

FY 23

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 3,514. The birth of the town was plotted in 1828 by Nicholas Longworth and Lewis Howell, and is related to the first set of lock gates that one would have encountered if heading north on the Miami and Erie Canal. The canal served as a major transportation route from New Orleans to New York City. Despite the locomotive boom, the canal remained operational until 1929. The canal was then replaced by I-75, which is an asset used to capitalize on traffic in modern times. 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 on economic development with the Alloy Economic Development Company in order to re-establish Lockland as a thriving opportunity for businesses to locate. Reinhart Foods, Pilot Chemical and Pepper Construction 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 are 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.

Revenue

1.010 General Property Tax

Increases in property valuations are hopeful, as the economy is moving forward. The Village of Lockland is working diligently with the Alloy Economic Development Company at attracting developers to invest in the area. While we are always hopeful of an economic recovery, one must realize that the Pandemic did affect property valuations. Not to mention, delinquencies are always an unknown variable. In addition, recent TIF Agreements with the Village of Lockland have reduced Tax Revenue. For the most part, revenue is consistent over the next five years.

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 2021, the new Biennium Budget is being instituted. Therefore, Lockland LSD is receiving a slight increase in revenue from this budget. The Fair School Funding Plan has a six year phase-in period. During FY23, the State Legislature will be negotiating a new Biennium Budget for FY24 and FY25. The Lockland LSD is extremely dependent on State Funding; and our expectations are that this funding will continue with 2022 data as the baseline. In addition, schools will now be funded on how many children they educate. Therefore, Open Enrollment Revenue will now be included in the Unrestricted Grants-In Aid Forecast Line. Since ADM is a major factor in State Funding, Lockland LSD stresses the value of attracting and retaining quality students. 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. Casino Revenue is posted here as well.

1.040 Restricted Grants

Funding for Career Tech, Disadvantaged Pupil Impact Aid, ELL, Student Wellness and Gifted are being granted to the Lockland LSD for restricted usage. During this current biennium budget, Lockland LSD will receive approximately \$747,820.

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 with 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 and local fees.

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 paid back the next fiscal year.

2.060 All Other Sources

Refund of Prior Year Expenditures

Expenditures

3.010 Personal Services

After a five year freeze, steps were re-instituted in FY15. In FY22 a 3% increase on the base salary was negotiated; as well as, a 3% increase for FY23 and FY24.

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%, 2.2% in FY20, 4% in FY21, 1% in FY22 and there is an 8% increase in FY23. There will be an increase of 5.5% in FY24.

3.030 Purchased Services

Tuition and other services for special needs students are reflective of demand. Not to mention, 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. Expenditures for Purchased Services can increase in a moment's notice. The District carefully watches these costs and makes reductions whenever possible. FY23 the District saw repairs to the building increase; as well as, expenditures for students with special needs. With HB110, Open Enrollment and Community School expenditures, plus Ed Choice Vouchers, will all be paid directly by the State. This will help reduce some expenditures from previous years.

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 through FY23 has seen 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 K-12 building. The District was able to pass a Bond Levy in May of 2019. The Renovated K-12 Building is set to open in FY26.

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. Bank Fees and 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, Student Wellness 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.

6.010 Over & Under

This line signifies if Revenues have exceeded Expenditures, or just the opposite, for the current Fiscal Year.

7.020 Ending Cash Balance

This line is extremely important – where does the District’s Fund Balance land at the end of each 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 be able to end FY23 with a positive cash balance. However, the Pandemic did force the State to reduce our funding in FY20 and most of FY21. This reduction did cause some harm; however, Lockland LSD was able to examine all expenditures in order to mitigate anxiety. Fortunately, FY23 and beyond, Fund Balance 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 reduced staff and examined expenditures. 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 that Lockland was released from 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 the General Fund. Our vision 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.

