WEST CLERMONT LOCAL SCHOOL DISTRICT- CLERMONT COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2018, 2019 and 2020 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2021 THROUGH JUNE 30, 2025

Forecast Provided By
West Clermont Local School District
Treasurer's Office
Daniel Romano, MBA, Treasurer/CFO
November 19, 2020

West Clermont Local School District –Clermont County
Notes to the Five-Year Forecast
General Fund Only
November 19, 2020

Introduction to the Five Year Forecast

For fiscal year 2021 (July 1, 2020 – June 30, 2021) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 2020 and 2021 specifically for Student Wellness and Success but regular foundation funding was reduced on May 6, 2020 for all school districts for FY20 and FY21. The Student Wellness and Success Fund revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT General Fund revenue and consequently not included in this forecast.

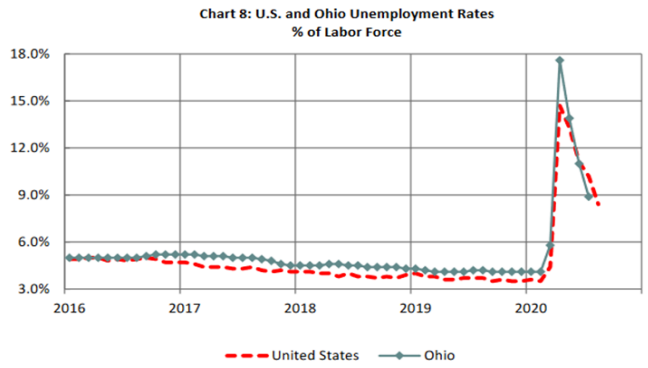
Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2020 filing.

Economic Outlook

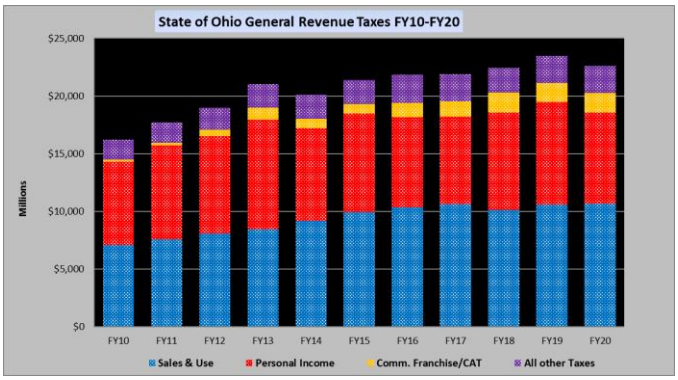
It is prudent in long range forecasting to consider the economic climate that our long-range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of 2008, but there is no recent historic data or similar economic situation to compare to what the district is facing now. The pandemic's economic impact makes it challenging to project where our finances will be through fiscal year 2025. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

The state of Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. As the graph on the following page notes, the state of Ohio ended FY20 $1.1 billion or 4.6% under estimated tax revenues and $866 million below actual FY19 tax revenues. Note that roughly $441.5 million of this shortfall was due to the April 15, 2020 state tax filing deadline moved to July 15, 2020. Total state program expenditures ended FY20 $865.1 million under estimated expenses. The state ended in essentially a balanced position in FY20 with revenues equaling expense with the cuts and has maintained the $2.7 billion in the Budget Stabilization Fund. Through August 2020 the state of Ohio bottom-line is $389 million better than estimated. Ohio's economy is recovering along with improving employment.

Due to COVID-19 closures unemployment rates statewide rose rapidly from 4.7% in February to 17.4% in April. The graph on the following page shows rates have improved to 8.4% in September and are trending lower according to the Ohio Office of Budget and Management. As unemployment rates drop this positively impacts state and local revenues for districts. These indicators suggest the state of Ohio's overall economy is rebounding and should be able to maintain stable funding through the foundation program through the forecast period.



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

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 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, 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 the largest single revenue source for the school system. We appreciate district residents' approval of the new $11.5 million emergency levy March 17, 2020, we will begin collecting this levy in first half 2021 (FY21). 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. Total local revenues which are predominately local taxes equate to 57.24% of the district's resources. Collection rates for the 2nd half 2020 collection did not show sharp declines due to increased delinquencies which had been predicted due to the Coronavirus Pandemic. We believe there is a low risk that local collections would fall below projections in the forecast.

2) Clermont County experienced a full reappraisal in the 2017 tax year to be collected in 2018. The 2017 reappraisal increased overall assessed values by $129.72 million or an increase of 10.66%. A reappraisal update will occur in tax year 2020 for collection in 2021. We anticipate value increases for Class I and II property by $59.17 million for an overall increase of 4.24%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

3) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions; student wellness and success funding (SWSF) and enrollment growth supplement funds. Student Wellness and Success is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed that SWSF money will not continue after FY22. Enrollment Growth Supplement money is paid to a small number of growing districts like ours. Our district is estimated to receive enrollment growth money for FY21 and will treat it as guaranteed state resources for FY22-25.

4) While state funding was initially guaranteed at the FY19 level, the Coronavirus Pandemic caused the most rapid and largest decrease of employment in history. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by $300.5 million by the end of June 2020. Districts with less local capacity to raise revenue received a smaller percent decrease. At this time the decrease of $1,689,576 that occurred in FY20 is the basis for our state funding in FY21. Which means we have lost a combined $3,379,152 for FY20 and FY21. We do not feel that there will be further cuts in FY21 as the economy is rebounding from the sharp drop in employment in March and April 2020 and state tax revenues are rebounding. We believe Ohio's economy will continue to improve and that FY22-25 will see funding returned to the FY19 levels. We will not project an increase beyond the FY19 levels.

5) The State Budget represents 42.76% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 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 FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25, which we feel is conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

6) HB166 continued the Fixed Sum Tangible Personal Property (TPP) reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Unlike the TPP Fixed Rate reimbursement, districts will not lose money due to this phase out. Instead, the amount of money the state is cutting will be added on to our $9.7 million emergency levy millage automatically each year and collected in local property taxes. The state directly shifted their financial obligation made in 2006 in HB66 to local taxpayers.

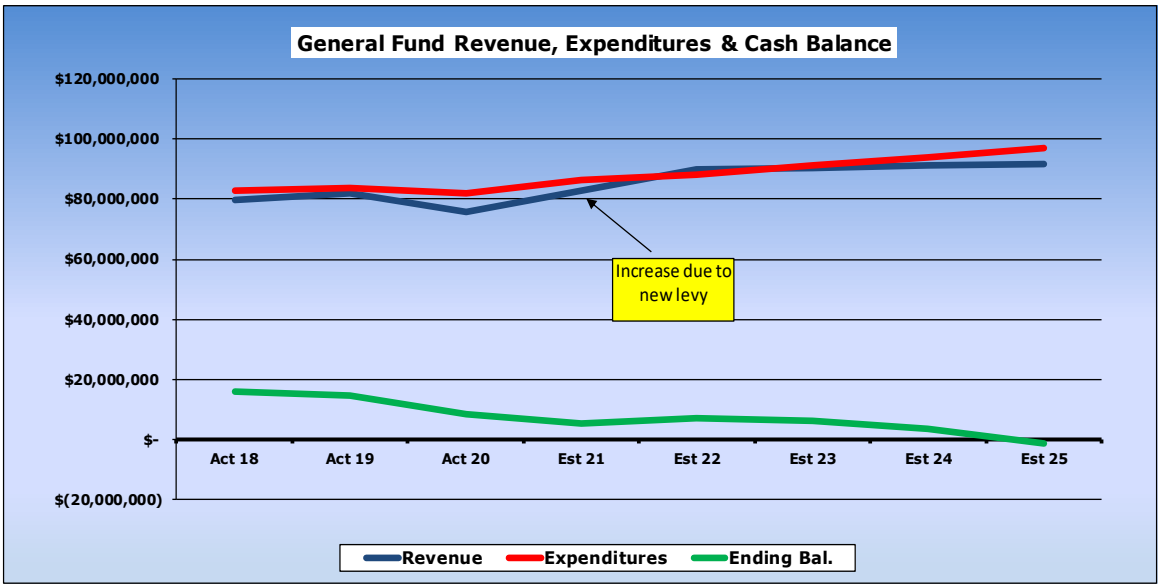
7) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. These are examples of school choice programs that increase with each biennium budget and costs the district money. Expansion or creation of programs such as these can expose the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

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

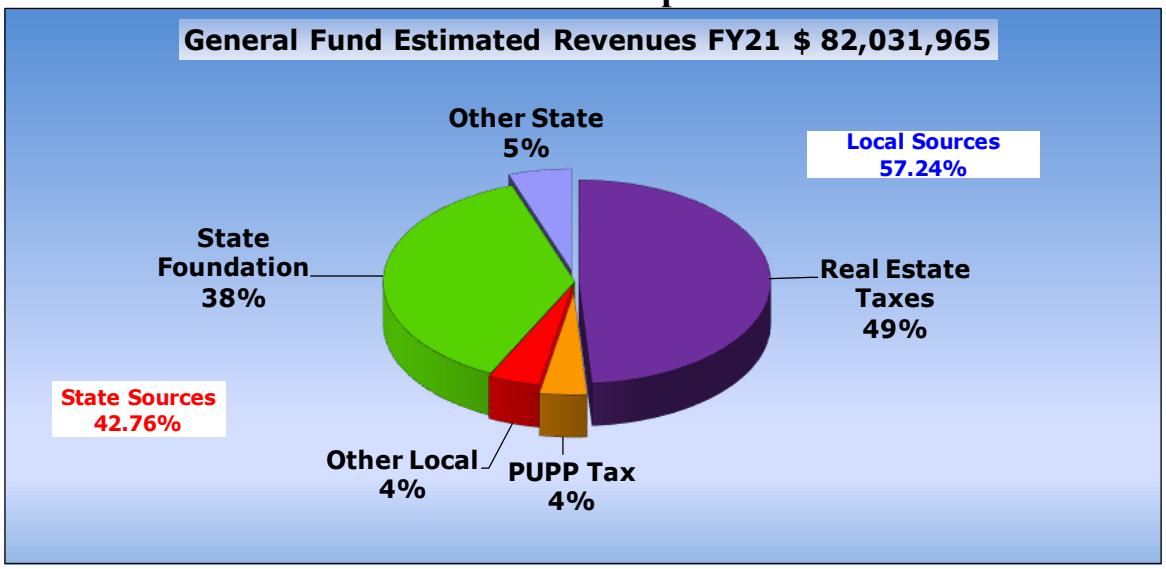
9) Enrollment has remained steady with a slight drop in FY21 primarily due to shifts in open enrollment and community schools. It is anticipated that any enrollment loss due to COVID-19 will return in FY22. Additionally, as the economy recovers, enrollment growth will occur in future years. The district is currently updating its enrollment projections.

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 FY18-20 and Estimated FY21-25



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 reappraisal for the 2017 tax year to be collected in 2018. Residential/agricultural values (Class I value) increased 12.45% or $112.23 million due to the reappraisal. Commercial/industrial values (Class II value) increased 5.56% or $17.49 million, providing an overall increase of $129.72 million or 10.66%.

A reappraisal update will occur in 2020 for collection in 2021 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 $59.17 million or 4.24% overall for the 2020 update.

The district 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.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025
Res./Ag.	$1,100,390,308	$1,105,590,308	$1,110,250,308	$1,169,936,823	$1,173,673,423
Comm./Ind.	360,055,498	360,255,498	360,705,498	368,519,608	369,119,608
Public Utility (PUPP)	63,979,810	65,979,810	67,979,810	69,979,810	71,979,810
Total Assessed Value	$1,524,425,616	$1,531,825,616	$1,538,935,616	$1,608,436,242	$1,614,772,842

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Est. Property Taxes Line #1.010	$40,115,652	$45,893,499	$45,966,692	$46,556,912	$47,074,085

Property tax levies are estimated to be collected at 98.5% of the annual amount. This allows 1.50% delinquency factor. Luckily, the lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did not occur as advised by the County Auditor. In general, 52.47% of the Class I and II property taxes are expected to be collected in the February tax settlement and 47.53% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February 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 why FY22 increases of FY21. Other 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 $2.0 million each year which is based on past trends.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line 1.020

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Estimated PUPP Taxes Line 1.020	$3,246,929	$3,722,171	$3,832,124	$3,923,341	$4,014,160

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 HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue & Casino Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 and HB164 following the May 6, 2020 foundation cuts. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason, we have projected state aid flat at the FY19 funding level FY22 through FY25 as we have nothing authoritative to rely on at this time.

May 6, 2020 Foundation Reduction and HB164

In FY20 the Governor ordered a reduction of state foundation funding by $300.5 million to be reduced from districts bi-monthly payments by the end of June 2020. The reductions were made using an equalized per-pupil approach which resulted in districts with less local capacity to raise revenue to receive smaller percentage decreases. The state-share index that was last calculated in FY19 was used to apportion the FY20 ordered reduction to traditional public-school districts. At this time the state funding for FY21 is being reduced $1,689,576 from the FY19 amount, which is the same cut received in FY20. This is a combined loss of $3,379,152.

Enrollment Growth Supplement: This funding element that was also introduced by Am. Sub. HB 166 for implementation in FY20 is aimed at providing additional funding to school districts that have experienced increased enrollment the past 3 years. The district is anticipated to receive this funding in FY21 of $452,993, and is being considered guaranteed for FY22 through FY25 state funding.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating $250 million in FY20 and $358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY21proposed funding ranges from $25 per student to $300 per student. Our district is estimated to receive $1,011,374 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166.

At this time our district is recoding qualified General Fund expenses that is servicing student needs as identified in 3317.26 (B) and our approved plan to Fund 467 for FY20 and FY21, then returning these expenses to the General Fund for FY22-25 as we have no direction on the future continuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21 and increase in expenses in FY22-25.

Future State Budgets: Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. With the change to the state funding and reductions for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level FY22 through FY25. We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

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% GCR 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.

Due to the COVID-19 casinos were closed from March 12, to June 18, 2020. We are reducing the amount of funding in FY21 by 40% then increasing the amount in FY22 by 30%, FY23 by 25% and 2% in FY24-FY25 as we go through the next few years we will adjust as the funding information is available. Prior to COVID-19 closure, casino revenues were not growing robustly as originally predicted but were still growing as the economy improved. Original projections for FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.5 million or $53.75 per pupil. We believe it will be FY23 or FY24 before revenues return to the post COVID-19 level.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Basic Aid-Unrestricted	$28,497,786	$30,190,224	$30,190,224	$30,190,224	$30,190,224
Additional Aid Items	1,428,269	1,428,269	1,428,269	1,428,269	1,428,269
Basic Aid-Unrestricted Subtotal	29,926,055	31,618,493	31,618,493	31,618,493	31,618,493
Ohio Casino Commission ODT	273,789	358,028	457,364	464,634	472,003
Total Line # 1.035	$30,199,844	$31,976,521	$32,075,857	$32,083,127	$32,090,496

B) Restricted State Revenues – Line # 1.040
HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Economically Disadvantage Aid	$326,415	$326,415	$326,415	$326,415	$326,415
Career Tech - Restricted	45,562	45,562	45,562	45,562	45,562
Catastrophic Aid	140,000	140,000	140,000	140,000	140,000
Total Line #1.040	$511,977	$511,977	$511,977	$511,977	$511,977

Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY21-25.

Summary of State Foundation Revenues

SUMMARY	FY 21	FY 22	FY 23	FY 24	FY 25
Unrestricted Line # 1.035	$30,199,844	$31,976,521	$32,075,857	$32,083,127	$32,090,496
Restricted Line # 1.040	511,977	511,977	511,977	511,977	511,977
Restricted Fed. Grants - Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$30,711,821	$32,488,498	$32,587,834	$32,595,104	$32,602,473

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.

Tangible Personal Property Reimbursements – Fixed Sum
HB 166 continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Rollback and Homestead	$4,324,672	$4,417,147	$4,430,534	$4,527,854	$4,623,533
TPP Reimbursement - Fixed Sum	42,201	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #	$4,366,873	$4,417,147	$4,430,534	$4,527,854	$4,623,533

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. A significant portion of this line-item is comprised of tuition revenue from other districts and entities, as

well as, funding received for Open Enrollment for students who reside in other Districts but are educated at West Clermont.

For 2020, the number of Open Enrollment students increased by 25 over the prior year. Other components of this line-item include interest and tax increment financing (TIF) payments from Union & Pierce Townships. These TIF payments represent approximately $1.5 million of the FY21 All Other Revenue. Beginning in FY21 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area due to COVID-19. All other revenues are expected to remain relatively static over the forecast period.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Tuition	$645,797	$652,255	$658,778	$665,365	$672,019
Open Enrollment	827,353	831,490	835,647	839,825	844,025
Interest	227,497	204,747	204,747	204,747	204,747
Pilot	1,498,601	1,498,601	1,498,601	1,498,601	1,498,601
Other Miscellaneous Receipts	391,442	395,356	399,310	403,303	407,336
Total Line # 1.060	$3,590,690	$3,582,449	$3,597,083	$3,611,842	$3,626,728

Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short term borrowing projected in this forecast. However, the district is closely monitoring cash flow as the January through May 2021 time period exhibits a low cash point. A resolution authorizing tax anticipation notes as needed, for this time period is to be acted.

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 21	FY 22	FY 23	FY 24	FY 25
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	3,712	0	0	0	0
Total Transfer & Advances In	$3,712	$0	$0	$0	$0

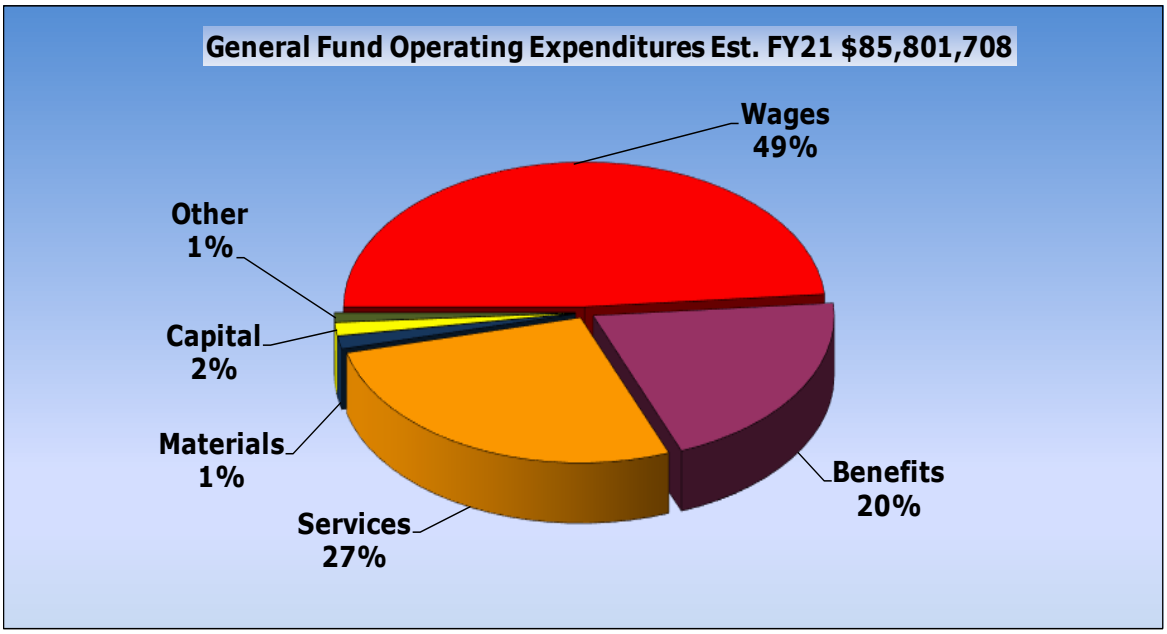
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive a Bureau of Workers Compensation refund of $216,670 was received in October 2020 and another is anticipated to be received in late December 2020 for FY21. We have not been informed of estimates for the second BWC payment at this time. These amounts are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
All Other Sources	$1,023,691	$0	$0	$0	$0

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 4.43% on average per year in the prior five-year period preceding FY21. The forecast reflects an average annual increase of 2.44% for fiscal years 2021 through 2025. The FY21 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 2.10% for FY20 including step increases. This was extended an additional two years to include base increases of 0% for FY21 and 1% for FY22. For planning purposes, a 1% base amount has been used for FY23-25.

Additional adjustments were made for FY21 and FY22 to include anticipated increased substitute costs due to COVID -19. Additional staff (8 teachers and 8 classified staff) were added across FY21 (2 Certificated and 8 Classified), FY22 (4 Certificated) and FY23 (2 Certificated) in response to COVID-19 and anticipated enrollment growth. Supplemental wages were increased in FY21 and FY22 for the development of online materials as the district anticipates their new Online Academy will continue as a program offering, and to compliment face to face instruction.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Base Wages	$39,759,959	$40,622,485	$41,875,213	$43,351,771	$44,454,144
Wage adjustments	0	406,225	418,752	433,518	444,541
Steps & Training	596,399	609,337	628,128	650,277	666,812
Growth/Replacement staff	266,127	237,166	129,678	18,578	0
Unfunded Recapture SWSF	0	0	300,000	0	0
Substitutes	464,532	309,688	309,688	309,688	309,688
Supplemental	476,878	481,647	324,325	327,568	330,844
Severance	145,000	145,000	145,000	145,000	145,000
Staff Reductions/Attrition	0	0	0	0	0
Total Wages Line 3.010	$41,708,895	$42,811,548	$44,130,785	$45,236,400	$46,351,029

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 7% for FY21, and 7% for FY22-25 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 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 about .035% of wages FY21– FY25. BWC refunds are reflected as a reduction of current year expenses when received. Unemployment is expected to remain at a very low level FY21-FY25. 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 21	FY 22	FY 23	FY 24	FY 25
STRS/SERS	$6,478,961	$6,647,650	$6,853,138	$7,032,435	$7,206,783
Insurance's	10,325,299	11,104,990	11,985,462	12,828,904	13,726,927
Workers Comp/Unemployment	153,821	157,680	162,298	166,167	170,068
Medicare	571,625	586,708	604,935	619,754	635,009
Total Line 3.020	$17,529,706	$18,497,029	$19,605,834	$20,647,260	$21,738,787

Purchased Services – Line #3.030

Open enrollment, community schools and other tuition costs continue to draw funds away from the district, which are major expenditures in this area and have been adjusted based on historical trend. In FY21, community school and open enrollment deductions are expected to grow moderately due to slower growth of students leaving our district and smaller increases in per pupil scholarship from the state which will flow through our funding formula to these schools. We have reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding of qualified expenses and then return these costs to the General Fund in FY22-25. A one-time only increase of $400,000 was added to support the district's COVID-19 response (additional contracted substitute costs) and to provide resources for the development of online instructional materials.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Insurance, Leases, Postage, & Other	$421,917	$430,356	$438,963	$447,742	$456,697
Prof. Services, Subs, Legal Fees & ESC	6,483,729	6,337,241	6,527,358	6,723,179	6,924,874
Open Enrollment	2,852,551	2,909,602	2,967,794	3,027,150	3,087,693
Community School	2,005,588	1,644,582	1,677,474	1,711,023	1,745,244
Other Tuition, Scholarship, CC+	3,389,927	3,457,726	3,526,880	3,597,418	3,669,366
Transportation	6,540,535	6,671,345	6,804,772	6,940,868	7,079,685
Utilities	1,236,103	1,273,186	1,484,782	1,571,325	1,660,465
Building Repairs & Services	278,894	284,472	305,161	321,265	337,690
Total Line 3.030	$23,209,244	$23,008,510	$23,733,184	$24,339,969	$24,961,714

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 FY21 and therefore, these costs are added back in the FY21 projected expenditures.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Supplies, Textbooks, and other	$397,800	$409,734	$422,026	$434,687	$447,727
Maintenance & Transportation Supplies	815,760	840,233	865,440	891,403	918,145
Total Line 3.040	$1,213,560	$1,249,967	$1,287,466	$1,326,090	$1,365,872

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 2021 through 2025.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Capital Outlay	$1,250,000	$1,250,000	$1,000,000	$1,000,000	$1,000,000

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 21	FY 22	FY 23	FY 24	FY 25
Auditor & Treasurer Fees	$639,621	$732,267	$739,590	$746,986	$754,456
Other Dues and Fees	198,839	202,816	206,872	211,009	215,230
County ESC	51,844	52,362	52,886	53,415	53,949
Total Line 4.300	$890,304	$987,445	$999,348	$1,011,410	$1,023,634

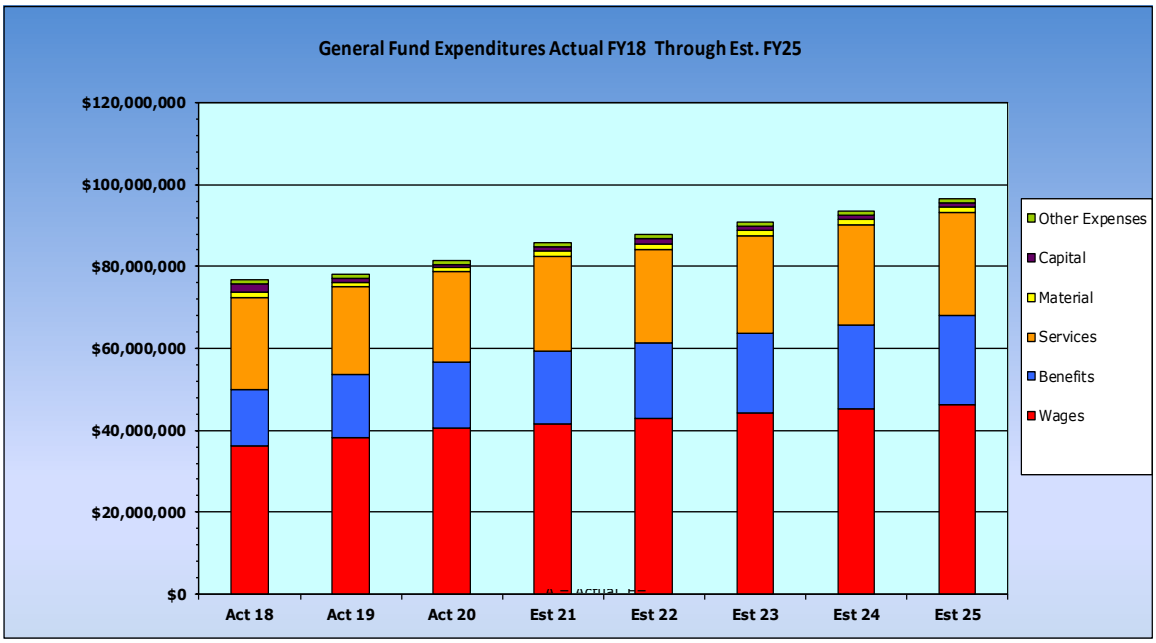
Transfers Out/Advances Out – Line #5.010
This account group covers fund to fund transfer and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The largest part of Other Financing Uses in FY19 was a transfer 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 FY21 through FY25.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Operating Transfers Out Line #5.010	$426,564	$435,095	$443,797	$452,673	$461,727
Advances Out Line #5.020	0	0	0	0	0
Total	$426,564	$435,095	$443,797	$452,673	$461,727

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 21	FY 22	FY 23	FY 24	FY 25
Estimated Encumbrances	$900,000	$900,000	$900,000	$900,000	$900,000

Operating Expenditures Actual FY18 through FY20 and Estimated FY21-FY25
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.



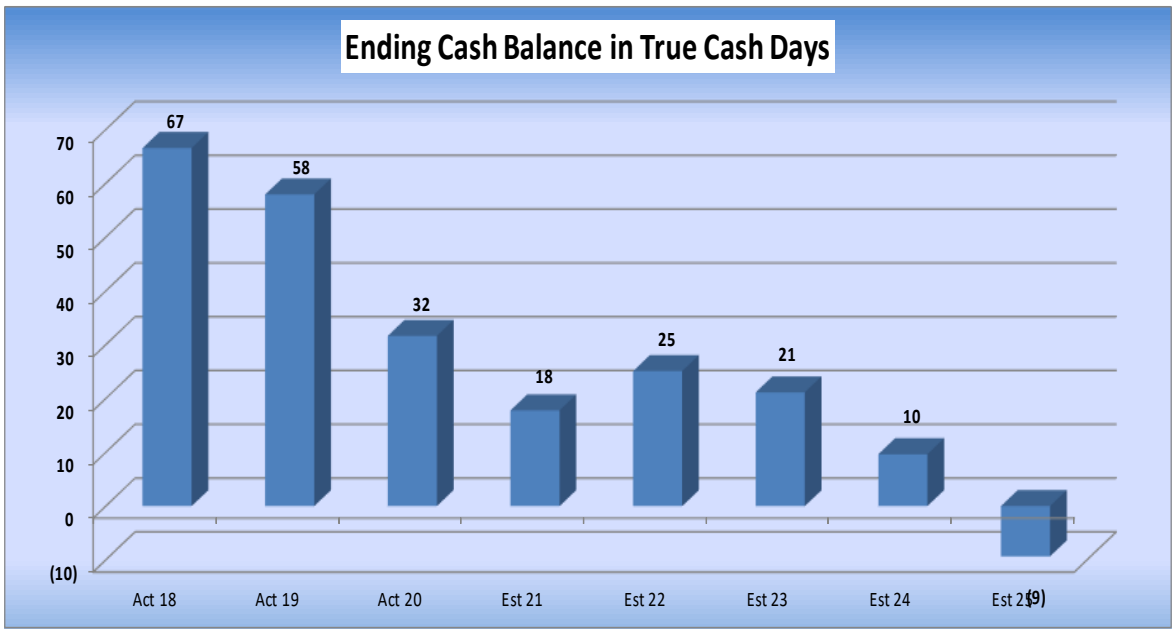
Ending Unencumbered Cash Balance – Line#15.010

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 21	FY 22	FY 23	FY 24	FY 25
Ending Cash Balance	$4,203,646	$6,067,816	$5,281,670	2,482,921	(2,478,863)

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 could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital and athletics, and, it includes the new emergency levy passed in 2020.


Ending Cash Balance in True Cash Days
70
60
50
40
30
20
10
0
(10)
67
58
32
18
25
21
10
(9)
Act 18
Act 19
Act 20
Est 21
Est 22
Est 23
Est 24
Est 25