



Clermont-Northeastern Local School District

# Five Year Forecast Financial Report

November, 2021

*Kathy Neuner, Treasurer/CFO*

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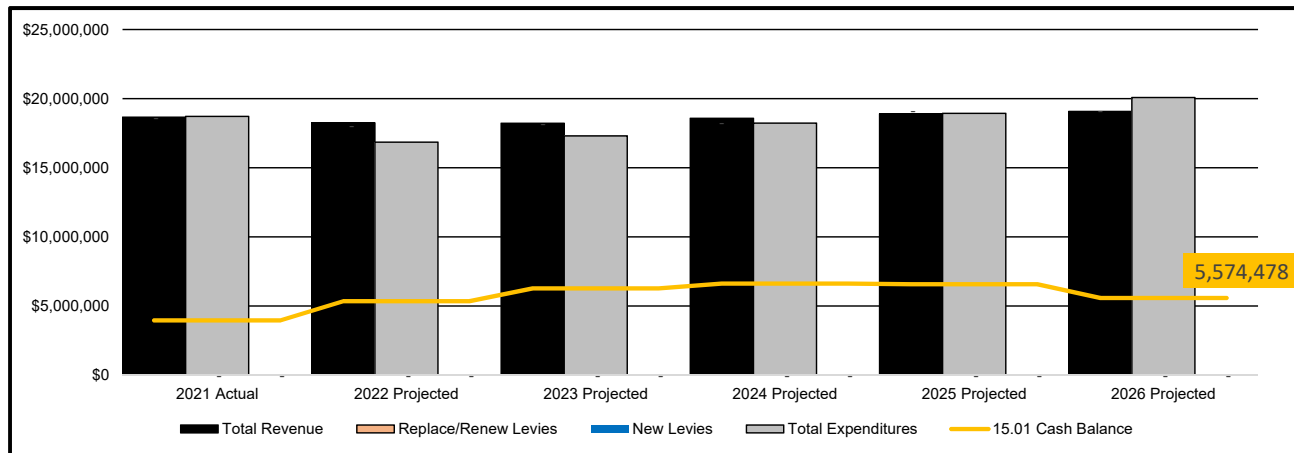
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### Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the 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.

**Forecast Methodology** - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

#### Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	3,962,964	5,350,184	6,272,004	6,621,171	6,576,401
+ Revenue	18,232,279	18,219,649	18,570,064	18,889,202	19,071,067
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(16,845,058)	(17,297,829)	(18,220,897)	(18,933,972)	(20,072,991)
= Revenue Surplus or Deficit	1,387,220	921,820	349,167	(44,770)	(1,001,923)
Line 7.020 Ending Balance with renewal/new levies	5,350,184	6,272,004	6,621,171	6,576,401	5,574,478

#### Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,387,220	921,820	349,167	(44,770)	(1,001,923)
Ending Balance w/o Levies	5,350,184	6,272,004	6,621,171	6,576,401	5,574,478

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,387,220 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$1,001,923. The district would need to cut its FY 2026 projected expenses by 4.99% in order to balance its budget without additional revenue.

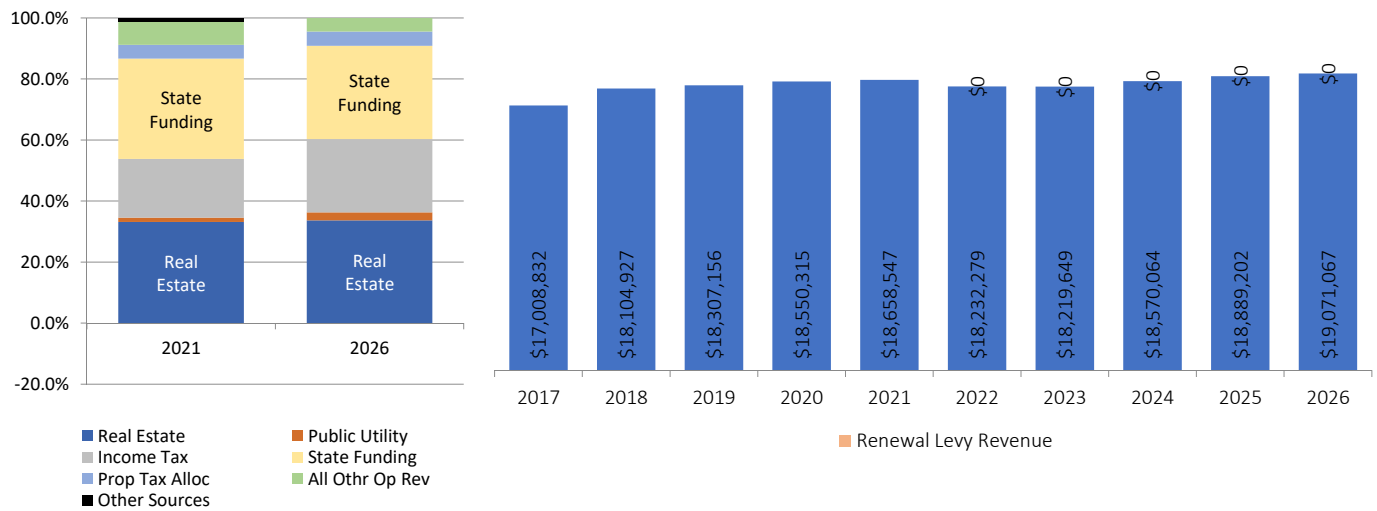
The district's cash balance is positive at year-end in FY 2022 and is projected to improve by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$155,469 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

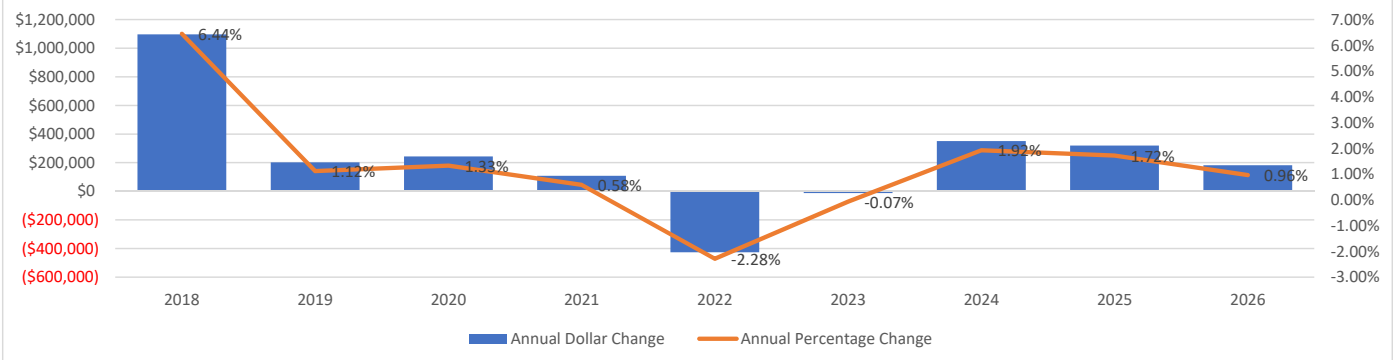
guarantee district in FY 2022.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change



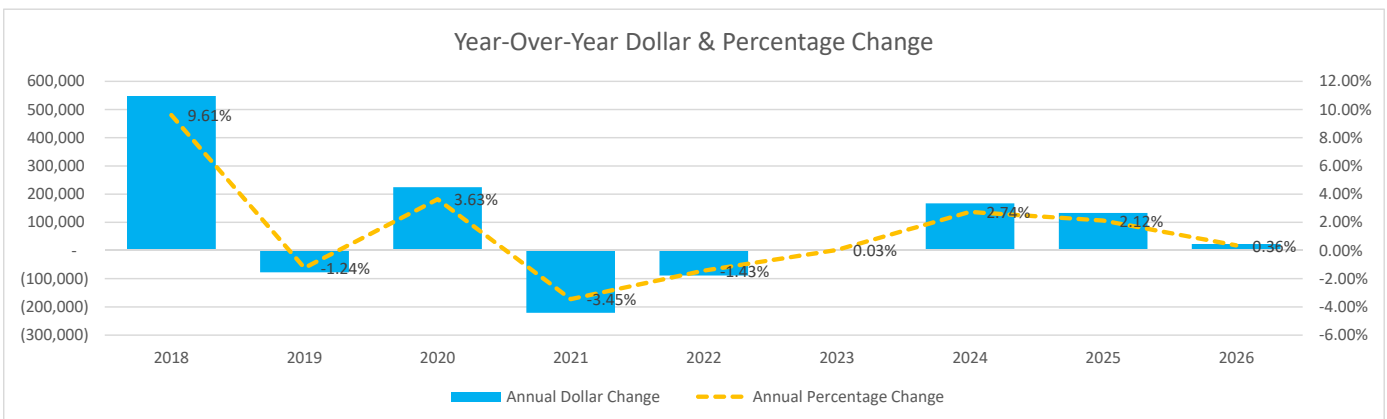
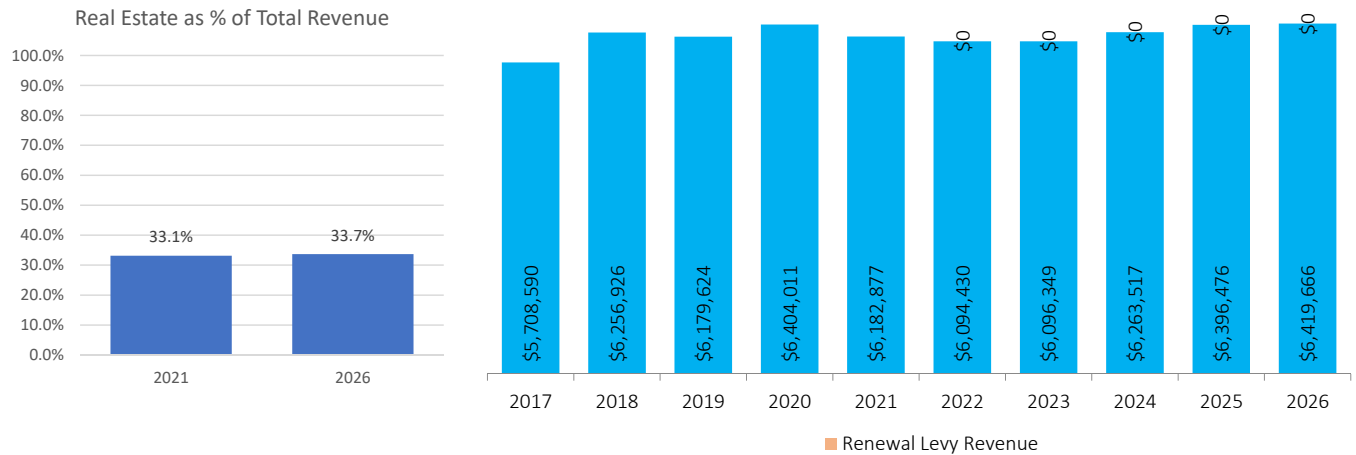
3-Year Historical Actual Average Annual Dollar Change  
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.00% or \$184,540 annually during the past five years and is projected to increase 0.44% or \$82,504 annually through FY2026. Income Tax has the most projected average annual variance compared to the historical average at \$133,680
Real Estate	(\$24,683)	\$47,358	\$72,041	
Public Utility	\$89,054	\$46,545	(\$42,509)	
Income Tax	\$65,448	\$199,129	\$133,680	
State Funding	(\$25,853)	(\$61,877)	(\$36,024)	
Prop Tax Alloc	\$28,271	\$9,912	(\$18,360)	
All Othr Op Rev	(\$11,170)	(\$119,066)	(\$107,896)	
Other Sources	\$63,473	(\$39,496)	(\$102,968)	
Total Average Annual Change	\$184,540 1.00%	\$82,504 0.44%	(\$102,036) -0.55%	

Note: Expenditure average annual change is projected to be > \$271,231 On an annual average basis, expenditures are projected to grow faster than revenue.

## 1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



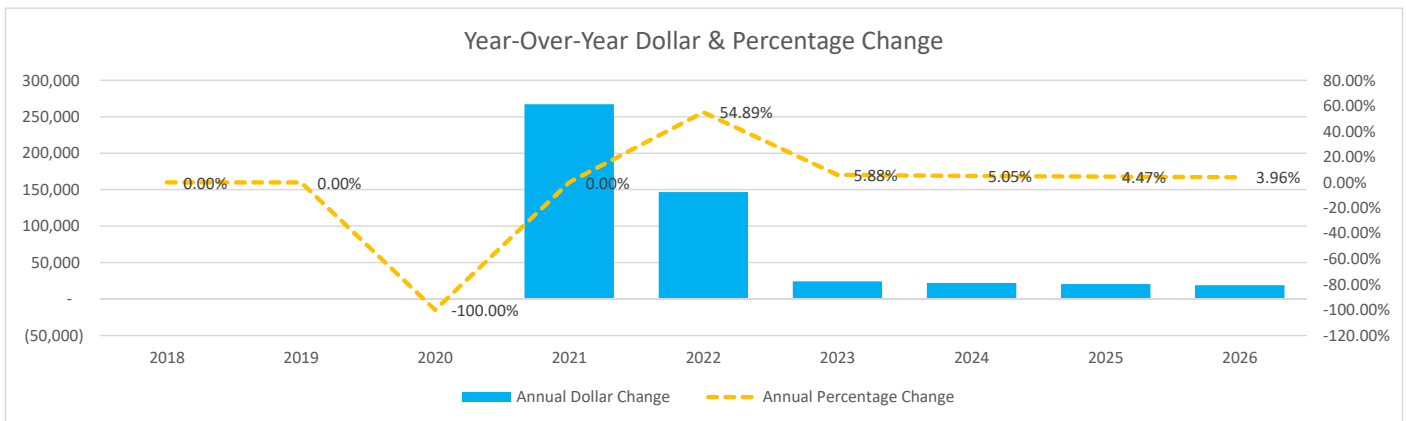
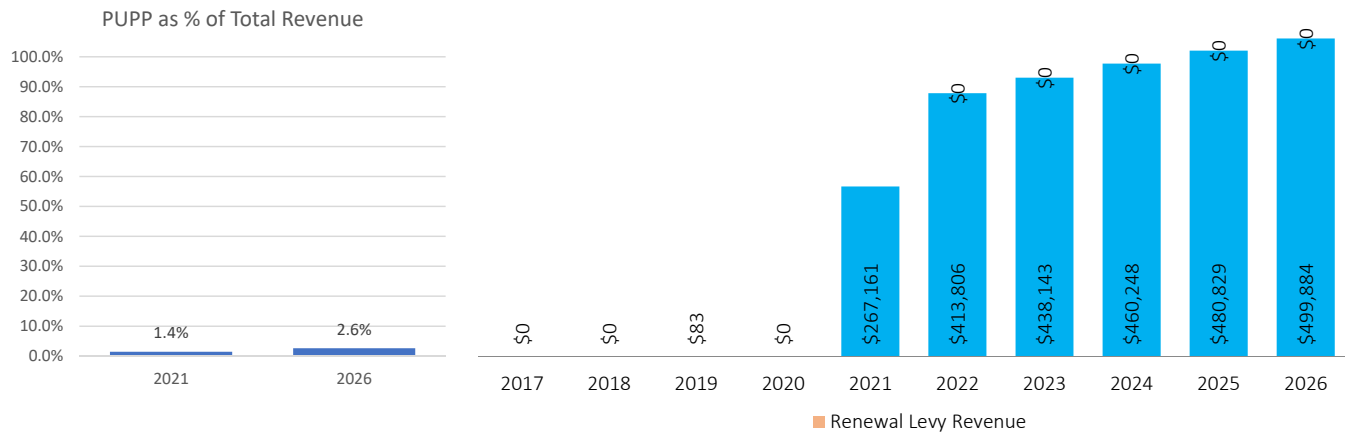
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	342,425,190	9,569,510	20.00	-	21.33	-	100.5%
2021	343,350,190	925,000	20.00	0.00	21.27	(0.06)	100.0%
2022	344,275,190	925,000	20.00	-	21.21	(0.06)	100.0%
2023	361,425,190	17,150,000	20.00	(0.00)	20.84	(0.37)	100.0%
2024	362,850,190	1,425,000	20.00	-	20.78	(0.06)	100.0%
2025	364,285,190	1,435,000	20.00	-	20.72	(0.06)	100.0%

Real estate property tax revenue accounts for 33.14% of total revenue. Class I or residential/agricultural taxes make up approximately 84.68% of the real estate property tax revenue. The Class I tax rate is 20. mills in tax year 2021. The projections reflect an average gross collection rate of 100.0% annually through tax year 2025. The revenue changed at an average annual historical rate of -0.39% and is projected to change at an average annual rate of 0.76% through FY 2026.

*\*Projected % trends include renewal levies*

## 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



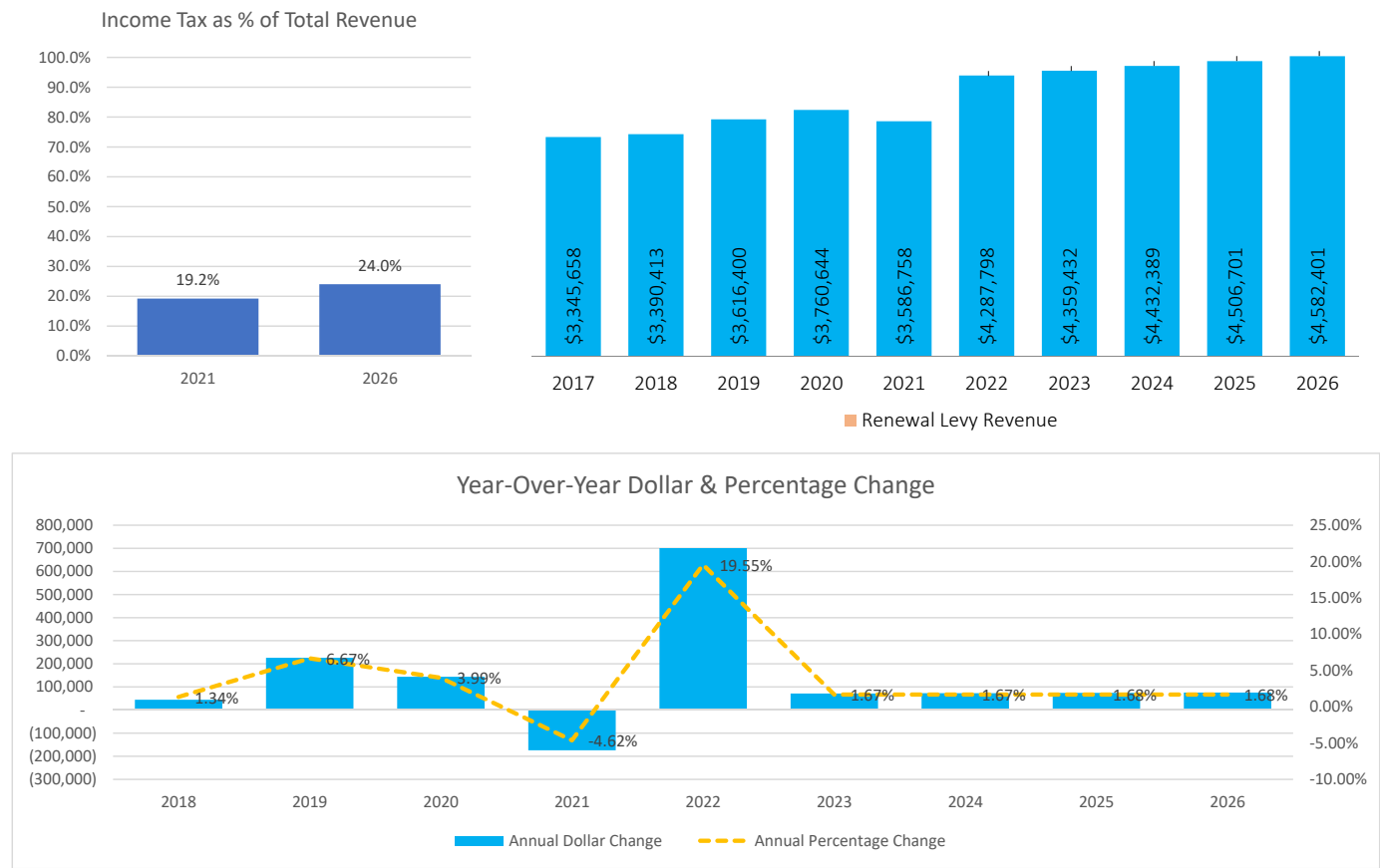
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	13,137,500	1,008,490	30.50	-	100.0%
2021	13,987,500	850,000	30.50	-	100.0%
2022	14,737,500	750,000	30.50	-	100.0%
2023	15,437,500	700,000	30.50	-	100.0%
2024	16,087,500	650,000	30.50	-	100.0%
2025	16,687,500	600,000	30.50	-	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 1.43% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 30.5 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$89,054 and is projected to change at an average annual dollar amount of \$46,545 through FY 2026.

*\*Projected % trends include renewal levies*

1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

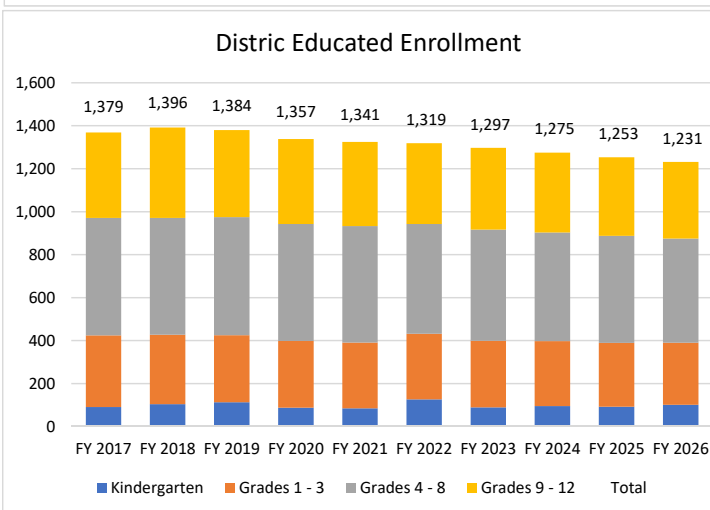
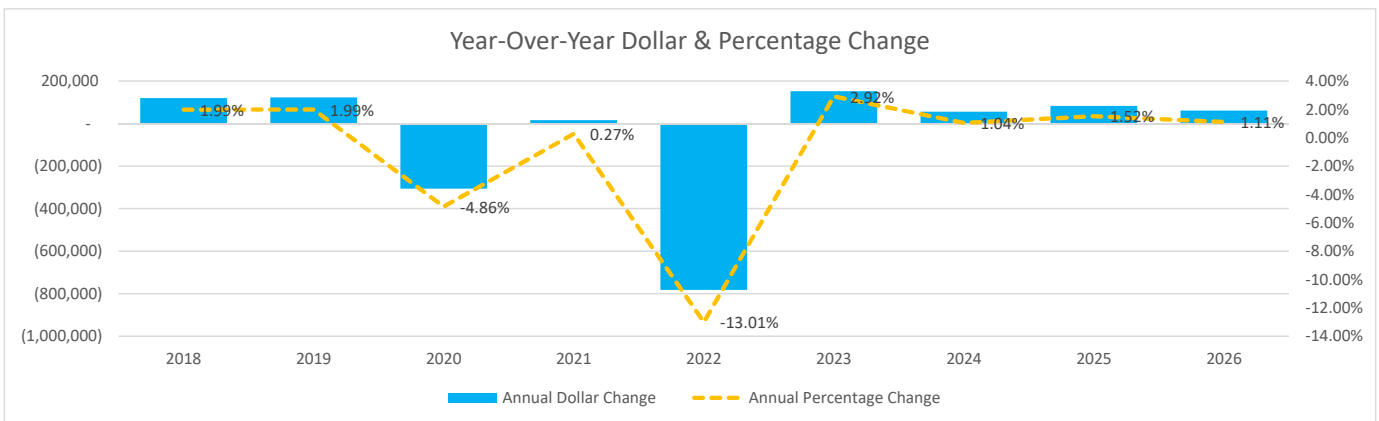
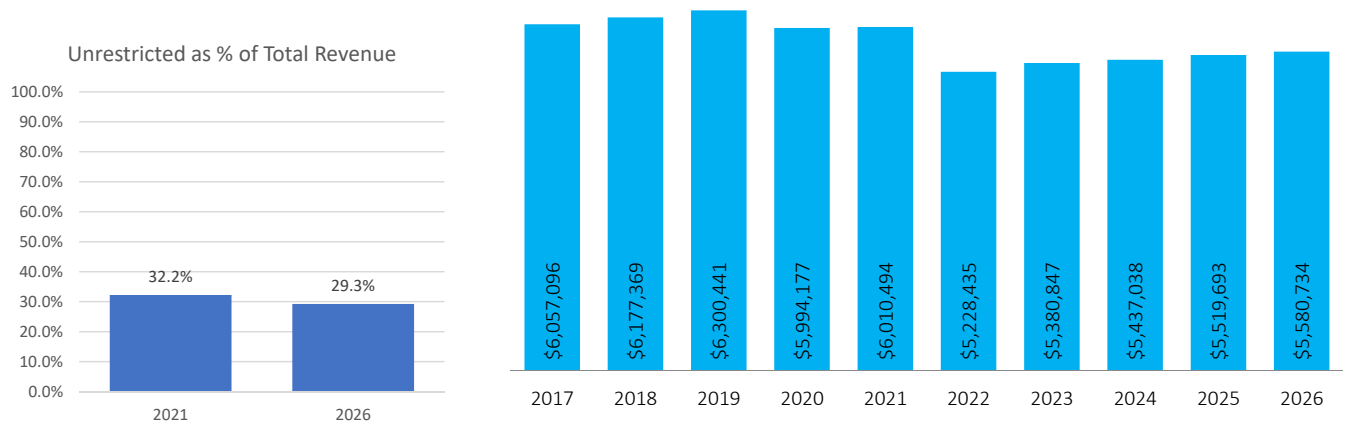


The district maintained one income tax levy in FY 2021. The average annual dollar change in total income tax revenue is forecasted to be \$199,129 through FY 2026. Income tax revenue is projected to account for 24.0% of total district revenue in FY 2026.

\*Projected % trends include renewal levies

## 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Clermont-Northeastern Local School District the calculated Base Cost total is \$9,887,032 in FY 2022.

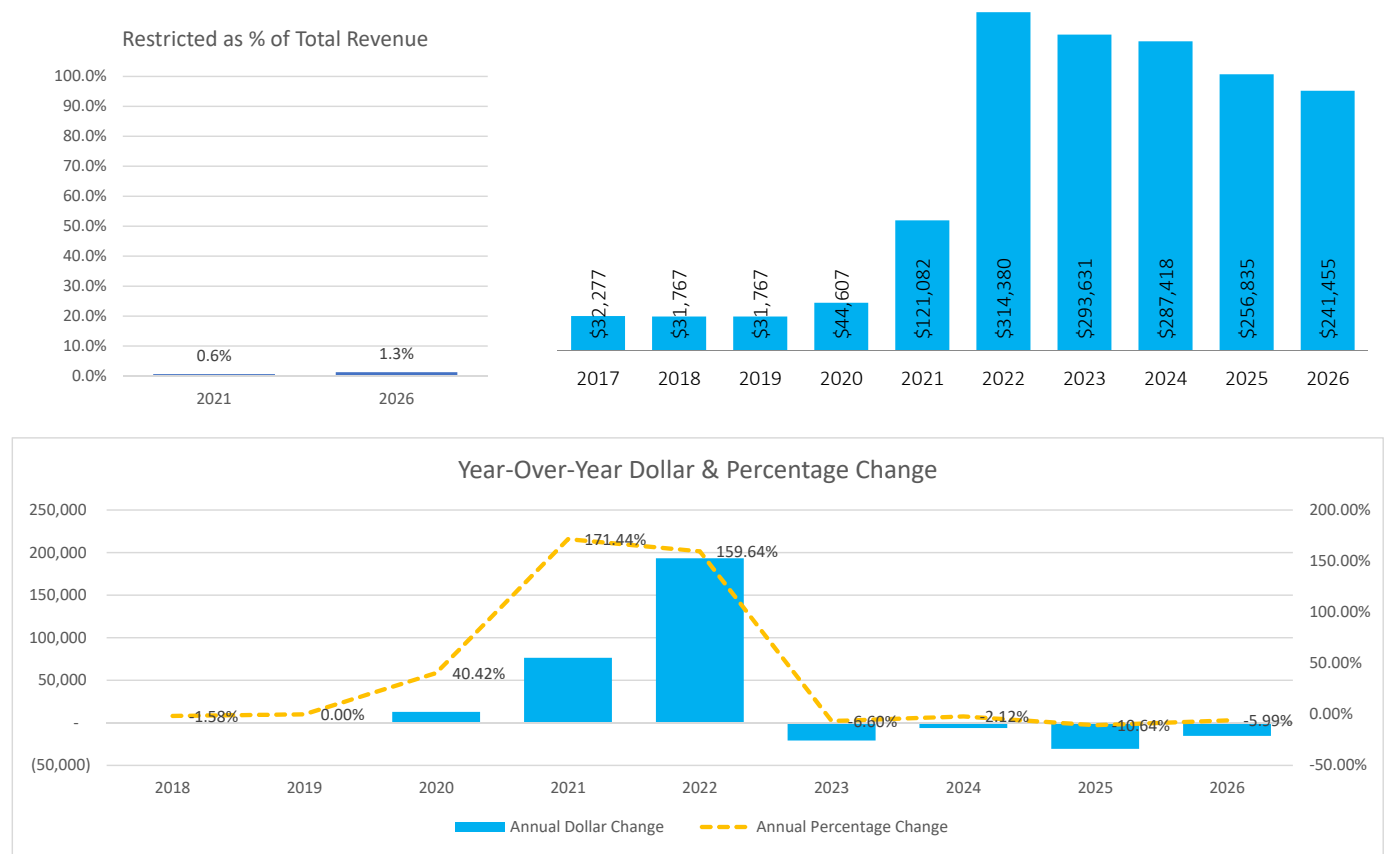
The state's share of the calculated Base Cost total is \$1,992,961 or \$1,511 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$2,032,591 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.



1.040 & 1.045 - Restricted Grants-in-Aid

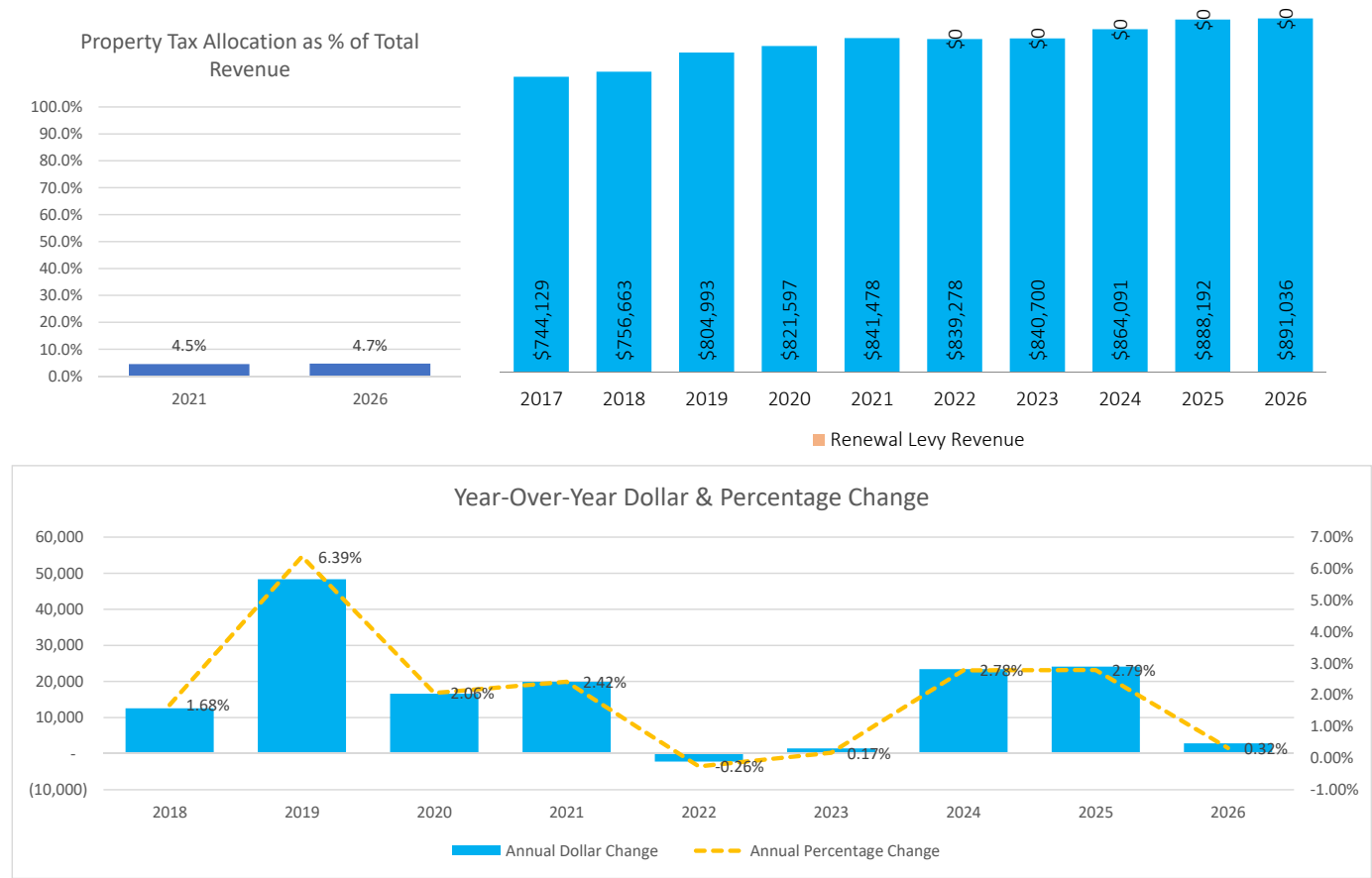
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$29,772 and is projected to change annually on average by \$24,075. Restricted funds represent 0.65% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$124,808. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

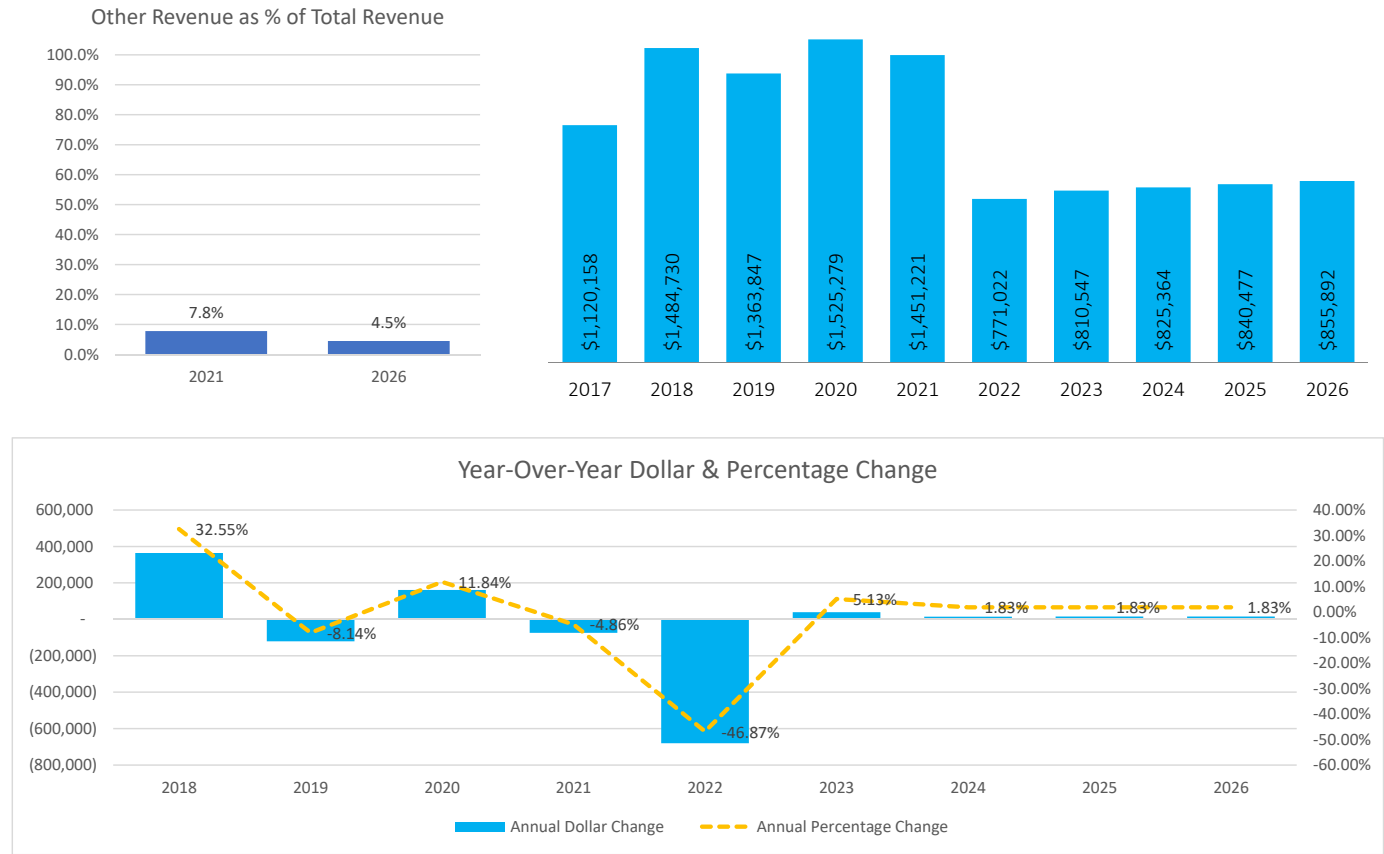


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.6% will be reimbursed in the form of qualifying homestead exemption credits.

*\*Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

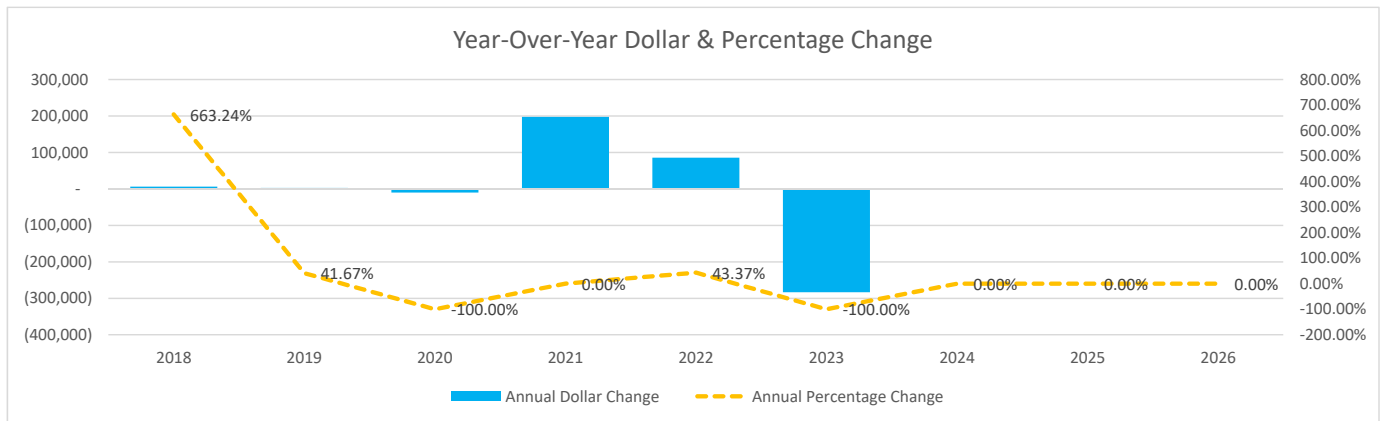
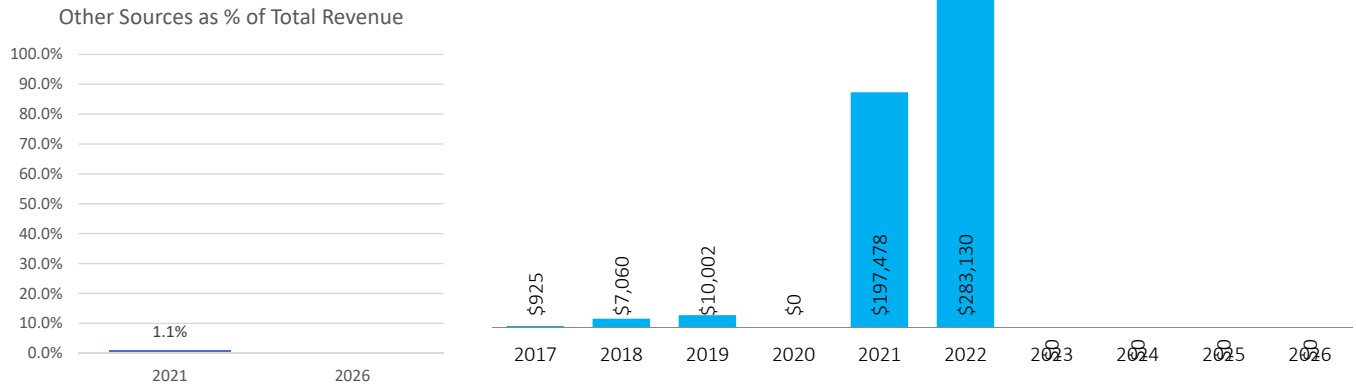
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$11,170. The projected average annual change is -\$119,066 through FY 2026. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$603,548 in FY 2021.

## 2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

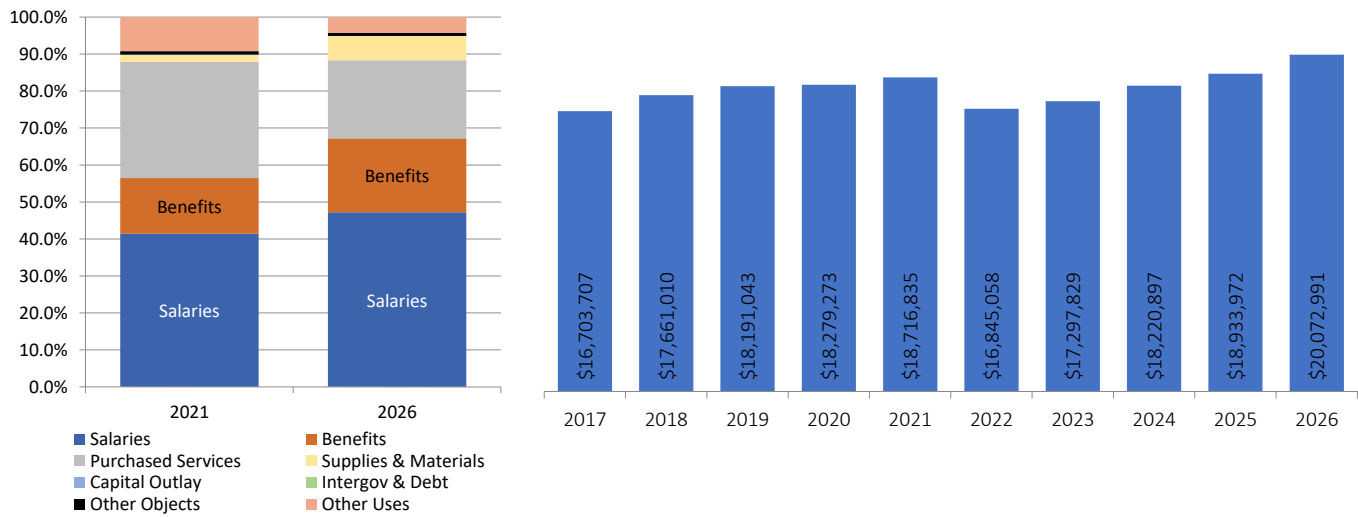


	2021	2022	2023	FORECASTED		
	2021	2022	2023	2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	-	283,130	-	-	-	-
All Other Financing Sources	197,478	(0)	(0)	(0)	(0)	(0)

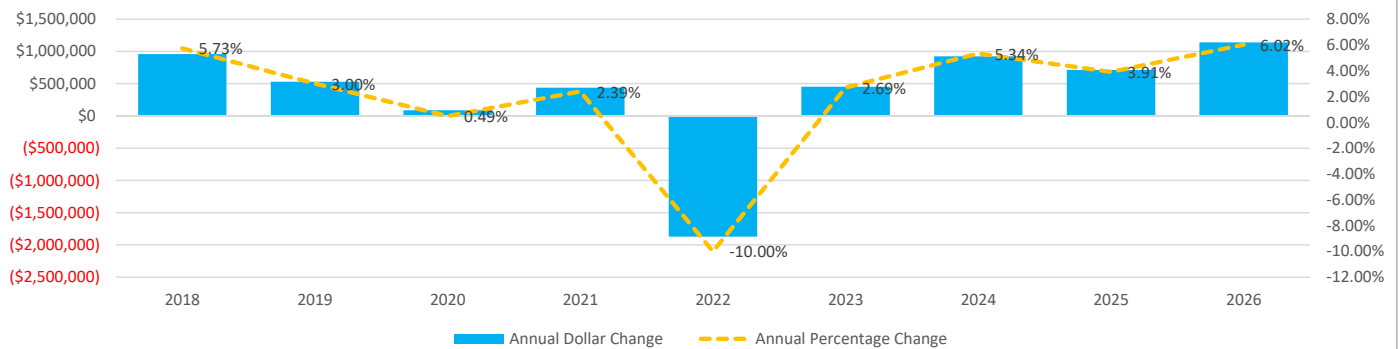
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$0 as advances-in and is projecting advances of \$283,130 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$0 in FY 2022 and average \$0 annually through FY 2026.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar &amp; Percentage Change



3-Year Historical Actual Average Annual Dollar Change  
Compared to 5-Year Projected

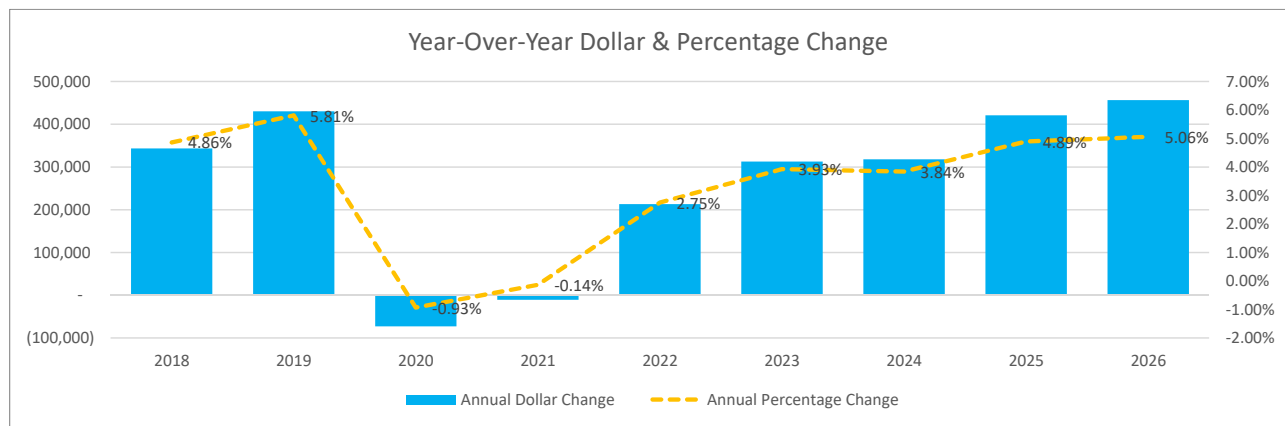
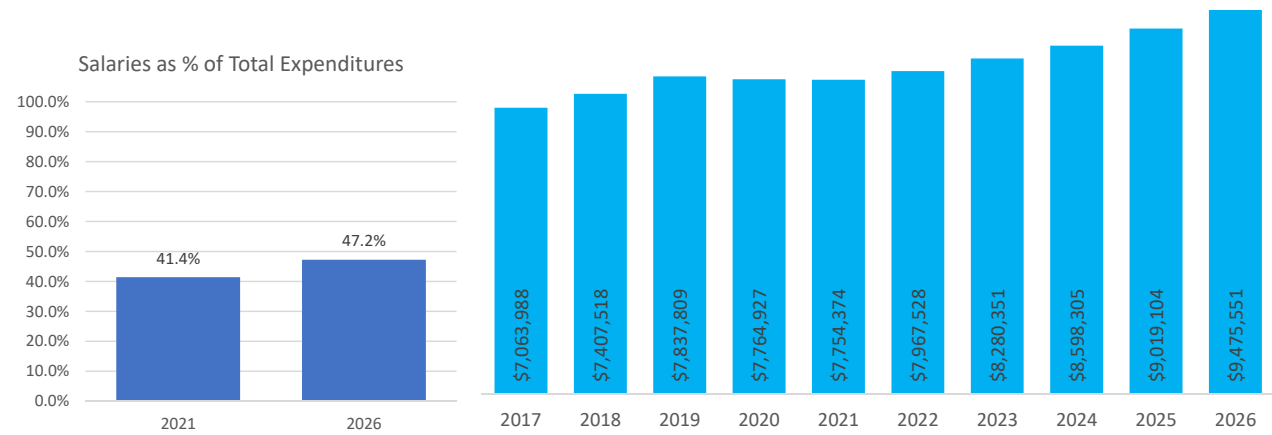
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.91% or \$351,941 annually during the past five years and is projected to increase 1.45% or \$271,231 annually through FY2026. Other Uses has the largest projected average annual variance compared to the historical average at -\$476,761.
Salaries	\$115,619	\$344,235	\$228,617	
Benefits	\$114,919	\$238,690	\$123,771	
Purchased Services	\$9,778	(\$328,014)	(\$337,791)	
Supplies & Materials	(\$173,759)	\$191,772	\$365,532	
Capital Outlay	(\$13,692)	(\$504)	\$13,188	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$4,100)	(\$1,366)	\$2,734	
Other Uses	\$303,177	(\$173,584)	(\$476,761)	
Total Average Annual Change	\$351,941	\$271,231	(\$80,710)	
	1.91%	1.45%	-0.46%	

Note: Expenditure average annual change is projected  
to be > \$271,231

On an annual average basis, revenues are projected to grow slower than expenditures.

### 3.010 - Personnel Services

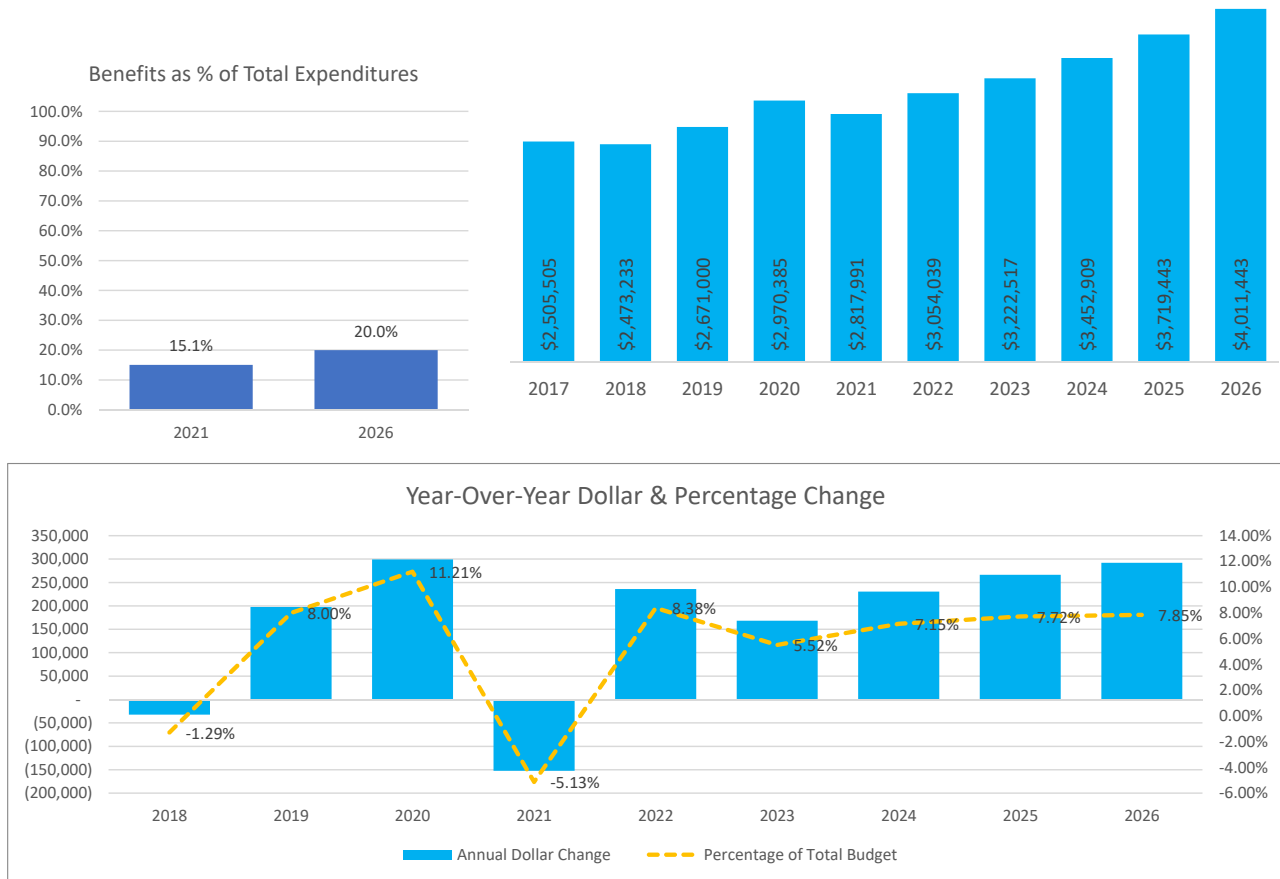
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 41.43% of total expenditures and increased at a historical average annual rate of 1.49% or \$115,619. This category of expenditure is projected to grow at an annual average rate of 3.97% or \$344,235 through FY 2026. The projected average annual rate of change is 2.49% more than the five year historical annual average.

### 3.020 - Employees' Benefits

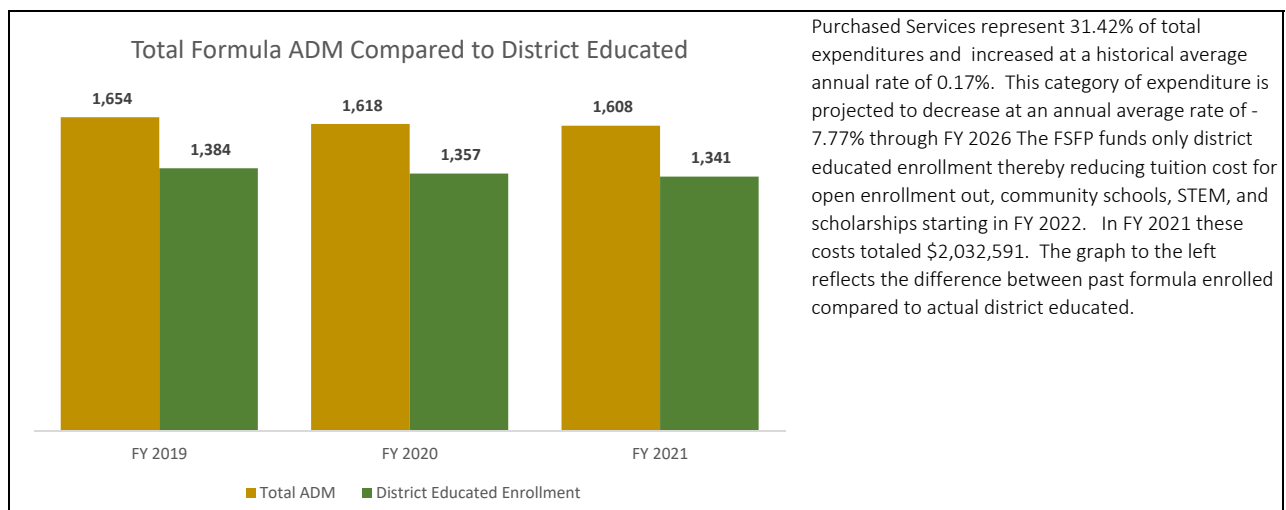
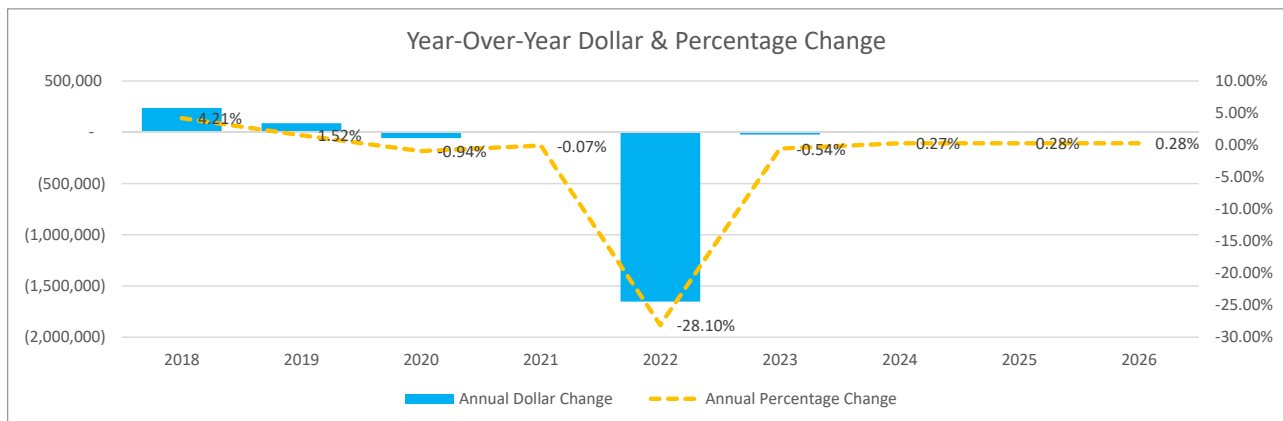
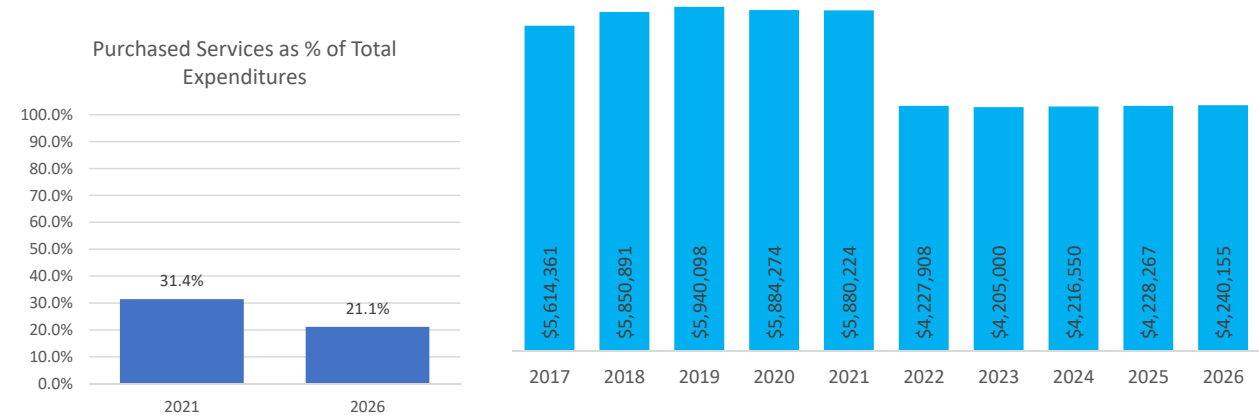
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 15.06% of total expenditures and increased at a historical average annual rate of 4.08%. This category of expenditure is projected to grow at an annual average rate of 6.84% through FY 2026. The projected average annual rate of change is 2.76% more than the five year historical annual average.

### 3.030 - Purchased Services

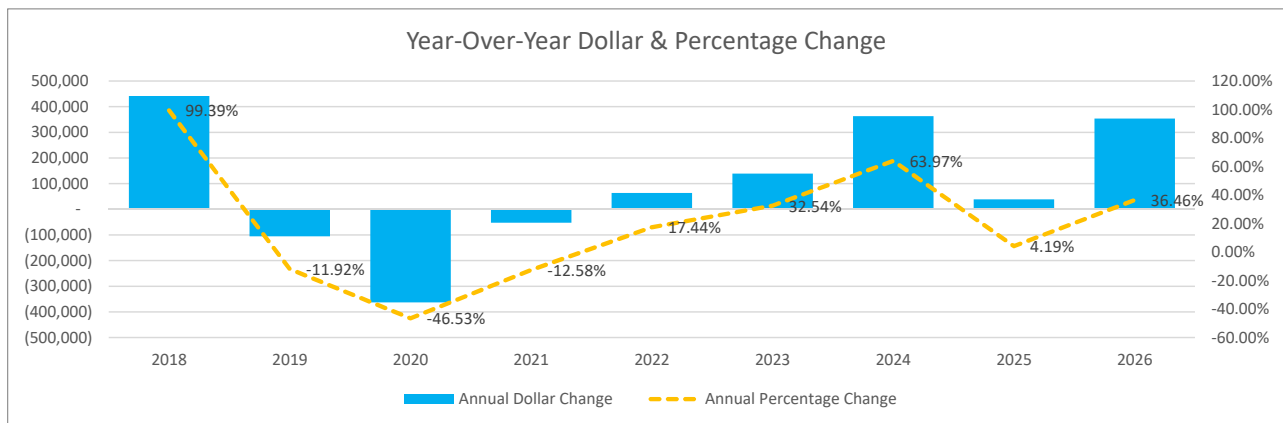
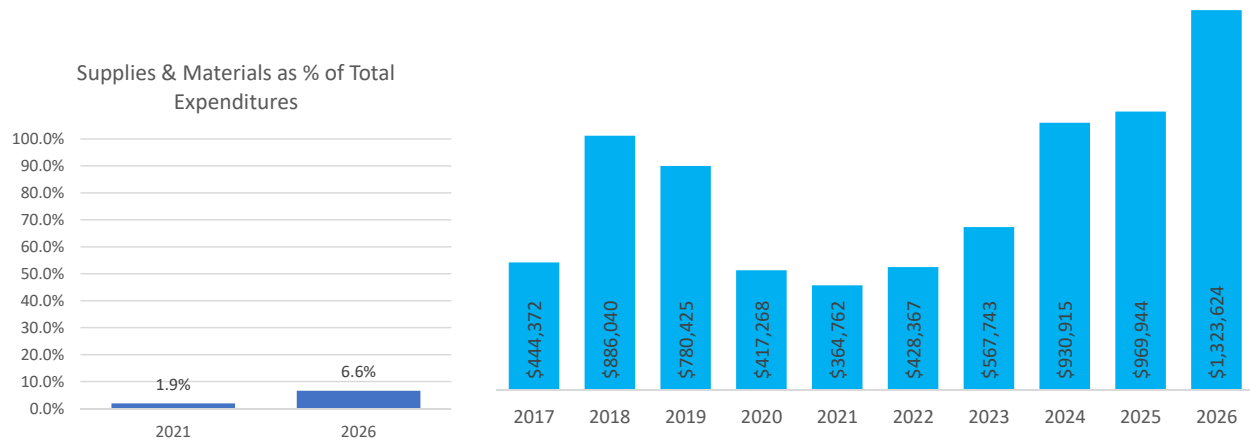
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.





### 3.040 - Supplies & Materials

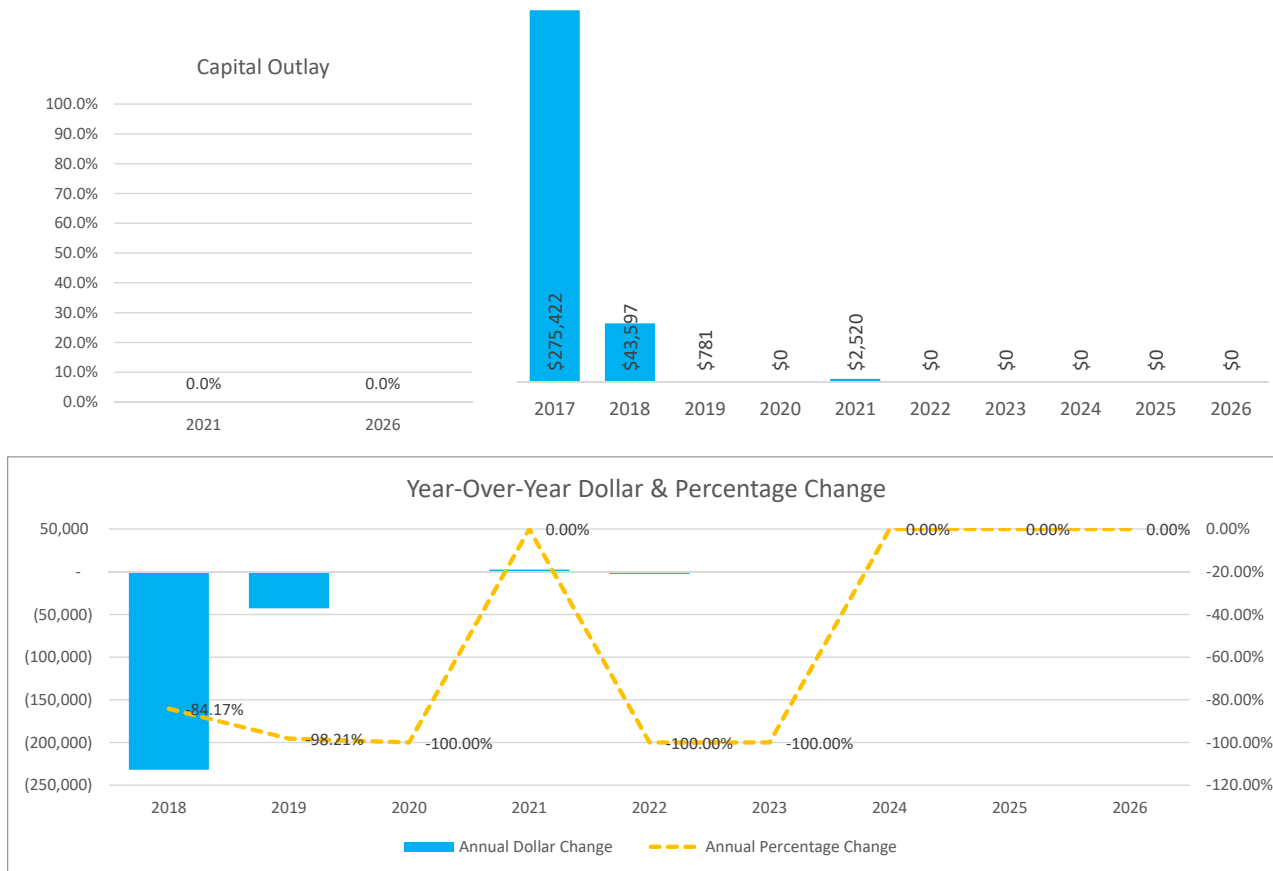
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.95% of total expenditures and decreased at a historical average annual rate of -33.36%. This category of expenditure is projected to grow at an annual average rate of 22.72% through FY 2026. The projected average annual rate of change is 56.08% more than the five year historical annual average.

### 3.050 - Capital Outlay

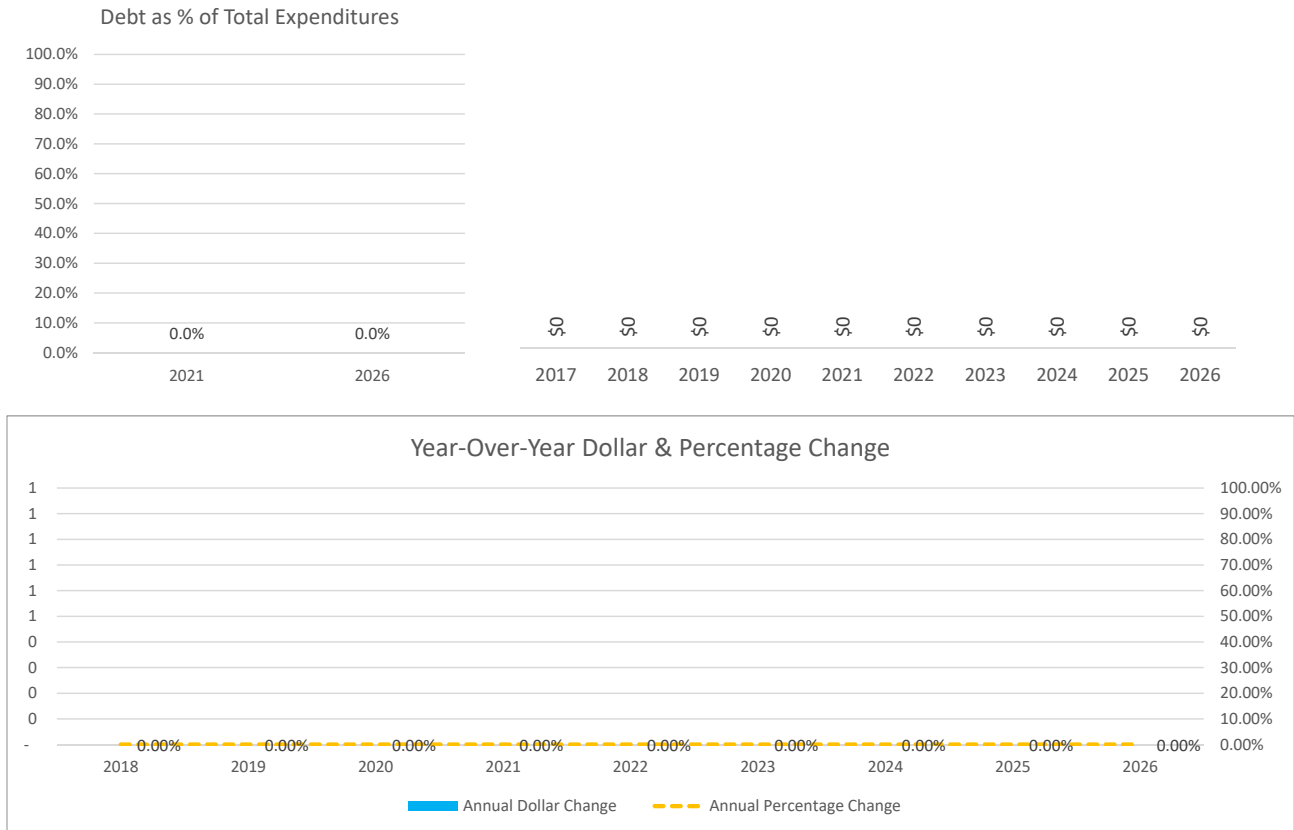
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.01% of total expenditures and decreased at a historical average annual amount of -\$13,692. This category of expenditure is projected to decrease at an annual average rate of -\$504 through FY 2026. The projected average annual change is less than the five year historical annual average.

### 3.060-4.060 - Intergovernmental & Debt

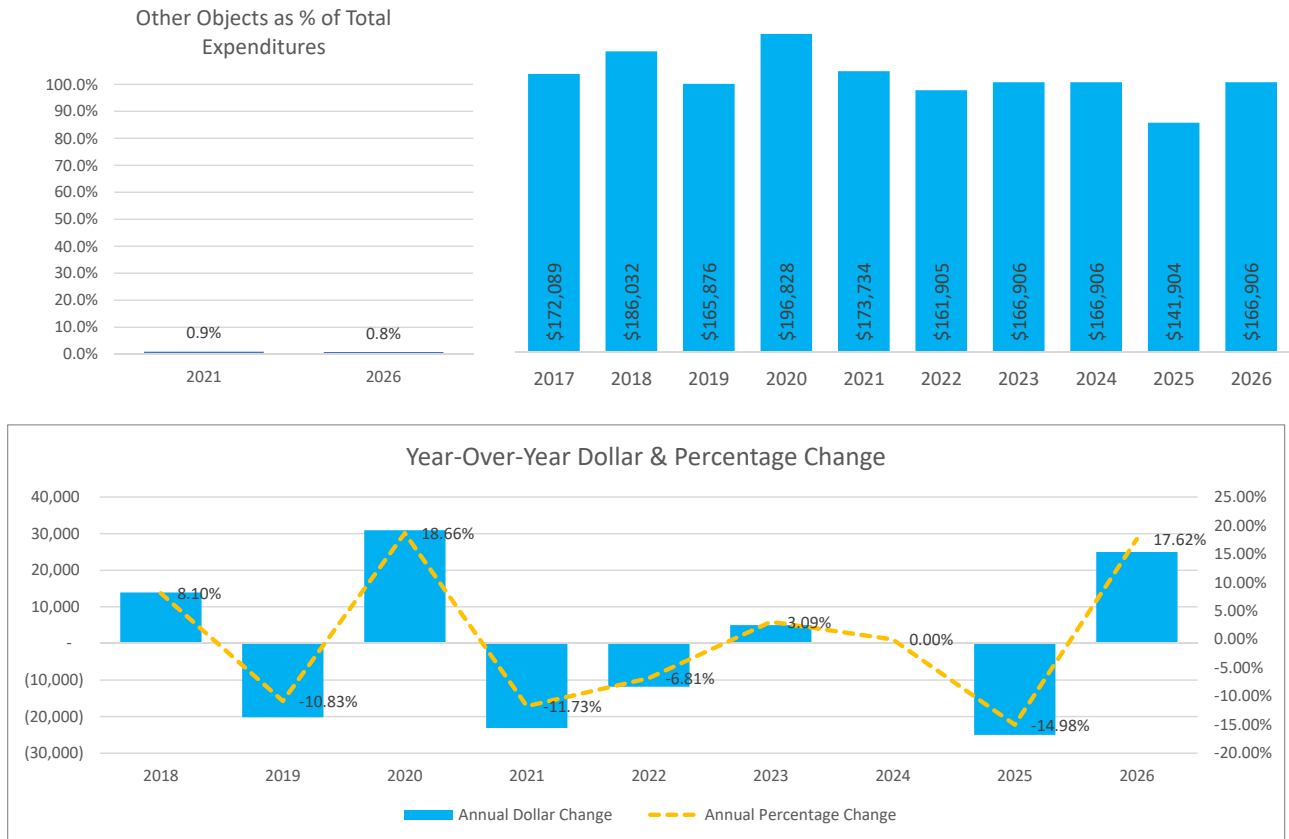
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

## 4.300 - Other Objects

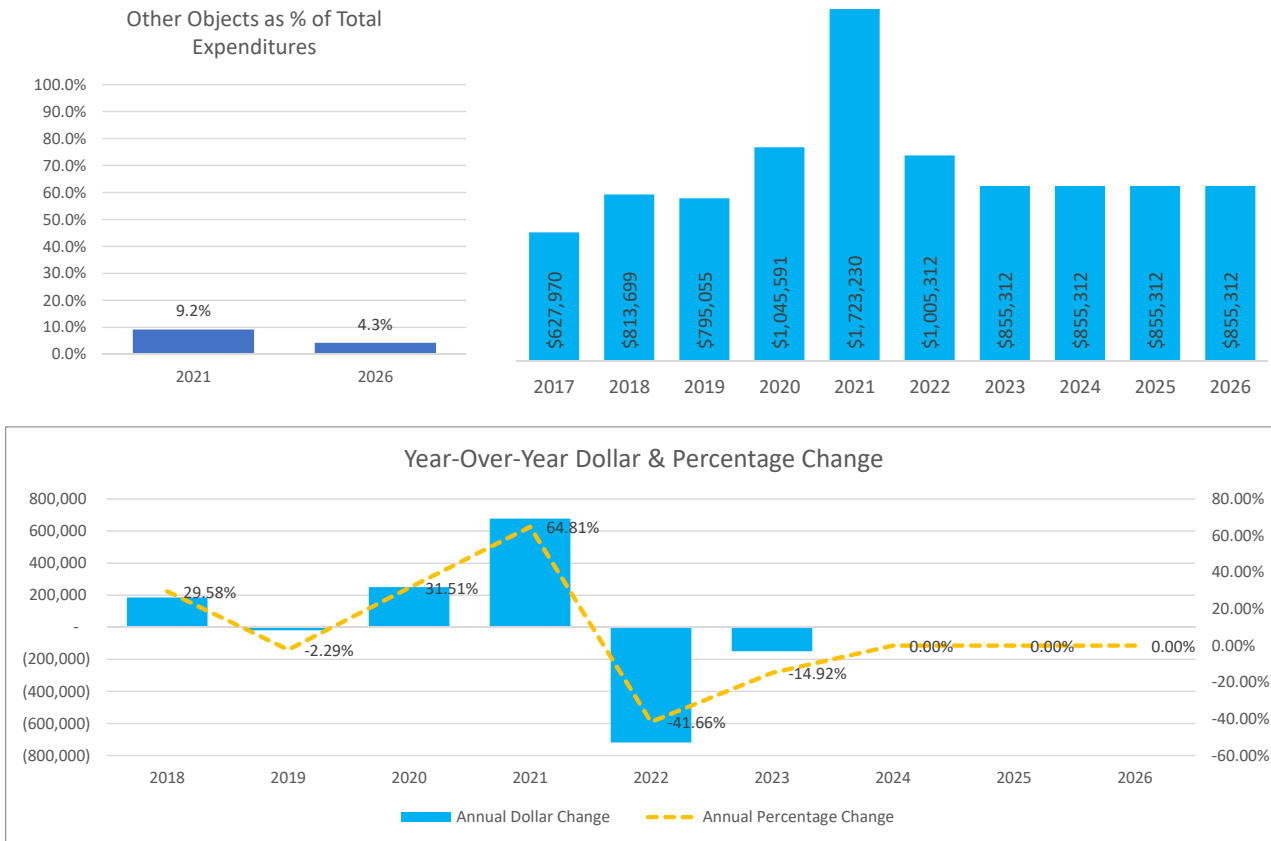
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.93% of total expenditures and decreased at a historical average annual rate of -2.29%. This category of expenditure is projected to decrease at an annual average rate of -0.85% through FY 2026. The projected average annual rate of change is 1.44% more than the five year historical annual average.

## 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	FORECASTED					
	2021	2022	2023	2024	2025	2026
Transfers Out	1,440,100	994,000	844,000	844,000	844,000	844,000
Advances Out	283,130	-	-	-	-	-
Other Financing Uses	-	11,312	11,312	11,312	11,312	11,312

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2021 the district had advances-out and has no advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2026. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

# Clermont-Northeastern Local School District

## Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	6,182,877	6,094,430	6,096,349	6,263,517	6,396,476	6,419,666
1.020 - Public Utility Personal Property	267,161	413,806	438,143	460,248	480,829	499,884
1.030 - Income Tax	3,586,758	4,287,798	4,359,432	4,432,389	4,506,701	4,582,401
1.035 - Unrestricted Grants-in-Aid	6,010,494	5,228,435	5,380,847	5,437,038	5,519,693	5,580,734
1.040 - Restricted Grants-in-Aid	121,082	314,380	293,631	287,418	256,835	241,455
1.050 - Property Tax Allocation	841,478	839,278	840,700	864,091	888,192	891,036
1.060 - All Other Operating Revenues	1,451,221	771,022	810,547	825,364	840,477	855,892
<b>1.070 - Total Revenue</b>	<b>18,461,070</b>	<b>17,949,149</b>	<b>18,219,649</b>	<b>18,570,065</b>	<b>18,889,203</b>	<b>19,071,068</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	283,130	-	-	-	-
2.060 - All Other Financing Sources	197,478	(0)	(0)	(0)	(0)	(0)
<b>2.070 - Total Other Financing Sources</b>	<b>197,478</b>	<b>283,130</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>18,658,547</b>	<b>18,232,279</b>	<b>18,219,649</b>	<b>18,570,064</b>	<b>18,889,202</b>	<b>19,071,067</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	7,754,374	7,967,528	8,280,351	8,598,305	9,019,104	9,475,551
3.020 - Employee Benefits	2,817,991	3,054,039	3,222,517	3,452,909	3,719,443	4,011,443
3.030 - Purchased Services	5,880,224	4,227,908	4,205,000	4,216,550	4,228,267	4,240,155
3.040 - Supplies and Materials	364,762	428,367	567,743	930,915	969,944	1,323,624
3.050 - Capital Outlay	2,520	0	-	-	-	-
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	173,734	161,905	166,906	166,906	141,904	166,906
<b>4.500 - Total Expenditures</b>	<b>16,993,605</b>	<b>15,839,747</b>	<b>16,442,517</b>	<b>17,365,585</b>	<b>18,078,661</b>	<b>19,217,679</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	1,440,100	994,000	844,000	844,000	844,000	844,000
5.020 - Advances-Out	283,130	-	-	-	-	-
5.030 - All Other Financing Uses	-	11,312	11,312	11,312	11,312	11,312
<b>5.040 - Total Other Financing Uses</b>	<b>1,723,230</b>	<b>1,005,312</b>	<b>855,312</b>	<b>855,312</b>	<b>855,312</b>	<b>855,312</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>18,716,835</b>	<b>16,845,058</b>	<b>17,297,829</b>	<b>18,220,897</b>	<b>18,933,972</b>	<b>20,072,991</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>(58,287)</b>	<b>1,387,220</b>	<b>921,820</b>	<b>349,167</b>	<b>(44,770)</b>	<b>(1,001,923)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>4,021,251</b>	<b>3,962,964</b>	<b>5,350,184</b>	<b>6,272,004</b>	<b>6,621,171</b>	<b>6,576,401</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>3,962,964</b>	<b>5,350,184</b>	<b>6,272,004</b>	<b>6,621,171</b>	<b>6,576,401</b>	<b>5,574,478</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>3,962,964</b>	<b>5,350,184</b>	<b>6,272,004</b>	<b>6,621,171</b>	<b>6,576,401</b>	<b>5,574,478</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>3,962,964</b>	<b>5,350,184</b>	<b>6,272,004</b>	<b>6,621,171</b>	<b>6,576,401</b>	<b>5,574,478</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>3,962,964</b>	<b>5,350,184</b>	<b>6,272,004</b>	<b>6,621,171</b>	<b>6,576,401</b>	<b>5,574,478</b>

