WEST CLERMONT LOCAL SCHOOL DISTRICT- CLERMONT COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2019, 2020 and 2021 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2022 THROUGH JUNE 30, 2026

Forecast Provided By
West Clermont Local School District
Treasurer's Office
Daniel Romano, MBA, Treasurer/CFO
May 23, 2022

West Clermont Local School District –Clermont County
Notes to the Five-Year Forecast
General Fund Only
May 23, 2022

Introduction to the Five Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

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 or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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 for the Department of Education and Auditor of State to identify school districts with potential financial problems

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2022 filing.

Economic Outlook
This five-year forecast is being filed during the recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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.

May 2022 Updates:

Revenues FY22:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $90,506746. The difference of $2,041,936 is primarily due to recording the new state funding formula and the treatment of tuitions with similar recording offset in expenses.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 54% and are estimated to be $51,763,497 which is $222,436 higher for FY22 than the original estimate of $51,541,060. This estimate is 99.6% accurate for FY22 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order to project anticipated funding. In January of 2022 the first formula calculations were released in part by the Ohio Department of Education. While there are still details unpublished at this time we can see that through early May our unrestricted state aid is estimated to be $27,403,011 and the restricted state aid 1,844,027 for a total state funding (exclusive of property which is $226,153 lower than the original estimate for FY22. We are pleased that with very little detail we were able to be 99.22% accurate for FY22. We are currently on the formula and are expected to move to a guarantee for FY23 through FY26.

Line 1.06 – The "Other Revenues are on target with our original estimates when adjusting for the foundation recording of tuitions.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

Expenditures FY22:
Total General Fund expenditures (line 4.5) are estimated to be $86,237,092 for FY22. With minor adjustments between expenditure categories and the offsetting and compensating revenue/expense recording of tuitions, FY22 is on target with the original estimate of $84,240,954 in the November forecast.

All other areas of expenses are expected to run on target with original projections for the year.

Unreserved Ending Cash Balance:
With revenues increasing over estimates and expenditures ending most on target, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $14,467,593. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 if assumptions we have made for property tax collections, state aid in future state budgets and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:
A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Property tax collections are 57.2% of revenues. It is not only the largest single revenue source for the school system, but also one that has grown due to new construction and property revaluations. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues which are predominately local taxes equate to 62.4% of the district's resources. Our tax collections in the August 2021 and March 2022 settlements were on target with original estimates. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

Clermont County experienced a reappraisal in the 2020 tax year to be collected in FY21. The 2020 reappraisal increased overall values rose $164.60 million or 11.8%, which includes reappraisal and new construction for all classes of property. A reappraisal update will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by $79.02 million for an overall increase of 4.99%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but given the current housing and commercial/industrial market we do not anticipate an overall reduction.

2) The state budget represented 37.6% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic downturn, or the legislature decides to fully fund the formula and place all districts on the formula. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY26. We have

projected our state funding to be in line with the FY23 funding levels through FY26. While the funding formula does not necessarily favor our districts local profile, we are anticipating that the state will at least hold us harmless and provide a guarantee that we do not receive less than we received prior to the new formula. We feel this should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

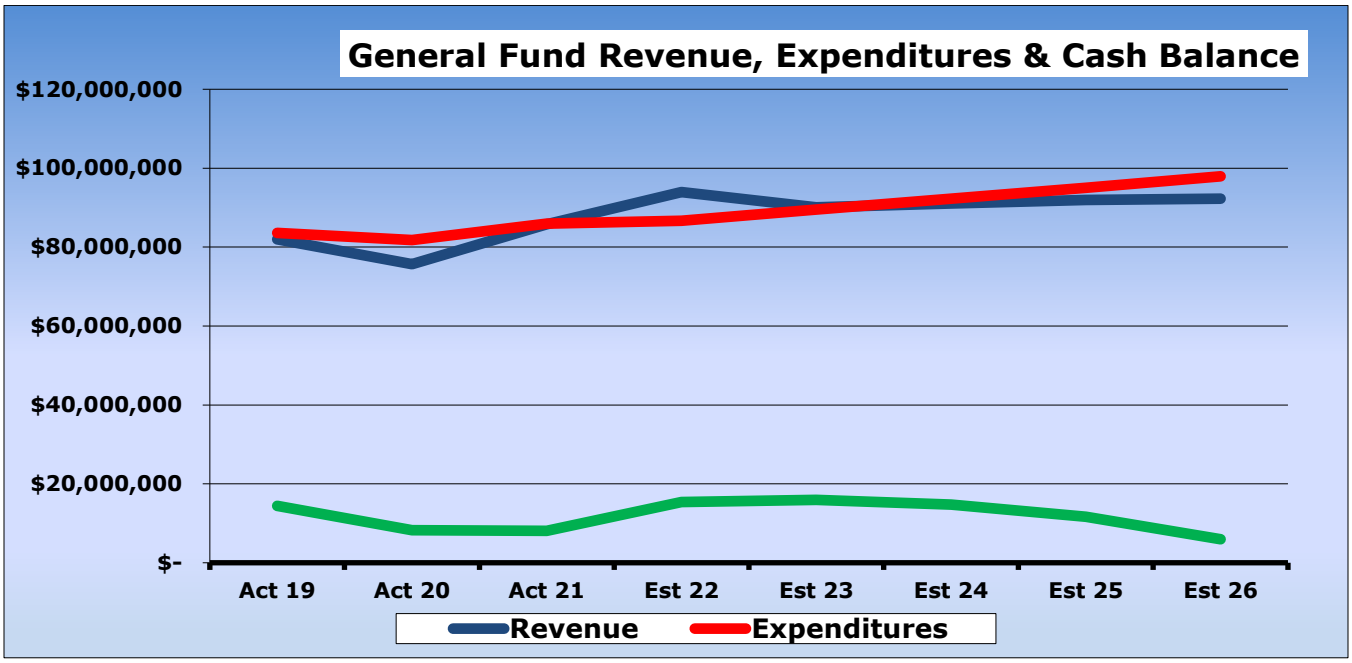
HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast ***will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula.*** Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

3) HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

4) The current state budget that ends June 30, 2023 continues the TPP Fixed Rate Reimbursement phase-out contained in SB208 that will lower the payment we receive each year by the amount raised by five-eights (5/8) of 1 mill based on the 3-year average of assessed district values. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY26 based on our estimates.

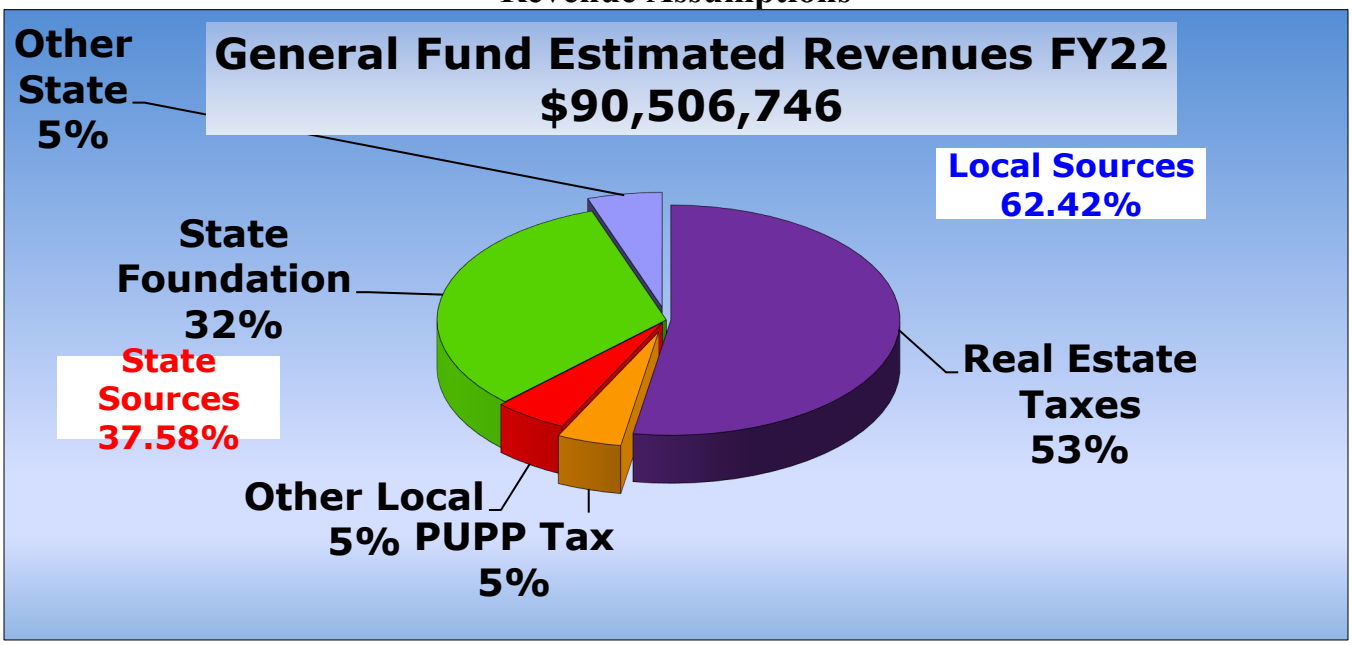
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Daniel Romano, Treasurer/CFO at 513.752.6158.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY19-21 and Estimated FY22-26*



*Adjusted for $11,200,000 Tax Anticipation Note principal and interest in FY21.

Revenue Assumptions



Real Estate Value Assumptions – 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. Clermont County experienced a full reappraisal for the 2020 tax year to be collected in 2021. Residential/agricultural values (Class I value) increased 13.92% or $145.13 million. Commercial/industrial values (Class II value) increased 1.90% or $6.69 million, providing an overall increase of $151.82 million or 11.80%.

An update reappraisal will occur in 2023 for collection in 2024 for which we are estimating a 5% increase in residential and a 2% increase for commercial/industrial property. Current Agricultural Use Value (CAUV) represent 1.3% of Class I residential/agricultural values, and while HB49 authorized a reduction in CAUV computations, these adjustments will be immaterial to our valuation. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $68.2 million or 4.92% overall for the 2023 reappraisal.

The district Class I effective operating millage is at the 20-mill floor. Which means as values for Class I property increase due to reappraisals, updates or new construction that the district will collect 20 mills on this value increase. The state of Ohio requires all districts to collect a minimum of 20 mills on property values to remain eligible for state funding through the foundation program. Therefore, the effects of HB920 in reducing millage when values increase due to reappraisals or updates stops at 20 mills and can no longer reduce the district's Class I millage rate. Class II rates are above 20 mills and are still subject to reduction when values increase due to reappraisal or updates, but will also get close to the 20-mill floor in the 2023 reappraisal.

New construction values for Class I property in Tax Year 2021 for collection in 2022 was $12.72 million and Class II was 1.8 million. New construction values bring additional revenue to the district. Public utility personal property values rose $4.8 million in Tax Year 2021. We are estimating on average for FY23 through FY26 new construction growth as follows: $9.8 million in Class I, $1.0 million in Class II, and, $2.0 million in PUPP value growth, in addition to the Tax year 2023 reappraisal update growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025
Classification	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	$1,210,363,570	$1,221,615,170	$1,292,802,369	$1,301,878,165	$1,310,026,381
Comm./Ind.	361,082,640	361,532,640	369,363,293	369,963,293	370,563,293
Public Utility (PUPP)	74,228,690	76,228,690	78,228,690	80,228,690	82,228,690
Total Assessed Value	$1,645,674,900	$1,659,376,500	$1,740,394,351	$1,752,070,147	$1,762,818,364

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Est. Property Taxes Line #1.010	$47,641,928	$48,074,349	$48,882,988	$49,572,643	$49,713,940

Property tax levies are estimated to be collected at 98.5% of the annual amount. This allows 1.5% delinquency factor. In general, 52.20% of the Class I and Class II property taxes are expected to be collected in the February tax settlement and 47.8% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in March and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

The first half of the increase in taxes from the new $11.5 million emergency levy is noted by the increase in FY21 collections above and then is fully collected in FY22 which is in part why FY22 shows a large increase in taxes over FY21. Tax growth year to year after FY22 is due to anticipated new construction and future reappraisals.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020
The phase out of Tangible Personal Property (TPP) taxes began in FY06 with HB66 and were eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent TPP taxes. Our district does not receive any TPP payments.

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. We anticipate values to grow each year which is based on past trends.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line 1.020

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Estimated PUPP Taxes Line 1.020	$4,121,569	$4,239,541	$4,325,488	$4,410,727	$4,515,324

Renewal Tax Levies – Line #11.020 –
No Renewal Necessary during the forecast period at this time.

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

School District Income Tax – Line #1.03
The school district does not have a school district income tax.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue & Casino Revenue– Line #1.035
The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a **guarantee or formula** district in FY22 and is **expected to be** FY23-FY26 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecasts.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

A. Student Population and Demographics
B. Property Valuation Per Pupil
C. Personal Income of District Residents Per Pupil
D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district. Newer more up to date state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is currently at a state-wide average of $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.

4. When the weighted values are calculated and item 1 through 3 above added together the total is then multiplied by a Local Share Multiplier Index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount.

Categorical State Aid
The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a **guarantee** district in FY22 and is **expected to be** FY23-FY26 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecasts.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

E. Student Population and Demographics
F. Property Valuation Per Pupil
G. Personal Income of District Residents Per Pupil
H. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district. Newer more up to date state wide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a districts local capacity will update for FY23. Base costs per pupil includes funding for five (5) areas:

6. Teacher Base Cost (4 subcomponents)
7. Student Support (7 subcomponents-including a restricted Student Wellness component)
8. District Leadership & Accountability (7 subcomponents)
9. Building Leadership & Operations (3 subcomponents)
10. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

5. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
6. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
7. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
8. When the weighted values are calculated and item 1 through 3 above added together the total is then multiplied by a Local Share Multiplier Index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get less funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Student Wellness and Success (Restricted Fund 467)

In FY20 and FY21 HB166, provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110 the new state budget essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and

on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budget Projections beyond FY23
Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY26.

Casino Revenue:
On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each 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% 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 which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil, actual payments in FY22 were $62.87per pupil. FY22 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Basic Aid-Unrestricted	$25,317,828	$25,167,818	$25,167,818	$25,167,818	$25,167,818
Additional Aid Items	1,339,848	1,339,848	1,339,848	1,339,848	1,339,848
Basic Aid-Unrestricted Subtotal	26,657,676	26,507,666	26,507,666	26,507,666	26,507,666
Ohio Casino Commission ODT	745,335	528,401	542,242	556,426	570,961
Total Unrestricted State Aid Line #1.035	$27,403,011	$27,036,067	$27,049,908	$27,064,092	$27,078,627

FY22 Ohio Casino revenue includes a late posting of $230,450 for the January, 2021 payment.

B) Restricted State Revenues – Line # 1.040
HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL) and Student Wellness. We will need to see the actual HB110 funding formula in December for new restricted amounts to post to the lines below. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
DPIA	$325,566	$289,394	$289,394	$289,394	$289,394
Career Tech - Restricted	1,013	1,904	1,904	1,904	1,904
Gifted	377,348	346,419	346,419	346,419	346,419
ESL	65,762	65,655	65,655	65,655	65,655
Student Wellness	940,033	939,529	939,529	939,529	939,529
Catastrophic Aid	134,305	140,000	140,000	140,000	140,000
Total Restricted State Revenues Line #1.0	$1,844,027	$1,782,901	$1,782,901	$1,782,901	$1,782,901

Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY22-26.

Summary of State Foundation Revenues

SUMMARY	FY 22	FY 23	FY 24	FY 25	FY 26
Unrestricted Line # 1.035	$27,403,011	$27,036,067	$27,049,908	$27,064,092	$27,078,627
Restricted Line # 1.040	1,844,027	1,782,901	1,782,901	1,782,901	1,782,901
Restricted Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$29,247,038	$28,818,968	$28,832,809	$28,846,993	$28,861,528

State Taxes Reimbursement/Property Tax Allocation
Rollback and Homestead Reimbursement
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who did not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers. The new $11.5 million emergency levy passed in 2020 is eligible for Homestead for those who qualify.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Rollback and Homestead	$4,750,829	$4,713,306	$4,810,303	$4,899,183	$4,923,017
TPP Reimbursement - Fixed Sum	14,067	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #	$4,764,896	$4,713,306	$4,810,303	$4,899,183	$4,923,017

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, tuition for court placed students, student fees, Payment In Lieu of Taxes, and general rental fees. HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid. In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

We did receive two (2) Bureau of Workers Compensation refunds of $216,670 was received in October 2020 and another $807,021 in late December 2020 for FY21. But shows the unpredictable nature of revenues in this category. These amounts are inconsistent year to year. A portion of the Workers' Compensation payments in FY21were in the form of a dividend and were reported in line 1.060-All Other Financing Sources (see corresponding note below relating to All Other Financing Sources – line 2.060)

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Tuition	$1,110,454	$1,121,559	$1,132,774	$1,144,102	$1,155,543
Open Enrollment	528,405	0	0	0	0
Interest	52,000	52,000	52,000	52,000	52,000
Pilot	2,449,721	2,449,721	2,449,721	2,449,721	2,449,721
Other Miscellaneous Receipts	590,735	140,000	141,400	142,814	144,242
Total Other Local Revenue Line #1.060	$4,731,315	$3,763,280	$3,775,895	$3,788,637	$3,801,506

Short-Term Borrowing – Lines #2.010 & Line #2.020
The district experienced a cash flow shortage between January and April, 2021. A Tax Anticipation Note (TAN) was issued in the amount of $11,200,000. The amount was higher than expected as tax bills in Clermont County were delayed beyond the normal billing period. The Note was repaid in April 2021.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These 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.

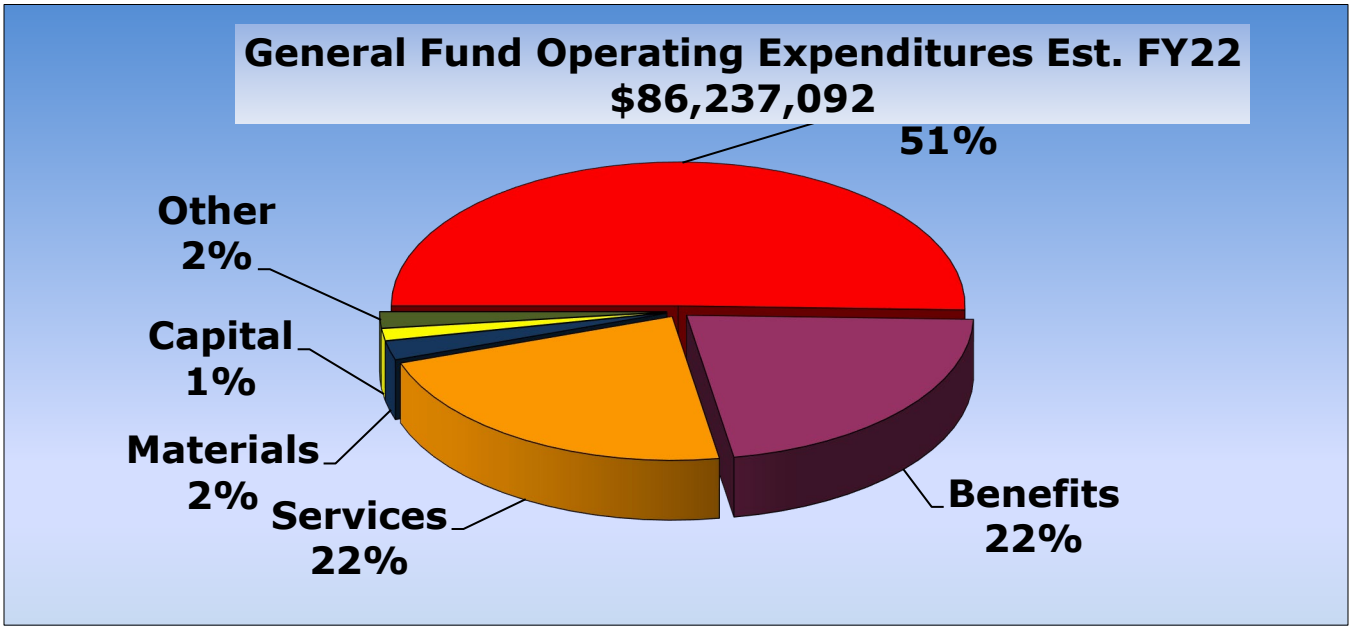
Source	FY 22	FY 23	FY 24	FY 25	FY 26
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	2,994,006	0	0	0	0
Total Transfer & Advances In	$2,994,006	$0	$0	$0	$0

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. For the most part these revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast, with the exception of Medicaid reimbursement payments from prior years. Previously, those reimbursements were recorded as a reduction of expense. With FY22 through FY26 thy are estimated with the "All Other Sources" revenue.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
All Other Sources	$441,923	$441,923	$441,923	$441,923	$441,923

Expenditures Assumptions

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.



Wages – Line #3.010
Salaries increased 3.4% on average per year in the prior five-year period preceding FY21. The forecast reflects an average annual increase of 3.02% for fiscal years 2022 through 2026. The FY22 salaries are based upon current negotiated agreements and actual amounts paid. The FY23 amount also reflects the return of salaries to the General Fund that are being funded by Student Wellness & Success funding in FY20 through FY22, which is accounted for in a special revenue fund number 467. Negotiations with bargaining unit members resulted in an agreement to include base increases of 1%% for FY22 in addition to step increases. This was extended an additional two years to include base increases of 1% for FY23 and 1% for FY24. The district is back on track of adding/allowing step increases to both certificated and support staff. For planning purposes, a 1% base amount has been used for FY25 and FY26.

Additional adjustments were made for FY22 to continue anticipated increased substitute costs due to COVID -19. Additional staff were budgeted for FY22 (3 administrators, 17 certificated staff and 23 support staff – primarily paraprofessionals), FY23 (2 Certificated) in response to COVID-19 learning loss recovery efforts and anticipated enrollment growth. Supplemental wages and FY22 and future years related to instructional development and implementation of a curriculum development cycle (update).

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Base Wages	$40,154,435	$43,464,414	$45,157,763	$46,350,651	$47,509,418
Wage adjustments	401,544	434,644	451,578	463,507	475,094
Steps & Training	602,317	651,966	677,366	695,260	712,641
Growth/Replacement staff	1,662,325	606,739	63,944	0	0
Unfunded Recapture SWSF	643,794	0	0	0	0
Substitutes	318,979	328,548	338,404	348,557	359,013
Supplemental	198,709	200,696	202,703	204,730	206,777
Severance	240,000	145,000	145,000	145,000	145,000
Staff Reductions/Attrition/Adjustments	(720,000)	0	0	0	0
Total Wages Line #3.010	$43,502,102	$45,832,008	$47,036,758	$48,207,705	$49,407,944

In FY22, the $720,000 adjustment represents the balancing to projected actual wages utilizing the actual expenses through April 30, 2022 and projections for May and June.

Fringe Benefits Estimates
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.

STRS/SERS will increase as Wages Increase
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

Insurance
We are estimating an increase of 6% for FY22, 8% for FY23, and 6% for FY24-26 which reflects trend and the likely increase in health care costs as a result of PPACA. This is based on our current employee census and claims data. The district participates in an insurance consortium composed of 10 school districts in the SW Ohio region. The districts participate in a hybrid self-insurance program to mitigate radical changes in rates.

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.

Workers Compensation & Unemployment Compensation
Workers Compensation is expected to be approximately .04% of wages FY22– FY26. Unemployment is expected to remain at a very low level FY22-FY26. 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.

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.

Summary of Fringe Benefits – Line #3.020

Source	FY 22	FY 23	FY 24	FY 25	FY 26
STRS/SERS	$6,723,258	$7,117,690	$7,314,465	$7,498,199	$7,685,468
Insurance's	11,401,894	12,556,742	13,335,724	14,135,867	14,984,019
Workers Comp/Unemployment	181,465	190,785	195,604	200,288	205,089
Medicare	597,824	628,384	644,455	660,446	676,889
Total Fringe Benefits Line #3.020	$18,904,441	$20,493,601	$21,490,248	$22,494,800	$23,551,465

Purchased Services – Line #3.030
HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five-year forecast. 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. We reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SRO's and then returned these costs to the General Fund in FY22-26.

Additional ESSER II and III funds have been or will be allocated to our district that can be used through September, 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic. The district also is implementing the Onward and Upward initiative with a focus of investing in needed resources in and around the classroom. These investments are for capacity building of the staff, new curriculum adoptions, and improved systems and processes. The funds will also fill the gap for resources the district has been unable to provide until now.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Insurance, Leases, Postage, & Other	$438,963	$447,742	$456,697	$465,831	$475,148
Prof. Services, Subs, Legal Fees & ESC	7,087,241	7,299,858	7,518,854	7,744,420	7,976,752
Open Enrollment	0	0	0	0	0
Community School	0	0	0	0	0
Other Tuition, Scholarship, CC+	3,538,458	2,844,227	2,901,111	2,959,133	3,018,316
Transportation	6,671,345	6,804,772	6,940,867	7,079,685	7,221,278
Utilities	1,273,186	1,484,782	1,571,325	1,660,465	1,752,279
Building Repairs & Services	284,472	305,161	321,265	337,690	354,444
Total Purchased Services Line #3.030	$19,293,665	$19,186,542	$19,710,119	$20,247,224	$20,798,217

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. Due to schools being closed from March 12, 2020 through the end of FY20 resulted in reductions of expenditures in fuel expenses, maintenance and other custodial supplies. The FY20 actuals reflect these reductions. The forecast assumes that school will resume in FY22 and therefore, these costs are added back in the FY22 projected expenditures. Additional ESSER II and III funds have been or will be allocated to our district that can be used through September, 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Supplies, Textbooks, and other	$792,734	$713,516	$734,922	$756,969	$779,678
Maintenance & Transportation Supplies	1,040,233	831,450	856,393	882,085	908,548
Total Supplies Line #3.040	$1,832,967	$1,544,966	$1,591,315	$1,639,054	$1,688,226

Equipment – Line # 3.050

Expenditures in this category consist primarily of technology equipment for students, teachers, and classrooms, roof replacement, parking lot improvements, and building improvements. The forecast assumes an investment of $1.0 million for equipment and building needs for fiscal years 2022 through 2026. As the revenues base in the district's Permanent Improvement (PI) fund grows, Capital Outlay expenses historically purchased with general fund revenues will shift to the P.I. fund. Additional ESSER II and III funds have been or will be allocated to our district that can be used through September, 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic. The district is projecting near flat funding in FY22-FY26.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Capital Outlay	$1,150,000	$900,000	$900,000	$900,000	$900,000
Total Equipment Line #3.050	$1,150,000	$900,000	$900,000	$900,000	$900,000

Principal and Interest Payment – Lines # 4.05 and 4.06
There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. We have increased auditor and treasurer fees for FY21 an FY22 to account for anticipated increases due to the new emergency levy.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Auditor & Treasurer Fees	$715,640	$722,796	$730,024	$737,324	$744,697
Other Dues and Fees	785,291	301,673	307,707	313,861	320,138
County ESC	52,987	53,516	54,052	54,592	55,138
Total Other Expenses Line #4.300	$1,553,917	$1,077,986	$1,091,783	$1,105,777	$1,119,974

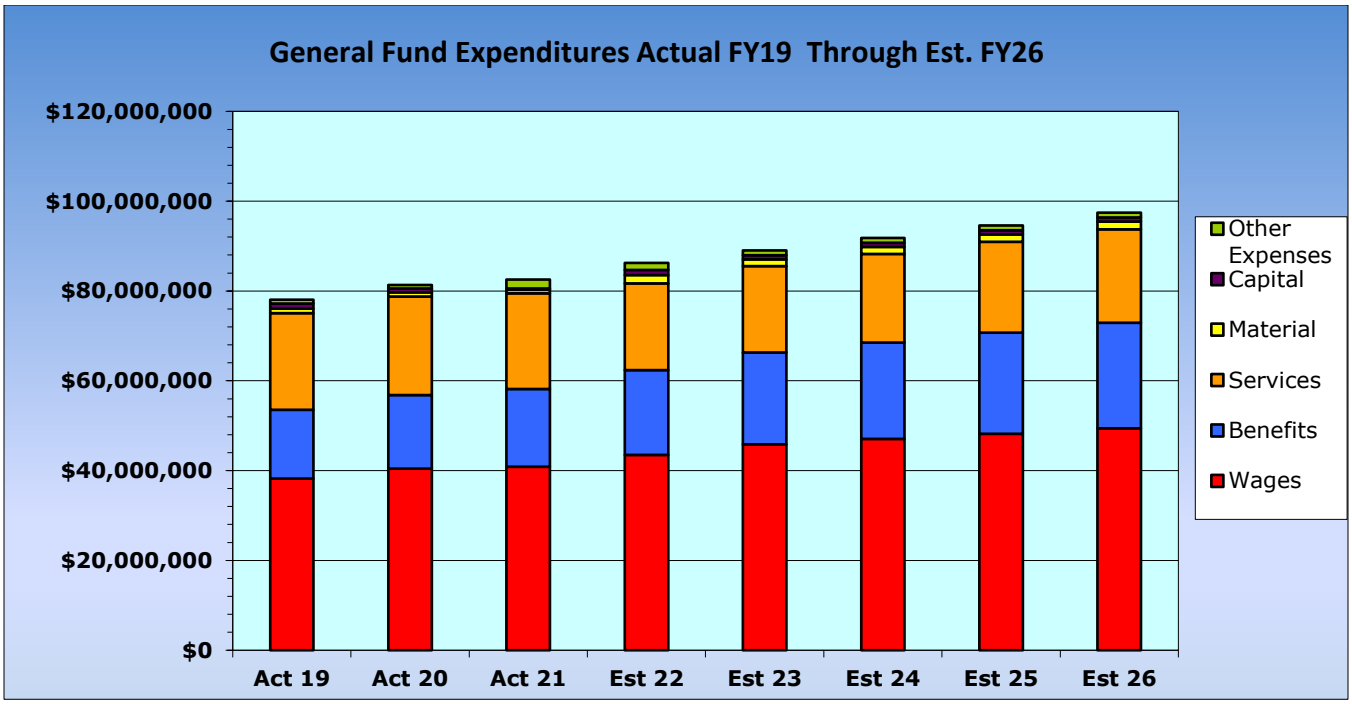
Transfers Out/Advances Out – Line #5.010
This account group covers fund to fund transfer and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The largest part of Other Financing Uses in FY19 was a transfer to the Permanent Improvement Fund in the amount of $4,988,069 in order to maintain a positive cash balance in the Permanent Improvement Fund. The remainder of the transfers posted in 2019 was a $407,108 transfer to the District Managed Activities Fund 300. Going forward, the forecast reflects an annual transfer to the District Managed Activities Fund 300 as shown below for FY22 through FY26.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Operating Transfers Out Line #5.010	$435,095	$443,797	$452,673	$461,726	$470,961
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$435,095	$443,797	$452,673	$461,726	$470,961

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.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Estimated Encumbrances	$900,000	$900,000	$900,000	$900,000	$900,000

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-FY26
We have been diligent at reducing 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. The district will be proposing with the FY23 Annual Appropriation Measure a spending plan for the three-year period FY24 through FY26.



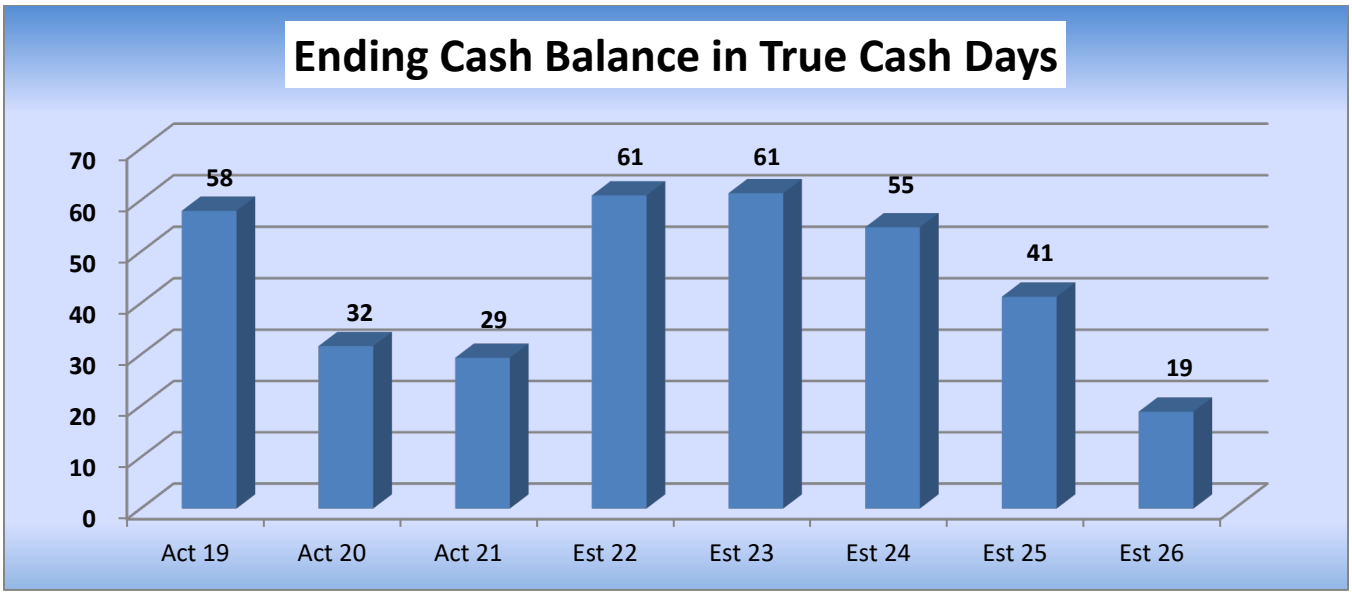
Ending Unencumbered Cash Balance – Line#15.010

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 by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Ending Cash Balance	$14,467,593	$15,040,060	$13,836,570	10,740,389	5,060,839

True Cash Days Ending Balance

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 should be no less than thirty (30) at a minimum. This is calculated including transfers as this is a predictable funding source for other funds such as self-insurance, funding, capital, athletics and severance reserves. This is calculated including transfers as this is a predictable funding source for other funds such as capital and athletics, and, it includes the new emergency levy passed in 2020.


Ending Cash Balance in True Cash Days
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Act 21
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Est 24
Est 25
Est 26