

NORTH FORK LOCAL SCHOOL DISTRICT-LICKING 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
North Fork Local School District
Treasurer's Office
Kellie Breehl, Treasurer

November 18, 2024

North Fork 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)	5,036,622	5,206,175	6,345,712	12.6%	7,144,925	7,134,874	7,269,159	7,370,625	7,385,972
1.020 Public Utility Personal Property Tax	947,670	1,019,656	1,070,367	6.3%	1,095,399	1,114,177	1,128,527	1,142,877	1,157,227
1.030 Income Tax	2,711,257	3,036,508	3,024,617	5.8%	3,151,783	3,183,302	3,215,136	3,247,288	1,762,324
1.035 Unrestricted State Grants-in-Aid	8,108,316	8,095,444	7,947,571	-1.0%	8,018,743	8,020,300	8,021,880	8,023,483	8,025,111
1.040 Restricted State Grants-in-Aid	410,815	424,218	589,550	21.1%	581,854	437,994	437,994	437,994	437,994
1.045 Restricted Federal Grants In Aid	-	-	-	0.0%	0	0	0	0	0
1.050 State Share of Local Property Taxes	772,122	783,845	909,409	8.8%	1,024,370	1,031,143	1,048,825	1,066,455	1,068,708
1.060 All Other Revenues	536,883	892,453	998,549	39.1%	979,684	961,848	944,989	929,060	914,014
1.070 Total Revenues	18,523,685	19,458,299	20,885,775	6.2%	21,996,758	21,883,638	22,066,510	22,217,782	20,751,350
Other Financing Sources									
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	0	0	0	0	0
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	0	0	0	0	0
2.040 Operating Transfers-In	-	-	-	0.0%	0	0	0	0	0
2.050 Advances-In	-	-	-	0.0%	0	0	0	0	0
2.060 All Other Financing Sources	46,926	58,915	34,634	-7.8%	50,000	50,000	50,000	50,000	50,000
2.070 Total Other Financing Sources	46,926	58,915	34,634	-7.8%	50,000	50,000	50,000	50,000	50,000
2.080 Total Revenues and Other Financing Sources	18,570,611	19,517,214	20,920,409	6.1%	22,046,758	21,933,638	22,116,510	22,267,782	20,801,350
Expenditures									
3.010 Personal Services	9,676,741	9,814,533	11,010,736	6.8%	11,485,641	11,981,348	12,327,751	12,684,322	13,051,351
3.020 Employees' Retirement/Insurance Benefits	3,259,692	3,520,326	4,232,723	14.1%	4,612,383	4,884,698	5,146,801	5,421,401	5,712,701
3.030 Purchased Services	2,582,856	2,625,959	3,136,986	10.6%	3,545,257	3,715,702	3,769,268	3,893,375	4,022,014
3.040 Supplies and Materials	584,096	690,713	709,966	10.5%	735,014	740,970	746,985	753,061	759,198
3.050 Capital Outlay	137,424	152,024	338,801	66.7%	598,965	366,934	377,942	389,280	400,958
3.060 Intergovernmental	-	-	-	0.0%	0	0	0	0	0
Debt Service:				0.0%					
4.010 Principal-All (Historical Only)	-	-	-	0.0%	0	0	0	0	0
4.020 Principal-Notes	-	-	-	0.0%	1,280,000	0	0	0	0
4.030 Principal-State Loans	-	-	-	0.0%	0	0	0	0	0
4.040 Principal-State Advancements	-	-	-	0.0%	0	0	0	0	0
4.050 Principal-HB 264 Loans	-	-	-	0.0%	0	0	0	0	0
4.055 Principal-Other	-	-	120,000	0.0%	123,000	125,000	128,000	131,000	131,000
4.060 Interest and Fiscal Charges	69,120	93,975	89,196	15.4%	85,763	82,329	11,185	8,090	8,090
4.300 Other Objects	217,843	356,638	269,742	19.7%	275,283	280,965	286,792	292,768	298,897
4.500 Total Expenditures	16,527,772	17,254,168	19,908,150	9.9%	22,741,306	22,177,946	22,794,724	23,573,297	24,384,209
Other Financing Uses									
5.010 Operating Transfers-Out	150,000	-	-	0.0%	50,000	50,000	50,000	50,000	50,000
5.020 Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030 All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.040 Total Other Financing Uses	150,000	-	-	0.0%	50,000	50,000	50,000	50,000	50,000
5.050 Total Expenditures and Other Financing Uses	16,677,772	17,254,168	19,908,150	9.4%	22,791,306	22,227,946	22,844,724	23,623,297	24,434,209
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,892,839	2,263,046	1,012,259	-17.9%	(744,548)	(294,308)	(728,214)	(1,355,515)	(3,632,859)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	9,162,080	11,054,919	13,317,965	20.6%	14,330,224	13,585,676	13,291,368	12,563,154	11,207,639
7.020 Cash Balance June 30	11,054,919	13,317,965	14,330,224	14.0%	13,585,676	13,291,368	12,563,154	11,207,639	7,574,780
8.010 Estimated Encumbrances June 30	251,963	328,326	638,605	62.4%	75,000	75,000	75,000	75,000	75,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-
Fund Balance June 30 for Certification of Appropriations	10,802,956	12,989,639	13,691,619	12.8%	13,510,676	13,216,368	12,488,154	11,132,639	7,499,780

North Fork 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
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%	-	-	-	-	1,502,414
11.020 Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	1,502,414
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	10,802,956	12,989,639	13,691,619	12.8%	13,510,676	13,216,368	12,488,154	11,132,639	9,002,194
Revenue from New Levies									
13.010 Income Tax - New				0.0%	-	-	-	-	-
13.020 Property Tax - New				0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	10,802,956	12,989,639	13,691,619	12.8%	13,510,676	13,216,368	12,488,154	11,132,639	9,002,194

North Fork Local School District – Licking County
Notes to the Five Year Forecast
General Fund Only
November 18, 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, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal forecast is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

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

There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by calendar year end 2024 or early in 2025. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over the forecast period.

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

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

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

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

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) Property tax collections are the second largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 56.2% 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 Knox Counties experienced a sexennial reappraisal in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased overall assessed values by \$108.78 million or an increase of 36.58%, which includes reappraisal and new construction for all classes of property. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$12.74 million for an overall increase of 3.13%. 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 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 43.8% 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 most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.

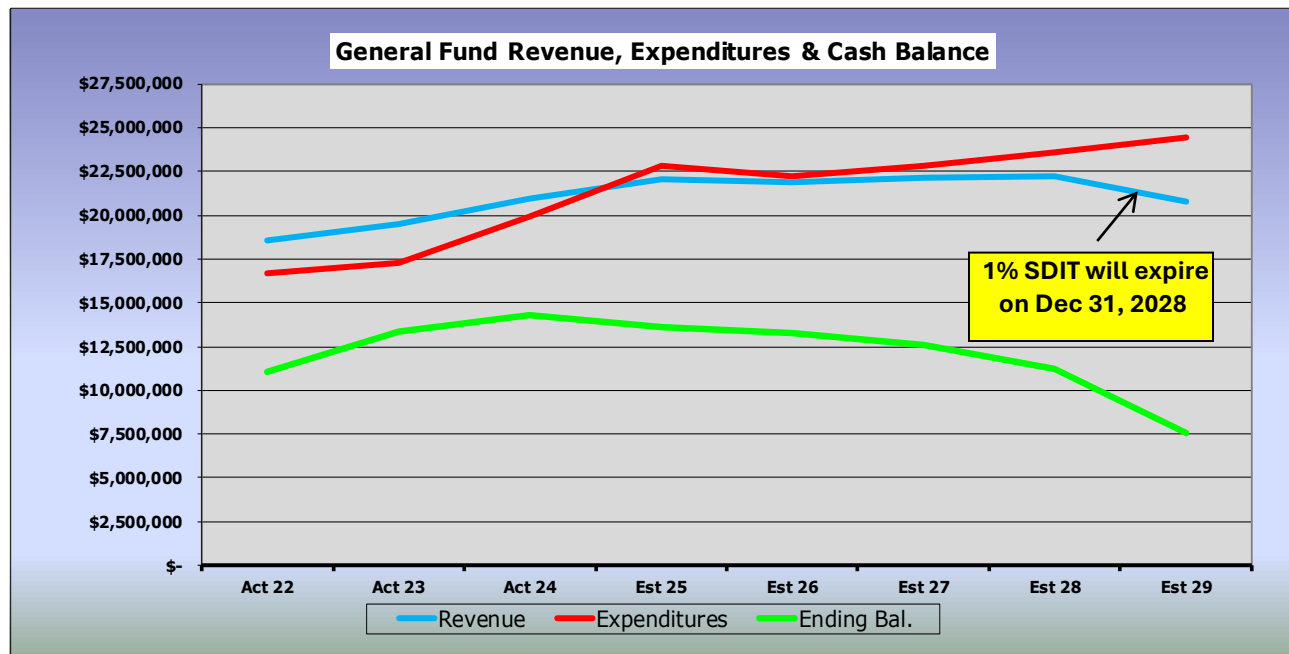
6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue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

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

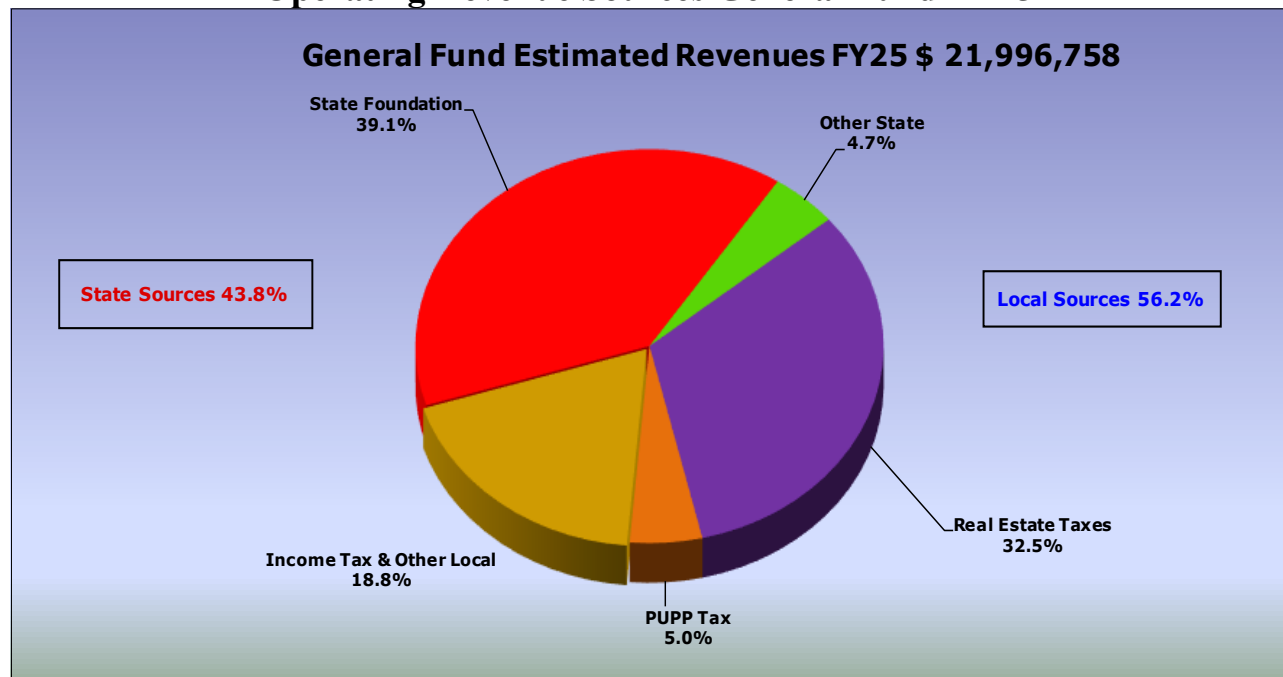
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate to the assumptions made for the forecast items and refer back to the forecast. It will assist the reader in reviewing the assumptions noted below and to understand the overall financial forecast for our district. If you want further information, please contact Kellie Breehl, Treasurer, at 740.892.3897.

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, including the renewal of the 1% School District Income Tax renewal was approved May 2021. The income tax now expires December 31, 2028.



Revenue Assumptions Operating Revenue Sources General Fund FY25



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

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Licking and Knox Counties experienced a sexennial reappraisal in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased overall assessed values by \$108.78 million or an increase of 36.58%, which includes reappraisal and new construction for all classes of property. A triennial update will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by \$12.74 million for an overall increase of 3.13%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

Public Utility Personal Property (PUPP) values increased by \$1.26 million in the tax year 2023. We expect our values to continue to grow by \$500,000 each year of the forecast.

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

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated TAX YEAR2024 <u>COLLECT 2025</u>	Estimated TAX YEAR 2025 <u>COLLECT 2026</u>	Estimated TAX YEAR 2026 <u>COLLECT 2027</u>	Estimated TAX YEAR 2027 <u>COLLECT 2028</u>	Estimated TAX YEAR 2028 <u>COLLECT 2029</u>
Res./Ag.	\$388,626,730	\$389,476,730	\$402,011,032	\$402,861,032	\$403,711,032
Comm./Ind.	18,409,825	18,439,825	18,654,223	18,684,223	18,714,223
Public Utility Personal Property (PUPP)	<u>38,571,490</u>	<u>39,071,490</u>	<u>39,571,490</u>	<u>40,071,490</u>	<u>40,571,490</u>
Total Assessed Value	<u>\$445,608,045</u>	<u>\$446,988,045</u>	<u>\$460,236,745</u>	<u>\$461,616,745</u>	<u>\$462,996,745</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. The reduction factors adjust the millage rates lower for the levy to not increase from inflation of property values. This is 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 28.70 mills while the Class I effective millage rate is 20.00 mills and the Class II effective millage rate is 20.00 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 20-mill floor for both Class I and Class II.

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Property Taxes - Line #1.010	<u>\$7,144,925</u>	<u>\$7,134,874</u>	<u>\$7,269,159</u>	<u>\$7,370,625</u>	<u>\$7,385,972</u>

Property tax levies are estimated to be collected at 97% of the annual amount. This allows a 3% delinquency factor. In general, 57.75% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 42.25% in the August tax settlement. Collections in FY24 were up due to additional delinquent taxes collected in the August and March tax settlements, which returned to normal in FY25.

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

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above, which was \$38.7 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. The values in 2023 rose by 3.43% or \$1,263,610 and are expected to grow by \$500,000 each year of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tangible Personal Property Taxes (TPP)	<u>\$1,095,399</u>	<u>\$1,114,177</u>	<u>\$1,128,527</u>	<u>\$1,142,877</u>	<u>\$1,157,227</u>

Renewal and Replacement Levies – Line #11.01

The 1% income tax was approved May 4, 2021, and will expire December 31, 2028. The district intends to renew this levy.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Renew 1% SDIT December 2028 Line # 11.010	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,502,414</u>

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

School District Income Tax – Line#1.030

The current 1% SDIT was approved in May, 2021 and will now expire on December 31, 2028. The changes in tax amounts are leveling off from the pandemic. So far, in FY25, income tax collection statewide has risen by around 3.0%. The July and October 2024 payments were higher than last years at the same time by \$112,000. We will assume that income from withholdings will continue to increase in future collections. We will assume an annual growth rate of 1% for FY25-FY29 as the concerns over inflation may slow growth in this area.

When the SDIT expires in FY29 it will be moved to Line 11.01 of the forecast as required.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
SDIT Collection	\$3,024,617	\$3,151,783	\$3,183,302	\$3,215,136	\$1,744,875
Adjustments	<u>127,166</u>	<u>31,519</u>	<u>31,834</u>	<u>32,152</u>	<u>17,450</u>
Total SDIT Line #1.030	<u>\$3,151,783</u>	<u>\$3,183,302</u>	<u>\$3,215,136</u>	<u>\$3,247,288</u>	<u>\$1,762,324</u>

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

Current State Funding Model per HB33 through June 30, 2025

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 guarantee district in FY25 and is expected to continue to be on the guarantee in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>.

State Funding Phase-In FY25 and Guarantees

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) “Formula Transition Aid,” 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY29.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in 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	\$7,710,241	\$7,710,241	\$7,710,241	\$7,710,241	\$7,710,241
Additional Aid Items	<u>204,731</u>	<u>204,731</u>	<u>204,731</u>	<u>204,731</u>	<u>204,731</u>
Basic Aid-Unrestricted Subtotal	7,914,972	7,914,972	7,914,972	7,914,972	7,914,972
Ohio Casino Commission ODT	<u>103,771</u>	<u>105,328</u>	<u>106,908</u>	<u>108,511</u>	<u>110,139</u>
Total Unrestricted State Aid Line # 1.035	<u>\$8,018,743</u>	<u>\$8,020,300</u>	<u>\$8,021,880</u>	<u>\$8,023,483</u>	<u>\$8,025,111</u>

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 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 \$143,860 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
DPIA	\$97,040	\$97,040	\$97,040	\$97,040	\$97,040
Career Tech - Restricted	66,963	66,963	66,963	66,963	66,963
Gifted	69,807	69,807	69,807	69,807	69,807
ESL	174	174	174	174	174
Student Wellness	204,010	204,010	204,010	204,010	204,010
Other Restricted State Funds	<u>143,860</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1.040	<u>\$581,854</u>	<u>\$437,994</u>	<u>\$437,994</u>	<u>\$437,994</u>	<u>\$437,994</u>

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

<u>Summary of State Foundaton Revenue</u>	FY25	FY26	FY27	FY28	FY29
Unrestricted Line # 1.035	\$8,018,743	\$8,020,300	\$8,021,880	\$8,023,483	\$8,025,111
Restricted Line # 1.040	581,854	437,994	437,994	437,994	437,994
Restricted Fed. Grants Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$8,600,597</u>	<u>\$8,458,294</u>	<u>\$8,459,874</u>	<u>\$8,461,477</u>	<u>\$8,463,105</u>

State Share of Local Property Tax – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Rollback and Homestead (Line #1.05)	<u>\$1,024,370</u>	<u>\$1,031,143</u>	<u>\$1,048,825</u>	<u>\$1,066,455</u>	<u>\$1,068,708</u>

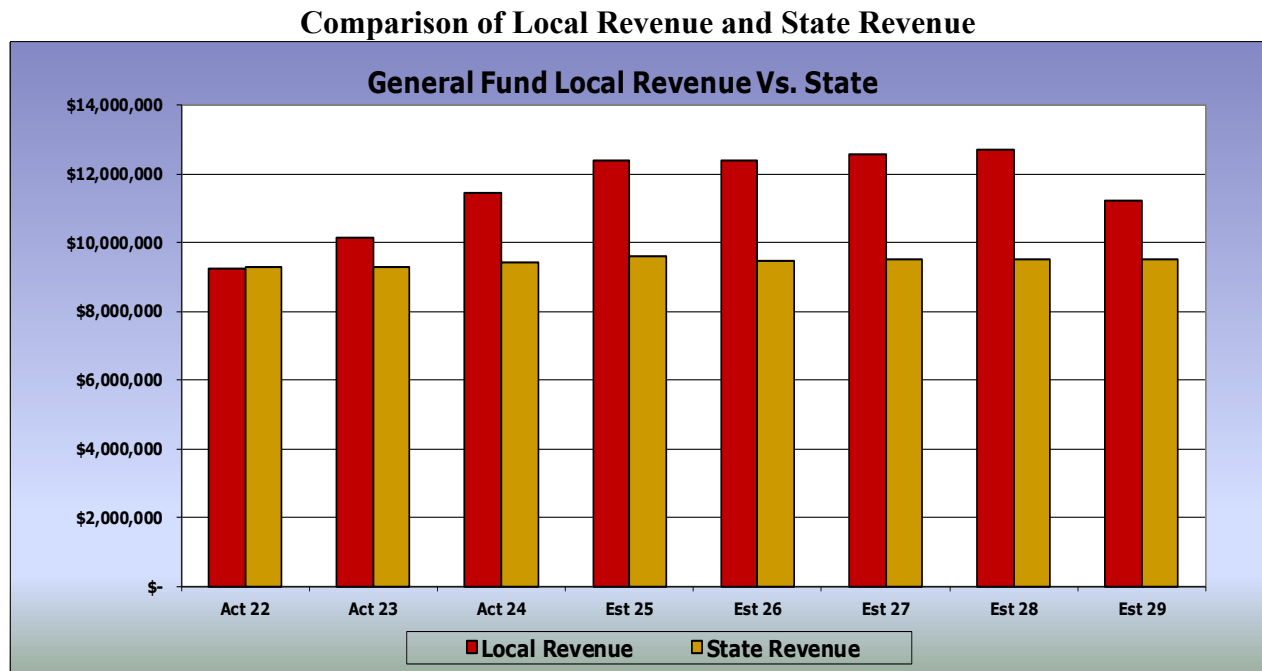
Other Local Revenues – Line #1.060

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. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Interest	\$388,012	\$368,611	\$350,180	\$332,671	\$316,037
Class Fees & School Supplies	116,888	116,888	116,888	116,888	116,888
Tuition SF-14 & SF-14H	312,932	314,497	316,069	317,649	319,237
Other Income, Rentals & Medicaid	<u>161,852</u>	<u>161,852</u>	<u>161,852</u>	<u>161,852</u>	<u>161,852</u>
Total Other Local Revenue Line #1.060	<u>\$979,684</u>	<u>\$961,848</u>	<u>\$944,989</u>	<u>\$929,060</u>	<u>\$914,014</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

Other Financing sources consist of transfer and advances that the school district anticipates will be re-paid during the forecasted period. Advances made are made from the general fund to other funds to cover negative fund balances until the expected funds are received. Advances are forecasted based on the historical timeliness of funds not received at fiscal year-end.

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

All Other Financial Sources – Line #2.060

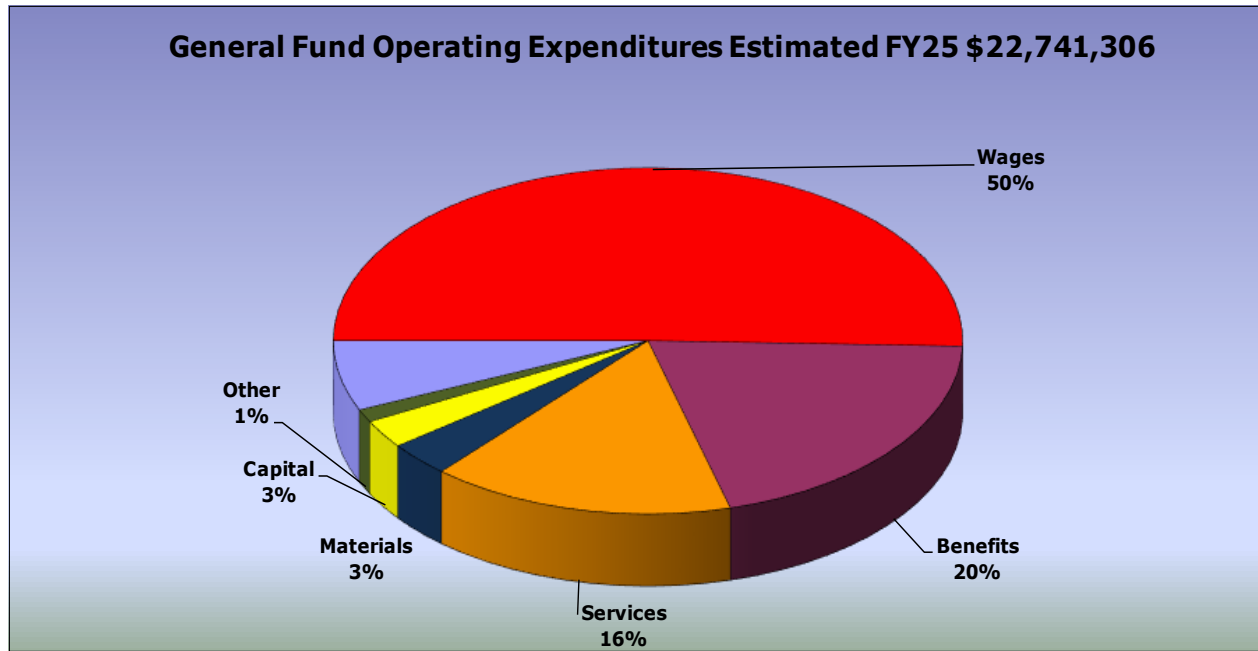
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior year expenditures	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</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

The model reflects a base increase of 2.5% for FY25 and FY26. For planning purposes a 1% for FY27-29. We have estimated step and training increases of 1.8% for each year of the forecast in addition to 1 FTE certificated staff that may be needed. This forecast contains the current and one future bargaining unit agreements.

Several adjustments have been made to code wages to ESSER funds for FY21 through FY23 then returning these costs to the General Fund in FY24.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$10,440,232	\$10,909,782	\$11,400,080	\$11,741,020	\$12,092,074
Increases	261,006	272,745	114,001	117,410	120,921
Steps & Training	187,924	196,376	205,201	211,338	217,657
Growth/Replacement Staff	55,620	56,177	56,738	57,306	57,879
Substitutes & Supplementals	540,859	546,268	551,731	557,248	562,820
Fund 467 & 507 Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$11,485,641</u>	<u>\$11,981,348</u>	<u>\$12,327,751</u>	<u>\$12,684,322</u>	<u>\$13,051,351</u>

Fringe Benefits Estimates – Line #3.020

This area of the forecast captures all benefits and retirement costs. These payments and HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase

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

B) Insurance

Unfortunately, we had a large rate hike in FY23 and FY24, which will be partially offset with attrition, and then an industry standard 7% increase is estimated for FY25-29, reflecting the trend of our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .35% of wages FY25– FY29. Unemployment is likely to remain at a shallow level FY25-FY29. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

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

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>	FY25	FY26	FY27	FY28	FY29
A) STRS/SERS	\$1,816,794	\$1,895,585	\$1,953,886	\$2,010,626	\$2,069,031
B) Insurances	2,572,944	2,757,544	2,955,111	3,166,553	3,392,842
C) Workers Comp/Unemployment	40,500	42,235	43,447	44,695	45,980
D) Medicare	166,541	173,730	178,753	183,923	189,244
Other/Tuition	<u>15,604</u>	<u>15,604</u>	<u>15,604</u>	<u>15,604</u>	<u>15,604</u>
Total Fringe Benefits Line #3.020	<u>\$4,612,383</u>	<u>\$4,884,698</u>	<u>\$5,146,801</u>	<u>\$5,421,401</u>	<u>\$5,712,701</u>

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. 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
Base Services	\$264,109	\$272,032	\$280,193	\$288,599	\$297,257
ESC & Instructional Services	1,955,264	2,013,922	2,074,340	2,136,570	2,200,667
Tuition, Scholarship Transfers & CCP	310,814	326,355	342,673	359,807	377,797
Building Maintenance & Service	423,344	444,511	466,737	490,074	514,578
Utilities	419,726	486,882	433,325	446,325	459,715
ESSER Adjustment	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>
Total Purchased Services Line #3.030	<u>\$3,545,257</u>	<u>\$3,715,702</u>	<u>\$3,769,268</u>	<u>\$3,893,375</u>	<u>\$4,022,014</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by educational supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. An average trend increase is projected in this area for the forecasted period.

An overall inflation of 3.53% is being estimated in FY25 and an average of 1% FY26-28 in this category of expenses. This is due to ESSER costs being added back to the General Fund in FY24-FY29 and instructional materials inflation as a whole. Educational supplies include textbooks, office and classroom supplies. Building and transportation costs include supplies to clean the buildings, provide paper supplies and other custodial items. Transportation costs are largely fuel, tires and other costs required to keep our fleet safe and operational.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Supplies, Textbooks & Technology	\$233,704	\$236,041	\$238,401	\$240,785	\$243,193
Building and Transportation	361,897	365,516	369,171	372,863	376,592
ESSER Adjustment	<u>139,413</u>	<u>139,413</u>	<u>139,413</u>	<u>139,413</u>	<u>139,413</u>
Total Supplies Line #3.040	<u>\$735,014</u>	<u>\$740,970</u>	<u>\$746,985</u>	<u>\$753,061</u>	<u>\$759,198</u>

Equipment – Line # 3.050

Costs in FY25 include replacing the high school track before returning to normal 3% growth FY26 through FY29. Most significant costs are paid from the Permanent Improvement Fund.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Capital Outlay	\$598,965	\$366,934	\$377,942	\$389,280	\$400,958
Total Equipment Line #3.050	<u>\$598,965</u>	<u>\$366,934</u>	<u>\$377,942</u>	<u>\$389,280</u>	<u>\$400,958</u>

Principal & Interest – Line # 4.02, 4.055 & 4.06

The district will payoff the Qualified School Construction Bond of \$1.28 million in FY25 which was used for energy conservation improvements. We also are reflecting the lease purchase repayment for the high school roof on Line 4.055.

<u>Source</u>	FY25	FY26	FY27	FY28	FY29
Energy Conservation Debt Line #4.020	\$1,280,000	\$0	\$0	\$0	\$0
Principal State Loans Line #4.030	-	-	-	-	-
Principal State Advances Line #4.040	-	-	-	-	-
Principal Roof Lease Purchase Line # 4.055	<u>123,000</u>	<u>125,000</u>	<u>128,000</u>	<u>131,000</u>	<u>131,000</u>
Total Principal Payments	<u>\$1,403,000</u>	<u>\$125,000</u>	<u>\$128,000</u>	<u>\$131,000</u>	<u>\$131,000</u>

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Interest on TANS & HB 264 Total Line 4.060	<u>\$85,763</u>	<u>\$82,329</u>	<u>\$11,185</u>	<u>\$8,090</u>	<u>\$8,090</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. An average increase of 2% is projected in this area for the forecasted period.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$128,809	\$130,097	\$131,398	\$132,712	\$134,039
Other expenses	<u>146,474</u>	<u>150,868</u>	<u>155,394</u>	<u>160,056</u>	<u>164,858</u>
Total Other Expenses Line #4.300	<u>\$275,283</u>	<u>\$280,965</u>	<u>\$286,792</u>	<u>\$292,768</u>	<u>\$298,897</u>

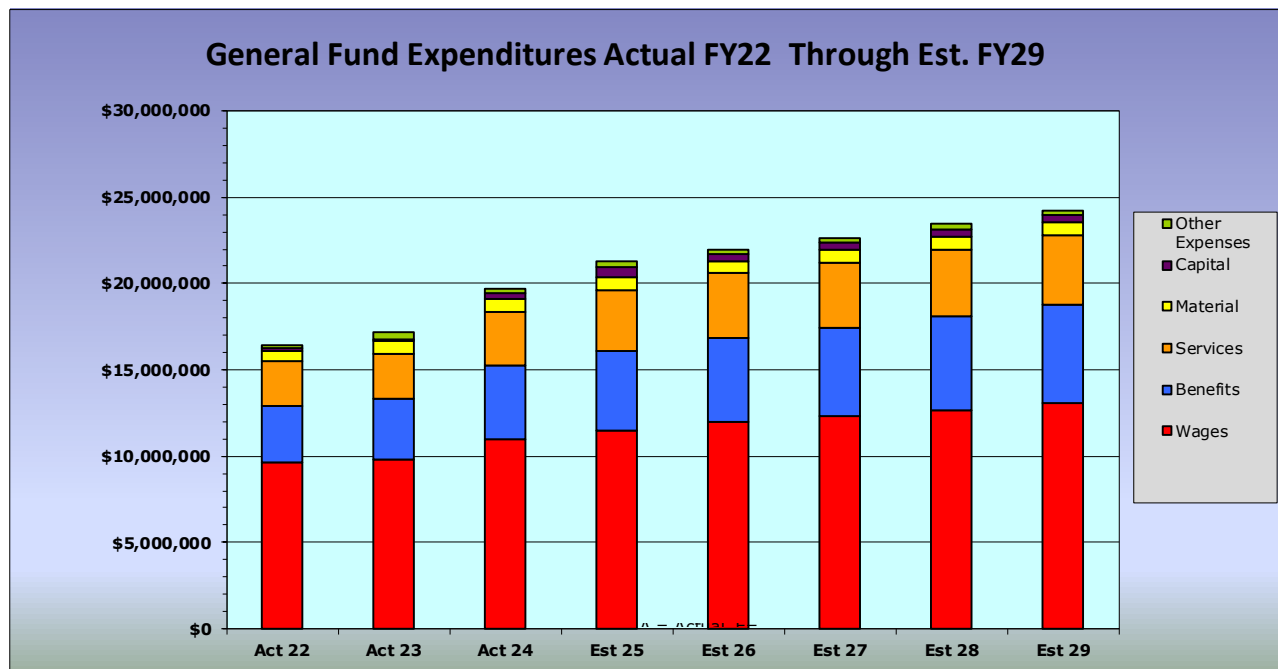
Transfers Out– Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. For FY25-FY29 we will anticipate the \$50,000 transfer to Food Service Fund and adjust accordingly for future years as needs arise.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As the following graph indicates, we have been diligent at containing costs in reaction to the past lower and flat state revenues. We maintain control over our expenses while balancing student academic needs to enable them to excel and perform well on state performance standards.



Encumbrances –Line#8.010

These are outstanding purchase orders that have yet to be approved for payment as the goods and/or services were not received in the fiscal year in which they were ordered.

	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances - Line #8.010	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>

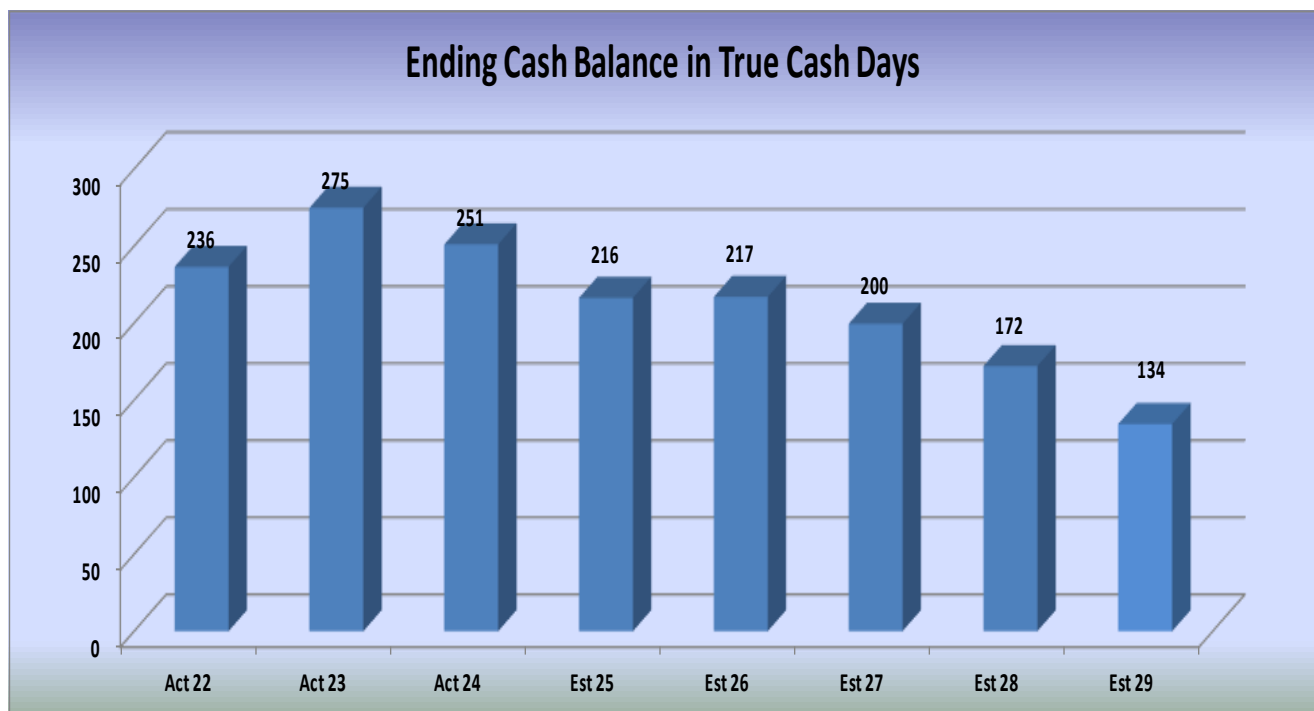
Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below \$-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about \$1.8 million for our district.

Source	FY25	FY26	FY27	FY28	FY29
Ending Unencumbered Cash Balance - Line #15.010	<u>\$13,510,676</u>	<u>\$13,216,368</u>	<u>\$12,488,154</u>	<u>\$11,132,639</u>	<u>\$9,002,194</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 365 (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

North Fork Local School District receives 43.8% 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-FY29.

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.