

Marlington Local School District

# Five Year Forecast Financial Report

November, 2024

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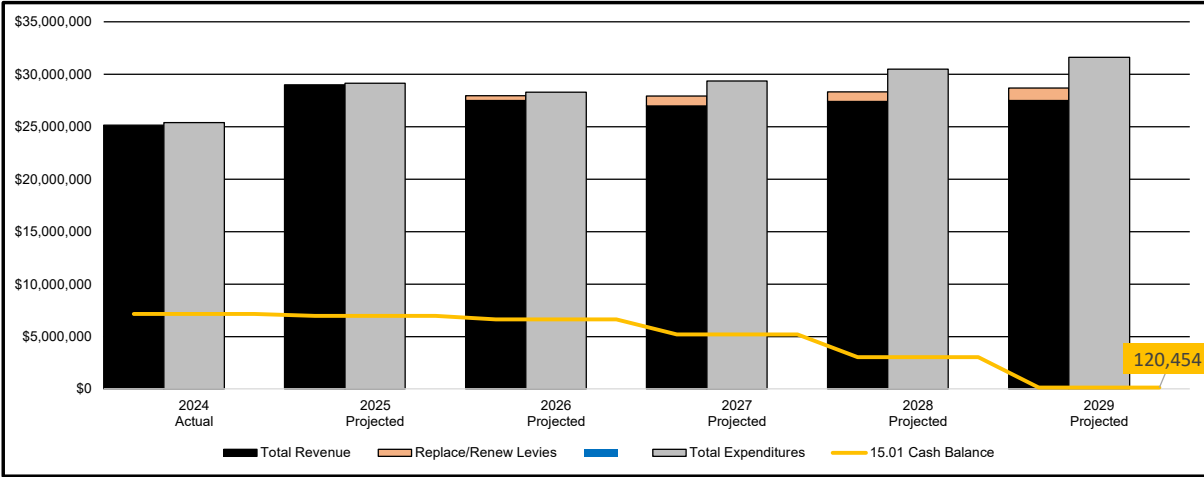
### **Forecast Purpose/Objectives**

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	6,984,771	6,642,806	5,202,056	3,043,402
+ Revenue	28,999,611	27,493,151	26,983,856	27,399,169	27,499,016
+ Proposed Renew/Replacement Levies	-	469,757	938,920	937,619	1,203,709
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(29,156,206)	(28,304,873)	(29,363,527)	(30,495,442)	(31,625,672)
= Revenue Surplus or Deficit	(156,595)	(341,964)	(1,440,751)	(2,158,654)	(2,922,947)
Line 7.020 Ending Balance with renewal/new levies	6,984,771	6,642,806	5,202,056	3,043,402	120,454

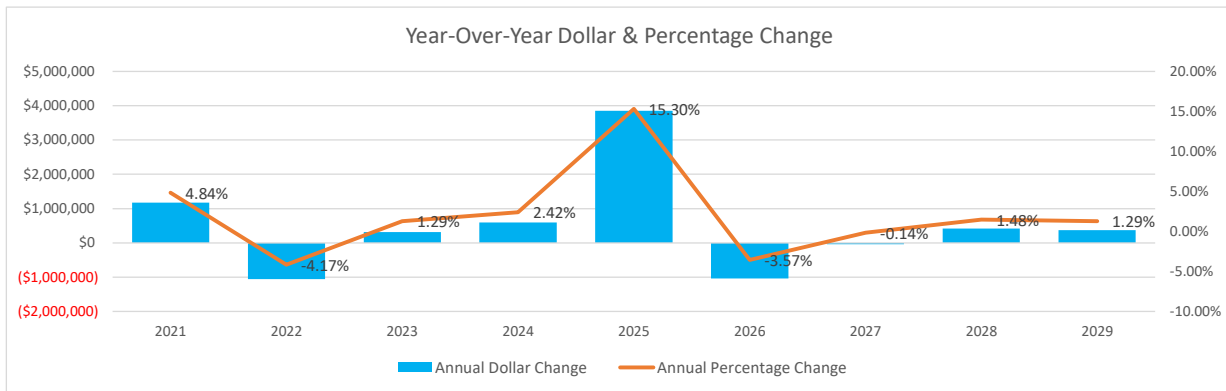
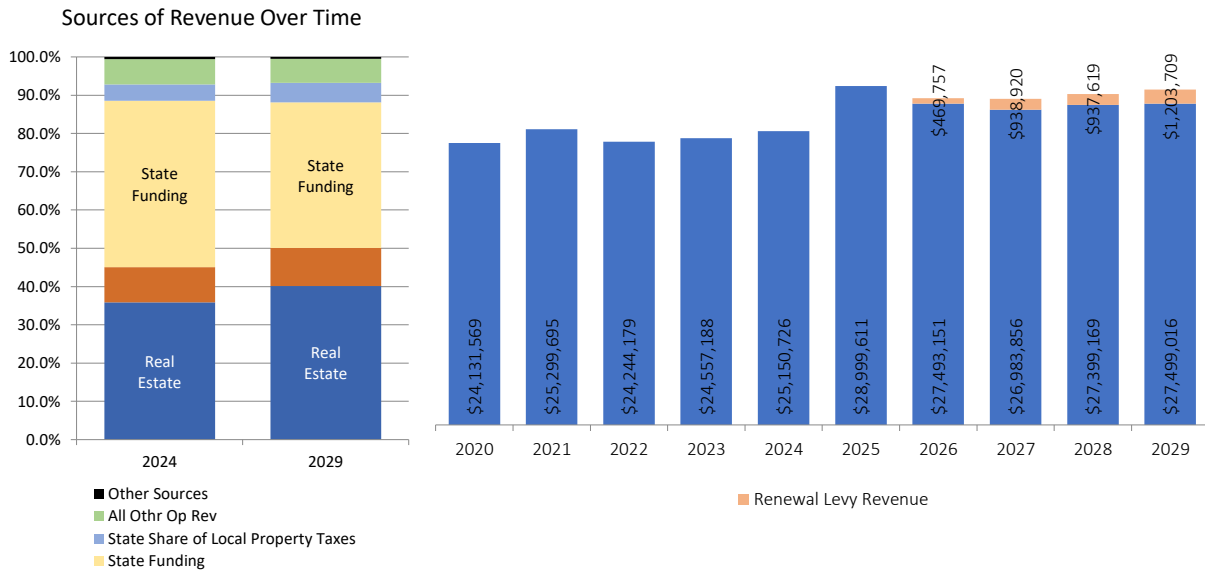
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(156,595)	(811,721)	(2,379,671)	(3,096,273)	(4,126,656)
Ending Balance w/o Levies	6,984,771	6,173,049	3,793,379	697,106	(3,429,551)

In FY 2025 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$156,595 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 \$4,126,656. The district would need to cut its FY 2029 projected expenses by 13.05% 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	Total revenue increased 1.93% or \$445,630 annually during the past 4-Year period and is projected to increase 2.87% or \$710,400 annually through FY2029. Real Estate has the most projected average annual variance compared to the historical average at \$474,305
Real Estate	\$27,741	\$502,046	\$474,305	
Public Utility	\$465,068	\$102,668	(\$362,400)	
Income Tax	\$0	\$0	\$0	
State Funding	\$269,843	(\$59)	(\$269,902)	
State Share-Local Prop. Taxes	\$4,066	\$80,595	\$76,528	
All Othr Op Rev	(\$308,594)	\$24,822	\$333,417	
Other Sources	(\$12,494)	\$328	\$12,822	
<b>Total Average Annual Change</b>	<b>\$445,630</b> 1.93%	<b>\$710,400</b> 2.87%	<b>\$264,770</b> 0.94%	

Note: Expenditure average annual change is projected to be > \$1,243,624. 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 5.08% 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 \$102,668 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 \$15,371,963 in fiscal year 2025. The state's share of the calculated Base Cost total is \$4,384,595 or \$2,346 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 classified 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 \$236,764. 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 \$256,167. This funding has implications on general fund expenditures in that certain spending now occurring 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

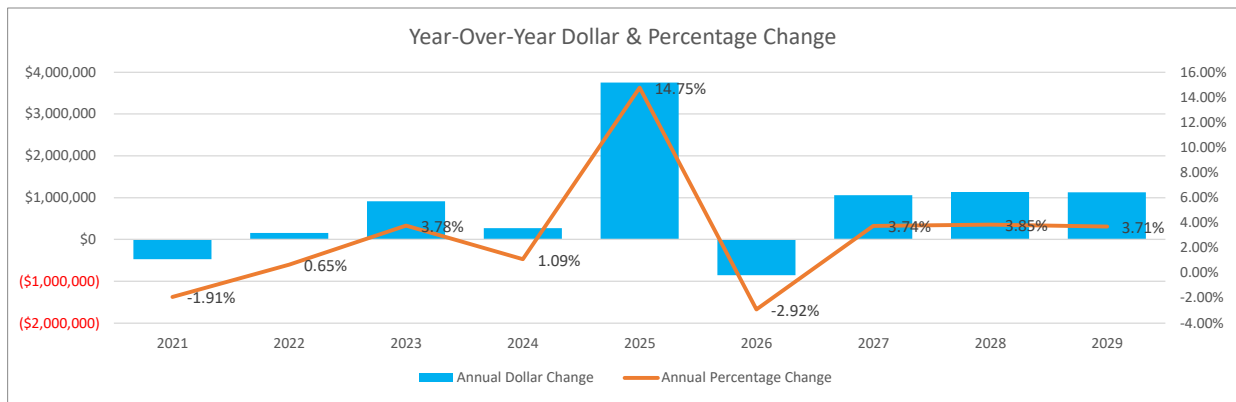
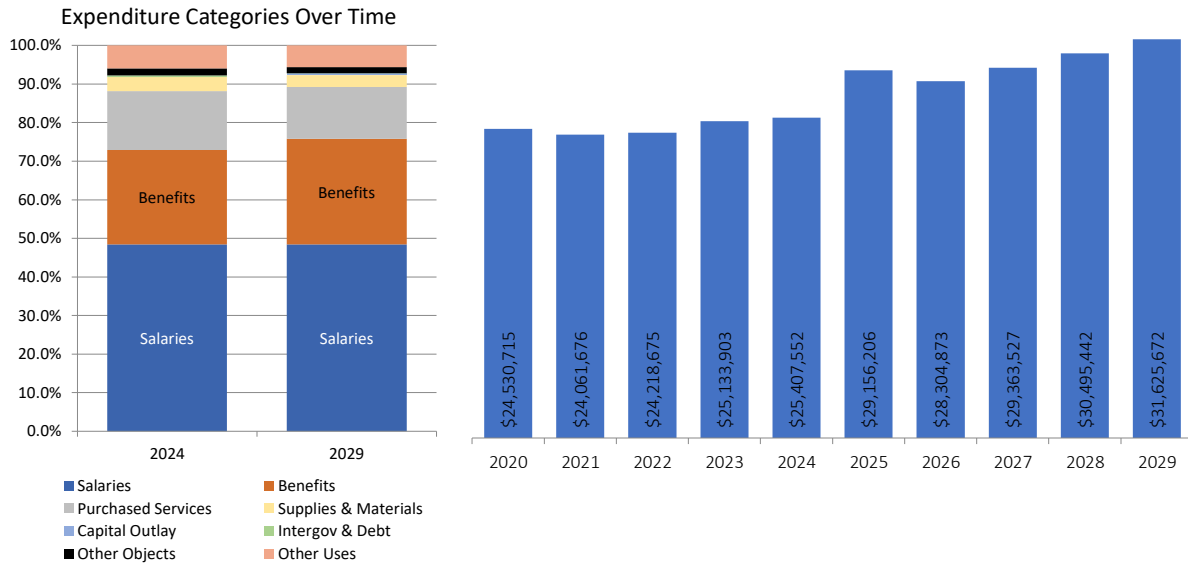
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$308,594. The projected average annual change is \$24,822 through 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 \$145,498 in FY 2025 and average \$145,498 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	\$601,884	\$501,124	Total expenditures increased 0.90% or \$218,495 annually during the past 4-Year period and is projected to increase 4.89% or \$1,243,624 annually through FY2029. Salaries has the largest projected average annual variance compared to the historical average at \$501,124.
Benefits	\$200,079	\$485,860	\$285,781	
Purchased Services	(\$93,350)	\$75,179	\$168,530	
Supplies & Materials	\$18,998	\$9,999	(\$8,999)	
Capital Outlay	(\$74,272)	\$26,445	\$100,717	
Intergov & Debt	\$20,321	(\$17,444)	(\$37,765)	
Other Objects	\$6,952	\$8,800	\$1,847	
Other Uses	\$102,137	\$52,903	(\$49,235)	
<b>Total Average Annual Change</b>	<b>\$218,495</b> 0.90%	<b>\$1,243,624</b> 4.89%	<b>\$1,025,129</b> 4.00%	

Note: Expenditure average annual change is projected to be > \$1,243,624 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 4.48% or \$601,884 through FY 2029. The projected average annual rate of change is 3.57% 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 6.83% through FY 2029. The projected average annual rate of change is 3.23% 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 1.87% through FY 2029 The FSPF 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 revenue 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 1.13% through FY 2029. The projected average annual rate of change is -1.88% 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 \$26,445 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 1.85% through FY 2029. The projected average annual rate of change is 0.08% 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

November, 2024

Fiscal Year:	Actual			FORECASTED				
	2022	2023	2024	2025	2026	2027	2028	2029
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	8,858,690	8,893,753	9,017,158	9,885,226	10,398,670	10,212,763	10,663,534	10,981,568
1.020 - Public Utility Personal Property	2,832,351	2,455,144	2,325,340	4,729,662	2,726,747	2,464,061	2,431,579	2,180,793
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	9,875,321	10,024,305	10,086,335	10,126,723	8,783,634	8,717,113	8,806,839	8,902,217
1.040 - Restricted Grants-in-Aid	679,233	759,551	850,501	1,107,531	2,131,364	2,210,208	2,126,692	2,034,323
1.050 - State Share-Local Property Taxes	1,043,613	1,050,959	1,059,106	1,195,559	1,329,939	1,336,420	1,399,249	1,462,079
1.060 - All Other Operating Revenues	816,134	1,272,083	1,668,428	1,809,412	1,977,299	1,897,793	1,825,778	1,792,538
<b>1.070 - Total Revenue</b>	<b>24,105,342</b>	<b>24,455,796</b>	<b>25,006,869</b>	<b>28,854,113</b>	<b>27,347,653</b>	<b>26,838,358</b>	<b>27,253,671</b>	<b>27,353,518</b>
<b>Other Financing Sources:</b>								
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	145,498	145,498	145,498	145,498	145,498
2.070 - Total Other Financing Sources	138,837	101,392	143,857	145,498	145,498	145,498	145,498	145,498
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>24,244,179</b>	<b>24,557,188</b>	<b>25,150,726</b>	<b>28,999,611</b>	<b>27,493,151</b>	<b>26,983,856</b>	<b>27,399,169</b>	<b>27,499,016</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	12,162,444	12,509,375	12,308,563	13,235,281	13,649,751	14,199,702	14,771,781	15,317,983
3.020 - Employee Benefits	5,805,519	5,928,331	6,221,719	6,892,766	7,266,617	7,700,109	8,165,074	8,651,016
3.030 - Purchased Services	2,780,777	3,691,660	3,871,257	3,957,237	3,974,174	4,062,569	4,153,797	4,247,153
3.040 - Supplies and Materials	737,189	807,131	935,058	991,201	928,825	946,801	965,737	985,051
3.050 - Capital Outlay	10,595	19,202	-	122,155	124,598	127,089	129,631	132,223
Intergovernmental & Debt Service	144,978	95,172	101,603	59,276	14,382	14,381	14,381	14,381
4.300 - Other Objects	439,020	450,089	458,666	464,537	473,775	483,197	492,808	502,664
<b>4.500 - Total Expenditures</b>	<b>22,080,524</b>	<b>23,500,960</b>	<b>23,896,865</b>	<b>25,722,454</b>	<b>26,432,121</b>	<b>27,533,848</b>	<b>28,693,209</b>	<b>29,850,472</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	2,138,151	1,632,943	1,510,687	3,433,752	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	3,433,752	1,872,752	1,829,679	1,802,234	1,775,200
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>24,218,675</b>	<b>25,133,903</b>	<b>25,407,552</b>	<b>29,156,206</b>	<b>28,304,873</b>	<b>29,363,527</b>	<b>30,495,442</b>	<b>31,625,672</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>25,504</b>	<b>(576,715)</b>	<b>(256,826)</b>	<b>(156,595)</b>	<b>(811,721)</b>	<b>(2,379,671)</b>	<b>(3,096,273)</b>	<b>(4,126,656)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>7,949,403</b>	<b>7,974,907</b>	<b>7,398,192</b>	<b>7,141,366</b>	<b>6,984,771</b>	<b>6,173,049</b>	<b>3,793,379</b>	<b>697,106</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>7,974,907</b>	<b>7,398,192</b>	<b>7,141,366</b>	<b>6,984,771</b>	<b>6,173,049</b>	<b>3,793,379</b>	<b>697,106</b>	<b>(3,429,551)</b>
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>7,974,907</b>	<b>7,398,192</b>	<b>7,141,366</b>	<b>6,984,771</b>	<b>6,173,049</b>	<b>3,793,379</b>	<b>697,106</b>	<b>(3,429,551)</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 & 11.020 - Renewal Levies	-	-	-	-	469,757	938,920	937,619	1,203,709
11.030 - Cumulative Balance of Levies	-	-	-	-	469,757	1,408,677	2,346,296	3,550,005
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>7,974,907</b>	<b>7,398,192</b>	<b>7,141,366</b>	<b>6,984,771</b>	<b>6,642,806</b>	<b>5,202,056</b>	<b>3,043,402</b>	<b>120,454</b>
<b>Revenue from New Levies</b>								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>7,974,907</b>	<b>7,398,192</b>	<b>7,141,366</b>	<b>6,984,771</b>	<b>6,642,806</b>	<b>5,202,056</b>	<b>3,043,402</b>	<b>120,454</b>