

**LICKING HEIGHTS LOCAL SCHOOL DISTRICT
LICKING AND FRANKLIN COUNTIES
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2022, 2023, 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2025 THROUGH JUNE 30, 2029**



**Forecast Provided By
LICKING HEIGHTS LOCAL SCHOOL DISTRICT**

**Treasurer's Office
Todd Griffith, Treasurer/CFO
November 19, 2024**

Licking Heights Local School District

Licking 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				Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues									
1.010 General Property Tax (Real Estate)	\$22,883,393	\$23,062,360	\$25,955,508	6.7%	\$28,555,447	\$28,567,114	\$29,232,511	\$29,926,772	\$30,323,569
1.020 Public Utility Personal Property Tax	3,541,106	4,378,972	4,746,148	16.0%	4,684,711	4,429,557	4,179,832	4,278,246	4,364,379
1.035 Unrestricted State Grants-in-Aid	13,783,117	16,205,450	22,307,699	27.6%	24,325,212	24,324,784	24,331,588	24,338,493	24,345,503
1.040 Restricted State Grants-in-Aid	948,243	1,471,088	2,446,945	60.7%	2,639,147	2,389,147	2,389,147	2,389,147	2,389,147
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	2,834,906	2,859,193	3,286,609	7.9%	3,460,564	3,466,340	3,544,295	3,621,230	3,643,643
1.060 All Other Revenues	10,410,886	9,518,100	13,667,930	17.5%	13,586,419	11,528,550	10,867,153	10,940,742	11,019,656
1.070 Total Revenues	\$54,401,649	\$57,495,164	\$72,410,838	15.8%	\$77,251,500	\$74,705,492	\$74,544,526	\$75,494,630	\$76,085,897
Other Financing Sources									
2.040 Operating Transfers-In	1,687	0	0	0.0%	0	0	0	0	0
2.050 Advances-In	0	0	0	0.0%	0	350,000	200,000	0	0
2.060 All Other Financing Sources	259,884	222,500	0	-57.2%	40,000	0	0	0	0
2.070 Total Other Financing Sources	261,571	222,500	0	-57.5%	40,000	350,000	200,000	0	0
2.080 Total Revenues and Other Financing Sources	\$54,663,221	\$57,717,664	\$72,410,838	15.5%	\$77,291,500	\$75,055,492	\$74,744,526	\$75,494,630	\$76,085,897
Expenditures									
3.010 Personal Services	\$25,911,777	\$27,896,008	\$30,384,940	8.3%	\$35,728,176	\$38,946,022	\$42,152,135	\$45,611,287	\$49,346,927
3.020 Employees' Retirement/Insurance Benefits	8,530,533	9,110,536	10,018,290	8.4%	12,146,908	13,905,694	16,128,415	18,297,795	20,758,011
3.030 Purchased Services	7,801,919	9,073,037	9,884,758	12.6%	11,811,273	12,948,092	13,364,370	13,852,533	14,359,380
3.040 Supplies and Materials	1,373,059	2,352,871	2,213,363	32.7%	2,842,373	3,126,610	3,282,941	3,447,088	3,619,442
3.050 Capital Outlay	69,677	25,099	1,245,240	2398.7%	4,500,000	1,900,000	1,900,000	1,900,000	1,900,000
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:									
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050 Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055 Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060 Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300 Other Objects	778,298	683,828	866,140	7.3%	920,500	957,810	976,966	996,506	1,016,437
4.500 Total Expenditures	\$44,465,262	\$49,141,379	\$54,612,732	10.8%	\$67,949,230	\$71,784,229	\$77,804,827	\$84,105,209	\$91,000,197
Other Financing Uses									
5.010 Operating Transfers-Out	\$7,301,000	\$10,001,085	\$6,000,000	-1.5%	\$0	\$0	\$0	\$0	\$0
5.020 Advances-Out	222,500	0	0	0.0%	350,000	200,000	0	0	0
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	7,523,500	10,001,085	6,000,000	-3.5%	350,000	200,000	0	0	0
5.050 Total Expenditures and Other Financing Uses	\$51,988,762	\$59,142,464	\$60,612,732	8.1%	\$68,299,230	\$71,984,229	\$77,804,827	\$84,105,209	\$91,000,197
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	2,674,459	(1,424,800)	11,798,106	-540.7%	8,992,270	3,071,263	(3,060,301)	(8,610,579)	(14,914,300)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	27,506,868	30,181,327	28,756,528	2.5%	40,554,633	49,546,903	52,618,166	49,557,865	40,947,286
7.020 Cash Balance June 30	30,181,327	28,756,528	40,554,633	18.2%	49,546,903	52,618,166	49,557,865	40,947,286	26,032,986
8.010 Estimated Encumbrances June 30	13,131	443,918	-	1590.3%	50,000	50,000	50,000	50,000	50,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials				0.0%	0	0	0	0	0
9.020 Capital Improvements				0.0%	0	0	0	0	0
9.030 Budget Reserve				0.0%	0	0	0	0	0
9.040 DPIA				0.0%	0	0	0	0	0
9.045 Fiscal Stabilization				0.0%	0	0	0	0	0
9.050 Debt Service				0.0%	0	0	0	0	0
9.060 Property Tax Advances				0.0%	0	0	0	0	0
9.070 Bus Purchases				0.0%	0	0	0	0	0
9.080 Subtotal	0	0	0	0.0%	0	0	0	0	0
Fund Balance June 30 for Certification of Appropriations	\$30,168,196	\$28,312,610	\$40,554,633	18.5%	\$49,496,903	\$52,568,166	\$49,507,865	\$40,897,286	\$25,982,986
Revenue from Replacement/Renewal Levies									

Licking Heights Local School District

Licking 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				Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
11.010 Income Tax - Renewal				0.0%					
11.020 Property Tax - Renewal or Replacement				0.0%	0	0	0	0	0
11.300 Cumulative Balance of Replacement/Renewal Levies	0	0		0.0%	0	0	0	0	0
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>									
	\$30,168,196	\$28,312,610	\$40,554,633	18.5%	\$49,496,903	\$52,568,166	\$49,507,865	\$40,897,286	\$25,982,986
Revenue from New Levies									
13.010 Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0
14.010 Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0
15.010 <i>Unreserved Fund Balance June 30</i>	\$30,168,196	\$28,312,610	\$40,554,633	18.5%	\$49,496,903	\$52,568,166	\$49,507,865	\$40,897,286	\$25,982,986
20.010 Kindergarten -ADM count	391	391	391	0.0%	400	405	410	415	420
20.015 Grades -ADM count	3911	3911	3911	0.0%	4500	4545	4590	4635	4680
True Days Cash Line 59	212	177	244		265	267	232	178	104
True Days Unencumbered Cash Line 91	212	175	244		265	267	232	177	104
Millage equivalent for deficit spending					0.00	0.00	(3.42)	(7.11)	(12.28)

Licking Heights Local School District – Franklin and Licking Counties
Notes to the Five Year Forecast
General Fund Only
November 19, 2024

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 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, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the May 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%) 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 Ricks 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 as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 60.6% of the district's resources. Our tax collections in the March 2024 and August 2024 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- 2) Licking and Franklin Counties experienced a reappraisal in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased assessed Class I values by \$292,302,315 million, or 46.61%. Overall values rose \$16.3 million or 10.52%, including reappraisal and new construction for all property classes. A reappraisal update will occur in the tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$55.7 million for an overall increase of 5.07%. There is, however, always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

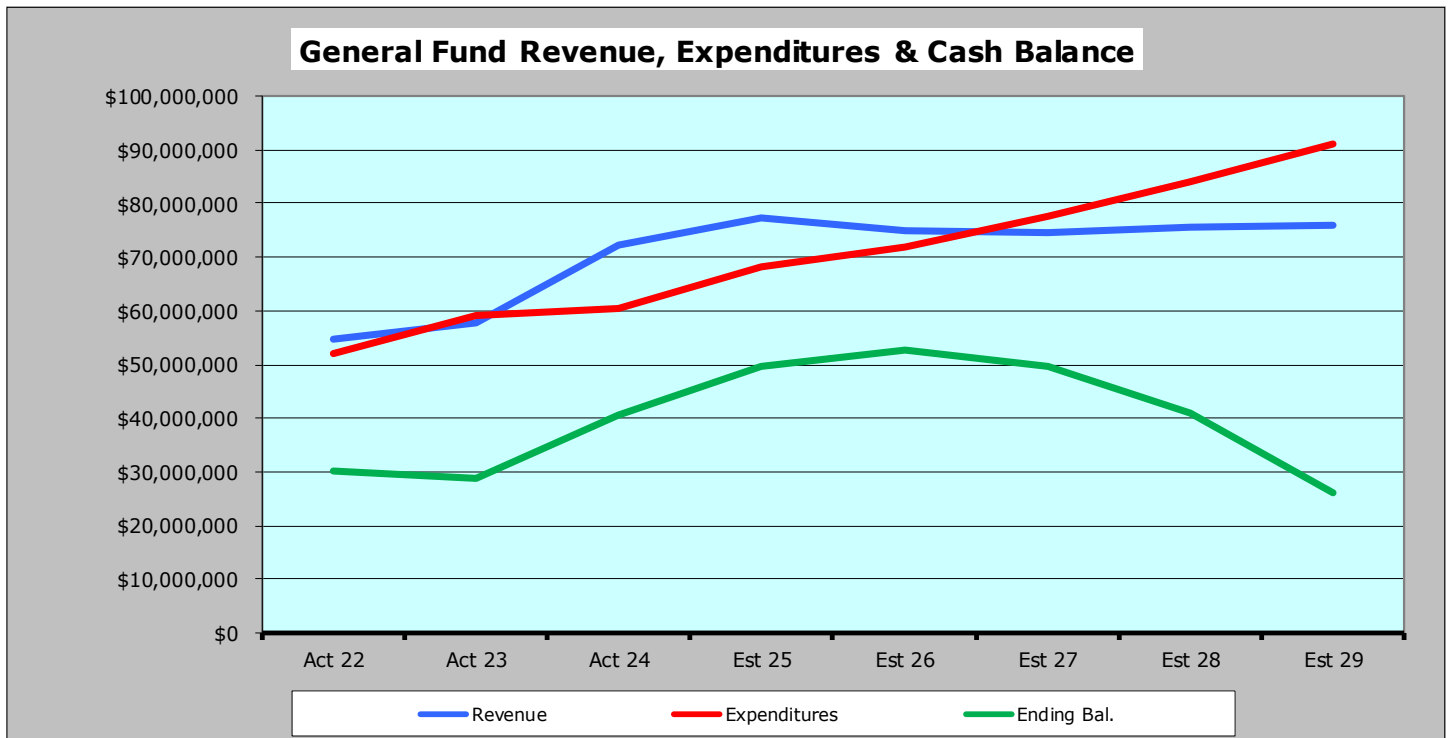
- 3) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non voted tax increases on taxpayers. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure 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.

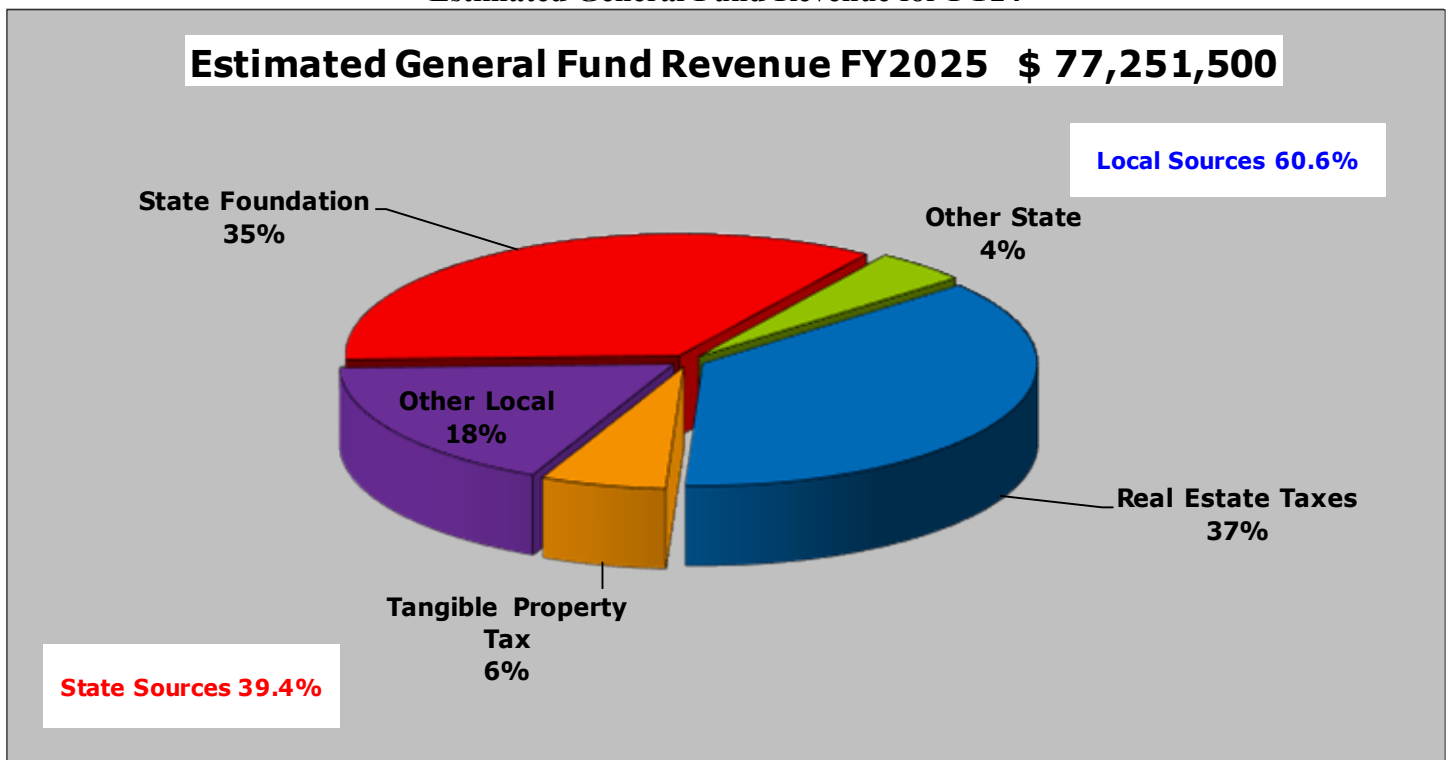
- 4) The state budget represented 39.4% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make 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 FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this 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.
- 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) 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. We believe as we move forward our positive working relationship will continue and will only grow stronger.

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 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 Todd Griffith, Treasurer/CFO at 740-927-6926.

General Fund Revenue, Expenditure and Cash Balance Actual FY22-FY24 and Estimated FY25-FY29:



**Revenue Assumptions
Estimated General Fund Revenue for FY24**



Real Estate Value Assumptions – Line # 1.010

Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. A full reappraisal of the district property value occurred in 2023 for collection in calendar year 2024. The 2023 reappraisal of real estate values realized a 46.61% increase in residential values but commercial only realized a 10.52% increase for Licking Heights Schools.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>
Res./Ag.	\$921,643,125	\$923,793,125	\$972,132,782	\$976,282,782	\$980,432,782
Comm./Ind.	\$172,970,330	\$175,070,330	\$182,422,440	\$190,522,440	\$198,622,440
Public Utility (PUPP)	<u>\$120,285,570</u>	<u>\$105,285,570</u>	<u>\$108,285,570</u>	<u>\$111,285,570</u>	<u>\$112,385,570</u>
Total Assessed Valuation	<u>\$1,214,899,025</u>	<u>\$1,204,149,025</u>	<u>\$1,262,840,792</u>	<u>\$1,278,090,792</u>	<u>\$1,291,440,792</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 gross rate for all general fund levies is 39.2 mills while the Class I effective millage rate is 29.5 mills and the Class II effective millage rate is 29.5 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 both Class I and Class II. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor, the district has one substitute levy of 9.5 mills that was voted on for an annual amount of \$10.6 million of taxes.

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Est. Prop. Taxes Including PUPP	\$28,555,447	\$28,567,114	\$29,232,511	\$29,926,772	\$30,323,569

Estimated Public Utility Tax – Line#1.020

As noted earlier, the phase-out of TPP taxes began in FY06 with HB66, which was adopted in June 2005. The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under P.U. Personal, which was \$120.3 million in assessed values in 2023 and is collected at the district’s gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
TPP Receipts	\$4,684,711	\$4,429,557	\$4,179,832	\$4,278,246	\$4,364,379

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045 Current State Funding Model per HB110 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 October 2024 foundation settlement and funding factors.

Our district is currently a formula district in FY25 and is expected to continue to be on the formula 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 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 1.0% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$22,997,919	\$22,997,919	\$22,997,919	\$22,997,919	\$22,997,919
Additional Aid Items	<u>\$997,229</u>	<u>\$990,099</u>	<u>\$990,099</u>	<u>\$990,099</u>	<u>\$990,099</u>
Basic Aid-Unrestricted Subtotal	\$23,995,148	\$23,988,018	\$23,988,018	\$23,988,018	\$23,988,018
Ohio Casino Commission ODT	<u>\$330,064</u>	<u>\$336,766</u>	<u>\$343,570</u>	<u>\$350,475</u>	<u>\$357,485</u>
Total Unrestricted State Aid Line # 1.035	<u>\$24,325,212</u>	<u>\$24,324,784</u>	<u>\$24,331,588</u>	<u>\$24,338,493</u>	<u>\$24,345,503</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 \$250,000 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Economically Disadvantage Aid	\$858,781	\$858,781	\$858,781	\$858,781	\$858,781
ESL	\$517,233	\$517,233	\$517,233	\$517,233	\$517,233
Gifted	\$215,128	\$215,128	\$215,128	\$215,128	\$215,128
Career Tech - Restricted	\$32,971	\$32,971	\$32,971	\$32,971	\$32,971
Student Wellness	\$704,615	\$704,615	\$704,615	\$704,615	\$704,615
Other Restricted (HQ)(SOR)	\$250,000				
Catastrophic Aid/Half Mil Equal	\$60,419	\$60,419	\$60,419	\$60,419	\$60,419
Total Restricted State Revenues Line #1.040	<u>\$2,639,147</u>	<u>\$2,389,147</u>	<u>\$2,389,147</u>	<u>\$2,389,147</u>	<u>\$2,389,147</u>

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected during this forecast.

<u>SUMMARY</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line # 1.035	\$24,325,212	\$24,324,784	\$24,331,588	\$24,338,493	\$24,345,503
Restricted Line # 1.040	\$2,639,147	\$2,389,147	\$2,389,147	\$2,389,147	\$2,389,147
Restricted Fed. SFSF /EdJobs #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$26,964,359</u>	<u>\$26,713,931</u>	<u>\$26,720,735</u>	<u>\$26,727,640</u>	<u>\$26,734,650</u>

State Share of Local Property Tax – Line #1.050

A) 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

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Rollback and Homestead	<u>\$3,460,564</u>	<u>\$3,466,340</u>	<u>\$3,544,295</u>	<u>\$3,621,230</u>	<u>\$3,643,643</u>

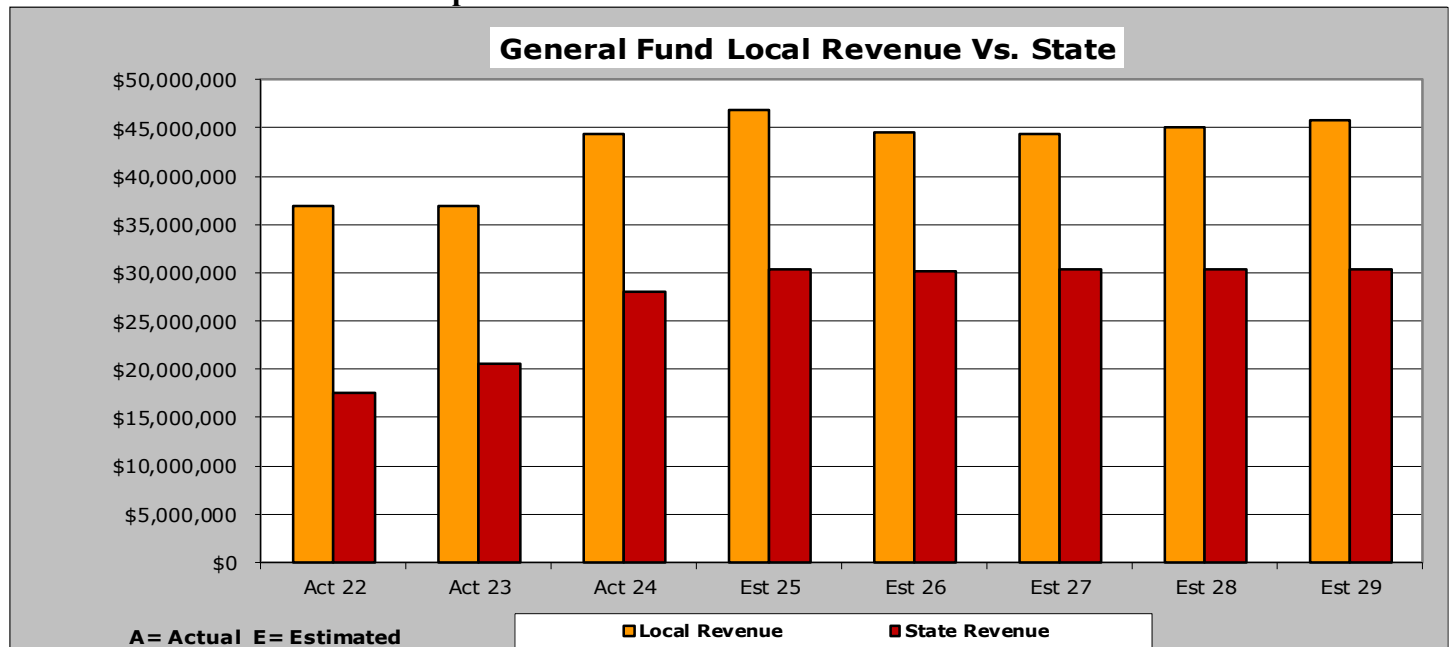
Other Local Revenues – Line #1.060

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. 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.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Tuition	\$307,603	\$310,679	\$313,786	\$316,924	\$320,093
Interest	\$3,400,000	\$2,040,000	\$1,530,000	\$1,453,500	\$1,380,825
Income Tax Sharing & TIF	\$8,450,000	\$7,605,000	\$7,305,000	\$7,305,000	\$7,305,000
Medicaid	\$475,893	\$475,893	\$475,893	\$475,893	\$475,893
Total Other Local Revenue Line #1.060	<u>\$13,586,419</u>	<u>\$11,528,550</u>	<u>\$10,867,153</u>	<u>\$10,940,742</u>	<u>\$11,019,656</u>

Comparison of Local Revenue and State Revenue:



Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short term borrowing planned in this forecast at this time from any sources.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

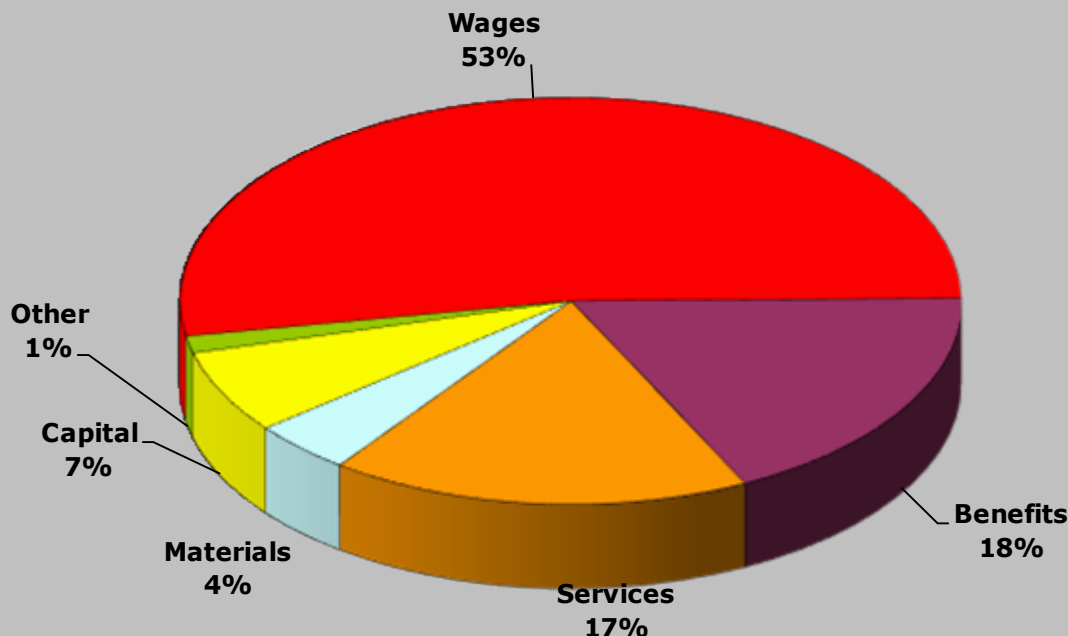
All Other Financial Sources – Line #2.060

All other financing sources include refunds from the Ohio Bureau of Workers' Compensation.

Expenditures Assumptions

Estimated General Fund Expenditures for FY24

Est. General Fund Expenditures FY2025 \$ 67,949,230



Personnel Services – Employees’ Salaries & Wages – Line #3.010

The model reflects a 2% base increase in FY25, and a 3% base increase in FY26 through FY29. The forecast also reflects varying step increase based on current staffing education and experience levels.

New hires have been included in FY25-FY29 for growth and critical need areas as determined by the Superintendent.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$29,477,569	\$34,301,962	\$37,502,177	\$40,690,307	\$44,131,116
Increases	\$884,327	\$1,029,059	\$1,125,065	\$1,220,709	\$1,323,933
Step and Training Increase	\$530,596	\$960,455	\$1,012,559	\$1,139,329	\$1,279,802
Supplemental	\$881,529	\$899,160	\$917,143	\$935,486	\$954,196
Substitutes	\$0	\$0	\$0	\$0	\$0
SWSF/Other Grants /ESSER I, II, III	\$1,250,000	\$0	\$0	\$0	\$0
New Hires/Adjustments	\$2,159,470	\$1,210,701	\$1,050,506	\$1,080,772	\$1,113,195
Substitutes	\$369,685	\$369,685	\$369,685	\$369,685	\$369,685
Severance/Vacation/Personal/Sick	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Personnel Reductions/Turnover Reductions	\$0	\$0	\$0	\$0	\$0
Total Wages Line #3.010	<u>\$35,728,176</u>	<u>\$38,946,022</u>	<u>\$42,152,135</u>	<u>\$45,611,287</u>	<u>\$49,346,927</u>

Employees’ Retirement & Benefits Line #3.020

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

A) STRS/SERS

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

B) Insurance

The increases for medical and dental insurance are 18.0% for benefit year 2025. The increases include adjustments for inflation and the cost of actual claims. Additionally, the district is estimating a 15% increase in FY26 through FY29.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be about .052% of wages FY25– FY29. Unemployment is expected to remain at a very low level FY25-FY29. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increases in 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.

E) Other/Tuition

The district reimburses employees for the tuition to further their education to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
STRS/SERS	\$5,411,102	\$5,915,216	\$6,412,075	\$6,944,179	\$7,518,780
Health Insurances	\$5,972,016	\$7,146,279	\$8,809,837	\$10,379,890	\$12,192,909
Workers Compensation and Unemployment Comp	\$185,400	\$201,918	\$218,375	\$236,132	\$255,308
Medicare	\$487,751	\$551,642	\$597,489	\$646,955	\$700,375
Other	<u>\$90,639</u>	<u>\$90,639</u>	<u>\$90,639</u>	<u>\$90,639</u>	<u>\$90,639</u>
Total Fringe Benefits Line #3.020	<u>\$12,146,908</u>	<u>\$13,905,694</u>	<u>\$16,128,415</u>	<u>\$18,297,795</u>	<u>\$20,758,011</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. We added a significant number of staff paid through the ESCCO which drives the increase in purchase services.

In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Professional and Tech	\$7,235,030	\$7,669,132	\$8,129,280	\$8,454,451	\$8,792,629
Property Services	\$1,067,758	\$1,115,807	\$1,166,018	\$1,218,489	\$1,273,321
Travel	\$109,921	\$113,219	\$116,616	\$120,114	\$123,717
Communications	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utilities	\$1,365,732	\$1,575,732	\$1,623,004	\$1,671,694	\$1,721,845
Contracted and Trade	\$0	\$0	\$0	\$0	\$0
Tuition	\$743,260	\$765,558	\$788,525	\$812,181	\$836,546
Pupil Transportation	\$200,000	\$206,000	\$212,180	\$218,545	\$225,101
Other	\$889,572	\$916,259	\$943,746	\$972,059	\$1,001,221
Budget Modifications	<u>\$0</u>	<u>\$386,385</u>	<u>\$185,000</u>	<u>\$185,000</u>	<u>\$185,000</u>
Total Purchased Services Line #3.030	<u>\$11,811,273</u>	<u>\$12,948,092</u>	<u>\$13,364,370</u>	<u>\$13,852,533</u>	<u>\$14,359,380</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.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Supplies	\$1,827,318	\$2,010,050	\$2,110,552	\$2,216,080	\$2,326,884
Building & transportation	\$1,015,055	\$1,116,561	\$1,172,389	\$1,231,008	\$1,292,558
Budget Modifications	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Supplies Line #3.040	<u>\$2,842,373</u>	<u>\$3,126,610</u>	<u>\$3,282,941</u>	<u>\$3,447,088</u>	<u>\$3,619,442</u>

Capital Outlay – Line #3.050

The District expects to pay many of our capital expense from general fund as the construction project overages are using most of our Permanent Improvement and Capital Improvement Funds. We also expect to purchase land this year that will cost approximately \$2.5 million.

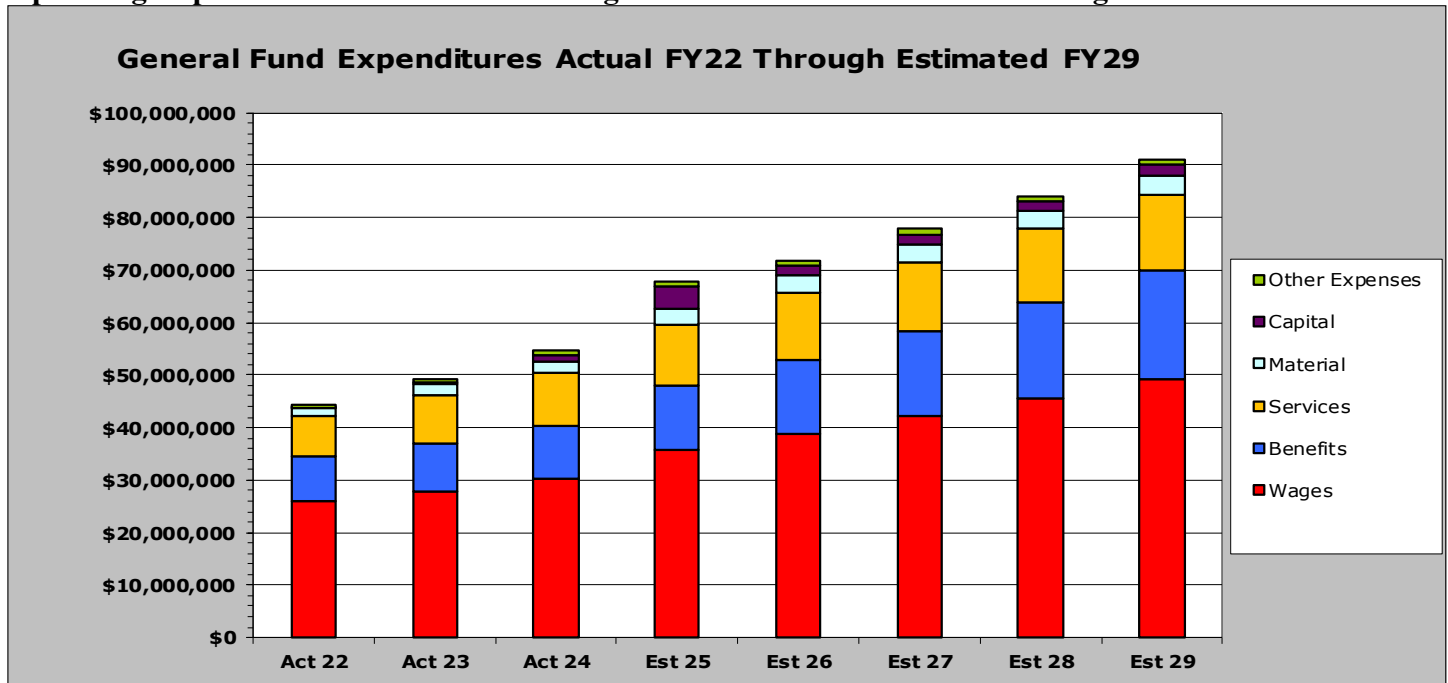
<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Capital Outlay	\$2,500,000	\$0	\$0	\$0	\$0
Bus Purchases/ Capital Repairs	\$0	\$0	\$0	\$0	\$0
Capital Improvements and Technology	\$2,000,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
Capital Plan Increase	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Equipment Line #3.050	<u>\$4,500,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>

Other Expenses – Line #4.300

This category of expenses is primarily fees to the County Auditor & Treasurer for collecting property taxes. The other expenses within this category are ESC deductions for state foundation, our annual audit costs, district liability insurance and dues. A rate of 2% increase is projected in this area.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
County Tax Fees	\$630,000	\$661,500	\$674,730	\$688,225	\$701,990
County Board of Education	\$15,500	\$15,810	\$16,126	\$16,449	\$16,778
Liability Ins, & Other Misc. Costs	\$275,000	\$280,500	\$286,110	\$291,832	\$297,669
Increased A&T Fees for New Levies	\$0	\$0	\$0	\$0	\$0
Contingency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Other Expenses Line #4.300	<u>\$920,500</u>	<u>\$957,810</u>	<u>\$976,966</u>	<u>\$996,506</u>	<u>\$1,016,437</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25 through FY29



Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund advances or end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund.

Source	FY25	FY26	FY27	FY28	FY29
Transfer Line 5.010	\$0	\$0	\$0	\$0	\$0
Advances Line 5.020	\$350,000	\$200,000	\$0	\$0	\$0
Total Transfer & Advances Out	<u>\$350,000</u>	<u>\$200,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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.

	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

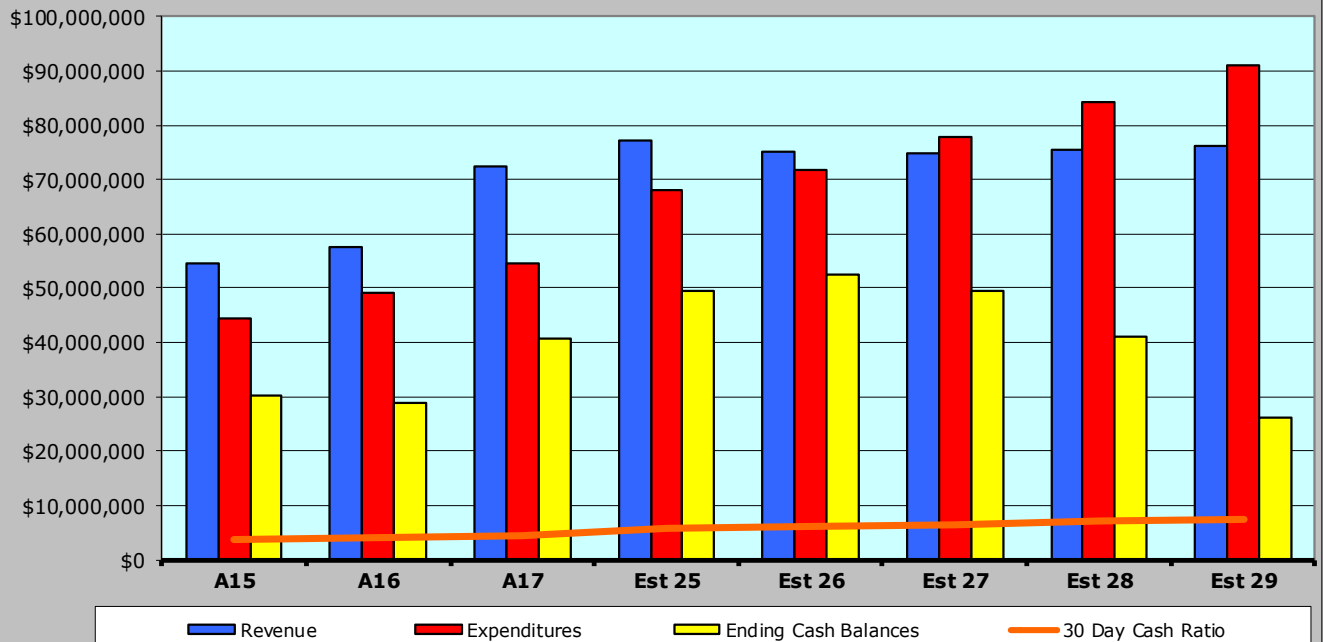
Ending Unencumbered Cash Balance “The Bottom-line” – Line #15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance.

	FY25	FY26	FY27	FY28	FY29
Ending Cash Balance	<u>\$49,496,903</u>	<u>\$52,568,166</u>	<u>\$49,507,865</u>	<u>\$40,897,286</u>	<u>\$25,982,986</u>

General Fund Ending Cash Balance

Rev. vs Exp. FY25 through FY29



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.

Conclusion

Licking Heights Local School District receives 39.4% of it’s funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

District administration appreciates the supportive Licking Heights community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.