Marlington Local School District

Five Year Forecast Financial Report

May, 2025

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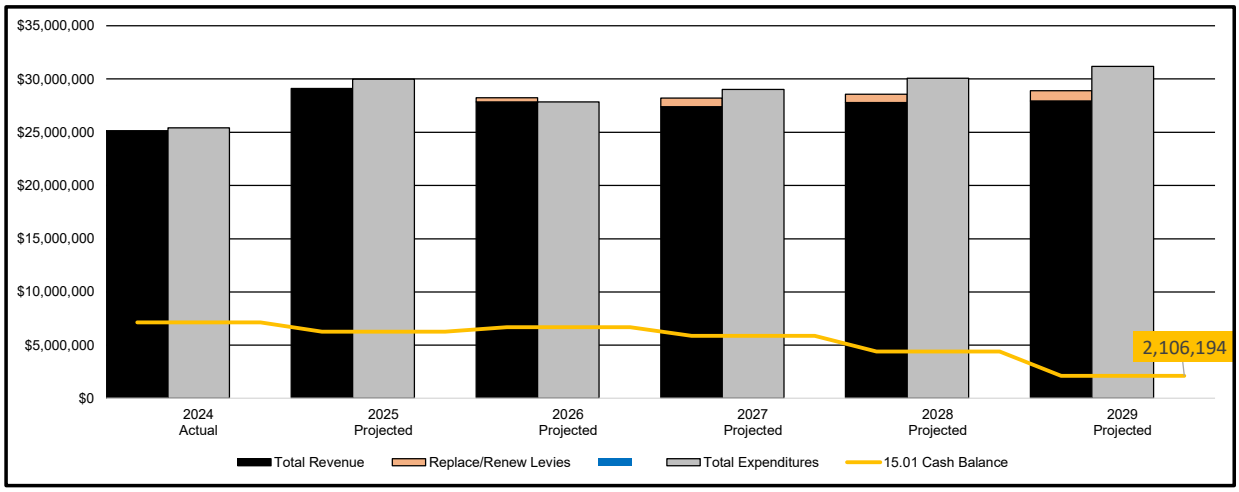
Forecast Purpose/Objectives

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

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

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

Forecast Summary



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

Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus	7,141,366	6,259,291	6,670,207	5,873,671	4,379,931
+ Revenue	29,112,863	27,846,331	27,409,654	27,795,241	27,943,416
+ Proposed Renew/Replacement Levies	-	405,504	809,850	774,410	962,014
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(29,994,938)	(27,840,919)	(29,016,041)	(30,063,391)	(31,179,167)
= Revenue Surplus or Deficit	(882,075)	410,917	(796,536)	(1,493,740)	(2,273,738)
Line 7.020 Ending Balance with renewal/new levies	6,259,291	6,670,207	5,873,671	4,379,931	2,106,194

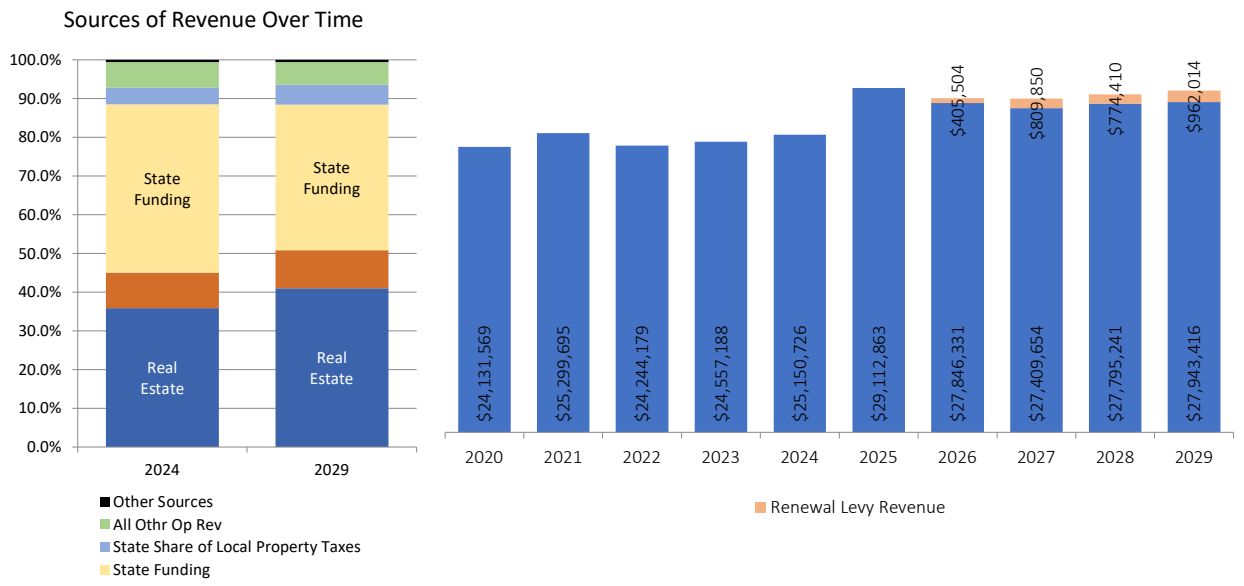
Analysis Without Renewal Levies Included:

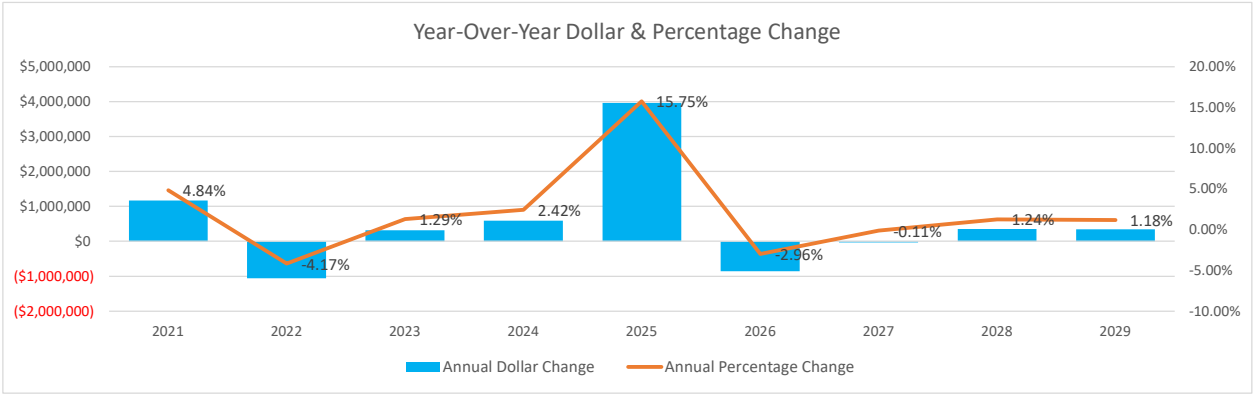
Revenue Surplus or Deficit w/o Levies	(882,075)	5,413	(1,606,386)	(2,268,150)	(3,235,752)
Ending Balance w/o Levies	6,259,291	6,264,703	4,658,317	2,390,167	(845,584)

In FY 2025 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by $882,075 in FY 2025. By the last year of the forecast, FY 2029, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by $3,235,752 The district would need to cut its FY 2029 projected expenses by 10.38% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2025 and is projected to worsen by FY 2029. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview





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

	Historical Average Annual $ Change	Projected Average Annual $ Change	Projected Compared to Historical Variance
Real Estate	$27,741	$566,438	$538,697
Public Utility	$465,068	$102,860	($362,209)
Income Tax	$0	$0	$0
State Funding	$269,843	($12,199)	($282,043)
State Share-Local Prop. Taxes	$4,066	$85,753	$81,686
All Othr Op Rev	($308,594)	$7,318	$315,912
Other Sources	($12,494)	$772	$13,266
Total Average Annual Change	$445,630	$750,941	$305,311
	1.93%	3.02%	1.09%

Total revenue increased 1.93% or $445,630 annually during the past 4-Year period and is projected to increase 3.02% or $750,941 annually through FY2029. Real Estate has the most projected average annual variance compared to the historical average at $538,697

Note: Expenditure average annual change is projected to be > $1,154,323 On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 35.85% of total revenue. Class I or residential/agricultural taxes make up approximately 70.64% of the real estate property tax revenue. The Class I tax rate is 20. mills in tax year 2024. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 100.0% annually through tax year 2028. The revenue changed at an average annual historical rate of 0.61% and is projected to change at an average annual rate of 5.71% through FY 2029.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 9.25% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2024 is 54.9 mills. The forecast is modeling an average gross collection rate of 90.84%. The revenue changed historically at an average annual dollar amount of $465,068 and is projected to change at an average annual dollar amount of $102,860 through FY 2029.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.For Marlington Local School District the calculated Base Cost total is $15,394,175 in fiscal year 2025.The state's share of the calculated Base Cost total is $4,332,805 or $2,357 per pupil.

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

RESTRICTED STATE AID REVENUE

Restricted aid is the portion of state per pupil funding that must be classifed as restricted use. Historically the district's restricted state aid changed annually on average by $165,402 and is projected to change annually on average by $118,987. Restricted funds represent 3.38% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is $254,164. This funding has implications on general fund expenditures in that certain spending now occuring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

STATE SHARE OF LOCAL PROPERTY TAXES REVENUE

State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2025, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.7% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

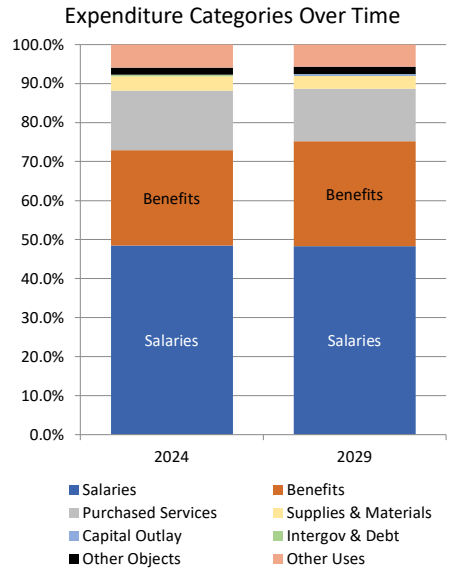
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -$308,594. The projected average annual change is $7,318 through FY 2029.

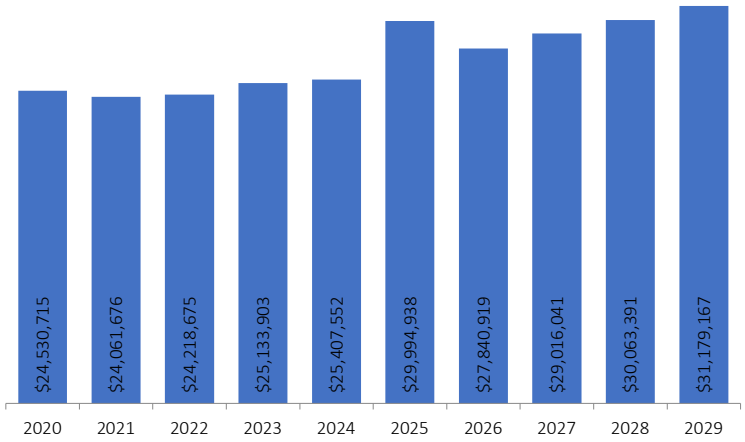
OTHER FINANCING SOURCES

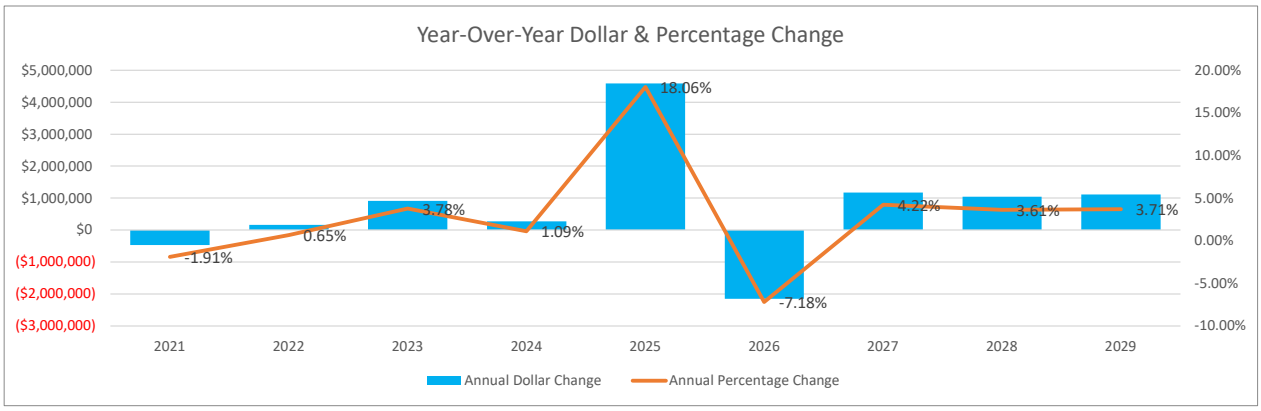
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2024 the district receipted $0 as advances-in and is projecting advances of $0 in FY 2025. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be $147,718 in FY 2025 and average $147,718 annually through FY 2029.

ADDITIONAL REVENUE NOTES

Expenditure Overview







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

	Historical Average Annual $ Change	Projected Average Annual $ Change	Projected Compared to Historical Variance
Salaries	$100,760	$549,983	$449,223
Benefits	$200,079	$435,203	$235,124
Purchased Services	($93,350)	$65,072	$158,422
Supplies & Materials	$18,998	$14,412	($4,586)
Capital Outlay	($74,272)	$26,556	$100,828
Intergov & Debt	$20,321	($17,292)	($37,613)
Other Objects	$6,952	$27,487	$20,534
Other Uses	$102,137	$52,903	($49,235)
Total Average Annual Change	$218,495	$1,154,323	$935,827
	0.90%	4.54%	3.64%

Total expenditures increased 0.90% or $218,495 annually during the past 4-Year period and is projected to increase 4.54% or $1,154,323 annually through FY2029. Salaries has the largest projected average annual variance compared to the historical average at $449,223.

Note: Expenditure average annual change is projected to be > $1,154,323

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

Expenditure Notes

SALARY EXPENSE

Salaries represent 48.44% of total expenditures and increased at a historical average annual rate of 0.91% or $100,760. This category of expenditure is projected to grow at an annual average rate of 4.15% or $549,983 through FY 2029. The projected average annual rate of change is 3.24% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 24.49% of total expenditures and increased at a historical average annual rate of 3.60% This category of expenditure is projected to grow at an annual average rate of 6.21% through FY 2029. The projected average annual rate of change is 2.61% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 15.24% of total expenditures and increased at a historical average annual rate of 0.58%. This category of expenditure is projected to grow at an annual average rate of 1.63% through FY 2029 The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revnue since per pupil funding was paid directly by the state to the attending school.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 3.68% of total expenditures and increased at a historical average annual rate of 3.01%. This category of expenditure is projected to grow at an annual average rate of 1.60% through FY 2029. The projected average annual rate of change is -1.41% less than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 0.00% of total expenditures and decreased at a historical average annual amount of -$74,272. This category of expenditure is projected to grow at an annual average rate of $26,556 through FY 2029. The projected average annual change is more than the five year historical annual average.

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

Other Objects represent 1.81% of total expenditures and increased at a historical average annual rate of 1.77%. This category of expenditure is projected to grow at an annual average rate of 5.61% through FY 2029. The projected average annual rate of change is 3.84% more than the five year historical annual average.

OTHER USES EXPENSES

Other Uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2024 the district had no advances-out and has no advances-out forecasted through FY 2029. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2029. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

Marlington Local School District

Five Year Forecast

May, 2025

	Actual			FORECASTED				
Fiscal Year:	2022	2023	2024	2025	2026	2027	2028	2029
Revenue:								
1.010 - General Property Tax (Real Estate)	8,858,690	8,893,753	9,017,158	10,213,555	10,822,838	10,674,987	11,160,555	11,545,223
1.020 - Public Utility Personal Property	2,832,351	2,455,144	2,325,340	4,861,941	2,727,704	2,465,018	2,432,536	2,181,749
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	9,875,321	10,024,305	10,086,335	9,006,054	9,037,438	9,119,540	9,254,055	9,430,403
1.040 - Restricted Grants-in-Aid	679,233	759,551	850,501	2,008,084	1,908,707	1,838,977	1,639,932	1,445,436
1.050 - State Share-Local Property Taxes	1,043,613	1,050,959	1,059,106	1,180,284	1,328,092	1,362,213	1,425,042	1,487,871
1.060 - All Other Operating Revenues	816,134	1,272,083	1,668,428	1,695,227	1,873,834	1,801,201	1,735,403	1,705,016
1.070 - Total Revenue	24,105,342	24,455,796	25,006,869	28,965,145	27,698,613	27,261,936	27,647,523	27,795,698
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	138,837	101,392	143,857	147,718	147,718	147,718	147,718	147,718
2.070 - Total Other Financing Sources	138,837	101,392	143,857	147,718	147,718	147,718	147,718	147,718
2.080 - Total Rev & Other Sources	24,244,179	24,557,188	25,150,726	29,112,863	27,846,331	27,409,654	27,795,241	27,943,416
Expenditures:								
3.010 - Personnel Services	12,162,444	12,509,375	12,308,563	13,342,477	13,346,399	14,007,591	14,515,836	15,058,477
3.020 - Employee Benefits	5,805,519	5,928,331	6,221,719	6,845,574	7,040,565	7,482,478	7,924,707	8,397,734
3.030 - Purchased Services	2,780,777	3,691,660	3,871,257	3,918,912	3,929,588	4,012,549	4,103,512	4,196,615
3.040 - Supplies and Materials	737,189	807,131	935,058	1,011,571	949,597	968,011	987,371	1,007,119
3.050 - Capital Outlay	10,595	19,202	-	122,668	125,121	127,624	130,176	132,780
Intergovernmental & Debt Service	144,978	95,172	101,603	60,039	15,145	15,144	15,144	15,144
4.300 - Other Objects	439,020	450,089	458,666	550,757	561,751	572,965	584,411	596,099
4.500 - Total Expenditures	22,080,524	23,500,960	23,896,865	25,851,998	25,968,167	27,186,362	28,261,157	29,403,967
Other Financing Uses								
5.010 - Operating Transfers-Out	2,138,151	1,632,943	1,510,687	4,142,941	1,872,752	1,829,679	1,802,234	1,775,200
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	2,138,151	1,632,943	1,510,687	4,142,941	1,872,752	1,829,679	1,802,234	1,775,200
5.050 - Total Exp and Other Financing Uses	24,218,675	25,133,903	25,407,552	29,994,938	27,840,919	29,016,041	30,063,391	31,179,167
6.010 - Excess of Rev Over/(Under) Exp	25,504	(576,715)	(256,826)	(882,075)	5,413	(1,606,386)	(2,268,150)	(3,235,752)
7.010 - Cash Balance July 1 (No Levies)	7,949,403	7,974,907	7,398,192	7,141,366	6,259,291	6,264,703	4,658,317	2,390,167
7.020 - Cash Balance June 30 (No Levies)	7,974,907	7,398,192	7,141,366	6,259,291	6,264,703	4,658,317	2,390,167	(845,584)
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	7,974,907	7,398,192	7,141,366	6,259,291	6,264,703	4,658,317	2,390,167	(845,584)
Rev from Replacement/Renewal Levies								
11.010 & 11.020 - Renewal Levies				-	405,504	809,850	774,410	962,014
11.030 - Cumulative Balance of Levies	-	-	-	-	405,504	1,215,354	1,989,764	2,951,778
12.010 - Fund Bal June 30 for Cert of Obligations	7,974,907	7,398,192	7,141,366	6,259,291	6,670,207	5,873,671	4,379,931	2,106,194
Revenue from New Levies								
13.010 & 13.020 - New Levies				-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	7,974,907	7,398,192	7,141,366	6,259,291	6,670,207	5,873,671	4,379,931	2,106,194