CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT- RICHLAND COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2019, 2020 and 2021 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2022 THROUGH JUNE 30, 2026

Forecast Provided By
Clear Fork Valley Local School District
Treasurer's Office
Bradd Stevens, Treasurer/CFO
May 12, 2021

Clear Fork Valley Local School District

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	3,418,054	3,515,051	3,757,102	4.9%	3,917,860	3,967,685	4,084,718	4,167,970	4,200,335
1.020	Public Utility Personal Property Tax	969,940	1,230,194	1,594,428	28.2%	1,846,322	1,857,177	1,922,427	1,987,677	2,052,927
1.030	Income Tax	2,162,853	2,277,678	2,306,431	3.3%	2,439,318	2,463,712	2,488,349	2,513,232	2,538,364
1.035	Unrestricted State Grants-in-Aid	8,287,096	8,008,156	8,181,833	-0.6%	8,411,697	8,399,021	8,401,090	8,403,201	8,405,353
1.040	Restricted State Grants-in-Aid	199,004	199,274	199,266	0.1%	556,717	545,789	545,789	545,789	545,789
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	560,308	561,567	580,853	1.8%	642,281	585,888	602,509	617,570	622,719
1.060	All Other Revenues	1,887,017	1,830,797	1,602,503	-7.7%	625,897	489,775	477,065	465,626	455,331
1.070	*Total Revenues*	17,484,272	17,622,717	18,222,416	2.1%	18,440,092	18,309,047	18,521,948	18,701,065	18,820,819
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	88,391	859	0.0%	0	0	0	0	0
2.050	Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	70,380	176,263	217,687	87.0%	24,000	24,000	24,000	24,000	24,000
2.070	*Total Other Financing Sources*	70,380	264,654	218,546	129.3%	24,000	24,000	24,000	24,000	24,000
2.080	*Total Revenues and Other Financing Sources*	17,554,652	17,887,371	18,440,962	2.5%	18,464,092	18,333,047	18,545,948	18,725,065	18,844,819
	Expenditures									
3.010	Personnel Services	8,798,641	8,870,437	8,896,700	0.6%	8,770,269	8,998,459	9,374,650	9,731,262	9,992,752
3.020	Employees' Retirement/Insurance Benefits	4,674,679	4,614,555	4,593,654	-0.9%	4,707,057	4,991,876	5,254,901	5,518,440	5,750,556
3.030	Purchased Services	2,973,286	2,745,541	2,708,963	-4.5%	1,668,512	1,682,935	1,697,867	1,968,317	2,024,319
3.040	Supplies and Materials	615,073	573,437	367,162	-21.4%	491,471	559,634	563,681	567,808	572,018
3.050	Capital Outlay	389,611	131,685	133,555	-32.4%	65,000	70,000	274,000	274,000	274,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300	Other Objects	194,386	195,251	202,493	2.1%	207,080	211,790	216,627	221,593	226,693
4.500	*Total Expenditures*	17,645,676	17,130,906	16,902,527	-2.1%	15,909,389	16,514,695	17,381,726	18,281,421	18,840,339
							0	0	0	0
	Other Financing Uses									
5.010	Operating Transfers-Out	1,073,875	1,081,668	1,103,827	1.4%	1,100,325	1,095,325	1,091,825	1,072,775	1,073,075
5.020	Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	(137)	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	1,073,875	1,081,668	1,103,690	1.4%	1,100,325	1,095,325	1,091,825	1,072,775	1,073,075
5.050	*Total Expenditures and Other Financing Uses*	18,719,551	18,212,574	18,006,217	-1.9%	17,009,714	17,610,020	18,473,551	19,354,196	19,913,414
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(1,164,899)	(325,203)	434,745	-152.9%	1,454,378	723,027	72,397	(629,131)	(1,068,595)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,690,608	3,525,709	3,200,506	-17.0%	3,635,251	5,089,629	5,812,656	5,885,053	5,255,922
7.020	*Cash Balance June 30*	3,525,709	3,200,506	3,635,251	2.2%	5,089,629	5,812,656	5,885,053	5,255,922	4,187,328
8.010	*Estimated Encumbrances June 30*	(221,456)	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	3,747,165	3,200,506	3,635,251	-0.5%	5,089,629	5,812,656	5,885,053	5,255,922	4,187,328
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	3,747,165	3,200,506	3,635,251	-0.5%	5,089,629	5,812,656	5,885,053	5,255,922	4,187,328
	Revenue from New Levies									
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	3,747,165	3,200,506	3,635,251	-0.5%	5,089,629	5,812,656	5,885,053	5,255,922	4,187,328

Clear Fork Valley Local School District –Richland County
Notes to the Five Year Forecast
General Fund Only

Introduction to the Five Year Forecast

The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with Ohio Department of Education when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Here are at least three purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in 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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) 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 May 2022 filing.

Economic Outlook

This five-year forecast is being filed during the recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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.

May 2022 Updates

Revenues FY22:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $18,440,092 or 1.95% greater than the November forecasted amount of $18,088,177.

Line 1.01 and 1.02 - Property tax revenues represent our largest local source of revenues at 32% and are estimated to be $5,764,183 which is $145,603 higher for FY22 than the original estimate of $5,618,580. Our estimates are 2.59% accurate for FY22 and should mean future projections are on target as well.

Line 1.03 - The district's collection of SDIT was originally projected to be lower than previous years due to the effects of the pandemic on our economy. So far collections for our July, October, January and April collections are up 3.63% over our original estimate of $2,353,821. Overall statewide collection for income taxes have been up around 11% for FY22 and we are also seeing an increase this year that is similar. We expect future years to return more normal trends and not the increases we have seen due to the rapid recovery following the pandemic.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order to project anticipated funding. In January of 2022 the first formula calculations were released in part by the Ohio Department of Education. While there are still details unpublished at this time we can see that through early April our state aid is estimated to be $8,968,414 which is $51,974 lower than the original estimate for FY22. We are currently on the guarantee and are expected to remain on a guarantee for FY23 through FY26.

Line 1.06 - Other revenues are up $122,000 over original estimates primarily due to added excess cost tuition revenue received by the district which is somewhat unpredictable.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

Expenditures FY22:

Total General Fund expenditures (line 4.5) are estimated to be $15,909,389 for FY22 which is $5,304 less than the original estimate of $15,914,693 in the November forecast, which is roughly .03% on target with original estimates. The expenditure line most significantly over projection is Employee Benefits (line3.02) for changes in insurances.

All other areas of expenses are expected to run on target with original projections for the year.

Unreserved Ending Cash Balance:

With revenues increasing over estimates and expenditures ending most on target, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $5.09 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 if assumptions we have made for property tax collections, state aid in future state budgets and expenditure assumptions remain close to our estimates.

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 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, 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) Richland County experienced the triennial update and Knox County experienced reappraisal for the 2020 tax year to be collected in 2021, which increased residential/agricultural, assessed values by $20.4 million or an increase of 11.15%, and an increase of 0.97% for commercial/industrial values. The changes authorized by HB49 to CAUV values lower Class I agricultural values for counties experiencing a reappraisal or update beginning in Tax Year 2017. Since Richland and Knox County both experienced a reappraisal or update in 2017, these changes essentially took effect immediately and decreased our agricultural assessed valuation by 17% compared to Tax Year 2016 and both counties experienced decreases in CAUV for the 2020 reappraisal cycles. The decrease in CAUV shifts a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.

2) The State Budget represented nearly 52.12% of district revenues in FY21 and is an area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 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 FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

3) HB110 the current state budget implements that has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

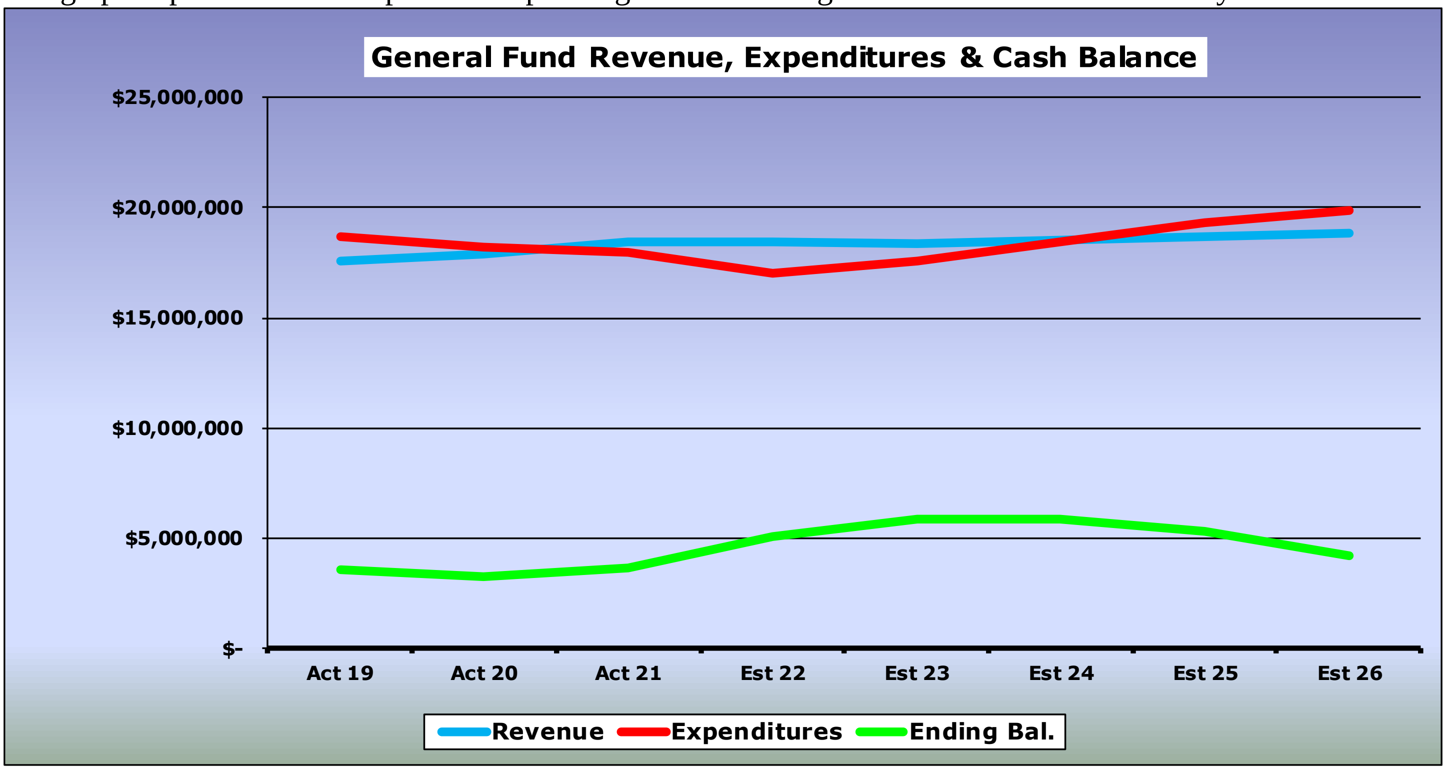
4) HB110 will direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships to the educating school district. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

5) The enrollment reporting for the state is very difficult to track. This is another area that we must monitor very closely especially with the increased enrollment that we are expecting from new housing developments.

6) Labor relations in the district have been fairly amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a good working relationship will continue.

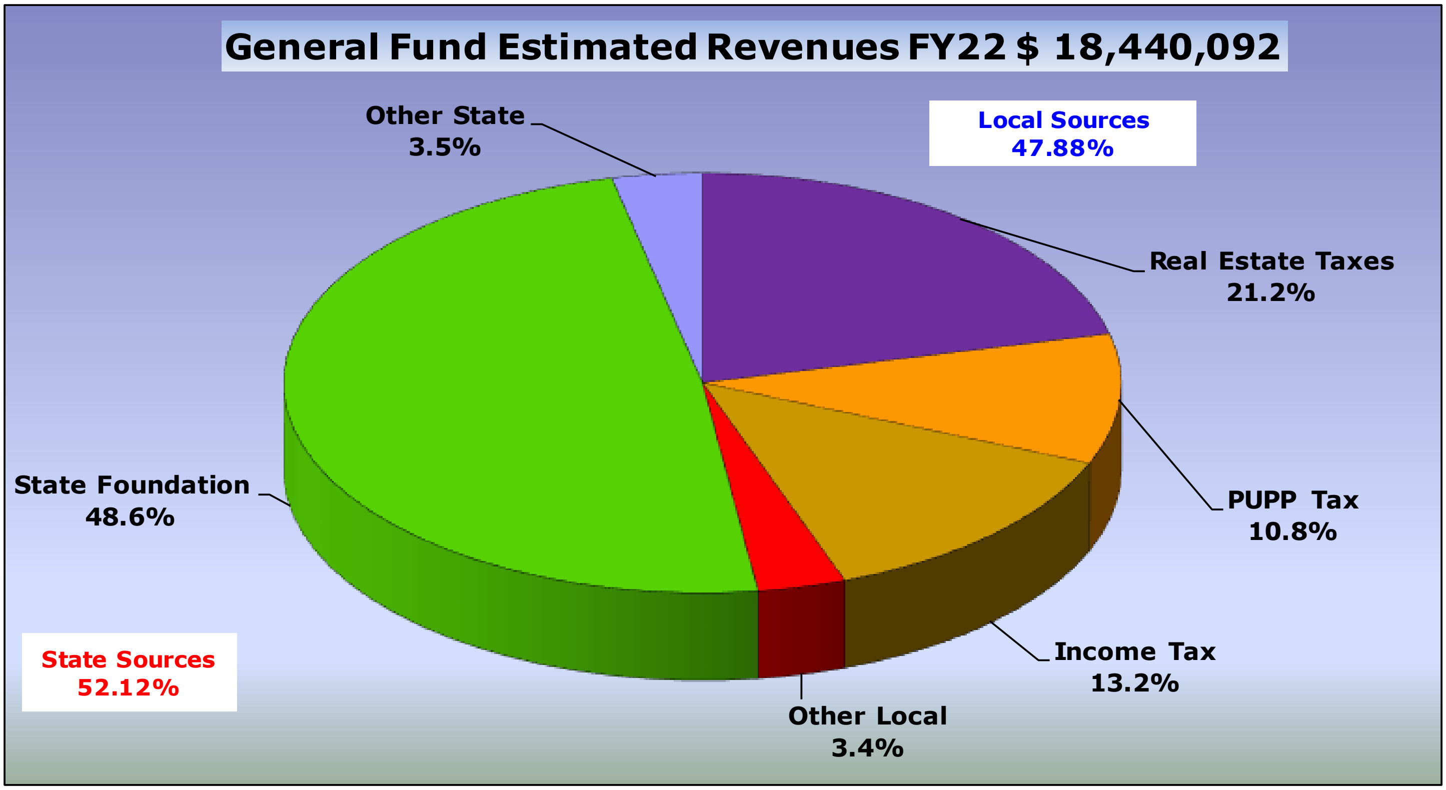
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Bradd Stevens, Treasurer at 740-965-3010.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY19-21 and Estimated FY22-26
The graph captures in one snapshot the operating scenario facing the district over the next few years.



Revenue Assumptions

All Revenue Sources General Fund FY22



Real Estate Value Assumptions – Line #1.010

The Clear Fork Valley School district is located in Richland and Knox Counties. The County Auditors establish property values each year based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values.

The district is very fortunate that Richland and Knox Counties have the reappraisal or update in the same year, even though they are not on the same full reappraisal cycle it is very helpful as to being able to watch the changes in an update for the next reappraisal between the two counties. The counties went through a reappraisal/update cycle for the 2020 tax year to be collected in 2021, which included an 11.15% increase or $24.4 million in Residential/Agriculture (Class I) reappraisal and a 0.97% or$121,780 increase for Commercial/Industrial (Class II).

The Class I reappraisal/update includes the decreases for CAUV due to the changes in HB49 that took effect in the first year for any county going through either reappraisal or update after the passage of the law, which for our district was in 2017. The district experienced a decrease in agriculture values in 2017 of 17% the first year possible. Both counties have went through the cycle for the second time and have experienced the second loss in agricultural values of 7.5% for a total loss due to reappraisal or update of 24.5%. The decrease in CAUV will cause a shift in taxes from agricultural taxpayers to residential taxpayers and may contribute to lower than anticipated taxes to our district.

The next reappraisal/update cycle will occur in 2023 for collection in 2024. The district is estimating a 3% increase of values for Class I and a 0.2% increase in Class II for this update.

The growth of new construction for homes is anticipated to increase the district's valuations each year between the update in 2020 reappraisal in 2023. House Bill 920 decreases effective tax rates so the district tax revenues are held harmless, until the effective millage is lowered to 20 mills, with the growth in new construction in Class I the district is expected to be on the 20 mill floor with the reappraisal in 2023 for collection in 2024. No district can collect less than 20 mills if the district voted millage is greater than 20 mills. Only the Class I rates will be at the 20 mill floor with the new values.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026
Res./Ag.	$208,513,680	$211,352,937	$220,428,525	$222,273,739	$224,119,876
Comm./Ind.	$12,310,920	$12,307,853	$12,522,468	$12,486,225	$12,449,971
Public Utility Personal Property (PUPP)	$41,943,730	$43,443,730	$44,943,730	$46,443,730	$47,943,730
Total Assessed Value	$262,768,330	$267,104,520	$277,894,723	$281,203,694	$284,513,577

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 97% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. Property taxes are estimated to be collected at 59.11% of the Class I and Class II in the February tax settlements and 40.89% collected in the August tax settlements.

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Est. Property Taxes Line #1.010	$3,917,860	$3,967,685	$4,084,718	$4,167,970	$4,200,335

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The phase out of TPP taxes as noted earlier began in FY06 which was also included with this line. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the general tangible personal property tax would be eliminated after FY11. Any TPP revenues received FY12 and beyond are delinquent TPP taxes. The valuation for PUPP taxes fluctuates annually which makes forecasting the increases or decreases difficult, therefore we use a conservative increase of $1.5 million each year. The increase for TY2021 collect in 2022 is $3.55 million, we will review the increases in values each year. The amounts received below are generally all Public Utility Personal Property (PUPP) taxes which are an ongoing property tax collection. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line #1.020

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Public Utility Personal Property Taxes	$1,846,322	$1,857,177	$1,922,427	$1,987,677	$2,052,927

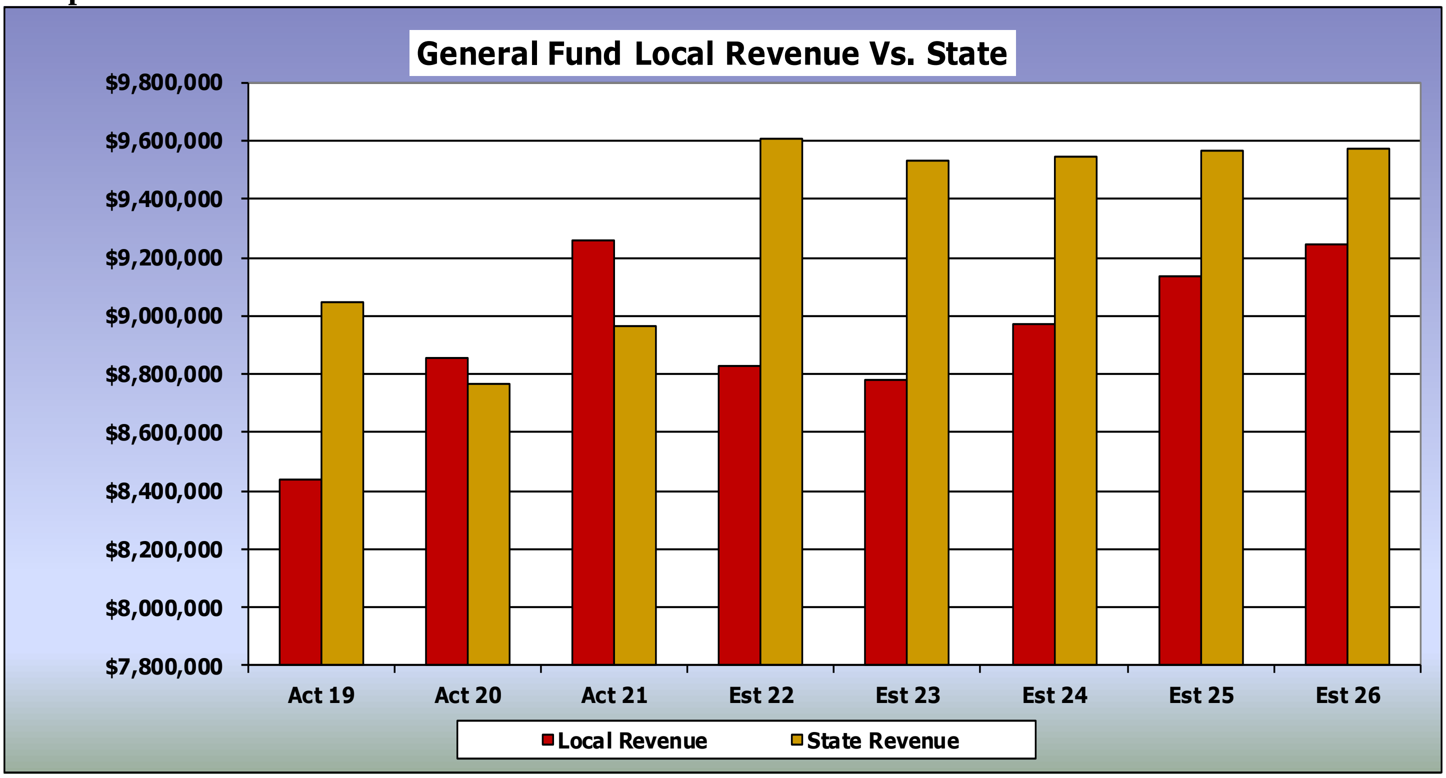
School District Income Tax – Line #1.03

Residents approved a 1% income tax levy that was approved in 2013 that expires December 31, 2037.

School District Income tax was impacted by the pandemic recession due to record levels of high unemployment. The district did experience a 1.26% increase in FY21 which is much less than what had been received in the past few years. The tax collection has been finalized for FY22 with a 5.76% or $132,877 increase over FY21. This increase is in line with the past increases before the pandemic. For FY23 through FY26 we are anticipating a 1% increase each year; as we move into post-pandemic economic times we are seeing that income tax collections are beginning to increase with the economic recovery and will continue to monitor the changes within the tax collections.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
SDIT Collection	$2,306,431	$2,439,318	$2,463,712	$2,488,349	$2,513,232
Adjustments	$132,887	$24,393	$24,637	$24,883	$25,132
Total to Line #1.030	$2,439,318	$2,463,712	$2,488,349	$2,513,232	$2,538,364

Comparison of Local and State Revenue



State Foundation Revenue Estimates – Lines #1.035, #1.040 and #1.045
Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035
The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a guarantee district in FY22 and is expected to be on the guarantee for FY23-FY26 with the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

A. Student Population and Demographics
B. Property Valuation
C. Personal Income of District Residents
D. Historical Funding- CAPS and Guarantees from prior funding formulas

<u>Base Cost Approach- Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is estimated to be as high as $7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
4. When the weighted values are calculated and Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index from ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount. The balance of this amount is the state share to pay.

Categorical State Aid
In addition to the base state foundation funding calculated above the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

<u>Unrestricted Categorical State Aid</u>

1. <u>Targeted Assistance/Capacity Aid</u> – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also, will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.

2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. The phase-in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand-alone fund.

State Funding Phase-In FY22 and FY23 and Guarantees

HB110 provides funding for FY22 and FY23. While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes "formula transition aid" which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY22 than they received in FY21. The guarantee level of funding for FY21 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items.

State Funding changes for May Forecast

Fiscal Year 22 revenue has been updated based on the April #1 settlement report payment and includes the updated calculations for FY23 with new valuations and enrollment from the April #1 report instead of the simulations that were used in November. As a result, FY22 experienced a decrease from the simulations due to the actual transportation amounts in FY22 as those amounts are less than what had been reported in previous years for the district. FY23 revenue amounts will see changes from the simulations due to the Local Capacity that is calculated on a three-year average of valuations and federal adjusted gross income since the simulations did not include any change in this calculation from year one to year two of the simulations.

Future State Budgets Projections beyond FY23

Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant FY23 through FY26.

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. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue is collected as a tax. School districts receive 34% of the 33% GCR that is paid into a student fund at the state level. These funds are distributed to school districts twice a year on the 31st of January and August each year which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.8 million or $59.80 per pupil, actual payments in FY22 were $62.94 per pupil. FY22 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Basic Aid-Unrestricted	$8,045,658	$8,030,947	$8,030,947	$8,030,947	$8,030,947
Additional Aid Items	$264,618	$264,618	$264,618	$264,618	$264,618
Basic Aid-Unrestricted Subtotal	$8,310,276	$8,295,565	$8,295,565	$8,295,565	$8,295,565
Ohio Casino Commission ODT	$101,421	$103,456	$105,525	$107,636	$109,789
Total Line # 1.035	$8,411,697	$8,399,021	$8,401,090	$8,403,201	$8,405,353

B) Restricted State Revenues – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL) and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-FY26 due to uncertainty on continued funding of the current funding formula.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
DPIA	$82,159	$75,296	$75,296	$75,296	$75,296
Career Tech - Restricted	$119,370	$114,169	$114,169	$114,169	$114,169
Gifted	$79,566	$80,742	$80,742	$80,742	$80,742
English Learners	$195	$156	$156	$156	$156
Student Wellness	$275,426	$275,426	$275,426	$275,426	$275,426
Total Line #1.040	$556,717	$545,789	$545,789	$545,789	$545,789

Restricted Federal Grants in Aid – Line #1.045

There is no additional restricted federal funding projected in this forecast.

Summary of State Foundation Revenues

SUMMARY	FY 22	FY 23	FY 24	FY 25	FY 26
Unrestricted Line # 1.035	$8,411,697	$8,399,021	$8,401,090	$8,403,201	$8,405,353
Restricted Line # 1.040	$556,717	$545,789	$545,789	$545,789	$545,789
Restricted Fed. Grants - Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$8,968,414	$8,944,810	$8,946,879	$8,948,990	$8,951,142

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from 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 changed the requirement for Homestead Exemptions. Individual taxpayers who did not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. These changes have slowed the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increases the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements –

The district does not receive any TPP Fixed Rate reimbursements.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Rollback and Homestead	$642,281	$585,888	$602,509	$617,570	$622,719
b) TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
Total Tax Reimb./Prop. Tax Allocations	$642,281	$585,888	$602,509	$617,570	$622,719

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 source of revenue in this area is tuition for court placed students, open enrollment, general rental fees, interest earnings and Medicaid reimbursements.

HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted as students that attend the district within the Enrolled ADM and will be included in the state basic funding. This change is projected below as zeros to help show the difference between projected FY22-FY26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five-year forecast.

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district's balances available for investment vary month to month due to cash flow needs. As the district balances decrease we have decreased the amount of interest each year of the forecast. Due to the Federal Reserve lowering the interest rates to booster the economy from the pandemic we are estimating that interest will be decreased 10% in each of the remaining years of the forecast. Security of the public funds collected by the district is the top priority of the treasurer's office.

The district received more in excess cost payments for special education students than had been expected in the November forecast of $122,000 however, we do not expect to receive that amount in future years.

We do not expect any increase for any other area of this income line for the remainder of the forecast.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Tuition	$342,436	$220,436	$220,436	$220,436	$220,436
Open Enrollment	$0	$0	$0	$0	$0
Interest	$141,221	$127,099	$114,389	$102,950	$92,655
Class Fees	$63,332	$63,332	$63,332	$63,332	$63,332
Other Miscellaneous Receipts	$78,908	$78,908	$78,908	$78,908	$78,908
Total Line # 1.060	$625,897	$489,775	$477,065	$465,626	$455,331

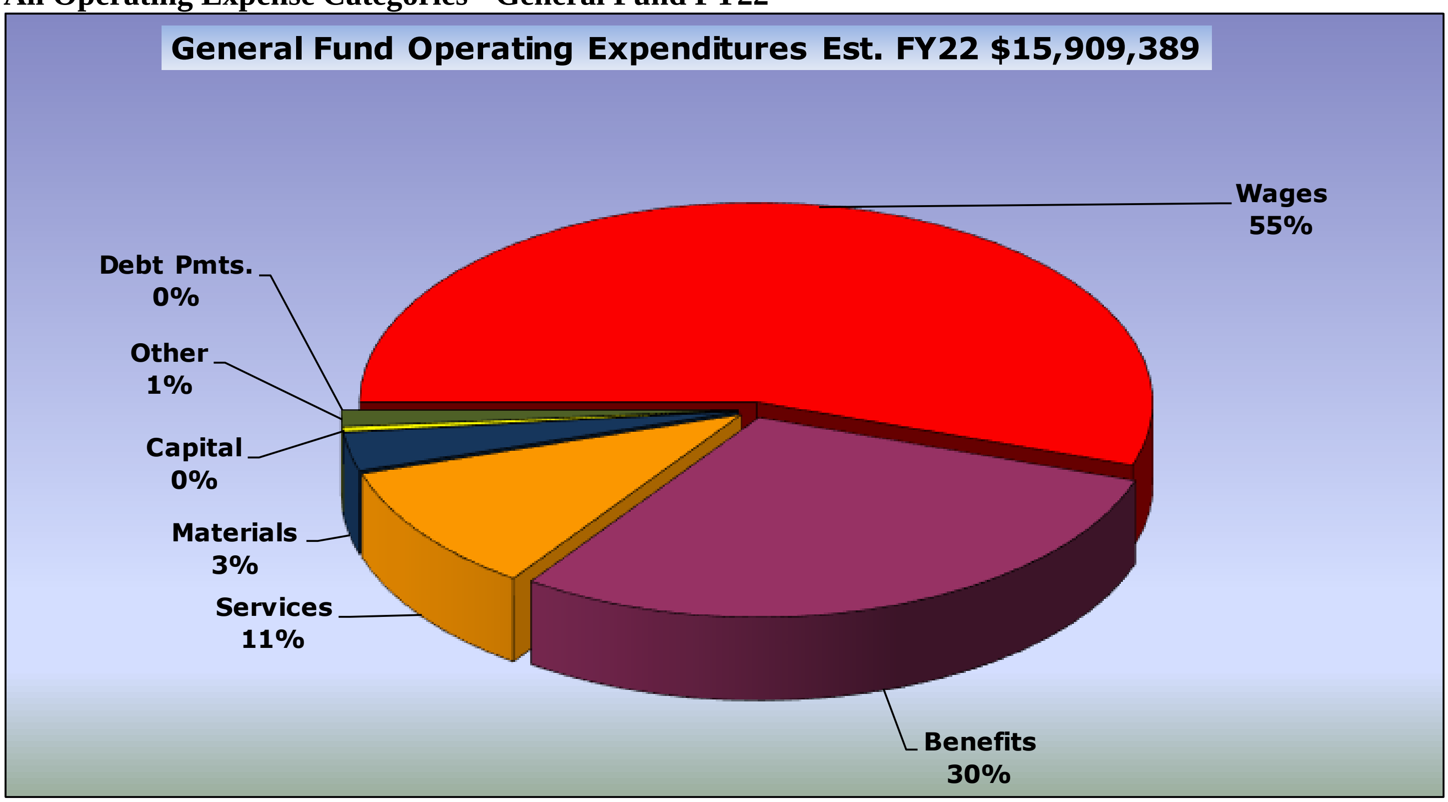
Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district does not anticipate any Transfers or Advances during the remainder of the forecast.

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. The district is estimating amounts for FY22 through FY26 based on currently received receipts and historical trends for this revenue area.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
All Other Sources Line #2.060	$24,000	$24,000	$24,000	$24,000	$24,000

Expenditures Assumptions

All Operating Expense Categories - General Fund FY22



Wages – Line #3.010
Based on the negotiated agreement with the certified staff in FY21 they will see changes in the step percentages and additional steps with no increase in FY23-FY26 and the classified staff will see a 0.5% increase in FY21 with no increase in FY22-FY26.

We are increasing substitutes to be more in line with previous years, beginning in FY22 we are increasing the amounts to $130,000 certified and $70,000 classified and will maintain this amount throughout the forecast. The district will use ESER funds in FY22 to offset salaries with returning the amount to the forecast in FY24 and FY25.

The district expects several retirements throughout the time of the forecast and has increased the severance payments to be more in line of previous years at $31,500 in FY22 and $25,000 in FY23-FY26.

Summary of Personal Services – Line #3.010

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Base Wages	$8,646,940	$8,472,569	$8,707,259	$9,083,450	$9,440,062
Base Wage Rate Increases	$0	$0	$0	$0	$0
Steps & Training	$239,520	$234,690	$241,191	$251,612	$261,490
Staff Growth/Replacement	$0	$0	$0	$0	$0
SWSF/ESSER Adjusments	-$230,938	$0	$135,000	$105,000	$0
Substitutes - Certified	$130,000	$130,000	$130,000	$130,000	$130,000
Substitutes - Classified	$70,000	$70,000	$70,000	$70,000	$70,000
Supplemental	$66,200	$66,200	$66,200	$66,200	$66,200
Severance	$31,500	$25,000	$25,000	$25,000	$25,000
Staff Reductions (Retire/Resignation)	-$182,953	$0	$0	$0	$0
Total Wages Line 3.010	$8,770,269	$8,998,459	$9,374,650	$9,731,262	$9,992,752

Fringe Benefits Estimates – Line #3.020

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. The district is also required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid SERS members. It is exclusively used to fund health care.

B) Insurance
We are estimating an increase of 4.43% in FY22 and increases of 8.24% in FY23 and 4% for FY24-26 which is in line with increases in previous years.

Implementation of Patient Protection and Affordable Care Act (PPACA) has cost our district additional funds. However, the Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is based on the district’s rate of 55,000 of the total salaries paid for each year of the forecast. Unemployment Compensation is based on actual claims.

D) Medicare
Medicare will continue to increase at the rate of increases in wages and as new employees are hired. 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.

E) Tuition and Other Benefits
The district reimburses staff for cost of tuition and those that do not take insurances. We are expecting that there not any increases for these items in FY22-FY26.

Summary of Fringe Benefits – Line #3.020

Source	FY 22	FY 23	FY 24	FY 25	FY 26
STRS/SERS	$1,433,098	$1,461,944	$1,520,009	$1,578,587	$1,623,397
Insurance's	$3,056,291	$3,302,955	$3,500,502	$3,700,728	$3,885,764
Workers Comp/Unemployment	$57,000	$57,000	$57,000	$57,000	$57,000
Medicare	$121,167	$130,478	$137,890	$142,626	$144,895
Tuition	$22,500	$22,500	$22,500	$22,500	$22,500
Other Benefits	$17,000	$17,000	$17,000	$17,000	$17,000
Total Line 3.020	$4,707,057	$4,991,876	$5,254,901	$5,518,440	$5,750,556

Purchased Services – Line #3.030
HB110 the new state budget will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five-year forecast. College Credit Pus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

The district is forecasting increases based on historical trends in all areas except Utilities. The utilities are expecting approximately 7% in FY22 and approximately 2.4% in FY23-FY26.

The district is utilizing ESSER funds for additional social workers with returning those expenses to the general fund in FY25 of $250,000. The district has been able to stretch the original amount received from the SWSF fund that was used for the Bellville SRO of $35,000 per year, additional counseling services for the high school, and additional districtwide nurses for most of the forecast. The district expects the cost of the SRO will be returned to the forecast in FY26.

Purchased Services – Line #3.030

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Insurance, Leases, Postage, & Other	$260,553	$265,050	$269,636	$274,314	$279,087
Professional Services, Legal Fees & ES	$485,447	$482,456	$479,505	$731,595	$768,731
Open Enrollment	$0	$0	$0	$0	$0
Community Schools	$0	$0	$0	$0	$0
Other tuition	$321,988	$325,391	$328,899	$332,510	$336,235
Utilities, Telephone & Internet	$393,306	$402,596	$412,157	$421,995	$432,123
Building Repairs & Services	$207,218	$207,442	$207,670	$207,902	$208,144
Total Line 3.030	$1,668,512	$1,682,935	$1,697,867	$1,968,317	$2,024,319

Supplies and Materials – Line #3.040

This category of expenses which are characterized by classroom supplies, textbooks, copy paper, and materials. The district is projecting the needs of the district for each year of the forecast.

The district will use ESSER funds in FY22 only for general supplies of $64,195. The district expects increases in fuel costs throughout the forecast.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Classroom & General Supplies	$118,805	$183,000	$183,000	$183,000	$183,000
Textbooks & Electornic Instruction	$118,000	$118,000	$118,000	$118,000	$118,000
Maintenance & Transportation Supplies	$254,666	$258,634	$262,681	$266,808	$271,018
Total Line 3.040	$491,471	$559,634	$563,681	$567,808	$572,018

Equipment – Line #3.050

Capital Outlay expenditures are based on the needs of the district. The district is using ESSER funds for many of the capital needs of the district. The district will purchase a bus in FY22 and FY23 through the ESSER funding. Also the ESSER funds will be used to purchase technology equipment of $100,000 in FY22 and FY23.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Capital Outlay	$45,000	$45,000	$45,000	$45,000	$45,000
Technology	$20,000	$25,000	$125,000	$125,000	$125,000
School Buses	$0	$0	$104,000	$104,000	$104,000
Total Line 3.050	$65,000	$70,000	$274,000	$274,000	$274,000

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, SDIT collection fees and our annual audit and other miscellaneous expenses. The district is using a 3% increase for Auditor and Treasurer Fees increase in FY22-FY26 and 1% increase in all other areas for each year of the forecast.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Auditor & Treasurer Fees & SDIT Fees	$131,965	$135,924	$140,001	$144,201	$148,527
Dues, Fees & Awards	$17,380	$17,554	$17,729	$17,907	$18,086
Other expenses	$57,736	$58,313	$58,896	$59,485	$60,080
Total Line 4.300	$207,080	$211,790	$216,627	$221,593	$226,693

Transfers/Advances Out – Line #5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. Since the bond to build new elementary facility is backed by the district's earned income tax, the proceeds are recorded as income tax receipts which are then transferred to the Bond Retirement Fund to pay the debt. The bond payments increase annually so the amount of the transfers much also increase. The district also transfers funds to the extra-curricular accounts of $400,000 annually which are included in this amount.

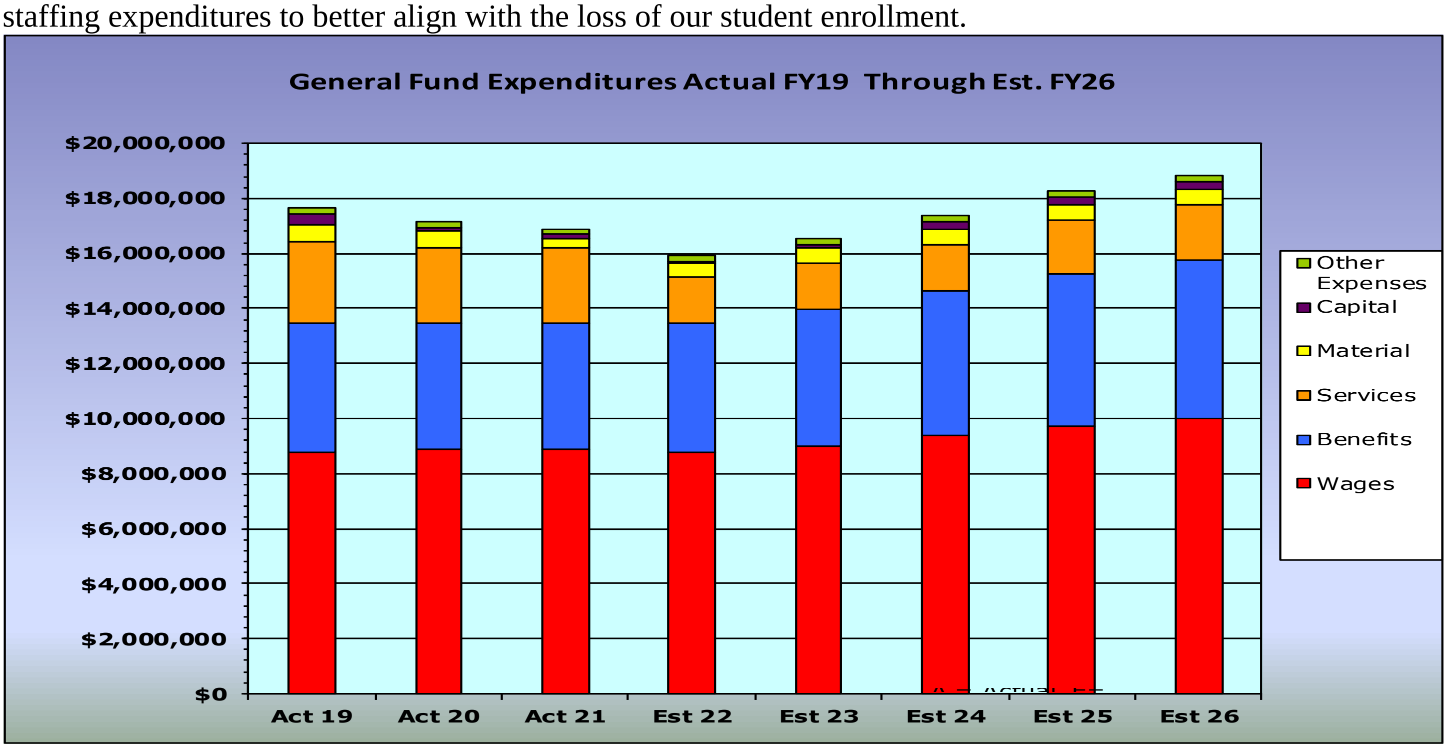
Source	FY 22	FY 23	FY 24	FY 25	FY 26
Operating Transfers Out Line #5.010	$1,100,325	$1,095,325	$1,091,825	$1,072,775	$1,073,075
Advances Out Line #5.020	$0	$0	$0	$0	$0
Total	$1,100,325	$1,095,325	$1,091,825	$1,072,775	$1,073,075

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. The district does not expect to have any encumbrances at the end of each year.

Operating Expenditures Actual FY19 through FY21 and Estimated FY22 through FY26

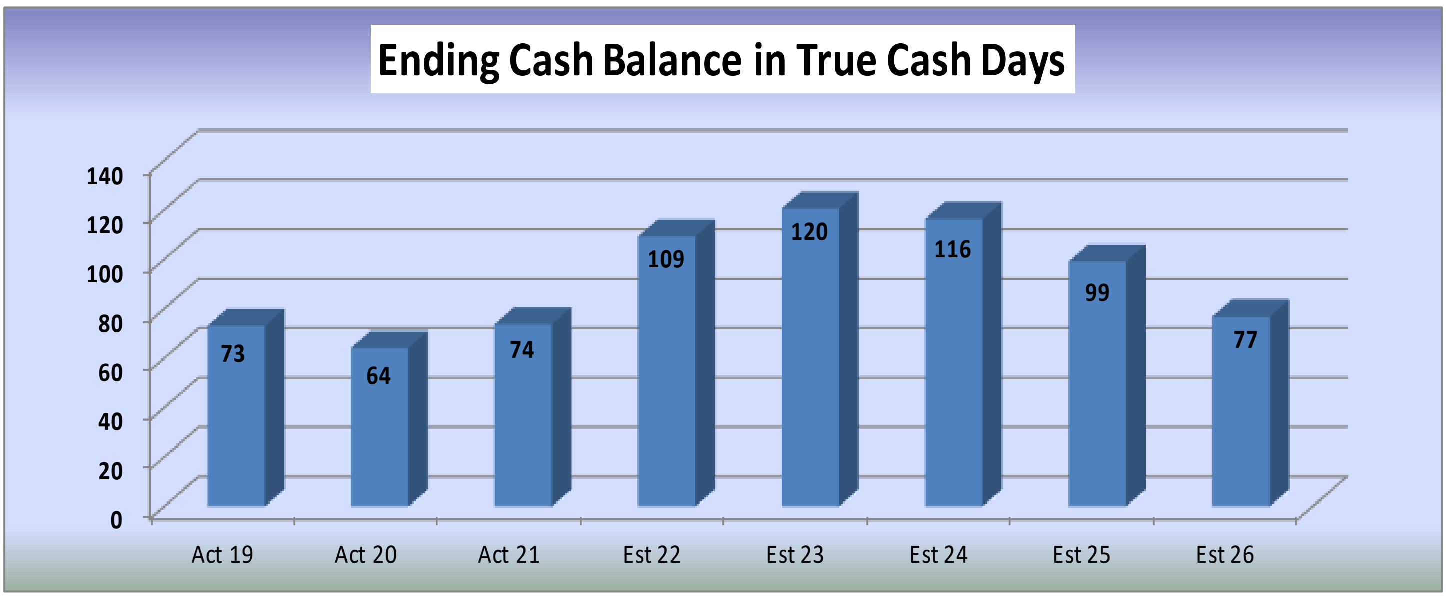
As the graph below indicates the largest expenditure for the district is that of staffing. We are attempting to reduce staffing expenditures to better align with the loss of our student enrollment.



Ending Unencumbered Cash Balance – 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 5705.412, ORC punishable by personal liability of $10,000.

Source	FY 22	FY 23	FY 24	FY 25	FY 26
Ending Cash Balance	$5,089,629	$5,812,656	$5,885,053	$5,255,922	$4,187,328

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 recommends no less than two (2) months or 60 days cash is 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 a predictable funding source for other funds such as capital, athletics and severance reserves. Based on the current fund balances the district will have the sixty (60) day balance at the end of FY26.



Conclusion

Clear Fork Valley Local School District receives 52.12% of it’s funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The current state budget, HB110, has now been updated for the May forecast using the Fair School Funding Plan. Simulations used for the November forecast projected less state aid than what was actually received due to changes in actual data for enrollment, property tax valuations and income factors. Furthermore, future state budgets funding will need to be watched since, the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY24-FY26.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in able to obtain this.

The district is receiving funding through the CARES Act and ESSER funding that is to be used for help due to the COVID-19 pandemic. These funds are restricted in federal grants and are not included in the forecast, however expenditures within our general fund can be offset by the amount of federal dollars. We will monitor this and all other funding that is affecting our forecast from the pandemic.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.