

**General Fund
Five Year Forecast
July 1, 2025 Through
June 30, 2030**

September 29, 2025

Presented By:
Anne Spence,
Treasurer



TIFFIN
City Schools

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

- O.R.C. 5705.391 and O.A.C. 3301-92-04
 - HB96, our current state budget, changed the dates and years of a district forecast submission.
 - HB96 requires a Board of Education to submit a four-year projection of operational revenues and expenditures along with assumptions to the Ohio Department of Education prior to October 15th and an update by end of February of each fiscal year.
 - In FY27 the date moved to August 31 and an update February 28.
- Required funds to be included in the five-year forecast are:
 - General Funds (001)
 - Any special cost center associated with general fund money
 - Emergency levy funds (016)
 - Any debt service (002) activity that would otherwise have gone to the general fund
- Our district will continue to utilize a five-year forecast and planning horizon.

Purposes and Objectives of the Forecast

Engage the Board of Education and community in long range planning and discussions of financial issues facing our schools.

To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. 5705.412, commonly known as the "412 certificate".

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

Before we get to the numbers ...

- A financial forecast is somewhat like a painting of the future based upon a snapshot of today.
- The five-year forecast is viewed as a key management tool and should be updated periodically.
- In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, one must review and consider the Notes and Assumptions before drawing conclusions or using the data as a basis for other calculations.
- The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise.
- This helps district management to be proactive in meeting those challenges.



Key Line Items



The five-year forecast is divided into two sections: revenue and expenditures.



A district's revenue is made up of two main sources, local and state funding.

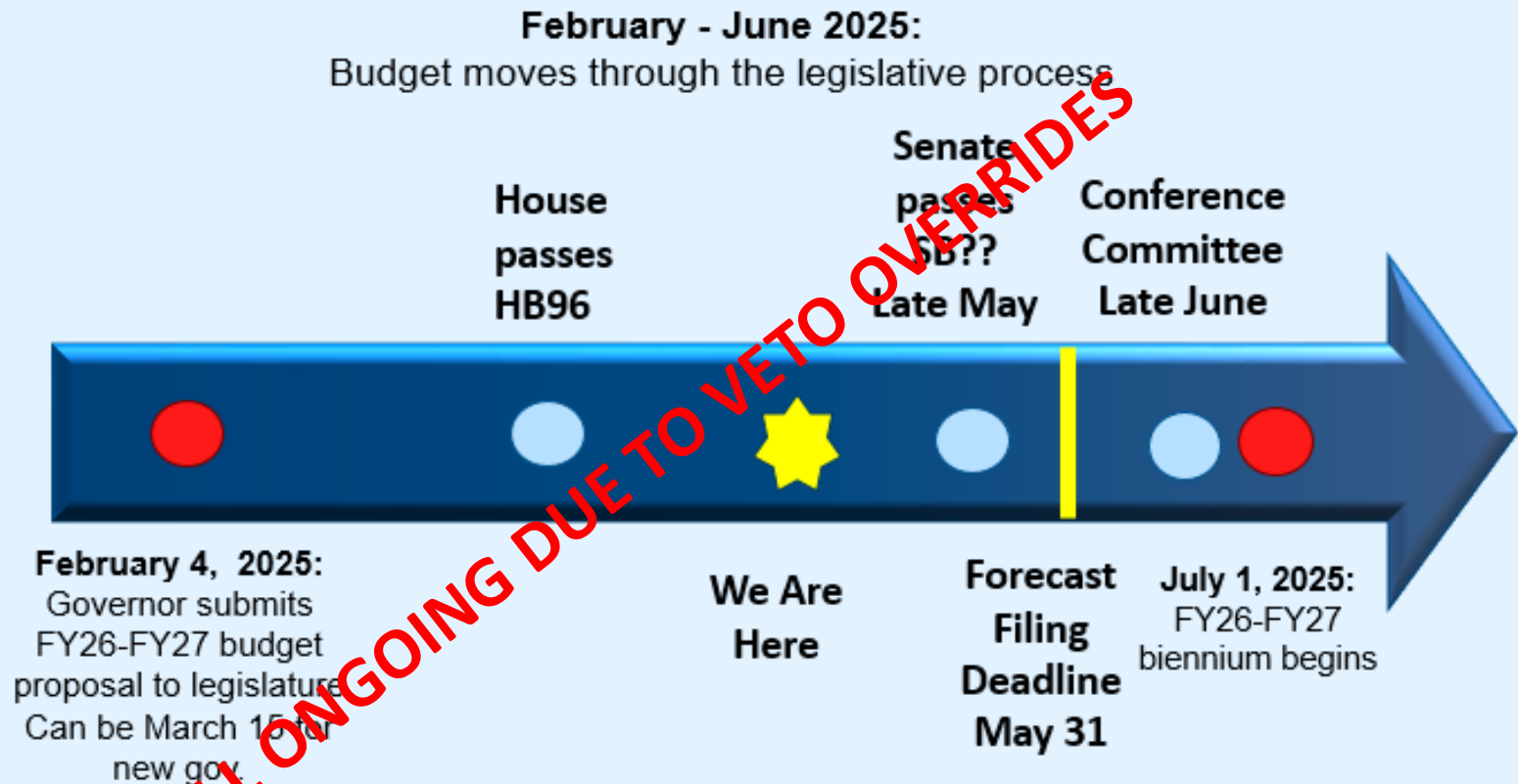


The expenditures are mainly salary and wages, benefits, purchased services, and supplies and materials.

FY26-FY27 State Budget/Legislative Concerns

- HB96, the current state budget, provides very small increase in foundation funding. And other small amounts outside the formula.
- Governor vetoed 4 key provisions of HB96 that would have heavily impacted school local revenue and cash balances.
- More importantly, there are still 17 (12 house and 5 senate) proposed laws to impact local property taxes and/or valuations that could reduce local funding for all public schools in Ohio.
- The Governors Tax Reform Work Group currently reviewing ways to stop property tax increases...primarily in school districts.
- Proposals from the Work Group and/or future legislative actions seem imminent that would impact property taxes which are 41.2% of our revenue.
- Also HB96 included a Piggybank Tax Exemptions law that allows County Commissioners to give a 2nd tax credit for Homestead and Homeowners 2.5% credit without reimbursement. This could cost our district \$441,606 if approved by our commissioners.

FY26-27 State Budget Timeline

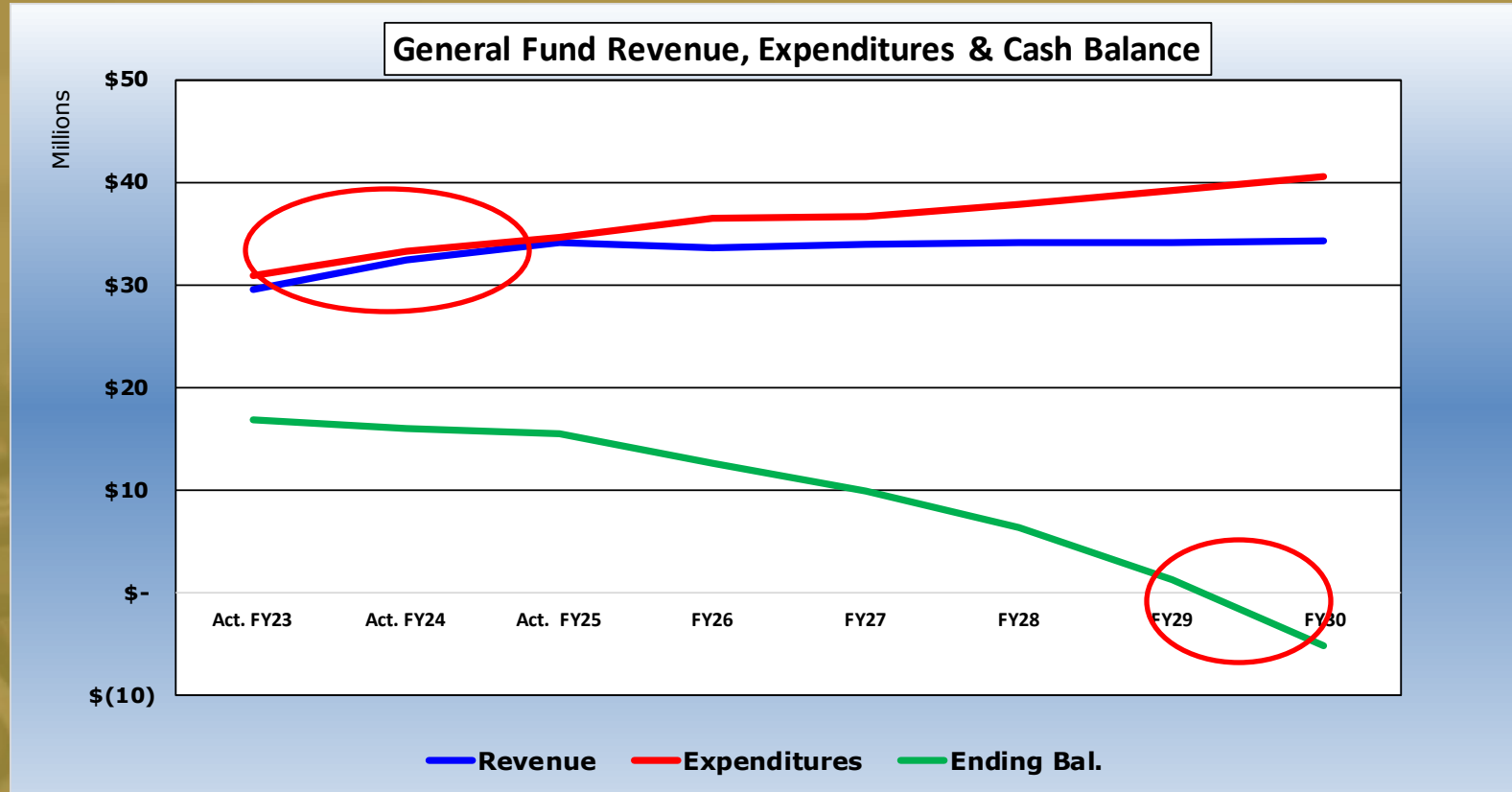


Will not get details of a complete state budget or potential property tax changes until October-November 2025 following budget approval the end of June.

FY26-FY27 State Budget/Legislative Concerns

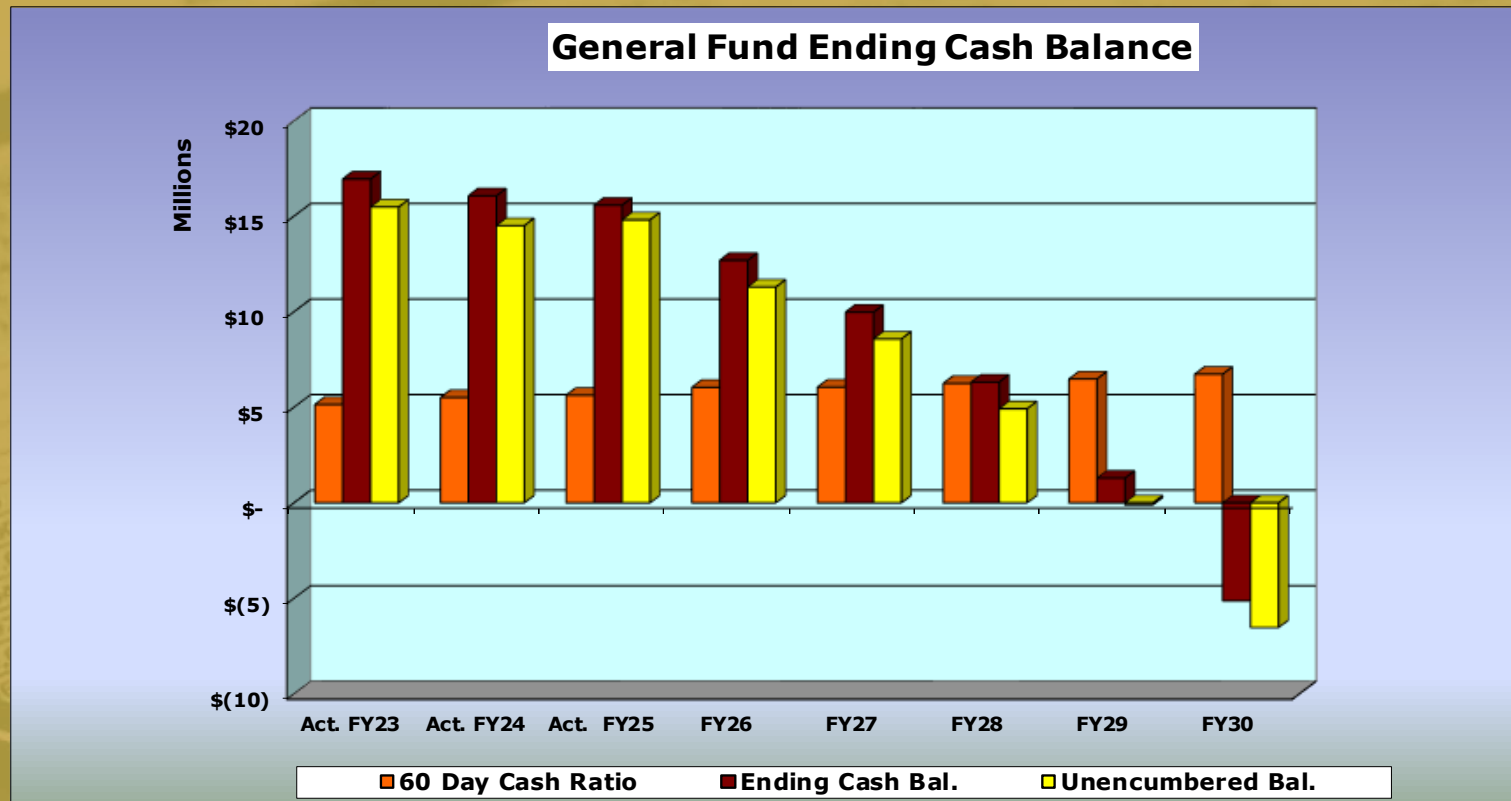
- The House voted in July to override one of the Governors Veto's on levy types. The Senate has not considered this veto yet or if they will move to override other veto's.
- The Senate can act all the way to December 31, 2026. In essence, portions of HB96 may not be final until that date.
- The "Taxpayers Freedom Trilogy Act" was introduced in August, they are HB420, HB421 and HB422. These bills, if passed into law, would eliminate continuing levies, potentially set aside inside millage, and create more than 50% approval margins for new levy approval. All would be devastating to our local revenues we count on to educate our children.
- Any changes, which could be significant to state funding and property taxes will need to be watched and evaluated carefully and planned for in our forecast.

Revenue vs Expenditure



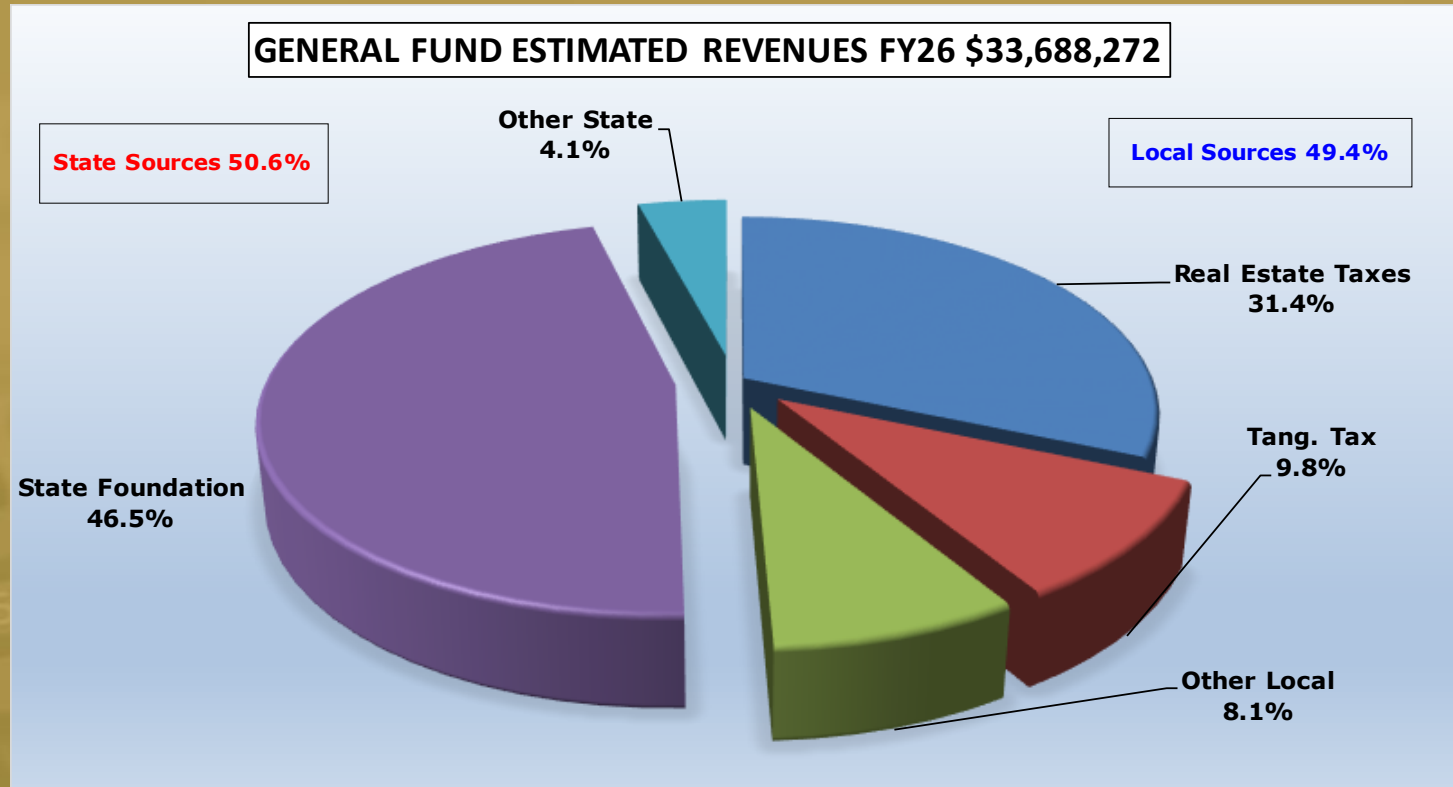
- Cash balance becomes negative in FY29.
- Deficit spending began in FY23, continues throughout forecast accelerating.

Ending Cash Balance



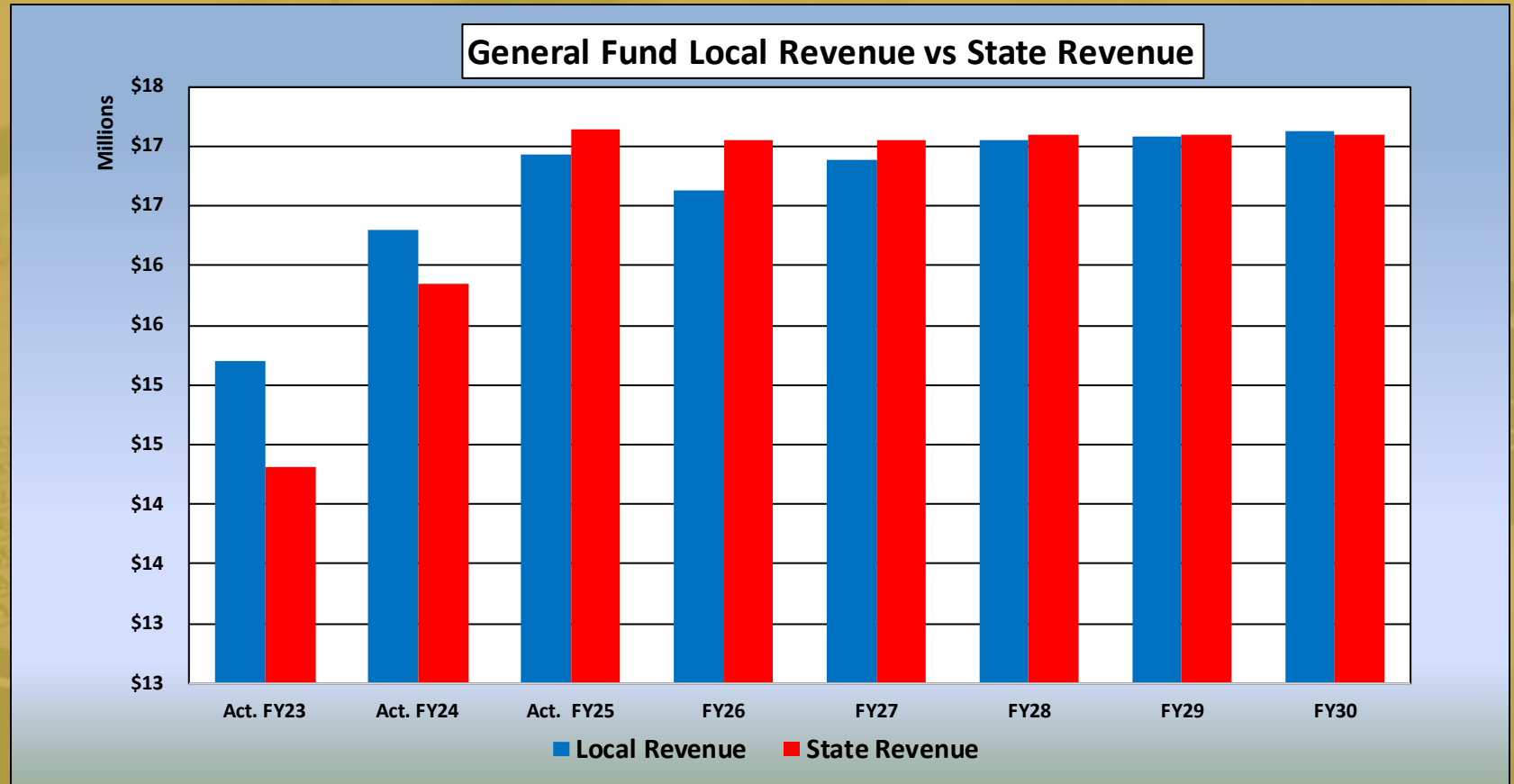
- 2 Months of expenditures maintained through FY28.
- Cash balance falls sharply starting in FY26.

Est. General Fund Revenue Sources FY26



- HB96 has us on the formula for FY26 & FY27.
- State revenue Line 1.035 fell in FY25 due to 77 student decline.
- We must watch future state biennium budgets carefully.

Local vs. State Funding



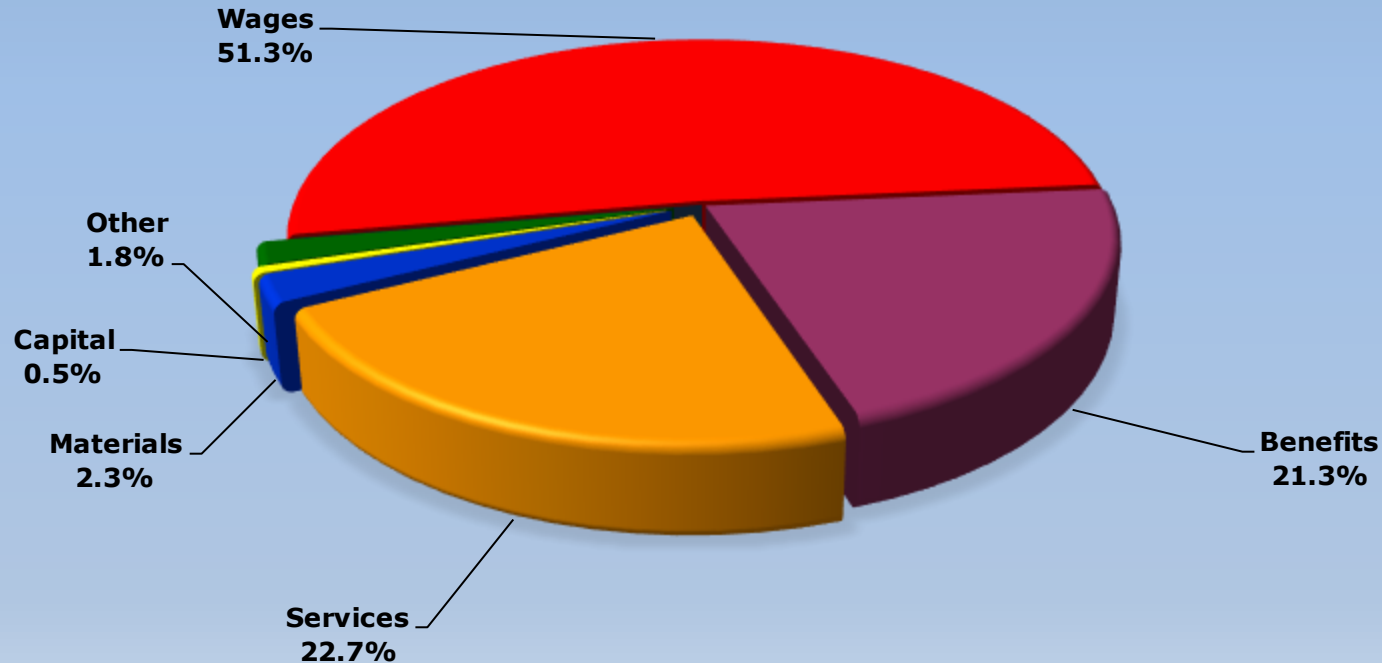
- State funding jumped in FY25 due to DPIA increase resulting from CEP approval.
- But the new HB96 calculation of DPIA has reduced it from what was expected on the old method starting in FY26.

Operating Revenue Overview

- HB96 continues the Fair School Funding Plan in FY26 & FY27.
- The Fair School Funding Plan, helped us FY24 thru FY27.
- The foundation program had us on the formula in FY26 & FY27.
- Total revenue is estimated to grow by less than 1% annually over the next 5 years while expenses are estimated to grow by 3.9% a year.
- State TPP Reimbursement cuts ended our reimbursements in FY25
- HB126 severely limits our ability to challenge valuation reductions which will impact property values and taxes.
- Enrollment growth will translate into added revenues since we are on the foundation formula.
- However, revenue growth of less than 1% and expense growth of 3.9% is unsustainable long term.
- Many pieces of pending legislature is aiming to impact school district ability to collect revenue locally via property tax.
- We need to pass the proposed SDIT in order remain financially viable long term.

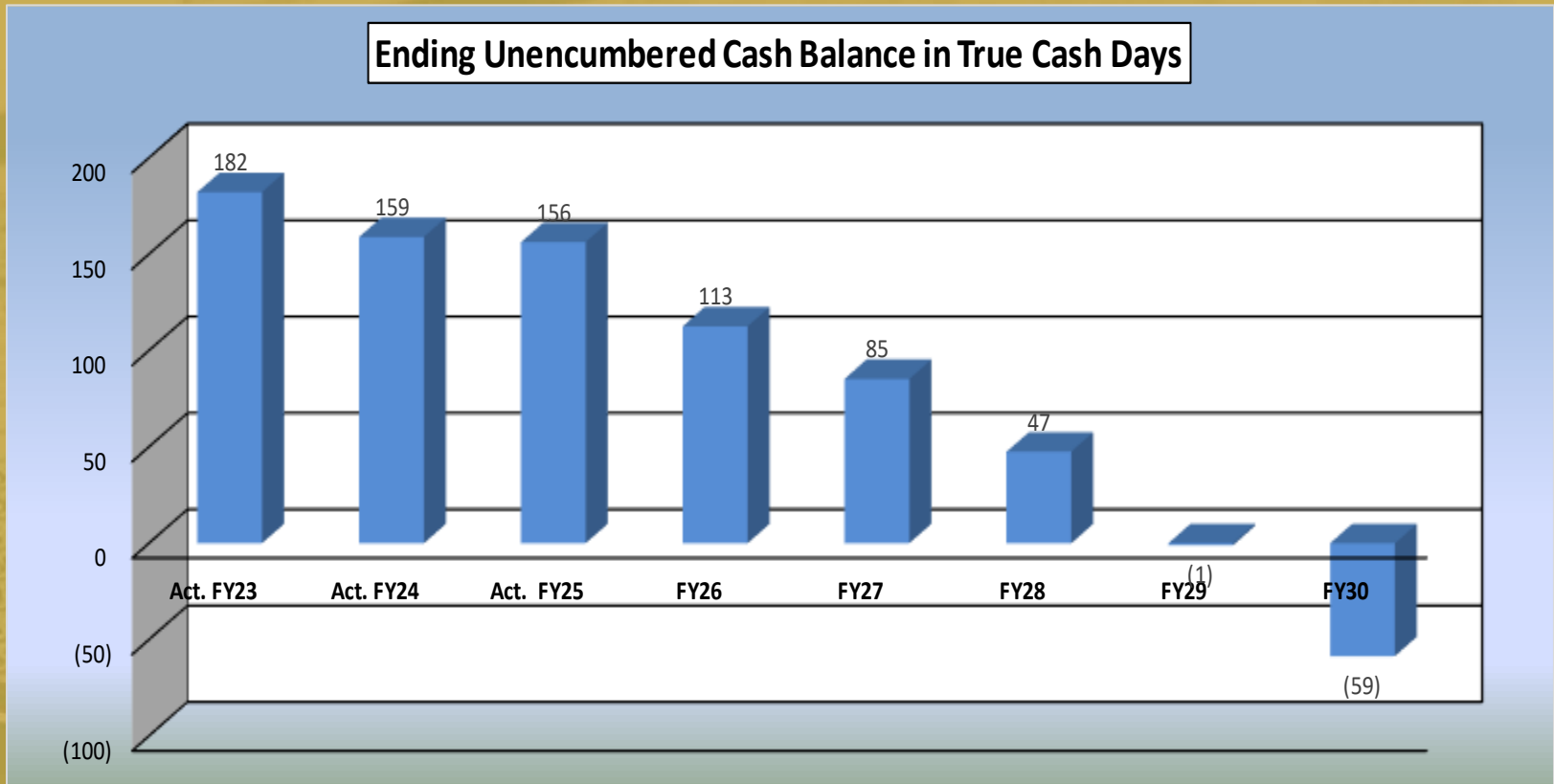
Est. General Fund Expenditures FY26

GENERAL FUND OPERATING EXPENDITURES EST. FY26
\$36,247,573



- Wages and benefits are estimated to be 72.6%.
- Purchased services is the 2nd highest cost which is usually fringe benefits.

Ending Cash Balance



- GFOA recommends 60 true days cash balance, however, 30 days long term is a reasonable target.
- Ending cash balance above 60-day level through FY27 then reserves diminished sharply.

Our District Financial Story Overview

- HB96 continued the phase-in of the fair school funding plan.
- Current funding has us on the formula through FY27.
- State funding is uncertain for FY28-30 as Fair School Funding Plan not funded beyond FY27 and state legislature may change property tax laws.
- We receive 51% of our revenue from the state of Ohio and 49% from local sources. Both are under pressure from state legislature.
- Future funding is uncertain concerning local property taxes due to numerous pieces of legislation and Governors Tax Reform Work Group.
- We need to try and match expenses to revenue if we are to sustain our ending cash balance long term.
- If the state cuts or reduces our state funding and severely impacts our ability to raise local funding...our district will need to make cuts and/or pass new levies in responses to maintain our instructional programs for our students.
- Our revenue and ability to manage the district is under threat by the Ohio Legislature.
- Under current laws and state funding we are projecting a negative cash balance in FY29 of the forecast.
- Passing the SDIT in November is critical to our long term financial stability.

Questions and
Answers

**Thank You
for
Listening**

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