

## **FY 2020**

### **Lockland Local School District**

#### **Five Year Forecast – Notes**

Lockland Local School District is located in Southwest Ohio, and is part of Hamilton County. It is 1.23 square miles, with a population of 3,432. Since the year 2000, Lockland's population has decreased 7.40%. The population growth rate is lower than the state average of + 1.62%, and the national average of + 9.71%. The median resident age is 35.7 years, where Ohio's median age is 39.3 years. There are 51.3% males to 48.7% females. Within the population 25 years and older, 69.4% have a high school diploma, 7.5% have a bachelor's degree, and 2.2% have a graduate degree.

Over the years, the most common industry was manufacturing. Unfortunately, some prominent long time businesses have closed. Lockland was the home to Stearns and Foster, a mattress factory that was one million square feet in size. In addition, General Electric was located inside the Village, until it closed that portion of the plant. The Village of Lockland is working with the Hamilton County Economic Development Company to re-establish Lockland as a thriving opportunity for businesses to locate. Reinhart Foods, Adleta Construction and Frederick's Landscaping are a few recent additions. Many other businesses have made Lockland their home with instant access to I-75. When The State of Ohio reclassified Tangible Personal Property Tax to the Commercial Activity Tax, Lockland LSD lost 40% of its revenue.

Over 40% of the residents are blue-collar workers, earning an estimated \$15,889 per year. The median household income is \$32,053, well below the state average. The age of most homes in the area is above the state average, and their values are below the state average. Lockland LSD educates many students who are currently on the Federal Free and Reduced Lunch Program. Not to mention, there are many students who must be educated by other districts due to their special needs; and unfortunately, Lockland LSD is financially responsible for these students.

Lockland LSD works extremely hard at protecting the taxpayer's money. Certain demands in educating children cause expenditures to rise periodically; therefore, we take our jobs very seriously, in watching your tax dollars, one day at a time.

## **Revenues**

### **1.010 General Property Tax**

Slight increases in property valuations are hopeful as the economy begins to move forward. The Village of Lockland is working diligently with the Hamilton County Economic Development Company at attracting developers to invest in the area. While we are always hopeful of an economic recovery, one must realize property valuations have deflated in the last few years. Not to mention, delinquencies are always an unknown variable.

### **1.020 Public Utility Personal Property Tax**

With TPP currently being phased out as of FY16, the remaining revenue is attributable to Public Utility Personal Property. With the hope of new construction, new revenue will be generated.

### **1.035 Unrestricted Grants-in-Aid**

As of July 2019, the new biennium budget is being instituted. Therefore, Lockland LSD is receiving a slight increase of revenue from this budget. However, the revenue will be placed in a Special Reserve Fund, and not included in the Five Year Forecast. This revenue is to be used for Student Wellness and Success. After FY21 it is uncertain whether this funding for Student Wellness will continue. With that being stated, there will need to be an increase within Unrestricted Grants in the next biennium budget for FY22 and FY23. On a positive note, a new line item called Capacity Aid was introduced with the biennium budget in 2015. Capacity Aid will take into consideration Lockland's property tax yield per mill. Since the District's yield is below the statewide median yield, aid will be given. In addition, Casino revenue has helped, but, projected revenue will be down for a period of time as the State tracks casino attendance.

### **1.040 Restricted Grants**

Career Tech funding of \$3,978 and Economic Disadvantaged funding of \$364,479 is being granted to the Lockland LSD for restricted usage.

### **1.050 Property Tax Allocation**

This is the reimbursement received from the State for the Homestead Exemption and the 2 ½% and 10% Rollback Tax. However, HB 59 specifies that there will not be any reimbursements on new levies after July 1, 2013. The State of Ohio is continuing the phase out of Tangible Personal Property Tax, and beginning in FY16 the reimbursement will be reduced each succeeding fiscal year. After FY17, reductions will depend on the income generated from a property tax mill. For

Lockland, SB 208 established a phase out of TPP based on 5/8ths of a mill. In other words, FY18 and beyond will show a reduction of Tangible Personal Property Tax reimbursement equivalent to 5/8ths of a current Lockland mill.

### 1.060 All Other Revenue

This includes investment earnings, tuition, local fees and open enrollment. Since ADM is a major factor in state funding, Lockland LSD stresses the value of attracting and retaining quality students.

### 2.050 Advances In

These are the return of monies made available to certain funds that did not have enough resources to cover expenditures. The advance is usually paid back the next fiscal year.

### 2.060 All Other Sources

Refund of Prior Year Expenditures

## **Expenditures**

### 3.010 Personal Services

Steps were re-instituted in FY15. In FY19 a 3% increase on the base salary was negotiated; as well as, a 3% increase for FY20 and FY21.

### 3.020 Retirement/Insurance Benefits

Health premiums increased 5% in FY14, while only increasing 6% in FY15. Fortunately, there was no increase in FY16, FY17 or FY18; however, there was an increase in FY19 of 10%, and 2.2% in FY20.

### 3.030 Purchased Services

Tuition and other services for special needs students are reflective of demand. Not to mention, deductions for open enrollment, community schools, Ed Choice Scholarships, College Credit Plus, printers, copiers, IT, maintenance and custodial services, plus general property, casualty and liability insurance are posted in purchased services. Being in an older building, utilities and general repairs are two of the larger costs centers. Unfortunately, these repairs are extremely expensive, and the District must budget accordingly.

### 3.040 Supplies and Materials

In order to be financially prudent, Lockland LSD is only purchasing supplies and materials on an as needed basis.

### 3.050 Capital Outlay

Lockland LSD strives to respect the longevity of capital assets, knowing that capital expenditures occur from year to year. FY16 capital outlay was reasonable; unfortunately, FY17 and FY18 saw increases, as buildings, equipment, machinery and furniture have aged. The District replaced a boiler, a hot water tank, and two compressors for the air conditioning units in the cafeteria, worked on the chiller, and replaced parts of the roof. It is a fair assumption that expenditures will continue to rise as capital assets mature. Currently, Lockland is working with the Ohio Facilities Construction Commission on a new building. The District was able to pass a Bond Levy in May of 2019.

### 4.055 Principal - 4.060 Interest and Fiscal Charges

There are no debt payments to be paid from the General Fund.

### 4.300 Other Objects

This line item encompasses auditing fees from the Auditor of State and Medicaid; as well as, the Hamilton County Auditor for collecting taxes. Membership dues are recorded here as well.

### 5.010 Operating Transfers

A transfer from the General Fund to other district funds becomes necessary from time to time. The Athletic, Band, Food Service and Grant Funds are primary recipients of such a transfer.

### 5.020 Advances Out

These are monies paid to other funds with an operating deficit. The advance is paid back the next fiscal year.

### 8.010 Estimated Encumbrances

Encumbrances are financial obligations of the District which have not been expended at fiscal year-end. Encumbrances are projected to remain at the same level from year to year.

## **Summary**

Lockland LSD will end FY19 with a positive cash balance. Fortunately, FY20 and beyond, projections appear to be positive. Lockland LSD went into Fiscal Caution in FY14. After a Performance Audit, a Financial Audit and an Internal Audit, the District was forced to reduce staff. This reality check has forced Lockland LSD to continue being good stewards of the taxpayer's money. Because of this hard work, I can proudly say Lockland was taken out of Fiscal Caution in December of FY16. We will continue to cut expenditures, as well as, actively pursue state and federal grants in order to relieve stress off of the General Fund. Our mission is to educate the children of this District with a quality education. Finances can dictate the operational procedures; however, under most circumstances, they provide guidance for the District in order to follow the mission.