WEST CLERMONT LOCAL SCHOOL DISTRICT- CLERMONT COUNTY

SCHEDULE OF REVENUE, 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 JUNE 30, 2027

Forecast Provided By
West Clermont Local School District
Treasurer's Office
Daniel Romano, MBA, Treasurer/CFO
November 17, 2022

West Clermont Local School District –Clermont County
Notes to the Five-Year Forecast
General Fund Only
November 17, 2022

Introduction to the Five Year Forecast

A forecast is somewhat like a future painting based on a snapshot of today. 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. 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 a crucial management tool and must be updated periodically. The five-year forecast enables 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 significantly change their forecast or, at a minimum, when required under the 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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental 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 essential 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, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

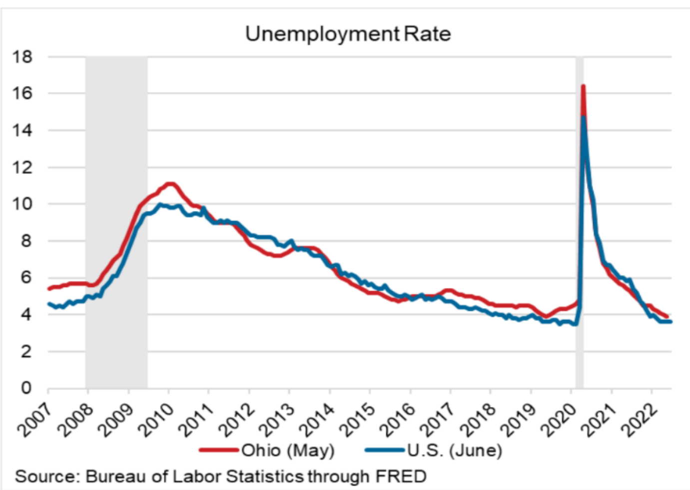
Economic Outlook

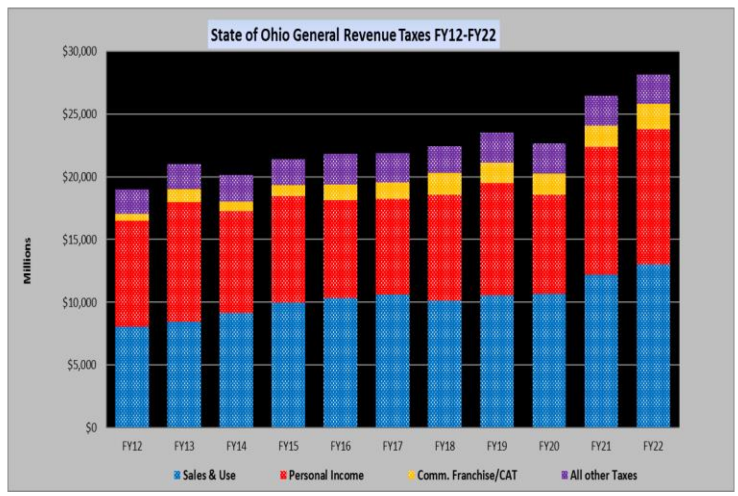
This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy.

Inflation in June 2022 hit a 40-year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment, and many economists anticipate an economic recession in the first half of the calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.





While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the 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.

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 following 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 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 57.8% 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 62.55% of the district's resources. Our tax collections in the March 2022 and August 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 $164.6 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 $201.2 million for an overall increase of 12.71%. There is, however, always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

2) The state budget represented 37.45% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the 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 recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and 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.

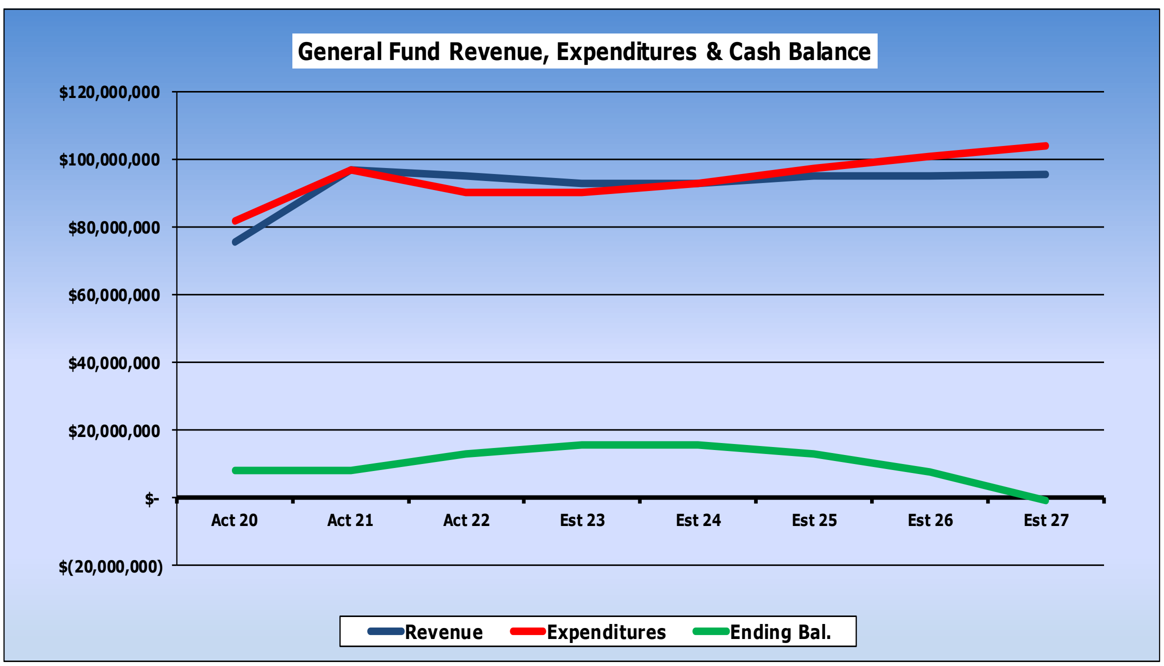
3) HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are 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. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21 reflect different trends on Lines #1.035, 1.040, 1.060, and 3.030 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

4) HB110 directly pays costs associated with open enrollment, community and STEM schools, and 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 removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

5) 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 FY22 based on our estimates.

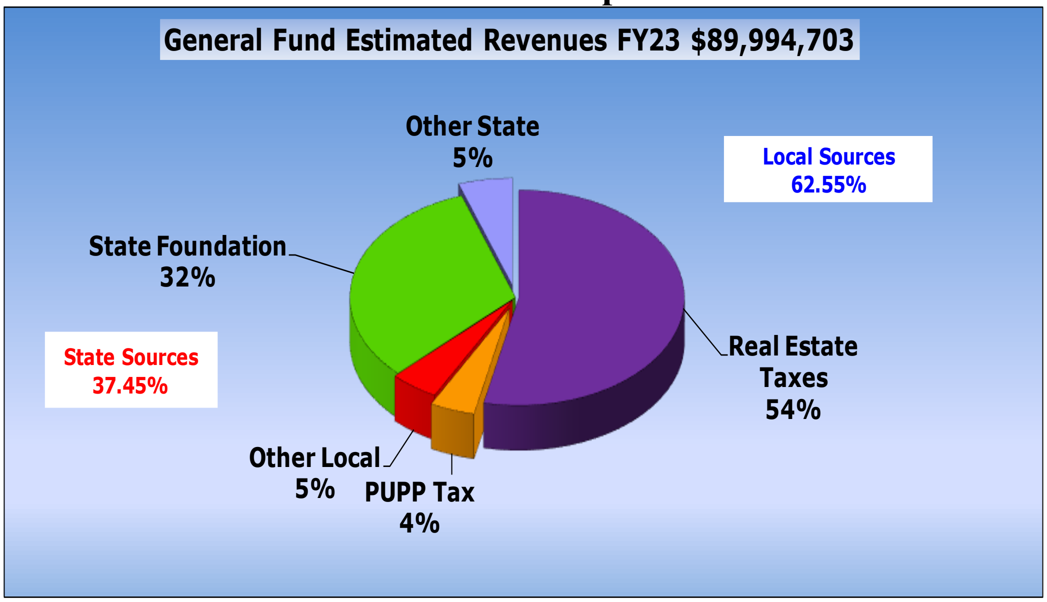
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Daniel Romano, Treasurer/CFO at 513.943.5000.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27*



*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 13.9% or $145.1 million. Commercial/industrial values (Class II value) increased 1.9% or $6.7 million, providing an overall increase of $164.6 million or 11.80%.

An update reappraisal will occur in 2023 for collection in 2024 for which we are estimating a 15% 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 $201.2 million or 12.71% 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 $12.7 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 FY27 new construction growth as follows: $9.3 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

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026
Classification	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027
Res./Ag.	$1,221,615,170	$1,414,963,886	$1,424,039,682	$1,432,187,898	$1,439,501,293
Comm./Ind.	361,532,640	369,363,293	369,963,293	370,563,293	371,163,293
Public Utility (PUPP)	76,228,690	78,228,690	80,228,690	82,228,690	84,228,690
Total Assessed Value	$1,659,376,500	$1,862,555,868	$1,874,231,664	$1,884,979,881	$1,894,893,275

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Est. Property Taxes Line #1.010	$48,062,163	$49,970,763	$51,653,704	$51,794,420	$51,923,334

Property tax levies are estimated to be collected at 98.5% of the annual amount. This allows 1.5% delinquency factor. In general, 52.5% of the Class I and Class II property taxes are expected to be collected in the February tax settlement and 47.5% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to be received 51.25% in March and 48.75% 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 51.25% in March and 48.75% 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 23	FY 24	FY 25	FY 26	FY 27
Estimated PUPP Taxes Line 1.020	$3,942,714	$4,293,017	$4,346,894	$4,450,635	$4,554,771

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 full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. Complete calculations of the new formula were not available for nearly all of the last fiscal year. We have projected FY23 funding based on the September 2022 foundation settlement and funding factors.

Our district is currently a **guarantee** district in FY23 and is expected to continue on the **guarantee** for FY24-FY27 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. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, 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 FY23 through FY27 compared to actual data FY20 through FY21 on Lines #1.035, 1.040, 1.060, and 3.030 of the forecast.

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 statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. Base costs per pupil include 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 $7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with 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 the 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 the most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on the most recent year federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is 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 of the base per pupil funding amount.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

<u>Unrestricted Categorical State Aid</u>

1. <u>Targeted Assistance/Capacity Aid</u> – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. <u>Special Education Additional Aid</u> – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. An amount of 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. <u>Transportation Aid</u> – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

<u>Restricted Categorical State Aid</u>

1. <u>Disadvantage Pupil Impact Aid (DPIA)</u> - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 14% in FY23. No legislation indicates the percentage increase for FY24 and beyond for DPIA.
2. <u>English Learners</u> – Based on funded categories based on the time student enrolled in schools and multiplied by a weighted amount per pupil.

3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

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, which was amended in HB583 in June 2022. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in at 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 fewer 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 total 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 guarantee in FY22. In general, the same number will occur in FY23 since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing 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 FY24-27 will depend on unknown (2) new state budgets. 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 FY27.

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 FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil; actual payments in FY22 were $62.87 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Basic Aid-Unrestricted	$25,152,762	$25,143,890	$25,143,890	$25,143,890	$25,143,890
Additional Aid Items	1,462,440	1,462,440	1,462,440	1,462,440	1,462,440
Basic Aid-Unrestricted Subtotal	26,615,202	26,606,330	26,606,330	26,606,330	26,606,330
Ohio Casino Commission ODT	528,401	542,242	556,426	570,961	585,854
Total Unrestricted State Aid Line #1.035	$27,143,603	$27,148,572	$27,162,756	$27,177,291	$27,192,184

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, new restricted funds have been added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current September funding factors. The amount of DPIA is limited to a 0% phase in growth for FY22 and 14% in FY23. We have flat-lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
DPIA	$349,484	$349,484	$349,484	$349,484	$349,484
Career Tech - Restricted	2,073	2,073	2,073	2,073	2,073
Gifted	338,855	338,855	338,855	338,855	338,855
ESL	62,420	62,420	62,420	62,420	62,420
Student Wellness	912,555	912,555	912,555	912,555	912,555
Catastrophic Aid	140,000	140,000	140,000	140,000	140,000
Total Restricted State Revenues Line #1.0	$1,805,387	$1,805,387	$1,805,387	$1,805,387	$1,805,387

Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected FY23-27.

Summary of State Foundation Revenues

SUMMARY	FY 23	FY 24	FY 25	FY 26	FY 27
Unrestricted Line # 1.035	$27,143,603	$27,148,572	$27,162,756	$27,177,291	$27,192,184
Restricted Line # 1.040	1,805,387	1,805,387	1,805,387	1,805,387	1,805,387
Restricted Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$28,948,990	$28,953,959	$28,968,143	$28,982,678	$28,997,571

State Taxes Reimbursement/Property Tax Allocation
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.

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 23	FY 24	FY 25	FY 26	FY 27
Rollback and Homestead	$4,751,750	$4,996,974	$5,272,207	$5,295,652	$5,316,864
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #	$4,751,750	$4,996,974	$5,272,207	$5,295,652	$5,316,864

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-FY27 Line #1.06 revenues and historical FY20 through FY22 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 and FY 22 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 FY21 were 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 23	FY 24	FY 25	FY 26	FY 27
Tuition	$1,499,855	$1,514,854	$1,530,002	$1,545,302	$1,560,755
Open Enrollment	0	0	0	0	0
Interest	76,574	76,574	76,574	76,574	76,574
Pilot	2,449,721	2,449,721	2,449,721	2,449,721	2,449,721
Other Miscellaneous Receipts	262,936	265,565	268,221	270,903	273,612
Total Other Local Revenue Line #1.060	$4,289,086	$4,306,714	$4,324,518	$4,342,500	$4,360,662

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 23	FY 24	FY 25	FY 26	FY 27
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	2,505,098	0	0	0	0
Total Transfer & Advances In	$2,505,098	$0	$0	$0	$0

All Other Financial Sources – Line #2.060

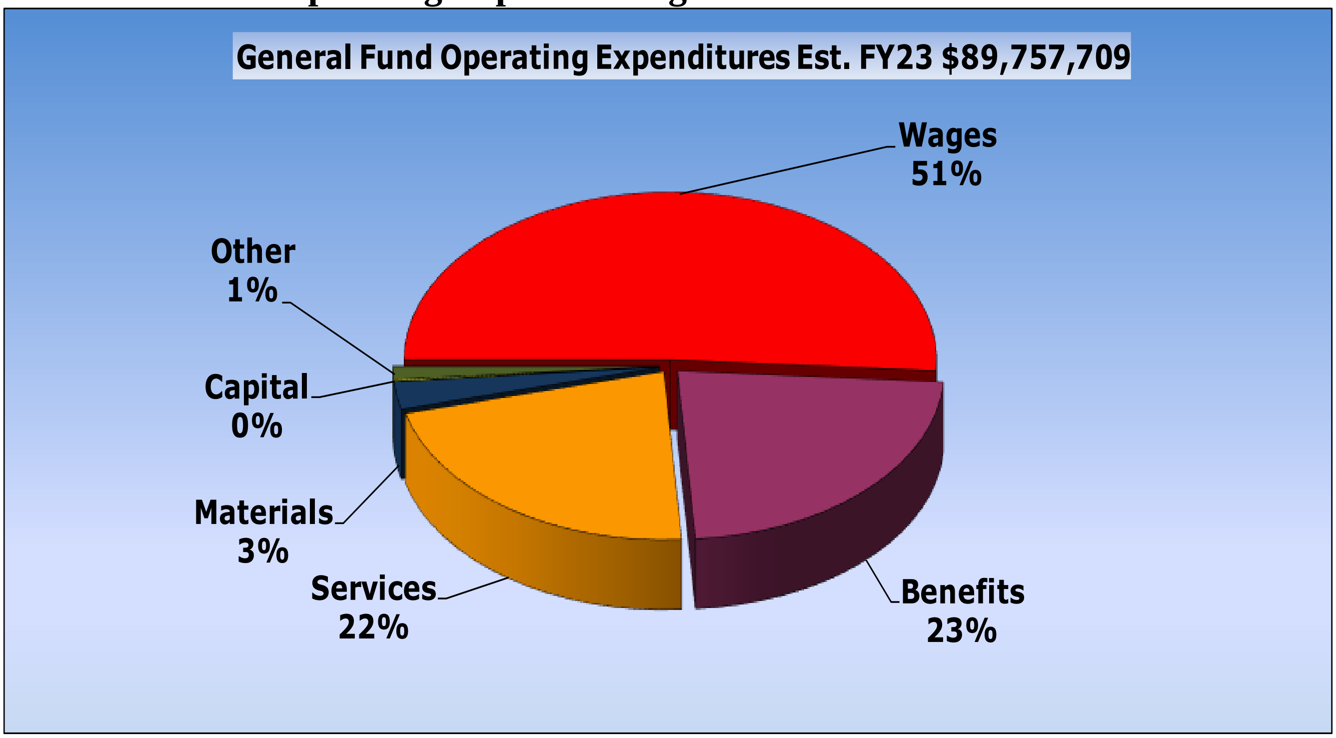
This funding source is typically a refund of prior year expenditures that is very unpredictable. For the most part these revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast, with the exception of Medicaid reimbursement payments from prior years. Previously, those reimbursements were recorded as a reduction of expense. With FY22 through FY27 they are estimated with the "All Other Sources" revenue.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
All Other Sources	$498,394	$498,394	$498,394	$498,394	$498,394

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.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

Salaries increased 3.4% on average per year in the prior five-year period preceding FY21. 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 2.5% base amount has been used for FY25, and 1.5% for FY26 and FY27.

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), and in FY23 (4 Certificated) in primary grades for special education and (6 paraprofessional) for special education needs. Anticipated staff needs longer term in FY25 includes 4 regular and 2 special education certificated for enrollment growth and 2 classified staff. Supplemental wages in FY23 and future years will fluctuate related to instructional development and implementation of a curriculum development cycle (update).

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Base Wages	$43,340,796	$45,031,055	$46,547,326	$48,905,408	$50,458,746
Wage adjustments	433,408	450,311	1,163,683	733,581	756,881
Steps & Training	650,112	675,466	698,210	733,581	756,881
Growth/Replacement staff	606,739	390,494	496,189	86,176	0
Substitutes	292,876	301,663	310,713	320,034	329,635
Supplemental	365,121	368,772	372,460	376,185	379,946
Severance	145,000	145,000	145,000	145,000	145,000
Staff Reductions/Attrition	0	0	0	0	0
Total Wages Line #3.010	$45,834,053	$47,362,761	$49,733,580	$51,299,964	$52,827,089

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.

A. 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.

B. Insurance

We are estimating an increase of 8% for FY23, and 6% for FY24-27 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.

C. Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately .04% of wages FY23– FY27. Unemployment is expected to remain at a very low level FY23-FY27. 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.

Summary of Fringe Benefits – Line #3.020

Source	FY 23	FY 24	FY 25	FY 26	FY 27
STRS/SERS	$7,115,925	$7,358,002	$7,715,087	$7,973,525	$8,213,108
Insurance's	12,581,600	13,009,933	13,909,615	14,764,874	15,650,766
Workers Comp/Unemployment	195,248	201,363	210,846	217,112	223,220
Medicare	628,412	649,182	681,747	702,878	723,731
Total Fringe Benefits Line #3.020	$20,521,185	$21,218,481	$22,517,295	$23,658,389	$24,810,825

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 FY23-FY27 Line #3.03 costs and historical FY20 through FY22 costs on the five-year forecast. College Credit Plus, 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.

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 23	FY 24	FY 25	FY 26	FY 27
Insurance, Leases, Postage, & Other	$360,876	$368,093	$375,455	$382,964	$390,623
Prof. Services, Subs, Legal Fees & ESC	7,839,517	8,074,702	8,316,943	8,566,452	8,823,445
Open Enrollment	0	0	0	0	0
Community School	0	0	0	0	0
Other Tuition, Scholarship, CC+	1,758,386	1,793,554	1,829,425	1,866,014	1,903,334
Transportation	7,959,082	8,118,264	8,280,629	8,446,242	8,615,166
Utilities	1,479,487	1,565,872	1,654,848	1,746,494	1,840,889
Building Repairs & Services	418,353	436,720	455,455	474,564	494,055
Total Purchased Services Line #3.030	$19,815,701	$20,357,205	$20,912,755	$21,482,728	$22,067,512

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 23	FY 24	FY 25	FY 26	FY 27
Supplies, Textbooks, and other	$1,202,485	$1,238,560	$1,275,717	$1,313,988	$1,353,408
Maintenance & Transportation Supplies	1,141,286	1,175,524	1,210,790	1,247,114	1,284,527
Total Supplies Line #3.040	$2,343,771	$2,414,084	$2,486,507	$2,561,102	$2,637,935

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 approximately $933,000 for equipment and building needs for fiscal years 2023 through 2027. 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 FY23-FY27.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Capital Outlay	$132,791	$200,000	$200,000	$200,000	$200,000

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 23	FY 24	FY 25	FY 26	FY 27
Auditor & Treasurer Fees	$747,000	$754,470	$762,015	$769,635	$777,331
Other Dues and Fees	303,208	309,272	315,458	321,767	328,202
County ESC	60,000	60,600	61,206	61,818	62,436
Total Other Expenses Line #4.300	$1,110,208	$1,124,342	$1,138,678	$1,153,220	$1,167,970

Transfers Out/Advances Out – Line #5.010

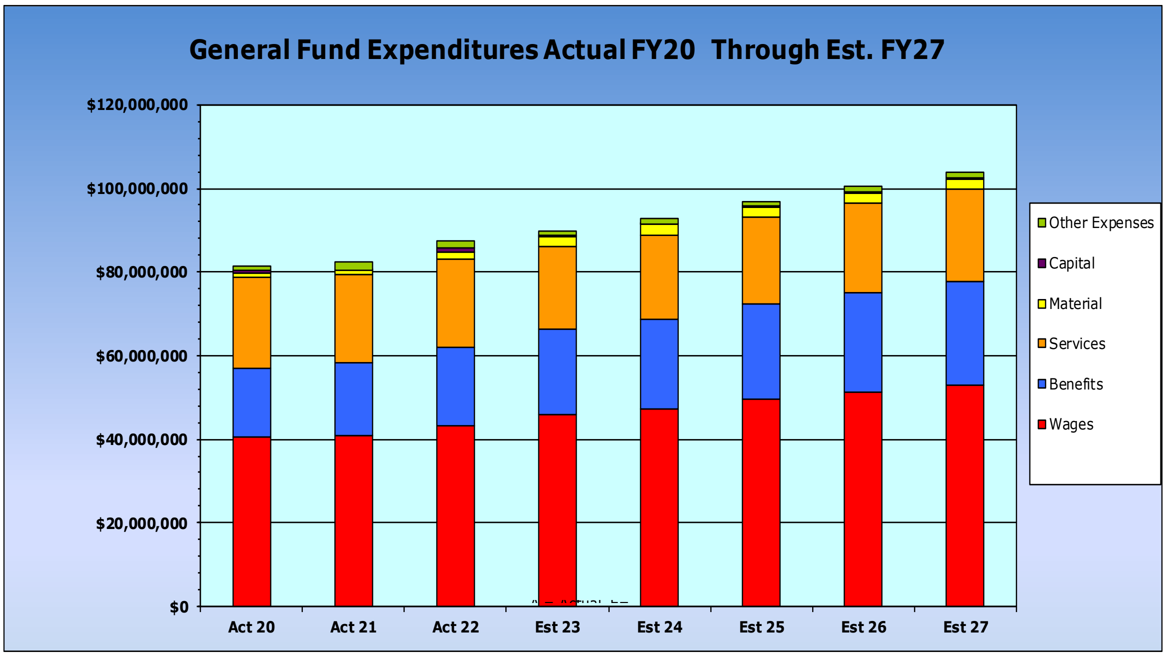
This account group covers fund to fund transfer and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The forecast reflects an annual transfer to the District Managed Activities Fund 300 as shown below for FY23 through FY27.

Source	FY 23	FY 24	FY 25	FY 26	FY 27
Operating Transfers Out Line #5.010	$455,272	$464,377	$473,664	$483,138	$492,801
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$455,272	$464,377	$473,664	$483,138	$492,801

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 23	FY 24	FY 25	FY 26	FY 27
Estimated Encumbrances	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-FY27
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 23	FY 24	FY 25	FY 26	FY 27
Ending Cash Balance	$14,820,631	$14,699,201	$12,300,583	6,826,322	(1,726,212)

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 capital and athletics, and, it includes the new emergency levy passed in 2020.