MONROEVILLE LOCAL SCHOOL DISTRICT - HURON COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2024, 2025 and 2026 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2027 THROUGH JUNE 30, 2031

Forecast Provided By
Monroeville Local School District
Treasurer's Office
Paul DeMarco, Treasurer/CFO

August 2026

Monroeville Local School District – Huron County
Notes to the Five-Year Forecast
General Fund Only
August 2026

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), new state mandates, tax levies, property reappraisals and updates, salary increases, health insurance increases, enrollment variances, or changes to property valuations due to businesses moving in or out of the district.

As noted below the current state budget approved in HB96 changed the forecast based on what the state Ohio and the Ohio Department of Workforce and Education will require, however the Board of Education will continue to plan over a five-year period. Our district leadership believes that the five-year forecast is a crucial management tool. A five-year planning horizon 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.

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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important 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 important 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 the Ohio Department of Education and Workforce, and the Auditor of State to identify school districts with potential financial problems.

Ohio HB96 was passed in June 2025 which amended O.R.C. 5705.391 and O.A.C. 3301-92.04 requiring a Board of Education (BOE) to file their current years budgeted revenue and expenses, and three additional years. This is essentially a four (4) year forecast. Beginning in fiscal year 2026 (July 1 to June 30) the financial forecast must be filed by October 15, and the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and end of February each fiscal year thereafter. The filing deadlines of February and August are out of alignment with when final 1st half and 2nd half tax settlements will actually be received in most cases, and the August 31 deadline is out of alignment with when school districts statutorily have to make final fiscal year appropriations which is September 30th of each year.

Requirement vs. Reality: A Structural Diagnostic

The new filing timelines are fundamentally unaligned with the natural availability of key data needed to make accurate projections.

Data Requirement	HB96 Deadline	Real-World Availability
Baseline Appropriations	August 31	September 30 (Statutory Law)
1st Half Property Tax Settlement	February 28	After Feb 28
2nd Half Property Tax Settlement	August 31	After Aug 31

While the legislative requirement is to file a four-year forecast, as noted above, we believe it is a prudent business practice to continue to develop a five-year forecast for planning purposes. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the financial forecast is considered the current year budget and is used as the base for future years projections. Our forecast is updated to reflect the most current economic data available for the August 2026 filing.

Forecast Risks and Uncertainty:
This financial forecast has risks and uncertainty due to economic changes, new property tax laws noted below, and also due to state legislative changes that will occur in the spring of 2027 and 2029 due to deliberation of the two (2) state biennium budgets for FY28-29 and FY30-31, all of which affect this forecast.

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. The items below give a short description of the current issues and how they may affect our forecast in the long term:

I. On December 19, 2025, Governor DeWine signed into law several pieces of legislation that became law March 19, 2026, and are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The laws that were approved are: HB129, HB186, HB309 and HB335. Subsequently HB479 the state budget correction bill was signed June 24, 2026, and becomes law September 23, 2026, that made needed corrections to HB335 inside millage. Of particular concern is HB186 which implements new property tax caps retroactively for property reappraisal and triennial updates that occurred in tax year 2023, 2024 and 2025. Due to the complexity of these calculations, the Ohio Department of Taxation (ODT) has been charged with calculating the effects of this legislation and notifying Ohio's 88 county auditors as to the impact on property tax bills and subsequent tax settlements to local governments.

   A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in Estimated Real Estate Tax Line 1.01 section of these assumptions below:

Primary Legislative Drivers of Fiscal Risk

Legislation	Core Provision	District Financial Impact
HB129	Reclassifies fixed-sum (emergency/substitute) levies to be included in "20-mill floor" calculations.	Forces the district off the 20-mill floor in TY2027, suppressing future Class I tax collections.
HB186	Establishes "Inflation Cap Credits" and a retroactive "claw back" of realized revenues.	Anticipated cumulative loss of $ 1,604,723 through FY31; creates a sharp revenue spike in FY27.
HB309	Empowers County Budget Commissions (CBCs) to reduce voter-approved levies.	Shifts fiscal authority to CBC officials, creating an unpredictable risk to local levy yields.
HB335	Limits revenue growth from inside millage to the GDP Deflation Factor (GDP DF).	Restricts the district's ability to realize revenue gains from property valuation reappraisals.

Revenue Risk Loss Assessment of HB129 and HB186 To Our Forecast

- HB129 implements new requirements for and restores fixed sum levies. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next reappraisal or triennial update cycle of any county that contains district territory, but no later than Tax Year 2028 collect in calendar 2029. For some districts this will result in a loss due to a change in the 20-mill floor. Our district has a fixed sum levy and has been on the 20-mill floor but will move off the 20-mill floor in the tax year 2027 revaluation due to HB129 including fixed sum levies in our general fund effective millage. Moving off the 20-mill floor is estimated to lower our future Class I tax collections by $1,604,723 through FY31

- HB186 establishes Inflation Cap Credits, if districts were at the 20-mill floor, following reappraisals and triennial updates for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF). HB186 also includes Temporary Tax Credits (claw back) provision that takes back tax revenue that has already been collected by school districts beginning with reappraisals and triennial updates that occurred before the effective date of the law retroactive back to tax year 2023, 2024 and 2025. These are funds that have already been realized and have been spent and/or included in future educational planning. While skyrocketing home values resulted in the need for property tax reform that limits tax growth for taxpayers, the retroactive claw back of taxes already paid is very detrimental to districts like ours at the 20-mill floor. Our district was on the 20-mill floor under prior law and is anticipated to lose $ 291,768 a year in inflationary cap credits. The loss in FY27 is expected to be $ 437,652 due to delayed implementation of the new law which results in one and a half years loss in the fiscal year. Anticipated losses due to inflationary cap credits through FY31 is estimated at $ 1,604,723. HB129, as noted above, will take the district off the 20-mill floor as a result of the Tax Year 2027 revaluation. Future additional HB186 inflation cap credits will not occur as long as the district is not on the 20-mill floor as HB920 reduction factors will buffer any inflationary increases.

Evaluation of Emerging Risks: HB309, HB335, and Piggyback Exemptions

- HB309 indicates an erosion of local fiscal autonomy, shifting power from elected school boards to County Budget Commissions (CBC's) and County Commissioners. HB309 allows a CBC to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent to avoid unnecessary collections. This law gives locally elected CBC officials the power to override voter-approved levies and local school board fiscal decisions. The impact of this new law is indeterminable and can be administered inconsistently in Ohio's 88 counties.

- HB335 limits revenue growth from "inside millage" to the GDP Deflation Factor at property reevaluation cycles. To mitigate this, the district has adopted a defensive strategy of projecting at or below the anticipated GDP DF. This is a critical tactical move to prevent the state from applying further downward inflationary adjustments to the district's remaining growth potential. HB479 that becomes law September 23, 2026, corrected inside millage language in HB335 so than any inside mileage adjustment occurs only in the home county during revaluations if districts are in multiple counties. Any future inside millage adjustment is indeterminable at this time.

- HB96 Expanded Piggyback Option introduces a significant *local political* risk through "Piggyback" exemptions. Unlike standard Homestead and 2.5% owner-occupied credits—which the state reimburses—Piggyback exemptions are **not reimbursed**. Our county commissioners did not vote by July 1, 2026 to approve Piggyback Property Tax Exemptions for tax year 2026 for reductions in calendar year 2027 which would reduce tax collections in FY27 and FY28. If both owner occupied, and homestead were approved every year this could result in reduced property tax collections for the school district of roughly $ 236,734 each year from current operating levies. This new law creates an unpredictable potential risk to our local tax collections every year. We will adjust the forecast in the future accordingly.

Because the new accelerated August filing deadline for school district forecasts and the enormity of the property tax law changes, second half property tax bills have been delayed along with later final due dates. This will delay second half final actual tax settlement data to update our forecast with actual key data. We have estimated revenues and expenses based on the data available and understanding of the new property tax laws. As authoritative data concerning HB186 continues to be made available to the district changes may need to be made to the forecast that may or may not be significant.

II. Property tax collections are a significant revenue source for the school system and a significant risk to the forecast. We project growth in appraised values every three (3) years that aligns with the new HB186 Gross Domestic Product Deflation Factor (GDP DF) and new construction growth. The effects of HB186 will be to limit property tax growth following reappraisals and updates. Total local revenues, predominately local taxes, equate to 32.28% of the district's resources. As noted above, HB186 indicates any adjustment for prior year appraisals and updates that exceeded GDP DF in reappraisals and triennial updates that occurred in tax years 2023, 2024 and 2025 will result in possible significant reductions (claw back) in the second half property tax collections that typically occur in August to September 2026. If the Ohio Department of Taxation (ODT) determines adjustments are required due to HB186, further reductions in Tax Year 2026 collected in calendar year 2027 taxes will also result. We have included any estimated adjustment for HB186 in Line 1.01 assumptions below, but only the ODT will have actual authoritative data when it is released after this forecast filing deadline.

III. Huron and Erie Counties experienced a reappraisal update in tax year 2024 for collection in FY25. We experienced value increases for Class I and II property by $38,943,420 million for an overall increase of 33.2%. A triennial update will occur in tax year 2027 for collection in FY28. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property within the Gross Domestic Product Deflation Factor range of 7% to 9%. HB335 inside millage cap will become effective for any reappraisal and update beginning in tax year 2026, and HB129 will become effective for our district in the next update in tax year 2027. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below. We do not anticipate any impact of HB335 on our tax projections due to our estimates for future growth in reappraisal being in line with anticipated GDP DF.

IV. The state budget represented 38.05% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession and the Fair School Funding Plan is not continued and/or funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. 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 FY30. We have projected our state funding in FY26 based on recent formula calculations and use of the Ohio Department of Education and Workforce (ODEW) funding simulator for FY27 projections. This forecast reflects state revenue to align with the FY27 funding levels through FY31, 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.

V. HB96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.33% of the implementation cost at year five of a six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of (FSFP). HB96 did not increase the base cost inputs (no increase from the state on formula funding) while allowing local capacity inputs to increase. This causes more districts to appear to have greater local ability to fund their schools thus reducing the amount of State Aid they receive. We have used the most recent FY27 simulations published by the Department of Education and Workforce for our forecasted revenues in FY27-FY30.

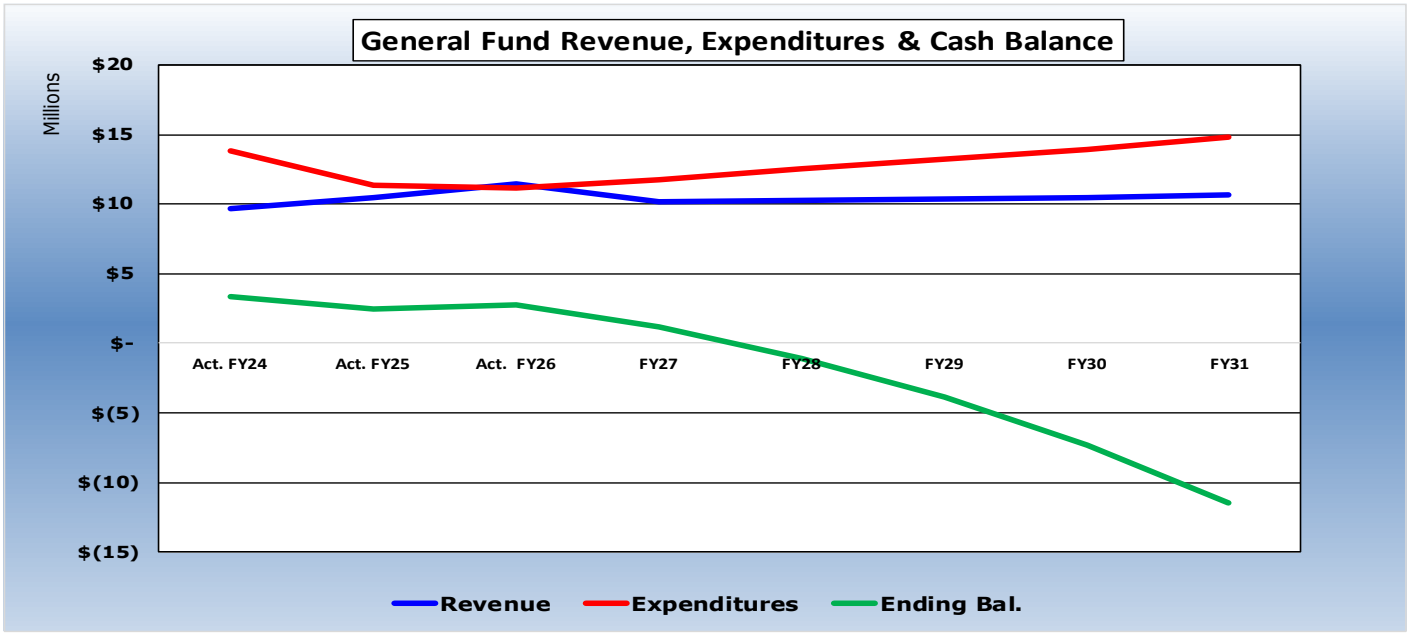
VI. HB96, the current state biennium budget also enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Current Homestead and 2.5% owner occupied credits <u>are reimbursed</u> to the district from the state of Ohio. These expanded "Piggyback Property Tax Exemptions" will NOT be reimbursed. The Erie County Commissioners approved the Piggyback exemption for owner occupied credit/homestead exemption/both owners occupied credit and homestead exemption for tax year 2025 collect in calendar year 2026. We have a small portion of our district that is part of Erie County. This will result in estimated tax reductions for FY26 and FY27 noted in Line 1.01 Property Tax Estimates below. We are unsure as to how much of the Erie County portion of our district this will affect. We will continue to monitor this and adjust or forecast moving forward. HB96 would allow this to occur every year and if they were to be approved could result in reduced property tax collections for the school district of roughly $148,232 from current operating levies. This new law creates a potential risk to our local tax collections every year. County commissioners have until December 2026 to implement this tax credit for tax year 2026. We will adjust the forecast in the future accordingly.

VII. The Ohio Department of Taxation on January 15, 2026 announced an updated state property tax reappraisal and triennial update schedule. Sixteen counties will have their reappraisal moved back by one year in accordance with the new schedule. Our county will not be impacted by this change.

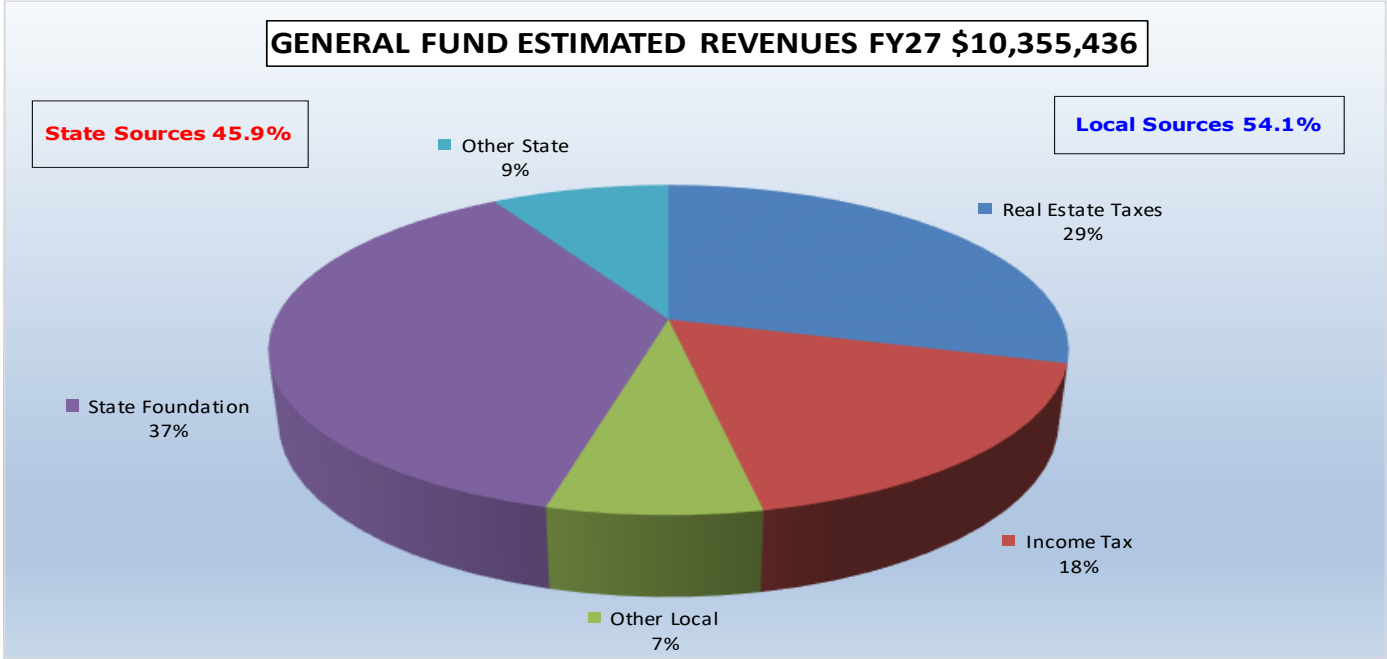
Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to Paul DeMarco, CFO/Treasurer at 419-465-2610.

General Fund
Revenue, Expenditures and Ending Cash Balance
Actual FY2024-2026 and Estimated FY2027-31



Revenue Assumptions
General Fund Operating Revenue
Fiscal Year 2027-2031



ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028	TAX YEAR 2029	TAX YEAR 2030
Classification	COLLECT 2027	COLLECT 2028	COLLECT 2029	COLLECT 2030	COLLECT 2031
Res./Ag.	$136,293,864	$144,471,496	$144,471,496	$144,471,496	$145,916,211
Comm./Ind.	11,915,440	12,630,366	12,630,366	12,630,366	12,756,670
Public Utility Personal Property (PUPP)	10,333,300	11,083,300	11,833,300	12,583,300	13,333,300
Total Assessed Value	**$158,542,604**	**$168,185,162**	**$168,935,162**	**$169,685,162**	**$172,006,181**

Tax Rate Assumptions

The county auditor sets property tax rates for each levy that voters approve to fund the school district. Ohio law requires these tax rates to be adjusted over time so that rising property values do not automatically increase the amount of money the district collects beyond what voters originally approved. These adjustments are called "reduction factors.". The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. While voters approved a total rate of 32.02 mills for the district's general fund levies, the current effective rate is 20.00 mills for Class I property and 24.72 mills for Class II property. Current 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". Our district is on the floor for Class I but not on the floor for Class II.

HB129 is a new law that restores fixed sum levies and now includes them in the 20-mill floor calculation. HB129 will be in effect following the Tax Year 2026 reappraisal update. Our district is expected to be impacted by including fixed sum (formerly emergency) levies in our 20-mill floor calculation starting for collection in calendar

year 2027. This is expected to result in a loss of $ 437,652 in calendar year 2027 and reduce future projected taxes by $ 291,768 through FY31 on the forecast of taxes on Line 1.01 below.

Estimated Real Estate Tax Collection Assumptions & New Tax Laws

HB96 enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Our county commissioners did not vote to approve further Piggyback Property Tax Exemptions for tax year 2026. County commissioners have until July 1 each year to approve this for the coming calendar year. This is indeterminable at this time for tax year 2027 and beyond. We will adjust the forecast in the future accordingly.

Monroeville is at the 20-mill floor and all operating levies are affected by HB920 reduction factors which inflation proofs these current expense levies. We do not anticipate any claw back of previously paid taxes.

Our district is anticipating a negative claw back impact to our forecast due to HB186. We are anticipating adjustments noted on the table below for Line 1.01. This is based on recently obtained Department of Tax Equalization (DTE) Form 186 amounts and DTE HB186 Certified Tax Credit Factors. For planning purposes, we believe this is likely the worst-case scenario removing additional revenue of $ 291,768 through FY31, but final second half tax settlements will not be received before this forecast filing deadline. When HB129 takes our district of the 20-mill floor for the tax year 2026 and 2029 revaluations there should not be additional inflationary cap credits.

HB335 is a new law that limits revenue growth from inside millage due to valuation reappraisals or triennial updates to the Gross Domestic Product Deflation Factor (GDP DF) for future real estate tax revenue growth. We have not forecasted any increases for future revaluations above anticipated GDP DF, thus no adverse impact to the forecasted property tax revenue is anticipated from this new law.

We have been conservative with any future value increases for reappraisal or updates due to ongoing implementation uncertainty over the new legislative changes as noted in the Forecast Risks and Uncertainty above.

ESTIMATED REAL ESTATE TAX (Line # 1.010)

Source	FY27	FY28	FY29	FY30	FY31
Est. Real Estate Taxes	$3,145,489	$3,138,044	$3,170,848	$3,144,387	$3,135,859
Piggyback Exemption HB96	0	0	0	0	0
Other Tax Adjustments	-437,652	-291,768	-291,768	-291,768	-291,768
Real Estate Taxes (Line #1.010)	**$2,707,837**	**$2,846,276**	**$2,879,080**	**$2,852,619**	**$2,844,091**

Summary of Real Estate Values & Taxes – 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. Erie and Huron experienced a triennial update for the 2021 tax year that was collected in 2022. A reappraisal was be conducted in both Erie and Huron counties in tax year 2024 and is being collected in 2025. The district experienced a 32.35% increase in total value between the two counties. Residential & Agricultural values experienced the most significant increase at 26.6%.

Property tax levies are estimated to be collected at 97.75% of the annual amount. This allows 2.25% delinquency factor. In general, 54.20% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45.80% collected in the August tax settlement. We are anticipating a significant adjustment to our second half settlement in 2026 in August/September due to HB186.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over pending legislative as noted in the Forecast Risks and Uncertainty above.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

ESTIMATED PUBLIC UTILITY PERSONAL PROPERTY TAX (LINE # 1.020)

Source	FY27	FY28	FY29	FY30	FY31
Public Utility Personal Property	$319,314	$341,031	$363,315	$386,858	$410,108
Total PUPP Tax Line #1.020	$319,314	$341,031	$363,315	$386,858	$410,108

Summary of Public Utility Personal Property – Line # 1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes, which are collected at the district's gross tax rate and not subject to the reduction factors. The district has been including this revenue with the real property in the previous years of this forecast. In the future, we feel that it is advantageous to track this collection separately and will be working on separating them out of the real estate collection.

ESTIMATED SCHOOL DISTRICT INCOME TAX (LINE #1.030)

Source	FY27	FY28	FY29	FY30	FY31
July payment	$501,823	$526,914	$553,260	$580,923	$609,969
October payment	414,986	435,735	457,522	480,398	504,418
January payment	414,386	435,105	456,860	479,703	503,688
April payment	491,235	515,797	541,587	568,666	597,099
School District Income Tax (Line #1.030)	**$1,822,430**	**$1,913,551**	**$2,009,229**	**$2,109,690**	**$2,215,174**
	FY27	**FY28**	**FY29**	**FY30**	**FY31**
School District Income Tax	$1,725,368	$1,822,430	$1,913,551	$2,009,229	$2,109,690
Projected Annual Adjustment	97,062	91,121	95,678	100,461	105,484
School District Income Tax (Line #1.030)	**$1,822,430**	**$1,913,551**	**$2,009,229**	**$2,109,690**	**$2,215,174**

Summary of School District Income Tax – Line # 1.030

The district has a 1.50% earned income tax levy. The district's school income tax represents 16.84% of the district's revenue. We experienced a 5.79% ($ 92,506) increase in our 2024-25 collection from the 2023-24 fiscal year but a 1.07% decrease the year before. We remain optimistic that will continue. We will assume that income from withholdings will continue in future collections. We have projected a 3% increase for the current fiscal year and an annual growth rate of 5% for the final four years of this forecast. We believe that this is a conservative estimate given the history of growth.

ESTIMATED UNRESTRICTED STATE AID (LINE # 1.035)

Source	FY27	FY28	FY29	FY30	FY31
Basic Aid - Unrestricted	$3,258,351	$3,258,351	$3,258,351	$3,258,351	$3,258,351
Additional Aid Items	50,565	50,565	50,565	50,565	50,565
Catastrophic Aid	21,058	19,321	18,127	18,127	18,127
Sub-Total - Unrestricted Basic Aid	3,308,916	3,308,916	3,308,916	3,308,916	3,308,916
Ohio Casino Commission	37,072	37,813	38,570	39,341	40,128
Unrestricted State Aid (Line #1.035)	**$3,345,988**	**$3,346,729**	**$3,347,486**	**$3,348,257**	**$3,349,044**

Summary of Unrestricted State Foundation Revenue– Line #1.035

HB96, the current state budget, continued the Fair School Funding Plan for FY26 and FY27, which funds students where they are educated rather than where they live. We have projected FY26 funding based on the most current foundation settlement and funding factors.

Our district is currently a formula district in FY26 and is expected to continue on the formula in FY27-FY30 on the new Fair School Funding Plan (FSFP).

A detailed overview of how foundation funding is calculated including all of the HB96 changes on the Ohio Department of Education and Workforce is not available at this time. The detailed analysis is now available. Please visit the Ohio Department of Education and Workforce at: https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding.

State Funding FY26-FY27

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the final two (2) years of the funding plan in HB96 phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding's state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and; they added three (3) Supplemental Payments outside the formula: a Base Funding Supplement, Enrollment Growth Supplement and Performance Supplement.

The Base Funding Supplement will be paid to all districts. The funding supplement per pupil is $27 in FY26 and $40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by $225 per student, and in FY27 based on FY27 enrolled ADM multiplied by $250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%. Our district does not qualify for this payment.

The Performance Supplement was included in HB96. The eligibility for the supplement payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27; the payment will be a separate payment of $13 per pupil in FY26 and FY27. We are estimated to receive Monroeville did not qualify for this payment in FY26.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26, but still includes two (2) primary guarantees: 1) Temporary Transition Aid, and 2) Formula Transition Supplement. The

two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

Future State Budget Projections beyond FY27
Our funding status for FY28-FY31 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budget processes; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative date to work with. For this reason, funding is held constant in the forecast for FY28 through FY30.

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.

In FY26, the funding totaled $108.29 million or $68.14 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.

ESTIMATED RESTRICTED STATE AID (LINE # 1.040)

Source	FY27	FY28	FY29	FY30	FY31
DPIA	$284,506	$284,506	$284,506	$284,506	$284,506
Career Tech	17,055	17,055	17,055	17,055	17,055
Gifted	37,756	37,756	37,756	37,756	37,756
Science of Reading Stipend	0	0	0	0	0
Student Wellness	175,352	175,352	175,352	175,352	175,352
Restricted State Aid (Line # 1.040)	**$515,141**	**$515,141**	**$515,141**	**$515,141**	**$515,141**

Summary of Restricted State Foundation Revenue– Line #1.040
HB96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. The district has elected to also post Catastrophic (Threshold) Aid for special education as restricted revenues. We were notified in January that the state of Ohio overspent their Science of Reading Appropriation and will be reducing funding to recover funds previously paid. We were also notified that Threshold reimbursements in FY26, and future years, are likely to be reduced by 30% from FY25 levels due to fixed state appropriations.

We have estimated revenues for these new restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, HB96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new DPIA formula modified the weight given to these student groups over the biennium which has resulted in calculated DPIA state funding in FY26 being $86.6 million less than in FY25.

ESTIMATED FEDERAL AID (LINE # 1.040)

No federal unrestricted grants are projected FY23-27.

ESTIMATED ROLLBACK & HOMESTEAD REIMBURSEMENT (LINE # 1.050)

Source	FY27	FY28	FY29	FY30	FY31
Rollback & Homestead	$496,163	$519,754	$501,619	$522,309	$533,184
HB186 Partial Reimbursement	$393,887	$262,591	$0	$0	$0
State Share of Local Property Taxes (Line # 1.	**$890,050**	**$782,345**	**$501,619**	**$522,309**	**$533,184**

State Share of Local Property Tax – Line #1.050

A) 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. And Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled.

HB96 began a phase down of the 10% rollback credit that has been in effect since 1971 and an equal phase up of the Owner Occupied Credit (OOC) that has been in effect since 1978. In addition, HB96 increased the OOC by 2.88% by phasing it in over four (4) years starting in tax year 2026. The table below shows the phasing of these changes. Eventually there will be some amount of 10% rollback for non-timber farmland but we will need tax settlement sheets to determine that amount. These amounts are fully reimbursed to the school district when deducted from Class I property tax bills. Homestead credits vary annually based on applicants and eligibility.

The state of Ohio passed HB479 on June 24, 2026, and becomes effective September 23, which included a one-time doubling of the homestead exemption credit to start with tax bills in calendar 2027. This is a one-time only increase to help homeowners and is estimated to provide $350 million in taxpayer relief for qualified Homestead applicants and will be reimbursed to local governments from a $2.0 billion surplus in the state budget at the end of May 2026. There were also technical adjustments that if HB186 inflationary tax credits are present, they will be applied after the homestead credits are determined to maximize the credit for homeowners. This will cost the state an addition $44 million annually which will also be reimbursed to local governments if applicable. The $44 million increase is ongoing.

HB186 10% Phase down and OCC Phase up					
	TY25	TY26	TY27	TY28	TY29
	Collect CY26	Collect CY27	Collect CY28	Collect CY29	Collect CY30
10% Rollback*	10.00%	7.50%	5.00%	2.50%	0.00%
2.5% OOC	2.50%	5.00%	7.50%	10.00%	12.50%
HB96 Inc. OCC	0.00%	0.72%	1.44%	2.16%	2.88%
Total	12.50%	13.22%	13.94%	14.66%	15.38%
Homestead	varies	2x	varies	varies	varies
*Non-timber farm land will still keep 10% rollback					

Partial HB186 Guarantee

HB186 authorizes payments to school districts and JVSDs that are located in a county that underwent a reappraisal or triennial update in tax years 2023 and 2024 and that, due to the act's temporary credit, would otherwise receive less property tax revenue in tax year 2025 than in tax year 2024. The revenue guarantee applies to tax year 2025,

in the case of 2023 reappraisal or update counties, and to tax years 2025 and 2026, in the case of 2024 reappraisal and update counties. Under the act, the Ohio Department of Taxation will calculate the difference between a district's real property tax revenue in tax year 2024 and its revenue in 2025 and, if applicable, 2026. The Ohio Department of Taxation expects to notify the Ohio Department of Education of these amounts and districts who receive this payment by August 1. A record request has been made for this data and we will adjust the forecast as data from the ODT becomes available.

ESTIMATED ALL OTHER REVENUE (LINE # 1.060)

Source	FY27	FY28	FY29	FY30	FY31
Tuition Related Payments	$109,650	$111,843	$114,080	$116,362	$118,689
Class & Sports Oriented Fees	195,433	196,410	197,392	198,379	199,371
Interest Earnings	250,000	250,000	200,000	200,000	200,000
Miscellaneous	199,593	203,585	207,657	211,810	216,046
Total Other Local Revenue Line #1.060	**$754,676**	**$761,838**	**$719,129**	**$726,551**	**$734,106**

Summary of 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. While interest income in FY26 should remain steady due to laddered investment strategies, expected Federal Reserve rate cuts will begin to have an impact on earnings in FY27 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 historical trends.

ESTIMATED SHORT-TERM BORROWING (LINE # 2.010 & 2.020)

There is no short-term borrowing projected in this forecast.

ESTIMATED TRANSFERS & ADVANCES (LINE # 2.040 & Line #2.050)

Source	FY27	FY28	FY29	FY30	FY31
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	0	0	0	0	0
Total Transfer & Advances In	$0	$0	$0	$0	$0

Summary of Transfers & Advances - Line # 2.040 & 2.050

Advances are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. Transfers are permanent in nature and are not intended to be returned to the original fund.

ESTIMATED ALL OTHER FINANCIAL SOURCES (LINE # 2.060)

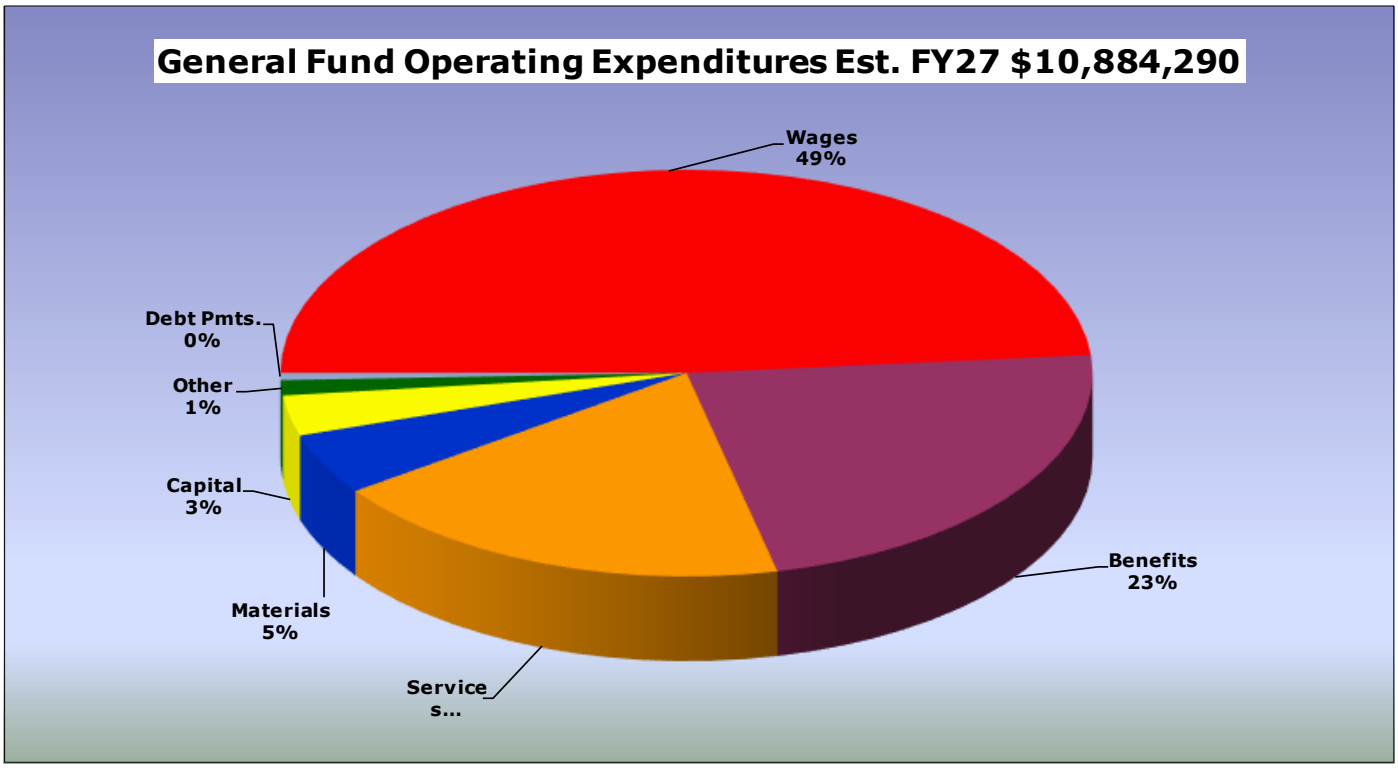
Source	FY24	FY25	FY26	FY27	FY28
All Other Financing Uses - Line #5.030	$0	$0	$0	$0	$0

Summary of All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY24. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Expenditure Assumptions
General Fund Operating Expenditures
Fiscal Year 2027-2031

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.



ESTIMATED SALARIES & WAGES (Line # 3.010)

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	$4,187,002	$4,563,832	$4,917,634	$5,251,254	$5,503,808
Based Pay Increase	251,220	228,192	196,705	105,025	110,076
Steps & Academic Training	125,610	125,610	136,915	147,529	157,538
Substitutes	39,708	39,708	39,708	39,708	39,708
Supplementals	178,744	187,681	195,188	199,092	203,074
Severance	80,000	50,000	50,000	50,000	50,000
Salaries & Wages (Line # 3.010)	**$4,862,284**	**$5,195,023**	**$5,536,150**	**$5,792,608**	**$6,064,204**

Summary of Salaries & Wages – Line #3.010

Negotiations with the certified staff resulted in an agreement to include base increases of 6% for FY2025, 5% for FY2026 and 4% for fiscal year 2027. Negotiations with the classified staff resulted in and annual increase of approximately $ 80,000 annually. Based on a historical analysis, we have projected salary adjustments of two (2.0%) percent for years four and five of the forecast.

ESTIMATED FRINGE BENEFITS (LINE 3.020)

Source	FY25	FY26	FY27	FY28	FY29
A) STRS/SERS	$732,324	$788,760	$841,825	$882,734	$924,545
B) Insurance's	1,236,663	1,385,064	1,565,123	1,784,241	2,034,036
C) Workers Comp/Unemployment	18,173	19,551	20,847	21,822	22,854
D) Medicare	63,732	70,503	75,328	80,274	83,993
Other/Tuition/Annuities	7,950	8,149	8,353	8,562	8,776
Fringe Benefits (Line #3.020)	**$2,058,842**	**$2,272,027**	**$2,511,476**	**$2,777,633**	**$3,074,204**

Summary of Fringe Benefits – Line #3.020

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

A) STRS/SERS will increase as Wages Increase

As required by law, 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

The district is on a self-insured medical insurance plan. FY24 saw an increase in insurance rates and enrollment of 15.9%. We are estimating an increase of 11% for FY25, 12% in FY26, 13% in FY27, 14% for FY28 and 14% for FY29. This assumption is based on claims data history and enrollment trends.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately .038% of wages FY24– FY28. Unemployment is expected to remain at a very low level FY24– FY28. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages 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.

ESTIMATED PURCHASED SERVICES (LINE # 3.030)

Source	FY27	FY28	FY29	FY30	FY31
Professional & Technical Services, ESC	$872,431	$916,053	$961,856	$1,009,949	$1,060,446
Maintenance, Insurance & Garbage Removal	278,165	292,073	306,677	322,011	338,112
Professional Development	41,246	43,308	45,473	47,747	50,134
Communications, Postage, & Telephone	44,825	47,066	49,419	51,890	54,485
Utilities	189,118	198,574	208,503	218,928	229,874
Contracted Trades & Services	0	0	0	0	0
Tuition, Excess Costs & Scholarship Costs	476,260	500,073	525,077	551,331	578,898
Open Enrollment & Community School Costs	48,666	51,099	53,654	56,337	59,154
College Credit Plus	89,815	94,306	99,021	103,972	109,171
Contract Transportation	0	0	0	0	0
Miscellaneous Purchased Services	0	0	0	0	0
Purchased Services (Line # 3.030)	**$2,040,526**	**$2,142,552**	**$2,249,680**	**$2,362,165**	**$2,480,274**

Summary of Purchased Services – Line # 3.030

College Credit Pus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend. Special needs services that are contracted with North Pointe ESC along with utilities remain the major portion of this area of the budget. We have projected, based on the historical trend and incorporating ESSER expenses back into this budget at five (5%) percent.

ESTIMATED SUPPLIES & MATERIALS (LINE # 3.040)

Source	FY27	FY28	FY29	FY30	FY31
General Office Supplies & Materials	$359,978	$370,777	$381,900	$393,357	$405,158
Textbooks & Instructional Supplies	13,675	14,085	14,508	14,943	15,391
Facility Supplies & Materials	106,960	110,169	113,474	116,878	120,384
Transportation Fuel & Supplies	44,105	45,428	46,791	48,195	49,641
Chromebooks & Curriculum	4,300	4,429	4,562	4,699	4,840
Supplies & Materials (Line # 3.040)	**$529,018**	**$544,888**	**$561,235**	**$578,072**	**$595,414**

Summary of Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. The district has committed to technology for the next five years and have budgeted $ 450,000 annually to the purchase of Chromebooks and additional curriculum needs.

ESTIMATED CAPITAL OUTLAY (LINE # 3.050)

Source	FY25	FY26	FY27	FY28	FY29
Capital Outlay & Maintenance	$89,792	$91,588	$93,420	$95,288	$97,194
Technology/Curriculum Purchases	0	0	0	0	0
Busses & Other Vehicles	0	125,000	0	125,000	125,000
SWSF / ESSER Adjustments	0	0	0	0	0
Total Equipment Line #3.050	**$89,792**	**$216,588**	**$93,420**	**$220,288**	**$222,194**

Summary of Capital Outlay – Line # 3.050
The district does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

ESTIMATED DEBT SERVICE (LINE #4.01 – 4.06)

Debt Service	FY25	FY26	FY27	FY28	FY29
HB 264 Principal Line #4.050	$0	$0	$0	$0	$0
Interest & Fiscal Costs On Debt Line # 4.060	$9,792	$7,344	$5,508	$4,131	$3,098
	$9,792	$7,344	$5,508	$4,131	$3,098

Summary of Principal and Interest Payment – Lines # 4.05 and 4.06
The district is using general fund dollars to pay off a HB264 Energy Conservation Project.

ESTIMATED OTHER OBJECTS (LINE #4.300)

Source	FY25	FY26	FY27	FY28	FY29
County Auditor & Treasurer Fees	$81,360	$82,987	$84,647	$86,340	$88,067
Annual Audit Costs	7,242	7,387	7,535	7,686	7,840
Dues, Fees & Other Expenses	13,867	14,144	14,427	14,716	15,010
Other Expenses (Line # 4.300)	**$102,469**	**$104,518**	**$106,609**	**$108,742**	**$110,917**

Summary of Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A two (2%) percent annual increase is being projected for the five years of the projected forecast.

ESTIMATED TRANSFERS & ADVANCES (LINE #5.010 & 5.020)

Source	FY25	FY26	FY27	FY28	FY29
Operating Transfers (Line # 5.010)	$0	$0	$0	$0	$0
Advances (Line #5.020)	0	0	0	0	0
Transfers & Advances	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Transfers Out/Advances Out – Lines # 5.010 and 5.020
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. The district transferred $ 4,000,000 to a capital projects fund and an additional $ 1,000,000 to a budget reserve fund in fiscal year 2026.

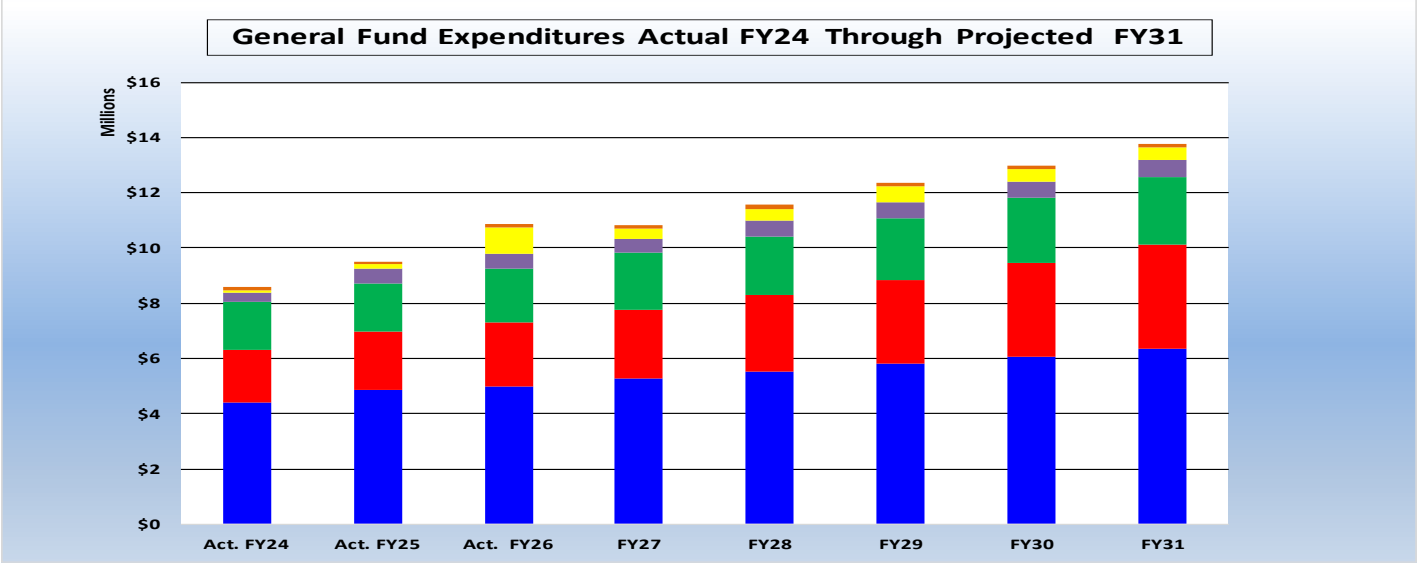
ESTIMATED ENCUMBRANCES (LINE #8.010)

	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances Line #8.010	$225,000	$225,000	$225,000	$225,000	$225,000

Summary of Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

Operating Expenditures
Actual FY2024-2026 and Estimated FY2027-2031

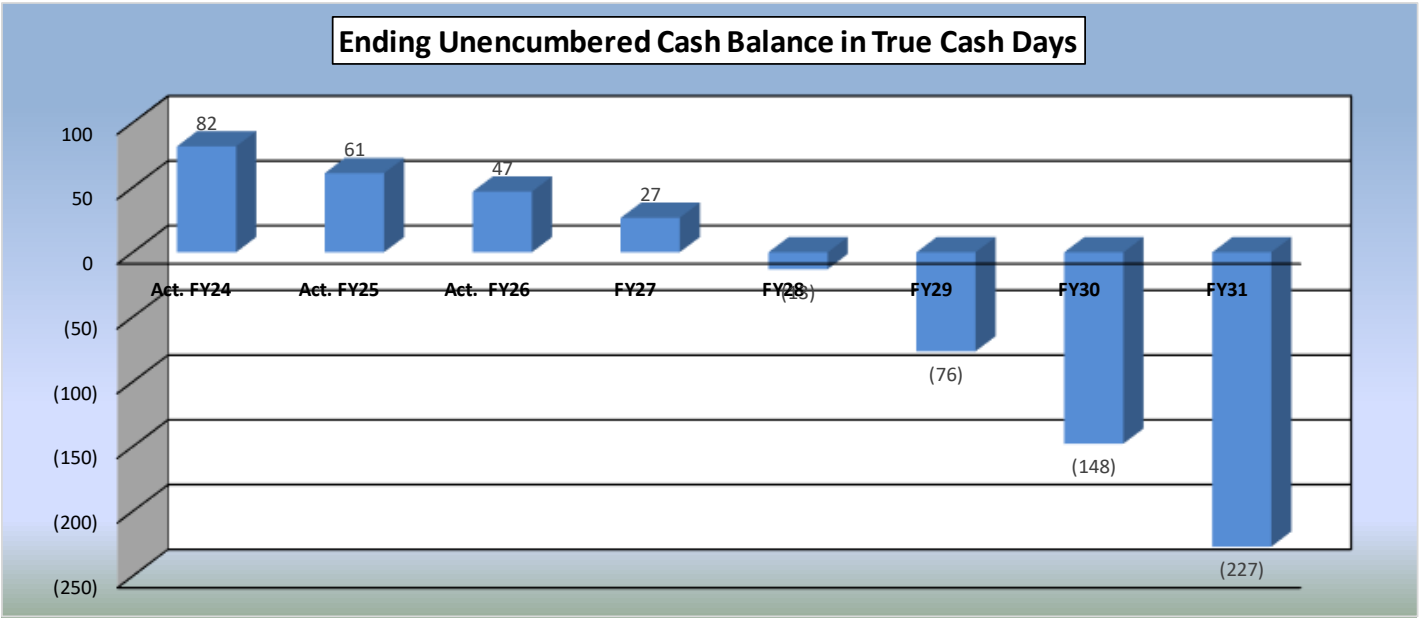
As the graph on the following page indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



ESTIMATED UNENCUMBERED CASH BALANCE (LINE 15.010)

	FY27	FY28	FY29	FY30	FY31
Ending Unreserved Cash Balance Line #15.0	$799,599	($420,787)	($2,626,183)	($5,328,191)	($8,700,753)

Summary of Ending Unencumbered Cash Balance "The Bottom-line"– 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 which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is approximately $ 858,211 for our district.



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 (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year-end but could be more depending on each districts 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.

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.

Final Thoughts

As we prepared this forecast, we had to focus on several areas. The first being to collect as much information as we possibly could on the revenue projections. The state continues to make the forecast even more challenging as we strive to operate a multi-million-dollar system with the funding available to us. We remain optimistic that fair school funding will remain in place and be funded adequately in the future.

The District continues to carefully manage its finances while planning for change in how school funding works in Ohio. Recent property tax reform legislation passed by the Ohio General Assembly – including House Bills 186, 335, 129 and 309 – is gradually changing how much revenue school districts receive from property taxes. These laws are designed to slow the growth of property tax collections when property values rise, creating more predictability for taxpayers. As a result, school districts across the state, including ours, should expect to receive less revenue over time than what had previously been forecasted under older funding rules.

Because property tax reform is still evolving and implementation details continue to be refined, the District closely monitors updates and adjusts it long-term financial planning accordingly. This makes responsible, appropriate spending more important than ever. The Board of Education and administration regularly review budget forecasts and compare revenues to actual results to ensure resources are aligned with educational priorities, operational needs, and long-term stability. While these funding changes present challenges, the District remains committed to thoughtful planning, transparency, and maintaining strong financial stewardship on behalf of our community.

As we prepared this forecast, we had to focus on several areas. The first being to collect as much information as we possibly could on the revenue projections. The state continues to make the forecast even more challenging as we strive to operate a multi-million-dollar system with the funding available to us. We remain optimistic that fair school funding will remain in place and be funded adequately in the future.

Although our student population has been declining in recent years, we are constantly motivated to find ways to encourage students to attend our district. It is our goal to continue the tradition of providing our students with the highest quality education while evaluating our expenditures and trying to find innovative ways to be fiscally responsible. This forecast is conservative and we still have a few "unknowns" hanging out there, but we had to project what we felt comfortable with that accurately portrayed a realistic financial picture.

This forecast has been prepared and updated from a historical perspective along with as much current information we can obtain. A number of things continue to occur statewide and district-wide. The intent of this forecast is simply that – a forecast. There are so many moving targets as we look ahead to the future. We review the forecast two times per year. This is something else that the state has changed. August and February are now the reporting months. It makes things extremely more difficult to projects with any degree of accuracy. We have tried to gather historical data and as much information from the state level as we possibly could to compile this information. We look at all areas - past, present and future – to create a realistic financial picture of the district. The forecast presented includes assumptions and facts that can be altered by external and internal issues.

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.