

**RIVERDALE LOCAL SCHOOL DISTRICT- HANCOCK 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
Riverdale Local School District
Treasurer's Office
Makalia Weber, Treasurer
November 21, 2024**

Riverdale Local School District

Hancock 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)	\$2,929,651	\$2,974,049	\$3,140,719	3.6%	\$3,112,847	\$3,167,795	\$3,323,991	\$3,365,379	\$3,413,528
1.020 Public Utility Personal Property Tax	184,819	198,331	207,072	5.9%	363,387	311,291	323,741	336,191	336,191
1.030 Income Tax	3,445,131	2,323,993	2,165,427	-19.7%	1,724,227	1,622,213	951,033	0	0
1.035 Unrestricted State Grants-in-Aid	6,334,285	6,313,173	6,927,060	4.7%	7,335,330	7,335,060	7,334,768	7,334,453	7,334,114
1.040 Restricted State Grants-in-Aid	359,916	424,542	451,134	12.1%	538,931	445,621	445,621	445,621	445,621
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	409,071	412,885	425,752	2.0%	439,669	449,038	465,652	473,413	473,413
1.060 All Other Revenues	286,977	726,315	833,067	83.9%	1,608,824	714,484	650,452	599,226	558,245
1.070 Total Revenues	\$13,949,850	\$13,373,288	\$14,150,231	0.8%	\$15,123,215	\$14,045,502	\$13,495,258	\$12,554,283	\$12,561,112
Other Financing Sources									
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020 State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040 Operating Transfers-In	0	484	0	0.0%	0	0	0	0	0
2.050 Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060 All Other Financing Sources	82,763	41,590	187,261	150.3%	75,000	75,000	75,000	75,000	75,000
2.070 Total Other Financing Sources	\$82,763	\$42,074	\$187,261	148.0%	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
2.080 Total Revenues and Other Financing Sources	\$14,032,613	\$13,415,362	\$14,337,492	1.2%	\$15,198,215	\$14,120,502	\$13,570,258	\$12,629,283	\$12,636,112
Expenditures									
3.010 Personal Services	\$5,609,471	\$5,735,281	\$5,483,731	-1.1%	\$5,731,814	\$5,786,056	\$5,924,907	\$6,067,121	\$6,203,414
3.020 Employees' Retirement/Insurance Benefits	2,876,823	2,745,475	2,485,312	-7.0%	2,461,480	2,659,355	2,770,136	2,886,684	3,002,869
3.030 Purchased Services	2,912,078	2,867,974	3,481,809	9.9%	3,971,865	4,030,686	4,123,607	4,247,315	4,374,735
3.040 Supplies and Materials	348,853	633,633	481,962	28.8%	683,797	586,357	604,678	923,795	643,748
3.050 Capital Outlay	63,584	72,586	155,584	64.3%	1,591,932	332,532	332,532	332,532	332,532
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:				0.0%					
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	271,535	245,315	276,334	1.5%	292,806	302,867	313,332	324,222	335,556
4.500 Total Expenditures	\$12,082,344	\$12,300,264	\$12,364,732	1.2%	\$14,733,694	\$13,697,853	\$14,069,192	\$14,781,669	\$14,892,854
Other Financing Uses									
5.010 Operating Transfers-Out	\$0	\$484	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
5.020 Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	\$0	\$484	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
5.050 Total Expenditures and Other Financing Uses	\$12,082,344	\$12,300,748	\$12,364,732	1.2%	\$14,733,694	\$13,697,853	\$14,069,192	\$14,781,669	\$14,892,854
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses									
6.010	\$1,950,269	\$1,114,614	\$1,972,760	17.1%	\$464,522	\$422,649	(\$498,934)	(\$2,152,386)	(\$2,256,742)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$3,628,788	\$5,579,057	\$6,693,671	36.9%	\$8,666,431	\$9,130,953	\$9,553,602	\$9,054,668	\$6,902,282
7.010									
7.020 Cash Balance June 30	\$5,579,057	\$6,693,671	\$8,666,431	24.7%	\$9,130,953	\$9,553,602	\$9,054,668	\$6,902,282	\$4,645,540
8.010 Estimated Encumbrances June 30	\$294,579	\$488,731	\$299,368	13.6%	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080 Subtotal Reservations of fund Balance	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
Fund Balance June 30 for Certification of Appropriations	\$5,284,478	\$6,204,940	\$8,367,063	26.1%	\$8,755,953	\$9,178,602	\$8,679,668	\$6,527,282	\$4,270,540

Riverdale Local School District

Hancock 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
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	\$0	\$0	\$0	0.0%	\$0	\$0	\$703,624	\$1,838,375	\$1,838,375
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300 Cumulative Balance of Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$703,624	\$2,541,999	\$4,380,374
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	\$5,284,478	\$6,204,940	\$8,367,063	26.1%	\$8,755,953	\$9,178,602	\$9,383,292	\$9,069,281	\$8,650,914
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%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	\$5,284,478	\$6,204,940	\$8,367,063	26.1%	\$8,755,953	\$9,178,602	\$9,383,292	\$9,069,281	\$8,650,914

Riverdale Local School District –Hancock County
Notes to the Five Year Forecast
General Fund Only
November 21, 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 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 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 important 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 year 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 (0.5%) 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 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 a significant source of revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 23.0% 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) Riverdale LSD is in 3 counties that are on different reappraisal update schedules. Hancock and Wyandot Counties experienced a reappraisal and an update, respectively, in the 2022 tax year to be collected in 2023. This update increased assessed values by \$16.35 million, or 11.64%. Overall values rose \$17.59 million or 12.14%, including reappraisal and new construction for all property classes. Hardin County experienced reappraisal update in tax year 2023 to be collected in 2024. In this update, values increased by \$14.38 million or 9.09%. Overall values increased \$15.23 million or 9.37%. Hancock and Wyandot will experience an update and reappraisal, respectively in calendar year 2025 for which we anticipate a 4% increase in property values. The following year, Hardin's update is anticipated to increase values by 3%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

3) 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 taxpayers 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 54.97% 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 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 66.66% 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 October number 2 payment detail published by the Department of Education and Workforce for our forecasted revenues in FY25.

6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

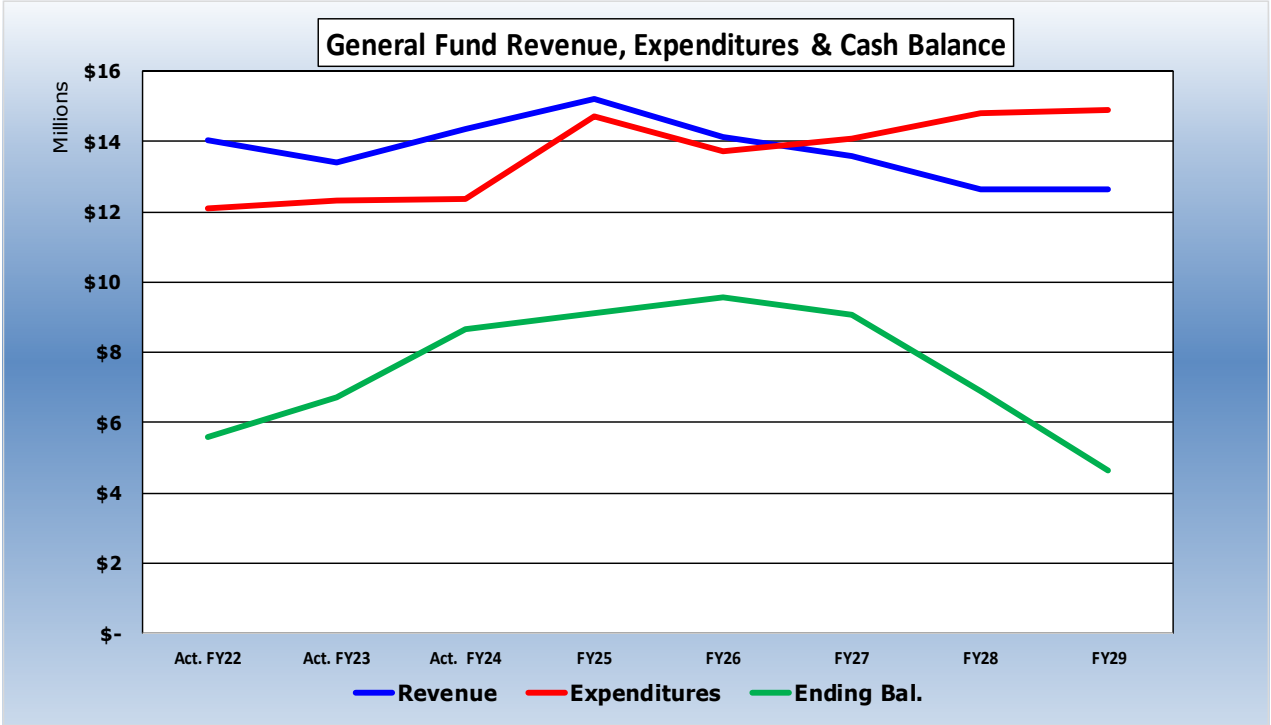
7) Our income tax payments vary greatly year over year due to one large taxpayer in the district. Since this payee is unknown and the stability of this revenue is uncertain, we have removed these payments from future projections. The district's 1.0 percent income tax levy is set to expire in December of 2026. It will be essential to renew this levy when it comes up. We believe the levy will be renewed, but there is always a chance it will not. This revenue moves to line 11.01 beginning in FY27.

Labor relations in our district have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. Our positive working relationship will continue and grow stronger as we move forward.

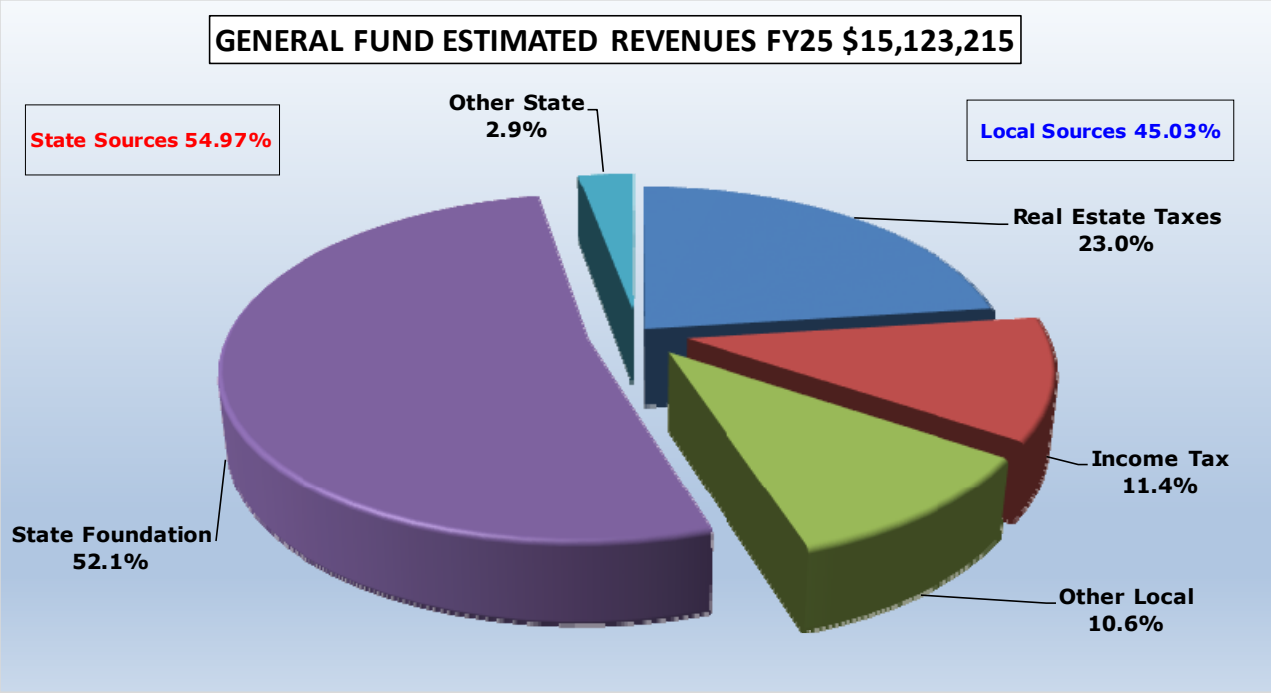
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Makalia Weber, Treasurer at 419-694-2211.

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 based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Hancock County experienced a reappraisal and Wyandot County experienced an update for the 2022 tax year to be collected in 2023. Hardin County experienced a reappraisal for the 2023 tax year to be collected in 2024. Residential/agricultural values increased 12.49% or \$17.58 million due to the reappraisal led by an improving housing market.

A reappraisal update will occur in 2025 for collection in 2026 for which we are estimating a 4% increase in residential and a 0.2% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$7.34 million or 4.1% overall.

Public Utility Personal Property (PUPP) values increased by \$696,450 in Tax Year 2023. We expect our values to continue to grow by \$200,000 in Tax Year 2024 and \$500,000 each remaining year of the forecast.

ESTIMATED ASSESSED PROPERTY VALUATIONS BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
<u>Classification</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>
Res./Ag.	\$173,591,850	\$180,930,524	\$186,708,440	\$187,058,440	\$191,149,609
Comm./Ind.	4,510,920	4,509,942	4,590,141	4,600,141	4,619,341
Public Utility Personal Property (PUPP)	<u>12,251,650</u>	<u>12,751,650</u>	<u>13,251,650</u>	<u>13,751,650</u>	<u>14,251,650</u>
Total Assessed Value	<u>\$190,354,420</u>	<u>\$198,192,116</u>	<u>\$204,550,230</u>	<u>\$205,410,230</u>	<u>\$210,020,599</u>

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund levies is 24.9 mills while the Class I effective millage rate is 20.0 mills and the Class II effective millage rate is 20.0 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the floor for Class I and Class II.

ESTIMATED REAL ESTATE TAX COLLECTIONS

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Est. Real Estate Taxes	\$3,112,847	\$3,167,795	\$3,323,991	\$3,365,379	\$3,413,528
Total Line #1.01 Real Estate Taxes	<u>\$3,112,847</u>	<u>\$3,167,795</u>	<u>\$3,323,991</u>	<u>\$3,365,379</u>	<u>\$3,413,528</u>

Property tax levies are estimated to be collected at 97.34% of the annual amount. This allows 2.66% delinquency factor. In general, 64.45% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 35.55% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in March and 50% in August settlement from the County Auditor and are noted in line 1.02 totals below.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The amounts below are public utility 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. The values in 2023 rose by 9.16% or \$696,450 and are expected to increase by \$200,000 for Tax year 2024 and \$500,000 each remaining year of the forecast. A major utility company paid \$39,404 in delinquent taxes in the second half of 2024.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property	\$363,387	\$311,291	\$323,741	\$336,191	\$336,191
Total PUPP Tax Line #1.020	<u>\$363,387</u>	<u>\$311,291</u>	<u>\$323,741</u>	<u>\$336,191</u>	<u>\$336,191</u>

School District Income Tax – Line#1.030

The district residents approved the renewal of a 1.0% 3-year traditional income tax levy with collections ending in December 2026. The changes in tax amounts are leveling off from the pandemic. Because this levy expires in December 2026, we have moved this revenue down to line 11.01 for FY27. Starting in 2020, we began receiving a large increase from one payee. Since we are uncertain of this revenue continuing, we have removed these payments from future projections. We will assume a reduction of 80% FY25 and 2.0% increase for FY26-FY29. We have updated the July and October payment to actual for FY25.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
July payment	\$669,112	\$545,995	\$556,915	\$0	\$0
October payment	378,814	386,390	394,118	0	0
January payment	274,139	279,622	0	0	0
April payment	<u>402,162</u>	<u>410,206</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total SDIT Collections	\$1,724,227	\$1,622,213	\$951,033	\$0	\$0
Source	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
School District Income Tax	\$2,165,427	\$1,724,227	\$1,622,213	\$951,033	\$951,033
Adjustments	<u>-441,200</u>	<u>-102,014</u>	<u>-671,180</u>	<u>-951,033</u>	<u>-951,033</u>
Total SDIT Line #1.030	<u>\$1,724,227</u>	<u>\$1,622,213</u>	<u>\$951,033</u>	<u>\$0</u>	<u>\$0</u>

Renewal of Income Tax (SDIT) Levy – Line #11.010

SDIT levies that are not continuous by law cannot be included with the income taxes on Line #1.03 if it expires in the forecast period, therefore we are including the renewal of the 1.0% income tax in levy year 2027 in Line #11.01 as it will expire December 31, 2026, which is during FY27.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Renew SDIT Total To Line #11.010	<u>\$0</u>	<u>\$0</u>	<u>\$703,624</u>	<u>\$1,838,375</u>	<u>\$1,838,375</u>

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

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the 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 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$7,019,258	\$7,019,258	\$7,019,258	\$7,019,258	\$7,019,258
Additional Aid Items	<u>252,650</u>	<u>252,650</u>	<u>252,650</u>	<u>252,650</u>	<u>252,650</u>
Basic Aid-Unrestricted Subtotal	7,271,908	7,271,908	7,271,908	7,271,908	7,271,908
Ohio Casino Commission ODT	<u>63,422</u>	<u>63,152</u>	<u>62,860</u>	<u>62,545</u>	<u>62,206</u>
Total Unrestricted State Aid Line #1.035	<u>\$7,335,330</u>	<u>\$7,335,060</u>	<u>\$7,334,768</u>	<u>\$7,334,453</u>	<u>\$7,334,114</u>

A) 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. We have estimated revenues for these new restricted funding lines using current October number 2 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 \$93,310 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent. Because this is a reimbursement of expenses, this subsidy will be offset by salaries, retirement and Medicare payments to teachers and will not increase our overall cash balance.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$65,613	\$65,613	\$65,613	\$65,613	\$65,613
Career Tech - Restricted	76,418	76,418	76,418	76,418	76,418
Gifted	80,992	80,992	80,992	80,992	80,992
ESL	1,473	1,473	1,473	1,473	1,473
Student Wellness	221,125	221,125	221,125	221,125	221,125
Other restricted State funds	<u>93,310</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1.040	<u>\$538,931</u>	<u>\$445,621</u>	<u>\$445,621</u>	<u>\$445,621</u>	<u>\$445,621</u>

B) Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected FY25-29.

<u>SUMMARY</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line #1.035	\$7,335,330	\$7,335,060	\$7,334,768	\$7,334,453	\$7,334,114
Restricted Line #1.040	538,931	445,621	445,621	445,621	445,621
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$7,874,261</u>	<u>\$7,780,681</u>	<u>\$7,780,389</u>	<u>\$7,780,074</u>	<u>\$7,779,735</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>\$439,669</u>	<u>\$449,038</u>	<u>\$465,652</u>	<u>\$473,413</u>	<u>\$473,413</u>
Total Tax Reimbursements #1.050	<u>\$439,669</u>	<u>\$449,038</u>	<u>\$465,652</u>	<u>\$473,413</u>	<u>\$473,413</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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

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. We will continue to monitor the investments for the district.

The district was awarded a USDA Distance Learning and Telemedicine (DLT) Grant with a 15% match which means we will spend 958k and be reimbursed 85% of that or \$814,823.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Related Payments	\$211,724	\$211,724	\$211,724	\$211,724	\$211,724
Open Enrollment	0	0	0	0	0
Class & Sports Oriented Fees	8,444	8,444	8,444	8,444	8,444
Interest Earnings	400,201	320,161	256,129	204,903	163,922
Rental Related Fees	24,013	24,013	24,013	24,013	24,013
Medicaid	115,000	115,000	115,000	115,000	115,000
Miscellaneous	<u>849,442</u>	<u>35,142</u>	<u>35,142</u>	<u>35,142</u>	<u>35,142</u>
Total Other Local Revenue Line #1.060	<u>\$1,608,824</u>	<u>\$714,484</u>	<u>\$650,452</u>	<u>\$599,226</u>	<u>\$558,245</u>

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

There is no short term borrowing projected in this forecast.

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

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The District has no transfers in or advance returns for this forecast.

All Other Financial Sources – Line #2.060

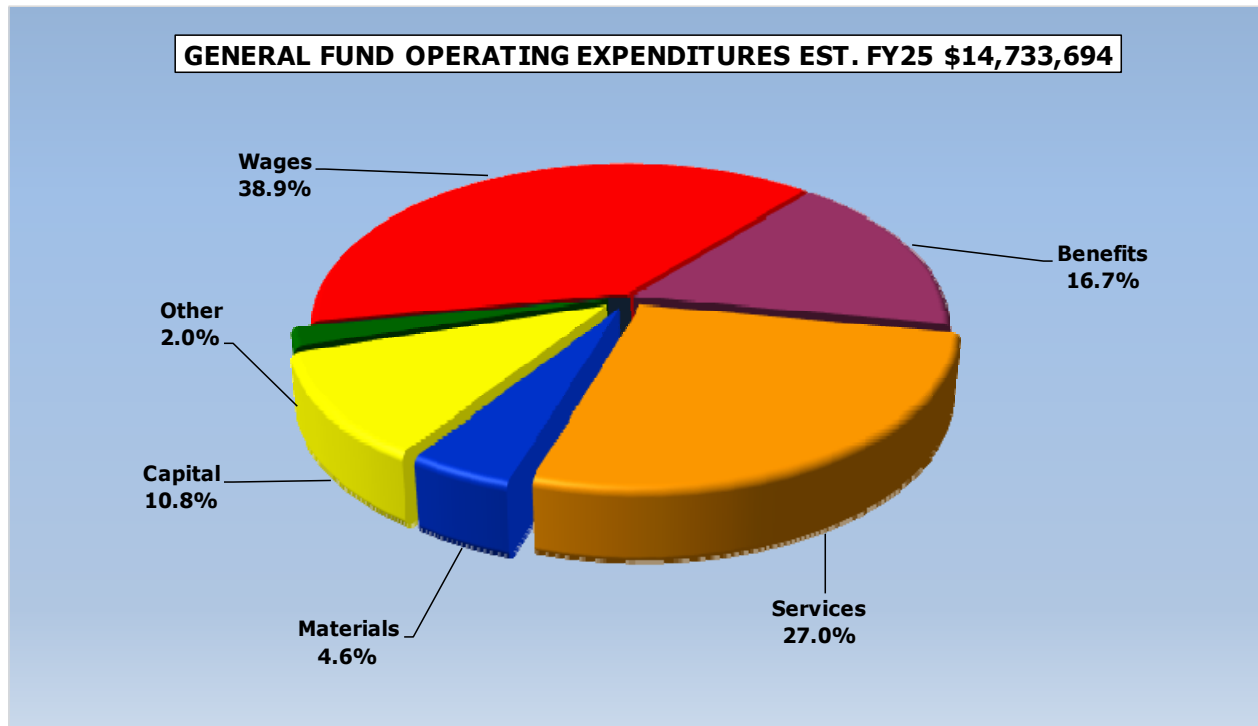
This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds and ERATE reimbursements over the past two years and do not expect to receive these in FY25. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior years expenditures	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>

Expenditures Assumptions

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

All Operating Expense Categories - General Fund FY25



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.0% for FY24 and 1.65% for FY25, including step increases. For planning purposes, a 1.0% base increase is planned for FY26 through FY28. Reductions in staff for FY24 and bringing staff back to the general fund from the 467 student wellness fund, resulted in a net \$250,000 in salary reductions. We are estimating \$80,816 in salaries for the Science of Reading professional development and an addition \$60,000 stipend to staff for keeping health care premiums low.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$5,057,734	\$5,217,053	\$5,345,090	\$5,476,797	\$5,611,741
Based Pay Increase	83,453	52,171	53,451	54,768	56,117
Steps & Academic Training	75,866	75,866	78,256	80,176	80,176
Growth Staff	0	0	0	0	0
New Building Staff	0	0	0	0	0
Substitutes	150,625	153,638	156,711	159,845	159,845
Supplementals	165,867	167,526	169,201	170,893	170,893
Stipends/OT/Severance & Misc	117,453	119,802	122,198	124,642	124,642
SWSF & ESSER Adjustments	0	0	0	0	0
Science of Reading	<u>80,816</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$5,731,814</u>	<u>\$5,786,056</u>	<u>\$5,924,907</u>	<u>\$6,067,121</u>	<u>\$6,203,414</u>

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs.

A) STRS/SERS will increase as Wages Increase

As required by law, the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance

The district is insured through the Hardin County Insurance Consortium. Insurance premiums have been holding steady since FY21. In FY 24 and FY25 we received no increases in premiums and in December 2024 we will receive a premium holiday. We are estimating an increase of 6.0% for FY26 through FY29.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.44% of wages FY25-FY29. Unemployment is expected to remain at a very low level FY25-FY29. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$928,030	\$939,353	\$962,042	\$985,298	\$1,008,156
B) Insurance's	1,239,446	1,424,432	1,509,898	1,600,492	1,691,086
C) Workers Comp/Unemployment	24,703	24,932	25,532	26,147	26,747
D) Medicare	83,428	84,765	86,791	88,874	91,007
Other/Tuition/Annuities	<u>185,873</u>	<u>185,873</u>	<u>185,873</u>	<u>185,873</u>	<u>185,873</u>
Total Fringe Benefits Line #3.020	<u>\$2,461,480</u>	<u>\$2,659,355</u>	<u>\$2,770,136</u>	<u>\$2,886,684</u>	<u>\$3,002,869</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 and shown below as expenses. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. In FY26 there will be a new electric capacity charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

Our largest expense in the purchased services category is for our contracted special education services provided by the Hancock County Educational Service Center (ESC). In FY25, we are projecting an annual amount of \$1.2 million which is a \$300,000 increase compared to our FY24 contract. We are also anticipating our expenses to the detention center to increase by \$28,000 for FY25 and FY26. Our second largest expense in this category is for tuition, excess costs and scholarships primarily consisting of Millstream Career Center, preschool and one to one aides. Each year has a 3% increase to account for rising inflation.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional & Technical Services, ESC	\$1,864,428	\$1,806,761	\$1,832,964	\$1,887,953	\$1,944,592
Maintenance, Insurance & Garbage Removal	459,649	473,438	487,641	502,270	517,338
Professional Development	21,968	22,627	23,306	24,005	24,725
Communications, Postage, & Telephone	14,654	15,094	15,547	16,013	16,493
Utilities	313,325	375,990	387,270	398,888	410,855
Contracted Trades & Services	7,062	7,274	7,492	7,717	7,949
Tuition, Excess Costs & Scholarship Costs	1,171,201	1,206,337	1,242,527	1,279,803	1,318,197
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	119,578	123,165	126,860	130,666	134,586
Total Purchased Services Line #3.030	<u>\$3,971,865</u>	<u>\$4,030,686</u>	<u>\$4,123,607</u>	<u>\$4,247,315</u>	<u>\$4,374,735</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. Our largest expense in the Classroom Supplies and Materials category was for computer supplies and software in the classroom of about \$262,000. We have factored in an increase of 3% per year for classroom supplies and fuel and transportation supplies as well as an increase of 6% per year for facility supplies and materials. In FY25 we anticipate spending \$115,000 for staff computers and from FY25 to FY29 we will spend approximately \$70,000 each year for chromebooks. In FY28 we are planning to update our Math and Reading curriculum.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Classroom Supplies & Materials	\$226,210	\$232,996	\$239,986	\$247,186	\$254,602
Textbooks & Instructional Supplies	228,009	113,009	113,009	413,009	113,009
Facility Supplies & Materials	129,556	137,329	145,569	154,303	163,561
Transportation Fuel & Supplies	100,022	103,023	106,114	109,297	112,576
Total Supplies Line #3.040	<u>\$683,797</u>	<u>\$586,357</u>	<u>\$604,678</u>	<u>\$923,795</u>	<u>\$643,748</u>

Equipment – Line # 3.050

Capital outlay includes equipment, busses and other large maintenance projects. In FY25, we are anticipating the need to replace a chiller costing approximately \$200,000. To account for various maintenance projects throughout the district, \$100,000 each year has been built into the forecast for FY25-FY29. We anticipate buying one bus each year with the need to replace a truck in FY25. Additionally, the district was awarded a USDA Distance Learning and Telemedicine (DLT) Grant with a 15% match which means we will spend \$958k on capital outlay and be reimbursed 85% of that or \$814,823.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	\$1,391,932	\$197,532	\$197,532	\$197,532	\$197,532
Busses & Other Vehicles	200,000	135,000	135,000	135,000	135,000
Total Equipment Line #3.050	<u>\$1,591,932</u>	<u>\$332,532</u>	<u>\$332,532</u>	<u>\$332,532</u>	<u>\$332,532</u>

Principal and Interest Payment – Lines #4.05 and 4.06

There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. We expect these costs to increase as our revenue increases.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$130,291	\$134,200	\$138,226	\$142,373	\$146,644
ESC Deduction	33,841	34,856	35,902	36,979	38,088
Annual Audit Costs	25,534	27,577	29,783	32,166	34,739
Dues, Fees & other Expenses	<u>103,140</u>	<u>106,234</u>	<u>109,421</u>	<u>112,704</u>	<u>116,085</u>
Total Other Expenses Line #4.300	<u>\$292,806</u>	<u>\$302,867</u>	<u>\$313,332</u>	<u>\$324,222</u>	<u>\$335,556</u>

Transfers Out/Advances Out – Lines # 5.010 and 5.020

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. There are no planned transfers or advances in the forecast period.

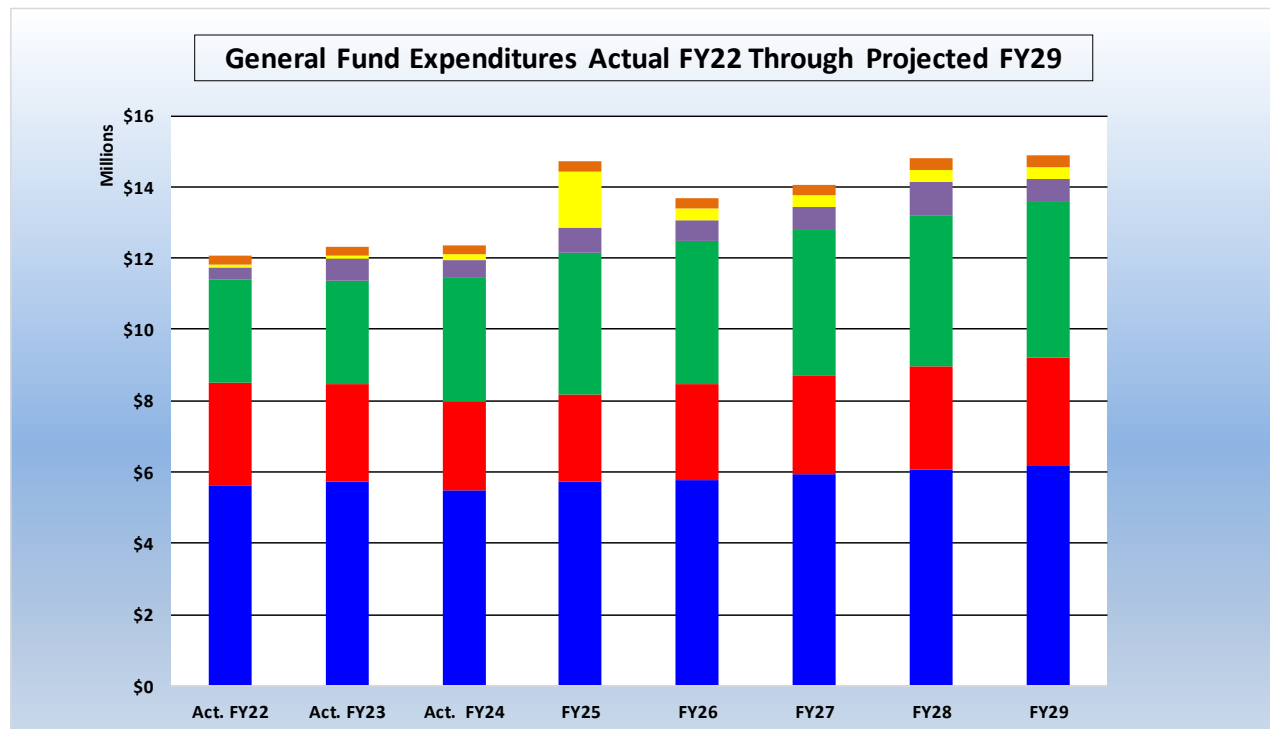
Encumbrances –Line#8.010

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 Line #8.010	<u>\$375,000</u>	<u>\$375,000</u>	<u>\$375,000</u>	<u>\$375,000</u>	<u>\$375,000</u>

Total Expenditure Categories Actual FY22 through FY24 and Estimated FY25-FY29

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



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

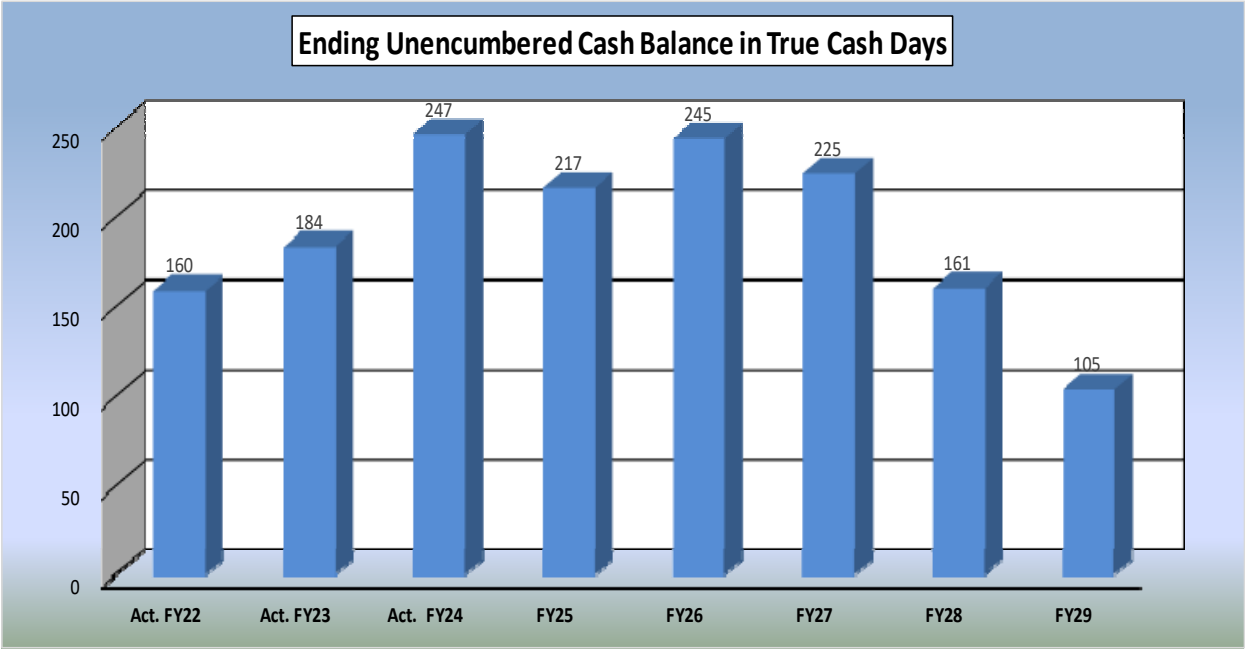
This amount must not go below \$0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of

5705.412, ORC punishable by personal liability of \$10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$1.13 million for our district.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$8,755,953</u>	<u>\$9,178,602</u>	<u>\$9,383,292</u>	<u>\$9,069,281</u>	<u>\$8,650,914</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends that no fewer 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

Riverdale Local School District receives 54.97% of its funding for the district from State dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district’s control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in order to obtain this.

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