

Big Walnut Local School District
General Fund
Five Year Forecast
July 1, 2024, Through June 30, 2029
Presentation - April 21, 2025
Approval – May 19, 2025

Presented By J. Scott Gooding II, Interim Treasurer/CFO



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LOCAL SCHOOLS | & GUIDE





O.R.C. and O.A.C. Requirements

- O.R.C. 5705.391 and O.A.C. 3301-92-04
 - Require a Board of Education to submit a five-year projection of operational revenues and expenditures along with assumptions to the Ohio Department of Education and Workforce prior to November 30th and an update by May 31st of each fiscal year
- Required funds to be included in the five-year forecast are:
 - General Funds (001)
 - Any special cost center associated with general fund money
 - Emergency levy funds (016)
 - Any debt service (002) activity that would otherwise have gone to the general fund



Purposes and Objectives of the Forecast



To engage the Board of Education and the community in long range planning and discussions of financial issues facing the school district.



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".



To provide a method for the Ohio Department of Education and Workforce and Auditor of State to identify school districts with potential financial problems.



Purposes and Objectives of the Forecast

- A financial forecast is somewhat like a painting of the future based upon a snapshot of today.
- The five-year forecast is viewed as a key management tool and should be updated periodically.
- In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, one must review and consider the Notes and Assumptions before drawing conclusions or using the data as a basis for other calculations.
- The five-year forecast encourages 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.



Before we get to the numbers ...

- › The five-year forecast is divided into two sections: revenue and expenditures.
- › A district's revenue is made up of two main sources, local and state funding.
- › The expenditures are mainly salary and wages, benefits, purchased services, and supplies and materials.

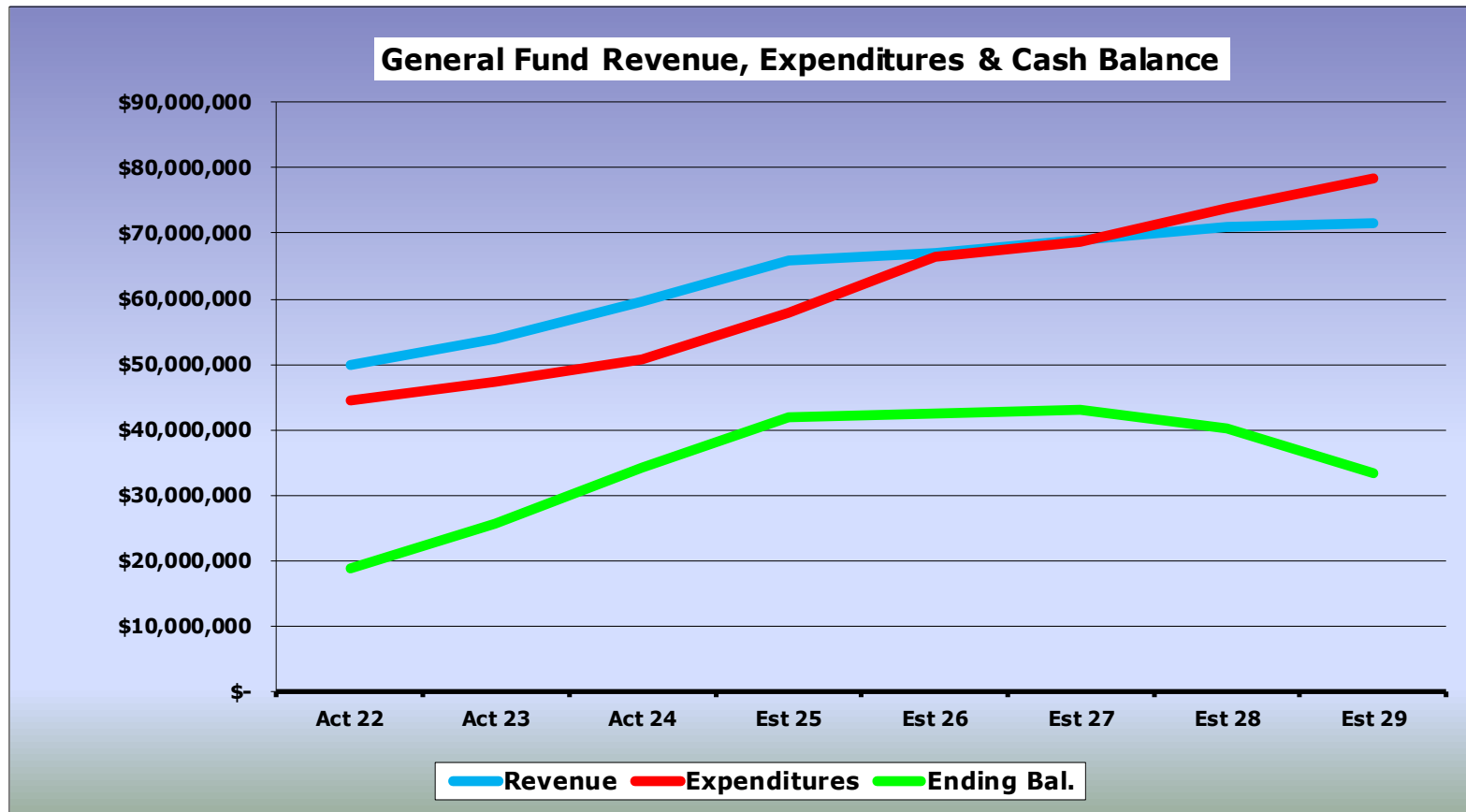


Revenue Projections





Revenue Vs. Expenditure



- Revenues are increasing with basically no increase in state funding for future years
- Expenditures are increasing at a faster rate than revenues



Revenue Line Items

- 1.010 General Property Tax – Real Estate
- 1.020 Public Utility Personal Property Tax
- 1.035 Unrestricted Grants-in-Aid
- 1.040 Restricted Grants-in-Aid
- 1.050 State Share of Local Property Taxes
- 1.060 All Other Operating Revenue
- 1.070 Total Revenue
- 2.040 Operating Transfer-in
- 2.050 Advances-in
- 2.060 All Other Financing Sources
- 2.070 Total Other Financing Sources
- 2.080 Total Revenue and Other Financing Sources



Forecast Overview

- › Local Property Taxes:
- › Property tax revenue is 57.61% of our revenue.
- › Income tax revenue is 18.59% of our revenue
- › Property tax collections are at 98.74%.
- › Valuation increased due to reappraisal in 2023 Class I 36.01% and Class II 21.73%.
- › HB126 change how a BOE can challenge value complaints and may impact our ability to contest valuation challenges.



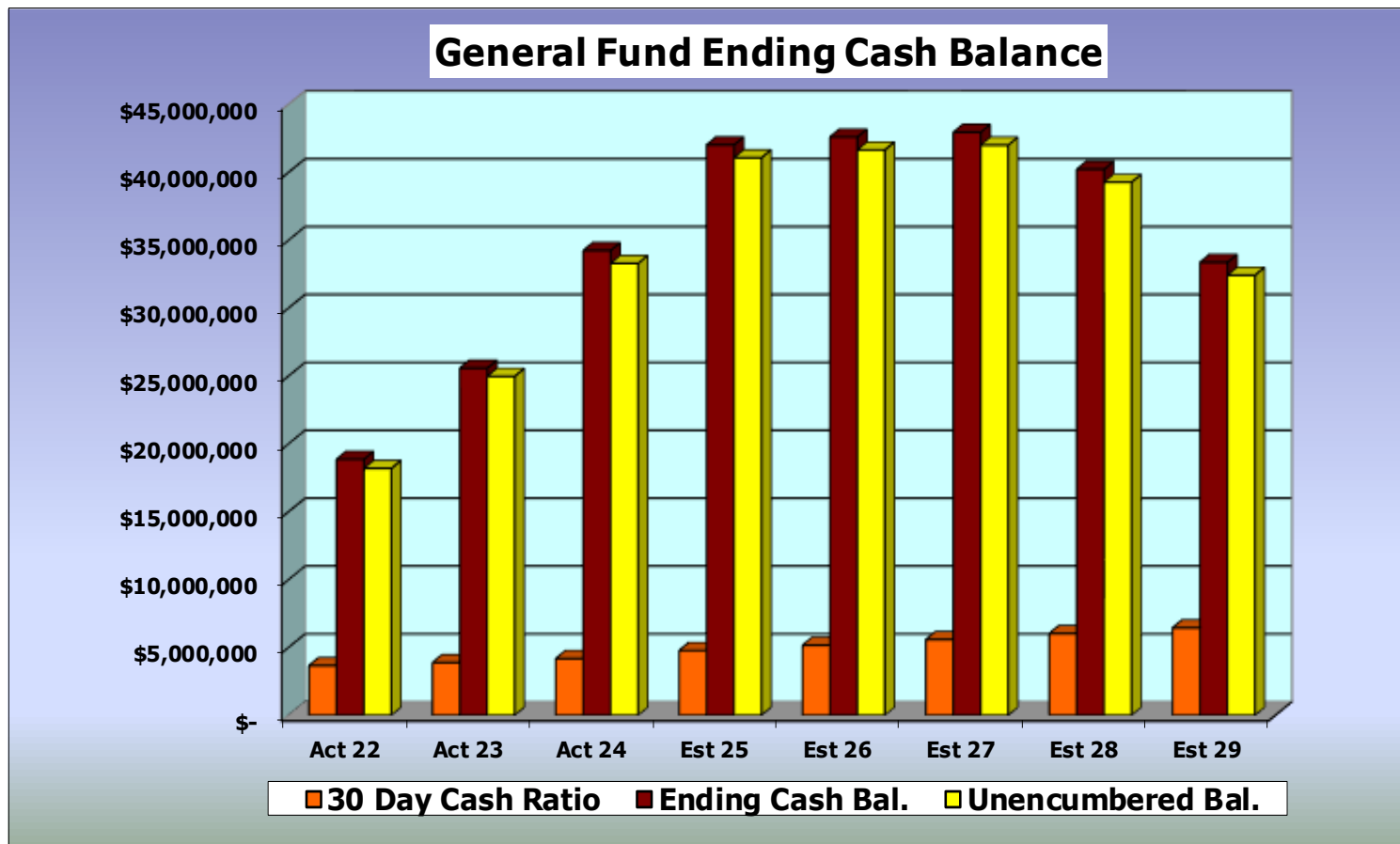
Forecast Overview

State Funding:

- › New Fair School Funding Plan (FSFP) has us as a Formula district.
- › HB33 continues funding students where they are educated and the HB33 continues the phase in of the FSFP at 66.66% in FY25. We do not know about FY26 through FY29.
- › There are two new state budgets included in the FY26 to FY29 period.
- › HB96 Biennium Budget for FY26-FY27 is currently being passed through the legislation, there are items within the budget that could be detrimental for the district.



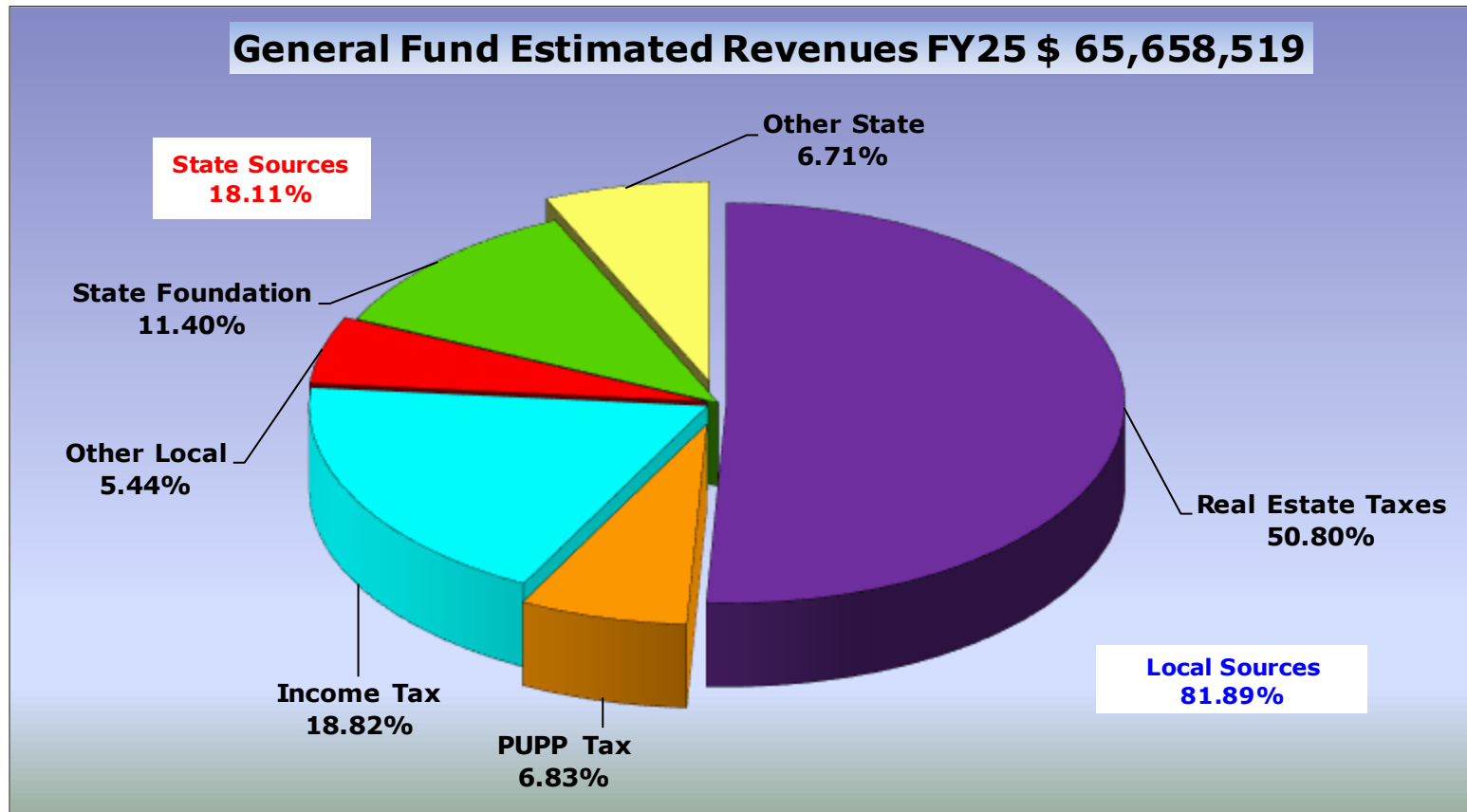
Ending Cash Balance



- 60 Day Cash Balance is a responsible target to end year
- No less than \$-0- Required By Ohio Law



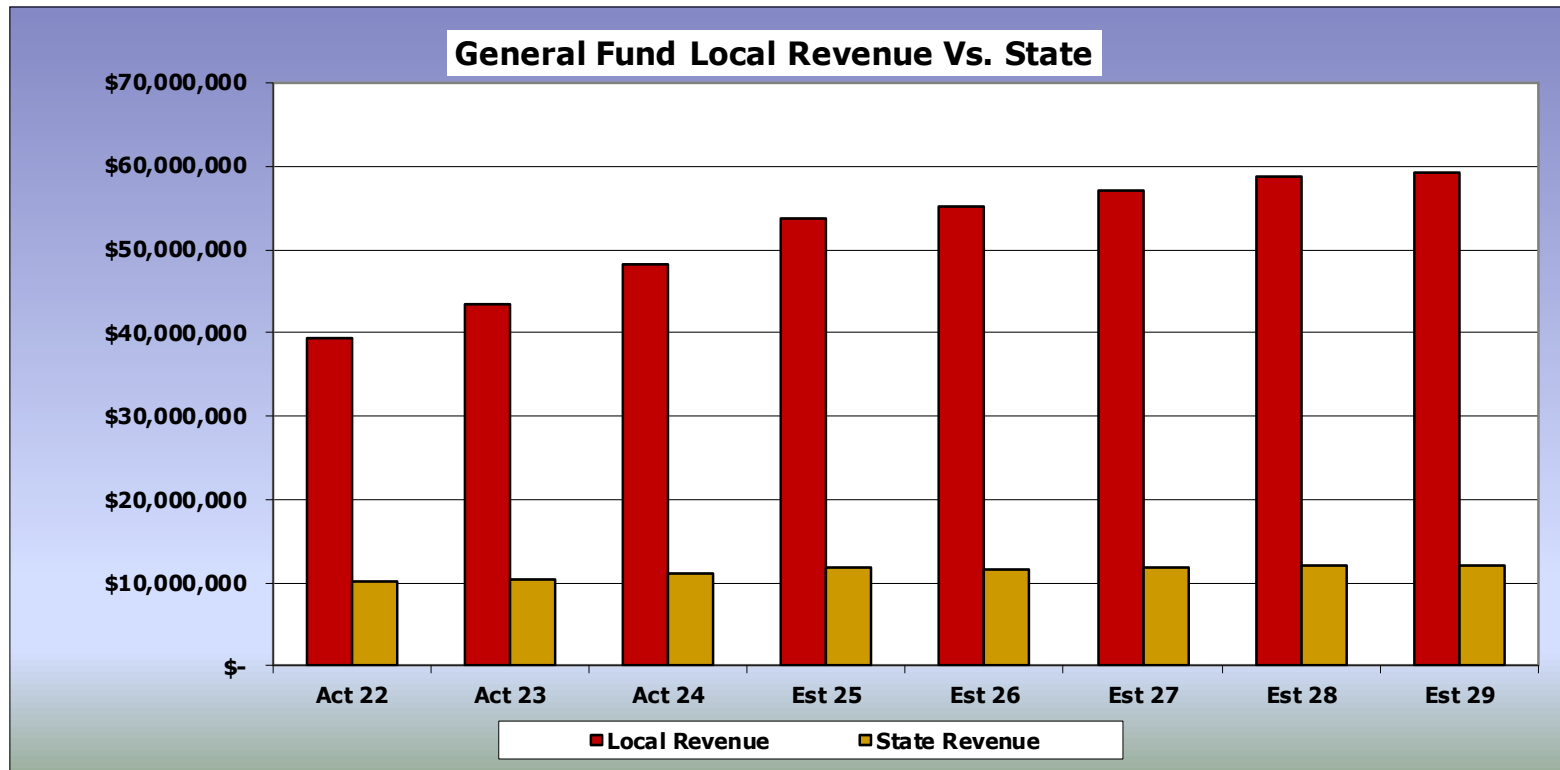
Est. General Fund Revenue Sources FY25



- Local sources of revenue make up the majority of our funding at 81.89%
- State of Ohio contributing an estimated 18.11% in FY25.



Local vs. State Funding

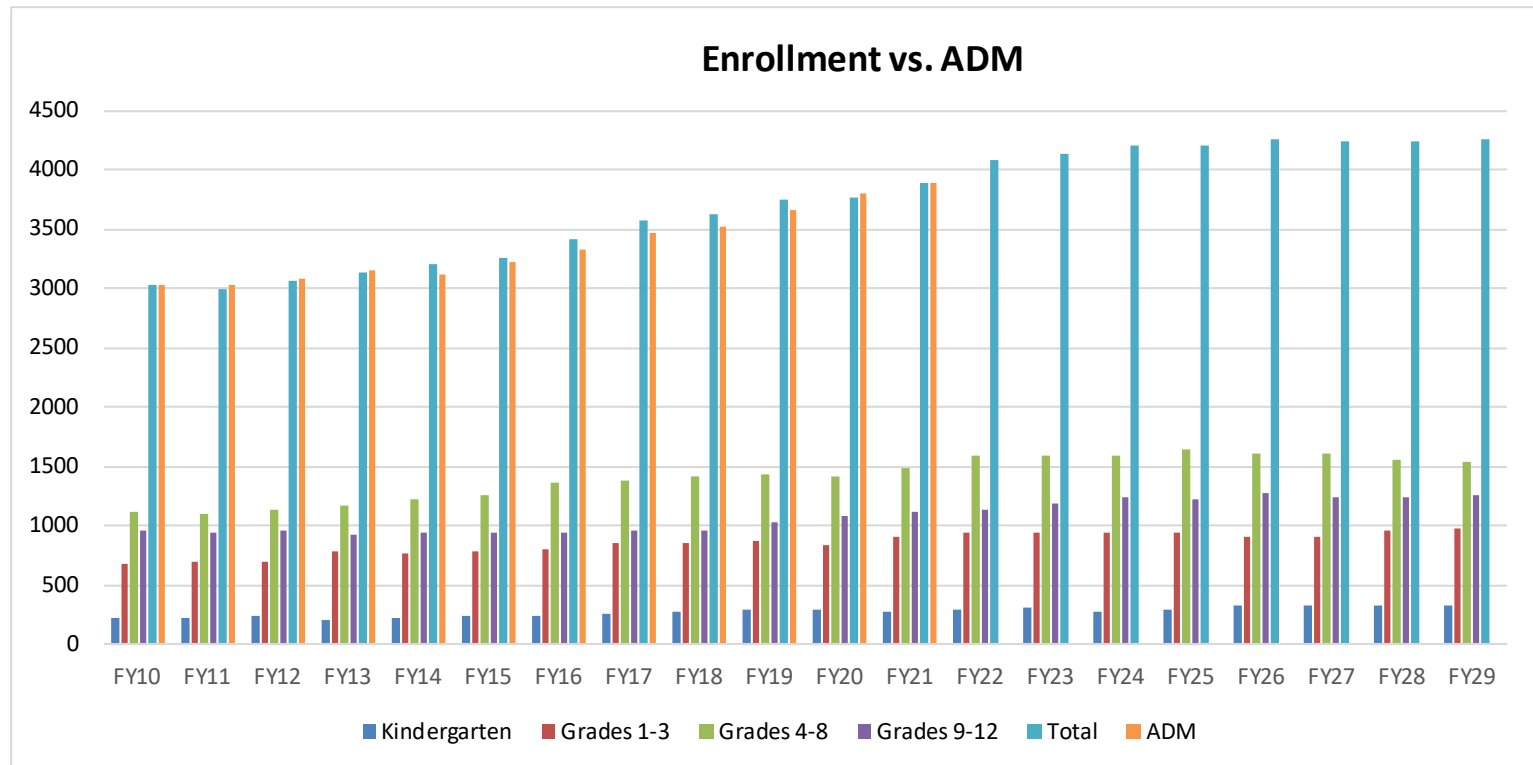


- Local revenue is increasing as the district is basically on the 20-mill floor and new construction valuation, income taxes are also increasing
- HB33 increased the state minimum share from 5% to 10% which is beneficial for our state funding



Enrollment vs. ADM

- › Funding is based on students that are enrolled in our district
- › FY22 no longer uses ADM
- › ADM included all students enrolled in our district plus resident students that attended elsewhere through Open Enrollment, Community Schools, STEM Schools and all Scholarship Programs





Notes About Our Operating Revenue



New construction in both residential and commercial are expected to increase each year of the forecast



Public Utility Personal Property Tax values increased in 2024 for collection in 2025 at a greater amount than projected, we are expecting small increases in future years



Income tax for FY24 decreased from the previous year by 9.14%, FY25 has seen an 11.73% increase from FY24, with one more payment to be made in April



HB33 Fair School Funding Plan continues the many changes to state funding payments and expenses



Eliminates open enrollment revenues and implements paying districts directly where students are educated



Expenditure Projections





Expenditure Line Items

- 3.010 Personal Services
- 3.020 Employees' Retirement and Insurance Benefits
- 3.030 Purchased Services
- 3.040 Supplies and Materials
- 3.050 Capital Outlay
- 4.300 Other Objects
- 4.500 Total Expenditures
- 5.010 Operating Transfers - out
- 5.020 Advances - out
- 5.030 All Other Financing Uses
- 5.040 Total Other Financing Uses
- 5.050 Total Expenditures and Other Financing Uses

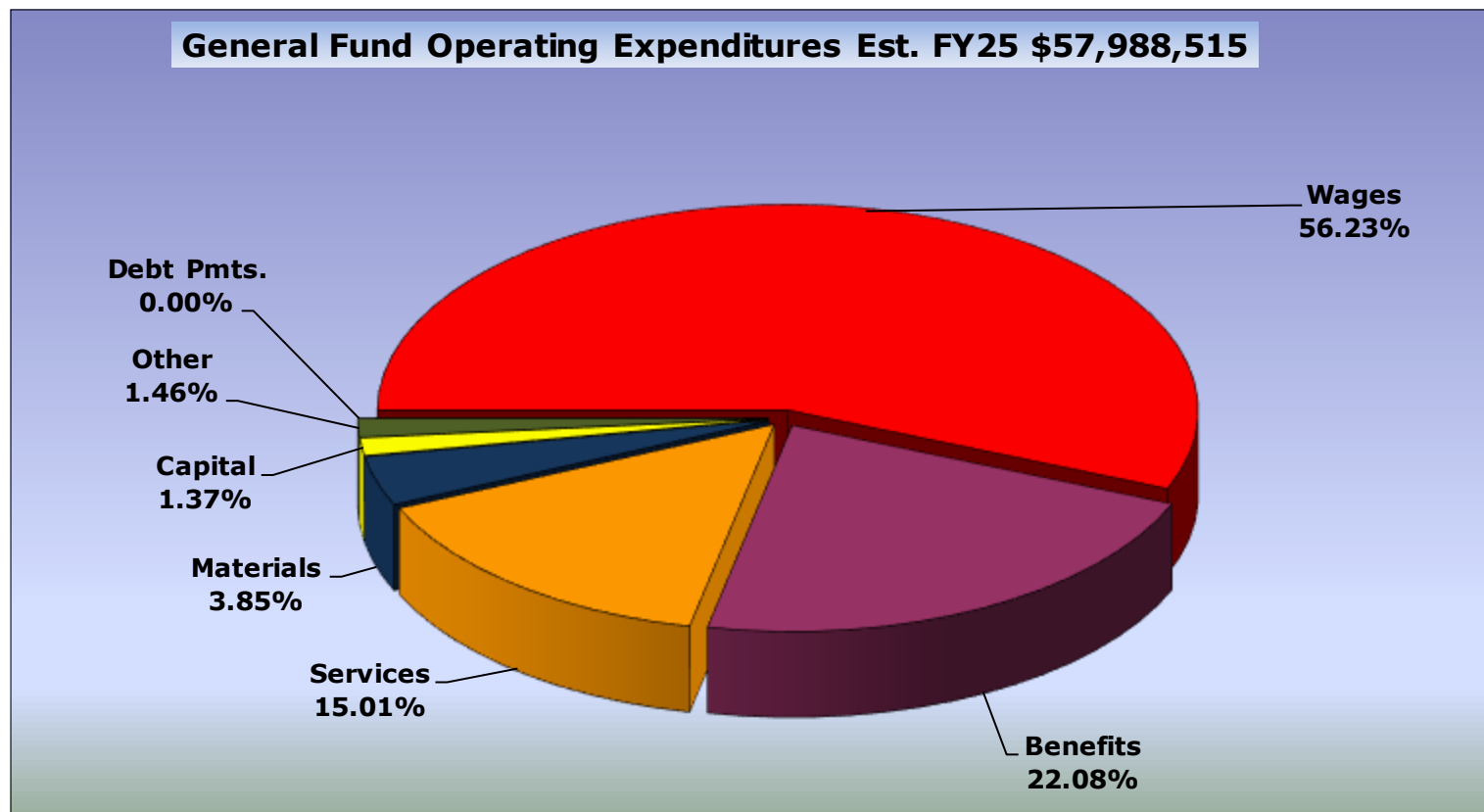


Forecast Drivers

- › Inflation - Increases in costs due to economic conditions.
- › Programs - Curriculum offerings
- › Facilities – Operating costs; Repairs & Maintenance
- › Transportation – fuel and supplies; cost of new buses/vans
- › Enrollment changes



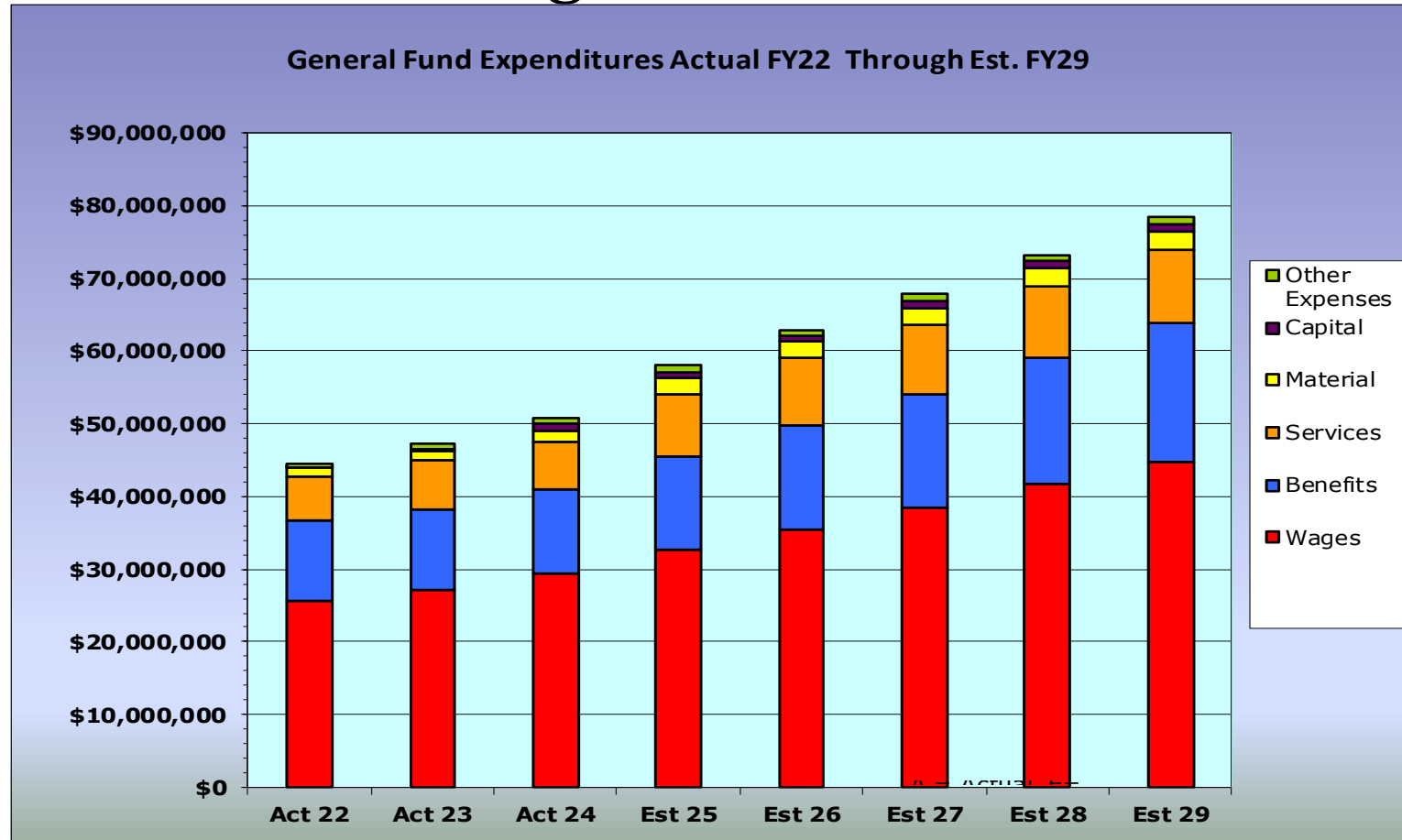
Est. General Fund Expenditures FY25



- Wages and benefits are 78.31%
- Services that include tuition and utilities is the next largest area of the forecast



General Fund Expenditures By Object Act. FY22 through Est. FY 29



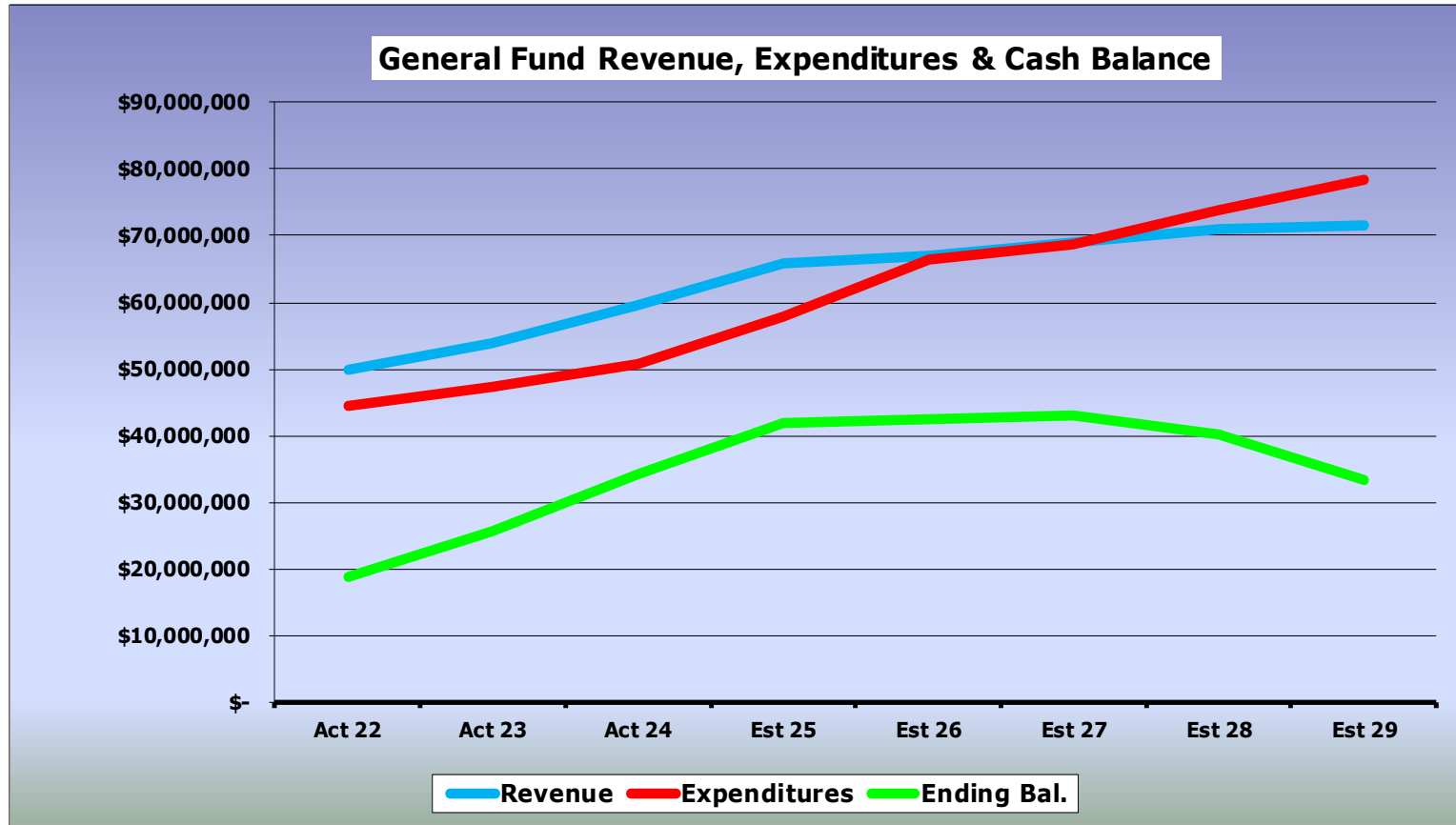
- Costs continue to rise and correspond to the growth
- Purchased Services and Benefits are growing the fastest



Items to Consider About Our Finances

- › The district growth will need to be monitored to meet the needs of the students
- › New construction estimates will fluctuate each year
- › Current state budget HB33 provided some additional state funding
- › Future funding is uncertain still for FY26-29 as Fair School Funding Plan not funded beyond FY25
- › We need to continue to monitor expenses as the district grows

Revenue Vs. Expenditure



- › Revenues currently exceed expenses; Line 6.01 spending deficit anticipated in FY28 (two years later than projected in November 2024).
- › Cash balances currently exceed reserve requirement through FY29.



Forecast Summary

Big Walnut Local School District

Delaware 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	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
2.080	Total Revenues	\$50,000,330	\$53,889,289	\$59,494,742	\$65,768,978	\$66,952,273	\$69,084,423	\$70,992,364	\$71,533,025
5.050	Total Expenditures	\$44,554,439	\$47,181,440	\$50,827,560	\$57,988,515	\$66,374,104	\$68,727,404	\$73,726,104	\$78,382,792
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$5,445,891	\$6,707,849	\$8,667,182	\$7,780,464	\$578,170	\$357,019	(\$2,733,740)	(\$6,849,768)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$13,412,581	\$18,858,472	\$25,566,321	\$34,233,503	\$42,013,967	\$42,592,137	\$42,949,155	\$40,215,416
7.020	Cash Balance June 30	\$18,858,472	\$25,566,321	\$34,233,503	\$42,013,967	\$42,592,137	\$42,949,155	\$40,215,416	\$33,365,648
	Encumbrances	\$675,718	\$602,766	\$953,642	\$953,642	\$953,642	\$953,642	\$953,642	\$953,642
11.300	Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15.010	Unreserved Fund Balance June 30	\$18,182,754	\$24,963,555	\$33,279,861	\$41,060,325	\$41,638,495	\$41,995,513	\$39,261,774	\$32,412,006
True Day Cash Ratio (Cash Reserve)					258	229	223	194	151



Surplus vs Deficit

- Budget Surplus
 - When revenue exceeds spending at the end of each fiscal year.
- Deficit Spending
 - When spending exceeds revenue at the end of each fiscal year.
 - Cash balances/reserves are used to sustain operations until additional revenue is secured, expenses are reduced, or a combination of the two occurs.
- Deficit
 - When all cash reserves have been exhausted – out of money.

Forecast Summary



Big Walnut Local School District

Delaware County

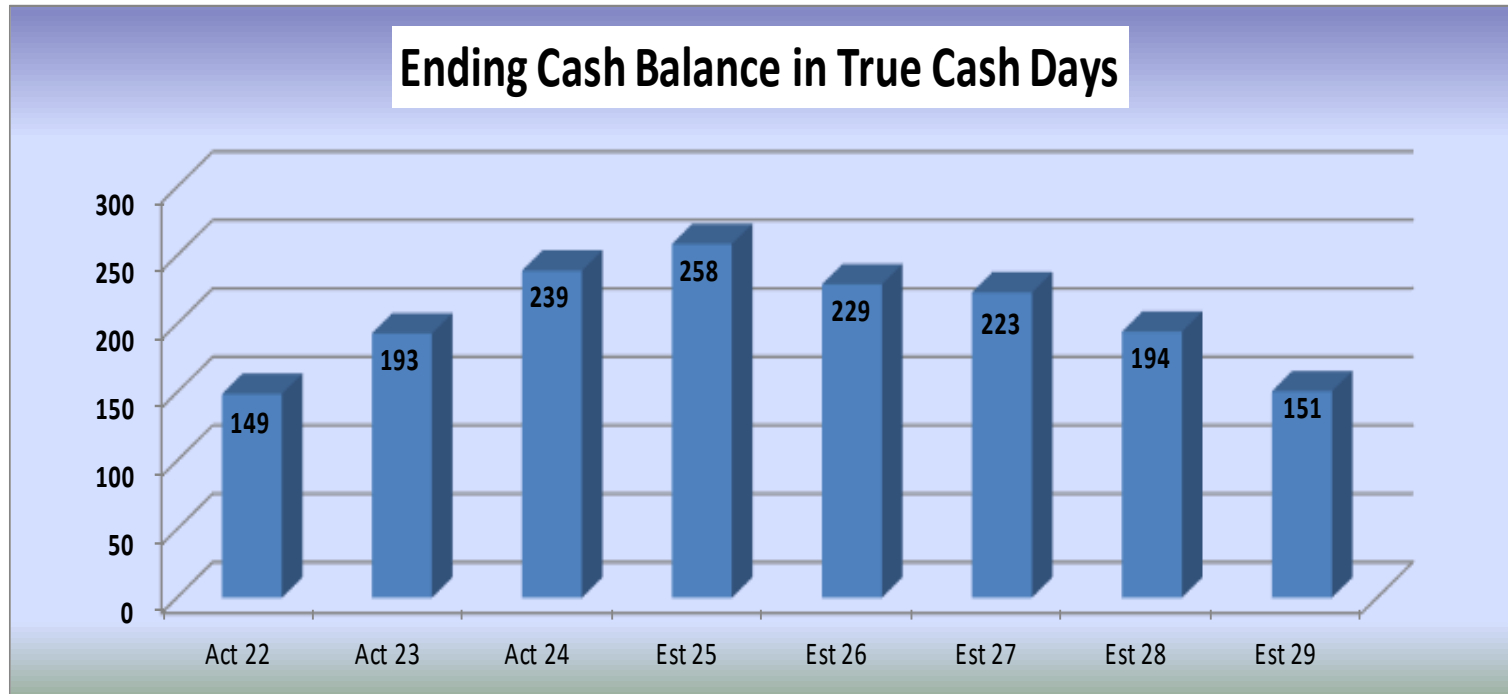
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Days of True Cash



- GFOA recommends 60 days cash at the end of fiscal year
- Ending cash balance is more than recommended in FY29



What is next?

- › April #2 State Foundation Payment Report (SFPR)
- › April 2025 Income Tax Distributions



What about the State Budget?





State Funding - Fair School Funding Plan

Fiscal Year	State Share Percentage	Base Cost Inputs Used	Notes/Impact
FY99	45.7%	-	First year after DeRolph ruling
FY22	41.6%	FY18	First year of Fair School Funding Plan
FY23	40.6%	FY18	Inputs not updated; decrease in state share
FY24	43.3%	FY22	Base cost inputs updated
FY25	38.4%	FY22	Inputs not updated
FY26	35.0%	FY22	Inputs not updated
FY27	32.2%	FY22	Inputs not updated

Source: Dr. Howard Fleeter's testimony to the House Education Committee, March 4, 2025



Ohio Property Tax Trends 1975-2023

Year	Class 1 - (Resid./Ag.) Share of Tax Base	Class 2 - (Comm./Indus.) Share of Tax Base	Class 1 - Share School Property Taxes	Class 2 - Share of School Property Taxes
1975	46.0%	54.0%	46.1%	43.9%
2023	74.8%	25.2%	67.5%	32.5%

Source: Dr. Howard Fleeter (OEPI)



Property Tax Trends – Reappraisals & 20-Mill Floor

Year	Class I Reappraisal Increase	Class I Total Valuation in Prior Year	Reappraisal Increase as % of Prior Year Value	Class 1 # of Districts at 20-mill Floor	Class 2 # of Districts at 20-mill Floor	Class 1 OR Class 2 # of Districts at 20-mill Floor
2003	\$5.457 Billion	\$47.688 Billion	11.4%	290	117	306
2004	\$1.289 Billion	\$16.928 Billion	0.9%	298	129	310
2005	\$10.178 Billion	\$81.975 Billion	12.4%	330	165	347
2006	\$6.219 Billion	\$56.302 Billion	11.0%	311	150	326
2007	\$1.730 Billion	\$19.522 Billion	8.9%	305	135	319
2008	\$1.968 Billion	\$97.796 Billion	2.0%	299	128	331
2009	-\$3.823 Billion	\$64.864 Billion	-5.9%	177	80	212
2010	-\$0.204 Billion	\$21.929 Billion	-0.9%	166	66	187
2011	-\$5.301 Billion	\$100.788 Billion	-5.3%	165	54	177
2012	-\$4.545 Billion	\$61.410 Billion	-7.4%	105	44	122
2013	\$0.649 Billion	\$18.850 Billion	3.4%	158	42	171
2014	\$2.892 Billion	\$95.922 Billion	3.0%	215	45	223
2015	\$2.591 Billion	\$57.382 Billion	4.5%	205	41	211
2016	\$1.502 Billion	\$19.057 Billion	7.9%	235	56	241
2017	\$5.963 Billion	\$100.563 Billion	5.9%	165	58	182
2018	\$5.255 Billion	\$60.994 Billion	8.6%	168	59	186
2019	\$2.381 Billion	\$25.379 Billion	9.4%	207	67	224
2020	\$13.519 Billion	\$109.168 Billion	12.4%	249	69	272
2021	\$10.237 Billion	\$67.917 Billion	15.1%	279	75	293
2022	\$6.319 Billion	\$28.645 Billion	22.1%	343	108	352
2023	\$44.058 Billion	\$127.095 Billion	34.7%	409	172	420

Source: Dr. Howard Fleeter (OEPI)





136th General Assembly – Property Tax Bills

Ohio House			Ohio Senate		
Bill #	Sponsor	Short Title	Bill #	Sponsor	Short Title
HB103	TROY D, HALL T	INCREASE HOMESTEAD EX. AMT, INCOME LIMIT	SB2	REINEKE W	LAW CHANGES-PUBLIC UTILITIES
HB124	THOMAS D, HALL T	PROPERTY TAX RATIO PROCESS MODIFICATIONS	SB22	BLESSING, CRAIG	TAX CREDIT-CERTAIN HOMEOWNERS, RENTERS
HB129	THOMAS D	PROPERTY TAX MILLAGE REALLOCATION LIMITS	SB29	BLESSING, INGRAM C	CREATION-JOINT ECONOMIC DEVELOPMENT DISTRICT
HB15	KLOPFENSTEIN R	ELECTRIC SERVICE LAW CHANGES	SB42	REYNOLDS M, CRAIG	AUTHORIZE LOCAL GOVT.-RESID. STABILITY ZONES
HB179	STEPHENS J	STATEWIDE SCREENING-PROPERTY TAX REDUCTIONS	SB66	O'BRIEN S, LANG	SCHOOL DISTRICTS-MILLAGE CALCULATION
HB186	HOOPS J, THOMAS D	LIMIT SCHOOL DISTRICT PROPERTY TAX INCREASES	SB81	PATTON T	AUTHORIZE PROPERTY TAX FREEZE-OWNER-OCCUPIED HOMES
HB22	LORENZ B, THOMAS D	HOMESTEAD EXEMPTION-SURVIVING SPOUSES	SB92	PATTON T	PROPERTY TAX EXEMPTION-DISABLED VETERANS' HOMESTEADS
HB28	MATHEWS A, HALL T	ELIMINATE REPLACEMENT PROPERTY TAX LEVY AUTHORITY	SJR4	BRENNER A	CONSTITUTIONAL AMENDMENT-SCHOOL DISTRICT OBLIGATIONS
HB40	RICHARDSON T, DOVILLA M	EXPAND HOMESTEAD EXEMPTION-DISABLED VETERANS	SB116	LANG G	REDUCE PROPERTY TAX ASSESSMENT-PIPELINE COMPANIES
HB61	THOMAS D, DANIELS J	MODIFY HOMESTEAD EXEMPTION, OWNER-OCCUPANCY CREDIT			
HB86	DEMETRIOU S	TAX FORECLOSURE, LAND REUTILIZATION			
HB89	SCHMIDT J	TEMPORARY PROPERTY TAX REDUCTION			



What is this about cash balances?

- › A major component of Substitute House Bill 96 focuses on school district cash balances.
- › The House made changes to the bill related to school district cash balances. Those changes include:
 - Require districts to submit five-year projections of revenues and expenditures to the county budget commission.
 - County Budget commissions are then required to reduce property tax rates for any district whose cash balance exceeds **30%** of their operating expenditures from the previous year.
 - County Budget commission will reduce the property tax rates in the following tax year to reduce collections by the amount of the excess carry-over.
- › Exempts districts whose levies have been reduced by the county budget commission from the requirement that it levy at least 20 mills to receive state foundation aid.



Are there issues with this?

- › The changes are problematic for a variety of reasons:
 - This ignores the unique circumstance of each district and why they have their cash balances.
 - The cyclical nature of levy approvals necessitates the buildup of reserves to maintain operations between levies. Local communities are presented with levy requests and they make the determination to provide the requested funding for their school districts.
 - Cash reserves reflect conservative budgeting practices and the need to prepare for such items as:
 - › Inflation
 - › Unexpected costs
 - › Unexpected legislation
 - › Unfunded mandates
 - › Economic uncertainty
 - A cash balance of 25% or greater is one of the factors needed to secure a AAA bond rating.



Who does this apply to?

- › State of Ohio – **NO**
- › Cities – **NO**
- › Townships – **NO**
- › Public School Districts – **YES**
- › Private Schools – **NO**



What does this mean for Big Walnut LSD?

- › County Budget commissions are then required to reduce property tax rates for any district whose cash balance exceeds **30%** of their operating expenditures from the previous year.
 - FY 2024 Total Expenditures and Other Financing Uses
 - › Line 5.050 on our Five Year Forecast
 - › \$50,827,560
 - › * 30%
 - › Equals \$15,248,268
 - FY 2025 Projected Cash Balance at June 30, 2025
 - › Line 7.020 on our Five Year Forecast
 - › \$42,013,967
 - **REDUCTION (LOSS) OF \$26,765,699 – THIS YEAR!**



What can we do?

- › Continue advocating for our schools and our children
- › Continue to protect of district resources that our voters have approved
- › Board Policy 6220.01 Cash Reserve Balance
 - Revised policy (first reading) – [Board agenda item 7.1](#)



Thank You for Listening

› Questions and Answers

