



Little Miami Local School District

Five Year Forecast Financial Report

November, 2023

Terry Gonda, CFO/Treasurer

Table of Contents

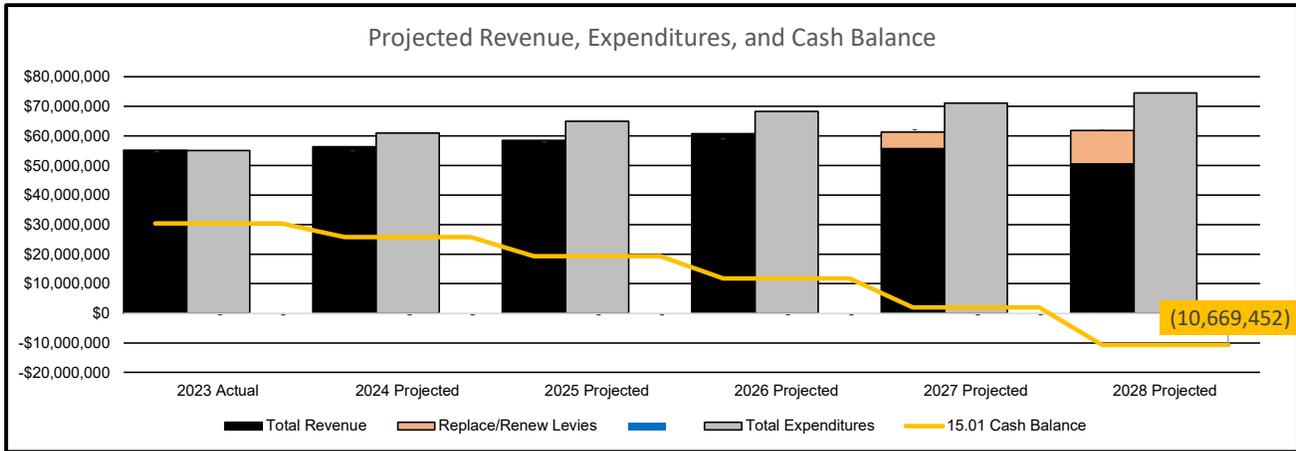
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - State Share-Local Property Taxes	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

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.



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

Financial Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	30,441,769	25,747,461	19,272,277	11,758,259	2,005,075
+ Revenue	56,270,113	58,486,212	60,804,486	55,655,645	50,558,698
+ Proposed Renew/Replacement Levies	-	-	-	5,638,349	11,276,701
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(60,964,421)	(64,961,397)	(68,318,504)	(71,047,178)	(74,509,926)
= Revenue Surplus or Deficit	(4,694,308)	(6,475,185)	(7,514,018)	(9,753,184)	(12,674,527)
Line 7.020 Ending Balance with renewal/new levies	25,747,461	19,272,277	11,758,259	2,005,075	(10,669,452)

Analysis Without Renewal Levies Included:

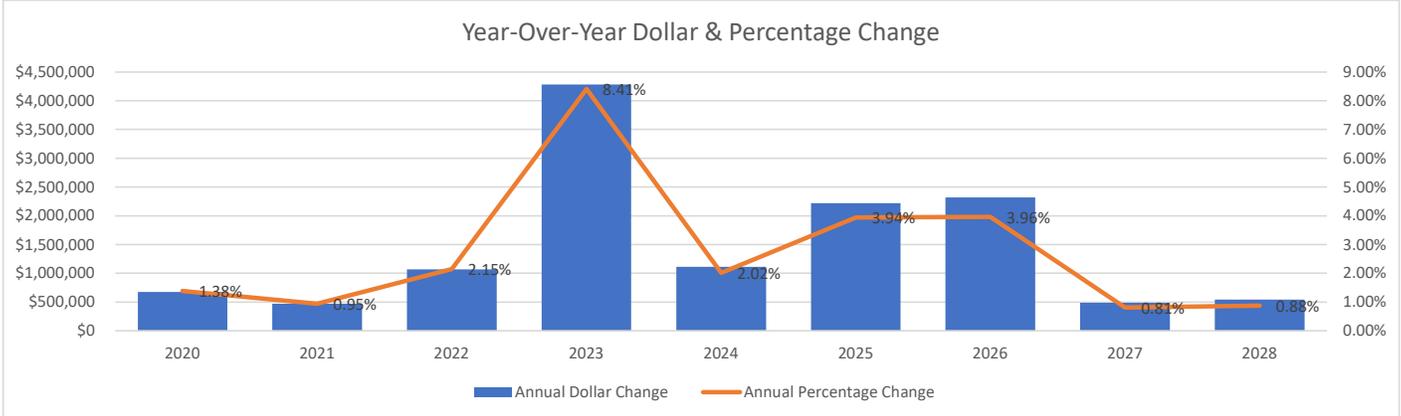
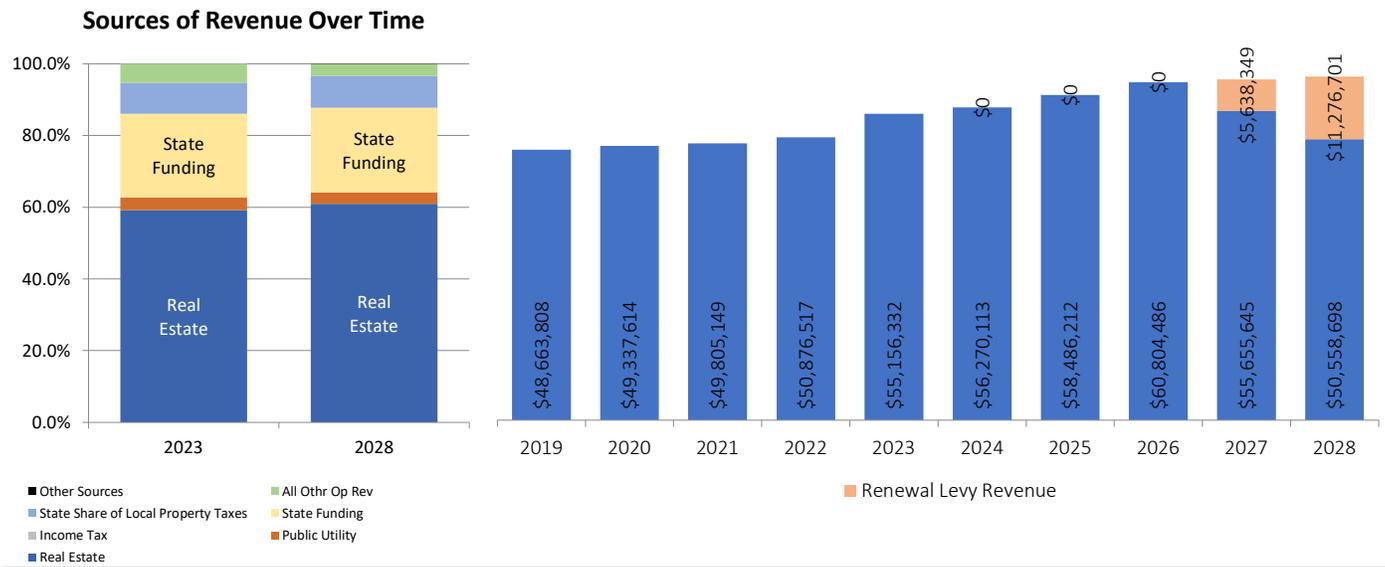
Revenue Surplus or Deficit w/o Levies	(4,694,308)	(6,475,185)	(7,514,018)	(15,391,533)	(23,951,228)
Ending Balance w/o Levies	25,747,461	19,272,277	11,758,259	(3,633,274)	(27,584,502)

In FY 2024 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$4,694,308 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$23,951,228. The district would need to cut its FY 2028 projected expenses by 32.15% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Little Miami Local School District the calculated Base Cost total is \$40,995,844 in FY 2024. The state's share of the calculated Base Cost total is \$7,736,641 or \$1,493 per pupil.

Revenue Sources and Forecast Year-Over-Year Projected Overview



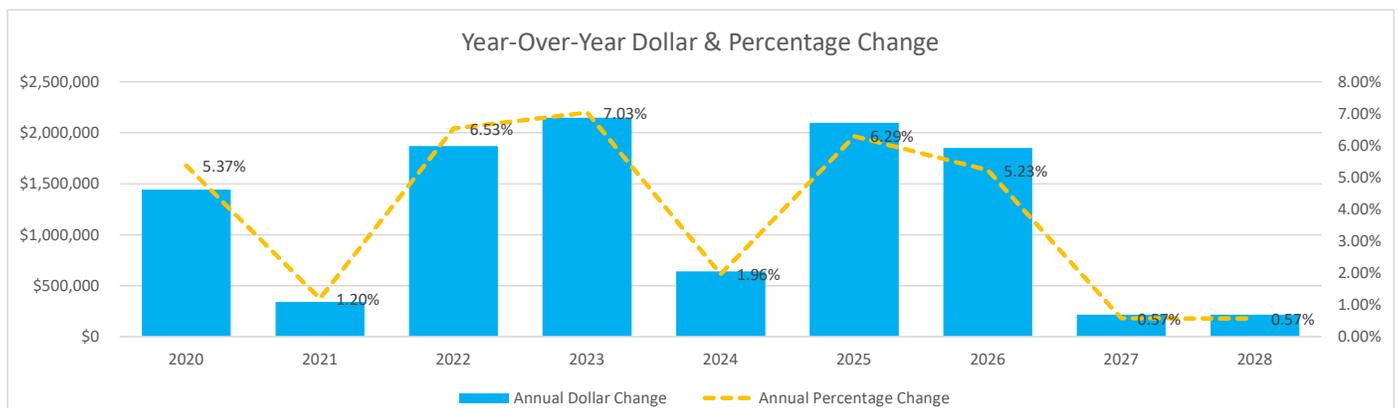
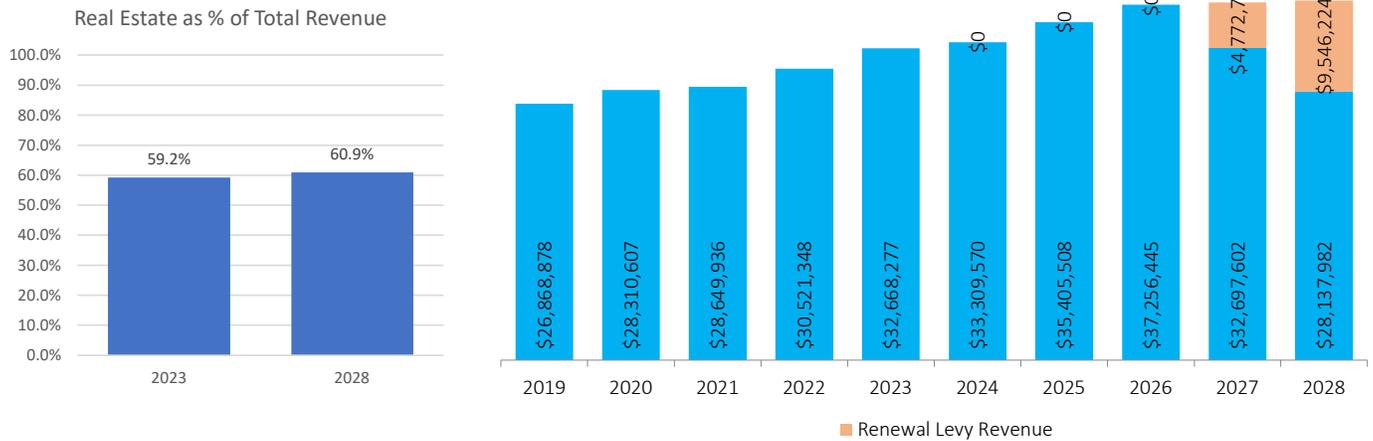
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 3.22% or \$1,623,131 annually during the past 4-Year period and is projected to increase 2.32% or \$1,335,813 annually through FY2028. State Funding has the most projected average annual variance compared to the historical average at \$699,329
Real Estate	1,449,850	1,003,186	(\$446,664)	
Public Utility	\$180,634	\$8,103	(\$172,532)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$353,210)	346,118	\$699,329	
Prop Tax Alloc	\$146,827	\$145,706	(\$1,121)	
All Othr Op Rev	\$220,218	(\$166,991)	(\$387,209)	
Other Sources	(\$21,188)	(\$308)	\$20,880	
Total Average Annual Change	1,623,131 3.22%	1,335,813 2.32%	(\$287,318) -0.90%	

Note: Expenditure average annual change is projected to be > \$3,894,727 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	1,344,274,070	41,240,060	28.10	-	33.68	-	99.7%
2023	1,356,519,070	12,245,000	28.03	(0.07)	33.56	(0.12)	100.0%
2024	1,567,264,070	210,745,000	26.98	(1.05)	32.46	(1.10)	100.0%
2025	1,579,509,070	12,245,000	26.93	(0.05)	32.36	(0.10)	100.0%
2026	1,591,754,070	12,245,000	26.87	(0.05)	32.26	(0.10)	100.0%
2027	1,603,999,070	12,245,000	26.82	(0.05)	32.16	(0.10)	100.0%

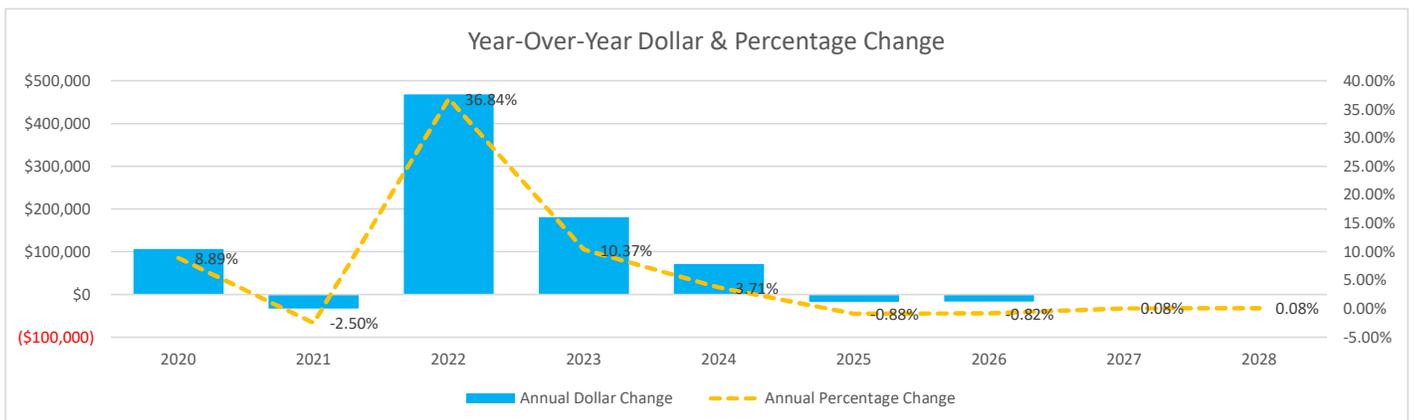
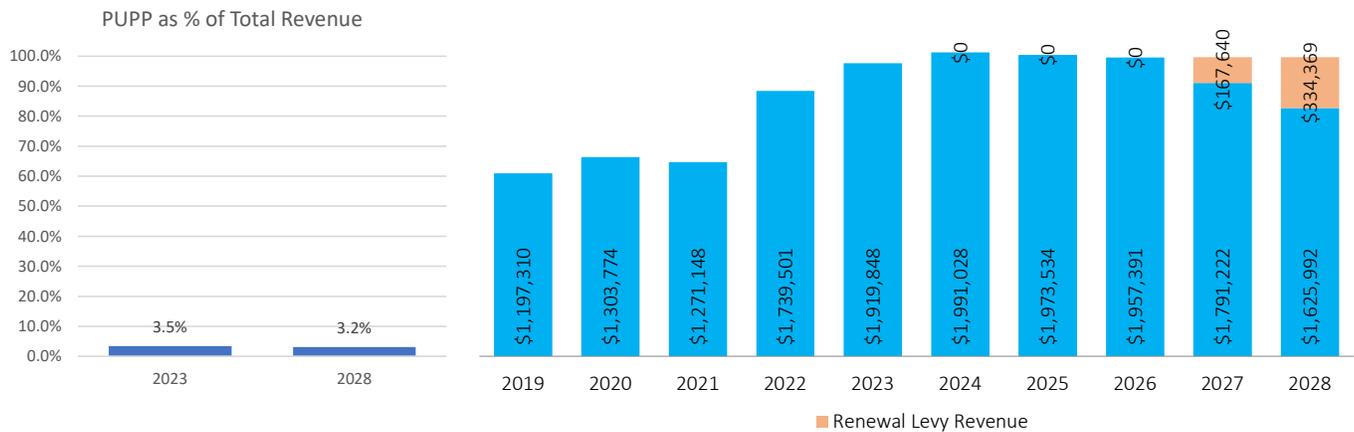
Real estate property tax revenue accounts for 59.23% of total revenue. Class I or residential/agricultural taxes make up approximately 95.01% of the real estate property tax revenue. The Class I tax rate is 28.03 mills in tax year 2023. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 100.0% annually through tax year 2027. The revenue changed at an average annual historical rate of 5.03% and is projected to change at an average annual rate of 2.93% through FY 2028.

The Triennial Update/Reappraisal process is where property values are reappraised every 6 years, with a valuation update being performed in the third year between each reappraisal. The triennial update was completed in 2021. The next update is the reappraisal in 2024 and based upon data received thus far a 15% increase in values is projected. HB 187 which could affect overall real estate values and revenues received from them continues to be monitored.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



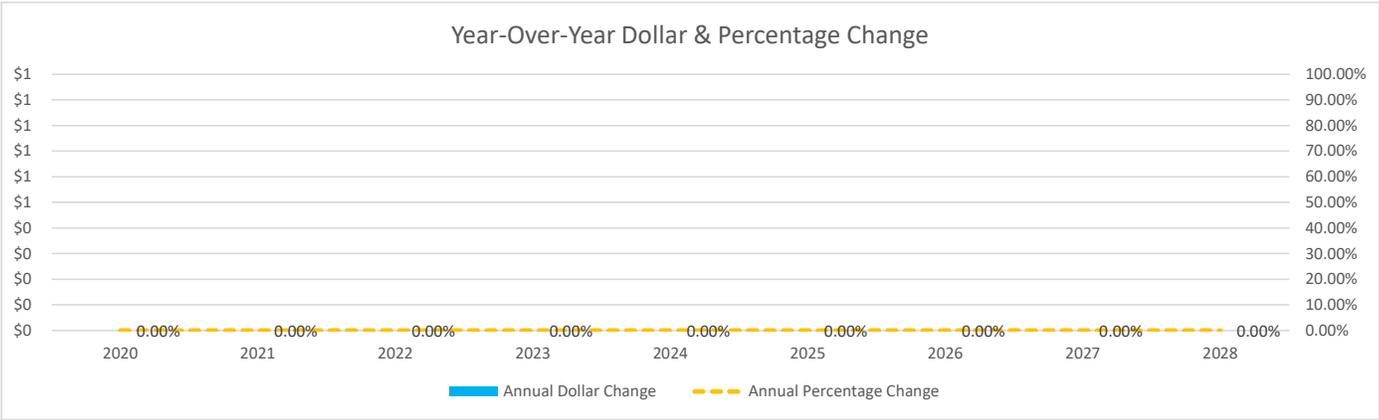
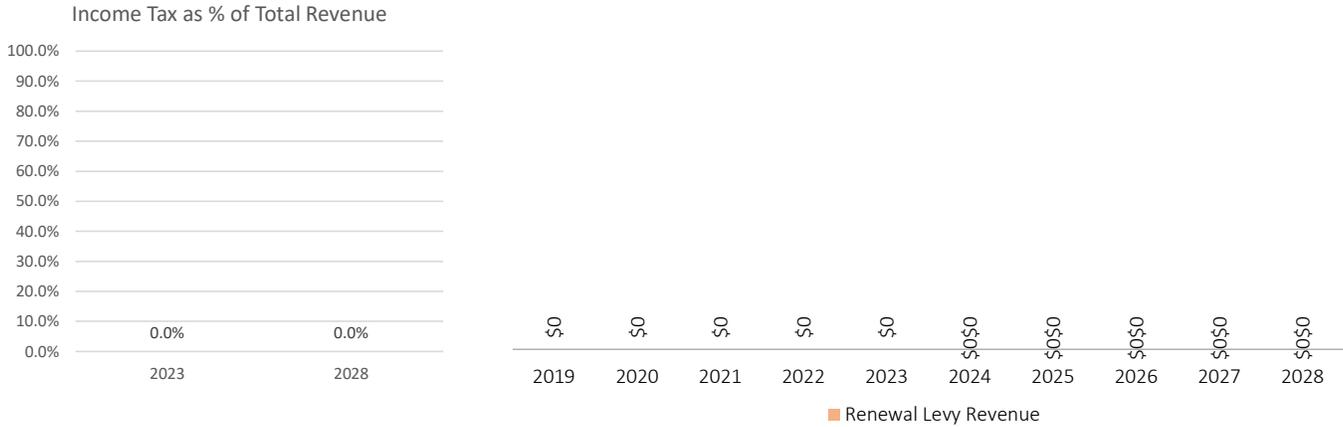
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	47,974,110	3,523,270	41.44	(0.08)	99.9%
2023	48,274,110	300,000	41.37	(0.07)	99.9%
2024	48,574,110	300,000	40.32	(1.05)	99.9%
2025	48,674,110	100,000	40.27	(0.05)	99.9%
2026	48,774,110	100,000	40.21	(0.05)	99.9%
2027	48,874,110	100,000	40.16	(0.05)	99.9%

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 3.48% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 41.37 mills. The forecast is modeling an average gross collection rate of 99.90%. The revenue changed historically at an average annual dollar amount of \$180,634 and is projected to change at an average annual dollar amount of \$8,103 through FY 2028.

**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

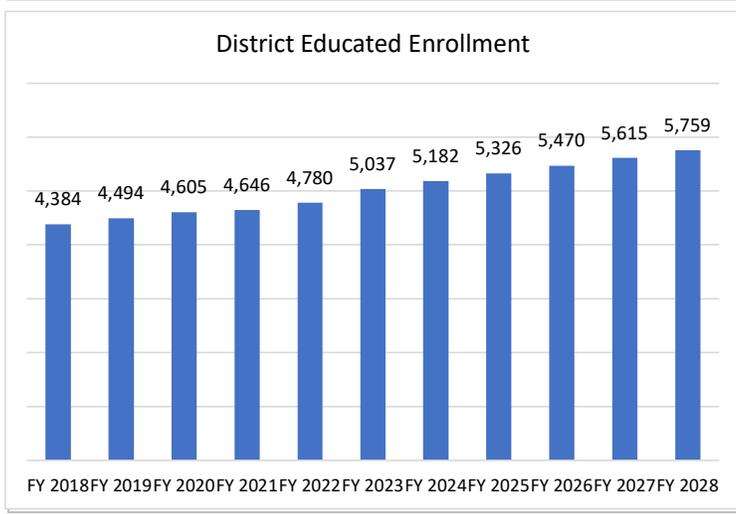
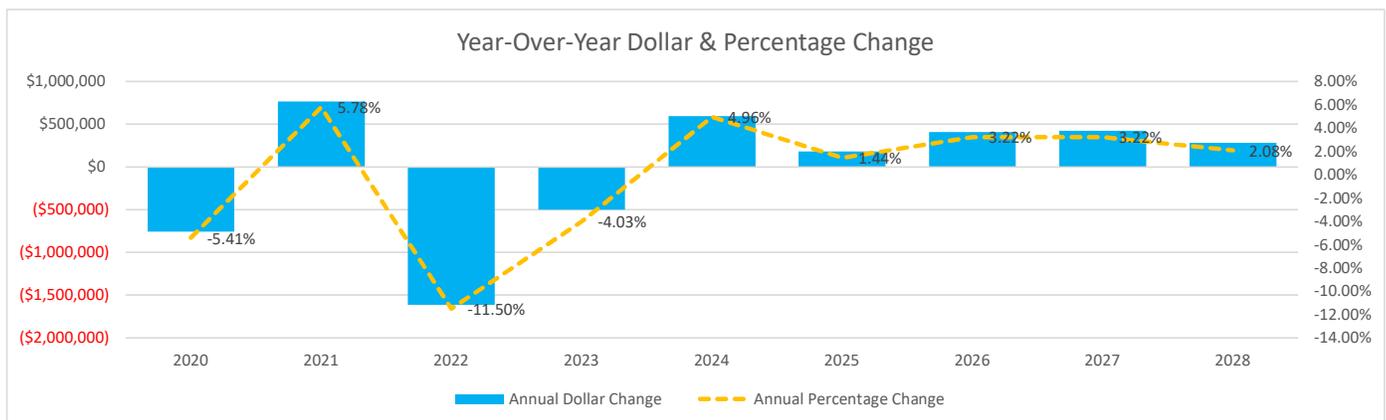
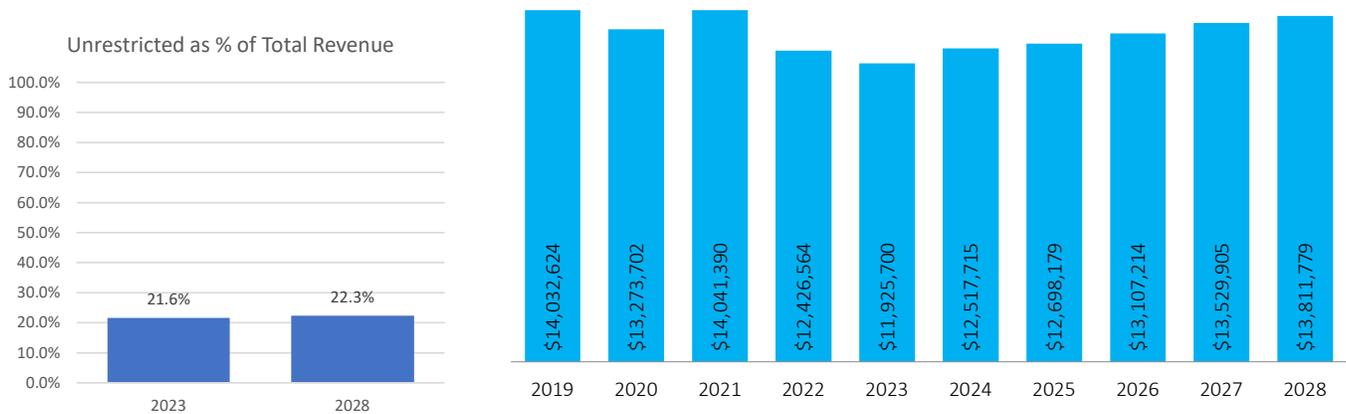


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



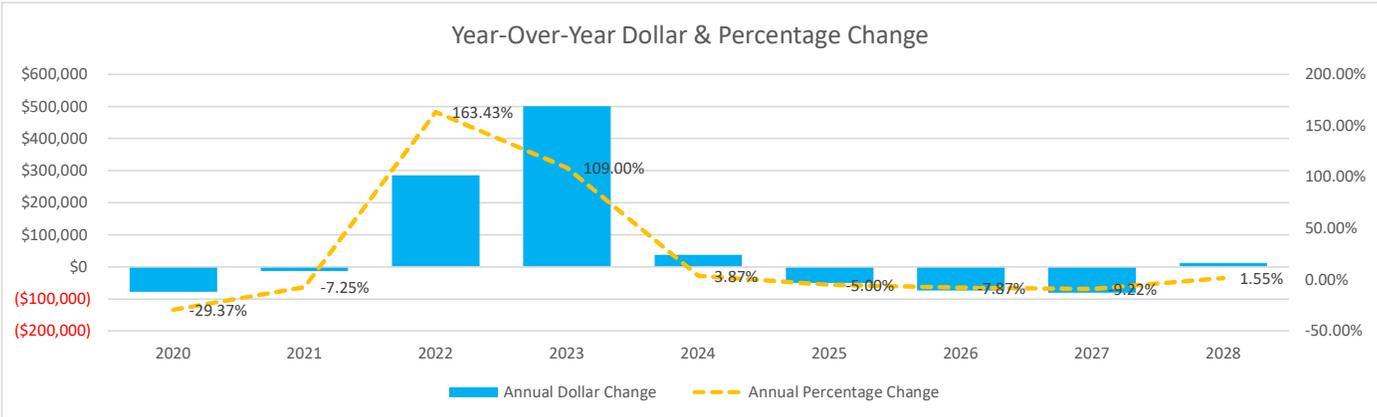
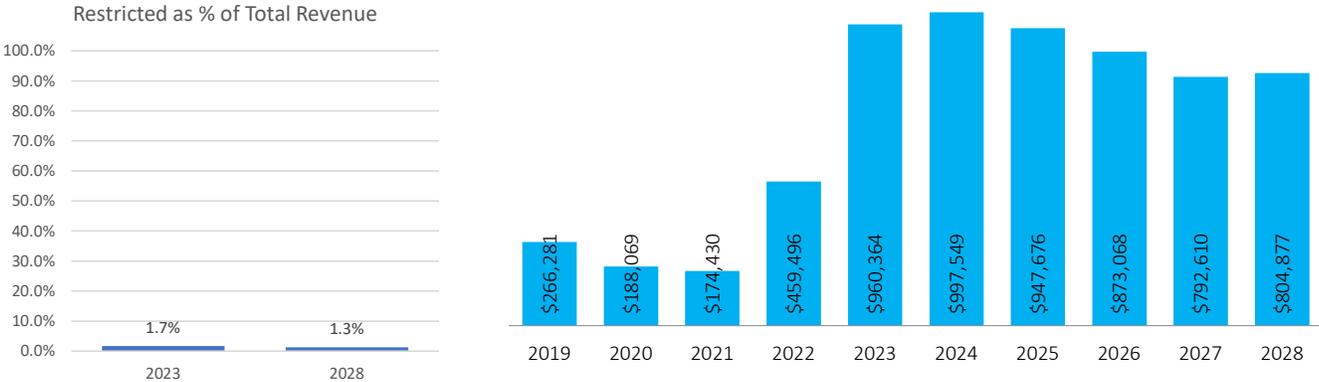
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Little Miami Local School District the calculated Base Cost total is \$40,995,844 in FY 2024. The state's share of the calculated Base Cost total is \$7,736,641 or \$1,493 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.

1.040 & 1.045 - Restricted Grants-in-Aid

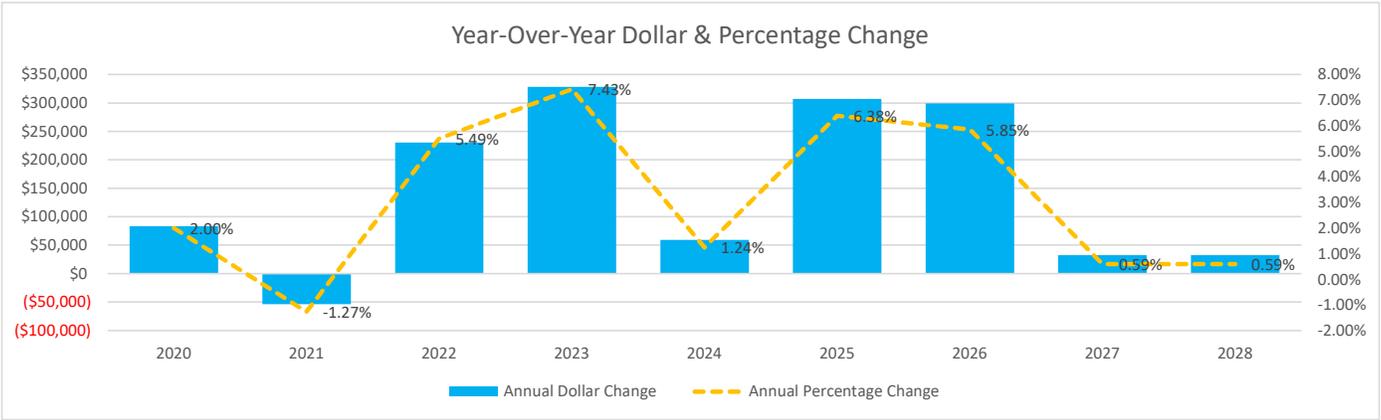
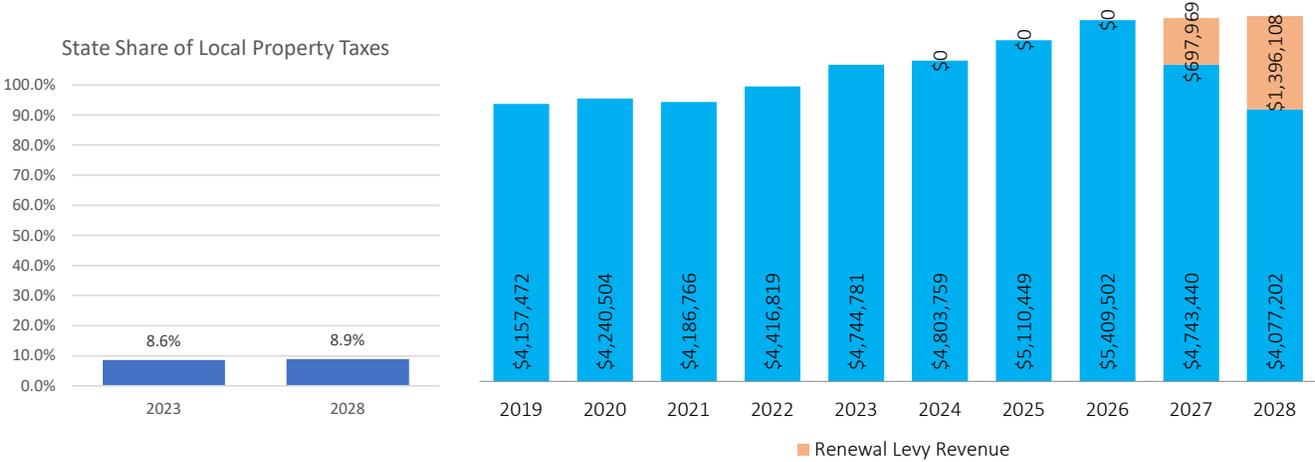
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$257,431 and is projected to change annually on average by -\$31,097. Restricted funds represent 1.74% 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 \$380,555. 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.

1.050 - State Share of Local Property Taxes

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



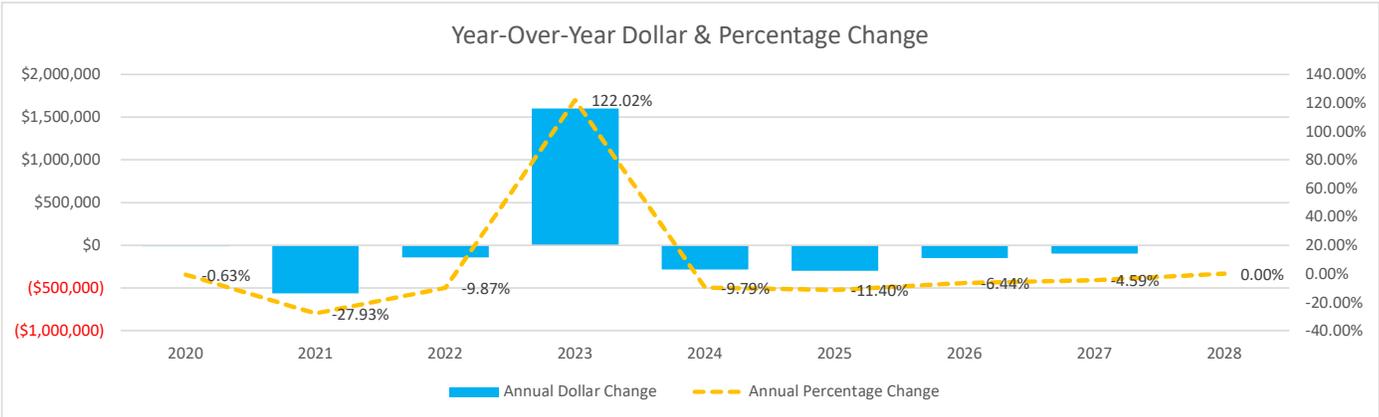
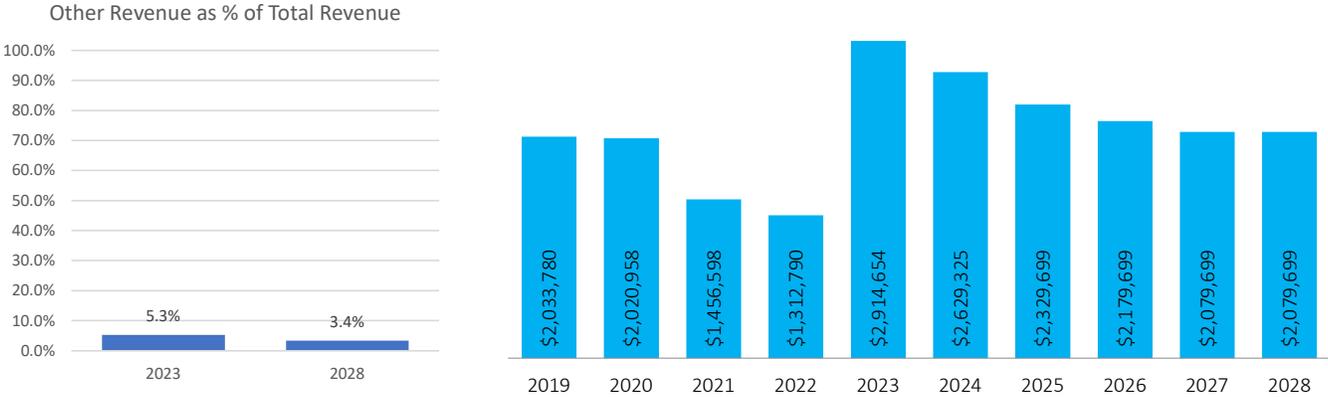
State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 12.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.1% will be reimbursed in the form of qualifying homestead exemption credits.

The Property Tax Allocation line item runs in direct correlation with Property Taxes (Real Estate) and is expected to increase along with the projected 15% increase in real estate values in 2024.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.

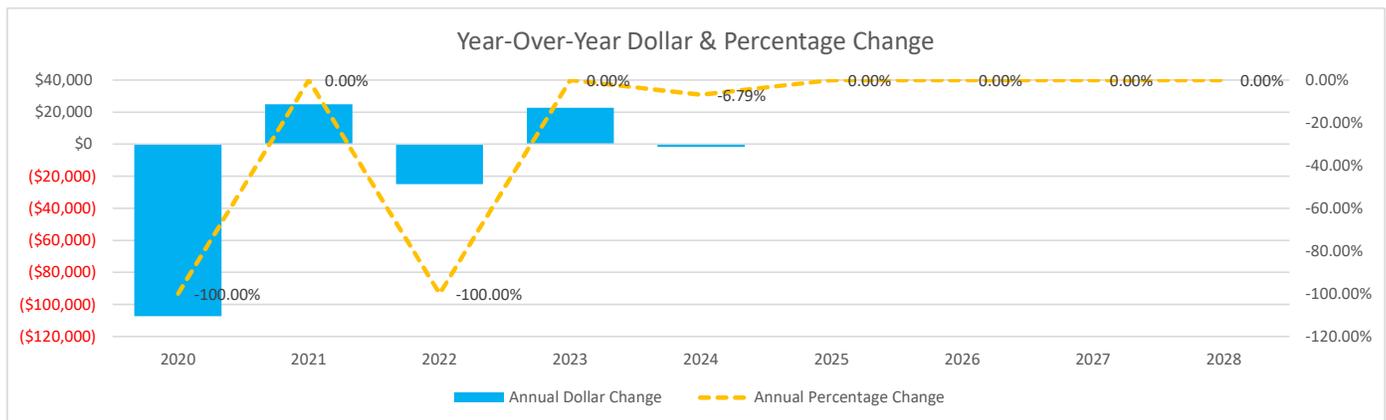
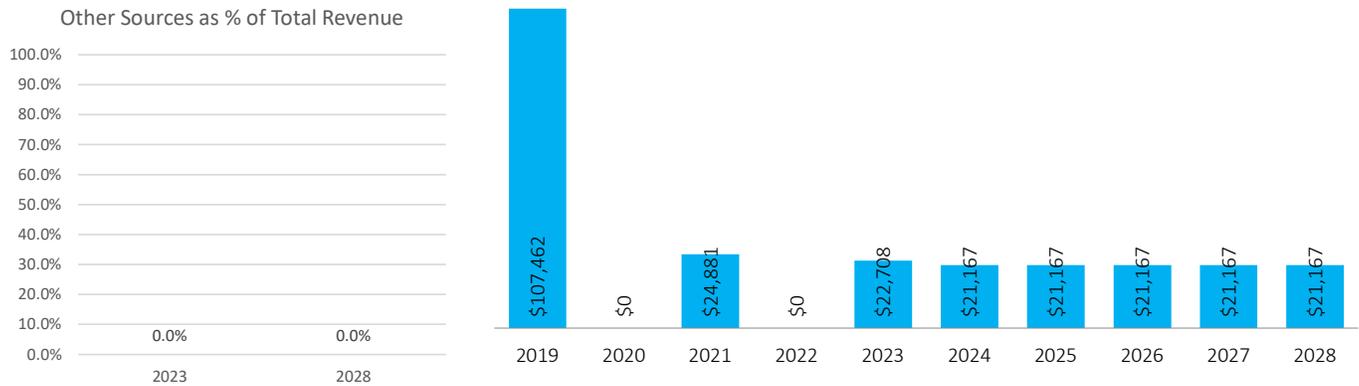


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$220,218. The projected average annual change is -\$166,991 through FY 2028.

The main indicator for the increase in Other Revenue in FY23 was interest (investment) earnings. We have been able to take advantage of this with our cash management. With continued high overall interest rates, we are projecting steady interest revenue. However, the available fund balance to invest is diminishing each year to lower levels which will affect the amount of revenue received.

2.070 - Total Other Financing Sources

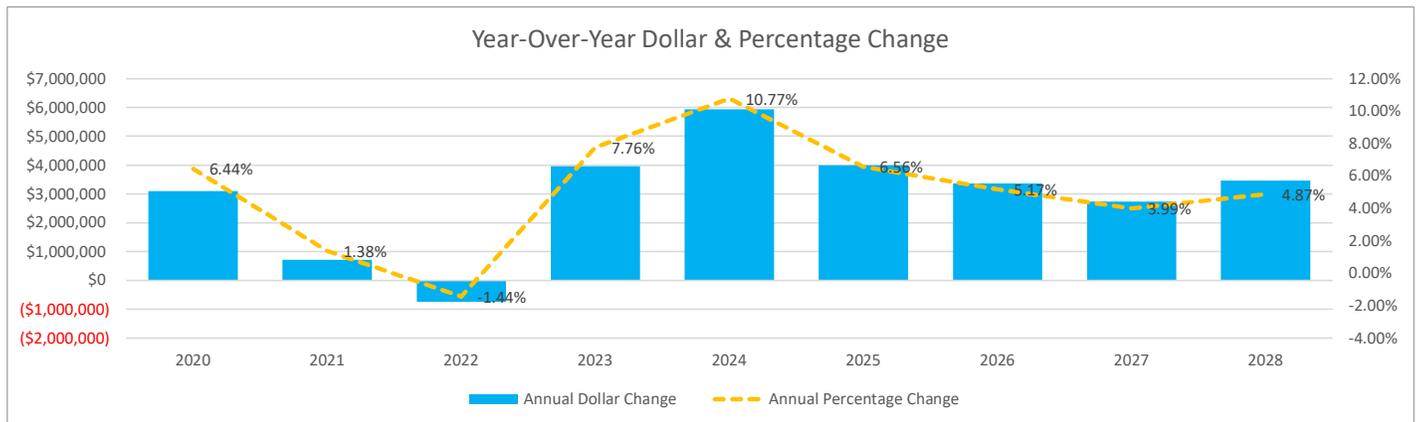
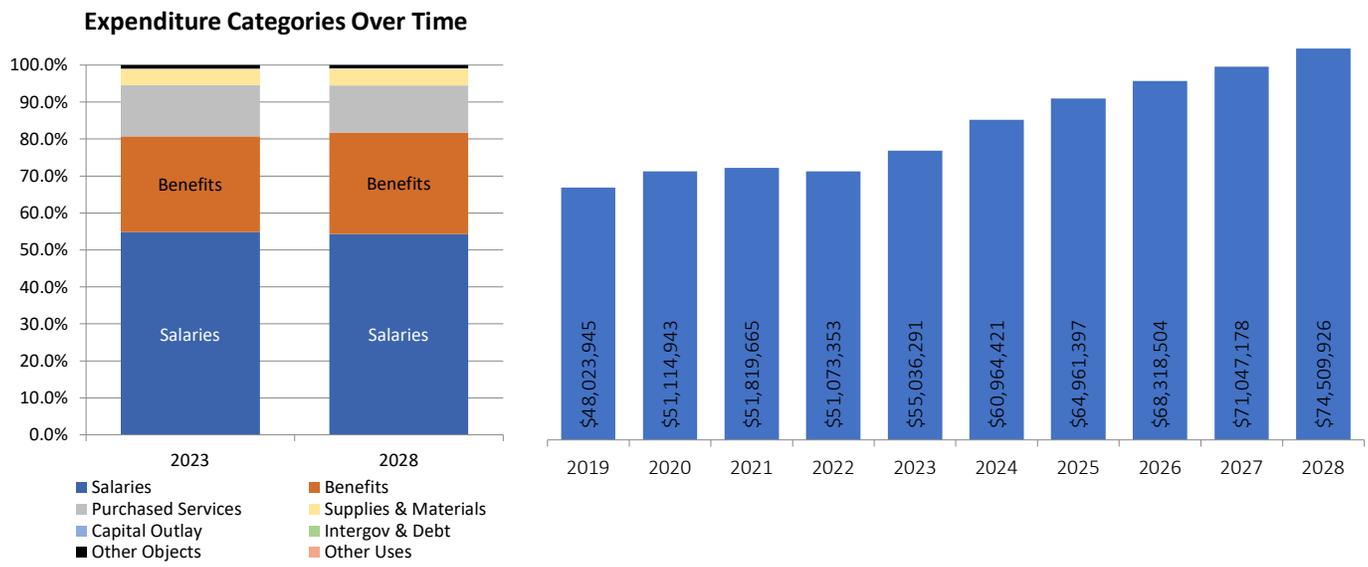
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	2023	2024	2025	FORECASTED		
				2026	2027	2028
Transfers In	-	-	-	-	-	-
Advances In	-	21,167	21,167	21,167	21,167	21,167
All Other Financing Sources	22,708	-	-	-	-	-

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$0 as advances-in and is projecting advances of \$21,167 in FY 2024. 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 \$0 in FY 2024 and average \$0 annually through FY 2028.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



4-Year 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 expenditures increased 3.53% or \$1,753,087 annually during the past 4-Year period and is projected to increase 7.08% or \$3,894,727 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$751,592.
Salaries	1,313,924	2,065,517	\$751,592	
Benefits	\$896,050	\$1,233,629	\$337,579	
Purchased Services	(\$284,131)	\$378,463	\$662,594	
Supplies & Materials	\$135,435	\$192,509	\$57,074	
Capital Outlay	(\$385,866)	\$4,674	\$390,540	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$77,675	\$19,936	(\$57,739)	
Other Uses	\$0	\$0	\$0	
Total Average Annual Change	\$1,753,087	\$3,894,727	\$2,141,641	
	3.53%	7.08%	3.54%	

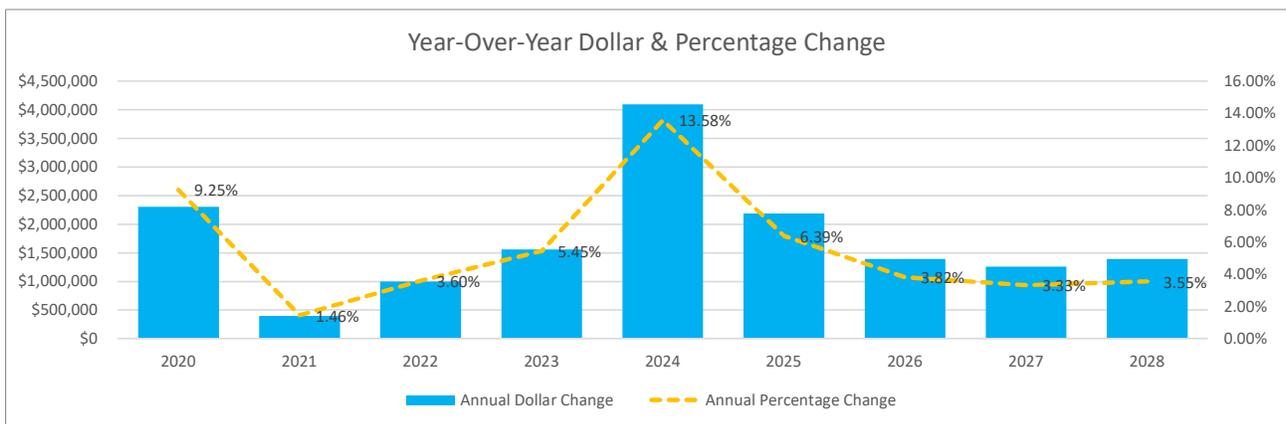
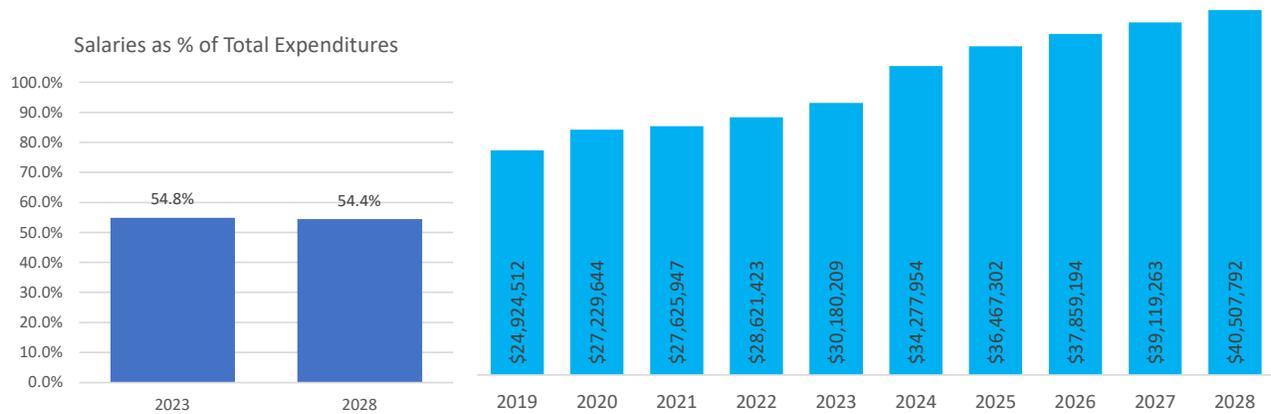
Note: Revenue average annual change is projected to

be > \$1,335,813

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

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



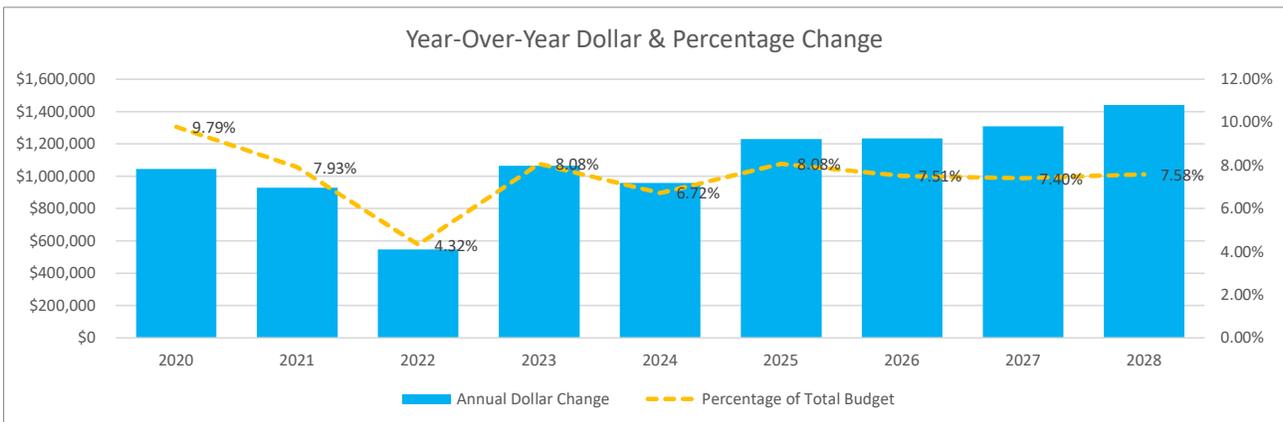
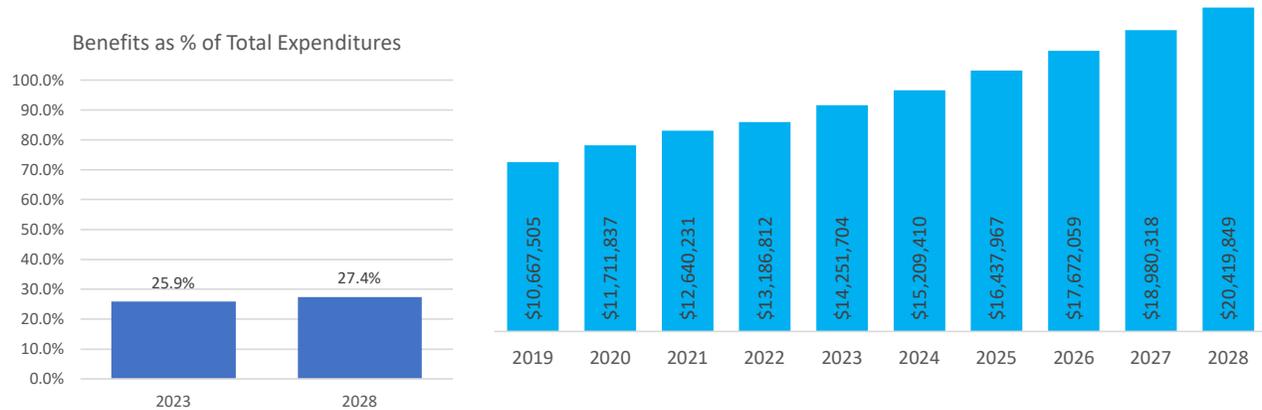
Salaries represent 54.84% of total expenditures and increased at a historical average annual rate of 4.94% or \$1,313,924. This category of expenditure is projected to grow at an annual average rate of 6.13% or \$2,065,517 through FY 2028. The projected average annual rate of change is 1.19% more than the five year historical annual average.

The district employs 3 groups of employees; certified, classified, and exempted employees. The certified staff is represented by LMTA, the classified staff are represented by OASPE Local 516, and the exempted staff do not work with a labor union. The labor employment contracts for both the classified staff (OAPSE) and certified staff (LMTA) currently run through June 30, 2025.

Annual base salary increases for FY'24 & FY'25 for certified, classified and exempt staff are 3% base each year. There is no base salary increase for FY'26 through FY'28 currently in the forecast. In addition to base salary increases, the district also accounts for step increases. For FY'24 – FY'28 a step increase has also been factored into the forecast, which has been calculated at approximately 2.43%. FY'24 includes the approved staffing plan and FY'25 onward has historical staffing projections. Staffing levels are always subject to change and will be reevaluated.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

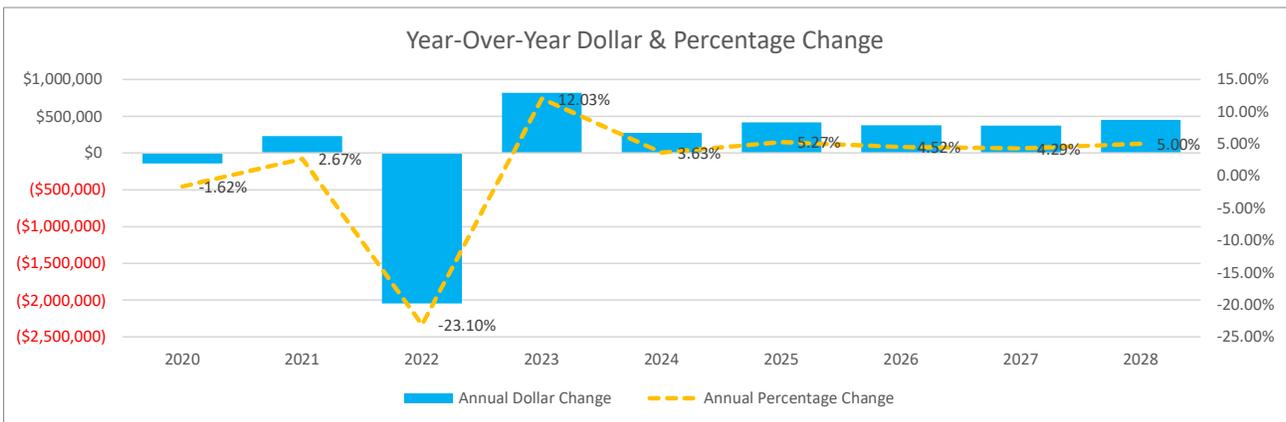
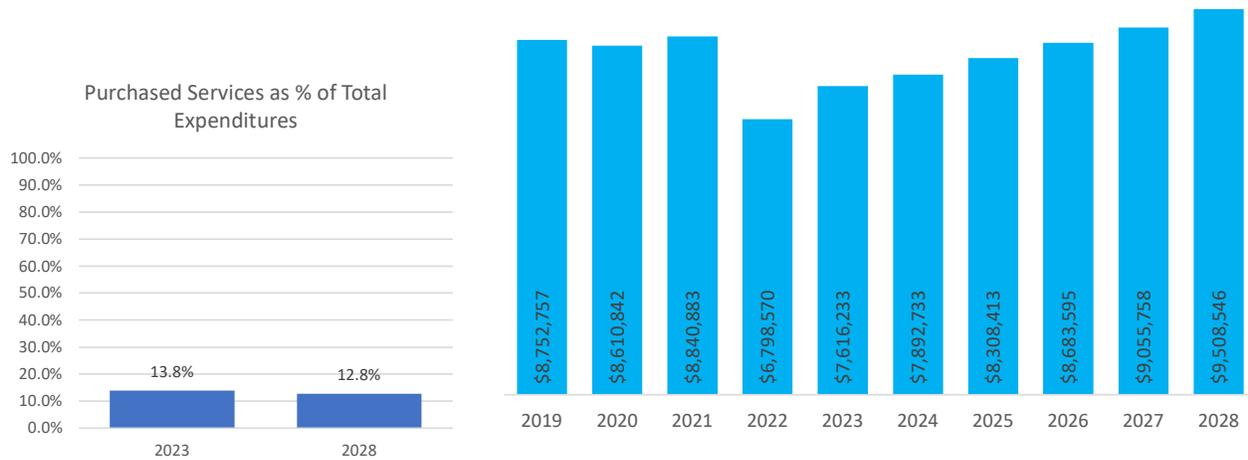


Benefits represent 25.90% of total expenditures and increased at a historical average annual rate of 7.53%. This category of expenditure is projected to grow at an annual average rate of 7.46% through FY 2028. The projected average annual rate of change is -0.07% less than the five year historical annual average.

Calendar year 2023 premium increase for medical insurance was 1.5% for certified/exempt and 2% for classified staff. 2024 will see an increase of 8.5%. Future years are projected in historical ranges of 7-12% increases.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.

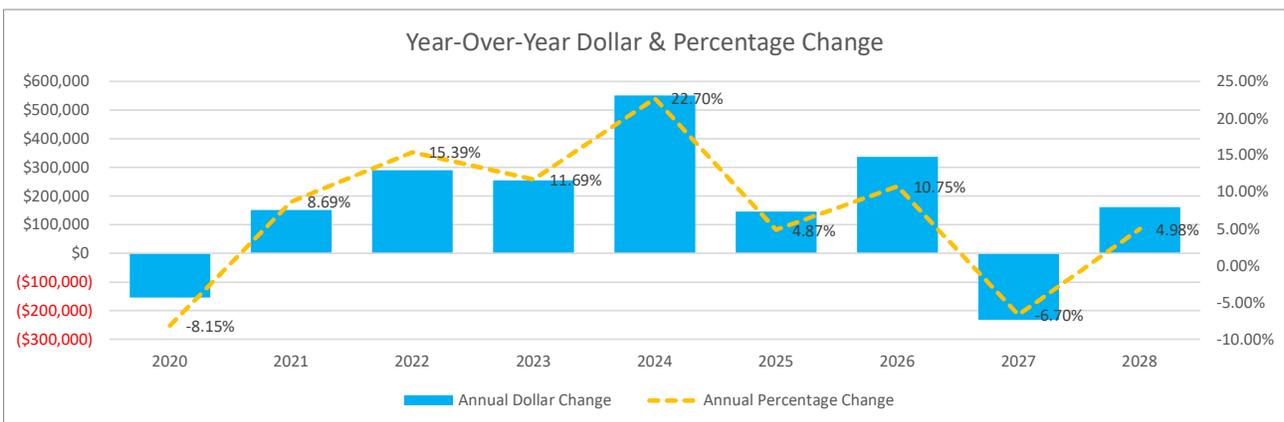
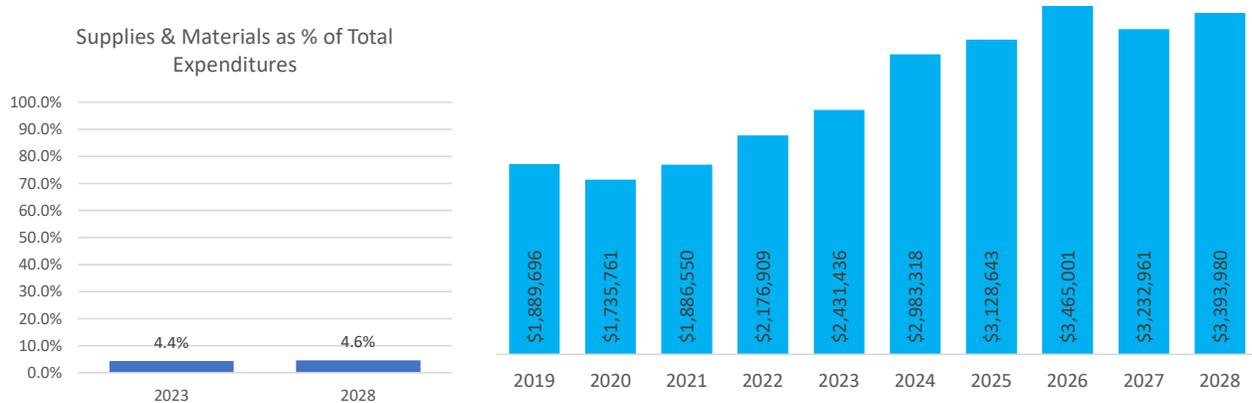


Purchased Services represent 13.84% of total expenditures and decreased at a historical average annual rate of -2.51%. This category of expenditure is projected to grow at an annual average rate of 4.54% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for 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 revenue since per pupil funding was paid directly by the state to the attending school.

Purchased Services main driver of expenditures are special education related.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

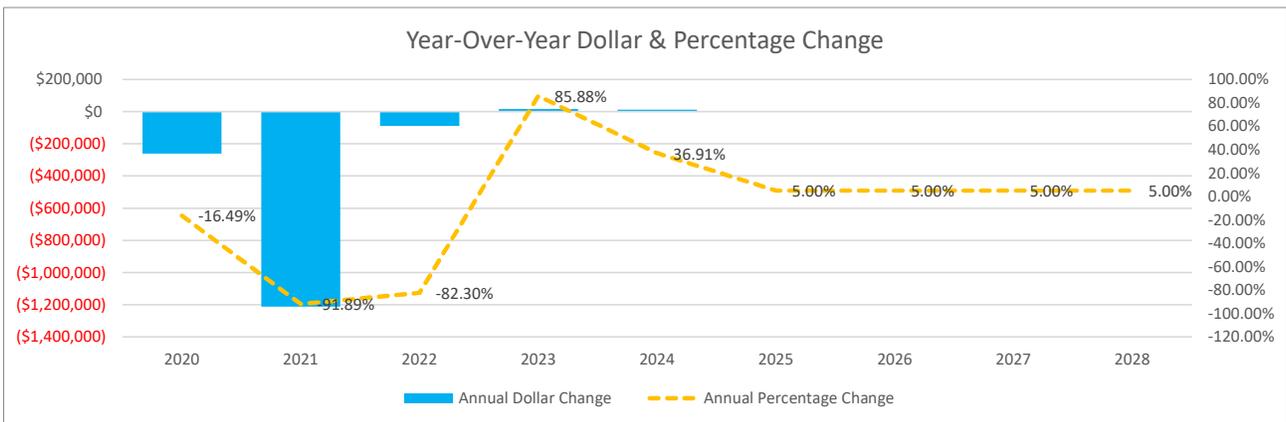
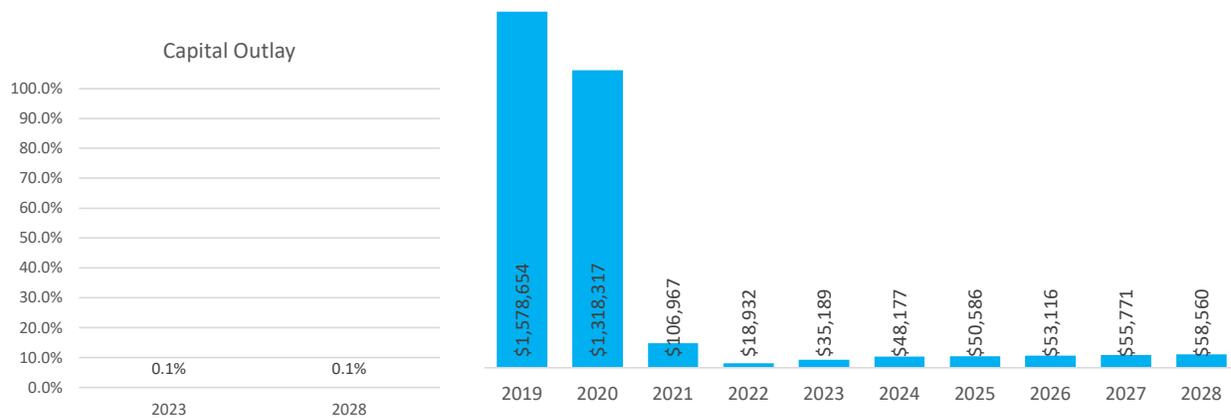


Supplies & Materials represent 4.42% of total expenditures and increased at a historical average annual rate of 6.91%. This category of expenditure is projected to grow at an annual average rate of 7.32% through FY 2028. The projected average annual rate of change is 0.41% more than the five year historical annual average.

Supplies and materials include teacher resources, student supplies, maintenance supplies, fuel and many other items. The district projects at approximately \$2.9M in FY'24. The majority of the increases are due to electronic instructional materials and diesel fuel. They are projected to increase in FY'25 and beyond. This will continually be evaluated.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

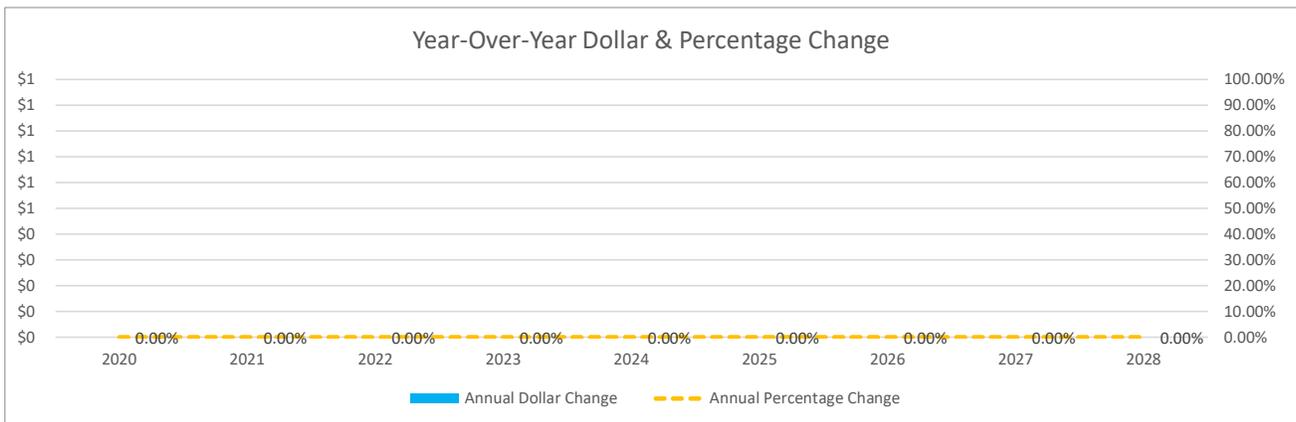
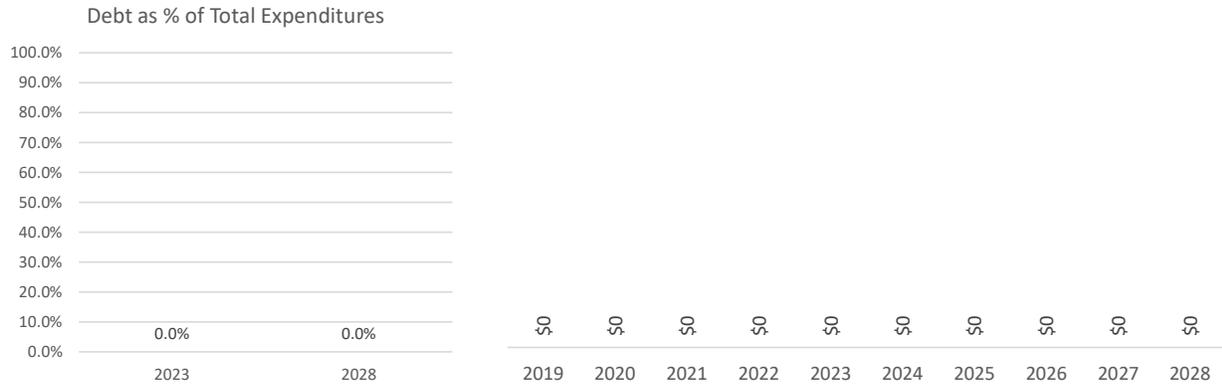


Capital Outlay represent 0.06% of total expenditures and decreased at a historical average annual amount of -\$385,866. This category of expenditure is projected to grow at an annual average rate of \$4,674 through FY 2028. The projected average annual change is more than the five year historical annual average.

Capital outlay expenses include expenses for any item that has a useful life of 5 years or greater, including equipment, buildings, technology, and school buses etc. FY'19 included renovation costs for the new central office building of approximately \$645K. Due to the aging bus fleet of the district and the 98 square miles (just under 6,000 miles driven daily) the district is in need of additional buses. However, starting in FY'21 the district no longer is making nor projecting bus purchases to be made from the general fund going forward. The district now purchases their buses from the Permanent Improvement fund.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

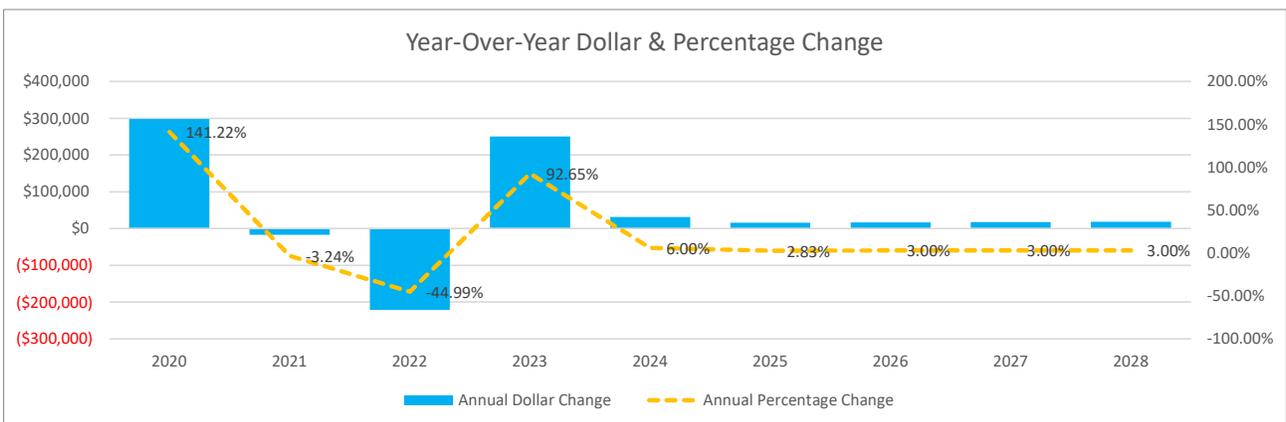
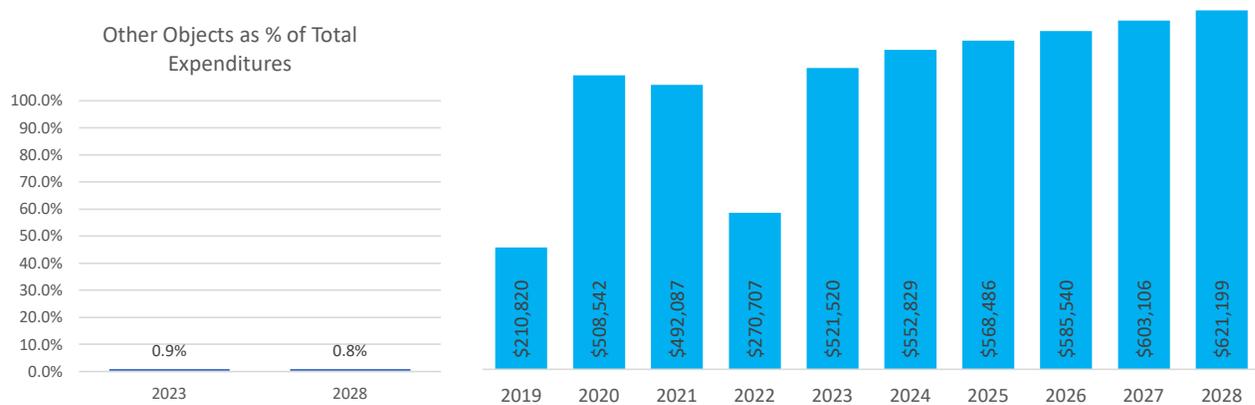


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

The District is not projecting any expenditures in this category in the foreseeable future.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

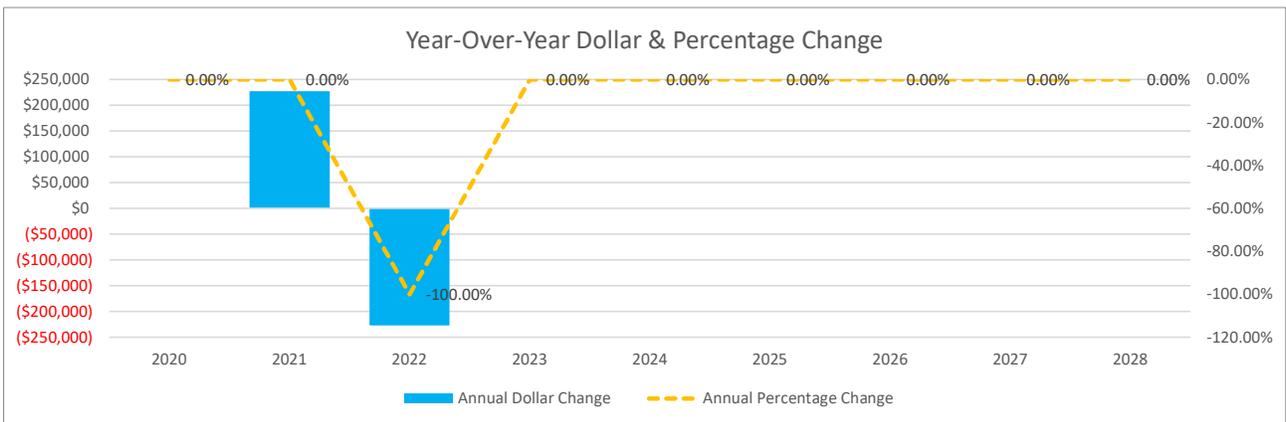
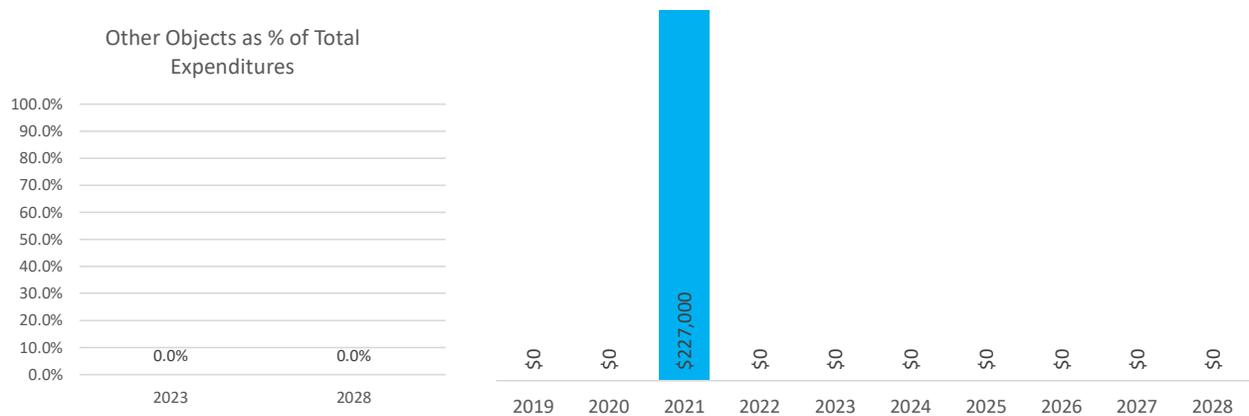


Other Objects represent 0.95% of total expenditures and increased at a historical average annual rate of 46.41%. This category of expenditure is projected to grow at an annual average rate of 3.57% through FY 2028. The projected average annual rate of change is -42.84% less than the five year historical annual average.

Other object expenditures consist of dues and fees (property tax collection fees), insurance and awards. FY'19 & FY'22 reduction is due to a refund received from the Warren County Auditor for collections fees. FY'24 through FY'28 resorts back to historical trends and has marginal increases forecasted for each year.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers Out	-	-	-	-	-	-
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

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 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2028. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

In FY'21 athletic revenue saw a sharp decline due to Covid19. The transfer to the Athletic funds was in response to the shortfall.

The Advance Out in FY'21 was made to the Middle School uniform school supplies fund to purchase new math workbooks (6 years) at a discount. The advance will be repaid to the general fund over the six-year period. No further advances are projected at this point.

Little Miami Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	32,668,277	33,309,570	35,405,508	37,256,445	32,697,602	28,137,982
1.020 - Public Utility Personal Property	1,919,848	1,991,028	1,973,534	1,957,391	1,791,222	1,625,992
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	11,925,700	12,517,715	12,698,179	13,107,214	13,529,905	13,811,779
1.040 - Restricted Grants-in-Aid	960,364	997,549	947,676	873,068	792,610	804,877
1.050 - State Share-Local Property Taxes	4,744,781	4,803,759	5,110,449	5,409,502	4,743,440	4,077,202
1.060 - All Other Operating Revenues	2,914,654	2,629,325	2,329,699	2,179,699	2,079,699	2,079,699
1.070 - Total Revenue	55,133,623	56,248,946	58,465,045	60,783,319	55,634,478	50,537,531
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	-	21,167	21,167	21,167	21,167	21,167
2.060 - All Other Financing Sources	22,708	-	-	-	-	-
2.070 - Total Other Financing Sources	22,708	21,167	21,167	21,167	21,167	21,167
2.080 - Total Rev & Other Sources	55,156,332	56,270,113	58,486,212	60,804,486	55,655,645	50,558,698
Expenditures:						
3.010 - Personnel Services	30,180,209	34,277,954	36,467,302	37,859,194	39,119,263	40,507,792
3.020 - Employee Benefits	14,251,704	15,209,410	16,437,967	17,672,059	18,980,318	20,419,849
3.030 - Purchased Services	7,616,233	7,892,733	8,308,413	8,683,595	9,055,758	9,508,546
3.040 - Supplies and Materials	2,431,436	2,983,318	3,128,643	3,465,001	3,232,961	3,393,980
3.050 - Capital Outlay	35,189	48,177	50,586	53,116	55,771	58,560
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	521,520	552,829	568,486	585,540	603,106	621,199
4.500 - Total Expenditures	55,036,291	60,964,421	64,961,397	68,318,504	71,047,178	74,509,926
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	-	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	55,036,291	60,964,421	64,961,397	68,318,504	71,047,178	74,509,926
6.010 - Excess of Rev Over/(Under) Exp	120,041	(4,694,308)	(6,475,185)	(7,514,018)	(15,391,533)	(23,951,228)
7.010 - Cash Balance July 1 (No Levies)	30,321,728	30,441,769	25,747,461	19,272,277	11,758,259	(3,633,274)
7.020 - Cash Balance June 30 (No Levies)	30,441,769	25,747,461	19,272,277	11,758,259	(3,633,274)	(27,584,502)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	30,441,769	25,747,461	19,272,277	11,758,259	(3,633,274)	(27,584,502)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	5,638,349	11,276,701
11.030 - Cumulative Balance of Levies	-	-	-	-	5,638,349	16,915,050
12.010 - Fund Bal June 30 for Cert of Obligations	30,441,769	25,747,461	19,272,277	11,758,259	2,005,075	(10,669,452)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	30,441,769	25,747,461	19,272,277	11,758,259	2,005,075	(10,669,452)