

NORTHEASTERN LOCAL SCHOOL DISTRICT-CLARK 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 2025



Forecast Provided By
Northeastern Local School District
Treasurer's Office
Dale R. Miller, CPA, Treasurer/CFO
937-325-7615 ext 1010
November 2020

Northeastern Local School District

Clark County

Schedule of Revenues, 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 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues										
1.010 General Property Tax (Real Estate)	10,881,277	10,855,226	11,360,696	2.2%	10,918,939	10,502,182	10,567,982	10,624,780	10,649,122	
1.020 Tangible Personal Property	650,058	687,100	894,790	18.0%	1,121,246	1,149,467	1,172,537	1,195,607	1,218,677	
1.030 Income Tax	4,725,455	5,129,277	5,440,547	7.3%	5,168,522	5,220,208	5,272,411	5,325,136	5,378,388	
1.035 Unrestricted State Grants-in-Aid	13,010,784	13,254,758	12,542,449	-1.7%	12,472,417	13,275,634	13,438,481	13,280,949	13,134,046	
1.040 Restricted State Grants-in-Aid	340,406	305,888	310,044	-4.4%	310,054	310,054	310,054	310,054	310,054	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 F	0	0	-	0.0%	\$0	\$0	\$0	\$0	\$0	
1.050 Property Tax Allocation	1,775,928	1,777,915	1,784,954	0.3%	1,766,069	1,749,352	1,759,286	1,769,191	1,771,680	
1.060 All Other Revenues	2,878,035	3,145,274	3,302,475	7.1%	2,951,241	3,044,174	3,052,999	3,061,912	3,070,914	
1.070 Total Revenues	34,261,943	35,155,438	35,635,955	2.0%	34,708,488	35,251,071	35,573,750	35,567,629	35,532,881	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	50,949	67,903	46,228	0.7%	41,784	30,000	30,000	30,000	30,000	
2.060 All Other Financing Sources	166,166	274,933	83,296	-2.1%	80,770	80,770	80,770	80,770	80,770	
2.070 Total Other Financing Sources	217,115	342,836	129,524	-2.2%	122,554	110,770	110,770	110,770	110,770	
2.080 Total Revenues and Other Financing Sources	34,479,058	35,498,274	35,765,479	1.9%	34,831,042	35,361,841	35,684,520	35,678,399	35,643,651	
Expenditures										
3.010 Personal Services	\$17,729,603	\$17,746,093	\$18,064,697	0.9%	\$18,811,585	\$19,357,547	\$19,919,139	\$20,497,387	\$21,092,789	
3.020 Employees' Retirement/Insurance Benefits	\$6,313,282	\$6,723,827	\$7,384,940	8.2%	\$7,880,402	\$8,338,857	\$8,830,184	\$9,355,777	\$9,918,223	
3.030 Purchased Services	\$5,727,827	\$6,138,234	\$6,259,183	4.6%	\$6,197,840	\$6,179,626	\$6,315,425	\$6,457,819	\$6,607,134	
3.040 Supplies and Materials	981,344	1,191,492	1,316,764	16.0%	1,279,936	1,318,334	1,357,884	1,398,621	1,440,579	
3.050 Capital Outlay	282,721	837,097	146,184	56.8%	250,000	260,000	260,000	260,000	260,000	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
4.300 Other Objects	\$364,984	\$366,093	\$392,539	3.8%	\$402,318	\$407,406	\$412,585	\$417,856	\$423,222	
4.500 Total Expenditures	31,399,761	33,002,836	33,564,307	3.4%	34,822,081	\$35,861,770	37,095,217	38,387,460	39,741,947	
Other Financing Uses										
5.010 Operating Transfers-Out	\$40,815	\$54,959	\$211,449	159.7%	\$245,000	\$45,000	\$45,000	\$45,000	\$45,000	
5.020 Advances-Out	69,537	52,031	41,784	-22.4%	-	-	-	-	-	
5.030 All Other Financing Uses	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 Total Other Financing Uses	110,352	106,990	253,233	66.8%	245,000	45,000	45,000	45,000	45,000	
5.050 Total Expenditures and Other Financing Uses	31,510,113	33,109,826	33,817,540	3.6%	35,067,081	35,906,770	37,140,217	38,432,460	39,786,947	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	2,968,945	2,388,448	1,947,939	-19.0%	(236,039)	(544,929)	(1,455,697)	(2,754,061)	(4,143,295)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	8,107,777	11,076,722	13,465,170	29.1%	15,413,109	15,177,070	14,632,140	13,176,443	10,422,382	
7.020 Cash Balance June 30	11,076,722	13,465,170	15,413,109	18.0%	15,177,070	14,632,140	13,176,443	10,422,382	6,279,087	
8.010 Estimated Encumbrances June 30	671,106	579,253	403,612	-22.0%	250,000	250,000	250,000	250,000	250,000	

Northeastern Local School District

Clark County

Schedule of Revenues, 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 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	-
9.080 <i>Subtotal</i>	-	-	-	0.0%	-	-	-	-	-	-
<i>Fund Balance June 30 for Certification of</i>										
10.010 <i>Appropriations</i>	10,405,616	12,885,917	15,009,497	20.2%	14,927,070	14,382,140	12,926,443	10,172,382	6,029,087	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-	
11.020 Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-	
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-	
12.010 <i>Fund Balance June 30 for Certification of</i> <i>Contracts, Salary Schedules and Other Obligations</i>	10,405,616	12,885,917	15,009,497	20.2%	14,927,070	14,382,140	12,926,443	10,172,382	6,029,087	
Revenue from New Levies										
13.010 Income Tax - New				0.0%	-	-	-	-	-	
13.020 Property Tax - New				0.0%	-	-	-	-	-	
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-	
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-	
15.010 <i>Unreserved Fund Balance June 30</i>	10,405,616	12,885,917	15,009,497	20.2%	14,927,070	14,382,140	12,926,443	10,172,382	6,029,087	

Northeastern Local School District – Clark County
Notes to the Five Year Forecast
General Fund Only
November 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.

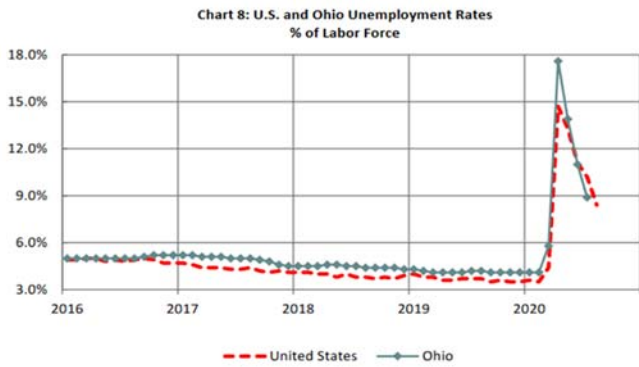
Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2020 filing.

Economic Outlook

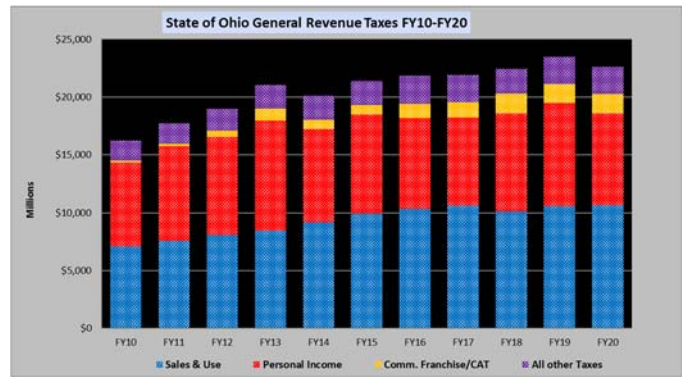
It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of 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 an even 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 8.8% in August 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:

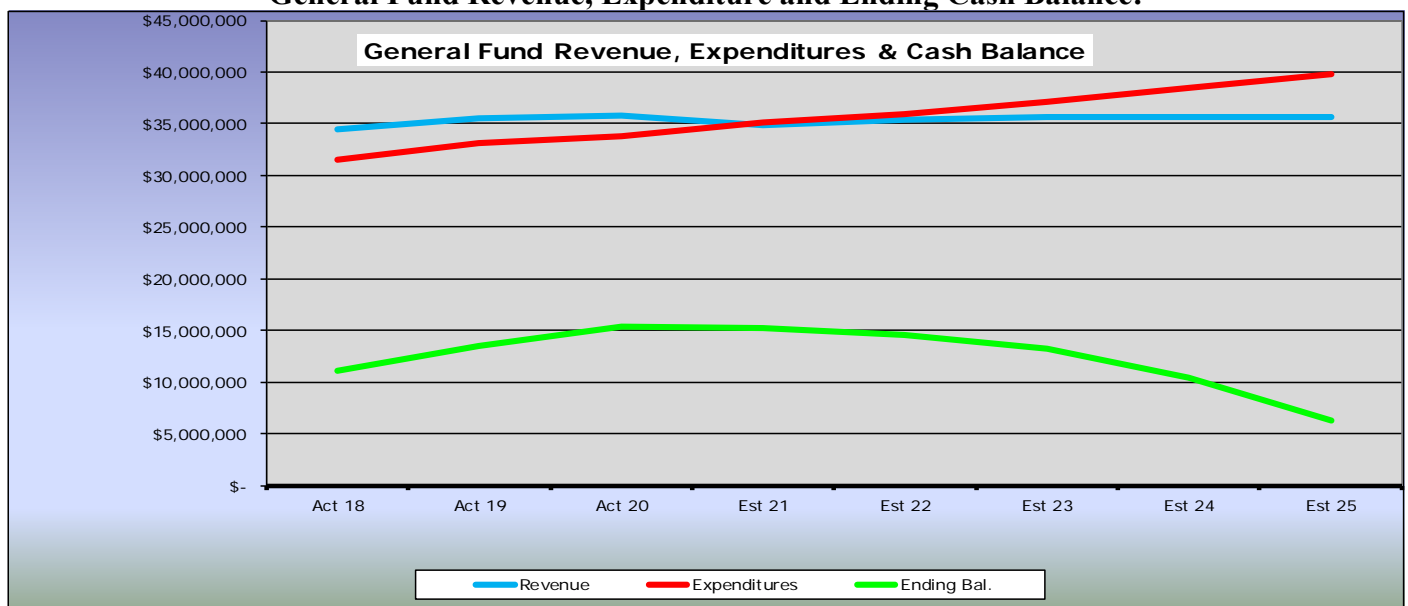
- 1) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions student wellness and success funding and enrollment growth supplement funds: Student Wellness and Success is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22. Enrollment Growth Supplement money is paid to a small number of growing districts.
- 2) 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. Many higher wealth districts saw more than a 6% decrease in state funding resulting in the Ohio legislature to approve HB164 effective June 19, 2020 that ensured no district received a cut to funding more than 6%. At this time the decreases that occurred in FY20 are the basis for districts state funding in 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.
- 3) The State Budget represents 41% 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 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.
- 4) Property tax collections are the largest single local revenue source for the school system. 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 35% of the district's resources. Collection rates for the 2nd half 2020 collection did not show sharp declines due to increased delinquencies. We believe there is a low risk that local collections would fall below projections in the forecast.

5) 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 exposes 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.

6) 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.

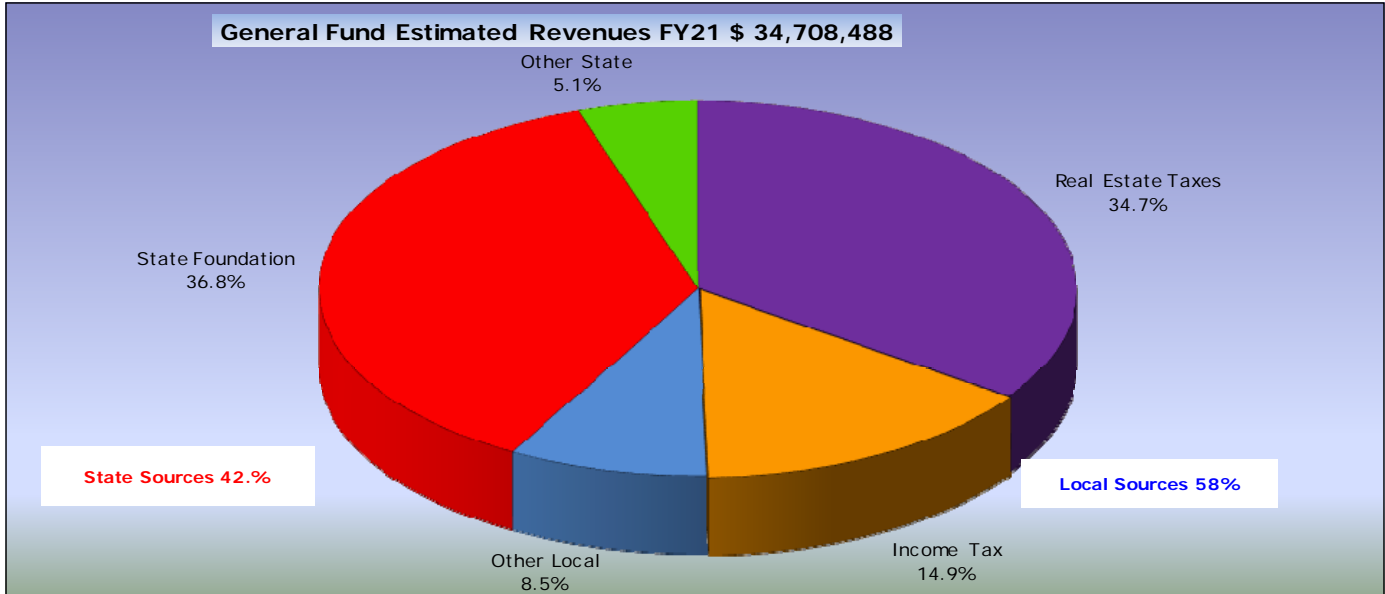
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Dale R. Miller, Treasurer/CFO of Northeastern Local School District at 937-325-7615.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenues:



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. Clark County experienced a reappraisal for the 2019 tax year to be collected in 2020. Residential/agricultural values increased 7.4% or \$32.4 million due to the reappraisal led by an improving housing market. New construction in residential property was up 6/10% or \$2.86 million in assessed value. Commercial/industrial values decreased \$877,180.

A reappraisal update will occur in 2022 for collection in 2023 for which we are estimating a 3% increase in residential and a 0% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$15.1 million or 2.8 % overall.

Public Utility Personal Property (PUPP) values increased by \$9.0 million in Tax Year 2019. We expect our values to continue to grow by \$500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	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.	\$476,611,750	\$477,161,750	\$492,026,603	\$492,576,603	\$493,126,603
Comm./Ind.	\$54,565,250	\$54,765,250	\$54,965,250	\$55,165,250	\$55,365,250
Public Utility Personal Property (PUPP)	\$24,662,590	\$25,162,590	\$25,662,590	\$26,162,590	\$26,662,590
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	\$555,839,590	\$557,089,590	\$572,654,443	\$573,904,443	\$575,154,443

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY21	FY22	FY23	FY24	FY25
General Property Taxes	\$10,918,939	\$10,502,182	\$10,567,982	\$10,624,780	\$10,649,122

Property tax levies are estimated to be collected at 96% of the annual amount. This allows a .5% delinquency and 3.5% auditor and treasurer fees. Typically, 55% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 45% is expected to be collected in the August tax settlements.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts’ gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. The phase out of tangible personal property tax (TPP) began in fiscal year 2006 and was completely eliminated after fiscal year 2011 for Northeastern School District.

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property (Line#1.020)	<u>\$1,121,246</u>	<u>\$1,149,467</u>	<u>\$1,172,537</u>	<u>\$1,195,607</u>	<u>\$1,218,677</u>

School District Income Tax –Line #1.030 - School District Income tax (SDIT) will be impacted by the The current SDIT was approved on May 5, 2015 and will now expire on December 31, 2025. The income tax is estimated to produce \$5.2 million in FY21. Due to the COVID-19 recession we have estimated a reduction of 5% in income tax collections in FY21 and then an increase of 1% in FY22 and FY25.

Source	FY21	FY22	FY23	FY24	FY25
School District Income Tax	\$5,440,548	\$5,168,522	\$5,220,208	\$5,272,411	\$5,325,136
Adjustments	<u>-\$272,026</u>	<u>\$51,686</u>	<u>\$52,203</u>	<u>\$52,725</u>	<u>\$53,252</u>
Total to Line #1.030	<u>\$5,168,522</u>	<u>\$5,220,208</u>	<u>\$5,272,411</u>	<u>\$5,325,136</u>	<u>\$5,378,388</u>

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– 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 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. HB164 reimbursed approximately 70 districts that had originally

had more than 6% deducted from the state funding reduction in FY20. At this time the state funding for FY21 is being reduced \$646,989 from the FY19 amount, which is the same cut received in FY20.

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 FY21 proposed funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$30,000 in FY21. Our district is estimated to receive \$331,250 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 planning on adding new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these funds will be discontinued in FY22-25 but if successful we will add these new costs to the General Fund FY22-25 and the General Fund forecast has been adjusted for these new expenses.

We believe our current state funding estimates for FY20-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

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 (Note reductions only for regular schools not CTC’s) for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level 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.

B) Unrestricted State Foundation Revenue – Line #1.035

Source	FY21	FY22	FY23	FY24	FY25
Basic Aid-Unrestricted	\$12,108,420	\$12,877,216	\$13,008,456	\$12,846,947	\$12,695,982
Additional Aid Items	\$259,846	\$259,846	\$259,846	\$259,846	\$259,846
Basic Aid-Unrestricted Subtotal	\$12,368,266	\$13,137,062	\$13,268,302	\$13,106,793	\$12,955,828
Ohio Casino Commission ODT	\$104,151	\$138,572	\$170,179	\$174,156	\$178,218
Total Unrestricted State Aid Line # 1.035	<u>\$12,472,417</u>	<u>\$13,275,634</u>	<u>\$13,438,481</u>	<u>\$13,280,949</u>	<u>\$13,134,046</u>

C) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	\$94,381	\$94,381	\$94,381	\$94,381	\$94,381
Career Tech - Restricted & Catastrophic	\$157,115	\$157,115	\$157,115	\$157,115	\$157,115
Catastrophic & Other State	\$58,558	\$58,558	\$58,558	\$58,558	\$58,558
Total Restricted State Revenues Line #1.040	<u>\$310,054</u>	<u>\$310,054</u>	<u>\$310,054</u>	<u>\$310,054</u>	<u>\$310,054</u>

D) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2019 through 2023.

Summary of State Foundation Revenues	FY21	FY22	FY23	FY24	FY25
Unrestricted Line # 1.035	\$12,472,417	\$13,275,634	\$13,438,481	\$13,280,949	\$13,134,046
Restricted Line # 1.040	\$310,054	\$310,054	\$310,054	\$310,054	\$310,054
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	<u>\$12,782,471</u>	<u>\$13,585,688</u>	<u>\$13,748,535</u>	<u>\$13,591,003</u>	<u>\$13,444,100</u>

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of 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 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy is not renewed we would never regain this revenue on any levies in the future.

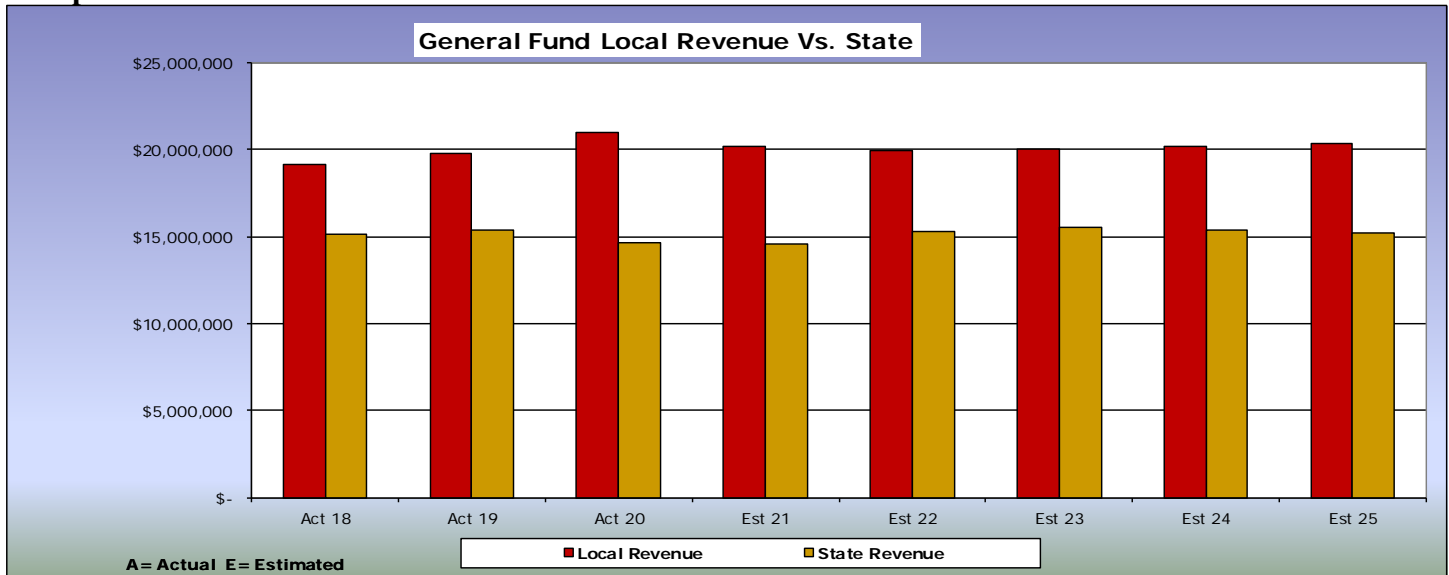
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

The District no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

Source	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead	\$1,766,069	\$1,749,352	\$1,759,286	\$1,769,191	\$1,771,680
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$1,766,069</u>	<u>\$1,749,352</u>	<u>\$1,759,286</u>	<u>\$1,769,191</u>	<u>\$1,771,680</u>

Comparison of Local Revenue and State Revenue:



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 are open enrollment, tuitions, pay to participate fees, student fees, and general other income. Beginning in FY20 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY21 interest by 50% and FY22 by another 20% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. All other revenues are expected to continue on historic trends.

Source	FY21	FY22	FY23	FY24	FY25
Open Enrollment Gross	\$1,802,837	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Interest	\$250,000	\$200,000	\$200,000	\$200,000	\$200,000
Class Fees & Student Fees	\$160,000	\$300,000	\$302,997	\$306,024	\$309,081
Tuitions	\$577,000	\$582,770	\$588,598	\$594,484	\$600,429
Other Income and rentals	\$161,404	\$161,404	\$161,404	\$161,404	\$161,404
Total Line # 1.060	<u>\$2,951,241</u>	<u>\$3,044,174</u>	<u>\$3,052,999</u>	<u>\$3,061,912</u>	<u>\$3,070,914</u>

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

There is no short term borrowing planned for in this forecast at this time from any sources.

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 during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

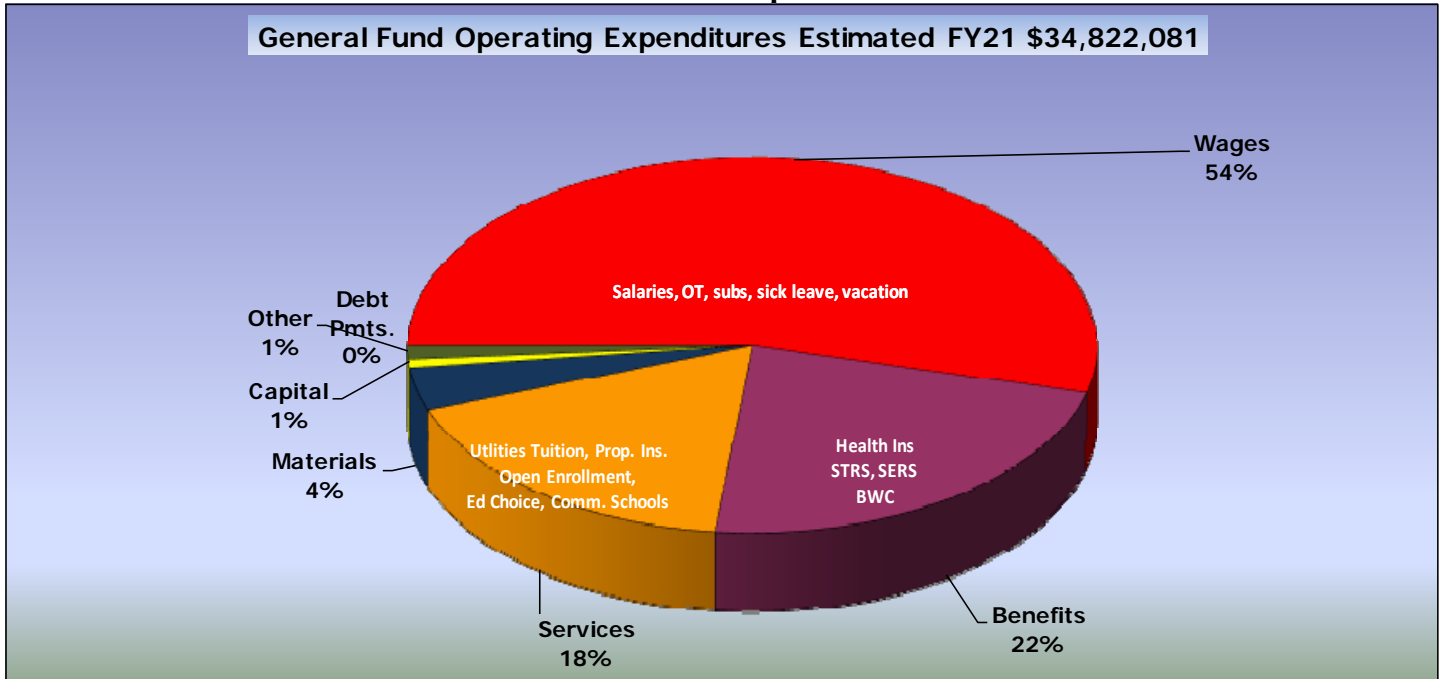
Source	FY21	FY22	FY23	FY24	FY25
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$41,784</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
Total Transfer & Advances In	<u>\$41,784</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>

All Other Financial Sources – Line #2.060

Source	FY21	FY22	FY23	FY24	FY25
Refund of prior years expenditures	<u>\$80,770</u>	<u>\$80,770</u>	<u>\$80,770</u>	<u>\$80,770</u>	<u>\$80,770</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY21:



Wages – Line #3.010

In March 2019, the Board ratified a contract with the Northeastern Local Education Association (NELEA) effective August 1, 2019. A contract with the Northeastern Local Association of School Employee/OEA-NEA effective September 1, 2019 was ratified in August 2019 by the Board of Education. We included a 2% increase in base wages and 2.2% increase for step and training adjustments for fiscal years 2021, the agreement has a 1% in 2022 based on these negotiated agreements.

Source	FY21	FY22	FY23	FY24	FY25
Base Wages	\$17,568,928	\$18,039,996	\$18,581,196	\$19,138,632	\$19,712,791
Increases/ Merit Based Pay / Timing Adjust	\$351,379	\$360,800	\$371,624	\$382,773	\$394,256
Unfund Recapture	\$0	\$0	\$0	\$0	\$0
Growth	\$0	\$0	\$0	\$0	\$0
Substitutes	\$335,000	\$338,350	\$341,734	\$345,151	\$348,602
Supplementals	\$612,278	\$618,401	\$624,585	\$630,831	\$637,139
Staff Reductions	<u>(\$56,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Wages Line 3.010	<u>\$18,811,585</u>	<u>\$19,357,547</u>	<u>\$19,919,139</u>	<u>\$20,497,387</u>	<u>\$21,092,789</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except for health insurance are directly related to the wages paid.

A) STRS/SERS

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.

B) Insurance

The increases for medical and dental insurance was 26% for benefit year 2019-2020. The increases include adjustments for inflation and the cost of actual claims. The administration will be meeting with the employee groups to work together to address the growth and changes to control the increase for FY2021.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .5% of wages after fiscal year 2020 due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. 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	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
A) STRS/SERS	\$3,003,946	\$3,089,992	\$3,179,629	\$3,271,926	\$3,366,961
B) Insurance's	\$4,500,211	\$4,860,228	\$5,249,046	\$5,668,970	\$6,122,488
C) Workers Comp/Unemployment	\$48,029	\$49,394	\$50,798	\$52,243	\$53,732
D) Medicare	\$275,675	\$286,702	\$298,170	\$310,097	\$322,501
Other/Tuition	<u>\$52,541</u>	<u>\$52,541</u>	<u>\$52,541</u>	<u>\$52,541</u>	<u>\$52,541</u>
Total Line 3.020	<u>\$7,880,402</u>	<u>\$8,338,857</u>	<u>\$8,830,184</u>	<u>\$9,355,777</u>	<u>\$9,918,223</u>

Purchased Services – Line #3.030

In FY21-25, an overall inflation of 3% is being estimated for all categories of this expense except for the Community School, Open Enrollment and Other Tuition categories. The estimated increase for these categories has been estimated at 7.5% as the students leaving for EdChoice and Community School will continue to absorb our savings in other areas of purchased services. The expenditure for our students attending elsewhere is one the fastest growing expenditures since fiscal year 2010. The increase in EdChoice vouchers has offset the decrease in community school enrollments in the previous years.

We estimate FY 21-25 utility costs will remain flat. This estimate is due to the District continuing to be aggressive regarding costs and we believe other cost cutting measures will maintain a flat charge throughout the forecast.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Services	\$268,376	\$276,427	\$284,720	\$293,262	\$302,060
Excess Cost County ESC	\$44,778	\$46,121	\$47,505	\$48,930	\$50,398
Open Enrollment Deduction-477	\$1,487,768	\$1,487,768	\$1,487,768	\$1,487,768	\$1,487,768
Community School Deductions-478	\$1,477,228	\$1,329,505	\$1,329,505	\$1,329,505	\$1,329,505
Other Tuition Including Ed Scholarship-475 &479	\$475,000	\$498,750	\$523,688	\$549,872	\$577,366
Professional Support- 41*	\$1,400,000	\$1,470,000	\$1,543,500	\$1,620,675	\$1,701,709
Building Maintenance Repairs- 42*	\$527,306	\$553,671	\$581,355	\$610,423	\$640,944
Utilities	\$517,384	\$517,384	\$517,384	\$517,384	\$517,384
Total Line 3.030	<u>\$6,197,840</u>	<u>\$6,179,626</u>	<u>\$6,315,425</u>	<u>\$6,457,819</u>	<u>\$6,607,134</u>

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working on updating the curriculum over the next few years, FY21-25 includes approximately \$140,000 to \$160,000 each fiscal year for an update to the district curriculum.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Supplies	\$827,661	\$852,491	\$878,066	\$904,408	\$931,540
Textbooks	\$144,277	\$148,605	\$153,063	\$157,655	\$162,385
Building Maintenance	\$34,175	\$35,200	\$36,256	\$37,344	\$38,464
Transportation	<u>\$273,823</u>	<u>\$282,038</u>	<u>\$290,499</u>	<u>\$299,214</u>	<u>\$308,190</u>
Total Line 3.040	<u>\$1,279,936</u>	<u>\$1,318,334</u>	<u>\$1,357,884</u>	<u>\$1,398,621</u>	<u>\$1,440,579</u>

Equipment – Line # 3.050

The administration has prepared five year capital plan which includes the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. The May 2018 Bond Issue to construct two new Pre-K thru 12 will relieve the stress on the General Fund capital budget and allowing the District General Fund to maintain financial stability. The expenditures remaining within the equipment object line is the ongoing investment annually in updating the bus fleet as necessary.

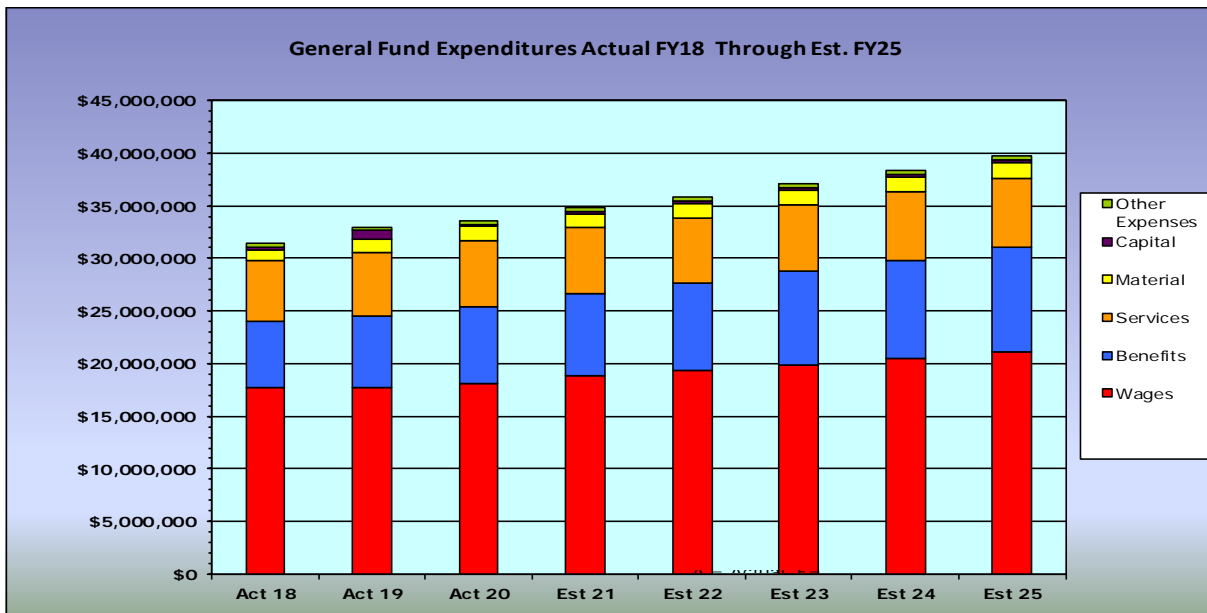
Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Capital Outlay	\$90,000	\$100,000	\$100,000	\$100,000	\$100,000
Replacement Bus Purchases	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Budget Reserve	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$250,000</u>	<u>\$260,000</u>	<u>\$260,000</u>	<u>\$260,000</u>	<u>\$260,000</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increase of 1% for this forecast.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Clark County Auditor & Treasurer Fees	\$311,543	\$314,658	\$317,805	\$320,983	\$324,193
Clark County ESC	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other expenses	\$65,775	\$67,748	\$69,780	\$71,873	\$74,029
Increased A&T Fees for New Levies	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 4.300	<u>\$402,318</u>	<u>\$407,406</u>	<u>\$412,585</u>	<u>\$417,856</u>	<u>\$423,222</u>

Total Expenditure Categories Actual Fiscal Year 2018 Through Fiscal Year 2020 and Estimated Fiscal Year 2021 Through Fiscal Year 2025



Notice in the graph above, the growth in purchased services compared the other data points, the increase in the enrollment dollars to other districts. The loss of enrollment causes an increase in the guarantee foundation dollars that may be at risk in the state budget.

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The transfers are permanent and will not be paid back to the General Fund, the Food Service Fund is the only transfer in this forecast. In FY20 we are planning an additional transfer (or advance) of \$250,000 to the Food Service Fund due to the anticipated losses from school closure due to the COVID-19 Pandemic. This is to cover reduced income due to lost sales and state and federal reimbursements which are based on meals served and the labor and food for supporting meals.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Operating Transfers Out Line #5.010	\$245,000	\$45,000	\$45,000	\$45,000	\$45,000
Advances Out Line #5.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$245,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>

Debt Service:

The District currently has no General Fund Debt issues.

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.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Estimated Encumbrances	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

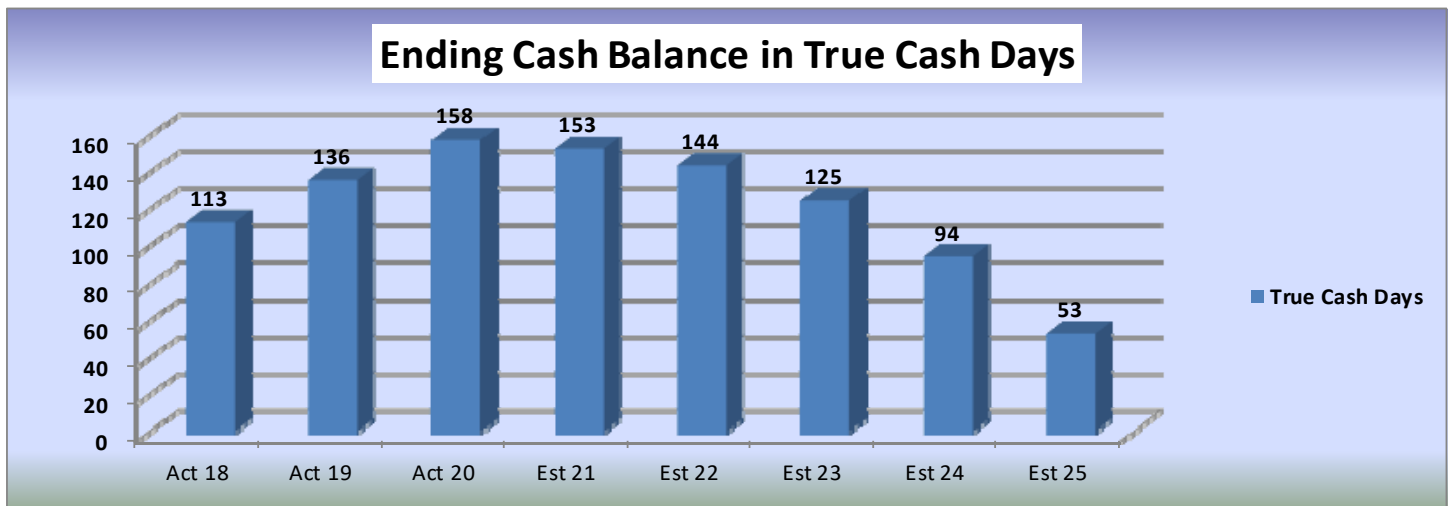
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the 1% Income Tax.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Ending Unencumbered Cash Balance	<u>\$14,927,070</u>	<u>\$14,382,140</u>	<u>\$12,926,443</u>	<u>\$10,172,382</u>	<u>\$6,029,087</u>

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 (GFOA) recommends no less than two (2) months or 60 days cash to be 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 predictable funding source for other funds such as for severance payments. This calculation does not include renewal of the SDIT. Renewing this levy in 2025 will be important to maintain a 60 day or better ending true day cash balance.



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2025, the district forecast has adequate reserves to continue the instructions and programs as provided currently.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY22 through FY25, especially with the COVID-19 and the State Economy through fiscal year 2025.

- The decreased CAUV values and the strong housing market have been adjusted in the net increase in Residential Assessed Value by 7.2% in tax collections in 2020 and beyond. Understanding the complexity of the property tax revenues, CAUV values, millage of tax, Board of Revision and Appeals, and the effectives of HB920 needs considered in the discussion of the districts finances. Property Taxes have remained level and good collections.
- No growth in state funding, limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Earned Income Tax has become the backbone of the district finances
- The Food Service operation continues to struggle with the issues of COVID-19 and the transfer remains very high for FY21.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.