

Clermont-Northeastern Local School District

Five Year Forecast Financial Report

November, 2022

Kathy Neuner, Treasurer/CFO

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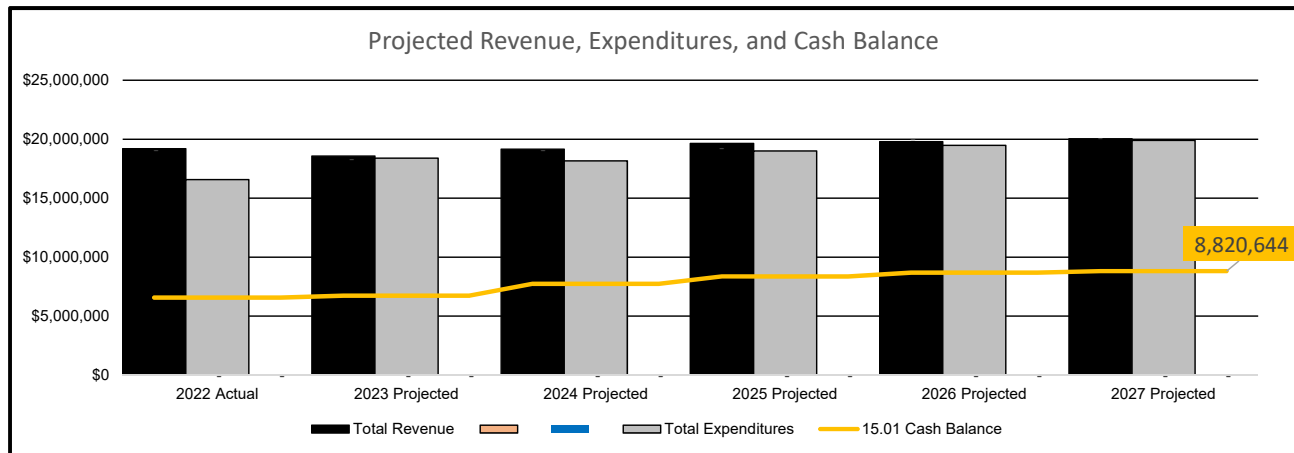
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Forecast Purpose/Objectives

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 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	6,575,014	6,743,716	7,737,864	8,373,591	8,691,244
+ Revenue	18,564,101	19,156,996	19,641,418	19,790,981	20,031,741
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(18,395,399)	(18,162,847)	(19,005,692)	(19,473,328)	(19,902,341)
= Revenue Surplus or Deficit	168,702	994,149	635,726	317,653	129,400
Line 7.020 Ending Balance with renewal/new levies	6,743,716	7,737,864	8,373,591	8,691,244	8,820,644

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	168,702	994,149	635,726	317,653	129,400
Ending Balance w/o Levies	6,743,716	7,737,864	8,373,591	8,691,244	8,820,644

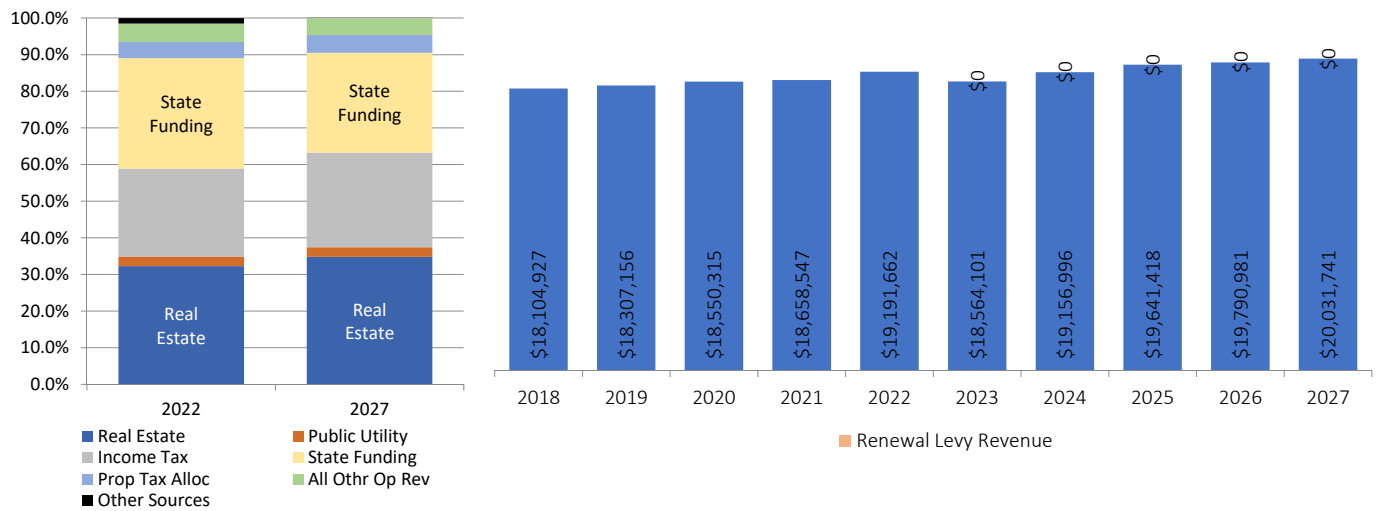
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$168,702 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue surplus where expenditures are projected to be less than revenue by -\$129,400. The district would need to cut its FY 2027 projected expenses by -0.65% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to improve by FY 2027. A worsening cash balance can erode the district's financial stability over time.

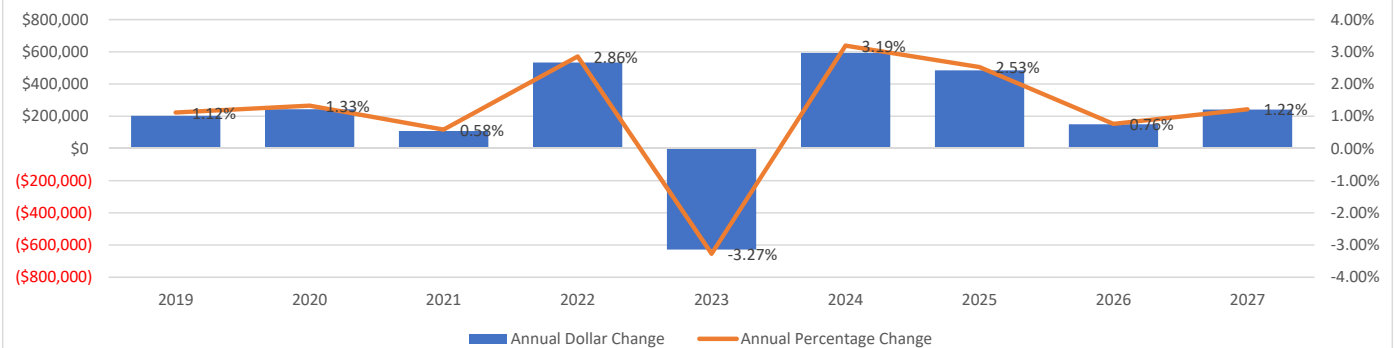
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$398,667 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



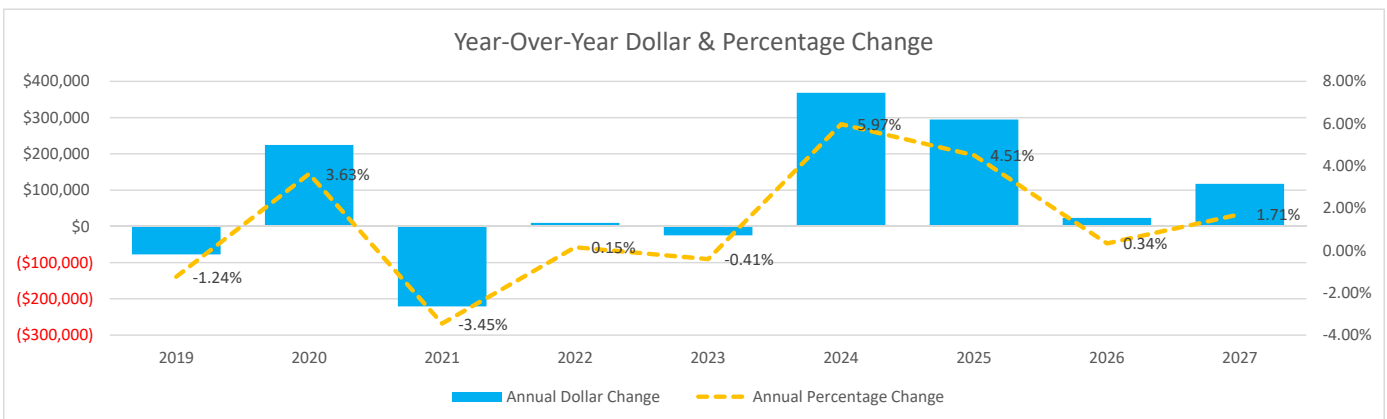
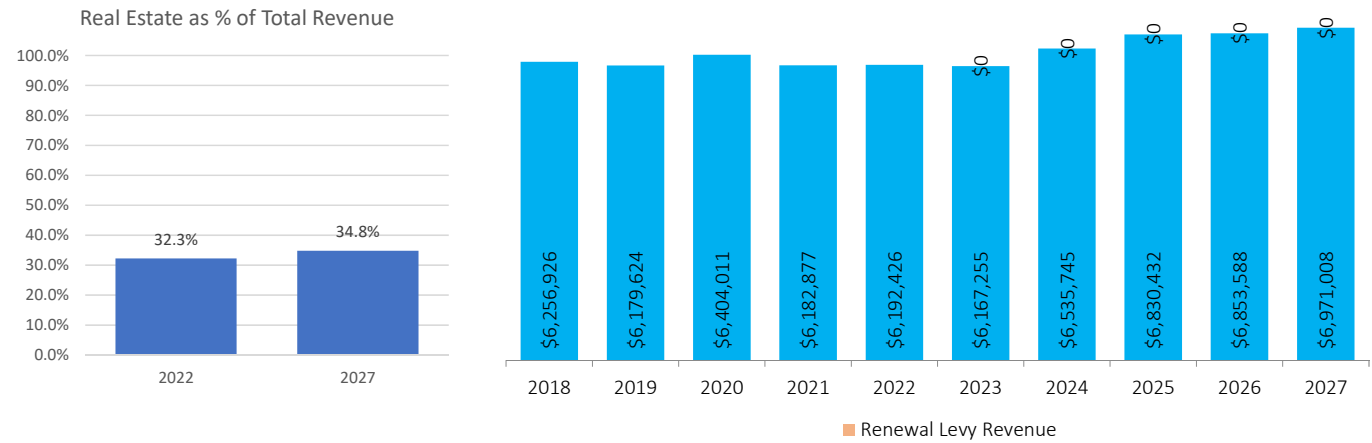
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 2.35% or \$436,566 annually during the past 5-Year period and is projected to increase 0.86% or \$168,016 annually through FY2027. Income Tax has the most projected average annual variance compared to the historical average at - \$135,764
Real Estate	96,767	155,716	\$58,949	
Public Utility	\$101,577	\$3,874	(\$97,703)	
Income Tax	\$251,622	\$115,858	(\$135,764)	
State Funding	(\$60,672)	(68,101)	(\$7,429)	
Prop Tax Alloc	\$20,900	\$25,997	\$5,098	
All Othr Op Rev	(\$31,575)	(\$7,321)	\$24,253	
Other Sources	\$57,947	(\$58,008)	(\$115,955)	
Total Average Annual Change	436,566 2.35%	168,016 0.86%	(\$268,550) -1.49%	

Note: Expenditure average annual change is projected to be > \$664,546 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).



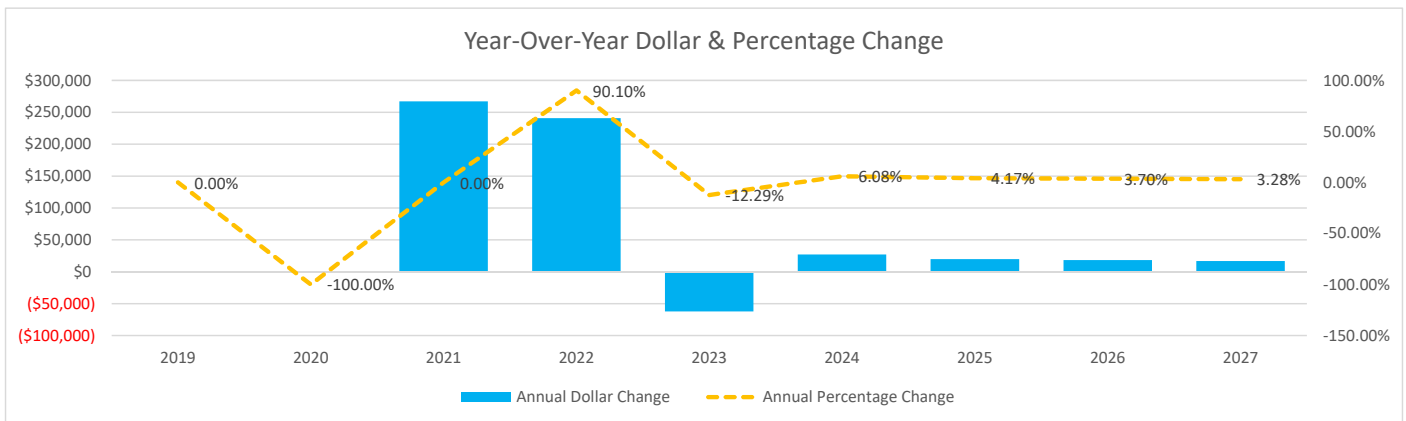
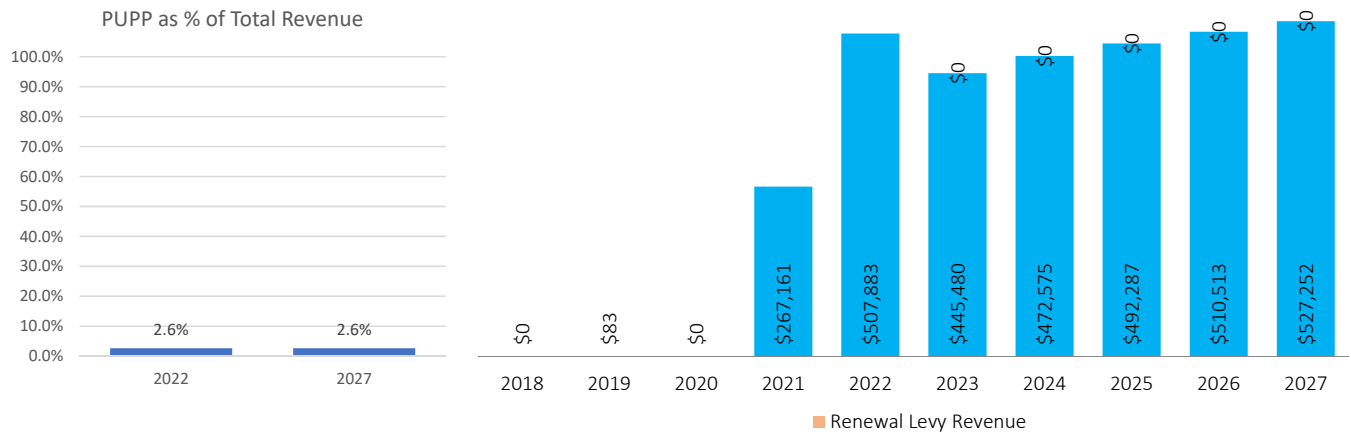
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	344,055,000	1,629,810	20.02	-	21.51	-	101.2%
2022	345,710,820	1,655,820	20.13	0.11	21.45	(0.06)	99.7%
2023	385,860,820	40,150,000	20.00	(0.13)	21.07	(0.38)	100.1%
2024	387,285,820	1,425,000	20.00	-	21.01	(0.06)	100.1%
2025	388,710,820	1,425,000	20.00	-	20.95	(0.06)	100.1%
2026	399,635,820	10,925,000	20.00	-	20.89	(0.06)	100.1%

Real estate property tax revenue accounts for 32.27% of total revenue. Class I or residential/agricultural taxes make up approximately 84.34% of the real estate property tax revenue. The Class I tax rate is 20.13 mills in tax year 2022. The projections reflect an average gross collection rate of 100.0% annually through tax year 2026. The revenue changed at an average annual historical rate of 1.55% and is projected to change at an average annual rate of 2.33% through FY 2027.

**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.



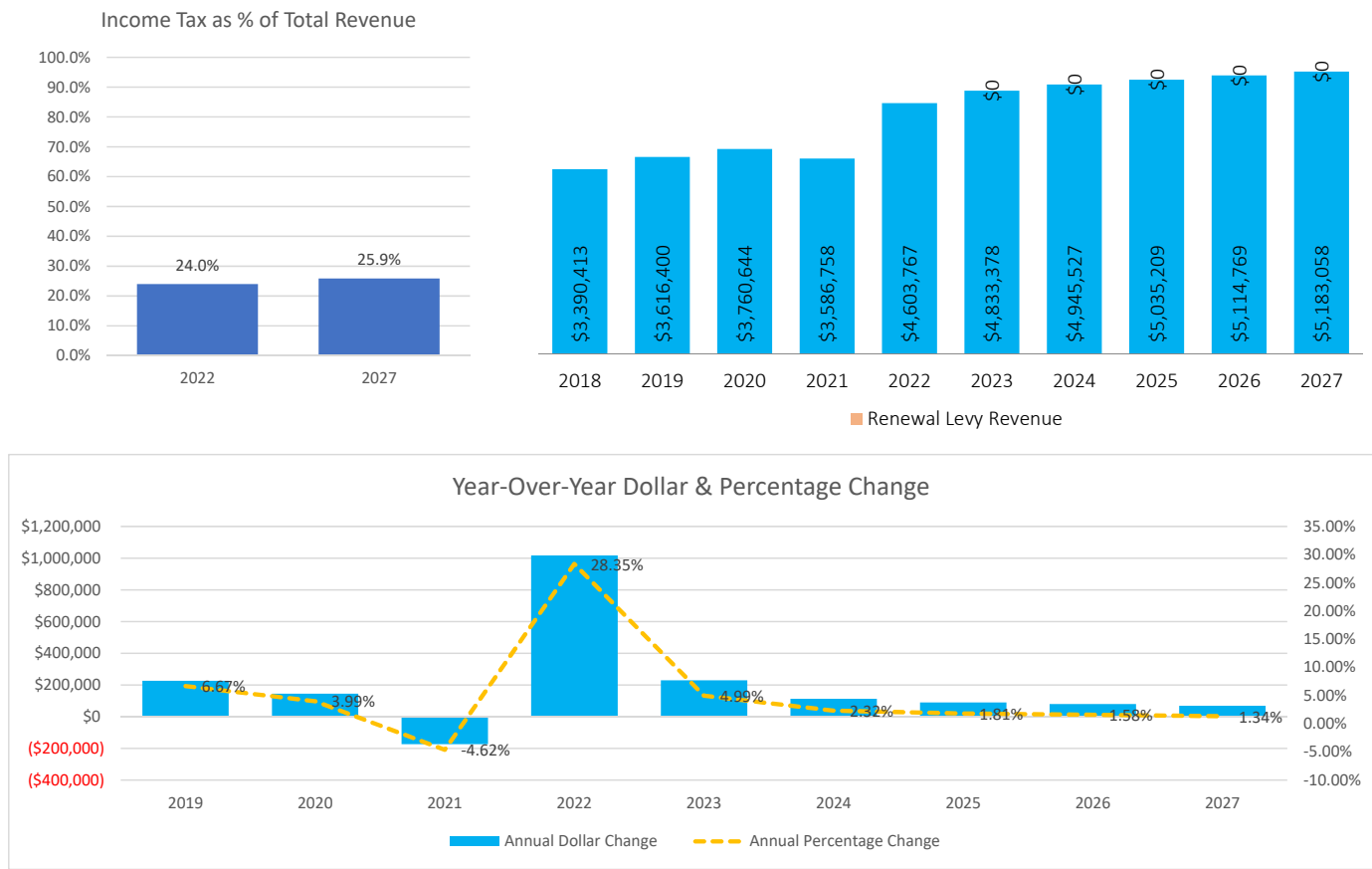
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	14,627,940	1,490,440	30.50	-	100.0%
2022	15,377,940	750,000	30.50	-	92.4%
2023	16,077,940	700,000	30.50	-	97.5%
2024	16,727,940	650,000	30.50	-	97.5%
2025	17,327,940	600,000	30.50	-	97.5%
2026	17,877,940	550,000	30.50	-	97.5%

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 2.65% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 30.5 mills. The forecast is modeling an average gross collection rate of 96.46%. The revenue changed historically at an average annual dollar amount of \$101,577 and is projected to change at an average annual dollar amount of \$3,874 through FY 2027.

**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.

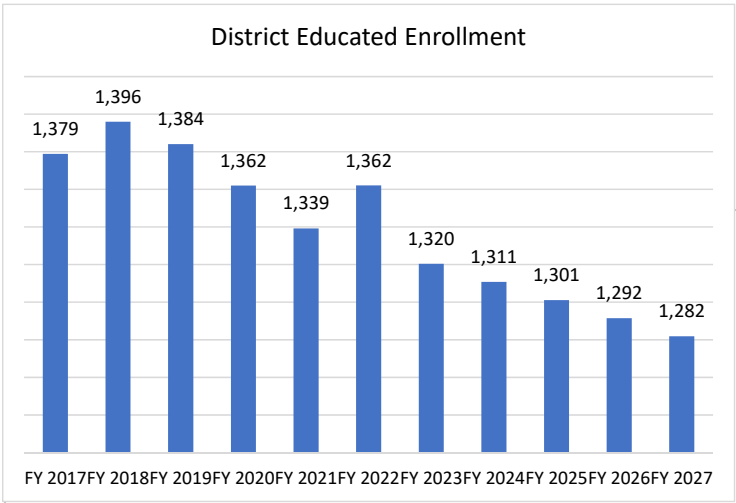
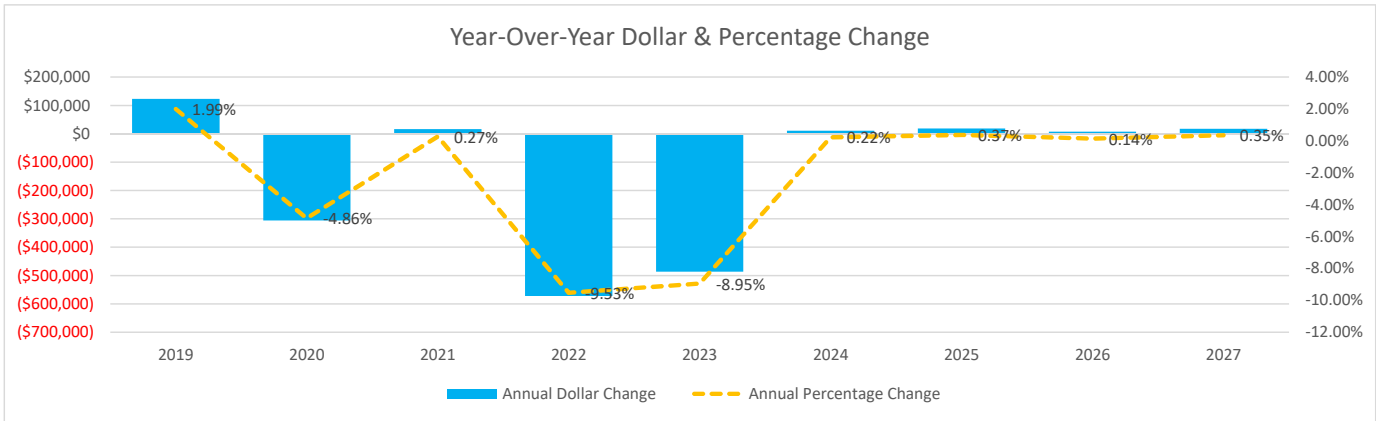
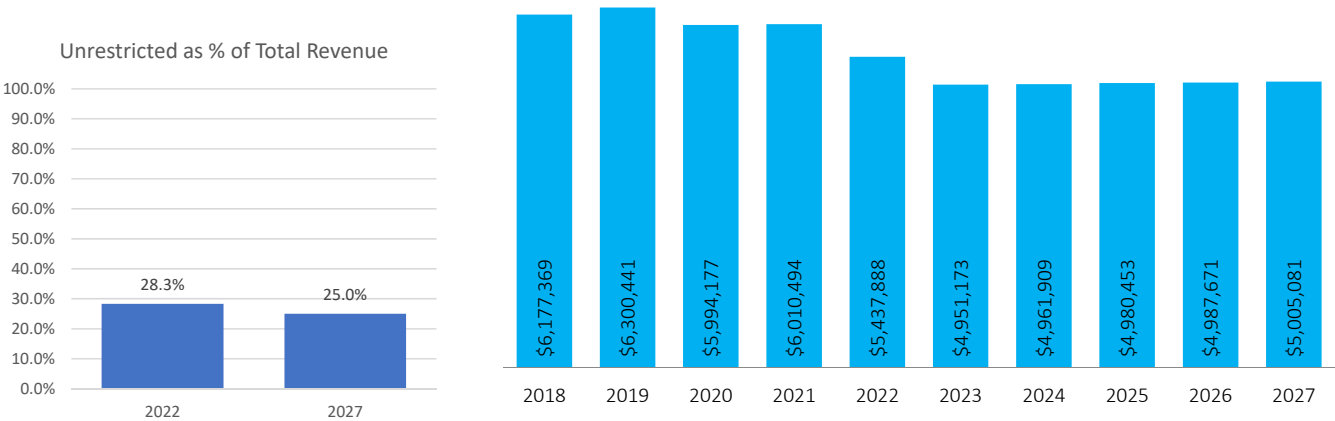


The district maintained one income tax levy in FY 2022. The average annual dollar change in total income tax revenue is forecasted to be \$115,858 through FY 2027. Income tax revenue is projected to account for 25.9% of total district revenue in FY 2027.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



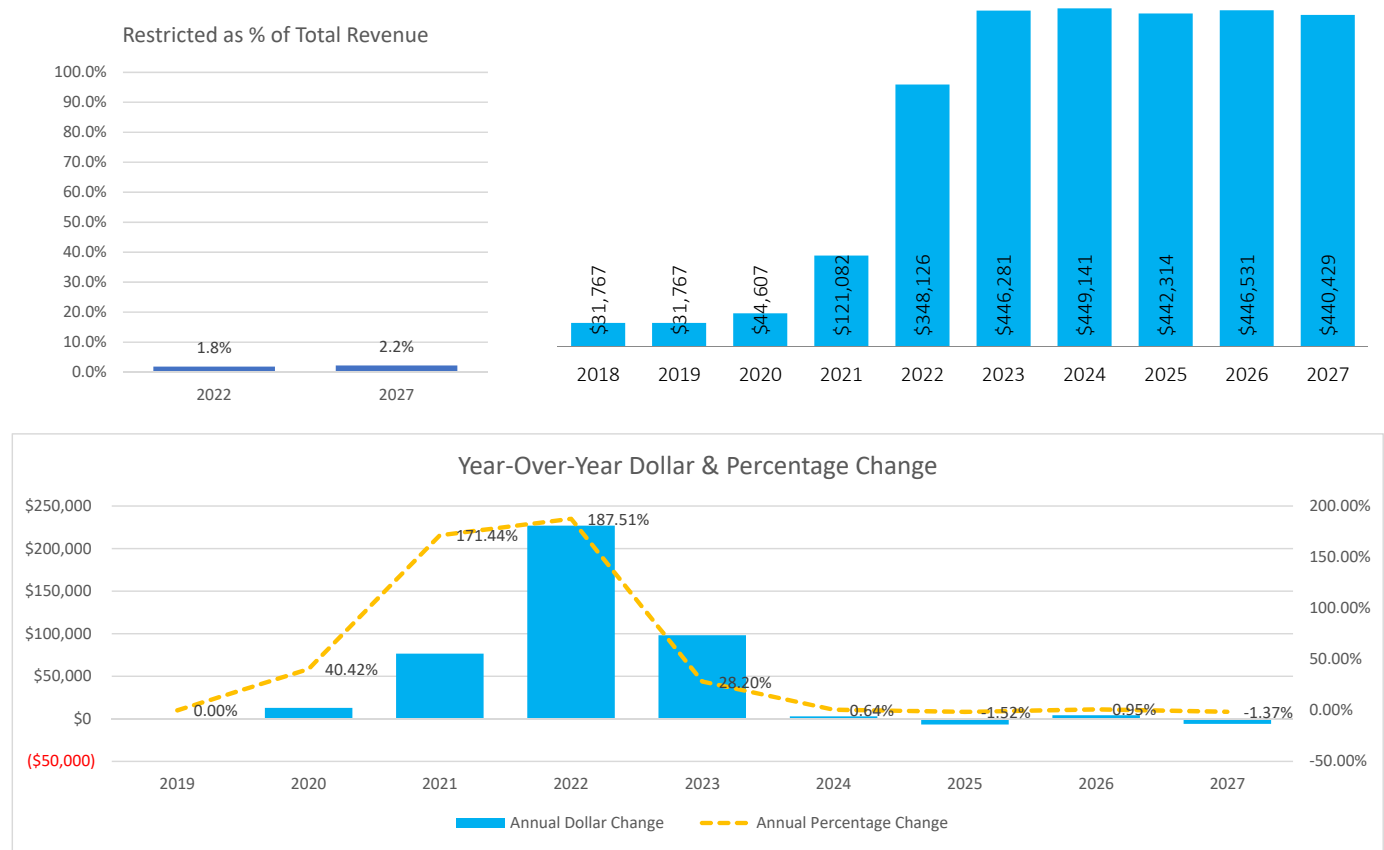
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Clermont-Northeastern Local School District the calculated Base Cost total is \$9,939,355 in FY 2023. The state's share of the calculated Base Cost total is \$1,818,768 or \$1,377 per pupil.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces 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

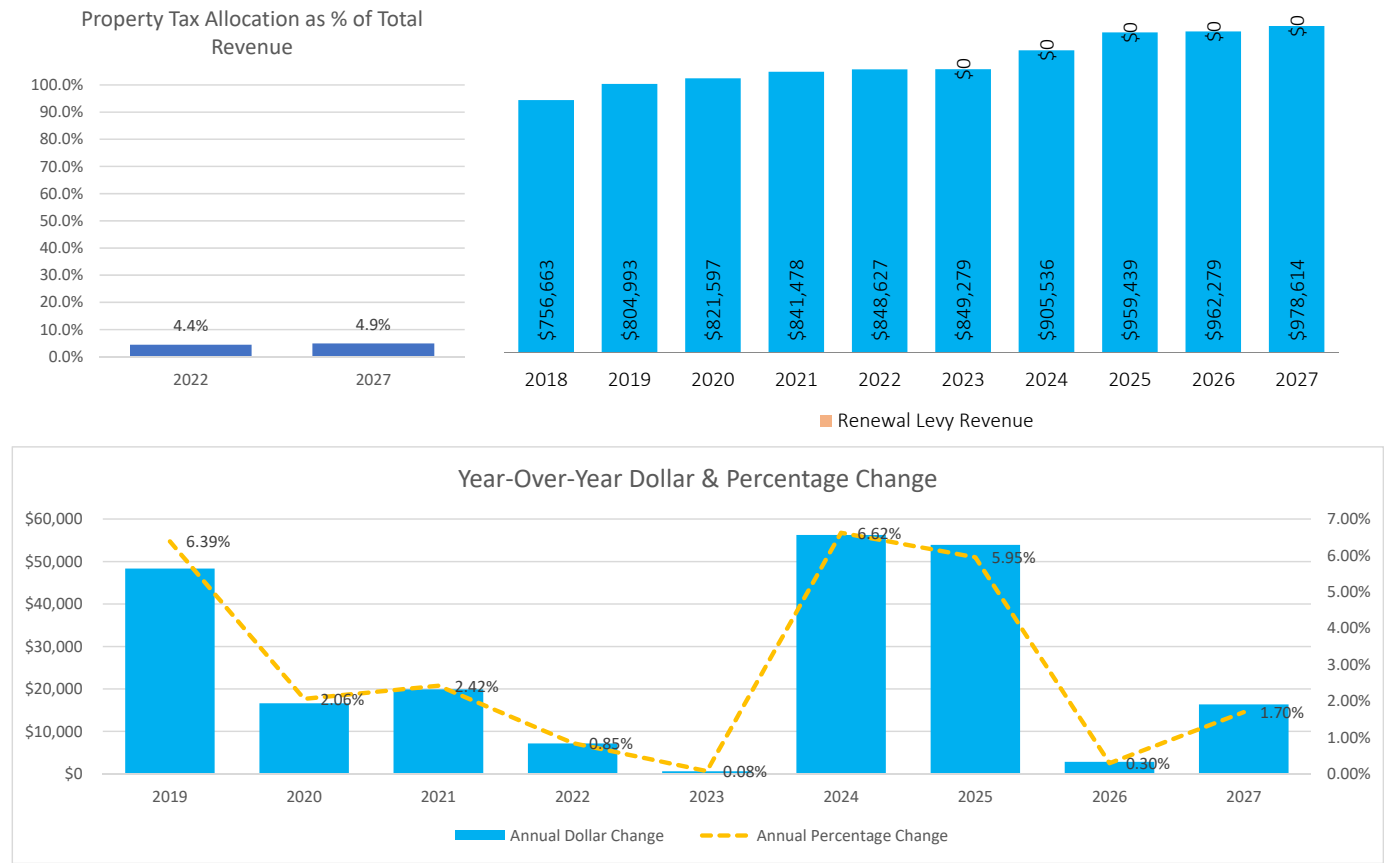
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$105,453 and is projected to change annually on average by \$18,461. Restricted funds represent 1.81% 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 \$112,273. 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.

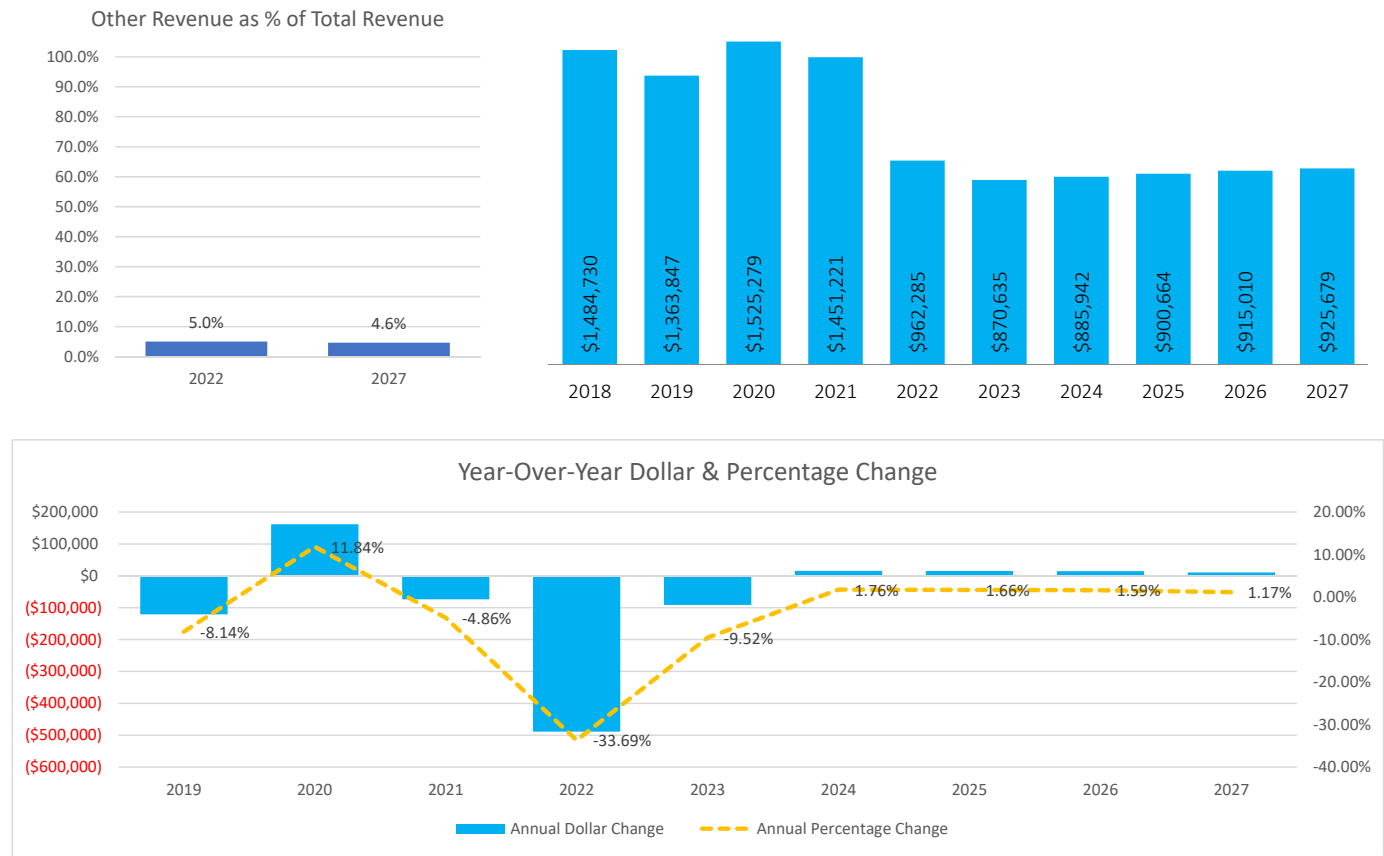


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.5% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

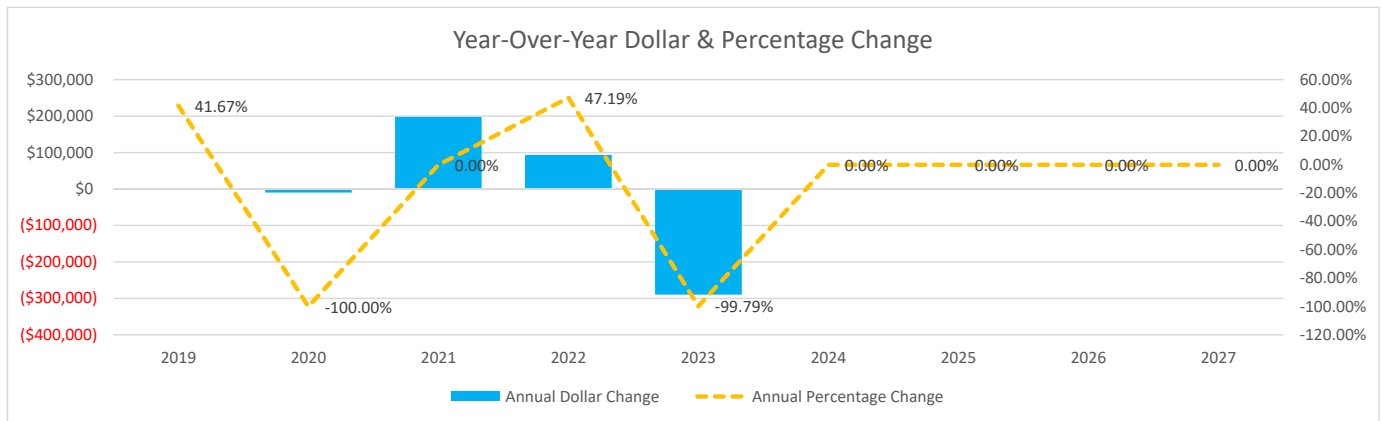
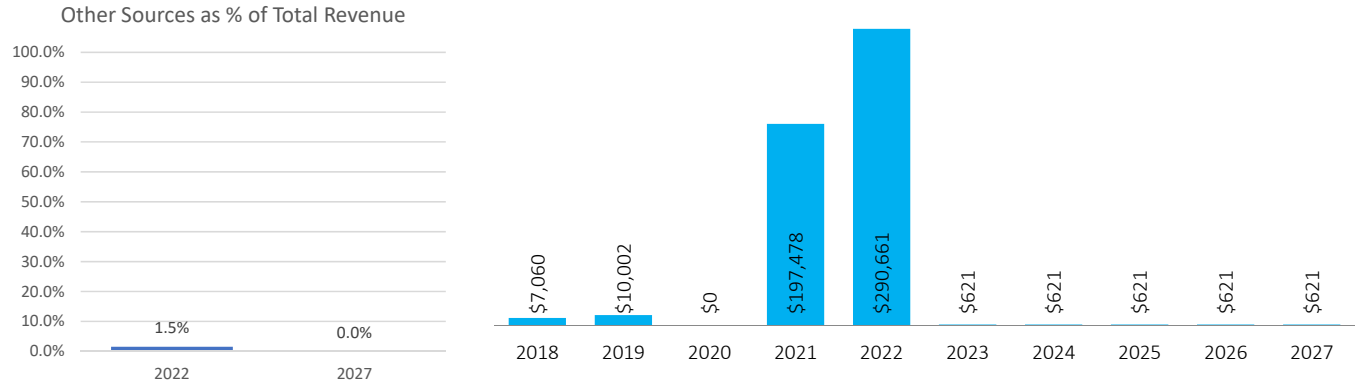
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$31,575. The projected average annual change is -\$7,321 through FY 2027. 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.

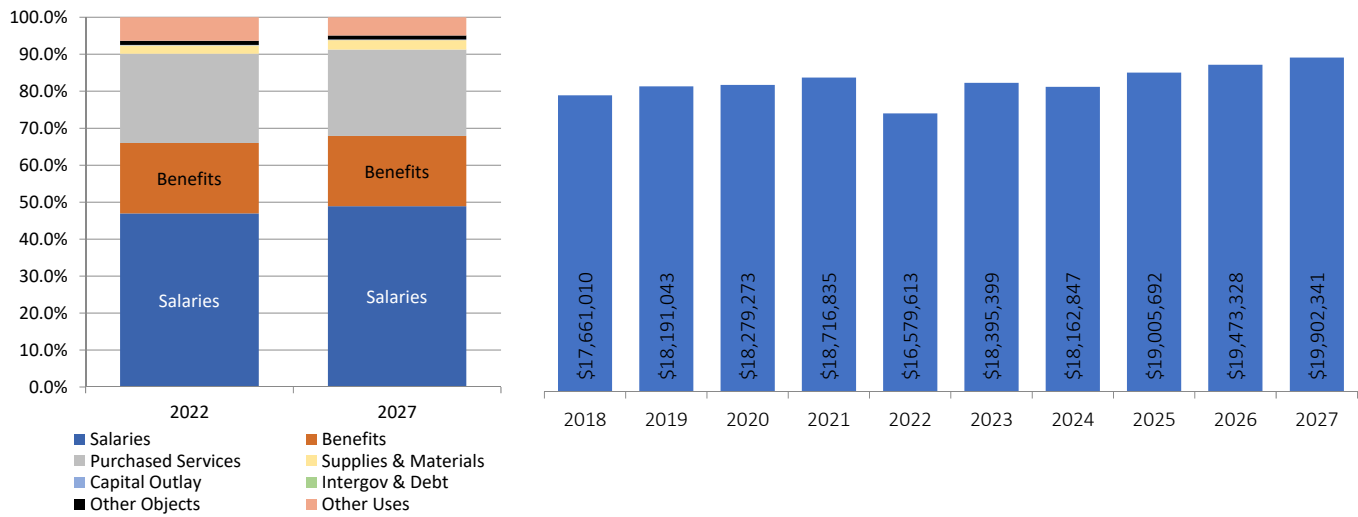


	FORECASTED					
	2022	2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	283,113	-	-	-	-	-
All Other Financing Sources	7,548	621	621	621	621	621

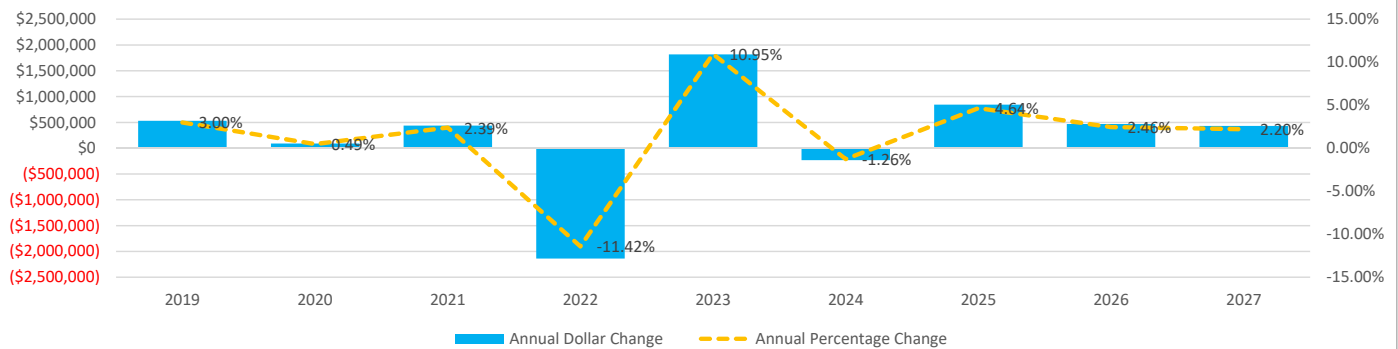
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$283,113 as advances-in and is projecting advances of \$0 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$621 in FY 2023 and average \$621 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

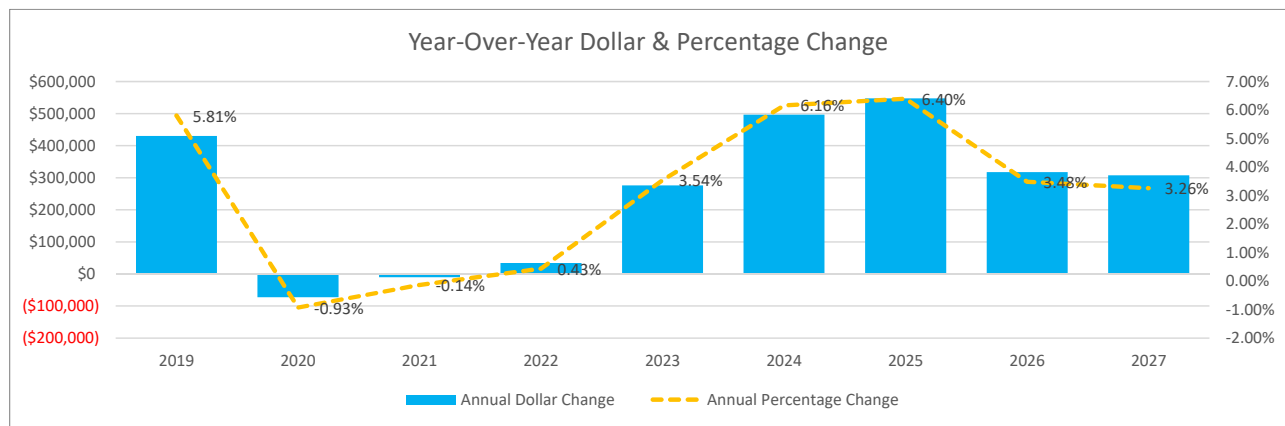
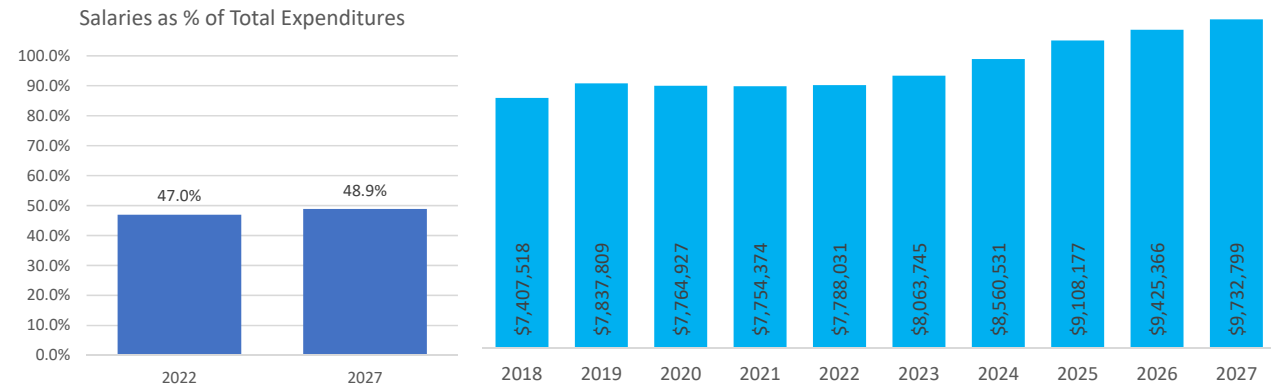
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures decreased -0.14% or -\$24,819 annually during the past 5-Year period and is projected to increase 4.01% or \$664,546 annually through FY2027. Purchased Services has the largest projected average annual variance compared to the historical average at \$450,382.
Salaries	144,809	388,954	\$244,145	
Benefits	\$129,547	\$125,676	(\$3,871)	
Purchased Services	(\$321,334)	\$129,048	\$450,382	
Supplies & Materials	(\$15,061)	\$26,957	\$42,018	
Capital Outlay	(\$50,992)	\$2,955	\$53,947	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$3,549	\$5,144	\$1,596	
Other Uses	\$84,663	(\$14,189)	(\$98,852)	
Total Average Annual Change	(\$24,819)	\$664,546	\$689,365	
	-0.14%	4.01%	4.15%	

Note: Revenue average annual change is projected to
be > \$168,016

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

3.010 - Personnel Services

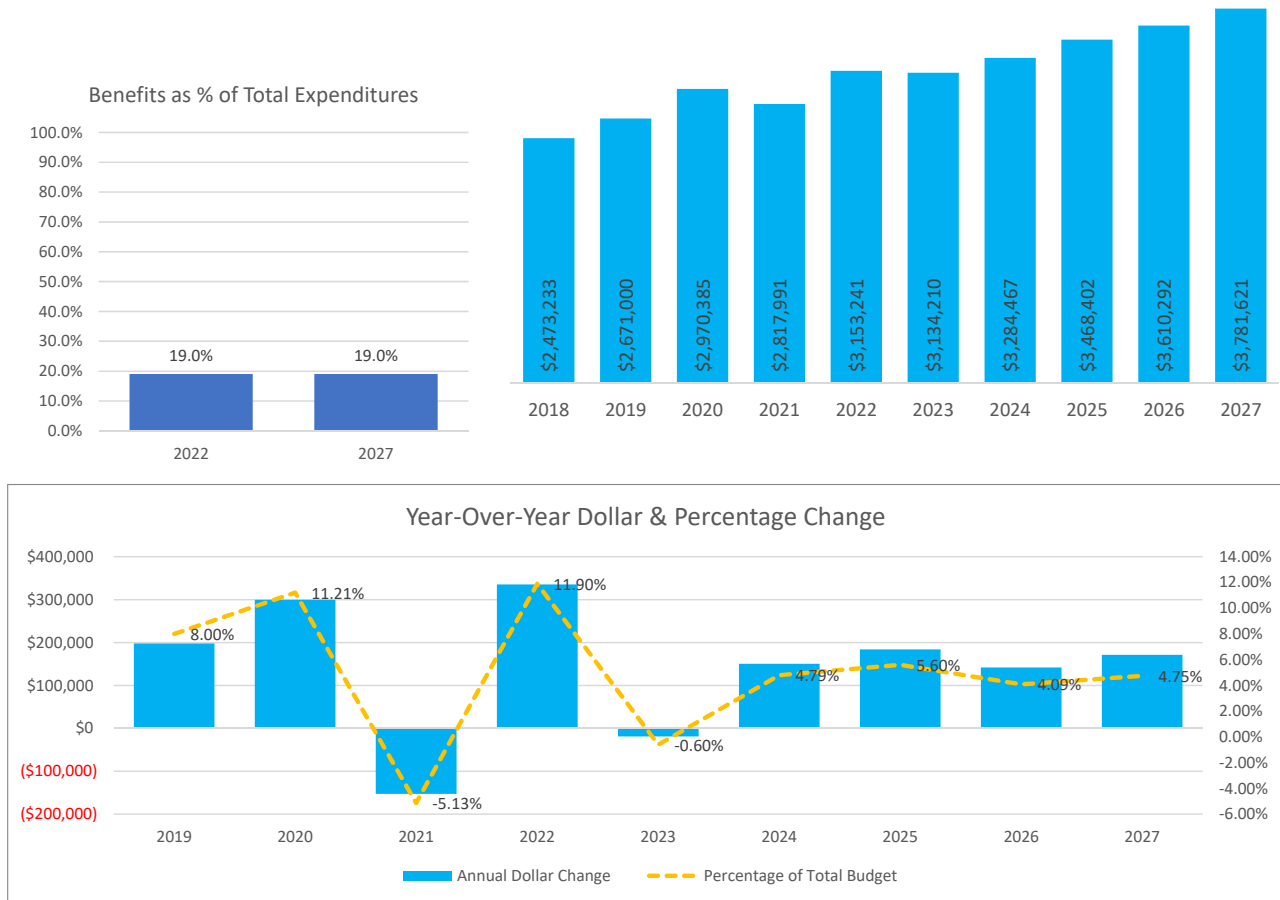
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 46.97% of total expenditures and increased at a historical average annual rate of 1.88% or \$144,809. This category of expenditure is projected to grow at an annual average rate of 4.33% or \$388,954 through FY 2027. The projected average annual rate of change is 2.45% more than the five year historical annual average.

3.020 - Employees' Benefits

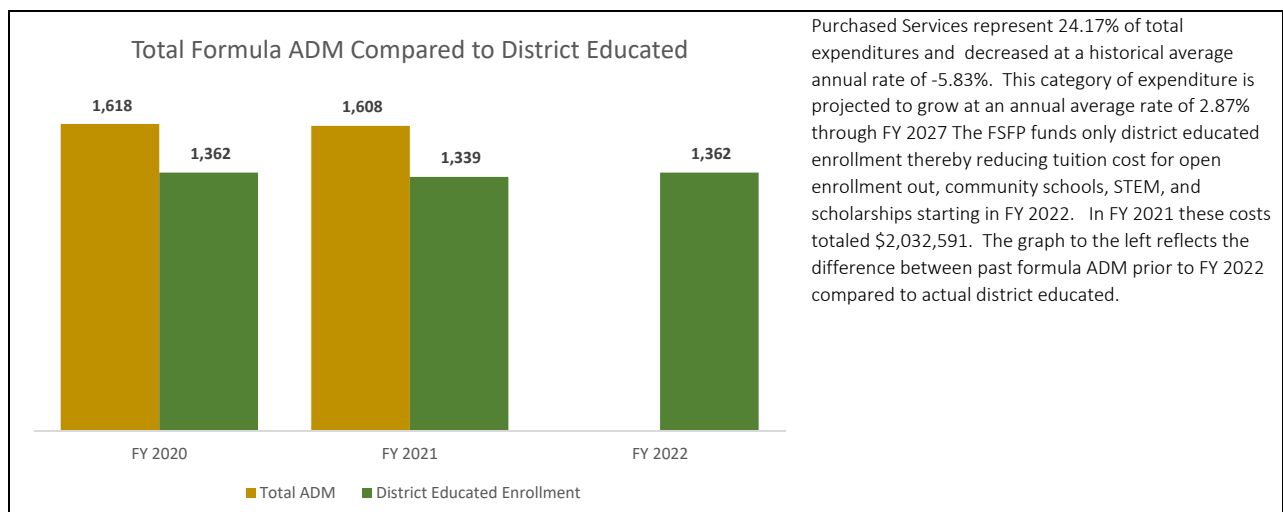
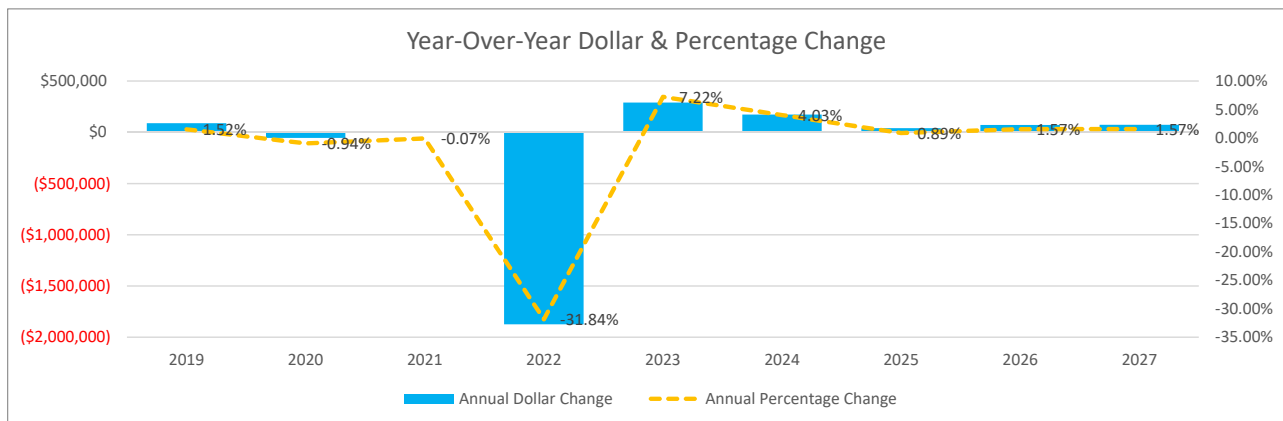
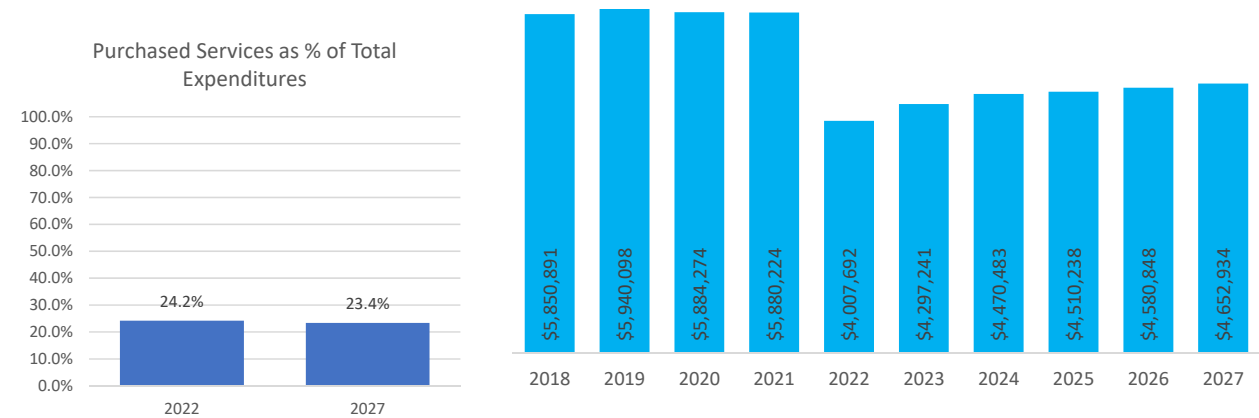
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.02% of total expenditures and increased at a historical average annual rate of 4.60%. This category of expenditure is projected to grow at an annual average rate of 3.64% through FY 2027. The projected average annual rate of change is -0.96% less than the five year historical annual average.

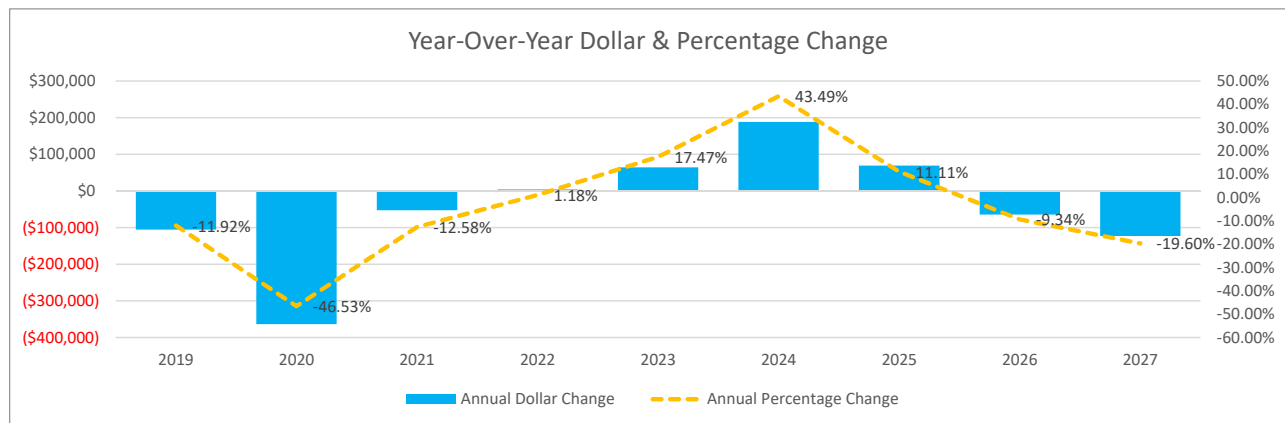
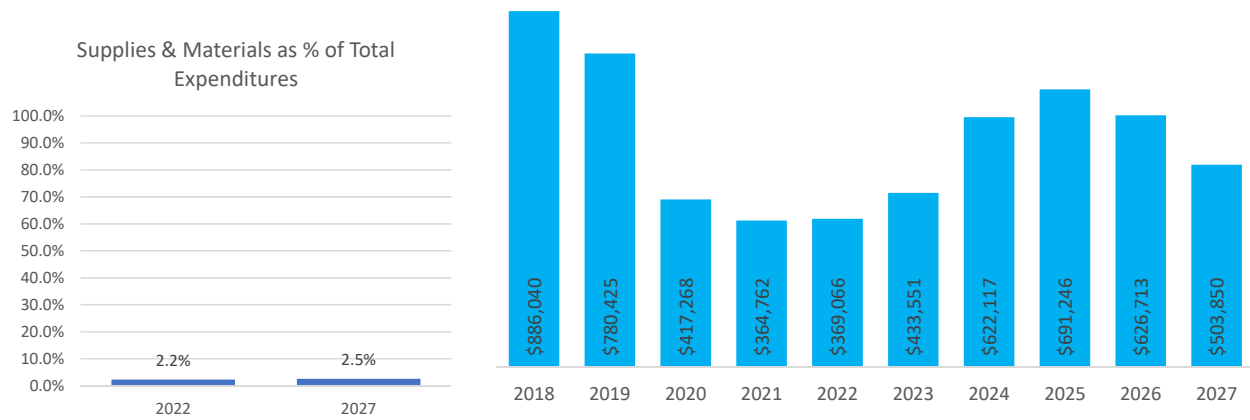
3.030 - Purchased Services

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

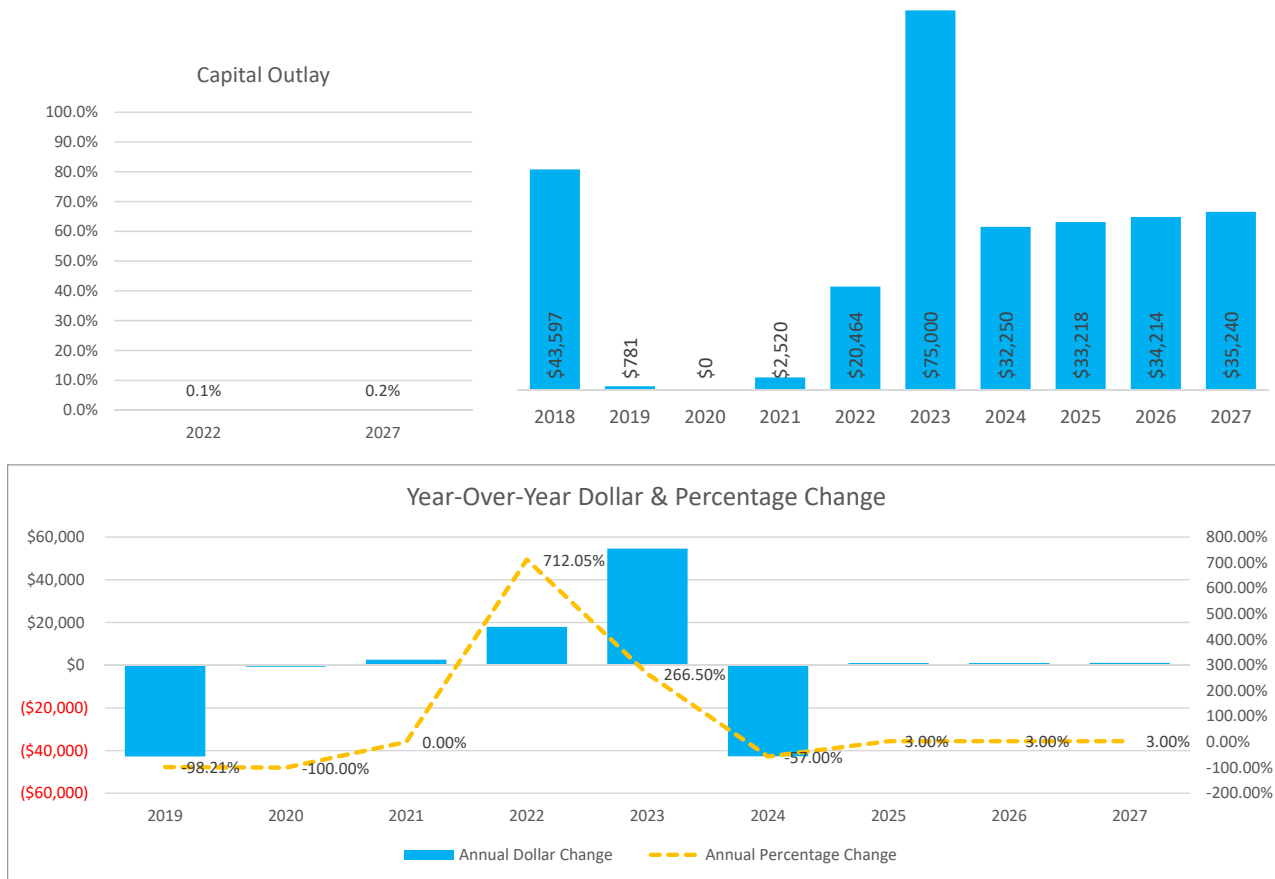
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.23% of total expenditures and decreased at a historical average annual rate of -2.67%. This category of expenditure is projected to grow at an annual average rate of 4.68% through FY 2027. The projected average annual rate of change is 7.36% more than the five year historical annual average.

3.050 - Capital Outlay

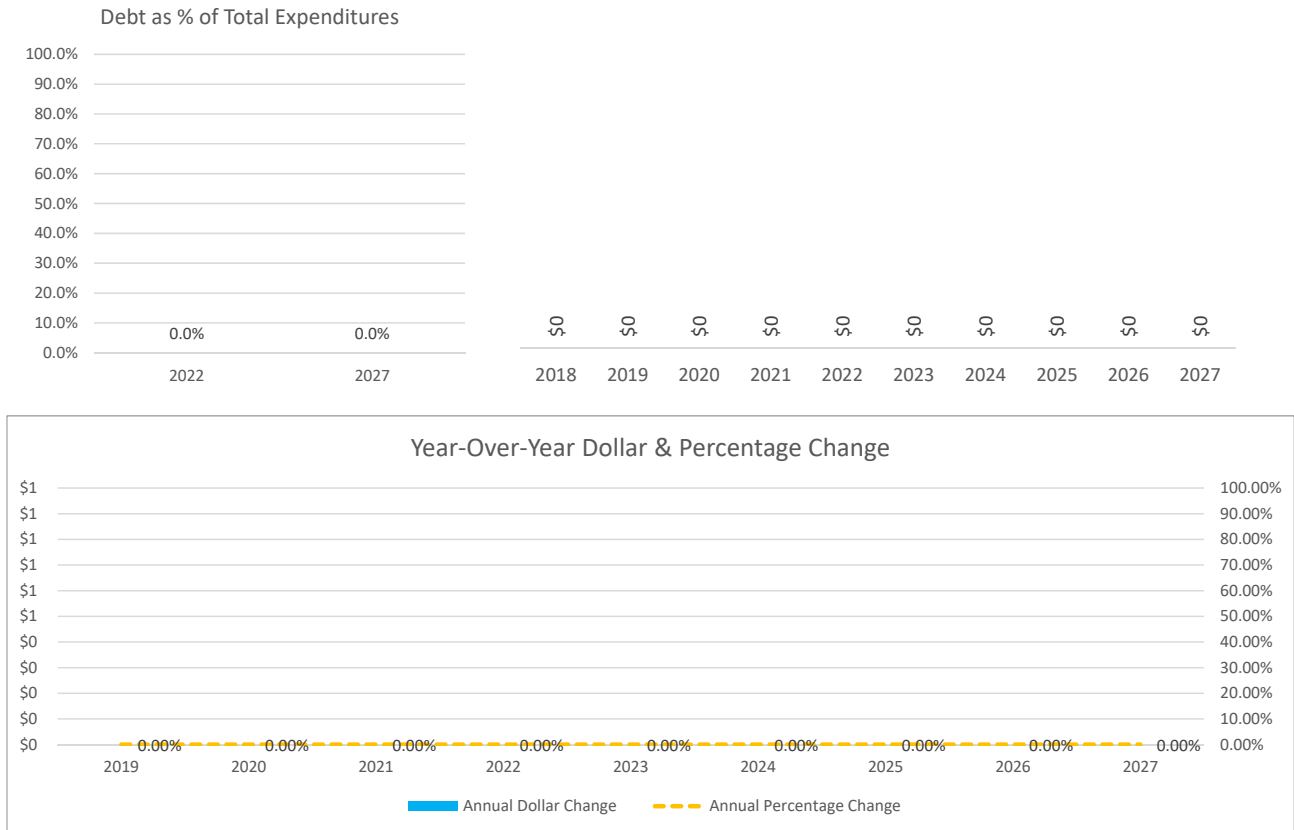
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.12% of total expenditures and decreased at a historical average annual amount of -\$50,992. This category of expenditure is projected to grow at an annual average rate of \$2,955 through FY 2027. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

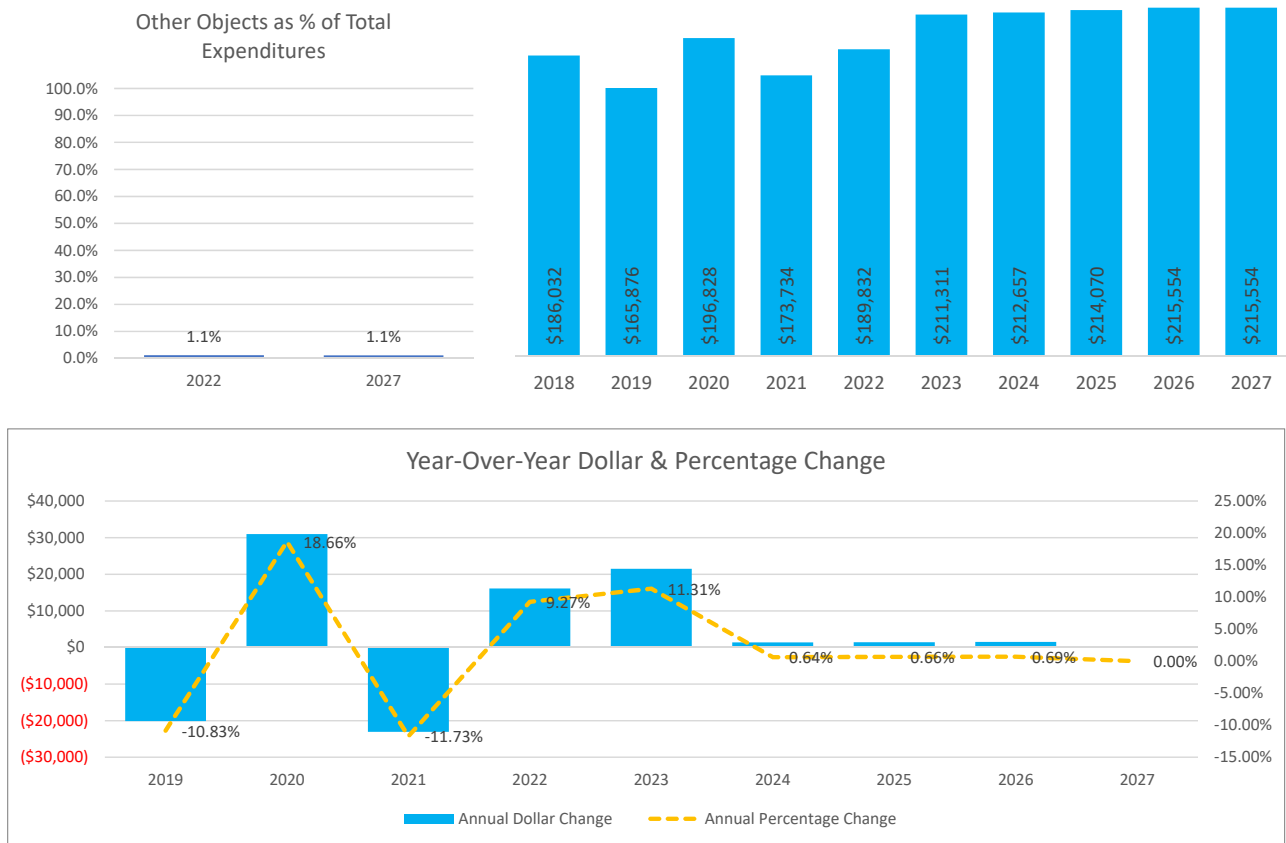
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

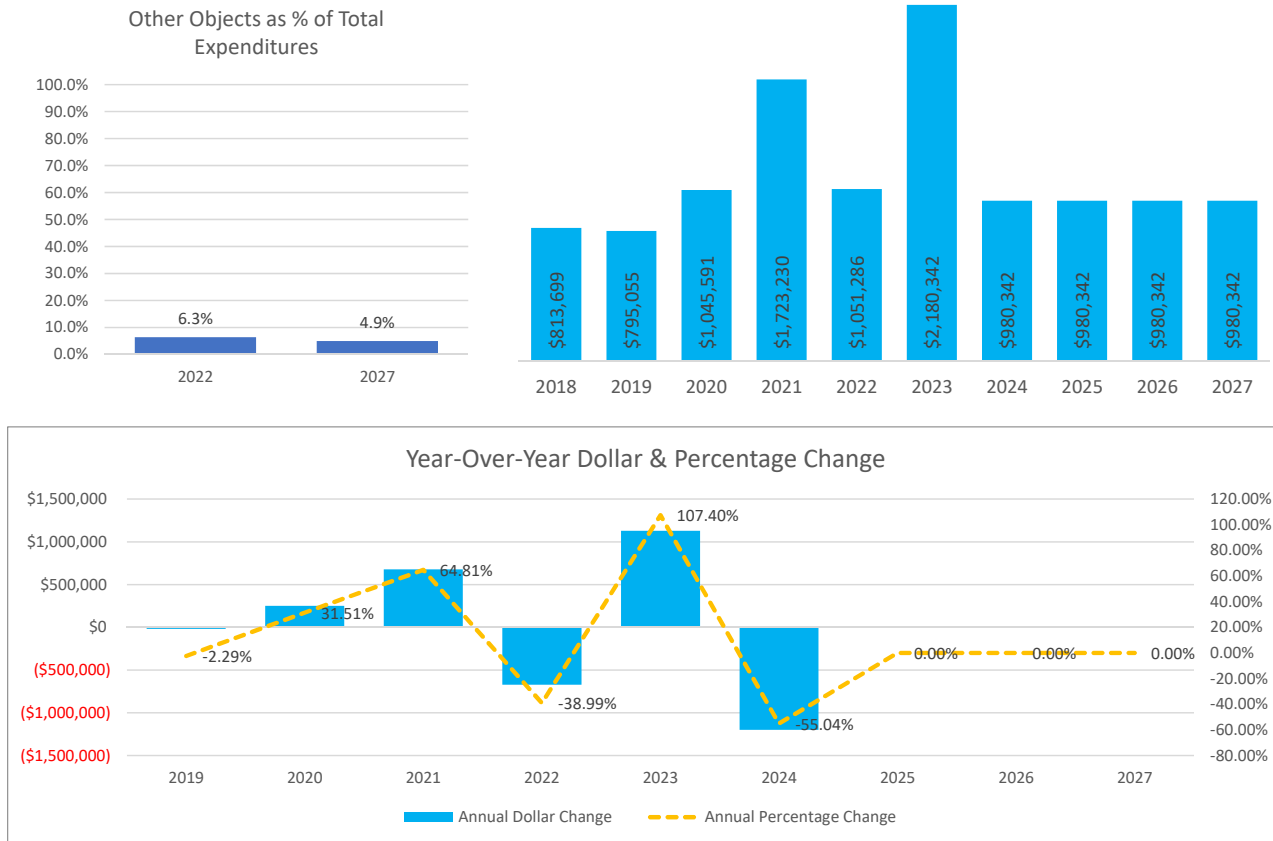
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.14% of total expenditures and increased at a historical average annual rate of 1.94%. This category of expenditure is projected to grow at an annual average rate of 2.41% through FY 2027. The projected average annual rate of change is 0.46% 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					
	2022	2023	2024	2025	2026	2027
Transfers Out	1,050,000	2,179,000	979,000	979,000	979,000	979,000
Advances Out	1,286	-	-	-	-	-
Other Financing Uses	-	1,342	1,342	1,342	1,342	1,342

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 2022 the district had advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. 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				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	6,192,426	6,167,255	6,535,745	6,830,432	6,853,588	6,971,008
1.020 - Public Utility Personal Property	507,883	445,480	472,575	492,287	510,513	527,252
1.030 - Income Tax	4,603,767	4,833,378	4,945,527	5,035,209	5,114,769	5,183,058
1.035 - Unrestricted Grants-in-Aid	5,437,888	4,951,173	4,961,909	4,980,453	4,987,671	5,005,081
1.040 - Restricted Grants-in-Aid	348,126	446,281	449,141	442,314	446,531	440,429
1.050 - Property Tax Allocation	848,627	849,279	905,536	959,439	962,279	978,614
1.060 - All Other Operating Revenues	962,285	870,635	885,942	900,664	915,010	925,679
1.070 - Total Revenue	18,901,001	18,563,480	19,156,375	19,640,797	19,790,361	20,031,121
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	283,113	-	-	-	-	-
2.060 - All Other Financing Sources	7,548	621	621	621	621	621
2.070 - Total Other Financing Sources	290,661	621	621	621	621	621
2.080 - Total Rev & Other Sources	19,191,662	18,564,101	19,156,996	19,641,418	19,790,981	20,031,741
Expenditures:						
3.010 - Personnel Services	7,788,031	8,063,745	8,560,531	9,108,177	9,425,366	9,732,799
3.020 - Employee Benefits	3,153,241	3,134,210	3,284,467	3,468,402	3,610,292	3,781,621
3.030 - Purchased Services	4,007,692	4,297,241	4,470,483	4,510,238	4,580,848	4,652,934
3.040 - Supplies and Materials	369,066	433,551	622,117	691,246	626,713	503,850
3.050 - Capital Outlay	20,464	75,000	32,250	33,218	34,214	35,240
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	189,832	211,311	212,657	214,070	215,554	215,554
4.500 - Total Expenditures	15,528,327	16,215,057	17,182,506	18,025,350	18,492,986	18,922,000
Other Financing Uses						
5.010 - Operating Transfers-Out	1,050,000	2,179,000	979,000	979,000	979,000	979,000
5.020 - Advances-Out	1,286	-	-	-	-	-
5.030 - All Other Financing Uses	-	1,342	1,342	1,342	1,342	1,342
5.040 - Total Other Financing Uses	1,051,286	2,180,342	980,342	980,342	980,342	980,342
5.050 - Total Exp and Other Financing Uses	16,579,613	18,395,399	18,162,847	19,005,692	19,473,328	19,902,341
6.010 - Excess of Rev Over/(Under) Exp	2,612,049	168,702	994,149	635,726	317,653	129,400
7.010 - Cash Balance July 1 (No Levies)	3,962,964	6,575,014	6,743,716	7,737,864	8,373,591	8,691,244
7.020 - Cash Balance June 30 (No Levies)	6,575,014	6,743,716	7,737,864	8,373,591	8,691,244	8,820,644
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	6,575,014	6,743,716	7,737,864	8,373,591	8,691,244	8,820,644
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	6,575,014	6,743,716	7,737,864	8,373,591	8,691,244	8,820,644
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	6,575,014	6,743,716	7,737,864	8,373,591	8,691,244	8,820,644

