(7,257,324)	(9,416,989)	(11,946,716)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	19,225,350	23,583,906	25,671,739	15.8%	25,449,960	23,279,517	19,285,880	12,028,556	\$2,611,567
7.020 Cash Balance June 30	23,583,906	25,671,739	25,449,960	4.0%	23,279,517	19,285,880	12,028,556	2,611,567	(9,335,149)
8.010 Estimated Encumbrances June 30	516,723	599,562	467,869	-3.0%	450,000	450,000	450,000	450,000	450,000
Fund Balance June 30 for Certification of Appropriations	23,067,183	25,072,177	24,982,091	4.2%	22,829,517	18,835,880	11,578,556	2,161,567	(9,785,149)
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010 Unreserved Fund Balance June 30	\$ 23,067,183	\$ 25,072,177	\$ 24,982,091	4.2%	\$22,829,517	\$18,835,880	\$11,578,556	\$2,161,567	(\$9,785,149)

Riverside Local School District – Lake County
Notes to the Five-Year Forecast
General Fund Only

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/replacement), 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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important 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 or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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 November 2024 filing.

Economic Outlook

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024 that is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs for goods and services in FY23 and FY24 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Inflation affecting district costs is expected to continue in FY25. There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by

calendar year end 2024 or early in 2025. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over the forecast period.

The Federal Reserve Bank cut Federal Fund rates in September 2024 by 50 basis points (.5%) and another 25 basis points (.25%) in November which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at \$3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

Since 2020 all school districts were being aided in varying degrees by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

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 continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes equate to 77% of the district's resources. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.
- 2) Lake County underwent a triennial update in tax year 2021 for collection in FY22. We realized value increases for Class I and II property of \$159.8 million for an overall increase of 16.54% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. A full reappraisal will occur in the tax year 2024 for collection in FY25. We anticipate a valuation increases for Class I property of \$328.7 million for an overall increase of 28%. The District will reach the 20-mill floor for Class I values for tax year 2024 collected in 2025 based on anticipated reappraisal increases. Class II values are expected to increase by \$10.3 million or 8.58%. The District is not on the 20-mill floor for Class II values.

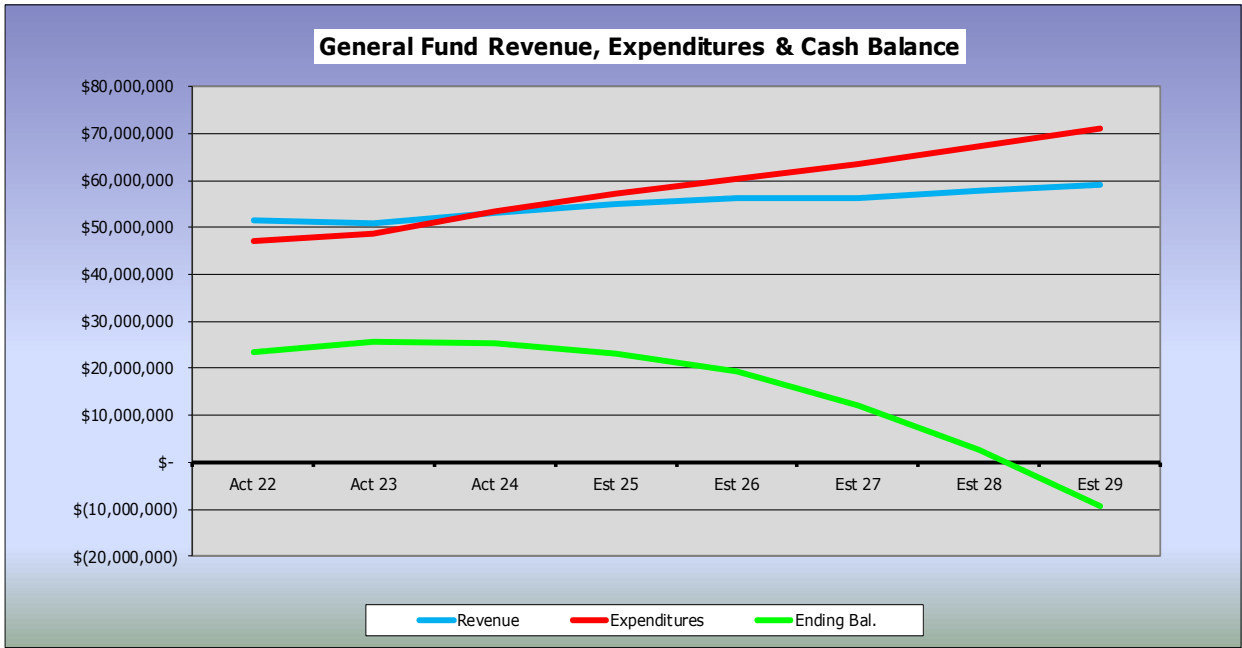
- 3) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non voted tax increases on taxpayers. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure annual income and property taxes do not exceed 5% of a qualified taxpayer's income. If passed by the General Assembly this will result in lowering tax increases for our residents who qualify. We are watching this legislation closely.

In addition to SB271, the legislature developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our district to limit tax growth or to reduce taxes.

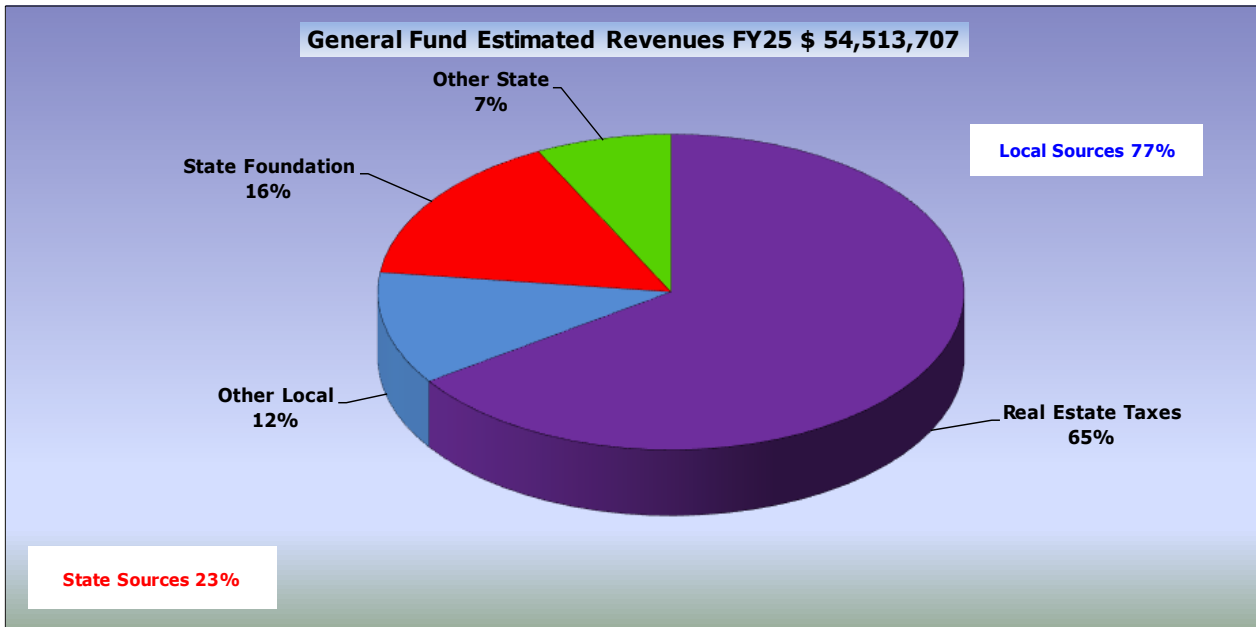
- 4) The State Budget represents 23% of district revenues and is an area of risk to revenue. The future risk comes in FY26 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the Fair School Funding Plan is not funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY29, which we feel is conservative and should be close to what-the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have 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 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. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. 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 continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid for 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.

The major Line numbers used as references to 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 be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Mr. Gary Platko, Treasurer/CFO at 440-352-0668

General Fund Revenue, Expenditures and Ending Cash Balance Actual 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
Operating Revenue Sources General Fund FY25



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor in Lake County based on new construction and complete reappraisal or updated values. A reappraisal update occurred in 2021 for collection in 2022 for which the District realized a 16.54% increase in residential/agricultural values and a .33% increase for commercial/industrial property. Residential/Agricultural values increased \$159.8 million or 16.54% up from the projected 10% and Commercial/Industrial values increased \$401,430 or .33% down from the projected 2%.

A full reappraisal will occur in tax year 2024 to be collected in 2025. The District is projecting an increase in Class I values of \$328 million or 28% and \$10.3 million or 8.58% for Class II values.

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 TAX YEAR 2024 <u>COLLECT 2025</u>	Estimated TAX YEAR 2025 <u>COLLECT 2026</u>	Estimated TAX YEAR 2026 <u>COLLECT 2027</u>	Estimated TAX YEAR 2027 <u>COLLECT 2028</u>	Estimated TAX YEAR 2028 <u>COLLECT 2029</u>
Classification					
Res./Ag.	\$1,510,587,770	\$1,518,487,770	\$1,526,387,770	\$1,656,398,791	\$1,664,298,791
Comm./Ind.	130,982,903	131,782,903	132,582,903	133,382,903	134,182,903
Public Utility Personal Property (PUPP)	<u>56,466,840</u>	<u>57,466,840</u>	<u>58,466,840</u>	<u>59,466,840</u>	<u>60,466,840</u>
Total Assessed Value	<u>\$1,698,037,513</u>	<u>\$1,707,737,513</u>	<u>\$1,717,437,513</u>	<u>\$1,849,248,534</u>	<u>\$1,858,948,534</u>

Estimated Real Estate Tax (Line #1.010)

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Property Taxes	<u>\$32,643,322</u>	<u>\$34,038,955</u>	<u>\$34,193,121</u>	<u>\$35,481,319</u>	<u>\$36,613,898</u>

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 98% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. Property taxes are estimated to be collected at 53% of the Res/Ag and Comm/Ind in the February tax settlements and 47% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to receive 50% in the February and 50% in the August settlements.

New Tax Levies – Line #13.030

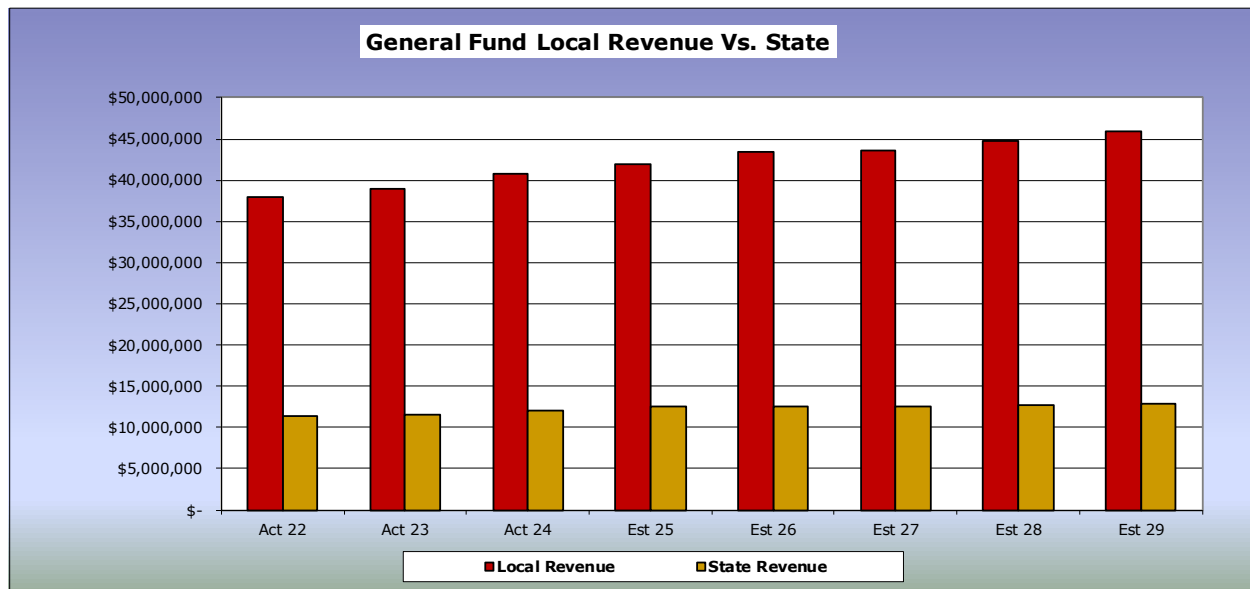
No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property (Line#1.020)	<u>\$3,020,575</u>	<u>\$3,140,556</u>	<u>\$3,194,613</u>	<u>\$3,243,084</u>	<u>\$3,291,475</u>

Comparison of Local and State Revenue



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

A) Unrestricted State Foundation Revenue– Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY25 funding based on the October 2024 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 FY23

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 for the opening of four (4) casinos one each 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% 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 which began for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$6,891,833	\$6,881,829	\$6,881,829	\$6,881,829	\$6,881,829
Additional Aid Items	639,536	639,536	639,536	639,536	639,536
Basic Aid-Unrestricted Subtotal	7,531,369	7,521,365	7,521,365	7,521,365	7,521,365
Ohio Casino Commission ODT	<u>272,692</u>	<u>275,436</u>	<u>278,202</u>	<u>280,988</u>	<u>283,796</u>
Total Unrestricted State Aid Line # 1.035	<u>\$7,804,061</u>	<u>\$7,796,801</u>	<u>\$7,799,567</u>	<u>\$7,802,353</u>	<u>\$7,805,161</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 amount of DPIA is limited to 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 \$225,000 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$128,217	\$128,217	\$128,217	\$128,217	\$128,217
Career Tech	1,886	1,886	1,886	1,886	1,886
Gifted	104,579	104,579	104,579	104,579	104,579
ESL	27,316	27,316	27,316	27,316	27,316
Other Restricted State Funds	225,000	-	-	-	-
Student Wellness	182,972	182,972	182,972	182,972	182,972
Total Restricted State Revenues Line #1.040	<u>\$669,970</u>	<u>\$444,970</u>	<u>\$444,970</u>	<u>\$444,970</u>	<u>\$444,970</u>

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY25-29.

Summary of State Foundation Revenues	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line # 1.035	\$7,804,061	\$7,796,801	\$7,799,567	\$7,802,353	\$7,805,161
Restricted Line # 1.040	\$669,970	\$444,970	\$444,970	\$444,970	\$444,970
Total State Foundation Revenue	<u>\$8,474,031</u>	<u>\$8,241,771</u>	<u>\$8,244,537</u>	<u>\$8,247,323</u>	<u>\$8,250,131</u>

State Share of Local Property Tax – Line #1.050 **Rollback and Homestead Reimbursement**

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward 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	<u>\$4,072,367</u>	<u>\$4,263,452</u>	<u>\$4,281,748</u>	<u>\$4,472,211</u>	<u>\$4,662,679</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.

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. 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. Although increasing interest rates place a risk on our local economy, we are able to benefit from the interest rates revenue due to our firm cash reserves.

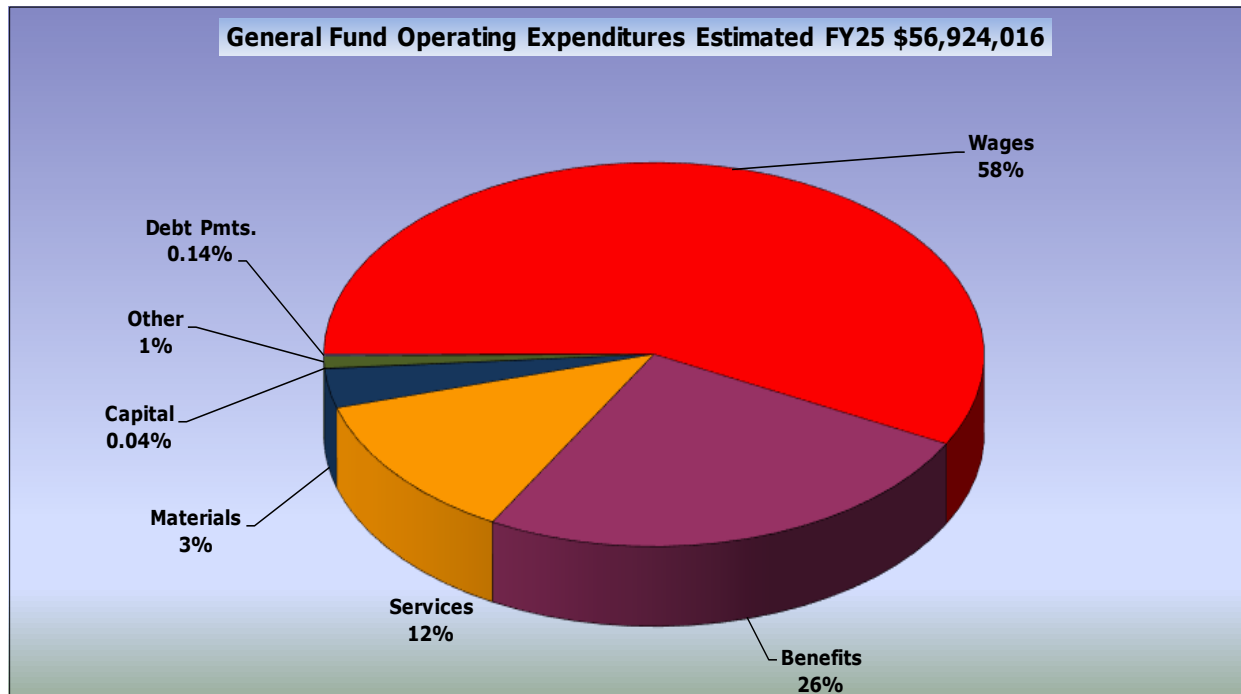
Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Lake County School Financing District (Fund 030)	3,310,497	3,310,497	3,310,497	3,310,497	3,310,497
Interest	1,095,703	1,040,918	936,826	843,144	758,829
Class/Pay to Participate Fees	446,000	446,000	446,000	446,000	446,000
Medicaid Services	385,000	385,000	385,000	385,000	385,000
Pilot	196,000	196,000	196,000	196,000	196,000
Tuitions	705,702	712,759	719,887	727,086	734,357
Other Income and rentals	<u>164,510</u>	<u>164,510</u>	<u>164,510</u>	<u>164,510</u>	<u>164,510</u>
Total Other Local Revenue Line #1.060	<u>\$6,303,412</u>	<u>\$6,255,684</u>	<u>\$6,158,720</u>	<u>\$6,072,237</u>	<u>\$5,995,193</u>

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

This funding source is typically a refund of prior year expenditures that is very unpredictable. The District reclassified the State reimbursement for Catastrophic Costs as this more accurately reflects the payment type.

Expenditures Assumptions

All Operating Expense Categories - General Fund FY25



Wages – Line #3.010

The district has included a base increase of 3% in FY25-FY29. The district assumes step increases will continue for certified and classified employees.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$30,727,879	\$32,708,552	\$34,438,065	\$36,504,349	\$38,694,610
Base Increases	921,836	981,257	1,033,142	1,095,130	1,160,838
Substitutes	397,075	401,046	405,057	409,107	413,198
Supplementals	661,279	681,117	701,550	722,597	744,275
Severance	15,000	15,000	15,000	15,000	15,000
ESSER Offset/Science of Reading Stipends	225,000	(225,000)	-	-	-
Staff Reductions	-88,000	-8,000	0	0	0
Total Wages Line #3.010	<u>\$32,860,069</u>	<u>\$34,553,972</u>	<u>\$36,592,814</u>	<u>\$38,746,184</u>	<u>\$41,027,921</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

We are estimating a blended rate of 11.5% in FY25 and FY26 due to a 22% increase on 1/1/25, which reflects trend. An 8% increase is included for FY27-FY29. This is based on our current employee census and claims data. Premium holidays are not anticipated in the forecasted years.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .02% of wages FY24-FY28 which is in line with historic growth recently.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. 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

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$5,234,034	\$5,511,270	\$5,831,788	\$6,175,087	\$6,538,850
B) Insurance's	8,608,111	9,596,124	10,363,814	11,192,919	12,088,353
C) Workers Comp/Unemployment	155,289	156,792	158,310	159,843	161,391
D) Medicare	456,062	474,304	493,276	513,007	533,527
Other/Tuition	<u>2,091</u>	<u>2,091</u>	<u>2,091</u>	<u>2,091</u>	<u>2,091</u>
Total Fringe Benefits Line #3.020	<u>\$14,455,587</u>	<u>\$15,740,581</u>	<u>\$16,849,279</u>	<u>\$18,042,947</u>	<u>\$19,324,212</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 educating 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. 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.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Services	\$1,052,906	\$1,073,964	\$1,095,443	\$1,117,352	\$1,139,699
Excess Cost County ESC	213,359	219,760	226,353	233,144	240,138
Other Tuition	1,351,308	1,378,334	1,405,901	1,434,019	1,462,699
Professional Support	3,278,540	3,344,111	3,410,993	3,479,213	3,548,797
Building Maintenance Repairs	359,875	377,869	396,762	416,600	437,430
Utilities	<u>781,248</u>	<u>812,498</u>	<u>844,998</u>	<u>878,798</u>	<u>913,950</u>
Total Purchased Services Line #3.030	<u>\$7,037,236</u>	<u>\$7,206,536</u>	<u>\$7,380,450</u>	<u>\$7,559,126</u>	<u>\$7,742,713</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. FY25 includes an additional \$200,000 for the State required purchase of High-Quality Instructional Materials for the Science of Reading curriculum implementation.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Supplies	\$1,006,041	\$836,222	\$861,309	\$887,148	\$913,762
Building Maintenance	234,432	241,465	248,709	256,170	263,855
Transportation	<u>636,406</u>	<u>668,226</u>	<u>701,637</u>	<u>736,719</u>	<u>773,555</u>
Total Supplies Line #3.040	<u>\$1,876,879</u>	<u>\$1,745,913</u>	<u>\$1,811,655</u>	<u>\$1,880,037</u>	<u>\$1,951,172</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. The majority of capital expenditures are taken from the district's permanent improvement fund.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200
Replacement Bus Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$25,200</u>	<u>\$25,200</u>	<u>\$25,200</u>	<u>\$25,200</u>	<u>\$25,200</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. Increases or decreases in each line are based on historical trends and known factors.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$396,642	\$400,608	\$404,614	\$408,660	\$412,747
County ESC	26,867	26,598	26,332	26,069	25,808
Other expenses	<u>165,577</u>	<u>170,544</u>	<u>175,660</u>	<u>180,930</u>	<u>186,358</u>
Total Other Expenses Line #4.300	<u>\$589,086</u>	<u>\$597,750</u>	<u>\$606,606</u>	<u>\$615,659</u>	<u>\$624,913</u>

Principal and Interest Payment – Lines #4.050 through 4.060

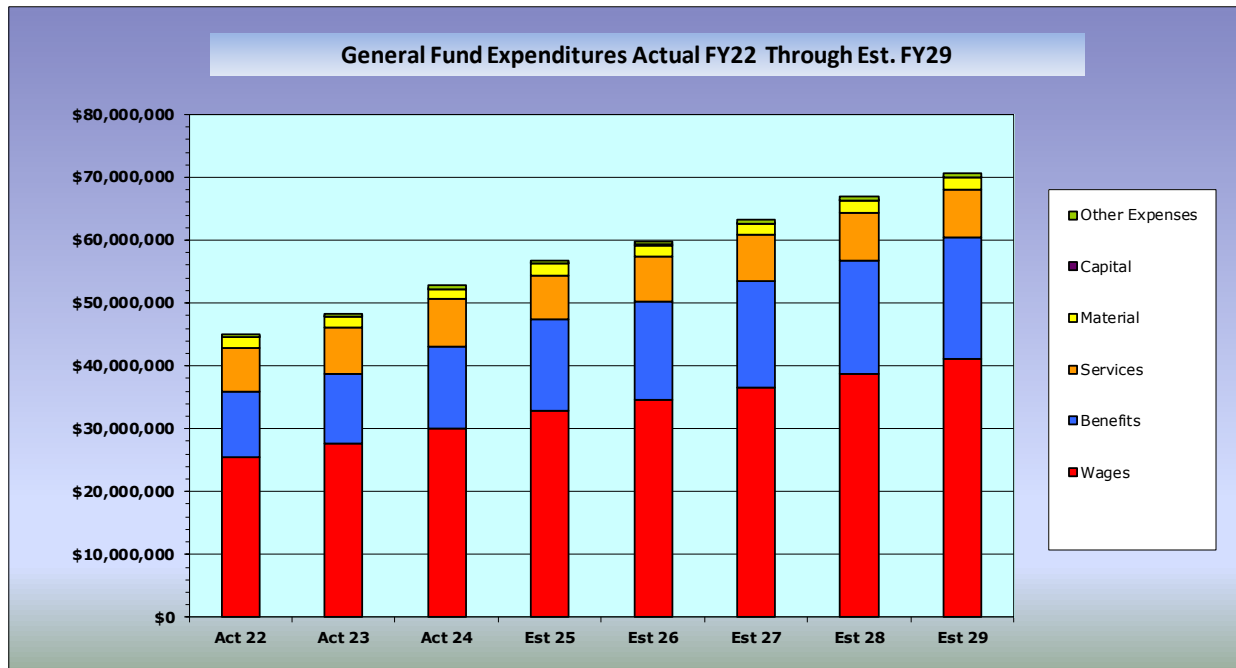
The District utilized HB264 for energy efficiency unvoted debt. The energy savings from certain capital upgrades is used to pay the associated debt payment. Payments started in June of 2015 and will be paid of in December of 2029.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
HB 264 Principal Line # 4.050	<u>\$65,340</u>	<u>\$67,745</u>	<u>\$70,238</u>	<u>\$72,822</u>	<u>\$75,502</u>

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Interest on HB 264 Total Line #4.060	<u>\$14,619</u>	<u>\$12,170</u>	<u>\$9,632</u>	<u>\$6,999</u>	<u>\$4,270</u>

Operating Expenditures Actual FY22-FY24 and Estimated FY25-FY29

The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Beginning in FY21 the district created a termination benefits fund to be used in accordance with Ohio Revised Code section 5705.13. The district plans to transfer \$250,000 annually to this fund to be used to make severance payments to employees upon retirement and \$75,000 to athletics. FY22 included a transfer of \$1,650,000 to PI with the remaining budgeted amount for transfers to athletics and severance payments.

Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>

Encumbrances –Line#8.010

These are outstanding purchase orders that have not been 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>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>

Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a

violation of 5705.412, ORC punishable by personal liability of \$10,000, unless the new alternative 412 certificate can be issued pursuant to HB153 effective after September 30, 2011.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unencumbered Cash Balance	<u>\$22,829,517</u>	<u>\$18,835,880</u>	<u>\$11,578,556</u>	<u>\$2,161,567</u>	<u>-\$9,785,149</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) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts' 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.

