

May 2023



Five Year Forecast

Hardin Northern Local Schools

Hardin

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues										
1.010 General Property Tax (Real Estate)	\$1,856,142	\$1,840,168	\$1,933,472	2.1%	\$1,990,000	\$1,969,700	\$1,980,000	\$1,980,000	\$1,980,000	
1.020 Tangible Personal Property Tax										
1.030 Income Tax	1,082,210	1,099,896	1,215,588	6.1%	1,361,000	1,401,830	1,442,000	1,456,420	1,470,560	
1.035 Unrestricted State Grants-in-Aid	2,728,192	2,789,741	2,630,335	-1.7%	2,610,033	2,700,000	2,800,000	2,800,000	2,800,000	
1.040 Restricted State Grants-in-Aid	52,108	45,595	233,398	199.7%	229,000	235,000	240,000	240,000	240,000	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	242,934	245,900	247,266	0.9%	248,000	255,000	255,000	255,000	255,000	
1.060 All Other Revenues	900,180	946,788	430,852	-24.7%	727,000	600,000	600,000	600,000	600,000	
1.070 Total Revenues	6,861,766	6,968,088	6,690,911	-1.2%	7,165,033	7,161,530	7,317,000	7,331,420	7,345,560	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In										
2.050 Advances-In			15,367							
2.060 All Other Financing Sources	11,612	921	4,179	130.8%	2,000	2,000	2,000	2,000	2,000	
2.070 Total Other Financing Sources	11,612	921	19,546	965.1%	2,000	2,000	2,000	2,000	2,000	
2.080 Total Revenues and Other Financing Sources	6,873,378	6,969,009	6,710,457	-1.2%	7,167,033	7,163,530	7,319,000	7,333,420	7,347,560	
Expenditures										
3.010 Personal Services	2,836,976	3,009,205	2,974,165	2.5%	3,280,396	3,475,262	3,702,649	3,852,555	4,011,592	
3.020 Employees' Retirement/Insurance Benefits	1,205,002	1,255,541	1,377,676	7.0%	1,544,717	1,649,227	1,733,266	1,807,992	1,884,030	
3.030 Purchased Services	1,448,591	1,496,151	679,196	-25.7%	962,608	959,500	959,800	964,800	964,800	
3.040 Supplies and Materials	133,089	131,708	224,857	34.8%	322,942	309,985	271,600	271,600	271,600	
3.050 Capital Outlay	115,559	18,501	82,204	130.2%	281,855	128,350	80,000	80,000	80,000	
3.060 Intergovernmental										
Debt Service:										
4.010 Principal-All (Historical Only)										
4.020 Principal-Notes										
4.030 Principal-State Loans										
4.040 Principal-State Advancements										
4.050 Principal-HB 264 Loans										
4.055 Principal-Other										
4.060 Interest and Fiscal Charges										
4.300 Other Objects	113,411	120,592	116,906	1.6%	163,788	166,450	170,000	170,000	175,000	
4.500 Total Expenditures	5,852,628	6,031,698	5,455,004	-3.3%	6,556,306	6,688,774	6,917,315	7,146,947	7,387,022	
Other Financing Uses										
5.010 Operating Transfers-Out	860,000	822,719	900,000	2.5%	400,000	287,000	287,000	287,000	287,000	
5.020 Advances-Out		15,367								
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	860,000	838,086	900,000	2.4%	400,000	287,000	287,000	287,000	287,000	
5.050 Total Expenditures and Other Financing Uses	6,712,628	6,869,784	6,355,004	-2.6%	6,956,306	6,975,774	7,204,315	7,433,947	7,674,022	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	160,750	99,225	355,453	110.0%	210,727	187,756	114,685	100,527-	326,462-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,272,745	5,433,495	5,532,720	2.4%	5,888,173	6,098,900	6,286,656	6,401,341	6,300,814	
7.020 Cash Balance June 30	5,433,495	5,532,720	5,888,173	4.1%	6,098,900	6,286,656	6,401,341	6,300,814	5,974,352	
8.010 Estimated Encumbrances June 30	26,929	69,477	199,713	172.7%	50,000	50,000	50,000	50,000	50,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials										
9.020 Capital Improvements										
9.030 Budget Reserve										
9.040 DPIA										
9.045 Fiscal Stabilization										
9.050 Debt Service										
9.060 Property Tax Advances										
9.070 Bus Purchases										
9.080 Subtotal										
10.010 Fund Balance June 30 for Certification of Appropriations	5,406,566	5,463,243	5,688,460	2.6%	6,048,900	6,236,656	6,351,341	6,250,814	5,924,352	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal										
11.020 Property Tax - Renewal or Replacement										
11.300 Cumulative Balance of Replacement/Renewal Levies										
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	5,406,566	5,463,243	5,688,460	2.6%	6,048,900	6,236,656	6,351,341	6,250,814	5,924,352	
Revenue from New Levies										
13.010 Income Tax - New										
13.020 Property Tax - New										
13.030 Cumulative Balance of New Levies										
14.010 Revenue from Future State Advancements										
15.010 Unreserved Fund Balance June 30	5,406,566	5,463,243	5,688,460	2.6%	6,048,900	6,236,656	6,351,341	6,250,814	5,924,352	
ADM Forecasts										
20.010 Kindergarten - October Count										
20.015 Grades 1-12 - October Count										
State Fiscal Stabilization Funds										
21.010 Personal Services SFSF										
21.020 Employees Retirement/Insurance Benefits SFSF										
21.030 Purchased Services SFSF										
21.040 Supplies and Materials SFSF										
21.050 Capital Outlay SFSF										
21.060 Total Expenditures - SFSF										

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Hardin Northern School
Assumptions/ Notes to 5-year forecast

REVENUE

Property Taxes

Growth in property tax amounts is based upon historical collection levels. The county auditor conducts reappraisals on a six-year interval with electronic updates made every third year. Hardin County is schedule for reappraisal in 2023. All of the districts tax levies are on a continuing basis therefore leaving no anticipation of any significant changes at this time other than the reappraisal adjustments. While the reappraisal adjustments have seen rapid increase in the value of agricultural property in recent cycles, changes in legislation that determines how CAUV values are starting to reverse these prior year increases. The forecast reflects this change in calculation of CAUV values. With the elimination of tangible personal property tax, the forecast reflects an elimination of revenue from line 1.020. Another item to consider is House Bill 1. House Bill 1 could affect how property taxes are calculated and collected. One concern is the potential loss of revenue related to inside millage if the assessed rate to be used is decreased from 35% to 31.5%. FY 23 also includes approx. \$37,000 in delinquent collections.

Income Tax

Estimates for income tax are based upon information provided by the state department of taxation as well as historical patterns of receipts. Collections from income tax are received by the district in quarterly payments from the Ohio Department of Taxation in January, April, July, and October. In Fiscal Year 2022, collections came above expectation even with the economy still seeing some effects dealing with COVID-19. However, income tax collections have become a very difficult source to project accurately due to the predominance of farm income in the district. Crop yields, grain prices, and weather are all determining factors in how prosperous our farm community is from year to year, making income tax revenue very volatile. Therefore, this revenue is projecting to remain relatively flat (1-3% increase FY 24-FY27).

State Aid

Foundation funding have been forecasted based upon the information known to the district per the passage of HB 110. HB 110 begins a 2-year phase in of the Fair School Funding Plan. Per this passage, one of the major changes is a move to fund students where they are educated rather than where they live. This change will eliminate the deduction and transfer of funds from resident districts to educating districts. This impacts revenue in the past that was received for open enrollment students. The district is projected to see a decrease of 1.5% in FY23. The Fair School Funding Plan has been included in the initial budget proposal from the governor for 2024 and 2025. Based on the initial plan, fiscal year 2024 and 2025 reflect the potential revenue based on the proposal. For FY 26-27 revenue is remained constant due to the uncertain of future school funding

plans. Also included here is casino revenue the district receives from state. It is estimated about \$25,000 is to be received each fiscal year.

Restricted Grants In Aid

HB 110 passage, required new receipt codes for tracking within the General Fund and ensures all new spending is captured in the new five-year forecast. The new codes included are for Gifted Education, English Learner, Career Technical Education (new code) and Student Wellness and Success Funding. This is reflected in the updated forecast as the new funding for this was implemented in December 2021.

Vocational education funding is supplemented with restricted aid from the State of Ohio. Although this money does not cover all expenses related to vo-ed instruction, it is available for use in certain equipment and supply purchases as well as the extended program days used by the vocational education teachers.

The Fair School Funding Plan has been included in the initial budget proposal from the governor for 2024 and 2025. Based on the initial plan, fiscal year 2024 and 2025 reflect the potential revenue based on the proposal. For FY 26-27 revenue is remained constant due to the uncertain of future school funding plans.

Property Tax Allocation

The property tax allocation is a calculation of percentage of property tax receipts. Growth mirrors the anticipated increase in general property taxes. Based on House Bill 1, this line item could be eliminated. Currently this revenue is from the state that pay part of the real estate tax bills called homestead and rollback. HB 1 currently would eliminate this payment from state and put back on the homeowners to pay.

All Other Revenues

The bulk of the revenue in line 1.060 reflects tuition from incoming open enrollment students to Hardin Northern. HB 110 changed and eliminated the deduction and transfer of funds from resident district to educating district. Therefore, open enrollment receipt will no longer be an item which was previously report here.

The recent construction of a 66 megawatt windfarm within the boundaries of the school district also produces revenue for this line item. PILOT (Payment In Lieu Of Taxes) payments made to HN amount to approx. \$287,000 annually.

Other items include in line 1.060 include Medicaid reimbursement, investment earnings, and special ed tuition. Investment earnings and rates have increase during FY 23. District currently earning around 5% on its investments with STAR Ohio. FY 23 estimated interest earnings is \$305,000 compared to \$21K received in FY22. The Bus Garage Project will lower the cash reserves of the district which will lower the amount of interest earnings earned in future years which is reflected on this line item.

EXPENDITURES

Personal Services

Personal services represent salaries paid to staff members of all levels at Hardin Northern Local School. Certified employees are paid based upon negotiated agreements between the HNEA (Hardin Northern Education Association) and the board of education. Classified workers are covered by the OAPSE (Ohio Association of Public School Employees) union agreement. This includes bus drivers, cooks, custodians, aides, and secretarial staff members. Contract negotiations for both unions are in place through 6/30/2024. The newest agreements for both includes a salary base increase of 2.85% for FY23, and 2.85% for FY24. The District receives some federal funds that are used to pay for salaries of some staff members and therefore are not paid from General Fund. Some of these federal funds are temporary and will not be available in future years such as federal funding for COVID. FY 23 estimates about \$115,000 and FY 24 estimates about \$117,500 of expenditures to be paid with COVID funds. Therefore, those cost will be paid from General Fund (FY25 and FY26). In FY 23, the District added 1 additional teacher for course to be offered by the district in regards to Microsoft applications.

Employee Retirement and Insurance Benefits

Retirement benefits are calculated as a percentage of overall payroll amounts. Insurance benefits have been estimated based on historical trends. The forecast reflects the massive uncertainty in health insurance premiums. The district continues to see additional costs in health care due to The Affordable Health Care Act. The district is a member of the Hardin County Schools Health Insurance Consortium. This consortium is a self-funded group of school districts that include: Hardin Northern, Ada, Kenton, Riverdale, Ridgmont, USV and Triad schools. The consortium continues to work to find the most affordable insurance that it can for all involved. The Consortium met in March 2023 and elected to not raise medical premiums beginning July 2023 through June 2024. Dental and vision had no rate increases. The District pays for 85% of the monthly premium costs. Therefore, FY 23 reflects 11.3% increase in cost for medical premiums and no increase to dental and vision. FY25-27 project a 5% increase each year in medical and 2% increase in dental and vision. The District also contributes to HSAs for full-time employees who are eligible. District contributes \$1,250 for a single plan and \$2,500 for a family plan. Two-thirds is paid in January and 1/3 is paid in September as long as the employee is still employed with District.

Purchased Services

Historical data has been used in the calculations of expenditures towards purchased services

One change and decrease in this line item is due to HB 110. HB 110 changed and eliminated the deduction and transfer of funds from resident district to educating district. Therefore, open enrollment deductions and community school deductions will no longer

be an item which was previously report here. Many special education programs provided by the Midwest Educational Service Center will appear as purchased services. Finally, property and fleet insurance premiums are also included. The district has entered into the open market in an attempt to offset the ever-increasing cost of electricity and has been able to avoid some of the rate increases with this approach.

Supplies and Materials

Supply and material expenditures have been budgeted at minimum requirements to operate the facilities. Slight increases have been included for inflationary growth. Efforts have been made to reduce costs by enrolling in cooperative purchasing programs to secure items at the best possible price. In FY 23, the District had a new math textbooks purchase as well increase cost to diesel fuel with the current economy.

Capital Outlay

Budgets have been projected for capital purchases. These purchases will be mainly used per the direction of the district's strategic plan that was adopted by the board of education to serve as a planning tool for replacement of worn out and non-repairable assets. FY 23 has been a busy year. The following projects/materials are planned or completed:

- STEM Classroom
- Replacement of some non-instructional desktops
- Instructional Staff upgrades
- School Bus Purchase (estimated \$54K to be covered by state grant)
- Network Cameras and Host Servers upgrade
- Purchase of 8 passenger Van

Other Objects

Changes made in this category are anticipated with increases based on historical costs. Other cost in this line item include: liability insurance, audit costs, county auditor fees, and election expense.

Operating Transfers Out

The District recently developed and implemented a new Strategic Plan. In the Strategic Plan, there are goals for construction or renovation of bus garage (currently in process) and renovation of current football stadium. Transfer amounts reported here are estimated amounts to be transfer to Permanent Improvement Fund to help with the potential cost of project or potential future debt. The District plans to earmark the receipts from the PILOT payment towards any debt issuance for the renovation of the football stadium and/or athletic complex.